How UK Seed-Stage B2B AI and Life Sciences Founders Think and Feel About Runway (2024–2026): An Evidence Review for an Advisory Practice

Fundraising is the most common challenge founders name, and runway anxiety is mainly fear of the next raise rather than fear of spending. The best founder survey data (Sifted 2025, 138 mostly European founders) found that 83% had experienced high stress, 54% burnout and 75% anxiety in the previous year, and that "fundraising remains the most common challenge founders face". sifted cerevity Founders rarely take this to their investors: 56% reported receiving no mental-health help from investors. sifted The UK-specific evidence on how founders decide what to spend money on, what they regret, and how sector, founder type or funding source changes things is thin. Most of what can be said about B2B AI versus life sciences founders is inference from market data, not what founders themselves report.

TL;DR

- **What drives the anxiety:** the next raise, more than the spending itself. Seed-to-Series A gaps have stretched to about 20 months or more, based on mostly US Carta data. UK seed deal numbers fell 27% in 2025 (British Business Bank). Founders describe the strain as "exhausted", "I don't see a way forward", and waking "at 4am when your dream suddenly becomes about fundraising".
- **Where founders go for help:** mostly not their investors. Only 33% often turn to investors for professional support (Balderton 2024), and 56% got no mental-health help from investors (Sifted 2025). Many lean on personal relationships instead, which then deteriorate. This leaves room for a trusted, independent adviser who is not on the cap table.
- **Sector differences are structural, but the evidence is thin:** UK biotech VC deals halved to 58 in 2025, and announced grant funding to UK biotech totalled about £28.3m with an average grant of £860,000 (BIA, *UK biotech financing 2025*). Smart Grants have been paused since January 2025. AI captured 44% of UK smaller-business equity. There is almost no UK qualitative research on how life sciences founders feel about spending, so treat sector-level emotional claims below as inference.

Key Findings

1. The 2024–2026 UK market context (what founders are reacting to)

Evidence (strong, UK, deal-level data):

- **Fewer, larger deals.** UK smaller businesses raised £12.3bn across 2,002 deals in 2025. Value fell 4% and deal numbers fell 17%. british-business-bank Seed and venture-stage deal numbers were 27% and 13% lower respectively. british-business-bank The British Business Bank's Small Business Equity Tracker 2026 also notes that "Seed stage companies took longer to secure funding in 2025" and that the top 10 fundraisings took 23% of all investment, the highest share since 2020. british-business-bank british-business-bank
- **AI concentration.** AI companies took 44% of total equity investment into UK smaller businesses in 2025, a record, and 26% of all deals (BBB 2026). british-business-bank In 2024 the average AI deal was about 40% larger than the market average (BBB 2025). british-business-bank
- **Selectivity at first cheque.** Beauhurst/Mercia's *The Deal 2026* reports first-time deals up 23.6%, with £6.27bn raised in first-time deals (up 74.3%). Total deal numbers fell 7.87%, and median seed valuations fell 17% to £2.04m. beauhurst tigris Beauhurst's own commentary says "investors are becoming increasingly selective": 79 of its top 100 industries recorded fewer deals in 2025, and no industry recorded more VC/PE-backed deals than its three-year average. Substack
- **Spinouts slowed sharply.** UK spinout equity deals fell 33% and value fell 51% year on year in 2025 (BBB 2026). british-business-bank
- **Angels softening.** Business angel investment appears to have fallen for a second year (BBB 2025). british-business-bank However, 64% of angels surveyed by the Bank had matched or increased their investment from 2023 to 2024. british-business-bank
- **Time between rounds (mostly US data).** Carta's median time from seed to Series A was 616 days, about 20 months, in Q2 2025. That is more than two months longer than two years earlier. carta On the pmf.show podcast (Q3 2025), Carta's Peter Walker said: "The latest data has it at twenty percent of companies got from Seed to A in two years or less." The comparable figure at the 2021 peak was 40%. Carta's own February 2025 analysis gives about 17% for the 2022 seed cohort, against 25–30% for the 2018 cohort. Bridge rounds were 16.6% of all cash raised on Carta in Q2 2025, up from 11.8%, and 22.5% at Series A. seedscope +2 A Carta analyst said "the old stigma around them making it harder to raise subsequent rounds has lessened." carta **Caveat:** Carta's data is dominated by US companies and may overstate or understate UK timelines.
- **Runway norms have moved.** At Sifted Summit, LocalGlobe's Julia Hawkins said: "We used to say 18-24 months for software runway, but now we've extended that to 24-36 months". She added that healthcare and frontier tech should add a further year. sifted **Note:** this panel dates from the 2022 downturn, but the guidance matches 2024–25

data.

