



EMET PARTNERS

A FIELD GUIDE · V.2026.1

The Credit Playbook

A Field Guide for Tech Founders and CFOs

Built on Truth. Structured for Growth.

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Read in order. The Two Questions in Sections 2 and 3 set up the seven archetypes. The Grid in Section 5 tells you which ones engage with your profile. Section 6 is the terms.



SECTION 01

The Argument: Why This Exists

Built on Truth. Structured for Growth.

The Argument: Why This Exists

Most founders and CFOs, when it's time to consider credit options, call their bank. It's a natural first call, and for the right company at the right moment, it's the right one. But it's the call most likely to send you down the wrong path, not because the bank does anything wrong, but because of how the bank model works.

A tech bank originating venture debt underwrites your equity story first, and that story is two things at once: who's on your cap table, and how recently they put money in. It's not one or the other; the bank reads them together. A strong name and recent capital reinforce each other; a strong name with no fresh equity behind it, or fresh equity from investors the bank doesn't have a relationship with, each leave the underwrite half-supported. Banks are most comfortable when fresh equity went in within the last six months or so, or there's a credible round expected to close in the next three, from sponsors they recognize and work with.

If you're a \$10M ARR SaaS company that's not yet profitable, a Tier 1 VC on the cap table can help, but without recent or imminent equity, it usually still won't get the bank interested. The exception is when that sponsor is actively leaning in: high conviction, a clear follow-on posture, and a call from your investor to their banker that actually pulls the relationship into the deal. Absent that, the sponsor's backing reads as theoretical, and banks underwrite what they can see.

This isn't the bank being difficult; it's the bank being a bank. The tech banking model is built around the equity relationship, and it's a genuinely good product when that fit is there. If a bank is the right answer for your business, the path usually finds you: your investors introduce you to the banks they work with, the bank sizes a credit line off your last round, and the relationship runs from there. That's the model working as designed, and when it works, it's the cheapest, cleanest capital in the market. But if you're the one out there searching for a bank, rather than being introduced into one off a fresh round, that's usually a signal the fit isn't there yet. And the answer isn't to call more banks. It's to understand what's on the other side of the bank universe, where your odds of finding a credit relationship are a lot more probable.

This is the first thing nobody tells founders and CFOs.

The second thing nobody tells them is what the rest of the market even looks like. Beyond banks, there are seven distinct categories of lender that underwrite tech companies, and each one is playing a different game. One underwrites your ARR. Another underwrites assets. Another underwrites EBITDA. Others underwrite the sponsor or the story. And once you know that, a lot of "wait, why are they asking for that?" moments snap into focus: same check size, totally different deal. A \$5M ARR-lender line and a \$5M senior secured loan from a specialty credit fund may both say \$5M at the top, but the covenants, amortization, warrants, and diligence path are different because the underwrite is different.

Most founders and CFOs don't know these categories exist. The ones who do their homework usually get partway there. They do a Google search (or a Claude prompt) and find a few funds or they get introduced to two or three funds via their banker or investors, but they don't know what to benchmark.

They don't know whether the term sheet they got is market or off-market. They don't know whether 75% of ARR is a strong offer or a weak one for their profile. They don't know whether to push back on the warrant coverage or accept it. They don't know whether the IO period they're being offered is generous or stingy.

This document tries to fix that.

This document is not a list of lenders. Naming specific funds isn't where the value sits. Founders are spending their time building product, hiring, selling, and running the next equity round. CFOs are closing the books, modeling next year's plan, scrutinizing unit economics, and managing the team. Debt capital markets is not a function anyone is optimizing for internally at these stages, and it shouldn't be. It's a specialized job, run a couple of times in a company's life, that benefits from the experience and the reps of someone who lives in it every day. That's the gap this document opens up, and that's the gap we close.

What this document does is explain the structure of the market so you can orient yourself before that conversation, yours or ours.

§Read in this order:

- 1 **The Two Questions.** Almost every credit decision starts with two diagnostic questions: what does your revenue look like, and what does your cap table look like? "What does your revenue look like" is more than the number: it's the size, the trajectory, and the quality of the dollars underneath it. Two companies at the same ARR can look completely different to a lender depending on growth rate, retention, concentration, and the kind of customer paying: consumer, SMB, mid-market, or enterprise. "What your cap table looks like" is more than who's on it: it's how recently they invested, whether they're still leaning in, and how the market reads them. Answer both honestly and you've already eliminated most of the lender universe. The wrong part of it.
- 2 **The Seven Archetypes.** One profile each. Who they are, what they underwrite, what they're sizing off, and what their term sheets typically look like.
- 3 **The Grid.** The two questions, crossed. Where you land tells you which two to four archetypes will actually engage with your deal.
- 4 **What You'll Be Negotiating.** The terms layer. Warrants, covenants, IO periods, amortization, prepayment: the mechanics that vary deal to deal once you're in conversation, with a view on what's market, what's negotiable, and where founders typically leave value on the table.

§A few caveats up front.

This is our read of the market in early 2026. Other people who do this work would draw the lines slightly differently, and we'd probably argue about it productively. The market also moves, slowly, mostly. Quarter to quarter, not a lot changes. A good company that fits a profile this quarter usually still fits it the next. But over a year or two, funds open new strategies, close old ones, shift sector focus. We'll refresh this annually.

This document also can't replace a process. Knowing the seven archetypes is the first half of the job. The other half is actually doing it: knowing which shops within your archetype are underwriting deals like yours, knowing the right partner at each one, running a competitive process that holds them to their best terms, reading the term sheet for the things that aren't on the front page. That second half is what we do.

But you should walk into that conversation, with us or anyone else, knowing what you're shopping for. This is the document that gets you there.



SECTION 02

Axis 1: What Your Revenue Looks Like

Built on Truth. Structured for Growth.

Axis 1: What Your Revenue Looks Like

§Page 1: Quality

In 2022, the first question a credit fund asked was how fast are you growing. In 2026, the first question is what is the revenue made of.

That shift is the single biggest change in the credit market over the last three years. Funds that used to underwrite top-line growth and tolerate weak retention, concentrated customers, and unsustainable burn have repriced their risk. The 2021-2022 frame assumed the next equity round would bail out the business and the lender's loan along with it. That assumption is gone. Lenders now underwrite the business as if no fresh equity is coming, which means the quality of the revenue underneath the growth matters more than the growth itself.

Before the dimensions: context matters. Compare yourself to businesses in your segment, not to a universal benchmark. A \$5M ARR enterprise SaaS company will almost always have concentration in the top few customers: each logo is large, won slowly, and pays a lot. That's normal at that stage. A \$5M ARR SMB tools company structurally won't have this issue: at that scale and price point, you should have hundreds of customers. Same number, opposite read. Lenders evaluate these dimensions in segment context, not absolute terms.

What does quality actually mean to a lender? There are a lot of dimensions and every business is different. These four are the ones that move the read most often:

Retention. The single most predictive variable. A business retaining 110%+ of its revenue dollar each year (expansion offsets churn) is fundamentally different from a business at 85% (churn outpaces expansion). The first one can lose net-new customer acquisition for two quarters and still grow. The second one has to run hard just to stand still. Lenders price this gap heavily, and the gap between a premium retention number and a market one is wider than it looks from the outside.

Concentration. What percentage of your revenue comes from your top customer? Your top five? Concentration is a hidden risk lenders weigh seriously because the loss of one logo can move the entire forecast. The concentration question also extends to segment concentration: if 80% of your ARR is from one vertical, that's concentration too, even if no single logo is large. As above: read this against your segment, not a universal cutoff.

Customer profile. Consumer, SMB, mid-market, or enterprise: these are four different lender conversations even at the same ARR. Enterprise revenue is sticky, contracted, slow to land but slow to leave. SMB revenue churns harder but acquires faster. Consumer subscription is its own animal: high gross churn, fast feedback loops, and a small set of lenders who actually understand it. The kind of customer paying determines which archetypes will engage at all, independent of the other variables.

Unit economics. The basic shape of whether the business makes money on its customers and how efficiently it acquires them. CAC, and specifically CAC payback period are the metrics that usually come

up first in a credit conversation. For fintech businesses, the same apply, plus model-specific metrics: take rate and loss rates for lending plus transaction volume for payments. Lenders don't need to see profitability today, but they do need to see that the business could be profitable if it pulled back on growth investment.

