

# ICONIQ

ICONIQ ANALYTICS & INSIGHTS  
*Go-to-Market Strategy and Evolution*

*April 2021*

# ICONIQ Capital, LLC

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## Go-To-Market Challenges

When asked to select their top challenges, GTM executives at 200+ B2B SaaS organizations selected recruiting, compensation, and employee productivity in addition to others listed below as the top challenges facing their GTM organizations today

1 Recruiting and Hiring 

5 Metrics, Reporting, & Funnel Visibility 

2 Compensation 

6 Employee Ramp & Onboarding 

3 Productivity & Performance 

7 Technology Selection & Optimization 

4 Organization Structure 

8 Remote Work 

*“You need to have the **right compensation model for the stage of growth you are at**, and this compensation model must allow teams to work well together while **retaining top performers.**”*

*“Companies that scale fast do not think too much about hiring. When you reach the \$20-30M ARR mark, **companies start to realize they may not have the right staff.**”*

*“There are a lot of efficiency gains from role specialization, but coordination becomes a problem. You need to ensure **everyone stays in their swim lanes but still coordinate handoffs.**”*

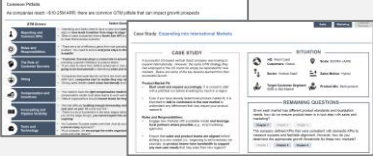
*“Marketing and Sales need to have a **clear and common definition of a qualified lead** and align on **how leads transition from stage to stage.**”*

*“There is a lot of excitement in the early stages before hitting the \$20-30M ARR mark. Once you hit this stage though, you **cannot expect the same conversion rates without changing anything.**”*

# ICONIQ Analytics & Insights – GTM Series

We are excited to dive into different GTM insights and benchmarks to cover these challenges across a series of chapters focused on GTM evolution, operating model, compensation, and processes

## ICONIQ GROWTH ANALYTICS: GTM SERIES

<p><b>GTM Series Introduction</b></p>	<ul style="list-style-type: none"> <li>• <u>Learnings &amp; best practices</u>: What are some of the key hurdles companies face after reaching ~\$10-25M ARR?</li> <li>• <u>Detailed case studies</u>: Case studies from different GTM SMEs across sales, marketing, and customer success walking through key challenges, approaches, and remaining questions</li> </ul>	
<p><b>Chapter 1: GTM Strategy &amp; Evolution</b></p>	<ul style="list-style-type: none"> <li>• How does GTM strategy change as organizations scale?</li> <li>• How do companies evolve lead generation as they scale? How does average deal size change as a result?</li> <li>• How has COVID-19 impacted GTM strategies?</li> </ul>	<p><b>Focus of this study</b></p>
<p><b>Chapter 2: GTM Operating Model</b></p>	<ul style="list-style-type: none"> <li>• How does GTM organization structure evolve over time?</li> <li>• Who is responsible for which decisions?</li> <li>• What does a best-in-class handoff between sales, marketing, and customer success teams look like?</li> </ul>	<p>May</p>
<p><b>Chapter 3: GTM Compensation &amp; Incentives</b></p>	<ul style="list-style-type: none"> <li>• How do you structure compensation and incentives to motivate and retain talent?</li> <li>• How does compensation and quota attainment vary based on business models?</li> <li>• What should rep productivity look like?</li> </ul>	<p>June</p>
<p><b>Chapter 4: GTM Processes &amp; Enablers</b></p>	<ul style="list-style-type: none"> <li>• How do you create high fidelity to what opportunities are in the pipeline?</li> <li>• What KPIs should you track and report on?</li> <li>• What does an organization's GTM tech stack look like?</li> </ul>	<p>July</p>

