



How Sales & SalesOps Metrics Drive SaaS Financial Performance in 2019

January 24, 2019

www.opexengine.com

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OPEXEngine

 **SaaS**OPTICS®

About SaaSOptics

550+
Customers

\$4B+
Managed Revenue

\$11B
In Aggregate
Invested Capital



Tim McCormick
CEO



Subscription Management built for growing B2B SaaS and subscription businesses.

- Billing & Collections
- Revenue Recognition
- SaaS Metrics & Analytics

BenchmarkEngine SaaS Benchmarking



Lauren Kelley, CEO & Founder

- Proprietary benchmarking data platform
- Non-GAAP metrics and KPIs
- Annual benchmarking since 2007
- 350+ participating companies
- 2019 New Surveys:
 - Q1: SaaS Sales Planning
 - Q3: SaaS Employee & HR

EARLY STAGE

GROWTH STAGE

ENTERPRISE



Budgeting, Planning & Diagnostic



Compare your company to 60+ different peer groups



Apply metrics driven discipline to financial planning



Measure lagging & high performing KPIs

Add Column ▾									
Public ▾		Financials	SaaS Metrics	Sales & Marketing	R&D and Hosting	Services	G&A		
Private ▾		No category							
Export to		Private Co - Business Model							
		Private Co - SaaS Companies by Revenue		Less Than \$10 Million		All Private Companies			
Name		Private Co - SaaS Companies by Contract Size		\$10 - \$20 Million		Your Company	Benchmark	Variance	Comparison
		Private Co - SaaS By Number Of Customers		\$20-40 Million					
Recogn		Private Co - Geographic Region Of Headquarters		\$40-\$90 Million					
YoY R		Private Co - Years In Operation		Previous period ⓘ		6.37 %	43.50 %	-37.13 %	Bottom Quartile
Recurri		Private Co - Revenue Growth							
Averag		Private Co - 2015 Expectations		Growth rates ⓘ		1.60 %	10.67 %	-9.07 %	Bottom Quartile
Profit M		Private Co - Venture-Backed?							
Opera		Private Co - Venture-Backed? (SaaS Companies)							
EBITD		Private Co - Funding Round				-20.56 %	-58.64 %	38.08 %	Top Quartile
		Private Co - Capital Investment In Company				19.46 %	-49.57 %	69.03 %	Top Quartile

Poll

SaaS Valuation Metrics



Rule of 40: EBITDA + Revenue Growth

- You can burn as much cash as you want if your revenue growth justifies it

Unit Economics

- CAC
- CLTV/LTV
- CLTV/CAC



Retention/Churn Rates

Churn/Retention Rates

Customer/Logo Retention

of customers retained in a certain period (month or year)

- **Indicates customer satisfaction, stickiness of your products, customer value**

Net Dollar Retention

Change in the net dollar contract value in a certain period (month or year)

- **Combines customer retention with expansion and discounting**

Gross Dollar Retention

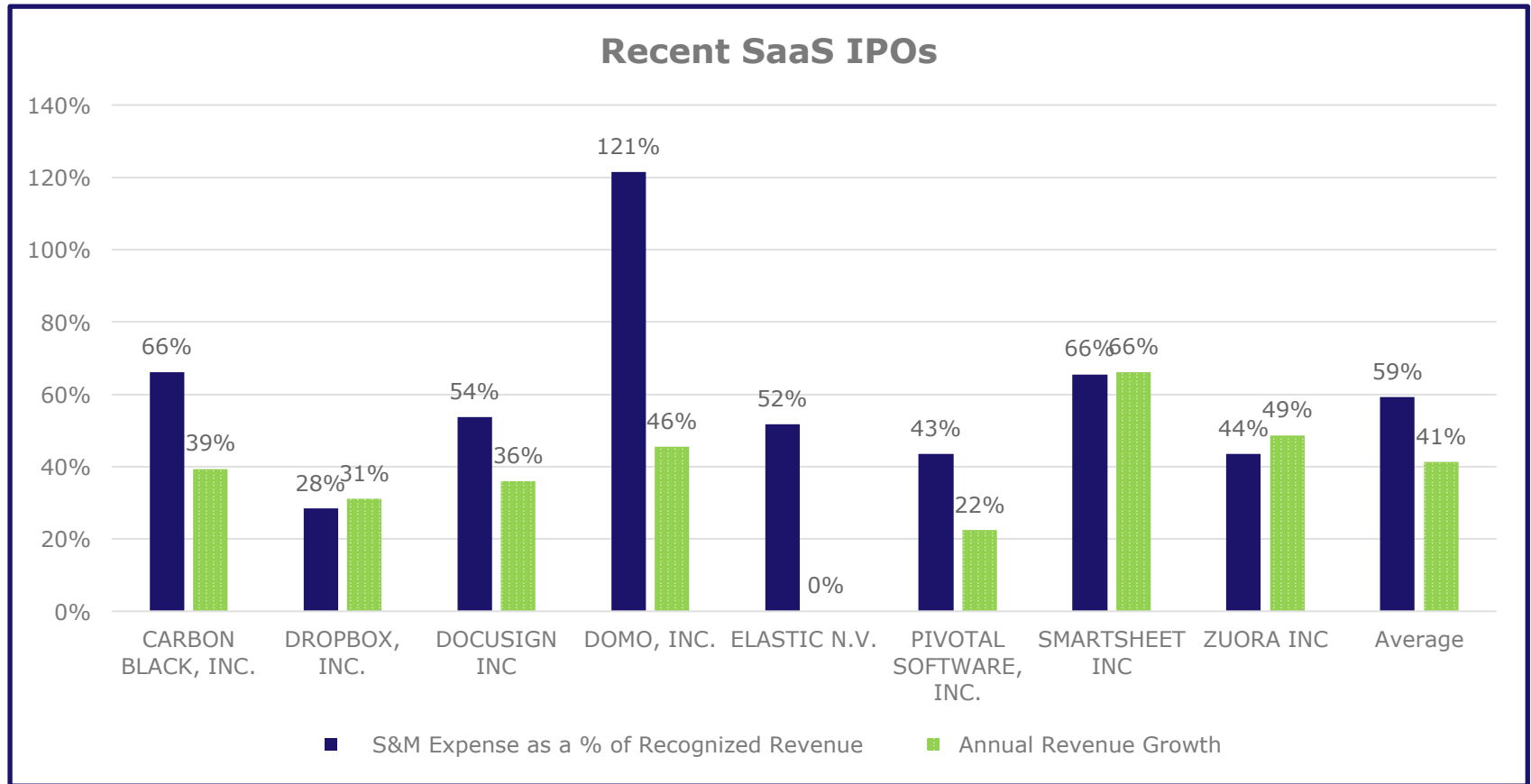
Change in the original contract value over a certain period (month or year)