These are highlights, not a complete list. Every business has its own dynamics: long-term contracts vs. monthly, billing terms, seasonality, vertical-specific metrics, that a serious lender will dig into. But these four are the ones that come up first and shape the conversation most.

§What this reads as

After thinking honestly about your retention, concentration, customer profile, and unit economics, you should be able to give yourself a one-word read:

Premium. Strong retention (110%+ NRR or 90%+ gross retention), low concentration for your segment, a customer profile a lender can underwrite cleanly, and unit economics that work or are close to working. You're the kind of revenue lenders compete for.

Market. Solid retention (95–110% NRR), some concentration but contextual for your segment, a customer profile lenders are comfortable with, unit economics that need some growth investment but aren't broken. You're a fundable business at the right structure.

Weak. Retention under 95% net or 80% gross, concentration that's elevated even accounting for your segment, a customer profile that limits which lenders engage, or unit economics with no visible path to profitability. You're not unfundable, but you're a narrower conversation: fewer lenders will engage, and the ones who do will price the risk.

One important note. These reads are not a scorecard. A business with two premium dimensions and one weak one isn't weak, it's a story. Lenders underwrite the blend, and the narrative you build around the dimension that's softer is often what closes the gap. Find the dimensions where you can credibly claim premium, lead with them, and tell the story around the rest.

Hold this read. You'll carry it into the next two pages, trajectory and size, and then into the archetypes and the Grid.

§Page 2: Trajectory

Quality tells a lender what your revenue is. Trajectory tells them where it's going, and, more importantly, how much they should believe you.

Growth rate is the obvious number. A business doubling at \$5M ARR is a different conversation than one growing 30%, and most founders and CFOs can quote their number cold. Lenders care about it, but they care about it less than founders think. By 2026, every lender has learned that the growth number on the front of the deck is the easy part. The hard part is whether next year's number is real.

What lenders are actually underwriting on this dimension is forecast credibility, and that comes from two things.

Pipeline as the mechanism behind the number. A forecast that says "we'll do \$10M next year" is a claim. A forecast that says "we'll do \$10M next year, here's the \$14M of qualified pipeline underneath it, here's how it's staged, here's our historical close rate by stage, here's what's already contracted" is a model. Lenders read the second one as fundable and the first one as a wish. The bookings number on the cover slide is worth less than the pipeline coverage ratio underneath it and the consistency of how that pipeline has converted in prior periods.

The 12-months-ago test. What did you forecast a year ago, and what actually happened? A management team that forecast \$8M and did \$8.2M is telling a lender something specific: this team understands its own business well enough to predict it. A team that forecast \$12M and did \$7M is telling a lender something different. Lenders will ask for prior board decks, prior plans, prior forecasts. The credibility you've built with your own past forecasts is the single most powerful input to how aggressively a lender will size the next one.

§What this reads as

Premium. Growth that's strong for your stage and segment, with pipeline coverage that mechanically supports the next 12 months and a track record of hitting plan within a tight band. Lenders will lean into your forecast and size off it.

Market. Solid growth, a reasonable pipeline behind the plan, and a forecasting history that's directionally right even if not precise. Lenders will underwrite to a discounted version of your plan, your number with a haircut.

Weak. Growth that's decelerating without a clear narrative, a forecast that isn't visibly tied to pipeline, or a history of missing plan by a wide margin. Lenders won't underwrite to your forecast, they'll underwrite to trailing performance and size conservatively off that.

Carry this read forward with the quality read from Page 1. Together they're most of what Axis 1 is doing.

§Page 3: Size

This one's the easy dimension. You know your number, and lenders read it directly off the page.

The basic shape is what you'd expect: the larger you are, the better your terms. A larger business is a more defensible business, more customers, more revenue history, more margin for error if a quarter goes sideways. Lenders price that defensibility. The other thing that happens at scale is that more lenders engage with the deal, which means more competition, which means better pricing and more creative structures. Bigger deal, more options.

But the more interesting story is where the break points actually are, because they're not where founders think.

Below \$2M check size. Structurally hostile. The facilities available at this size tend to be sub-24-month terms with sub-12-month IO. That's not a pricing problem, it's an execution problem: a growing company needs runway to deploy capital and let it work, and a short-tenor, short-IO facility starts amortizing

before the investment has produced anything. Lenders at this end of the market underwrite this way because they're protecting against thinner margins for error in a smaller business: they want amortization starting early to de-risk. The economics make sense for them. They just don't make sense for you.

\$2-5M check size. The first real threshold. This is where you can get into facilities with 18-month IO and 36-48 month terms. That structure is the difference between capital you can deploy strategically and capital you're already paying back before you've used it. The check size doesn't sound dramatically different from a \$1.5M facility, but the product behind it is.

\$5-10M. Similar shape to the \$2-5M tier on structure. What improves through this band is pricing and warrant coverage: the deal gets more competitive, the lender stack deepens, you have more leverage to negotiate.

\$10-20M. Another bump. More lenders engage, the pricing tightens further, and the structure stays in the same 18mo IO / 36-48mo term zone.

\$20M+. Structurally flat. Private credit has a ceiling on how much better the product gets. Warrants get cheaper, pricing tightens at the margin, but the fundamental shape of the facility doesn't change much from what you'd get at \$10-20M. You're not buying a different product, you're buying the same product on slightly better terms.

The takeaway is that the most important size threshold in this market isn't the one that gets you into a "bigger" deal, it's the one at \$2-5M that gets you into a facility you can actually execute against. After that, the improvements are real but incremental.

§What this reads as

Size matters most at the thresholds: getting above \$2M unlocks the structure that makes capital usable, and the improvements above \$20M are real but incremental. In between, your size band sets the range of structures available to you. Quality and trajectory determine where in that range you land.



SECTION 03

Axis 2: What Your Cap Table Looks Like

Built on Truth. Structured for Growth.

Axis 2: What Your Cap Table Looks Like

Axis 1 was the business. Axis 2 is the context the business sits in. Specifically: who's on your cap table, where they stand on the deal, and what that signals to a lender about the path to repayment.

This axis is less about better or worse and more about what kind of underwrite you are. A bootstrapped business and a sponsor-backed business are both fundable, but they're fundable by different lenders asking different questions. The job of this page is to help you locate which conversation you're in.

The Anointed, Tier 1 and 2 Sponsor-Backed Startups

There are four postures.

Sequoia, a16z, Benchmark, Accel, Greylock on the cap table, or Bessemer, General Catalyst, Lightspeed, and the broader top-tier names, and they led the last round or are signaling follow-on.

Banks line up to take these deals. The sponsor is the underwrite. Runway risk reads as low because the implicit assumption is that the sponsor supports if needed. If this is you, you probably don't need to be reading this memo: you have lenders reaching out to you and the question is which one to pick, not how to get one to engage.

One important nuance: the name on the cap table matters less than the timing of when they invested. A Tier 1 sponsor who led your round 18 months ago with no follow-on signal since is a different underwrite than one who just closed a round or has a term sheet in hand. As a practical rule, lenders are most comfortable when equity was injected in the last six months, or there's a credible term sheet expected to close within the next three. Outside that window, the sponsor's implicit backstop starts to feel theoretical, and lenders underwrite what they can see, not what they hope will happen. A strong sponsor name opens the door; recent or imminent capital is what keeps it open.

One additional caveat worth flagging: certain banks have entrenched preferences for certain investors based on relationship history. This matters less at the top of the tier and more as you move down: at Tier 2 and especially Tier 3, the same company can get a meaningfully different reception from two banks based on which investor is on the cap table and who that bank has done deals with before. Worth knowing before you run a process.

The Vouched, Tier 3 Sponsor-Backed Startups

Sponsor isn't a name that does the underwriting work on its own. So the question shifts from "what tier is the sponsor" to where does the sponsor stand on the deal right now.

A Tier 3 sponsor who genuinely loves the company and is actively engaged can solve a lot of a lender's concerns. The signal at this tier is conviction, not brand. If the lender can get comfortable that the

sponsor is still leaning in, recent capital, board engagement, willingness to participate in a future round, the deal works on terms close to the sponsor-backed tier above.