Life sciences specifics (BIA, strong, UK):

- UK biotech raised £1.9bn in equity in 2025, down 49%. Venture capital fell 13.2% to £1.79bn across 58 deals, against 113 deals in 2024. biotechfinance pharmaphorum The BIA says "almost 47% of total capital raised in 2025" came from just two Q1 transactions: Isomorphic Labs (£448.9m) and Verdiva Bio (£327.2m Series A). Pharmaphorum puts the two deals at 44% of the VC total. There were no UK biotech IPOs for a third consecutive year. Yahoo Finance
- The BIA says "Early-stage investment weakened further". UK lead investors made up 65% of seed leads, up from 48%, which suggests "a greater reliance on domestic capital… as international investors' appetite recedes". The BIA's *UK biotech financing 2025* reports that "Announced grant funding for UK biotech companies in 2025 totalled approximately £28.3 million", with an average grant of £860,000, "one of the lowest levels of grant funding observed in recent years".
- BIA describes Q3 2025 as "a fragile sector under strain" during "the longest global funding drought". europeanpharmaceuticalreview bioindustry Its Managing Director, Jane Wall, said: "If 2024 was marked by a rebound, 2025 has been a year of caution and strategic maturation." ddw-online BIA's Chris Molloy on the proof-of-concept stage: "That stage has been unbelievably hard over the last few years." bioxconomy
- Series A made up 40.1% of UK biotech VC (£749.5m) in 2025, but across only 11 deals. biotechfinance Series A money exists, but it reaches few companies.

Policy (strong, UK):

- **Innovate UK Smart Grants** have been paused since January 2025. casrai causo In a written answer in December 2025, the Government said they remain paused "while Innovate UK redesigns its funding programmes", and pointed to a new £130m Growth Catalyst scheme instead. buzzacott parliament
- **Autumn Budget 2025:** from 6 April 2026, EIS/VCT company limits double, to £10m a year (£20m for knowledge-intensive companies) and £24m/£40m lifetime. The gross-asset tests rise to £30m/£35m. VCT income tax relief falls from 30% to 20%, and SEIS is unchanged. lewissilkin deloitte This mainly helps later-stage EIS rounds, including Series A for knowledge-intensive companies. It does little directly for pre-seed.

Cambridge-specific (moderate; ecosystem marketing data): Founders at the University of Cambridge reports that 41% of Cambridge tech companies reach Series A, against 40% in the Bay Area, 35% in Oxford and 33% in London. Cambridge-founded companies raised a record $2.3bn in 2024. tech cam These figures come from promotional ecosystem material, and the methodology is not disclosed in the source.

Interpretation: For a Cambridge seed founder in 2025–26, the situation is: fewer but larger rounds; AI soaking up capital; spinout and early-stage biotech funding contracting; grants scarcer; and a Series A that usually takes about two years to reach. That is the backdrop to every spending decision.

