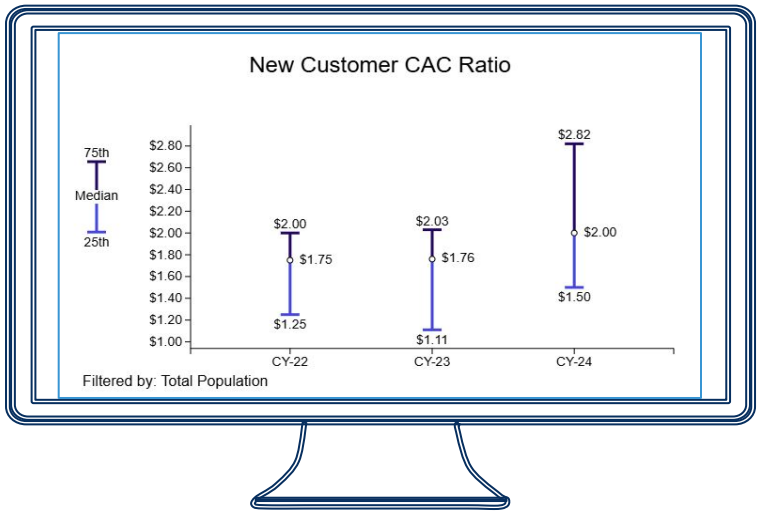
2025

B2B SaaS Performance Metrics Benchmarks

May 2025

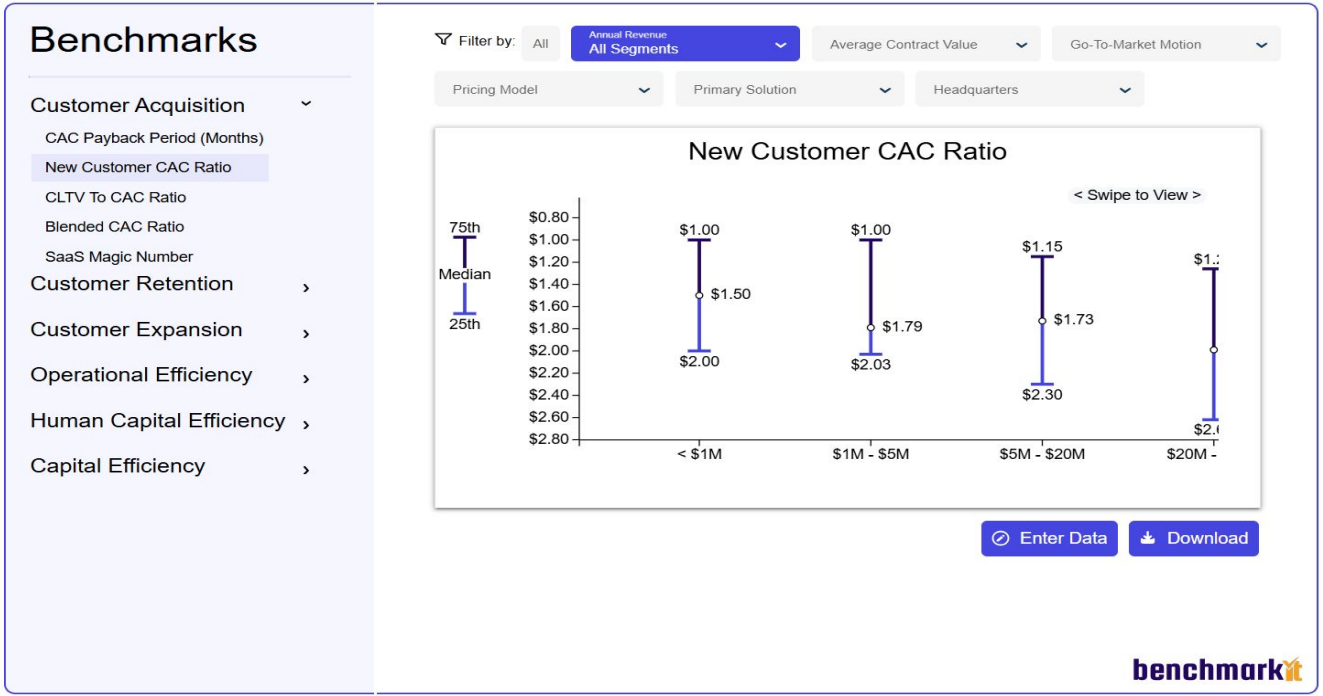


2025 B2B SaaS Metrics Benchmark Partners

benchmarkit + EMERGENCE

A special thank you to our partners who syndicated the 2025 SaaS Performance Metrics Benchmarking Survey to their customers, their audience and their portfolio companies!!!

2025 SaaS Metrics Benchmarks – INTERACTIVE VERSION



The BEST way to view the 2025 SaaS Metrics Benchmarks is to FILTER by company profile attributes including:
1) Company Size; 2) ACV; 3) Pricing Model; 4) Go-to-Market Motion; 5) Financial Backing; 6) Solution Type; 7) Global Location

benchmarkit.ai/2025benchmarks

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** Metrics calculation formulas, definitions and survey logic are detailed in glossary on last page of report*

Key Findings

01 Growth Rates declined to 26% at median while top quartile growth decreased from 60% in 2023 to 50% in 2024

02 Net Revenue Retention at 101% highlights that retaining and expanding existing customer ARR is becoming more challenging as companies increase their dependence on expansion ARR

03 New CAC Ratio for new customers continues to rise - 14% higher in 2024

04 Blended CAC Ratio decreased 10% - due to the increase in Expansion ARR to New Customer ARR

05 Expansion ARR represents 40% of Total New ARR - a 5% increase in 2024

06 Expansion ARR represents over 50% of Total New ARR in companies greater than $50M ARR

07 Sales and Marketing as % of Revenue is 47% for VC-backed vs 33% for PE-backed companies

08 R&D in private SaaS companies is at 34% of revenue versus 23% in public SaaS companies

09 ARR per FTE continues to increase in the $50M - $100M ARR segment at $240,000 per FTE and at companies >$100M ARR this increases to $283,379 per FTE

n = 583 participants

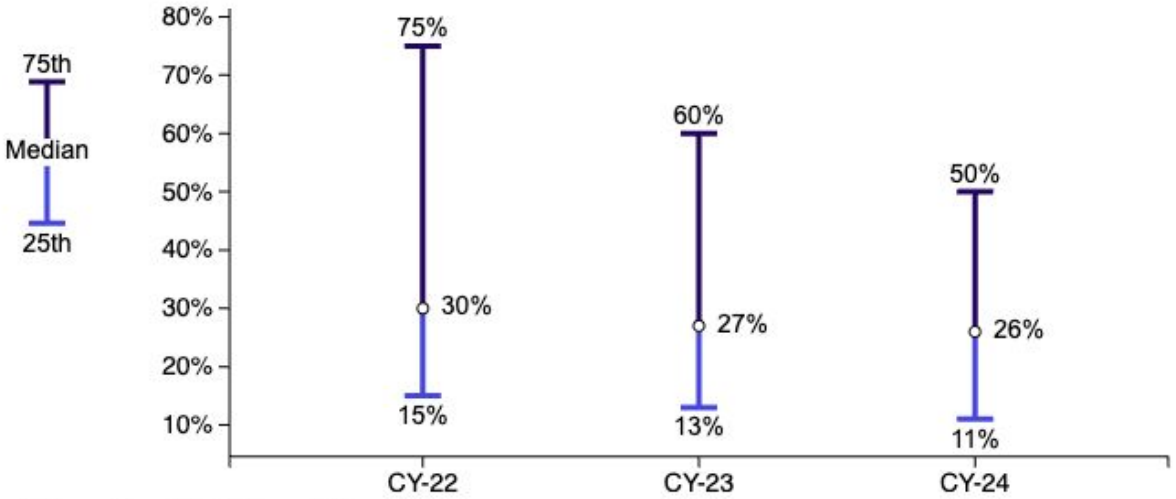
Growth Rate

‘24 Actuals
‘25 Planned

01

Growth Rate ('24)

By '22 vs '23 vs '24



N = 149

Insights

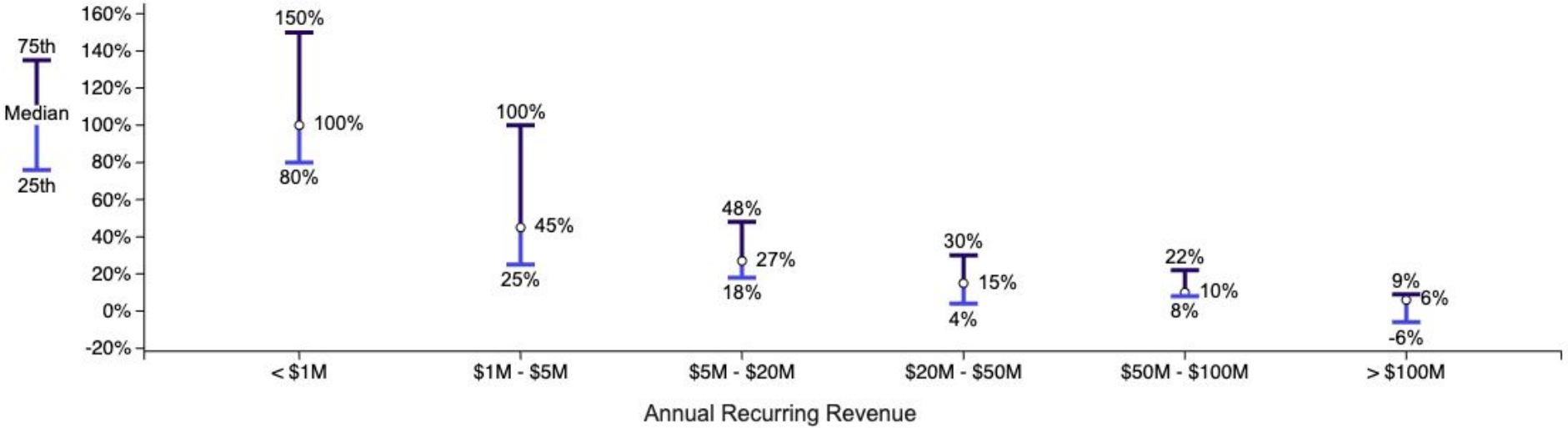
Year over Year growth rate continues to be a top indicator of a SaaS company's enterprise value. Recent public company analysis using a 2-factor regression model shows a 1% increase in growth is worth ~ 2.4% of increase in operating profitability

This is the third year in a row that the benchmark has decreased, with a median growth rate of 26% in 2024. It is noteworthy that the 75th percentile is also down to 50% from 60% in 202.

Growth continues to be a critical measurement of a SaaS company's value and it has become more difficult to achieve in 2024 and in the first half of 2025

Growth Rate ('24)

By Annual Recurring Revenue



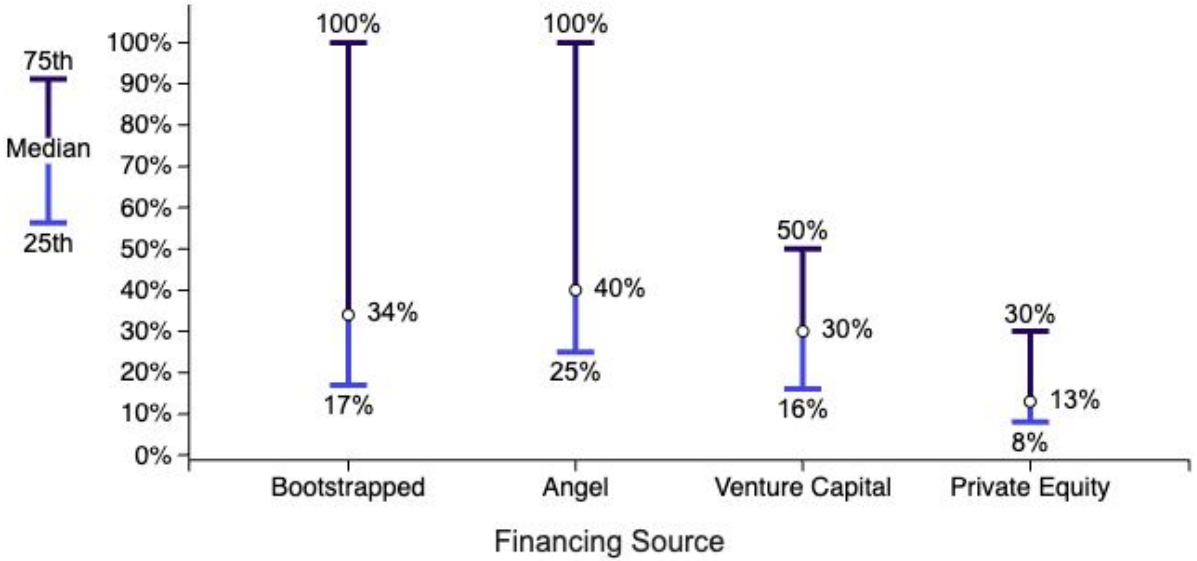
Insights

- Private companies participating in this research are growing closer to the growth rate (7% median) of public companies below $500M, but almost 50% slower than the median growth rate (13%) of public SaaS companies > $500M
- Growth rate benchmarks are best analyzed based on a SaaS company's revenue size as they decrease at each level of growth - this growth rate decline is captured in a heuristic metric called "Growth Endurance"
- Growth endurance is the rate at which growth is retained from year to year. Growth endurance benchmark used to be ~ 80%, but over the last two years this has decreased to ~ 65%

N = 149

Growth Rate ('24)

By Financing Source



N = 149

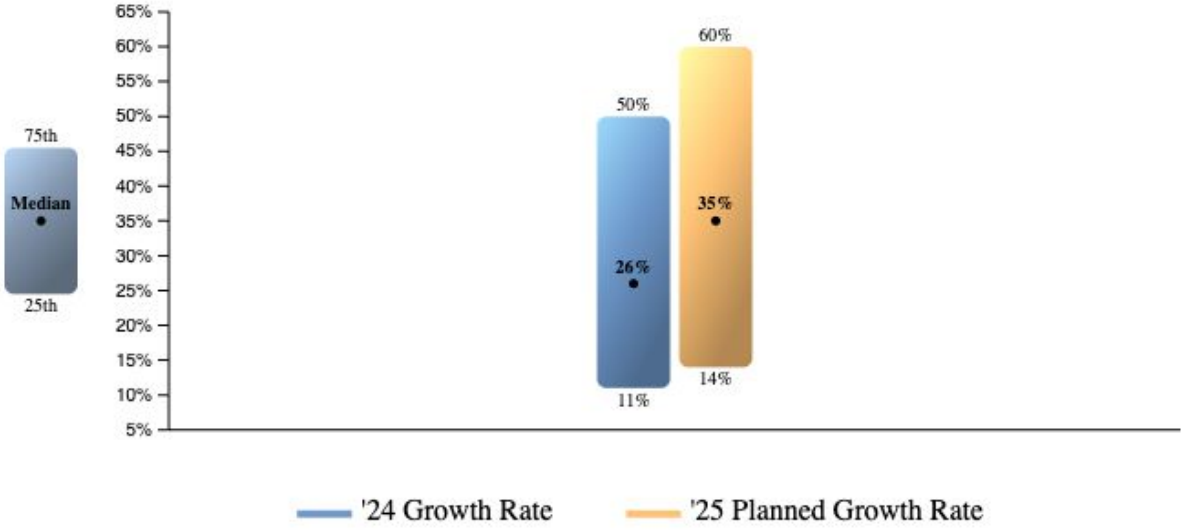
Insights

Analyzing SaaS benchmarks by funding source. is a valuable exercise. Often, PE backed companies will sacrifice growth rate in favor of operating profitability as measured by EBITDA or Free Cash Flow

Though company size is a factor in growth rates and PE majority owned companies are typically larger than a VC back company, it is important to note the VC backed company growth rates are at 30% (median) while PE backed companies are at 13% (median)

Actual Growth Rate ('24) vs Planned Growth Rate ('25)

By Total Population



N = 149
N = 71

Insights

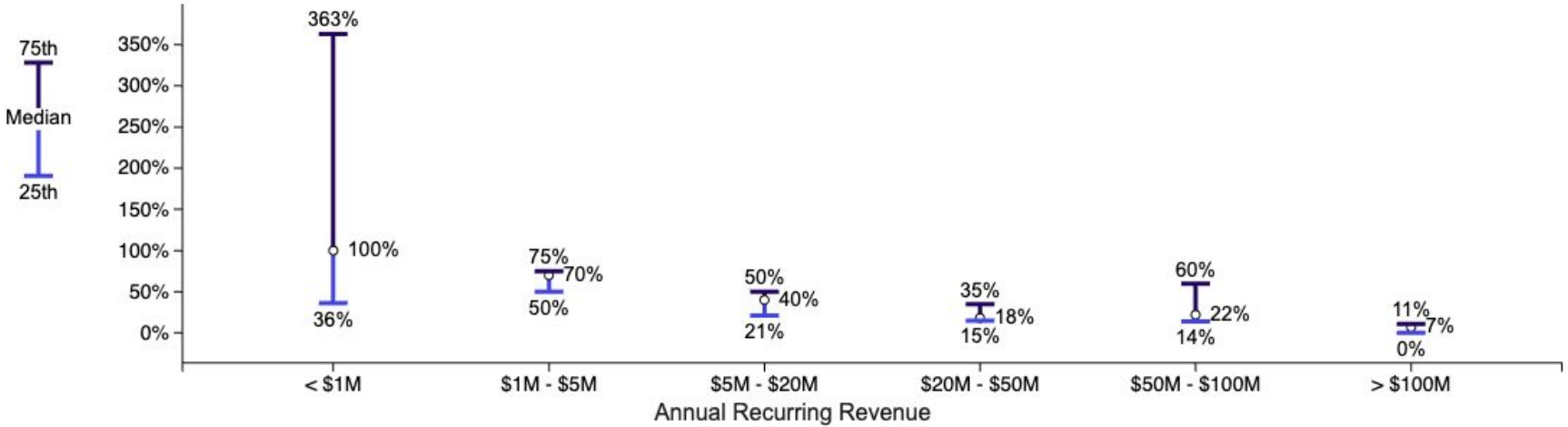
We captured the previous years' growth rate versus current year for the first time in 2024. It was consistent in companies < $50M to see an increased current year planned growth rate vs previous year actuals

We again see the optimistic nature of SaaS companies, where they are planning a median growth rate of 35%, whereas the median growth rate in 2024 was only 26%

At the time of this report being published it is important to analyze current trends and consider a 2H-25 adjustment

Planned Growth Rate ('25)

