



# Financing Women in SaaS: The 2024 Funding Report

A research study exploring investment trends and strategies for women-led SaaS startups in 2024



# Executive Summary

Existing research underscores the superior capital efficiency and financial performance of female-led technology companies, with findings from the Kauffman Foundation highlighting a 35% greater return on investment (ROI) and a 12% revenue increase for venture-backed firms compared to their male counterparts.<sup>1</sup>

Nevertheless, the growth capital landscape remains starkly uneven for female entrepreneurs:

**Female founders are 63% less likely than men to obtain venture capital financing.<sup>2</sup>**

**Female founders raised only 2% of venture capital in 2023.<sup>3</sup>**

**Female founders tend to receive an average of \$1 million less VC funding than male founders.<sup>4</sup>**

A critical factor contributing to this disparity is the underrepresentation of women in venture capital decision-making roles, with only 13% in the US<sup>5</sup> and 19.4% in Canada.<sup>6</sup> No data currently exists that shows the level of venture debt or other debt-based instruments provided to women.

TIMIA Capital's research initiative aims to examine the financing landscape for female SaaS founders by exploring their financing preferences, the challenges they face in securing funding, their perception of debt as a growth mechanism, and its utilization within their growth strategies.

This comprehensive study involved surveying numerous female entrepreneurs over a two-month period. It revealed significant findings that will be discussed in detail within this report. Overall, the results highlight a complex relationship with venture capital and debt among female founders.

## Summary of Key Findings

**More than half (54%) of respondents want to maintain complete control over their company, and more than three-quarters (78%) are concerned about dilution of ownership.**

**Less than half of respondents express a preference for venture capital over debt.**

**A significant proportion of respondents see debt as a lower cost of capital than equity financing. Concerns about accruing debt and high-interest rates are prevalent, yet there's a recognition of the benefits of avoiding equity dilution.**

<sup>1</sup> [Kauffman Foundation](#). The Rising Tide: A "Learning-By-Investing" Initiative to Bridge the Gender Gap.

<sup>2</sup> [Guzman & Kacperczyk](#). Gender gap in entrepreneurship.

<sup>3</sup> [Pitchbook](#). US VC female founders dashboard.

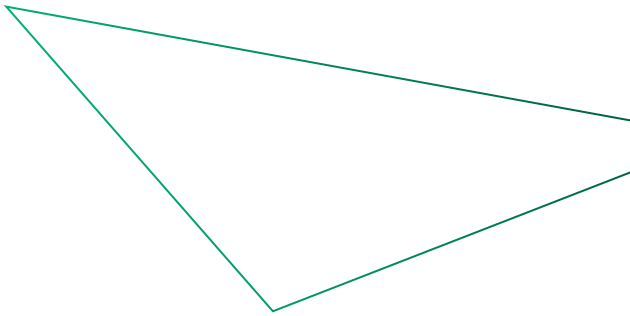
<sup>4</sup> [BCG](#). Why Women-Owned Startups Are a Better Bet.

<sup>5</sup> [INSEAD](#). The Impact of Investor Gender on Female Founders.

<sup>6</sup> [CVCA](#). Diversity & Inclusion Report



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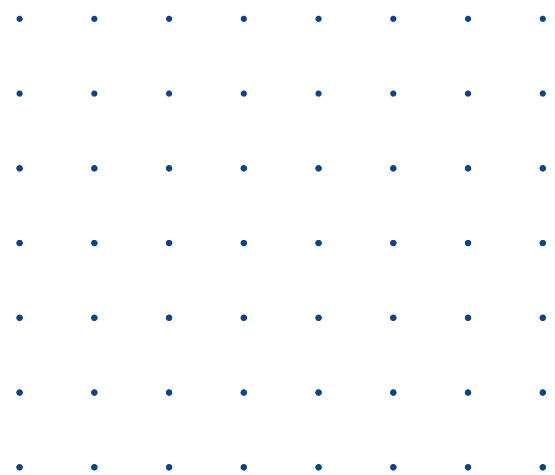
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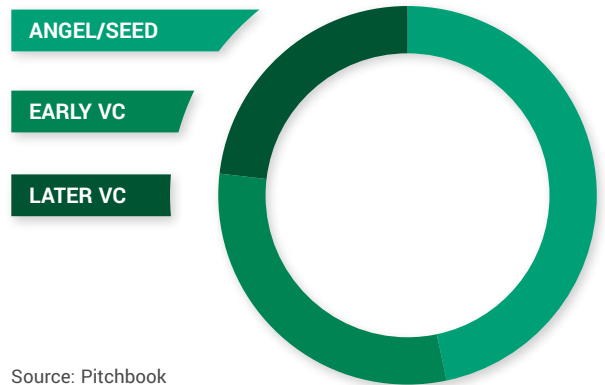
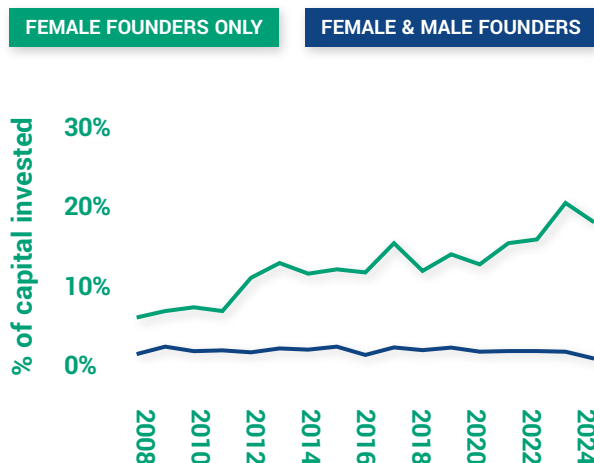
# Introduction

Until the US Congress passed the Women’s Business Ownership Act in 1988, women required a male relative to co-sign on business and lending documents.<sup>7</sup> We have certainly come a long way since then, but we still have a way to go before true equality – particularly when it comes to venture funding.

Female founders account for 42% of U.S. businesses but raised only 2% of all venture capital in 2023. Of that, the vast majority (79%) was raised in seed and early-stage investments.

In Canada, the narrative is similar, with female-led startups launching with 53% less capital than those led by men and often reliant on personal finances to cover startup costs<sup>8</sup> – a fact reflected in the research findings presented in this study.

According to the World Economic Forum, gender bias and a scarcity of female investors are the main reasons VC investment in female-owned businesses lags behind that of males.<sup>9</sup>



Source: Pitchbook

## Scarcity of Female Investors and the Importance of Representation

Female venture capitalists are twice as likely to fund female-led start-ups compared to male venture capitalists<sup>10</sup> and their participation in the venture space leads to greater results for the firm. One U.S. study found that a 10% increase in women partners at VC firms resulted in a 1.5% increase in annual financial returns.