- **Are contracts retaining value or discounted?**

Poll

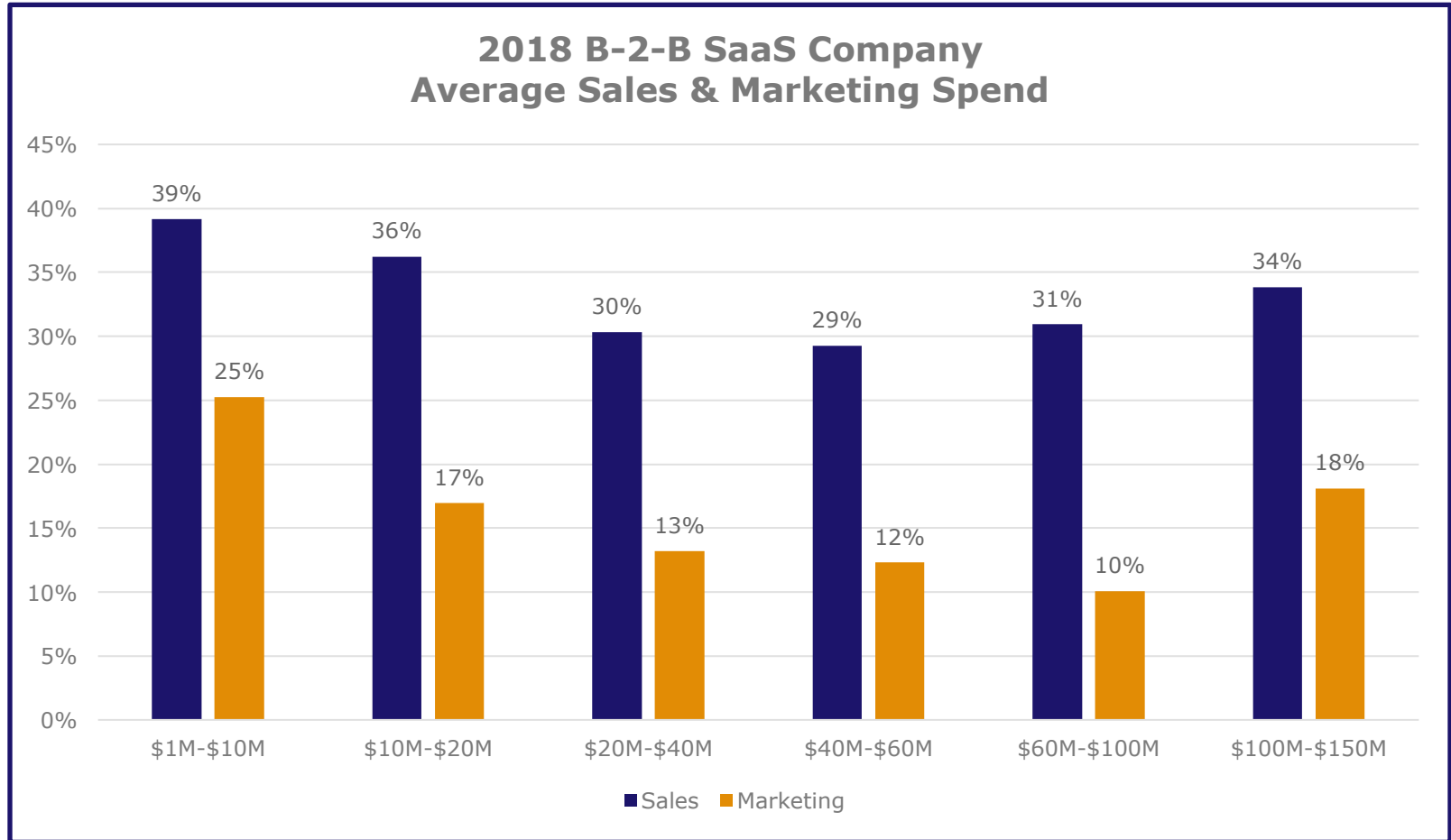
Recent SaaS IPOs

High Sales & Marketing expense with high revenue growth rates:
Average S&M expense: 59% and 41% annual revenue growth