By Annual Recurring Revenue



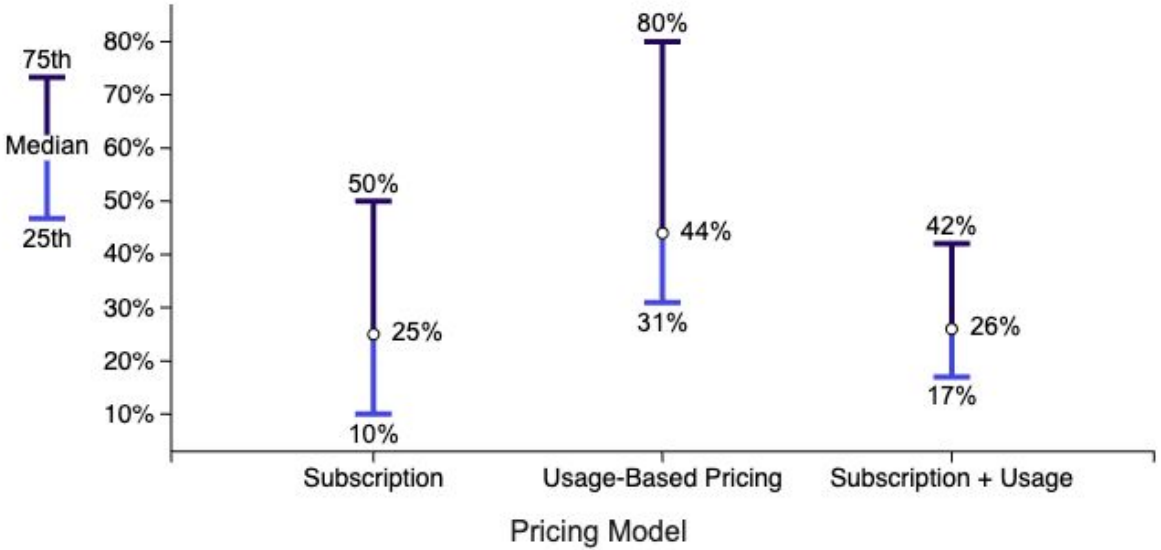
Insights

- As with any other SaaS metric and its related benchmarks, Planned Company Growth Rate should be evaluated in context of the company attributes that are correlated to the metric - which in this case is company size
- As in the total population chart - it is also interested to note that companies in every revenue range are planning for higher growth rates in 2025 than the actual 2024 growth rate

N = 71

Growth Rate ('24)

By Pricing Model



Insights

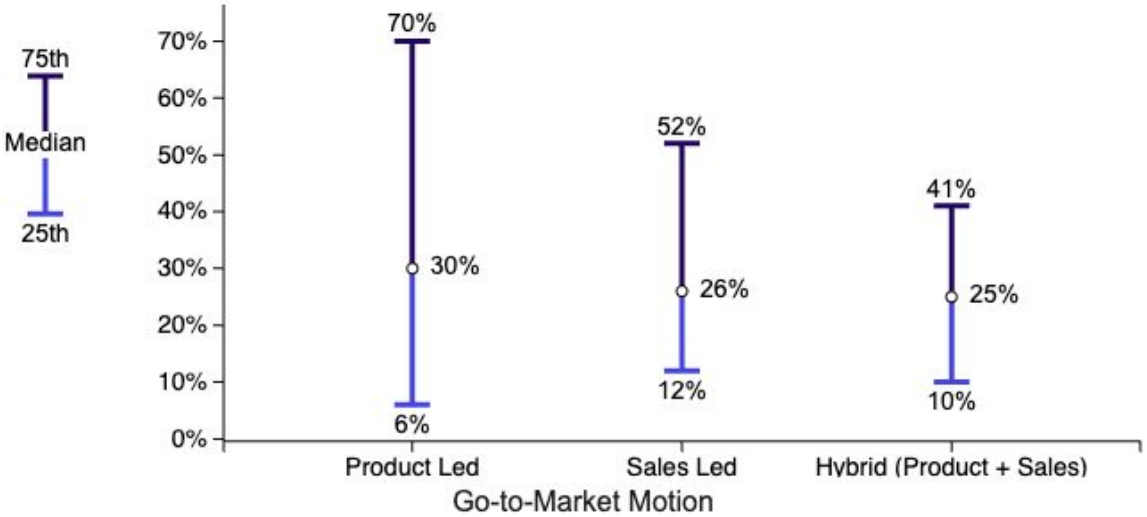
An evolving trend we have captured over the past 2 - 3 years is the growth rates of companies using Usage-Based Pricing versus traditional Subscription Pricing

In 2024, the participating companies that were primarily Usage-Based pricing grew at a median of 44% while traditional subscription pricing companies grew at a median of 25%

It is important to note that Usage-Based pricing is growing in popularity in SaaS companies and AI-native companies which can bias this data

N = 149

Company Growth Rate
By Go-to-Market Motion



N = 149

Insights

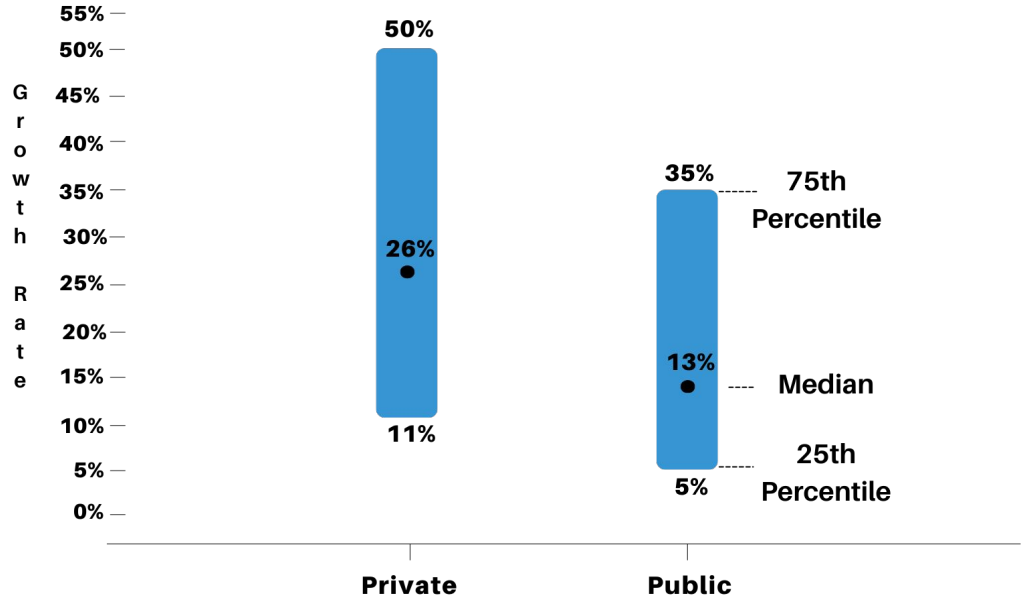
Product-Led Growth companies continue to exhibit higher growth rates than traditional Sales-Led Growth companies

This benchmark can also be impacted by company size which is why we recommend visiting the Benchmarkit interactive benchmarking platform to also view company growth rate by other variables including:

- Company Size
- ACV
- Financial Backing
- Pricing Model
- Go-to-Market Motion

Growth Rate ('24)

By Private VS Public Companies



N = 149 Private

N = 104 Public

Insights

We have started to capture public SaaS company performance metrics to highlight differences between private and public benchmarks

As you can see here, the median 26% growth rate for private companies is 2x that of the public company median at 13%

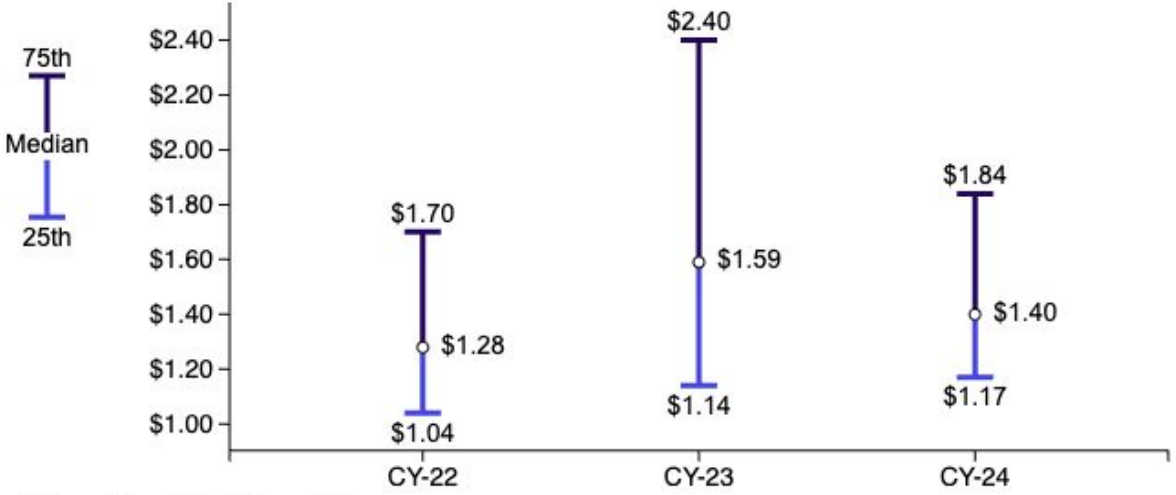
There is a significant correlation of revenue size to growth rate, so this chart should be used primarily for orientation purposes, and is most appropriate to be used for private SaaS companies greater than $100M in size

Customer Acquisition Efficiency

02

Blended CAC Ratio

By ‘22 vs ‘23 vs ‘24



Insights

Blended CAC Ratio measures the efficiency of adding New Customer ARR plus Existing Customer Expansion ARR

The Blended CAC Ratio formula is:

Total Sales & Marketing expenses / New Customer ARR + Expansion ARR

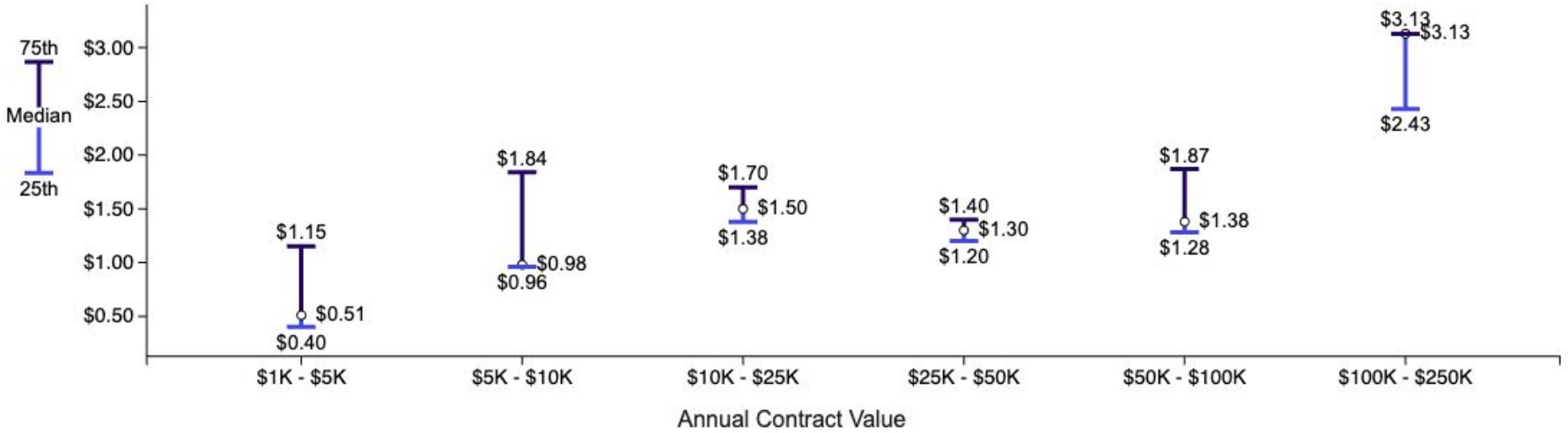
The Blended CAC Ratio benchmark decreased by $.19 in 2024, representing a 12% decrease

As the same time, the Blended CAC Ratio is ~ 10% higher than in 2022 - this should have us looking at new approaches to achieving revenue growth efficiency?

N = 43

Blended CAC Ratio

By Annual Contract Value



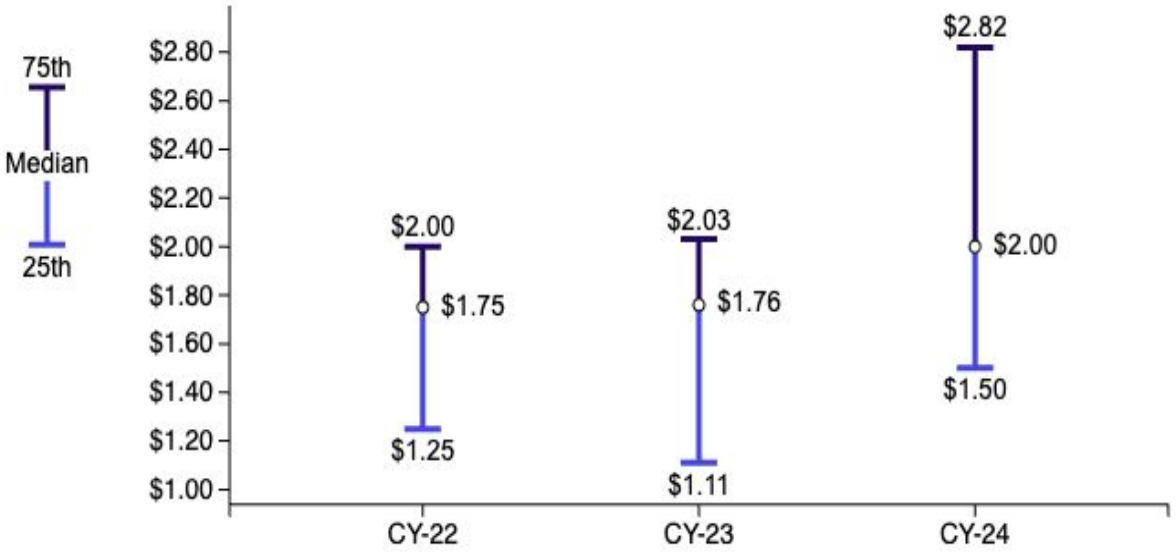
Insights

- As with any other SaaS metric and its related benchmarks, Blended CAC Ratio should be evaluated in context of the company attribute most correlated to the metric's performance, which is Annual Contract Value (ACV)
- CAC Ratio will typically increase as ACV increases, as you can see from the above chart. The one anomaly we have seen consistently is that solutions in the $10K - $50K ACV range are often more expensive to acquire than solutions in the $50K - $100K ACV range. This is not a one year exception, thus pricing in the should be considered accordingly

N = 43

New Customer CAC Ratio

By ‘22 vs ‘23 vs ‘24



N = 73

Insights

New CAC Ratio measures the efficiency of adding New Customer ARR only

New CAC Ratio calculation formula is:

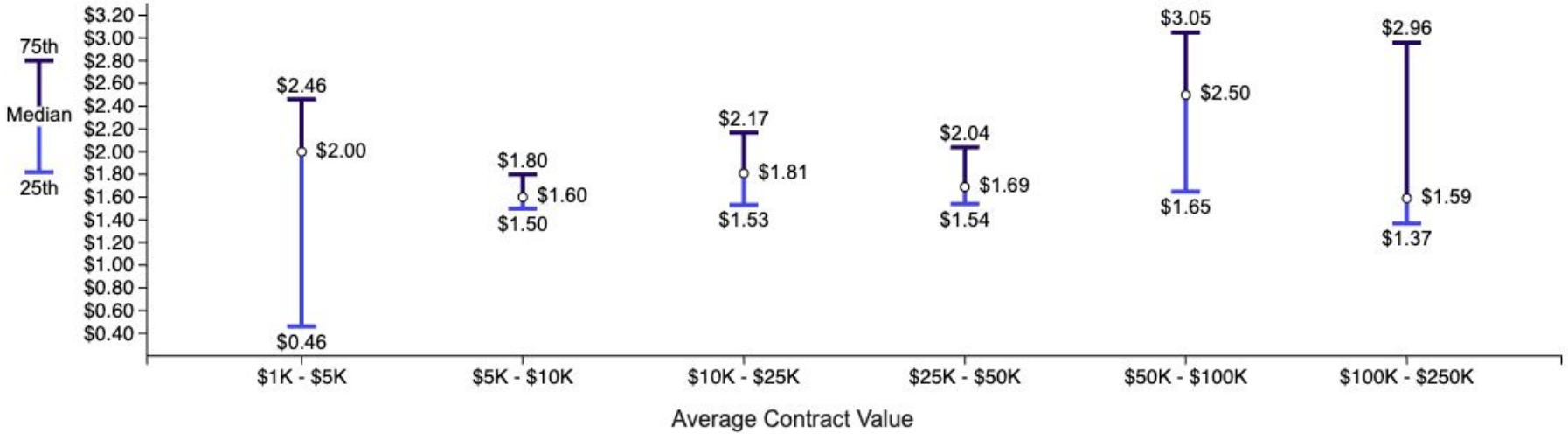
Total Sales & Marketing expenses / New Customer ARR

In the “not so encouraging” category, the New CAC Ratio increased by 14% in 2024 to a median of $2.00 of Sales and Marketing expense to acquire $1.00 of New Customer ARR.

Maybe more alarming is that the 4th quartile of companies are spending $2.82 at median to acquire $1.00 of New Customer ARR!

