

How founders can use bootstrapping to build a software company

Pitching for VC funding is a well-trodden path that gets many startups from an idea with potential, to profitable business. It puts investment in the hands of entrepreneurs to grow teams, develop products and get them to market at speed. But VC funding is not the only option for startups looking to grow at pace.

When I founded [Cumul.io](https://cumul.io), we ‘bootstrapped’ operations for the first two years – starting out with minimal capital, relying on savings, and paying ourselves very little, before later seeking VC funding. There are many benefits to this approach that I would like to urge entrepreneurs to consider, especially at the early stages of their company.

Why bootstrap now?

In and before 2021, venture capital experienced a period of buoyant growth. Money was plentiful and valuations were substantial, which meant it was ‘low risk’ for founders to choose the VC-funding route. Startups didn’t have to test their idea and its sustainability with the same rigour, and therefore in some cases, became reliant on that third-party cash injection.

But money is no longer as plentiful. SaaS companies are struggling, becoming

unable to uphold their enthusiastic valuations of two years ago. Although the situation is harder financially, the practicalities of starting a SaaS company have become easier.

How to bootstrap effectively

From the outset, founders need to plan how their company will run during a period of bootstrapping. Here are the essential elements of our process:

Define a market. If you're funding the early stages of a company alone, then efficiency and targeted work are key. Hone your idea: start by serving a defined group of customers that you know that your product will impact. Doing so will enable your early adopters to become clients that grow alongside you. Once you've defined that market, plan how it would scale, and consider how it might be used internationally to address individual market needs.

Streamline your team. When building your product, the most expensive outlay is talent. Presently, you don't need a huge team of engineers and a hugely complex product to get to market. You can leverage established building blocks to create your product, before expanding further down the line. Remember: anything that could be considered a commodity, does not need to be built alone.

Prepare for the next stage. Once you've discovered what's working, you may have the choice to continue bootstrapping in a capital efficient way, or it may be time to raise VC money. If your early work has allowed you to identify what about your product will have the biggest impact, you can approach VCs and ask for the funding you want, skipping the pre-seed stage.

What to consider?

Bootstrapping is not the sticking plaster to avoid responsibility to your investors, and there are a number of things to consider in advance of this decision. Speaking from experience, it's hard work. You may not receive a wage and end up living off savings for a long period of time, possibly longer than you predicted. The goal is therefore to work as quickly as possible, which over time can be quite demanding.

What we learned from our bootstrapping experience in hindsight, is that we should have gone to market quicker, and pitched our solutions sooner. Although we may not have recognised it at the time, we were already in a

position to help companies, and sell our solution to be used right away. There is no concrete way to know a product is fully realised, but it's important to remember that a small team can build a solution that can offer value to a customer.

Stay lean

By staying lean and mean, you too can create software built on software – like [cumul.io](#) – that doesn't need to be maintained and can bring your customers value. That period of bootstrapping was ultimately worth it. Right now we're targeting companies with 1-100 million in revenue, but before long it will be all software companies, or companies offering software. Dedication and self-sufficiency is in our blood, and we hope this attitude will continue to support our business growth.

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