However, while female employees account for 94% of administration positions in venture capital, only 26% sit in decision-making roles (which drops to just 2% for Black women).<sup>11</sup>

<sup>7</sup> [Women’s Business Ownership Act of 1988](#)

<sup>8</sup> [Women Entrepreneurship Knowledge Hub](#). Financing Women Entrepreneurs in Canada.

<sup>9</sup> [World Economic Forum](#). Empowering female founders: How we can narrow the gender gap in venture capital.

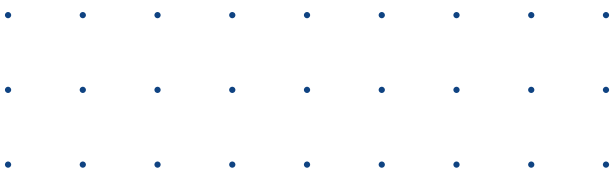
<sup>10</sup> [Kauffman Foundation](#). The Rising Tide: A “Learning-By-Investing” Initiative to Bridge the Gender Gap.

<sup>11</sup> [Deloitte](#). VC Human Capital Survey.



Additionally, female investors tend to be concentrated in funds that focus on earlier-stage investments, where risk is higher and the funds invested are smaller.<sup>12</sup>

The limited representation of women in investment positions cannot be explained by a lack of potential candidates, as women account for 41% of MBA classes at leading universities in 2023.<sup>13</sup> This points to systemic bias that must be addressed at all levels of the tech financing ecosystem.



# Research Objectives

## 1. To Understand the Funding Landscape for Female Founders in SaaS

We aimed to examine the current state of venture capital, angel investment, and other funding sources available to female founders, and identify trends in investment types and amounts directed towards female-led SaaS startups.

## 2. To Explore the Funding Challenges Faced by Female Founders

We aimed to identify the main challenges and obstacles female founders encounter when seeking growth capital and explore how these challenges vary across different stages of startup development and sectors within SaaS.

## Debt to Bridge the VC Gap for Female Founders

Debt emerges as a powerful yet underutilized tool for female entrepreneurs to bridge the capital divide. It offers a non-dilutive alternative that conserves equity and requires no board seats or harsh covenants, preserving long-term value for founders.

TIMIA Capital's research is anchored on the hypothesis that there is a lack of awareness of debt as a funding instrument among female founders, which leads to low uptake of debt and missed opportunities to avail of a more sustainable, cost-effective, and often more inclusive form of growth capital than venture capital.

This research aims to explore the awareness and attitudes of female founders in the tech sector – specifically within B2B SaaS and tech-enabled companies in North America – towards debt as a funding source. Our primary research objectives are:

## 3. To Evaluate the Role of Different Funding Sources for Female-led SaaS Companies

We aimed to assess the prevalence and impact of various funding sources (e.g., angel investors, venture capital, crowdfunding) for female-led SaaS startups and understand the strategic choices behind selecting specific funding sources.

## 4. To Investigate the Awareness and Utilization of Debt Financing

We aimed to assess the level of awareness and openness among female SaaS founders towards debt financing as a growth capital option and identify barriers to using debt financing and opportunities to increase its adoption.

<sup>12</sup> [Harvard Business Review](#). For Female Founders, Fundraising Only from Female VCs Comes at a Cost.

<sup>13</sup> [Forbes](#). What it takes to turn record MBA enrollment for women into real-world progress.



# Research Methodology

## Target Audience

The study targeted female leaders of tech companies across North America. Inclusion criteria were set to focus on privately held companies with employee sizes ranging from 11 to 200, to capture businesses at stages where external fundraising is plausible and relevant to TIMIA's support capabilities. Industry focus was narrowed to those within the computer software, technology, information systems, software development, technology information, and the internet sectors.

## Data Collection

### Quantitative Research Methods

The research instrument was a survey (Appendix I) deployed via Google Forms and SurveyMonkey to accommodate respondents' preferences and maximize reach. The survey's introduction emphasized the non-commercial intent of the research, aiming to understand female founders' experiences and thoughts on raising capital.

## Qualification Criteria

A combination of Sourcescrub, LinkedIn's Sales Navigator, and TIMIA's contact database was utilized to compile a contact list that met the study's criteria:

- Female founders, co-founders, and CXOs
- B2B technology companies
- Based in North America
- 11-200 employees

## Survey Distribution

The survey was distributed by email, newsletter, targeted LinkedIn ads, and organic LinkedIn posts. Email outreach to 450 contacts delivered a 27% bounce-back rate, 38% open rate, and 8% click rate.

To augment response rates, the survey was also disseminated through LinkedIn, utilizing both ads and organic posts, and included in TIMIA newsletters. This broader approach was intended to capture those not initially listed or reachable through direct emails.



### Response Rate

The project yielded a total of 34 responses, reflecting low engagement levels attributable to potential factors such as the perceived sales-oriented nature of the outreach, general survey fatigue, or the busy schedules of the targeted demographic. The margin of error is:

- ±11% at the 80% confidence level
- ±17% at the 95% confidence level



### Limitations

The methodology faced several limitations:

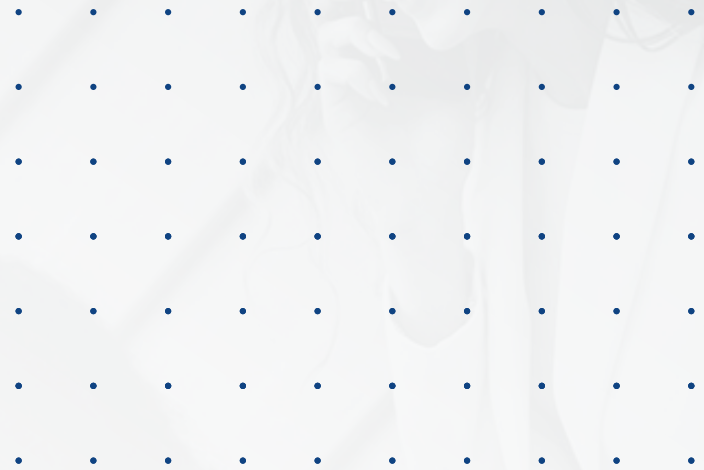
- Reach was constrained by the quality and accuracy of the contact lists, leading to a significant number of unsuccessful email deliveries.
- Response rate was lower than anticipated, limiting the depth and breadth of insights that could be drawn from the data.
- Reliance on self-selection for survey participation may introduce bias, as those who responded could have different characteristics or opinions than those who did not.

Despite these challenges, the survey provides valuable preliminary insights and directional trends into the funding preferences and challenges faced by female founders in the tech sector, particularly regarding their awareness and attitudes toward debt financing.





