

2020

TWENTY TWENTY

EXPANSION SAAS BENCHMARKS

SEAN FANNING & KYLE POYAR

View the interactive report at saasbenchmarks.com

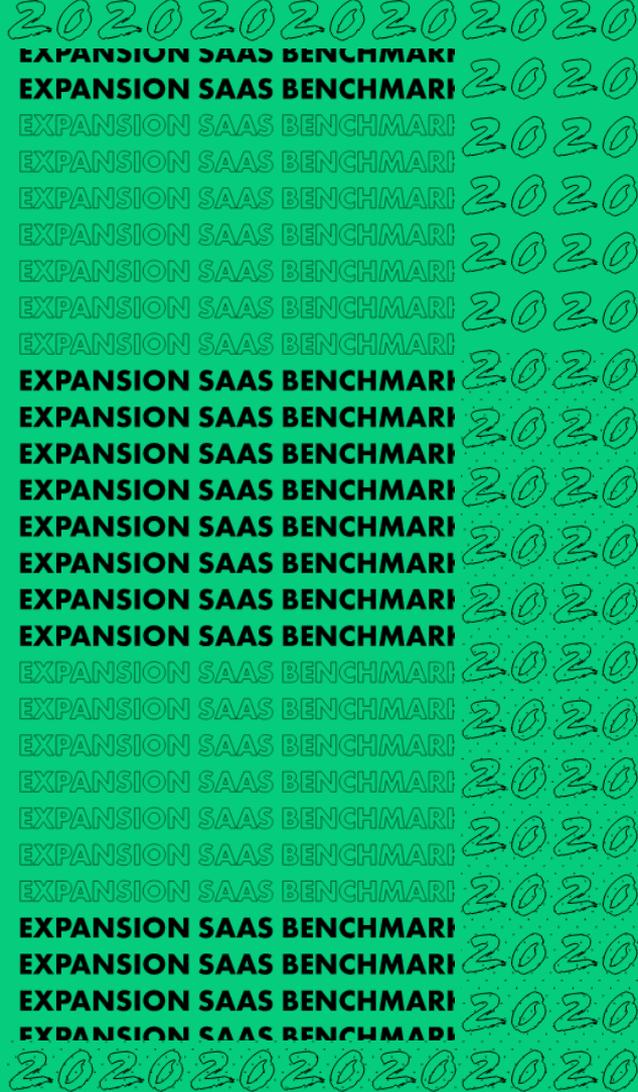


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INTRODUCTION

Objective data is critical to making the right strategic decisions that can propel your long-term growth. For this reason, we're releasing the results of our fourth annual Expansion SaaS Benchmarks survey. This report was designed specifically to enable operators to compare themselves against their exact peers across the metrics that matter most in a SaaS business. This year's survey was live from June to September. This 2020 benchmark report incorporates data from more than 1200 respondents aggregated across prior surveys as well as more than 400 this year alone.

Data from our 2020 survey answered the burning question on everyone's mind: "What was the impact of COVID on enterprise software?" The answer: **enterprise software is recession proof.**

This year's benchmarks report also explores topics including executive diversity and founder attitudes, in addition to our usual insights on product led growth, go-to-market, and other data key to operating and growing a successful expansion stage software business.

THANKS TO OUR SURVEY PARTNERS

ORACLE® NETSUITE



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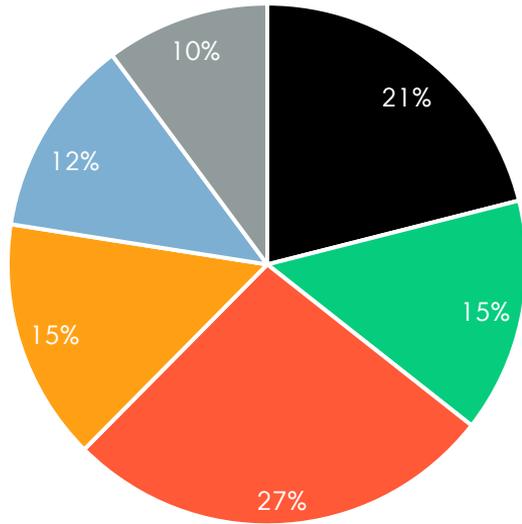
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YL VENTURES

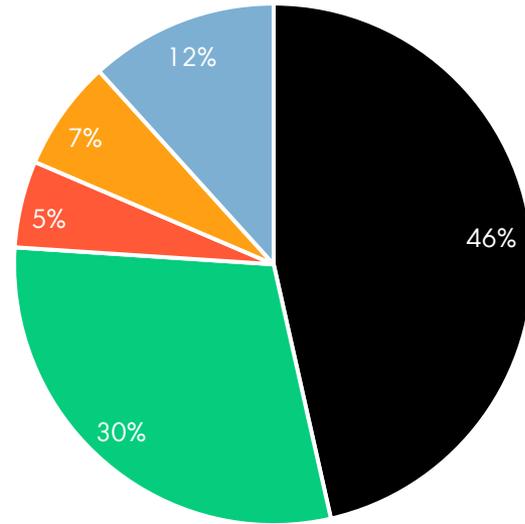


DISTRIBUTION BY ARR



■ <\$1M ■ \$1-2.5M ■ \$2.5-10M ■ \$10-20M ■ \$20-50M ■ >\$50M

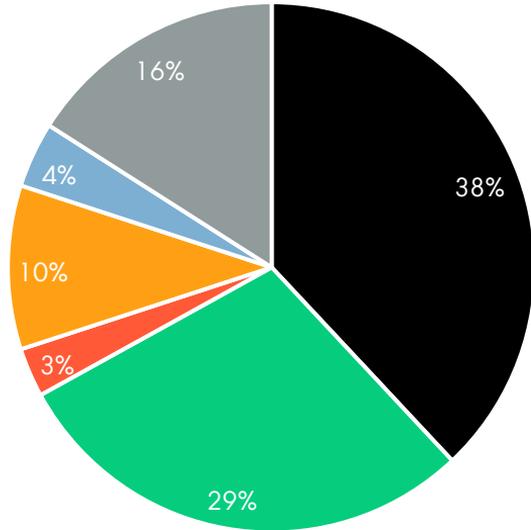
DISTRIBUTION BY GEOGRAPHY



■ US ■ Europe ■ Canada ■ APAC ■ Other

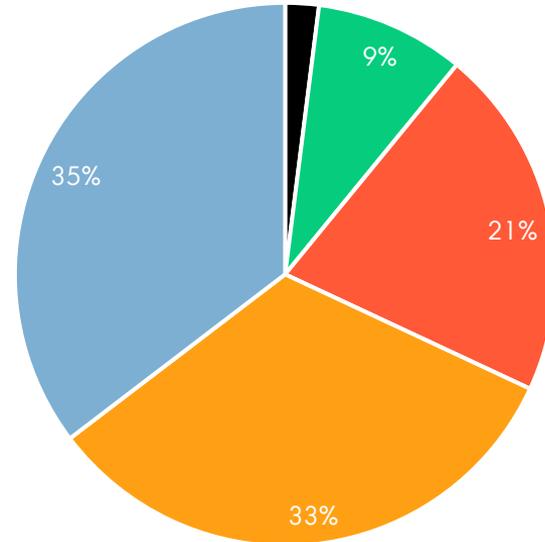
Source: 2020 OpenView SaaS Metrics Survey, N=409.

DISTRIBUTION BY RESPONDENT ROLE



- CEO / Founder / Co-Founder
- CFO / VP Finance
- CMO / VP Marketing
- COO / VP of Operations
- CRO / VP of Sales
- Other

DISTRIBUTION BY TARGET CUSTOMER SIZE



- Consumer
- SMB (20-100 employees)
- Enterprise (>1,000 employees)
- Very small business (VSB, <20 employees)
- Midmarket (101-1,000 employees)

Source: 2020 OpenView SaaS Metrics Survey, N=409.

COMPANY PERFORMANCE BENCHMARKS

SIZE AND GROWTH

Employees	Number of full-time equivalent employees at the end of Q2 2020.
Funding	Amount of equity capital raised to date.
Annual Recurring Revenue (ARR)	Company annual recurring revenue (ARR) scale at the end of Q2 2020.
YoY Growth Rate	Change in annual recurring revenue at the end of Q2 2020 vs. Q2 2019.

FINANCIAL

Sales & Marketing Spend	Spending on sales & marketing, including headcount, as a % of ending ARR as of Q2 2020.
R&D Spend	Spending on R&D, including headcount, as a % of ending ARR as of Q2 2020.
Gross Margins	Subscription revenue less cost of goods sold divided by subscription revenue at the end of Q2 2020.
Monthly Burn Rate (in 000's)	Net monthly operating cash burn rate at the end of Q2 2020 (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.

HOW TO READ THESE SLIDES

	<\$1M	\$1-2.5M	\$2.5M-10M	\$10-20M	\$20-50M	>\$50M
SIZE AND GROWTH						
Employees	10 (5-19)	25 (18-40)	52 (33-82)	93 (75-161)	220 (135-300)	495 (249-1054)
YoY Growth Rate	100% (12-177%)	60% (31-100%)	41% (22-84%)	46% (25-71%)	50% (18-75%)	21% (14-40%)
FINANCIAL						
Sales & Marketing Spend	20% (13-37%)	30% (21-41%)	30% (20-41%)	35% (19-56%)	31% (20-40%)	29% (10-46%)
R&D Spend	68% (33-80%)	40% (30-60%)	32% (22-45%)	28% (20-40%)	27% (10-32%)	22% (10-30%)
Gross Margins	67% (23-80%)	Rows represent common KPIs across			79% (72-84%)	75% (63-79%)
Monthly Burn Rate (\$ in 000s)	\$50 (\$0-175)	categories including size and growth,			\$375 (\$13-1,719)	[N/A]
		financial, value drivers, and diversity				
SAAS VALUE DRIVERS						
CAC Payback (months)	8 (3-11)	10 (5-15)	11 (8-15)	11 (11-15)	15 (11-30)	15 (11-21)
Gross Dollar Retention	90% (55-95%)	90% (59-95%)	90% (85-97%)	87% (80-93%)	87% (80-95%)	90% (86-95%)
Net Dollar Retention	99% (70-110%)	100% (82-105%)	103% (92-111%)	102% (92-110%)	105% (97-113%)	105% (96-111%)
DIVERSITY						
Women in Leadership	10% (0-33%)	20% (3-49%)	25% (19-34%)	29% (13-40%)	20% (10-30%)	15% (10-20%)
Underrepresented Minorities in Leadership	10% (0-25%)	0% (0-0%)	0% (0-20%)	0% (0-25%)	0% (0-20%)	0% (0-20%)

Source: 2020 OpenView SaaS Metrics Survey, N=409.

