saascan
for startups

The SaaS Metrics That Matter Most for Startups in 2024

Contents

About

Audience

This report is designed for Canadian SaaS startup founders and leaders. It's also useful for advisors and investors supporting them.

Purpose

This report aims to:

1. Identify the SaaS metrics that matter most for startups in 2024 and explain why.

2. Provide benchmark resources startups can use to learn what great looks like.

3. Reveal insights from investors and lenders about the impact of Gen AI on SaaS companies.
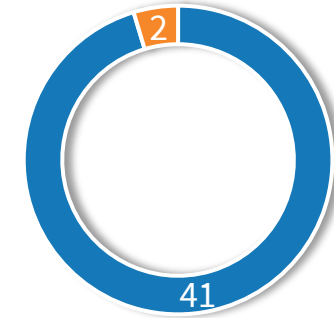
Source

Data comes from a SaaSCan survey of SaaS investors and lenders conducted October 2023. Sample size = 43. Details on the right.
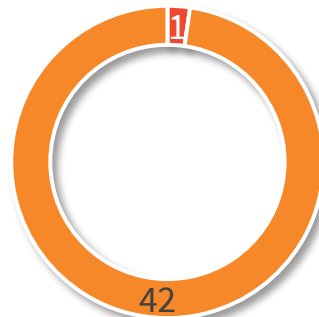
Role
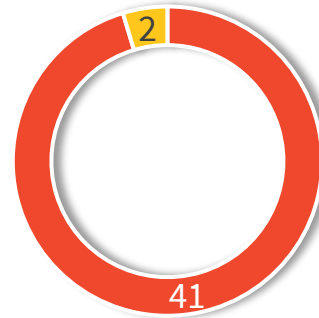
- Investor
- Lender

Country of Residence

- Canada
- US

Active in Canadian SaaS in past 3 years

- No
- Yes

Size of SaaS Company Focus
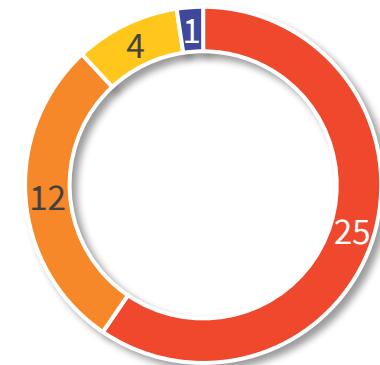
- < 1M ARR
- 1 - 5M ARR
- 5 - 20M ARR
- 20 - 50M ARR

n=43

Key takeaways for 2024.

1. • 'Growth & efficiency together' is the ultimate goal for 2024. *#Growficiency*

2. • Burn Multiple gets promoted, LTV:CAC gets demoted for co's under $1M ARR.

3. • From $1 – $5M ARR, Growth, retention, and efficiency metrics get top billing.

4. • 18 – 24 months of runway is the most common guidance.

5. • Gen AI is transforming SaaS product development more than other work.

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For 2024, the ultimate objective is Growth & Efficiency together.
#Growficiency

