OPENVIEW

2022 SAAS BENCHMARKS REPORT

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Senior Director, Growth

KYLE POYAR

Operating Partner

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TABLE OF CONTENTS

INTRODUCTION: WHAT COMES NEXT?

We're excited to launch this report at time where founders and operators need it most. **OpenView's 2022 SaaS Benchmarks Report combines over 3,000 respondents' results aggregated across six years** of surveying private SaaS businesses on their finance and operating metrics.

Why now? When operators sat down to build 2022's budgets **in late 2021, growth was the key metric** and so GTM and R&D teams were given cash to drive growth into new product lines, new customer profiles, and new paid-ad channels. Hiring was at an all-time high and headcount approvals were relatively easy to come by.

We all know what they say about best laid plans.

This year's report reveals some interesting facts about what the heck has happened. More specifically, how has the macroeconomic environment has permeated private SaaS companies? To avoid burying the lead, **nearly everyone is cutting spend—regardless of how much cash is in the bank.**

What's most interesting though is, "What comes next?" Which companies are set up for success? How can founders and operators emulate the companies that have built optionality? And how can they avoid whiplash in the macro environment that is sure to continue?

LET'S DIVE IN

PARTNERS

A huge thank you to our lead sponsor this year

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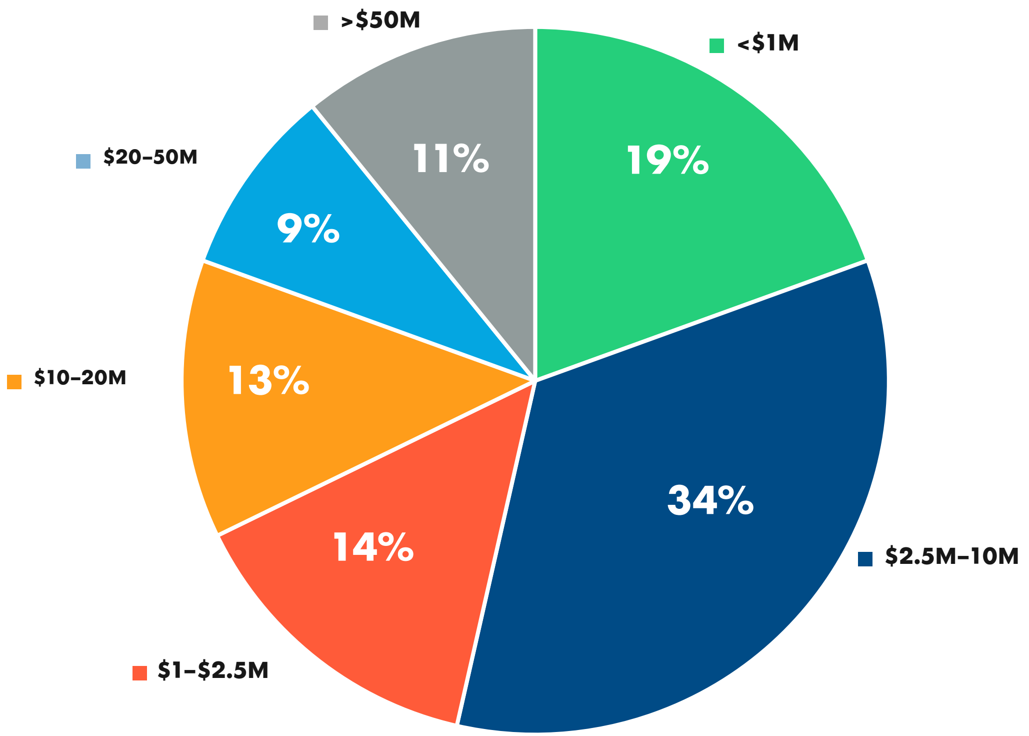
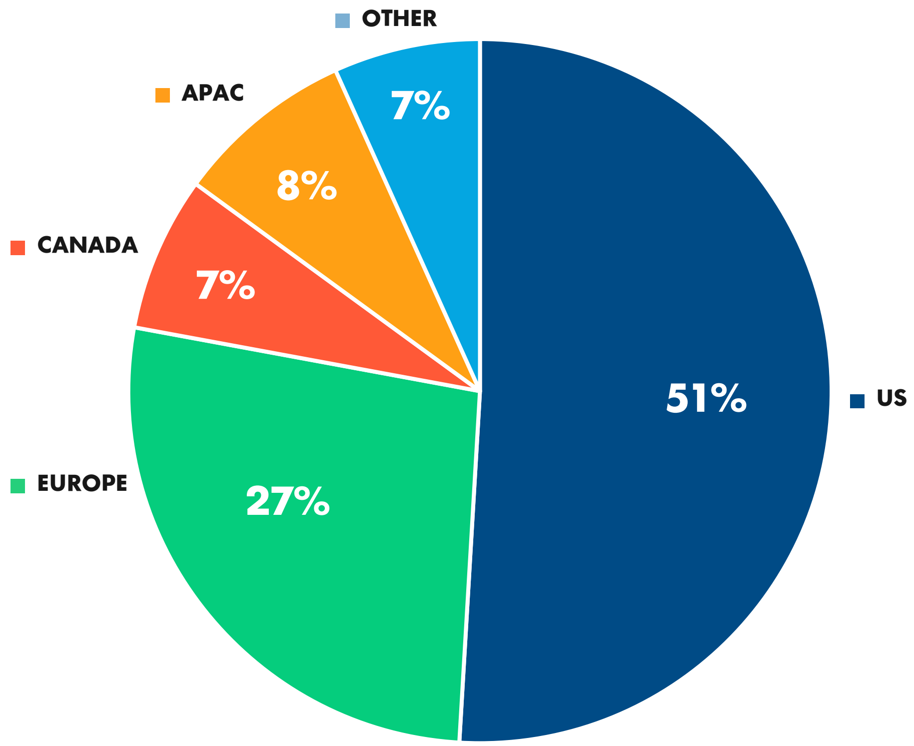
PARTICIPANT OVERVIEW

WHO TOOK THE SURVEY THIS YEAR?

DISTRIBUTION BY ARR

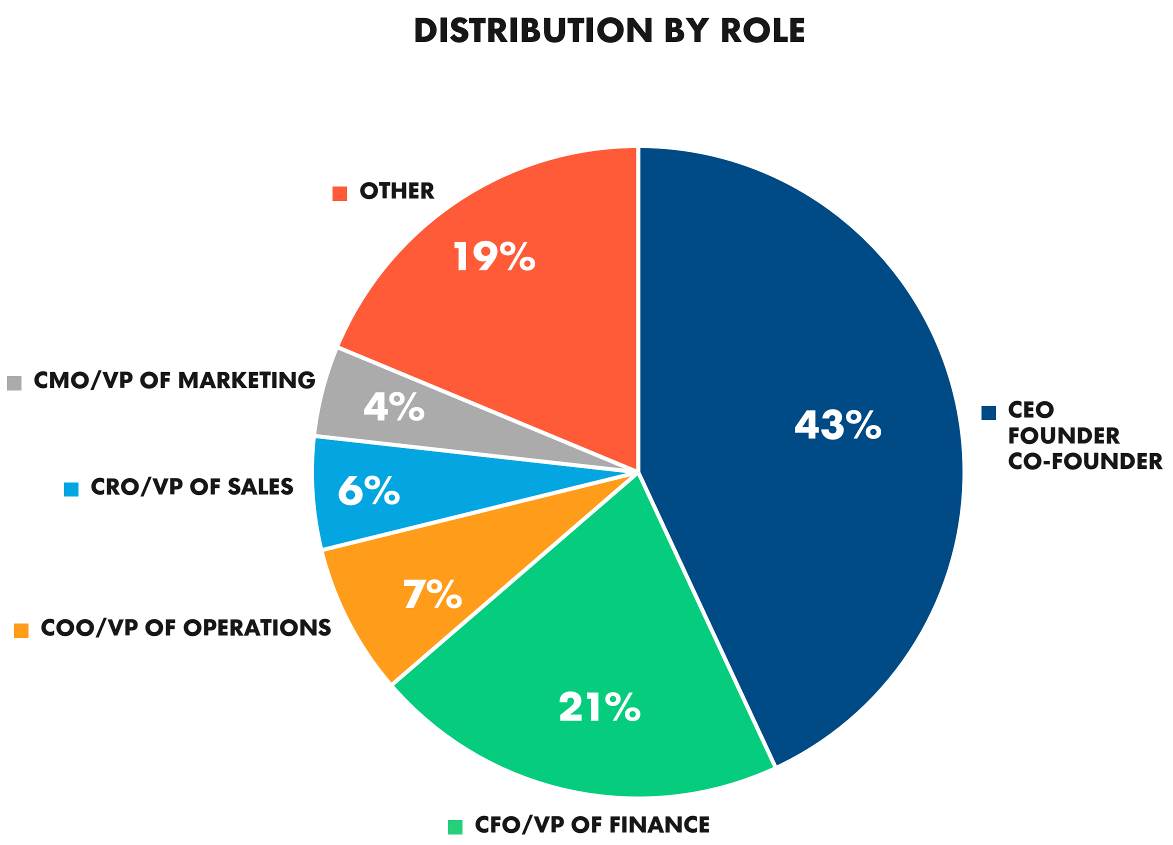


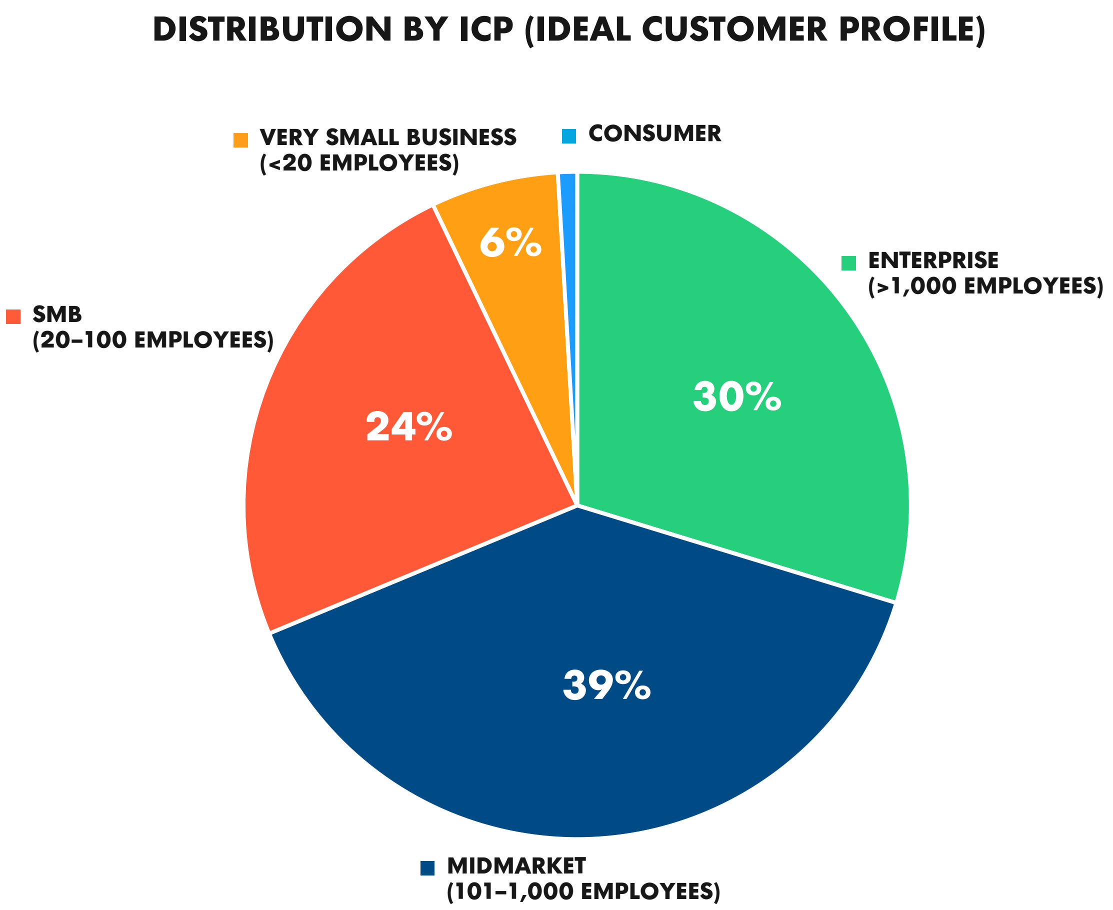
DISTRIBUTION BY GEOGRAPHY



Source: OpenView 2022 SaaS Benchmarks Survey

WHO TOOK THE SURVEY THIS YEAR?





Source: OpenView 2022 SaaS Benchmarks Survey

EXECUTIVE SUMMARY: THE RAW DATA

COMPANY BENCHMARK DEFINITIONS

SIZE AND GROWTH

Employees	Number of full-time equivalent employees at the end of Q2 2022.
Funding	Amount of equity capital raised to date.
Annual Recurring Revenue (ARR)	Company ARR scale at the end of Q2 2022.
YoY Growth Rate	Change in ARR at the end of Q2 2022 vs. Q2 2021.

FINANCIAL

Sales & Marketing Spend	Spending on Sales & Marketing, including headcount, as a % of ending ARR as of Q2 2022.
R&D Spend	Spending on R&D, including headcount, as a % of ending ARR as of Q2 2022.
Gross Margins	Subscription revenue less cost of goods sold divided by subscription revenue at the end of Q2 2022.
Monthly Burn Rate (in 000s)	Net monthly operating cash burn rate at the end of Q2 2022 (total $ lost each month, negative values = profit).

SAAS VALUE DRIVERS

CAC Payback (months)	Months of subscription gross margin to recover the fully loaded cost of acquiring a customer.
Gross Dollar Retention	Annual gross dollar retention (after churn, exclusive of upsells & expansion) seen in cohorts.
Net Dollar Retention	Annual net dollar retention (after churn, inclusive of upsells & expansion) seen in cohorts.

DIVERSITY

Women In Leadership	% of female representation among employees director-level and above.
Underrepresented Minorities In Leadership	% of underrepresented minority representation among employees director-level and above.