HOW TO READ THESE SLIDES

<\$1M	\$1-2.5M	\$2.5M-10M	\$10-20M	\$20-50M	>\$50M
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SIZE AND GROWTH

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YoY Growth Rate	100% (12-177%)	60% (31-100%)	41% (22-84%)	46% (25-71%)	50% (18-75%)	21% (14-40%)

FINANCIAL

Sales & Marketing Spend	20% (13-37%)	30% (21-40%)	38% (29-48%)	30% (20-40%)	31% (20-40%)	29% (10-46%)
R&D Spend	68% (33-80%)	40% (30-60%)	37% (22-45%)	28% (20-40%)	27% (10-32%)	22% (10-30%)
Gross Margins	67% (23-80%)	75% (56-85%)	78% (70-85%)	79% (66-84%)	79% (72-84%)	75% (63-79%)
Monthly Burn Rate (\$ in 000s)	\$50 (\$0-175)	\$50 (\$0-175)	\$75 (\$0-315)	\$225 (\$0-555)	\$375 (\$13-1,719)	[N/A]

Columns represent distribution of responses from companies at **varying levels of ARR**, from <\$1M to >\$50M

SAAS VALUE DRIVERS

CAC Payback (months)	8 (3-11)	10 (5-15)	11 (8-15)	11 (11-15)	15 (11-30)	15 (11-21)
Gross Dollar Retention	90% (55-95%)	90% (59-95%)	90% (85-97%)	87% (80-93%)	87% (80-95%)	90% (86-95%)
Net Dollar Retention	99% (70-110%)	100% (82-105%)	103% (92-111%)	102% (92-110%)	105% (97-113%)	105% (96-111%)

DIVERSITY

Women in Leadership	10% (0-33%)	20% (3-49%)	25% (19-34%)	29% (13-40%)	20% (10-30%)	15% (10-20%)
Underrepresented Minorities in Leadership	10% (0-25%)	0% (0-0%)	0% (0-20%)	0% (0-25%)	0% (0-20%)	0% (0-20%)

Source: 2020 OpenView SaaS Metrics Survey, N=409.

HOW TO READ THESE SLIDES

	<\$1M	\$1-2.5M	\$2.5M-10M	\$10-20M	\$20-50M	>\$50M
SIZE AND GROWTH						
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Gross Margins	67% (23-80%)	70% (32-85%)	78% (70-85%)	79% (66-84%)	79% (72-84%)	75% (63-79%)
Monthly Burn Rate (\$ in 000s)	\$50 (\$0-175)	\$50 (\$0-175)	\$175 (\$0-375)	\$200 (\$0-500)	\$375 (\$13-1,719)	[N/A]
SAAS VALUE DRIVERS						
CAC Payback (months)	8 (3-11)	8 (3-11)	8 (3-11)	8 (3-11)	8 (3-11)	15 (11-21)
Gross Dollar Retention	90% (55-95%)	90% (55-95%)	90% (55-95%)	90% (55-95%)	90% (55-95%)	90% (86-95%)
Net Dollar Retention	99% (70-110%)	100% (82-105%)	103% (92-111%)	102% (92-110%)	105% (97-113%)	105% (96-111%)
DIVERSITY						
Women in Leadership	10% (0-33%)	20% (3-49%)	25% (19-34%)	29% (13-40%)	20% (10-30%)	15% (10-20%)
Underrepresented Minorities in Leadership	10% (0-25%)	0% (0-0%)	0% (0-20%)	0% (0-25%)	0% (0-20%)	0% (0-20%)

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: 2020 OpenView SaaS Metrics Survey, N=409.

SAAS METRICS BY ARR

	<\$1M	\$1-2.5M	\$2.5M-10M	\$10-20M	\$20-50M	>\$50M
SIZE AND GROWTH						
Employees	10 (5-19)	25 (18-40)	52 (33-82)	93 (75-161)	220 (135-300)	495 (249-1054)
YoY Growth Rate	100% (12-177%)	60% (31-100%)	41% (22-84%)	46% (25-71%)	50% (18-75%)	21% (14-40%)
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R&D Spend	68% (33-80%)	40% (30-60%)	32% (22-45%)	28% (20-40%)	27% (10-32%)	22% (10-30%)
Gross Margins	67% (23-80%)	75% (56-85%)	78% (70-85%)	79% (66-84%)	79% (72-84%)	75% (63-79%)
Monthly Burn Rate (\$ in 000s)	\$50 (\$0-175)	\$50 (\$0-175)	\$175 (\$0-375)	\$200 (\$0-500)	\$375 (\$13-1,719)	\$0 (\$0-375)
SAAS VALUE DRIVERS						
CAC Payback (months)	8 (3-11)	10 (5-15)	11 (8-15)	11 (11-15)	15 (11-30)	15 (11-21)
Gross Dollar Retention	90% (55-95%)	90% (59-95%)	90% (85-97%)	87% (80-93%)	87% (80-95%)	90% (86-95%)
Net Dollar Retention	99% (70-110%)	100% (82-105%)	103% (92-111%)	102% (92-110%)	105% (97-113%)	105% (96-111%)
DIVERSITY						
Women in Leadership	10% (0-33%)	20% (3-49%)	25% (19-34%)	29% (13-40%)	20% (10-30%)	15% (10-20%)
Underrepresented Minorities in Leadership	10% (0-25%)	0% (0-0%)	0% (0-20%)	0% (0-25%)	0% (0-20%)	0% (0-20%)

Source: 2020 OpenView SaaS Metrics Survey, N=409.

SAAS METRICS BY ARR (2020 vs. 2019)

	<\$1M	\$1-2.5M	\$2.5M-10M	\$10-20M	\$20-50M	>\$50M
SIZE AND GROWTH						
Employees	10 (↑ 2)	25 (0)	52 (↑ 5)	93 (↓ 7)	220 (↑ 40)	495 (↓ 60)
YoY Growth Rate	100% (↑ 20%)	60% (↓ 20%)	41% (↓ 9%)	46% (↓ 4%)	50% (↓ 10%)	21% (↓ 8%)
FINANCIAL						
Sales & Marketing Spend	20% (↓ 10%)	30% (0%)	30% (↓ 5%)	35% (↓ 5%)	31% (↓ 11%)	29% (↓ 9%)
R&D Spend	68% (↑ 18%)	40% (↓ 8%)	32% (↑ 2%)	28% (↓ 2%)	27% (↓ 3%)	22% (↑ 2%)
Gross Margins	67% (↓ 3%)	75% (↑ 2%)	78% (↓ 2%)	79% (↑ 4%)	79% (↑ 4%)	75% (0%)
Monthly Burn Rate (\$ in 000s)	\$50 (\$0)	\$50 (\$0)	\$175 (\$0)	\$200 (↓ \$175)	\$375 (\$0)	\$0 (↓ \$50)
SAAS VALUE DRIVERS						
CAC Payback (months)	8 (↑ 3)	10 (↑ 2)	11 (0)	11 (↓ 4)	15 (0)	15 (0)
Gross Dollar Retention	90% (0%)	90% (0%)	90% (0%)	87% (↓ 1%)	87% (↓ 2%)	90% (↑ 2%)
Net Dollar Retention	99% (↓ 1%)	100% (0%)	103% (↑ 3%)	102% (↑ 7%)	105% (↑ 3%)	105% (↑ 8%)
DIVERSITY						
Women in Leadership	10% (0%)	20% (-5%)	25% (+5%)	29% (+4%)	20% (-5%)	15% (-14%)
Underrepresented Minorities in Leadership	10% (N/A)	0% (N/A)	0% (N/A)	0% (N/A)	0% (N/A)	0% (N/A)

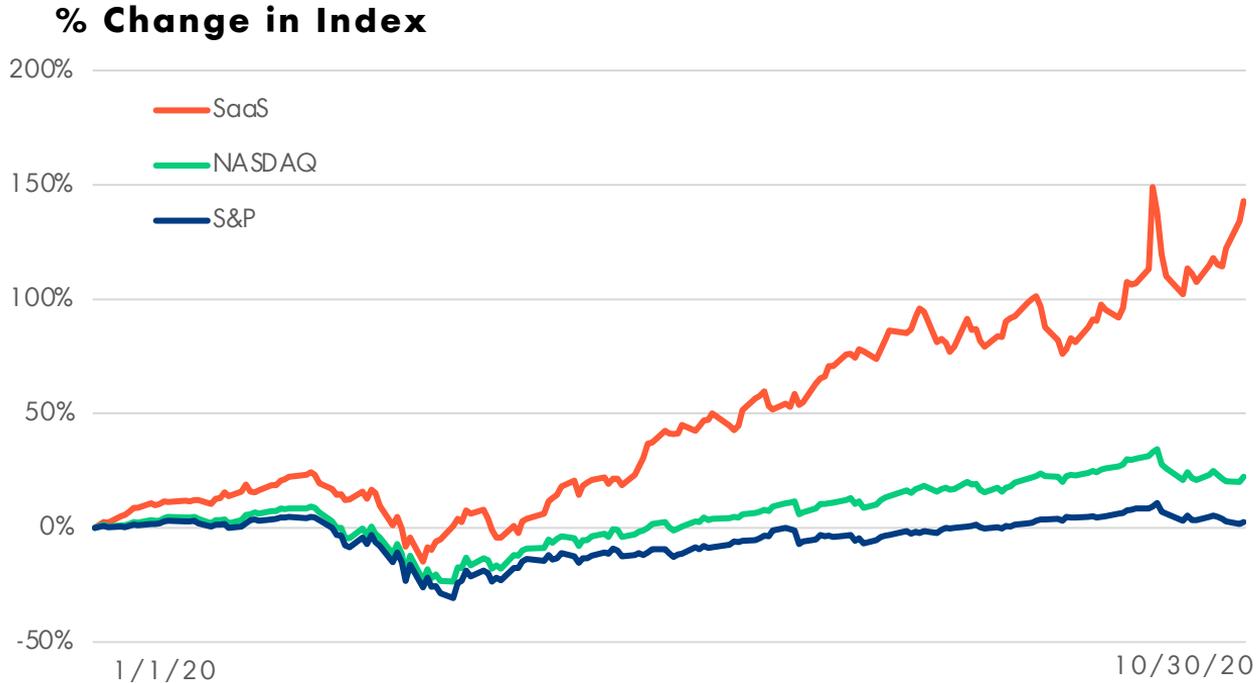
Source: 2020 OpenView SaaS Metrics Survey, N=409.

