

13<sup>TH</sup> ANNUAL

# 2022 SAAS SURVEY RESULTS

# KBCM TECHNOLOGY GROUP 2022 PRIVATE SAAS 13<sup>th</sup> ANNUAL COMPANY SURVEY

2022 Private SaaS Company Survey 

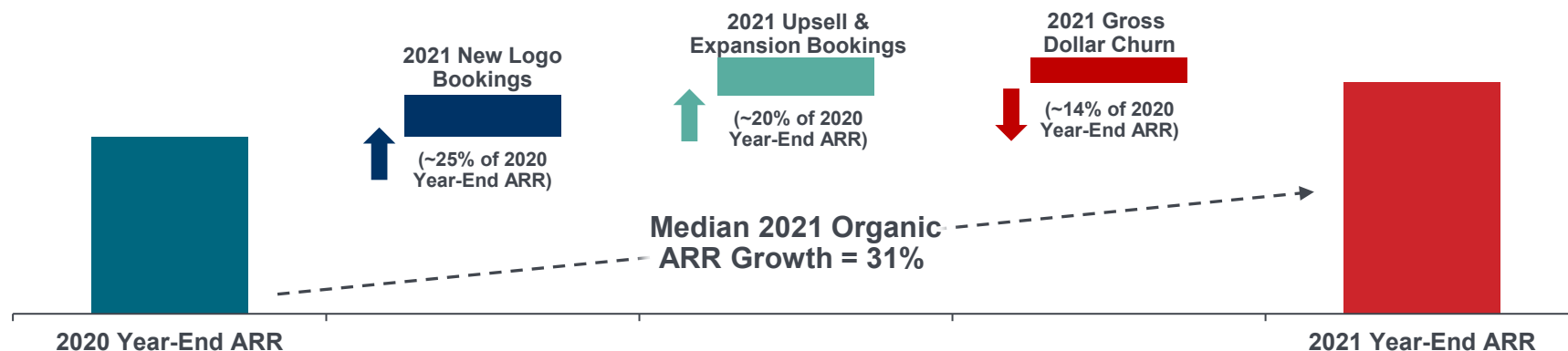
- This report provides an analysis of the results of a survey of private SaaS companies which KBCM Technology Group's software investment banking team conducted in June - August 2022
  - Results include responses from senior executives of over 100 companies, with an emphasis on larger scale companies
- Representative statistics on the survey participants<sup>2</sup>:
  - \$17.6MM median 2021 Ending ARR<sup>1</sup>, with 40 companies >\$25MM
  - Median organic growth in ARR in 2021 was 31%
  - Median employees (FTEs): ~181
  - Median customer count: ~413
  - ~\$40k median initial annual contract value
  - 66% headquartered in the U.S.
- In our 2021 survey, companies with <\$5MM ending ARR comprised nearly 40% of our total respondents compared to just 22% in 2022

Valuation <sup>2</sup>	Growth Forecasts <sup>2</sup>	Exit Expectations <sup>2</sup>	
<b>6.1x</b>	<b>36%</b>	Exit	'21 Median Growth Rate
Median Multiple of ARR	Median 2022E Organic ARR Growth Forecast	Public Listing	56%
<i>in capital raise or change of control event since Jan. 2021</i>	<i>Compared to 31% in 2021A</i>	Sponsor Acquisition	22%
see <a href="#">Slide 62</a> for results	see <a href="#">Slide 17</a> for results	Strategic Acquisition	25%
		Uncertain	24%
		see <a href="#">Slide 65</a> for results	

# SUMMARY VIEW OF MEDIAN 2021 SAAS METRICS PERFORMANCE

2022 Private SaaS Company Survey 

Excluding Companies <\$5MM in 2021 Ending ARR



## Customer Acquisition Costs

Median CAC Ratios <sup>1</sup>	2020	2021
<b>Blended CAC Ratio</b> Fully-loaded S&M spend to acquire \$1 of new ARR across all customers	\$1.20	\$1.20
<b>New Customer CAC Ratio</b> Fully-loaded S&M spend to acquire \$1 of new ARR from a new customer	\$1.67	\$1.78
<b>Existing Customer CAC Ratio</b> Fully-loaded S&M spend to acquire \$1 of ARR from upsells and expansions	\$0.63	\$0.61

## Margin Profile

Median Margins <sup>2</sup>	2020	2021
<b>Subscription Gross Margin</b>	80%	77%
<b>Total Gross Margin<sup>3</sup></b>	73%	73%
<b>Sales &amp; Marketing as a % of Revenue</b>	35%	40%
<b>Free Cash Flow Margin</b>	0%	(5%)

<sup>1</sup> Excluding companies with less than \$5M of S&M spend

<sup>2</sup> All margins based on 2021 GAAP revenue, adjusted for stock-based compensation add-back

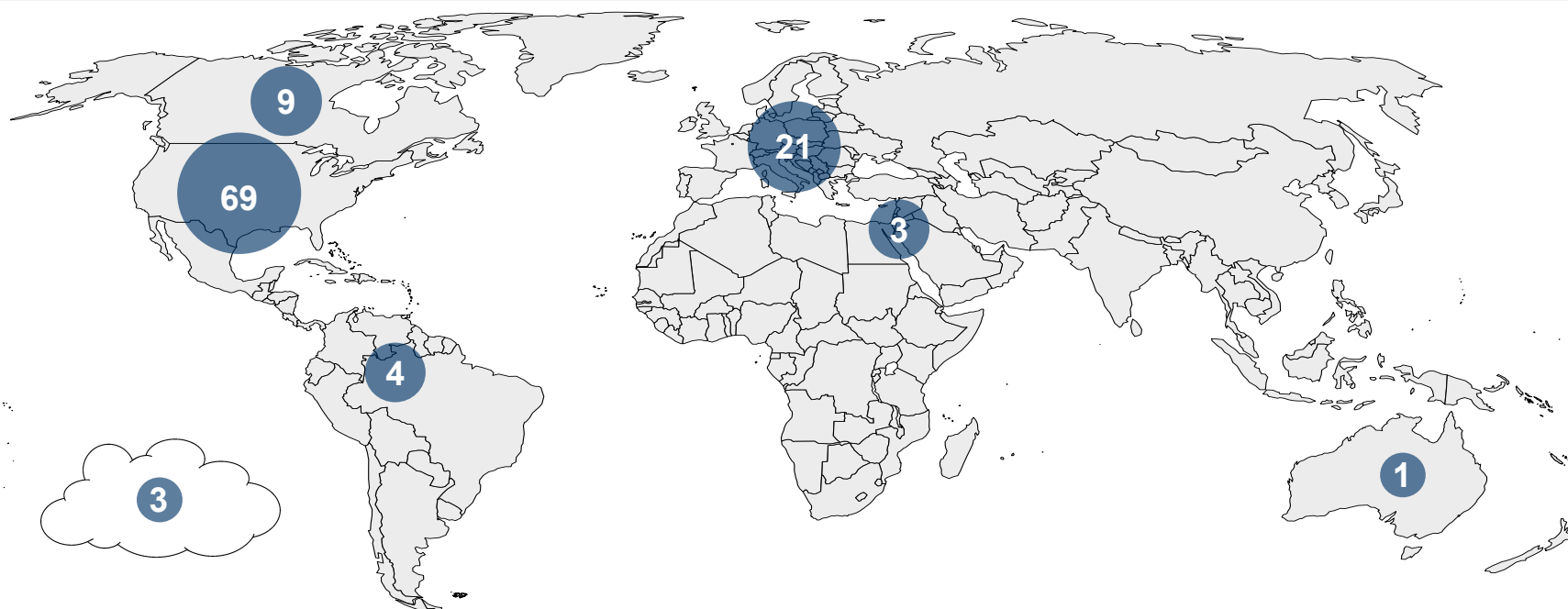
<sup>3</sup> Gross margin determined based on including customer support in COGS

Respondents: Median 2021 Organic ARR Growth: 78, 2021 New Logo Bookings: 78, 2021 Upsell Bookings: 78, 2021 Gross Dollar Churn: 78, Customer Acquisition Costs: 72

# SURVEY PARTICIPANT COMPOSITION

# SURVEY PARTICIPANT GEOGRAPHY (HQ)

2022 Private SaaS Company Survey 

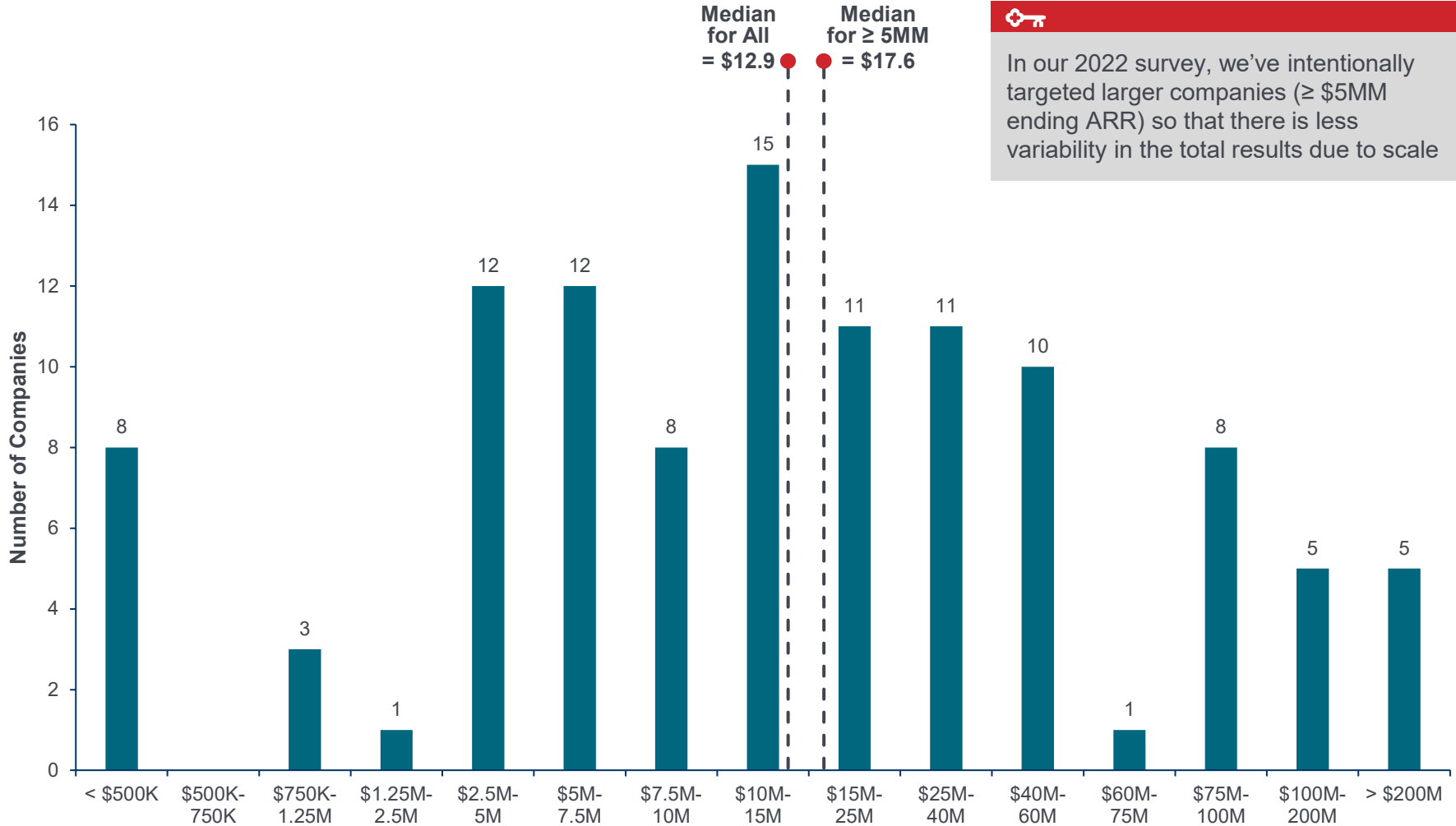


Global	# of Companies	Median 2021 Ending ARR (\$ in MM)	Median 2021 Organic Growth Rate	% of Revenue: Home Region / North America / RoW)
U.S.	69	\$15.0	28%	85% / 5% / 10%
Europe	21	10.6	34%	50% / 30% / 20%
Canada	9	10.8	29%	86% / 4% / 10%
Latin America	4	8.0	46%	98% / 1% / 1%
Israel	3	59.3	48%	54% / 23% / 23%
Virtual	3	52.0	74%	- / 100% / -
Australia/New Zealand	1	1.0	-	- / - / -

<b>TOTAL</b>	<b>110</b>	<b>\$12.9</b>	<b>32%</b>	
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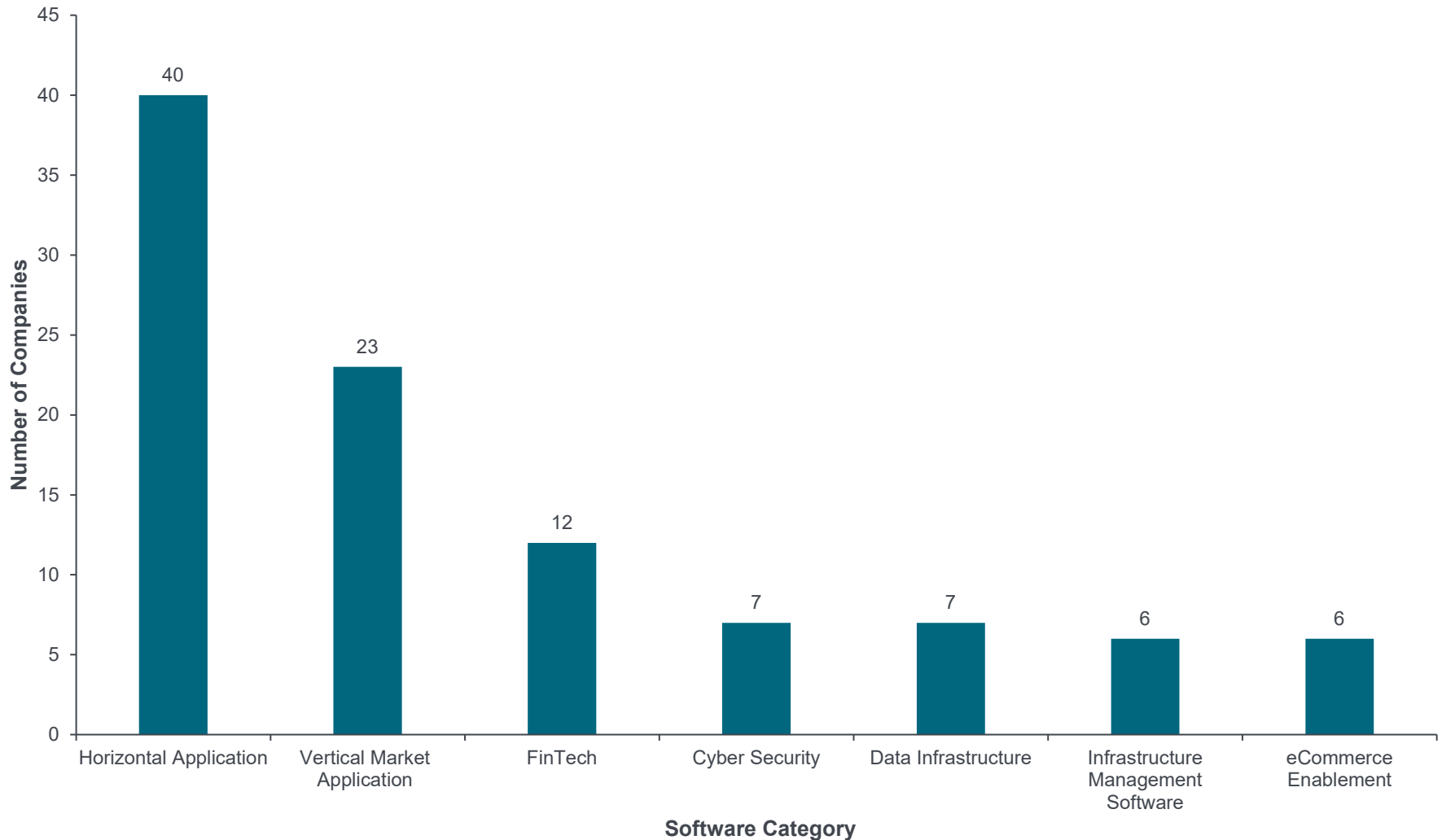
# PARTICIPANTS BY ENDING ARR