# Methodology and Respondent Make-Up

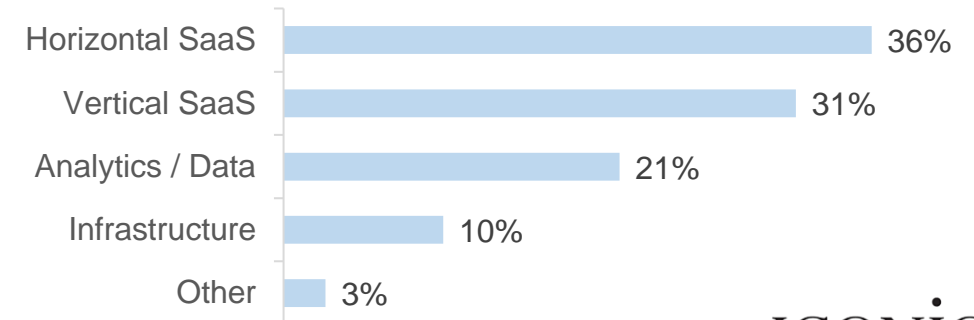
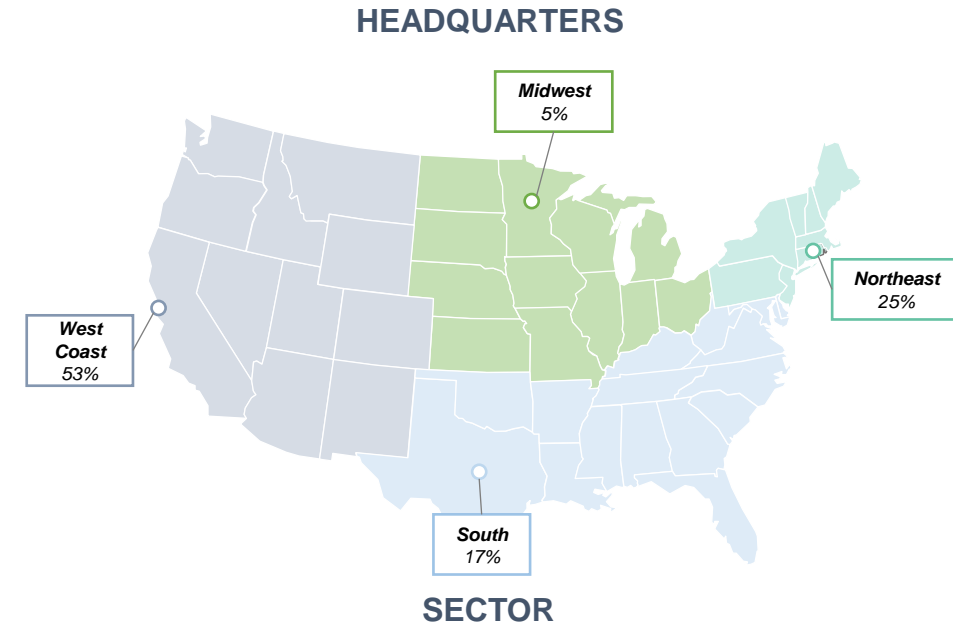
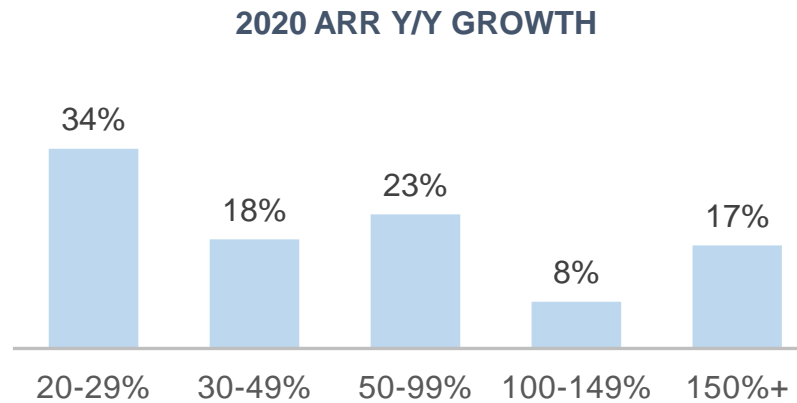
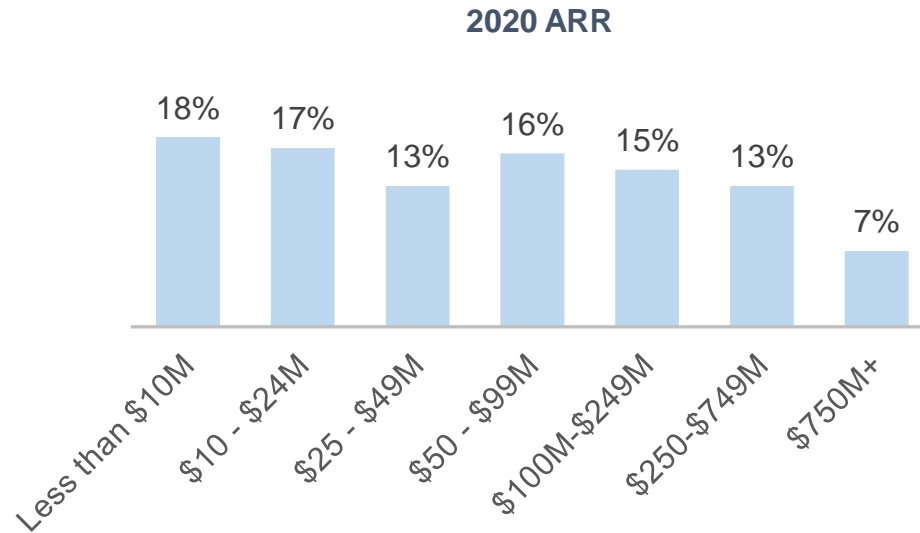
## Firmographics

### Methodology

- Results are based on an external survey conducted by ICONIQ to 200+ GTM leaders across sales, marketing, and customer success
- All respondents are B2B SaaS companies based in the US, with ARR growth greater than 20%
- Certain values such as ACV were provided by respondents as ranges; for the purpose of this study, we have assigned numerical values
- All data is as of March 2021, unless indicated otherwise
- All n-sizes shown on subsequent pages are based on number of respondents who answered question

### Survey Respondent Make-Up (n=196)

See Appendix (pages 18-19) for additional respondent firmographics by customer type, sales motion, etc.



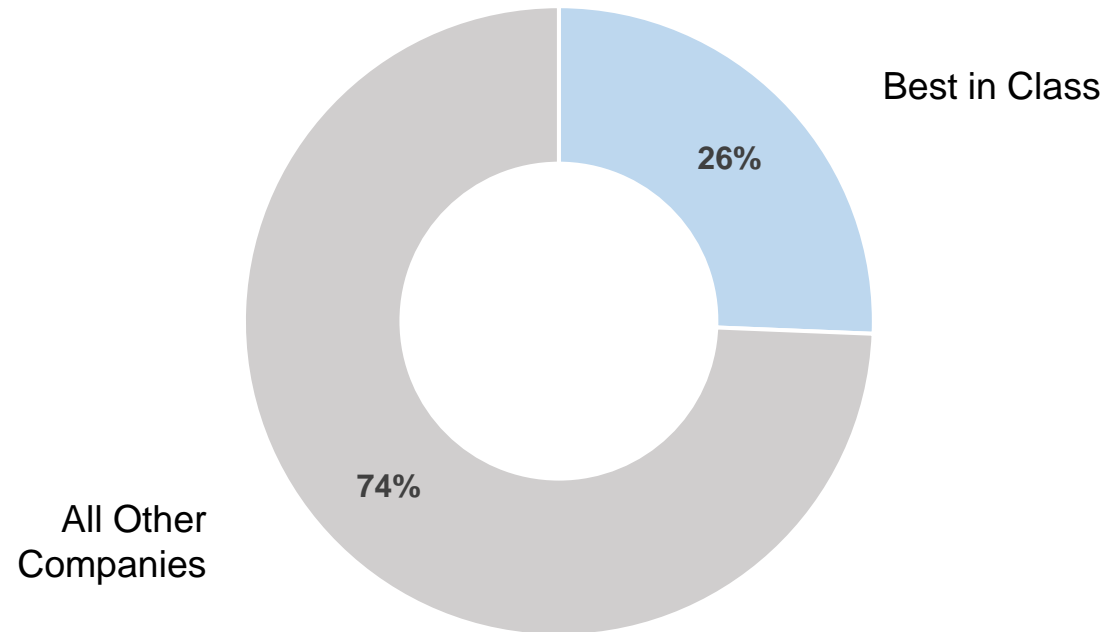
## Methodology

### “Best in Class” Profile

Companies defined as “Best in Class” companies in this dataset meet the following criteria:

- 2020 ending ARR > \$10M
- 2020 YoY ARR growth > 30%
- 2020 annual net dollar retention > 110%
- 2020 annual gross dollar retention > 80%
- Full-time sales employees > 10 FTEs
- AE / Sales Rep quota attainment > 50%
- AE / Sales Rep attrition rate < 30%