SAAS METRICS BY MOST RECENT FUNDING

	Angel / Seed	Series A	Series B	Series C	Series D+
SIZE AND GROWTH					
Employees	16 (8-27)	46 (25-88)	109 (53-195)	120 (74-196)	272 (173-557)
Funding	\$3M (\$0.5-3M)	\$8M (\$8-15M)	\$28M (\$15-43M)	\$43M (\$28 -63M)	\$88M (\$43-100M)
Annual Recurring Revenue (ARR)	\$2M (\$0.5-2M)	\$6M (\$2-6M)	\$15M (\$6-15M)	\$15M (\$6-35M)	\$50M (\$35-50M)
YoY Growth Rate	60% (26-100%)	60% (30-105%)	44% (27-74%)	35% (14-64%)	27% (19-50%)
FINANCIAL					
Sales & Marketing Spend	25% (13-40%)	30% (20-44%)	40% (26-60%)	31% (20-43%)	37% (20-47%)
R&D Spend	50% (30-80%)	30% (20-50%)	30% (23-44%)	29% (15-35%)	29% (12-40%)
Gross Margins	76% (40-85%)	75% (62-86%)	75% (67-85%)	75% (63-81%)	78% (73-81%)
Monthly Burn Rate (\$ in 000s)	\$50 (\$0-175)	\$175 (\$50-375)	\$375 (\$50-625)	\$375 (\$50-750)	\$375 (\$0-1,531)
SAAS VALUE DRIVERS					
CAC Payback (months)	8 (5-14)	11 (8-15)	15 (11-15)	13 (11-21)	15 (11-28)
Gross Dollar Retention	90% (78-95%)	90% (76-96%)	90% (80-96%)	86% (79-90%)	90% (83-96%)
Net Dollar Retention	100% (87-110%)	103% (91-113%)	103 (98-112%)	103% (92-110%)	105% (96-113%)
DIVERSITY					
Women in Leadership	23% (0-38%)	22% (6-38%)	25% (15-40%)	28% (11-36%)	16% (10-36%)
Underrepresented Minorities in Leadership	0% (0-29%)	0% (0-15%)	1% (0-10%)	3% (0-15%)	6% (0-20%)

Source: 2020 OpenView SaaS Metrics Survey, N=409.

ENTERPRISE SOFTWARE IS RECESSION PROOF



Source: Pitchbook as of 9/10/2020. SaaS index multiples calculated as enterprise value / revenue and represent median value as of each date for the ~70 public SaaS companies OpenView tracks.

Public SaaS is more valuable than ever before – after falling nearly 50% from all-time-highs in March, SaaS valuations have rallied on the back of persistent long-term tailwinds. Plus, as investors mature in their evaluation of B2B markets, unit economics & defensibility, the future price uncertainty of the assets seems to be reduced. These factors have created exuberance in the market.

Despite the uncertainty of the COVID-induced economic recession enterprise software is largely proving to be recession proof as enterprise digital transformations continue.

PUBLIC MARKET DEMAND FOR SAAS REMAINS ROBUST

IPO Data

	<u>IPOs</u>		<u>Capital</u>	<u>TTM Financials (per S-1)</u>				
	Count	Age @ IPO	Raised	Revenue	Growth	Gross Margin	Net Dollar Retention	CAC Payback
2018	16	12.2	\$300.8	\$168.1	39.2%	71.2%	115%	30.0 months
2019	12	11.3	\$220.0	\$250.3	57.7%	74.9%	131%	19.2 months
2020	11	12.9	\$283.5	\$155.1	51.0%	76.6%	120%	18.5 months

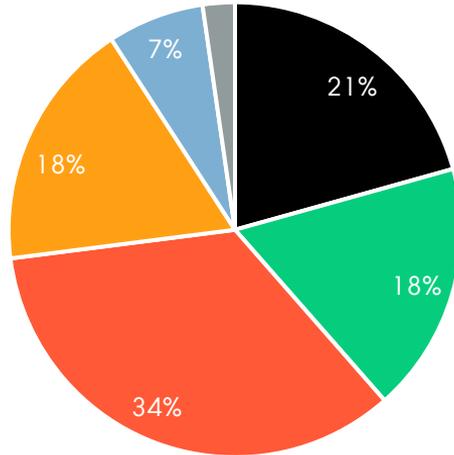
Investor demand for public software equities remains incredibly strong.

And the companies that are going public in 2020 are extremely impressive. They're largely growing faster and sustaining high growth longer, growing more efficiently, raising less capital at scale, and getting to be on average older compared to previous IPO cohorts.

These summary data are even more impressive when you exclude outliers like Zoom in 2019 and Snowflake in 2020.

CUSTOMER DEMAND FOR SAAS REMAINS STRONG

% Impact from COVID on Expected Budget



- No impact / positive impact
- 0 to -9% impact
- -10 to -24% impact
- -25 to -49% impact
- -50 to -99% impact
- N/A / impact is unknown

Enterprise SaaS has been recession proof and the buying environment for software remains robust. Roughly ~2/5 of respondents to our 2020 survey reported less than a 10% decrease in expected 2020 ARR while ~1/5 of respondents saw no impact to budget at all.

Even after aggressive expense cuts and revenue reforecasts many companies maintained aggressive topline revenue targets.

SO, IT'S TIME FOR COMPANIES TO HIT THE GAS AGAIN

Historical SaaS Benchmarks by Year* (Median)

	2018	2019	2020
Growth Rate	54%	48%	43%
Net Dollar Retention	100%	99%	102%
Payback Period	12 months	11 months	11 months
R&D Spend as % of Revenue	30%	30%	30%
Sales & Marketing Spend as % of Revenue	40%	35%	30%

Companies reacted aggressively to COVID, but our data suggests companies are acquiring and retaining their customers as efficiently as ever. They're just not spending nearly enough on acquisition to reach those customers (sales & marketing expense fell 14% YoY) who have demonstrated they still want to invest in digital transformation! As a result, median growth rates have dropped from 2019.

The buying environment remains strong, so it is time to get back to acquiring customers... or get left behind!

Source: 2020 OpenView SaaS Metrics Survey, N=409.

Note*: Excludes companies <\$1M ARR.

GROWTH RATE BY COMPANY ARR

Growth Rate (Annual)



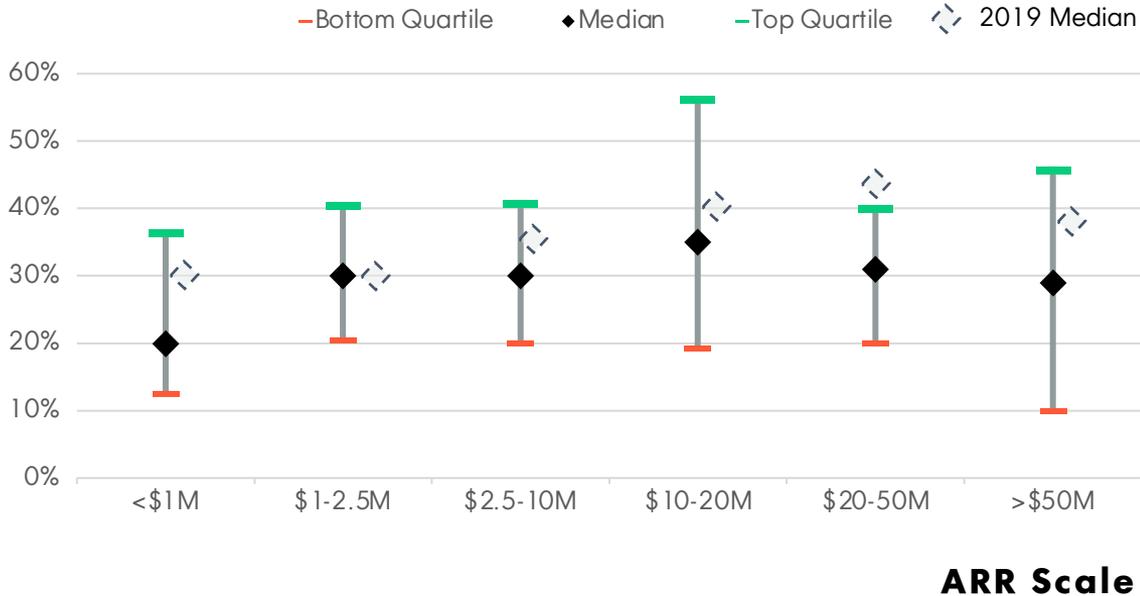
Source: 2020 OpenView SaaS Metrics Survey, N=409.

Growth rate is highly correlated with SaaS valuations. Software companies grow rapidly in their early stages – a typical company doubles YoY and a top quartile company nearly triples.

Except for at the very earliest stages, growth rates have fallen vs. 2019 but as noted, growth (likely) didn't slow as a result of stunted customer demand except in the hardest hit industries (i.e. hospitality and retail). Rather, companies lost their confidence *investing* in revenue generating activities.