2021 ARR: Contracted Annual Recurring Revenue at Year-End 2021



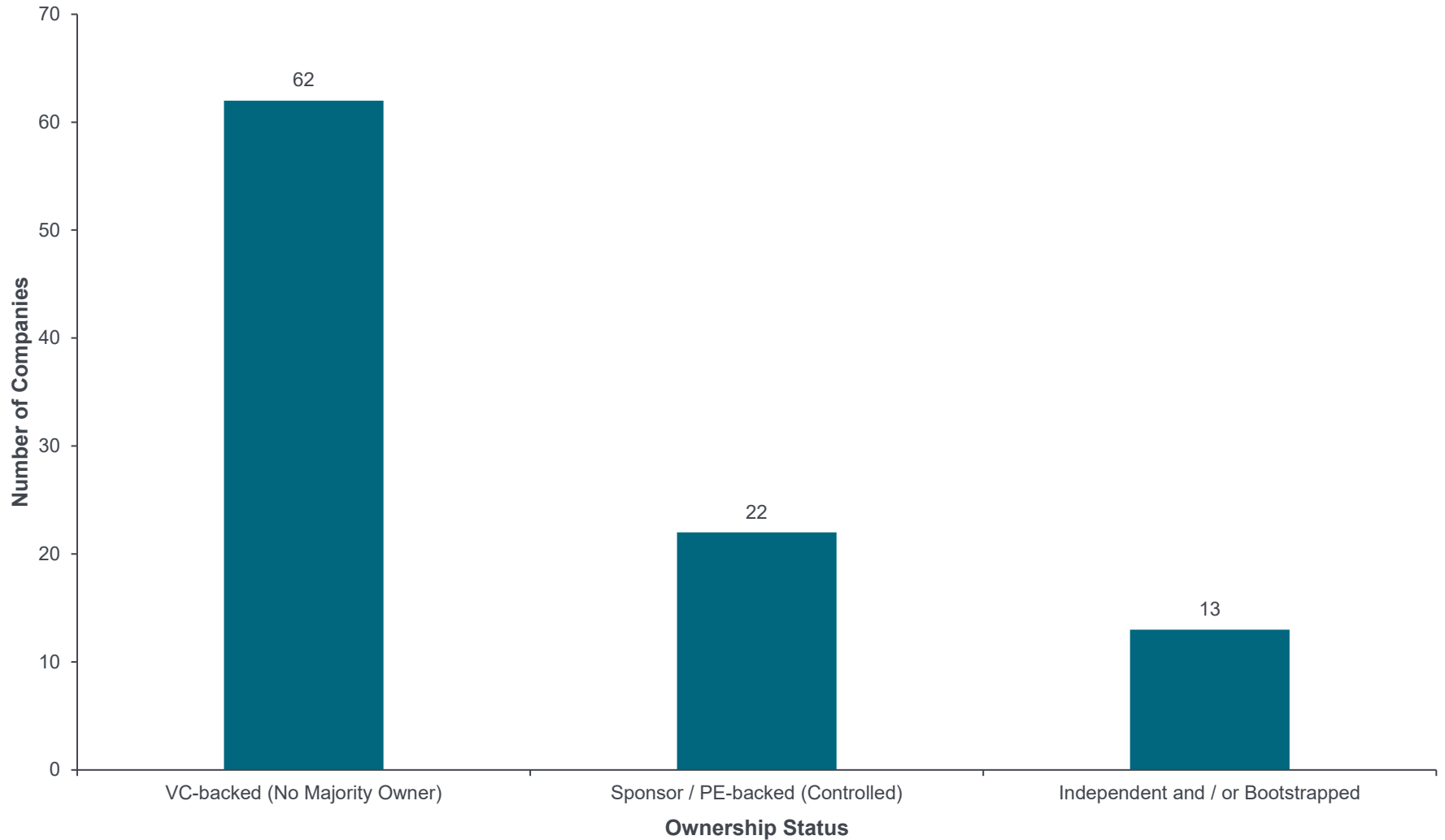
# PARTICIPANTS BY SOFTWARE CATEGORY

2022 Private SaaS Company Survey 



# PARTICIPANTS BY OWNERSHIP STATUS

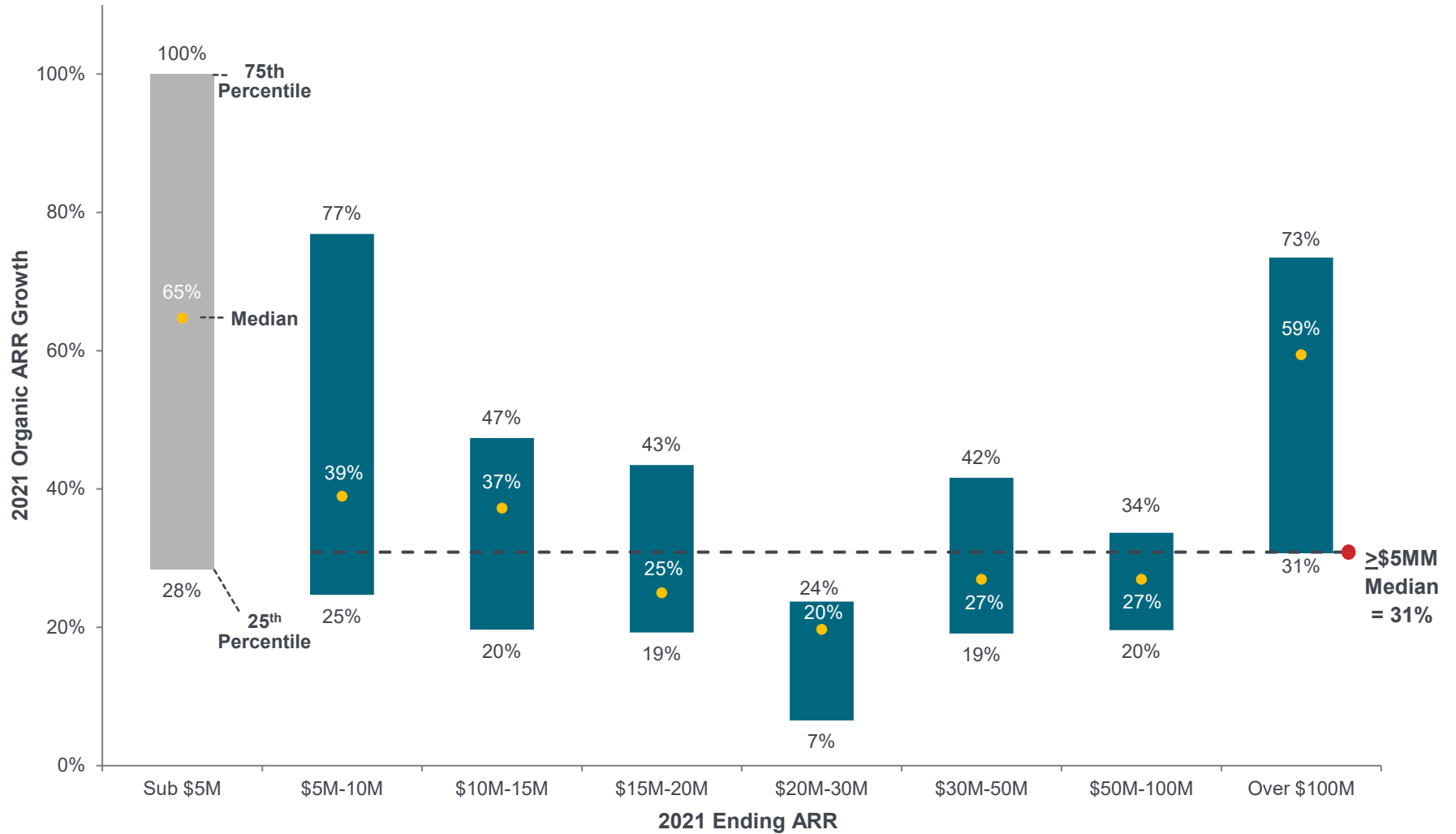
2022 Private SaaS Company Survey 





# 2021 GROWTH

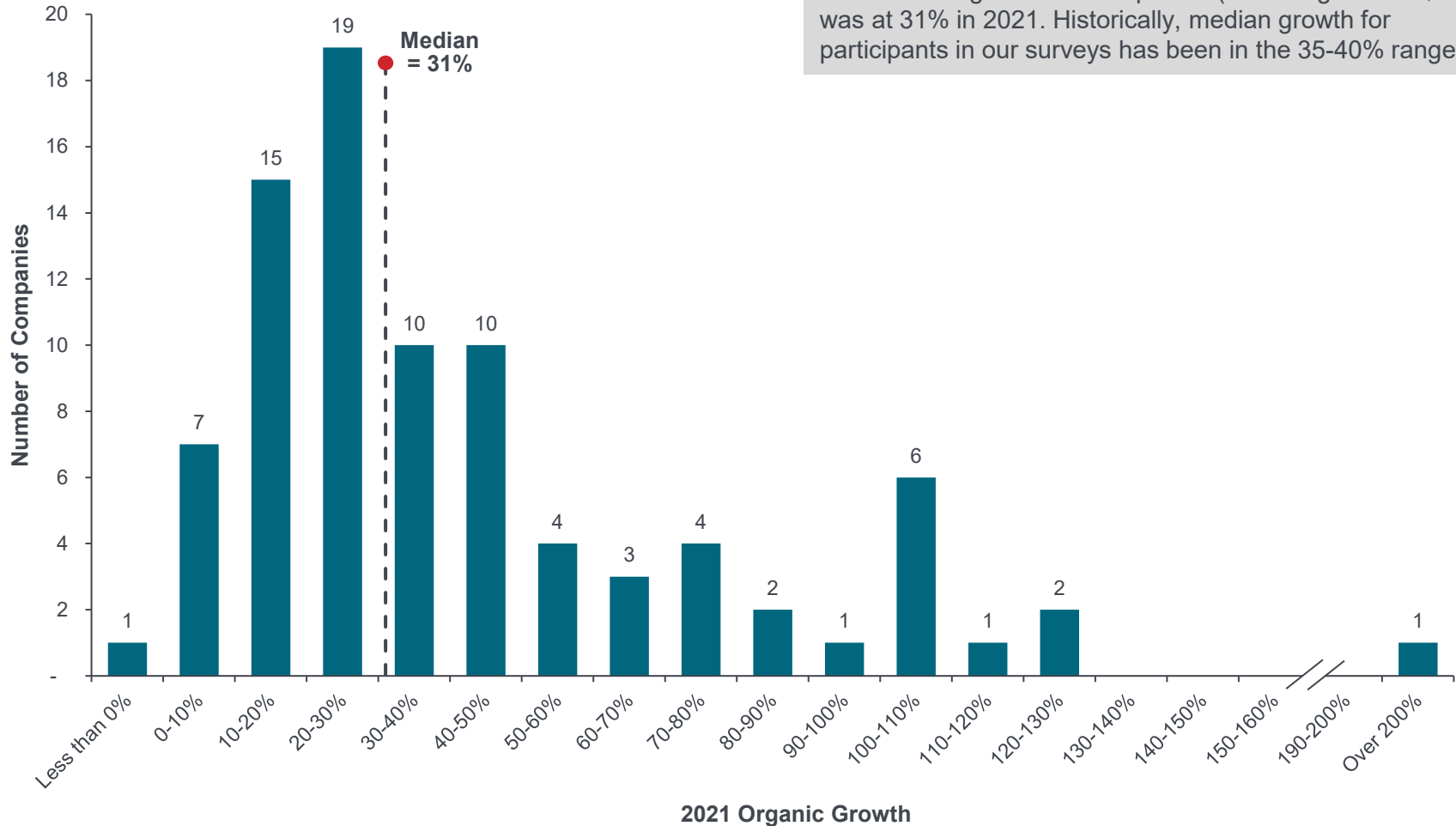
# 2021 ORGANIC ARR GROWTH



# ORGANIC ARR GROWTH HISTOGRAM

2022 Private SaaS Company Survey 

Excluding Companies <\$5MM in 2021 Ending ARR

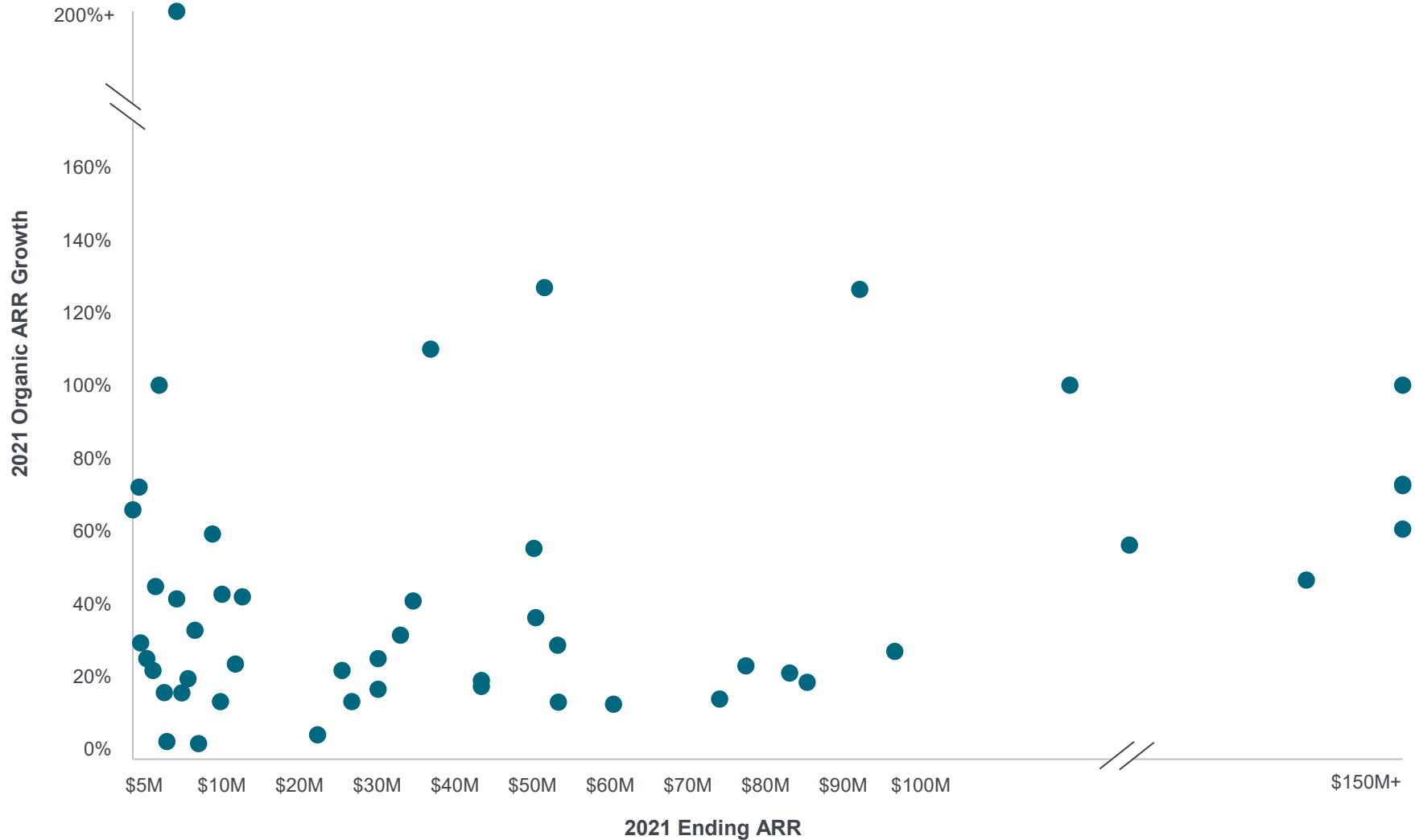


Median ARR growth for companies (excluding those <\$5MM) was at 31% in 2021. Historically, median growth for participants in our surveys has been in the 35-40% range

# HOW FAST DID YOU GROW ORGANICALLY IN 2021?

2022 Private SaaS Company Survey 

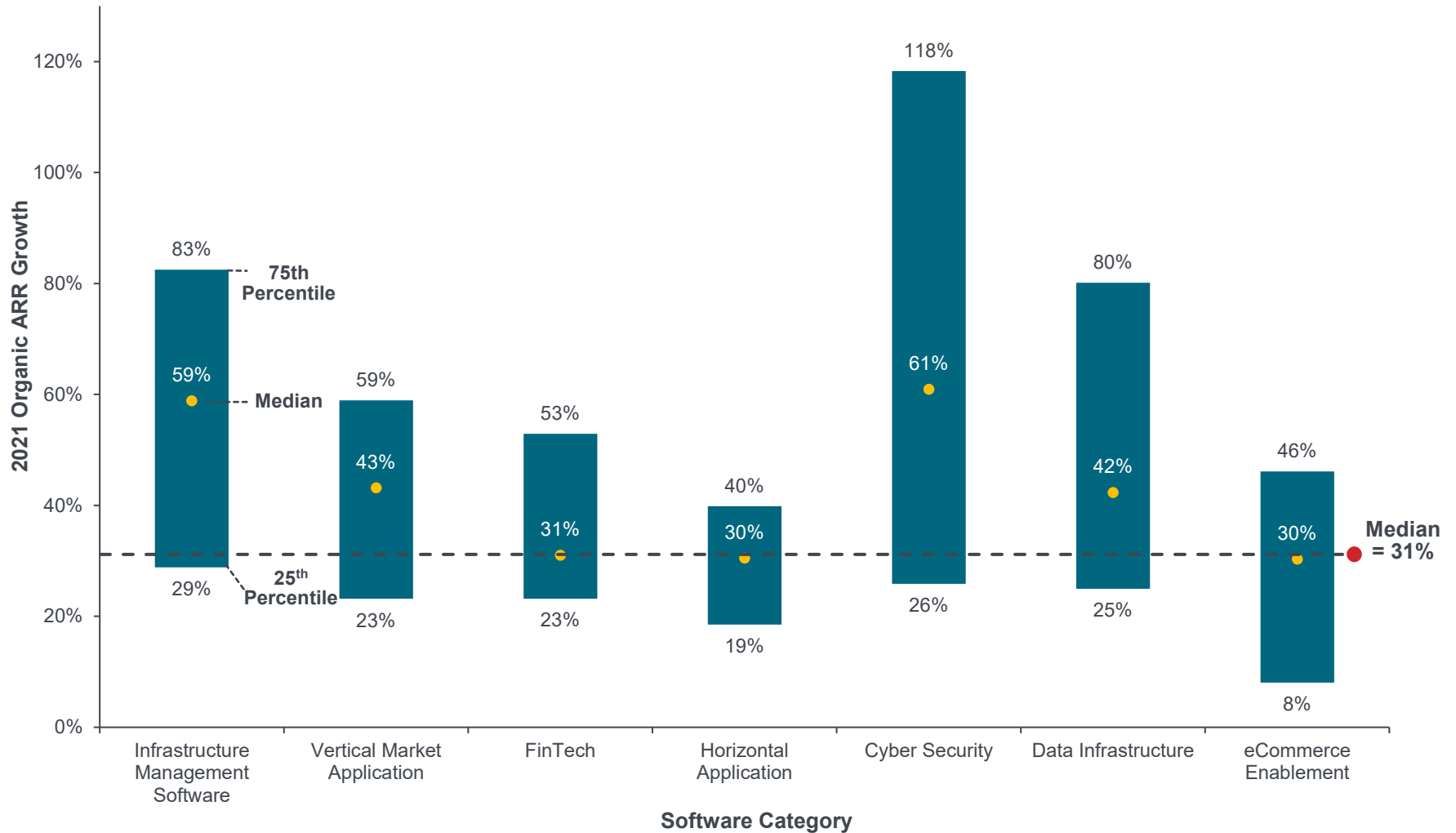
Excluding Companies <\$5MM in 2021 Ending ARR



# 2021 ARR GROWTH BY SOFTWARE CATEGORY

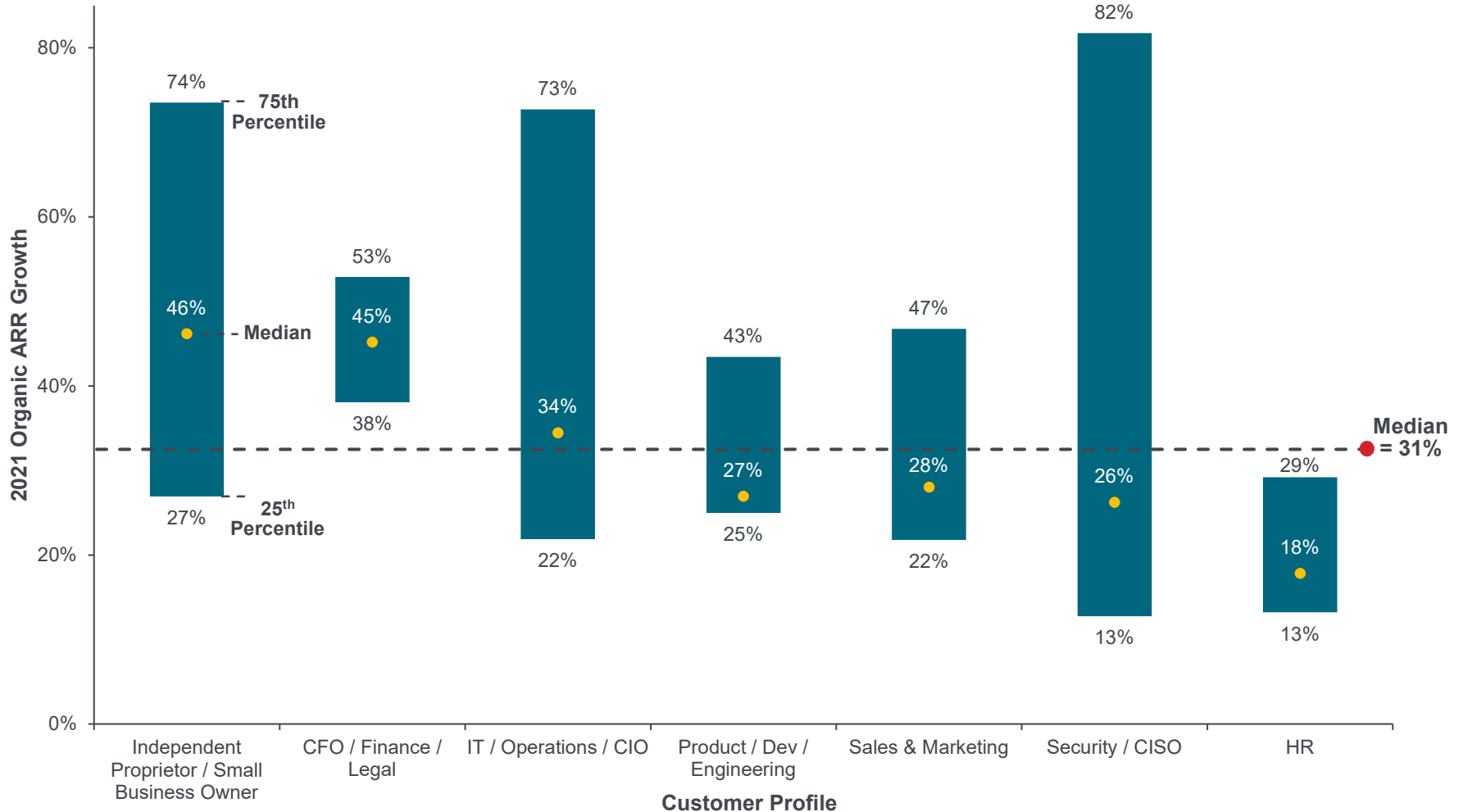
2022 Private SaaS Company Survey 

Excluding Companies <\$5MM in 2021 Ending ARR



# 2021 ARR GROWTH BY CUSTOMER PROFILE

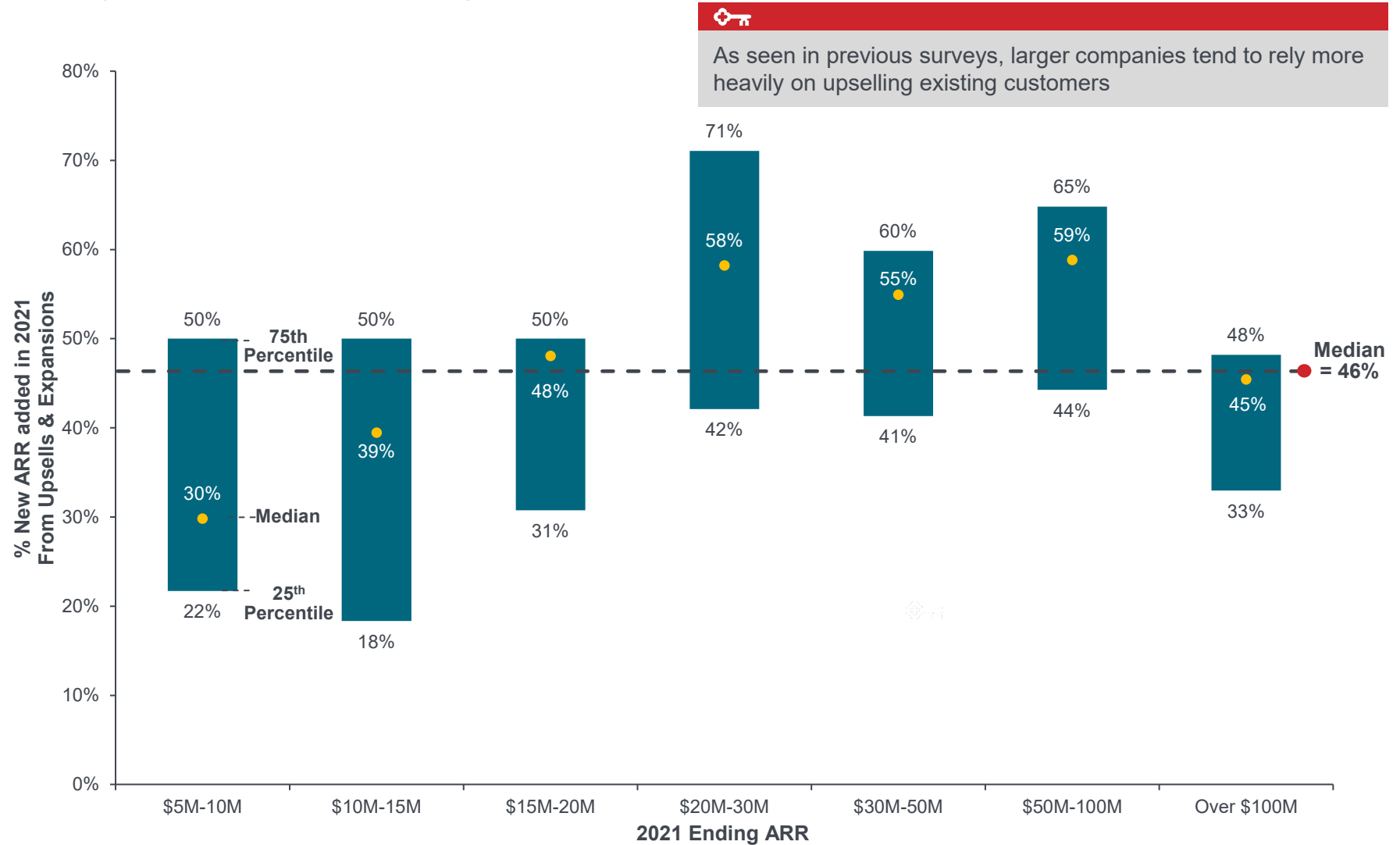
Excluding Companies <\$5MM in 2021 Ending ARR



# RELIANCE ON UPSELLS & EXPANSIONS IN 2021

2022 Private SaaS Company Survey 

Excluding Companies <\$5MM in 2021 Ending ARR

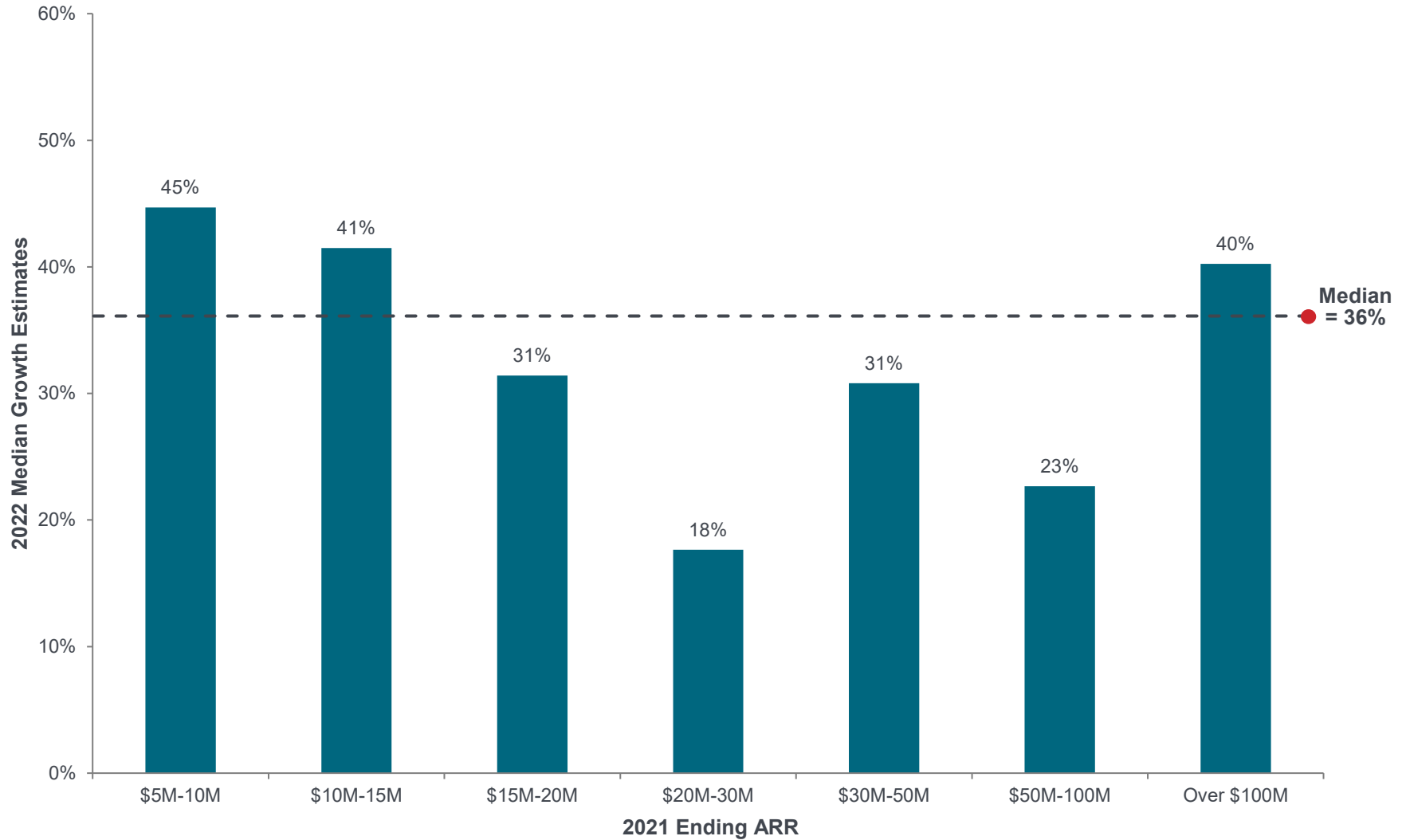


# 2022 GROWTH FORECAST



# 2022 GROWTH FORECAST

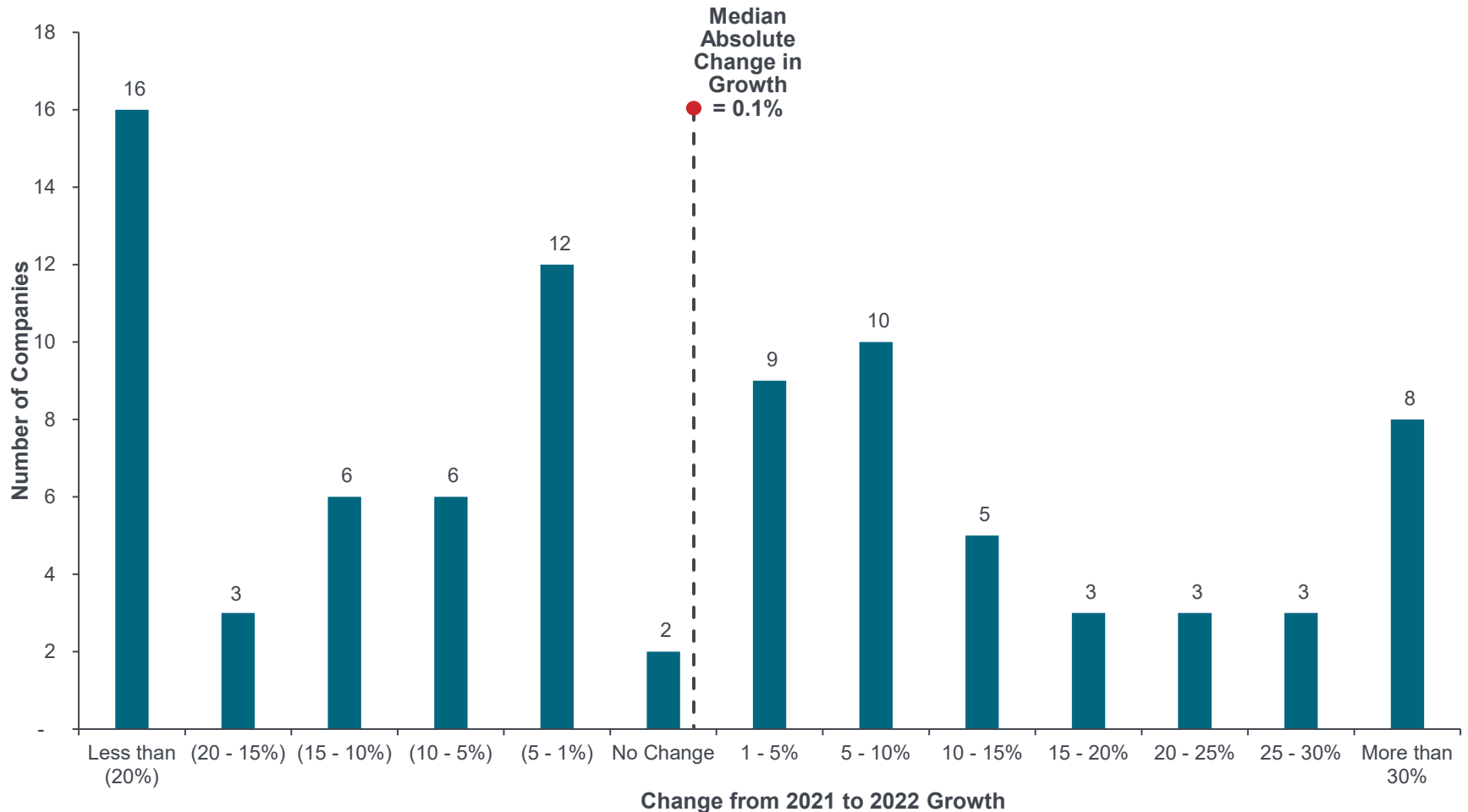
Excluding Companies <\$5MM in 2021 Ending ARR