### “Best in Class” Companies



# Executive Summary

1

## **How does GTM strategy change as organizations scale?**

- Over time, the proportion of revenue coming from mid-market to enterprise customers increases as most companies grow in scale and move up-market
- After hitting \$50M in ARR, most organizations will have multiple core, stand-alone products; the majority of “best in class” companies will have multiple products even under \$25M ARR
- As companies scale, the proportion of revenue coming from international markets increases to ~30% of total revenue after \$750M ARR
- Channel and partnership strategies become a more meaningful portion of GTM strategy and revenue after organizations reach \$25M ARR

2

## **How do companies evolve lead generation as they scale? How does average deal size change as a result?**

- Field average deal size increases as companies grow in ARR, from \$111K for \$50-\$99M ARR companies to \$176K for \$750M+ ARR companies; inside average deal size is less correlated to company scale and hovers around \$69K across all company sizes
- Average deal size for enterprise customers is notably higher than for SMB customers, with both field and inside average deal sizes for enterprise companies significantly higher (~3-5x) than that of SMB companies
- Generally, top-down and hybrid selling will generate higher field average deal sizes than that of bottom-up sales
- On average, ~38% of revenue across SaaS companies is generated via inbound and 62% via outbound channels. Larger organizations will have a revenue split that leans more outbound

3

## **How has COVID-19 impacted GTM strategies?**

- Not surprisingly, COVID forced sales organizations to drastically adjust their sales motion; the percentage of revenue generated by inside sales motions increased from 51% pre-COVID to 81% during COVID
- Sales cycles also increased significantly during COVID, most notably for earlier stage companies, enterprise customers, top-down sales strategies, and companies with multiple products

# GTM Strategy As Companies Scale: Average Deal Size

What is your organization's average deal size (initial contract)?

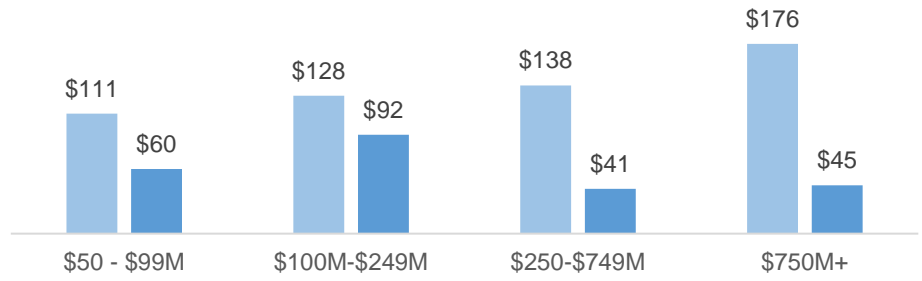
\* N-size based on respondents who answered question

Field  
Inside

## Average Deal Size (\$000s) (n=77\*)

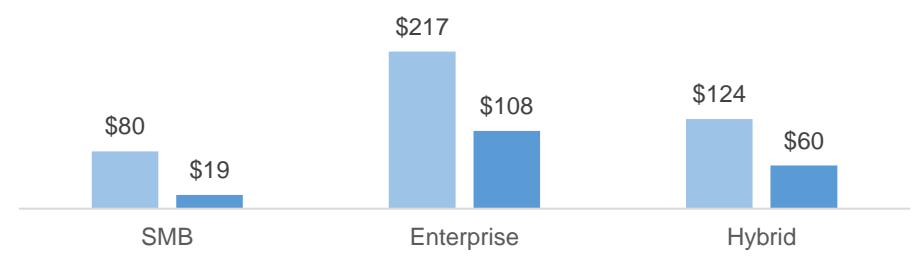
What is your organization's average deal size (initial contract)?

### By Company ARR



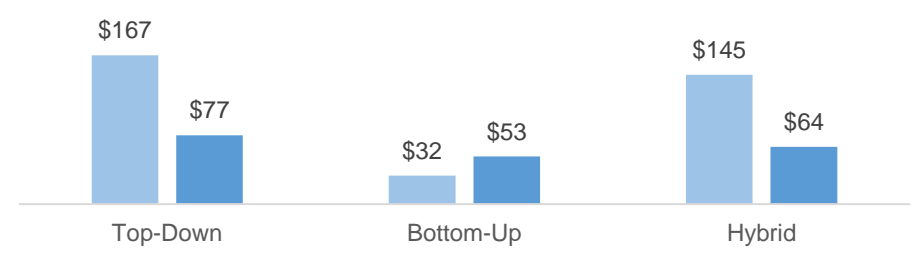
**Average deal sizes for field sales motions increases as companies grow in ARR** while inside deal size is less correlated to company scale; this is most likely driven by the strong correlation between field deals and top-down enterprise deals which will have larger ACVs as most companies scale and move up-market

### By Primary Customer



**Field average deal sizes for companies with primary enterprise customers is almost ~3x** that of companies with SMB customers. This delta is even more significant when comparing companies with inside enterprise against inside SMB deals

### By Sales Strategy



**Top-down and hybrid selling** which is often closely tied to larger enterprise customers **generate field deal size ~2x that of inside deals**, whereas bottom-up selling sees less variation between inside and field deals

Notes: Companies less than <\$50M ARR have been excluded from this view given small n-sizes



# GTM Strategy As Companies Scale: Inbound vs Outbound Revenue

Approximately how does your organization's revenue split between inbound and outbound?

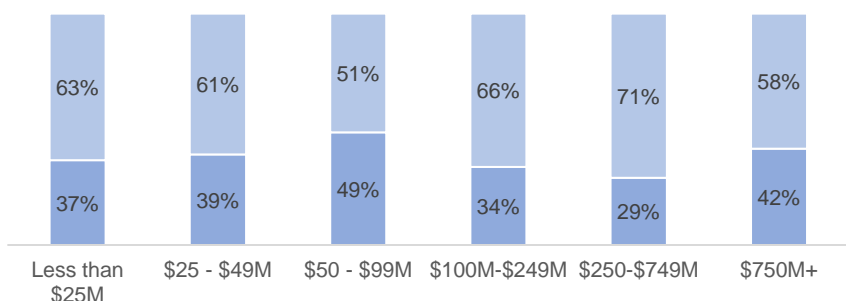
\* N-size based on respondents who answered question

## Inbound vs Outbound Revenue (n=89\*)

Approximately how does your organization's revenue split between inbound and outbound?