SALES AND MARKETING SPEND BY ARR

Sales and Marketing Spend (% of ARR)

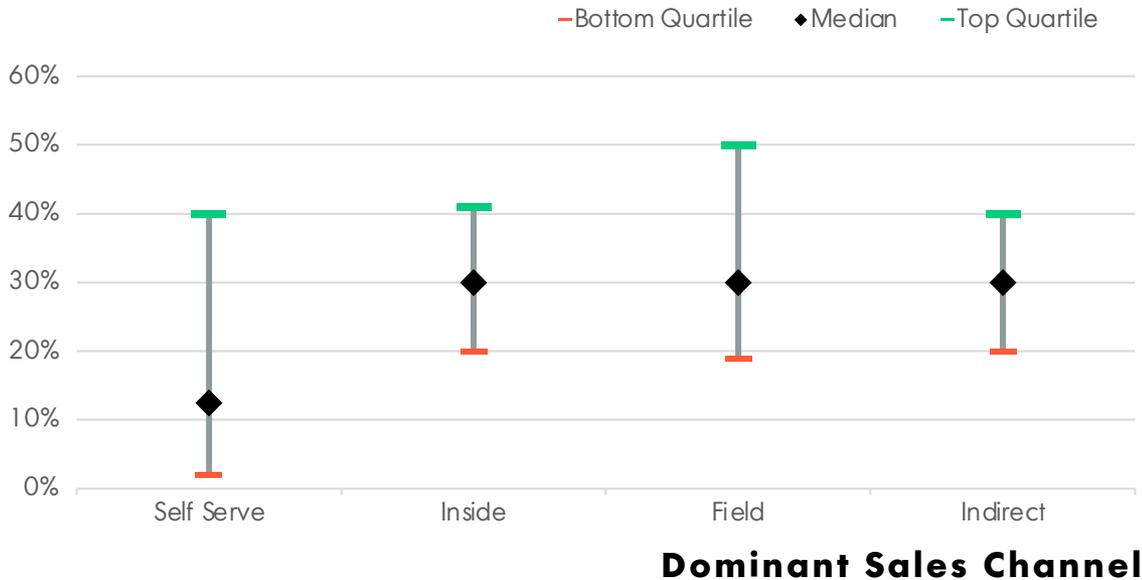


Sales and marketing expenses are normally a SaaS company's largest areas of spend after they hit ~\$2.5M of ARR (before which point product & engineering dominates).

Source: 2020 OpenView SaaS Metrics Survey, N=409.

SALES AND MARKETING SPEND BY DOMINANT SALES CHANNEL*

Sales and Marketing Spend (% of ARR)



Best-in-class companies selling primarily through self service and freemium can bring sales and marketing spend well below 20% of ARR.

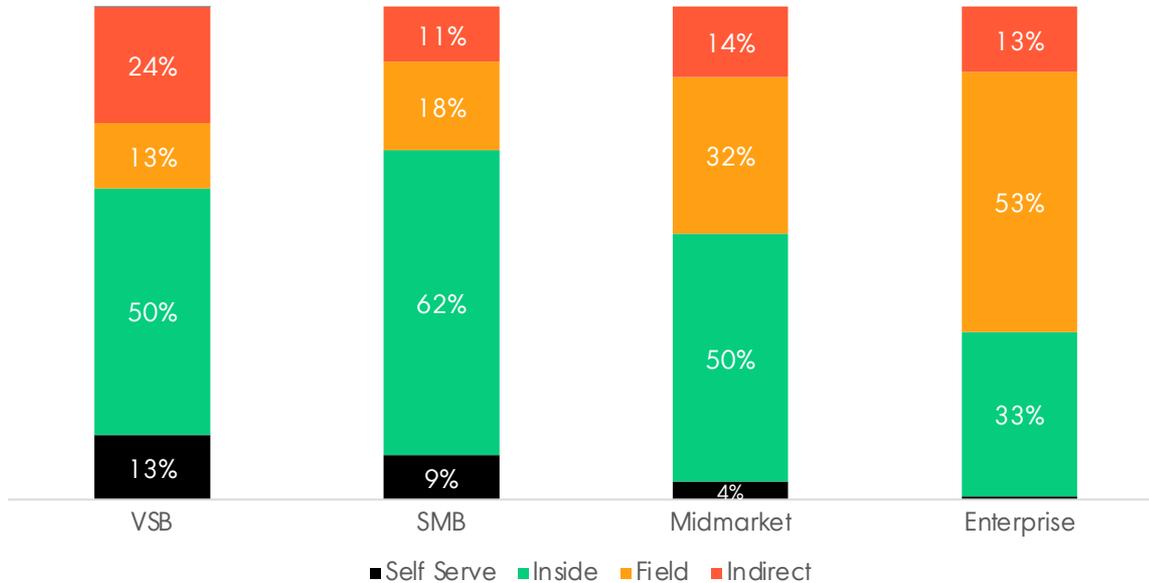
As you look to reach your customers where they work, you need to reach them where they live. Leveraging an “always open” self serve model can drive more efficient acquisition.

Source: 2020 OpenView SaaS Metrics Survey, N=409.

Note*: Dominant sales channel is sales channel with greatest ARR contribution per account

DOMINANT SALES CHANNEL* BY CUSTOMER TYPE

Sales Channel Mix (% of ARR)



Inside sales is the most popular sales channel in SaaS and is used to reach customers of all sizes, even very small businesses.

Make sure sales channels are supported by your average deal size (do you make enough to pay competitive sales commissions?) and how your customers prefer to buy.

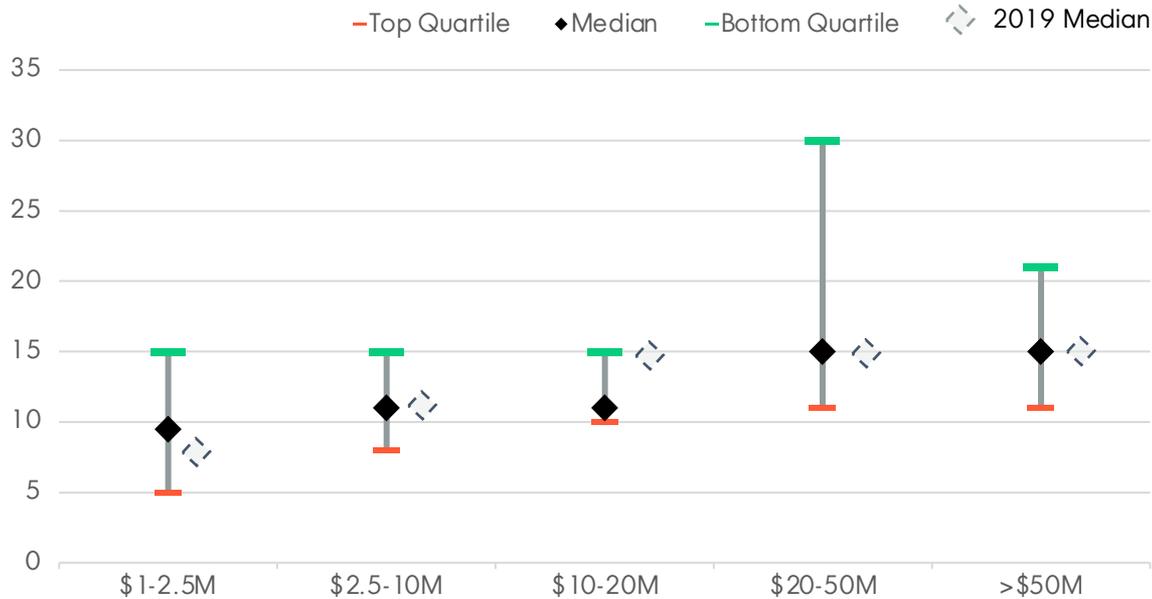
Target Customer Type

Source: 2020 OpenView SaaS Metrics Survey, N=409.

Note*: Dominant sales channel is sales channel with greatest ARR contribution per account

MONTHS TO RECOVER CAC (CAC PAYBACK)

CAC Payback in Months*



CAC payback lengthens when companies achieve greater ARR scale – watch out for worsening your go-to-market efficiency as you grow. We’re encouraged by this year’s CAC payback data, which suggests companies have adapted messaging and are still reaching their customers effectively.

In our opinion, companies are still under-reporting their true CAC Payback period. Be sure your payback is fully loaded (including overhead like rent) and that it is gross margin affected.

Source: 2020 OpenView SaaS Metrics Survey, N=409.

Note*: Excluded companies <\$1M ARR because they don’t have enough data for predictable CAC payback..

OV | 2020 EXPANSION SAAS BENCHMARKS

ARR Scale

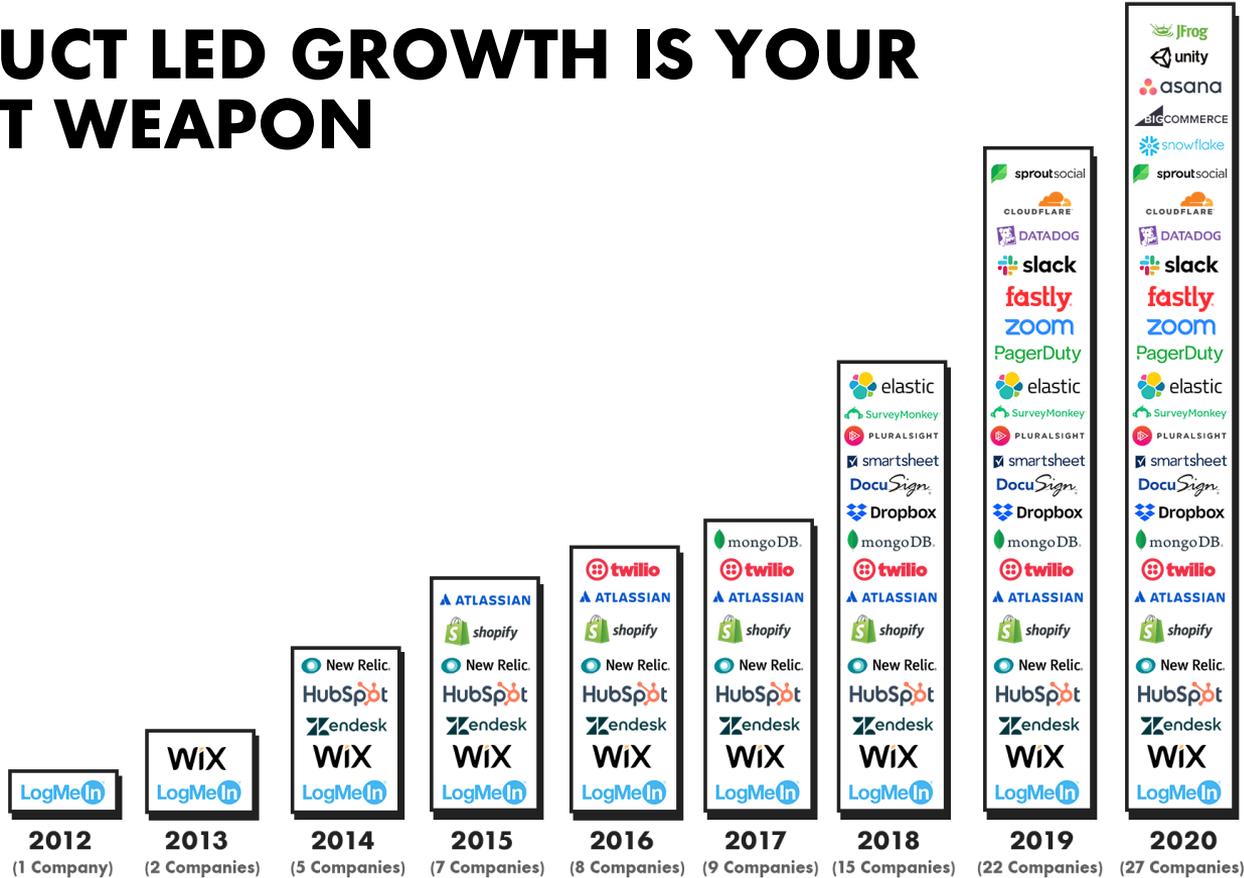
WHAT IS PRODUCT LED GROWTH?

