

SaaS Financial Impact Research Report

The Impact of a Pandemic on B2B SaaS Companies

Research conducted by:

RevOps Squared
&
The Sandhill Group

May 6, 2020



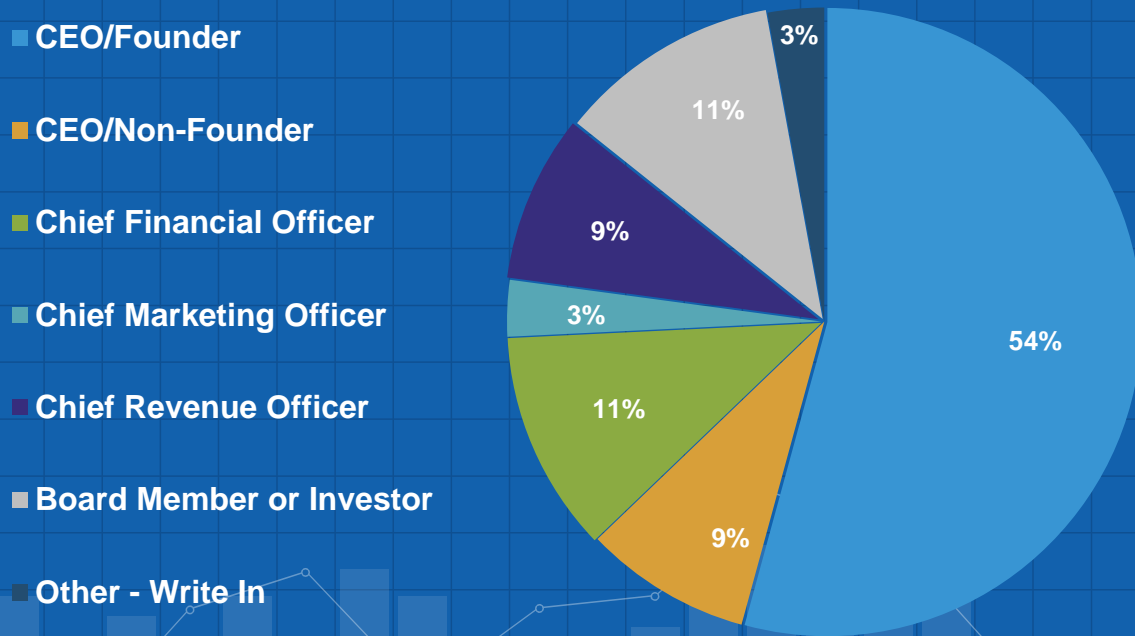
Between April 10, 2020 and April 30, 2020 RevOps Squared in partnership with the Sandhill Group conducted research that includes data from 210 participants.

The goal was to understand how financial planning and 2020 forecasts within the SaaS industry have been impacted by the pandemic.

All data was collected, aggregated, and anonymized to protect the confidentiality of all participants.

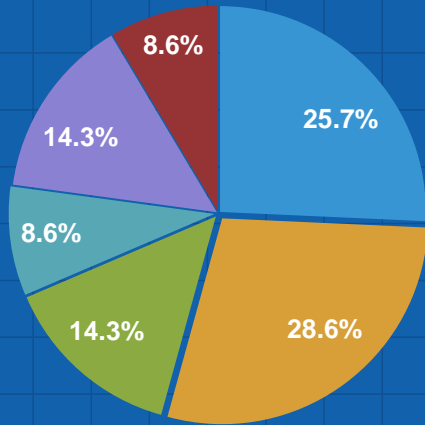
For all cohorts that did not include statistically relevant data, we excluded those from the cohort analysis.

