

# ICONIQ

ICONIQ ANALYTICS & INSIGHTS  
*Go-to-Market Series Introduction*

*March 2021*

# ICONIQ Capital, LLC

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## The Growth Plateau

Many SaaS companies seem to hit a growth plateau after reaching ~\$10-25M in ARR

As SaaS companies scale, many start to face a **growth plateau after reaching ~\$10-25M ARR**. This series of studies will focus on one of the key drivers required to navigate this growth hurdle – an organization's **go-to-market strategy and execution**.

### ARR Growth over Time

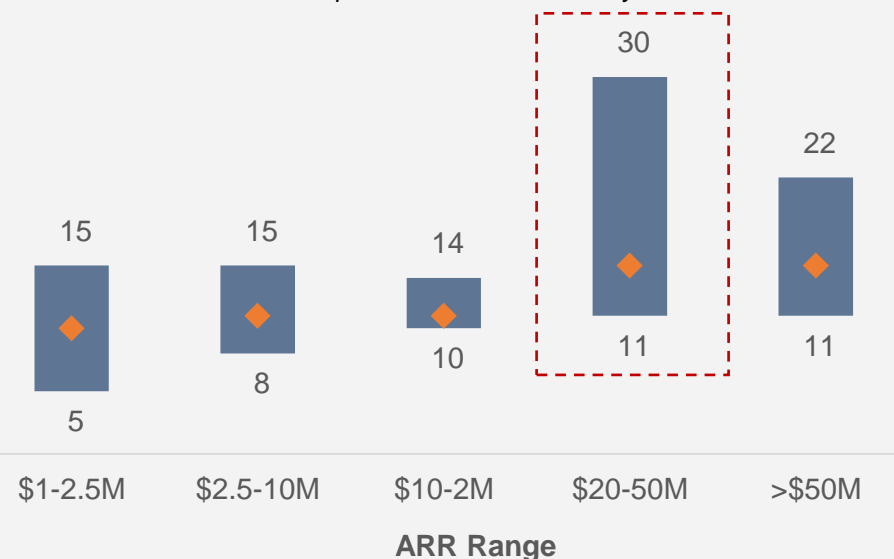
2019 KBCM SaaS Survey



Based on KBCM's 2019 survey of 324 SaaS companies, there is a clear plateau and deceleration in ARR growth that occurs around \$20M ARR.

### CAC Payback (# months)

OpenView 2020 SaaS Survey



Based on OpenView's 2020 survey of 409 SaaS respondents, CAC payback (months to recover CAC) significantly increases when companies achieve greater ARR scale at \$20-50M ARR.

## The Go-to-Market Mandate

A holistic and well executed go-to-market strategy is one of the key pillars that will allow companies to successfully grow in a sustainable, long-term manner

As companies **scale to ~\$10-25M ARR**, revenue growth often starts to **plateau due to several drivers:**



### OPERATIONAL EFFICIENCY

While generating top-line growth is a business imperative, operational efficiency is critical to ensure companies **manage their burn effectively**.



[Top-Line Growth & Operational Efficiency](#)  
Publication Date: August 2020



### PRODUCT & TECHNOLOGY

**Product naturally becomes more complicated** as you scale, and with it the **number of tools** in an organization's tech stack.



[Developer Technology Stack Study](#)  
Publication Date: April 2020



### OPERATING MODEL

As companies expand their customer base and goals, it often becomes apparent they lack the **right people** or the **right organizational structure**. It also becomes increasingly important to build the **right incentives structures to retain talent**.



[Executive Compensation Report](#)  
Publication Date: January 2021



### GO-TO-MARKET STRATEGY

As the organization grows, goals become more complex than simply acquiring new logos. It becomes critical to **align sales, marketing, and customer success** teams on a shared mandate.

*Focus of This Study*



## THE GO-TO-MARKET MANDATE

A strong GTM mandate serves as a **critical growth engine** for companies as they scale. Effective GTM strategies also serve as a **closed-loop feedback system** that gathers feedback from the market and drives continued **product and sales strategy iteration**.