Source: OpenView 2022 SaaS Benchmarks Survey

HOW TO READ THESE SLIDES

	<$1M	$1-2.5M	$2.5M-10M	$10-20M	$20-50M	>$50M
SIZE AND GROWTH						
Employees	**13** (7-38)	**29** (21-38)	**63** (38-88)	**113** (88-176)	**226** (176-276)	**876** (488-1000)
YoY Growth Rate	**100%** (46-286%)	**79%** (37-153%)	**50%** (30-115%)	**72%** (30-101%)	**40%** (30-52%)	**30%** (18-55%)
FINANCIAL						
Sales & Marketing Spend	**32%** (21-58%)	**25%** (20-54%)	**34%** (25-46%)	**33%** (19-60%)	**40%** (33-63%)	**34%** (23-41%)
R&D Spend	**50%** (30-70%)	**40%** (21-66%)	**38%** (21-50%)	**40%** (25-55%)	**32%** (23-40%)	**28%** (17-43%)
Gross Margins	**70%** (29-80%)	**77%** (60-85%)	**80%** (67-85%)	**80%** (72-85%)	**80%** (74-84%)	**78%** (67-84%)
Monthly Burn Rate ($ in 000s)	**50** (0-175)	[illegible]	[illegible]	**625** (375-1250)	**1500** (94-1750)	**1750** (0-2000)
SAAS VALUE DRIVERS						
CAC Payback (months)	**7** (4-12)	[illegible]	[illegible]	**15** (9-19)	**17** (13-24)	**16** (12-20)
Gross Dollar Retention	**97%** (80-100%)	**95%** (90-99%)	**90%** (85-96%)	**90%** (85-98%)	**90%** (88-95%)	**95%** (89-97%)
Net Dollar Retention	**100%** (87-103%)	**105%** (100-120%)	**105%** (95-117%)	**111%** (105-125%)	**110%** (101-117%)	**110%** (101-126%)
DIVERSITY						
Women In Leadership	**16%** (0-23%)	**32%** (1-48%)	**24%** (12-44%)	**33%** (23-48%)	**30%** (20-34%)	**36%** (33-50%)
Underrepresented Minorities In Leadership	**0%** (0-13%)	**0%** (0-50%)	**10%** (0-21%)	**11%** (0-25%)	**1%** (0-10%)	**10%** (1-20%)

Rows represent **common KPIs across categories** including size and growth, financial, value drivers, and diversity.

Source: OpenView 2022 SaaS Benchmarks Survey

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	<$1M	$1-2.5M	$2.5M-10M	$10-20M	$20-50M	>$50M
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Monthly Burn Rate ($ in 000s)	**50** (0-175)	**175** (0-225)	**175** (0-625)	**625** (375-1250)	**1500** (94-1750)	**1750** (0-2000)
SAAS VALUE DRIVERS						
CAC Payback (months)	**7** (4-12)	**11** (4-13)	**12** (5-18)	**15** (9-19)	**17** (13-24)	**16** (12-20)
Gross Dollar Retention	**97%** (80-100%)	**95%** (90-99%)	**90%** (85-96%)	**90%** (85-98%)	**90%** (88-95%)	**95%** (89-97%)
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Columns represent distributions of responses from companies at **varying levels of ARR**, from <$1M to >$50M.

Source: OpenView 2022 SaaS Benchmarks Survey

HOW TO READ THESE SLIDES

	<$1M	$1-2.5M	$2.5M-10M	$10-20M	$20-50M	>$50M
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Gross Margins	**70%** (29-80%)	**77%** (60-85%)	**80%** (67-85%)	**80%** (72-85%)	**80%** (74-84%)	**78%** (67-84%)
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CAC Payback (months)	**7** (4-12)	**11** (4-13)	**12** (5-18)	[illegible]	**17** (13-24)	**16** (12-20)
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Each cell represents the **median performance of a company, as well as the range (bottom quartile – top quartile)** of each metric at each respective ARR scale.

Source: OpenView 2022 SaaS Benchmarks Survey

FINANCIAL & OPERATING METRICS BY ARR

Median (25th percentile – 75th percentile)

	<$1M	$1-2.5M	$2.5M-10M	$10-20M	$20-50M	>$50M
SIZE AND GROWTH						
Employees	**13** (7-38)	**29** (21-38)	**63** (38-88)	**113** (88-176)	**226** (176-276)	**876** (488-1000)
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SAAS VALUE DRIVERS						
CAC Payback (months)	**7** (4-12)	**11** (4-13)	**12** (5-18)	**15** (9-19)	**17** (13-24)	**16** (12-20)
Gross Dollar Retention	**97%** (80-100%)	**95%** (90-99%)	**90%** (85-96%)	**90%** (85-98%)	**90%** (88-95%)	**95%** (89-97%)
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Source: OpenView 2022 SaaS Benchmarks Survey

FINANCIAL & OPERATING METRICS BY ARR
('22 VS. '21)

	<$1M	$1-2.5M	$2.5M-10M	$10-20M	$20-50M	>$50M
SIZE AND GROWTH						
Employees	**13** (-5)	**29** (-9)	**63** (-13)	**113** (-38)	**226** (75)	**876** (525)
YoY Growth Rate	**100%** (0%)	**79%** (-11%)	**50%** (0%)	**72%** (22%)	**40%** (5%)	**30%** (0%)
FINANCIAL						
Sales & Marketing Spend	**32%** (7%)	**25%** (-5%)	**34%** (2%)	**33%** (-1%)	**40%** (5%)	**34%** (-16%)
R&D Spend	**50%** (0%)	**40%** (0%)	**38%** (4%)	**40%** (1%)	**32%** (7%)	**28%** (-2%)
Gross Margins	**70%** (3%)	**77%** (2%)	**80%** (4%)	**80%** (5%)	**80%** (0%)	**78%** (-1%)
Monthly Burn Rate ($ in 000s)	**50** (0)	**175** (125)	**175** (-200)	**625** (250)	**1500** (1125)	**1750** (1725)
SAAS VALUE DRIVERS						
CAC Payback (months)	**7** (-1)	**11** (3)	**12** (-3)	**15** (0)	**17** (-1)	**16** (1)
Gross Dollar Retention	**97%** (-1%)	**95%** (-1%)	**90%** (-5%)	**90%** (6%)	**90%** (0%)	**95%** (10%)
Net Dollar Retention	**100%** (0%)	**105%** (5%)	**105%** (-1%)	**111%** (8%)	**110%** (5%)	**110%** (5%)
DIVERSITY						
Women In Leadership	**16%** (1%)	**32%** (7%)	**24%** (-1%)	**33%** (3%)	**30%** (0%)	**36%** (8%)
Underrepresented Minorities In Leadership	**0%** (0%)	**0%** (0%)	**10%** (10%)	**11%** (9%)	**1%** (-4%)	**10%** (1%)

Source: OpenView 2022 SaaS Benchmarks Survey

FINANCIAL & OPERATING METRICS BY FUNDING STAGE

Median (25th percentile – 75th percentile)

	Angel / Seed	Series A	Series B	Series C	Series D+
SIZE AND GROWTH					
Employees	**21** (13-38)	**63** (38-88)	**113** (63-176)	**176** (176-626)	**626** (226-907)
Funding	**$3M** ($0.5-3M)	**$15M** ($8-15M)	**$28M** ($15-63M)	**$63M** ($43-100M+)	**$100M+** ($100-100M+)
Annual Recurring Revenue (ARR)	**$2M** ($0.5-$2M)	**$6M** ($2-6M)	**$15M** ($6-15M)	**$15M** ($6-35M)	**$50M** ($35-50M)
YoY Growth Rate	**70%** (40-100%)	**100%** (30-180%)	**61%** (30-150%)	**35%** (25-60%)	**42%** (23-59%)
FINANCIAL					
Sales & Marketing Spend	**31%** (20-52%)	**30%** (20-46%)	**45%** (31-80%)	**40%** (39-50%)	**32%** (23-52%)
R&D Spend	**40%** (30-60%)	**38%** (25-50%)	**40%** (29-50%)	**37%** (29-46%)	**28%** (16-44%)
Gross Margins	**80%** (70-85%)	**80%** (73-85%)	**76%** (60-81%)	**75%** (62-88%)	**78%** (72-82%)
Monthly Burn Rate ($ in 000s)	**50** (0-175)	**375** (50-625)	**625** (375-1250)	**1750** (187.5-1875)	**2000** (1250-2000)
SAAS VALUE DRIVERS					
CAC Payback (months)	**9** (3-14)	**14** (7-17)	**18** (12-24)	**15** (12-19)	**17** (14-23)
Gross Dollar Retention	**90%** (80-96%)	**93%** (88-97%)	**90%** (81-97%)	**90%** (82-98%)	**92%** (88-95%)
Net Dollar Retention	**101%** (94-115%)	**108%** (100-120%)	**110%** (95-125%)	**114%** (96-136%)	**110%** (104-126%)
DIVERSITY					
Women In Leadership	**20%** (0-40%)	**25%** (11-30%)	**20%** (10-30%)	**40%** (3-45%)	**30%** (21-38%)
Underrepresented Minorities In Leadership	**10%** (0-25%)	**8%** (0-20%)	**17%** (0-30%)	**7%** (0-15%)	**10%** (0-10%)

Source: OpenView 2022 SaaS Benchmarks Survey

TIPS FOR INTEGRATING BENCHMARKS

1 Benchmarks are the map, not the route

Financial and operating benchmarks can be used as a map to assess where you are relative to peers. While they provide show you the landscape, they don't tell you the exact route you will need to take. Each company may take a different route—and for good reason.

2 Dodge whiplash with focus

There will always be another hot new metric or goal post set at 300% growth. Make sure you know the type of company you're looking to build and stay focused on executing. Come up for air to check the benchmarks annually or quarterly, not daily.

3 Consider shareholders' risk / return expectations

Different investors have different tastes for risk and return; Either know what your "dream investor" looks like so you can optimize performance vs. benchmarks that align with their "taste" OR determine the way you want to scale your business and find investors that are aligned with that approach.

4 Performance and valuation are a multivariate equation

Growth is a function of investment in sales and product which is a function of growth … and so on. A sound strategy will involve a series of tradeoffs.

CUTTING BURN WITHOUT CRASHING AND BURNING

HOW CUTTING BURN BECAME NECESSARY

A brief oversimplification of the macroeconomic changes.

Rapid Macroeconomic Changes (January 2022 – September 2022)

Pre-2022

Grow at all costs

1. Inflation ↑
2. Interest rates ↑
3. Valuation of longer duration assets ↓
4. Cash available to early-stage SaaS ↓

Record low interest rates helped drive a long period of growing at all costs.

However, (1) rising inflation caused central banks to (2) increase interest rates. As this happens, investors see (3) less value in long duration assets (like high growth SaaS). Ultimately this (4) reduces the amount of capital available to early-stage SaaS businesses.

For operators, this has led to whiplash from "grow at all costs" to "cut at all costs."

Today

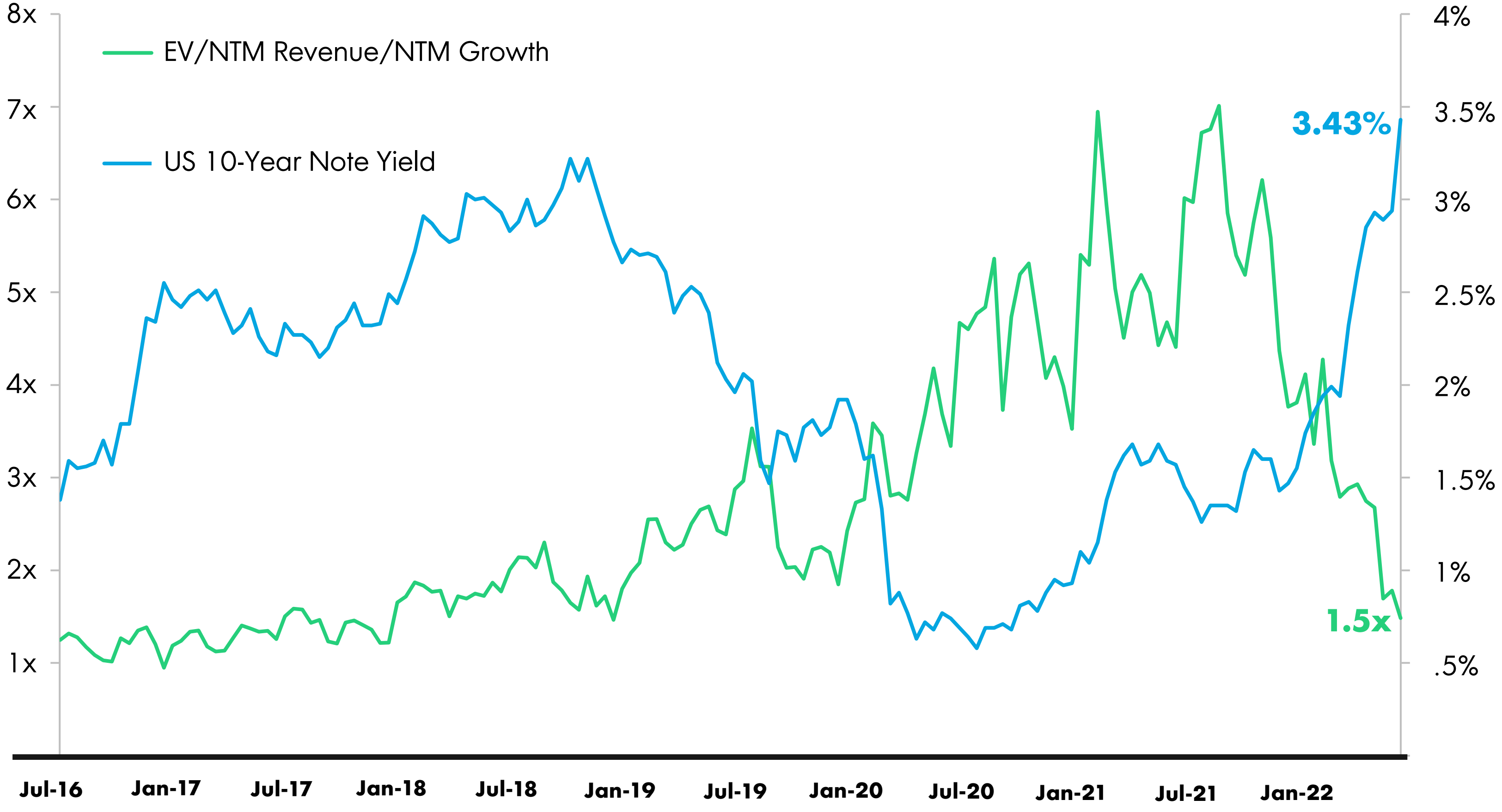
Cut at all costs

INTEREST RATES HAVE DRIVEN MULTIPLE COMPRESSION

The value of a software company's revenue has been highly correlated with interest rates.

