

June 2024

The State of Go-to-Market in 2024

Go-to-Market Series



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About the research

We believe a holistic and well-executed go-to-market strategy is one of the key pillars that drives sustainable, long-term growth for software companies.

Regardless of your organization's growth motion, effective go-to-market teams represent the voice of the customer and serve as critical feedback loops for product and engineering.

In this series

we use organizational data and industry perspectives to **provide detailed answers to the key go-to-market questions** we receive from B2B SaaS leaders.

We will examine myriad topics across GTM compensation, incentives, org structure, roles and responsibilities, forecasting, and enablement, in order to share best practices and proprietary benchmarks to help you scale your go-to-market organization.

This report

details leading and lagging indicators of GTM health, with a particular focus on year over year trends and how companies are shifting go-to-market strategy through analyzing data from largely the same cohort of leading B2B SaaS go-to-market executives in 2023 and 2024

ICONIQ Growth Analytics & Insights

Seeking to empower our portfolio with proprietary insights and advisory across business operations, hiring, and strategy

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Analytics & Insights: Key Series



Growth & Efficiency

Our annual exploration of the data behind building a B2B SaaS business and early indicators of long-term success, answering key questions on how these companies scale quickly and efficiently within the context of today's macroenvironment



Go-to-Market

An ongoing exploration of the state of go-to-market, spanning topics across building go-to-market teams, compensation, and reporting best practices



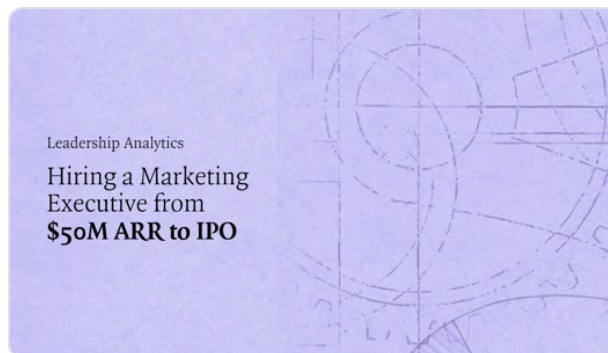
Engineering

A series of detailed reports in collaboration with the ICONIQ Growth Technical Advisory Board unpacking the data behind high-functioning engineering organizations



Path to IPO

Our annual IPO reports answer key questions across several major topics related to successfully planning for an executing an IPO, as well as drivers of valuation in the current environment



Leadership Analytics

A suite of analyses of leadership hires between founding and IPO at high-caliber SaaS companies to create first-of-their-kind playbooks to help support hiring decision-making across the entire company lifecycle



Quarterly Recaps – Portfolio Only*

Real-time insights into performance and attainment across top- and bottom-line forecasts, how key performance metrics have been impacted by the current market environment, and how companies are adjusting plan and strategy in response

Data Sources & Methodology

This study summarizes data from an April 2024 survey of **GTM executives at 150 B2B SaaS companies**, including heads of sales, marketing, and customer success.¹

Where relevant, we compare results to a March 2023¹ survey conducted by ICONIQ Growth to a similar cohort of **104 GTM executives**.

This report also includes quarterly operating and financial data from certain ICONIQ Growth portfolio companies⁴

Firmographics



¹ Surveys included responses from some but not all ICONIQ Growth portfolio companies as well as companies not part of ICONIQ Growth's portfolio

² Based on employee majority

³ YoY ARR Growth Rate between 2022 and 2023

⁴ All companies included where data available

Executive Summary

Executive Summary (1 of 2)

Go-to-market organizations have updated their operating models to be more efficient and customer focused over the last 12 months. While lagging indicators of GTM health have not yet rebounded, leading indicators have begun to stabilize or show very early signs of recovery.

Lagging Indicators

- Over the past year, top quartile ARR growth has decelerated for companies amidst a challenging go-to-market environment
 - New logo velocity has slowed as well, with the exception of companies <\$25M ARR who saw a 3x increase YoY
 - Net dollar retention has decreased in conjunction with ARR growth, particularly for companies <\$200M ARR
- LTV:CAC ratio and net magic number have declined year over year for companies regardless of ARR scale bucket
- Measures of Sales and Marketing productivity have declined for most in 2024, with the exception of companies \$200M+ ARR
 - As sales productivity slows, companies are seeing a decrease in the percentage of ramped Account Executives achieving quota this year
 - The percentage of customers that renewed late increased slightly in the second half of 2023, particularly for companies \$100M+ ARR

Leading Indicators

- Average sales cycles for new logos have stayed relatively flat year over year, moving from 22 to 21 weeks
- Across all sales motions, pipeline coverage ratio has also stabilized year over year, landing at a healthy 3.9x
 - Sales-led growth is becoming increasingly difficult, with pipeline coverage ratio decreasing from 3.8x to 3.3x YoY for SLG companies
- Conversion rates may be showing early signs of recovery. Win rates have increased significantly for companies with <\$100M ARR, with new lead to MQL conversion and demo to closed won conversion up 5% year over year

Executive Summary (2 of 2)

Shifts in GTM Strategy

- Companies are looking to diversify their sales motions. Year over year, we saw the same cohort of companies **shift towards a hybrid sales approach, underscoring the importance of developing the ability to sell to *both* the end user and the executive in a market where budgets remain under scrutiny**
 - The majority of respondents are also now listing their **primary sales motion as hybrid in 2024**. We continue to believe that a **mature, healthy enterprise field sales motion developed over time is critical to long-term growth** for most companies
- **Channel/partnerships revenue as a percentage of total revenue increases with scale**, landing at ~25% for \$100M+ ARR companies in 2024
 - \$100M+ ARR Infrastructure and Fintech companies receive the most revenue as a percentage of total revenue from partnership motions
- Companies are adjusting deal terms to support future customer retention
 - **While in 2023 we saw a relatively even split between 1-3 year contracts, more companies shifted towards 3 year contracts in 2024**, pointing to a renewed confidence in macro stability among customers
- As new logo velocity slowed in 2023, companies shifted their focus to customer retention and expansion. **New ARR is increasingly being driven by customer cross-sell**, with bottom-up companies seeing +10% in cross-sell as a percentage of new ARR YoY
- **We are seeing more segmentation across the board in 2024, with organizations pushing their Account Executives to become more specialized**
 - While customer geography and size remain the two most popular ways to segment AEs, **organizations are increasingly segmenting AEs based on customer industry and use case**
 - AEs are primarily incentivized to focus on the final stages of the sales funnel. Most often, AEs receive quotas and commission against new revenue. Total contract value and NDR are becoming increasingly tied to compensation relative to last year

The State of GTM Health: Leading and Lagging Indicators

Lagging Indicators <i>Pages 12-19</i>	ARR Growth ▼ <i>Decelerated YoY across all ARR scales</i>	Retention ▼ <i>Decrease YoY, particularly for companies <\$200M ARR</i>	Unit Economics ▼ <i>Decrease in LTV:CAC¹ and net magic number</i>	Sales Productivity ▼ <i>Decline for <\$200M ARR companies</i>	Quota Attainment ▼ <i>Decrease in the percentage of ramped AEs achieving quota</i>	Late Renewals ▲ <i>Increased in the second half of 2023</i>
Leading Indicators <i>Pages 20-25</i>	New Lead Conversion ▲ <i>Increased by 5% YoY for companies <\$100M ARR</i>	SQL Conversion ▲ <i>Increased by 4% YoY for companies <\$100M ARR</i>	Demo Conversion ▲ <i>Increased by 5% YoY for companies <\$100M ARR</i>	Average Sales Cycle ● <i>Relatively flat, decreasing from 22 to 21 weeks</i>	Pipeline Coverage Ratio ● <i>Consistent year over year</i>	
Actions Taken <i>Pages 27-35</i>	Customer Acquisition <i>Shift toward a bottom-up or hybrid sales approach</i>	Primary Sales Motion <i>Shift away from field sales toward hybrid sales approach</i>	Contract Length <i>Shift toward longer three year contracts in 2024</i>	New ARR <i>Increasingly being driven by customer cross-sell</i>	AE Segmentation <i>AEs are becoming more specialized</i>	



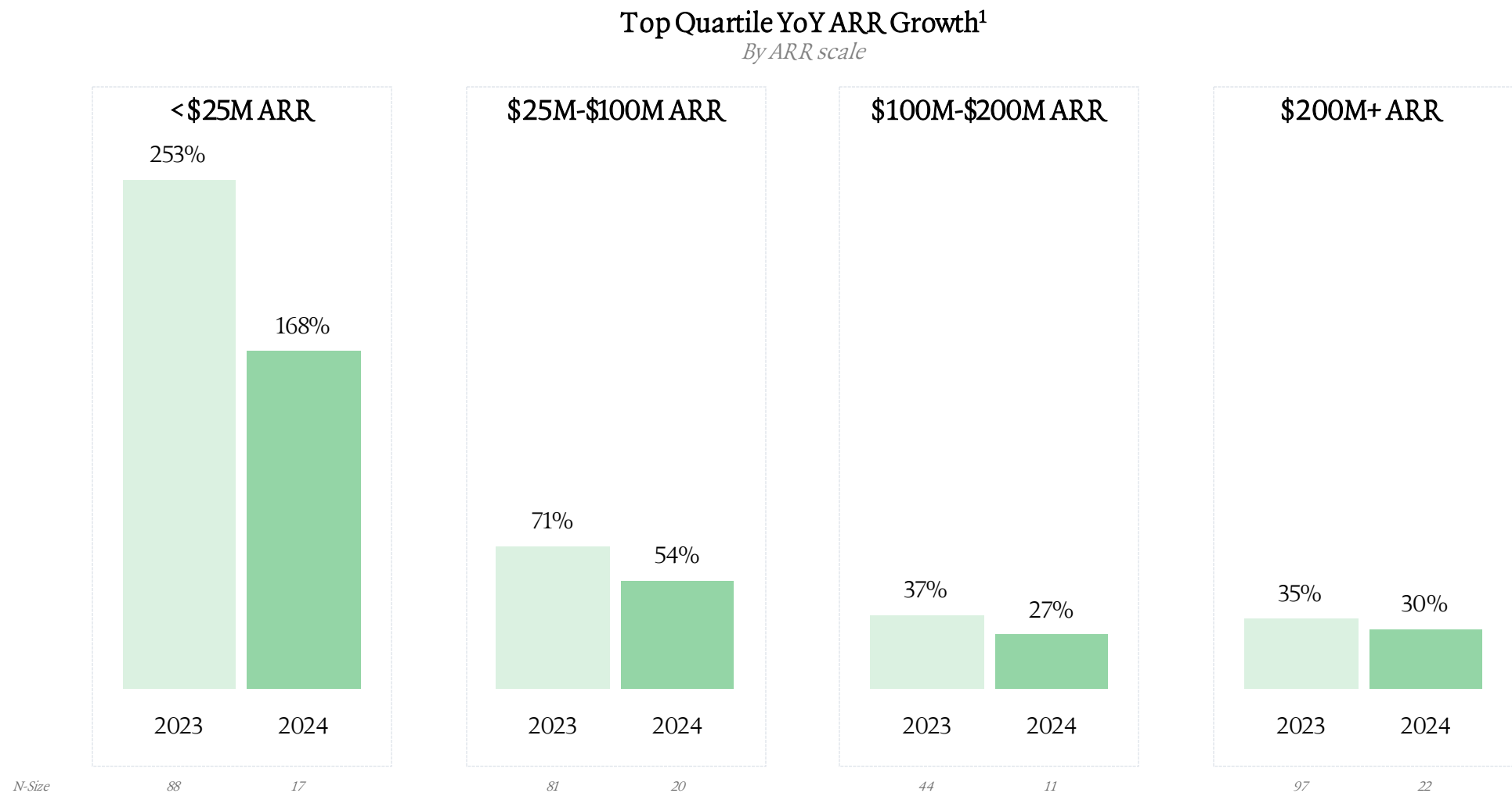
GTM Reporting Guide

Explore our GTM Reporting Guide to dig into key metrics, leading and lagging indicators of GTM health, frameworks for GTM organizations to track and leverage, and templates for best-in-class reporting