# 2022 GROWTH FORECAST: ACCELERATION VS DECELERATION

2022 Private SaaS Company Survey 

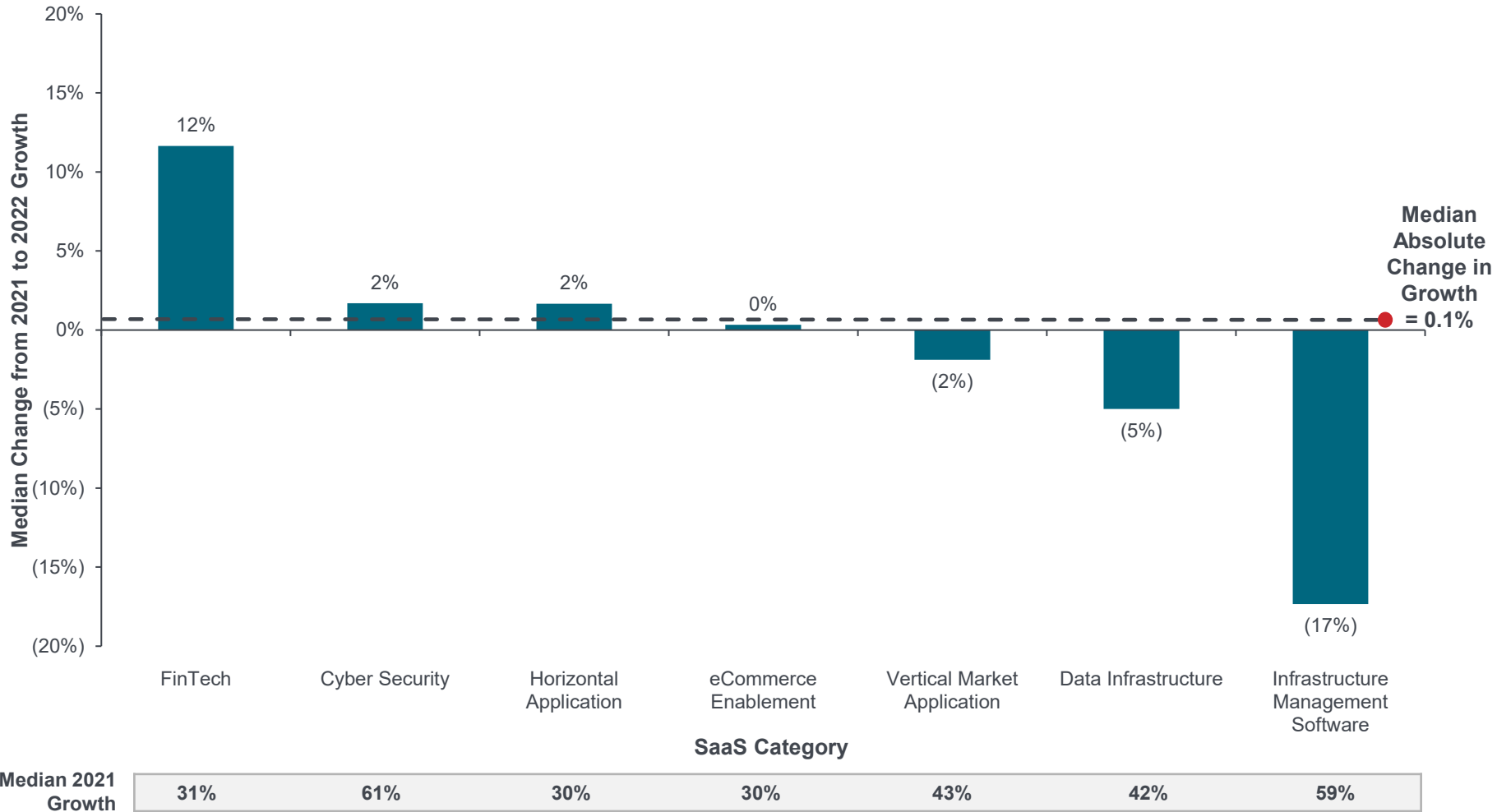
Excluding Companies <\$5MM in 2021 Ending ARR



# 2022 GROWTH FORECAST: ACCELERATION VS DECELERATION BY SOFTWARE CATEGORY

2022 Private SaaS Company Survey 

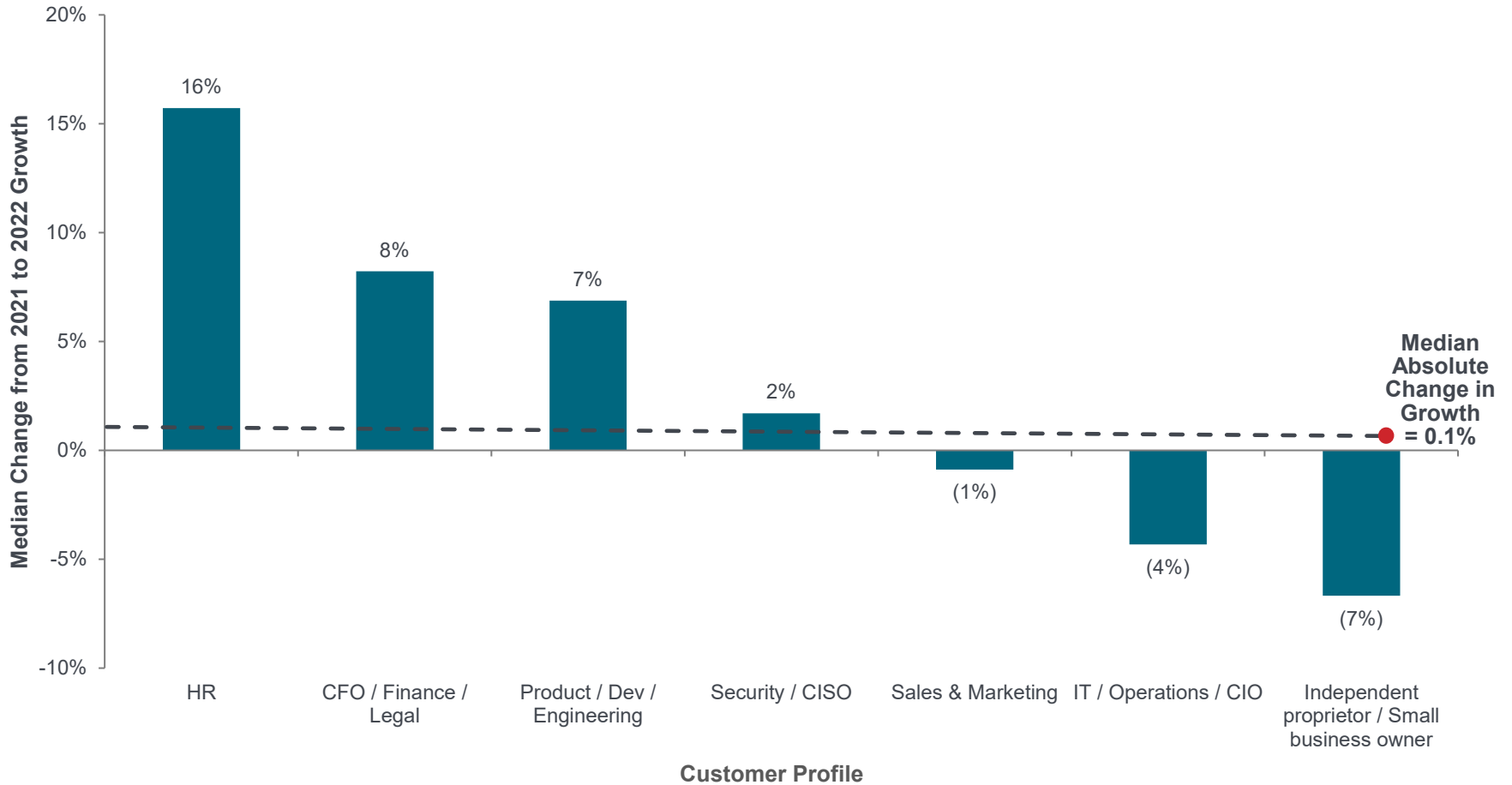
Excluding Companies <\$5MM in 2021 Ending ARR



# 2022 GROWTH FORECAST: ACCELERATION VS DECELERATION BY CUSTOMER PROFILE

2022 Private SaaS Company Survey 

Excluding Companies <\$5MM in 2021 Ending ARR



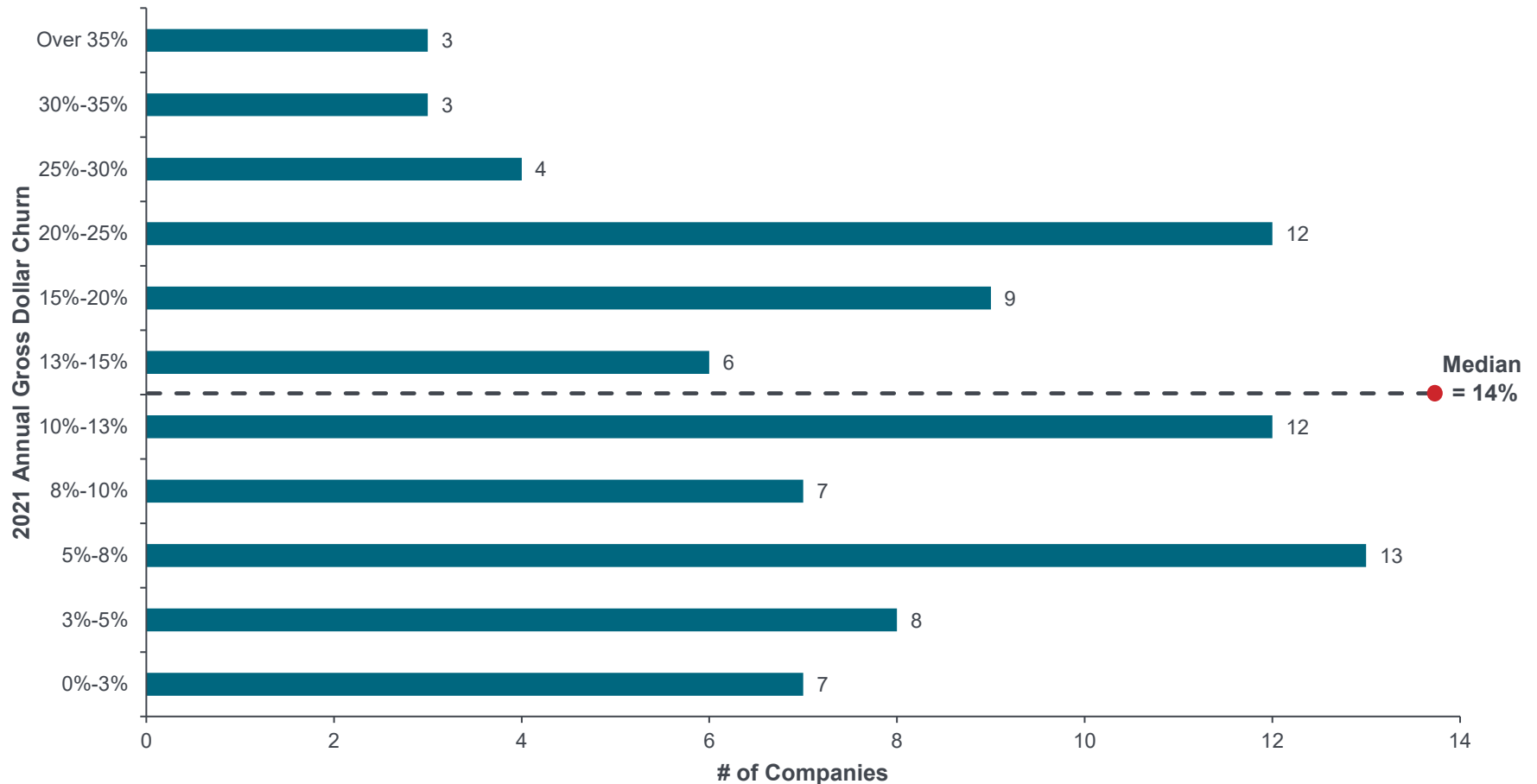
Customer Profile	Median 2021 Growth
HR	18%
CFO / Finance / Legal	45%
Product / Dev / Engineering	27%
Security / CISO	26%
Sales & Marketing	28%
IT / Operations / CIO	34%
Independent proprietor / Small business owner	46%

# RETENTION AND CHURN

# ANNUAL GROSS DOLLAR CHURN

Excluding Companies <\$5MM in 2021 Ending ARR

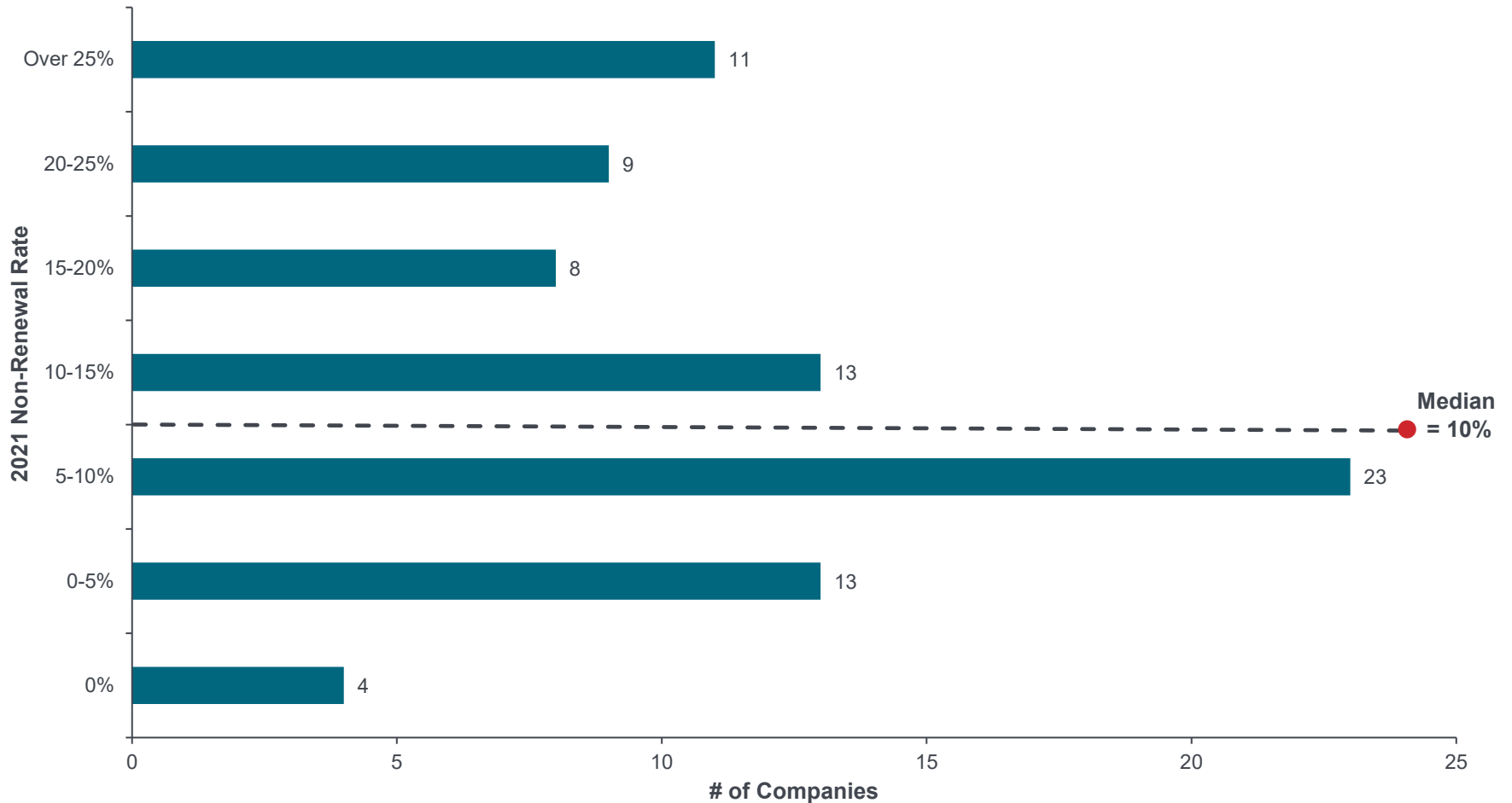
On a dollar basis, what percentage of ARR contracted as of 12/31/20, churned during 2021?  
(Excluding benefits of upsells and expansions)



# ANNUAL NON-RENEWAL RATE

Excluding Companies <\$5MM in 2021 Ending ARR

On a dollar basis, what percentage of ARR up for renewal during 2021 did not renew? (Excluding benefits of upsells and expansions)

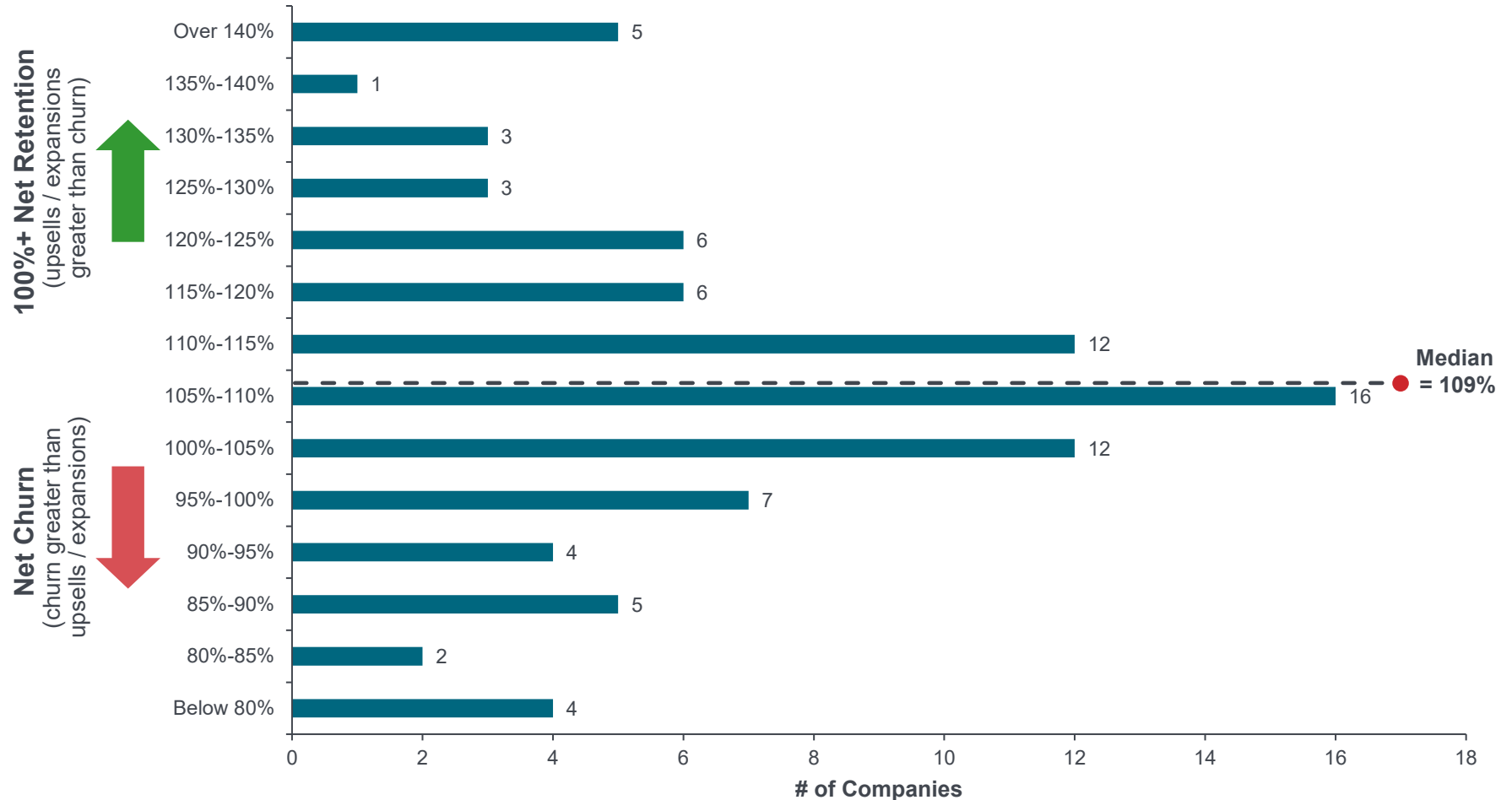


# ANNUAL NET DOLLAR RETENTION FROM EXISTING CUSTOMERS

2022 Private SaaS Company Survey 

Excluding Companies <\$5MM in 2021 Ending ARR

How much did your existing ARR base at the end of 2021 expand or contract, adding upsells and expansions from existing customers, subtracting gross dollar churn?