As the Fed has drastically tightened monetary policy, capital has flowed out of technology ETFs leading to multiple compression.

EV/NTM Revenue/NTM Growth vs. 10-Year Treasury Note Yield (Last 6 Years)



Source: Company filings and Pitchbook as of 06/15/22.

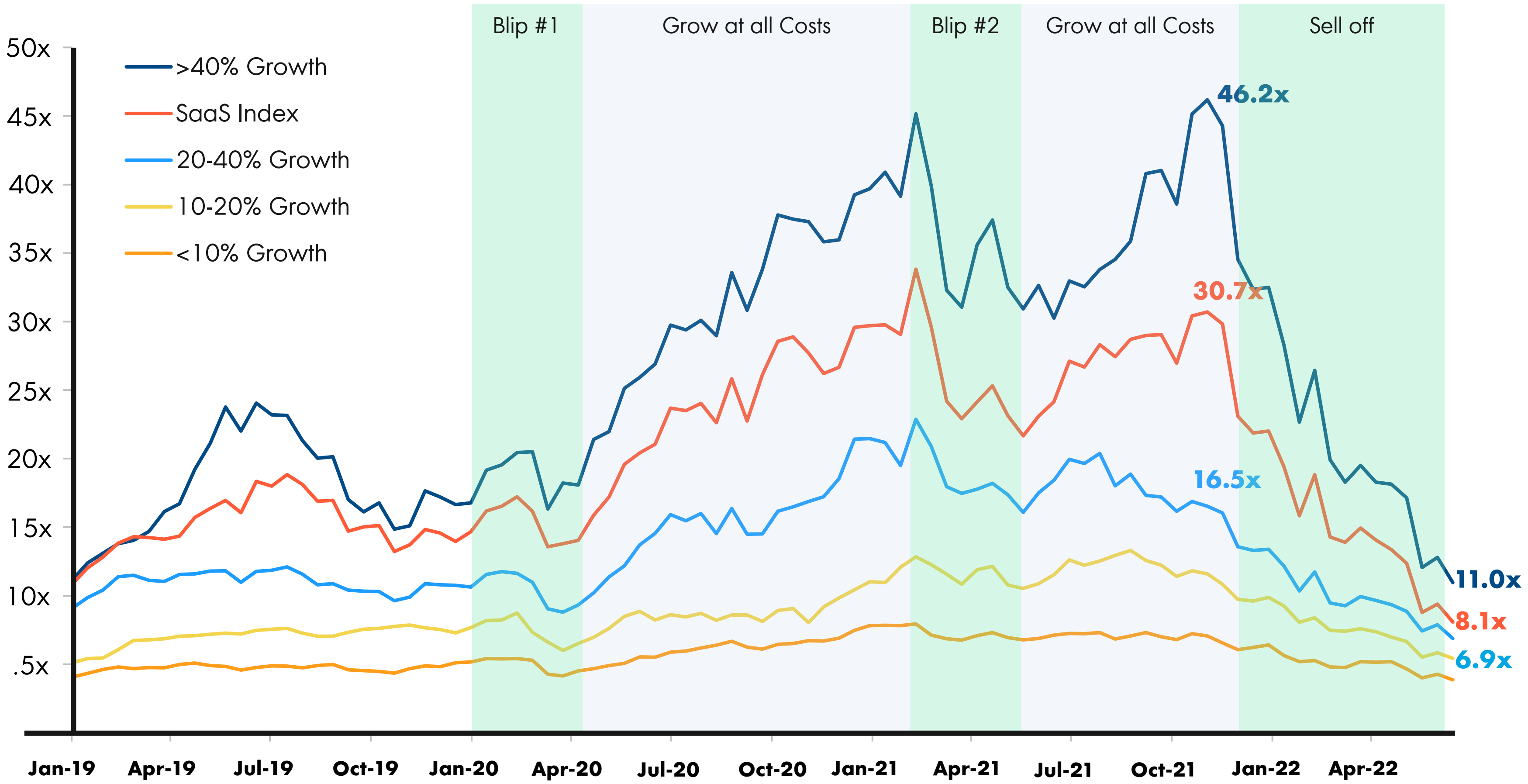
1. Represents average EV/LTM Revenue multiples for public software companies.

THE MOST RECENT SELL-OFF HAS BEEN SEVERE

From 2019 to 2021, the average public SaaS business experienced significant multiple expansion.

Despite strong underlying performances, software valuations have compressed in Q1 and Q2 as a result of rising interest rates.

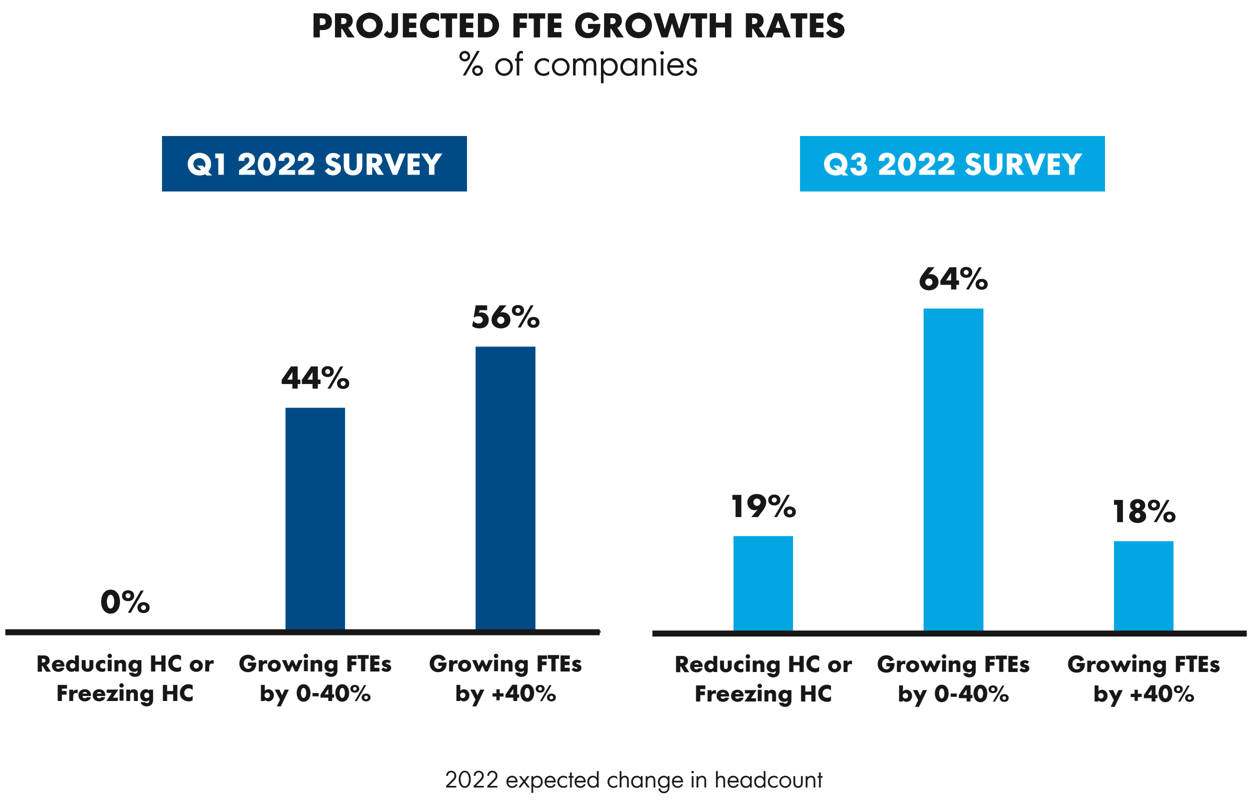
EV/LTM Revenue – All Software[1]



Source: Company filings and Pitchbook as of 06/15/22.

1. Represents average EV/LTM Revenue multiples for public software companies.

PRIVATE SAAS COMPANIES HAVE RESPONDED, MOST NOTABLY BY ADJUSTING HEADCOUNT



The depth of change is most clearly viewed through two surveys we ran this year. One specific to talent in February and this most recent one in July.

In February, the majority(!) of companies were planning to grow headcount by more than 40%.

This has rapidly shifted as job postings have been replaced with layoff announcements.

Today, most companies are still planning for moderate headcount growth, but nearly 20% are maintaining or reducing their staff.

Source: 2022 OpenView State of Talent Report & 2022 OpenView SaaS Benchmarks Report

AND COMPANIES ARE CUTTING REGARDLESS OF THEIR GROWTH RATES

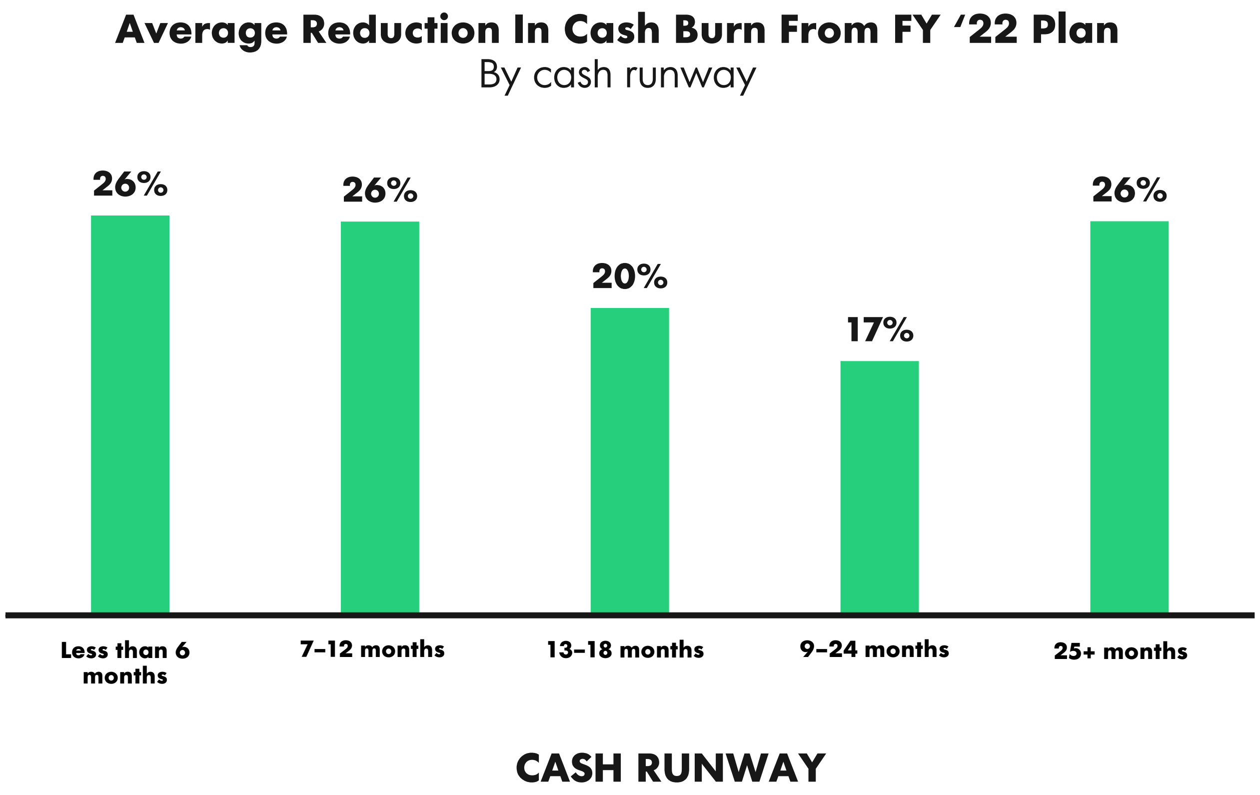
We expected that companies with less than 18 months of cash runway would be making significant cuts.

The consensus has been 18 months is "okay," but 25+ months is ideal.

However, we were surprised to see companies with more than 25 months of cash in the bank cuts as much as those with only six months.

Our take: optionality is the most valuable thing a SaaS company can have today.