2. What founders report feeling: the wellbeing evidence

Source	Sample / method	Key findings	Strength / transferability
Sifted Founder Mental Health Survey 2025 (Partington & Dharampal-Hornby, Feb 2025)	138 founders, mostly early-stage, about two-thirds male, just under a third solo founders; self-selected online survey; European with UK respondents	54% burnout and 54% insomnia in last 12 months; 46% mental health "bad"/"very bad"; 75% anxiety; 83% high stress; only 6% no issues; fundraising is the #1 challenge, then work–life balance, then customer retention; 56% no mental-health help from investors, 3.6% "a lot"; climate founders 63% "bad" sifted cerevity	**Moderate.** Small, self-selected sample, not UK-only, but recent and stage-relevant.
Sifted 2024 survey	156 founders	85% high stress; 45% "bad"/"very bad"; 49% considering leaving their startup within a year; fundraising climate the top reason founders felt "broken" stealthagents linkedin	Moderate; same limitations.
Balderton Founder Wellbeing & Performance surveys (2023, 2024)	2024 survey of 128 founders/CEOs (per PitchBook, Nov 2024); London VC	88% say excessive stress leads to bad decisions; only 33% often turn to investors for professional support, while 42% turn to spouses/partners "often or all the time"; 42% say personal financial stress sometimes distracts them; 23% say personal finances make them less likely to take business risks	**Moderate–weak.** Run by a VC (conflict of interest), small sample (128), but UK/European-relevant.
			Moderate for

Freeman et al., "Are Entrepreneurs 'Touched with Fire'?" (UCSF; 2015 pre-print; *Small Business Economics*, 2019)	242 entrepreneurs vs 93 matched comparisons; anonymous online self-report; US	72% of entrepreneurs directly or indirectly affected by mental-health conditions (49% personal history); depression 30%, ADHD 29%, substance use 12%, bipolar 11%, all higher than comparisons. **Anxiety did not differ (27% vs 26%).** linkedin +2	**prevalence, weak for runway questions.** US, self-report, self-selected ("advertised as a study of entrepreneurship and personality"); measures lifetime conditions, not runway stress. Often over-quoted.
Independent Review of University Spin-out Companies, Annex D (DSIT/HMT, Nov 2023)	620 valid responses from UK spinout founders (54% PIs/professors; Oxford 19%, Cambridge 10%); survey 31 May–19 Jul 2023	Finance was "the most reported barrier to scaling"; "finding investment" was the top finance problem; commercial skills were the skill area most needing development; ~90% glad they pursued it service	**Strong for UK spinouts** (large, UK-specific). Not a wellbeing study, and representativeness not confirmed.
Mullainathan & Shafir, *Scarcity* (2013) and related papers	Lab and field experiments, mostly on poverty and low-income populations	Scarcity "captures" mental bandwidth, producing "tunnelling" onto the immediate shortfall and a "bandwidth tax" on planning simplypsychology simplypsychology	**Strong as theory, untested on founders.** Applying it to runway is an analogy; a review in *Theory and Decision* also notes limits in the evidence base. d-nb
Foundology UK Entrepreneur Pressure & Wellbeing Report (2019)	270+ UK founders	"Nine out of ten" showed signs of mental-health strain; 78% said running a business affected their mental health foundology	Weak–moderate; UK, but pre-2023 and not stage-specific.

Interpretation: Founders are stressed, and their stress is tied to fundraising more than to

spending. The Freeman finding that anxiety is *not* elevated is a useful counterweight to the "all founders are anxious" story. Founder distress looks situational and driven by the market, which supports framing help as fixing a situation rather than as therapy.

3. Specific fears and triggers behind spending anxiety

Evidence:

- **Fundraising difficulty itself:** "Fundraising has become significantly harder, therefore we need to spend a lot more time on it than ever before" (Sifted 2025 respondent). sifted
- **Personal finances bleeding into company decisions:** 42% are distracted by personal financial stress, and 23% take fewer business risks because of it (Balderton 2024). balderton
- **Showing weakness to the people who control runway:** only 12% of founders turn to investors when times get tough. This figure is a secondary citation of Sifted 2025 by Duet Partners. Duet comments: "Showing vulnerability to the people who control your runway is a calculated risk most founders won't take." duetpartners
- **The "fatal pinch":** Paul Graham's essay *Default Alive or Default Dead?* (2015) describes default-dead companies with slow growth and about six months of runway, whose founders overestimate their chances of raising. He also writes, "Half the founders I talk to don't know whether they're default alive or default dead". synder glasp
- **Bridge signalling:** founders fear that a bridge looks like failure. Carta reports the stigma "has lessened", carta but Carta data cited by Peter Walker (secondary, pmf.show) suggests SAFE/note bridges after a priced seed convert to Series A at much lower rates than no-bridge companies. pmf This is correlational and US-based.
- **Spinout-specific:** the UK spinout survey quotes a founder: "Investment - again without stability of 2 years runway - nothing is possible to scale." Others cite "Securing funding in the early period to recruit and operate" and university negotiations "stalling". The mean time to agree a spinout deal was 11 months. service

Inference: In 2025–26 the main triggers are probably (a) a runway figure dropping below the roughly 18–24 months now needed to reach a Series A; (b) investor feedback such as "come back when you've de-risked it"; (c) a grant that did not arrive, given the Smart pause and low biotech grant totals; and (d) for AI companies, compute bills that grow with usage.