¹ Lifetime value / customer acquisition cost

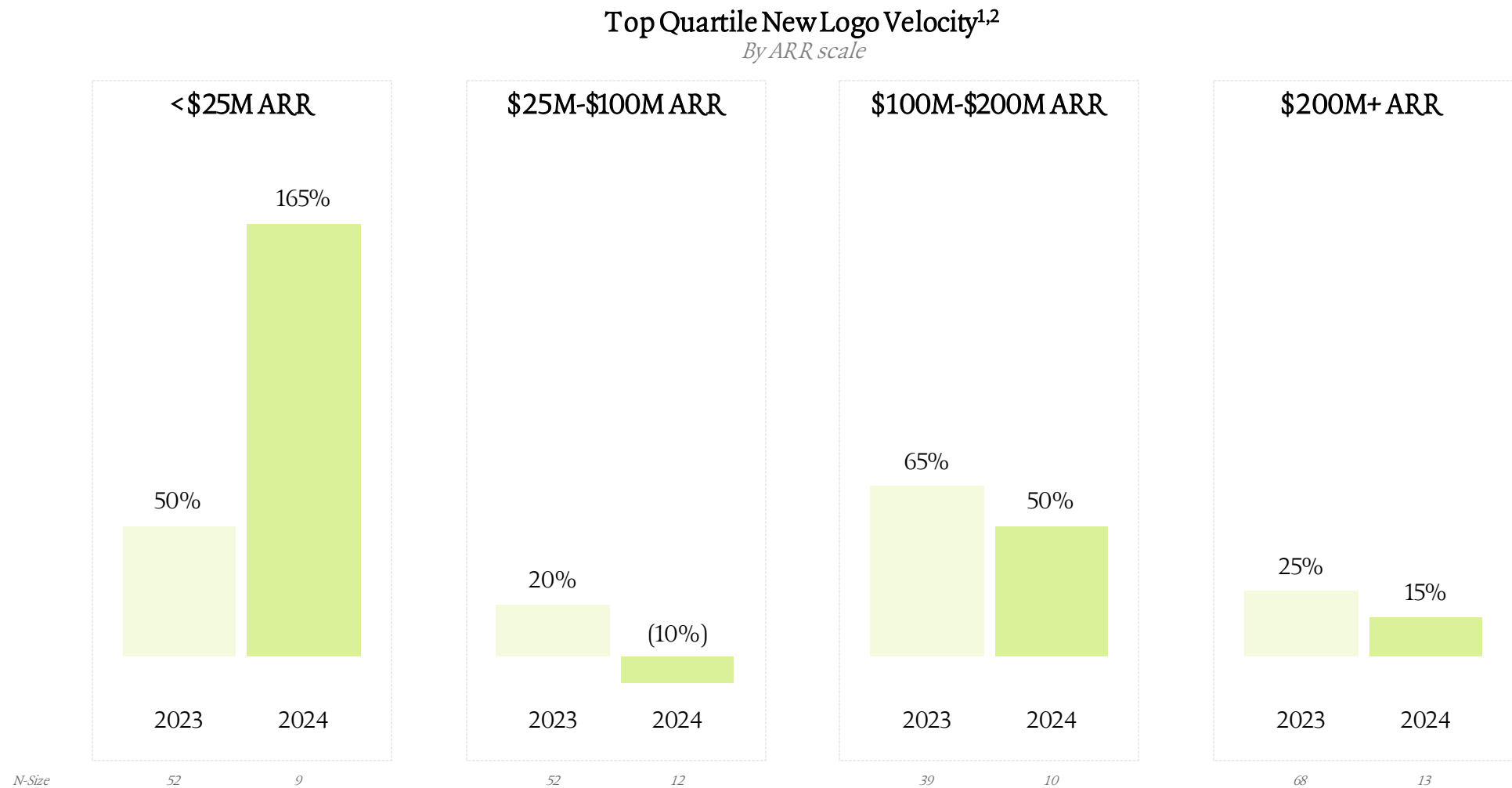
The State of Go-to-Market Health in 2024

Over the past year, top quartile ARR growth has decelerated for companies amidst a challenging go-to-market environment



¹ Financial and operating data from certain ICONIQ Growth portfolio companies from Q1 2023 - Q1 2024. This slide contains data from ICONIQ Growth portfolio companies only as of 6/17/24

New logo velocity² has slowed as well, however, we are beginning to see green shoots with a significant uptick in velocity in 2024 amongst companies <\$25M ARR



1 Financial and operating data from certain ICONIQ Growth portfolio companies from Q1 2023 - Q1 2024. This slide contains data from ICONIQ Growth portfolio companies only as of 6/17/24
2 YoY % change in new logo ARR
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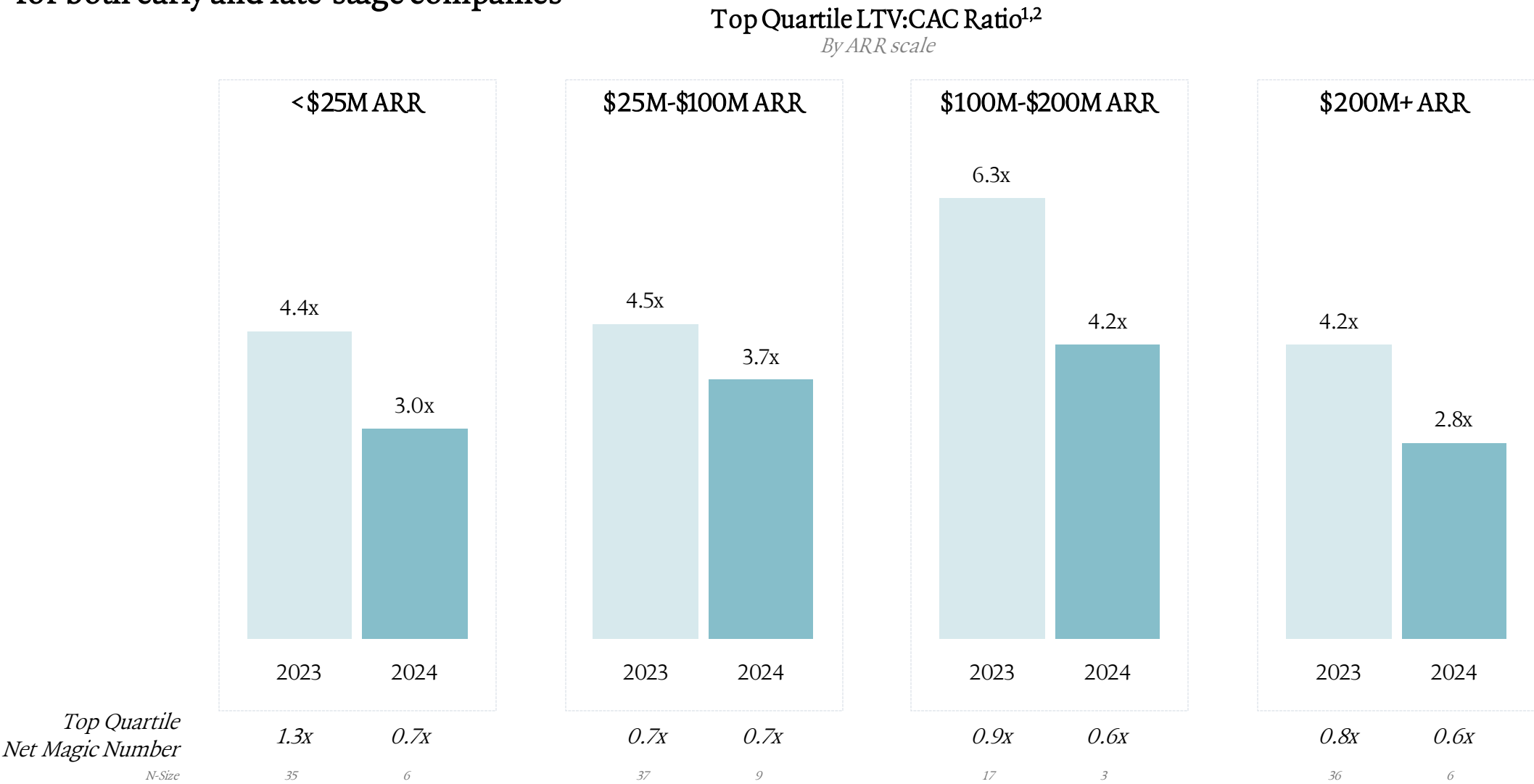
Net dollar retention has decreased in conjunction with ARR growth, particularly for companies <\$200M ARR

Top Quartile Net Dollar Retention¹
By ARR scale



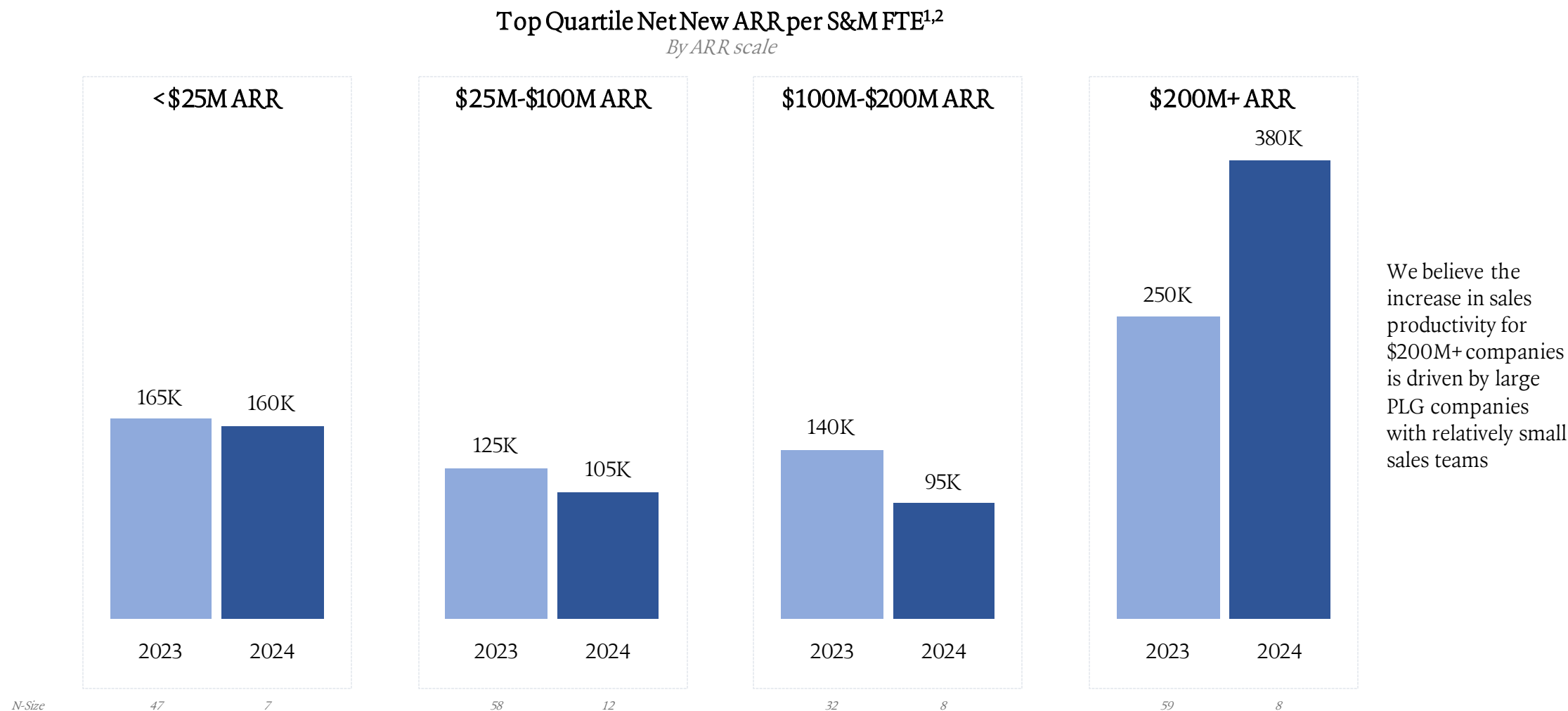
¹ Financial and operating data from certain ICONIQ Growth portfolio companies from Q1 2023 - Q1 2024. This slide contains data from ICONIQ Growth portfolio companies only as of 6/17/24

