

# B2B SaaS Benchmarks FY-20

Prepared by RevOps Squared

# RevOps Squared Research Summary

*During February– April, 2021, RevOps Squared in partnership with multiple partners spanning B2B SaaS vendors, Venture Capital Firms, M&A Advisory firms and B2B SaaS Advisory Service companies, CFO Outsourcing companies and global B2B SaaS communities collected data from over 750 SaaS companies.*

*B2B SaaS and Cloud performance metrics collected include 15 unique B2B SaaS metrics grouped into 5 categories including: 1) Capital Efficiency; 2) Operational Efficiency; 3) Customer Acquisition Efficiency; 4) Customer Expansion Efficiency and; 5) Customer Retention Performance.*

*All data is segmented into cohorts using the following company segmentation attributes: 1) Company Size (ARR); 2) Average Annual Contract Value; 3) Distribution Model; 4) Target Customer Market; 5) Solution Type; 6) Go-To-Market Motion; 7) Primary Financing Source; and 8) Company Headquarter location.*

*All data collected is anonymized, aggregated and normalized to exclude any outliers that are greater than two standard deviations from the mean.*

*This report is a summary of the benchmarks calculated for the calendar year 2020. For context, we have provided historical benchmarks for FY-19, 1H-20, Q4-20 and FY-20. For illustration purposes, we have also provided select elements of the more granular, broader and context based benchmarks that are available at <https://www.saaskpibenchmarks.com>*

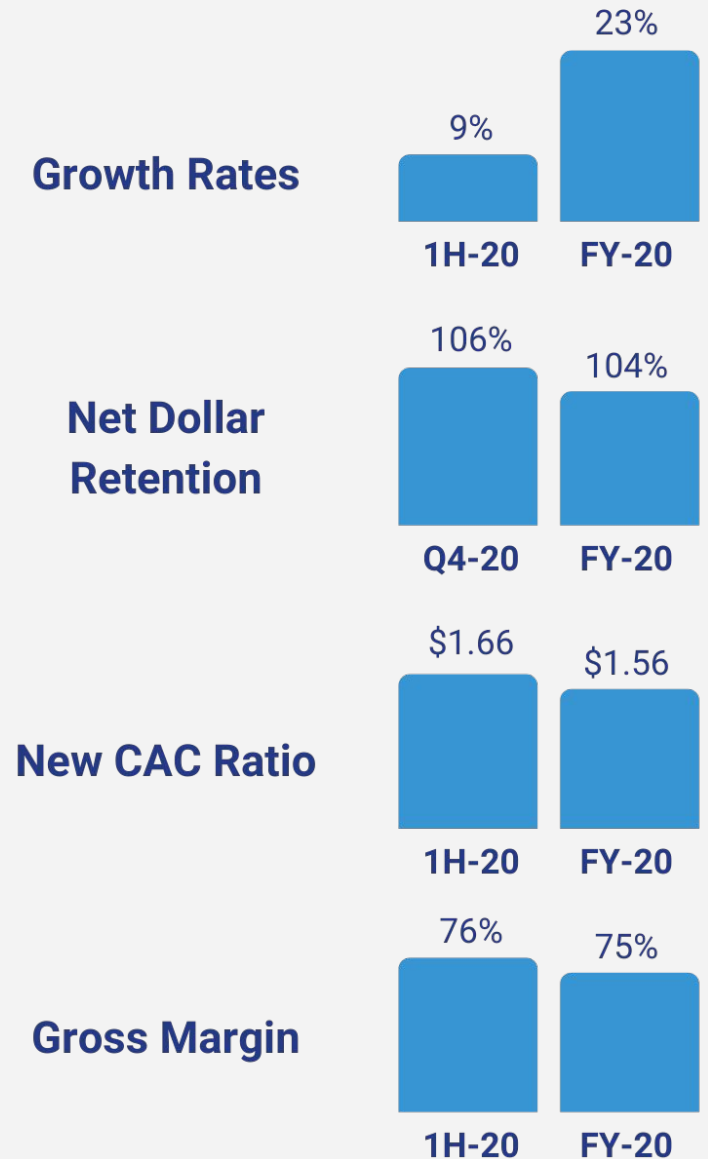
*Industry benchmarks have traditionally been collected and published annually, in an executive report format. This traditional approach has been valuable for annual planning. RevOps Squared believes that being able to evaluate how your company value creating key performance indicators measure up to a similar “like” company cohort is a required evolution of private B2B SaaS company benchmarks. Cohort based external benchmarks contain the combination of factors that best reflects your company and are critical to: 1) Prepare for a financing event; 2) Present your company performance to investors and board members and; 3) Establish measurable goals and Key Performance Indicators that align the entire executive team.*

*We appreciate our partners that helped make the benchmarks available, and a special thanks to all the participating companies and executives who invested their time to make this executive report summary and the actual benchmarks available at [www.saaskpibenchmarks.com](http://www.saaskpibenchmarks.com)*

*Any questions on the benchmarks, data capture or data analysis can be directed to [rayrike@revopssquared.com](mailto:rayrike@revopssquared.com)*

# Benchmarks Summary

- **Growth rates decreased from FY-19**
  - Growth rates increased in 2H-20 from 1H-20, resulting in a 23% median growth rate in 2020. Annual growth rates were reduced from FY-19 levels
  - Median growth rate hit 28% in Q4-20 resulting in an overall 23% FY-20 growth rate
- **Net Dollar Retention (NDR) increased in 2H-20 and FY-20**
  - After experiencing a small decline in 1H-20, NDR rates increased to 106% in Q4-20 resulting in 104% NDR for FY-20
- **CAC Payback Period and New Name CAC Ratio increased in FY-20 due to the reduction in new customer ARR trends in 1H-20**
  - New Name Customer CAC Ratio decreased in Q4-20 to \$1.50 from the \$1.66 in 1H-20. This resulted in a FY-20 CAC Ratio for acquiring a dollar of ARR from new logos of \$1.56 which represents an increase over FY-19 levels
- **Gross Margin for subscriptions was fairly stable, but did decrease 1% from FY-19**
  - Total Gross Margin increased in FY-20, primarily due to an overall increase in Services gross margin



# Rule of 40

(Growth Rate + EBITDA<sup>1</sup>)

<sup>1</sup> Both FCF (%) and EBITDA (%) were captured - we used EBITDA due to lack of statistically significant Free Cash Flow Data Captured

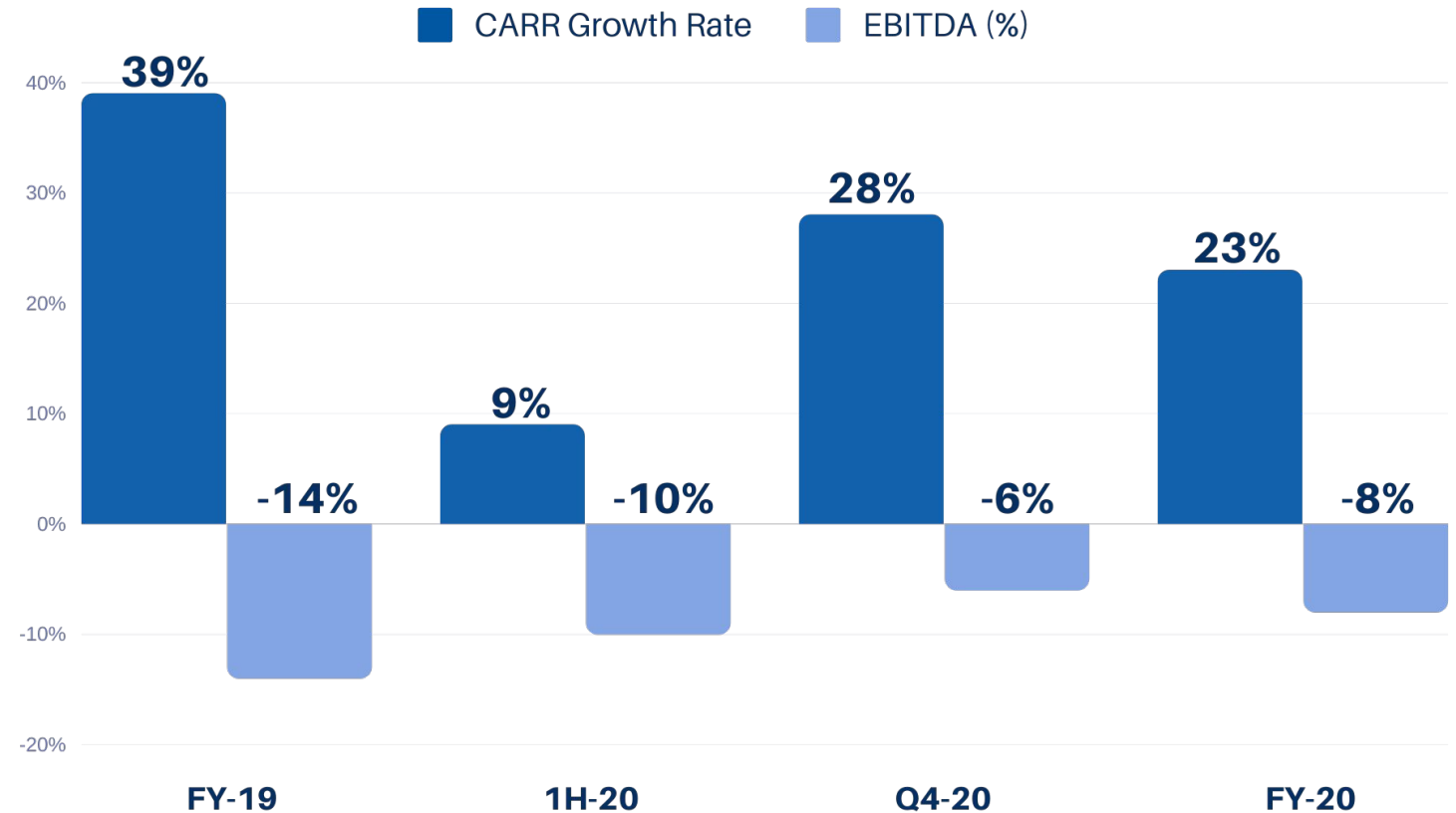
FY-20 growth rates were dramatically impacted by decreased buying activity in March – August as a result of economic uncertainty

Q4-20 saw a significant increase in new customer bookings and associated ARR growth. Company growth rate was fueled in part by increased growth in existing customer expansion ARR

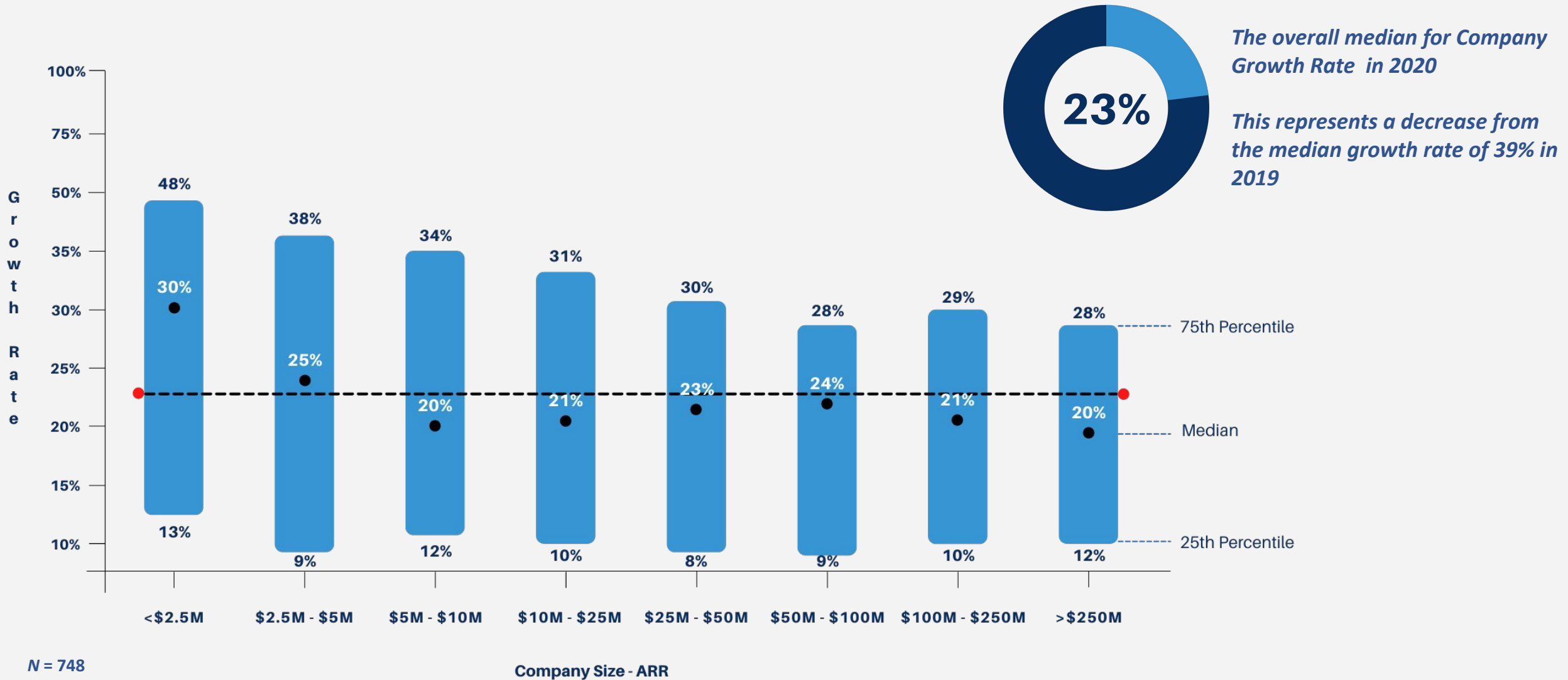
EBITDA increased in FY-20 over FY-19 in part due to more cautious investments in marketing and sales