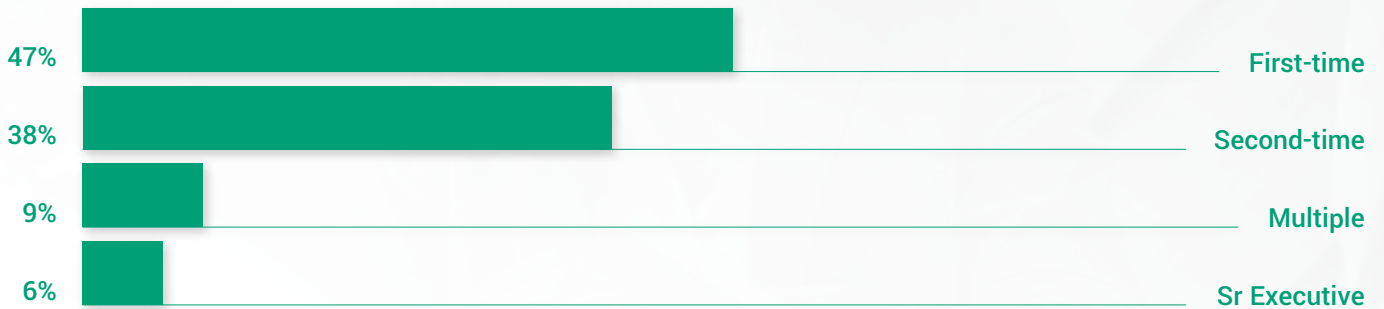
# Research Findings



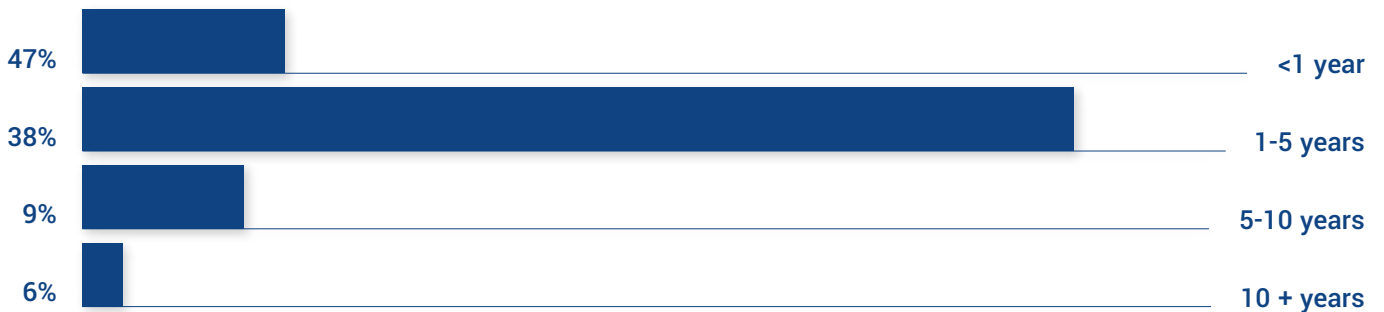
## Participant Demographics

Almost half of the respondents are serial entrepreneurs, meaning their current venture is not their first.

### First Time Founder Vs. Repeat Founder

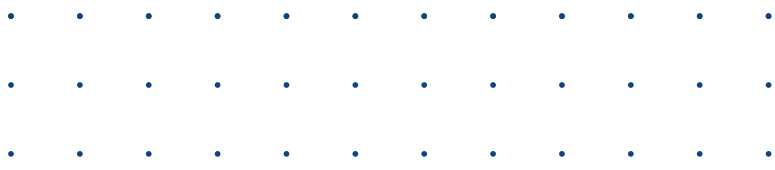


### Age of Tech Start-Up

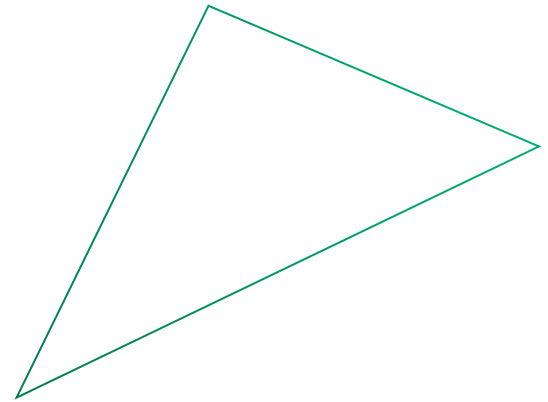














The vast majority of respondents' startups are less than 5 years old.





Survey participants hail from a diverse array of sectors, challenging the misconception that female founders predominantly concentrate on 'female-friendly' niches such as FemTech, Wellness, and Beauty. Instead, the data reveals a broad industry spread, underscoring the breadth of tech entrepreneurship.



-  Sales/Marketing 12%
-  FinTech 12%
-  HR 12%
-  Medtech 9%
-  Education 9%
-  Travel/Hospitality 6%
-  CleanTech 6%
-  Workplace 6%
-  GovTech 3%
-  Animal Health 3%
-  FemTech 3%
-  Other 26%