Over this series of studies, we will address what "**best-in-class**"<sup>1</sup> **GTM strategy** looks like across key dimensions as companies scale.

If you are interested in research related to any of the other drivers, **reach out to an ICONIQ Growth team member**

<sup>1</sup> We define "best-in-class" based on company factors across revenue growth and GTM efficiency – more detail provided in subsequent studies

# GTM Series Introduction

Interviews with GTM leaders across the ICONIQ network have yielded interesting insights and common questions around GTM strategy and execution

## METHODOLOGY

- Interviews with GTM leaders across sales, marketing, and customer success
- Analysis of common responses, challenges, and key questions

## KEY QUESTIONS

- What are some of the common pitfalls you tend to see as companies scale?
- How do you ensure alignment across sales, marketing and customer success?
- How do you see a sales organization typically scaling over time?
- What is the role of customer success?
- What are the primary KPIs you use to track performance?

## SELECT PARTICIPANTS



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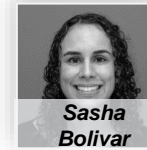
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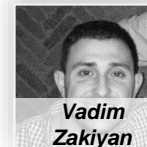
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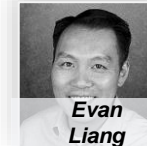
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Revenue Ops  
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*... and other GTM leaders from the  
ICONIQ network*

# Common Pitfalls

As companies reach ~\$10-25M ARR, there are common GTM pitfalls that can impact growth prospects

GTM Drivers	Select Quotes	% of Interview Respondents Selected	
 <b>Reporting and Common KPIs</b>	<ul style="list-style-type: none"> <li>“Marketing and Sales need to have a clear and <b>common definition of a qualified lead</b> and align on <b>how leads transition from stage to stage</b>”</li> <li>“Best-in-class companies have a <b>North Star KPI</b> and <b>track leading and lagging indicators</b> to meet that business outcome”</li> </ul>	<b>32%</b>	COMMON PITFALL
 <b>Roles and Responsibilities</b>	<ul style="list-style-type: none"> <li>“There are a lot of efficiency gains from role specialization, but coordination becomes a problem. You need to ensure <b>everyone stays in their swim lanes but still coordinate handoffs</b>”</li> </ul>	<b>18%</b>	COMMON PITFALL
 <b>The Role of Customer Success</b>	<ul style="list-style-type: none"> <li>“<b>Customer Success plays a crucial role in ensuring early product market fit</b> and providing customer feedback to product teams”</li> <li>“If you want to move from SMB to enterprise or vice versa, the <b>Customer Success leader is going to be instrumental</b> in identifying <b>when and how to do so</b>”</li> </ul>	<b>18%</b>	COMMON PITFALL
 <b>Hiring</b>	<ul style="list-style-type: none"> <li>“Companies that scale fast do not think too much about hiring. When you reach the \$20-30M ARR mark, <b>companies start to realize they may not have the right staff</b>”</li> <li>“Strong sales leaders <b>work cross-functionally</b> and have a <b>growth mindset</b>”</li> </ul>	<b>14%</b>	COMMON PITFALL
 <b>Compensation and Incentives</b>	<ul style="list-style-type: none"> <li>“You need to have the <b>right compensation model for the stage of growth</b> you are at, and this compensation model must allow teams to work well together while <b>retaining top performers</b>”</li> <li>“Mature organizations should <b>reward teams for longer-term relationships</b>”</li> </ul>	<b>9%</b>	COMMON PITFALL
 <b>Forecasting and Pipeline Visibility</b>	<ul style="list-style-type: none"> <li>“We had difficulty <b>building enough forecasting visibility to understand what this year vs next year vs year 10 would look like</b>”</li> <li>“There is a lot of excitement in the early stages before hitting the \$20-30M ARR mark. Once you hit this stage though, <b>you cannot expect the same conversion rates without changing anything</b>”</li> </ul>	<b>9%</b>	COMMON PITFALL
 <b>Tools and Technology</b>	<ul style="list-style-type: none"> <li>“As Customer Success scales over time, how do you <b>leverage tools and automation to drive a one-to-many</b> approach?”</li> <li>“As a company, we <b>encourage the entire organization to try out new software</b> and see what works and what doesn’t”</li> </ul>	<b>0%</b>	COMMON PITFALL
		<b>18%</b>	KEY FOCUS AREA