The Main Objective
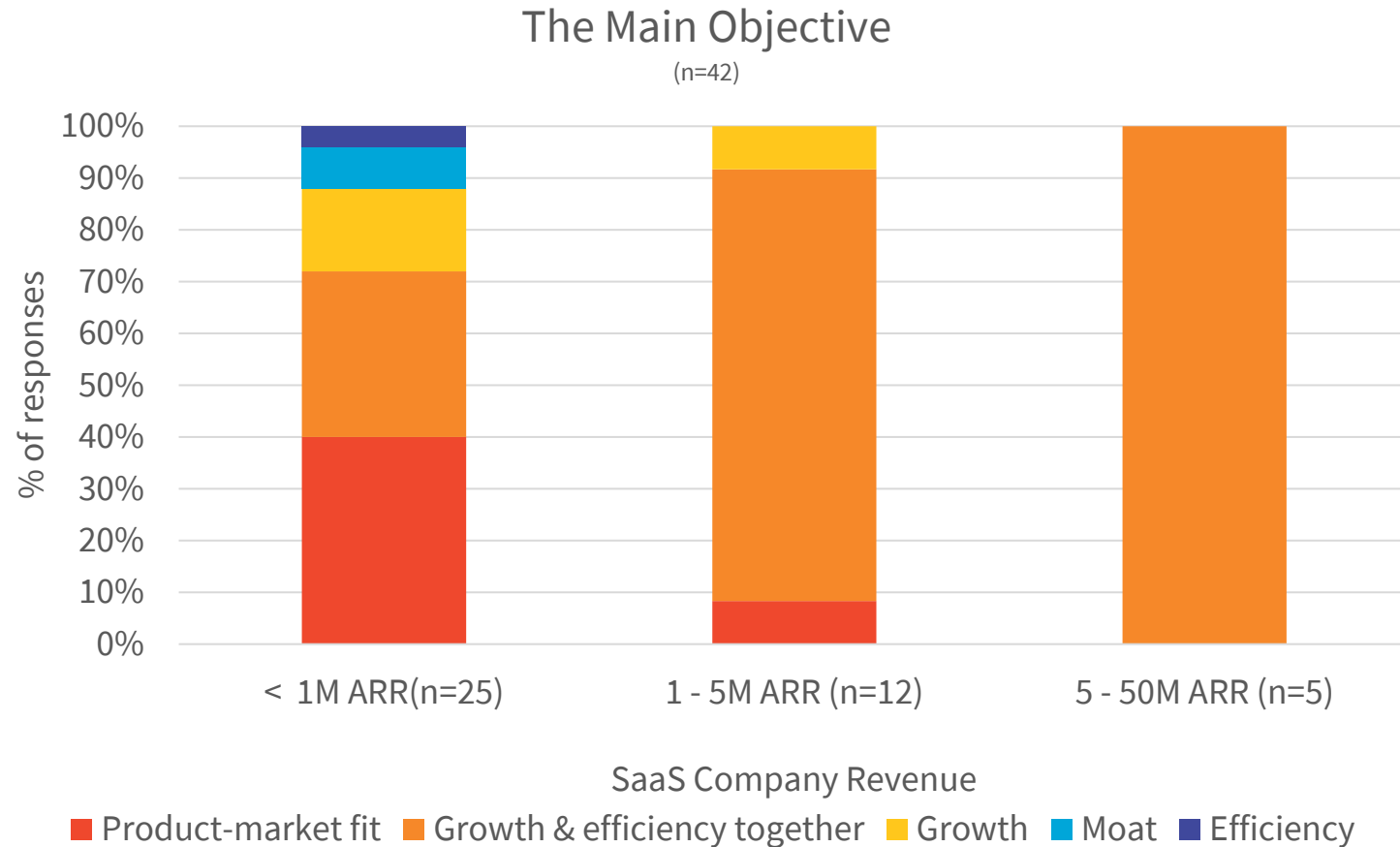(n=42)

Legend: Product-market fit | Growth & efficiency together | Growth | Moat | Efficiency

X-axis: < 1M ARR(n=25) | 1 - 5M ARR (n=12) | 5 - 50M ARR (n=5)
X-axis label: SaaS Company Revenue
Y-axis label: % of responses

< 1M ARR
- While the main objective at this stage remains finding **Product Market Fit**, **Growth & Efficiency** have increased in importance for 2024.

1–5M ARR
- There is near unanimous agreement that **Growth & Efficiency** together is the key at this stage.

> 5M ARR
- In the small sample size for this band, there is unanimous agreement that **Growth & Efficiency** are a killer combo.

YoY Comparison inset chart values: <1M: 75.0%, 12.5%, 12.5%; 1-5M: 13.3%, 40.0%, 26.7%, 20.0%; >5M: 50.0%, 16.7%, 16.7%, 16.7% (n=47)
Inset legend: Product-market fit | Growth & capital efficiency together | Growth | Capital efficiency | Moat
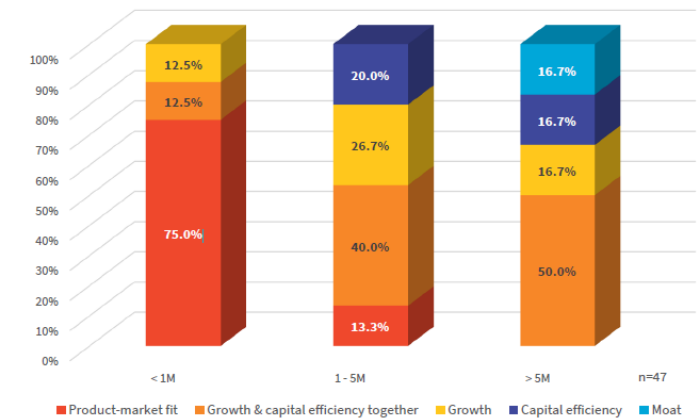
YoY Comparison: 2023 Data

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The metrics that matter most in 2024.