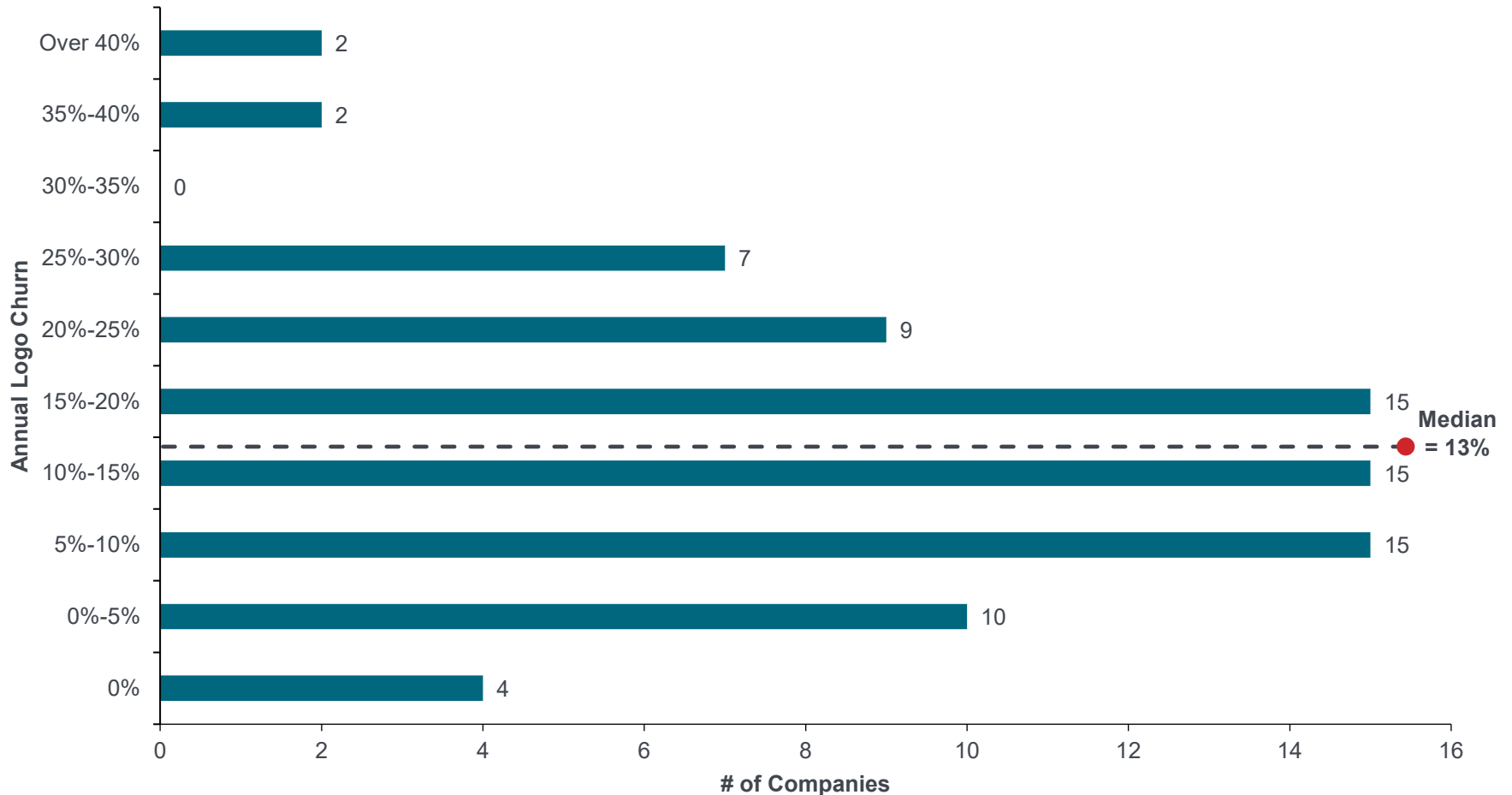




# ANNUAL LOGO CHURN

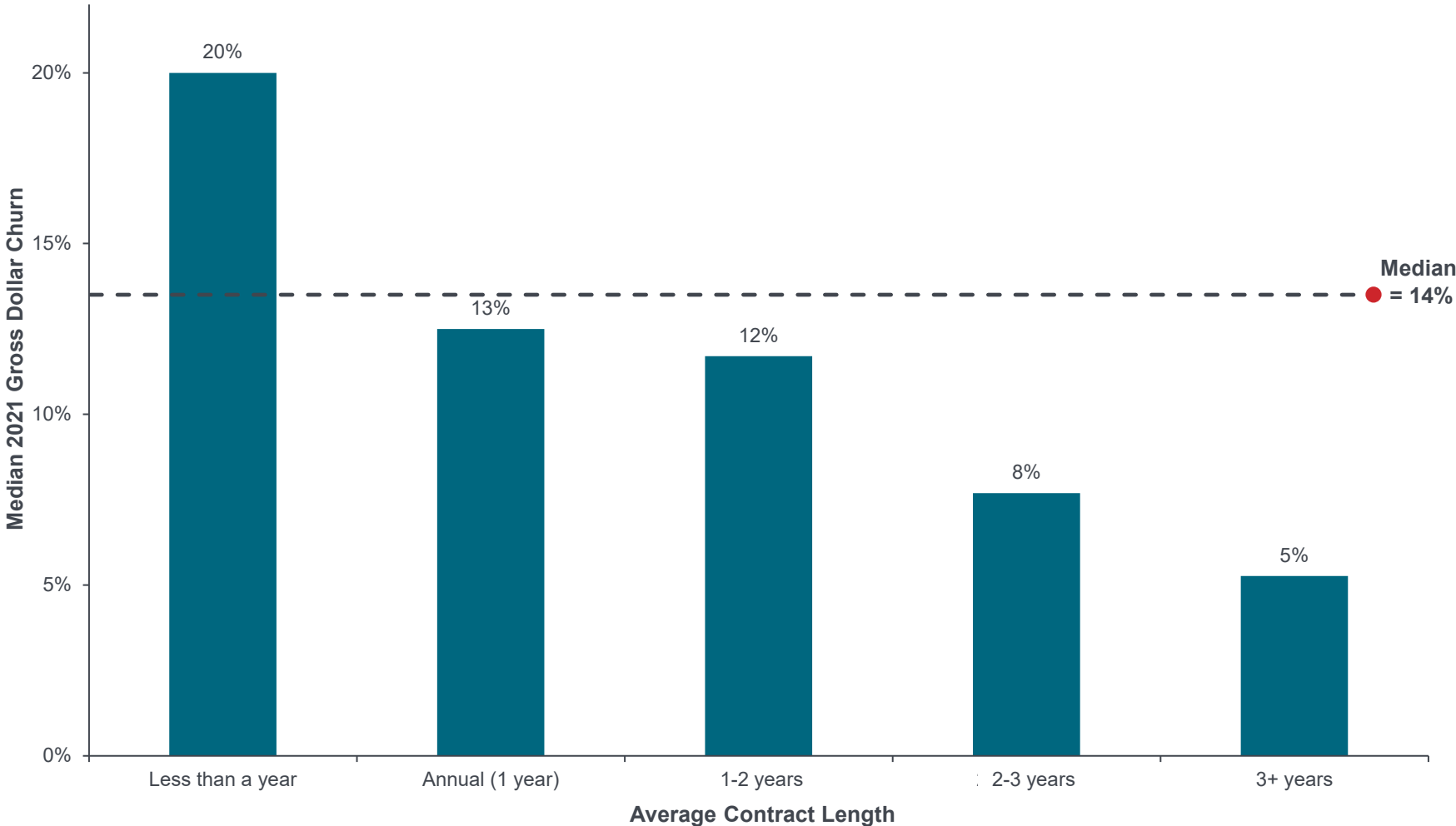
Excluding Companies <\$5MM in 2021 Ending ARR

Annual Logo Churn: Number of Pre-existing Customers Lost During 2021 Divided by Total Number of Customers at Year-End 2020?



# ANNUAL GROSS DOLLAR CHURN AS A FUNCTION OF CONTRACT LENGTH

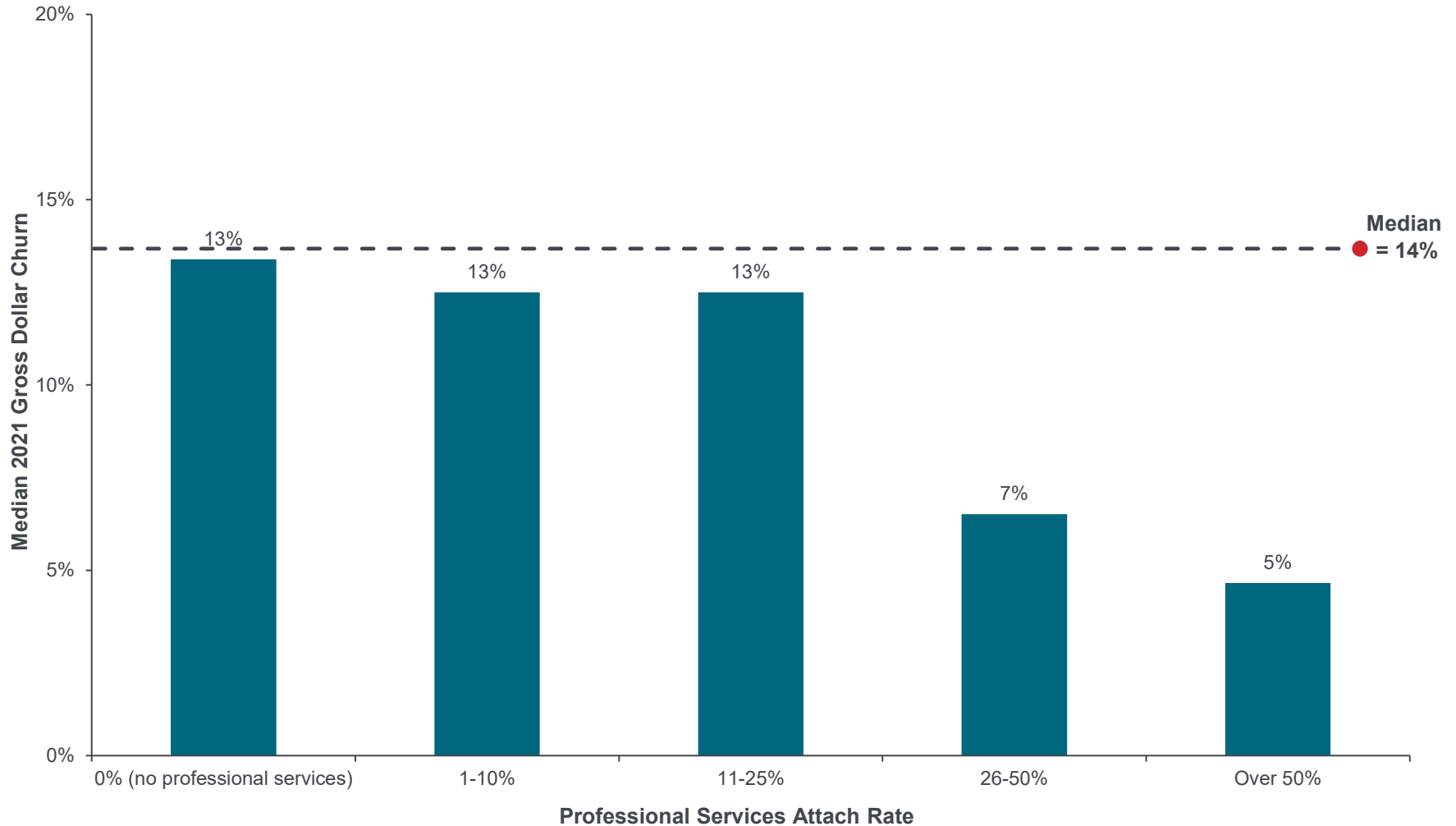
Excluding Companies <\$5MM in 2021 Ending ARR



# ANNUAL GROSS DOLLAR CHURN AS A FUNCTION OF UPFRONT PROFESSIONAL SERVICES

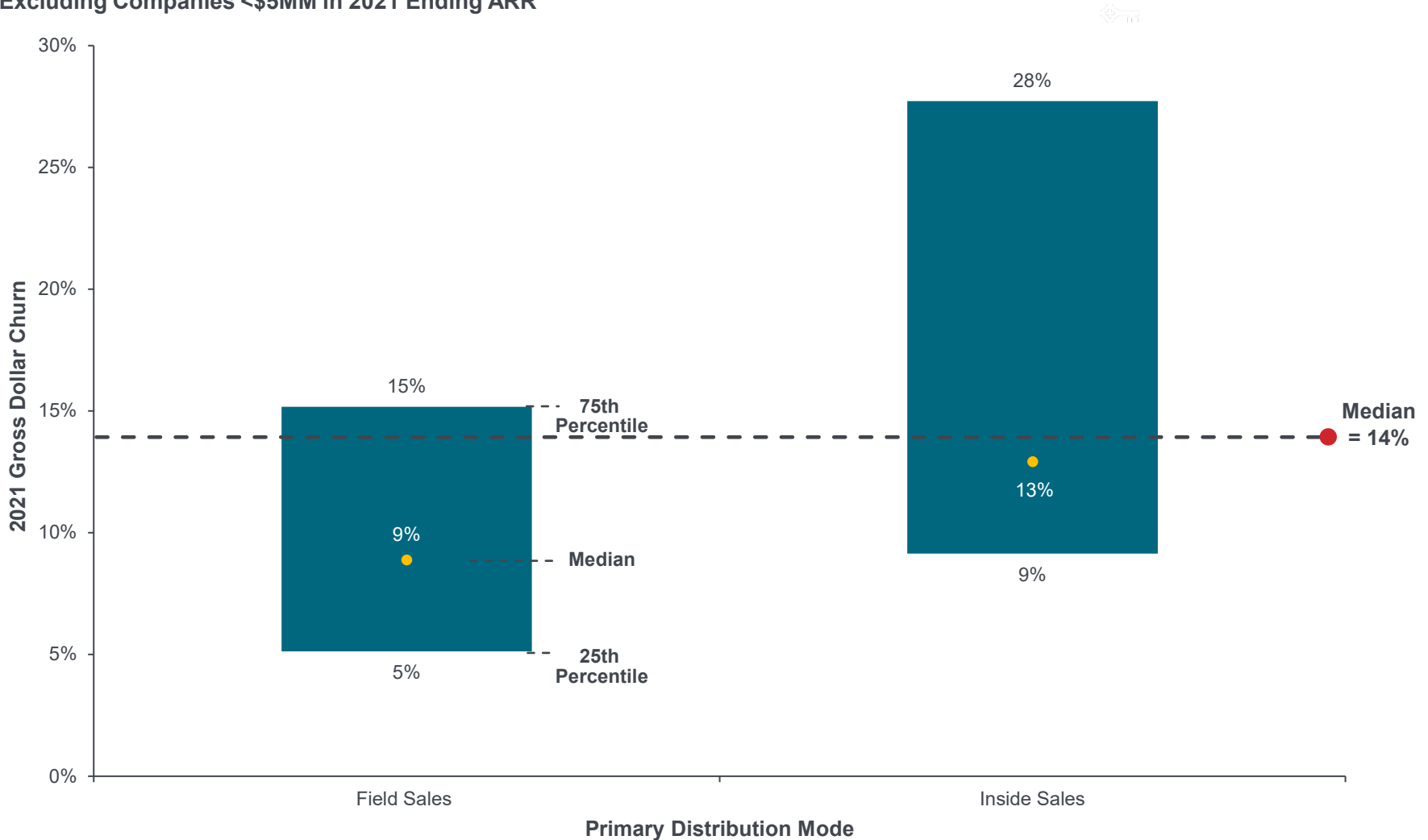
2022 Private SaaS Company Survey 

Excluding Companies <\$5MM in 2021 Ending ARR



# ANNUAL GROSS DOLLAR CHURN AS A FUNCTION OF GO-TO-MARKET MOTION<sup>1</sup>

Excluding Companies <\$5MM in 2021 Ending ARR



Field Sales (Named Accounts / Higher-Touch)

Inside Sales (Higher Velocity / Lower-Touch)

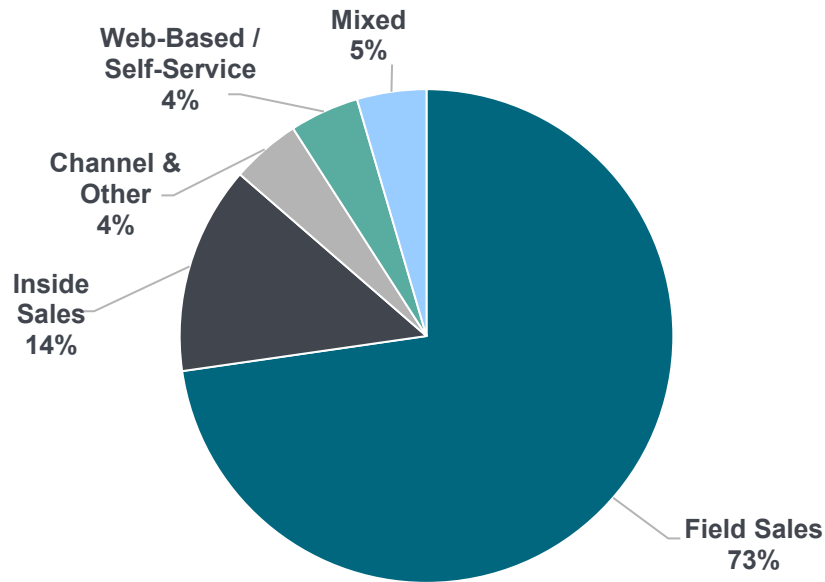
<sup>1</sup> Primary Mode of Distribution defined by determining the greatest contributor to new sales and confirming that it is at least a 20% point higher contributor than any other. If no mode satisfies these conditions, then it is Mixed

Respondents: 65; Field Sales: 47, Inside Sales: 18

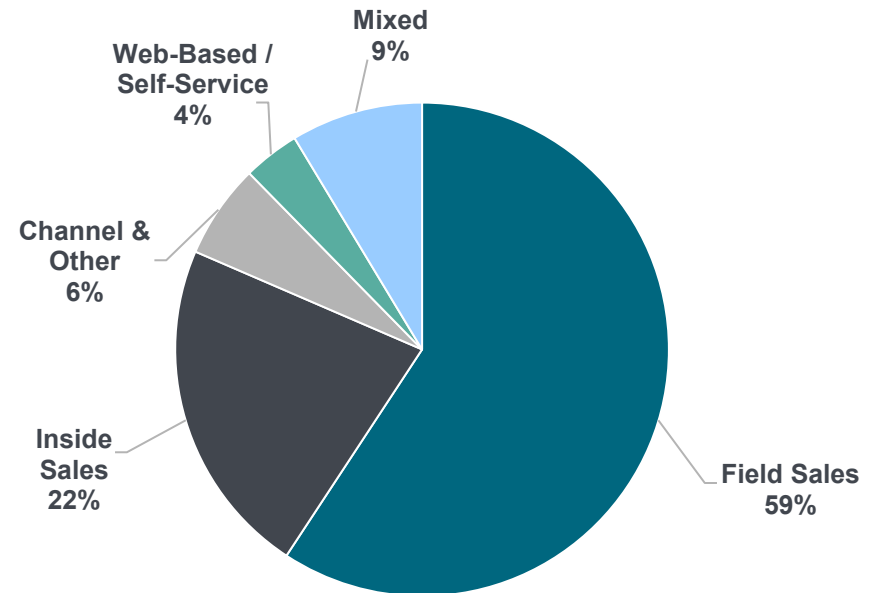
# GO-TO-MARKET AND SALES AND MARKETING

# PRIMARY GO-TO-MARKET MOTION<sup>1</sup>

## Smaller Companies <\$5MM in 2021 Ending ARR



## Larger Companies ≥ \$5MM in 2021 Ending ARR

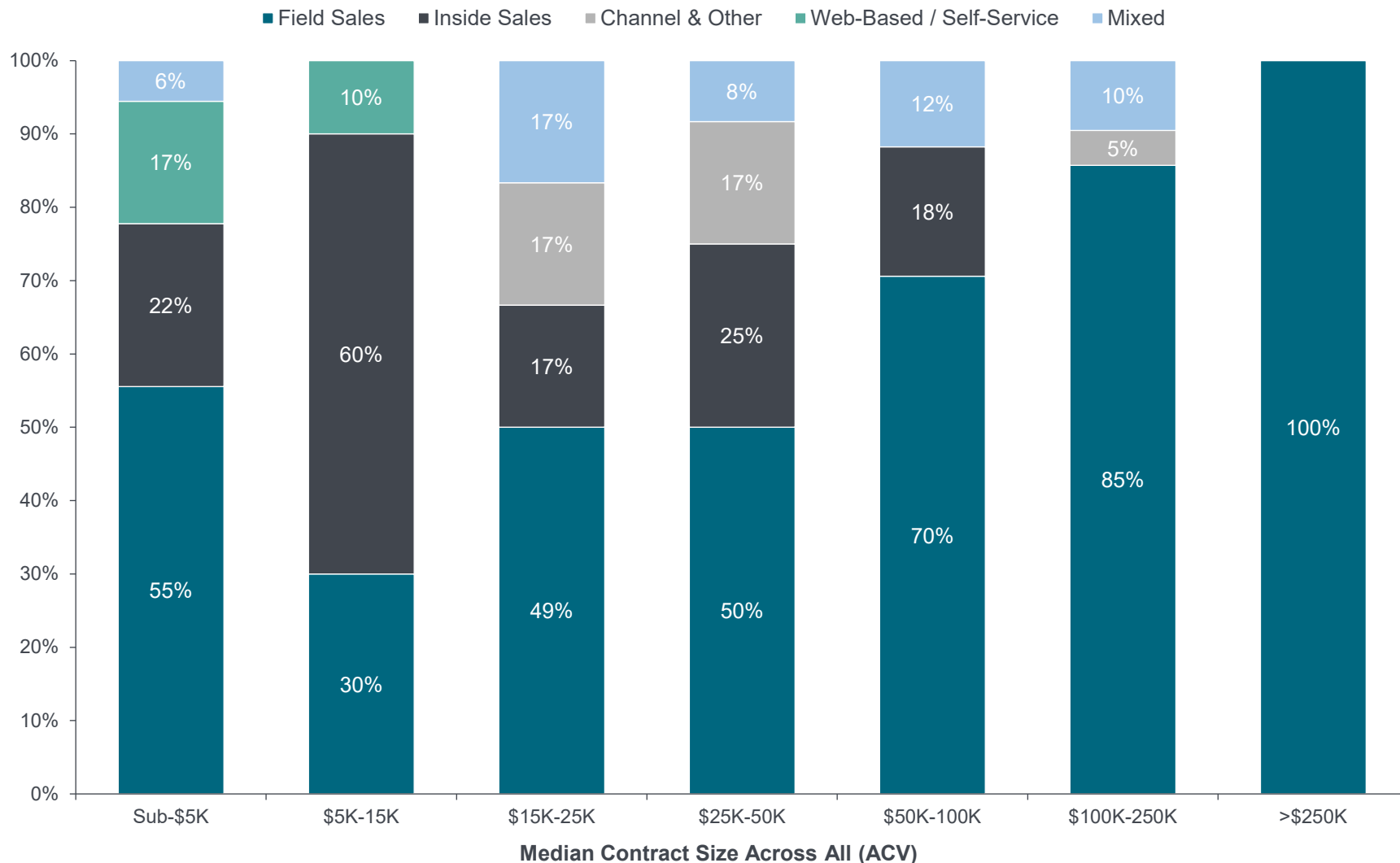


<sup>1</sup> Primary Go-To-Market Motion is defined by determining the greatest contributor to new sales and confirming that it is at least a 20% point higher contributor than any other. If no mode satisfies these conditions, then it is Mixed

Note: Field sales defined as “named accounts / higher-touch” model, Inside sales defined as “higher-velocity / lower-touch” model  
22 and 81 respondents, respectively

# PRIMARY MODE OF DISTRIBUTION<sup>1</sup> AS A FUNCTION OF MEDIAN CONTRACT SIZE

2022 Private SaaS Company Survey 



<sup>1</sup> See definition on page 30

Respondents: Total: 99, Sub-\$5K: 18, \$5K-15K: 10, \$15K-25K: 12, \$25K-50K: 12, \$50K-100K: 17, \$100K-250K: 21, >\$250K: 9

# ANALYSIS OF FIELD VS. INSIDE SALES

## Excluding Companies <\$5MM in 2021 Ending ARR

Median	Field-Dominated	Inside-Dominated
2021 Ending ARR	\$17MM	\$27MM
Initial ACV per Customer	\$98K	\$20K
Average Contract Length	1 Year	1 Year
Professional Services Attach Rate	8%	2%
Commissions for New Sales to New Accounts – Direct	10%	10%
2021 ARR per FTE	\$145K	\$154K
2021 Organic ARR Growth Rate	32%	28%
S&M % of Revenue	40%	41%
2021 FCF Margin	(7%)	0%
2021 Rule of 40	25%	35%
Blended CAC Ratio <sup>1</sup>	\$1.00	\$0.91
% of New ARR from Upsells and Expansions	48%	41%
Annual Gross Dollar Churn <sup>2</sup>	9%	13%
Net Dollar Retention Rate <sup>3</sup>	110%	104%



We compared those favoring Field vs Inside and found Field-sales driven companies had higher professional services attach rates, while also having higher burn rates

<sup>1</sup> Fully-loaded sales & marketing spend divided by new ARR added from all customers

<sup>2</sup> The % of dollar ARR under contract at the end of the prior year which was lost during the most recent year (excludes the benefits of upsells and expansions)

<sup>3</sup> The % change in ACV from existing customers, resulting only from the effect of churn, upsells / expansions and price increases