4. How founders decide what is investment versus waste

Evidence (mostly practitioner, US or global; weak–moderate):

- **Hiring is the biggest lever and the most common regret.** "Most second-time founders will tell you one of their biggest mistakes was hiring quickly—too early and too

much—at their first startup" (*Texts with Founders*, On Deck-affiliated newsletter). Paul Graham argues founders wrongly believe that hiring more people makes a startup grow faster. synder Substack

- **Cut sooner and deeper.** Mercury's founder guide, which is fintech vendor content, says that when founders cut costs, "the biggest regret of founders from the other side was not doing it sooner or deep enough to solve for the actual runway extension needed to hit the next milestone." It recommends reframing "spending" as "investments", with one person accountable for return on each pound. mercury
- **Burn set by expected rather than actual funding.** SaaStr's Jason Lemkin says founders "raised a material amount too confident the next round would come — and increased the burn rate higher than it should have been", and with hindsight "would have done just as well or even better if the burn rate had been 20%-30% lower." (US SaaS.) saastr
- **AI compute is a cost of goods sold, not a one-off.** ICONIQ's 2026 State of AI Report (July 2026, a survey of about 300 software executives) says: "Gross margins are improving, jumping from 45% in 2025 to a projected 53% in 2026, and 59% in 2027." Bessemer's fastest-growing "Supernova" AI companies run at about 25% gross margin, against the traditional SaaS benchmark of 60–80%+. (US/global.)
- **Biotech: spend only on value-inflecting data.** Investors on biotech "valley of death" panels say startups should build strategy around their data package and keep a "plan B or C" if a key asset fails (*Pharmaceutical Technology*, Advanced Therapies panel; European). pharmaceutical-technology
- **Lab space (UK, older):** a Cambridge Ahead review estimates Cambridge wet-lab occupancy at about £60–65/sq ft. The figures are at 2017 prices, so treat them as directional. cambridgeahead

Gap: no UK study or survey asks seed founders how they classify spending on tools, consultants, marketing, CROs, legal/IP or cloud as worthwhile or wasteful. The subagent search found **no verbatim 2023–26 UK founder quotes on CRO spend, hiring freezes or IP/legal budgets.**

5. Regrets and what founders credit

Evidence: The most consistent regret across practitioner sources (moderate consistency, weak rigour, mostly US) is a pair of mistakes made around fundraising: hiring and burning ahead of the next round, then cutting too little and too late. What founders credit is less documented. One UK example is Healx (Cambridge AI drug discovery) co-founder and CEO Tim Guilliams, who credits Balderton's wellbeing programme: "Before joining the programme, I was operating at 20-25% energy, I was effectively burned out. Like many founders, I used to 'fly, crash, fly, crash'... Since completing the programme, I've consistently maintained a 85% energy and mood." balderton This is a testimonial published

by the investor that provided the programme.

UK spinout leadership choices: Spotlight Pathology co-founder and CTO Dr Martin Fergie described stepping back from the CEO role: "I did a good job of learning about investment and commercial business planning strategy, but I was at a point where I was being torn between two avenues and I decided to go with my strengths." (UKTN, May 2026, Lloyds-sponsored content.) uktech

6. How feelings shift as runway shortens

Evidence: No study tracks founders' emotions against months of runway remaining. What exists:

- VC frameworks treat **under 12 months** as "existential" territory where runway must be the focus (*The Venture Crew* newsletter, summarising Sequoia guidance). Substack Substack
- At about **6 months**, Graham's "fatal pinch" applies. synder
- A Sifted 2025 respondent described the end point: "I don't see a way forward… It will take too much effort including fundraising so I've actually already decided to shut down the business." sifted

Inference (clearly labelled): Combining the scarcity research ("tunnelling") with the wellbeing data suggests a likely pattern:

- **About 18 months:** founders feel optimistic and spend on hiring.
- **About 12 months:** fundraising takes over the calendar, and sleep and focus suffer (54% insomnia; the "4am" quote).
- **About 6 months:** tunnelling sets in. Short-term fixes such as bridges and founder pay cuts crowd out strategy, and founders become least likely to ask for help just when it would help most.