New Customer CAC Ratio

By Annual Contract Value



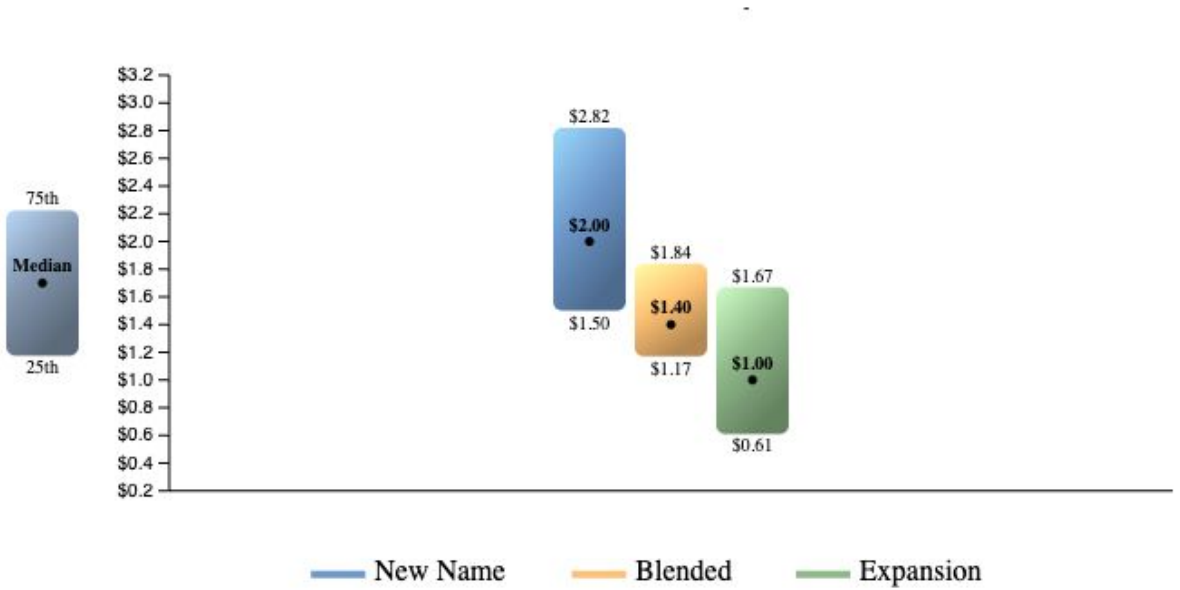
Insights

- As with any other SaaS metric and its related benchmarks, the New CAC Ratio should be evaluated in context of the company attribute most correlated to the metric's performance, which is Annual Contract Value (ACV) for this metric
- This year's data provides a new insight into the efficiency of larger ACV deals (> $100K), which is lower than solutions in the $10K - $100K range and even lower than in the $25K - $50K range
- Leveraging automation and AI to decrease the dependency on higher cost resources, is one strategy to evaluate how best to reduce the New CAC Ratio for lower ACV solutions in the $10K - $50K ACV range

N = 73

New Name vs Blended vs Expansion CAC Ratio

By Total Population



N = 73
N = 43

Insights

This chart highlights the value of calculation Blended, New and Expansion CAC Ratio

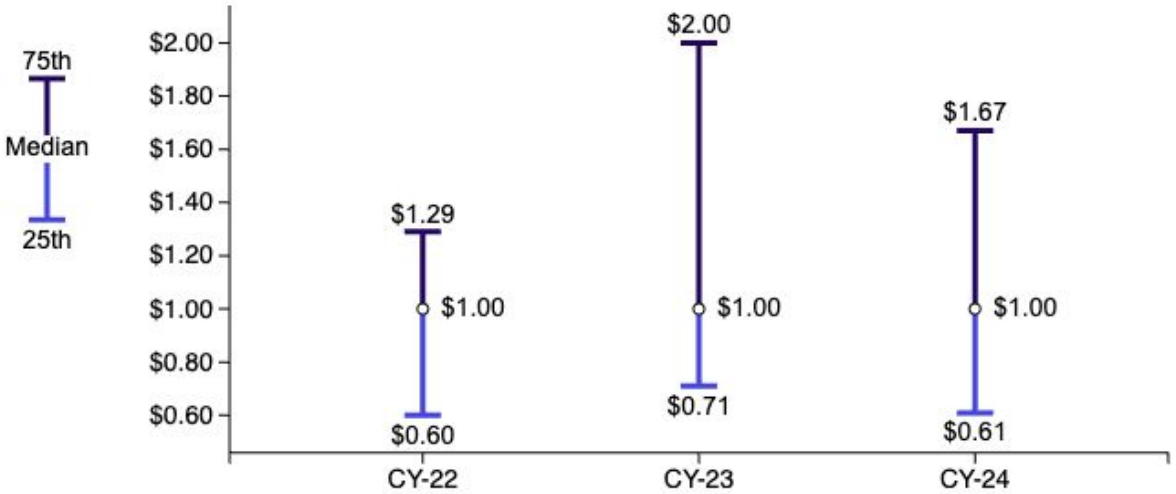
With Expansion CAC Ratio at a $1.00 median versus New CAC Ratio at $2.00 it could materially impact decisions on where best to grow top line ARR across new and/or existing customers

Consider the need to grow $10M in ARR, and the prioritization decision needs to be made between resources invested towards New Logo vs Existing Customer Expansion?

CAC Ratio is a very instructive metric!

Expansion CAC Ratio

By ‘22 vs ‘23 vs ‘24



Insights

The most important thing about the Expansion CAC Ratio is how FEW companies are measuring it

Less than 20% of companies are calculating the Expansion CAC Ratio

Expansion CAC Ratio formula:

Sales, Marketing and CS expenses allocated to expansion ARR by Expansion ARR

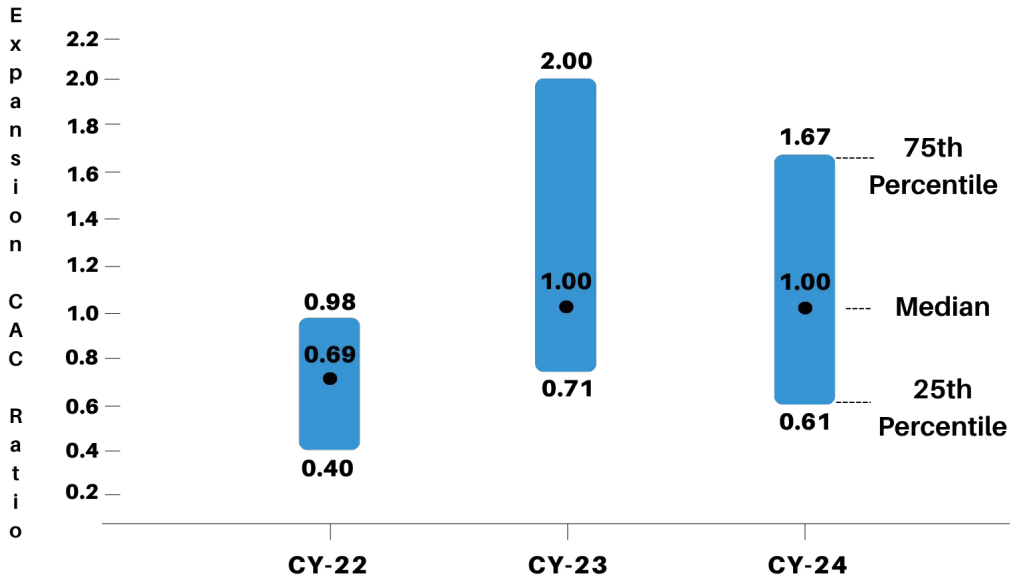
Expansion CAC Ratio has increased dramatically over the past few years

In ‘20 & ‘21 Expansion CAC Ratio was $.61 and $.69 respectively

N = 21

Expansion CAC Ratio

By ‘22 vs ‘23 vs ‘24



N = 23
N = 38
N = 21

Insights

The most important thing about the Expansion CAC Ratio is how FEW companies are measuring it.

Less than 50% of companies measuring CAC Ratio are calculating the Expansion CAC Ratio.

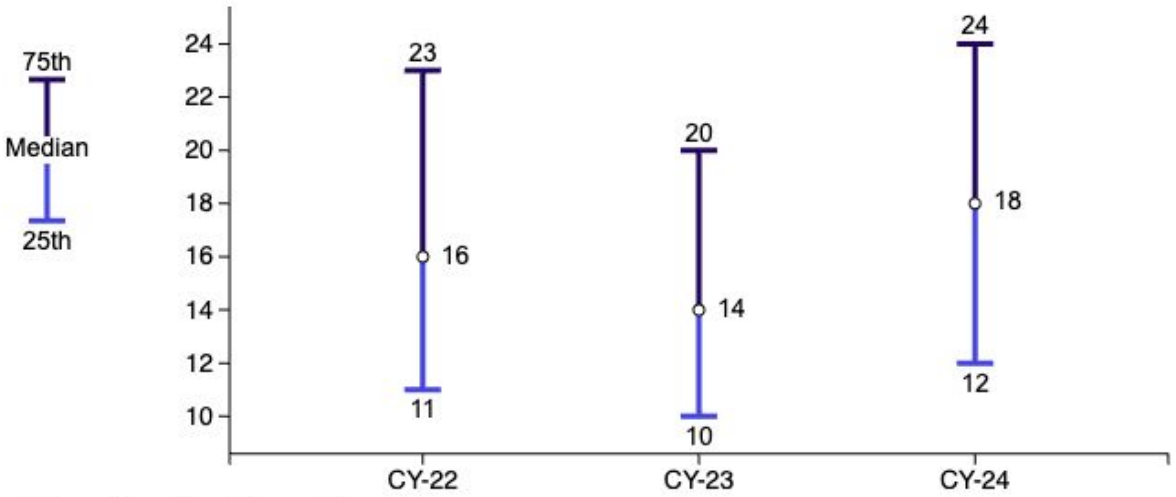
Expansion CAC Ratio has increased dramatically over the past few years. In ‘22 Expansion CAC Ratio was $.69

As new ARR growth has become more difficult, companies have allocated more focus, resources and cost on existing customer expansion

We also find that less than 50% of companies that use CAC Ratio do not calculate expansion CAC Ratio

CAC Payback Period (Months)

By ‘22 vs ‘23 vs ‘24



N = 148

Insights

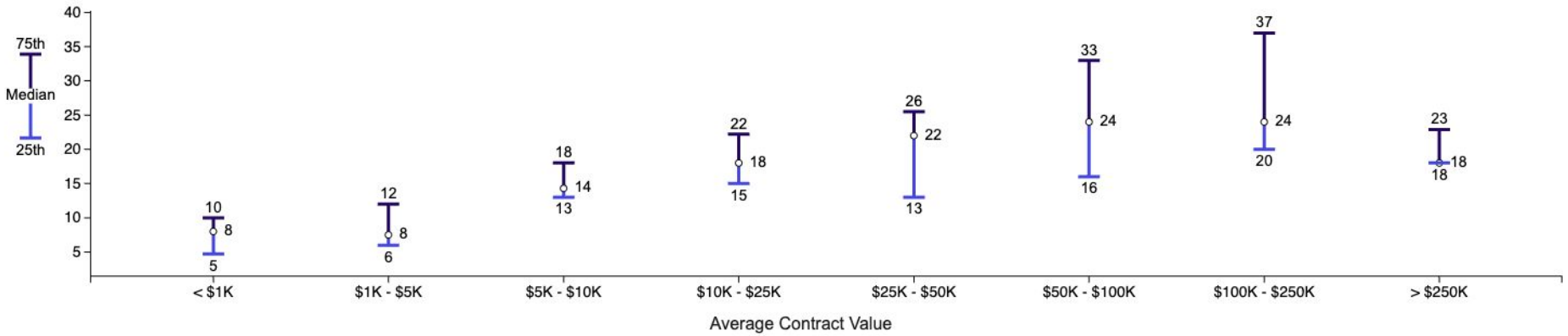
CAC Payback Period (CPP) measures how many months it takes to “payback” the Sales and Marketing Expenses for new customers - on a Gross Margin adjusted basis

It is a simple way to understand if your new customer acquisition investments are efficient. Common wisdom often says ~12 months CAC Payback Period is good - but this metric is highly correlated to ACV as you will see on the next chart

CAC Payback Period provides a high level understanding of customer acquisition performance, but does not provide the granularity of CAC efficiency provided by the CAC Ratio

CAC Payback Period (Months)

By Annual Contract Value



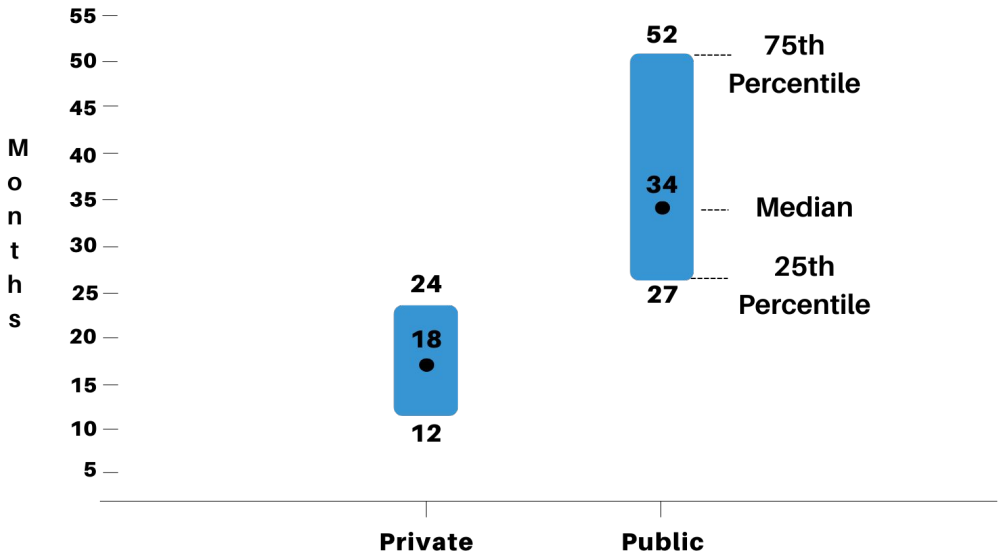
Insights

- As with any other SaaS metric and its related benchmarks, CAC Payback Period should be evaluated in context of the company attribute most correlated to the metric's performance, which is Annual Contract Value (ACV) for this metric
- This year's data provides a new insight into the efficiency of larger ACV deals (> $250K), which is materially lower than solutions in the $50K - $100K range and even lower than in the $25K - $50K range
- This finding is consistent with the lower New CAC Ratio for > $100K ACV products - this suggests that an Enterprise solution that requires more time and resources to win may actually be more profitable over time

N = 148

CAC Payback Period (Months)

By Private vs Public Companies



N = 148 Private

N = 77 Public

Insights

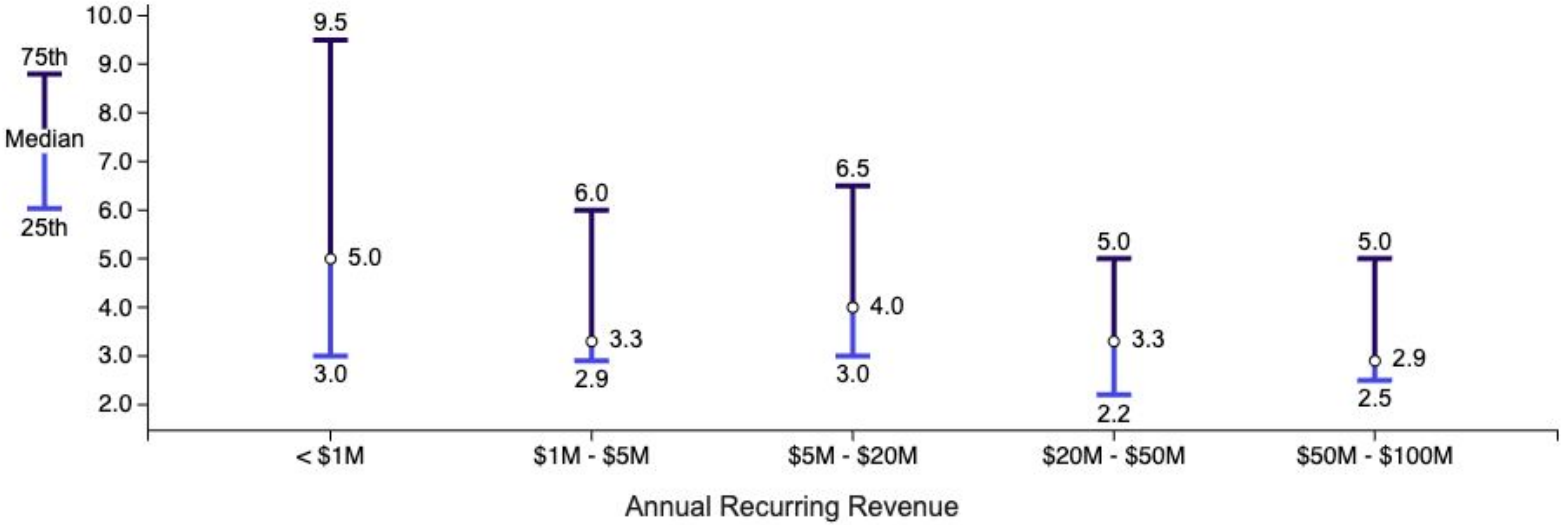
A primary reason to show the comparison between CAC Payback Period for private vs public companies is the **IMPORTANCE** of how a SaaS Metric is calculated when benchmarking.

CAC Payback Period (CPP) in most private companies only looks at **NEW Customer ARR** measured against Sales and Marketing expenses - on a Gross Margin Adjusted basis.

CPP is public companies measures **"NET NEW IMPLIED ARR"** against Sales and Marketing expenses which includes churn, down-sells and expansion ARR - NOT an apples to apples comparison

CLTV To CAC Ratio

By Annual Recurring Revenue



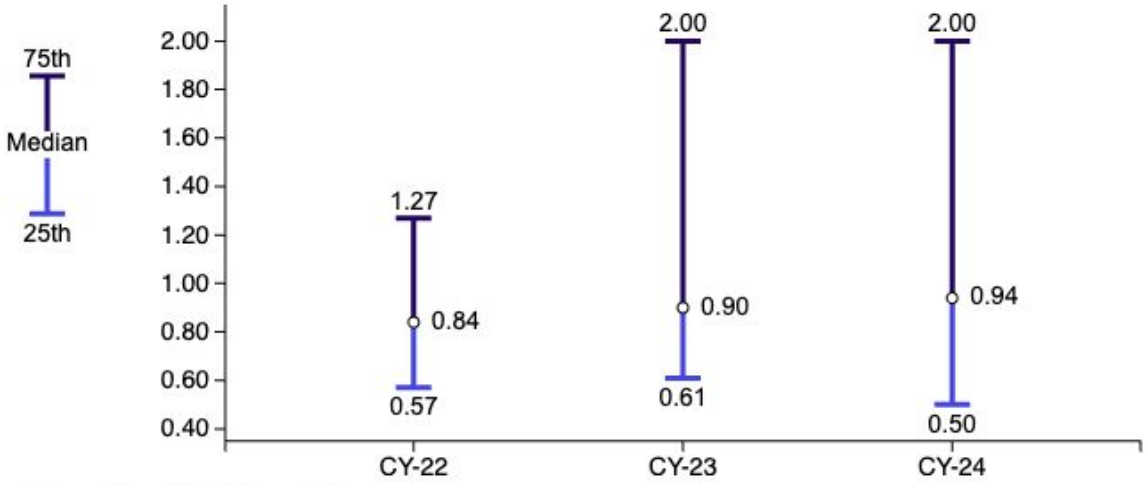
Insights

- Customer Lifetime Value to CAC Ratio (CLTV:CAC Ratio) is best evaluated in context of company size and also ACV
- It is interesting to note that larger companies are experiencing a lower CLTV:CAC Ratio beginning at $20M ARR and above. Like in most "compound metrics" the primary causes for this outcome cannot be fully understood without analyzing the core components including: 1) ARPA; 2)Churn Rate; 3) Customer Acquisition Cost; 4) New Expansion Rate and: 5) Gross Margin

N = 101

SaaS Magic Number

By ‘22 vs ‘23 vs ‘24



N = 101

Insights

SaaS Magic Number compares Net New ARR Growth to Sales and Marketing expenses

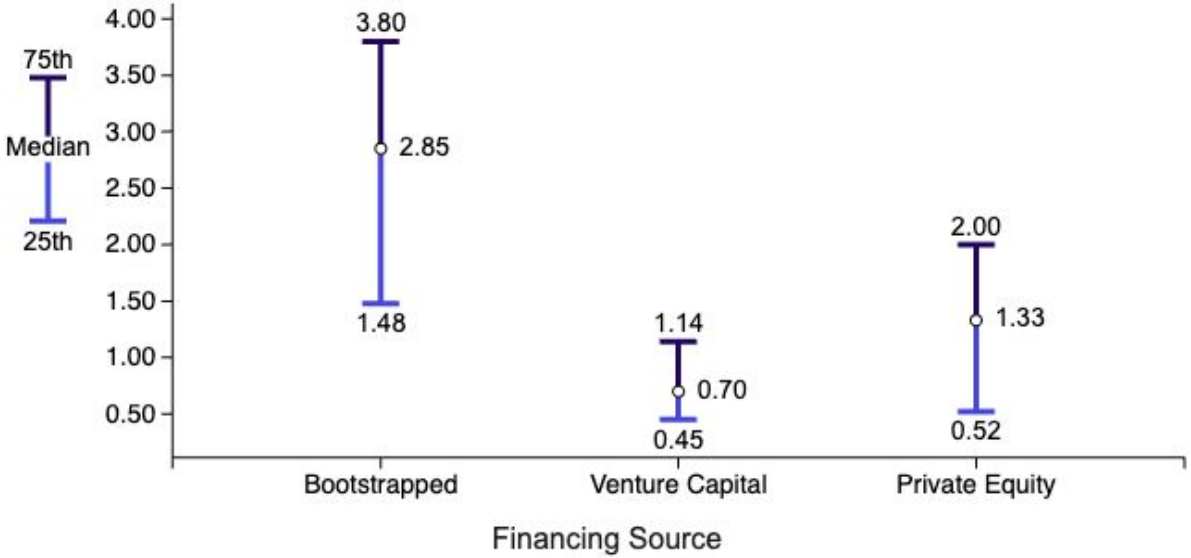
Traditionally a SaaS Magic Number of .75 is the low water mark to increase Sales and Marketing investment and greater than 1.0 is ideal