This is also where the bank-investor relationship dynamic matters most. A Tier 3 fund with a strong relationship at a specific bank can get its portfolio company a hearing that the same company wouldn't get from a different bank. Knowing which lenders have a track record with your sponsor is real diligence.

The Dormant, Backed but Inactive

Same cap table mechanics as the tiers above, investors on the equity, prior rounds raised, but the sponsor signal is absent. No recent round, no follow-on indication, no active engagement. When the sponsor goes quiet, the lender falls back to fundamentals and the business has to underwrite itself.

With no sponsor doing the underwriting work, the conversation shifts hard to cash flow. Is the company cash flowing today? If not, what's the runway and what's the credible path to profitability? Without a clear capital play behind it, a sponsor signaling follow-on, a near-term round, a strategic process, this becomes the central question of the underwrite, not a side check.

This posture is not necessarily worse than bootstrapped, it's different. The pros and cons cut both ways.

Pro: the company has demonstrated it can raise capital, and the cap table itself implies an exit or milestone orientation. There's a path to liquidity, M&A, a future round, a strategic outcome, that a bootstrapped business doesn't have on the same horizon. Lenders read that.

Con: management skin in the game is diluted. The lender starts asking different questions. What exit multiples make each tranche of the cap table happy? Where does common sit relative to preferred? Is there a mid-case exit scenario where management is satisfied and preferred is not, or vice versa? These dynamics don't kill deals, but they do shape them, and they're questions the bootstrapped founder doesn't face.

The Self-Made, Bootstrapped

No sponsor, no cap table dynamics to model. The underwrite is pure credit on the business: 15-30% growth depending on scale, 100%+ NRR, no customer concentration issues, profitability or a credible path to it.

The cash flow conversation here looks a lot like the Dormant conversation above: without a sponsor doing the underwriting work, the business has to prove it can either fund itself today or get to break-even on a credible timeline. A bootstrapped business that's already cash flowing is a clean credit. One that isn't has to make the path to break-even concrete and defensible: unit economics, cost structure, growth efficiency, the works.

In some ways this is the cleanest underwrite a lender can do: there's no overhang to worry about, no investor dynamics to navigate, just the business. But two questions become load-bearing in a way they aren't for sponsor-backed deals.

Use of proceeds. Growth investment reads one way to a lender. A recap or dividend reads differently. A bridge to an outcome reads differently still. The lender wants to understand what the money is for because that drives what they're underwriting against.

Endgame. Hold forever, sell in 3–5 years, transition to family, roll up adjacent businesses: each implies a different repayment story. A bootstrapped founder who wants to hold and run the business for 20 years is a fine credit but a different underwrite than one who's building toward a strategic sale in 4 years. Lenders price the difference.

§How this reads to a lender

- **The Anointed (Tier 1-2 Sponsor-Backed):** the sponsor does the underwriting work. Lender's focus is winning the deal, not analyzing it.
- **The Vouched (Tier 3 Sponsor-Backed):** the sponsor's conviction does the work, or it doesn't. Lender's focus is reading the sponsor's engagement and matching the deal to a bank with the right relationship.
- **The Dormant (Backed but Inactive):** lender's focus shifts to fundamentals, cash flow, runway, path to profitability, and cap table dynamics. Path to liquidity is a pro, alignment risk is a con.
- **The Self-Made (Bootstrapped):** lender's focus is the business itself, with cash flow and the path to profitability doing the heavy lifting, and the use of proceeds and endgame as the load-bearing context.

Carry your posture forward with your Axis 1 reads from the prior section. The blend of the two is what the Grid reads, once you know what the archetypes in it actually are, which is exactly where we go next.



SECTION 04

The Seven Archetypes

Built on Truth. Structured for Growth.

The Seven Archetypes

You've now got the two axes: what your revenue looks like and what your cap table looks like. Before we cross them into the Grid, you need to know the players. This section profiles each of the seven archetypes that underwrite tech companies: who they are, what they underwrite, how they size, and what their term sheets look like. Read them all once; the Grid in the next section will tell you which ones actually matter for a profile like yours.

One spine runs through all of them: cost tracks risk. The cheapest capital in the market goes to the lender taking the least risk, and price climbs from there as the backstop thins out. The clearest way to see this is through the return each archetype is targeting, its IRR. Banks sit at the bottom, pricing to single-digit IRRs, because the sponsor and the banking relationship de-risk the loan. The Scalars target low-to-mid teens, pricing the additional leverage and risk they take beyond what a bank will. The Accelerators target mid-to-high teens, pricing smaller companies with less backstop on pure conviction in the revenue base. The Streamers and the more situational archetypes climb higher still, into the low 20s and beyond, because they're lending where the others won't. This is the single most useful thing to internalize before a process: you don't get bank pricing because the bank isn't taking bank-level risk on you. The price you're quoted is a read on how much risk the lender thinks they're carrying. If you want cheaper capital, the question isn't "who can I push harder on", it's "which archetype sees my profile as lower-risk," and that's exactly what the Grid in the next section is built to answer.

FIG. 1 The risk/price ladder. Cheapest at the bottom, climbing as the backstop thins out.



sponsor + relationship de-risk the loan

5%

10%

15%

20%

25%

Hold this ladder in mind as you read the profiles, because the archetypes that look more expensive on rate are often the ones offering the structure that actually protects your runway. Why that's true, and why IRR is the number to watch rather than the headline rate, is the subject of Section 6, where the terms get their own treatment. For now, just the ladder: cost tracks risk, and where you land on it is set by how much risk the lender thinks they're carrying.

NO. 1 OF 7 · ARCHETYPE

The Stabilizers

(Banks)

UNDERWRITES	SIZES OFF	TARGET IRR	CHECK	WARRANTS
sponsor + equity	30-50% of last round	single digits	\$1-20M	minimal to none

Why we call them the Stabilizers. Banks are the steadying choice: the cheapest capital in the market, the lowest risk taken, the grown-up in the room. The sponsor and the banking relationship de-risk the loan, the pricing sits in single digits, and the term sheet is boilerplate by design, with covenants built for normal-course operations, not to trip on a soft quarter. They're not exciting and they're not supposed to be. When a bank is the right answer, it's because the business is stable enough to be underwritten on the relationship, and the deal's whole job is to keep things steady and cheap. That's what the name is pointing at: the anchor at the bottom of the stack, the lender you take when the priority is stability over reach.

Who they are. Commercial banks with technology lending groups. The category that built itself around venture-backed companies, the relationship product where the bank takes deposits, runs treasury, and writes a credit facility on top. The historic dominant player in this category went through a crisis a few years ago that reshuffled the market, but the category survived in the form of successor banks and the established players that absorbed share. By 2026, there are roughly a dozen banks operating seriously in this space at various sizes.

The defining feature of a Bank in this market isn't pricing or check size, it's that the bank is fundamentally a relationship lender. They want your deposits, your payroll, your treasury, your corporate cards. The loan is the thing that gets the relationship started. Everything that follows is what makes the bank money.

What they underwrite. Sponsor and equity, primarily. The bank is asking, in this order: who's on your cap table, how recently did they invest, how much did they put in, and what's the implicit follow-on signal. If the cap table reads strong, the bank engages and the deal is largely about sizing and structure. If the cap table doesn't read strong, the bank passes politely regardless of how good the underlying business is.

A secondary underwrite layer kicks in for the mid-market end of the bank universe: cash-flowing companies with sponsorship can sometimes get a bank term sheet on a more business-driven underwrite. But this is the exception, and the sponsor is still typically part of the picture.

What they're sizing off. Most commonly, 30–50% of the last equity round. The math is straightforward: if you raised \$20M, the bank is comfortable extending \$6–10M as a credit facility on top. Some banks will go higher for the right name on the cap table or the right vertical. The size is anchored to recent equity, not to your ARR or your EBITDA. This is the cleanest tell of the bank archetype: when a lender asks first about your last round, you're talking to a bank.

Typical term sheets. \$1–20M facility size, occasionally larger for top-tier sponsor-backed deals. Pricing in the low-to-mid single digits over the reference rate, meaningfully cheaper than every other archetype on this list. The bank term sheet is largely boilerplate, which is a good thing: the structure is well-trodden, the terms don't hold many surprises, and the document looks much the same from deal to deal. 18-month interest-only periods on the larger end of the range, 36–48 month total tenor. The warrants, where present, are priced far more attractively than anything you'll see from a non-bank lender, and on the strongest deals there may be none at all. Financial covenants look at minimum liquidity, minimum revenue, and maintenance of the banking relationship; they're real but designed for normal-course operations, not to trip on a soft quarter.