Financial Impact Research - Participant Profile

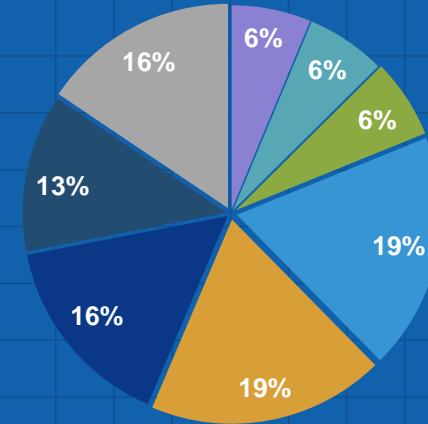


Financial Impact Research - Participant Profile

Company Size

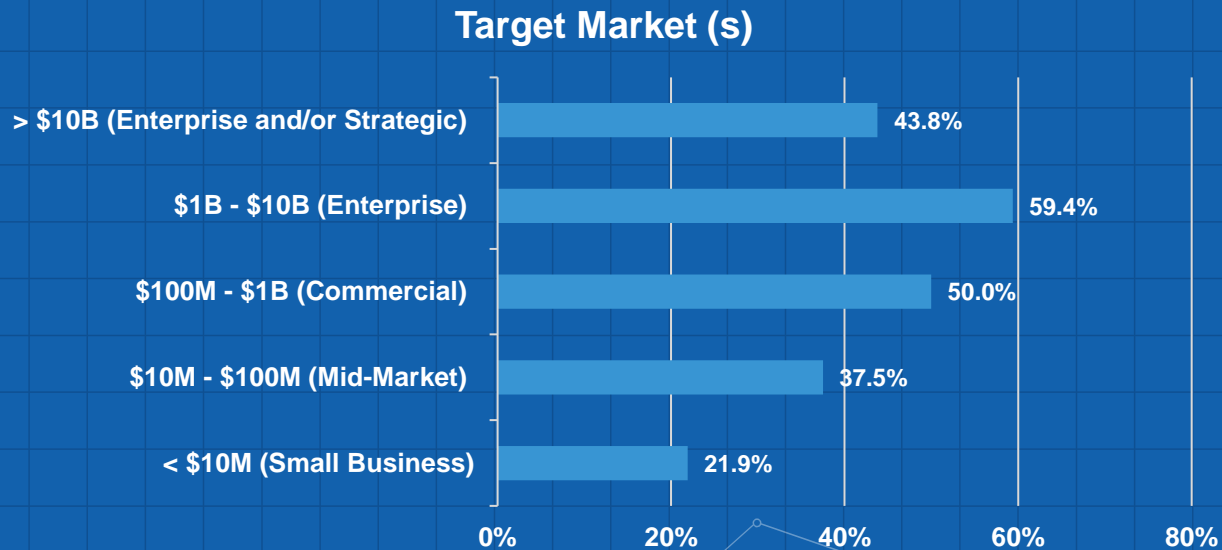


By ACV



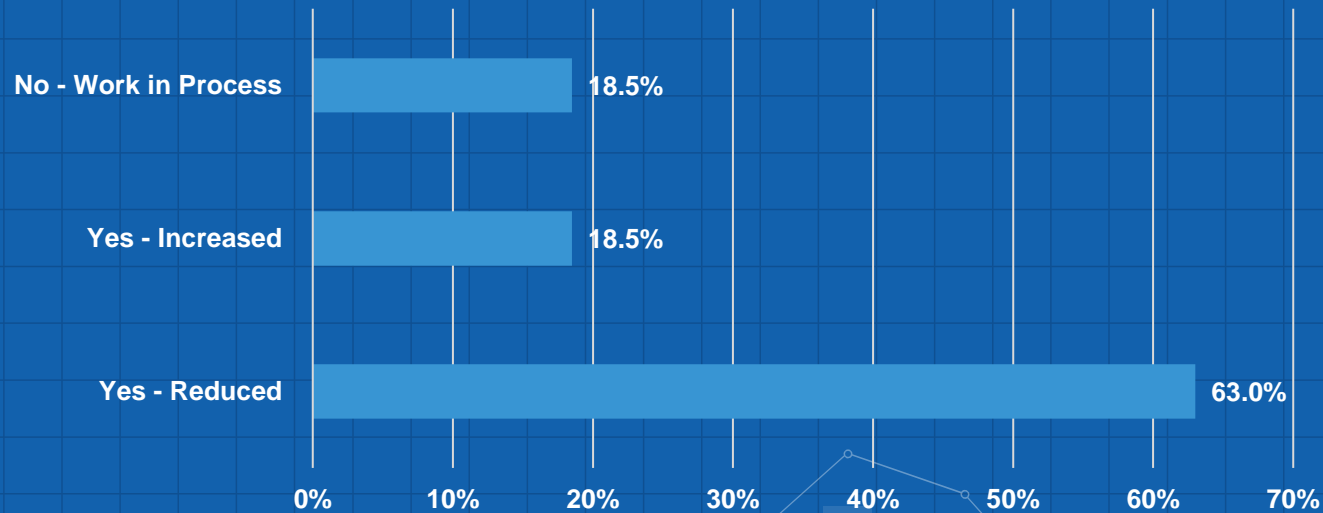
- < \$5M
- \$5M - \$20M
- \$20M - \$50M
- < \$1K
- \$1K - \$5K
- \$5K - \$10K
- \$10K - \$25K
- \$50M - \$100M
- \$100M - \$250M
- > \$500M
- \$25K - \$50K
- \$50K - \$100K
- \$100K - \$250K
- > \$250K