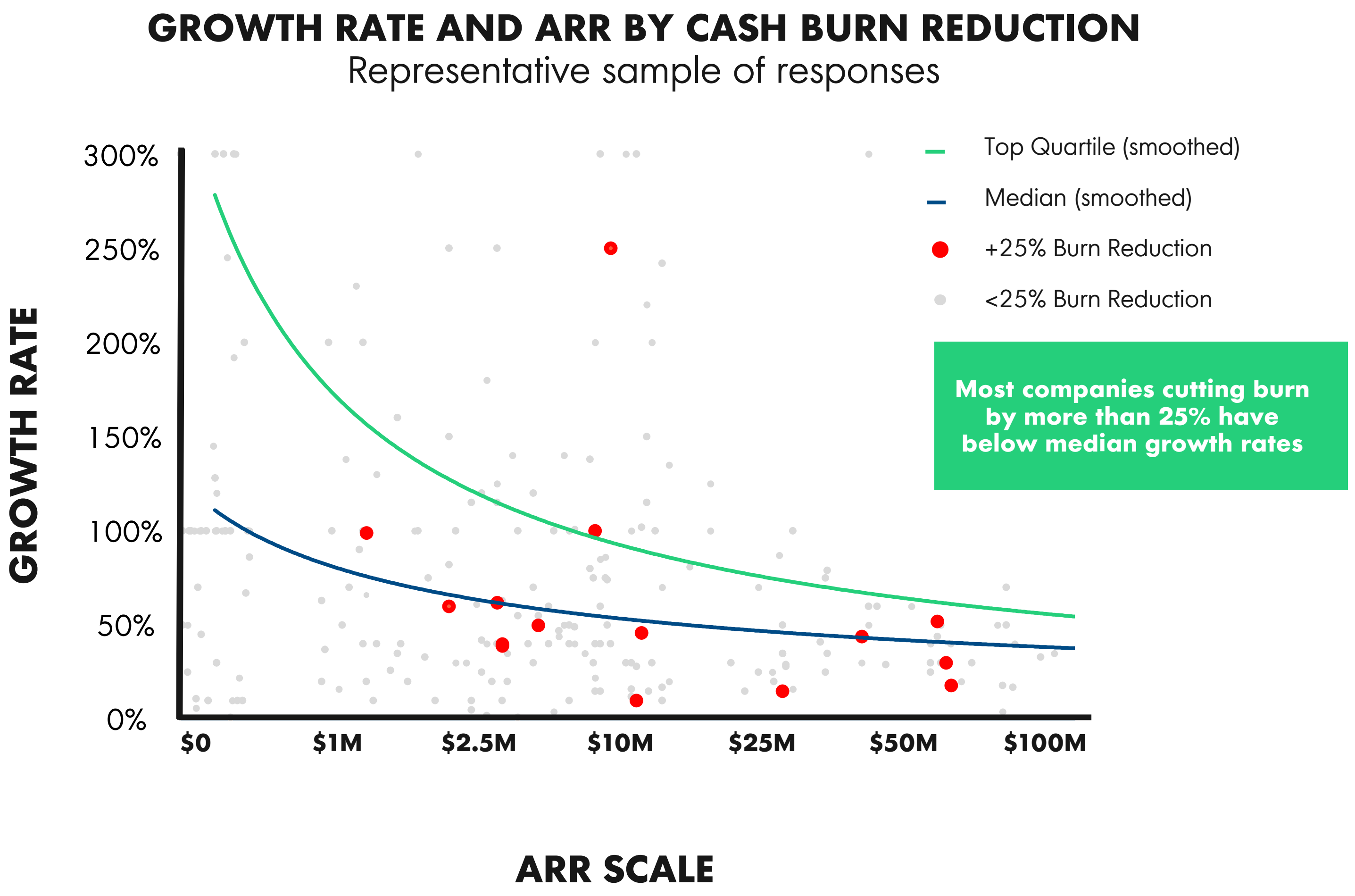
If extra cash ends up not being required, it's easier to start spending than to stop.



Source: 2022 OpenView SaaS Benchmarks Report

Note: Average reduction only includes companies that selected "we have adjusted cash runway" (67% of respondents)

CUTTING CASH BURN DOESN'T COME WITHOUT RISKS



Reducing cash burn was required for most companies, but it only relieved some pressure.

Most companies that reduced cash by more than 25% also perform poorly today when it comes to growth. This makes sense. If burn isn't contributing to growth, it needs to be cut.

However, ultimately companies will need to get back to growing. But they'll need to do so with less cash on hand.

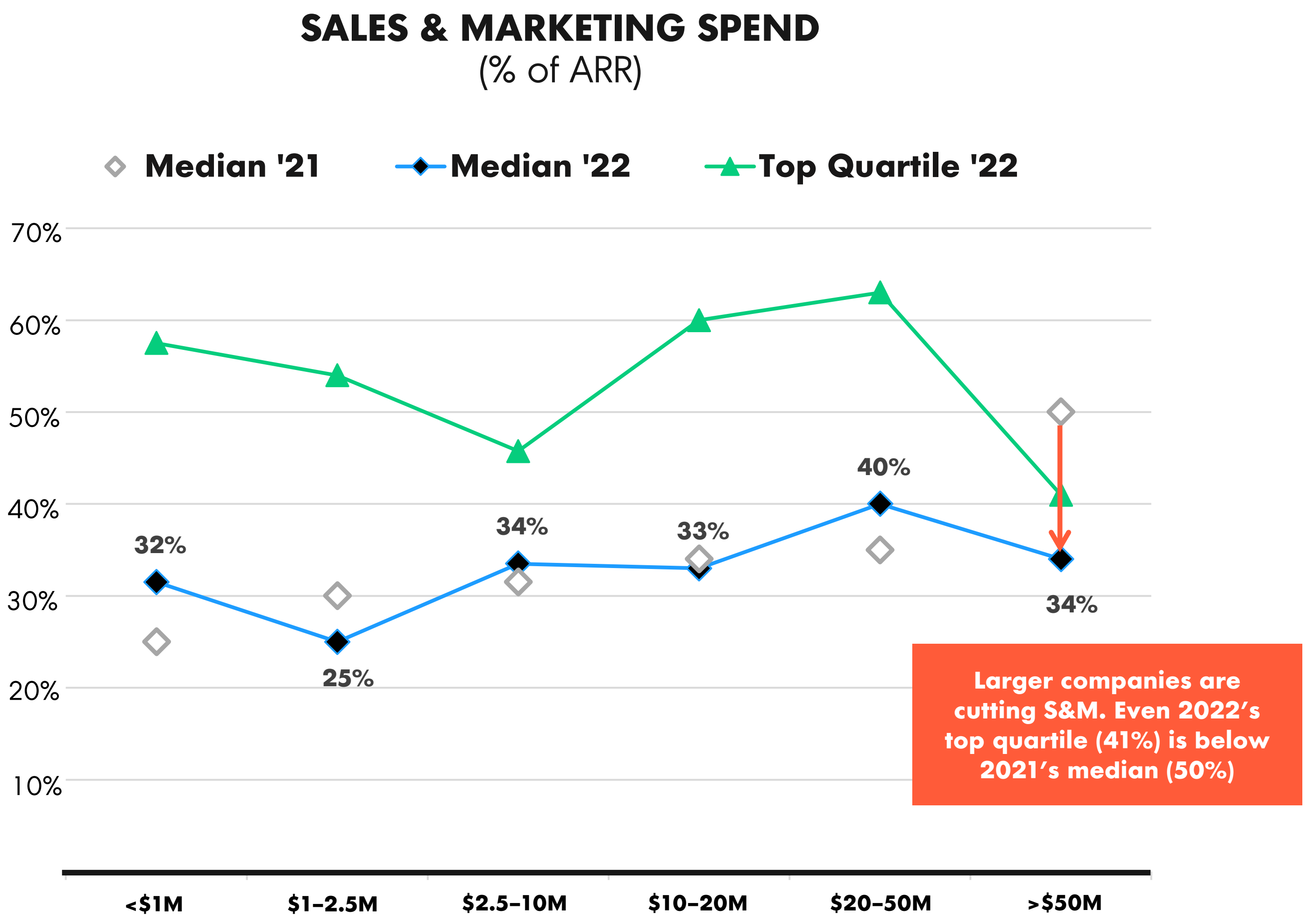
As cuts become commonplace, founders and operators are in a critical position to begin doing more with less.

Source: 2022 OpenView SaaS Benchmarks Report

Note: Median and top quartile growth are smoothed averages; dots represent a representative sample of respondents

🛒 GO-TO-MARKET, EFFICIENTLY

DESPITE CUTS, S&M SPEND HAS REMAINED CONSISTENT BELOW $50M



Despite recent budget cuts, the typical percentage of ARR being spent on sales and marketing hasn't changed much since last year.

The exception lies in larger companies where the median S&M spend has been reduced from 50% to 34%.

It's likely that these numbers will come down across the board in 2023 as startups begin to focus on more efficient and reliable routes to market.

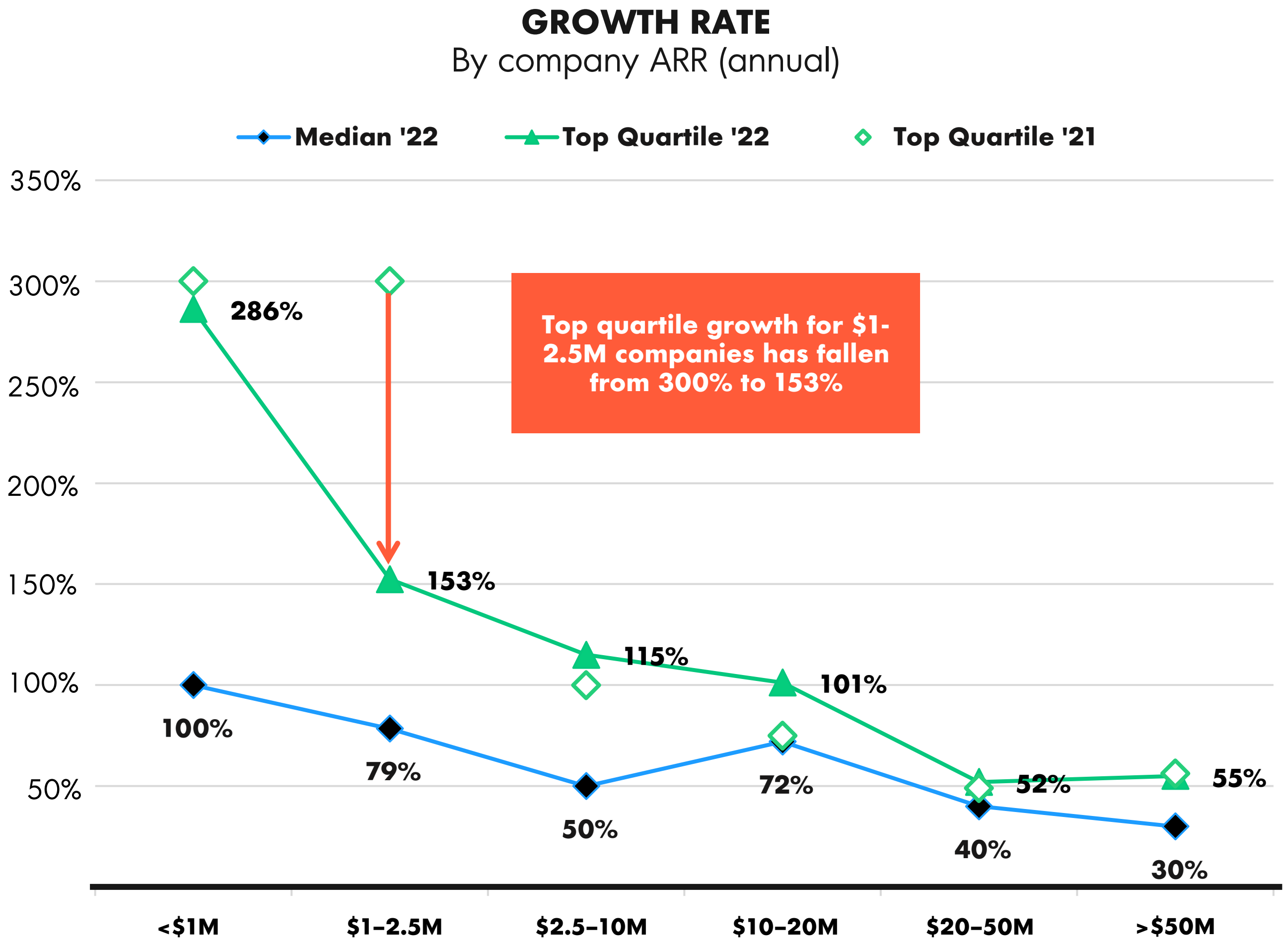
Source: 2022 OpenView SaaS Benchmarks Report

Note: Sales & Marketing spend figures are displayed as a percentage of ARR

EARLY-STAGE COMPANIES ARE PULLING BACK ON GROWTH

Growth rates set record breaking highs in 2021—and for good reason. Companies with top quartile growth were able to garner multiples in excess of 100x.

As growth rates become less and less rewarded, the gap between good growth and great growth is shrinking.



Source: 2022 OpenView SaaS Benchmarks Report

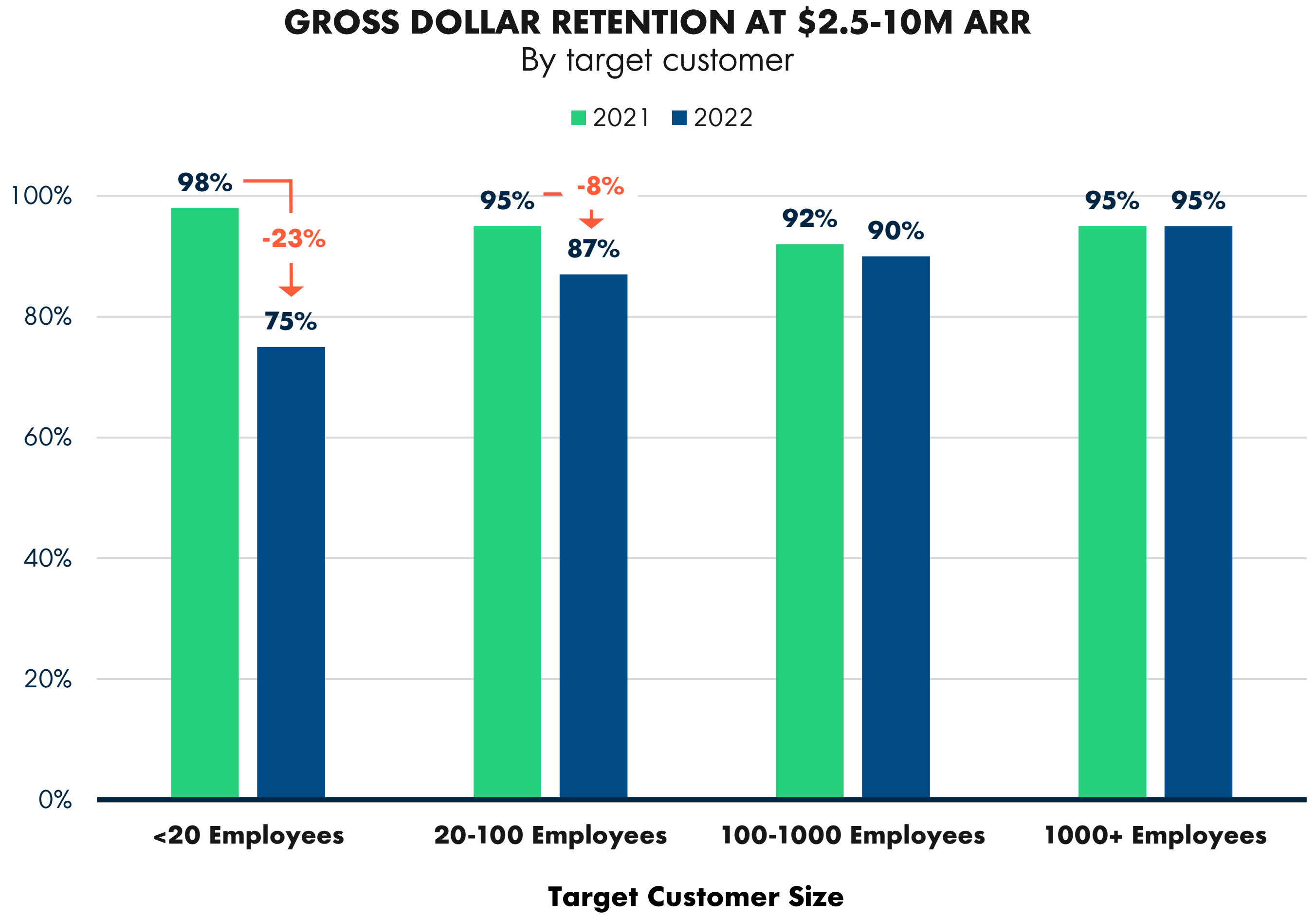
Note: Sales & Marketing spend figures are displayed as a percentage of ARR

GROSS DOLLAR RETENTION IS DOWN FOR COMPANIES UNDER $10M IN ARR

Early-stage companies in the $2.5-10M range are seeing gross retention come down relative to 2021.