Source: OPEXEngine EdgarEngine

Sales Expense as a % of Revenue



Source: OPEXEngine BenchmarkEngine

Key Sales Performance Metrics

Key Sales performance metrics to track, benchmark and improve

- Sales Productivity:
 - ARR/rep, new ARR/rep, contract expansion



- Win/loss rate
- Sales cycle length
- Quota attainment

Optimizing Sales



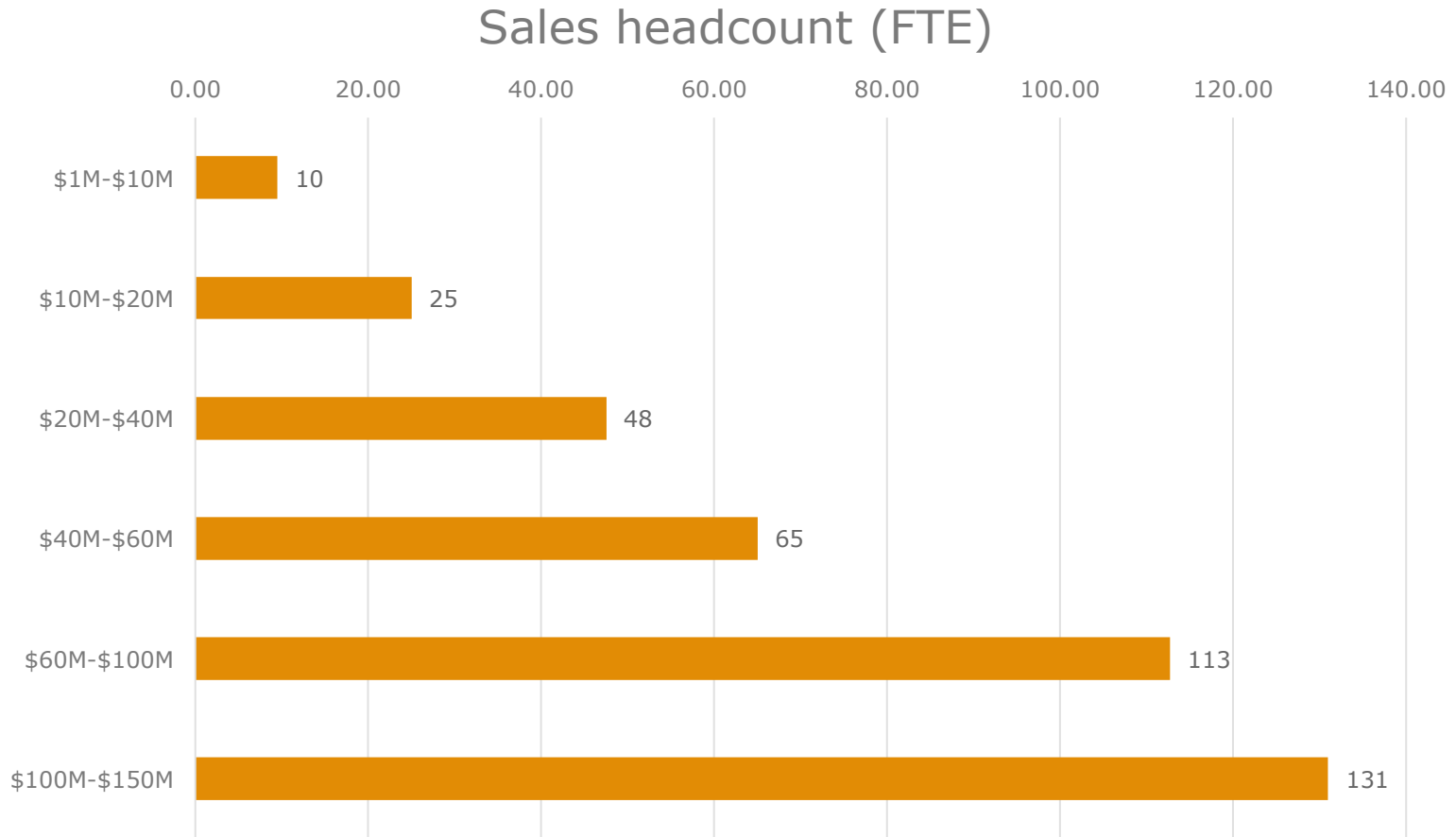
Sales metrics

- **Headcount, incentives, territories, pipeline dollars, sales training and automation system investments**