This is a hypothesis to test in Lucy's own client conversations, not an established finding.

7. Differences by sector, founder type and funding source

By sector

- *Evidence:* AI has more capital available (44% of UK smaller-business equity), but its gross margins are structurally lower because of compute. Life sciences faces fewer deals (58 VC deals in 2025), longer runways (LocalGlobe: add about a year), dependence on grants (now scarce) and no UK IPO route. sifted
- *Inference:* AI founders' anxiety is probably about unit economics and competitive speed ("burning on inference"). Life sciences founders' anxiety is probably about whether the

next data readout will arrive before the cash runs out. **No UK qualitative study confirms either.**

Technical versus non-technical, and scientist founders

- *Evidence (UK, strong for spinouts):* the 2022 R&I Workforce survey, cited in the Spin-out Review, identified commercial skills as "the most frequently referenced skill needing further development". In 49% of surveyed spinouts the CEO was hired in, and 24% of those said "none of the academics wanted to be CEO". service The Royal Academy of Engineering's *Entrepreneur's Handbook* records investors saying academic entrepreneurs "can be commercially naïve". cam
- *Gap:* there is no direct evidence comparing how technical and non-technical founders feel about runway.

By funding source

- *Evidence:* SEIS/EIS angels remain central to UK seed funding, but angel investment has fallen for two years (BBB). Grants have contracted (Smart paused; BIA-reported biotech grants about £28.3m, average £860,000). VC is concentrating (Beauhurst: VC/PE doing fewer, larger deals). Spinout founders report friction with universities: 43% disagreed that university deals were "balanced and fair". service
- *Gap:* no study compares runway anxiety by funding source.

8. Who founders turn to and how they feel about paying for help

Evidence:

- **Investors:** only 33% often turn to investors (Balderton). 56% got no mental-health help from investors (Sifted). Only 12% turn to investors when times are tough (secondary citation of Sifted).
- **Personal relationships:** many founders "lean heavily on personal relationships, which are deteriorating as a result, causing further stress" (Balderton 2024). balderton
- **Spinout support:** 28% of spinout founders received help "finding and accessing investors", and 19% got "no support beyond securing and licensing IP" (Spin-out Review Annex D). service
- **Professional support:** Startup Snapshot's "The Untold Toll" (2023, global sample, reported by Forbes) found that "Only 23% have sought help or have seen a psychologist" and that 81% do not openly share their stress. The sample is global, not UK.
- **Investor-provided help:** Balderton reports that more than 100 founders used its coaching, health and CEO-forum programmes. balderton

Gap: there is no UK data on founders' willingness to pay for fractional CFOs, advisers or

coaches, or on how they feel about it.

Verbatim Founder Language (grouped by theme)

Exhaustion and despair

- "Exhausted", run down and lacking in hope (Sifted 2025 headline summary) sifted
- "I don't see a way forward." (Sifted 2025 respondent) sifted
- "Solving problems seems the only purpose in my life and while doing it my mental and physical health is deteriorating" (Sifted 2024 respondent) linkedin
- "Overworked, exhausted and broken" (Sifted 2024 summary) linkedin
- "I was effectively burned out… 'fly, crash, fly, crash'" (Tim Guilliams, Healx)
- "I was in the burnout zone most of last year." (Balderton survey respondent) balderton

Fundraising dominating life

- "You wake up at 4am when your dream suddenly becomes about fundraising and your parasympathetic response goes into overdrive, and you can't sleep anymore." (Sifted 2025 respondent, via Duet Partners) duetpartners
- "Fundraising has become significantly harder, therefore we need to spend a lot more time on it than ever before" (Sifted 2025)
- "You're going to wake up at 4:00 and won't be able to sleep because your mind is churning, trying to find some solution to your problem." (Hacker News discussion) ycombinator