NO. 2 OF 7 · ARCHETYPE

The Scalpers

(BDCs)

UNDERWRITES	SIZES OFF	TARGET IRR	CHECK	WARRANTS
growth + enterprise value	EV / ARR multiple, beyond bank levels	low-to-mid teens	\$10-100M+	a step up from banks

Why we call them the Scalpers. These are the funds you bring in when the plan is to get bigger, fast, and at size. They write the \$25M+ checks a bank structurally won't, they underwrite the growth trajectory rather than the current cash, and they'll size well beyond what a bank will for the same company because they're taking more risk and pricing for it. The name signals scale on both sides of the table: their check and your client's ambition. You go to a Scaler when the bank can't or won't go big enough, not when the bank is available and willing.

Who they are. The brand-name venture debt funds, the Hercules / Trinity / TriplePoint shape. Large, established, often publicly traded or backed by permanent capital, with decades of venture lending behind them and a portfolio of hundreds of names. These are the firms a founder has actually heard of before they start a process, which is both their advantage and the source of the most common mistake founders make about them.

The mistake is assuming the brand means the best deal. It doesn't. The Scalpers are not the cheapest money in the market, banks are. What the Scalpers offer is more money, taken against more risk, at a higher price. They are the right answer when the bank can't or won't go big enough, not when the bank is available and willing.

What they underwrite. Real credit, on the growth-stage business where the conventional math doesn't fully pencil yet. This is the distinguishing capability of the archetype: a Scaler will underwrite a company that's burning, that isn't profitable, that an Earner wouldn't touch, because they're underwriting the growth trajectory and the enterprise value it implies, not the current cash generation. They take a view on where the business is going and lend against that.

The sponsor still matters, but for a different reason than it matters to a bank. The bank wants the sponsor as the underwrite. The Scaler wants the sponsor as runway insurance, evidence that if the company stumbles, there's a deep-pocketed investor who'll bridge it rather than let it default. The sponsor is a backstop, not the basis of the loan.

What they're sizing off. Enterprise value and growth, expressed through a few different lenses depending on the business: a multiple of ARR for the SaaS deals, sometimes a percentage of the last round like a bank but pushed more aggressively. The defining trait is that they'll size bigger than a bank will for the same company, because they're taking more risk and charging for it. Where a bank caps out at 30-50% of the last round, a Scaler might go well beyond that for a company they believe in.

The check size is also what makes them an archetype distinct from banks: the Scalers win the larger deals, the \$20M+ facilities, that banks structurally won't write. Below roughly \$10M, the check is often too small for a Scaler to bother, unless the company is going to scale into a much larger facility quickly.

Typical term sheets. Larger facilities, \$10M to \$100M+. Pricing runs roughly 200–500bps more expensive than a bank would offer the same company, reflecting the additional risk they're taking. Warrants or success fees are a step up from what a bank would ask, that's how the Scaler captures the upside that compensates for lending into risk a bank wouldn't take. Interest-only periods and tenor are generally competitive with banks (18-month IO, 36–48 month terms), because at this size the structure has to give the company room to deploy. On covenants they can cut either way: sometimes lighter than a bank on financial-maintenance terms, and sometimes they'll offer no covenants at all as a way to win a competitive deal. The whole shape is "more capital, more risk tolerance, higher cost, more upside sharing", exactly right when you need more than the bank will give and can't or won't wait to grow into it.

NO. 3 OF 7 · ARCHETYPE

The Accelerators

(ARR Lenders)

UNDERWRITES	SIZES OFF	TARGET IRR	CHECK	WARRANTS
the recurring revenue base	50-125% of ARR	mid-to-high teens	\$2-20M	common, negotiable on structure

Why we call them the Accelerators. Their whole pitch is velocity: they advance against your recurring revenue so you can pull growth forward now, turning a predictable future revenue stream into immediate capital. Where a bank looks at your cap table and an Earner looks at your profit, an Accelerator looks at the ARR base itself and lends against it directly. That makes them the natural home for the good SaaS business that isn't profitable yet and doesn't have a marquee sponsor. The name captures the move they let a founder make: speed up, deploy sooner, accelerate the curve.

Who they are. Funds purpose-built to lend against recurring revenue. This is the archetype that grew up specifically to serve the SaaS model: they understand that a dollar of contracted, recurring, high-retention revenue is a fundamentally different (and more lendable) thing than a dollar of one-time or services revenue. Where a bank looks at your cap table and a cash-flow lender looks at your EBITDA, an ARR lender looks at the recurring revenue base itself and lends against it directly.

This is the archetype most founders should know about and most don't. For a growing SaaS business that isn't profitable and doesn't have a marquee sponsor, the ARR lender is very often the right answer, and it's the one that gets skipped because founders default to calling banks.

What they underwrite. The ARR base and its quality. Everything in the Section 2 quality discussion, retention, concentration, customer profile, unit economics, is what an ARR lender is actually scrutinizing, because the recurring revenue is the collateral. They care less about your sponsor than a bank does and less about your EBITDA than a cash-flow lender does. What they want to believe is that the revenue base is durable: that the dollars renewing this year will renew next year, that churn is controlled, that no single customer leaving blows up the book.

This makes them the natural home for the Dormant and Self-Made companies on the grid, businesses where there's no sponsor doing the underwriting work but there is a real, high-quality recurring revenue base to lend against.

What they're sizing off. A multiple of ARR, most commonly 50-100% of ARR, occasionally stretching to 125% for a pristine book. If you're at \$8M ARR with strong retention and low concentration, an ARR lender is in the range of \$6-8M, possibly more. The sizing scales directly with both the amount and the quality of the recurring revenue: a clean, high-retention book gets the top of the range, a choppy one gets the bottom or gets passed on.

Typical term sheets. \$2–20M facilities, tracking the size of the ARR base. On cost, ARR lenders sit at the expensive end of the credit spectrum, mid-to-high teens IRRs, above the Scalpers. They're pricing smaller companies with less backstop, no deep-pocketed sponsor, often no profitability, so the return has to compensate for pure credit risk carried on conviction in the revenue base. The range is wider than a bank's because it flexes with credit quality: a pristine book prices toward the bottom of that band, a choppier one toward the top. Like the Scalpers, the ARR lender term sheet has a boilerplate baseline that then flexes up and down across multiple levers to win a deal: interest-only period, rate, warrants, covenants, term length, amortization schedule. Which lever moves depends on what the lender is willing to give and what the borrower most wants. Some firms compete specifically on structure: a standing offer of 48–60 month IO, or a clean 36-month IO, as the wedge that wins them business. Covenants are light, you don't see many, often one or two if any, and some funds run with effectively none, but where they exist they're typically tied to the revenue base (minimum ARR, retention floors) and a liquidity metric (minimum cash, minimum runway, or a cap on burn). Those are the ones to watch, because a covenant set too tight, a retention floor or a minimum-cash trigger, can trip a business that's still fundamentally healthy.

NO. 4 OF 7 · ARCHETYPE

The Earners

(Cash-Flow Lenders)

UNDERWRITES	SIZES OFF	TARGET IRR	CHECK	WARRANTS
EBITDA + its durability	2-4x EBITDA (to 5x)	low teens	scales with profit	uncommon; success fee at the low end

Why we call them the Earners. They lend against what you actually earn, meaning EBITDA, the cash left after the business pays its costs. Not your round, not your top line, but your profit. Their appearance in your conversation is a milestone: it means the business has matured to the point where it can be underwritten on its own economics, without a sponsor's backstop or a bet on future growth. The name names the thing they size off and the thing it signals at once: you've crossed into being a business that earns, and now you can borrow like one.

Who they are. Lenders who underwrite the oldest question in credit: how much cash does the business throw off, and how much of it can service debt. This is mainstream private credit applied to tech, the same lens a lender would bring to any profitable company in any industry, pointed at a software or fintech business that has crossed into real profitability. They're not a tech-specific archetype the way the Accelerators or the Scalars are; they're generalist credit funds (and some banks) for whom a profitable tech company is simply a good credit.