Target Market – By Customer Size



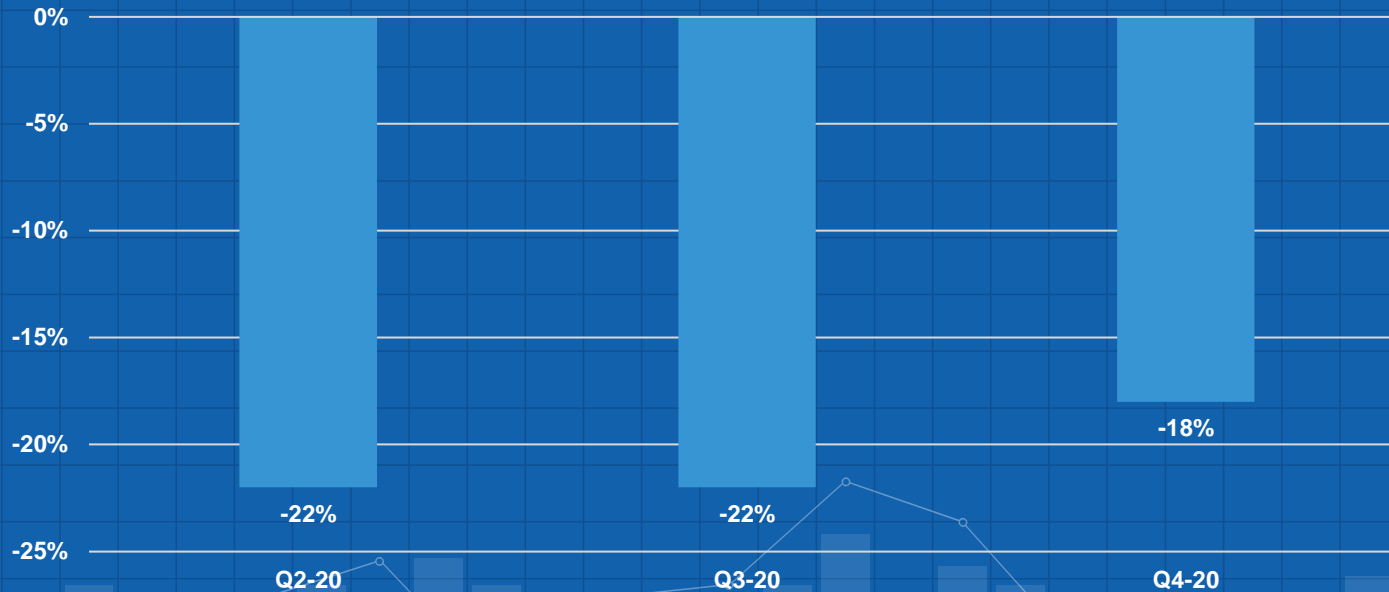
2020 Financial Plan Modification

Updated 2020 Financial Plan?