< $1M ARR		
Customers	# of Customers or Logos	
	Customer or Logo Growth Rate	
	Customer or Logo Churn Rate (*)	
	% Matching Ideal Customer Profile	
Revenue & Cash	ARR or MRR Booked vs Recognized	
	ARR or MRR Growth Rate (*)	
	Months of Runway	
	Gross Revenue Retention Rate (*)	
Product Usage	Daily, Weekly, Monthly Active Users	
	North Star Metric	
Efficiency & Profitability	Burn Multiple or Efficiency Score (*)	
	Gross Margin % (*)	
	ARR / FTE [1]	

Relatively higher importance ↕ Relatively lower importance

1   ARR/FTE is an increasingly important metric on leading SaaS benchmark studies like OpenView's. While it was not included as an option on this year's SaaSCan investor survey, we include it here to encourage SaaS startups to establish a baseline against which to track as you grow.

(*) These metrics are "benchmarkable". Click link to jump to benchmark page.

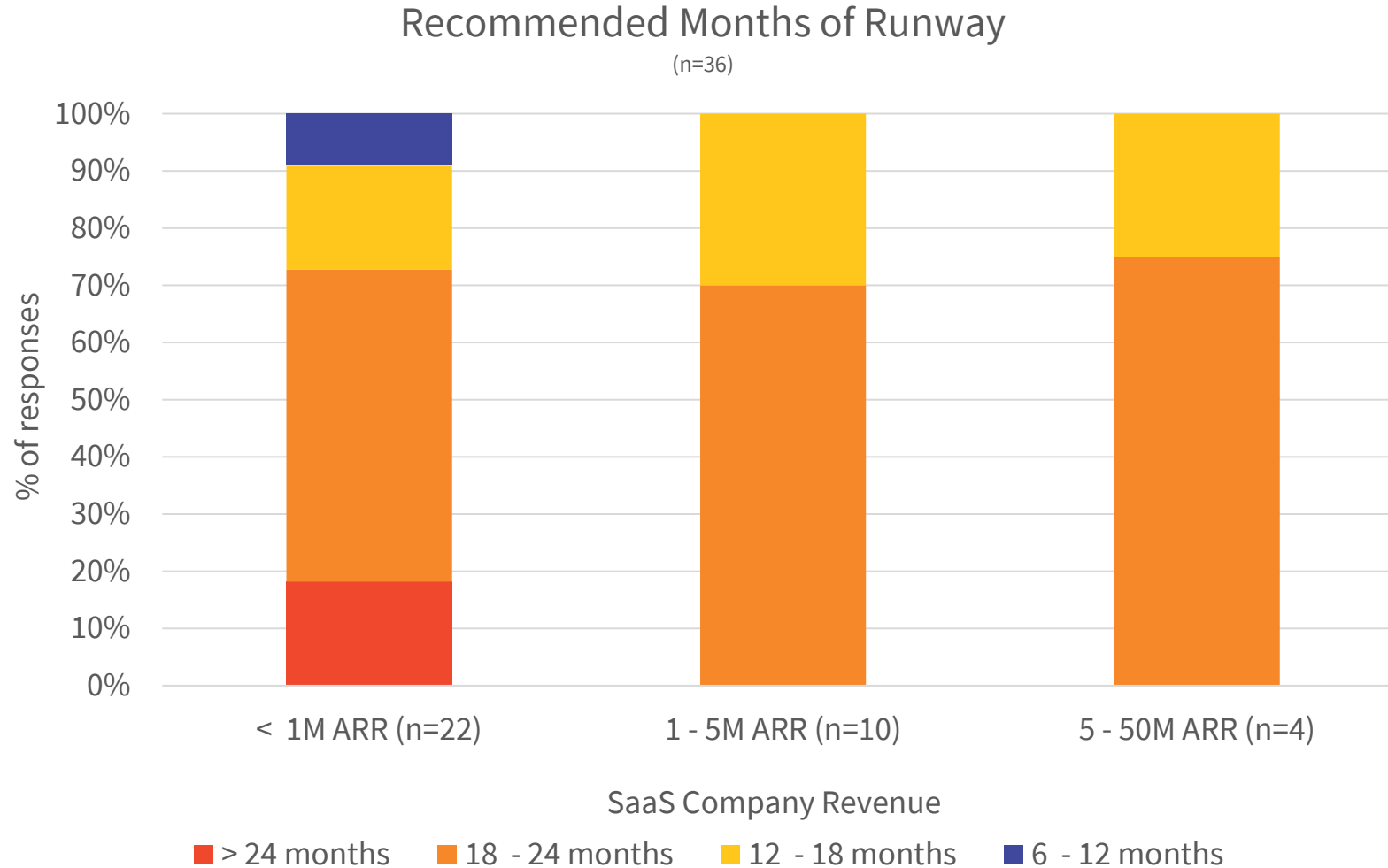| $1 – 5 M ARR		
Revenue & Cash	ARR or MRR Booked vs Recognized	
	ARR or MRR Growth Rate (*)	
	Runway	
	Gross Revenue Retention Rate (*)	
	Net Revenue Retention Rate (*)	
Customers	# of Customers or Logos	
	Customer or Logo Growth Rate	
	Customer or Logo Churn Rate (*)	
	% Matching Ideal Customer Profile	
	Customer Concentration	
Efficiency & Profitability	Burn Multiple or Efficiency Score (*)	
	Gross Margin % (*)	
	ARR / FTE [1]	
	CAC Payback Period (*)	
Product Usage	Daily, Weekly, Monthly Active Users	
	North Star Metric	