Product led growth (PLG) is an end user-focused growth model that relies on the product itself as the primary driver of customer acquisition, conversion and expansion.

PLG is employed by many of the fastest growing software companies including standout public companies.

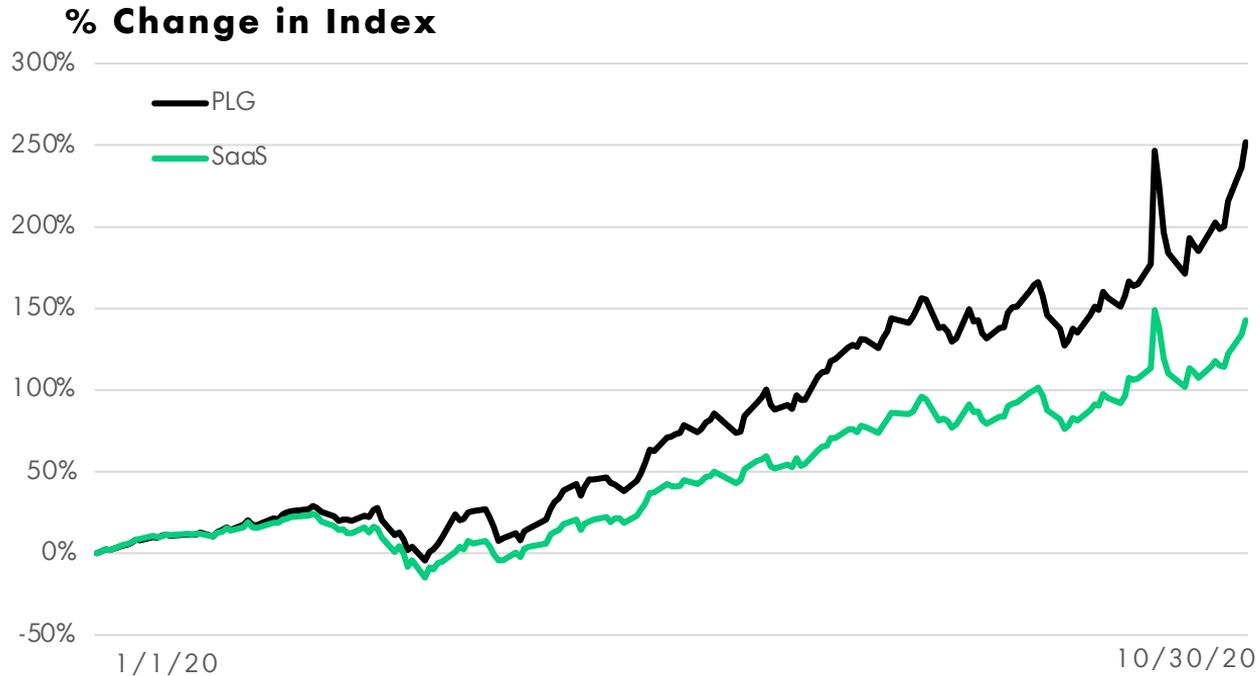


PRODUCT LED GROWTH IS YOUR SECRET WEAPON



Evolution of Public PLG Companies Since 2012

NOT ALL ENTERPRISE SAAS IS CREATED EQUAL; THE CASE FOR PLG



Product-led companies are always “open for business”, and their lower entry prices are less susceptible to budget cuts. In fact, the SaaS companies in our PLG Index trade at a nearly 50% premium to the broader SaaS index, proving that product led revenue is more valuable.

Source: Pitchbook as of 9/10/2020. SaaS index multiples calculated as enterprise value / revenue and represent median value as of each date for the ~70 public SaaS companies OpenView tracks.

ADOPTION OF PRODUCT LED GROWTH STRATEGIES

	PLG Companies	All Companies
Free trial offering	90%	46%
In-product onboarding	71%	29%
Product analytics for decision making	69%	32%
Self-service buying experience	67%	26%
Bottoms-up sales	67%	38%
Dedicated growth resources (FTEs)	53%	28%
Freemium offering	52%	25%
Product Qualified Leads	47%	19%

Despite our best efforts at evangelizing PLG, most companies are still experimenting, but relatively few have gone 'all in' (just 27% of respondents report PLG being fundamental to their business).

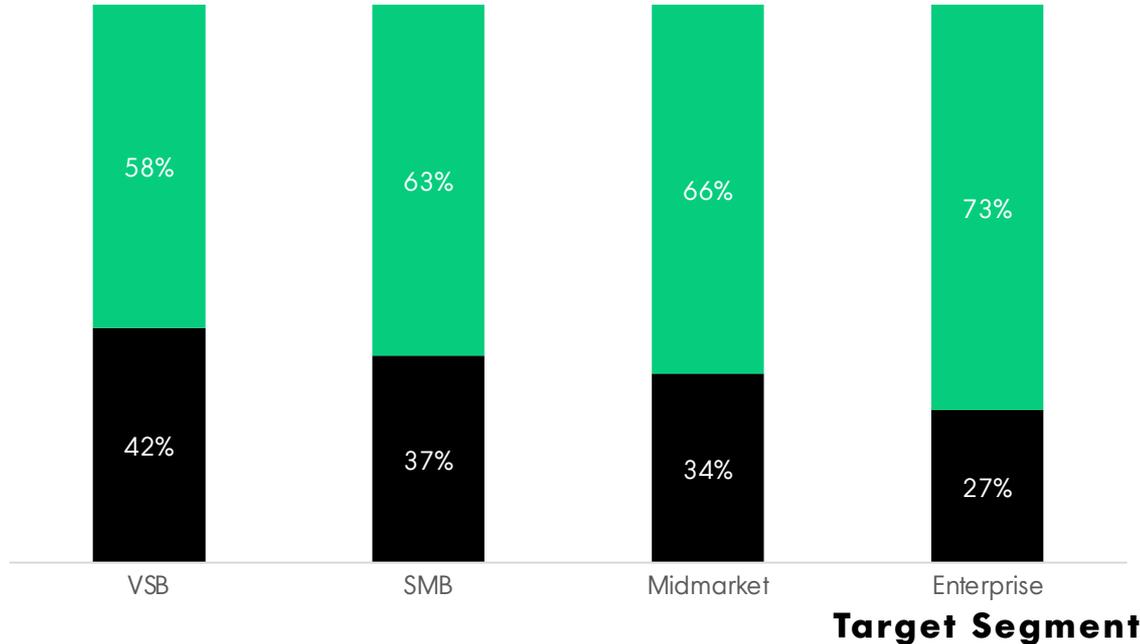
Free trials remain the most popular product led growth strategy, but a free trial is not enough to be PLG – companies need to rally their entire organizations – from sales, marketing, product, engineering and success – around product led growth strategies.

Source: 2020 OpenView SaaS Metrics Survey, N=409. PLG Companies defined as those leveraging more than three of the PLG strategies surveyed.

PRODUCT LED GROWTH BY TARGET CUSTOMER SEGMENT

% of respondents

■ PLG ■ Non-PLG



Product led growth is especially prevalent among companies targeting VSB/SMB customers.

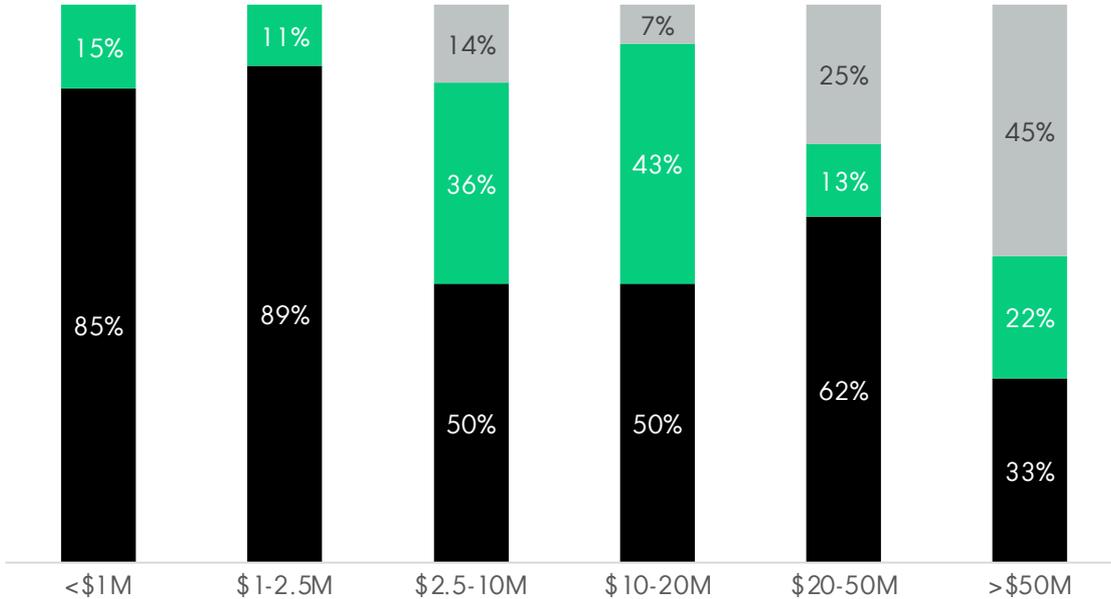
That said, 3 in 10 companies targeting large enterprises also employ PLG tactics – **PLG is for the enterprise, too.**

Source: 2020 OpenView SaaS Metrics Survey, N=409. PLG Companies defined as those leveraging more than three of the PLG strategies surveyed.