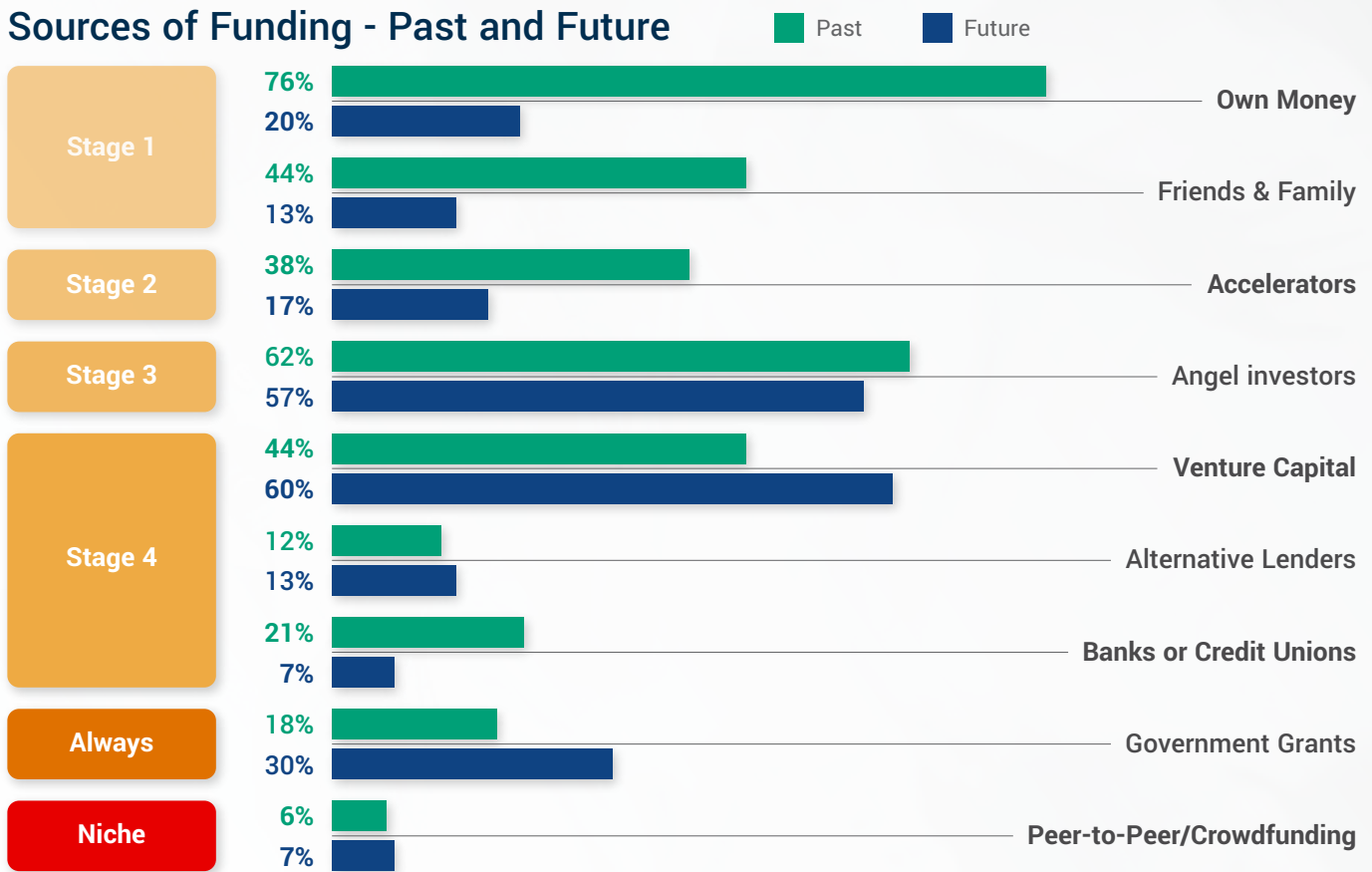


### Past & Future Sources of Growth Capital

A large majority of respondents indicated that they have used their own cash, friends and family, accelerators, and angel investors to fund their businesses so far – this is on par with what is expected of any early stage company.

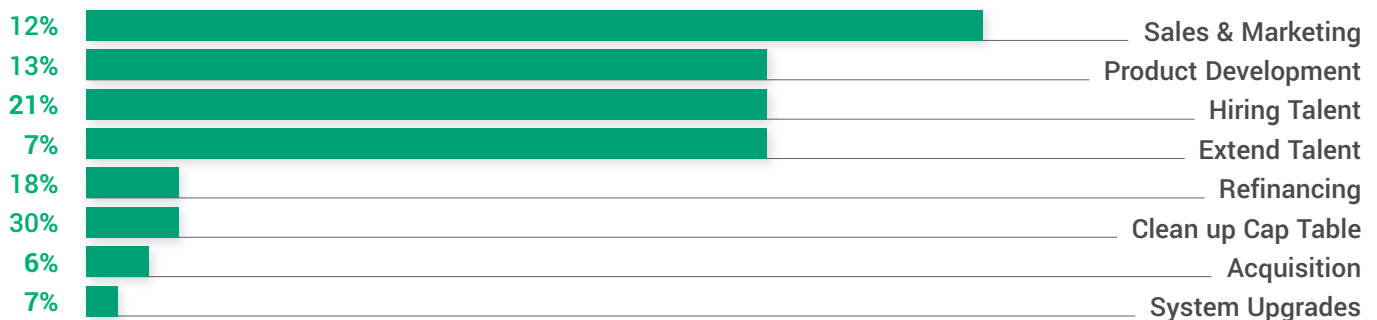
Future growth capital is expected to come primarily from venture capital and angel investors. However, there is a disproportionately low number of participants interested in non-dilutive forms of capital, such as debt financing from alternative lenders or banks. This supports our hypothesis that there is a lack of awareness of debt as a funding instrument among female founders, which leads to low uptake of debt and missed opportunities to avail of a more sustainable, cost-effective, and often more inclusive form of growth capital than venture capital.

### Sources of Funding - Past and Future



Most are using capital for growth-driving activities like sales and marketing, and hiring, which are exactly the types of activities investors want to see their capital being used for.