For metric definitions, visit MetricHQ

< 1M ARR

- At this stage, the emphasis is on LEADING indicator metrics like customers and product usage, that will ideally lead to LAGGING indicators like revenue, efficiency and profitability.
- Because there are very few lagging indicator metrics at this early stage, investors and operators are quite naturally aligned on the metrics that matter most.
- **Burn Multiple, Gross Revenue Retention Rate** and **Gross Margin %** increased in importance compared to last year, given increased market preference for efficient growth.

1 – 5M ARR

- Here investor guidance on what matters most shifts in favour of more LAGGING indicator metrics like revenue, efficiency and profitability.
- Operators however need to remain laser focused on LEADING indicator metrics as well, so they can course correct proactively when needed.
- 3 metrics are more important at this stage: **Net Revenue Retention, Customer Concentration**, and **CAC Payback Period**.

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For 2024, 18 to 24 months of Runway is the most common guidance.

Recommended Months of Runway
(n=36)

% of responses — SaaS Company Revenue

Legend
> 24 months
18 - 24 months
12 - 18 months
6 - 12 months

< 1M ARR

- This ARR band had the widest variability with a 70%+ respondents recommending 18 months + runway.

1 – 5M ARR

- Runway of between 12 and 24 months is recommended here, with 18 – 24 months being the most common.

> 5M ARR

- Runway of between 12 and 24 months is recommended here, with 18 – 24 months being the most common.

Pre 2022, guidance was generally closer to 12 months of runway.

Given the economic headwinds that remain as we look to 2024, investors and lenders most commonly recommend 12 – 18 months of runway.

