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CERVITUDE
INTELLIGENCE BRIEF

In today's rapidly changing business environment, timely insight and practical guidance are more important than ever. Our goal is simple: to provide ideas, frameworks, and real-world examples that help you make smarter decisions, faster.

In each issue, you'll find patterns we're seeing across industries, anonymized case snapshots, and actionable tools designed to help navigate challenges, whether it's evaluating growth opportunities, assessing readiness for new initiatives, or understanding market shifts.

We look forward to being part of your journey, and the opportunity to support your success.

Nicholas Coriano, Harold Blackwell, Deborah Pfeifer

WHAT WE’RE SEEING

EARLY STAGE COMPANIES ARE SEEEING A TIGHTENING OF SEED-STAGE FUNDING

The early-stage funding environment is shifting again. Seed-stage capital is becoming more selective, more disciplined, and more focused on fundamentals.

This doesn’t mean capital has disappeared, it means the bar for readiness has risen.

Seed Stage Is Becoming More “Series A-Like”

Where seed rounds were once driven largely by vision and early momentum, many investors are now expecting stronger signals, including:

- Early or repeatable revenue
- Clear customer profiles and use cases
- Evidence of retention or engagement
- More disciplined unit economics

“Potential” still matters, but it is no longer sufficient on its own. Proof is increasingly the baseline.

What’s Driving the Shift?

Several forces are contributing to tighter seed funding conditions:

- Higher cost of capital: Investors are more selective in a less forgiving rate environment.
- Portfolio recalibration: Earlier aggressive investing cycles have led funds to prioritize risk management.
- Slower exits: Longer IPO and acquisition timelines increase pressure on early-stage underwriting.
- AI-driven deal volume: More startups are competing for the same pool of capital.

What This Means for Founders

The impact is showing up in predictable ways:

- Longer fundraising timelines
- Higher expectations at earlier stages
- More scrutiny on traction and metrics
- Flattening or compressed valuations in many cases

WHAT WE'RE SEEING
cont'd

EARLY STAGE COMPANIES ARE SEEEING A TIGHTENING OF SEED-STAGE FUNDING

Narrative still matters, but it must now be backed by measurable performance.

What Strong Seed Companies Are Doing Differently

Companies successfully raising in this environment are:

- Building evidence, not just prototypes
- They demonstrate multiple signals: revenue, retention, engagement - not just one metric.
- Prioritizing capital efficiency early. They show they can grow without excessive burn.
- Leading with data, not just storytelling. Clear models, assumptions, and cohort analysis are now central to fundraising conversations.

How Founders Should Respond

To adapt, founders should:

- Raise when signals are strong
- Target investors with clear thesis alignment
- Translate traction into clear, investor-ready narratives
- Extend runway assumptions to reduce pressure

The Bottom Line

Seed-stage capital is still available, but it is being allocated more carefully.

In this environment, the advantage shifts to companies clear traction, clear economics, and clear execution.

The market is not rewarding the loudest ideas. It is rewarding the most evidence-backed ones.

SITUATION SNAPSHOT

From Vision to $1.2M Approved In Weeks

Situation:

A first-time franchisee came to us with a clear vision, but without the lender-ready plan required to secure financing. Without it, the opportunity risked stalling before it began.

Cervitude developed a comprehensive SBA business plan, including defensible five-year projections, rigorous market analysis, and an operating strategy aligned with SBA lending standards. The result was a disciplined, credible loan package designed to withstand scrutiny.

Outcome:

A $1.2M SBA 7(a) loan approved within weeks, enabling the client to move forward with confidence, open on schedule, and establish a strong foundation for future expansion.

DECISION FRAMEWORK

DEBT VS. EQUITY VS. WAIT

"Should we raise debt or equity?"

Right now, the better question might be: "Should we raise at all?"

In today's market, the wrong choice doesn't just cost money, it limits your flexibility.

Here's a simple framework we share with leadership teams:

DEBT: When predictability is real (not assumed)
If your cash flows are steady, margins are defensible, and you can handle obligations under stress, debt can preserve ownership and accelerate growth. If not, it's just pressure at exactly the wrong time.

EQUITY: When you're planning a transformation equity shouldn't patch operational gaps. It should fund a step-change: expansion, capability, or market position you can't reach otherwise. Raising equity just to extend runway? The market will price that risk and your company accordingly.

WAIT: When clarity beats capital
Sometimes the smartest move is patience. Tighten your model. Strengthen your team. Prove the next milestone. Raising capital too early, or for the wrong reason, can cost more than waiting until the timing is right.

The shift we're seeing: Investors care less about how much you raise and more about why now.

KEY QUESTION:
Are Growth and Metrics Aligned with Capital Strategy?

RED FLAGS:

1- Founders assuming capital availability without realistic projections.
2- Rushed scaling before product-market fit.
3- Misaligned investor expectations vs. business stage.

WHAT TO WATCH FOR:
Identify gaps in metrics and strategy before connecting clients with capital.

PARTNER SPOTLIGHT

At Cervitude, our strongest partnerships are built over time. **3DX Industries** is a prime example. What began as a client relationship has evolved into a true business partnership. 3DX Industries, is a publicly traded advanced manufacturing company **(OTC Markets: DDDX)**, operates at the forefront of precision engineering and indusrial innovation.

Cervitude's relationship with 3DX has been anchored in its work with **CEO Roger Janssen**, an experienced manufacturing executive with more than three decades in the industry.

Janssen brings a rare combination of technical depth and operational leadership, having built and led precision manufacturing businesses serving clients such as Boeing, Raytheon, and BP. His background includes operations, strategic planning, business development, and financial management, paired with a hands-on foundation in precision machining. This blend of shop-floor expertise and executive leadership has been instrumental in guiding 3DX's evolution into a modern, technology-enabled manufacturing platform.

Roger Janssen, CEO

PARTNER SPOTLIGHT cont'd

3DX's capabilities span traditional CNC machining, sheet metal fabrication, and next-generation 3D metal printing, enabling clients to move efficiently from prototype to production. This hybrid approach gives customers both flexibility and speed, a critical advantage in today's supply chain environment.

3DX has built a reputation for delivering high-quality, scalable solutions across aerospace, defense, automotive, and industrial sectors. 3DX continued investment in its platform to meet the evolving needs of modern industry reflects a clear strategic vision: manufacturing must be faster, more flexible, and increasingly technology-driven.

We're excited to continue building alongside the 3DX team as they expand their footprint and deliver impact across the advanced manufacturing landscape.

get in touch

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