### Use of Proceeds for Future Capital

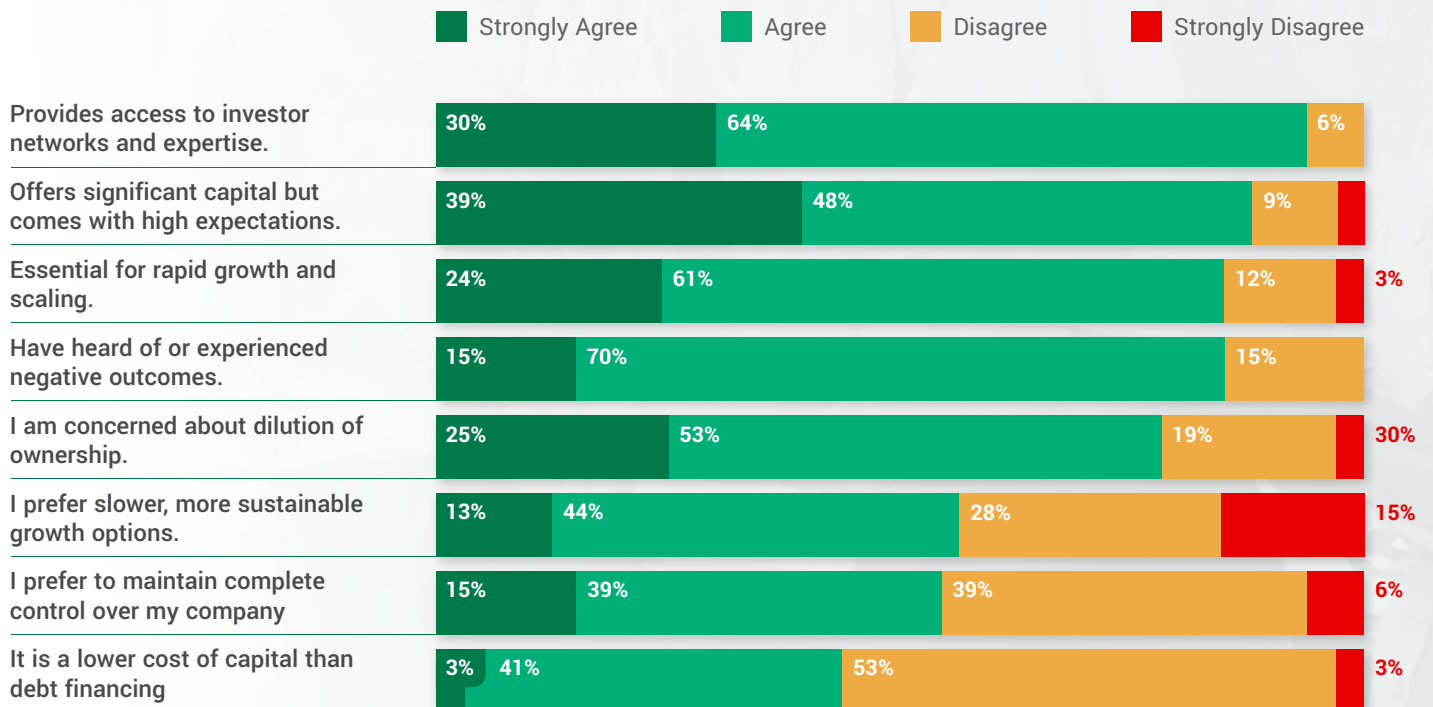




### Attitudes Toward Venture Capital

The results highlight a complex relationship with venture capital among female founders. While there is recognition of venture capital's role in providing significant capital, access to networks, and is essential for rapid growth, concerns about the dilution of ownership, preference for control over the company, and negative outcomes are also prevalent.

Moreover, a substantial proportion (58%) of respondents express a preference for slower, more sustainable growth options, reflecting a cautious approach toward aggressive expansion strategies commonly associated with venture capital funding.

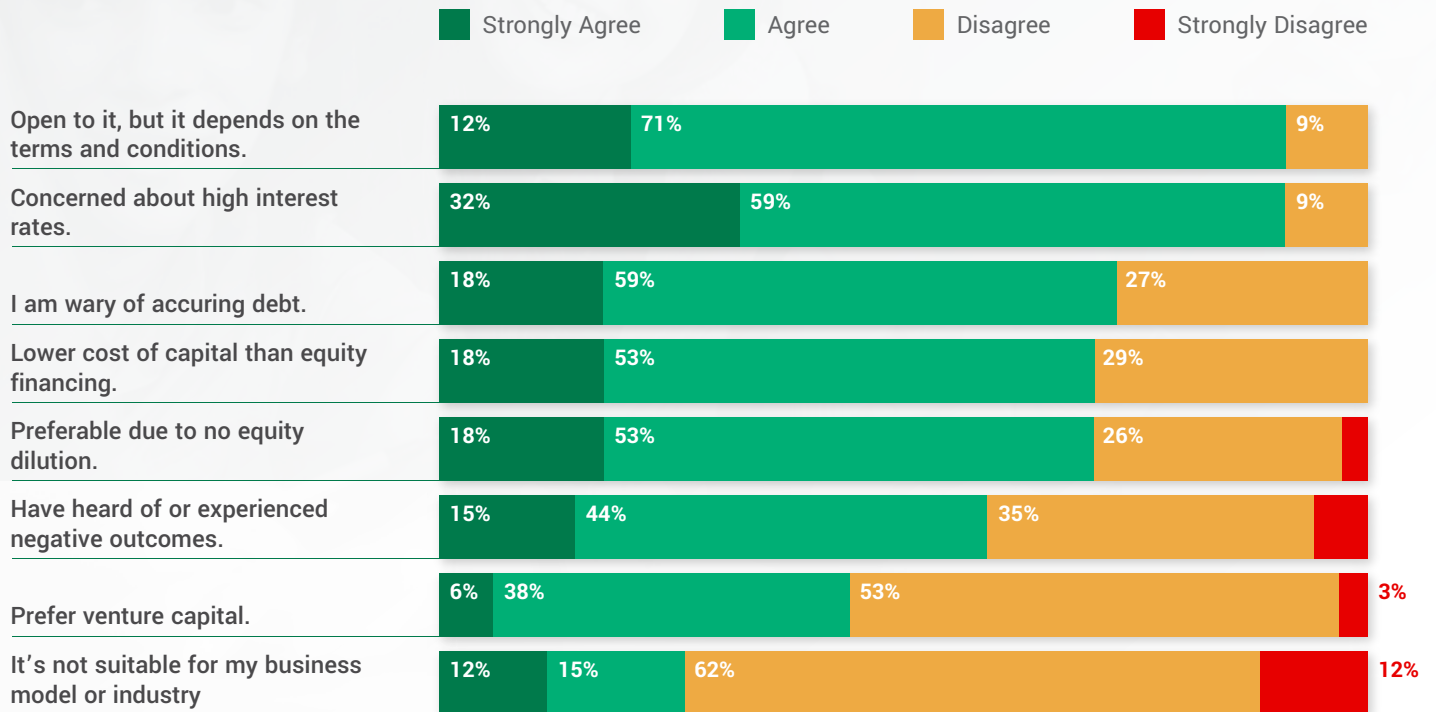




### Attitudes Toward Venture Debt

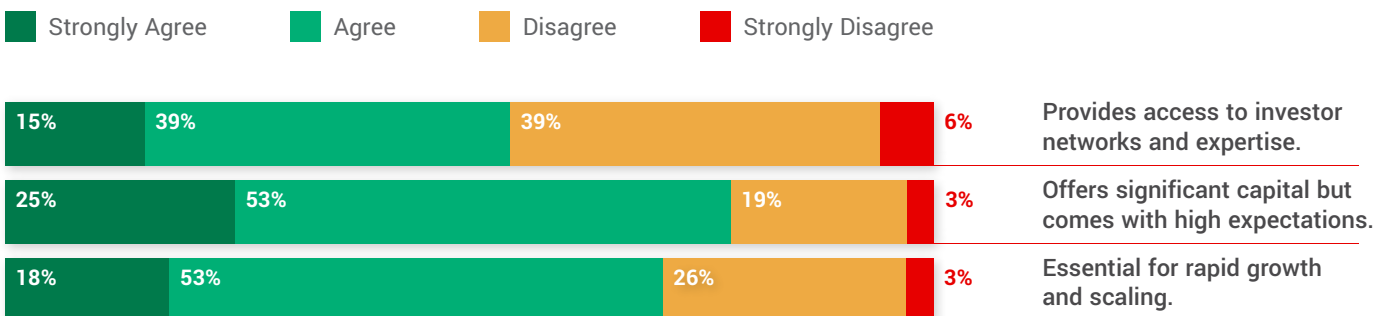
Respondents have a nuanced view of venture debt/debt capital. A significant proportion of respondents see it as a lower cost of capital than equity financing and are open to it depending on the terms and conditions.

Concerns about accruing debt and high interest rates are prevalent, yet there's a recognition of the benefits of avoiding equity dilution. Less than half of respondents express a preference for venture capital over debt.



### Attitudes Toward Venture Capital Versus Debt

Despite only 20% of respondents indicating they will seek debt in the future, seven in 10 respondents said they prefer debt to venture capital because it is non-dilutive.