Sales performance

- **Sales productivity, Win/loss rate, sales cycles, quota attainment**

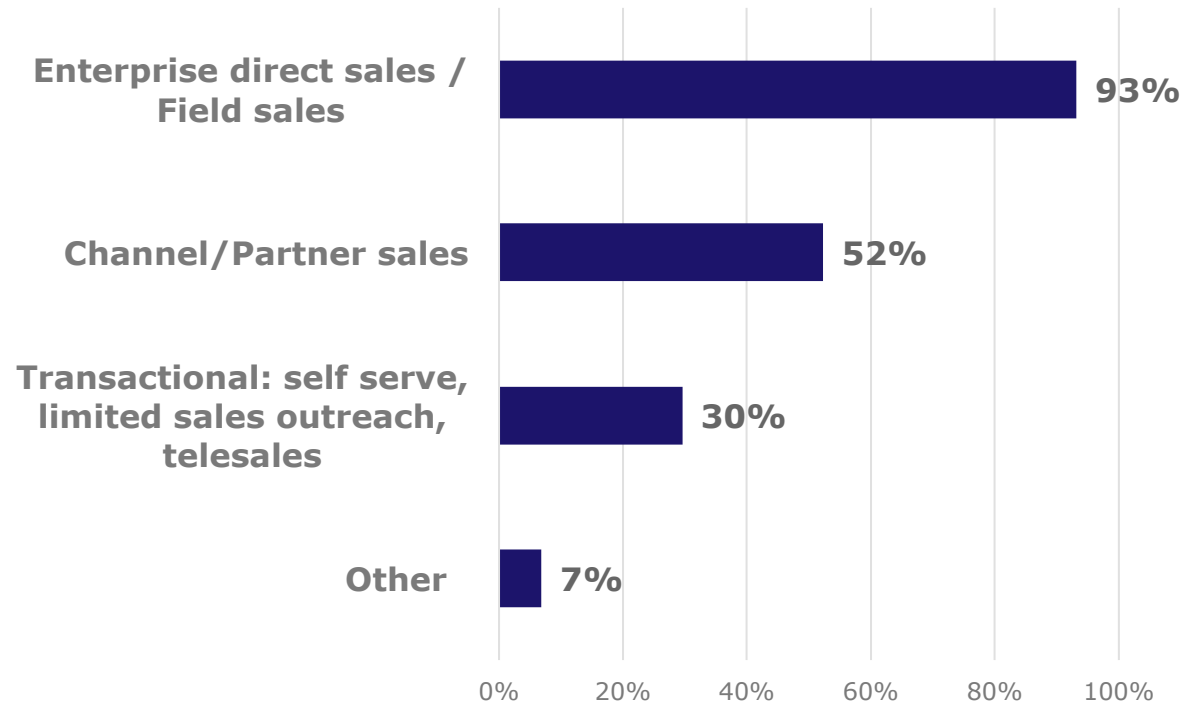
Sales Headcount



Source: OPEXEngine BenchmarkEngine

Sales Structure

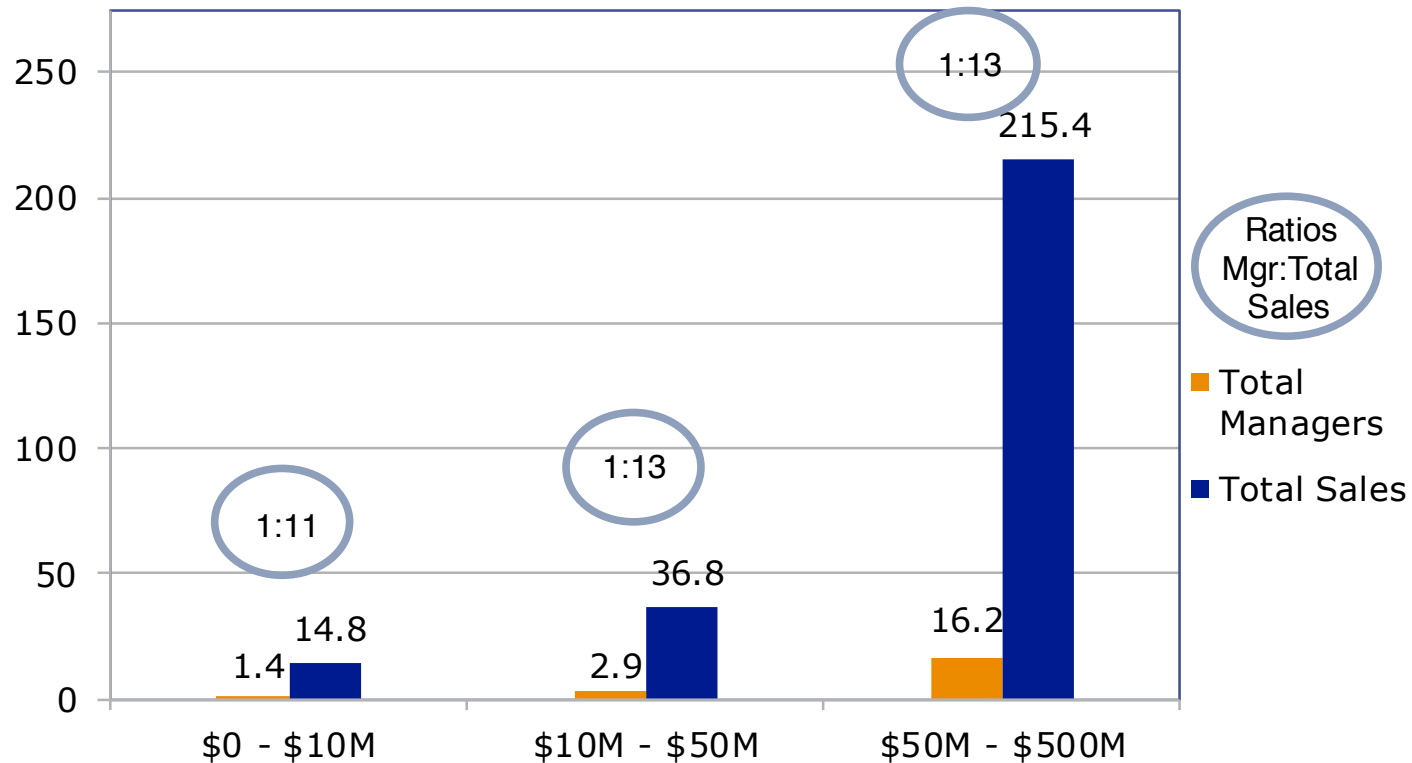
Sales Structure



The majority have both enterprise direct sales/field sales as well as channel/partner sales. An estimated one-third have transactional sales organizations.