Outbound  
Inbound

### By Company ARR



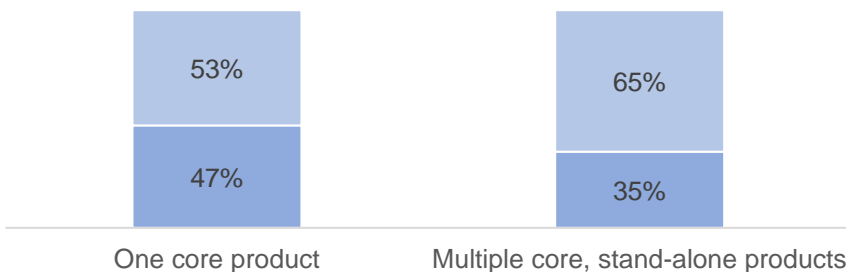
On average, **38% of revenue is generated from inbound channels and 62% from outbound channels**. For larger organizations, the split leans even more outbound (likely as organizations focus on sourcing larger deals by moving up-market)

### By Sales Motion



**SaaS companies with a primary field sales motion have almost 75% of revenue generated from outbound channels**, whereas companies with an inside sales motion tend to see a more even split between inbound and outbound channels

### By Product Type



**Organizations with multiple products tend to have a bigger proportion of revenue come from outbound channels** compared to organizations with a single product; multiple products may likely require more customer hand-holding from sales teams via an outbound motion

# GTM Strategy As Companies Scale: Revenue by Customer Segment

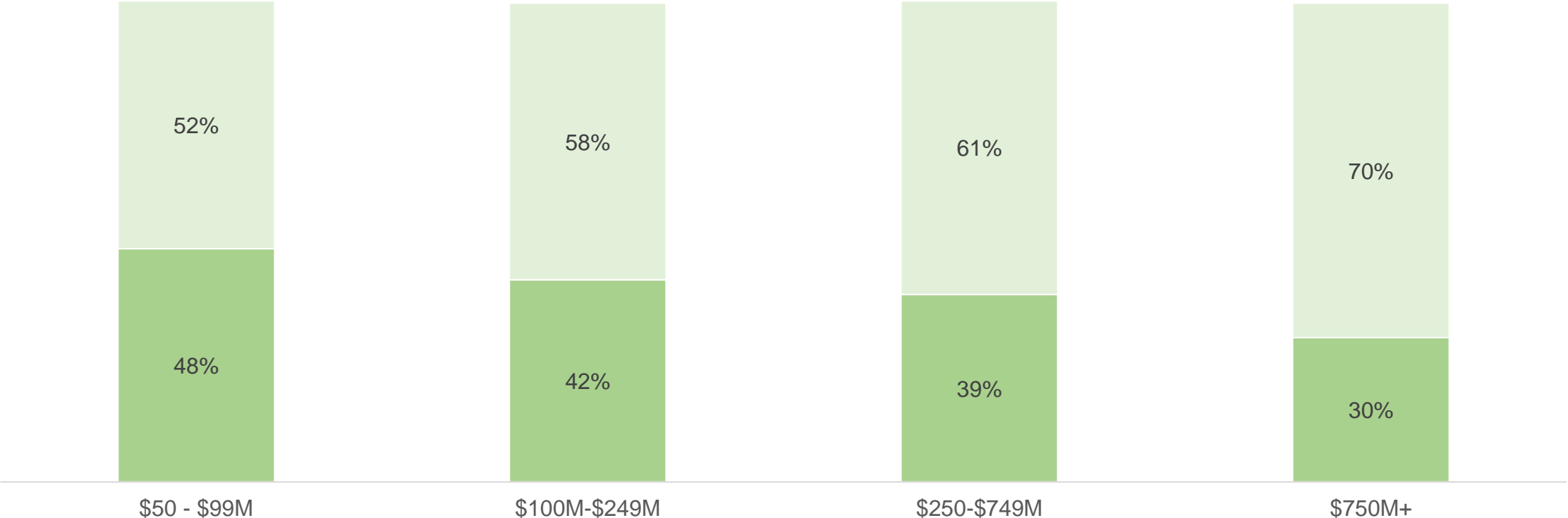
Over time, the proportion of revenue coming from mid-market to enterprise customers increases as most companies grow in scale and try to move up-market

\* N-size based on respondents who answered question

### % Revenue by Customer Type and ARR (n=186\*)

*Approximately what percentage of your organization's customers fit into each segment?*

- SMB to Mid-Market
- Mid-Market to Enterprise



# GTM Strategy As Companies Scale: Product Type by ARR

After hitting \$50M in ARR, most organizations will have multiple core, stand-alone products; the majority of “best in class” companies will have multiple core products even before hitting \$25M in ARR

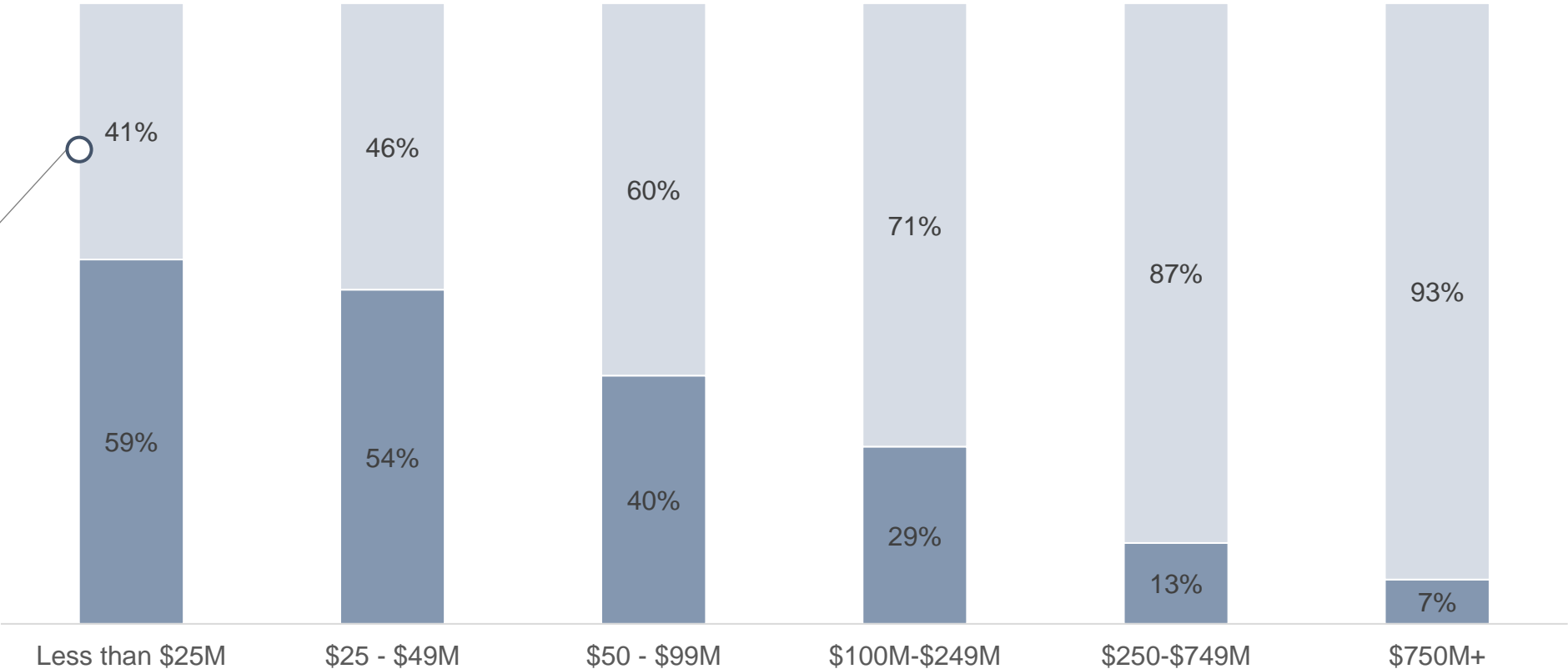
\* N-size based on respondents who answered question