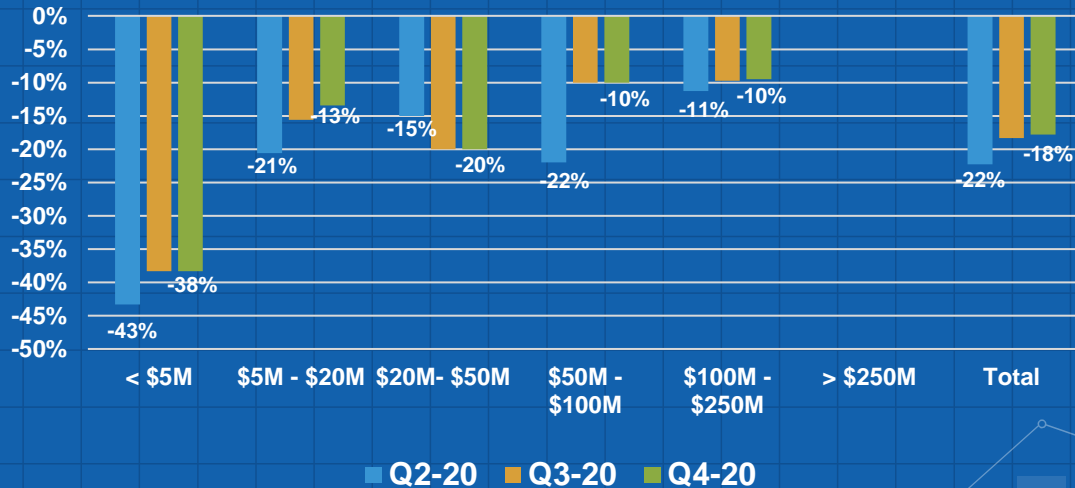
2020 Financial Plan Modification

Forecasted Financial Plan Impact vs Original Plan



2020 Financial Plan Impact – By Company Size

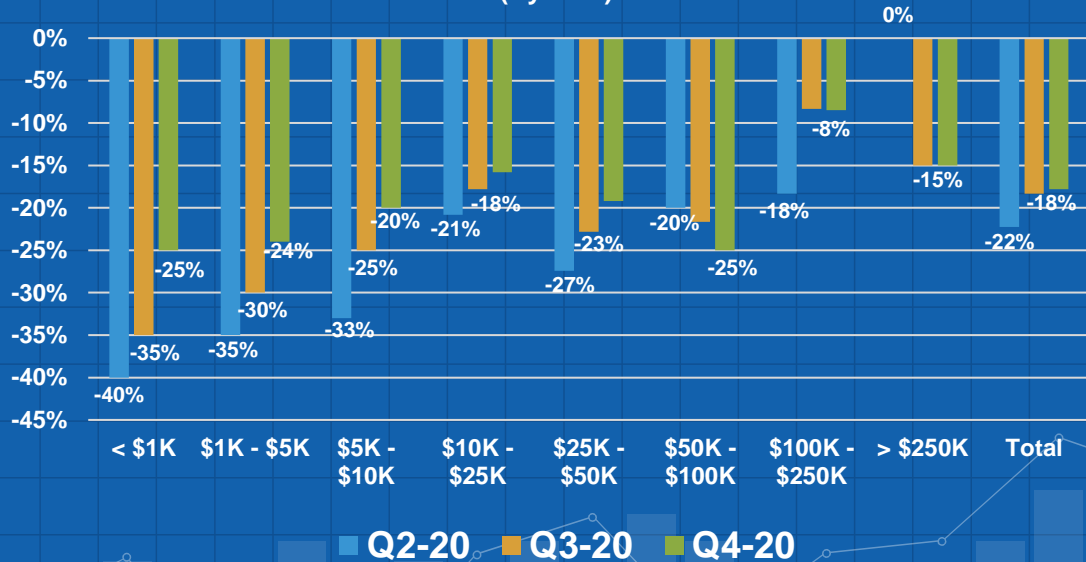
Financial Plan - Forecasted Impact
(By Company Size)



- Smaller Companies (< \$5M ARR) forecasting much higher impact on every quarter in 2020
- > \$50M ARR companies forecasting lower than industry average impact
- > \$50M ARR forecast a 10% or less impact on Q3 & Q4 Financial Plan
- > \$250M ARR companies did not have enough data for statistical significance

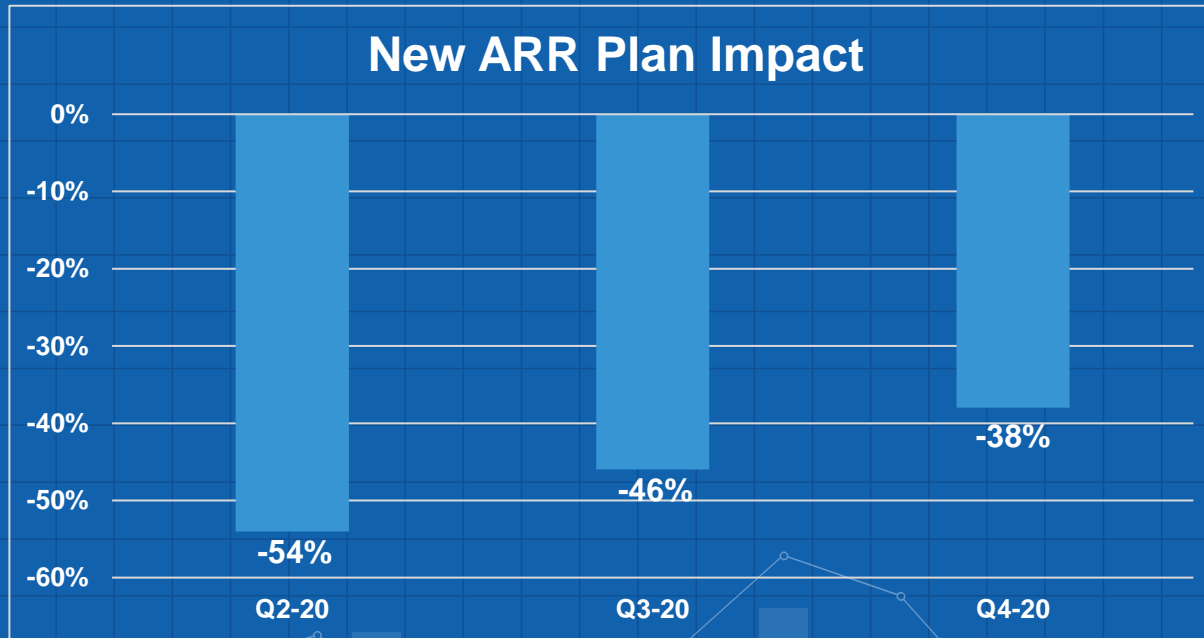
Financial Plan Forecast Impact – By ACV

Financial Plan - Forecasted Impact
(By ACV)