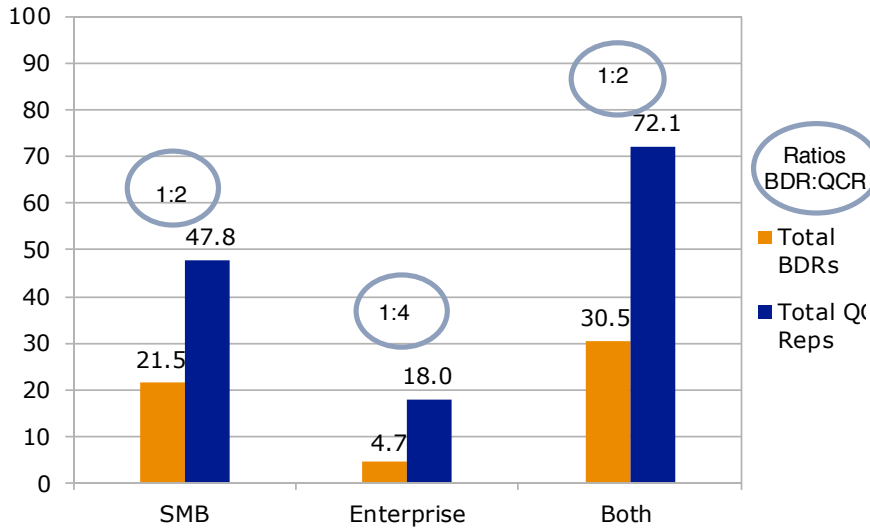
Sales Management Coverage

Managers to Total Sales and Ratios

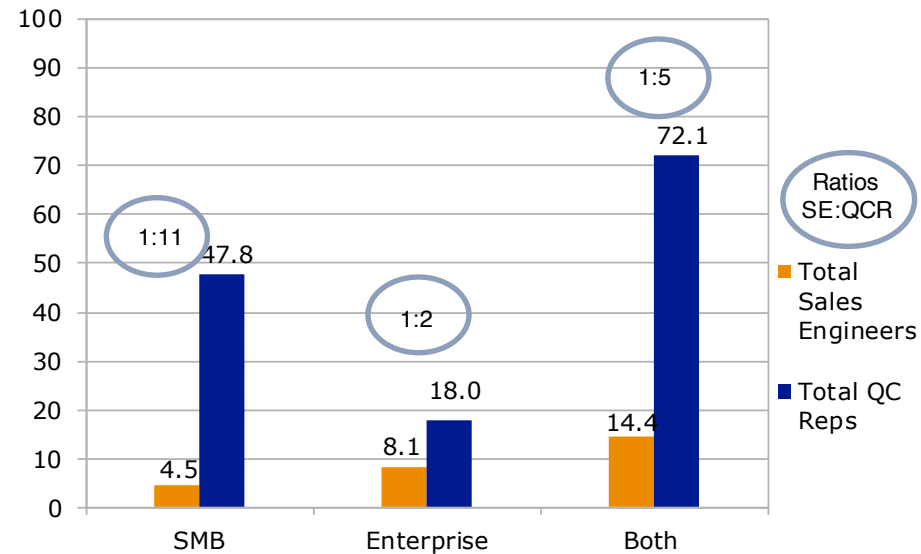


Sales Structure Ratios

BDRs to QC Reps and Ratios



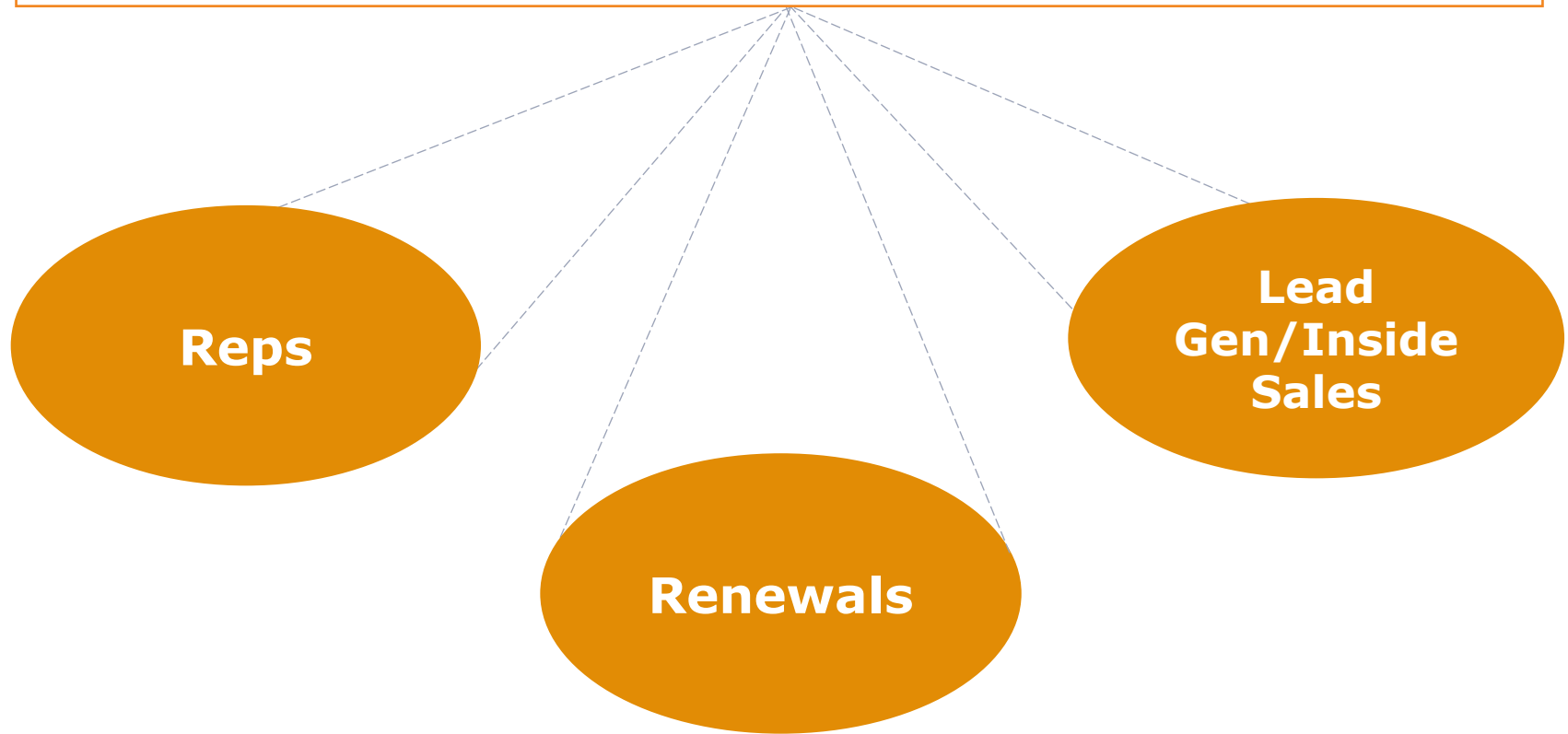
Sales Engineers to QC Reps and Ratios



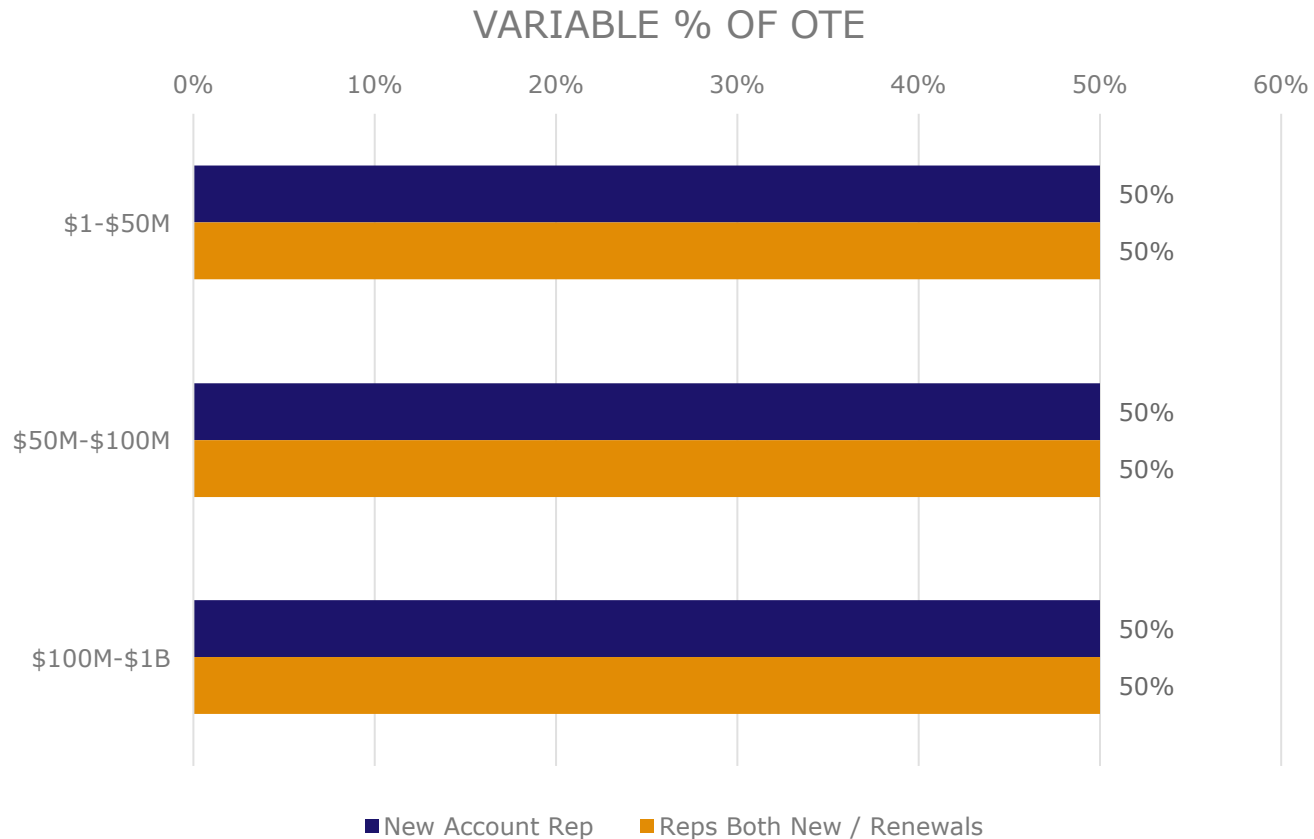