# Growth Rate & EBITDA

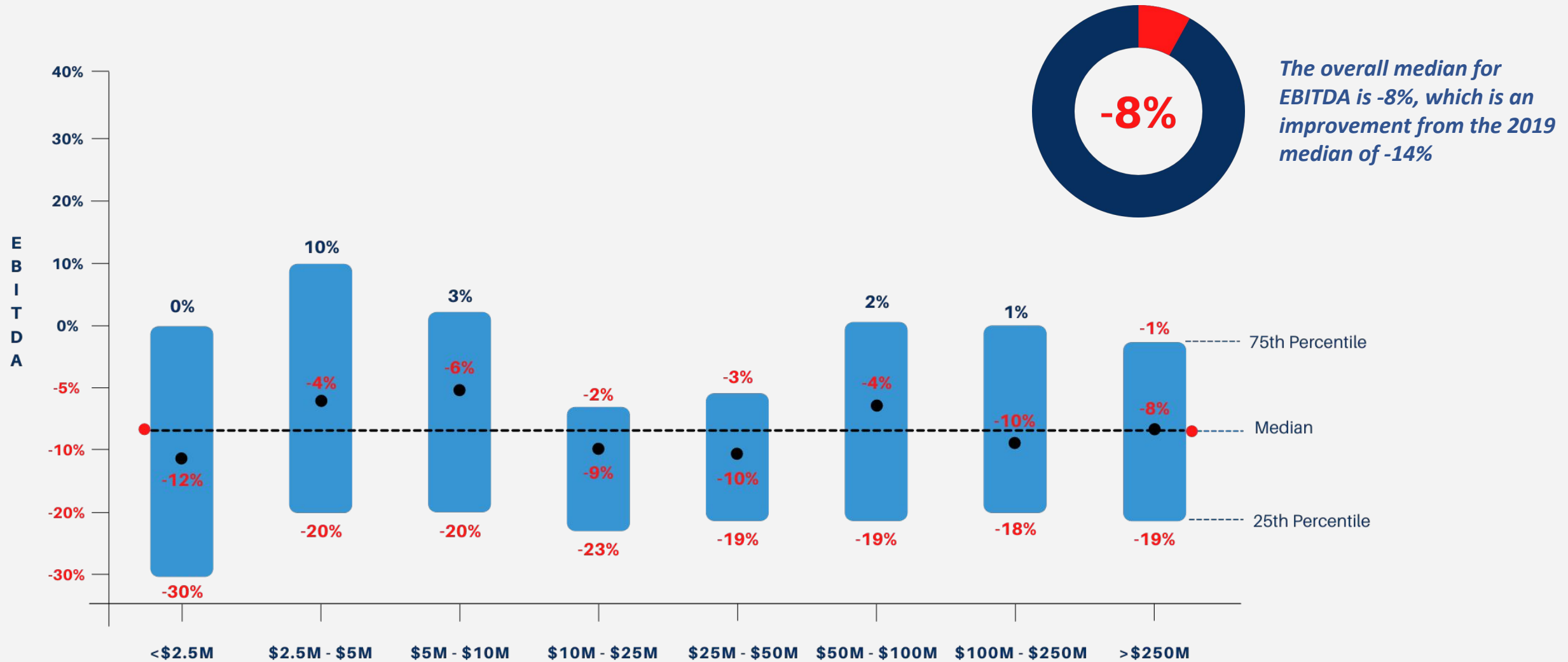
(FY-19 + 1H-20 + Q4-20 + FY-20)



# Company Growth Rate (FY-20)



# EBITDA (FY-20)



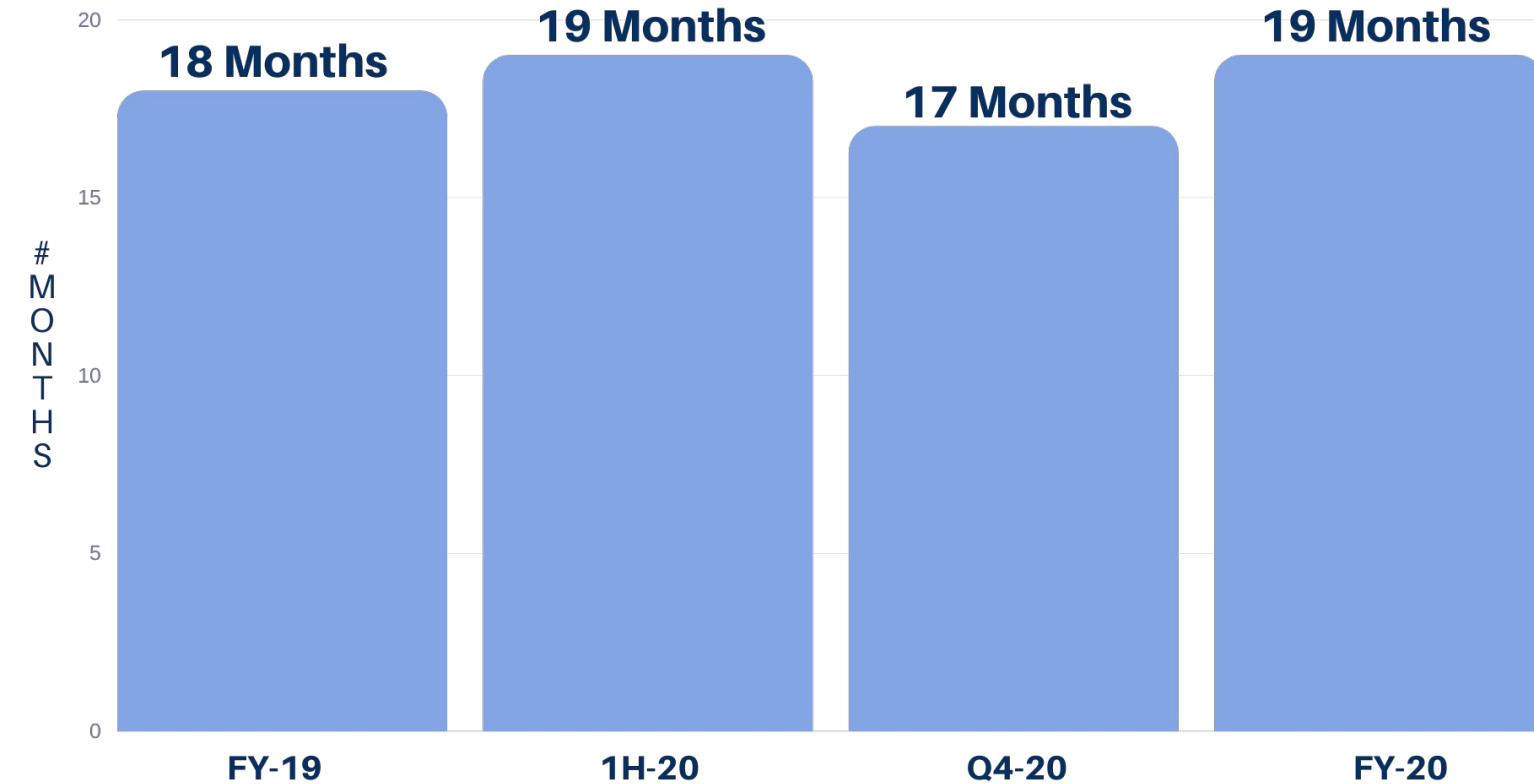


# Customer Acquisition Cost Benchmarks



# CAC Payback Period

(FY19 + 1H20 + Q420 + FY20)



*CAC Payback Period in 1H-20 did not increase as dramatically as the decrease in new customer acquisition performance due to the marketing and sales expense reductions made in 1H-20 that remained in place for the majority of 2H-20*

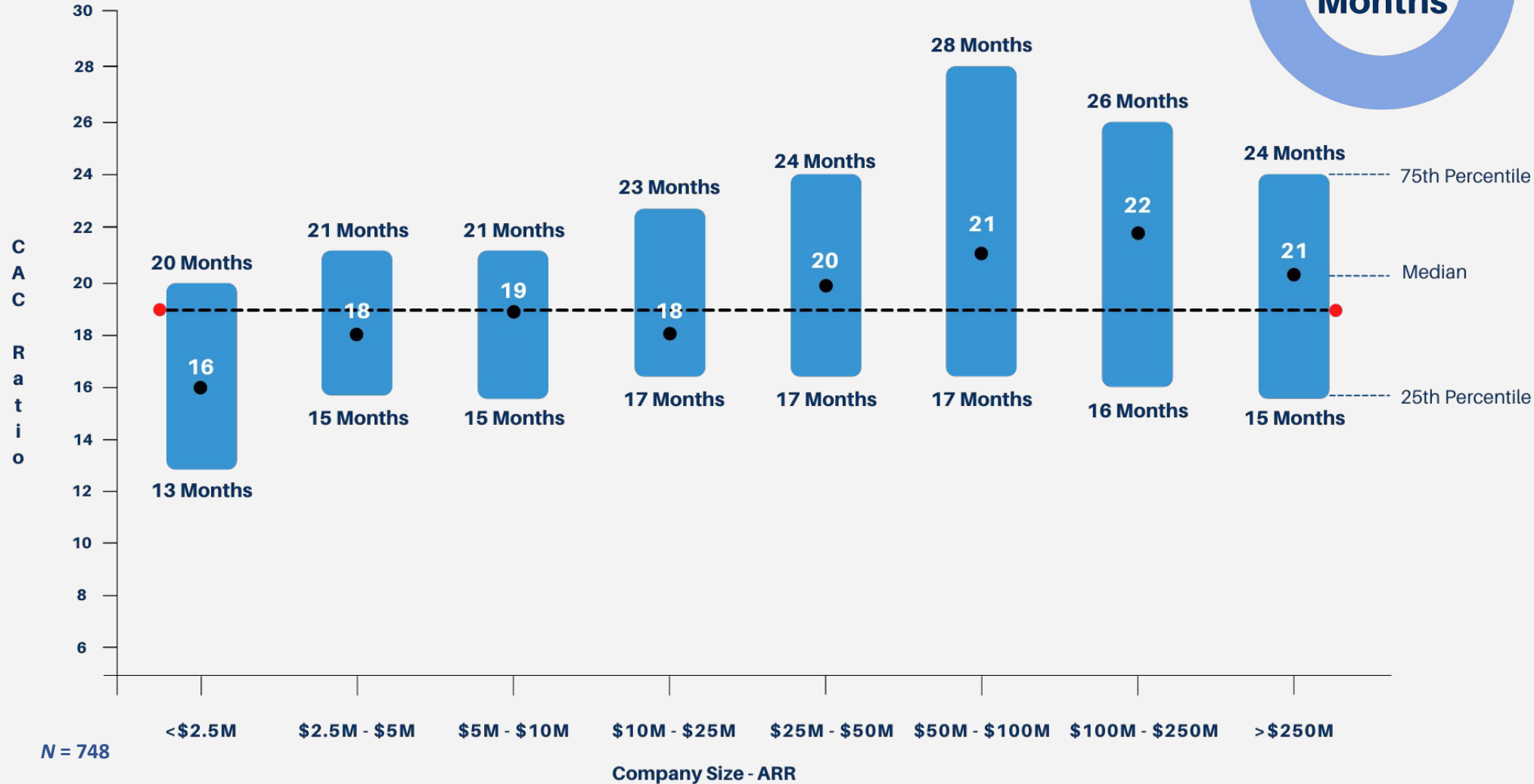
*CAC Payback Period improved in Q4-20 due to an increase in new customer acquisition performance coupled with the reduced headcount and operating expenses initially established in 1H-20*

*CAC Payback Period returned to 18 months for FY-20 which was similar to the benchmark in FY-19*