PRODUCT LED GROWTH ACVs BY ARR SCALE

% of respondents

■ <\$25k ■ \$25-100k ■ >\$100k



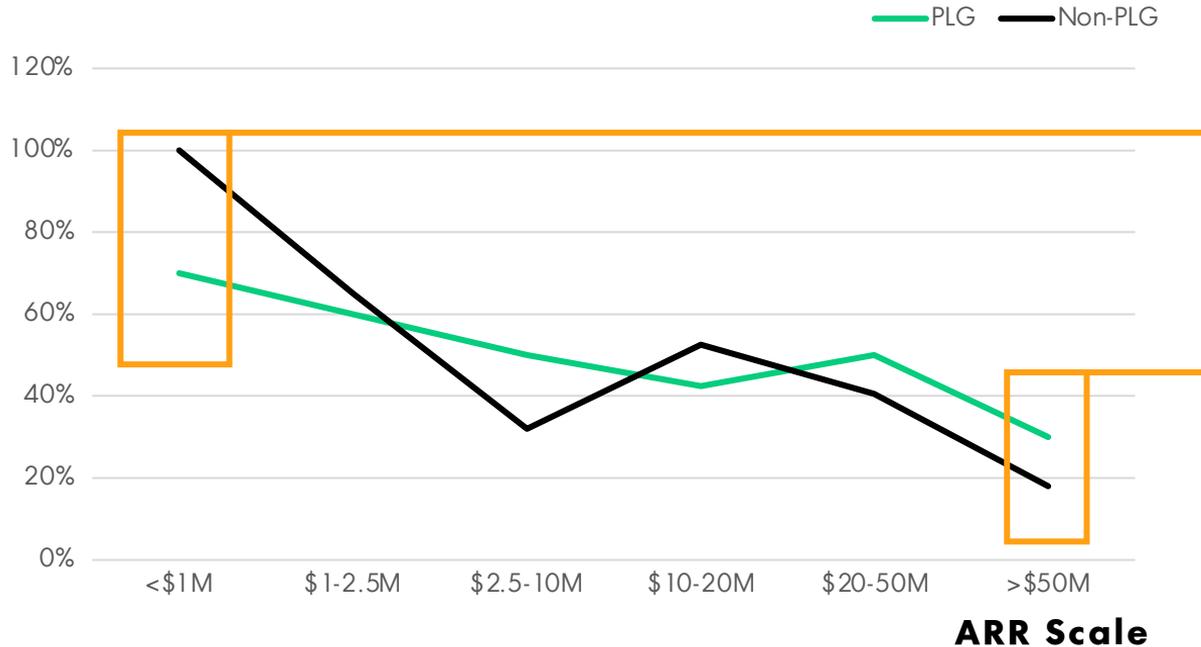
PLG companies land with a lower CAC at more digestible ACVs to start, but can drive significant expansion in accounts over time as the product spreads throughout large organizations.

These companies can be much less specific in their ideal customer profile as they search for product market fit, and over time target high value customers specifically and more efficiently.

Source: 2020 OpenView SaaS Metrics Survey, N=409. PLG Companies defined as those leveraging more than three of the PLG strategies surveyed.

PRODUCT LED BUSINESSES GROW FASTER AT SCALE

Median Growth Rate



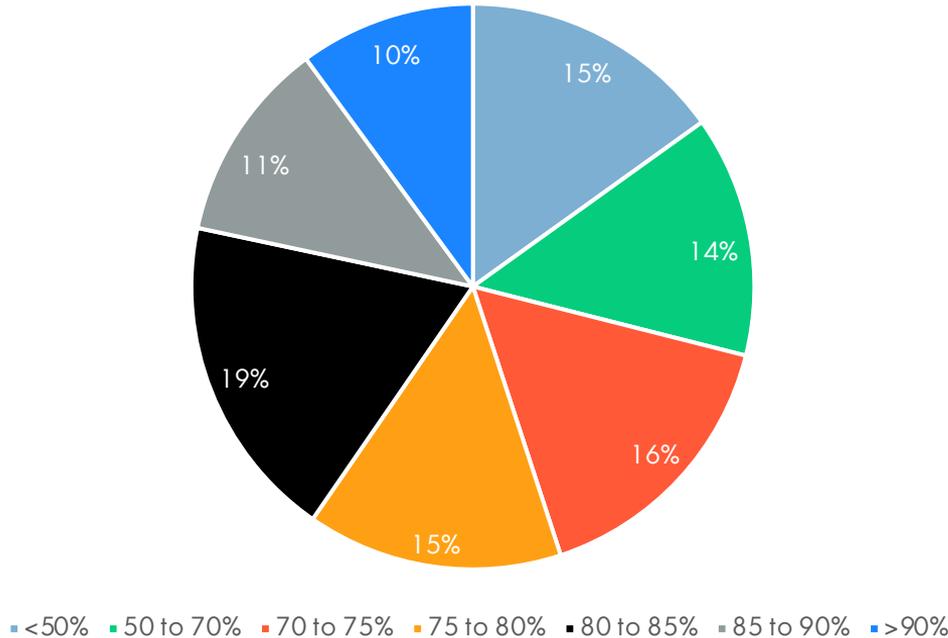
PLG companies grow slowly in the very early days, as it takes time to build a community of free users and convert those users to paying customers.

After \$10M in ARR, the magic of PLG kicks in and these companies can scale faster. They aren't as limited by their ability to hire, onboard and feed leads to enterprise sales reps and they've built up significant goodwill from their users.

Source: 2020 OpenView SaaS Metrics Survey, N=409. PLG Companies defined as those leveraging more than three of the PLG strategies surveyed.

GROSS MARGIN ON SUBSCRIPTION REVENUE

Gross Margin on Subscription Revenue Distribution



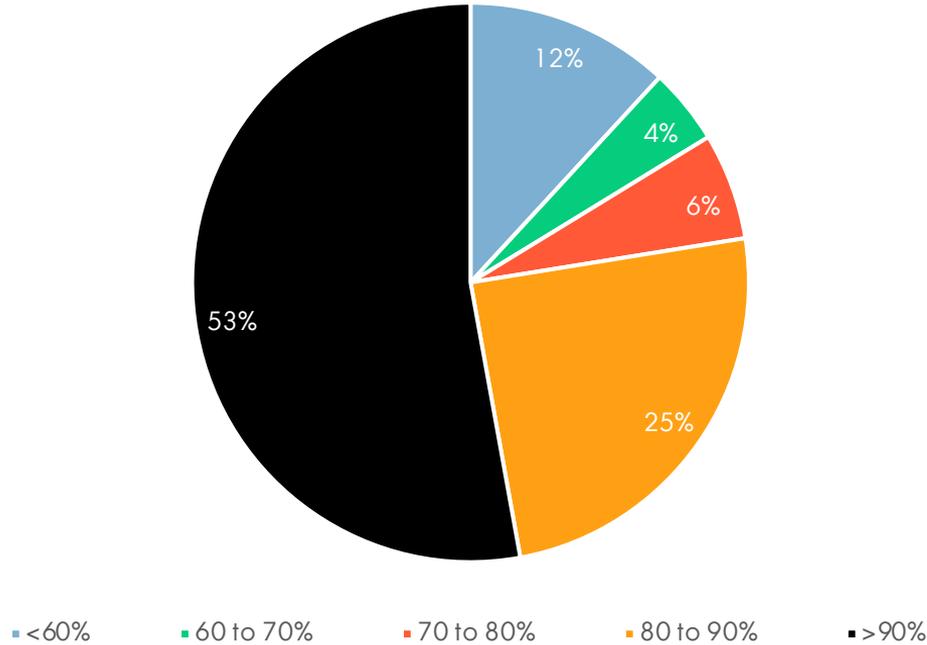
Gross margin is a key and often overlooked lever in any business – 7/10 companies surveyed have gross margins in excess of 70%. Best-in-class companies across all ARR scales see gross margins of at least 80%.

As a reminder, gross margin should always include hosting, as well as any services and customer onboarding costs.

Source: 2020 OpenView SaaS Metrics Survey, N=409.

GROSS DOLLAR RETENTION RATES

Gross Dollar Retention Rates (Annual)



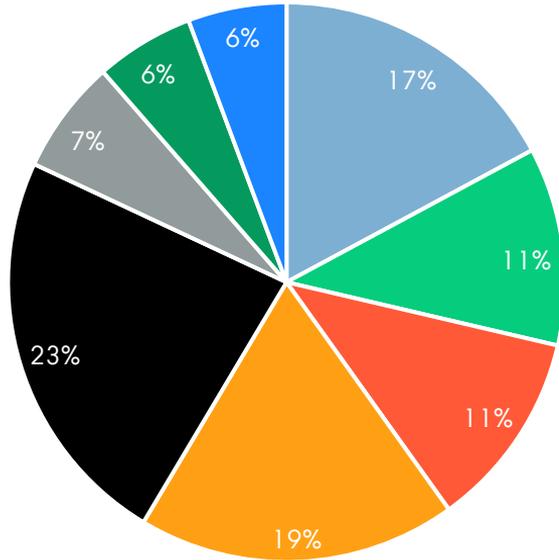
Source: 2020 OpenView SaaS Metrics Survey, N=409.

Top tier gross retention rates are consistent (~85-90%) regardless of last round or ARR scale.