Respondents: Total: 60, Field-Dominated: 44, Inside-Dominated: 16

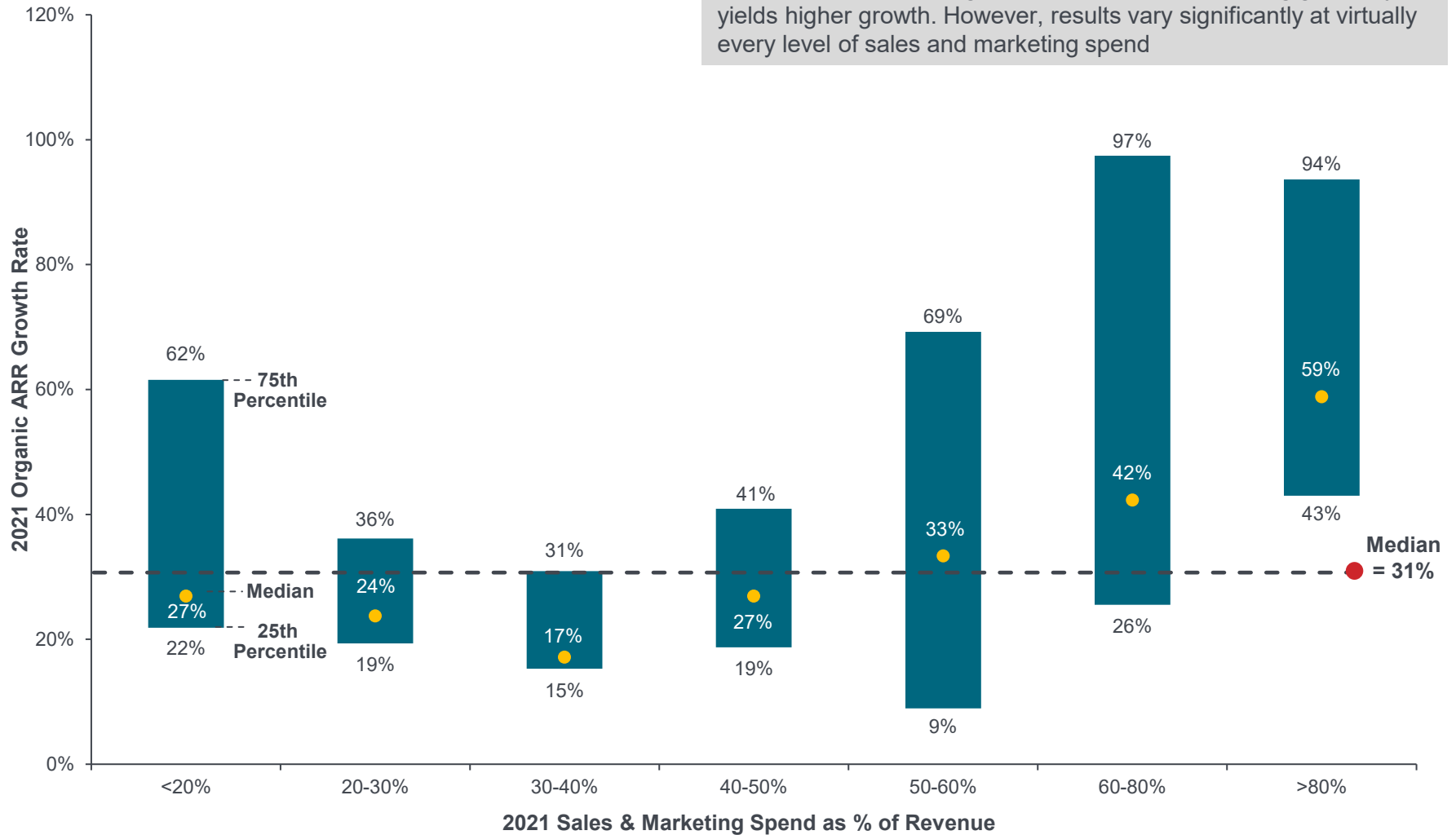


# SALES & MARKETING SPEND VS. GROWTH RATE

Excluding Companies <\$5MM in 2021 Ending ARR



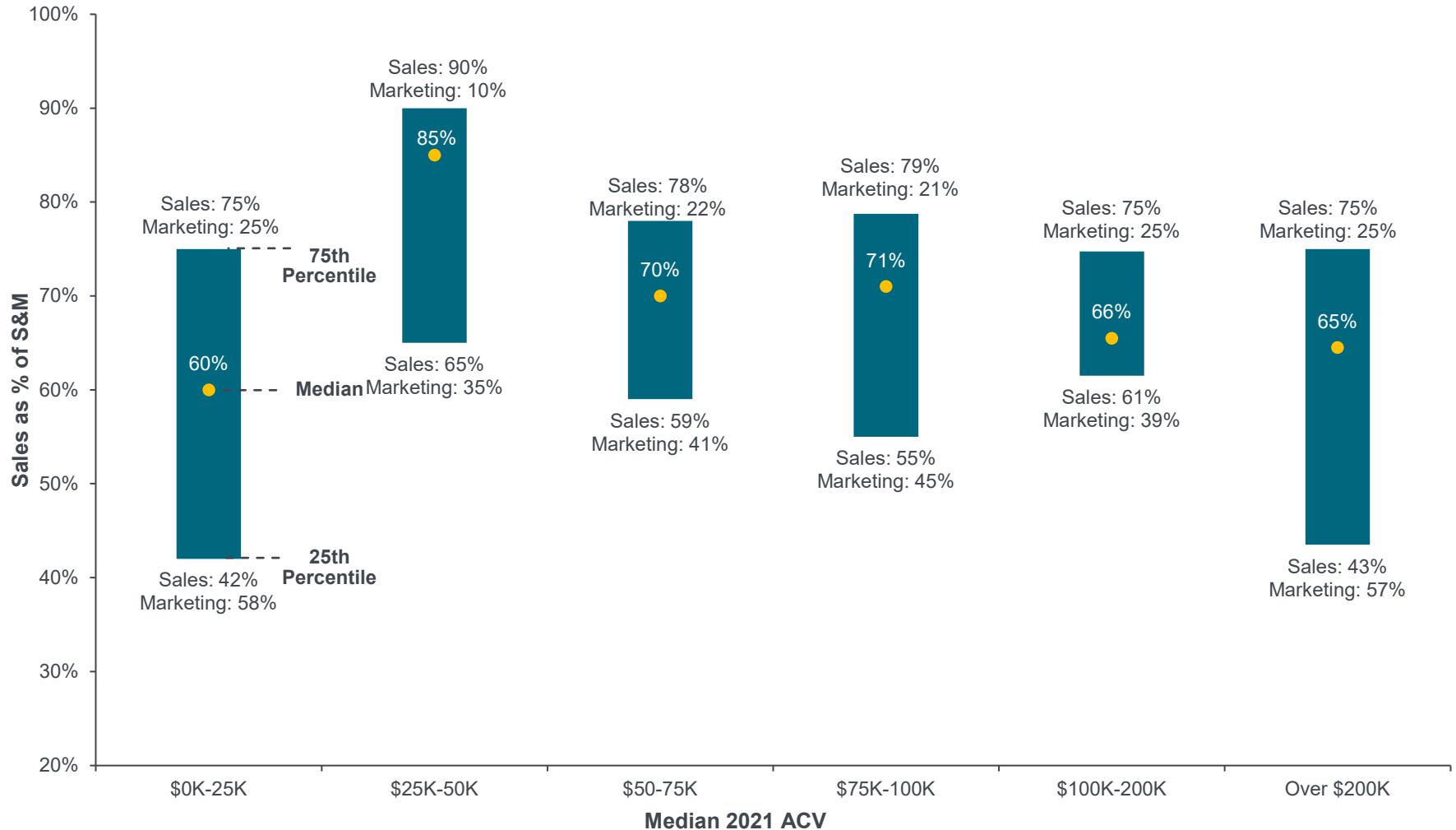
As anticipated, spending more on sales and marketing generally yields higher growth. However, results vary significantly at virtually every level of sales and marketing spend



# SALES & MARKETING COST COMPOSITION BY MEDIAN ACV

2022 Private SaaS Company Survey 

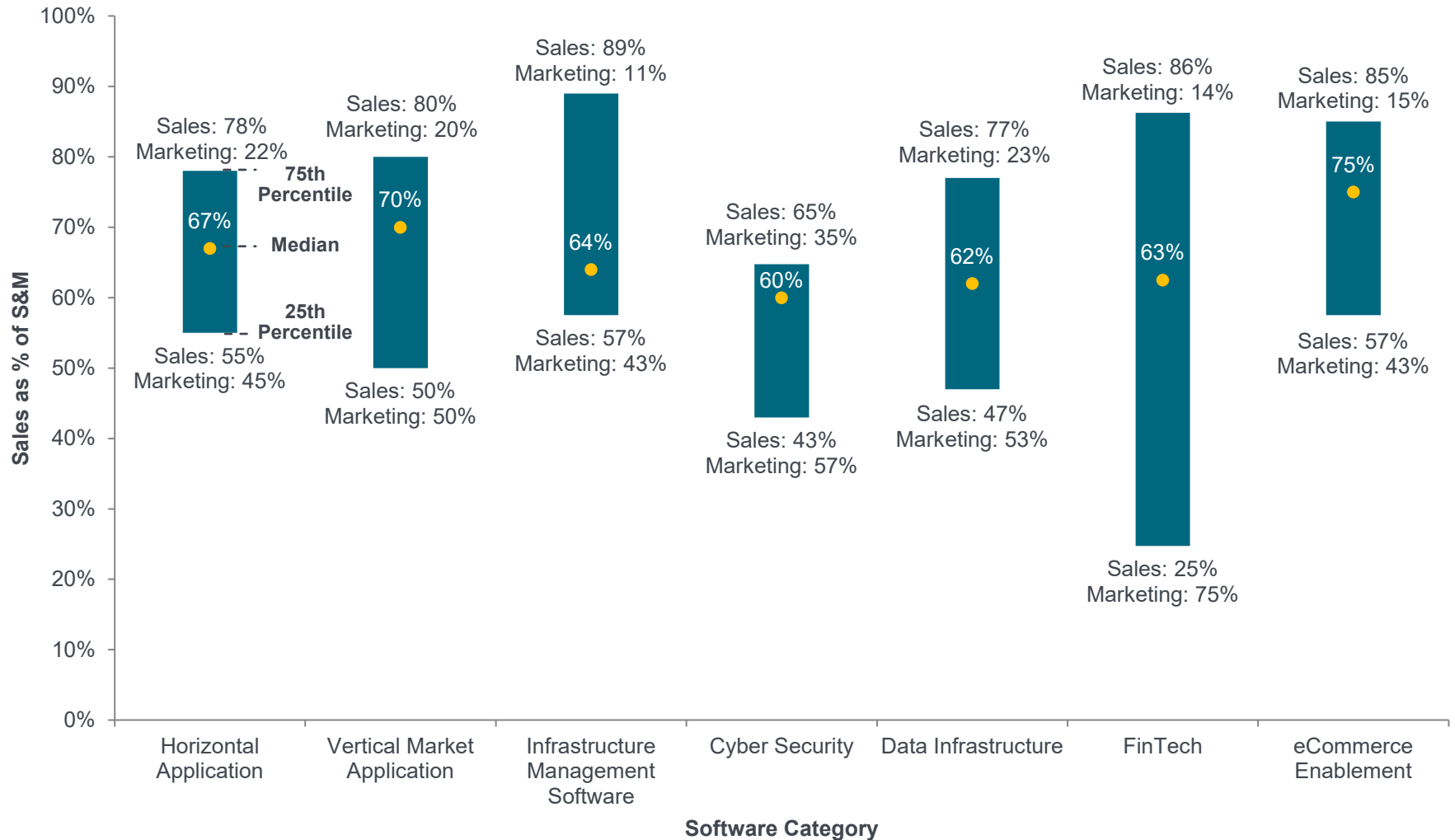
Excluding Companies <\$5MM in 2021 Ending ARR



# SALES VS. MARKETING COMPOSITION BY SOFTWARE CATEGORY

2022 Private SaaS Company Survey 

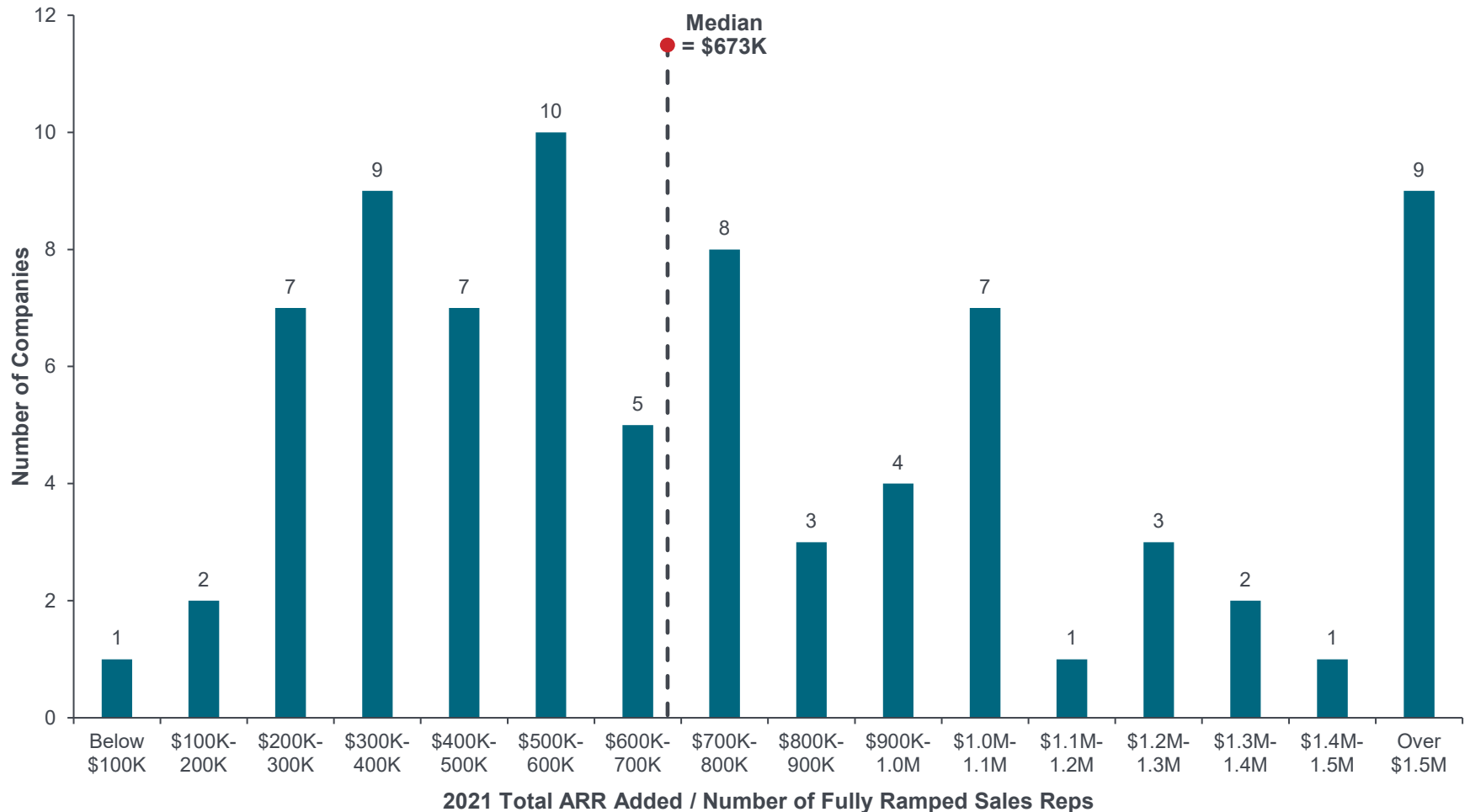
Excluding Companies <\$5MM in 2021 Ending ARR



# SALES REP EFFICIENCY HISTOGRAM

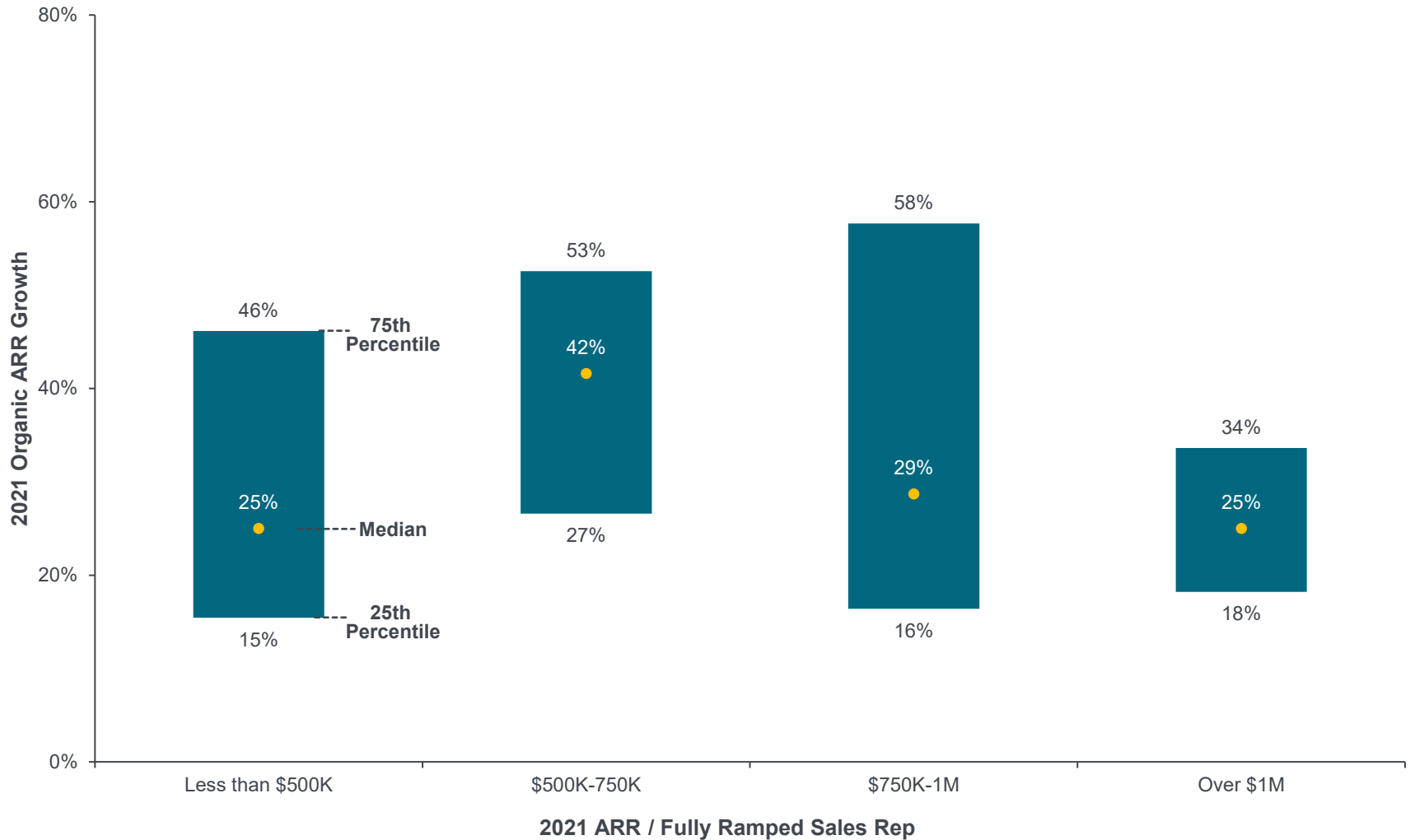
2022 Private SaaS Company Survey 

Excluding Companies <\$5MM in 2021 Ending ARR



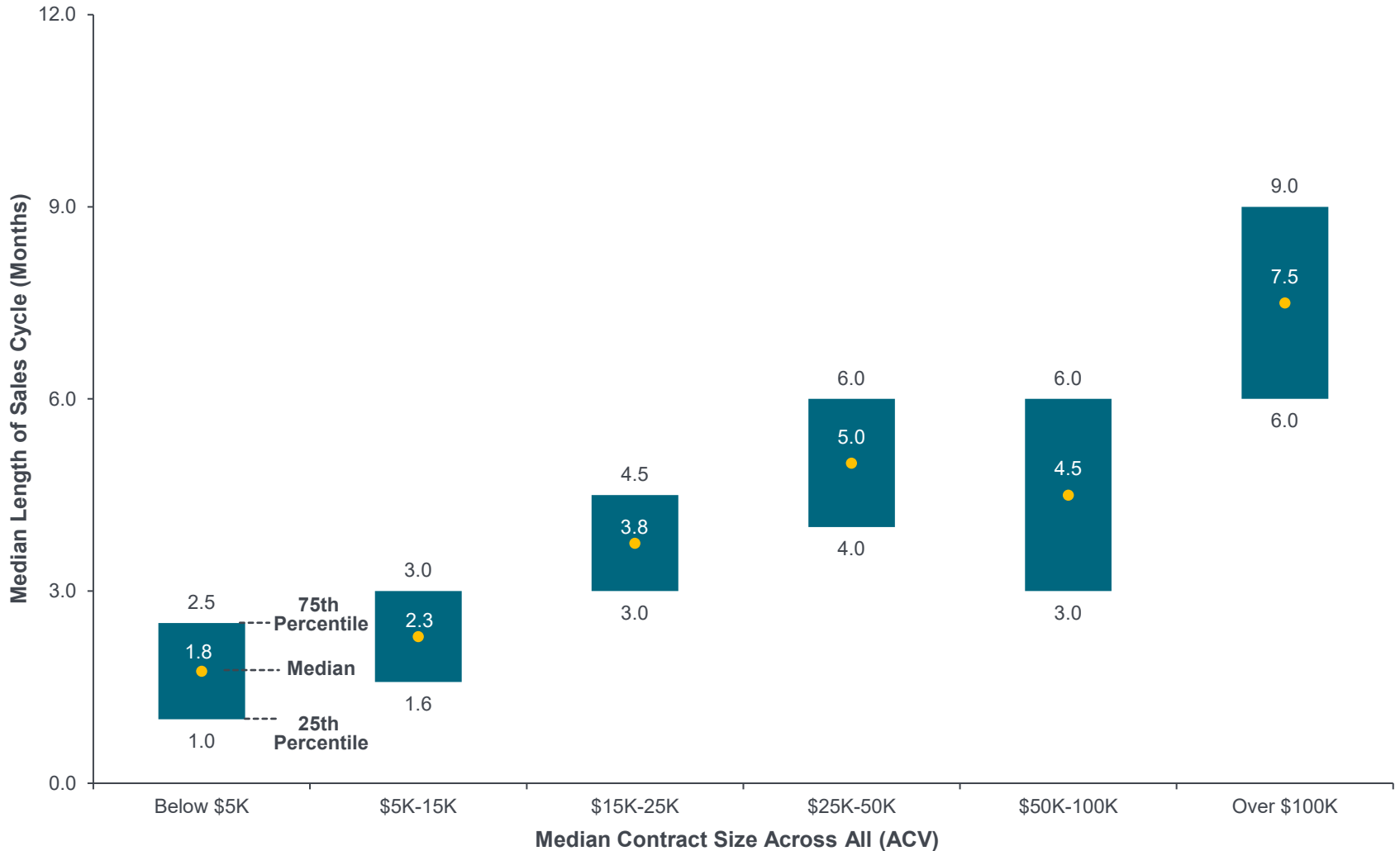
# SALES REP EFFICIENCY VS. GROWTH RATE

Excluding Companies <\$5MM in 2021 Ending ARR



# MEDIAN ACV VS. SALES CYCLE LENGTH

Excluding Companies <\$5MM in 2021 Ending ARR

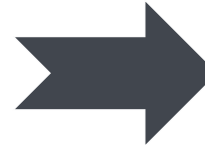


# CAC RATIOS AND CAC PAYBACK

# CAC RATIO DEFINITIONS

## Blended CAC Ratio

Fully-loaded S&M spend to acquire \$1 of new ARR across all customers



$$\frac{2021 \text{ Fully-loaded S\&M}}{2021 \text{ Gross ARR Bookings}}$$

## New Customer CAC Ratio

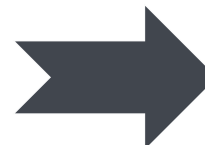
Fully-loaded S&M spend to acquire \$1 of new ARR from a new customer



$$\frac{2021 \text{ Fully-loaded S\&M Targeted at New Customers}}{2021 \text{ ARR Bookings from New Customers}}$$

## Upsell & Expansion CAC Ratio

Fully-loaded S&M spend to acquire \$1 of new ARR from upsells and expansions

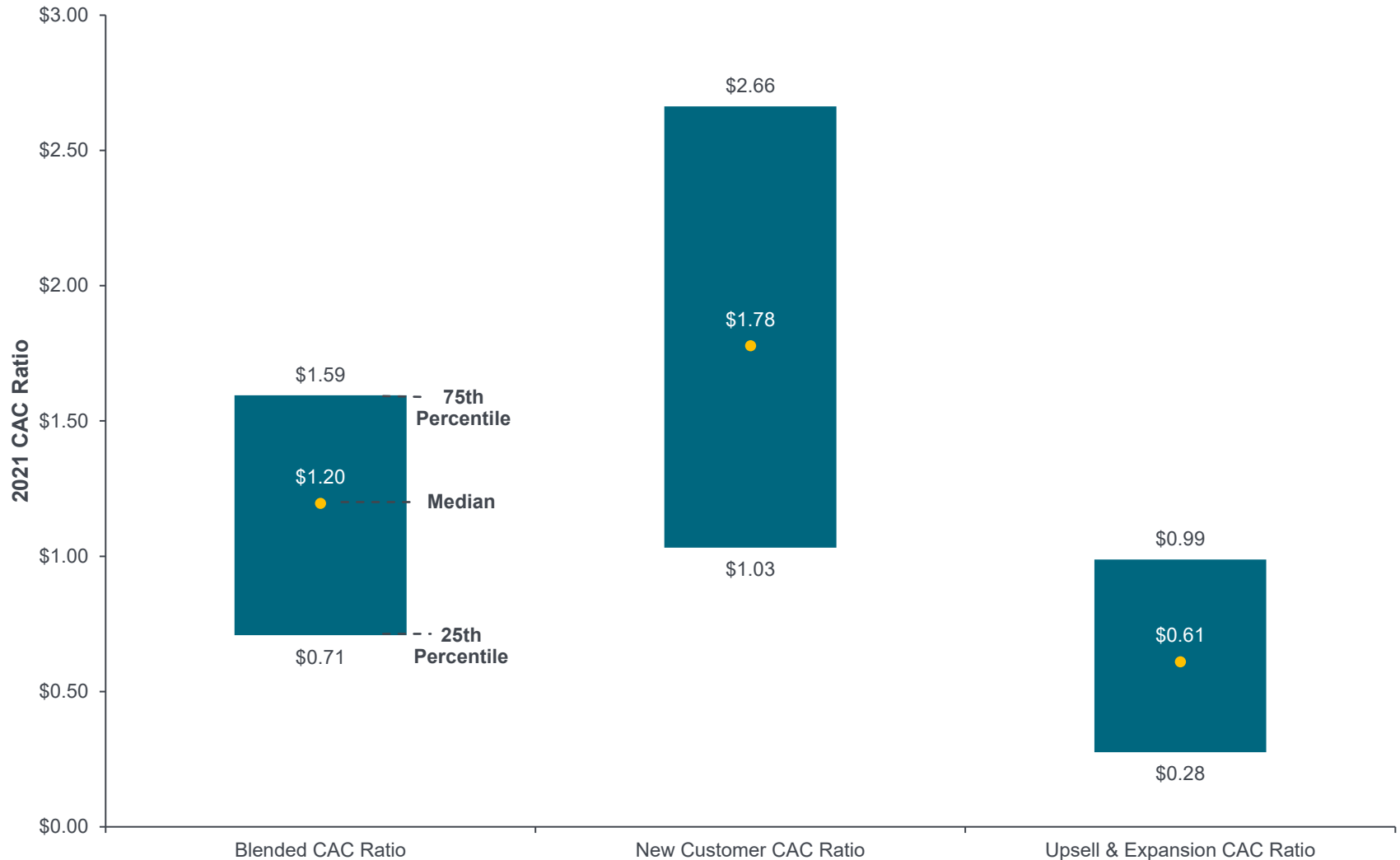


$$\frac{2021 \text{ Fully-loaded S\&M Targeted at Upsell \& Expansion}}{2021 \text{ ARR Bookings from Upsell \& Expansion}}$$