SaaS Magic Number at median increased by ~ 4% in ‘24, though we do not know why as we do not know the New ARR & Expansion ARR & Churned ARR and Down-sell ARR

Best practice is too understand the impact of all four components of SaaS Magic Number or better yet consider using CAC Ratio instead

SaaS Magic Number

By Financing Source



N = 101

Insights

SaaS Magic Number benchmark is materially impacted by primary financing source and company size

As companies focus on balancing growth & operating profitability, the SaaS Magic Number will increase - as is the case in the '24 benchmark for PE controlled companies

In contrast, VC backed companies who typically focus more on growth, are experiencing a lower Magic Number when a value of >.75 is the low water mark goal

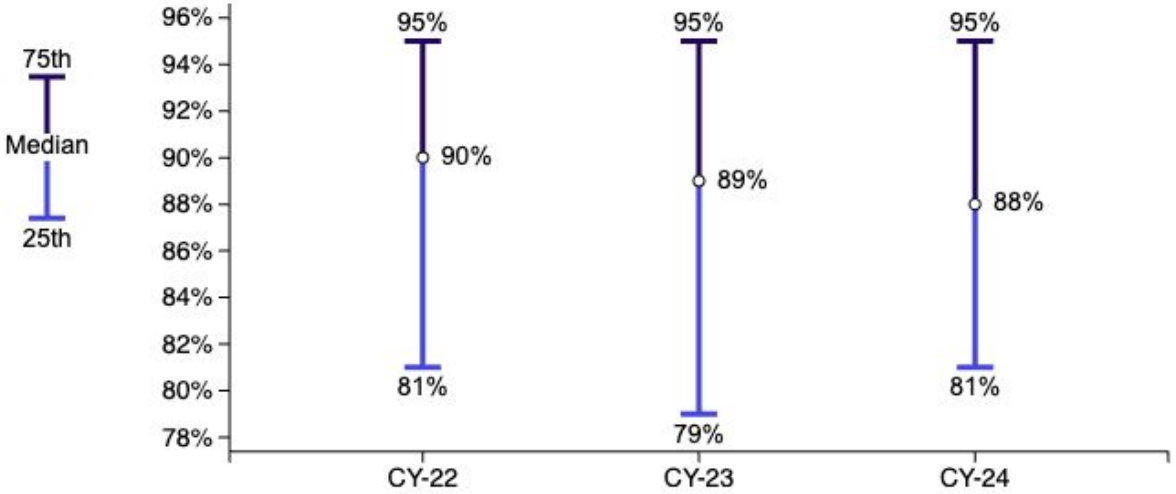
As bootstrapped founders can testify, efficiency and profitability is not an option - thus a higher Magic Number

Customer Retention

03

Gross Revenue Retention Rate

By ‘22 vs ‘23 vs ‘24



Insights

Gross Revenue Retention (GRR) measures what percentage of existing customers ARR remains over time without the benefit of expansion ARR. Typically measured Year over Year or on a trailing 12-month period.
Best practice is to calculate this on a “cohort basis”.

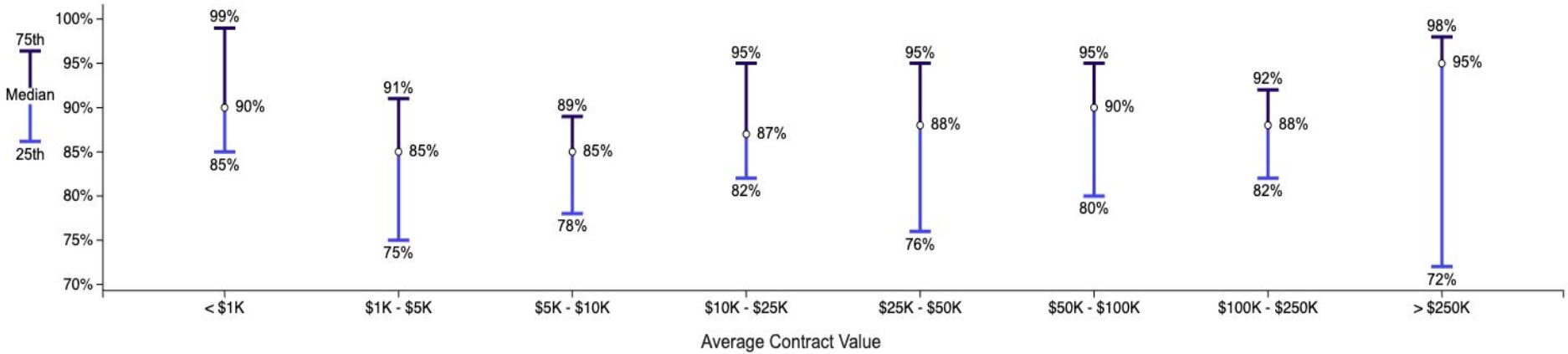
It is also very important to note that this does not include new customer ARR or existing customer expansion ARR

GRR has continued to decrease slightly over the past three years from 90% to 88% - though this could be due to selection bias of participants

N = 225

Gross Revenue Retention Rate

By Annual Contract Value



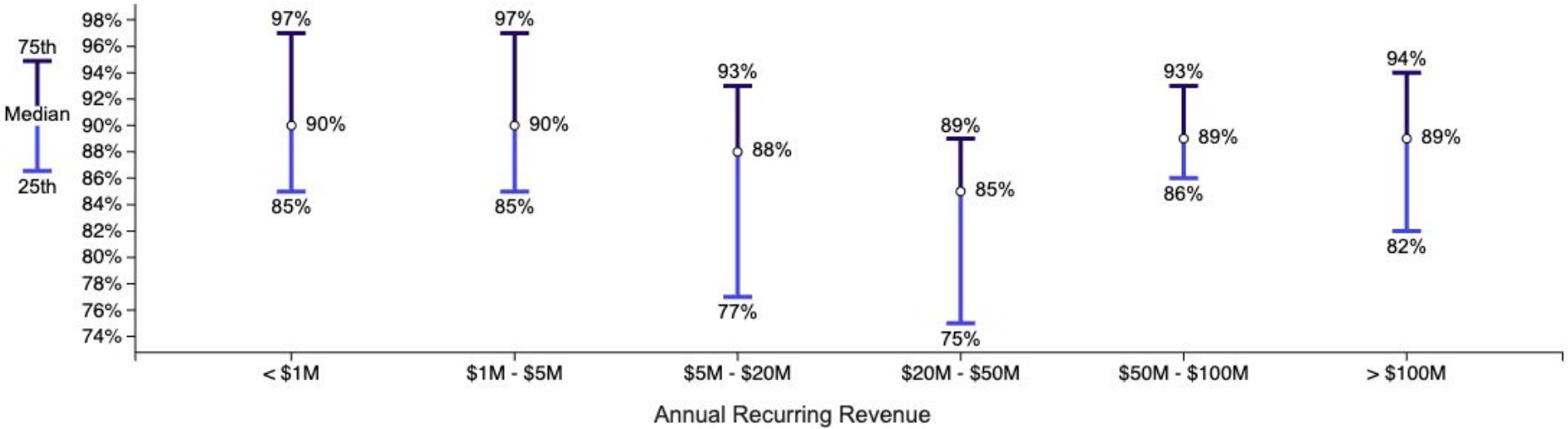
Insights

- The '24 GRR benchmarks are consistent with the past 4 years of findings that as ACV increases so does GRR
- Analyzing GRR by both customer segment(s) and product is a best practice
- Gross Revenue Retention (GRR) benchmarks are best analyzed by ACV

N = 225

Gross Revenue Retention Rate

By Annual Recurring Revenue



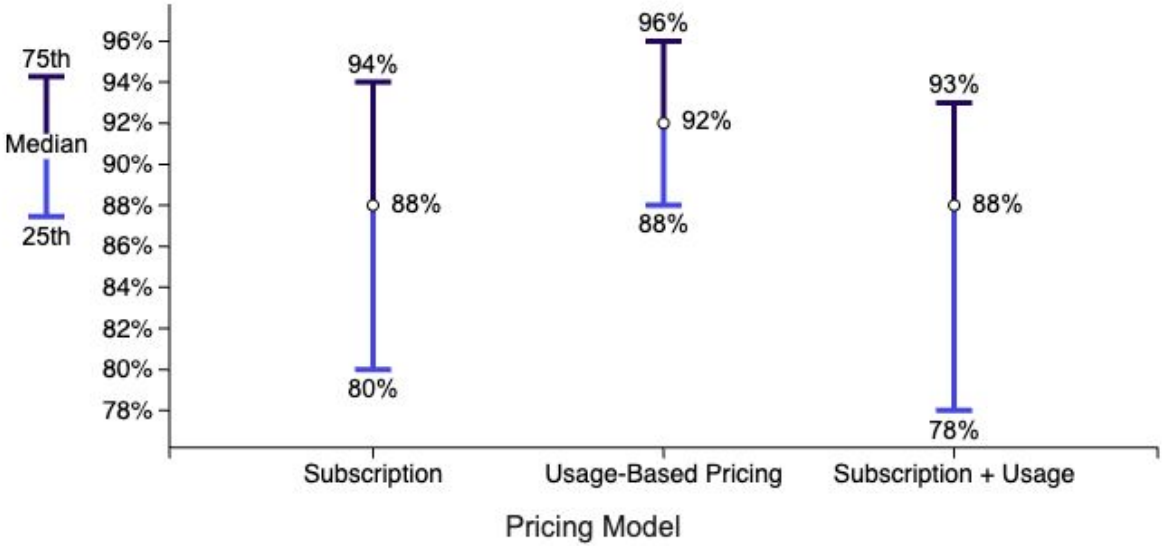
Insights

- As companies scale beyond $5M, GRR begins to decrease, often due to having experienced more than 1-2 renewal cycles
- The < $5M segment can also appear higher as the maturity of GRR measurements are less defined and may not reflect the actual customer ARR churn until after the first and/or second renewal periods have been experienced

N = 225

Gross Revenue Retention Rate

By Pricing Model



Insights

This is the first year we have calculated GRR by pricing model, and it was very interesting to see that GRR was 92% in Usage-Based Pricing model environment versus 88% in both subscription and hybrid pricing models

It is also interesting to see that the lowest quartile was higher in Usage-Based Pricing (88% median) and the highest quartile (96%) was also highest in Usage-Based pricing environments

We will dive into this trend in a further original benchmarking program

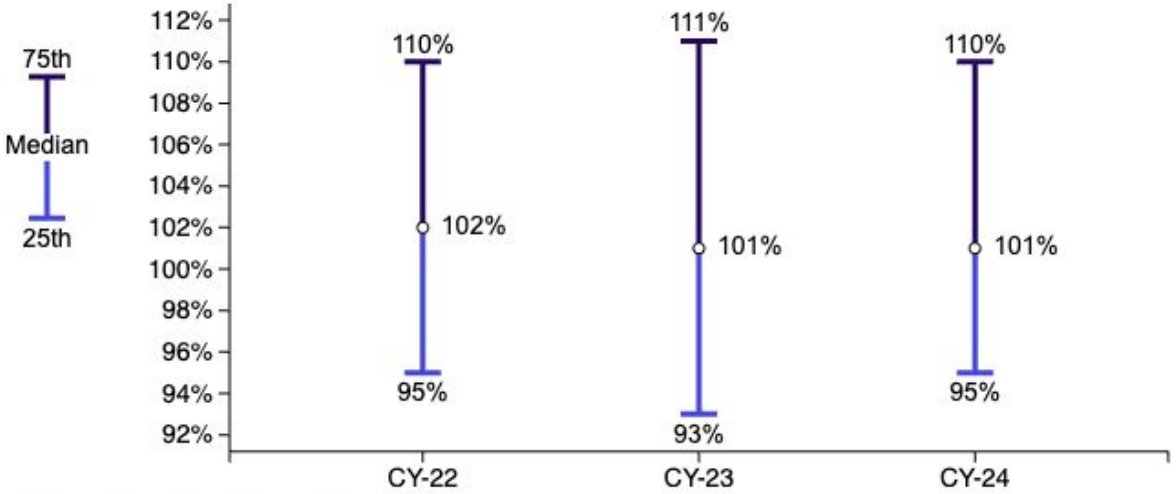
N = 225

Customer Expansion

04

Net Revenue Retention Rate

By ‘22 vs ‘23 vs ‘24



Insights

Net Revenue Retention Rate (NRR) measures the amount of ARR from an existing cohort Year over Year or trailing twelve month basis

NRR includes the impacts of all ARR changes in the existing customer cohort including up-sells, cross-sells, down-sells and churn

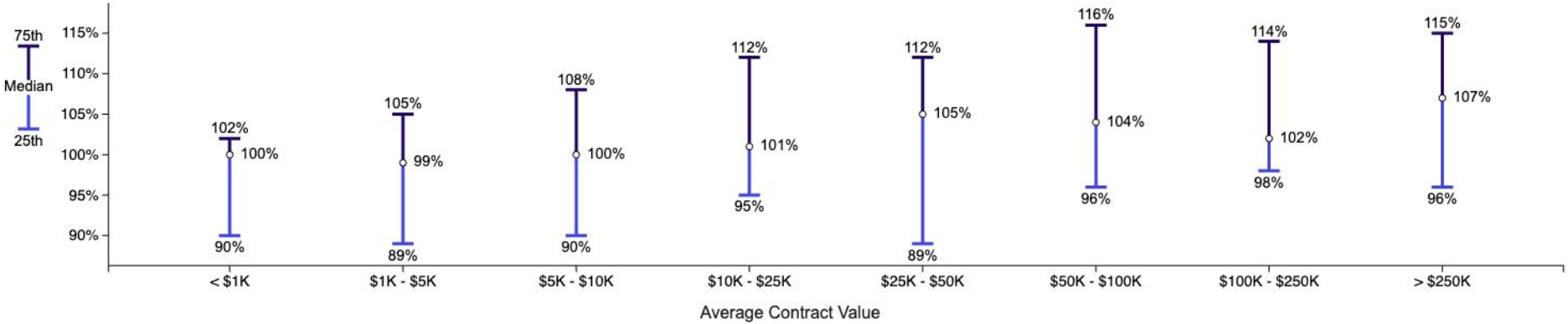
This number has decreased since CY-21 when it was at 105% and in CY-22 was 103% in the U.S.

The good news is that NRR did not decrease YoY, and did not dip below 100% - but the trends are begging the question - where did all the NRR go?

N = 228

Net Revenue Retention Rate

By Annual Contract Value



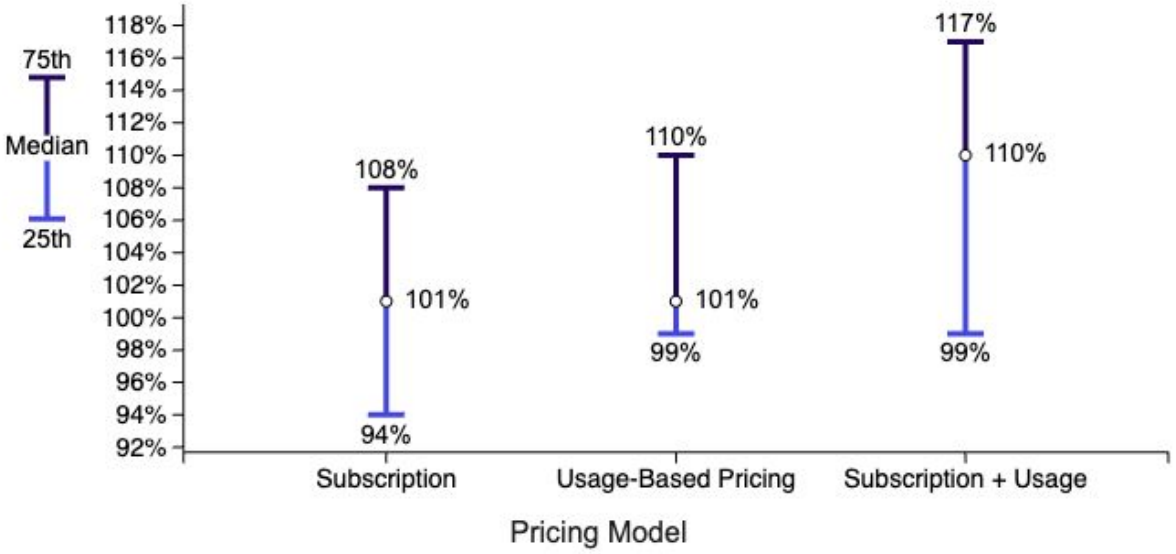
Insights

- NRR shares the attribute of GRR in that the median benchmark increases as ACV increases. Other company attributes that increase the NRR benchmark include pricing model, Net Expansion Rate and the breadth of the product portfolio
- The '24 benchmarks are consistent with the past 4 years of findings that as ACV increases so does NRR
- Analyzing NRR by both customer segment(s) and product is a best practice

N = 228

Net Revenue Retention Rate

By Pricing Model



N = 228

Insights

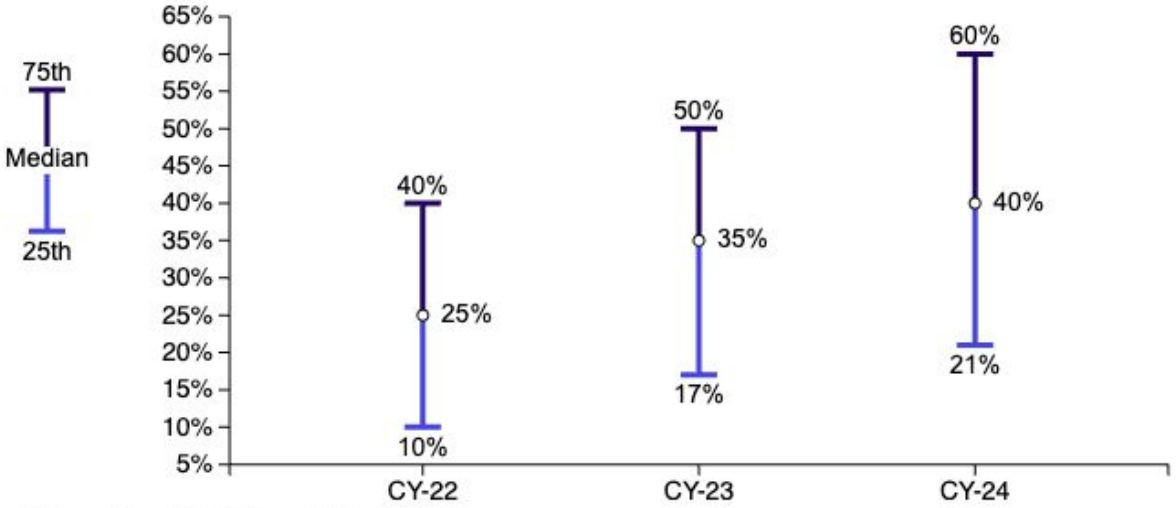
Viewing NRR by pricing model was instructive this year as it highlighted how a hybrid pricing model of Subscription + Usage has a much higher NRR (110% at median) versus Usage or Subscription by itself

One key variable in calculating NRR, especially in a Usage or Hybrid pricing model is to only look at a YoY or trailing twelve-month basis to capture seasonality

Another best practice is to clearly define the NRR calculation formula, and in usage-based pricing environments consider a 2-year look back model which Snowflake popularized a few years ago

Expansion ARR Contribution to Total New ARR (%)

By ‘22 vs ‘23 vs ‘24



Insights

Existing Customer Expansion ARR continues to increase its contribution to Total New ARR.