For a tech founder, the appearance of cash-flow lenders in your conversation is a milestone. It means the business has matured to the point where it can be underwritten on its own economics, without reference to a sponsor's backstop or a bet on future growth. That's a stronger position to borrow from than any other archetype on this list.

What they underwrite. EBITDA, and the durability of it. The questions are about margin stability, customer retention as it supports that margin, the predictability of the cash flows, and how much debt those cash flows can comfortably carry. Unlike the ARR lender, they're not lending against the top line, they're lending against what's left after the business pays its costs. A company growing fast but burning cash is not a cash-flow lender's deal, no matter how good the ARR looks. A company growing more slowly but throwing off real EBITDA is exactly their deal.

This is why cash-flow lenders show up on the grid where they do: the profitable end of the Self-Made and larger sponsor-backed profiles. A \$20M+ ARR bootstrapped business that's cash-flowing is the cleanest cash-flow-lender deal there is.

What they're sizing off. A multiple of EBITDA, most commonly 2-4x, occasionally stretching to 5x for a high-quality, durable business with defensible margins. If you're throwing off \$5M of EBITDA, a cash-flow lender is in the range of \$10-20M, scaling with the quality and predictability of those earnings. This is a fundamentally different sizing basis than every archetype above: not your round, not your ARR, but your actual profit.

Typical term sheets. Facilities sized to the EBITDA multiple, frequently larger than ARR-lender or bank checks because profitable businesses support more debt. On cost, cash-flow lenders sit right in the Scalers' range, low-teens IRRs, but they get there underwriting a lower-risk thing: an actually profitable business, rather than a growth bet. The structure looks more like traditional corporate debt: term loans with defined amortization, sometimes a revolver alongside, covenants built around leverage ratios (debt-to-EBITDA) and coverage ratios (can the cash flow cover the debt service). These covenants are real and they're tested regularly, a cash-flow deal is the one where covenant compliance is an ongoing discipline, not a background formality.

That said, the covenant package depends on who you've drawn. A generalist credit fund will run the standard leverage-finance ratios you'd see on any profitable company. But a meaningful slice of this archetype are specialized software and tech cash-flow lenders, funds hunting specifically for cash-flowing software businesses, and those will often tie covenants back to ARR or another software KPI rather than pure EBITDA metrics, depending on the company and the situation. Same archetype, different instrumentation.

Warrants are less common here than with the growth-oriented archetypes, but they do come up, and when they do, it's usually in the form of a success fee, or the right for the lender to invest equity at closing or down the line. These are characteristically mezzanine-fund features, and you'll see them most at the lower end of the EBITDA range, roughly the \$3-7M EBITDA deals, where the lender is reaching a little further down the credit spectrum and wants some equity-like upside to compensate. The deals themselves tend to run long and amortize little: 4-7 year terms with very little amortization is common, which is part of what makes this structure attractive for a profitable business that wants to keep its cash working rather than service a heavy principal schedule.

NO. 5 OF 7 · ARCHETYPE

The Streamers

(Revenue-Based Lenders)

UNDERWRITES	SIZES OFF	TARGET IRR	CHECK	WARRANTS
observed revenue + data	40-70% of TTM revenue	20s+ (Camp 1) / very high (Camp 2)	often sub-\$2M	none; cost is MOIC or factor

Why we call them the Streamers. They lend against the revenue stream and get repaid out of it, taking a percentage of receipts flowing back to them over time rather than on a fixed schedule. The name fits the mechanic exactly: the money moves with the stream, rising when revenue rises and dipping when it dips. It also carries the one caution this archetype demands. There are two camps wearing the same name, and only one is a real stream you'd want to be in. Camp 1, where the payment genuinely flexes with your revenue, is a practical tool; Camp 2, the MCA-style shops that drain you from day one, just borrow the language. Know which stream you're stepping into.

Who they are. Funds that advance capital against a business's revenue and get repaid out of that revenue over time. The category grew up alongside the e-commerce and SaaS boom as a faster, lighter alternative to equity and traditional debt: connect your billing and banking data, get an offer in days, money in the account quickly. No board seat, minimal diligence, speed as the core promise.

But "revenue-based" covers two structures that are almost different archetypes wearing the same name, and the difference between them is the difference between a practical tool and a trap. You have to know which one you're being offered.

The two camps.

Camp 1: revenue share with a fixed cap. You repay a percentage of monthly gross receipts until you've returned a fixed multiple of the capital (a MOIC, or cap), or the deal is structured as a multi-year term loan, often 4-5 years, with variable amortization. The defining feature is that the payment flexes with revenue: when revenue dips, the payment dips; when revenue climbs, the payment climbs. This lets you repay in rhythm with your own seasonality rather than against a rigid schedule, which is genuinely useful for a business with uneven months. The total cost, the MOIC, is fixed and knowable regardless of when you finish repaying. Remittance is always monthly. These lenders behave like the serious archetypes: they care about your fundamentals, they want to understand the business and walk through a real process, and they treat clients much the way a bank or an ARR lender would.

Camp 2: MCA-style. Revenue-based in name, but the loan amortizes from day one over 12-24 months, rarely 36. These are the factor-rate shops, and they're the ones to stay away from unless you're in genuine distress. The structure starts draining capital immediately, before you've had time to put it to work. Camp 2 is the "fintech-y" end of the market, underwriting is largely automated off the data you connect (payment processor, bank, accounting), with little human diligence. Remittance can be monthly, weekly, or daily; weekly or daily collection is the clearest signal to walk away.

What they underwrite. Revenue, trailing and current, and increasingly the data exhaust of the business. They connect to your payment processor, your bank, your accounting system, and underwrite off observed revenue patterns directly. They care less about the Section 2 quality framework than the other archetypes, less about your cap table, and not at all about your EBITDA. What they want is a revenue stream they can observe and take a slice of. That makes them fast and willing to fund businesses the other archetypes won't, which is why they dominate the smallest end of the market where nobody else shows up.

What they're sizing off. A percentage of trailing revenue, commonly 40–70% of TTM revenue, or roughly 1x a month's gross margin in some structures. The capital scales with observed revenue and tends to be small: this is the archetype writing the sub-\$2M checks the bigger funds won't engage on. The sizing is mechanical and quick, driven by what the data shows.

Typical term sheets. The two camps diverge sharply, and so does how you should read them.

For Camp 1, the cost is usually expressed as a MOIC, repay 1.3x, 1.4x, etc., and here the IRR can be genuinely misleading. Because the multiple is fixed but the timing is variable, faster growth means faster payments, which means you hit the cap sooner, which makes the effective IRR balloon, sometimes into the 20s and well beyond. This is where these lenders make their money, and it's worth understanding: the IRR explodes because the company is growing fast. The lender bet on growth, the growth showed up, the lender gets repaid quickly, and both sides walk away happy. A high IRR on this structure is often a symptom of the company's success, not a wound, it's not a zero-sum outcome, and it's a case where the IRR figure isn't really grounded in the reality of whether it was a good deal. The thing to actually negotiate and understand is the MOIC and the remittance percentage, not the implied rate.

For Camp 2, the cost is quoted as a flat fee or factor, "borrow \$500K, repay \$575K", which obscures the true price, and the structure is the real danger. Because the loan fully amortizes from day one over 12–24 months, you rarely have enough time to invest the capital before it's being repaid. Think of it against your CAC payback: if your CAC payback is nine months, which is good, on an 18-month fully-amortizing deal you're more than halfway repaid, interest included, before the first cohort that capital funded has even started generating profit. You never get the capital working long enough to earn its keep, and if anything goes wrong in that window, you're servicing a heavy schedule out of a business that's already under stress. That's the trap.

The honest read: Camp 1, used deliberately, is a practical tool, especially for a growing business that can stomach a rising payment because the rising payment means rising revenue. Camp 2 is for genuine emergencies and little else. The quickest way to tell which one you're dealing with: if they want to understand your business and run you through a process, you're in Camp 1; if they just want you to connect your accounts for an instant offer, you're in Camp 2. The accessibility of this whole archetype, fast, easy, light diligence, is exactly what makes it dangerous, because the easiest money to get is the most expensive money to live with.

