ZOMBIE COMPANY REPORT / SEPTEMBER 21, 2026

The Growth You Already Own

How a stalled B2B company decides whether to restart, reposition, partner, sell or close

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When growth stalls, the first question is not "How do we raise more money?" It is "What can this company sell profitably with the assets it already has?"

A product customers still use, a capability the team delivers well or a relationship a buyer already trusts can be the starting point. The decision is whether those strengths support a credible next move, and what evidence would justify spending more time and money on it.

We use "zombie operating condition" narrowly: a business keeps running while persistent weak growth and spending commitments leave no credible route to a sustainable next stage. It describes an operating condition, not a public diagnosis or a judgment of the founder.

Four paths to evaluate

Restart the current growth model. Fix the identified constraint when customer value and delivery economics still support the offer.

Narrow or reposition the offer. Focus on a specific buyer, problem and scope that can be sold and delivered profitably.

Commercialize through a partner. Combine a useful capability with another business's customer access or delivery strengths, with commitments on both sides.

Sell, license or close. Explore another owner or use for the assets, or an orderly closure, when continued operation lacks a credible case.

Start with people who know the business

Run an Unfair Advantage Audit with customers, advisors or partners. Then use ASSET, five questions about the asset, problem, budget sponsor, economics and test, to choose one opportunity worth testing. Finish with a decision backed by evidence and a first action with an owner and a date.

For founders and investors in US B2B businesses with $1M to $10M in annual revenue, paying customers and persistent weak growth. The focus is companies that are bootstrapped or have raised no equity funding beyond seed. A financing gap alone does not establish this condition.

More funding does not mean easier access

In 2025, companies on Carta raised more capital than the year before, yet completed 41% fewer funding rounds than at the 2021 peak. [1] A recovery in total dollars can coexist with fewer rounds and concentrated investment. It does not establish what a particular company can raise.

Published measure	Reported result	Scope and period
Capital raised	$119.5 billion, up 16.9% from 2024	Companies on Carta, 2025 [1]
Funding rounds	4,859, the lowest annual count in at least six years	Companies on Carta, 2025 [1]
AI share of capital	More than 60% of venture capital raised	Companies on Carta, Q1 2026 [2]
Very large seed rounds	$2.8 billion of $12 billion went to rounds of at least $100 million	Crunchbase global seed data, Q2 2026 [4]

The last row means roughly 23% of global seed dollars in that quarter went to rounds of $100 million or more, calculated as $2.8 billion divided by $12 billion. It measures dollars, not the share of companies receiving funding. [4]

The cost of waiting

When growth stalls and cash keeps leaving, waiting can become a slow decline. Each month spent on a plan that is not improving the business leaves less room to test another. A new round can buy time, but the operating plan has to explain what that time will change.

An old funding announcement is weak evidence of distress. Some companies choose to operate without another round; others raise privately or report late. Customer demand, retention, delivery costs and cash needs provide a better basis for the decision.

Which businesses this report covers

The audience includes bootstrapped businesses and companies funded through pre-seed or seed equity or convertible financing, before Series A. Bootstrapped does not mean seed funded. Venture debt does not change an equity funding stage; the repayment obligations still belong in the review.

Source categories differ. Crunchbase’s seed and angel category also includes certain unclassified venture rounds, equity crowdfunding and convertible notes of $3 million or less. [4] Carta and Crunchbase cover different populations and periods. Their totals are not a matched company cohort.

03 / RECOGNIZE THE CONDITION

Check whether this applies

Look at the operating record before labeling the problem. Several of the following conditions together warrant a closer review; none is a diagnosis on its own.

This report may apply when

- Revenue growth has remained weak or negative for six to twelve months.
- There is limited evidence that more sales activity alone will materially improve acquisition.
- Ongoing burn, delivery commitments or financing pressure are narrowing the options.
- Retention, usage or customer outcomes suggest some assets remain valuable.
- There is no clearly funded, credible plan for sustainable growth.

It may not describe your situation when

- The business is intentionally small and profitable.
- Seasonality or a few long contracts distort the apparent revenue trend.
- A temporary execution bottleneck is clearly identified and its remedy is funded.
- Current operating evidence supports a defined path to profitability.

Check the records together

Review revenue, renewals, usage, pipeline, collections and delivery costs over six to twelve months, or longer where needed. Ask why customers stay, buy or leave. Confirm who has the authority, resources and willingness to change the plan.

“Proven demand” means documented evidence that customers have paid for and received value from the business, supported by paid use, renewals or customer outcomes. Interest, unpaid pilots and a large pipeline do not establish it.