# CAC Payback Period (FY-20)



*The overall median for CAC Payback Period is 19 Months*



*CAC Ratio for new business increased in 1H-20 due to the impact of Covid-19*

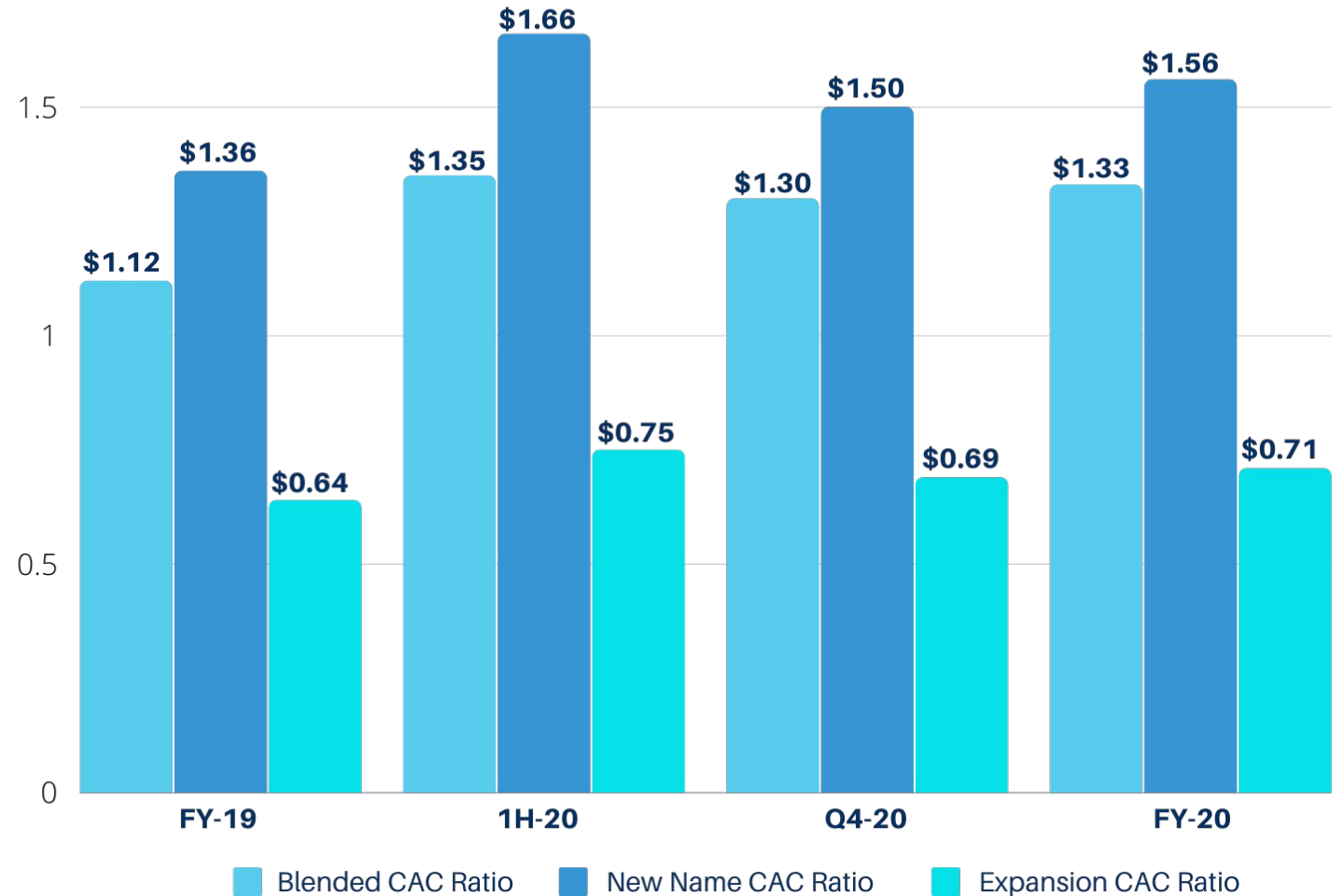
*The CAC Ratio in Q4-20 and FY-20 increased over FY-19. We are not projecting this trend to materially correct in 2021*

*Companies will need to increase focus on identifying tactics, programs and channels that provide more efficient ARR growth*

*Product Led Growth and Usage-Based pricing both provide interesting opportunities for increased customer acquisition cost efficiency and Net Dollar Retention rates*

## CAC Ratio

(FY19 + 1H20 + Q420 + FY20)



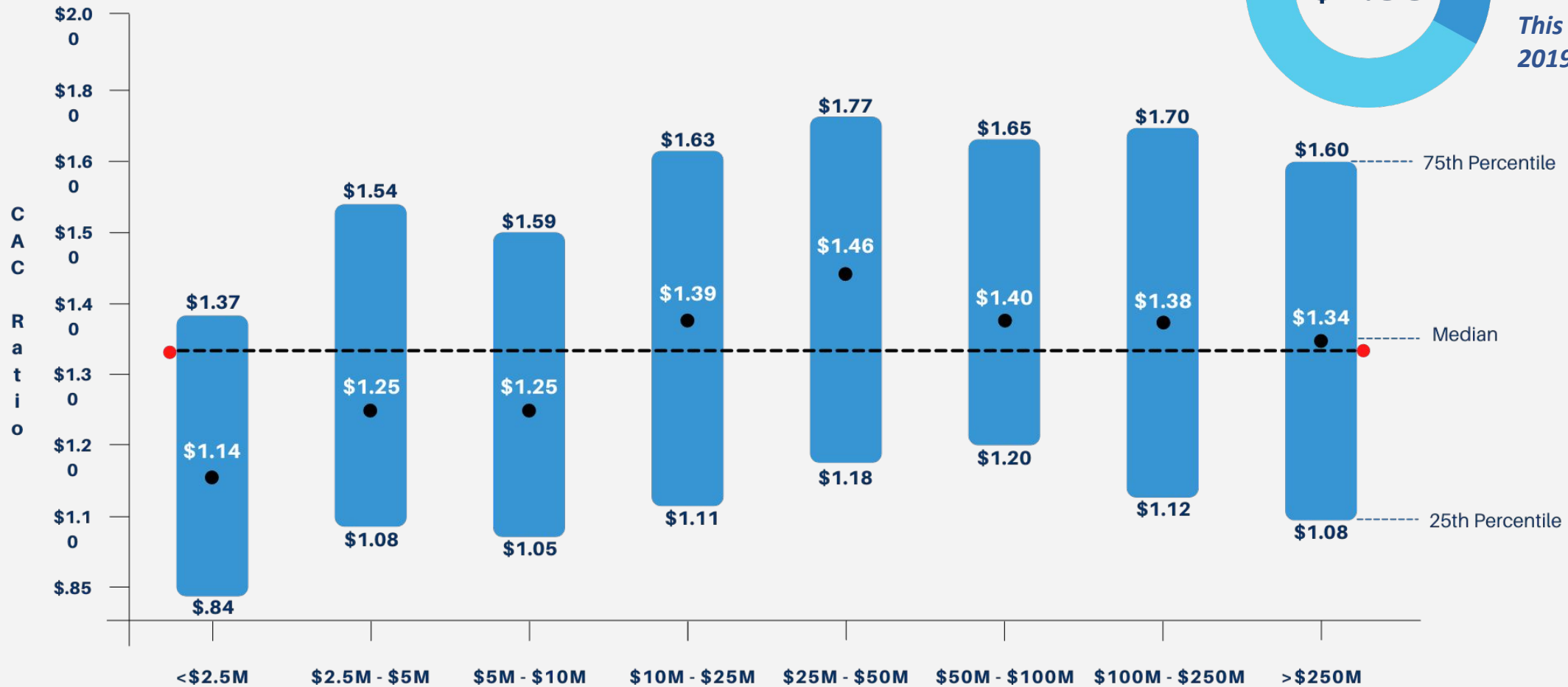
# Blended CAC Ratio

(FY-20)