# DISTRIBUTION OF 2021 CAC RATIOS

Excluding Companies <\$5MM in 2021 Sales & Marketing Spend



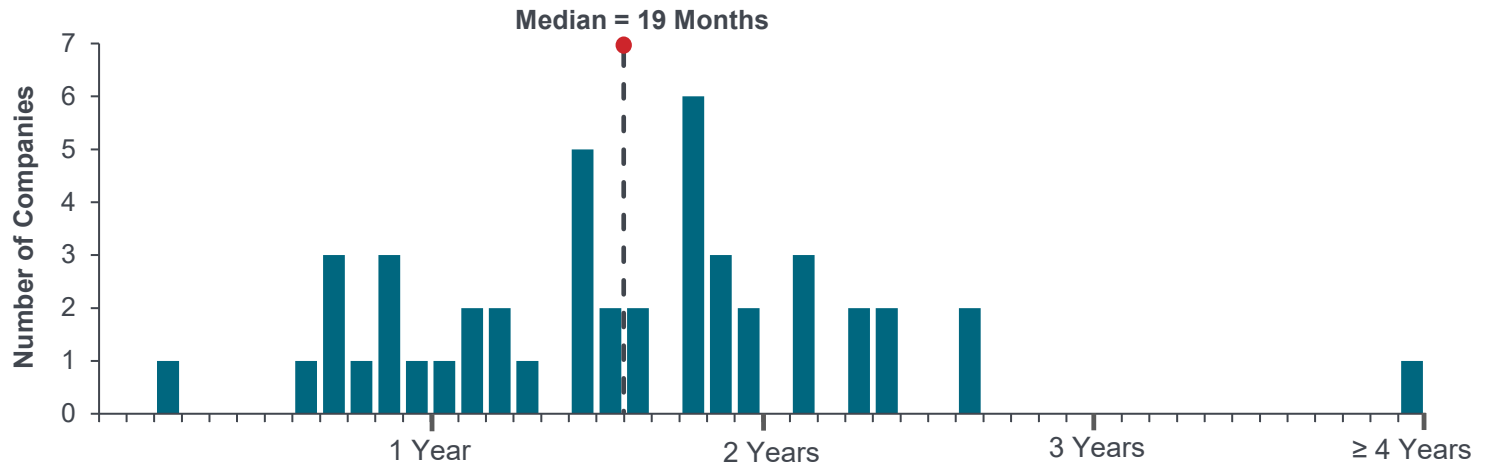
# CAC PAYBACK PERIOD<sup>1</sup> (GROSS MARGIN BASIS)

2022 Private SaaS Company Survey 

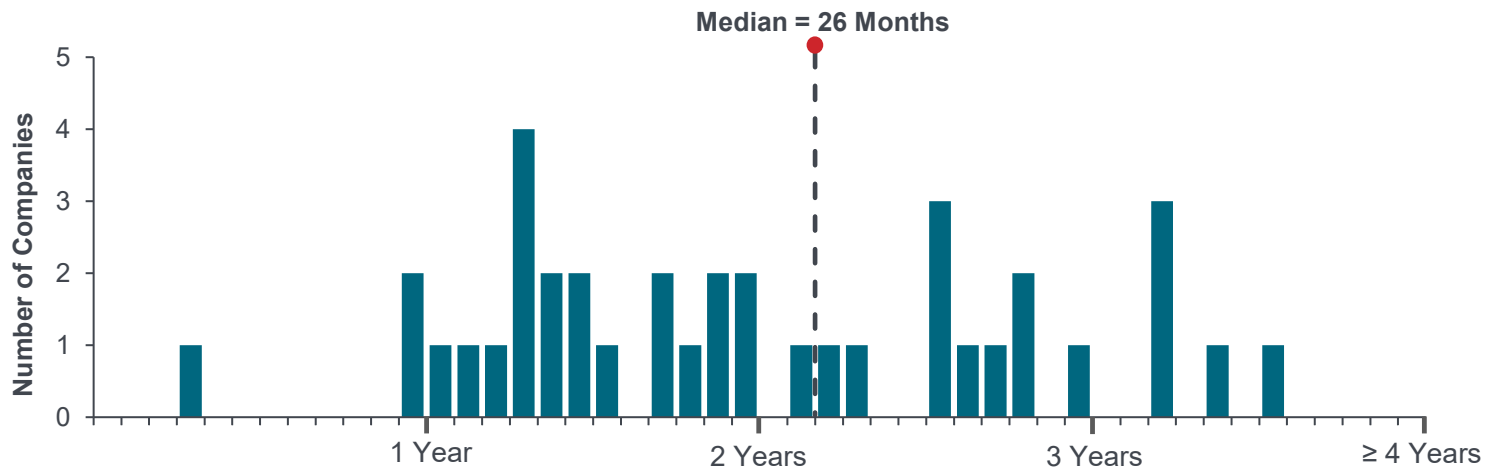
Excluding Companies <\$5MM in 2021 Sales & Marketing Spend

How Long Does It Take to Recover Blended CAC vs. New Customer CAC, Based on Gross Margin Subscription Dollars Received?

Blended CAC Payback Period



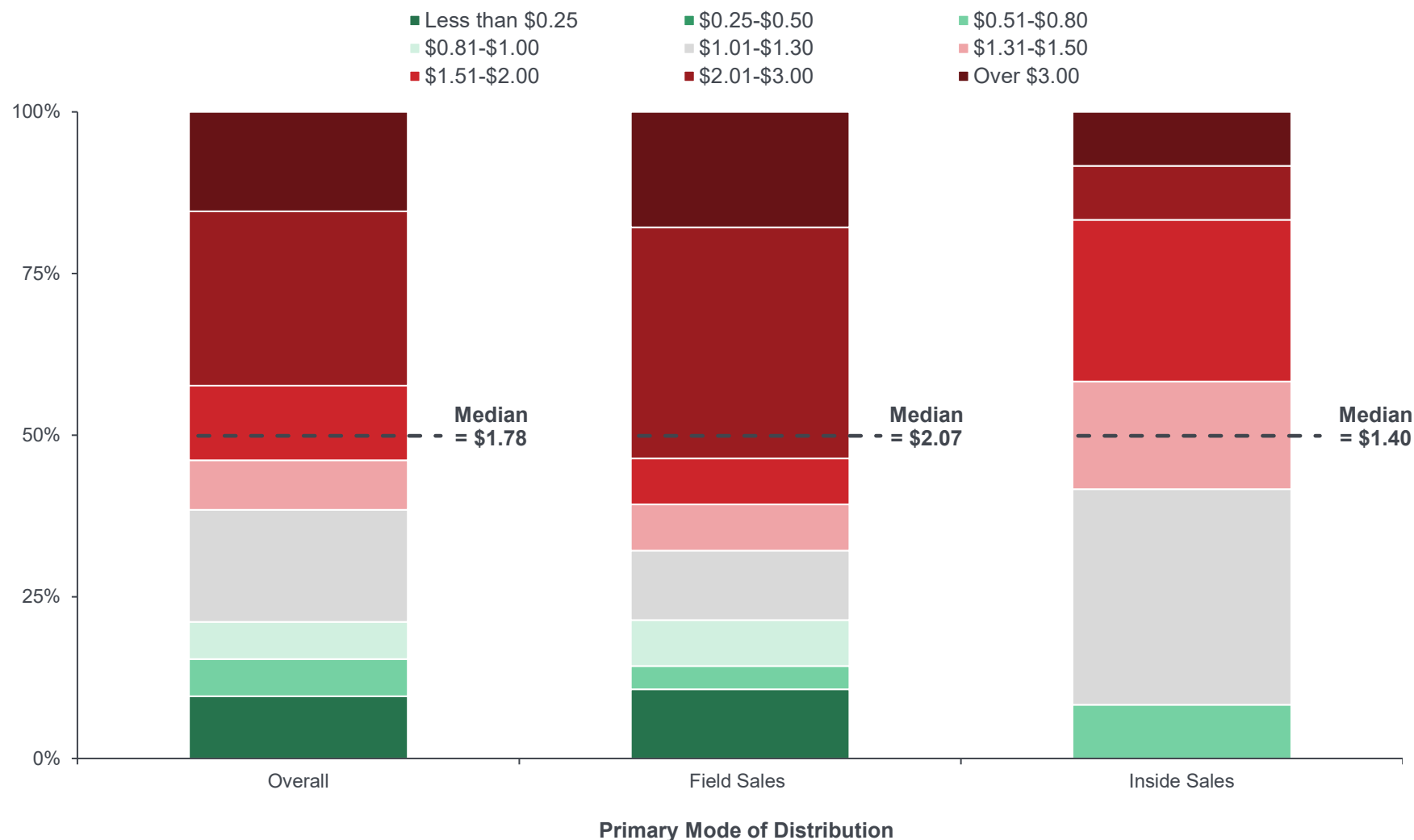
New Customer CAC Payback Period



# NEW CUSTOMER CAC RATIO BY PRIMARY MODE OF DISTRIBUTION<sup>1</sup>

2022 Private SaaS Company Survey 

Excluding Companies <\$5MM in 2021 Sales & Marketing Spend



<sup>1</sup> See definition on page 30

Excludes companies with less than \$5M in 2021 S&M Spend and web-based / self-serve, and channel

Respondents: Overall: 52, Field Sales: 28, Inside Sales: 12

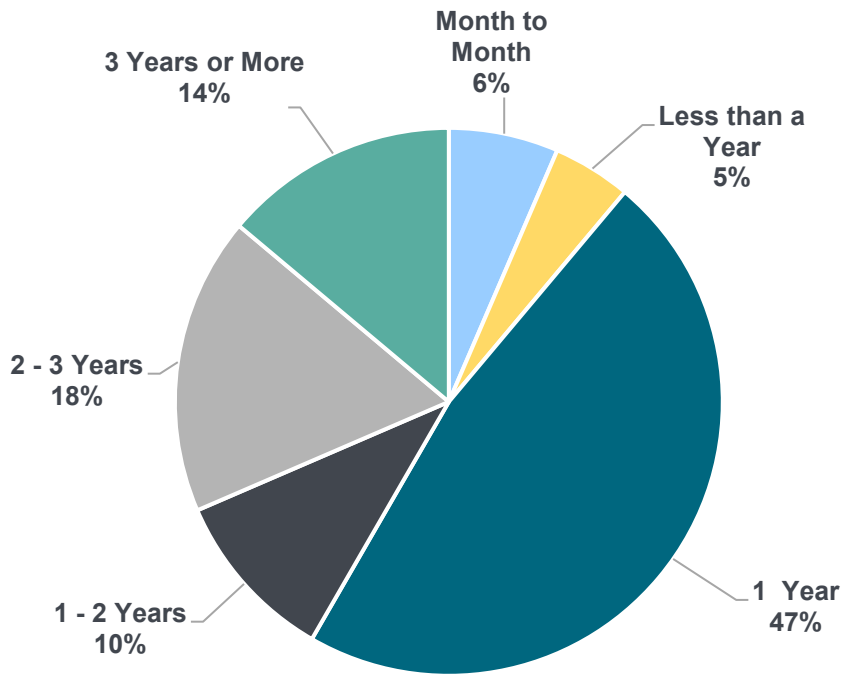
# CONTRACTING AND PRICING

# MEDIAN / TYPICAL CONTRACT TERMS FOR THE GROUP

2022 Private SaaS Company Survey 

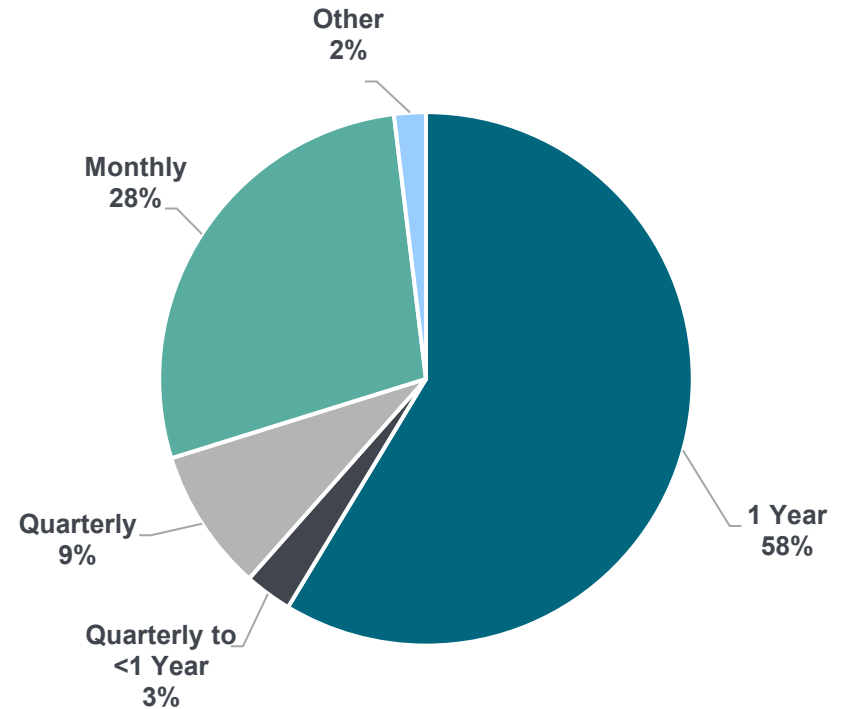
### Average Contract Length

Median = 1 Year



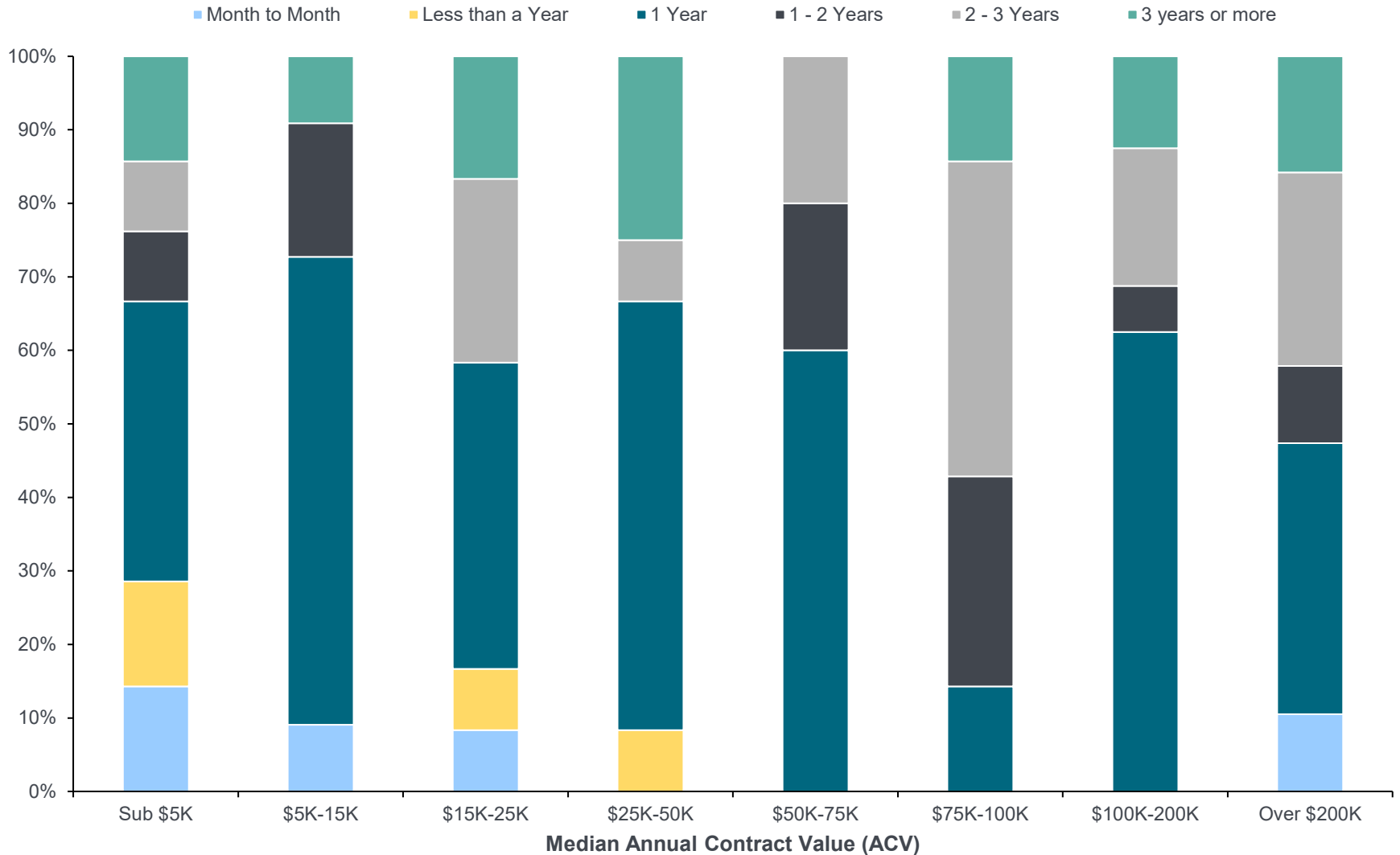
### Average Billing Frequency

Median = 1 Year



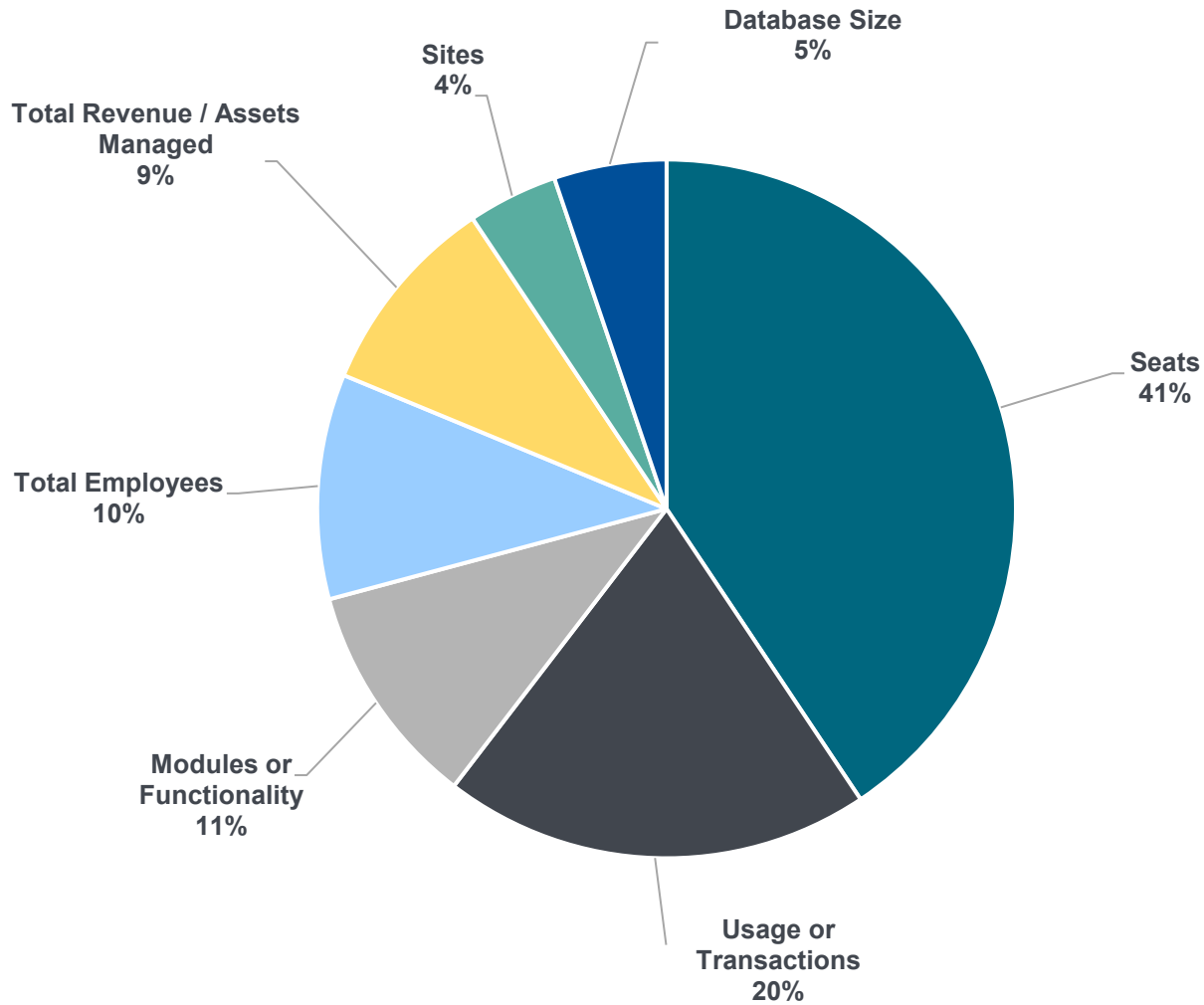
# CONTRACT LENGTH AS A FUNCTION OF CONTRACT SIZE