Keep the market evidence in perspective

SaaS Capital’s 2026 survey of more than 1,000 private B2B SaaS companies reported median 2025 growth of 22%, versus 25% for 2024. Just 7.3% reported flat or negative growth, compared with 6.9% previously. [3]

Those figures describe survey respondents across different sizes and funding histories. They do not measure seed company failure rates or the prevalence of strategic plateaus. A company can still face a growth constraint while reporting positive revenue growth.

Run an Unfair Advantage Audit

Bring an existing customer, advisor or partner into the review. Ask what they rely on you for, what would be difficult to replace and where else that capability could help. Get examples. People outside the company can see value the team has learned to take for granted.

Use ASSET to turn what they notice into a commercial question that can be tested.

ASSET	Question to answer
A Asset	What do we possess that customers or partners already value?
S Specific problem	What expensive or recurring problem could that asset solve?
S Sponsor	Who owns the budget and can authorize a paid test?
E Economics	What contribution remains after selling, implementation, support and partner costs?
T Test	What short paid test would support or reject the opportunity, and what would make us stop?

Record the asset, buyer problem, named buyer, proposed price and delivery economics. Define the test, spending limit, owner, deadline and stop criteria. A warm introduction creates access. A buyer's commitment provides evidence of demand.

Agree on the shared work before building it

Where another business must participate, establish what both sides want to achieve and why it matters. Agree on contributions, authority, resources, economics and timing. A promising fit is not enough if either side cannot meet the commitments the work requires.

An example from our work

For an insurance technology company, we revised the go-to-market rollout and offer positioning, then added business-development support to book and manage appointments. Live sales activity began roughly two and a half weeks after the work started. In the three months after sales activity began, we believe this work materially supported more than $100,000 in additional client revenue.

This is our anonymized account of prior work, not an independently verified result or validation of the full ASSET framework.

What would make us reject the opportunity

Stop or revise if the buyer does not recognize the problem, a required counterpart will not commit, the company lacks rights to use the asset, or delivery consumes the margin. Access to a customer list does not establish demand.

05 / TEST AND DECIDE

Make the next decision with evidence

Use this proposed 30 day sequence to review one opportunity. Set the budget and decision date before starting. Enterprise procurement may take longer; a sale is not guaranteed within the window.

Days 1 through 7: choose the test

Review the operating record and complete the Unfair Advantage Audit. Choose one buyer problem and an existing capability that could solve it. Compare that opportunity with improving the current offer. Define what would disprove the idea and who will arrange the buyer conversation.

Days 8 through 14: ask for a commitment

Arrange an offer review with the budget owner and any required counterpart. Confirm the problem, authority and contributions. Present a price and limited scope. End with who does what by when. A paid pilot or purchase is stronger evidence than praise or an introduction.

Days 15 through 30: review the result

Deliver a small paid scope when the sales cycle allows. Track cash collected, customer results, delivery hours and direct costs. If procurement remains open, record the sponsor, evaluation and dated decision process as intermediate evidence. Do not count it as revenue.

Path	Evidence to justify the next move
Restart the current model	The offer remains valuable; fixing a specific constraint improves acquisition or delivery economics.
Narrow or reposition	A defined buyer commits to a clearer scope with workable delivery costs.
Commercialize through a partner	A buyer values the combined offer and both businesses commit access, resources and ownership on viable terms.
Sell, license or close	The operating case remains weak. Assess demand for the assets and the obligations attached to them.

If the evidence supports selling or closing

Inventory what another owner could use, such as software, permitted data, customer contracts or specialist capabilities. Review ownership and outstanding commitments with your accountant and attorney. Give the decision an owner and a date, including how customers and employees will be supported.

One successful test earns the next. Repeat purchases, renewals and repeatable delivery are stronger evidence of a business. Where evidence is incomplete, name the remaining question and cap the time and money spent resolving it.

Finish with a decision, the evidence behind it, and who owns the next action.

Sources and method

This is an evidence review and practitioner perspective, not a census of stalled businesses. Funding databases have coverage gaps and reporting delays; surveys may reflect response and survivorship bias. ASSET is a proposed decision framework. Sources checked September 21, 2026.

[1] Carta. 2025 in Review.
February 18, 2026.

[2] Carta. State of Private Markets Q1 2026.
May 29, 2026.

[3] SaaS Capital. 2026 Private B2B SaaS Growth Rate Benchmarks.
2026 survey of 2025 growth.

[4] Crunchbase News. Global Startup Investment Hit Record $510B in H1 2026.
July 2, 2026; data July 1.