**Product Type by ARR (n=184\*)**

*How many products does your organization offer (excluding add-on products and services)?*

- One core product
- Multiple core, stand-alone products

62% of “best in class” companies have multiple core products at less than \$25M ARR



# GTM Strategy As Companies Scale: Revenue by Region

Over time, the proportion of revenue coming from international markets increases to 30% of total revenue after \$750M ARR

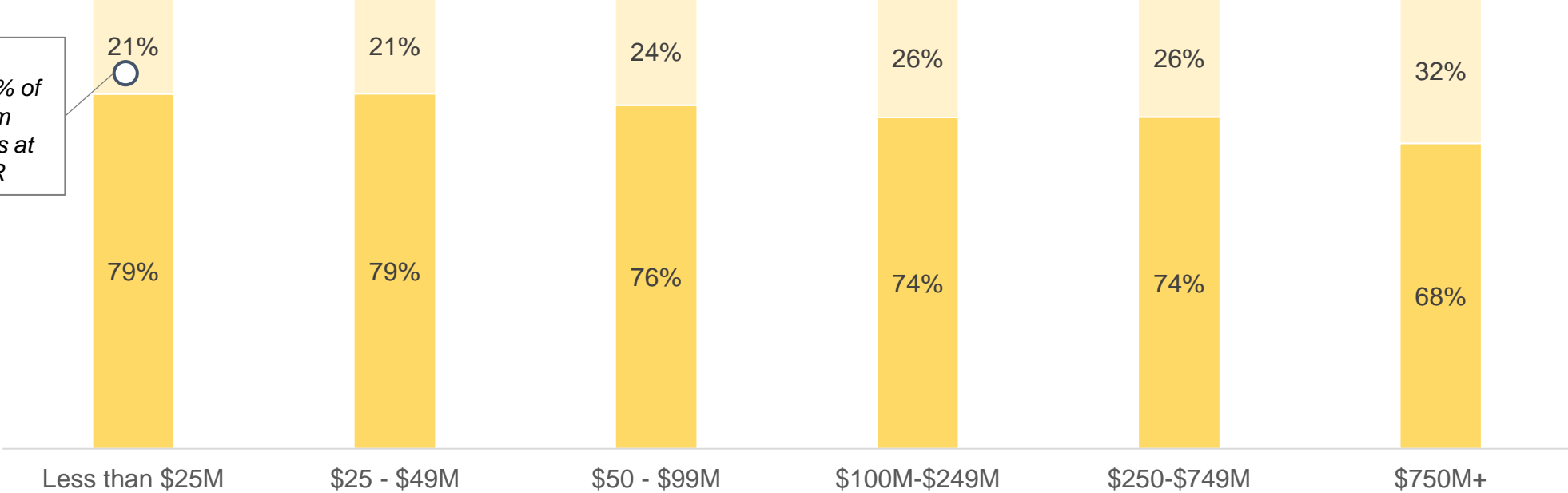
\* N-size based on respondents who answered question

## Revenue by Region and ARR (n=192\*)

What is the approximate percentage split of your organization's revenue across each region?

North America  
International

"Best in class" companies have 25% of revenue coming from international markets at less than \$25M ARR



Company size should not be the only decision factor when thinking about international expansion. Other factors to consider include customer demands (do you have >10% of your customer base requesting a localized product), inbound leads (what % of leads are from international markets), competition (where and how are your competitors selling), and product alignment (does your product team have capacity to develop localized features).

## GTM Strategy As Companies Scale: Channel Strategy by ARR

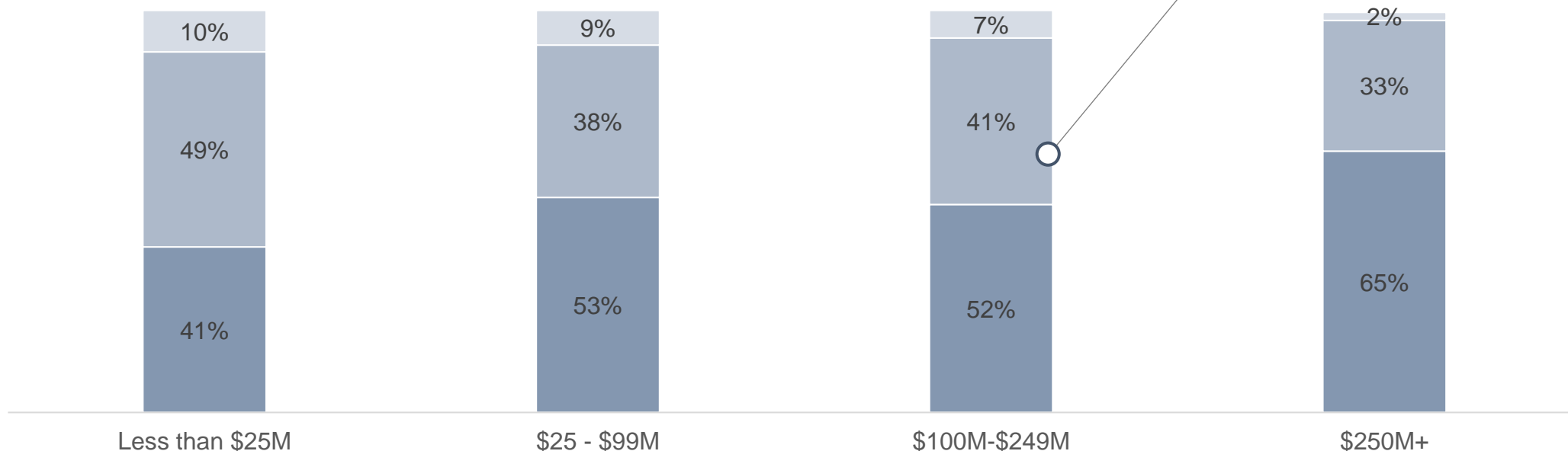
Over time, organizations tend to have channel and partnership strategy become a meaningful portion of GTM strategy as they scale