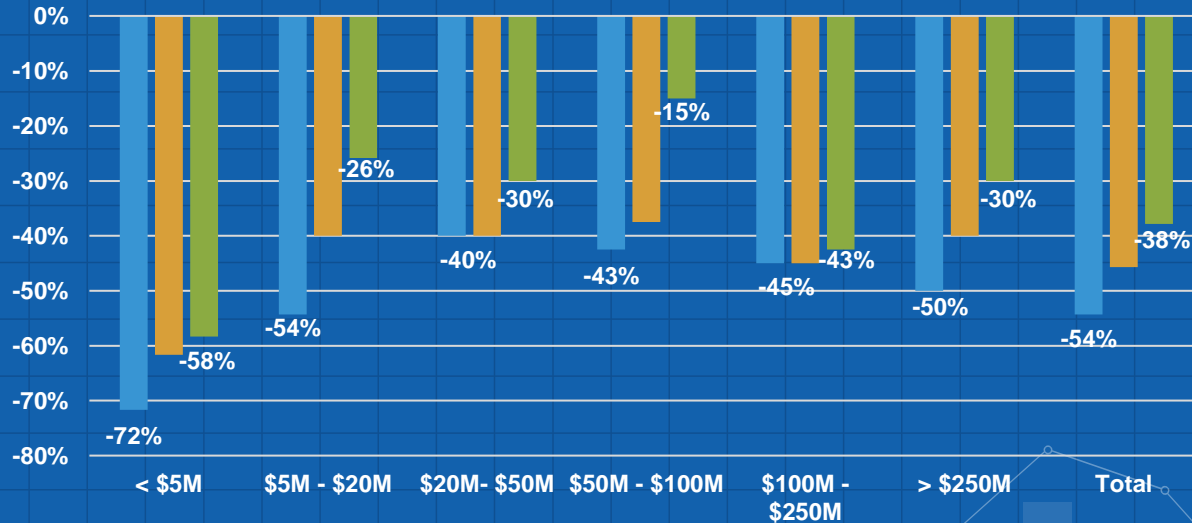
- Impact much greater in lower ACV solution companies (ACV < \$10K)
- High correlation between ACV and target market – customer size
- > 100K ACV Range has reduced negative impact across multiple dimensions

2020 New ARR Plan Modification



New ARR Impact - By Company Size

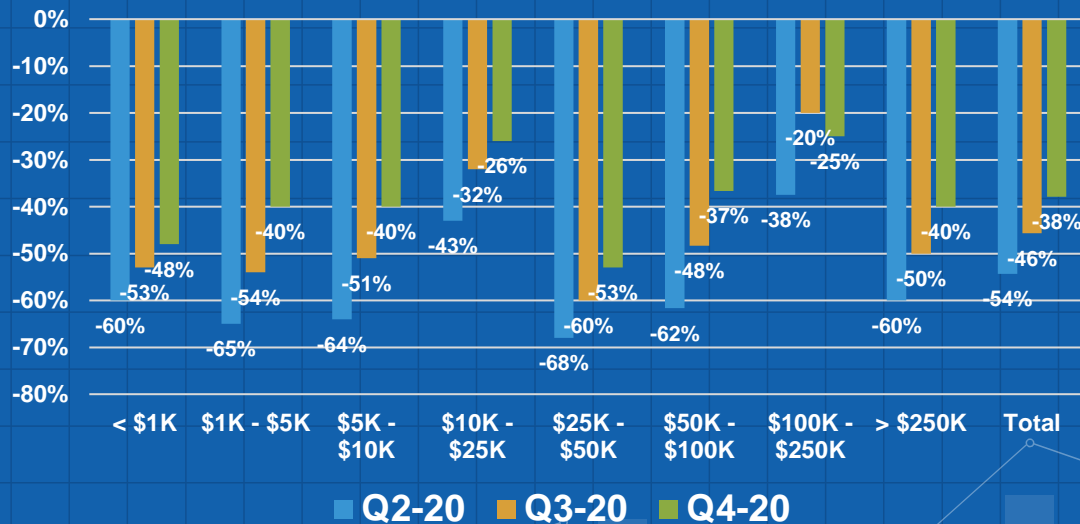
New ARR - Forecasted Impact (By Company Size)



- < \$5M companies forecasting greatest impact on New ARR
- Q2-20 Impact on New ARR is largest across all cohorts
- Q4-20 New ARR forecasted down by 38% against plan

New ARR Impact - by ACV

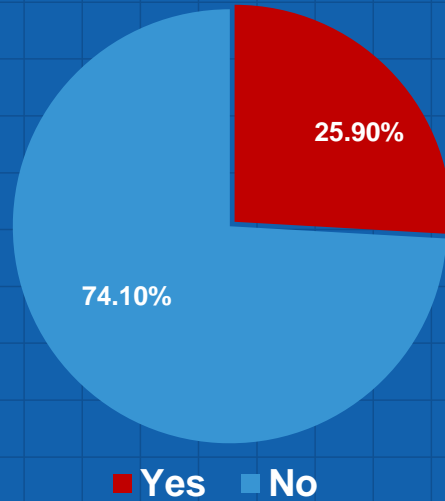
New ARR - Forecasted Impact
(By ACV)