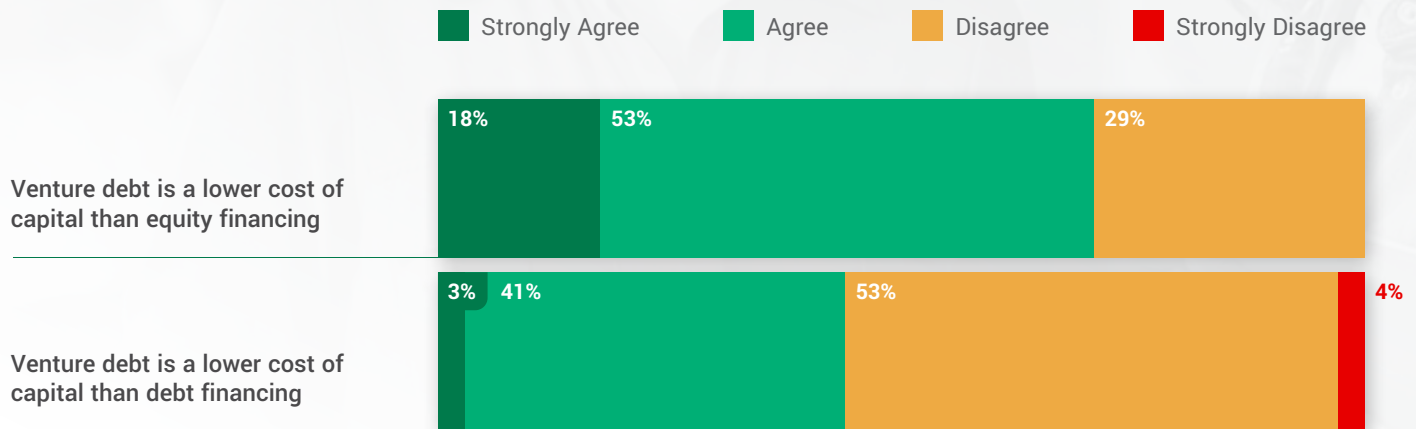




The vast majority (71%) of female founders agree that venture debt has a lower cost of capital than equity financing, while less than half (44%) feel the opposite, that equity financing is less expensive than debt.

This highlights the misconceptions that exist about the cost of debt. While it's true that venture debt comes with actual monthly payments, it is non-dilutive, so when you eventually sell your company, you keep more of the profit in the event of an exit.

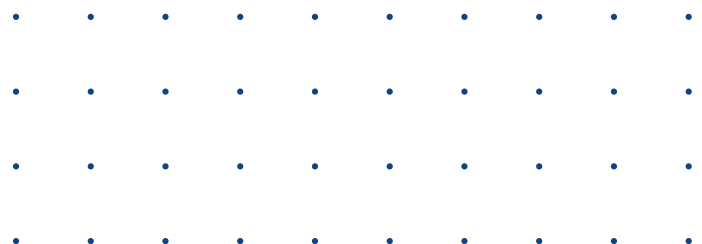
### Cost of Capital - Venture Capital versus Venture Debt



**Tip: Compare the cost of capital of venture debt versus venture capital**

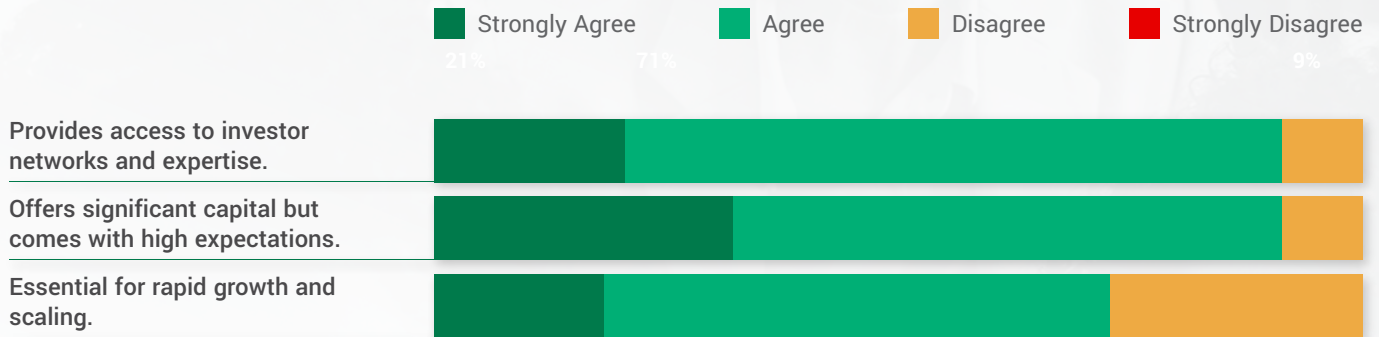
- Calculate the cost of \$1 million in debt financing (i.e., the interest repayable and any other fees)
- Calculate the value of 10% of your company at your desired exit valuation (or whatever equity stake a VC will take)

The vast majority (91%) of respondents are open to venture debt, but terms and conditions are important, and there is concern about the current high interest rates. Almost three-quarters (73%) are wary of accruing debt, which is understandable given the perception of debt in our personal finances. However, debt can be a valuable tool to grow your valuation before an equity round so you get better terms.

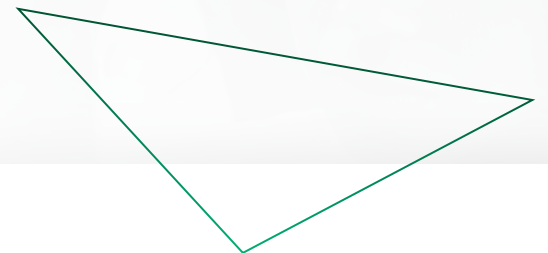




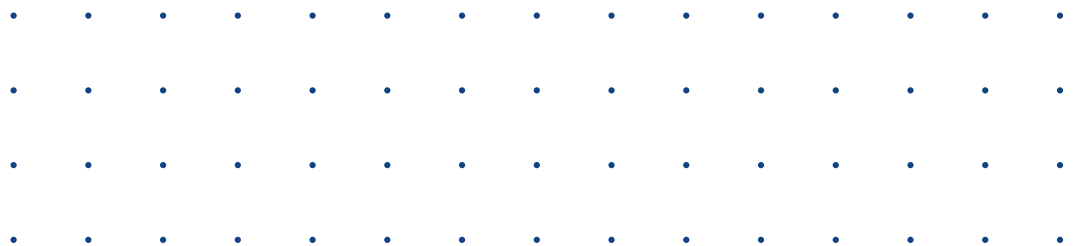
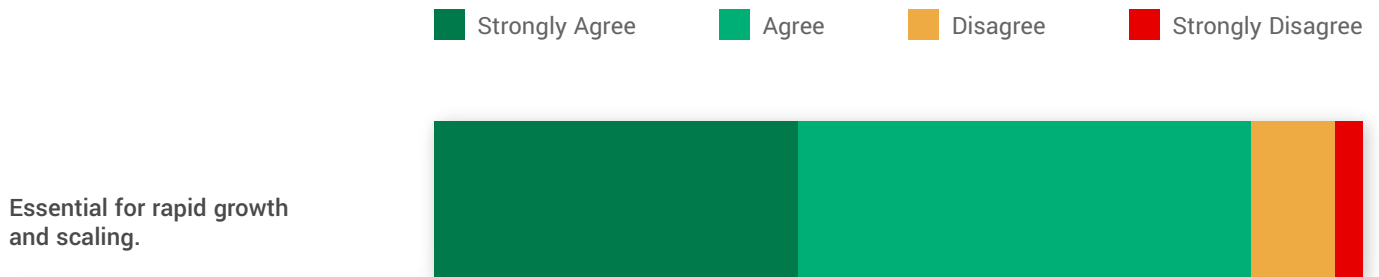
### Attitudes Toward Venture Debt