The chart highlights the median contribution is 40% which has increase 5 percentage points YoY

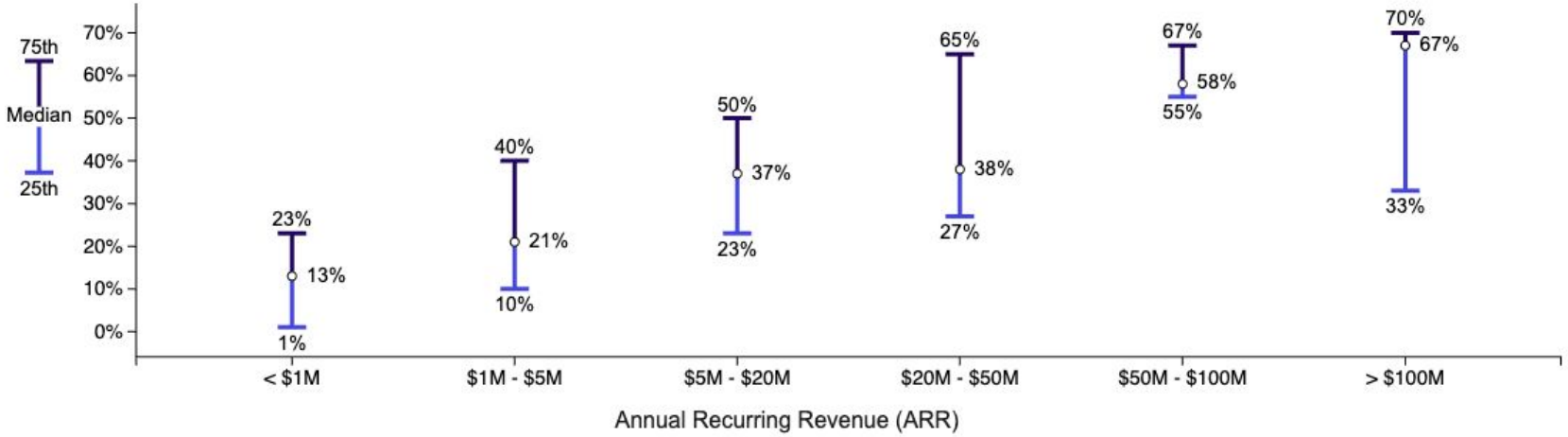
The next page and chart shows how this contribution changes as companies scale in ARR size

Other factors impacting this benchmark include pricing model used and product portfolio breadth (i.e. number of products for cross-sell and upsell opportunities)

N = 81

Expansion ARR to Growth ARR %

By Annual Recurring Revenue



Insights

- The benchmarks continue to highlight that as companies scale, they increase the focus and contribution of expansion ARR to Total New ARR through the combination of increased priority, resources allocated, pricing/packaging and product portfolio investments to increase the number of products to increase cross-sell opportunities
- The largest companies (> $50M) has dramatically increase the contribution of Expansion ARR which was ~ 50% in 2023 and have increased in '24 to a median of 58% ($50M - $100M) 67% in companies in the > $100M - though the > $100M cohort was limited to only six companies

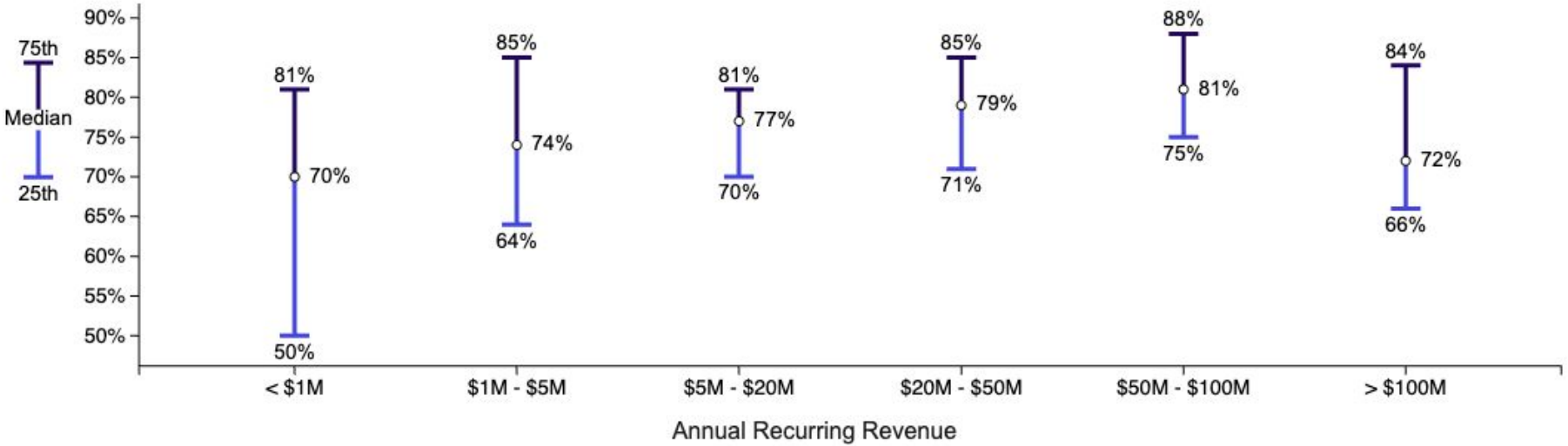
N = 81

Operational Efficiency

05

Gross Margin – Total Revenue

By Annual Recurring Revenue



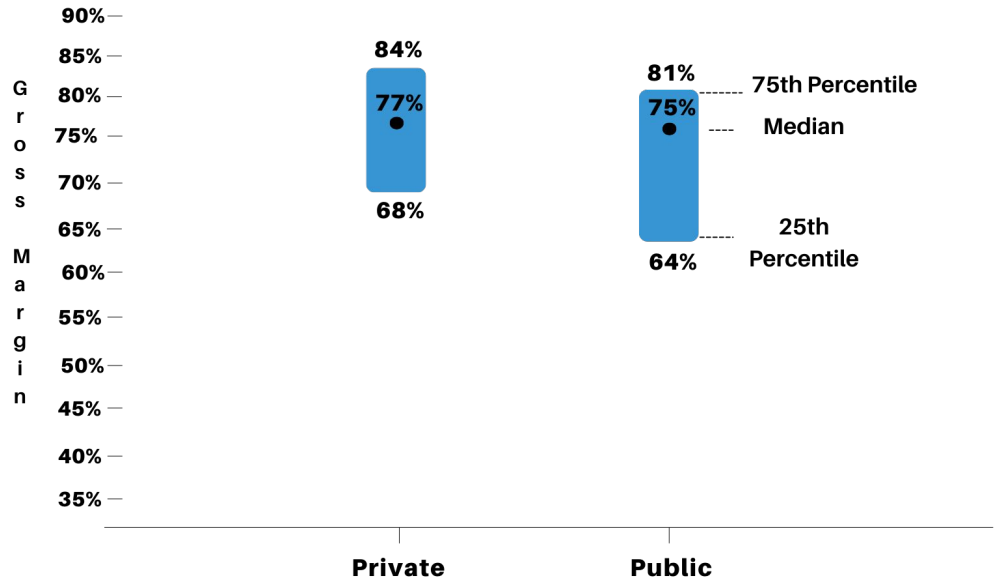
Insights

- Total Gross Margin, which measures the Gross Profit divided by Total GAAP Revenue includes both Subscription, Variable and Professional Services Revenue - thus is impacted by the mix of the three primary variables
- Subscription Gross Margin - which TYPICALLY only includes the GAAP revenue from ARR based products (versus Professional Services) is higher and can be seen separately on a subsequent page

N = 196

Gross Margin – Total Revenue

By Private VS Public Companies



N = 196 Private N = 100 Public

Insights

Total Gross Margins do not differ materially in private or public SaaS companies

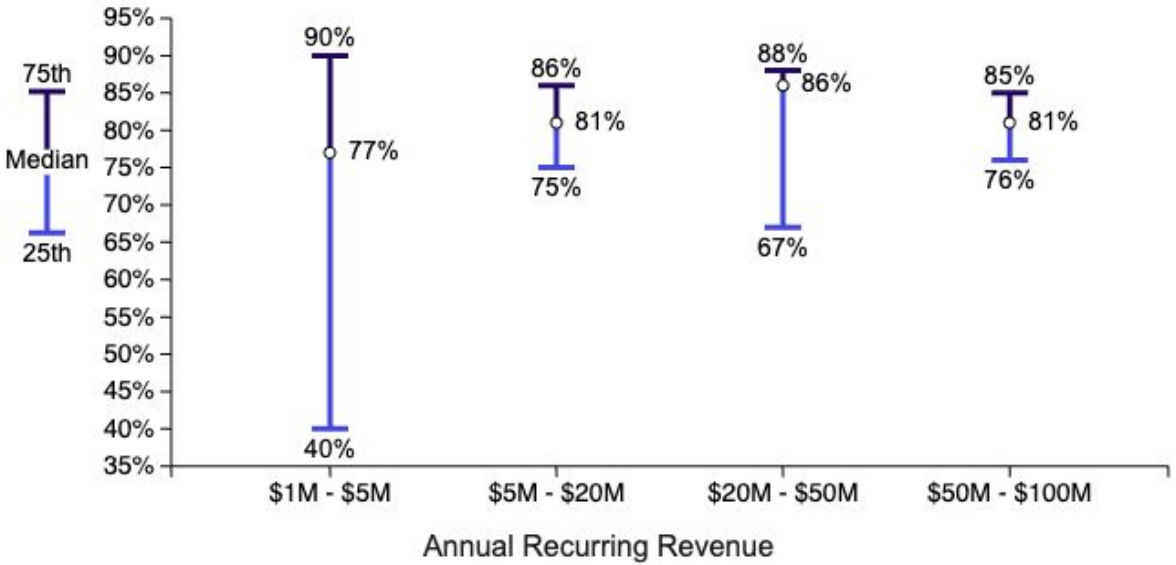
Though delivery models and pricing models, especially products that have a higher utilization of CPU capacity and/or 3rd party LLM (AI) costs can have a significant impact on gross margins

Going forward, evaluating Gross Margins by product category, such as cybersecurity, Infrastructure, AI or applications is a best practice

You can filter by these attributes on the interactive widget highlighted on Page “x” of this report

Gross Margin – Subscriptions

By Annual Recurring Revenue



N = 76

Insights

Subscription Gross Margin is 81% (median) across the entire population

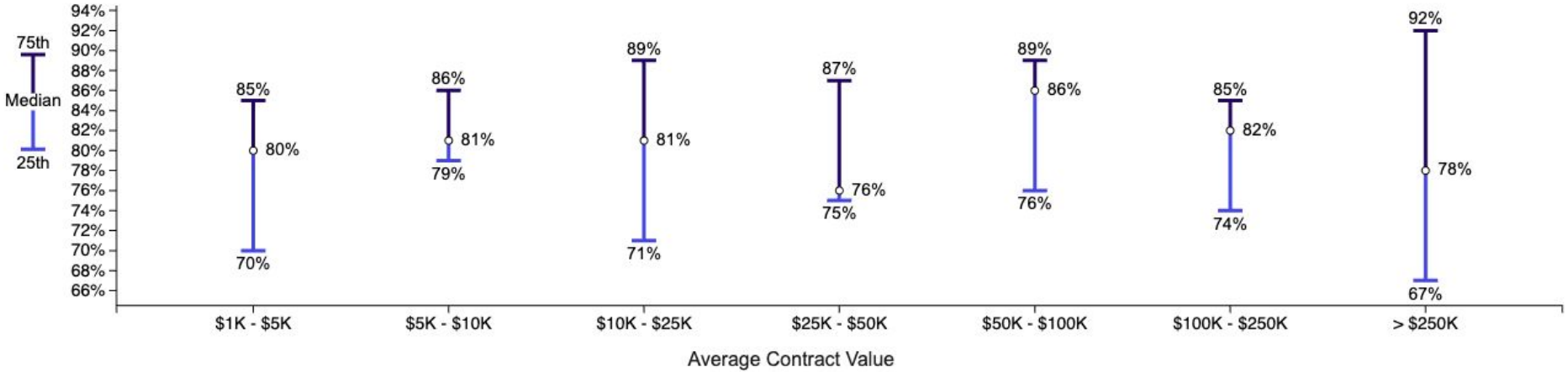
Gross Margin does not have a primary interdependent company profile variable that material impacts the benchmark - though certain product categories and/or pricing models can impact the median benchmark

Going forward, evaluating Gross Margins by product category, such as cybersecurity, Infrastructure, AI or applications is a best practice

This chart which shows Subscription Gross Margin by ARR highlights that at the lowest levels (< $5M) that Gross Margin is typically a little lower

Gross Margin – Subscriptions

By Annual Contract Value



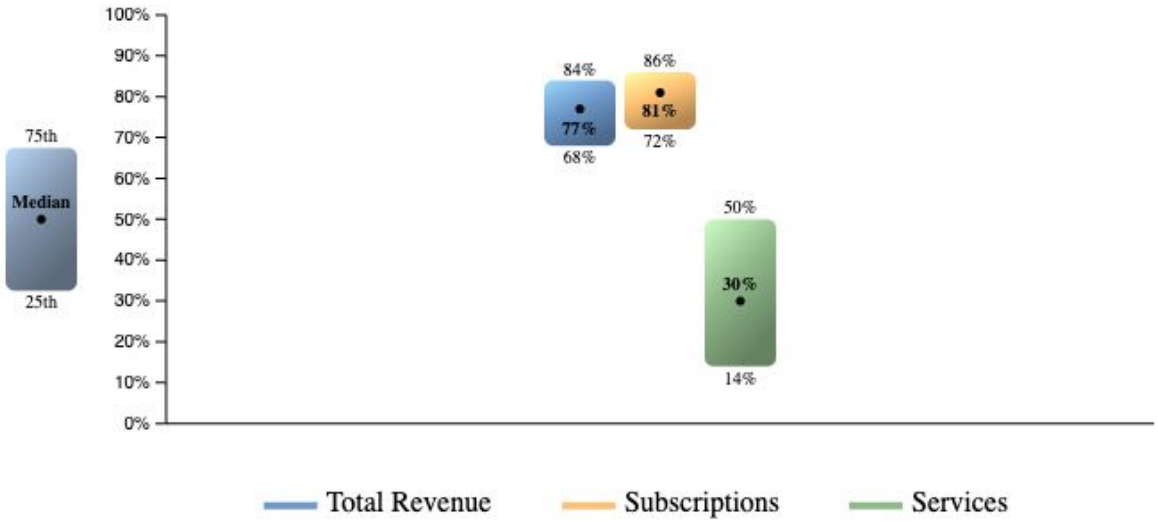
Insights

- Subscription Gross Margin measures the Subscription Gross Profit divided by Total Subscription GAAP Revenue. Most companies are currently recognizing variable ARR as both ARR and naturally GAAP revenue, so variable subscription revenue should be included in the "Subscription GAAP Revenue" recognition on the Income Statement.
- Subscription Gross Margin sometimes will include "subscription professional services" such as dedicated customer support – though we recommend **ONLY** the software subscription and/or variable software revenue be included

N = 76

Gross Margin – Total Revenue vs Subscriptions vs Services

By Total Population



N = 196
N = 76
N = 38

Insights

This benchmark chart show at once glance the Gross Margins for:

- Total Revenue (77% median)
- Subscription Revenue 81% median)
- Pro Services Revenue (30%)

Though we are not showing the actual benchmark chart - Professional Service at median represents ~15% of total revenue

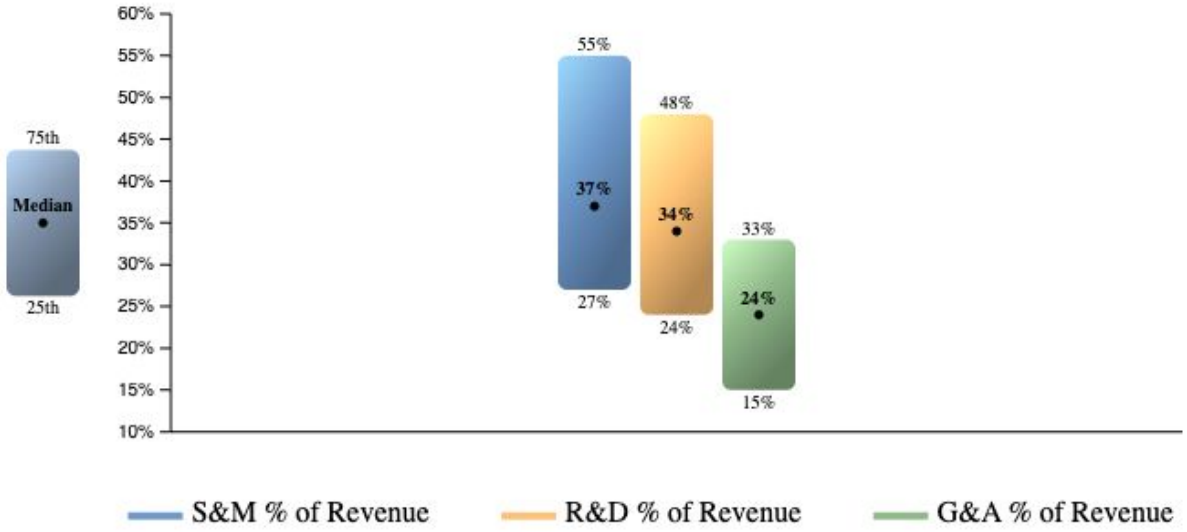
If a SaaS company's mix of Professional Services revenue to Subscription revenue exceeds 15-20% of total revenue and/or if Services Gross Margin is lower than 30%, the Total Gross Margin is likely to be lower than the median benchmark of 77%

Human Capital Efficiency

06

Operating Expenses as a Percentage of Revenue

By Total Population



N = 157
N = 142
N = 140

Insights

This benchmark chart shows at once glance the Operating Expenses by department for the follow functions:

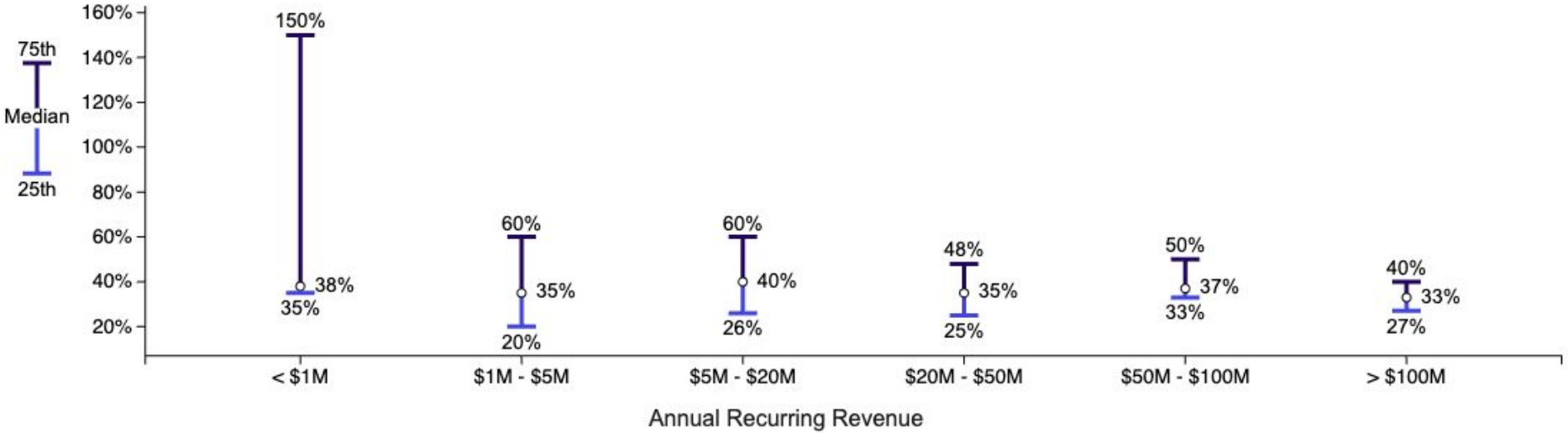
- Sales and Marketing (37% median)
- R&D (34% median)
- G&A (24% median)

Benchmarks can be skewed by the mix of participants which is one reason OPEX expense as a percentage of revenue should be evaluated by both company size and primary funding sources, as both are highly correlated to the benchmarks

Those segmentations can be viewed on the following pages

Sales and Marketing Expenses to Revenue (%)

By Annual Recurring Revenue



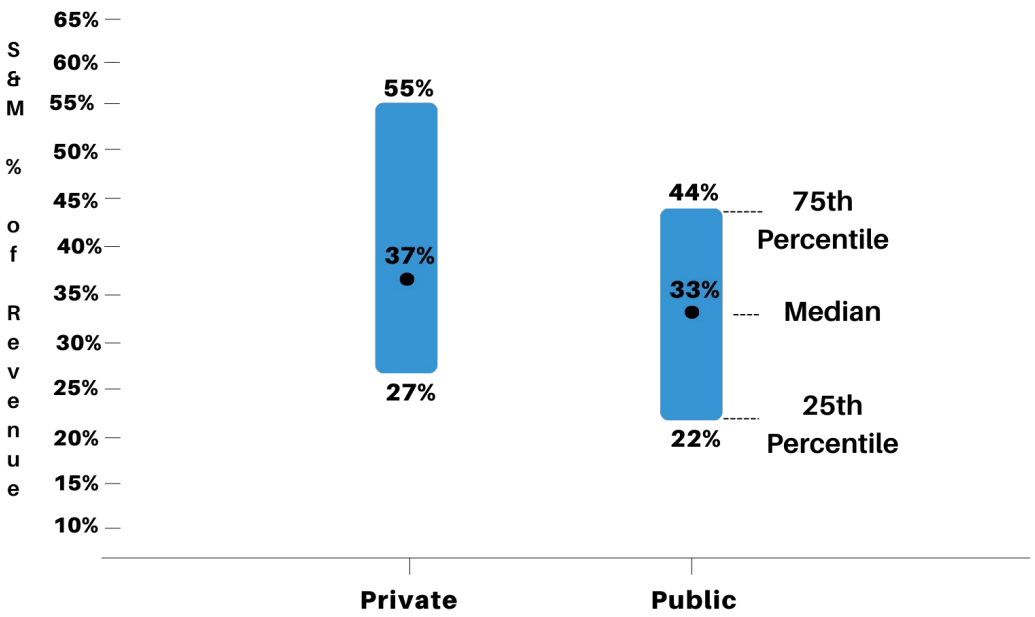
Insights

- Sales and Marketing expenses typically increase as a company scales beyond $5M - $10M due to the additional of many more direct sales resources, sales development representatives and Marketing investments in people and program to generate the additional pipeline required to support high growth ARR, early-stage companies
- It is interest to note that private companies > $100M ARR are investing 33% (median) of revenue in Sales and Marketing, which is exactly the same as Public SaaS companies invest in Sales and Marketing highlight on next page

N = 157

Sales and Marketing Expenses to Revenue (%)

By Private VS Public Companies



N = 157 Private N = 100 Public

Insights

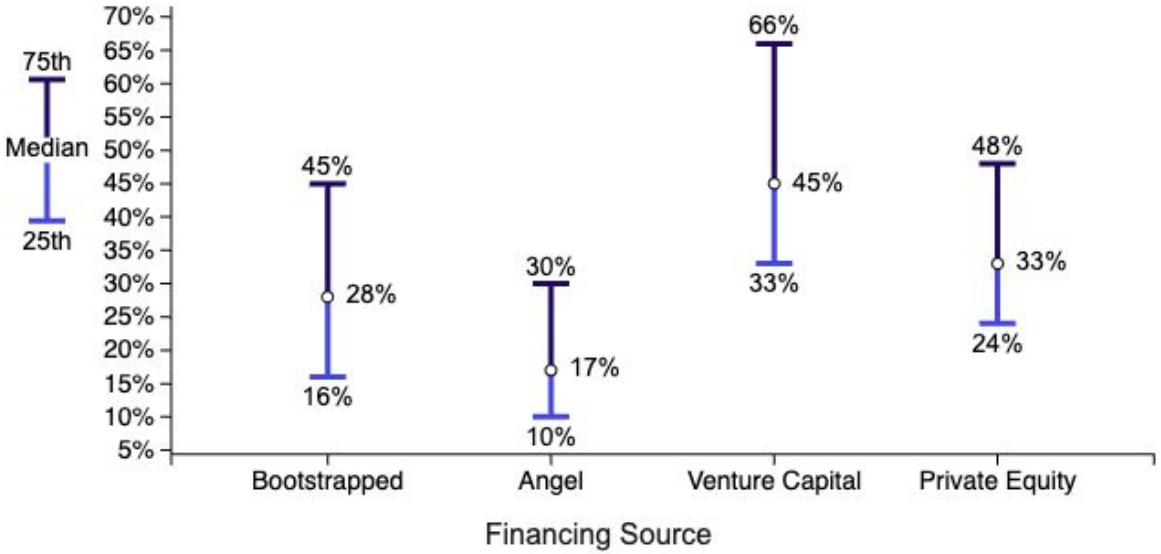
Even early stage company founders are interested in how certain performance metrics compare to public companies

Sales and Marketing expenses as a percentage of revenue is one of the top comparison metrics asked about

Though private companies invest slightly more (25th percentile, median and 75th percentile), the most instructive view is to evaluate Sales and Marketing expenses as a percentage of revenue by company size, Go-to-Market motion, and financing source" which are highlight on the following pages

S&M Expenses to Revenue %

By Financing Source



N = 157

Insights

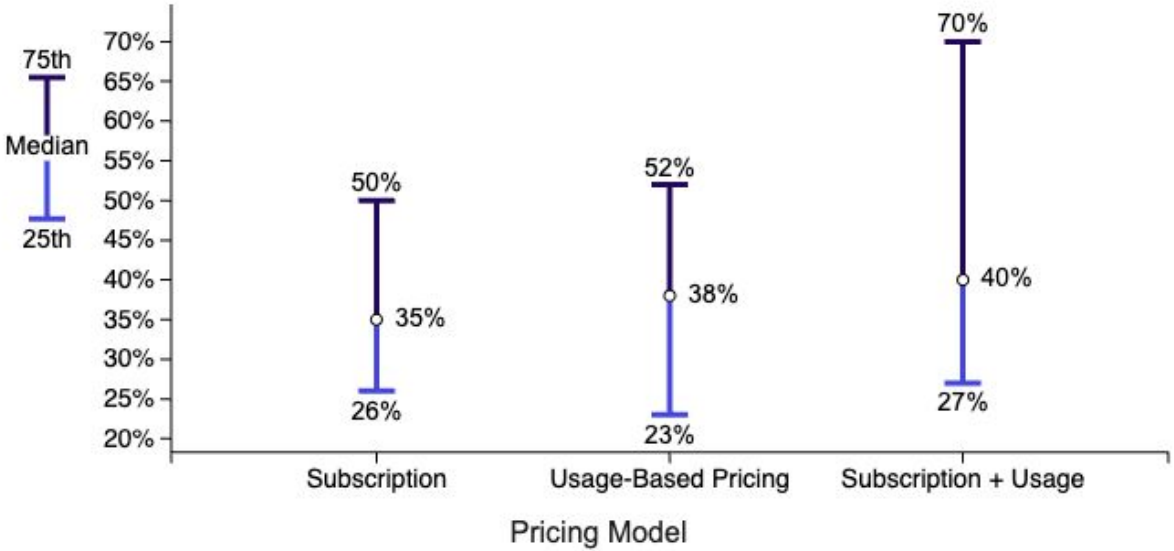
This benchmark chart highlights the different 25th percentile, median and 75th percentile expenses as a percentage of GAAP revenue BY funding source

The primary insight from this benchmark is that VC backed companies invest much more in S&M (45% median) than Private Equity backed companies at 33% median

Naturally, boot-strapped and angel-back companies are investing less in S&M, as often they are still operating under a "founder-led" customer acquisition motion and/or are inherently limited by available capital to invest too far ahead of profits

Sales and Marketing Expenses to Revenue (%)

By Pricing Model



N = 157

Insights

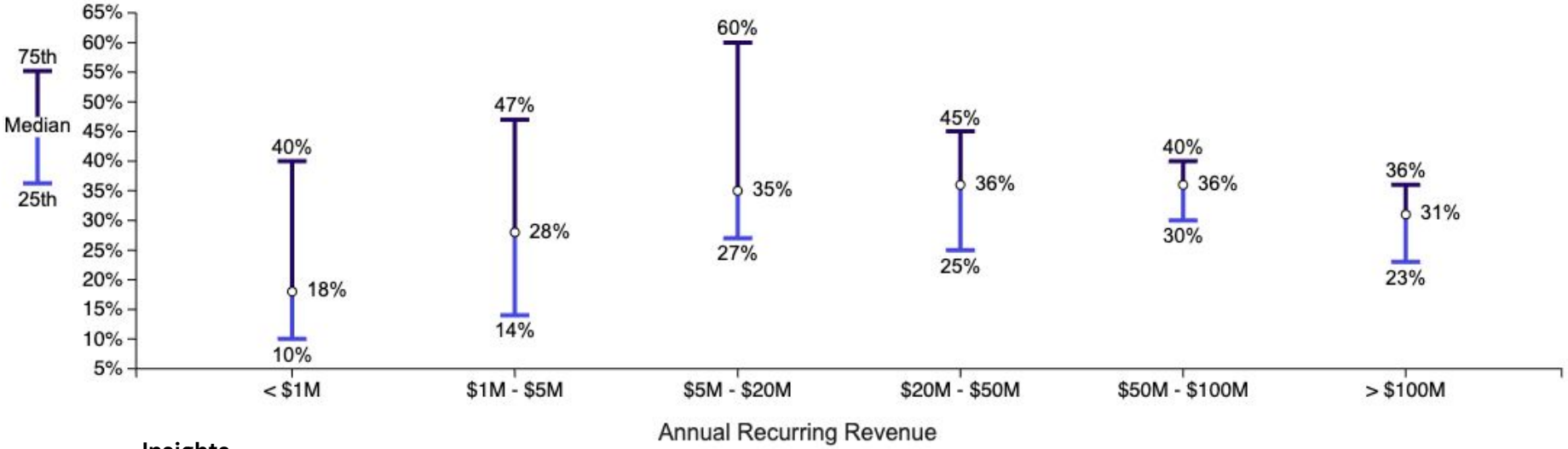
This benchmark shows the 25th percentile, median and 75th percentile expenses segmented by pricing model

One of the common beliefs about PLG is that Sales and Marketing costs will be lower. The same is true for a Usage-Based Pricing Model versus a traditional subscription based model

Benchmarks consistently show that as companies scale they increase focus on increased product usage and to identify new use cases to increase revenue, that in fact PLG is more expensive as measured by S&M to Revenue (%) over time - which is antithetical to popular belief

Research and Development Expenses to Revenue (%)

By Annual Recurring Revenue



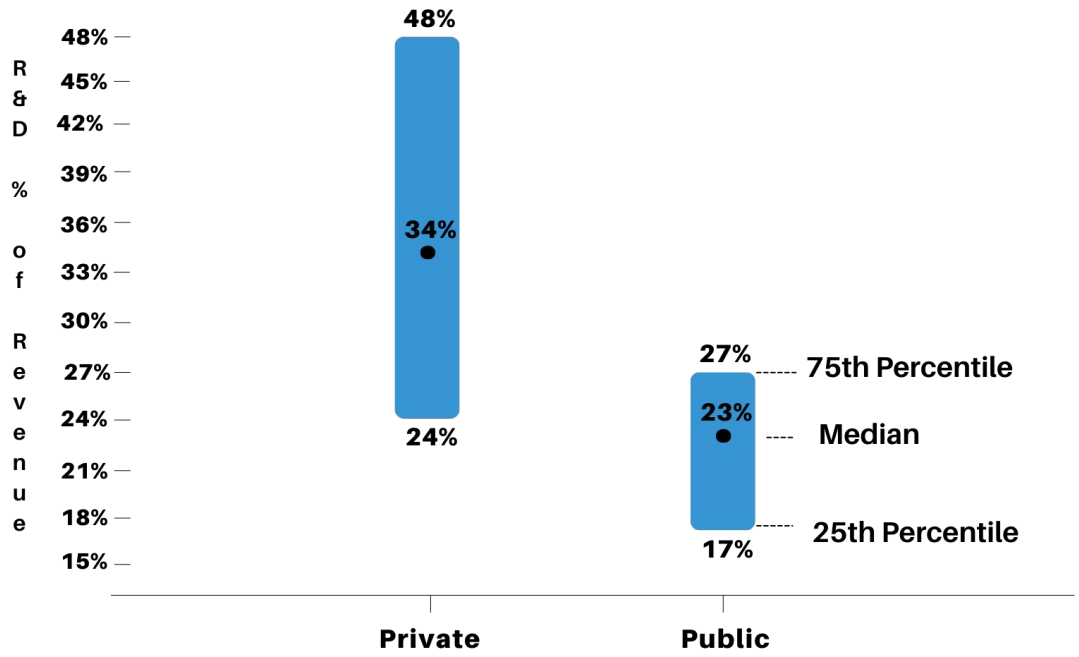
Insights

- A very interesting change in this year's benchmarks is that the percentage of revenue allocated to R&D in companies < $5m ARR) is lower than in previous years. Though we are not sure of the exact cause of this change - the evolution of AI enable SW development with tools like Cursor - this is an interesting trend to watch
- It is also interesting to note that as SaaS companies scale and are being faced with the constant innovation of AI-Native companies, the investment in R&D has increased at each stage of growth over previous years. This is a benchmark that we will be doing additional research to understand why this trend appeared in 2024

N = 140

Research and Development Expenses to Revenue (%)

By Private VS Public Companies



N = 140 Private

N = 101 Public

Insights

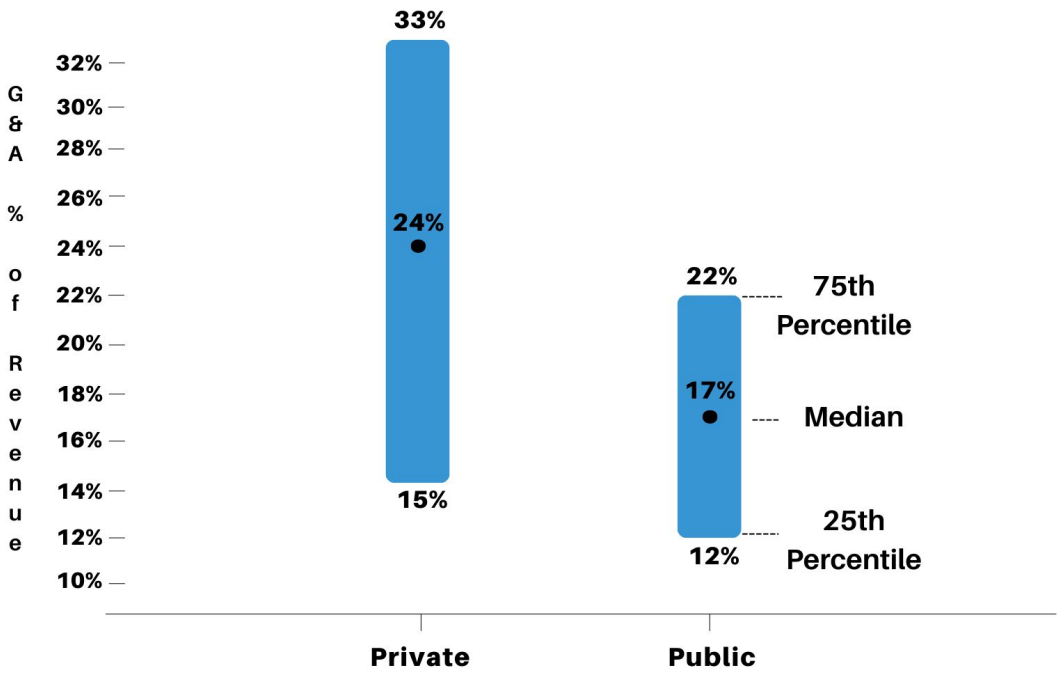
Public SaaS companies are investing 23% of their revenue into R&D versus 34% median for private SaaS companies

By using the Benchmarkit interactive benchmarking platform you can see how the private company R&D investment benchmarks change based upon the company profile attributes that are most similar to your own

We continue to see AI investments in R&D growing in legacy SaaS companies as they compete to retain customers and avoid churn from larger platform vendors and/or from AI-Native companies in their category

General and Administrative Expenses to Revenue (%)

By Private VS Public Companies



N = 142 Private N = 99 Public

Insights

It would not be a complete set of OPEX benchmarks without including G&A expenses as a percentage of revenue

The 24% median is higher than expected, and was impacted by the distribution of survey participants

