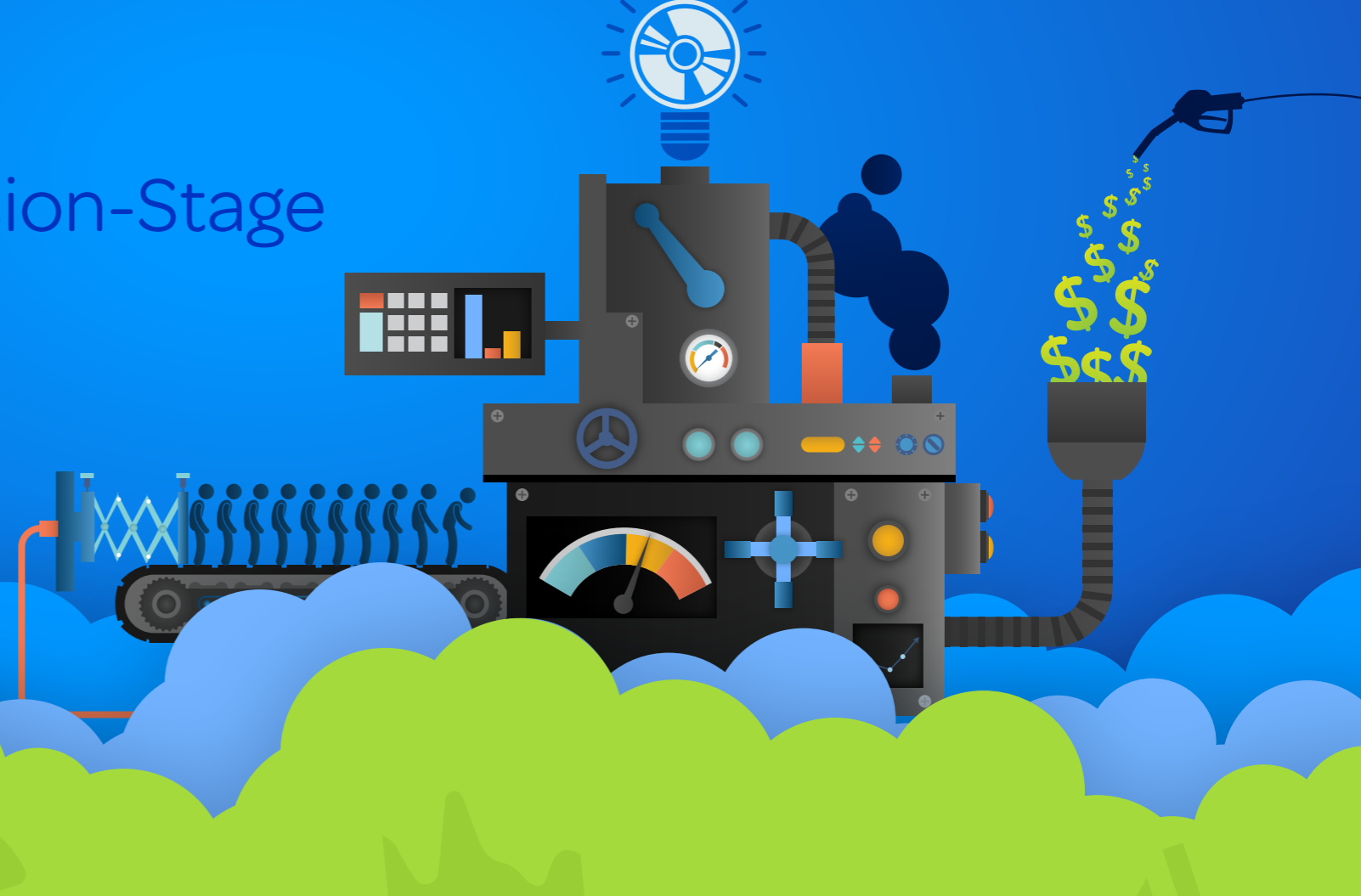


SAAS OPERATING METRICS UNCOVERED

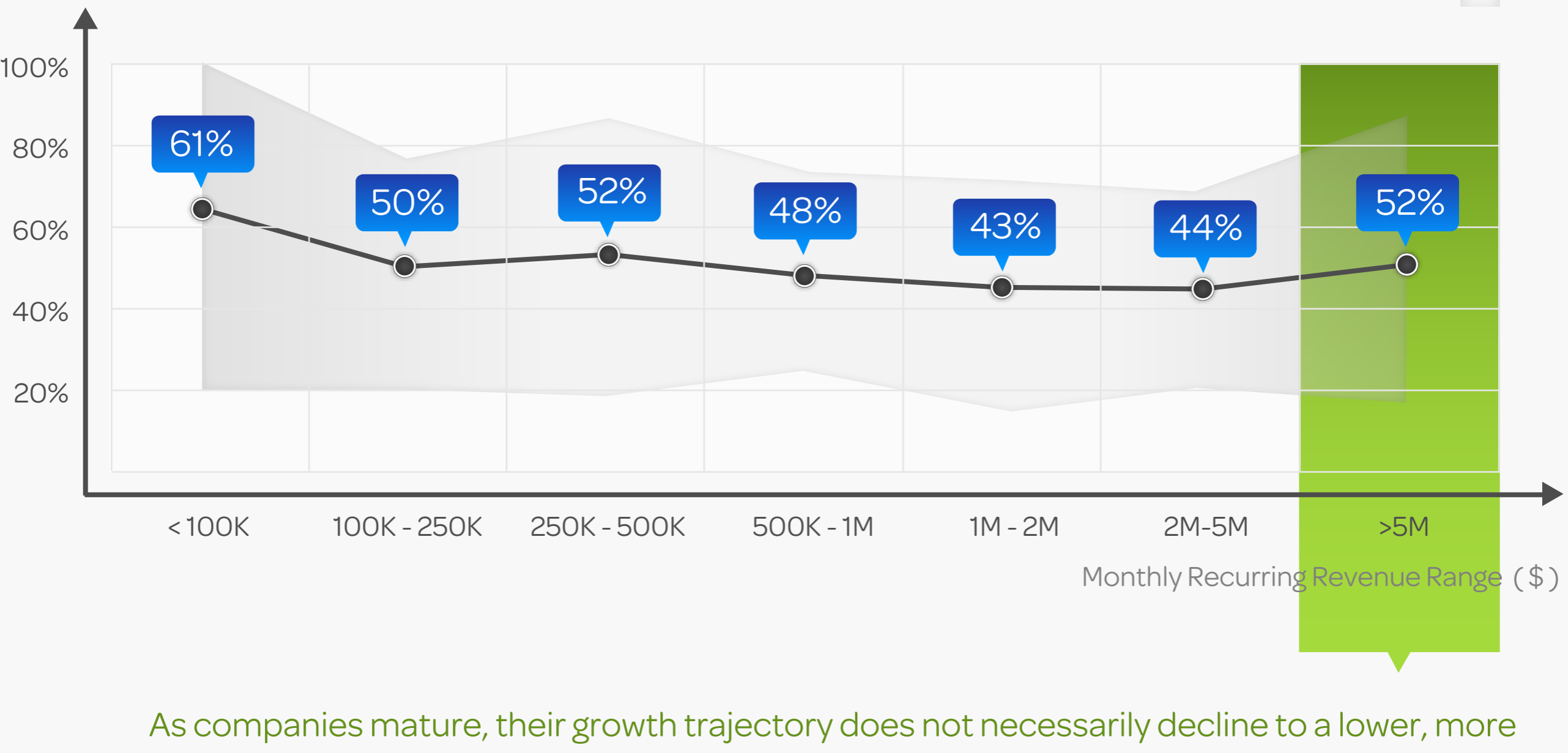
Key Data Behind Expansion-Stage SaaS Companies



Expansion-stage SaaS companies have an overarching goal to grow very fast and achieve sustainable profitability. Understanding the operating metrics behind other expansion-stage SaaS companies can help them form an optimal economic model. With that in mind, OpenView Venture Partners recently surveyed more than 160 senior executives and consultants at SaaS companies to create a report that is specifically focused on some of the growth and profitability metrics that are most relevant to SaaS companies at the expansion stage. Below are some of the report's key findings.

