



A Corner on Market Sentiments: What is happening to the seed round?

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Trevor Thompson (and ChatGPT) in Pullan's Pieces
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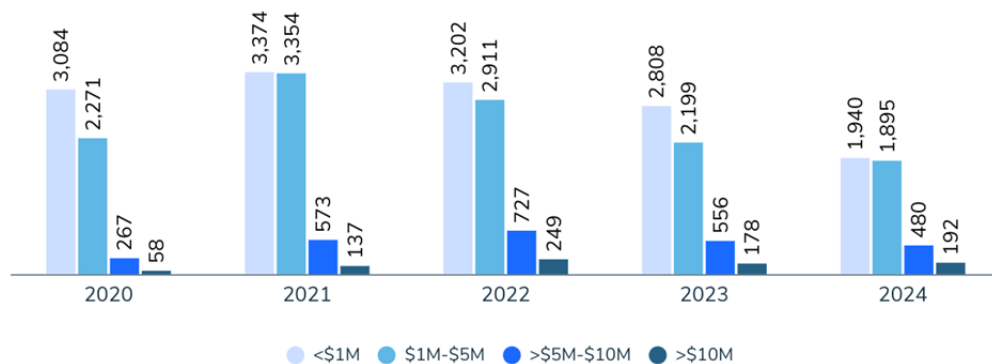
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With incubator space on a growth trajectory and VC company creation (i.e. engineered seed rounds) the thriving star of the biotech start-up space, we are seeing a shrinking number of founder-led traditional seed rounds.

2025 has seen a significant decline in seed and Series A funding for start-ups. According to [BioCentury's recent article](#), "The number of companies raising seed or series A rounds dropped to 115 from 157 — the lowest first-half tally in a decade."

This is not a new trend, but a troublesome continuation of a worrying trend for entrepreneurs. Crunchbase published an article in January 2025 showing how the smaller more traditional seed round range of under \$1M to \$5M has been declining in recent years from a peak in 2021.

US Seed Funding Counts By Range



crunchbase

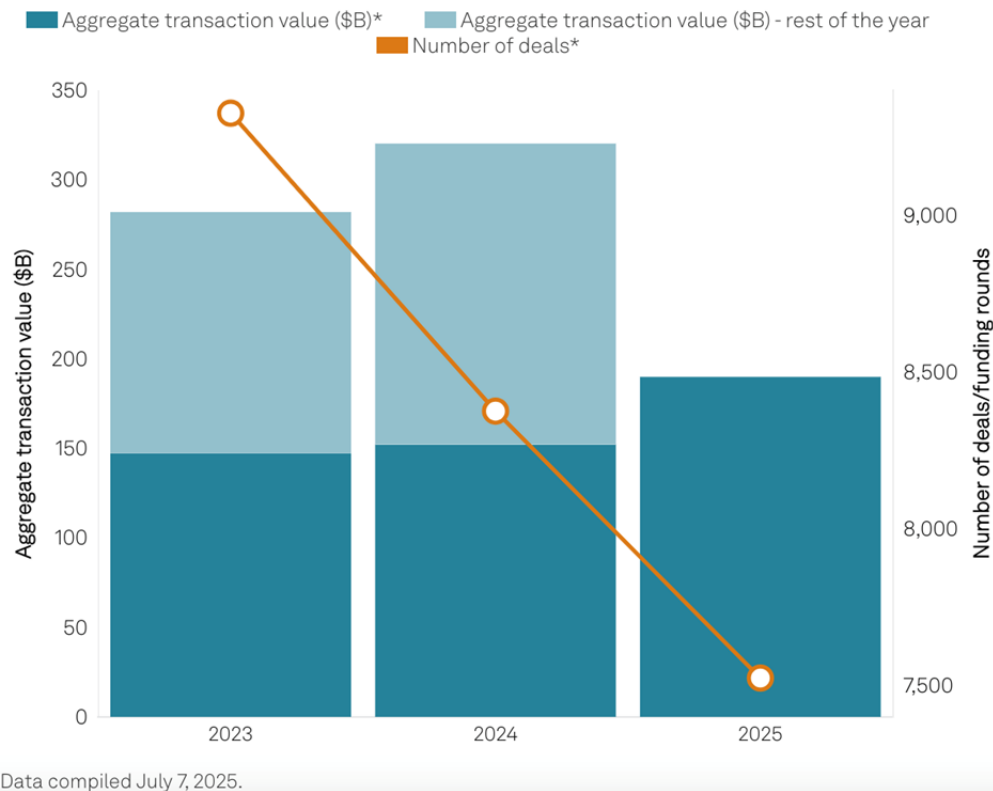
Data as of January 2025

<https://infogram.com/us-seed-funding-count-ranges-1hxj48m15y3d52v>

Large VCs have seen success and embraced an internal company creation model, where they prefer to identify the scientific opportunity and create their own team and strategy with oftentimes a larger influx of initial capital than what we often see labeled as a “seed round”. The first public funding announcement is often labeled a seed round, even though the company is highly structured and well-capitalized from day one. Leading to an observation that company creation is consolidating biotech innovation at the top.

This trend of capital investments being concentrated and less risk averse is not exclusive to Series A/Seed rounds or even the biotech industry, as Global VC funding is up, deal counts across the board are falling in many markets.

As the chart from a recent [S&P Global](#) article shows:



So, what are the thoughts? There is still opportunity for strategic/non-traditional capital, and incubator space is only on the rise, creating opportunity for early-stage innovators.

A recent [CBRE survey](#) of Life Science Incubators published in April of this year stated that “Seventy-eight percent of respondents said they expect to increase their number of locations in the next five to 10 years, up from 65% of respondents to last year’s survey.” Thus, providing space and resources for early validation before raising equity.

Grants, government funding (especially in areas of biosecurity or military support), and sovereign wealth funds continue to be active funding sources for early-stage innovation.

What the data doesn't show – We are personally seeing more cases of pharmaceutical companies engaging earlier in biotech, gaining early access to innovation, early claims to the possibility of licensing, and de-risking early projects by collaborating in areas where the pharma has both technical expertise and appetite. For example, [Sanofi Ventures just announced](#) another \$625 million in committed cash to fund emerging science. Silicon Valley Bank's [2025 Healthcare Investment and Exits](#) report for mid-year 2025 highlights the significant role of corporate venture funds in biopharma innovation. Since 2022, these funds have been involved with more than 70% of the venture backed biotech companies to go public and more than 60% of those that have been acquired.