On the unit economics side, lagging indicators such as LTV:CAC Ratio and net magic number have declined year over year for both early and late-stage companies



¹ Financial and operating data from certain ICONIQ Growth portfolio companies from Q1 2023 - Q1 2024. This slide contains data from ICONIQ Growth portfolio companies only as of 6/17/24
² Lifetime value / customer acquisition cost

Measures of Sales & Marketing productivity have declined for most in 2024, with the exception of \$200M+ ARR companies

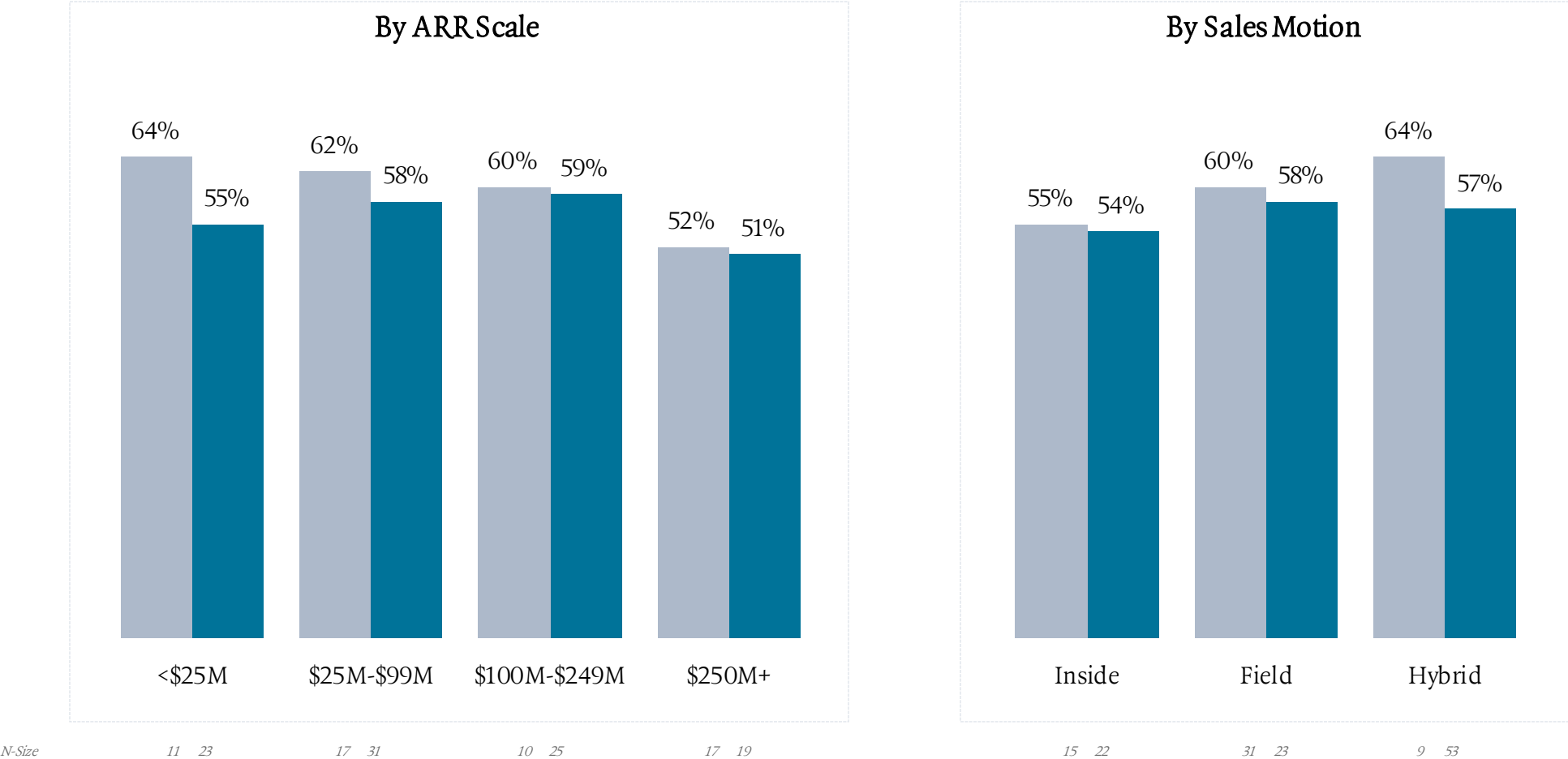


¹ Financial and operating data from certain ICONIQ Growth portfolio companies from Q1 2023 - Q1 2024. This slide contains data from ICONIQ Growth portfolio companies only as of 6/17/24
² Annualized Net New ARR/ Avg # S&M FTEs in period

As sales productivity slows, companies are seeing a decrease in the percentage of ramped AEs achieving quota this year

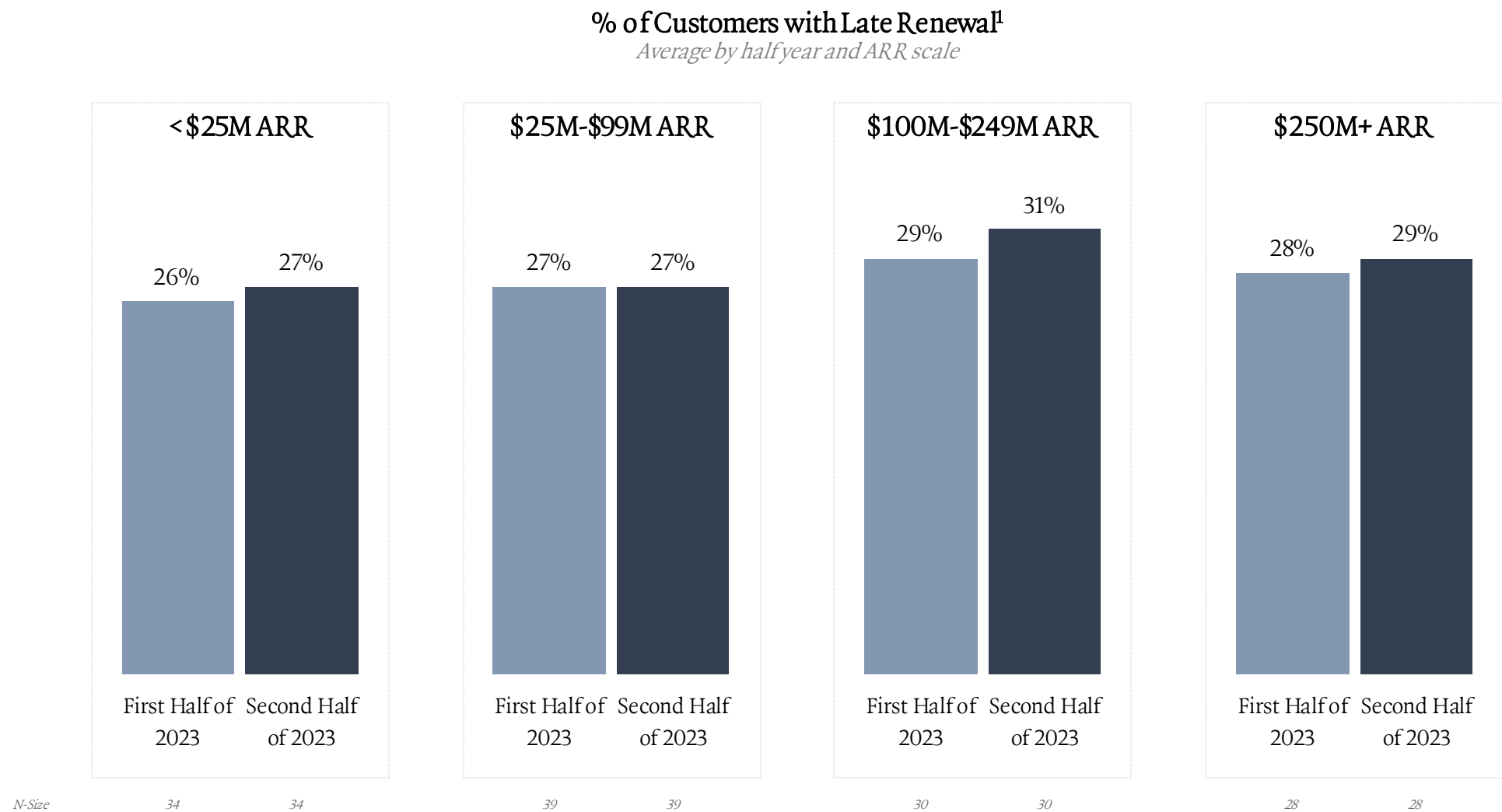
2023
2024

What percent of your organization’s ramped account executives achieved quota?¹
2023 vs 2024 average by ARR scale and primary sales motion, same cohort from 2023 vs 2024