*The overall median for Blended CAC Ratio is \$1.33*

*This is an increase from the 2019 benchmark of \$1.12*



N = 748

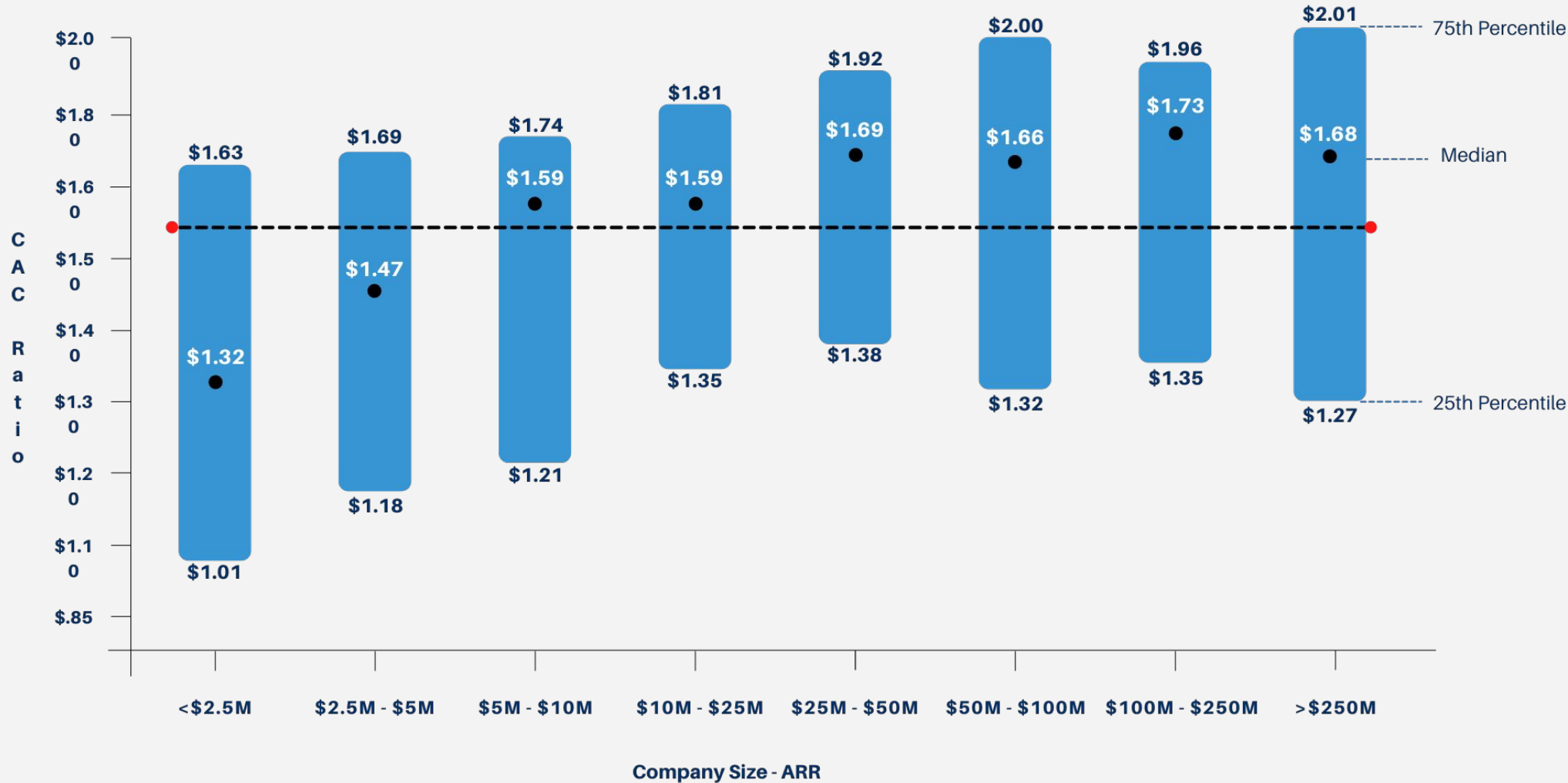
Company Size - ARR

# New CAC Ratio (FY-20)



*The overall median for New CAC Ratio in FY-20 is \$1.56*

*This represents an increase from the FY-19 benchmark at \$1.36*



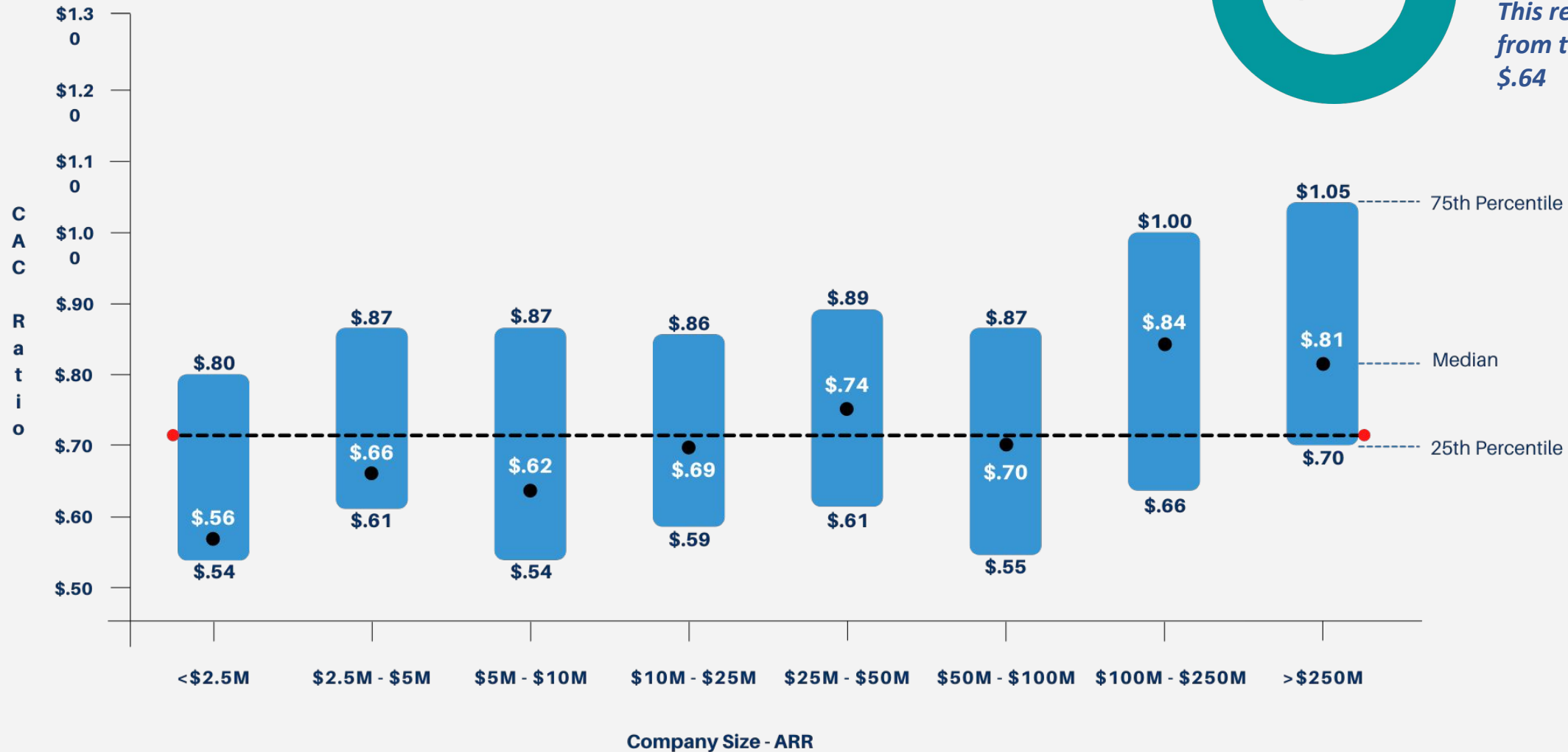
# Expansion CAC Ratio

(FY-20)



*The overall median for  
Expansion CAC Ratio is \$.71*

*This represents an increase  
from the FY-19 benchmark at  
\$.64*





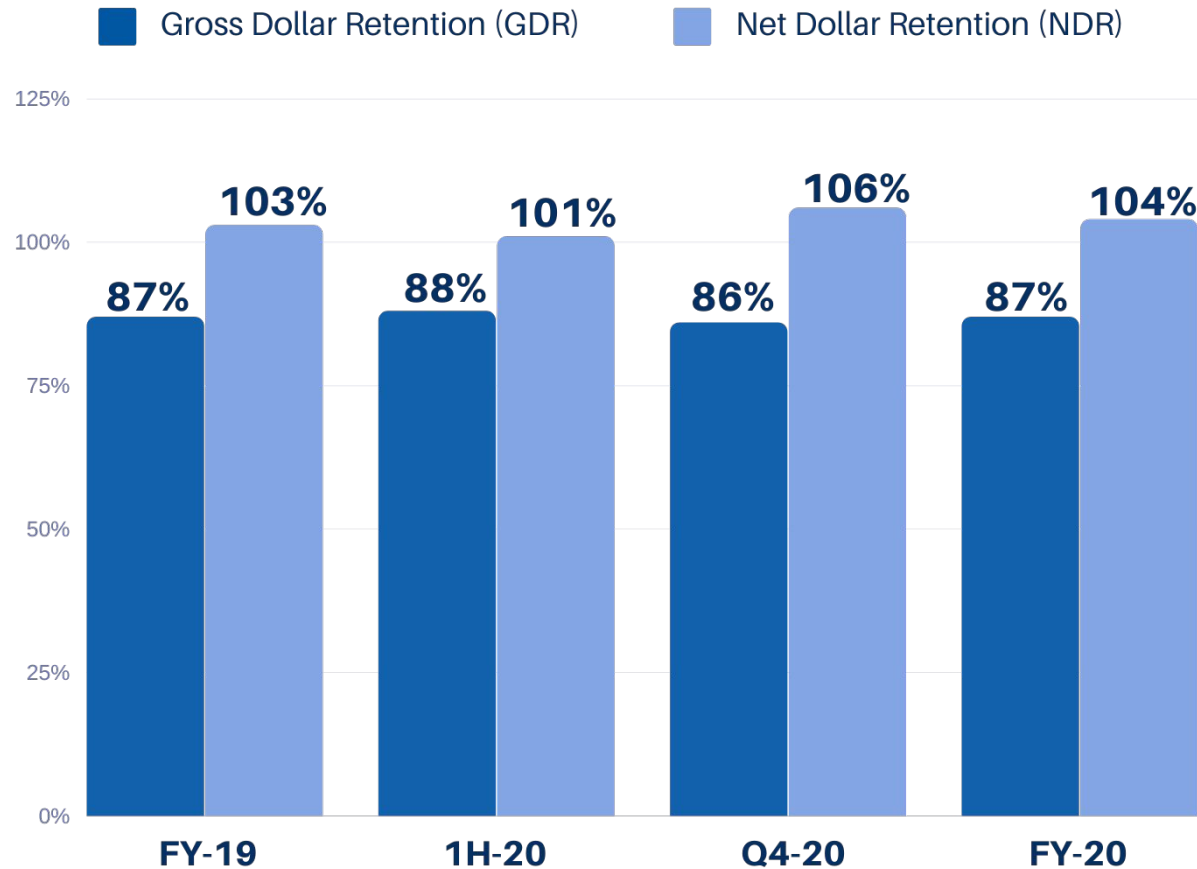
# Retention Rates

## Gross and Net Dollar Retention



# Gross & Net Dollar Retention

(FY19 + 1H20 + Q420 + FY20)



*Net Dollar Retention rates for public companies such as Twilio and DataDog increased dramatically in 2020*

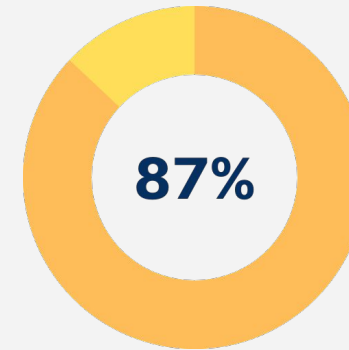
*NDR rates > 110% correlates to higher Enterprise Value:Revenue multiples*

*In fact, in Q1-21, the  $R^2$  factor for Net Dollar retention to Enterprise Value was .35, which is dramatically higher than in FY-19 and 1H-20*

*RevOps Squared is forecasting NDR as a metric that will continue to grow in importance, and even eclipse Rule of 40, including growth rate in priority and impact on company value*

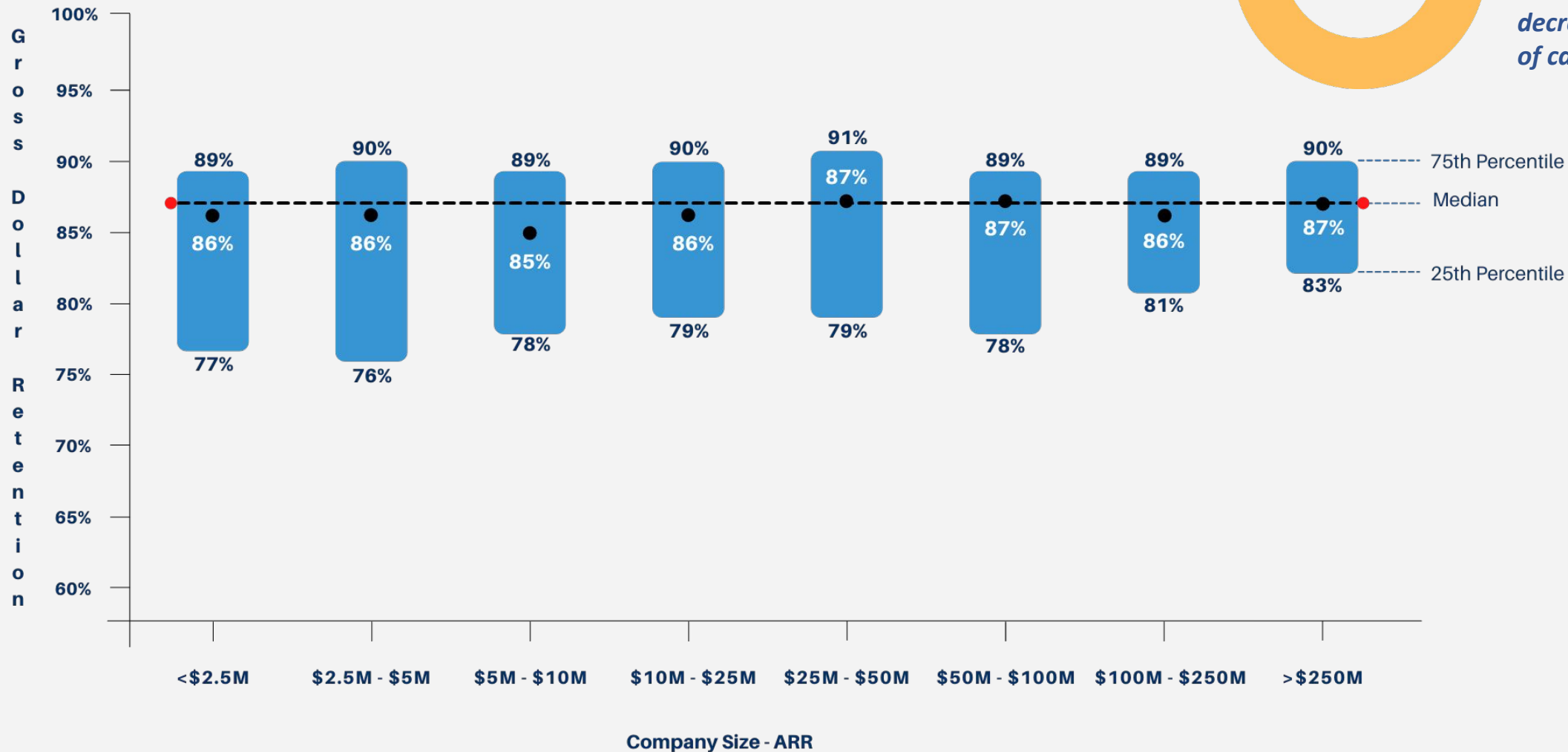
# Gross Dollar Retention Rate

## (FY-20)



*The overall median for Gross Dollar Retention Rate is 87%*

*This was flat from the FY-19 benchmark, but a slight decrease in Q4-20 is a point of caution*