This will enable startups to find product market fit "before the money runs out", and scaleups to continue operating without needing to raise in unfavourable conditions.
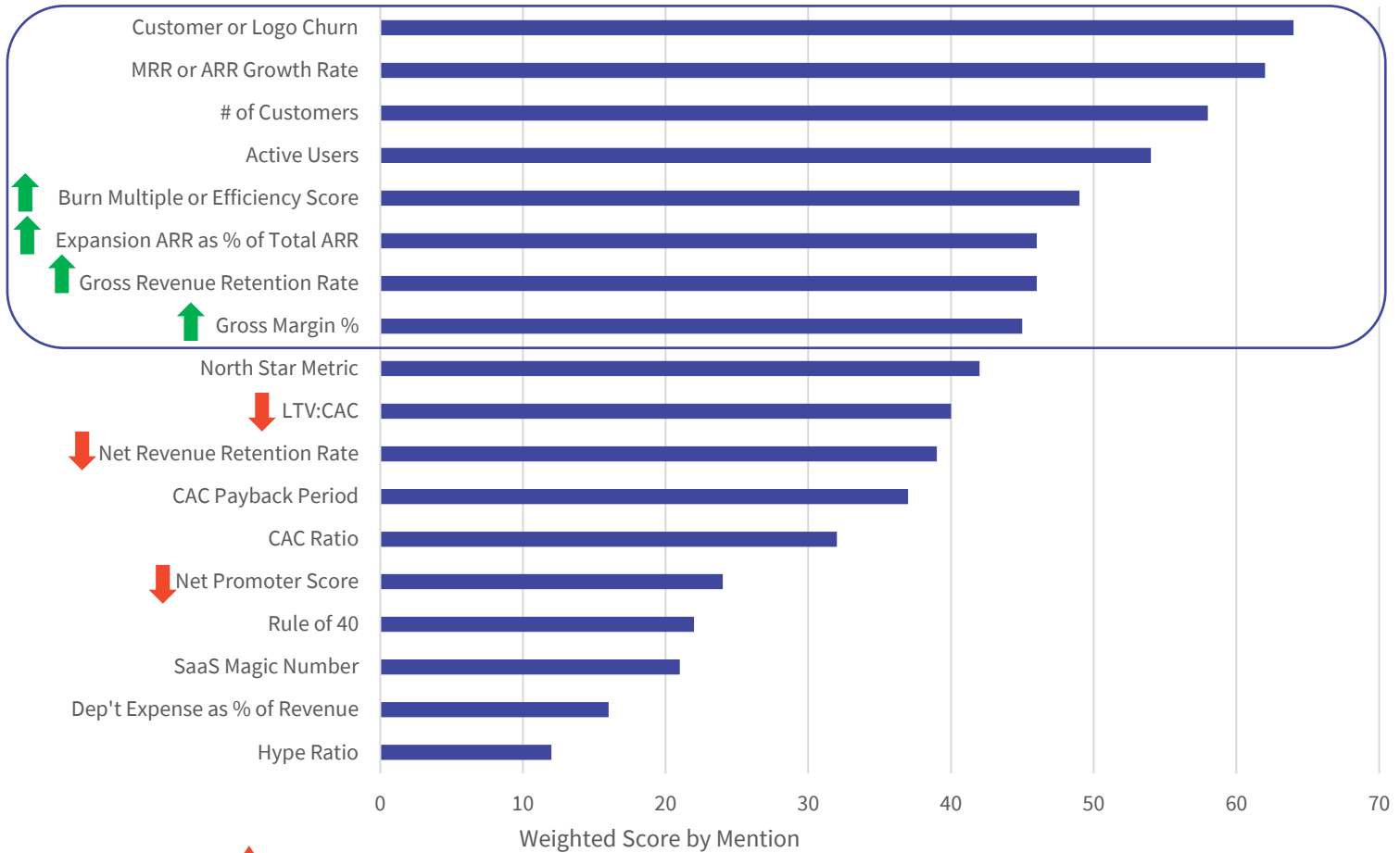
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Details < $1M ARR

< $1M ARR: Burn Multiple gets promoted, LTV:CAC gets demoted.

Top Metrics < 1M ARR
n=25

For metrics definitions, visit MetricHQ

Metric	Weighted Score by Mention
Customer or Logo Churn	~64
MRR or ARR Growth Rate	~62
# of Customers	~58
Active Users	~54
↑ Burn Multiple or Efficiency Score	~49
↑ Expansion ARR as % of Total ARR	~46
↑ Gross Revenue Retention Rate	~46
↑ Gross Margin %	~45
North Star Metric	~42
↓ LTV:CAC	~40
↓ Net Revenue Retention Rate	~39
CAC Payback Period	~37
CAC Ratio	~32
↓ Net Promoter Score	~24
Rule of 40	~22
SaaS Magic Number	~21
Dep't Expense as % of Revenue	~16
Hype Ratio	~12

Weighted Score by Mention (x-axis: 0, 10, 20, 30, 40, 50, 60, 70)

Respondents selected whether a metric was very important, somewhat important, or not at all important.

Very important mentions got a weighting of 3; somewhat important got a weighting of 1.