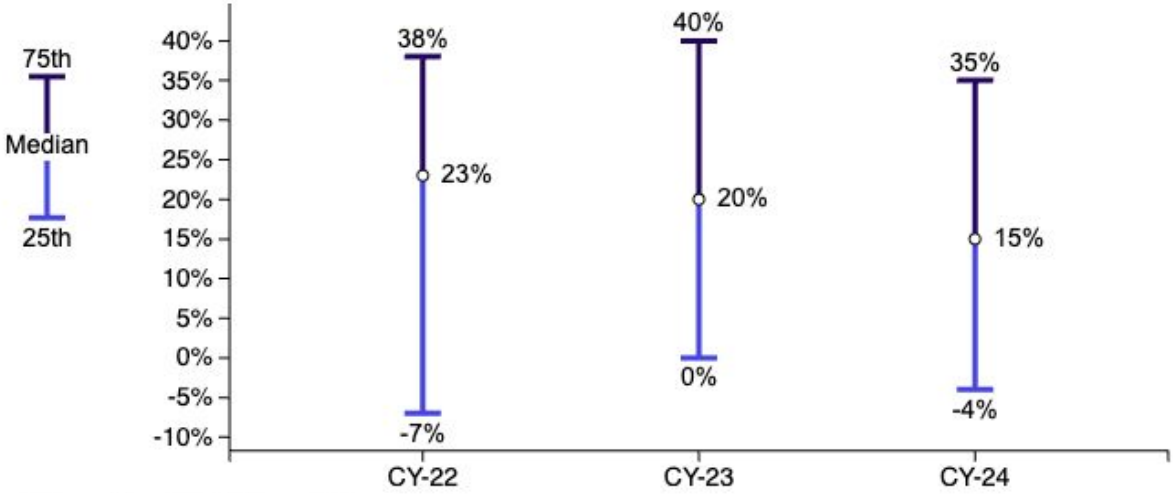
Early-stage companies typically include CEO compensation and the VP Finance/CFO compensation in G&A

As a result, it is common to see G&A Expenses as a percentage of revenue are higher in >$10M ARR companies, and will begin to decrease towards the Public company median benchmark of 17% or lower after 20M ARR is reached

Capital Efficiency

07

Rule of 40
'22 vs '23 vs '24



N = 110

Insights

Since the Rule of 40 is a grand-daddy of SaaS metrics - no benchmark report would be complete without it

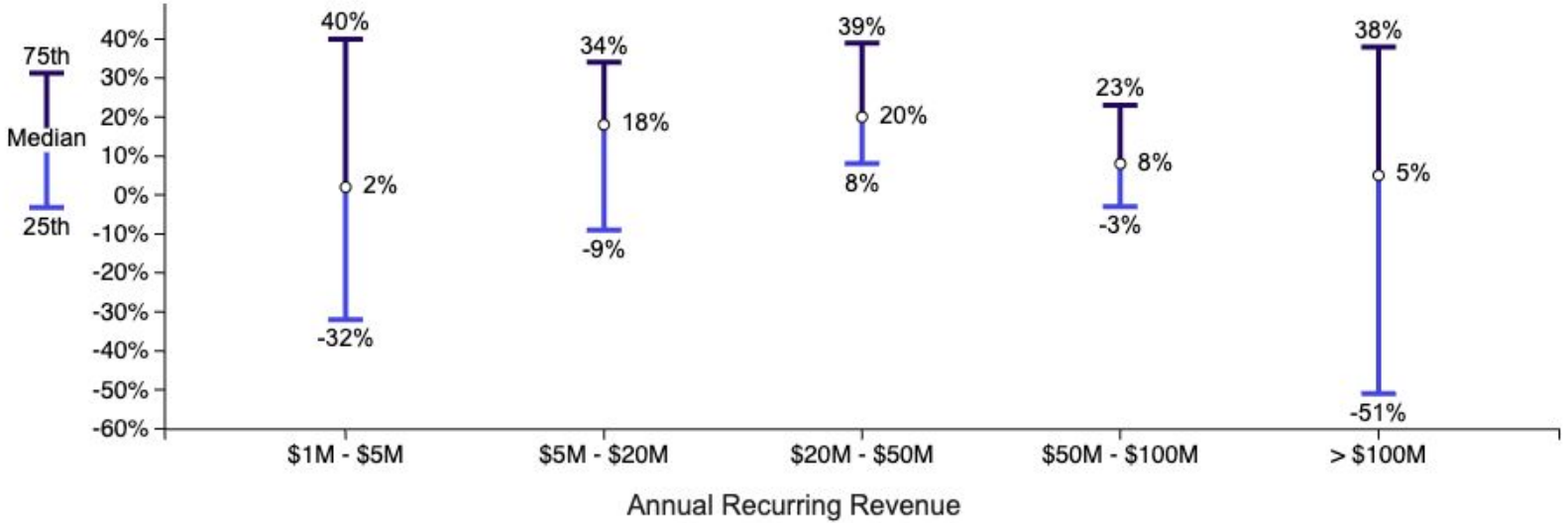
Earlier stage and mid-stage growth companies will see the Rule of 40 begin to decrease as they experience growth rate decay faster than they can increase operating profitability

VC firms begin to start use Rule of 40 as an investment/valuation factor at ~ $15M

VC's are willing to provide a higher valuation IF the growth rate AND the Customer Acquisition and Retention unit economics are in the top quartile

Rule of 40

By Annual Recurring Revenue

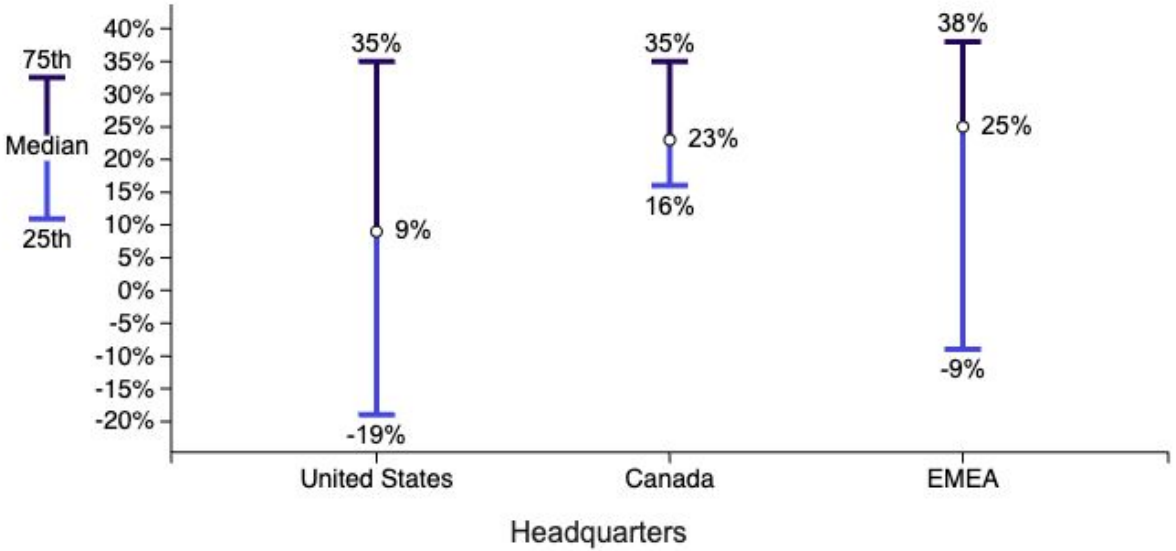


Insights

- Rule of 40 benchmarks for 2024 challenge traditional findings - as they highlight that as SaaS companies scale beyond $50M their Rule of 40 is decreasing
- Though there was an urge to not included this chart in the 2024 report and interactive benchmarking portal that would be against every value we apply to benchmarking at Benchmarkit - so here it is without a evidence based rationale or reasoning for why the Rule of 40 actually decreased at both the median or 25th percentile for companies over $50M

N = 110

Rule of 40
By Company Region



Insights

Canadian and EMEA (primarily European) companies are balancing growth and profitability with a median Rule of 40 in the 23% - 25% range

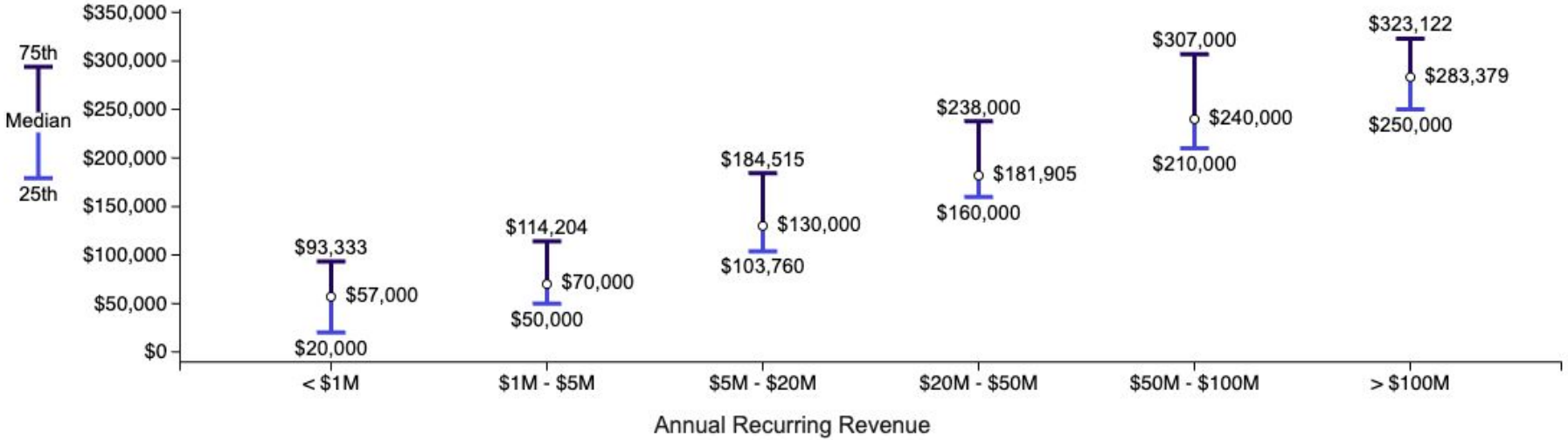
Top quartile U.S. based companies are in-line with their global counterparts, but their Rule of 40 is 14% lower at a 9% median

This findings suggests that growth rate is too low and/or operating profitability is not performing at the level required to achieve efficient revenue growth

This iRule of 40 is supported by the increasing New CAC Ratio increase and the decreasing Gross Revenue Retention

N = 110

ARR per Employee
By Annual Recurring Revenue



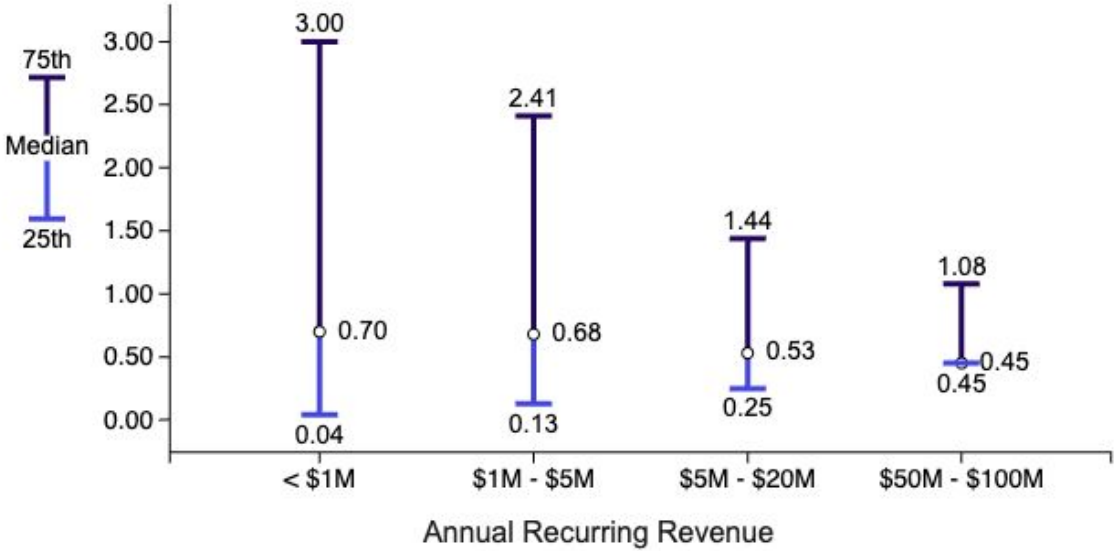
Insights

- One of the most positive trends in B2B SaaS is the increasing ARR per FTE at each stage of especially in the $20M ARR and above segments
- The increased focus on operating expense and headcount control, including an evolving strategy not to immediately replace attrition with new headcount until an evaluation of what can we automate or increase productivity with AI
- We predict the ARR per FTE increase will continue to increase as legacy SaaS firms are being evaluated against native-AI and Agentic AI companies with 2x - 3x higher productivity (ARR per FTE)

N = 174

ARR:Capital Ratio

By Annual Recurring Revenue



Insights

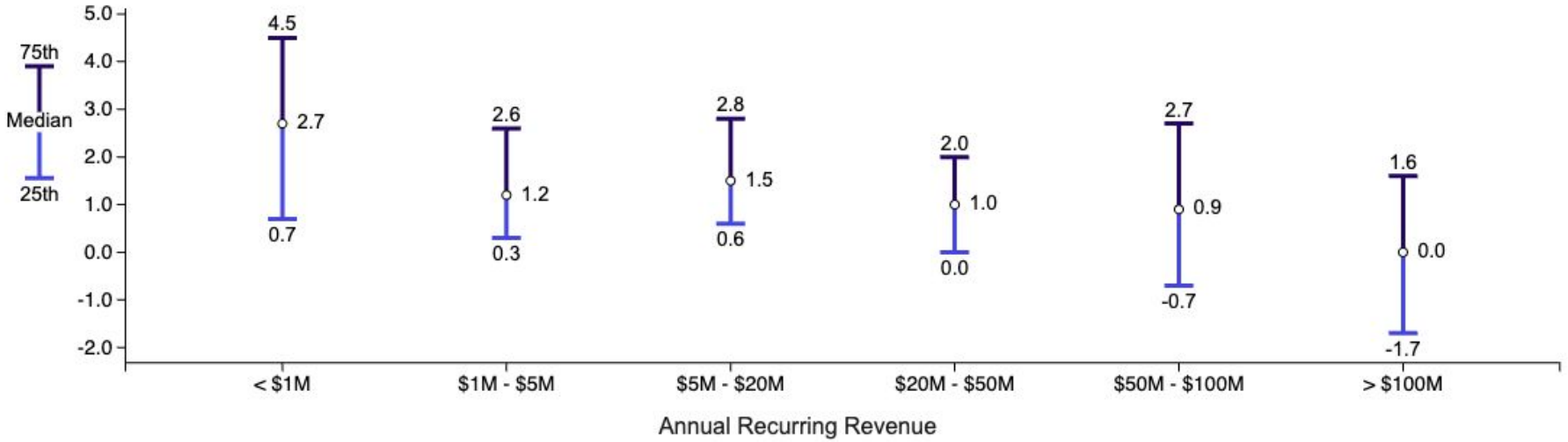
ARR per dollar of capital raised is a metric that investors look at to evaluate the potential for both ARR growth velocity and the ability to continuously increase productivity leading to operating profitability to fuel growth over the long term.

A concerning aspect to this benchmark is that even companies greater than $50M are not approaching the 1.00 level - the point where ARR is greater than capital raised and investors begin to see increased returns

N = 61

Burn Multiple

By Annual Recurring Revenue



Insights

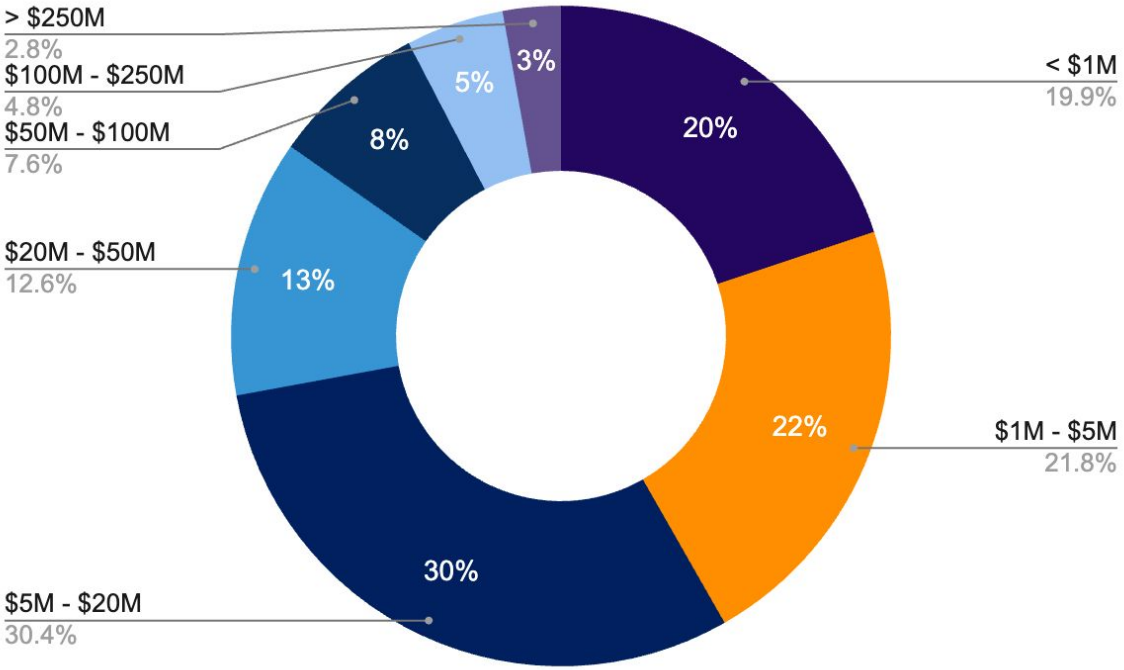
- The burn multiple measures how much cash is being burned in a period divided by Net New ARR. This metric was popularized by David Sacks at Craft Ventures as a metric to measure the efficiency of growth. The Bessemer Ventures "Efficiency Score" is very similar, but it switches the numerator to Net New ARR divided by Net Burn
- The Burn multiple decreases as a company scales with the goal to reach < 1.0 at the $25M - $50M range and over time become a negative number - meaning that a company generates more New ARR than cash burned to generate New ARR