## Case Study: Expanding into International Markets

### CASE STUDY

A US-based vertical SaaS company was looking to expand internationally. However, the same GTM strategy they had employed in the US could not simply be replicated for new markets. Below are some of the key lessons learned from their launch:

#### Product-Market Fit:

- **Start small and expand accordingly.** It is crucial to start with a pilot/test run before investing too much in a region
- Even if you have already determined product-market fit, it is important to **talk to customers in the new market** to understand any differences that may impact your product-market fit

#### Roles and Responsibilities:

- Engage new markets with a scalable model **and leverage local partners where possible** (e.g., local marketing agencies)
- Ensure that **sales and product teams are aligned** before shifting to a new market (i.e., beginning to sell overseas); for example, do **product teams have bandwidth to support any new user needs** that may arise from new regions?

### SITUATION



**HQ:** West Coast  
**Customers:** Global



**Scale:** \$200M+ (ARR)



**Sector:** Vertical SaaS



**Sales Motion:** Hybrid



**Target Customer Segment:** SMB to Mid-Market



**Product Mix:** Multi-product

### REMAINING QUESTIONS

Given each market has different product standards and localization needs, how do we ensure product team is in lock step with sales and marketing?

Chapter 1

Chapter 2

Chapter 3

The company defined KPIs that were consistent with domestic KPIs to measure efficiency and facilitate alignment. However, how do you determine the appropriate growth thresholds for these new markets?

Chapter 1

Chapter 2

Chapter 3



## Case Study: Driving Improved User Retention

### CASE STUDY

An early-stage horizontal SaaS company was trying to figure out how to build out its GTM motion. Given that interest was primarily inbound, it chose to build a scalable inside sales / inbound demand generation strategy from day 1:

#### Roles and Responsibilities:

- The company hired a **customer-centric CRO** ~1 year after **product general availability** to define sales playbook and understand how customers viewed the product

#### The Role of Customer Success:

- After the sales and marketing teams were on the ground running, the team soon realized that **if customers didn't deploy the product within 2 months of buying, they were unlikely to renew**
- The team quickly **onboarded Renewal reps to support customer implementation** and drive renewals and started to methodically **identify and document which customers had a high risk of churn**

### SITUATION



**HQ:** West Coast  
**Customers:** Global



**Scale:** <\$100M (ARR)



**Sector:** Horizontal SaaS



**Sales Motion:** Hybrid



**Target Customer Segment:**  
Mid-Market to Enterprise



**Product Mix:** Single Product

### REMAINING QUESTIONS

Should we develop customer success tiers (i.e. bronze, silver, gold) for customers?

Chapter 1

**Chapter 2**

Chapter 3

How do you = pivot from a pure inbound strategy into a hybrid sales strategy with field sales?

**Chapter 1**

Chapter 2

Chapter 3

Beyond having visibility into the current and upcoming sales cycle, how can we better understand what the next year and next 10 years will look like?