NO. 6 OF 7 · ARCHETYPE

The Securitizers

(Asset-Backed Lenders)

UNDERWRITES	SIZES OFF	TARGET IRR	CHECK	WARRANTS
a specific asset / collateral	70-90%+ advance rate	varies; can approach bank levels	flexes with the asset base	none; revolving borrowing base

Why we call them the Securitizers. This is the one name we kept literal on purpose. This bucket is the most technical and the least familiar to most founders, so a precise term does more good here than a clever one. Securitizing is the mechanic: they isolate a specific asset (receivables, a loan book, equipment, a fintech's originated paper), pool it, and advance against it through a borrowing-base or warehouse structure. They're not underwriting your profile at all; they're underwriting your collateral and how reliably they could recover value from it. Where every other archetype lends growth capital, the Securitizers fund the operating engine, putting working capital against the assets the business already holds. The plainness of the name is the point: it tells you exactly what's being done to the asset.

Who they are. Lenders who advance against a specific, identifiable asset rather than against the business as a whole. They don't care about your ARR multiple, your sponsor, or your EBITDA in the first instance, they care about the asset they're lending against and how reliably they could recover value from it if the loan went bad. This is the oldest, most conservative form of lending there is, applied to whatever a tech company happens to have on its balance sheet that can be isolated and valued.

They sit off the grid for a reason: they're not underwriting your profile, they're underwriting your collateral. A company at any revenue band and any cap table posture can be an asset-backed deal if it has the right asset, and a company with no isolable asset can't be one no matter how good the rest of the profile looks.

A different purpose entirely. Here's the distinction that matters most, and it's one most founders miss. Every archetype up to this point lends growth capital, money raised in lieu of equity or alongside it, to fund expansion and operations. Asset-backed lending is not that. It's working capital, full stop. Traditional ABL exists to fund the cash conversion cycle, the gap between when a business pays its costs and when it collects its revenue, and to add liquidity right at that gap. It is not there to fund growth. For a fintech business, the same logic applies with a twist: the fintech's "inventory" is money, so an asset-backed line funds the capital they need to originate more business. Either way, ABL funds the operating engine, not the expansion of it.

This is why ABL is often not an either/or against the other archetypes, at a mature enough stage, a business can run both at once, because they do different jobs. You might have a working-capital line funding your "inventory", receivables held in an SPV for a fintech, or a carve-out against receivables for an on-balance-sheet business, and, alongside it, a term loan sized against the EV or EBITDA of the

business to fund growth and everything else. One facility funds the cash conversion cycle; the other funds the company's expansion. They coexist because they're solving different problems with different collateral, and a sophisticated capital structure uses each for what it's good at.

What they underwrite. The asset, and the predictability of converting it to cash. The most common forms for a tech or fintech business: accounts receivable (lend against invoices owed by creditworthy customers), a loan or lease book (for fintech lenders originating their own receivables), hardware or equipment (for businesses with physical assets), and occasionally IP or other isolable, valuable rights. The underwrite is about the quality of that specific asset, for receivables, who owes the money and how likely they are to pay; for a loan book, the loss rates and the underlying borrower quality.

This is the natural home for fintech lending businesses, which often need a debt facility to fund the loans they originate, a fundamentally asset-backed need that the ARR and cash-flow archetypes aren't built for.

What they're sizing off. An advance rate against the value of the collateral, most commonly 70-90%+, depending on asset quality. Lend against \$10M of high-quality receivables from creditworthy payers and you might get \$8-9M; lend against a riskier or less liquid asset and the advance rate drops. The sizing is a direct function of the asset's quality and liquidity, not of the business's growth or profitability. The better and more liquid the collateral, the higher the advance rate and the cheaper the money.

Typical term sheets. Structured around the collateral and typically revolving rather than term, as the asset base grows or shrinks (more receivables, fewer receivables), the available borrowing flexes with it. This is a borrowing-base facility: you can draw against eligible collateral up to the advance rate, and availability is recalculated regularly. Pricing varies widely with asset quality, high-quality, liquid collateral can be priced very attractively, sometimes approaching bank-like levels, because the lender's risk is genuinely low. Covenants center on the collateral: eligibility criteria for what counts toward the borrowing base, concentration limits, and reporting requirements that can be heavy (regular collateral reporting, borrowing-base certificates). The administrative burden is real, asset-backed facilities require more ongoing operational reporting than most other archetypes, but the cost of capital can be among the lowest available if the collateral is strong.

NO. 7 OF 7 · ARCHETYPE

The Tailors

(Specialty Shops)

UNDERWRITES	SIZES OFF	TARGET IRR	CHECK	WARRANTS
one carved-out feature (guarantor, contract, cohorts)	the feature itself	toward the expensive end	small, tightly sized	bespoke; whatever makes it financeable

Why we call them the Tailors. Every other archetype underwrites a profile; a Tailor underwrites one feature of your situation and hand-fits a deal around it. The business credit is too thin, but there's a guarantor good for it; the concentration would kill a normal underwrite, but the one anchor customer is a creditworthy counterparty; the book doesn't pencil, but the acquisition engine does. The Tailor cuts a structure to that single financeable thread: a personal guarantee, an assignment of one contract's payments, a draw schedule tied to cohorts. The name makes the small-and-custom feel like craftsmanship rather than just small, which is the honest frame, since these are bespoke, made-to-measure deals. They take the most work to close, and they're rarely the first call, but cut right, they're the difference between a deal getting done and not.

Who they are. Lenders who don't fit the archetype model because they're not underwriting a profile at all, they're underwriting a specific feature of your situation that the standard archetypes can't or won't touch. Where every other lender on this list asks "what kind of company is this," a specialty shop asks "what's the one thing here I can get comfortable with." They're the answer to a situation, not to a stage.

This is the most bespoke category in the market, and the least common path. Most companies will never need one. They show up when the standard underwrites have all said no but there's a specific, isolable feature of the business that a creative lender can build a deal around.

What they underwrite. A carved-out feature of the situation, rather than the whole business. The common shapes:

- **A guarantor.** The business credit is too thin to stand on its own, but a high-net-worth individual, often a founder, an angel, or a wealthy backer, is willing to personally backstop the loan. The lender underwrites the guarantor, not the company. The question stops being "is this business creditworthy" and becomes "is the person standing behind it good for it."
- **A single contract.** A company with customer concentration that would kill a normal underwrite, too much revenue riding on one customer, but the customer is a creditworthy, recognizable counterparty. A specialty lender will underwrite that specific contract, effectively lending against a known receivable stream from a known payer, where a profile-based lender only saw dangerous concentration.

- **Marketing or acquisition spend.** Some lenders will structure against the unit economics of customer acquisition, advancing against the expected return on marketing dollars or CAC, rather than against revenue you already have. Where an ARR lender sizes off the existing book, this kind of structure looks forward, betting on the predictability of the acquisition engine and the cohorts it will produce. It's less a defined product than another way a creative lender can build a deal around a specific, financeable feature of the business.

The unifying logic: each of these is a way to swap "underwrite the whole business" for "underwrite one feature of the situation that's strong enough to carry a deal on its own."

What they're sizing off. The specific feature being underwritten, the guarantor's net worth, the size and term of the anchor contract, the projected value of the financed cohorts. There's no clean multiple or advance rate that defines the category, because the category is defined by bespoke structuring rather than by a standard sizing basis. Checks tend to be smaller and sized tightly to the specific thing being underwritten.

Typical term sheets. Bespoke by definition, there's no standard shape, because the whole point of a specialty deal is that it's built around a feature the standard structures don't accommodate. Pricing is generally toward the expensive end, reflecting both the risk the lender is taking on a non-standard underwrite and the limited competition for these deals. The structure is whatever makes the specific feature financeable: a personal guarantee and the documentation around it, an assignment of a specific contract's payments, a draw schedule tied to cohort acquisition. These deals take more work to structure and close than any other archetype, which is part of why they're a last resort rather than a first call.

A caveat worth stating plainly. Specialty deals are not common, they don't always work, and they're rarely the first or best answer. They exist for the situations where the grid says you don't fit anywhere clean, where the standard archetypes have passed and there's a specific feature worth building a deal around. If you find yourself reaching for a specialty structure, it's worth first making sure you've genuinely exhausted the standard archetypes, because a specialty deal is usually more expensive, more complex, and more fragile than a profile-based one. Used in the right narrow case, it's the difference between getting a deal done and not. Used as a workaround for a business that isn't really financeable yet, it tends to paper over a problem rather than solve it.