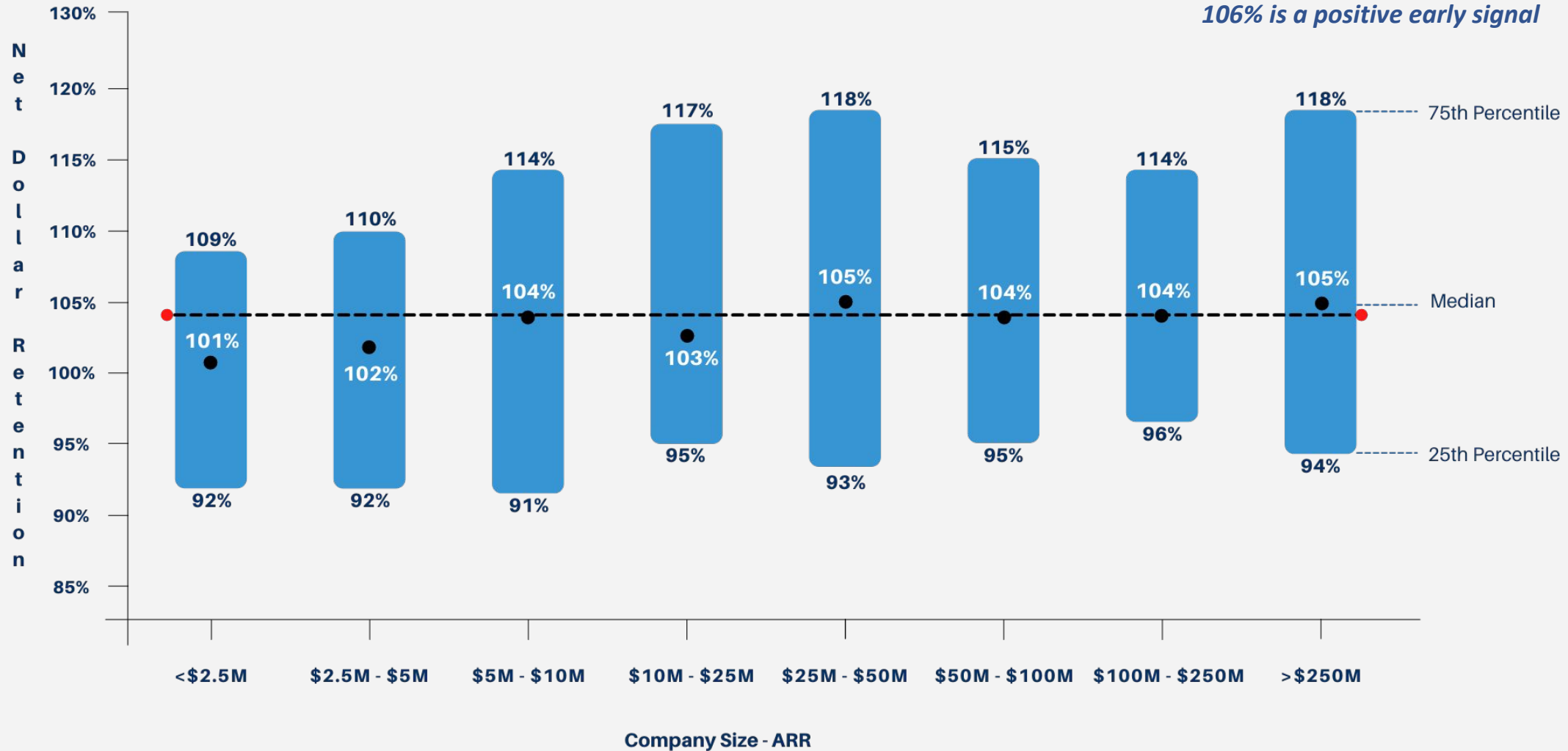
# Net Dollar Retention Rate

## (FY-20)

*The overall median for Net Dollar Retention Rate is 104%*

*This is an increase from FY-19 and 1H-20, and Q4-20 NDR at 106% is a positive early signal*

**104%**





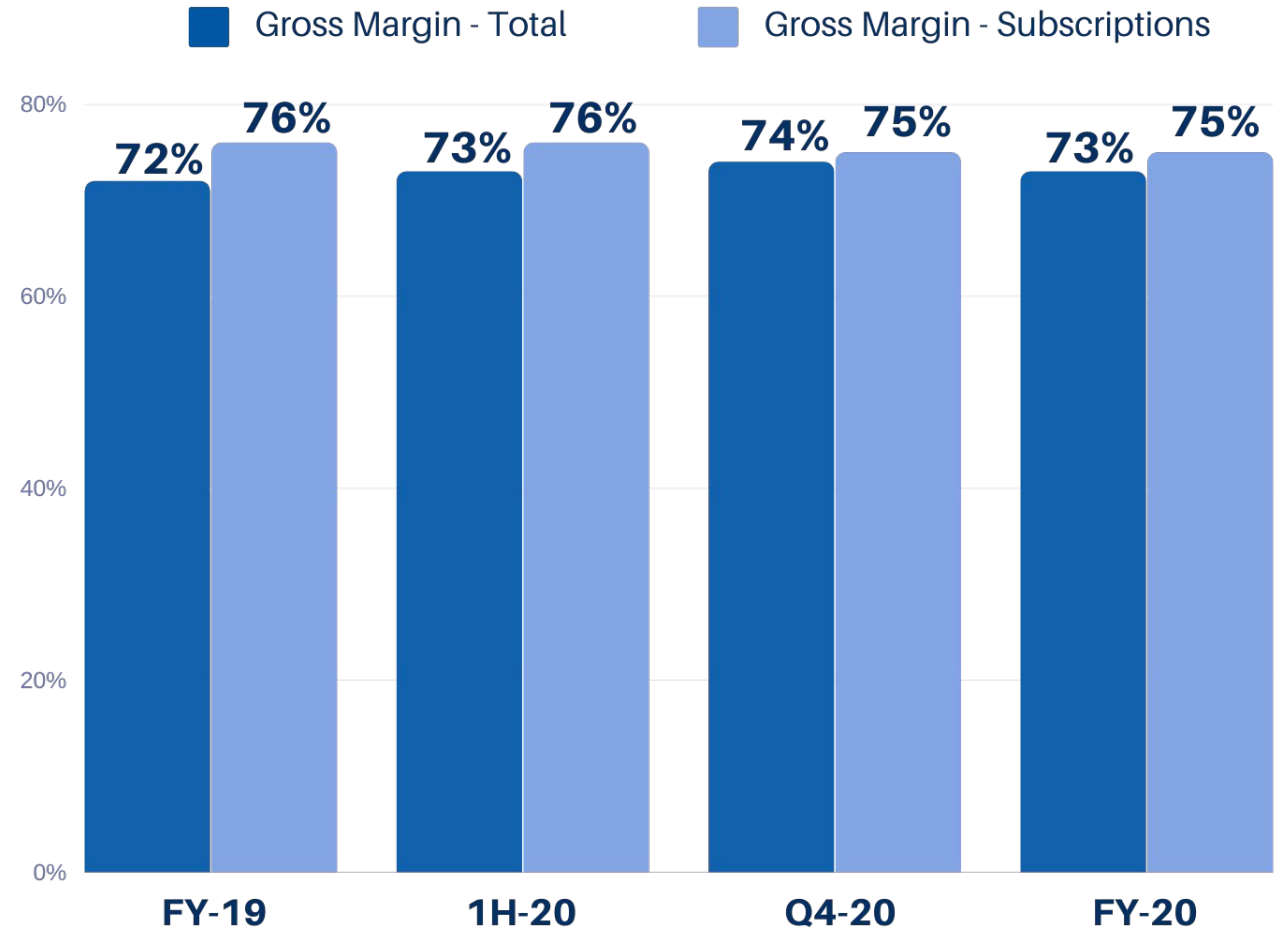
# Gross Margin

(FY19 + 1H20 + Q420 + FY20)

*Gross Margin remained stable throughout FY-20*

*Due to expense controls and an increased focus on profitability in light of lower growth rate expectations in FY-20, total gross margins increased slightly in 2H-20 despite reduced growth rates from 2019*

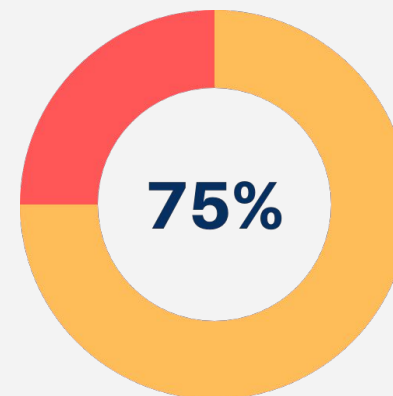
*Cloud computing costs as a percentage of Cost of Goods Sold, which RevOps Squared coins “Cloud Delivery Cost Ratio” will become an increasingly important metric to track to maintain and increase subscription gross margins*