Runway and survival vocabulary

- "Default alive" / "default dead" / "fatal pinch" (Paul Graham) synder glasp
- "Months of runway", "extend the runway", "bridge", "extension" (common usage; Carta, Sifted) carta
- "Investment - again without stability of 2 years runway - nothing is possible to scale." (UK spinout founder, Annex D)
- "Getting those first cheques in has been a challenge for us." (Dr Martin Fergie, Spotlight Pathology) uktech
- "Valley of death" (standard biotech term; e.g. "Series B in biotech is probably the hardest asset class to raise for", *PharmaVoice*) pharmavoice
- "Come back when you've de-risked it" (investor phrase recalled by a biotech founder, Bryce K. Allen; US) brycekallen

Spinout friction

- "Uncompromising and inflexible university stalling negotiations" (Annex D) service
- "The university environment is not conducive for commercialisation. It is not understood, it is often frowned upon." (Annex D) service
- "The biggest challenge is the lack of time" (Panos Papadopoulos, Grid Stability, UKTN) uktech

Regret

- "Hiring quickly—too early and too much" (*Texts with Founders*) Substack
- "Not doing it sooner or deep enough" (Mercury, on cost cuts) mercury

Gap: this review captured no verified Reddit r/UKstartups or LinkedIn posts from UK life sciences founders. Treat this language bank as European/US-weighted.

Caveats

- **Self-selection:** most wellbeing surveys use self-selected samples of 128–270 founders. Distressed founders may be over-represented.
- **US-heavy timing data:** Carta's timelines are US-dominated. UK timelines may differ.
- **Some figures are secondary:** these include the "12% turn to investors" figure and the Peter Walker bridge-conversion rates. They are cited through blogs and have not been checked against originals.
- **Low-quality sources excluded:** several AI-generated statistics pages circulated with inflated or merged figures (e.g. "72% affected, 88% worse decisions"). A Substack claim that the European median seed-to-A wait is "past 36 months while average runway sits near 22" is unsourced and is not relied on here. Substack
- **Vendor and investor bias:** Balderton, Mercury, Carta and Lloyds/UKTN content each has a commercial angle.
- **No UK qualitative study** on life sciences founders' spending anxiety, technical versus non-technical differences, or differences by funding source was found.

Implications for an Adviser Serving These Founders (INFERENCE)

1. **Position as the safe, non-investor confidant.** Founders hide stress from the people who "control your runway". An adviser who is not on the cap table, and who can tell the founder that "this is just how fundraising feels", fills a gap the data shows clearly. Lead with confidentiality.
2. **Use the founders' own vocabulary.** Words that resonate: *runway, months of runway, bridge, default alive, Series A-ready, de-risk, value-inflection milestone, extend, the*

next round. Words to avoid: *mental health, wellness, therapy*. Founders accept these for others but rarely buy them for themselves. Frame the offer as making better decisions under pressure: Balderton's figure that 88% agree stress causes bad decisions gives you a respectable hook. balderton

3. **Know the trigger moments.** Founders are likely to seek help (a) right after closing seed, when deciding hiring plans, which is the regret zone; (b) at about 12–15 months of runway, when fundraising begins; (c) after a failed grant or a "come back later" from a VC; (d) when an AI customer's usage makes gross margin collapse; (e) for spinouts, during university negotiations, which take a mean of 11 months.
4. **Sell runway arithmetic tied to milestones, not cost-cutting.** Offer "what does Series A-ready look like for us, and what's the cheapest path to it?" For life sciences, map spend to the data package. For AI, model compute in cost of goods sold.
5. **Two personas.** Founder/CEO (the buyer): fundraising strain, loneliness, board optics. CTO/CSO (the champion): often a scientist with commercial-skills gaps (Spin-out Review). Offer them translation into investor language, not lectures about finance.
6. **Gather your own evidence.** The UK gaps (life sciences spending anxiety, differences by founder type and funding source) are a positioning opportunity. A short Cambridge founder survey or interview series would be original and credible.