Chargebee's churn insights:

1. **Set Churn as a Company KPI:** Businesses with a shared company wide KPI for churn see improvements vs. those with differing departmental KPIs for retention
2. **Personalization goes a long way:** 72% of consumers only want to engage with personalized messaging – as you scale, find ways to create personalized experiences
3. **ID the customers you can save:** 15-30% of churn can be resolved in the moment of cancelation. For small company sizes, test reactive discounting or help materials during cancelation



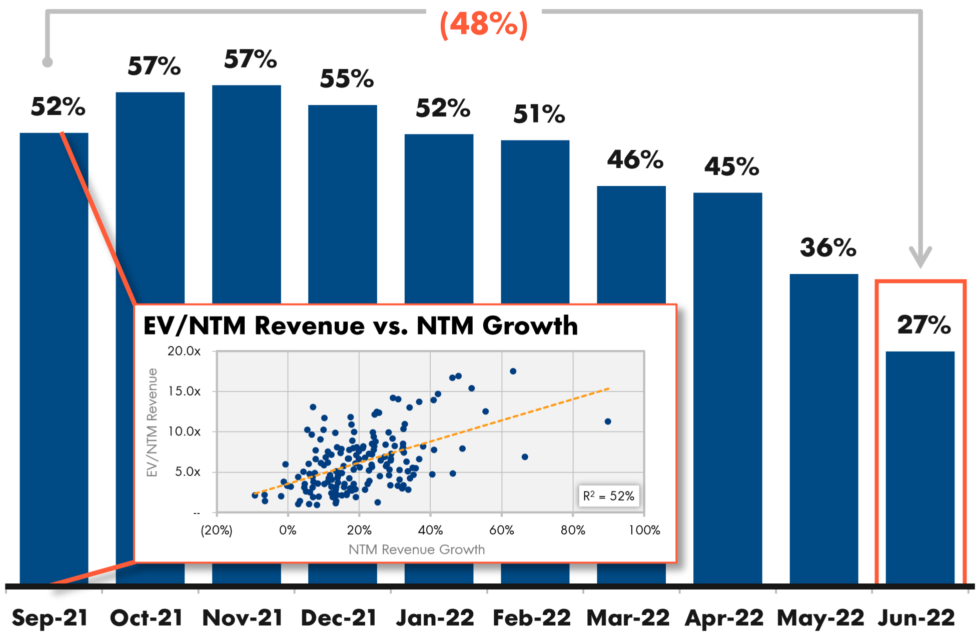
Source: 2022 OpenView SaaS Benchmarks Report

Note: Some companies are focused on multiple segments—in these cases we ask which is their "primary" segment focus

PUBLIC COMPANIES ARE BEING VALUED ON RULE OF 40, NOT ON GROWTH

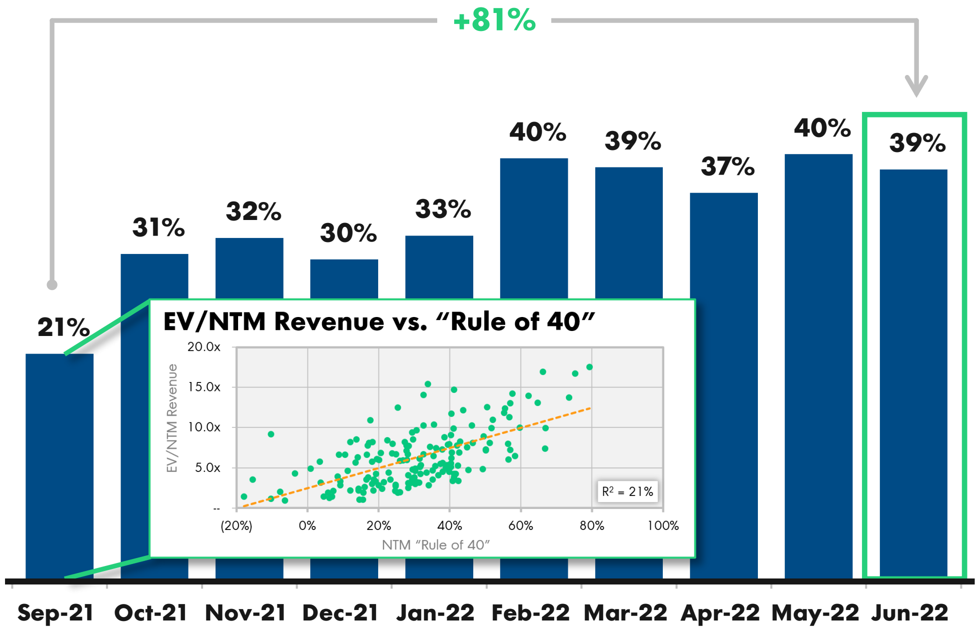
Valuation Explained By "NTM Growth"

Historical R-Squares[1]



Valuation Explained By "Rule of 40"

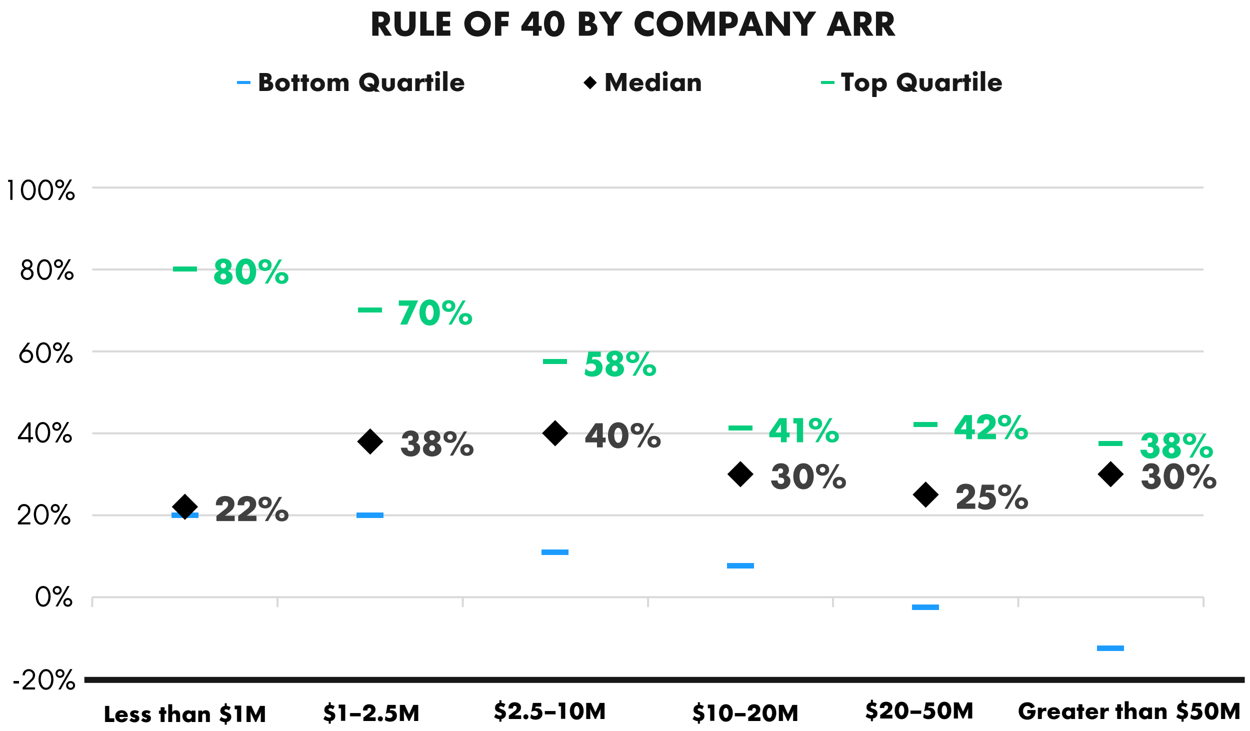
Historical R-Squares [2]



Source: Company filings and pitchbook as of 06/15/22.

Note: 1. R-Square of EV/NTM Revenue regressed against NTM Revenue Growth Rate.
2. R-Square of EV/NTM Revenue regressed against NTM "Rule of 40."

RULE OF 40 IS BACK–BUT DOES GOOD EQUAL 40?



Rule of 40 calculated as YoY ARR growth plus LTM (last 12 months) free cash flow margin or EBITDA margin.
For example, if you're growing at **50%** YoY and have a **-15% free** cash flow margin over the last **12 months, your rule of 40 = [50% Growth] + [-15% free cash flow margin] = 35%.**

Rule of 40 has always been a solid gut check for the general balance of a company's growth and profitability. However, it's become increasingly important as a driver of how businesses are valued.

For companies with ARR below $10M, Rule of 40 can vary widely from quarter to quarter.

Achieving 40 each quarter is not required. But, it is required to have a grasp on what caused a drop or spike, and what can be done to get to 40 long term.

Source: 2022 OpenView SaaS Benchmarks Report

GO-TO-MARKET EFFICIENCY COMES DOWN TO BLENDING CAC PAYBACK AND NDR

The public markets have oscillated from valuing growth rate alone to valuing rule of 40. For most operators, this shift—combined with a decrease valuations and cash available—has led to the rapid decrease in spending.

However, companies that can achieve top quartile NDR and CAC payback periods are immune from this oscillation.

The data shows the operators focused on these two metrics achieve the best of both worlds: the highest median growth rate and highest median Rule of 40.

MEDIAN GROWTH RATE AND RULE OF 40
By NDR/CAC payback ranges

CAC PAYBACK IMPROVES - GROWTH & RO40 DO TOO

NDR \ CAC	Low (<7.5 Mo)	Mid (7.5-15 Mo)	High (15+ Mo)
High (+120%)	**Growth: 200%** **Ro40: 63%** High NDR, Low CAC	Growth: 80% Ro40: 1%	Growth: 86% Ro40: 30%
Mid (120-105%)	Growth: 100% Ro40: 54%	Growth: 58% Ro40: 42%	Growth: 38% Ro40: 20%
Low (<105%)	Growth: 42% Ro40: 58%	Growth: 39% Ro40: 53%	**Growth: 35%** **Ro40: 0%** Low NDR, High CAC

NDR IMPROVES – GROWTH AND RO40 DO TOO

How to read this:
If NDR falls in this range, and CAC payback falls in that range, the median growth and rule of 40s are in the box

Source: 2022 OpenView SaaS Benchmarks Report

Note: Growth and Rule of 40 values are medians for companies within the set NDR and CAC ranges.

GREAT CAC PAYBACK & GREAT NDR WILL VARY BASED ON THE CUSTOMERS YOU TARGET

CAC Payback By Target Customer – 50th Percentile & 80th Percentile			
Target Customer	**Employees**	**Good (50th)**	**Great (80th)**
VSMB / Prosumer	<20	**9 months**	**2 months**
SMB	20-100	**7 months**	**4 months**
Midmarket	101-1,000	**14 months**	**7 months**
Enterprise	1000+	**14 months**	**9 months**

NDR By Target Customer – 50th Percentile & 80th Percentile			
Target Customer	**Employees**	**Good (50th)**	**Great (80th)**
VSMB / Prosumer	<20	**100%**	**107%**
SMB	20-100	**100%**	**116%**
Midmarket	101-1,000	**110%**	**124%**
Enterprise	1000+	**110%**	**125%**

Compared with other metrics, CAC and NDR are particularly sensitive to the type of customers you're targeting.

Smaller buyers like SMBs and prosumers tend to come with lower sticker prices and less formal buying processes. When combined, they can add up to a lower CAC than you'll find in the midmarket/enterprise.

The opposite is true with NDR, where opportunities for growth within an account are much higher at larger companies.

The takeaway: Make sure to cut your own metrics by segment with differing targets for NDR and CAC. Snowflake's +170% NDR is great, but if you're selling seats to SMBs, it's an unrealistic target to set.

Source: 2022 OpenView SaaS Benchmarks Report

Note: Some companies are focused on multiple segments—in these cases we ask which is their "primary" segment focus.

🙌 PLG: MORE THAN JUST PRODUCT

A NEW ERA OF FOR PRODUCT-LED GROWTH

We studied the world's top PLG companies to find out what makes them different

- PLG leaders are **growing 50% year-over-year**, far faster than traditional SaaS companies (21%).
- PLG leaders see best-in-class net retention (128%) and have extremely efficient growth engines (63% Rule of 40).