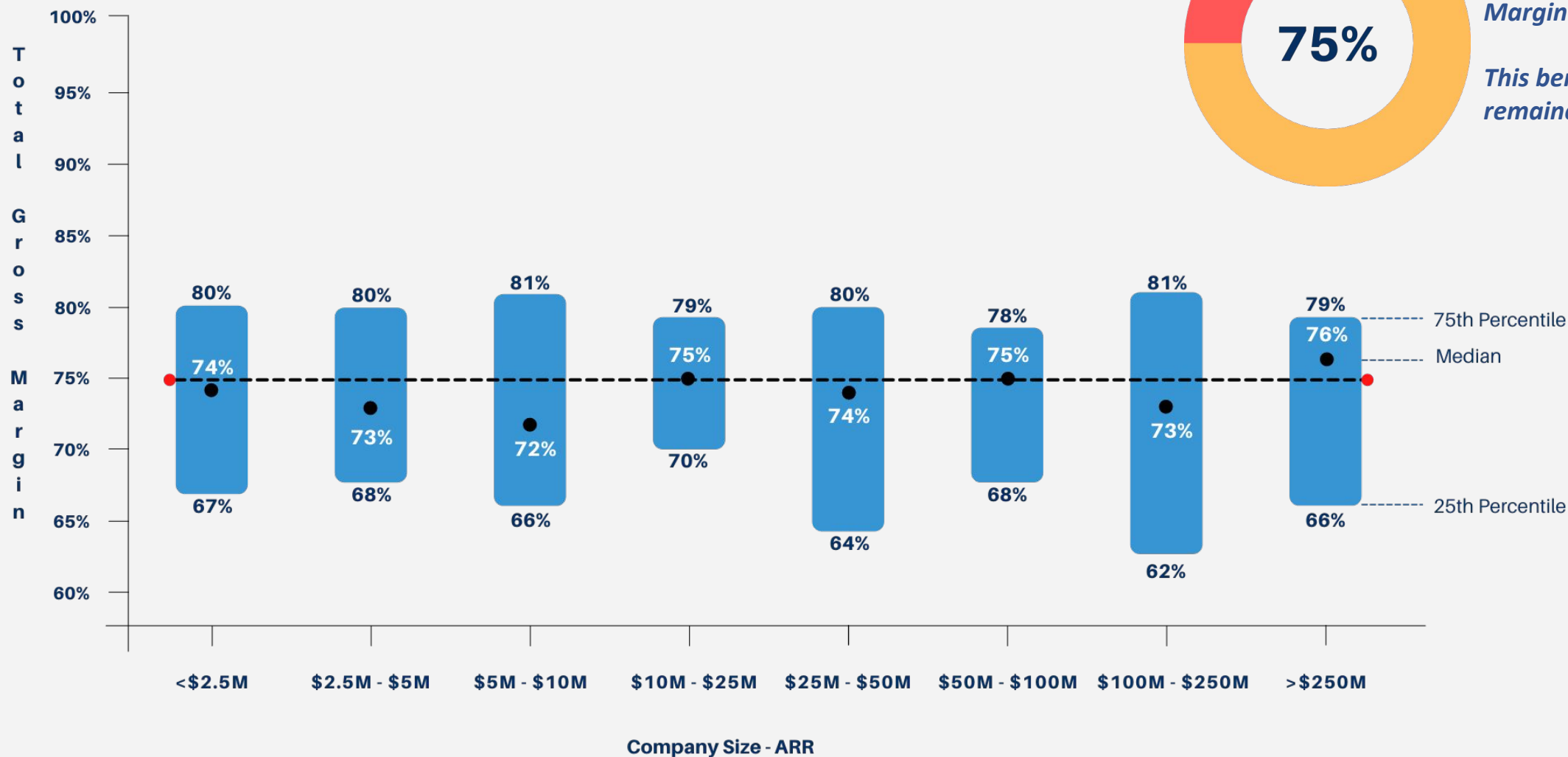
# Gross Margin - Subscriptions

## (FY-20)



*The overall median for Gross Margin Subscriptions is 75%*

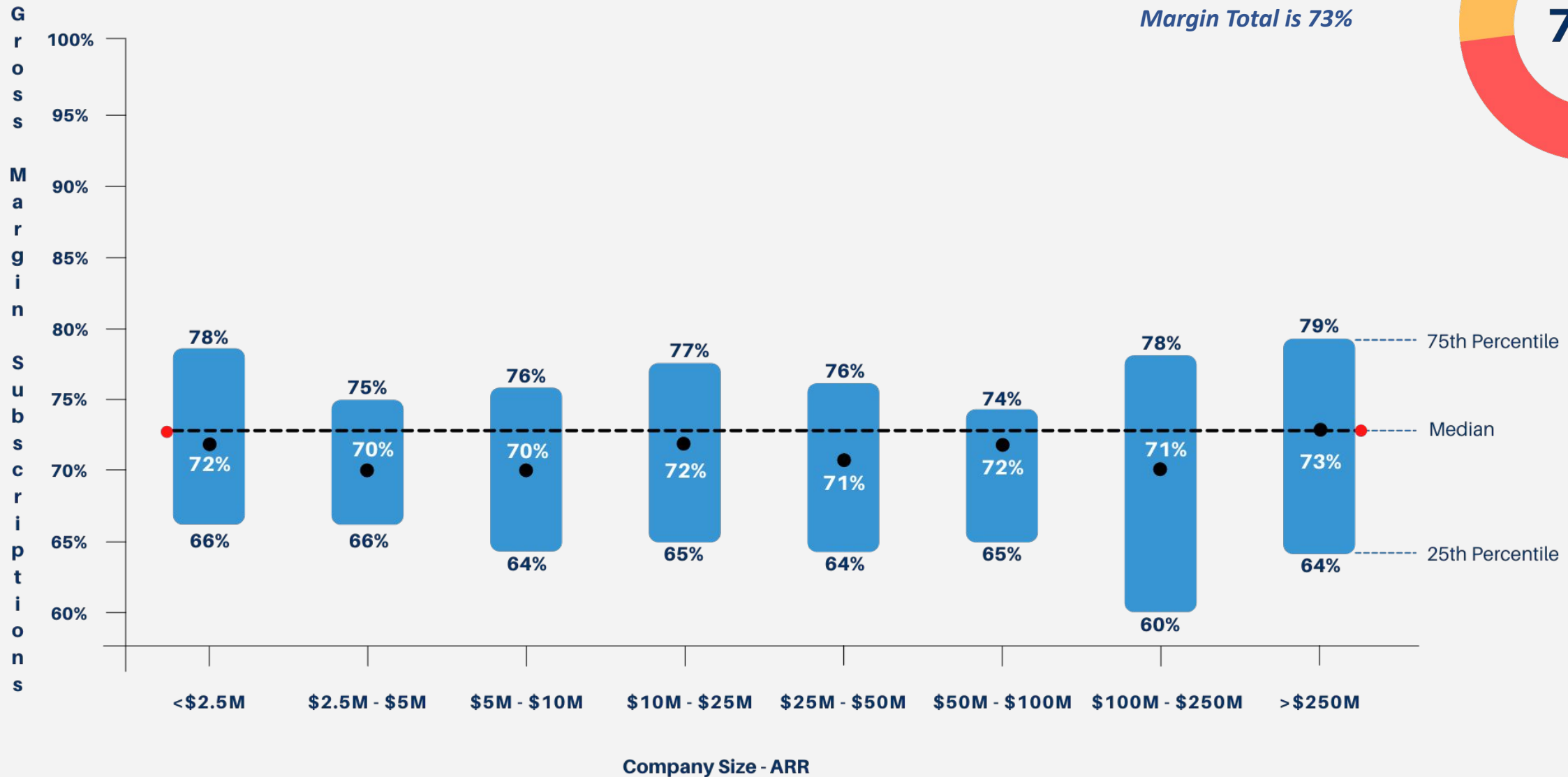
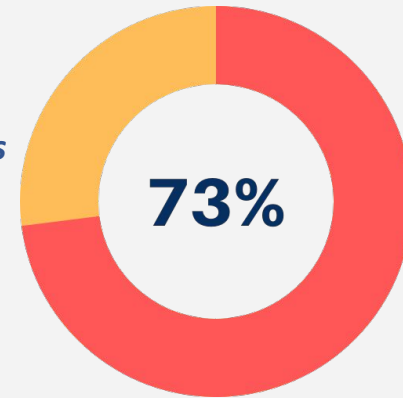
*This benchmark has remained stable since 2019*



# Gross Margin - Total

## (FY-20)

*The overall median for Gross Margin Total is 73%*



# Disclosures

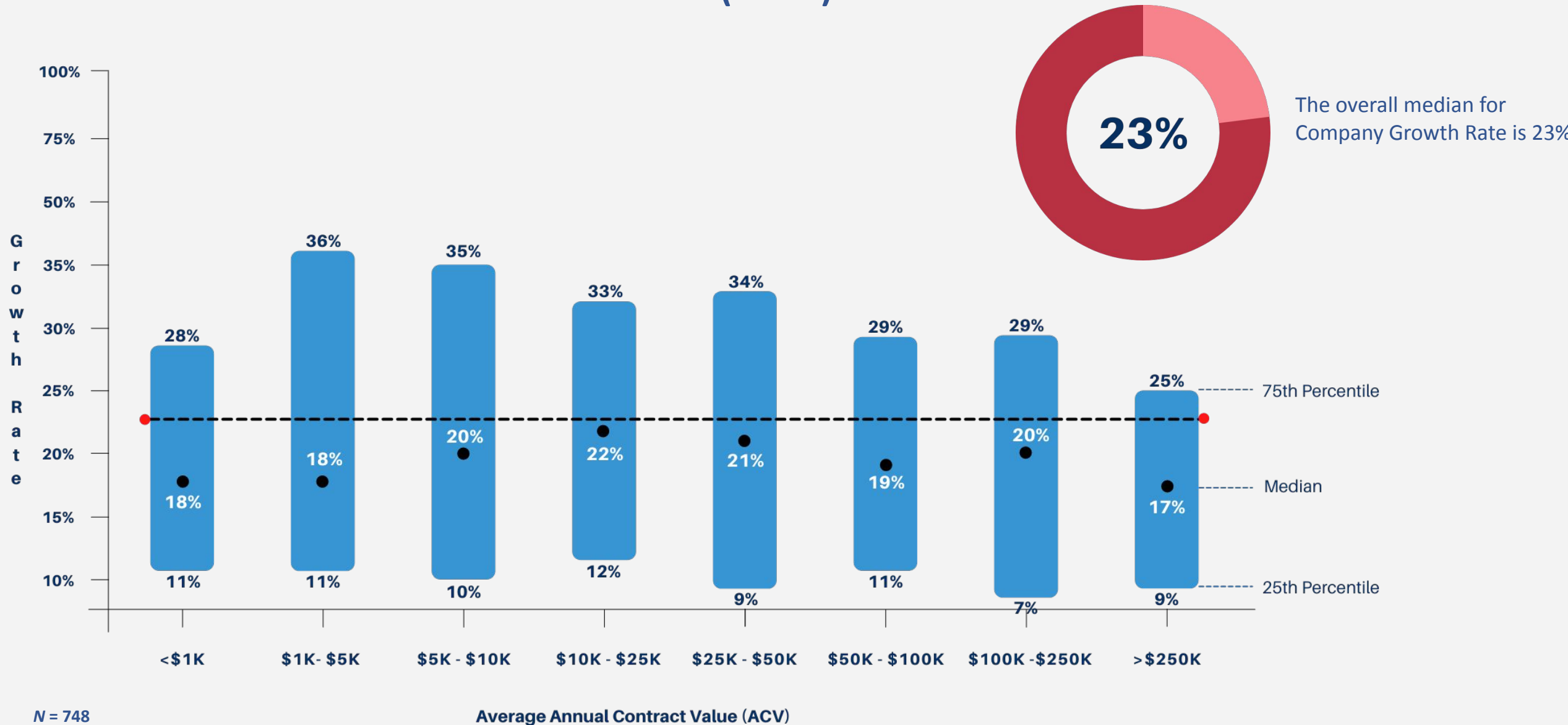
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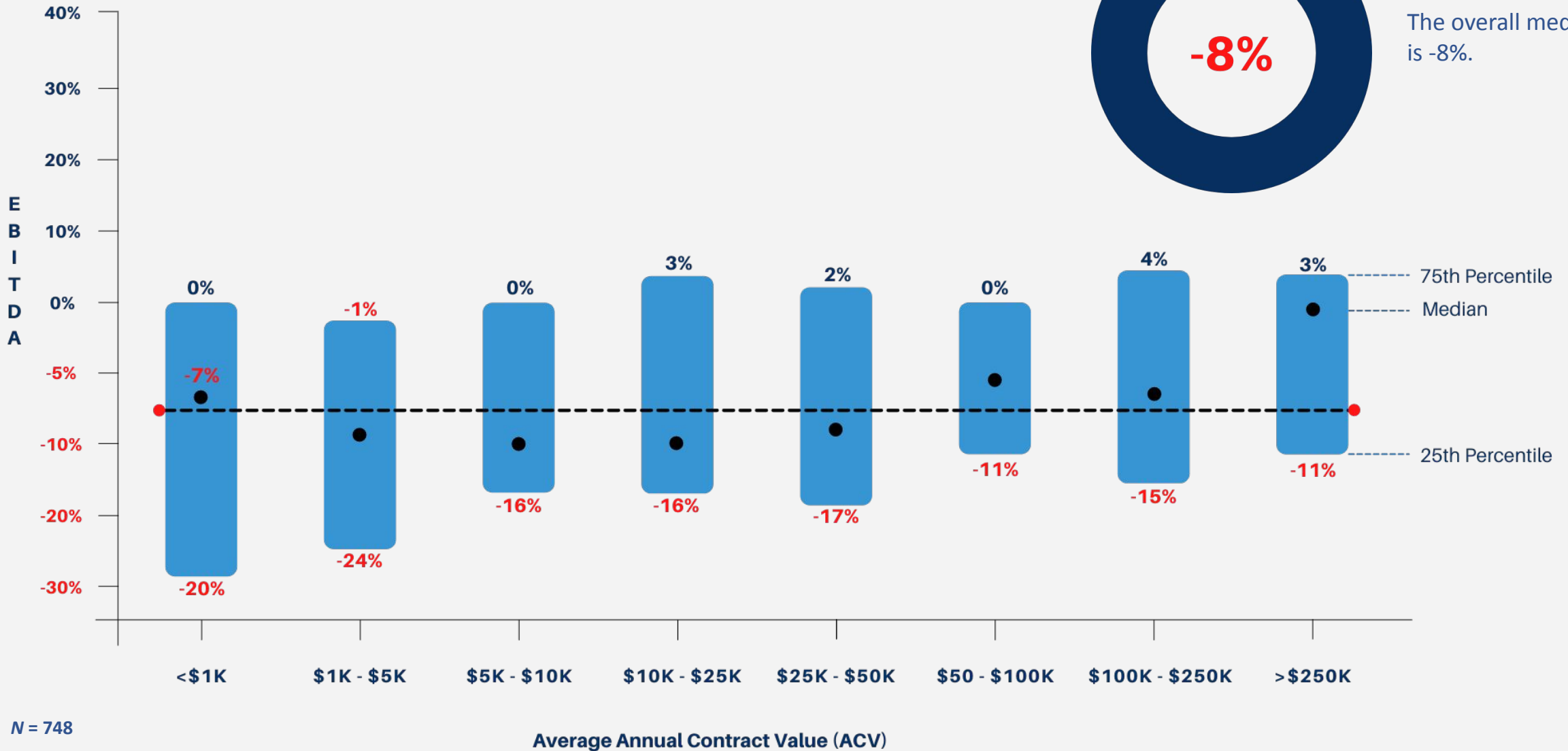
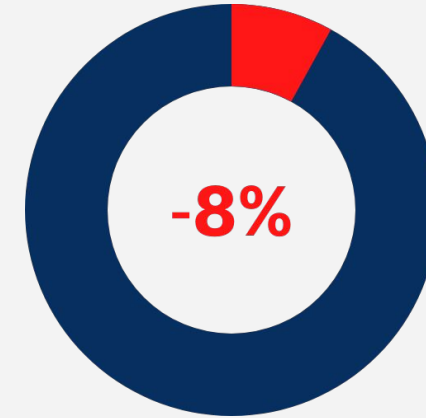
# Company Growth Rate

(FY-20)