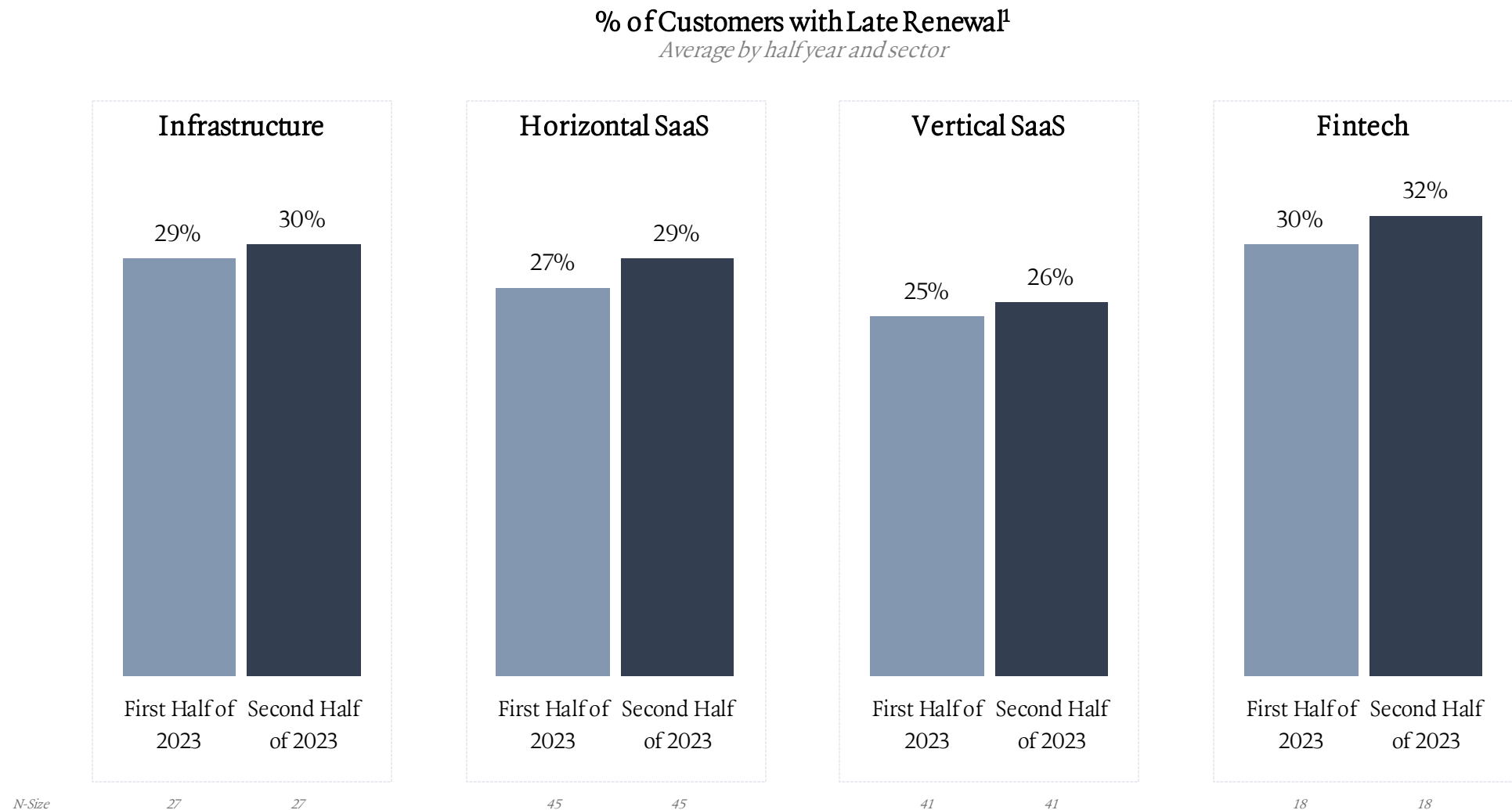
¹ICONIQ Growth Proprietary Survey of GTM Executives (Mar 2023 and Apr 2024), N=254

The percentage of customers that renewed late increased slightly in the second half of 2023, particularly for companies >\$100M ARR



¹ICONIQ Growth Proprietary Survey of GTM Executives (Mar 2023 and Apr 2024), N=254

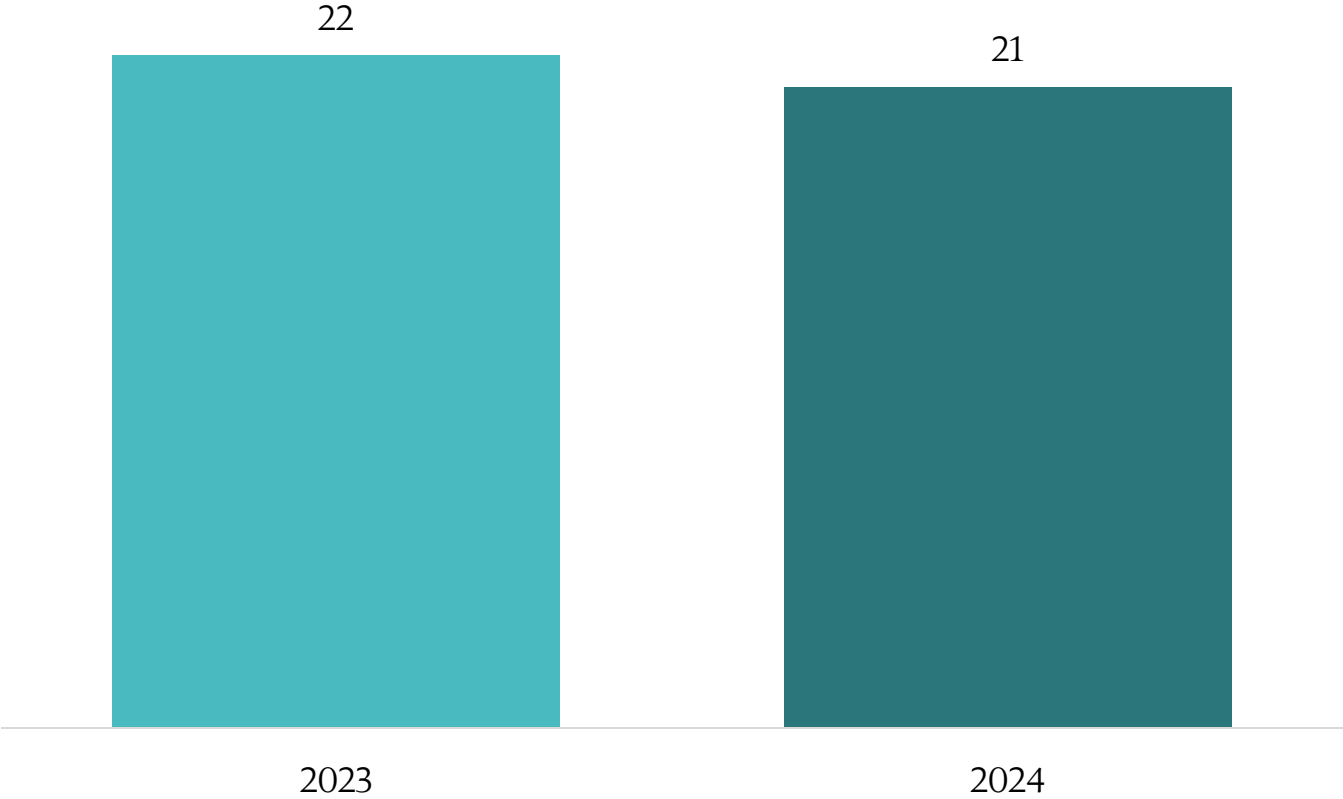
Horizontal SaaS and fintech companies saw the percentage of customers that renewed late increase by 2% in the second half of 2023. Notably, the percentage of customers that renewed late increased regardless of sector



¹ICONIQ Growth Proprietary Survey of GTM Executives (Mar 2023 and Apr 2024), N=254

In terms of new logo sales, average sales cycles for new logos have stayed relatively flat year over year

Approximately what is your organization's average sales cycle for new logos?¹
2023 vs 2024 average weeks, same cohort from 2023 vs 2024 (N=104)

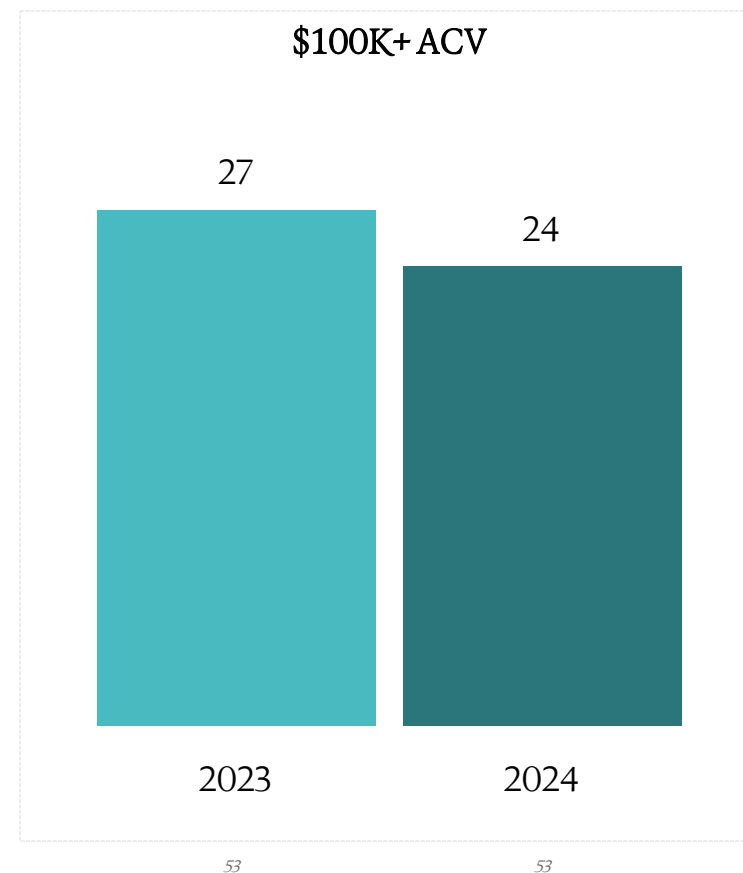
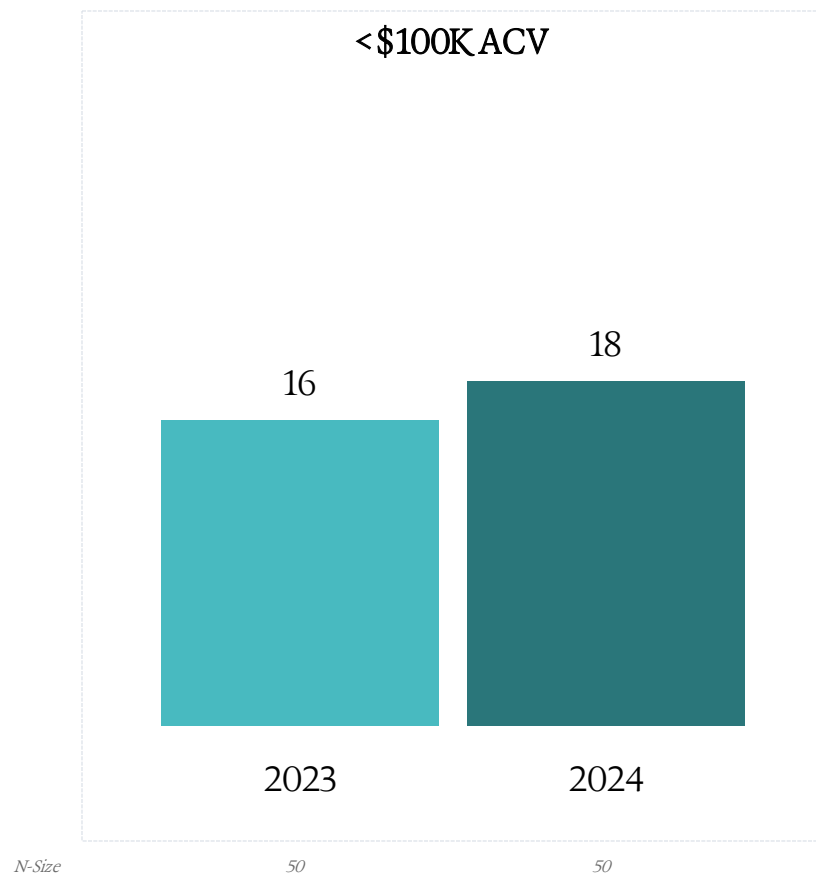


¹ICONIQ Growth Proprietary Survey of GTM Executives (Mar 2023 and Apr 2024), N=254

That said, there are some nuances by average contract value. Average sales cycles for new logos have decreased from 27 to 24 weeks for companies with \$100K+ ACV and increased from 16 to 18 weeks YoY for companies with <\$100K ACV, which may be due to tighter budget scrutiny for SMB and mid-market customers