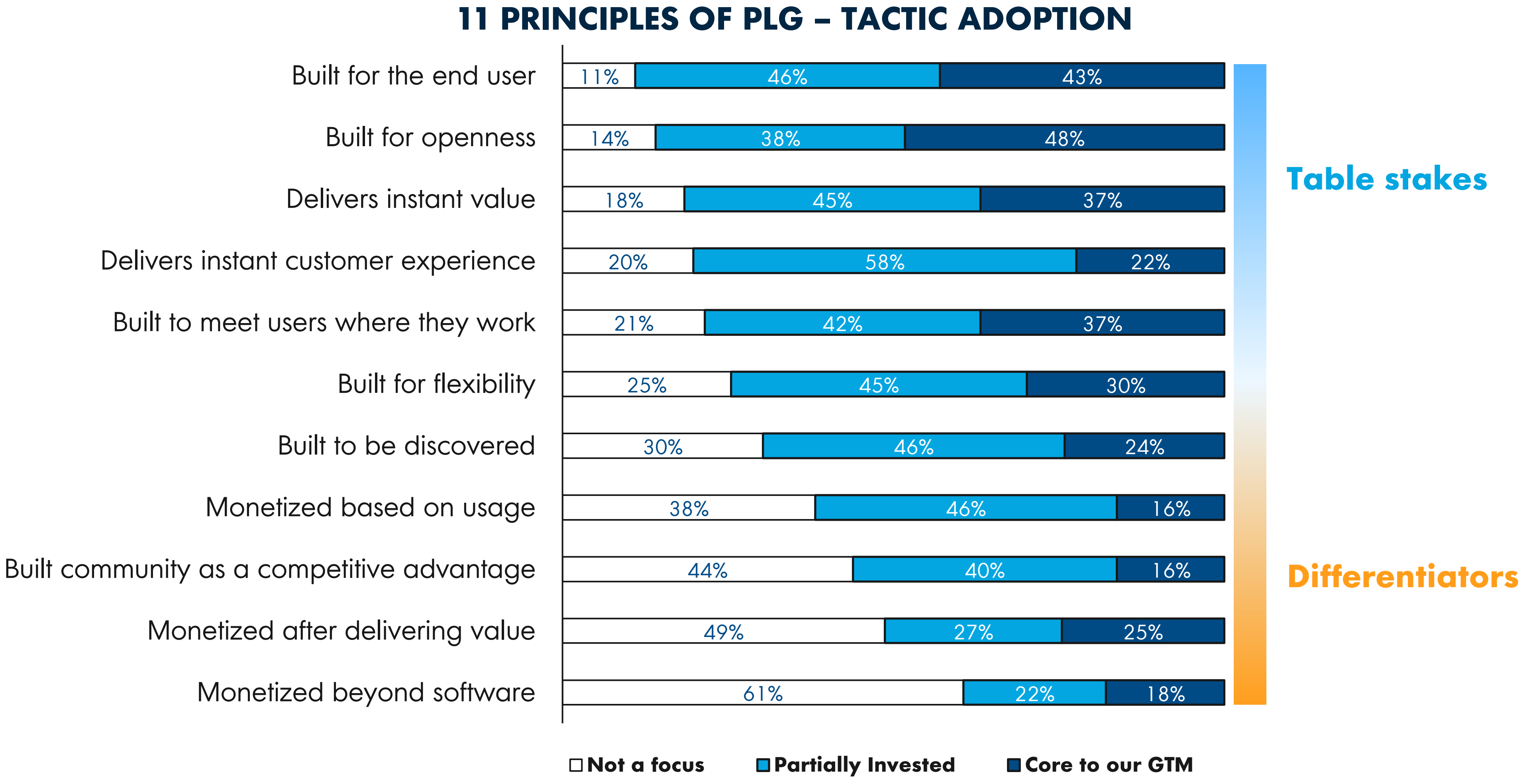
IN THIS NEW ERA, WE SEE 11 CORE PRINCIPLES. LEADERS HAVE ADOPTED 9+

THE 11 PRINCIPLES OF PLG

[Read more about each principle here]

1. Build For The **End User**
2. Build To Be **Discovered**
3. Build To Meet Your Users **Where They Work**
4. Build For **Openness**
5. Build For **Flexibility**
6. Build **Community** As Competitive Advantage
7. Deliver Instant **Product Value**
8. Deliver Instant **Customer Experience**
9. **Monetize** After You Deliver Value
10. Monetize Based On **Usage**
11. Monetize Beyond **Software**

SEVERAL OF THESE TACTICS HAVE BECOME TABLE STAKES WHILE OTHERS CAN DIFFERENTIATE



Source: 2022 OpenView SaaS Benchmarks Report
Note: Percentages are rounded to the nearest hundredth.

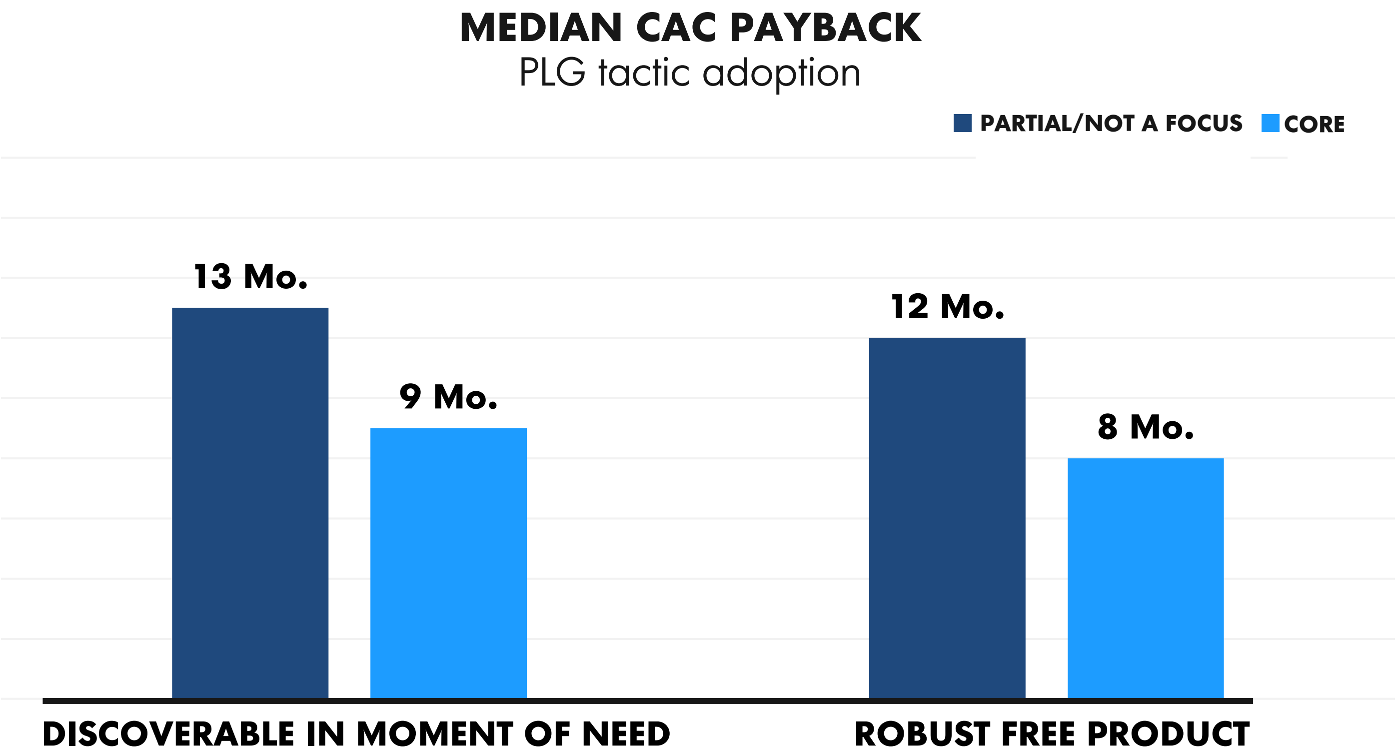
COMPANIES WITH DIFFERENTIATED PLG MOTIONS OUTPERFORM PEERS ON CAC PAYBACK

PLG doesn't just align your GTM with how your customers want to buy, it also help align your GTM with financial performance

Companies that see discoverability and a robust free product as core to their strategy return CAC costs four months faster than their peers. The reasoning is intuitive:

Discoverability: Building your product to be easily discovered helps keep marketing spend efficient

Robust Free Product: Providing a high value product to new users helps improve conversion rates and expand pricing at the time of conversion

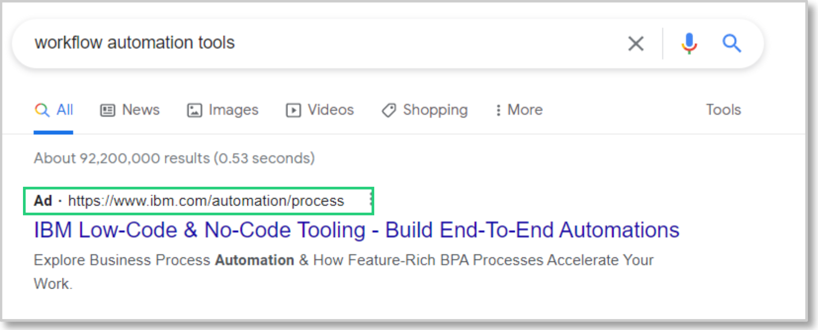


Source: 2022 OpenView SaaS Benchmarks Report

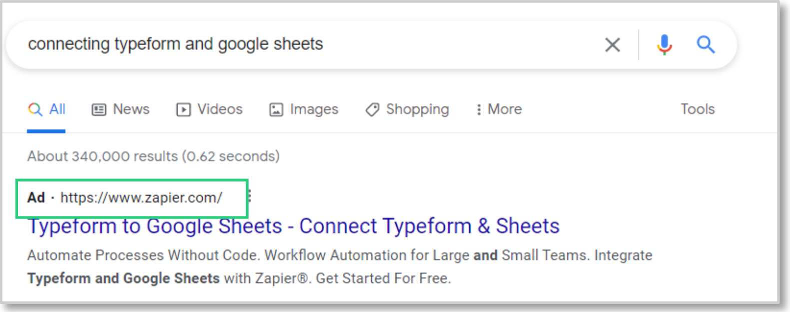
Note: CAC payback periods represent the median CAC payback dependent whether company see a PLG tactic as core vs. partial/not a focus.

GTM TIP 1: MAKING YOUR PRODUCT DISCOVERABLE

End users don't search for tools–and Zapier isn't discoverable there



Instead, they work to be discoverable where their end users are



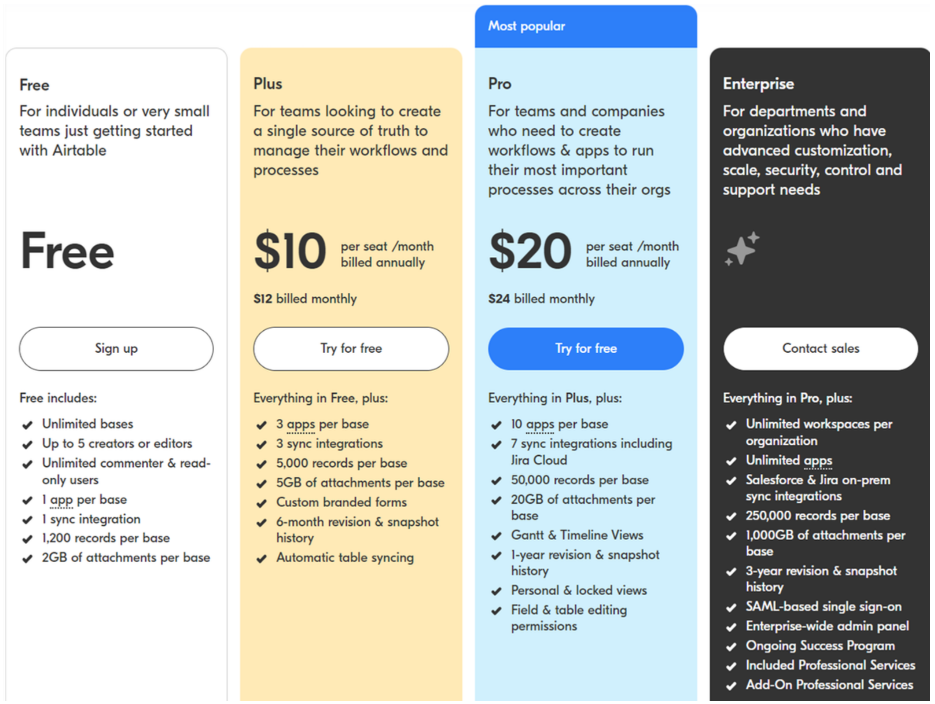
> **When you're building a company, the first thing you need to do is figure out where customers are hanging out.**
>
> It's meeting them where they are at. Do they go to industry events? Are there communities where they hang out? You've got to identify where those core customers are spending their time and use this to inform your decisions.

Wade Foster • Co-founder & CEO

GTM TIP 2: PROVIDE A ROBUST FREE PRODUCT WITH "REVERSE TRIALS"

- **Offer a reverse trial:** a 14-day trial of Pro, then users default to the Free plan.
- Let users explore the **full potential** of the product while keeping the door open to nurture the relationship over time.
- After the trial expires, usage limits are the most powerful paywalls **(80/20 rule).**

Airtable



GTM TIP 3:
DON'T SLEEP ON PRICING

Your product is changing, so should your pricing

As companies expand their product portfolio and/or begin to find new use cases, they're often too slow to adjust pricing with it. Nearly two-thirds of companies changing their prices cite these reasons.

Challenge the model

Matching traditional seat-based pricing models can leave money on the table—over 55% of respondents have at least tested usage-based pricing and seen higher median NDRs.

Do your research

Nearly 20% of companies with less $50m in ARR do not conduct a dedicated pricing project, and it shows. ARR impact was 7% higher when a project was completed.

61%

of companies adjusted their pricing in the last year.