For companies < 1M ARR, four efficiency and retention metrics emerged as more important for 2024 vs 2023:
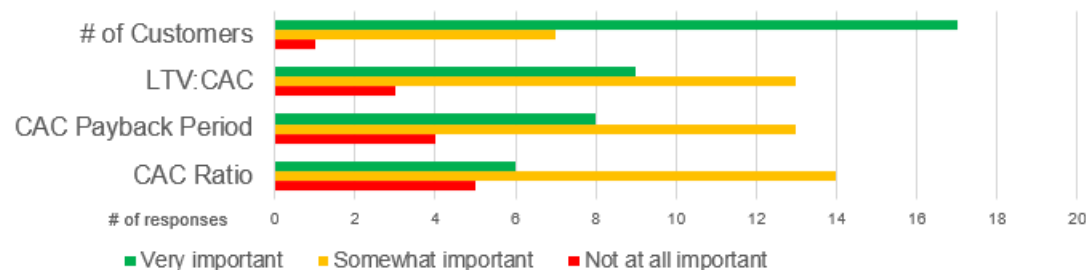
- Burn Multiple
- Expansion ARR as % of Total ARR
- Gross Revenue Retention Rate
- Gross Margin %

While not included as an option to select, some investors typed in % of customers matching ICP, and Runway as key metrics at < 1M ARR.
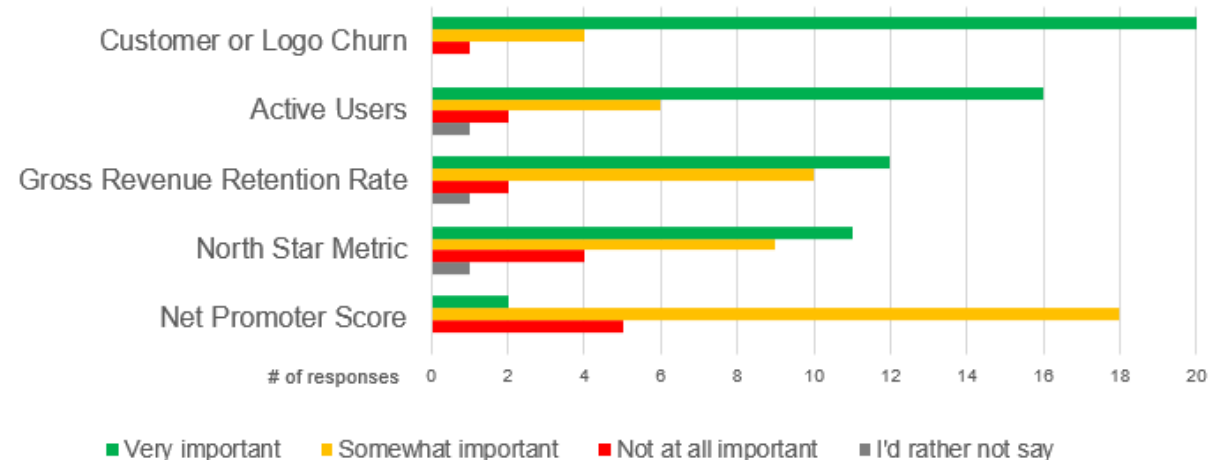
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Relative importance of metrics < $1M ARR.
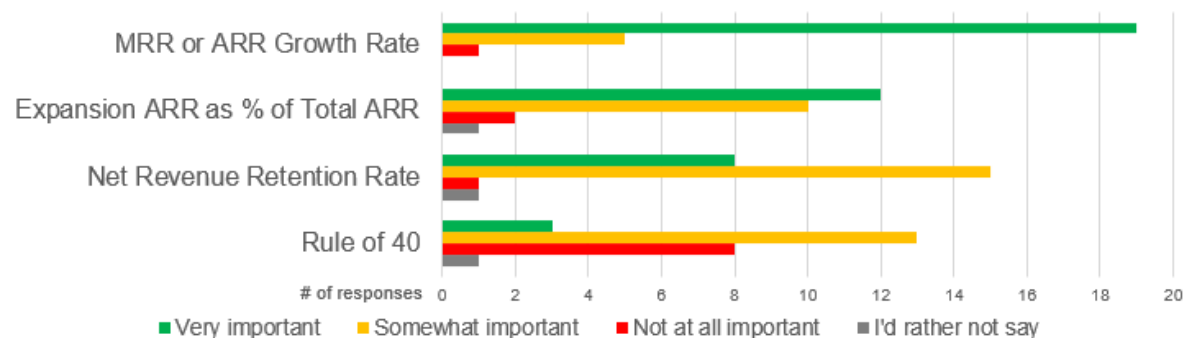
For metrics definitions, visit [MetricHQ](#)