Approximately what is your organization's average sales cycle for new logos?¹

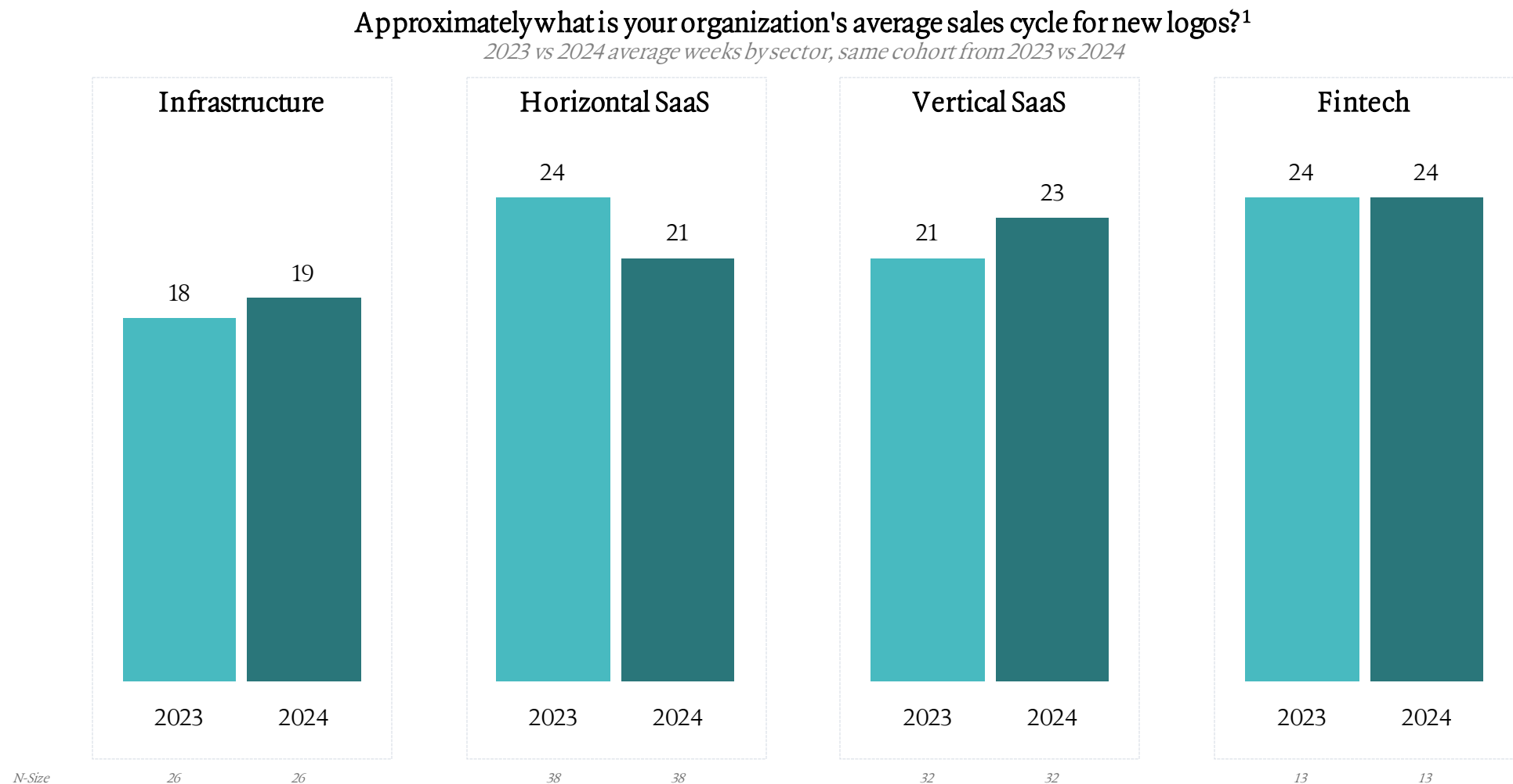
2023 vs 2024 average weeks by ACV, same cohort from 2023 vs 2024



Sales cycles typically lengthen by ~6-12 weeks when companies begin to target larger contracts and more enterprise customers

¹ICONIQ Growth Proprietary Survey of GTM Executives (Mar 2023 and Apr 2024), N=254

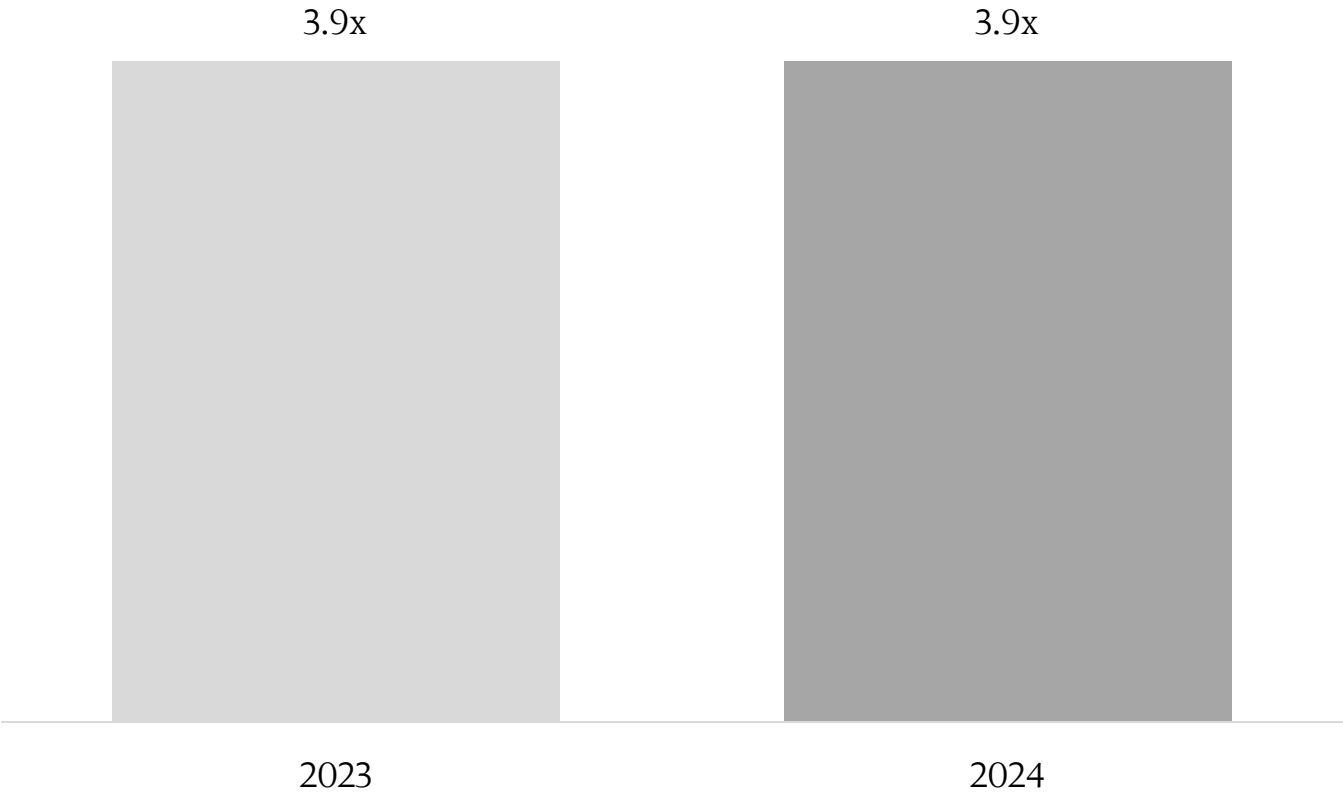
Average sales cycles for horizontal SaaS companies have decreased from 24 to 21 weeks YoY, and increased from 21 to 23 weeks for vertical SaaS companies



¹ICONIQ Growth Proprietary Survey of GTM Executives (Mar 2023 and Apr 2024), N=254

Pipeline coverage ratio stayed the same year over year, landing at what we believe is a healthy 3.9x

What is your organization’s average pipeline coverage ratio for Account Executives?¹
2023 vs 2024 average; same cohort from 2023 vs 2024 (N=104)

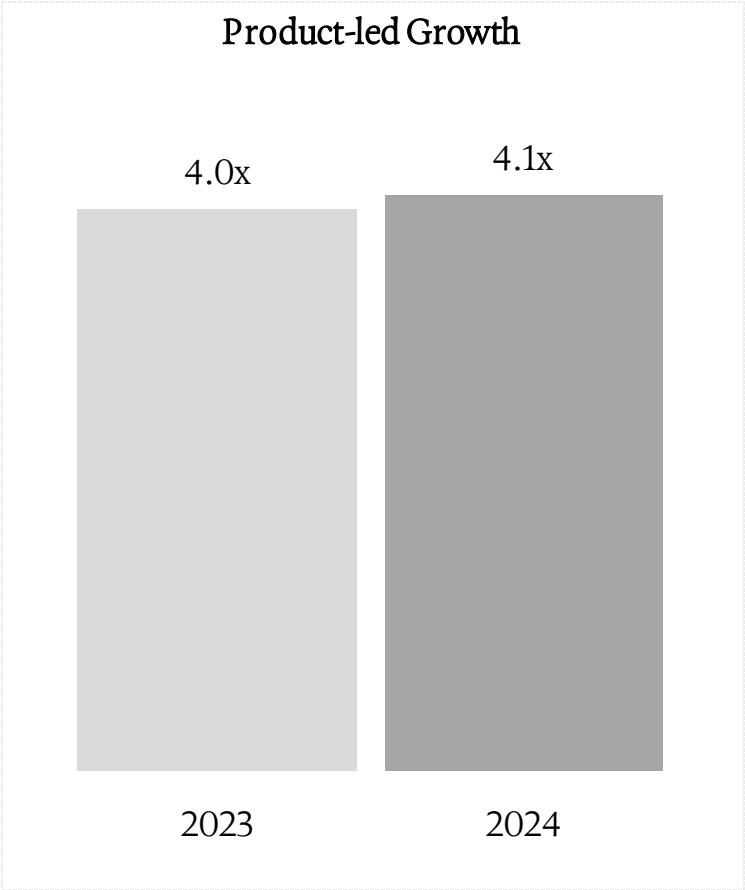
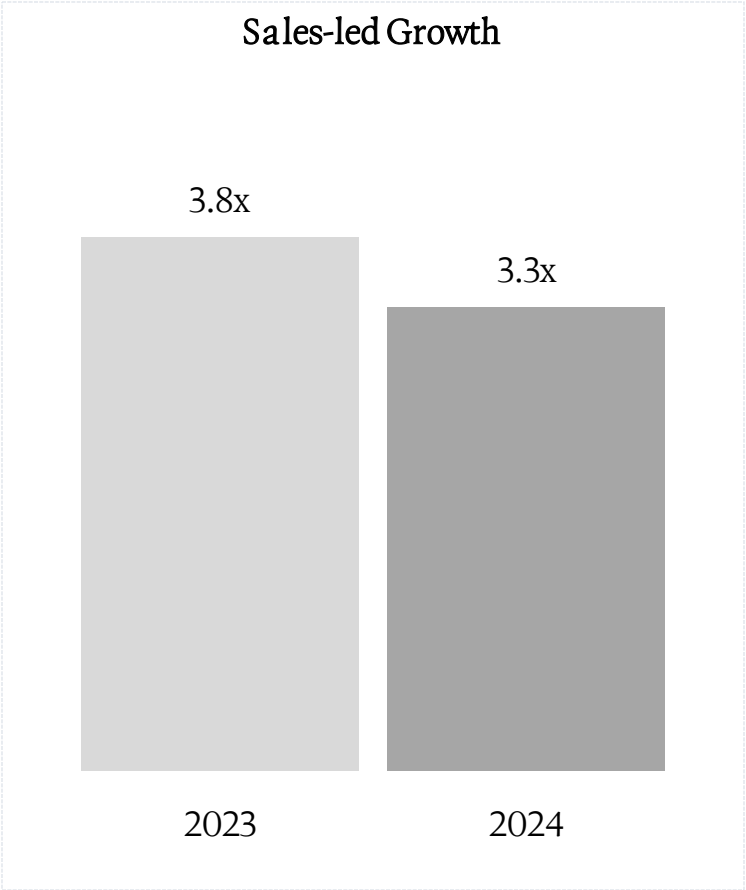