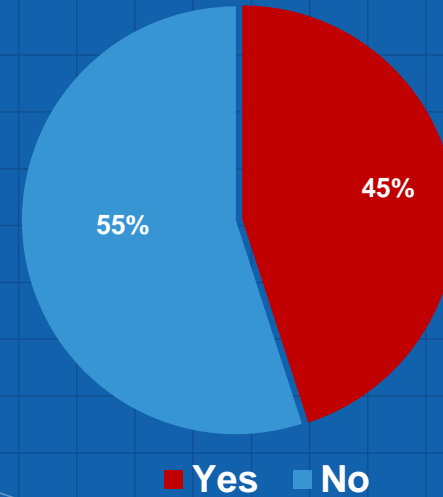
- New ARR forecast down an average 46% across Q2 - Q4
- Each quarter showing an average 8% decreased negative impact on New ARR
- \$100K - \$250K ACV shows lowest impact on New ARR across all quarters
- > \$250K ACV is forecasted to perform lower vs average across all 3 quarters
- \$10K - \$25K ACV is forecasted to perform better “on average” across all 3 quarters – LESS FRICTION?

Have you Reduced # Employees

Has Company Reduced Staff

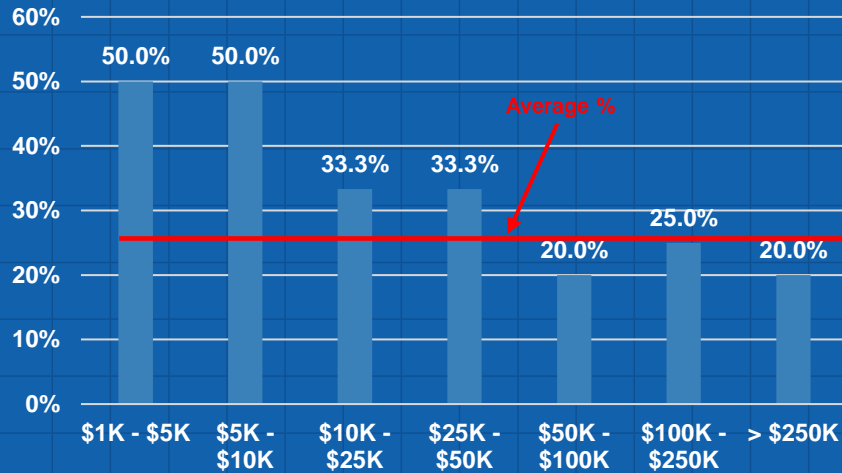


Concerned - Future Layoff's

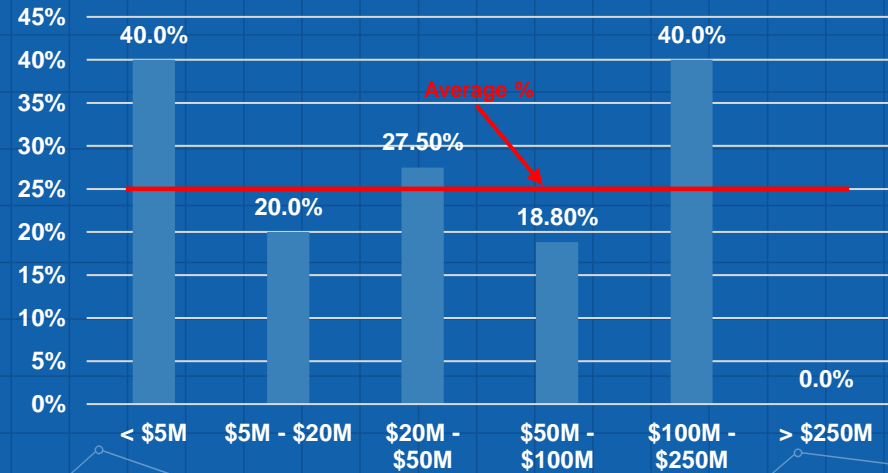


Staff Reductions – By Cohort

% Companies Reducing Staff - By ACV

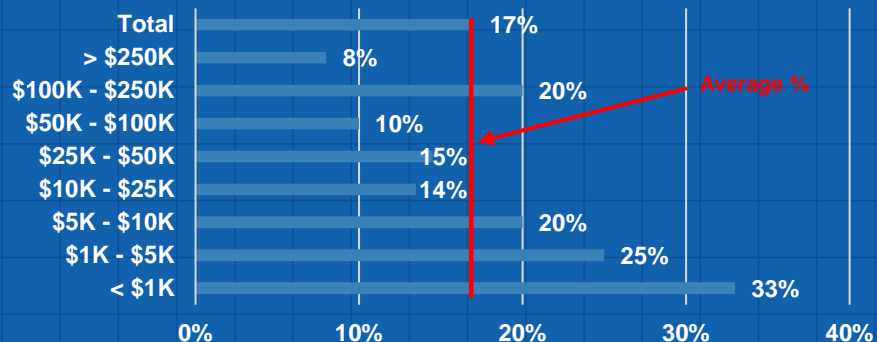


% Companies Reducing Staff - By ARR

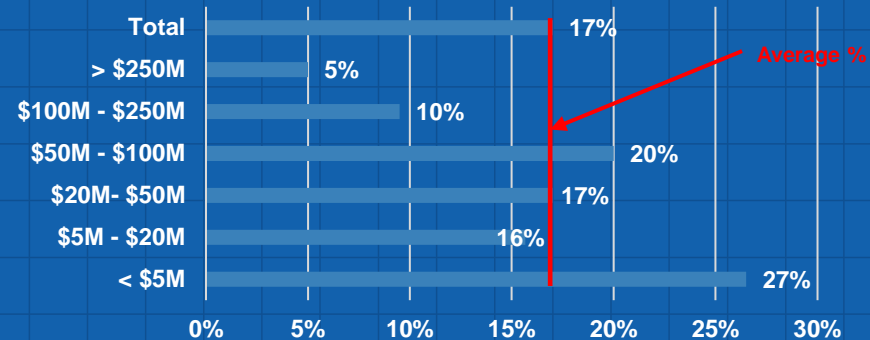