QC Rep= quota-carrying sales rep

Comp Plans Vary by Position

Different Variable %, OTE, Quotas, Objectives

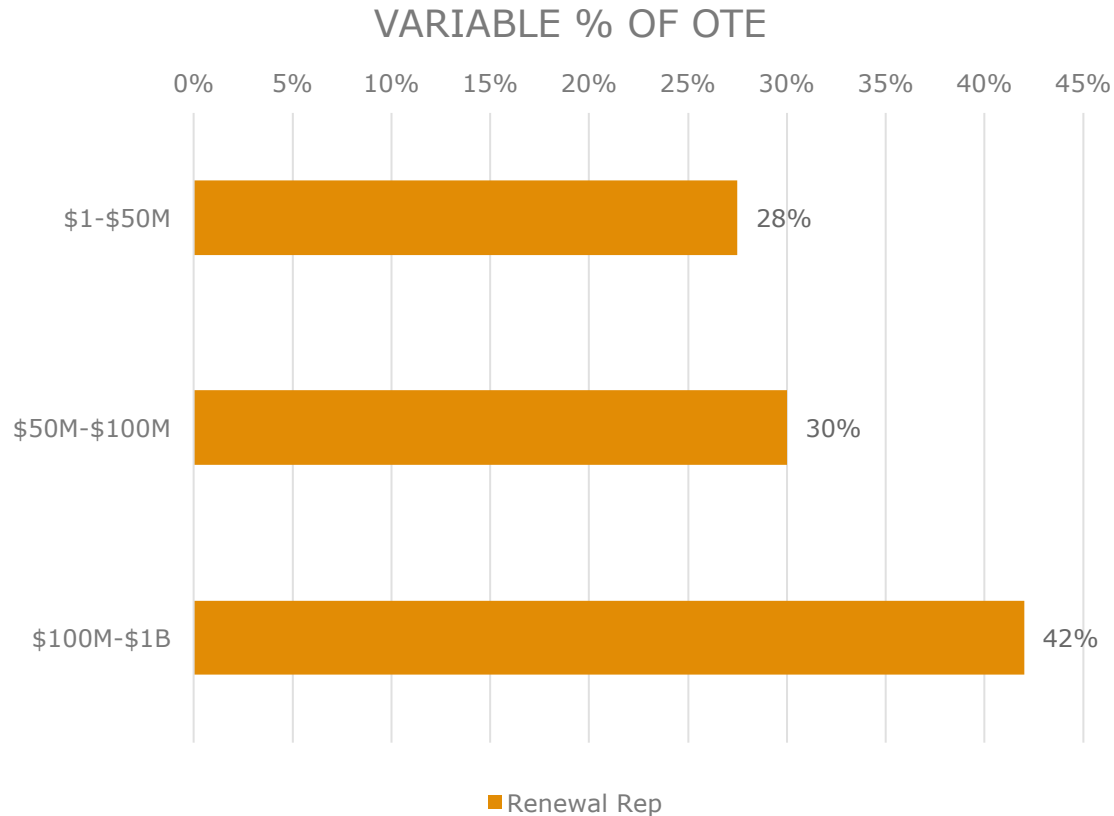


Variable Compensation



OPEX INSIGHT: New Account Reps and Reps who handle both New/Renewal Accounts average 50 percent variable of on target earnings (OTE) across company revenue size segments.