\* N-size based on respondents who answered question

### Channel Strategy by ARR (n=195\*)

*Is channel and/or partnerships a component of your organization's go-to-market strategy?*

- No – we do not work with channel and/or partnerships
- Yes – it is a minor portion of our GTM strategy (less than 10% of sales)
- Yes – it is a meaningful portion of our GTM strategy (more than 10% of sales)



*“Best in class” companies seem to rely less on channel strategy as a % of sales. On average, 46% of “best in class” companies identified channel strategy as meaningful compared to 53% of all companies.*

*When thinking about building out a channel or partnerships strategy, each organization will have different inflection points beyond ARR to consider. One of the key considerations should be whether your organization's desired growth rate outweighs resources you have in the organization; if you can no longer add enough headcount to meet your business goals, you may want to consider a different route to market.*

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- Sales cycles also increased significantly during COVID, most notably for earlier stage companies, enterprise customers, top-down sales strategies, and companies with multiple products

*Please note that “during COVID” data shown in the following views is based on the 2020 full year average (vs. quarterly data) which may balance out some of the business-as-usual and more impacted sales motions / cycles at the beginning and end of 2020.*

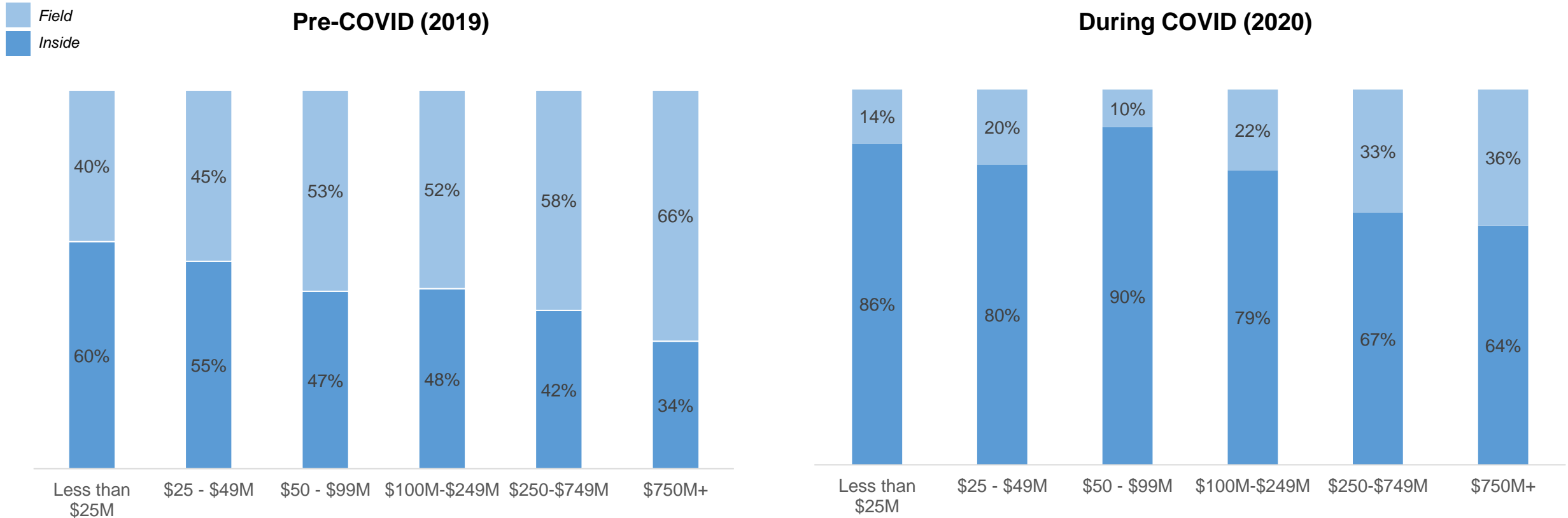
# COVID Impact: Inside vs Field Revenue

COVID-19 significantly affected sales motions this past year, with most revenue coming from inside sales motions during 2020

\* N-size based on respondents who answered question

## Revenue from Inside vs Field Sales by ARR (n=178\*)

Approximately what percentage of your organization's sales come from inside vs field sales motions over the course of a typical year pre-COVID (2019) and during COVID (2020)?



# COVID Impact: Sales Cycle

COVID-19 affected sales cycles to varying degrees – with most impact felt by earlier stage companies, companies with multiple products, and top-down sales

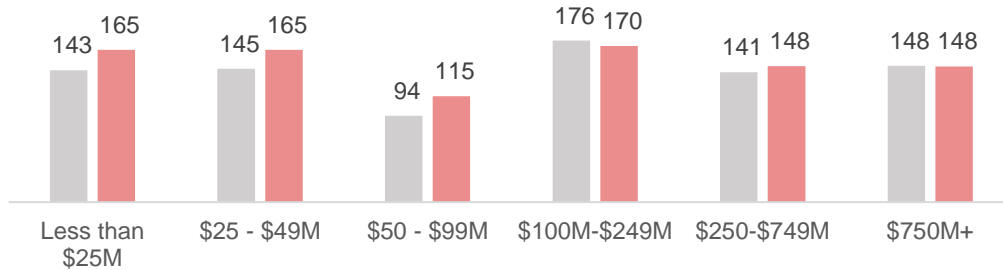
\* N-size based on respondents who answered question

## Sales Cycle (# days) (n=92\*)

What is your organization's average sales cycle in a typical year pre-COVID (2019) and during COVID (2020)?