2022 Private SaaS Company Survey 



# WHAT IS YOUR PRIMARY PRICING METRIC?

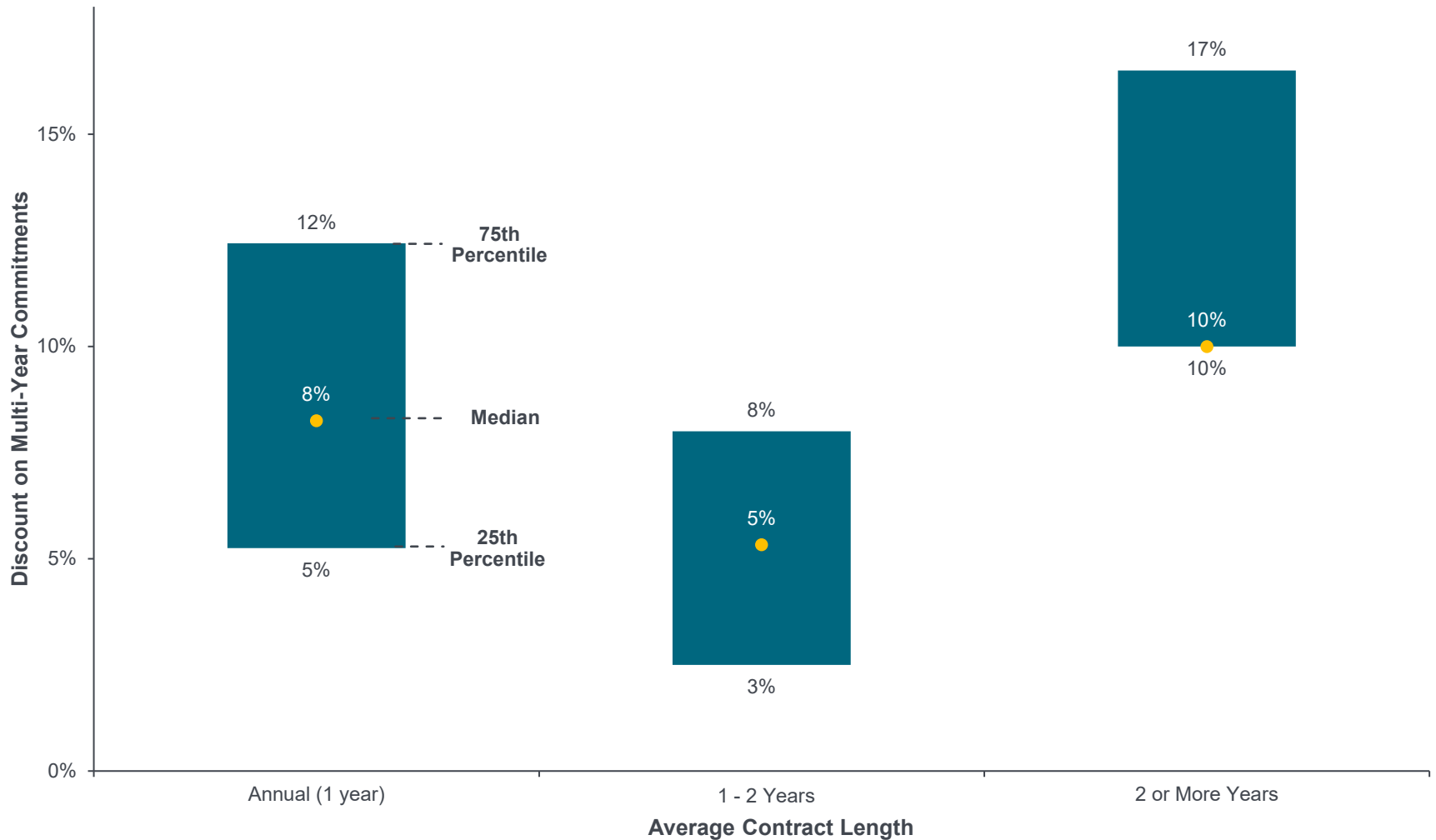
2022 Private SaaS Company Survey 



# DISCOUNTS ON MULTI-YEAR COMMITMENTS

2022 Private SaaS Company Survey 

Excluding Companies <\$5MM in 2021 Ending ARR

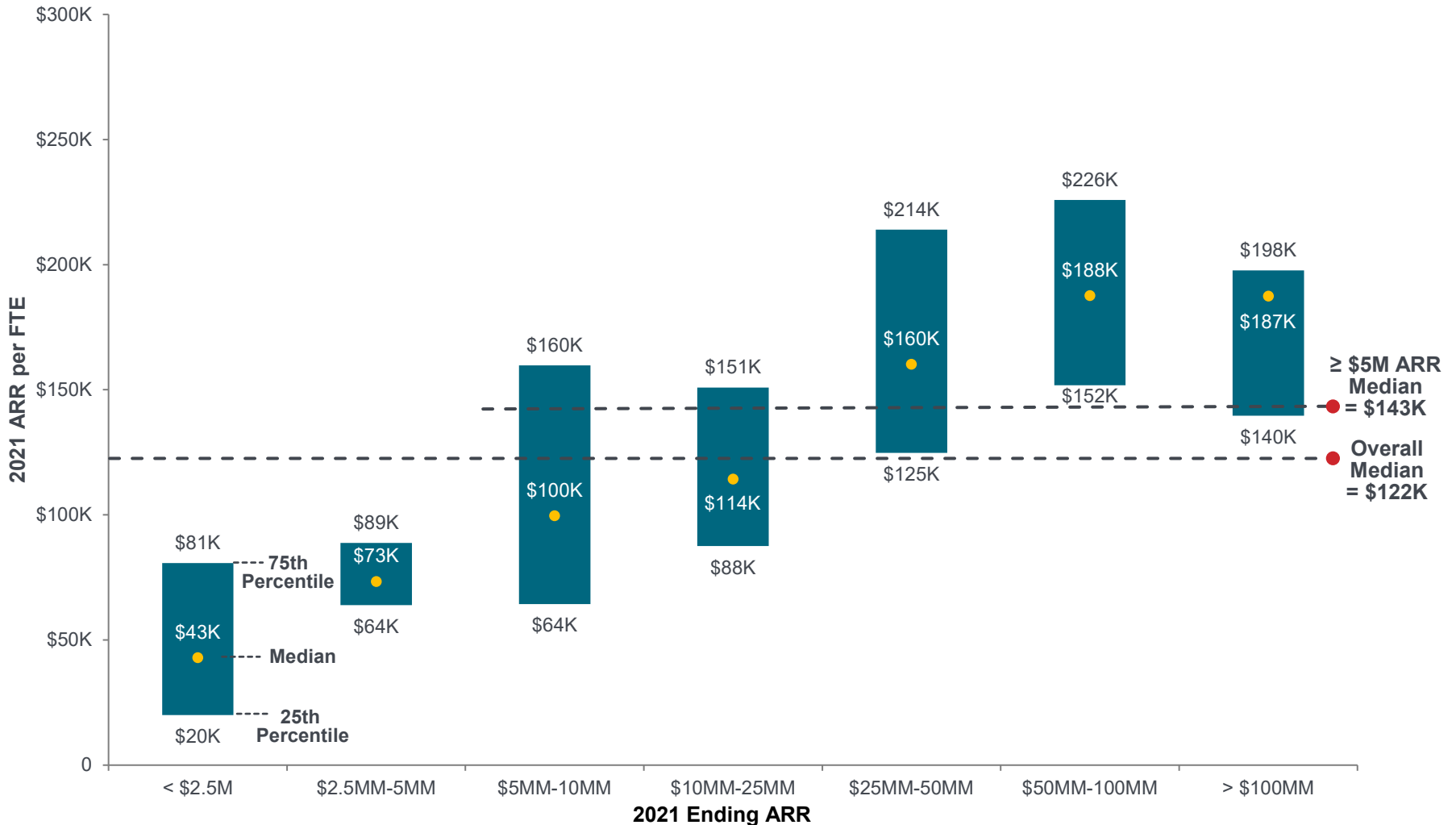




# OPERATIONS AND COST STRUCTURE

# HUMAN CAPITAL EFFICIENCY

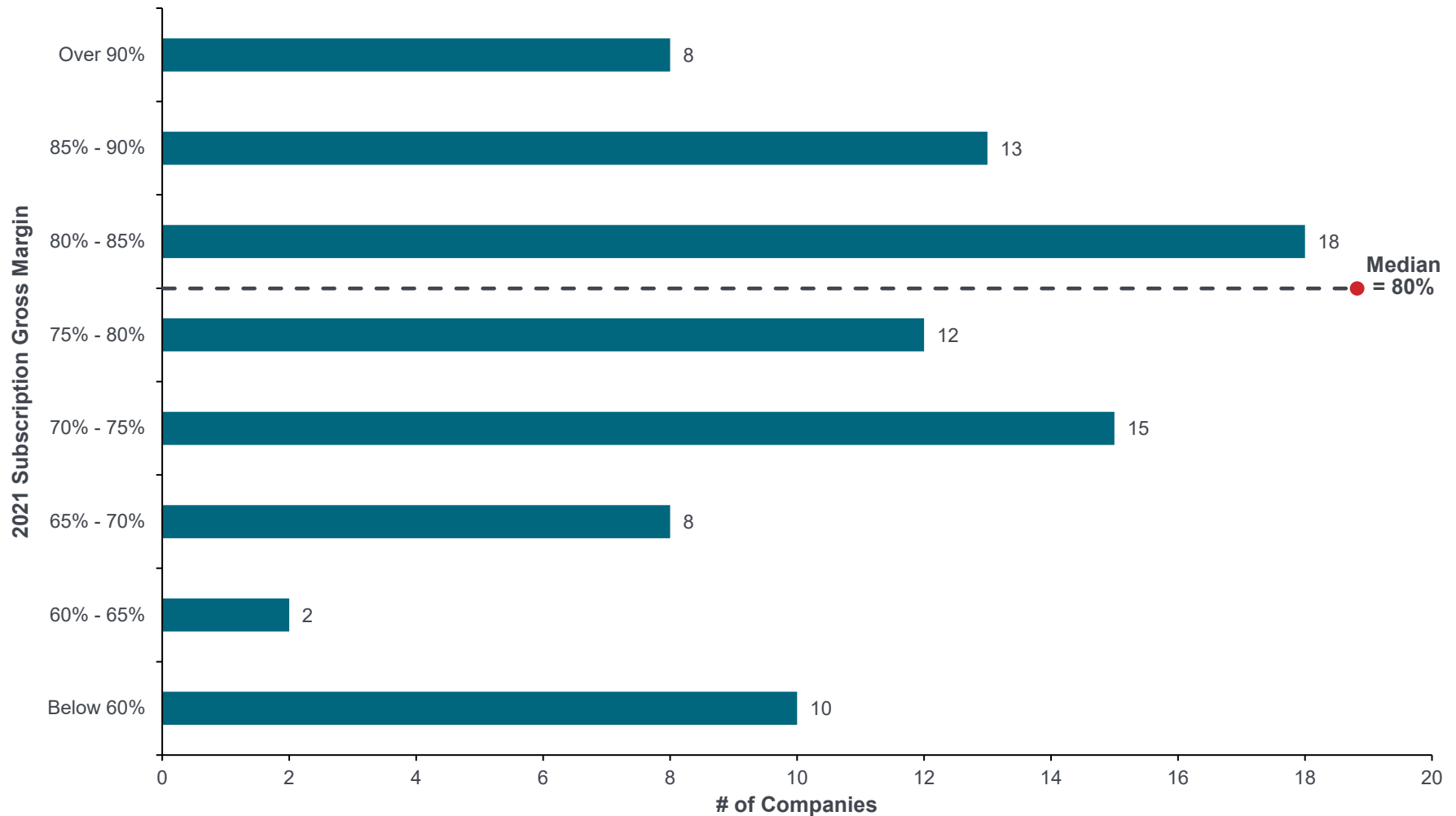
## ARR per FTE



# SUBSCRIPTION GROSS MARGIN

Excluding Companies <\$5MM in 2021 Ending ARR

“What is Your Gross Profit Margin on Just Subscription / SaaS Revenues?”



# ALLOCATION OF CUSTOMER SUCCESS AND SUPPORT COSTS

2022 Private SaaS Company Survey 

Excluding Companies <\$5MM in 2021 GAAP Revenue

Customer Success Costs <sup>1</sup>	Average Allocation
Cost of Good Sold	28%
Sales & Marketing	65%
General & Administrative	8%

Customer Support Costs <sup>2</sup>	Average Allocation
Cost of Good Sold	82%
Sales & Marketing	11%
General & Administrative	7%

	Customer Success Cost Allocation <sup>3</sup>		
	All / Most in COGS	All / Most in S&M	Split
Number of Respondents	15	41	19
Median Total Gross Margin	73%	74%	78%
Median Subscription Gross Margin	76%	80%	78%
Median S&M as a % of Revenue	40%	42%	30%

<sup>1</sup> Customer Success / Account management defined as personnel expenses involved in renewals and upsell / cross-sells / expansions

<sup>2</sup> Customer Support defined as costs associated with supporting existing customers' use of a product

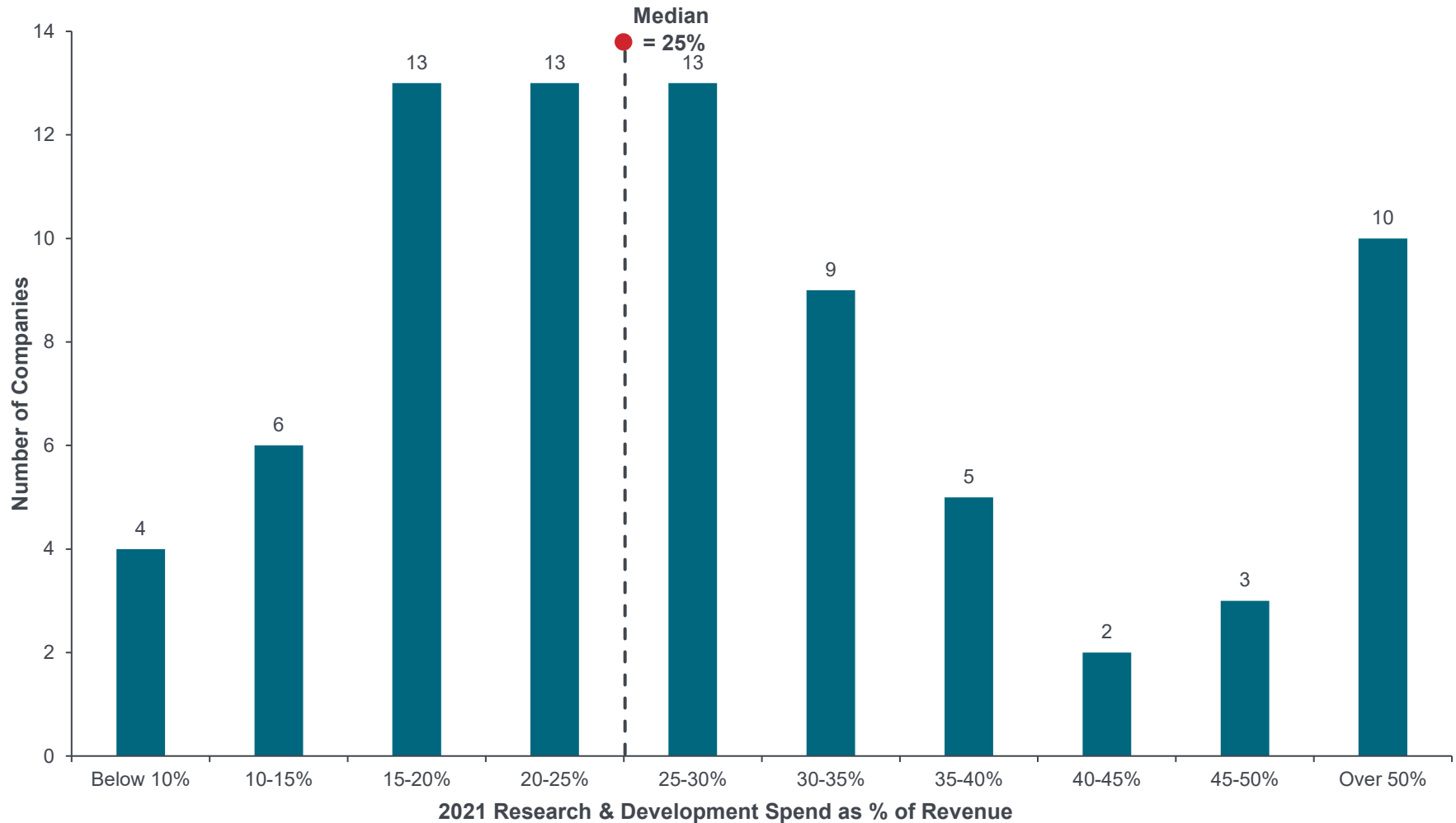
<sup>3</sup> Bucket defined as 80% or greater allocated in respective category, otherwise considered Split

Respondents: Customer Success Costs: 76, Customer Support Costs: 79

# R&D AS % OF REVENUE HISTOGRAM

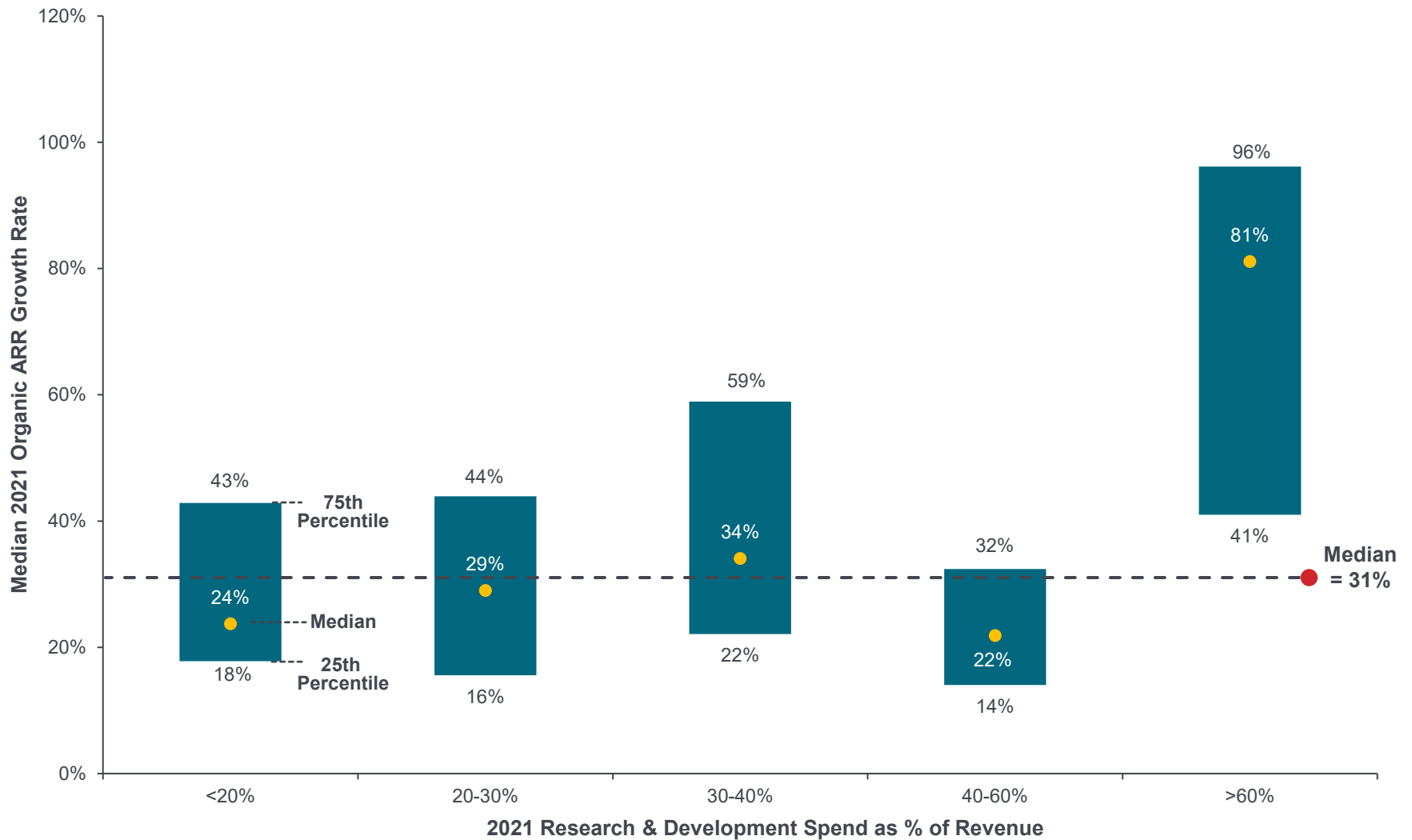
2022 Private SaaS Company Survey 

Excluding Companies <\$5MM in 2021 Ending ARR



# R&D AS % OF REVENUE VS. GROWTH

Excluding Companies <\$5MM in 2021 Ending ARR



# COST STRUCTURE

2022 Private SaaS Company Survey 

Excluding Companies <\$5MM in 2020 and 2021 GAAP Revenue

Gross Margins:	2020 Median <sup>1</sup>	2021 Median <sup>1</sup>
Subscription Gross Margin	80%	77%
Total Gross Margin <sup>2</sup>	73%	73%

Operating Expense Margins:		
Sales & Marketing	35%	40%
Research & Development	26%	25%
General & Administrative	18%	19%

Profitability & Growth:		
EBITDA Margin	(1%)	(10%)
FCF Margin	0%	(5%)
YoY Organic ARR Growth Rate	27%	28%

<sup>1</sup> All margins based on 2020 and 2021 GAAP, adjusted for stock-based compensation add-back

<sup>2</sup> Gross margin determined based on including customer support in COGS

Note: Margins may differ from margins on other pages due to the fact that the \$5MM size threshold is based on companies' 2021 GAAP Revenue instead of 2021 ARR (consistent with previous years' surveys)

2020 Respondents Reporting: Subscription Gross Margin: 169, Gross Margin: 169, Sales & Marketing: 177, Research & Development: 170, General & Administrative: 170, EBITDA Margin: 172, FCF Margin: 173, YoY Organic ARR Growth Rate: 187

2021 Respondents Reporting: Subscription Gross Margin: 86, Gross Margin: 86, Sales & Marketing: 86, Research & Development: 86, General & Administrative: 86, EBITDA Margin: 85, FCF Margin: 83, YoY Organic ARR Growth Rate: 86

# MEDIAN COST STRUCTURE BY SIZE

2022 Private SaaS Company Survey 

Excluding Companies <\$5MM in 2021 GAAP Revenue

	Size of Company (2021 GAAP Revenue)				
	All Respondents	\$5MM –\$25MM	\$25MM –\$50MM	\$50MM –\$100MM	>\$100MM
<b>Gross Margins:</b>					
Subscription Gross Margin	77%	76%	78%	82%	75%
Total Gross Margin	73%	75%	76%	71%	65%
<b>Operating Expense Margins:</b>					
Sales & Marketing	40%	40%	40%	39%	40%
Research & Development	25%	26%	24%	26%	20%
General & Administrative	19%	20%	20%	16%	16%
<b>Profitability and Growth:</b>					
EBITDA Margin	(10%)	(10%)	(15%)	0%	(9%)
FCF Margin	(5%)	(5%)	(11%)	0%	(6%)
YoY Organic ARR Growth Rate	28%	31%	30%	23%	48%

Note: Margins may differ from margins on other pages because here companies are excluded based on their 2021 GAAP Revenue instead of 2021 ARR, which is consistent with previous years' surveys

Note: Numbers do not add due to the fact that medians were calculated for each metric separately and independently

Average Number of Respondents: \$5MM-\$25MM: 45, \$25MM-\$50MM: 17, \$50MM-\$100MM: 13, >\$100MM: 11



# FOR COMPARISON: HISTORICAL RESULTS OF SELECTED PUBLIC SAAS COMPANIES

2022 Private SaaS Company Survey 

	Public SaaS at Historical Revenue Run-Rates		
	~\$25MM	~\$50MM	~\$100MM
	Median Values		
<b>Gross Margins:</b>			
Total Gross Margin	64%	67%	69%
<b>Operating Expense Margins:</b>			
Sales and Marketing	47%	44%	44%
Research and Development	23%	23%	22%
General and Administrative	15%	16%	16%
<b>Profitability and Growth:</b>			
EBIT Margin	(29%)	(24%)	(25%)
Adj. EBITDA Margin	(25%)	(12%)	(15%)
FCF Margin	(31%)	(20%)	(20%)
YoY Revenue Growth Rate <sup>1</sup>	88%	46%	44%

<sup>1</sup> YoY Revenue Growth compares against previous year's revenue of the companies at the time

Note: Excludes stock-based compensation (SBC)

Median includes AI, ALKT, ALRM, AMBR, AMPL, API, APPF, APPN, APTI, ASAN, ATHN, AVDX, AVLRL, AYX, BCOV, BIGC, BILL, BL, BLND, BNFT, BOX, BV, CARB, CFLT, CNVO, COUP, COVS, CRM, CRWD, CSLT, CSOD, CTCT, CVT, CXM, DDOG, DMAN, DOMO, DWRE, ECOM, ELLI, EOPN, ESTC, ET, EVBG, FIVN, FLTX, FROG, FSLY, GTLB, HCP, HUBS, INST, JIVE, KLTR, KXS, LOGM, MB, MDB, MIME, MKTG, MKTO, MNDY, MRIN, MULE, N, NCNO, NET, NEWR, NOW, ONTF, OKTA, OPWR, PAYC, PCOR, PCTY, PD, PFPT, PLAN, QLYS, QTWO, RNG, RNOW, RP, RSKD, S, SEMR, SEND, SFSF, SHOP, SMAR, SNOW, SPSC, SPT, SQI, SUMO, TOST, TENB, TLEO, TWLO, TWOU, TXTR, ULTI, VEEV, VTEX, VOCS, WDAY, WK, WKME, WORK, XRO, XTLY, YDLE, ZS and ZUO

~\$25MM median excludes AI, ALKT, ALRM, AMBR, AMPL, APPN, APTI, ASAN, ATHN, AVDX, AVLRL, BIGC, BILL, BL, BLND, BNFT, CBLK, CFLT, COUP, COVS, CRWD, CSLT, CVT, CXM, DDOG, DOMO, ECOM, ELLI, EOPN, ESTC, FIVN, FLTX, FROG, GTLB, FSLY, HCP, KLTR, KXS, MB, MDB, MIME, MKTG, MKTO, MNDY, MULE, N, NCNO, NET, OKTA, ONTF, PAYC, PCOR, PCTY, PD, PFPT, PLAN, QLYS, RNG, RP, RSKD, S, SEMR, SEND, SFSF, SMAR, SNOW, SPT, SUMO, TENB, TOST, TWLO, ULTI, VTEX, WK, WKME, WORK, WTC, XRO, YDLE, ZS and ZUO