Average Employee Impact – By Cohort

% Employees – By ACV (\$)



% Employees - By Company Size (\$)



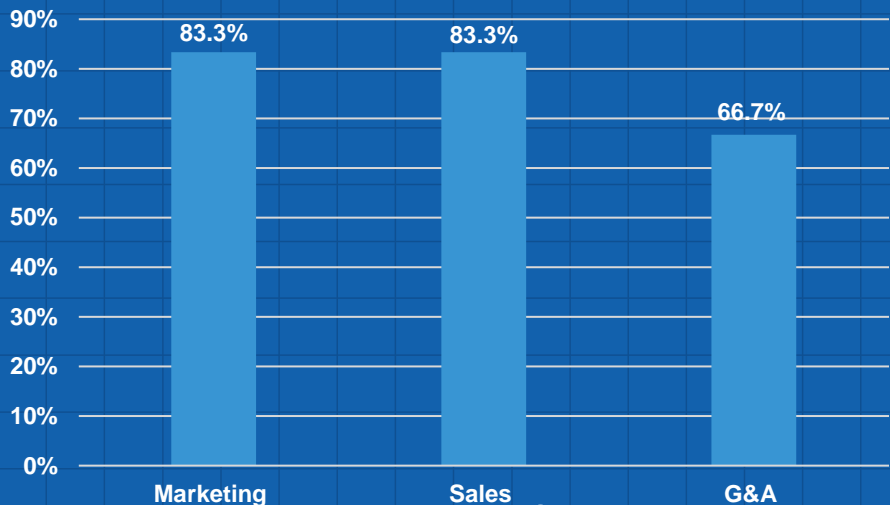
- Smaller ACV companies experience greater impact
- One \$100K - \$250K company skewed segment due to target industry – if excluded impact was 10%
- Average staff reduction was 17%

- > \$100M ARR companies have much less impact
- \$50M - \$100M skewed negative by target industry
- \$5M - \$20M fared slightly better than average

Employee Impact – Most and Least Impacted Departments

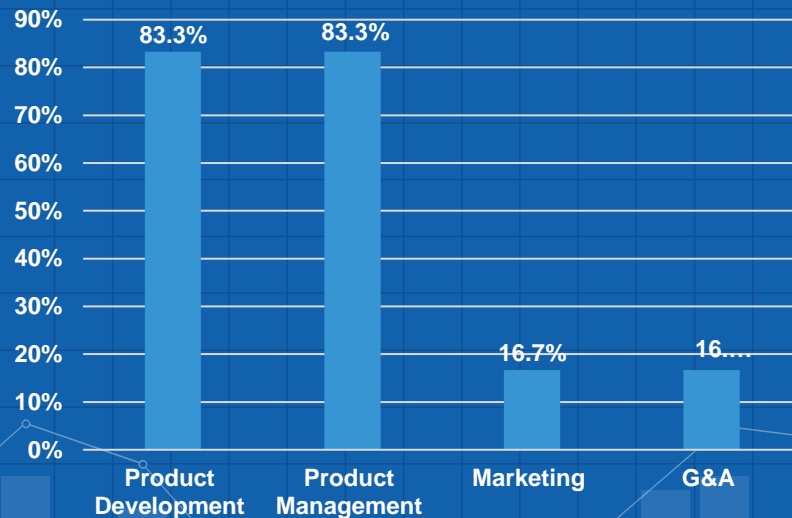
Largest Impact - By Department¹

Companies with lay-offs – Departments impacted most often



Smallest Impact - Department Level¹

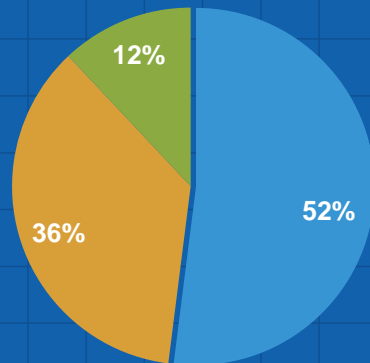
Companies with lay-offs – Departments impacted least often