Variable Compensation

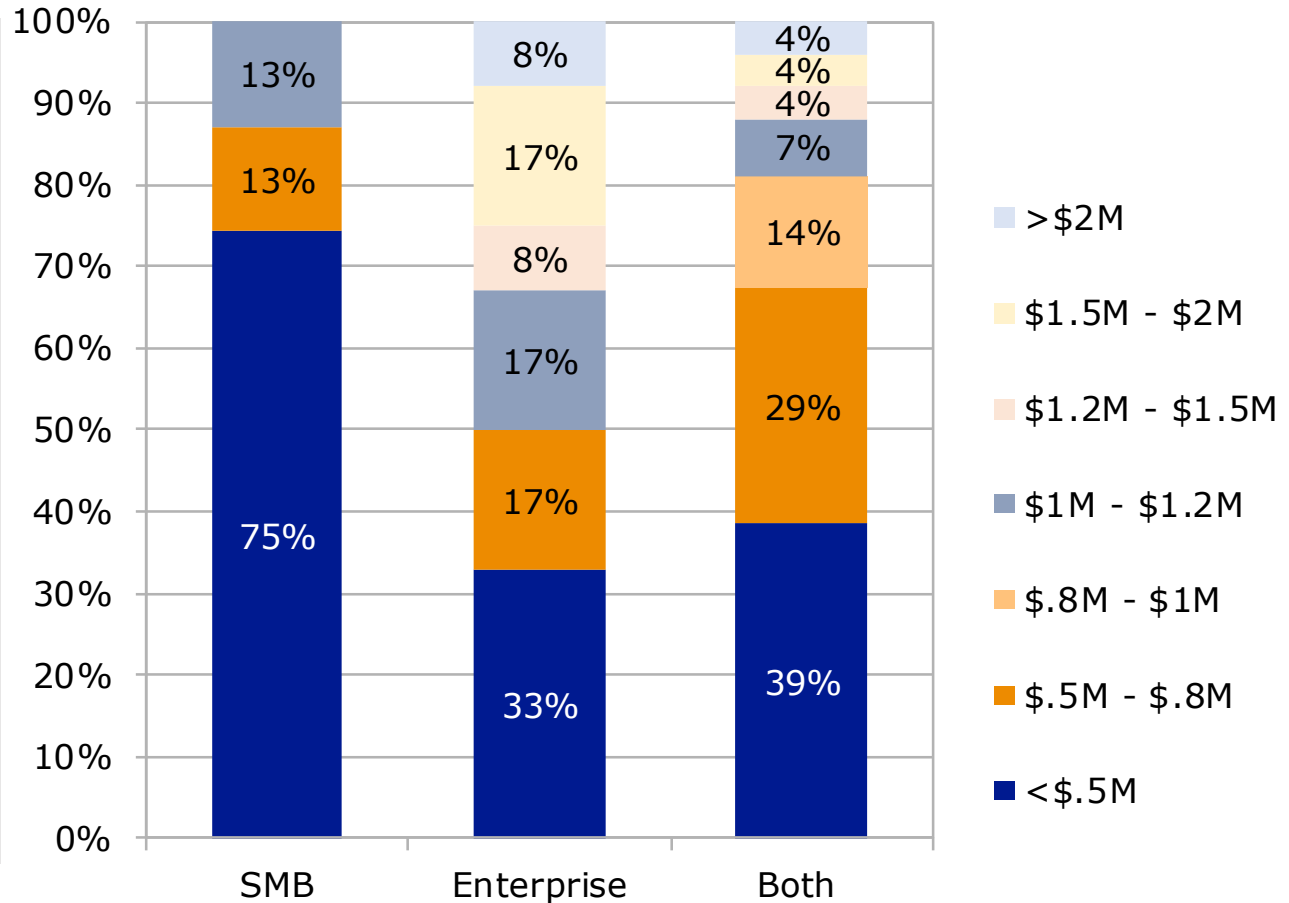


OPEX INSIGHT: Renewal Reps have less compensation at risk than reps handling new accounts. Larger companies shift more risk onto Renewal Reps than smaller companies. Companies with higher growth rates of all sizes have higher variable percent of OTE for Renewal Reps.