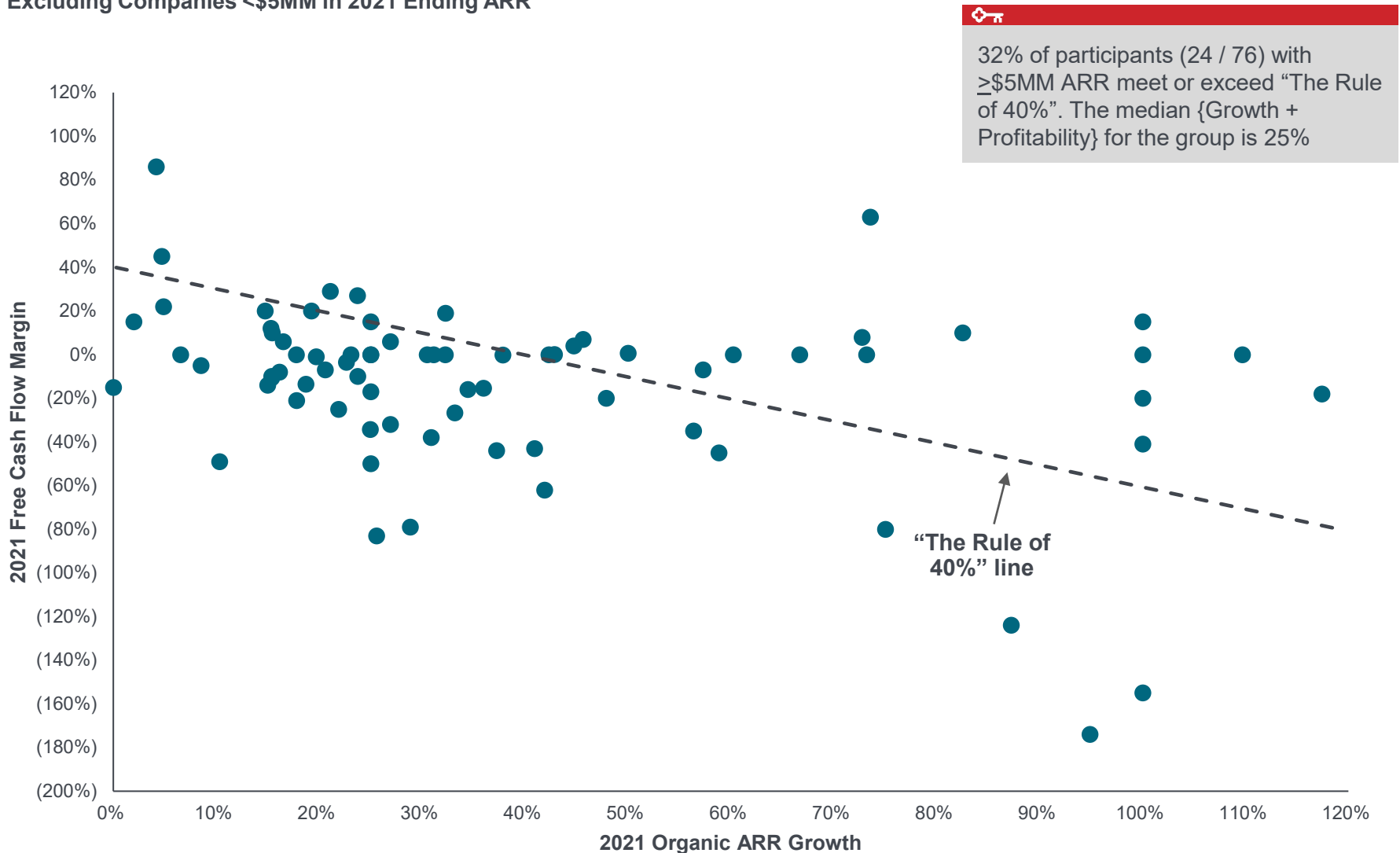
~\$50MM median excludes AI, ALRM, APPN, AMPL, APTI, AVDX, AVLRL, BIGC, BNFT, BSY, BV, CBLK, CFLT, CXM, DDG, DOMO, FLTX, FSLY, HCP, MDB, N, NET, NEWR, ONTF, PCOR, PD, PLAN, RP, RSKD, SEMR, SNOW, SFSF, TENB, TOST, WDAY, WKME, WORK and ZUO

~\$100MM median excludes BLND, BOX, CFLT, CXM, EOPN, KLTR, NOW, S and VEEV

# MEASURING SURVEY PARTICIPANTS AGAINST “THE RULE OF 40%”

2022 Private SaaS Company Survey 

Excluding Companies <\$5MM in 2021 Ending ARR



# COMPARISON OF “THE RULE OF 40%” QUALIFIERS VS. OTHERS

2022 Private SaaS Company Survey 

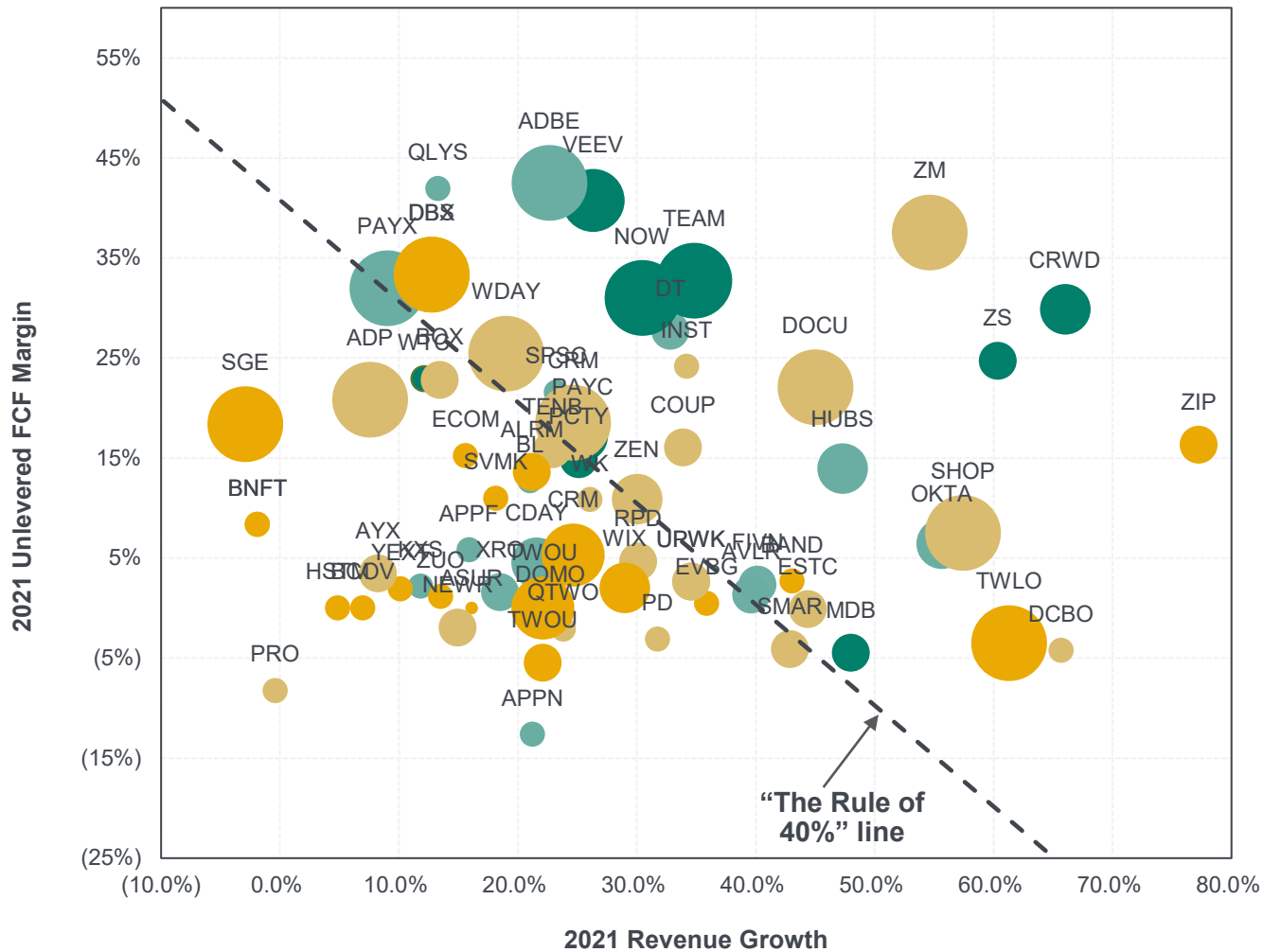
## Excluding Companies <\$5MM in 2021 Ending ARR

	Rule of 40% <sup>(1)</sup>	
	{G + P} ≥ 40% (Medians)	{G + P} < 40% (Medians)
<b>Respondents</b>	<b>24</b>	<b>52</b>
<b>Scale / Growth / Profitability:</b>		
2021 Ending ARR (MM)	\$21.5	\$17.6
2021 Organic ARR Growth Rate	59%	25%
2021 FCF Margin	0.0%	(0.1%)
% of Gross Bookings from New Customers	62%	51%
<b>Churn &amp; CAC:</b>		
Annual Gross Dollar Churn	9%	12%
Net Dollar Retention Rate	115%	105%
% of Bookings from Upsells and Expansions	38%	49%
Blended CAC Ratio	\$0.71	\$1.21
CAC Ratio for New Customers	\$1.05	\$1.80
<b>Margins:</b>		
Subscription Gross Margins	79%	78%
Sales & Marketing Expense	40%	40%
Research & Development Expense	22%	27%
General & Administrative Expense	18%	18%
<b>Business Focus / Go-To-Market:</b>		
% of Companies with a Vertical Focus	21%	13%
% of Companies with an Enterprise Focus	50%	44%
% of Companies with a Middle Market Focus	17%	12%
% of Companies with an SMB Focus	8%	13%
% of Companies with an Inside Sales GTM	25%	21%
% of Companies with a Field Sales GTM	67%	50%
Median ACV per Customer	\$83K	\$30K
<b>Capital / Maturity:</b>		
Capital Consumption Ratio	1.1x	1.6x

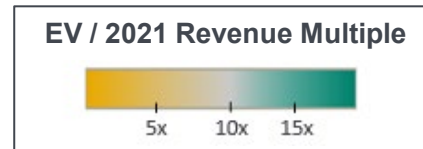
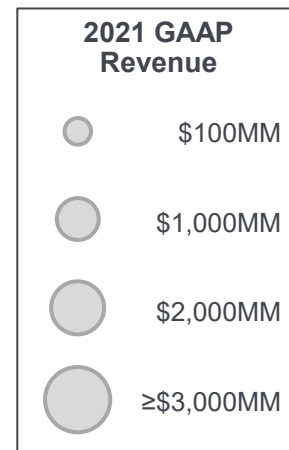


Customer Acquisition Cost, among other metrics, stands out as a differentiator between companies which achieve “Rule of 40%” status and those which don’t

# FOR COMPARISON: “THE RULE OF 40%” FOR PUBLIC SAAS COMPANIES



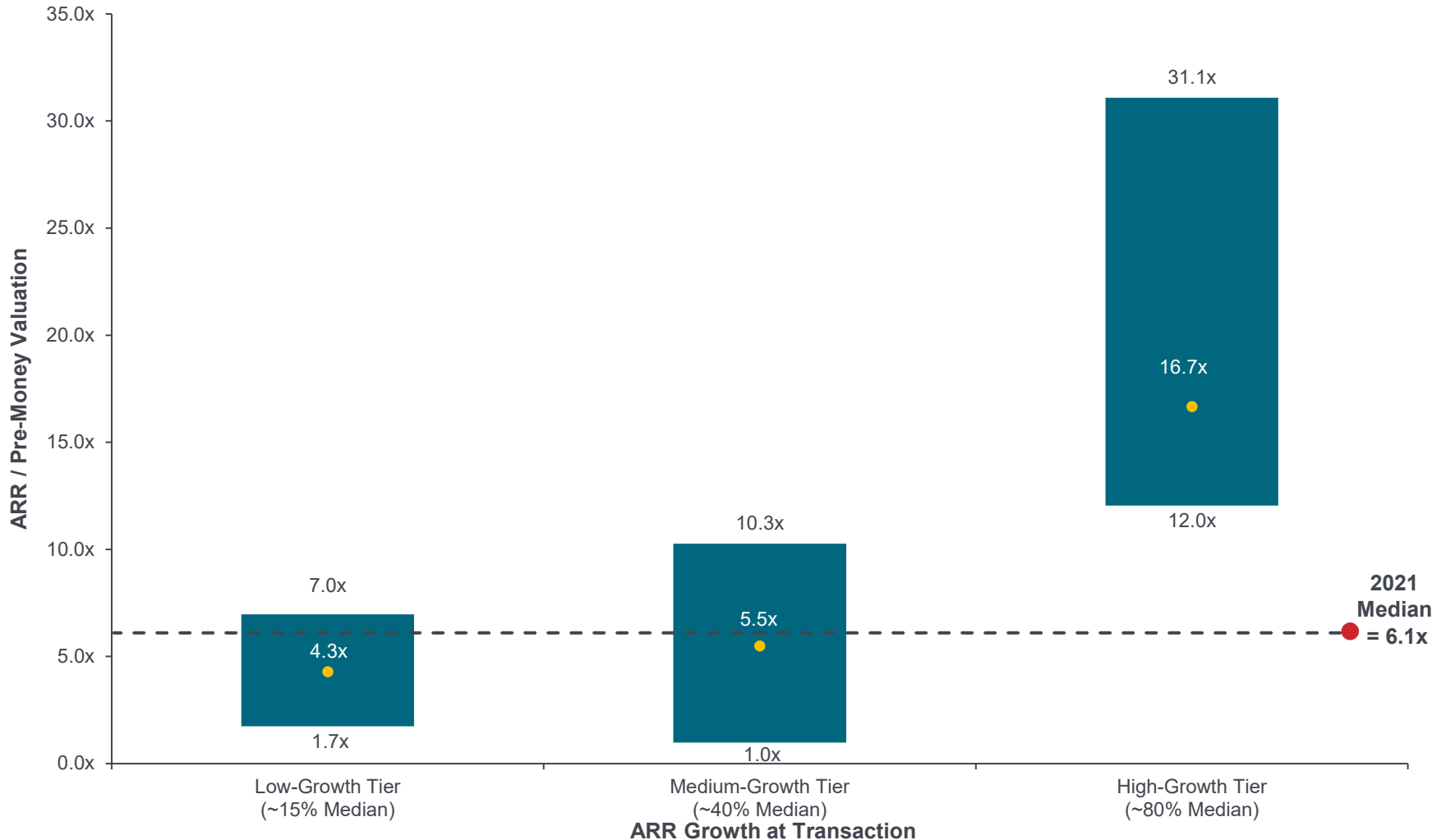
 For comparison, public SaaS companies' median growth + profitability in 2021 was 40%. SaaS companies that achieved or beat the Rule of 40% in our survey was 32%



# VALUATION, CAPITAL EFFICIENCY AND EXIT EXPECTATIONS

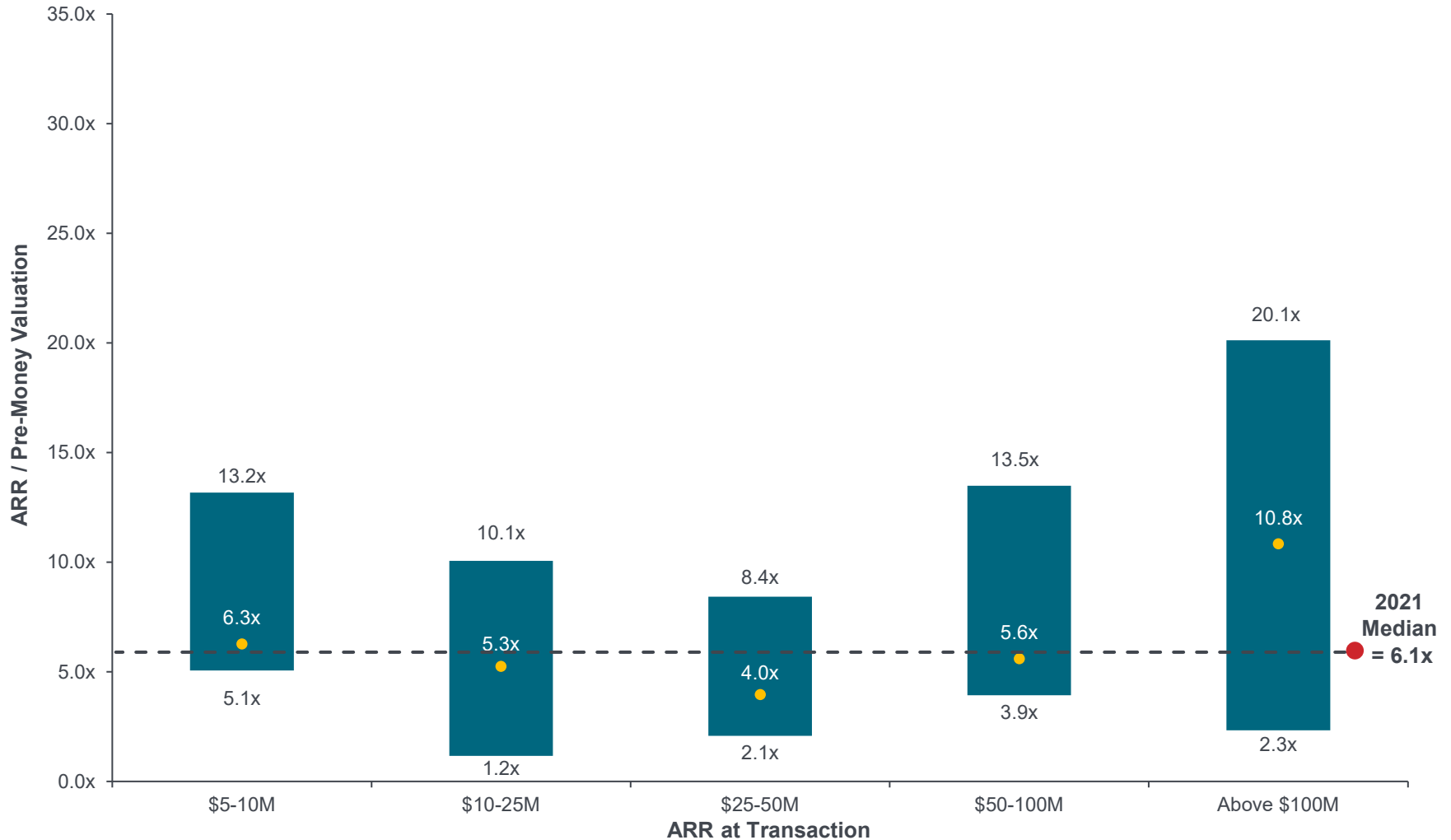
# VALUATION BY GROWTH SINCE JANUARY 2021

Excluding Companies <\$5MM in Ending ARR at Time of Last Capital Raise or Change of Control Event



# VALUATION BY SIZE SINCE JANUARY 2021

Excluding Companies <\$5MM in Ending ARR at Time of Last Capital Raise or Change of Control Event



# CAPITAL EFFICIENCY

## Time and Investment Required to Reach Selected ARR Thresholds

Threshold	Medians			
	2020 Years Required	2020 Total Capital Consumed (MM) <sup>1</sup>	2021 Years Required	2021 Total Capital Consumed (MM) <sup>1</sup>
\$5MM ARR	4.4	\$6.5	4.5	\$9.2
\$10MM ARR	5.1	12.7	5.6	16.0
\$25MM ARR	6.5	21.5	7.1	31.5
\$50MM ARR	7.9	32.1	7.6	51.3
\$100MM ARR	8.7	52.1	9.3	72.7

<sup>1</sup> Capital consumed defined as total cumulative primary equity raised plus debt drawn minus cash on the balance sheet (adjusted for dividends / distributions)

2022 Total Respondents: Years Required: 84, Capital Consumed: 77

2021 Total Respondents: Years Required: 182, Capital Consumed: 162



# MEDIAN EXIT EXPECTATIONS

## Excluding Companies <\$5MM in 2021 Ending ARR



As expected, companies anticipating an eventual public listing are growing significantly faster and burning more – specifically on Sales and Marketing. These companies are also able to drive more upsell and expansion revenue evidenced by strong net dollar retention

Median	Expected Exit			
	Public Listing	Acquisition by Sponsor	Acquisition by Strategic	Uncertain
2021 Ending ARR	\$59M	\$44M	\$12M	\$26M
2021 Organic Growth	56%	22%	25%	24%
2021 FCF Margin	(20%)	9%	(10%)	0%
2021 Rule of 40	23%	29%	19%	19%
S&M % of Revenue	50%	30%	40%	40%
New CAC Ratio	\$1.07	\$1.08	\$1.82	\$1.82
Gross Dollar Churn	(12%)	(12%)	(11%)	(11%)
Net Dollar Retention Rate	115%	101%	109%	102%
Capital Consumed to Date	\$43M	\$13M	\$28M	\$8M
Ownership Status (VC / PE / Independent & Other)	78% / 13% / 9%	33% / 67% / 0%	56% / 25% / 19%	69% / 23% / 8%

# KBCM TECHNOLOGY GROUP LEADERSHIP IN SOFTWARE TRANSACTION EXECUTION

2022 Private SaaS Company Survey 

## Advisory

<p>\$140,000,000</p> <p><b>platform.sh</b></p> <p>received an investment from</p> <p><b>DIGITAL PARTNERS</b></p> <p><b>Revaia</b></p> <p>Morgan Stanley</p>	<p>Undisclosed</p> <p><b>GLOBAL UPSIDE CORPORATION</b></p> <p>acquired by</p> <p><b>SAFEGUARD GLOBAL</b></p> <p>portfolio company of</p> <p><b>AKKR</b></p>	<p>Undisclosed</p> <p><b>QUANTUM WORKPLACE</b></p> <p>portfolio company of</p> <p><b>McCarthy Capital</b></p> <p><b>LLR Partners</b></p>	<p>Undisclosed</p> <p><b>FOGHORN</b></p> <p>acquired by</p> <p><b>Johnson Controls</b></p>	<p>\$160,000,000</p> <p><b>SMARTLING</b></p> <p>has received an investment from</p> <p><b>Battery</b></p>	<p>\$350,000,000</p> <p><b>CloudCheckr</b></p> <p>acquired by</p> <p><b>NetApp</b></p>	<p>\$255,000,000</p> <p><b>convey</b></p> <p>acquired by</p> <p><b>project44</b></p>	<p>Undisclosed</p> <p><b>Sensu</b></p> <p>acquired by</p> <p><b>SUMO</b></p>
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## Equity Capital Markets

<p>December 2021</p> <p><b>HashiCorp</b></p> <p>\$1,224,000,000</p>	<p>October 2021</p> <p><b>GitLab</b></p> <p>\$800,800,000</p>	<p>October 2021</p> <p><b>avidxchange</b></p> <p>\$660,000,000</p>	<p>September 2021</p> <p><b>Amplitude</b></p> <p>Direct Listing</p>	<p>September 2021</p> <p><b>toast</b></p> <p>\$1,000,000,000</p>	<p>July 2021</p> <p><b>riskified</b></p> <p>\$367,500,000</p>	<p>July 2021</p> <p><b>VTEX</b></p> <p>\$415,150,000</p>	<p>July 2021</p> <p><b>KALTURA</b></p> <p>\$150,000,000</p>
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## Debt Capital Markets

<p>September 2022</p> <p><b>V-VISTA EQUITY PARTNERS</b></p> <p><b>ELLIOTT</b></p> <p>acquired</p> <p><b>citrix</b></p> <p>\$16,500,000,000</p> <p>Senior Credit Facilities</p> <p>Joint Bookrunner</p>	<p>July 2022</p> <p><b>celonis</b></p> <p>\$500,000,000</p> <p>Senior Credit Facilities</p> <p>Joint Bookrunner</p>	<p>June 2022</p> <p><b>OneTrust</b></p> <p>\$100,000,000</p> <p>Senior Credit Facilities</p> <p>Joint Bookrunner</p>	<p>April 2022</p> <p><b>FINANCIALFORCE</b></p> <p>\$175,000,000</p> <p>Senior Credit Facilities</p> <p>Joint Bookrunner</p>	<p>March 2022</p> <p><b>DigitalOcean</b></p> <p>\$250,000,000</p> <p>Senior Credit Facilities</p> <p>Joint Bookrunner</p>	<p>March 2022</p> <p><b>PERMIRA</b></p> <p><b>CROSSPOINT CAPITAL</b></p> <p>acquired</p> <p><b>McAfee</b></p> <p>\$9,996,000,000</p> <p>Senior Credit Facilities</p> <p>Joint Bookrunner</p>	<p>January 2022</p> <p><b>ZipRecruiter</b></p> <p>\$550,000,000</p> <p>Senior Notes</p> <p>Joint Bookrunner</p>	<p>December 2021</p> <p><b>WOW!</b></p> <p>\$980,000,000</p> <p>Senior Credit Facilities</p> <p>Joint Bookrunner</p>
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