¹ICONIQ Growth Proprietary Survey of GTM Executives (Mar 2023 and Apr 2024), N=254

When looking at pipeline coverage ratio split by growth motion we see that sales-led growth is becoming increasingly difficult, with pipeline coverage ratio decreasing from 3.8x to 3.3x YoY

What is your organization's average pipeline coverage ratio for Account Executives?¹
2023 vs 2024 average; SLG vs PLG, same cohort from 2023 vs 2024

SLG has been particularly difficult for <\$50MARR companies, with average pipeline coverage ratio decreasing from 3.8x to 3.1x YoY



¹ICONIQ Growth Proprietary Survey of GTM Executives (Mar 2023 and Apr 2024), N=254

Conversion rates may be showing early signs of recovery. Win rates have increased significantly for <\$100M ARR companies, with new lead to MQL conversion and demo to closed won conversion up 5% year over year

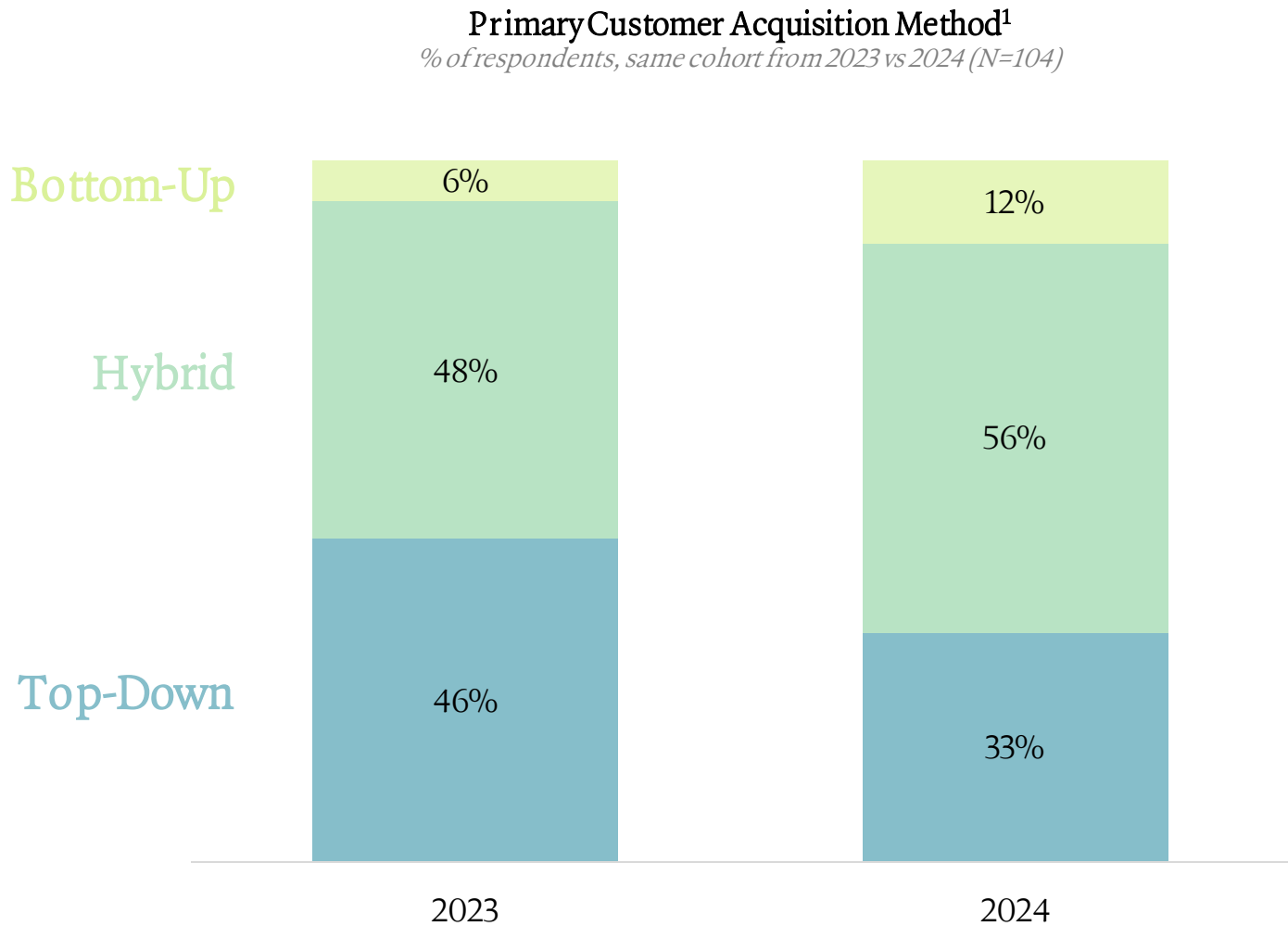
What are your organization's average funnel conversion rates?¹
2023 vs 2024 average, same cohort from 2023 vs 2024 (N=104)

	<\$100M ARR		\$100M+ ARR	
	2023	2024	2023	2024
New Lead to MQL	24%	29%	22%	25%
MQL to SQL	23%	32%	31%	25%
SQL to Closed Won	24%	28%	28%	25%
Demo to Closed Won	33%	38%	35%	41%

¹ICONIQ Growth Proprietary Survey of GTM Executives (Mar 2023 and Apr 2024), N=254

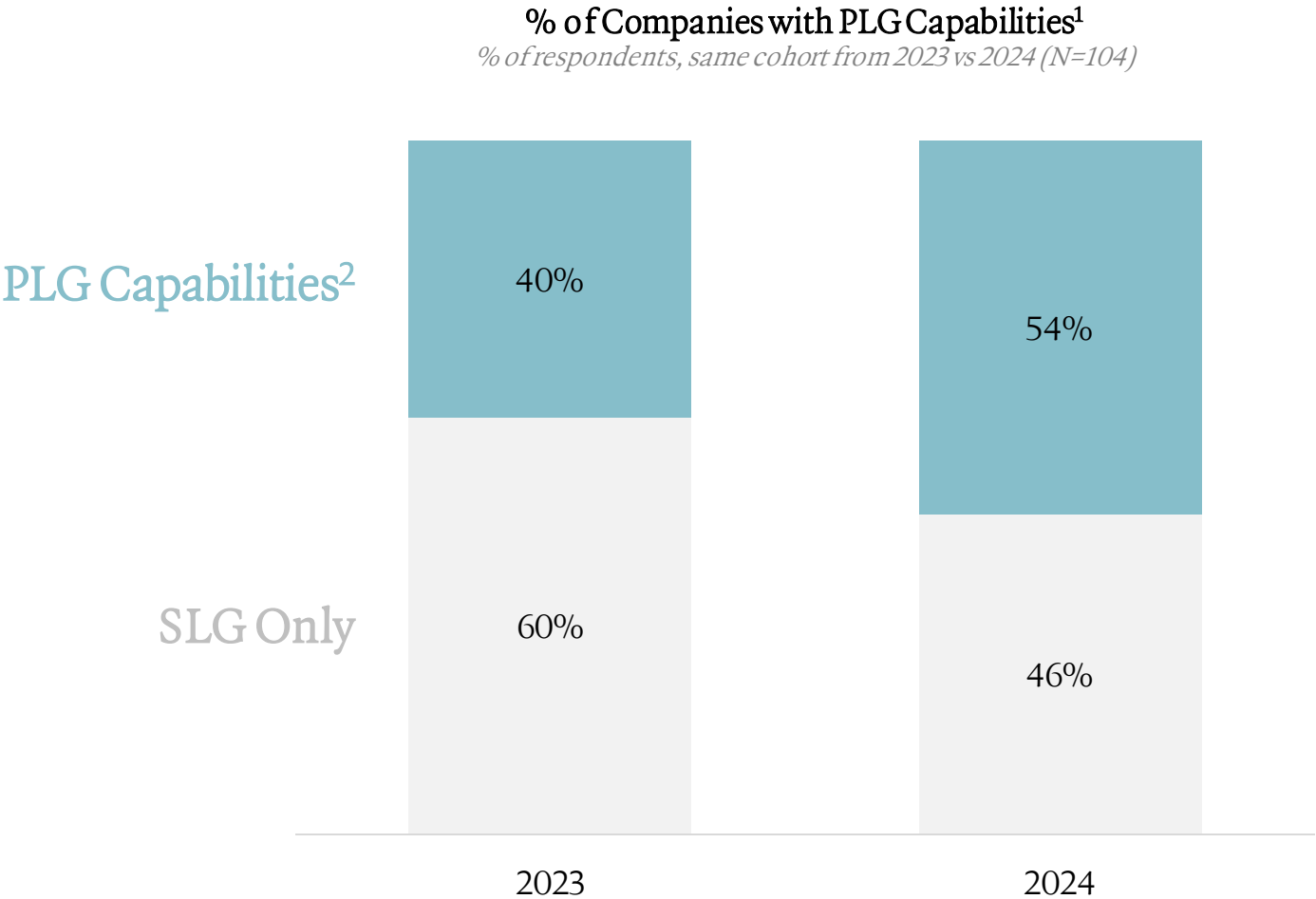
How companies are shifting GTM strategy

We have seen companies implement a number of shifts in strategy to continue to combat ongoing headwinds in today's market. Year over year, the same cohort of companies shifted towards a hybrid sales approach, underscoring the importance of developing the ability to sell to *both* the end user and the executive in a market where budgets remain under scrutiny



¹ICONIQ Growth Proprietary Survey of GTM Executives (Mar 2023 and Apr 2024), N=254

With this shift towards bottom-up motions, companies are also increasingly building out product-led growth capabilities. In 2024, 54% of customer acquisition methods include product-led growth, versus 40% in 2023