The vast majority (88%) agree that venture capital comes with high expectations. These can be hard to achieve and end in negative outcomes such a forced sale or business failure.



### Expectations of Venture Capital





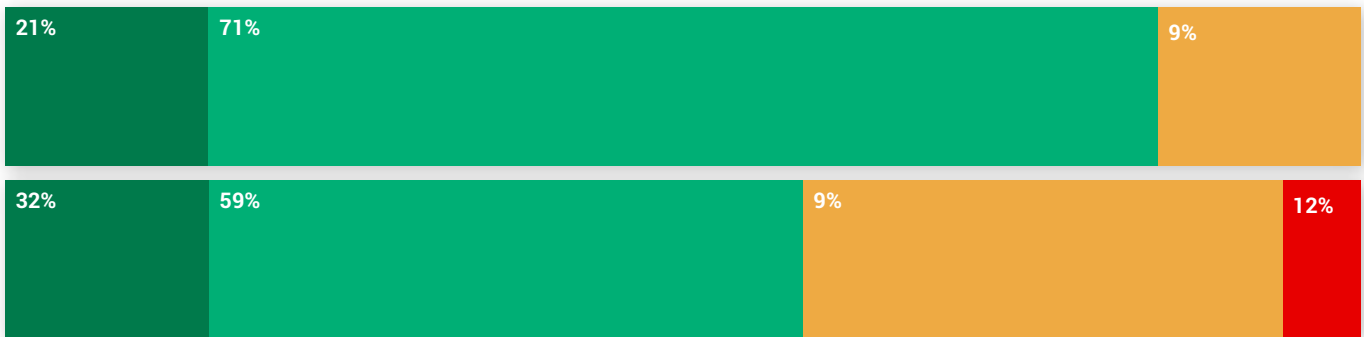
More participants agree that venture capital (85%) is associated with negative outcomes than venture debt (59%). Venture capitalists are looking for you to 10x your business. If you don't, your valuation in future rounds or on exit becomes a huge issue.

That is why we hear about down rounds or about founders getting almost nothing on a mediocre sale. Alternatively, venture debt providers just want you to pay your loan back. They don't want you to fail but you don't have to grow as fast.

## Negative Outcomes

"Have heard of or experienced negative outcomes"

Strongly Agree Agree Disagree Strongly Disagree



## Biggest Roadblocks Faced by Female Founders

Some respondents report roadblocks such as structural bias and higher expectations placed on them compared to male founders. Of those roadblocks mentioned, some common themes emerged:

### Access to Capital

A common challenge is the difficulty in securing growth capital. Several responses mention facing roadblocks such as receiving smaller checks, which means needing to work harder to raise the same amount of capital and a skewed perception of startups as higher risk because they are led by women. There's a notion that female founders get plenty of meetings but struggle to close deals.

**"It's hard to get access to the right venture partners to support growth."**

## Size of Investment Checks

A common challenge is the difficulty in securing growth capital. Several responses mention facing roadblocks such as receiving smaller checks, which means needing to work harder to raise the same amount of capital and a skewed perception of startups as higher risk because they are led by women. There's a notion that female founders get plenty of meetings but struggle to close deals.

**"Female founders get a lot of investor meetings but don't get to close many of them, or they get token amounts."**

## Market Challenges and Venture Capital Demands

A common challenge is the difficulty in securing growth capital. Several responses mention facing roadblocks such as receiving smaller checks, which means needing to work harder to raise the same amount of capital and a skewed perception of startups as higher risk because they are led by women. There's a notion that female founders get plenty of meetings but struggle to close deals.



### Network Access and Insider Circles

Many founders feel that not being part of the 'inner circle' limits their access to venture capital and key partnerships (networks, advisors, and champions) necessary for growth. There's a perception that male counterparts have different standards or lower thresholds to meet when seeking capital.

"I felt that I didn't start my investor pitch at the 'main event' starting line, but was relegated to a 'kid's table' starting line and had to work my way to the main event."

### Advantages of Being a Female Founder

#### Operational Challenges

Respondents highlight operational aspects such as hiring, paying for basic costs, and having enough resources to do things quickly. The challenge is particularly acute for founders who are also mothers and cannot compromise the well-being of their children for their business.

"Fundraising has been challenging, and therefore, not having enough resources to do things as well, or as quickly as we should be."

#### Managing Rejection

Although only briefly mentioned, the challenge of managing emotional responses and rejection is noteworthy. This could reflect the psychological toll of the fundraising process, particularly in a competitive and often exclusionary environment.

While some respondents see clear advantages to being a female founder today, including the potential for strong returns, others explicitly state there are no advantages, highlighting the varied experiences and perceptions among female entrepreneurs.

Of those that see advantages, some common themes emerged:

"[A detriment in my journey has been] not having the social capital to access various networks, advisors, champions to help with my success."

#### Risk Aversion and Careful Funding Management

Some respondents believe that female founders tend to be more risk-averse and manage funding more carefully, which can be both a strength and a limitation in terms of scaling the business in a sustainable way.

"We tend to be more risk averse and more careful with funding so we do not take on as much outside capital."

#### Double-Edged Sword of Visibility

Being a female founder can lead to initial attention due to the uniqueness or because certain sectors, like Femtech, expect or seek female leadership. While being a female founder can make you stand out, it can also lead to misconceptions about why capital was raised (attributing success to gender rather than merit).

"In my journey as a female founder I've had the benefit of being introduced to communities that have been my lifeline."







## Benefit from Diversity-Driven Outcomes

There is an acknowledgment that diverse founding teams, which include women, bring a diversity of thought and emotional intelligence to the table, which is viewed as beneficial for building long-term relationships, bridging gaps within the industry, and driving better business outcomes.

“Balancing our feminine energy and more holistic, relationship-based, and humble experiences vs. boys club and competitiveness.”