On average, the expected/realized ARR impact to is

+27%

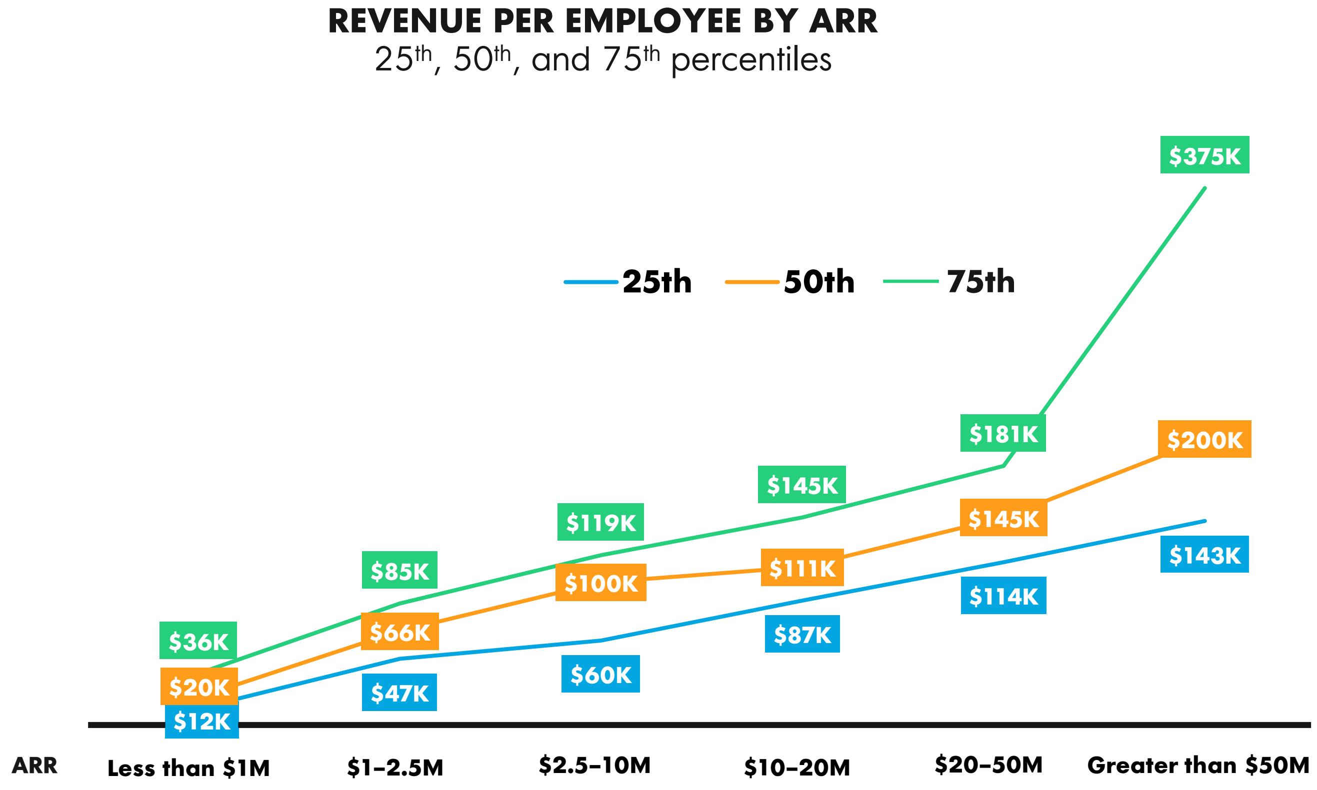
Convinced?

Get started on pricing here!

Source: 2022 OpenView SaaS Benchmarks Report

PEOPLE: YOUR BEST, BUT MOST EXPENSIVE ASSET

PEOPLE AND THEIR REVENUE CONTRIBUTION



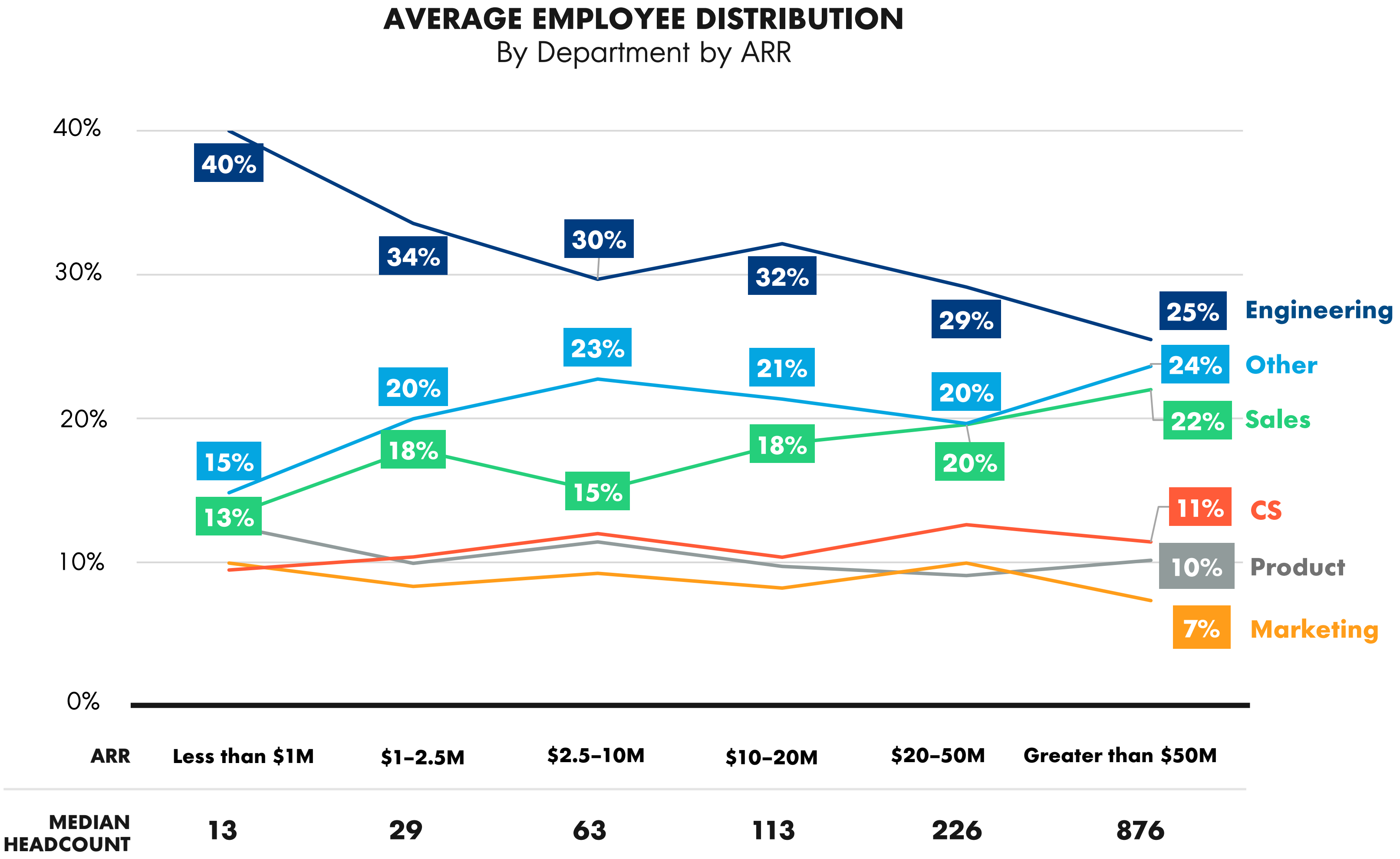
MEDIAN HEADCOUNT	13	29	63	113	226	876

SaaS seems to love complicated metrics. We'd be lying if we said we didn't love a few of them too. However, an increasingly important one is shockingly simple:
ARR per FTE.

Early on, this metric will be extremely low ($10-40K), but companies should be mindful in their planning of what this number should look like at scale. **The general rule is to get to or exceed $200K when you reach scale.**

Source: 2022 OpenView SaaS Benchmarks Report

A TYPICAL COMPANY'S EMPLOYEE DISTRIBUTION



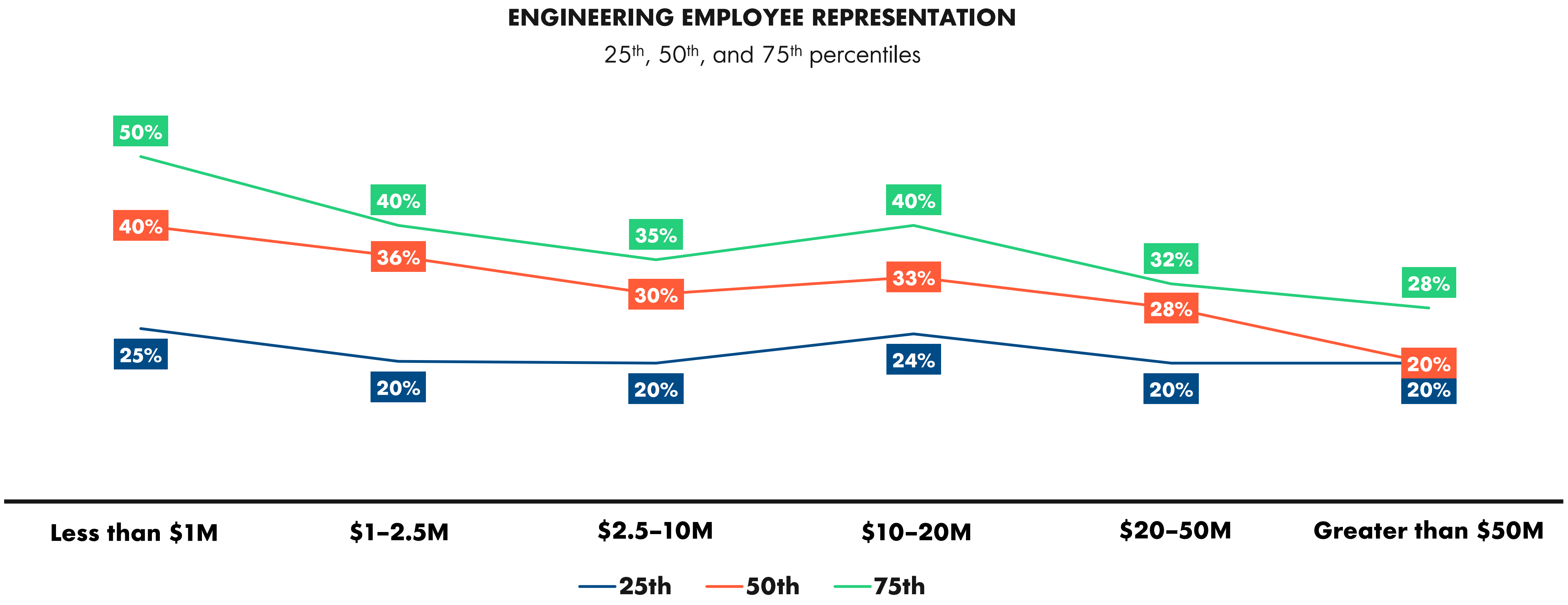
Engineering is consistently the largest department, typically representing 200+ employees at $50M in ARR.

Other varies by organization. Always include HR, Legal, and IT but also organizations that can be sizeable at specific orgs (e.g. Growth or Services).

In prior years, we've seen **Sales** outpace Engineering by +$50M, however, with the rise of PLG, businesses are less likely to make this jump.

Source: 2022 OpenView SaaS Benchmarks Report

ENGINEERING DISTRIBUTION

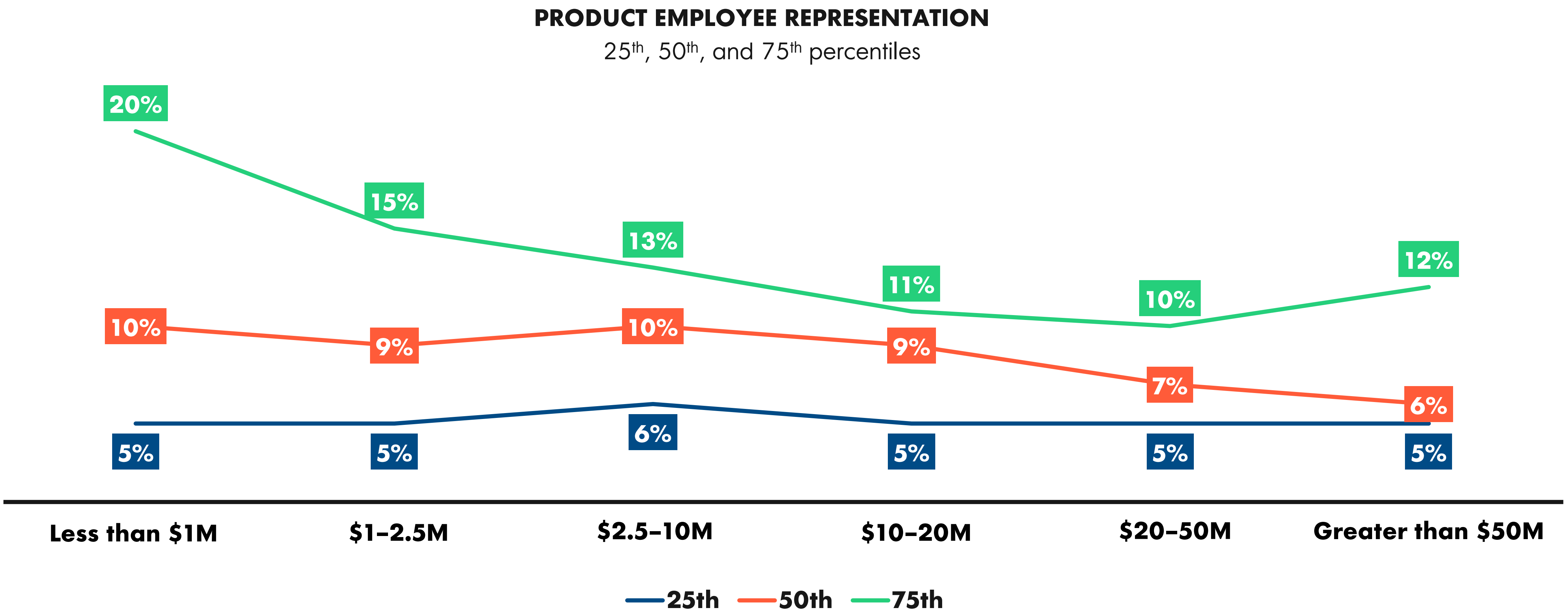


Keep in mind each company will have a different product and GTM strategy.

This may lead to good reasons to buck these trends.

Source: 2022 OpenView SaaS Benchmarks Report

PRODUCT DISTRIBUTION



Keep in mind each company will have a different product and GTM strategy.