Pre-COVID (2019)  
During COVID (2020)

### By Company ARR



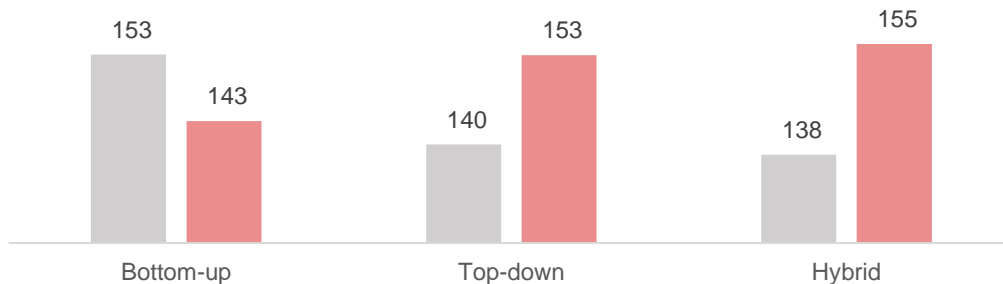
**Earlier stage companies with ARR less than \$100M saw a more dramatic increase** in average sales cycle during 2020 compared to later stage companies; this may be due to the types of buyers targeted by earlier stage companies who may have had to cut back spending or postpone deals

### By Product Type



**Companies with multiple core products saw a sizable increase** in sales cycle in comparison to single-product companies

### By Sales Strategy



**Companies with top-down sales motions** saw a significant increase in sales cycles, whereas bottom-up companies actually saw a decrease. During COVID, many buying decisions were escalated or put under greater scrutiny which may have contributed to the top-down sales cycle impact.



# COVID Impact: Sales Cycle

Companies with enterprise customers also saw a noticeable increase in sales cycle

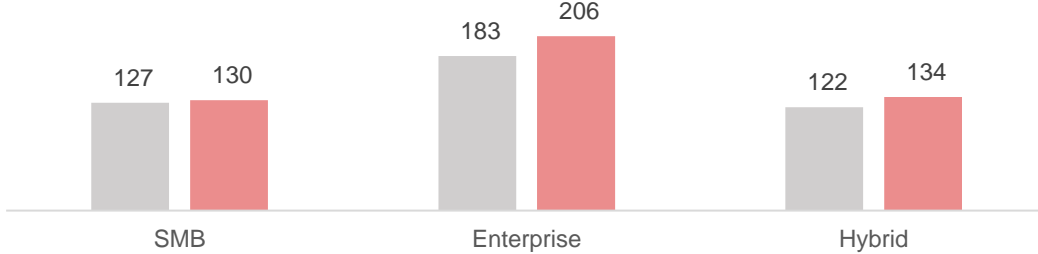
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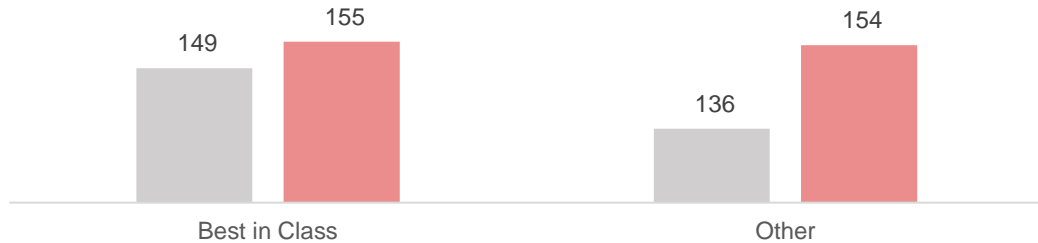
### By Customer Type



Companies who targeted **Mid-Market to Enterprise customers saw the greatest increase** in sales cycles.

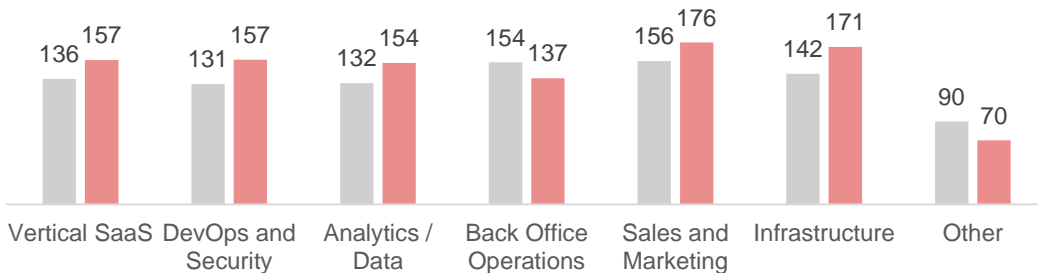
Enterprise customers during COVID with escalated decision making and heightened deal scrutiny may have contributed to the lengthened sales cycles.

### By Best in Class



Notably, **“best in class” companies saw a smaller increase** in sales cycles compared to all other companies. This could be correlated to multiple factors such as strong customer retention and experienced sales teams.

