



## **START-UP FUNDING: 70 percent of start-ups find it easy to secure funding but 95 percent struggle to spend it on growth**

*Brexit worries deterring a quarter of start-ups from spending on growth, while a fifth say they lack the financial insight to make budget decisions*

**23 January 2020, LONDON:** Start-ups across the UK and the Republic of Ireland are securing funding with ease, but struggle when deciding how best to use the money to grow the company.

In a survey of decision-makers at 250 start-ups, commissioned by spend and expense management platform [Soldo](#), 70 percent said they found the funding process easy.

According to the research, Scotland is the best place to fund a start-up, with 93 percent finding the process easy. Yorkshire and the Humber is the most difficult place to secure funding, with only 46 percent finding it easy.

This follows news that despite Brexit, investment in UK tech reached an all-time high in 2019, according to data from [Tech Nation and Dealroom](#). However, start-ups are struggling to spend that money on growth, with some 95 percent of start-ups facing difficulties in making spending decisions.

More than one in four start-ups cited economic and political uncertainty as one of the biggest challenges in spending money on growing the business. A further 18 percent said they do not have the necessary financial insight to make spending decisions, and a quarter said that they are held back by personal fears around making the wrong spending decision.

The research also found that start-ups are prevented from achieving growth by restrictive spending policies. Lengthy financial sign-off processes dampen spending for 20 percent of start-ups, and nearly one in five said that their teams and employees don't have the necessary freedom to spend for company growth.

**Darren Upson, VP for Small Business at Soldo, said:** "It's great news that start-ups are finding it easy to secure funding. However, poor financial insight and inefficient internal processes are preventing them from spending it on growing the company.

"A lack of financial insight means start-ups are unable to overcome personal fears and make confident decisions in a turbulent political and economic time. Employees – who work on growing the company on a day-to-day basis – are also being prevented from spending on what the business needs to grow. Start-ups must trust employees with sufficient funds to invest in growing the company. Otherwise, they may find that their business stagnates in the critical years to come.

"Soldo's technology empowers start-ups to spend in the right areas and its budgeting and control capabilities ensure their funding is working hard for the business."



For those who struggled to secure investment, one of the biggest challenges was being able to provide investors with a financial forecast (35 percent). A further 29 percent struggled to secure investor meetings. Another problem was negotiating a good deal, with three in 10 saying that the deal terms were bad, or the investor wanted too much equity.

**Upson continued:** “When you apply for funding, you need to provide potential investors with all relevant information on business capital and spending. Having this type of information from the start can be the reason your business succeeds or fails.”

The majority of start-ups funded their business through a bank loan (44 percent), and 26 percent used an alternative loan provider. Bootstrapping is still one of the most popular methods for starting a business, with 40 percent of start-ups using personal savings to fund the company. Another 24 percent of start-ups opted for the VC route, while a fifth secured funding through an angel investor.

When asked how they would spend an anonymous cash donation of £1,000,000, nearly half of start-ups would develop new products and services. A further 43 percent would improve operations, and 41 percent would invest in new equipment and software. Paying off debts would also be a priority for 30 percent of start-ups.

Soldo has organised a tour – in partnership with [the Startup Van](#) – to help start-ups across the country with their investment and spending challenges. The Startup Van will be joined by prominent businesses that have secured funding as it travels across the country, through London, Birmingham, Manchester and Dublin. Local start-ups are encouraged to visit the van to learn more about making their money work towards the growth of their company.

**-ENDS-**

### **Notes to editor**

Soldo’s ‘Startup Van’ is visiting London, Birmingham, Manchester and Dublin this January.

- London – 24th, Clifton Street, Shoreditch.
- Birmingham – 27th, Digbeth.
- Manchester – 29th, Ancoats Square.
- Dublin – 31st, Dame Lane, Dame Court.

<https://dough.soldo.com/>

### **About Soldo:**

Founded in 2015 by tech veteran Carlo Gualandri, Soldo is one of Europe’s fastest-growing fintech companies. In 2019, the company raised a \$61 million Series B round led by Battery Ventures and Dawn Capital with the participation of Accel and other existing investors – the largest round of funding ever secured by a pay and spend automation company.



Before Soldo, tracking and controlling spending was a dark art: businesses created workarounds for payments and stifled staff with financial admin. There's a brighter way.

Enable employees and departments to make purchases – from advertising to software, travel expenses to e-commerce. Control every cost with custom budgets and track transactions in real time. Connect accounting software to automate reporting and save hours, then use insights to grow. Soldo combines smart prepaid company cards with a comprehensive management platform. The brighter way to manage business spending. [www.soldo.com](http://www.soldo.com).