1. Revenue Growth Rate

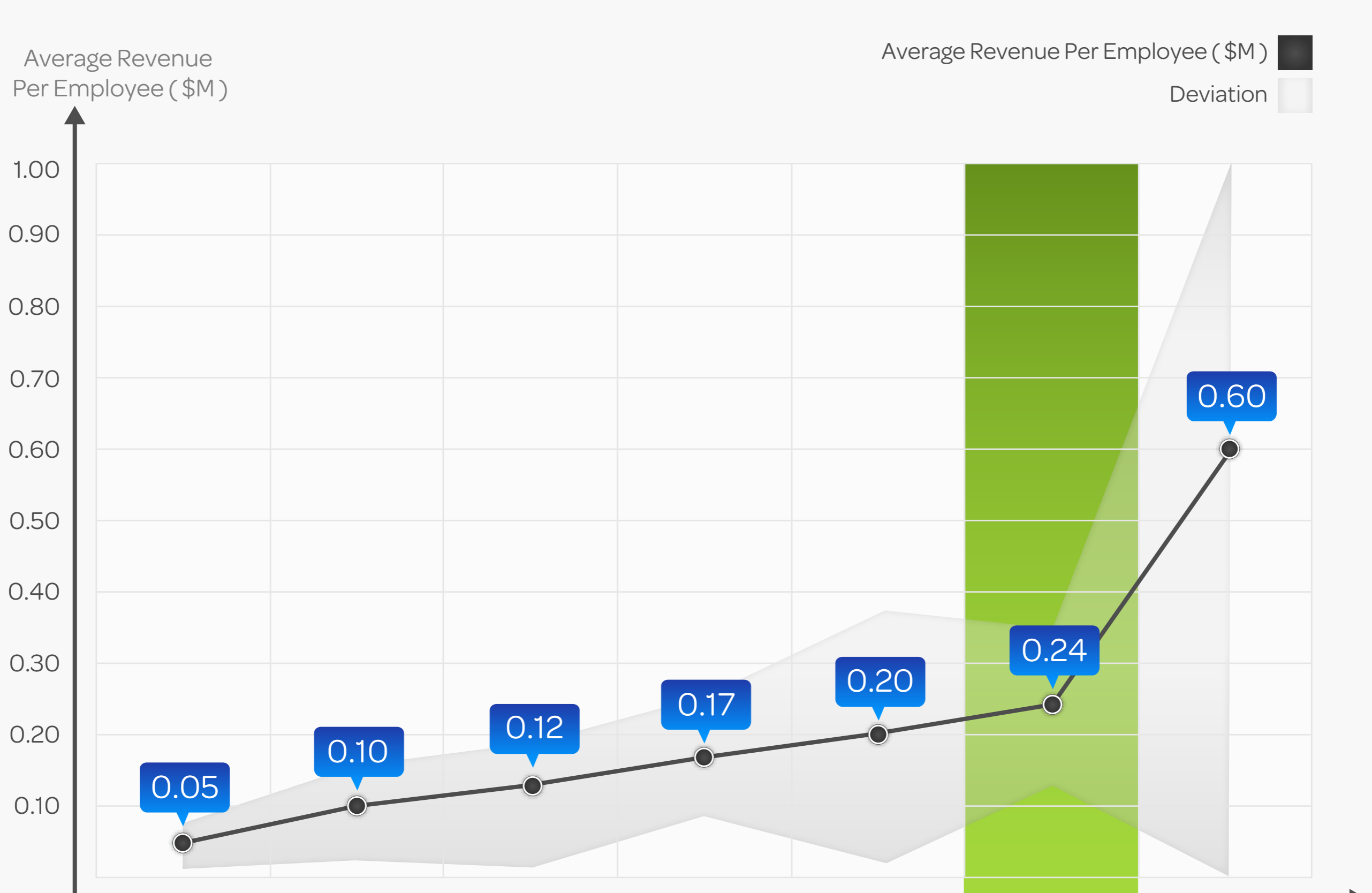
Does revenue growth rate depend on the company's size?



As companies mature, their growth trajectory does not necessarily decline to a lower, more predictable rate. In fact, some large companies still manage to scale rapidly while maintaining a breakneck rate of growth.

2. Average Revenue Per Employee

What's the average annual revenue per employee?



Companies earning between \$3.5 million and \$5 million of MRR appear to hit a major inflection point in terms of how efficient they are with their human resources.

3. Sales & Marketing Spend as a Percentage of Annual Revenue

What percentage of annual revenue is budgeted for sales and marketing?



Early-stage companies have to spend a considerable portion of their revenue on sales and marketing to gain traction in most markets. At later stages, when revenue is stronger and budgets are bigger, companies have to grow their sales and marketing efforts accordingly to achieve the same kinds of results.

4. Relationship Between Revenue Growth and Sales & Marketing Spending Levels

How important is sales and marketing spending level to revenue growth?



There appears to be a minimum level of sales and marketing spending (20 percent) that is required to effectively grow an expansion-stage SaaS business.

5. Relationship Between Revenue Growth and Sales and Marketing Efficiency

What's the sales and marketing cost to gain one dollar of additional revenue?



We can see that the range of values narrows significantly for companies that are growing the fastest and spending the most efficiently, indicating that the resulting growth is generally strongly correlated to this measure of sales and marketing efficiency.

DOWNLOAD A FREE COPY OF THE FULL REPORT HERE:

<http://labs.openviewpartners.com/expansion-stage-saas-metrics/>

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