Sales Rep Productivity

- 75% of SMB reps achieve less than \$0.5M in bookings
- 50% of enterprise reps achieve over \$1M in bookings

Average Sales Rep Productivity



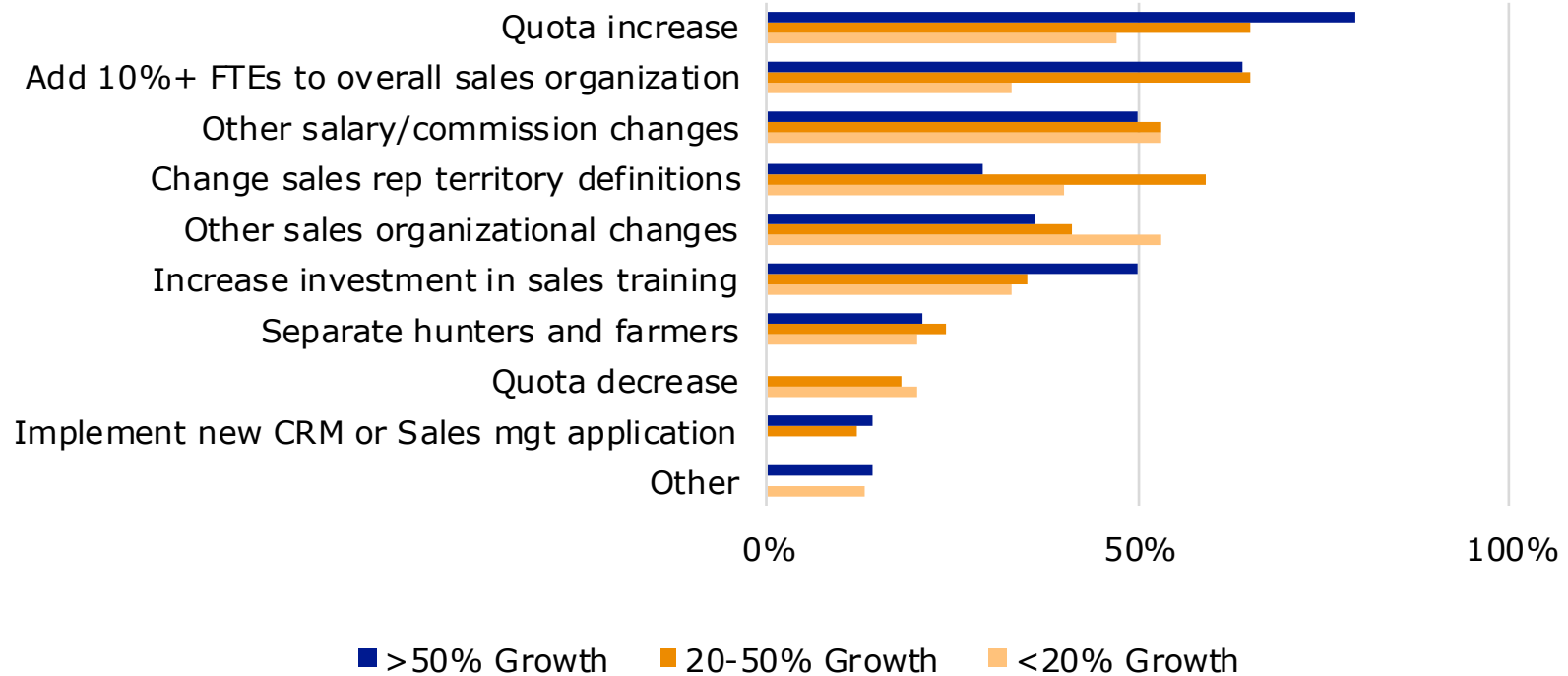
Why Reps Don't Make Quota

Reasons Companies Don't Achieve Quota



Sales Org Changes

Changes Companies Plan in 2017 to Sales Structures Segmented by Annual Revenue Growth



Poll

SaaS Sales Planning Survey



PARTICIPATE NOW

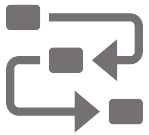
All participants with valid input will receive free results and benchmarks and an analysis report

The 2019 SaaS SalesPlanning Survey is sponsored by



And powered by OPEXEngine

Sales Planning Survey



- Bookings and ARR Growth Rates
- New vs. renewal ARR
- Headcount and composition of sales organization
- Quota attainment & quota multiple
- Sales Productivity
- Win rates
- Pipeline coverage

Follow up after this webinar

Discussion (Lauren and Tim)

- Sales structure changes in 2019?
- SalesOps – in Sales or Finance?
- Hardest metric to track?
- Easiest metric to track?
- What do boards and investors want to see in 2019? - Has that changed over time?
- What's worked to improve visibility and the forecast?

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We deliver actionable operating benchmarks for Cloud, SaaS and software companies to see where they are going and how to get there.



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SaaSOptics enables early stage and growing SaaS and subscription businesses the ability to eliminate their dependency on spreadsheets and streamline financial operations and reporting.