## Underestimation as a Motivator

Being underestimated by others in the business world is seen as a motivator that can drive female founders to work harder and prove their worth. The resilience born of having to consistently work harder and the proven track record of women founders achieving higher returns on investment are regarded as significant advantages.

“A benefit of being a female founder is we have more empathy, and we can tap into insights that others can miss.”

## Unique Skills

Attributes such as empathy, inspiration, and multitasking were mentioned as advantages, suggesting that female founders bring unique leadership qualities and operational capabilities to their startups. A tendency towards realistic and honest business positioning is seen as an advantage in an environment that often expects or rewards overconfidence.

“We tend to be more realistic and honest in our positioning.”

Several founders note their deep understanding of female consumers as an advantage, which can translate into sales opportunities and underestimation by competitors.

“Women get smaller checks so it takes more work to raise the same amount of capital”

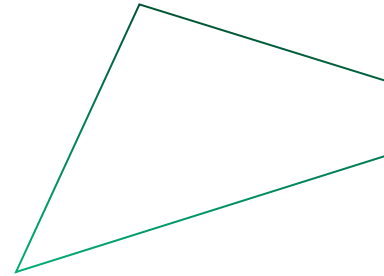
## Community and Mentorship

There is a sense that there are more allies available now, including female investors and female-founder-focused communities that offer mentorship, support, and networking opportunities.

Some respondents mention that being a female founder has opened doors to accelerators and programs that are looking to support or require the presence of female founders.

Female founders also serve as role models and sources of inspiration for other women and disadvantaged groups, showcasing that success in this space is attainable.

“It has opened doors to accelerators and programs that we may not have been accepted into had we not led with a female founder.”



# Where Does TIMIA Go From Here?

Going forward, TIMIA Capital is actively working to add more female entrepreneurs to our portfolio and raise awareness among female founders about non-dilutive forms of growth capital.

Here are some of the ways TIMIA is creating a friendly place for female founders.

## 1. Investment in Educational Resources for Female Audiences

Our research uncovered an enormous gap in awareness of debt as a growth capital option for female founders. We intend to address this through more targeted content and educational material focused on female founder audiences.

## 2. Free Advice and Audits for Female Leaders

Recognizing the unique challenges faced by female entrepreneurs, TIMIA offers a free preliminary assessment to gauge whether tech companies align with its debt financing model.

This process not only identifies companies' current standing in relation to TIMIA's lending criteria but also serves as a constructive feedback session. It highlights the strengths and areas for improvement within a business, offering valuable insights for female founders seeking alternative financing solutions.

Female founders interested in exploring this can apply via the 'Get Funded' form on TIMIA's website. This will allow them to receive tailored feedback on their business metrics and strategies for advancement.

## 3. Female Leadership Across the TIMIA Team

More female representation in funding institutions was named as a roadblock for female founders. TIMIA's leadership team is dominated by women to ensure fair loan assessments.

TIMIA's President, Monique Morden, is an experienced female entrepreneur, advisor, and angel investor. She is committed to growing a founder-friendly finance business. Monique has great empathy for the entrepreneurs – particularly the female entrepreneurs – who approach TIMIA for financing. She has been in their shoes and appreciates how tough it is to get access to capital of any kind.

Our underwriting and portfolio management teams are 70% female and include:

### Brooke Jutzi, CFO

Brooke joined TIMIA in 2019 after serving as Director in the audit and assurance practice at PwC Canada for 16 years. She is experienced in accounting and financial reporting under IFRS, ASPE, Public Sector Accounting Standards, US GAAP and SEC Reporting in a variety of industries, most recently technology and insurance.





### Justine Oliver, Finance Manager

Before TIMIA, Justine worked at Miovision Technologies as a Senior Corporate Accountant and Finance Analyst. She graduated from the BBA – Accounting, Audit, and IT program at Conestoga College and is currently enrolled in the CPA program.

### Natalie Davies, Head of Due Diligence

Prior to TIMIA, Natalie worked at Espresso Capital as a Due Diligence Lead and at Metropolitan Life as a Senior Investment Analyst. Natalie has an MBA from the Schulich School of Business and is a CFA charter holder.

### Sydney Marteniuk, Credit Analyst

Sydney initially started at TIMIA as an intern back in 2020 just before Covid 19 had hit. She continued working with TIMIA while completing her Bachelor's Degree at Bishop's University mainly focusing on Business Development. She now works as a Credit Analyst working with companies as they are funneled through the pipeline to determine whether or not they are a fit for TIMIA's Portfolio.

### 4. Unbiased Processes and Diversity Weightings

TIMIA has modified its underwriting models to include diversity as a dimension in the scoring. Founders and executive teams with women and people of color will score more points in the governance section to even the playing field.

# Conclusion

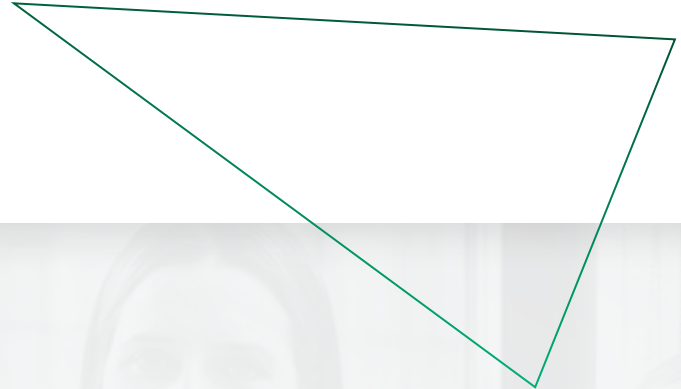
Our investigation into the awareness and utilization of debt financing by female founders suggests a key area of opportunity. Debt financing remains an under-leveraged tool that could serve as a more sustainable avenue for growth capital for female entrepreneurs.

By encouraging a greater understanding and accessibility of this type of funding, TIMIA can help alleviate some of the disparities seen in venture capital allocation.

Our research findings give us reasons to be hopeful. Through concerted efforts in education and advocacy, alongside the determination of female tech founders, we move closer to a future where gender parity in funding is not an aspiration but a reality.

**To learn more about debt as a growth tool, contact our team for a free metrics-based assessment of your business.**

[www.timiacapital.com](http://www.timiacapital.com)



# Appendix

# Survey Questions

- Are you a first-time founder?
- How old is your start-up?
- What is your biggest challenge as a woman in the startup world?
- What category does your startup fall into? (Select one)
- What source of funding has your company used in the past? (Select all that apply)
- Are you planning on raising capital in the next 12 months?
- Regardless of timing, which of the following do you expect to be your company's next source of funding?
- If you were to raise capital today, what would you use the funds for?
- What are your attitudes towards venture capital?
- What are your attitudes toward venture debt/debt capital?
- Are there any advantages to being a female founder?