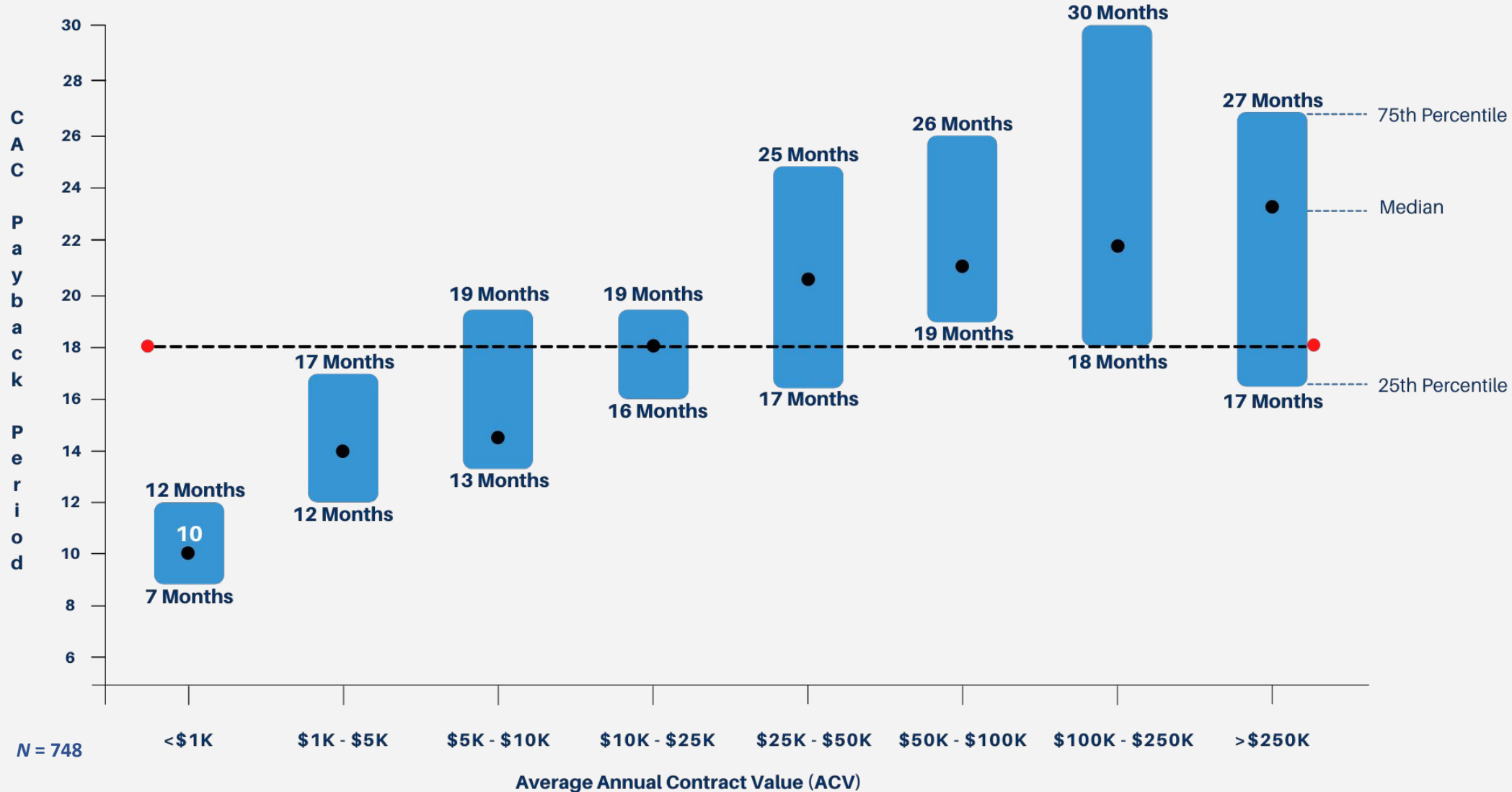
# EBITDA

## (FY-20)



# CAC Payback Period (FY-20)

The overall median for CAC Payback Period is 18 Months.

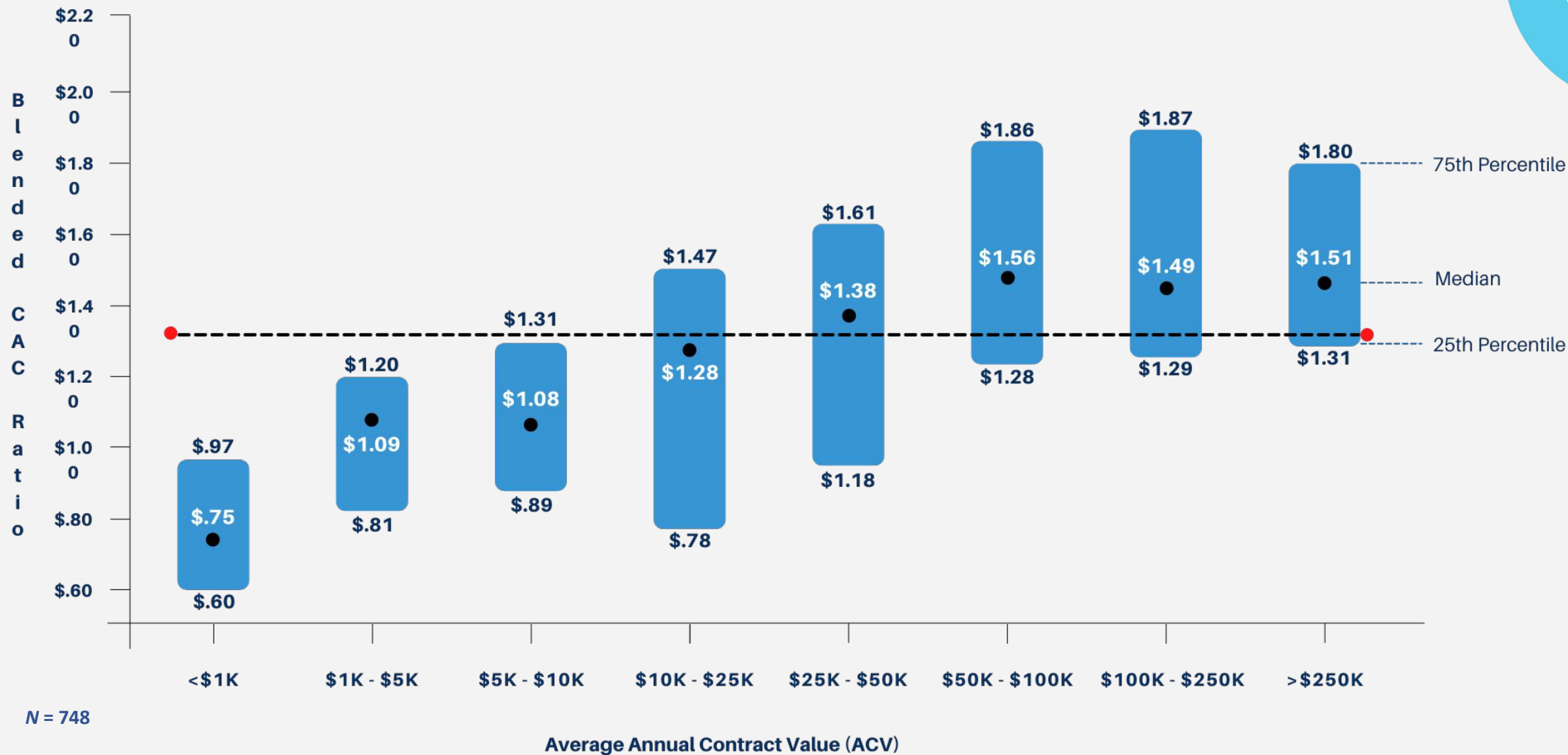




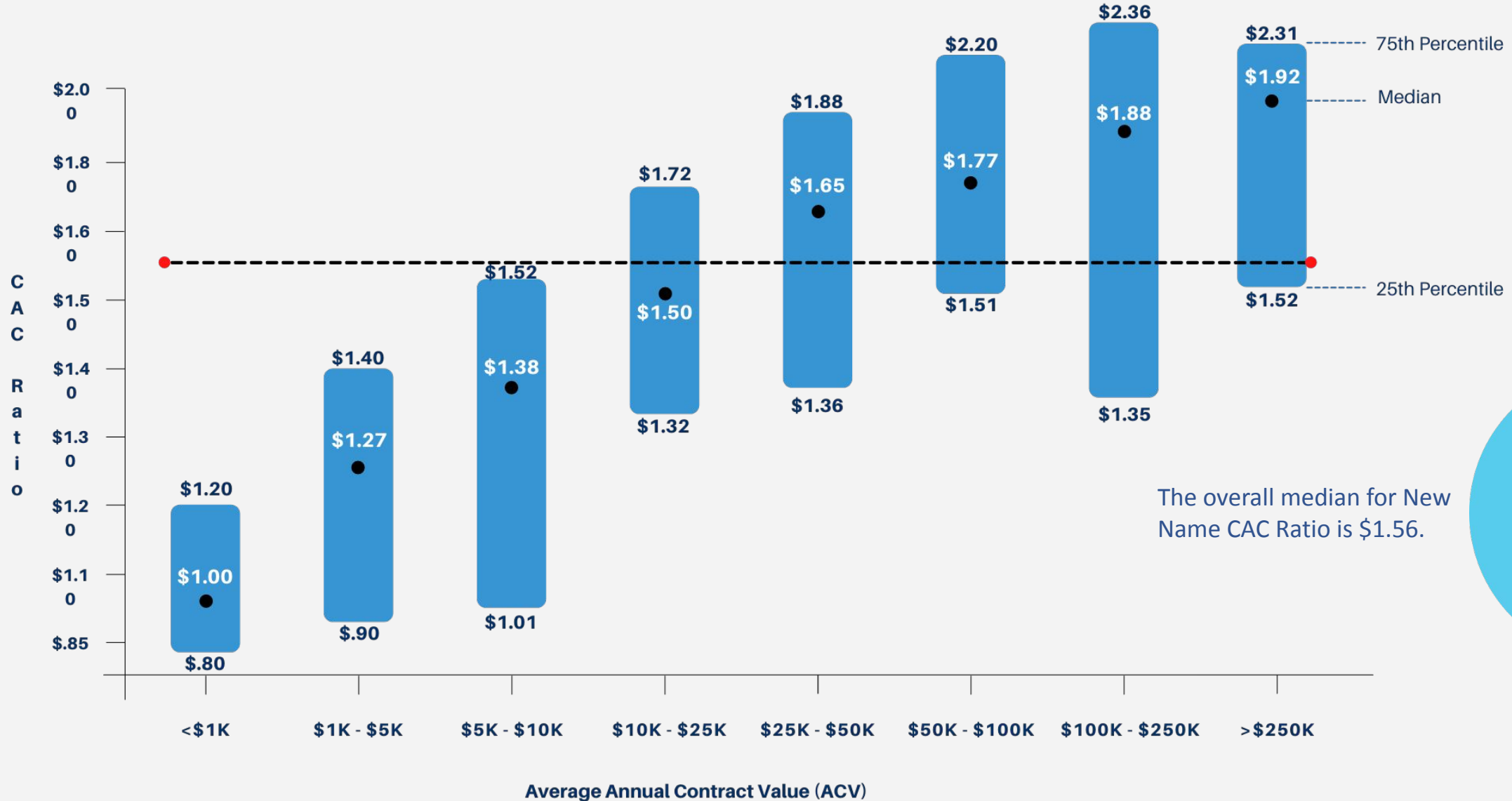
# Blended CAC Ratio

(FY-20)

The overall median for  
Blended CAC Ratio is \$1.33.



# New CAC Ratio (FY-20)

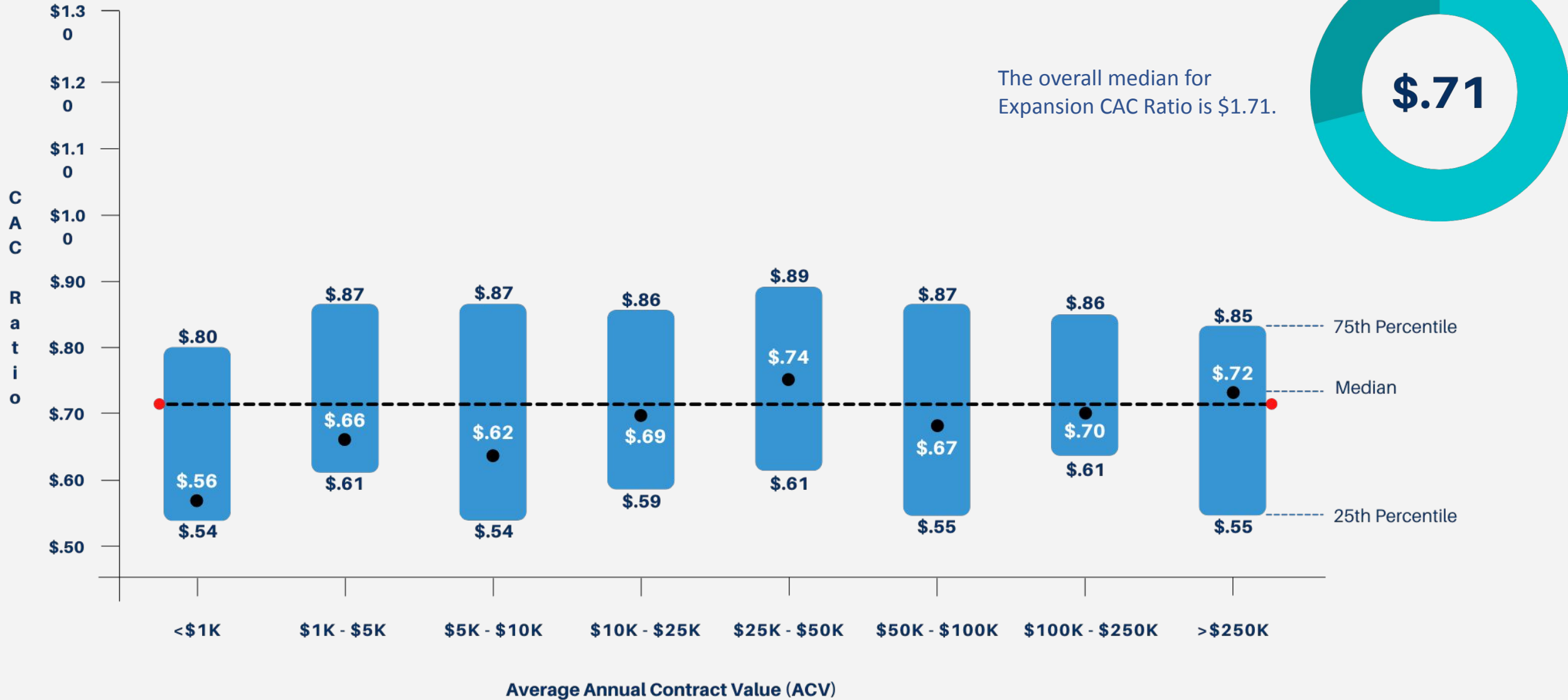


The overall median for New Name CAC Ratio is \$1.56.