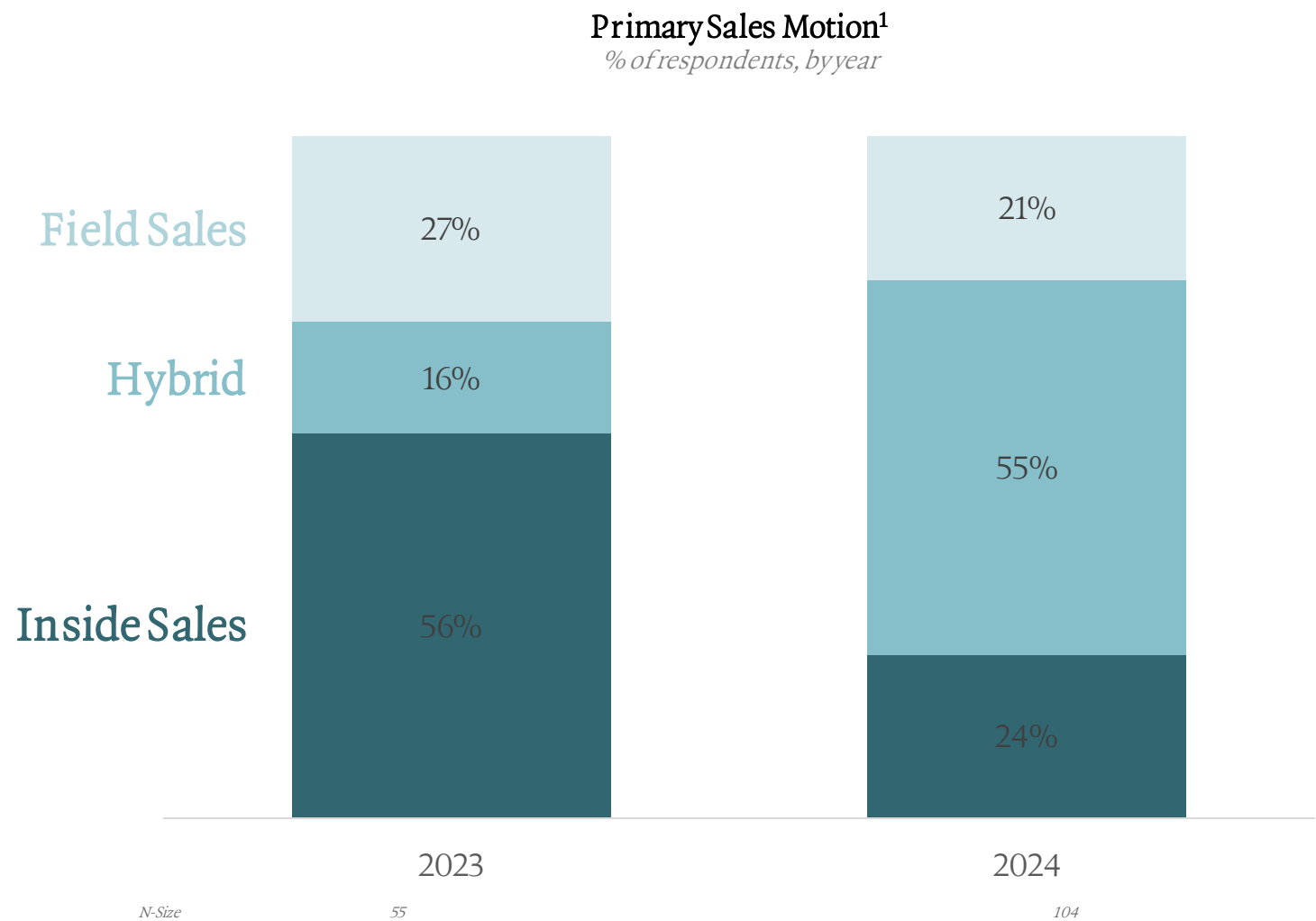
**The On-Going Importance
of SLG and Enterprise Field Sales**

Top-down sales models are typically resource intensive, requiring significant investment in individual decision makers and time developing one-on-one relationships to target the executive buyer. Bottom-up sales is generally less personalized, allowing teams to cast a wider net and achieve more immediate results, but can be more fickle as companies scale.

Despite the allure of the relative efficiency of bottom-up sales and product-led growth, it is **imperative that companies do not over-rely on these motions** and, in parallel, **develop a healthy field enterprise motion** as they scale. This is particularly **important in order to continue to drive new logo velocity and control pipeline quality** in a market where budgets remain under scrutiny.

¹ ICONIQ Growth Proprietary Survey of GTM Executives (Mar 2023 and Apr 2024), N=254
² PLG capabilities are self reported by survey respondents

The majority of respondents are also now listing their primary sales motion as hybrid in 2024. We continue to believe that a mature, healthy enterprise field sales motion developed over time is critical to long-term growth for most companies



¹ICONIQ Growth Proprietary Survey of GTM Executives (Mar 2023 and Apr 2024), N=254

Channel/partnerships revenue as a percentage of total revenue increases with scale, landing at ~25% for companies with \$100M+ ARR in 2024

What is the approximate percentage split of your organization’s revenue across each of the following go-to-market motions?¹
2024 average by ARR scale²



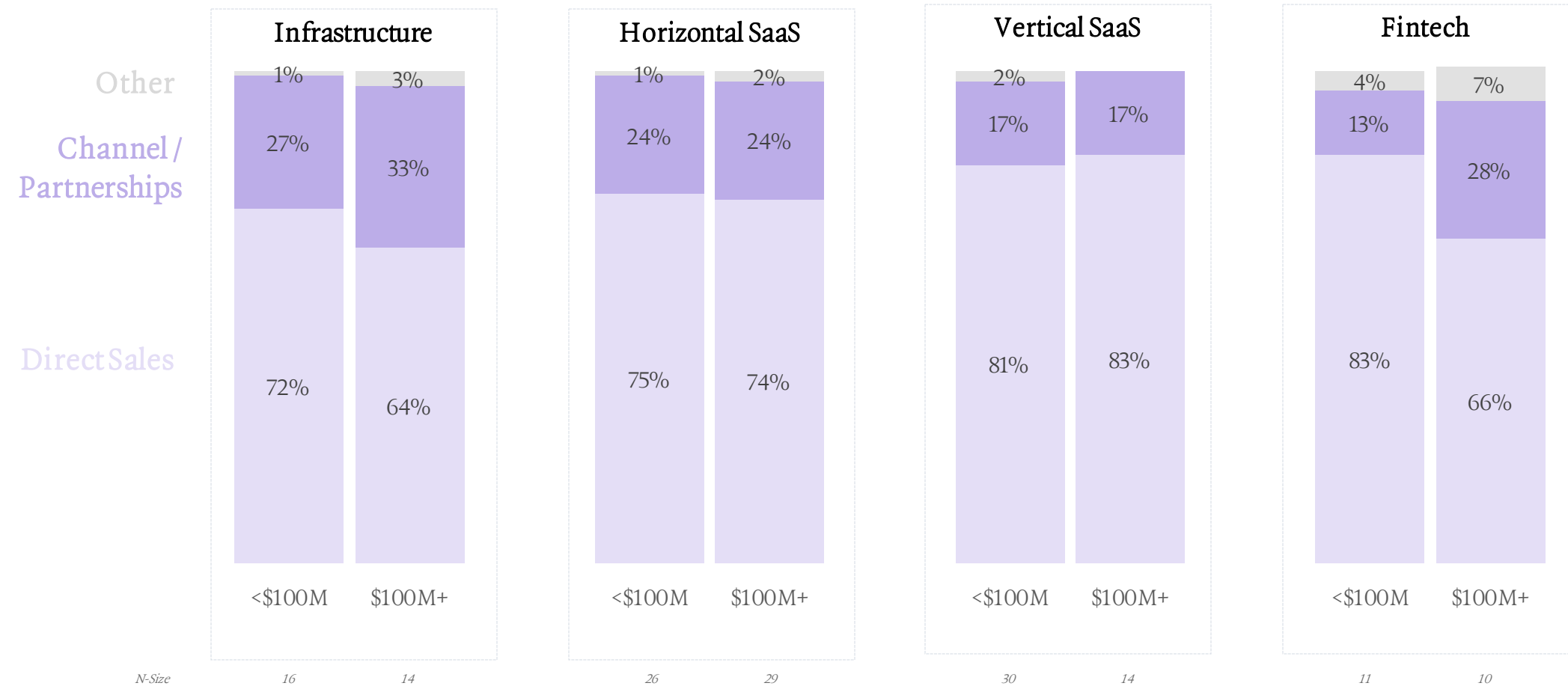
¹ICONIQ Growth Proprietary Survey of GTM Executives (Apr 2024), N=254
²Total ARR derived from direct sales, channel / partnerships, and 'other'

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Infrastructure and fintech companies with \$100M+ ARR receive the most revenue as a percentage of total revenue from channel/partnership motions

What is the approximate percentage split of your organization’s revenue across each of the following go-to-market motions?^{1,2}

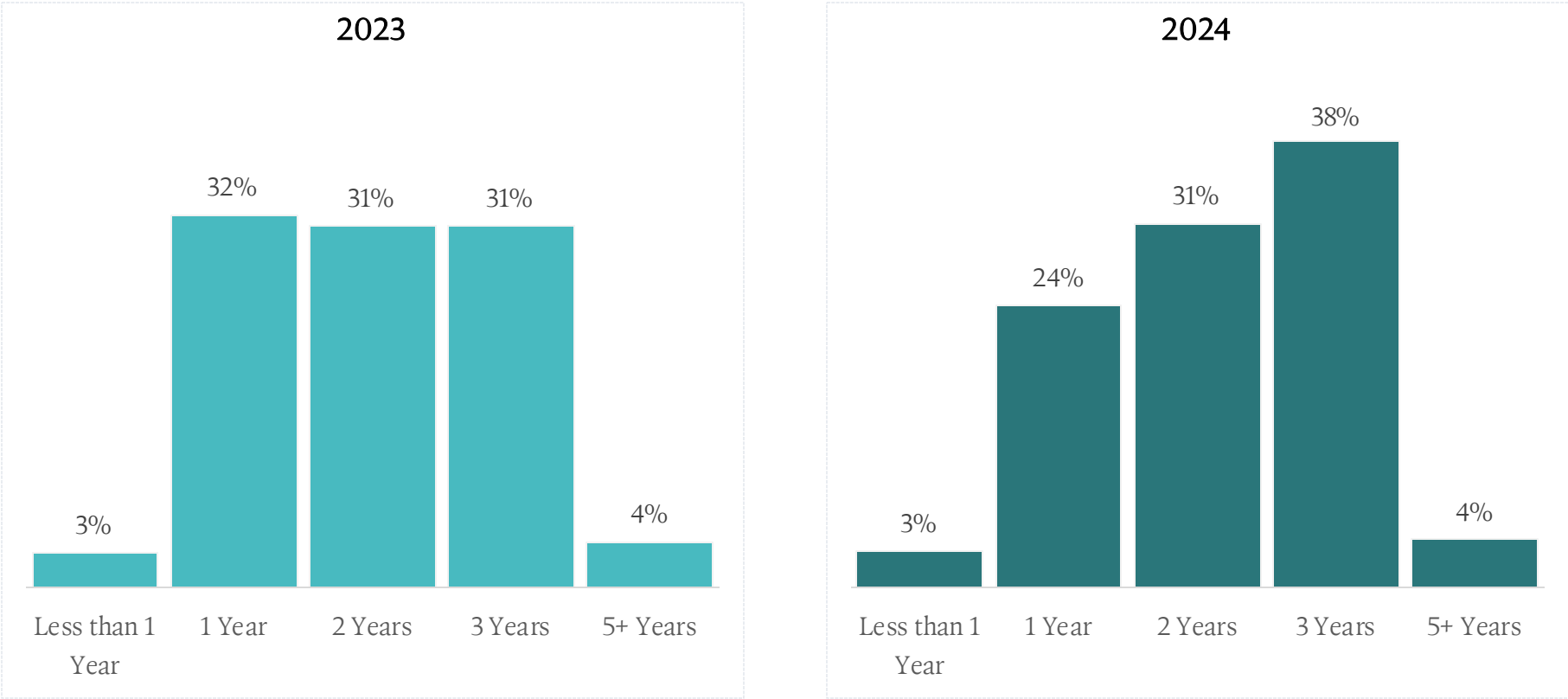
2024 average by sector and ARR scale



1 ICONIQ Growth Proprietary Survey of GTM Executives (Apr 2024), N=254
2 Total ARR derived from direct sales, channel / partnerships, and 'other'

Companies are also adjusting deal terms to support future customer retention. While we saw a relatively even split between 1-3 year contracts in 2023, more companies shifted towards 3 year contracts in 2024, pointing to a renewed confidence in macro stability among customers