SECTION 05

The Grid



Built on Truth. Structured for Growth.

The Grid

You know the two axes and you know the seven archetypes. The Grid crosses them. Every lender has a profile of company it actually engages with, and most of the time that profile is pinned down by the two questions from Sections 2 and 3: what the revenue looks like, and what the cap table looks like. Cross your two answers and you get the one thing the Grid is for, the two to four archetypes worth your time. It won't tell you which specific funds to call (that's the work itself) or what terms you'll get (that's Section 6). It tells you which conversations are worth having.

That narrowing is the whole value, because founders and CFOs running their own process usually burn most of it on lenders who were never going to engage. A \$4M ARR bootstrapped business calling the Scalpers is a dead-end conversation, politely had. A Tier 1 sponsor-backed business at \$20M+ ARR talking to Streamers is leaving 200 basis points and meaningful structure on the table. The Grid is the filter that prevents both mistakes.

A few things the grid doesn't do, and shouldn't be asked to.

It doesn't account for sector. A fintech business and a SaaS business at the same revenue and cap table profile will land on different specific lenders inside the same archetype, because some shops specialize and others don't. The grid points you at the archetype; sector narrows from there.

It doesn't account for use of proceeds. Use case can shape level of interest, advance rates, and appetite more generally: a growth facility, a recap, an M&A facility, and a bridge will get different reactions from the same archetype. The grid tells you who engages with your profile; the use case shapes how aggressively they engage.

It also doesn't account for the soft stuff: your relationships, your timing, what funds have been active in the last quarter, who's deploying versus who's full. That's the process layer. The grid is the orientation layer underneath the process.

The Grid

Bold = primary archetype (most likely to lead). **Regular** = engages seriously. *Italic* = engages conditionally.

	THE ANOINTED	THE VOUCHED	THE DORMANT	THE SELF-MADE
\$20M+ ARR	Stabilizers Scalpers	Scalpers Stabilizers Accelerators <i>Earners</i>	Scalpers Accelerators <i>Earners</i>	Accelerators Scalpers <i>Earners</i>
\$10-20M ARR	Stabilizers Scalpers	Scalpers Stabilizers Accelerators	Accelerators <i>Scalpers</i> <i>Earners</i>	Earners Accelerators <i>Streamers</i>

	THE ANOINTED	THE VOUCHED	THE DORMANT	THE SELF-MADE
\$5-10M ARR	Stabilizers <i>Scalers</i>	Accelerators <i>Stabilizers</i>	Accelerators <i>Stabilizers</i>	Accelerators <i>Stabilizers</i>
\$2-5M ARR	Stabilizers	Accelerators Streamers <i>Stabilizers</i>	Accelerators Streamers	Accelerators Streamers
<\$2M ARR	Stabilizers Streamers	Streamers <i>Accelerators</i>	Streamers <i>Accelerators</i>	Streamers <i>Accelerators</i>

Off-grid: situation-driven archetypes that can appear at any cell:

- **Securitizers (Asset-Backed Lenders):** any band, any cap table posture, when collateral is the asset (receivables, hardware, IP, equipment). They're not underwriting your ARR or cap table profile; they're underwriting what you can put up against the loan.
- **Tailors (Specialty Shops):** any band, any cap table posture, when a feature of your situation needs carving out. The most common cases: a HNW individual willing to backstop the loan when the business credit is too thin, a specialty lender willing to underwrite a single anchor customer contract when concentration kills a normal underwrite, or a lender willing to structure against marketing and acquisition spend. These aren't first calls, they're answers when the grid says you don't fit anywhere clean.

Some cells are densely populated (lots of lenders engage). Some are thin (few lenders engage with this profile, and the ones that do are specialized). The thin cells are often the most important, they're where founders most often run a wasteful process and where knowing the right two shops up front saves the most time.

Two things to note.

The first is that the archetypes are not interchangeable. A \$10M facility from a bank and a \$10M facility from a Scaler are different deals: different covenants, different pricing, different warrant packages, different things they want you to prove. Same instrument, different underwrites. The Scalers take more leverage and more risk and price for it. Banks underwrite tighter and price for that. Founders who don't know this assume any lender can deliver any deal, and they end up trying to fit a bank into an underwrite the bank can't do, or paying Scaler pricing for a profile that should have gotten bank pricing.

The second is that the right archetypes for you are mostly determined by your profile, not your preferences. Founders often have an idea of what kind of lender they want, usually the cheapest one, sometimes the most flexible one. The grid is a reality check. The lenders that will actually engage with your profile are the ones in your cell. The ones in adjacent cells will mostly pass, however much you'd like them to be the right answer.

With the archetypes understood and the grid read, the last question is what happens once a lender actually engages: the terms. That's Section 6.



SECTION 06

What You'll Be Negotiating

Built on Truth. Structured for Growth.

What You'll Be Negotiating

By the time you have a term sheet in hand, the big questions are settled: a lender has decided to engage, the archetype is set, the size is roughly known. What's left is the structure, and the structure is where deals are won and lost. This section walks the negotiable terms in order of how much they actually matter, which is not the order most founders rank them.

The single most important reframe: you are not negotiating a price, you are negotiating a structure. The lender is solving for their IRR. You should be solving for your runway, your flexibility, and your ability to live with the deal if a quarter goes sideways. Those goals are not opposed, but they're not the same, and the founder who treats the negotiation as a fight over the interest rate is fighting over the wrong number.

Start with what IRR actually is, because it reframes the whole negotiation. IRR is cost and time combined into a single number: how much the lender makes, and how fast they get it back. That means there are two levers, not one, and they pull in opposite directions. Lower the rate and IRR comes down. But repay faster, through a shorter interest-only period or quicker amortization, and IRR goes up, because the lender gets their money back sooner and can put it to work again. Two deals at the same headline rate can carry very different IRRs depending entirely on timing.

That is why you should concern yourself more with time than with cost. Not because cost doesn't matter, it does, and there's a ceiling above which a rate is simply too expensive. But cost is the lever everyone fixates on in the room, which means it's overplayed, while the lever that actually determines whether debt works for you, time, gets underplayed. For a company deploying capital to grow, the duration of the facility and above all the interest-only period are what give the team room to put the money to work before they have to start handing it back. That's the thing worth fighting for.

The clearest way to see it: take two versions of the same three-year deal. One is priced at 10% with 12 months of interest-only; the other at 15% with interest-only for the full term. The cheaper-looking deal starts clawing back principal in month 13, pulling the very capital you raised back out of the business while you're still spending it. The pricier-looking deal leaves the capital deployed the entire term and repays at the end. For a cash-burning company, the second deal is almost always the stronger one, even at the higher rate, because the money stays working in the business instead of draining out on an amortization schedule.

This is why, for most growth-stage companies, the interest rate is close to the least important number on the term sheet. Runway and liquidity are what keep the company alive, and those are set by the interest-only period and the amortization schedule far more than by the rate. A founder who negotiates the rate down 200 basis points and accepts a shorter IO period has usually made their position worse, not better.

The lender solves for their IRR; you should solve for your situation. If a structure that looks non-standard is the one that protects your runway, that's the right deal for you, whatever it does to the lender's tidy comparison.

Here's the order that matters.

§ 1 Interest-only period, amortization, and duration

These are the most important terms on the sheet, and they all have to do with time. Together they determine how long your capital actually stays in the business before you start paying it back, which, for a company deploying capital to grow, is the whole point of borrowing in the first place.

Start with duration, because it's the obvious one and the easy rule: the longer the deal, the better. A longer term spreads repayment out, lowers the periodic principal burden once it begins, and buys more room before the facility matures and has to be refinanced or repaid. Founders rarely push on term length because it feels fixed, but it's negotiable like everything else, and a longer runway to maturity is almost always worth having. Duration sets the outer boundary; the interest-only period and the amortization schedule determine what happens inside it.

A long interest-only period (24, 36, even 48–60 months from the lenders that compete on it) means the capital you raised stays deployed, doing the work you raised it to do, before principal repayment begins. A short IO period, 6 or 12 months, means you start handing the money back almost immediately, often before the investment it funded has produced anything. Two deals at the same rate can have wildly different real costs to your business depending on this single variable, because the early-amortizing deal is draining the runway you were trying to extend.