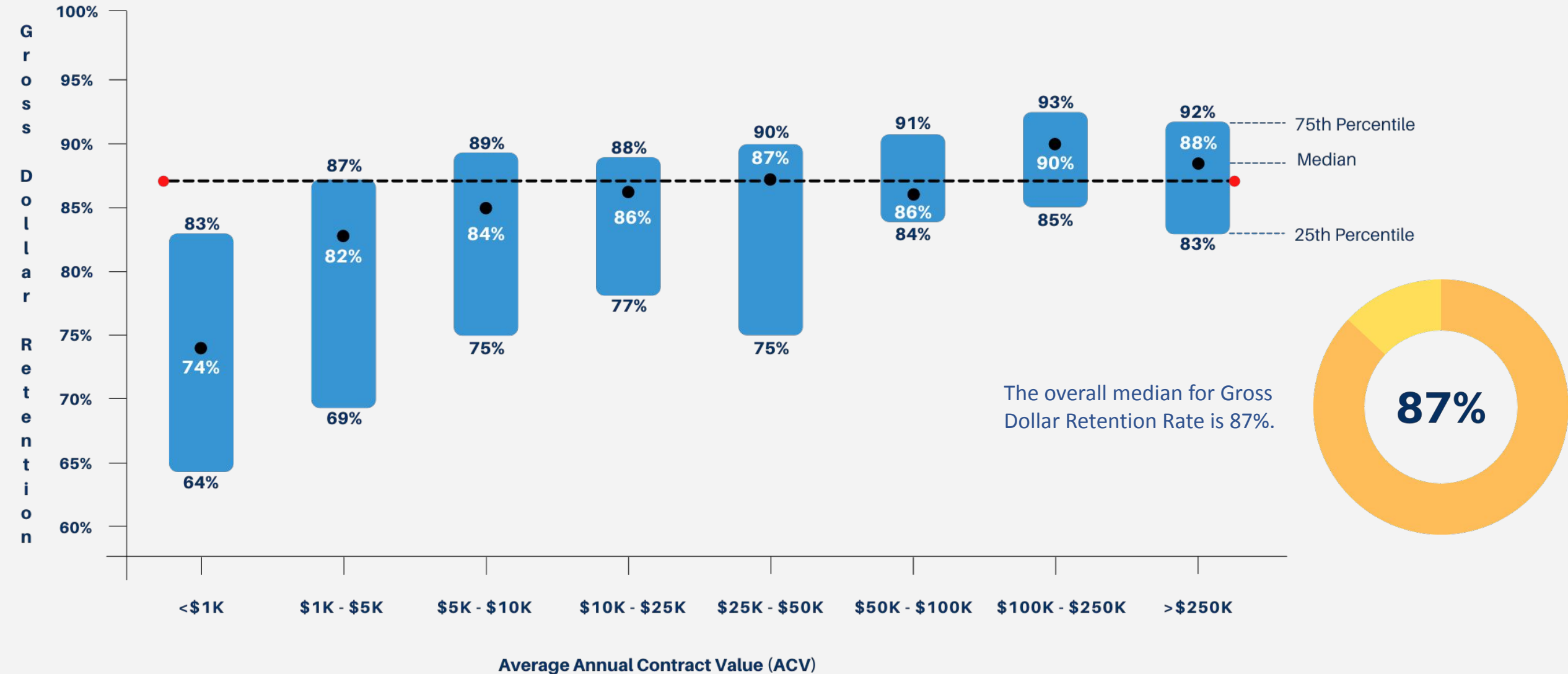
# Expansion CAC Ratio

## (FY-20)



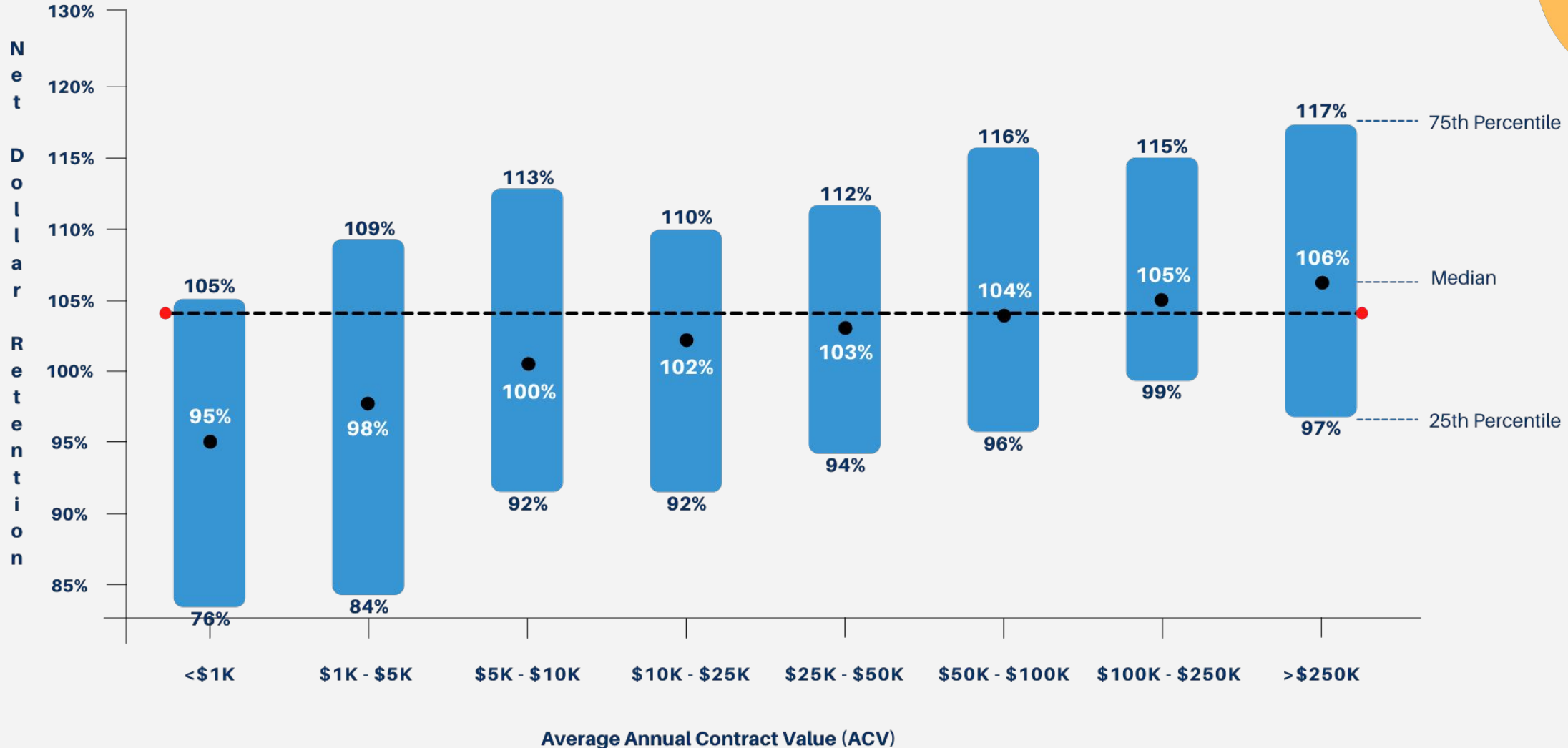
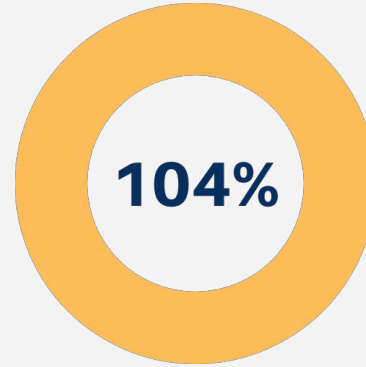
# Gross Dollar Retention Rate

## (FY-20)



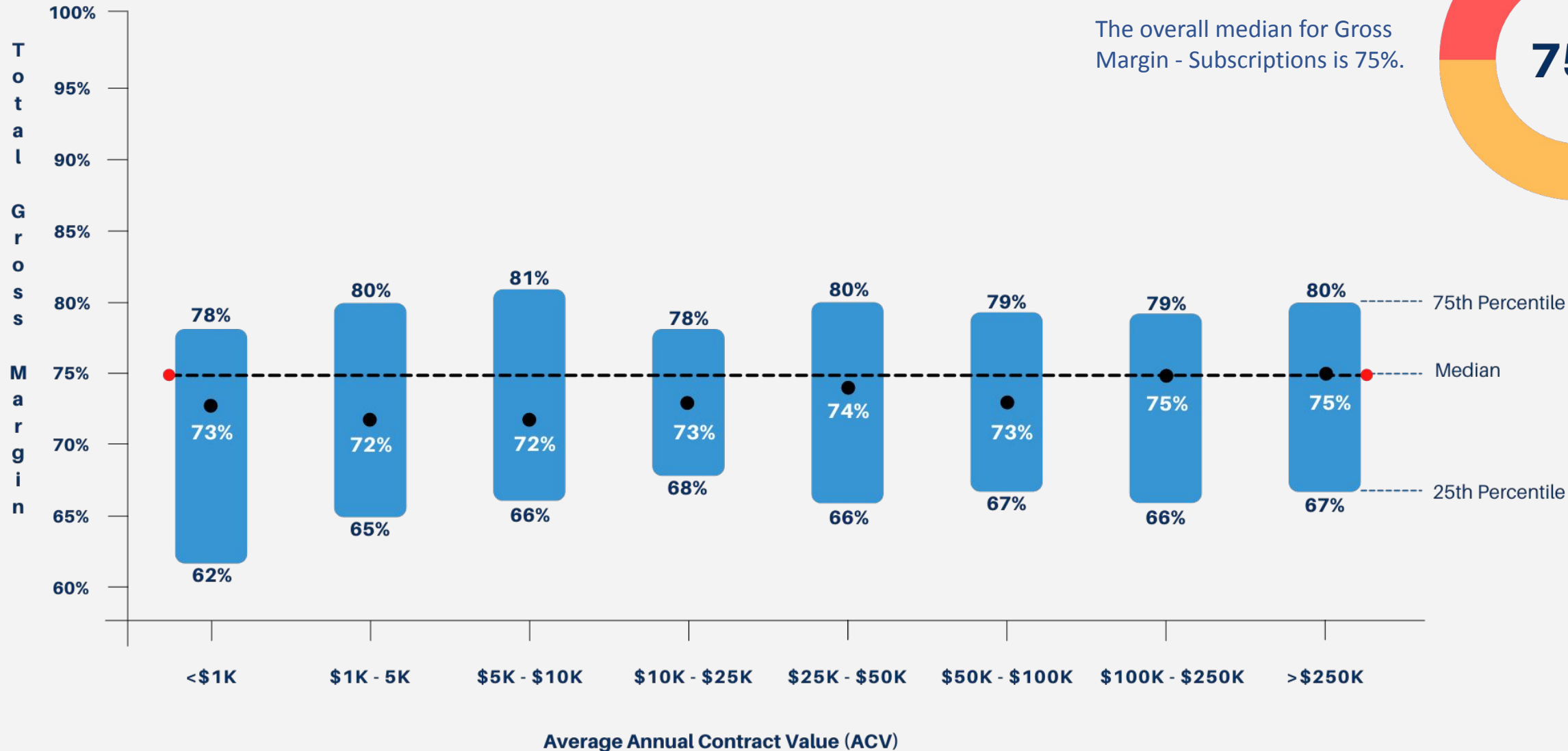
# Net Dollar Retention Rate (FY-20)

The overall median for Net Dollar Retention Rate is 104%.



# Gross Margin - Subscriptions

## (FY-20)





# Gross Margin - Total

## (FY-20)