N = 130

Participant Profile

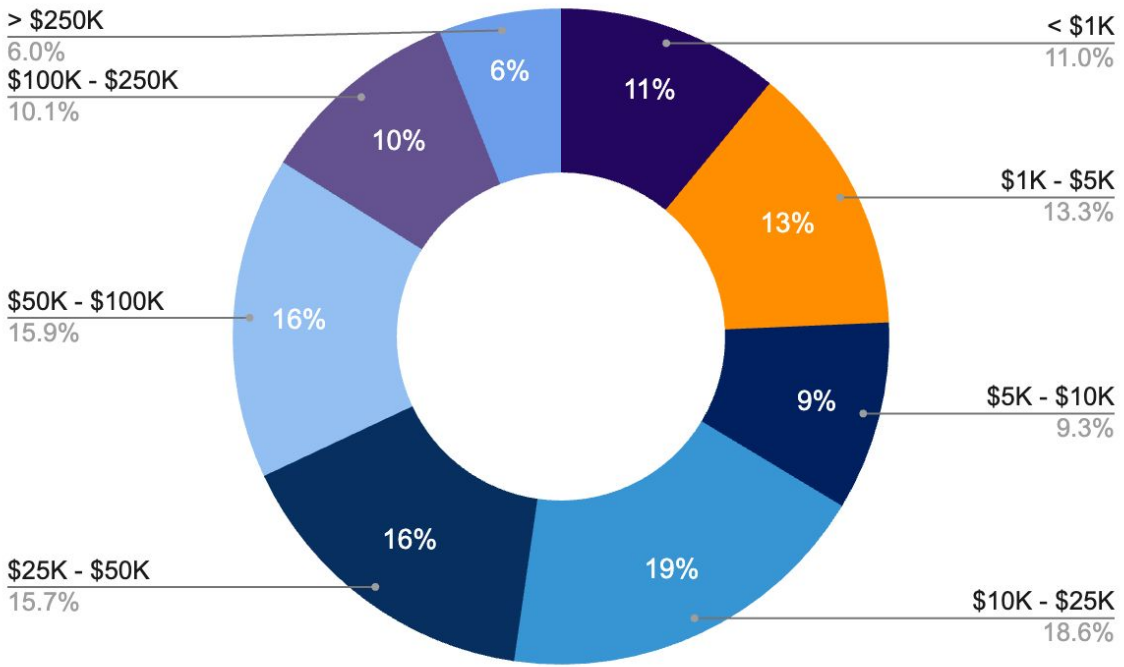
08

Participant Profile
By Annual Recurring Revenue



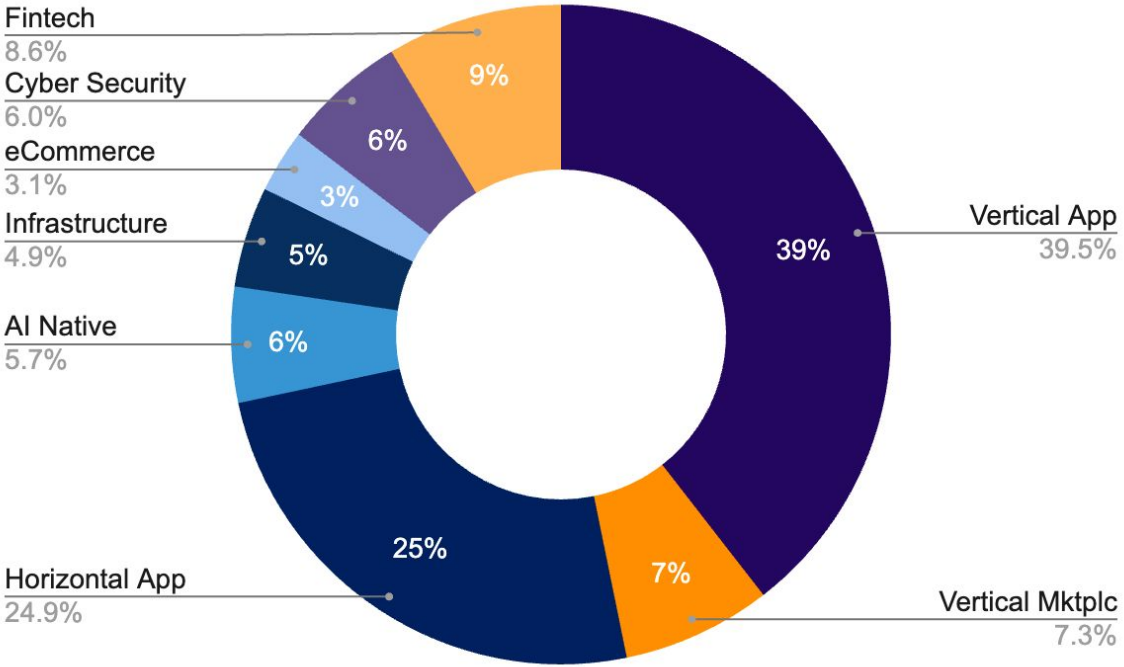
N = 563

Participant Profile
By Annual Contract Value



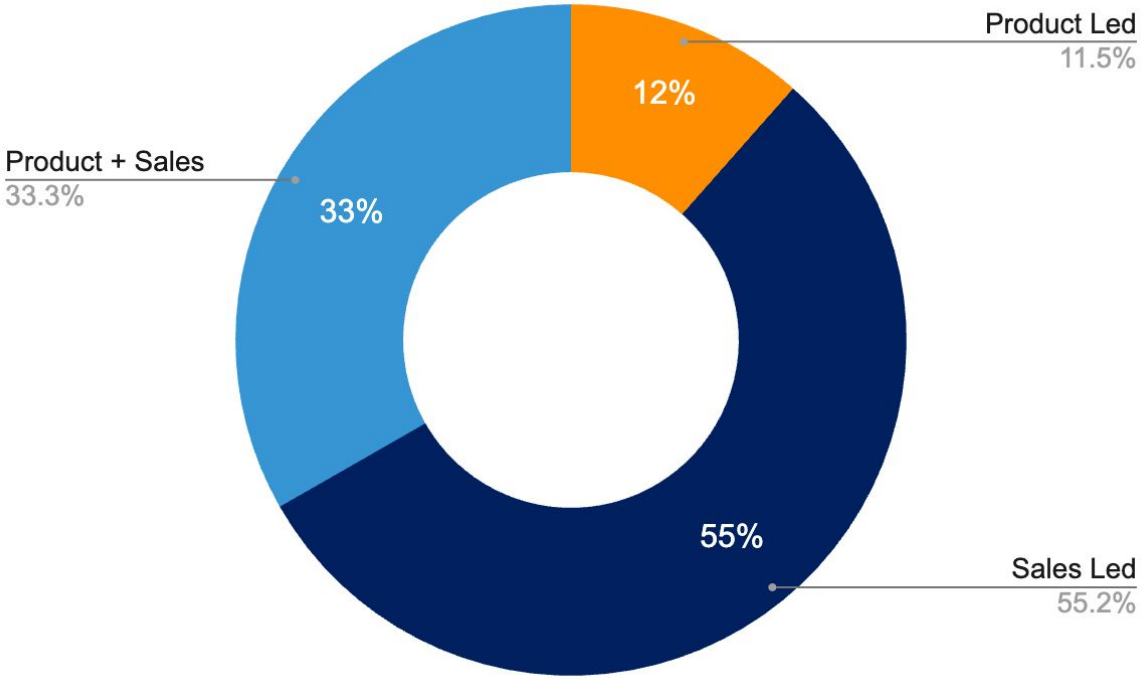
N = 563

Participant Profile
By Solution Type



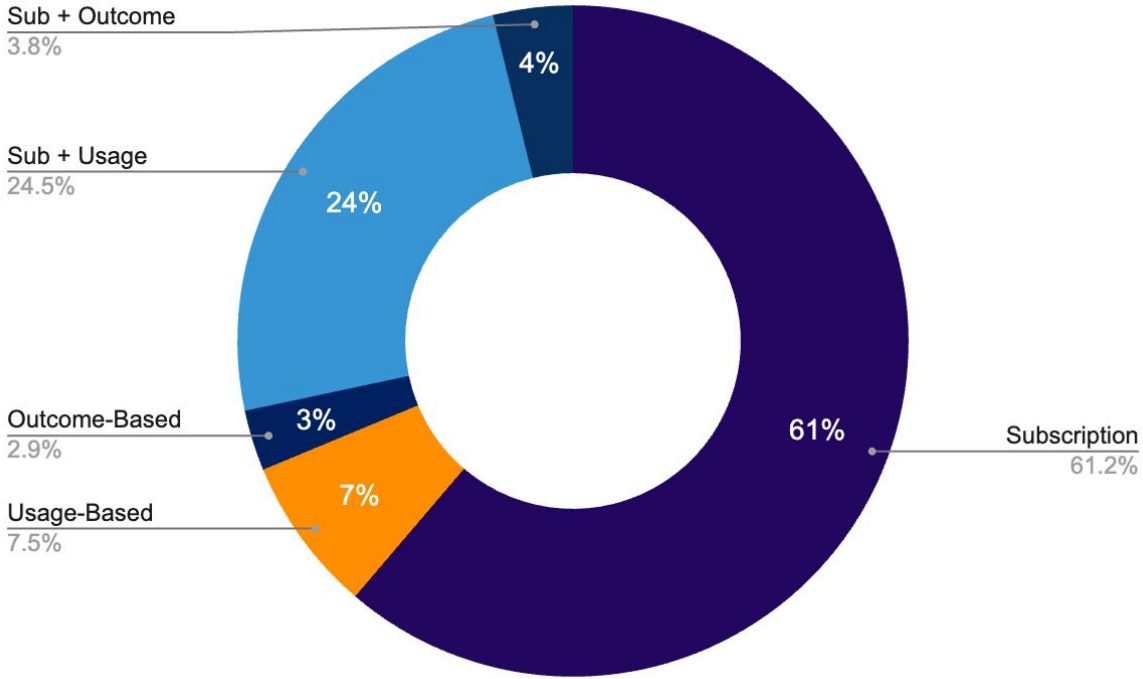
N = 563

Participant Profile
By Go-to-Market Motion



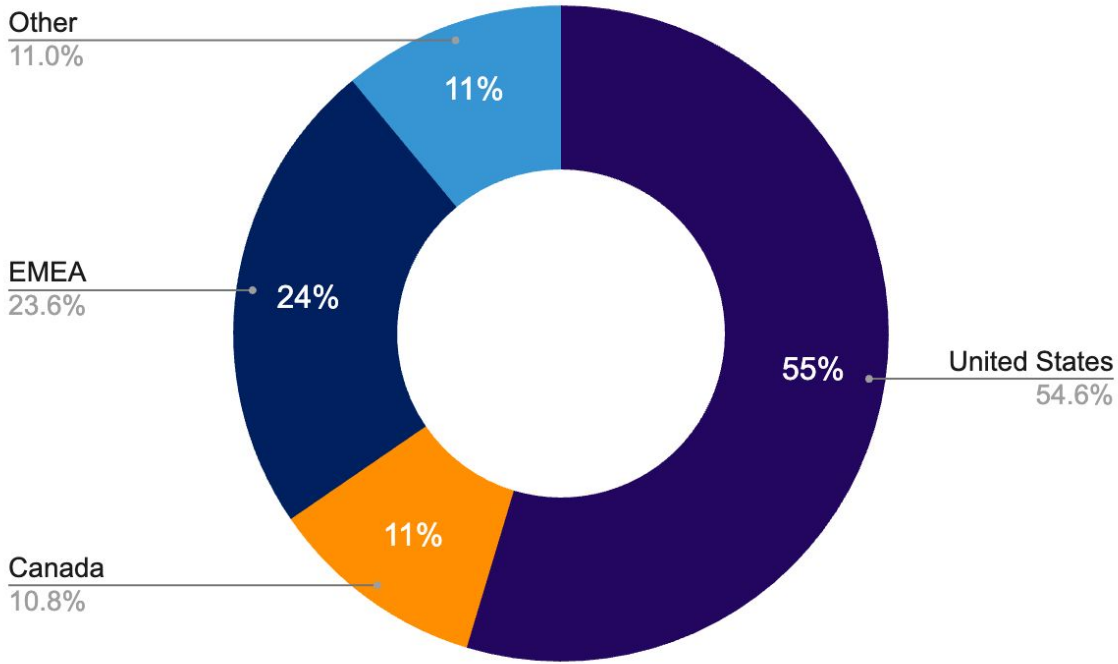
N = 563

Participant Profile
By Pricing Model



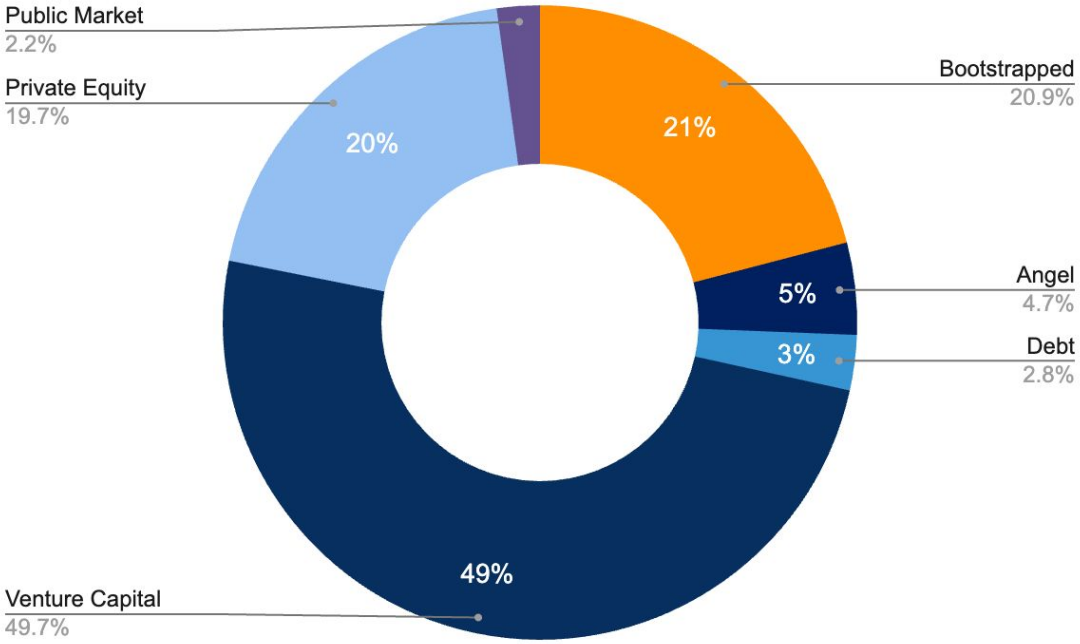
N = 563

Participant Profile
By Company Region



N = 563

Participant Profile
By Financing Source



N = 563

Glossary

Survey Date: Survey was open during February - March, 2024. We asked for either CY-24 data or last twelve months data for all metrics if they had a different calendar year versus fiscal year

2024 Growth Rate: Based upon last twelve months growth rate or calendar year 2024

Blended CAC Ratio: Sales and Marketing expenses/ New ARR + Expansion ARR

New CAC Ratio: Sales and Marketing expenses / New ARR

Expansion CAC Ratio: Sales and Marketing and Customer Success expenses for expansion ARR / Expansion ARR

CAC Payback Period: Sales and Marketing Expenses / (ARR from New Customers x Gross Subscription Margin) x 12

*CLTV:CAC Ratio: (Average ARR Per Account*Recurring Revenue Gross Margin/Churn Rate) / CAC per new customer*

SaaS Magic Number: (Current Qtr's Revenue - Previous Qtr's Revenue) / Previous Qtrs Sales and Marketing Expenses

Gross Revenue Retention: Recommended using cohort method using ARR from cohort of customers at beginning of period divided by ARR from same cohort of customers at end of period excluding any/all cross-sell, up-sell and expansion ARR but including churn ARR and down-sell ARR

Net Revenue Retention: Recommended using cohort method using ARR from cohort of customers at beginning of period divided by ARR from same cohort of customers at end of period including any/all cross-sell, up-sell, expansion ARR, dow-sell ARR and churn

n = 583 participants

Glossary

Rule of 40: We used the formula YoY ARR Growth Rate + Free Cash Flow Margin, but allowed companies who did not calculate Free Cash Flow Margin to use EBITDA as their operating profitability proxy

Gross Margin - Total: Total Cost of Goods Sold / Total GAAP Revenue

Gross Margin - Subscriptions: Total Cost of Goods Sold for Subscriptions / Total Subscription Revenue

S&M as % Revenue: Fully Loaded Sales and Marketing Expenses / GAAP Revenue. We did not ask to break out Stock-Based Compensation

R&D as % Revenue: Fully Loaded R&D Expenses / GAAP Revenue. We did not ask to break out Stock-Based Compensation

G&A as % Revenue: Fully Loaded G&A Expenses / GAAP Revenue. We did not ask to break out Stock-Based Compensation

ARR per FTE: End of Period ARR / Number of Employees at same end of Period

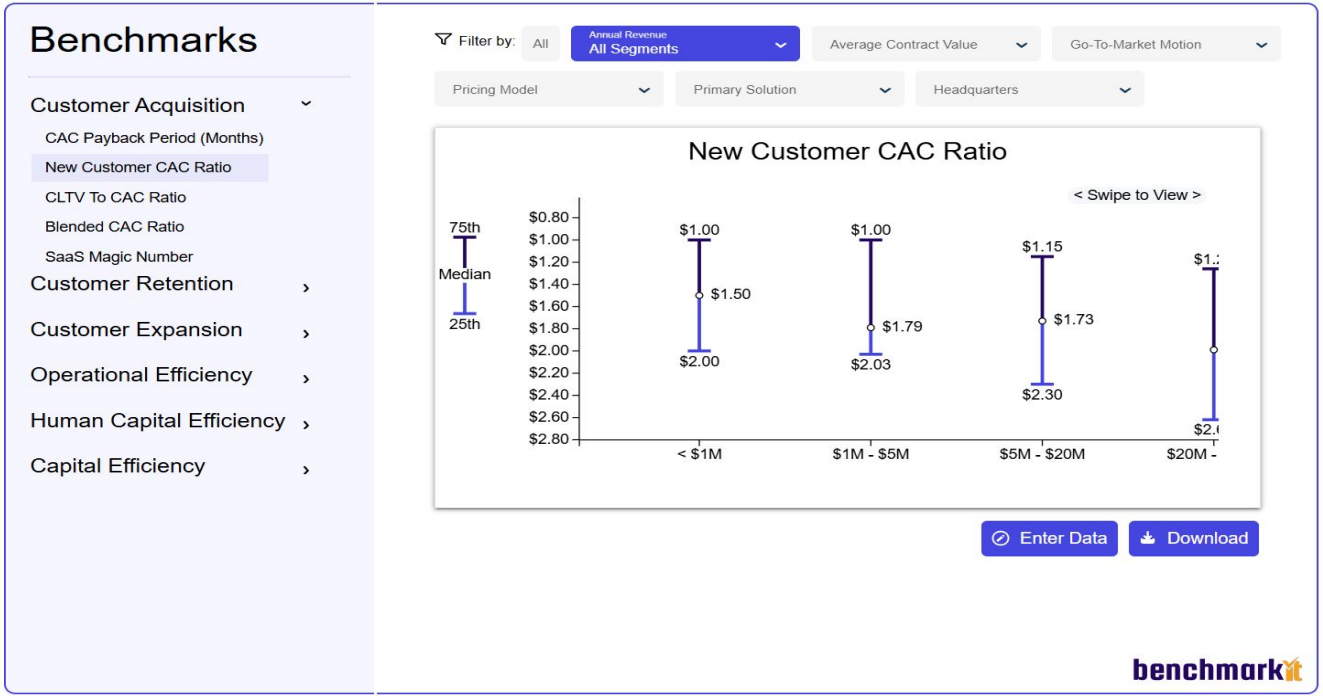
ARR:Capital Raised: End of Period ARR / Total Capital Raised over lifetime of company

Burn Multiple: We asked for the Burn Multiple over the last twelve months - (Net Burn / Net New ARR) = Burn Multiple

Expansion ARR Percentage: Expansion ARR / (New Customer ARR + Expansion ARR)

n = 583 participants

2025 SaaS Metrics Benchmarks – INTERACTIVE VERSION



The BEST way to view the 2025 SaaS Metrics Benchmarks is to FILTER by company profile attributes including:
1) Company Size; 2) ACV; 3) Pricing Model; 4) Go-to-Market Motion; 5) Financial Backing; 6) Solution Type; 7) Global Location

benchmarkit.ai/2025benchmarks