Amortization is the other half: once IO ends, how fast does principal come due? A deal that fully amortizes over the remaining term drains cash faster than one with a balloon or bullet at maturity. The thing to negotiate is not just the IO length but the shape of what comes after it.

Where founders leave value: accepting a shorter IO period in exchange for a lower rate. This is almost always a bad trade for a growing company. The rate saving is small and the runway cost is large.

§ 2 Covenants

Covenants are the terms most likely to hurt you when you least expect it, because they don't cost anything until they're tripped, and then they cost everything. A covenant is a promise about your business (minimum cash, minimum ARR, a retention floor, a leverage ratio) that, if broken, hands the lender leverage over you exactly when you're weakest.

The thing to understand is that the covenant that matters is not the one set at a comfortable level today, it's the one that trips on a soft quarter eighteen months from now. A minimum-ARR covenant set 10% below your current run rate sounds generous until growth stalls for two quarters. A minimum-cash covenant sounds fine until you have a slow collections month. The negotiation here is about headroom:

how much can the business underperform plan before the covenant trips, and is that cushion realistic given how your business actually behaves.

This is also where the model and plan you put in front of a lender start to matter in a way they don't with equity investors, and the distinction is worth internalizing. An equity investor is buying the upside; they want the plan to be ambitious, because they're underwriting how big the outcome could be. A lender is the opposite: they're underwriting the downside, and the covenants are how they hold you to the plan you showed them. A sandbagged, conservative plan can lower the headline numbers a lender sizes off, but a wildly optimistic one is worse, because the covenants get set against it, and now you've handed the lender a tripwire keyed to a forecast you were never going to hit. The more grounded and defensible your plan, the more headroom you can credibly argue for, because the lender can get comfortable that the covenant levels track a number you'll actually clear. The plan isn't just how you win the deal; it's what your covenants are calibrated against for years.

Where founders leave value: focusing on whether a covenant exists rather than where it's set. The presence of a covenant is often non-negotiable; the level frequently is. Push on the level, the cure rights (can you fix a breach by raising equity?), and the cushion.

§ 3 Warrants and success fees

This is the lender's equity-like upside, and it's worth spending real thought on, but not the kind of thought most founders give it. Warrants give the lender the right to buy equity at a set price; a success fee is a fixed payment triggered by an exit or other event. Both add to the real cost of the deal in ways the headline rate doesn't capture.

First, what they are and aren't. Warrants aren't a penalty or a signal that you're getting a worse deal, they're just a function of venture lending. Most lenders in this market want a piece of the upside, full stop. Some will do a deal without warrants at all, but know that when a lender gives up the warrant, other parts of the deal are less likely to be as good, because they're solving for a return one way or another.

Founders tend to fall into one of two traps on warrants, in opposite directions.

The first trap is being too staunch. Founders come to debt precisely to preserve equity, so they dig in hard against giving up any of it, and then imagine the day of a \$500M exit when they look back and think "I gave up so much here." Two things about that. One, we hope for that outcome, but nobody knows it'll happen, so it's a hypothetical you're paying for today with a worse deal. Two, if it does happen, you've become rich, and the loan prevented far more dilution than equity financing would have, so you won regardless. Being open to a no-warrant structure or a success fee instead is fine; looking for lenders who'll go without is fine. But don't be hardheaded about dilution for its own sake and end up taking a worse deal because of it. The question is what gets you to your next milestone and which debt vehicle is the most comfortable way there.

The second trap is the opposite: not thinking critically about the outcome math at all. Put the warrant into a grid across different exit valuations and actually look at what it costs you in each scenario, the number is often smaller or larger than your instinct says. And once you've done that, realize how much is

negotiable. You can change the strike (the price at which the lender can exercise). You can negotiate provisions that reduce or eliminate the warrant if you hit certain milestones by certain dates. You can get genuinely creative with the structure. The point is to stop thinking in binary, "yes I'll take warrants" or "no I won't", and start thinking about the specific terms of the specific warrant and how to shape them.

Where founders leave value: treating warrants as a binary yes/no instead of a set of negotiable terms, strike, coverage, term, milestone step-downs, that you can actively shape.

§ 4 Prepayment and exit terms

What does it cost you to get out early? It's worth understanding, though maybe not worth fighting as hard over as your instinct says. The most common reason to prepay is a good one: you've outgrown the facility, a cheaper lender wants your business, or you're refinancing into better terms. Paying a meaningful fee to exit a facility early because the business did well is, in the end, a good problem to have.

There's a deeper point here about debt specifically. Unlike equity, debt magnifies outcomes in both directions, it makes good outcomes better and bad outcomes worse. Given that, if accepting a longer lock-in or a steeper prepayment penalty is what gets you more safety, more security, or more of the structure you actually want elsewhere in the deal, that can be a perfectly good trade. The prepayment term isn't sacred; it's one more lever.

Prepayment terms come in a few shapes: a declining penalty (3% in year one, 2% in year two, 1% in year three), a make-whole (you pay the lender the interest they would have earned), or a minimum return guarantee (the lender gets their target multiple regardless of when you repay, common in the revenue-based structures). Each has different implications for your flexibility, and each is worth understanding before you sign, but don't let the fear of a future exit penalty cost you a better structure today.

Where founders leave value: over-indexing on prepayment flexibility and trading away structure that matters more, or, on the flip side, not understanding the difference between a declining penalty and a make-whole until they're trying to leave.

§ 5 The rate

Last, because it usually matters least, not because it doesn't matter, but because it's the term founders fixate on while the terms above do more damage or more good. The rate is the most visible number and the easiest to compare across term sheets, which is exactly why it draws disproportionate attention.

Two things change how much the rate actually matters. The first is size: the larger the company and the larger the check, the more the rate matters, because absolute dollars matter, 2% on a \$40M facility is real money in a way 2% on a \$4M facility isn't. Keep that in mind as you scale.

The second is burn. For a company burning cash, the right way to think about the rate isn't as a percentage, it's as a share of your burn. How much extra burn is 2% a year in interest? If it's 5% of your monthly burn, or 10%, it's marginal at a stage where growth is everything and the capital is there to buy growth. The interest cost is small relative to what the capital is for. A point or two on the rate is rounding error next to a short IO period or a tight covenant.

Where founders leave value: winning the rate and losing the structure. A lender who won't move on rate will often move on IO, covenants, or warrants, and those concessions are usually worth more. The rate is where you let the lender feel like they won, while you win everything that matters more.

§The throughline

Every term above is a lever, and the levers trade against each other. A lender solving for a target IRR can give you a longer IO period and take it back in warrants, or cut the rate and tighten a covenant, or offer no covenants and price it in. Your job, or your advisor's, is to know which levers matter for your specific situation and to direct the lender's flexibility toward those, while giving ground on the ones that don't. The lender will optimize for their return. You should optimize for the structure that keeps your business alive and flexible. Those two things can both be true in the same deal, but only if you know which terms to hold and which to trade.



SECTION 07

The Other Half

Built on Truth. Structured for Growth.

The Other Half

If you've read this far, you know more about the tech credit market than most ever will: the two questions that determine your options, the archetypes that will actually engage with your profile, and which terms to hold and which to trade once you're in the room.

That's the first half of the job, and for some readers it's enough. If a raise is still over the horizon, or you just wanted to understand the landscape before it matters, this document is yours to keep and come back to when the time comes. The whole point was to make you a sharper principal, whether or not you ever pick up the phone to us.

The second half is the part this document can't do for you, because it isn't knowledge, it's the process. Which specific shops in your archetype are actually deploying into deals like yours this quarter, not last year. The right partner to call at each one. Running them against each other so nobody gives you their second-best terms. Reading the fine print for the things that don't show up on the front page. That work benefits from someone who runs these processes for a living and sees the full flow of the market, what's getting done, at what terms, by whom, right now.

That's what we do, and we're glad to do it. But the offer underneath this document is simpler than that: if a credit conversation is anywhere on your horizon, yours, a portfolio company's, or a client's, we're happy to help you think it through. Sometimes that turns into an engagement. Often it's just a conversation. Either way, you'll walk away knowing more than you did, which is the same thing this document was for.

Reach out



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