Similarly, these rates are consistent regardless of bull or bear market conditions. Across all segments, GDR was within +-2% from 2019 to 2020. 90%+ Gross dollar retention is now "table stakes" in enterprise SaaS.

NET DOLLAR RETENTION RATES

Net Dollar Retention Rates (Annual)



- <85%
- 85 to 95%
- 95 to 100%
- 100 to 105%
- 105 to 115%
- 115 to 125%
- 125 to 135%
- >135%

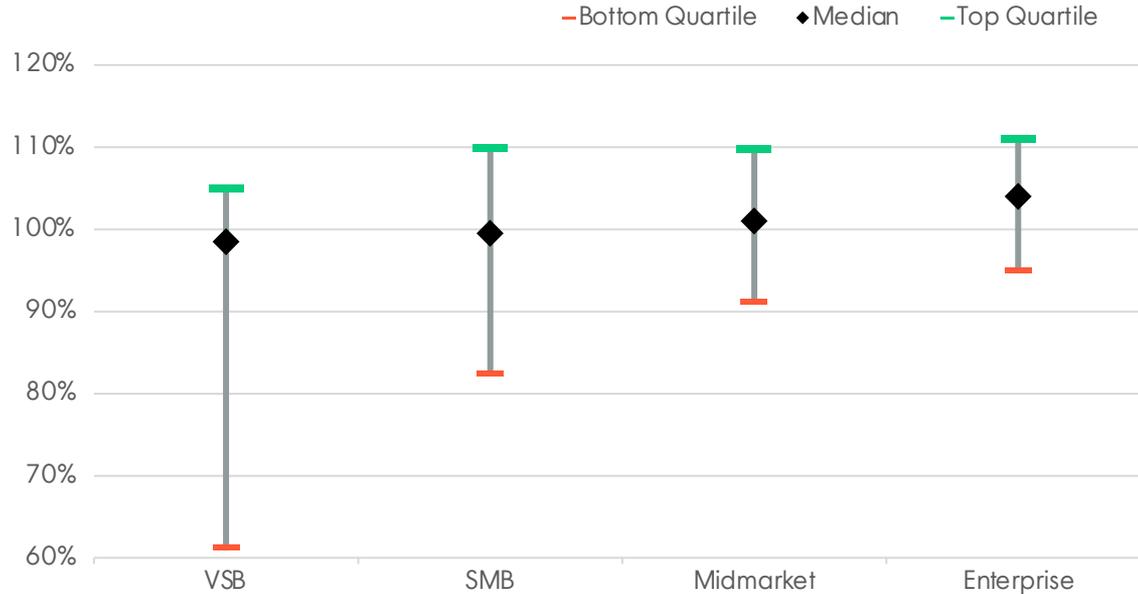
Source: 2020 OpenView SaaS Metrics Survey, N=409.

2 in 5 companies surveyed reported net dollar retention over 105% and 1 in 10 reported NDR over 125%.

Net dollar retention tells the whole story about what is happening within your customer base and should be tracked at the cohort level to visualize trends over time.

NET RETENTION BY TARGET CUSTOMER TYPE

Net Dollar Retention Rates (Annual)



Target Customer Type

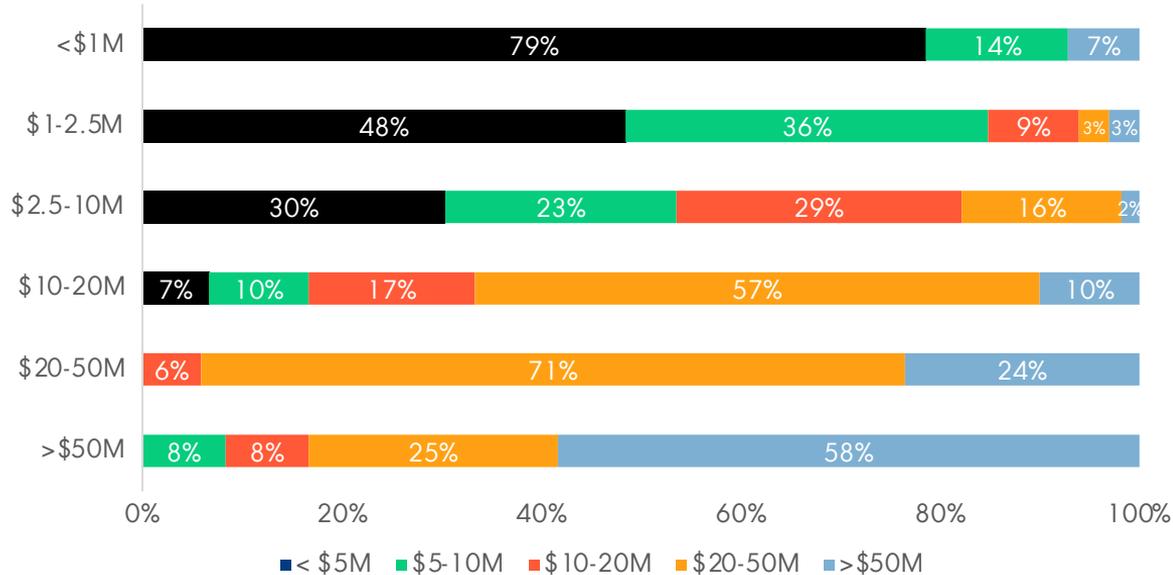
Regardless of segment, a competitive NDR rate lies between 100% and 110%.

However, VSB and SMB segments introduce greater variance. As SMBs become smaller and smaller, net retention can start to mimic B2C software.

Source: 2020 OpenView SaaS Metrics Survey, N=409.

EQUITY CAPITAL RAISED BY ARR*

ARR Scale



Equity Capital Raised

With the rise of VC growth funds, mega-rounds and record-breaking VC fund sizes as well as PE firms diversifying strategies in order to deploy capital, companies have access to more and more cash.

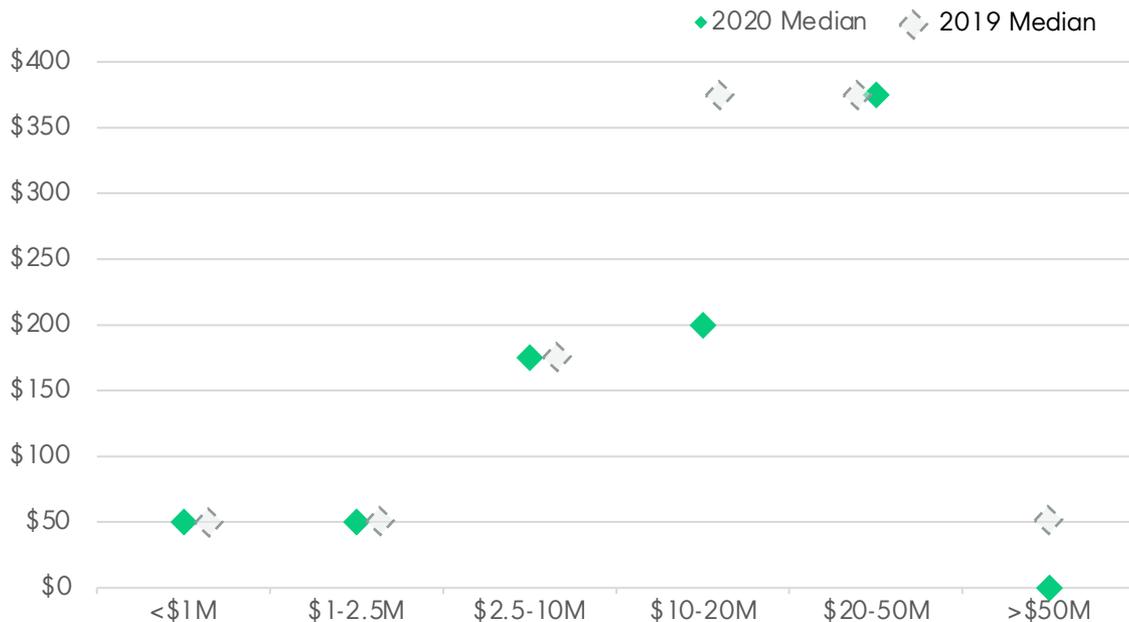
Even more modest companies (\$10-\$20M ARR) can raise large amounts of equity capital (~2/3 have raised >\$20M)

Source: 2020 OpenView SaaS Metrics Survey, N=409.

Note*: Excludes companies that haven't raised capital

MONTHLY CASH BURN

Monthly Cash Burn (\$000's)



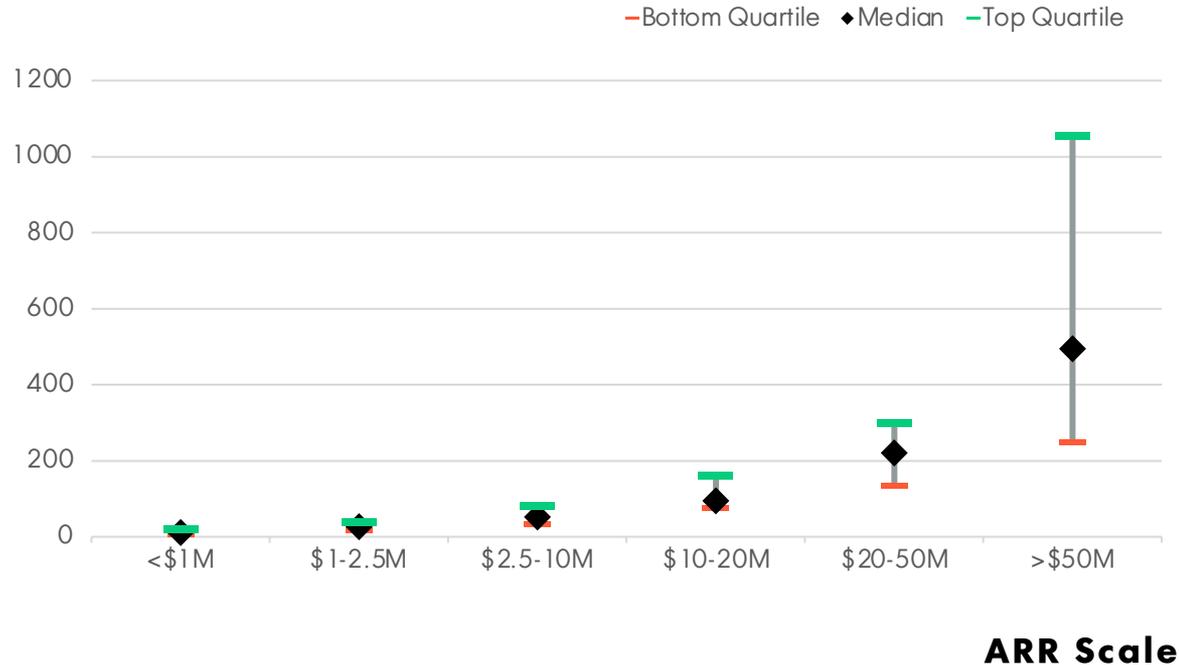
Burn was subject to two forces. Companies' responses to COVID would intuitively decrease burn. Large amounts of investor capital would intuitively raise it. As both customer and investor demand for software assets remains strong, burn remained consistent with last year's report.