### By Sector



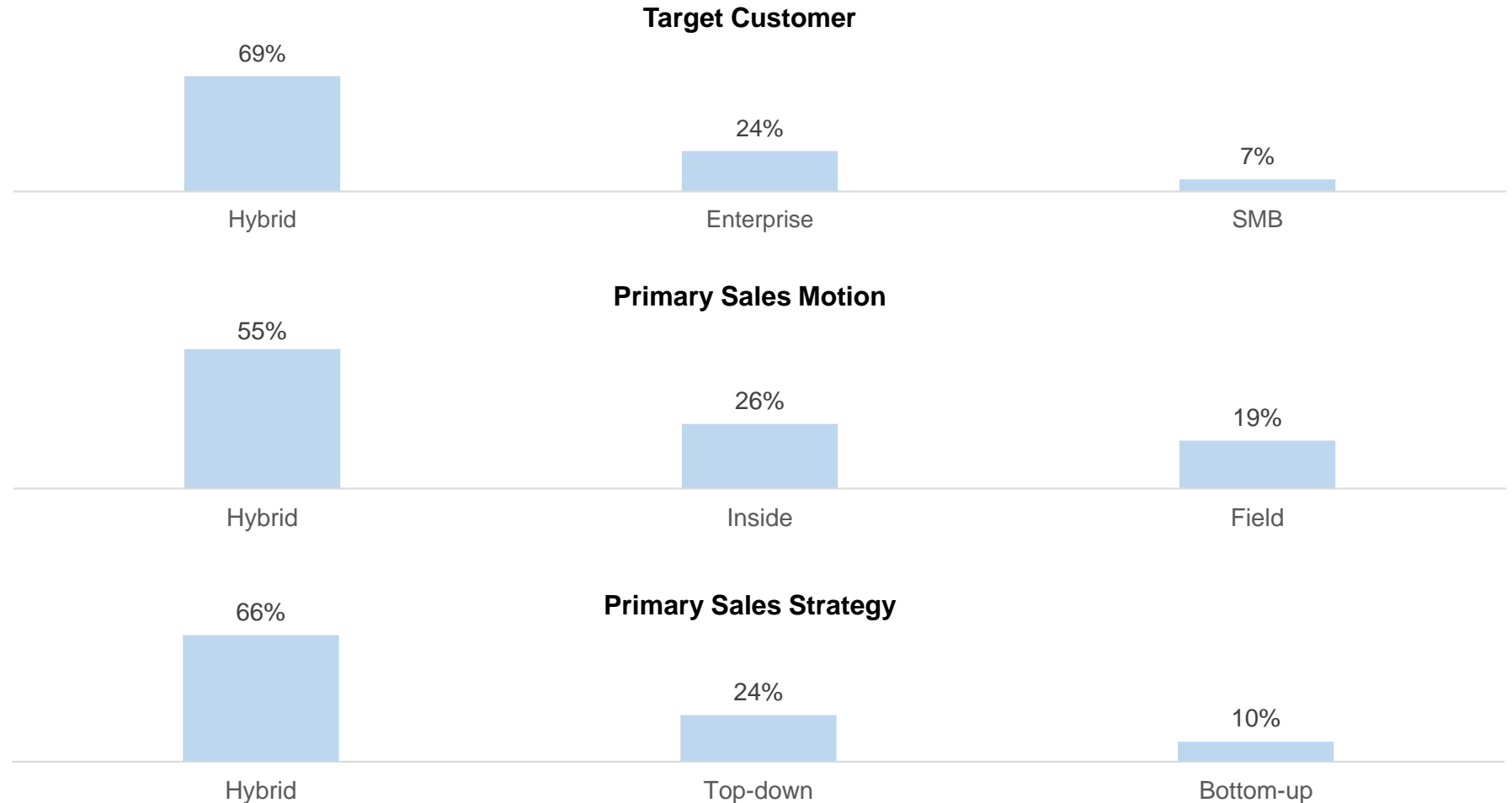
There was no clear **“winner” or “loser” across sectors**; most sectors saw **similar increases in sales cycle with the exception of back office operations** (a sector that may have seen COVID tailwinds given the heightened focus on cost cutting and operational improvements).

# Appendix

## Appendix: Other Firmographics

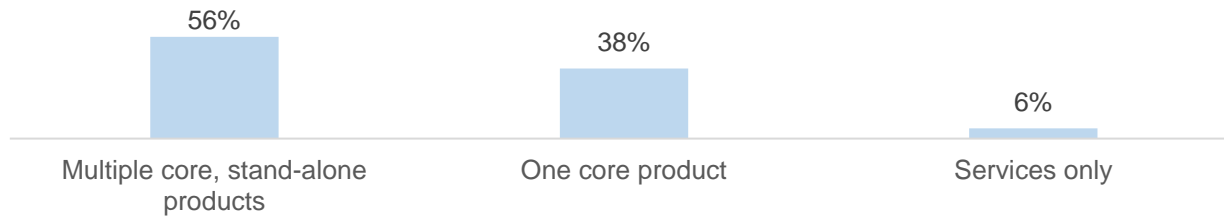
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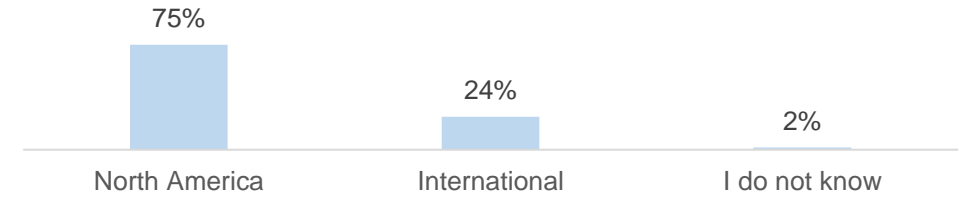


## Appendix: Other Firmographics

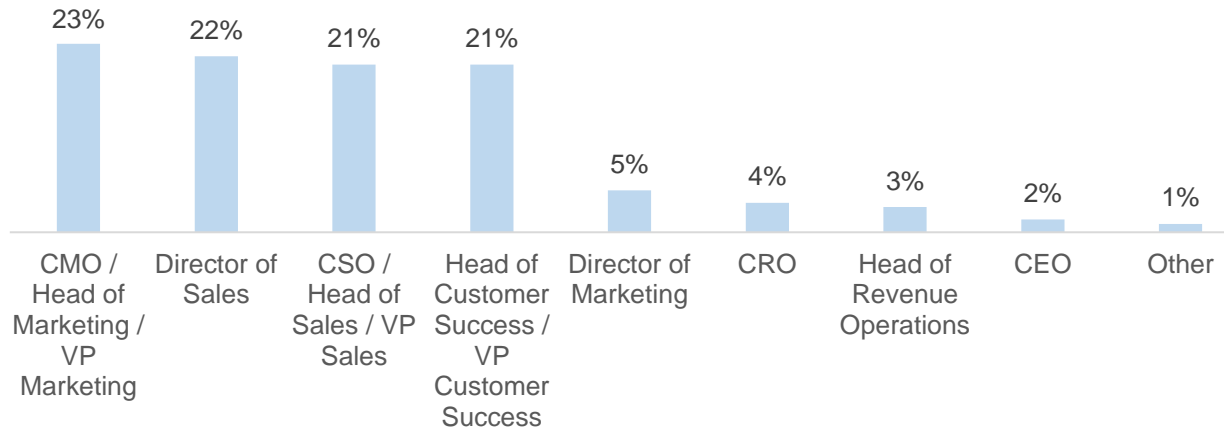
### Product Type



### Revenue by Region



### Job Title



### Function