¹Companies with employee reductions – which departments were most commonly impacted

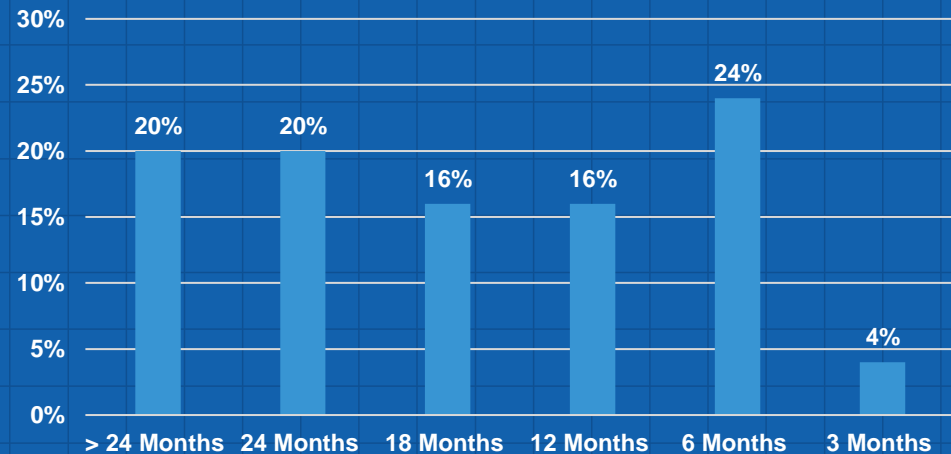
Cash on Hand - Details

Comfortable with Cash on Hand



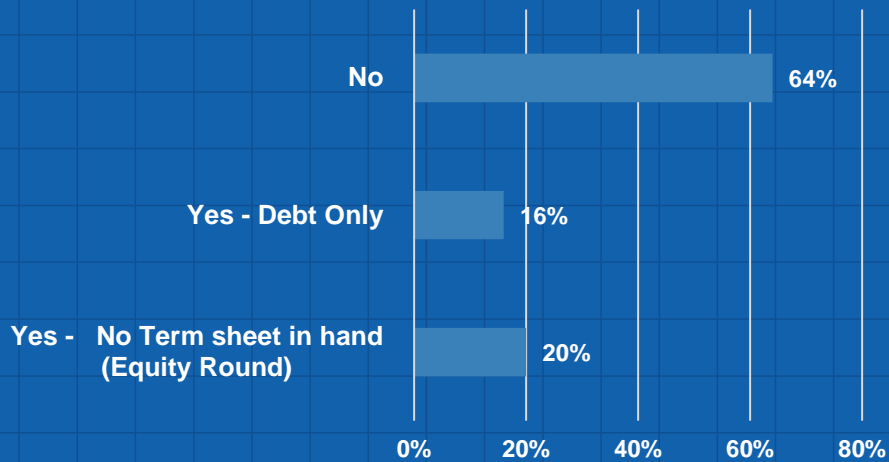
- In a Good Position
- Would like to top off
- No - Not in a Good Position

Target Cash on Hand (Months)

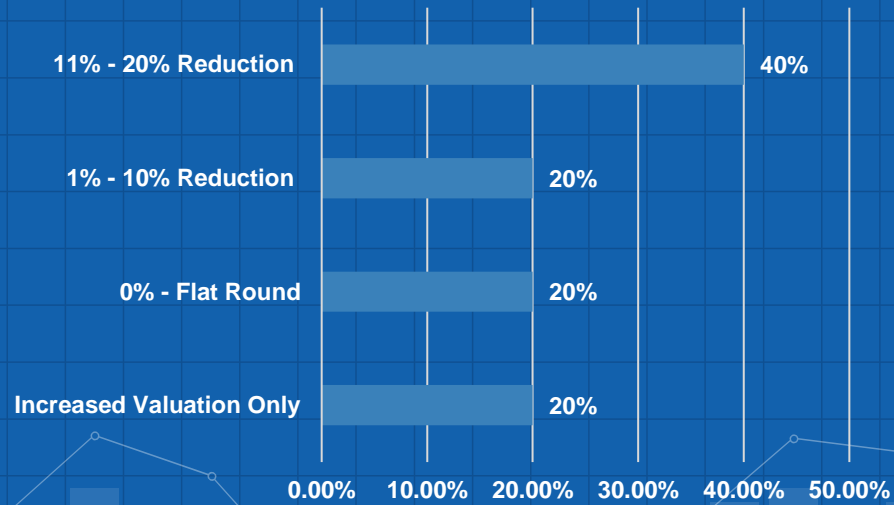


Fund Raising Activity

Active Fund Raising Going on (March/April)



Valuation Sensitivity



COVID-19 FINANCIAL IMPACT RESEARCH

B2B SaaS Organizations

Questions?

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