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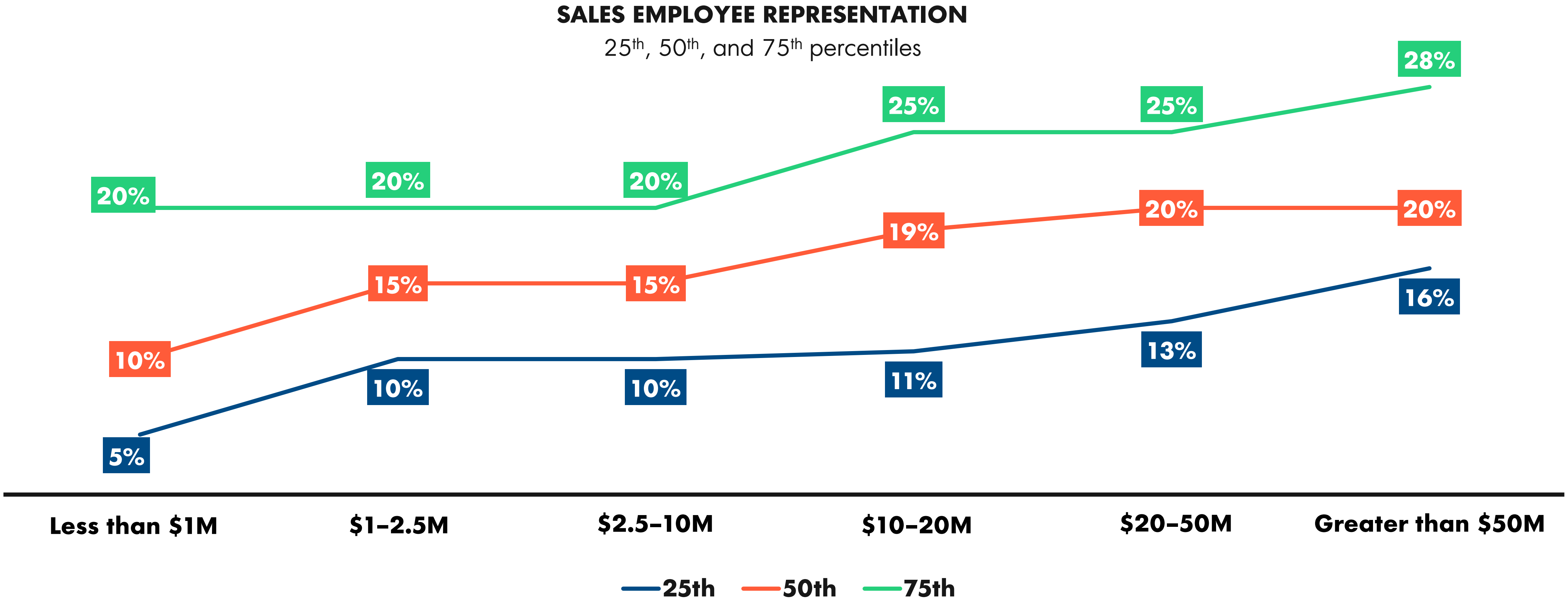
Source: 2022 OpenView SaaS Benchmarks Report

SALES DISTRIBUTION

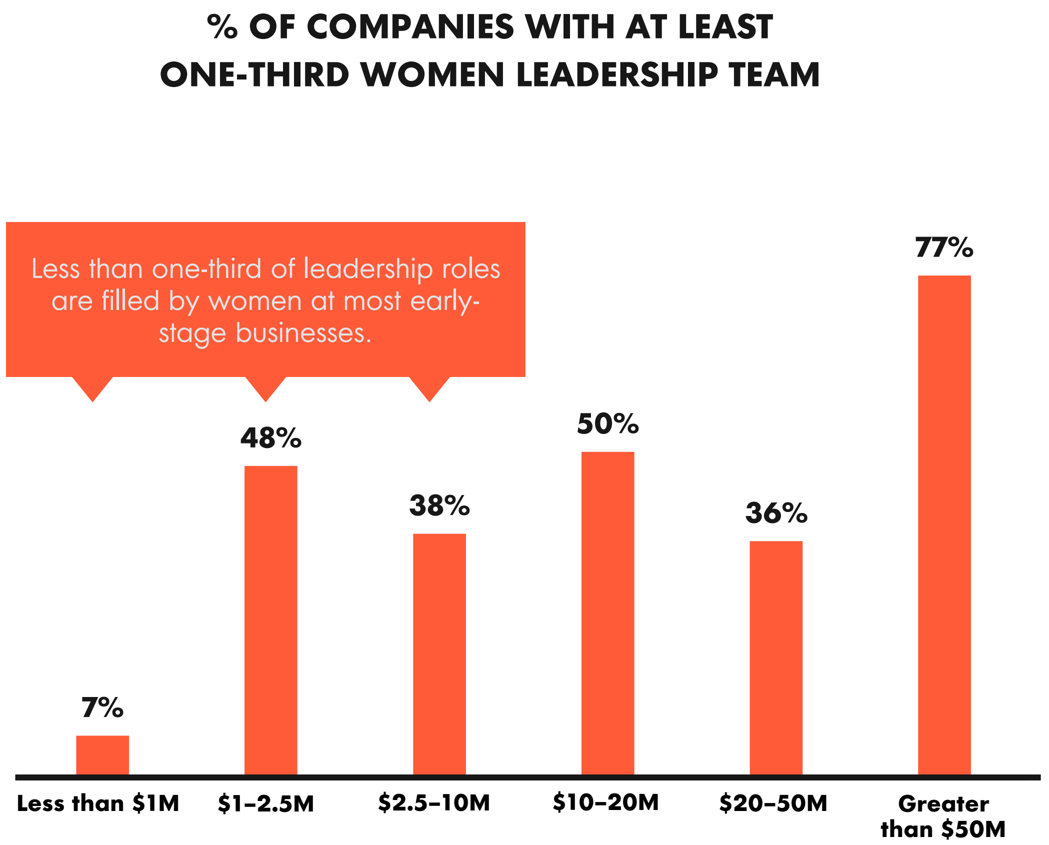


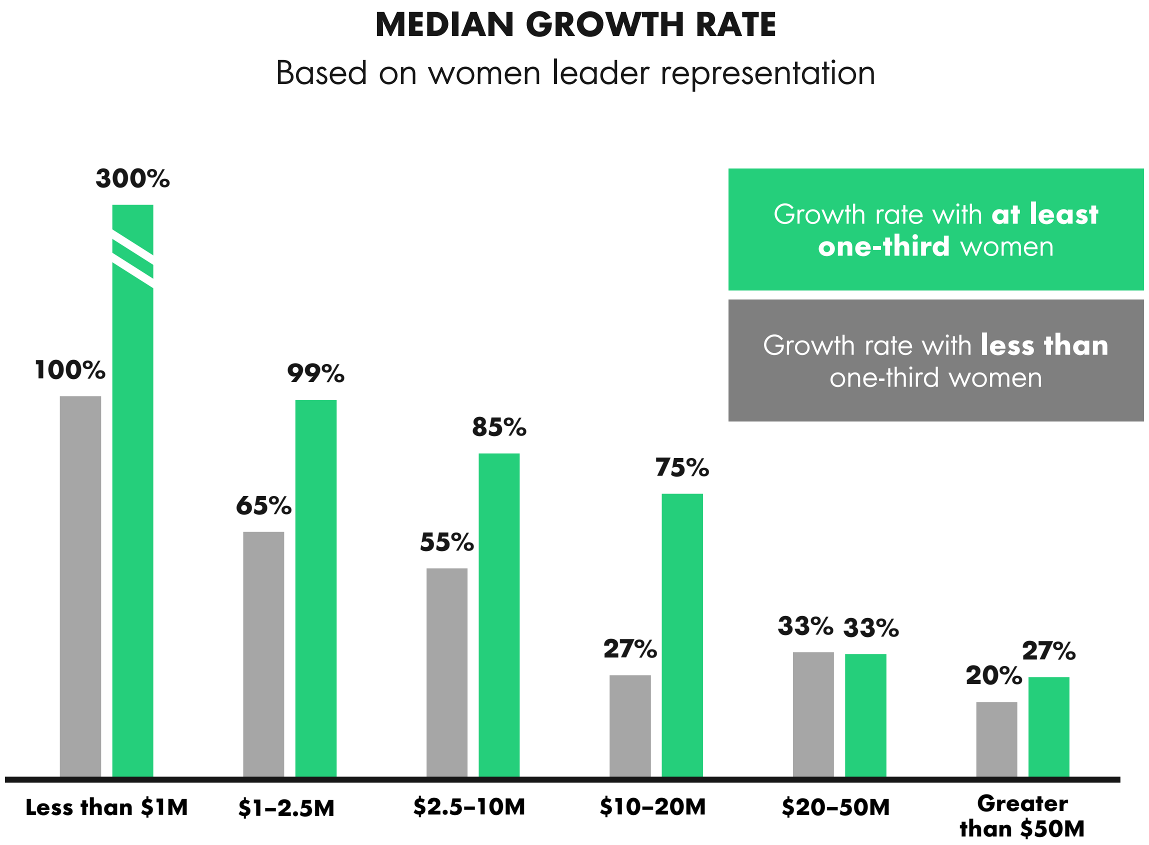
Keep in mind each company will have a different product and GTM strategy.

This may lead to good reasons to buck these trends.

Source: 2022 OpenView SaaS Benchmarks Report

EARLY ON WOMEN LEADERSHIP LAGS; WOMEN'S REPRESENTATION CORRELATED TO HIGHER GROWTH

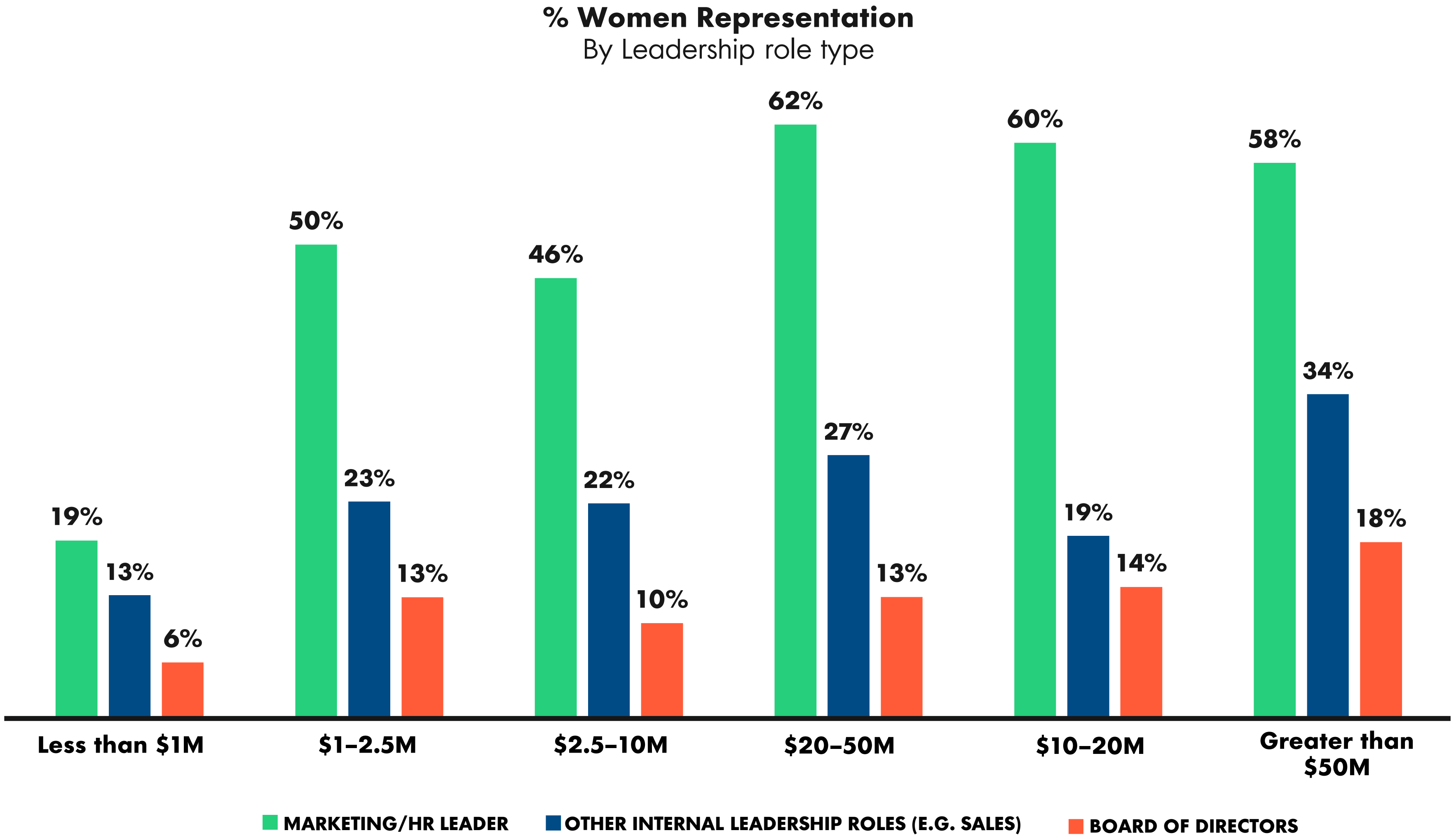




Source: 2022 OpenView SaaS Benchmarks Report

Note: Ideally, this data would be cut by 50% women in leadership, not 33%. However, the sample size becomes too small for early-stage companies with that analysis.

LEADERSHIP ROLES FOR WOMEN ARE DOMAIN-SPECIFIC: PRIMARILY HR AND MARKETING



Source: 2022 OpenView SaaS Benchmarks Report

✏️ABOUT THE AUTHORS

ABOUT THE AUTHORS

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SENIOR DIRECTOR, GROWTH

Curt supports OpenView's Growth Team, helping portfolio companies accelerate top-line growth and dominate their markets. He works closely with portfolio leadership teams to discover, test, and implement the most impactful strategies for growth.

KYLE POYAR

OPERATING PARTNER

Kyle leads OpenView's Growth Team, responsible for advising portfolio executive teams on strategies to increase revenue growth and dominate their markets. The team has helped the portfolio generate over $100 million in additional enterprise value in the last three years.

Kyle specializes in pricing & packaging strategy, which is the most effective yet overlooked growth lever at a SaaS company's disposal. He's an expert in product-led Growth, optimizing go-to-market strategies, and SaaS benchmarks.

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