Source: 2020 OpenView SaaS Metrics Survey, N=409. \$0 burn implies breakeven or profitable.

ARR Scale

NUMBER OF EMPLOYEES BY ARR SCALE

Number of Employees



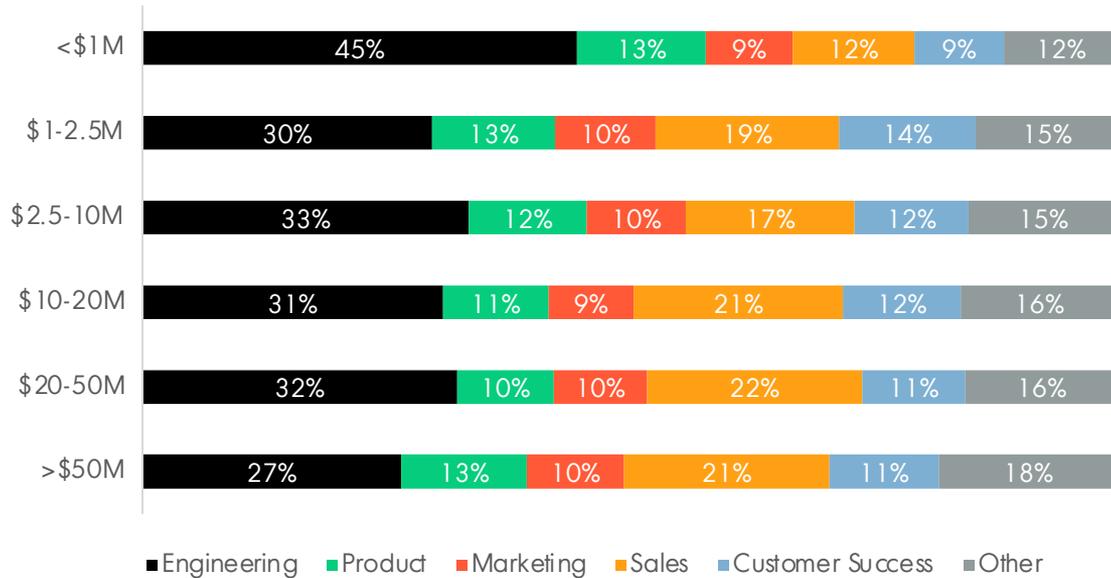
In the early stages, companies have one employee for every \$100,000 in ARR. As companies scale to \$20M, that figure jumps to \$150,000. Best-in-class is \$200,000+.

On average, 35% of employees are in Engineering and another 20% are in Sales. The next largest functions are Product (12%) and Customer Success (11%).

Source: 2020 OpenView SaaS Metrics Survey, N=409.

MIX OF EMPLOYEES BY FUNCTION, BY ARR SCALE

ARR Scale



At the early stages, most startup employees are in Product & Engineering roles. However, as companies expand, they need to rapidly grow Customer Success and specialized functions to sustain rapid revenue growth.

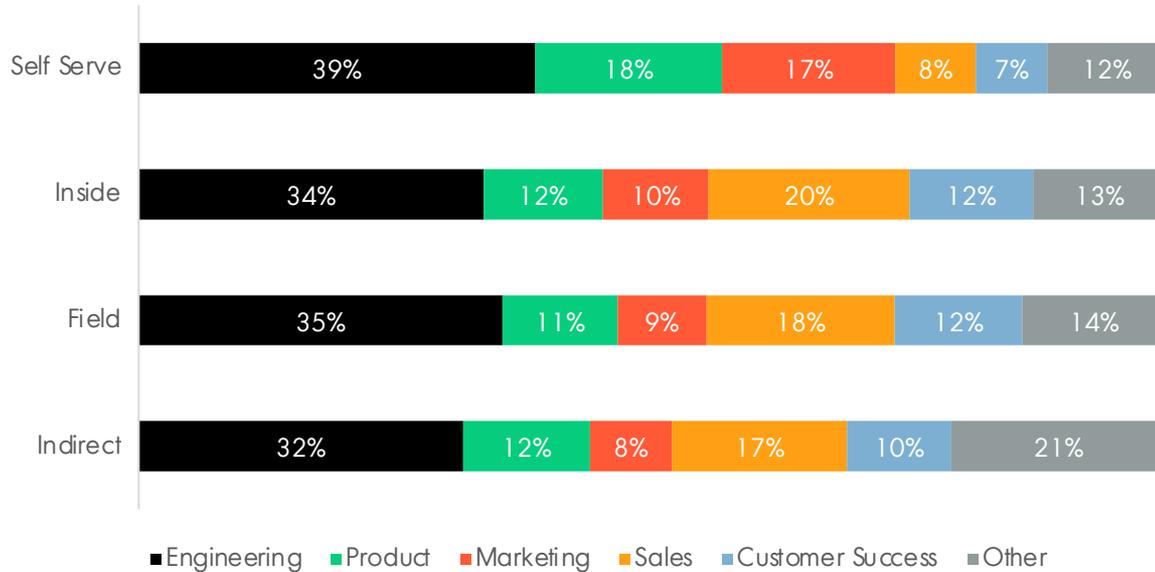
We notice that Engineering tends to be the main tradeoff as companies scale – once the product is built, commercial activities take priority.

FTE Mix by Function

Source: 2020 OpenView SaaS Metrics Survey, N=409.

MIX OF EMPLOYEES BY FUNCTION, BY DOMINANT SALES CHANNEL

ARR Scale

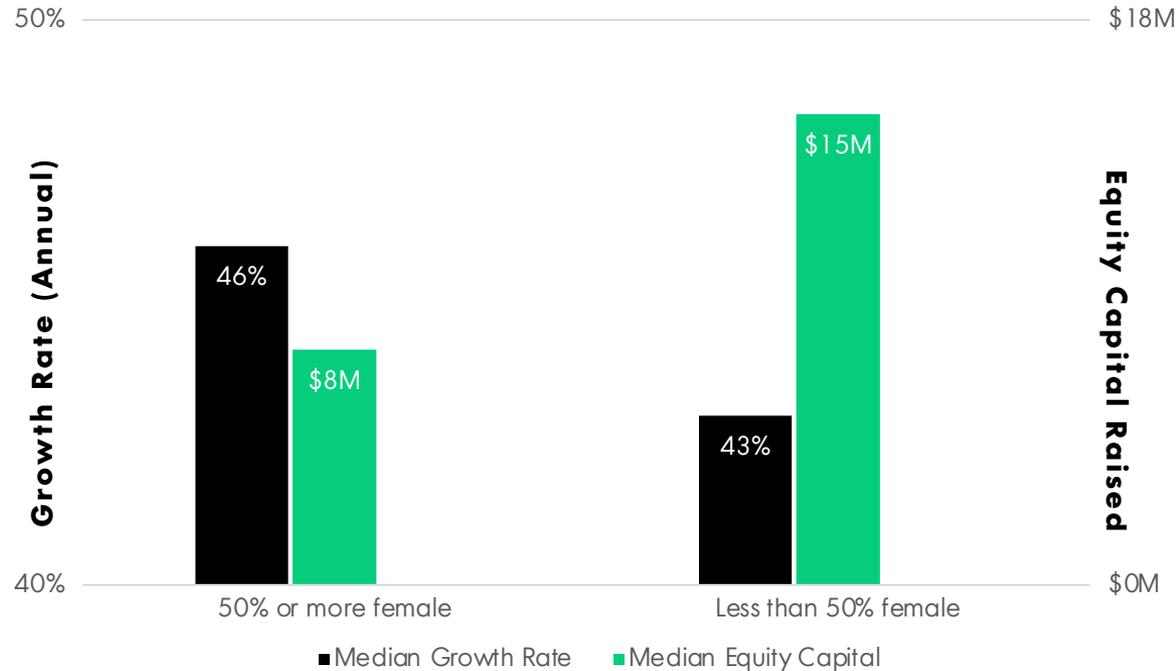


Companies leveraging self service or freemium channels commit a greater proportion of their resources to engineering and product – this is particularly evident in PLG companies who rely on organic strategies and product awareness to drive inbound demand.

FTE Mix by Function

Source: 2020 OpenView SaaS Metrics Survey, N=409.

FEMALE-LED TEAMS PERFORM BETTER, BUT RAISE LESS CAPITAL



While female-led teams outperform their peers (faster growth), they are doing so with far less equity capital (\$8M vs. \$15M).

Although diversity has been a trend in this report for years, it's important to remember you can't just talk the talk and work still needs to be done.

Source: 2020 OpenView SaaS Metrics Survey, N=409.

PROGRESS ON GENDER EQUALITY

	2017	2018	2019	2020
1+ female BoD member	29%	37%	38%	42%
Gender parity in leadership	12%	13%	14%	14%
Gender parity on BoD	4%	8%	8%	6%

Larger companies continue to fare slightly better when it comes to gender diversity within management teams, and, after stagnation in 2019, we're seeing slight progress.

42% of respondents had one or more female BoD member, which is an uptick from last year.

Meanwhile, 6% had gender parity on the BoD and 14% had parity among their leadership team.

Source: 2020 OpenView SaaS Metrics Survey, N=409.



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