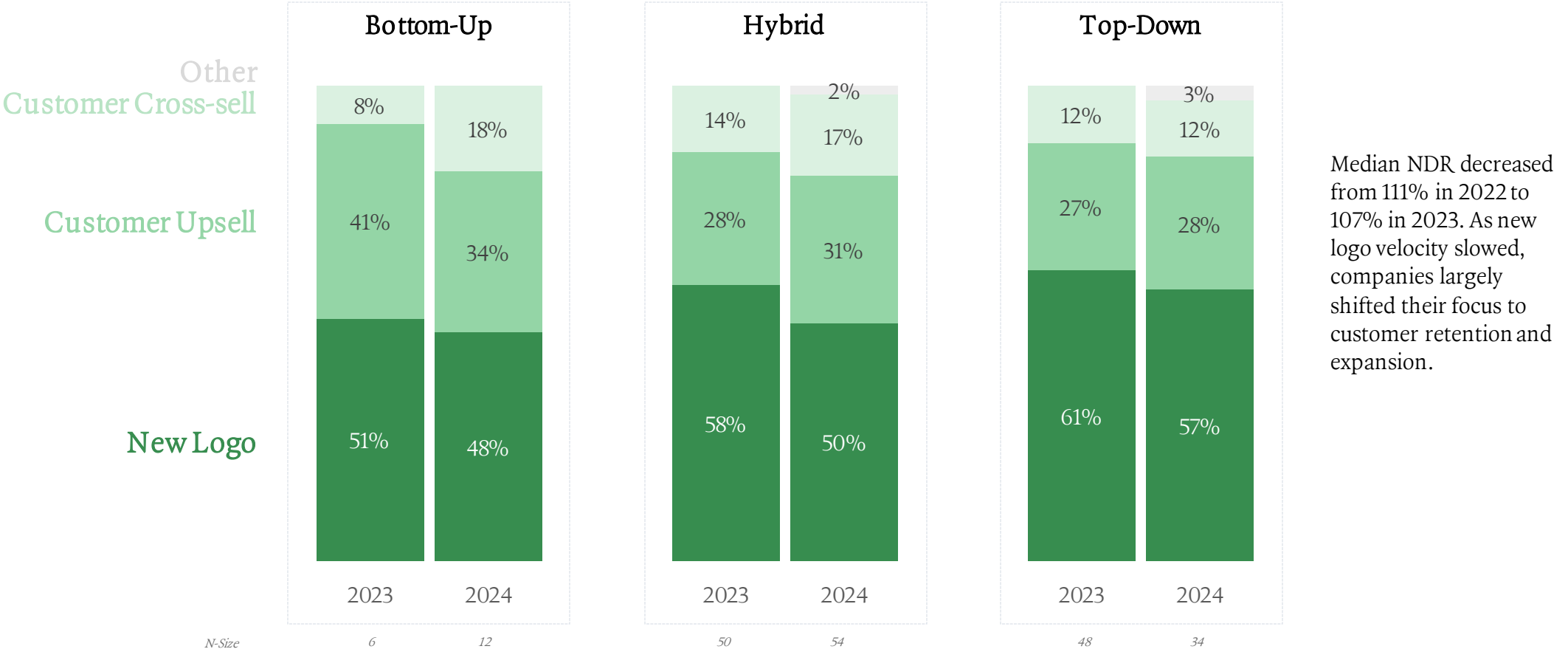
What is your organization’s average contract length for new logo subscriptions?¹
By year, same cohort from 2023 vs 2024 (N=104)



¹ICONIQ Growth Proprietary Survey of GTM Executives (Mar 2023 and Apr 2024), N=254

As new logo velocity slowed in 2023, companies shifted their focus to customer retention and expansion. New ARR is increasingly being driven by customer cross-sell, with bottom-up companies seeing +10% in cross-sell as a percentage of new ARR YoY and hybrid companies seeing +3%

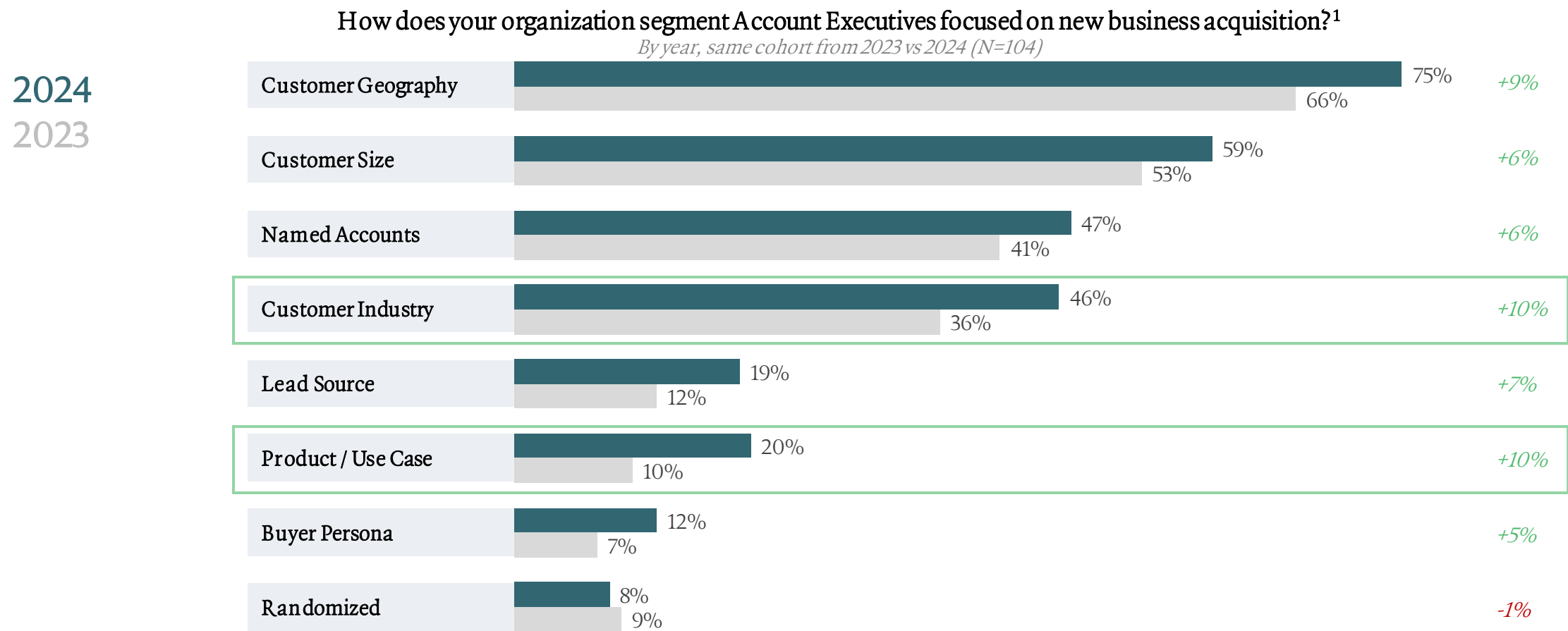
Approximately what percentage of your organization's new ARR is driven by new logos versus customer expansion?¹
2023 vs 2024 average by customer acquisition method, same cohort from 2023 vs 2024



Median NDR decreased from 111% in 2022 to 107% in 2023. As new logo velocity slowed, companies largely shifted their focus to customer retention and expansion.

¹ICONIQ Growth Proprietary Survey of GTM Executives (Mar 2023 and Apr 2024), N=254

We are seeing more segmentation across the board in 2024, with organizations pushing their Account Executives to become more specialized. While customer geography and size remain the two most popular ways to segment AEs, organizations are increasingly segmenting AEs based on customer industry and use case



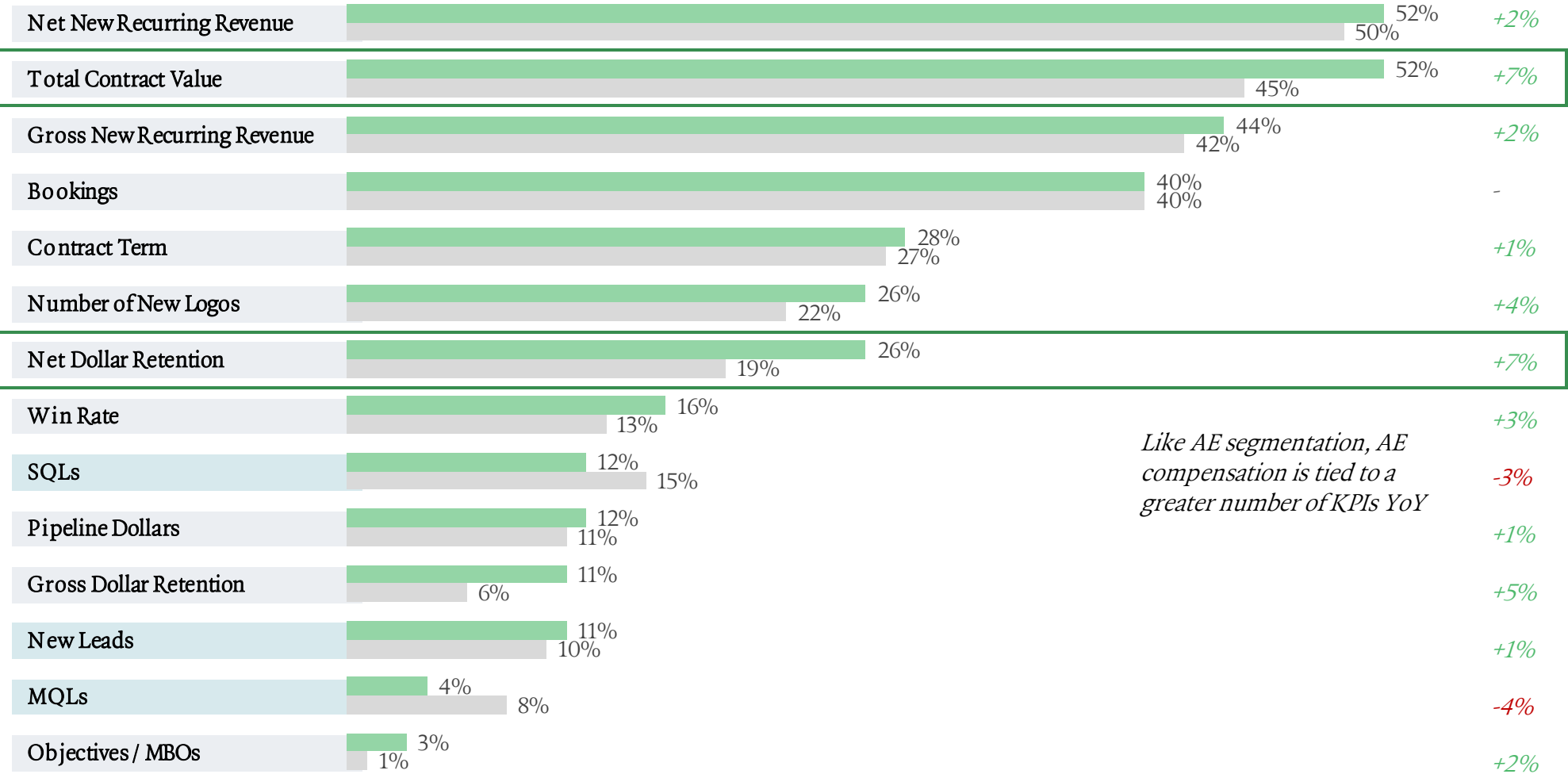
In 2024, the median number of total segmentation models implemented per organization was 3

¹ ICONIQ Growth Proprietary Survey of GTM Executives (Mar 2023 and Apr 2024), N=254

AEs are primarily incentivized to focus on the final stages of the sales funnel. Most often, AEs receive quotas and commission against new revenue, and total contract value and NDR are becoming increasingly tied to compensation relative to last year

2024
2023
Top of Funnel
Bottom of Funnel

Which of the following metrics, if any, were tied to Account Executive variable compensation at your organization?¹
By year, same cohort from 2023 vs 2024 (N=104)



Like AE segmentation, AE compensation is tied to a greater number of KPIs YoY

¹ICONIQ Growth Proprietary Survey of GTM Executives (Mar 2023 and Apr 2024), N=254

A global portfolio of category-defining businesses



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