Chapter 1

Chapter 2

**Chapter 3**



## Case Study: Creating a Global Customer Success Strategy

### CASE STUDY

A cloud company needed to define a global Customer Success strategy across the organization:

#### Roles and Responsibilities:

- The company chose to provide **Customer Success with a mandate for product-market fit**, with the CS Leader directly reporting to the CEO
- When moving from SMB to enterprise or vice versa, the Customer Success leader was instrumental in defining when and how to do so; by partnering with the CEO, the company was able to **quantify the tangible value to customers and define key measures of success**
- The team decided to have **renewals handled by CSMs** because it was easy for CSMs to **transition a value conversation with customers into a renewal conversation**

#### Reporting and Common KPIs:

- To ensure they had the right incentives, the organization defined **key incentives centered around “keeping customers customers”**; these included metrics like customer retention, customer satisfaction, and an overall target for growth / expansion

### SITUATION



**HQ:** Southwest  
**Customers:** Global



**Scale:** \$200M+ (ARR)



**Sector:** Horizontal SaaS



**Sales Motion:** Hybrid; Top-down



**Target Customer Segment:**  
SMB to Mid-Market



**Product Mix:** Multi-product

### REMAINING QUESTIONS

How should you scale Customer Success over time? As the organization and customers grow, how do we ensure we are using the right tools and enablers to drive a “one to many” approach?

Chapter 1

Chapter 2

Chapter 3

As we continue to define the right hiring profile for CSMs, should we think about any types of certifications or other signals?

Chapter 1

Chapter 2

Chapter 3

## Case Study: Building Organization and Reporting Structure as Companies Scale

### CASE STUDY

A marketing cloud platform faced problems as it scaled due to competing objectives. By directing its focus to institutionalizing business goals, it ultimately discovered a model that assisted it while in transition:

#### Roles and Responsibilities:

- **Constantly altering the org structure harms your organization** and disrupts alignment across teams
- In a complex enterprise sales scenario, having a customer retention issue buries your team; it is **necessary to have a CS team focused solely on this**

#### Reporting and Common KPIs:

- With poorly defined leads, sales reps lose time stuck in the pipeline. Companies must **simplify and clearly define qualified leads in order to align business goals**
- The company realized they were **focusing too heavily on new logo acquisition** and adjusted its growth strategy to determine ways to **increase share from existing customers**

### SITUATION



**HQ:** West Coast  
**Customers:** Global



**Scale:** <\$100M (ARR)



**Sector:** Horizontal SaaS



**Sales Motion:** Hybrid; Top-down



**Target Customer Segment:**  
SMB to Mid-Market



**Product Mix:** Multi-product

### REMAINING QUESTIONS

How should sales and customer success work together to retain existing customers and who should handle expansion and renewals?

Chapter 1

Chapter 2

Chapter 3

In our current environment, how do we get creative in getting in front of customers and properly market our company when there is a low ROI on marketing efforts?

Chapter 1

Chapter 2

Chapter 3

## Case Study: Building a Sales Organization to Deliver Across the Entire Customer Lifecycle

### CASE STUDY

A marketing automation software provider implemented a new product and GTM strategy. In hindsight, however, the company would have implemented the below key changes:

#### Roles and Responsibilities

- Have the **CRO own the entire customer lifecycle**: acquisition, growth, cross-sell, success, and renewals
- Build out a **RevOps team that is responsible for end-to-end revenue model** from demand, acquisition, growth, to renewal
- Deliver **commitment throughout the entire customer lifecycle**, from initial enablement to ongoing services engagement
- Build a **separate organization dedicated to new product initiatives** with a separate quota for new products

#### Forecasting and Pipeline Visibility

- Develop a **formal long range planning process by \$50M ARR** to accurate modeling scale-up costs

### SITUATION



**HQ:** West Coast  
**Customers:** Global



**Scale:** \$200M+ (ARR)



**Sector:** Horizontal SaaS



**Sales Motion:** Hybrid



**Target Customer Segment:**  
Mid-Market to Enterprise



**Product Mix:** Multi-product

### REMAINING QUESTIONS

To ensure the incubation of new product initiatives, how do we think about structuring revenue teams and GM models?

Chapter 1

Chapter 2

Chapter 3

As companies scale, how should they model and prioritize scale-up costs – management tiers, ramp times, training?

Chapter 1

Chapter 2

Chapter 3

To drive sales enablement, what should sales training look like?

Chapter 1

Chapter 2

Chapter 3