Acquisition Metrics
< 1M ARR
n = 25

Metrics (top to bottom): # of Customers, LTV:CAC, CAC Payback Period, CAC Ratio

Legend: ■ Very important ■ Somewhat important ■ Not at all important

Retention Metrics
< 1M ARR
n = 25

Metrics (top to bottom): Customer or Logo Churn, Active Users, Gross Revenue Retention Rate, North Star Metric, Net Promoter Score

Legend: ■ Very important ■ Somewhat important ■ Not at all important ■ I'd rather not say

Growth Metrics
< 1M ARR
n = 25

Metrics (top to bottom): MRR or ARR Growth Rate, Expansion ARR as % of Total ARR, Net Revenue Retention Rate, Rule of 40

Legend: ■ Very important ■ Somewhat important ■ Not at all important ■ I'd rather not say

Efficiency Metrics
< 1M ARR
n = 25

Metrics (top to bottom): Burn Multiple or Efficiency Score, Gross Margin %, SaaS Magic Number, Hype Ratio, Dep't Expense as % of Revenue

Legend: ■ Very important ■ Somewhat important ■ Not at all important ■ I'd rather not say

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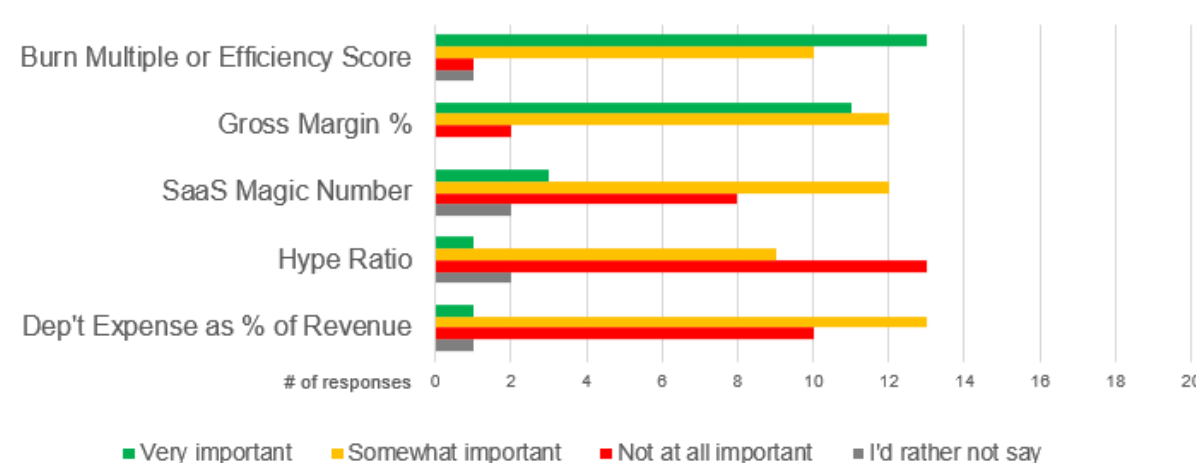
Details $1 – 5M ARR

$1 – 5M ARR: Growth, Retention & Efficiency get top billing.

Top Metrics 1 - 5M ARR
n=12

Horizontal bar chart — Weighted Score by Mention:

Metric	Weighted Score
MRR or ARR Growth Rate	~36
Net Revenue Retention Rate	~32
CAC Payback Period	~32
↑ Customer or Logo Churn	~31
LTV:CAC	~30
Burn Multiple or Efficiency Score	~28
Gross Margin %	~28
↑ Gross Revenue Retention	~28
SaaS Magic Number	~21
Rule of 40	~21
Expansion ARR as % of Total ARR	~18
North Star Metric	~17
CAC Ratio	~17
# of Customers	~16
↓ Active Users	~15
Hype Ratio	~13
Dep't Expense as % of Revenue	~13
Net Promoter Score	~13

Weighted Score by Mention
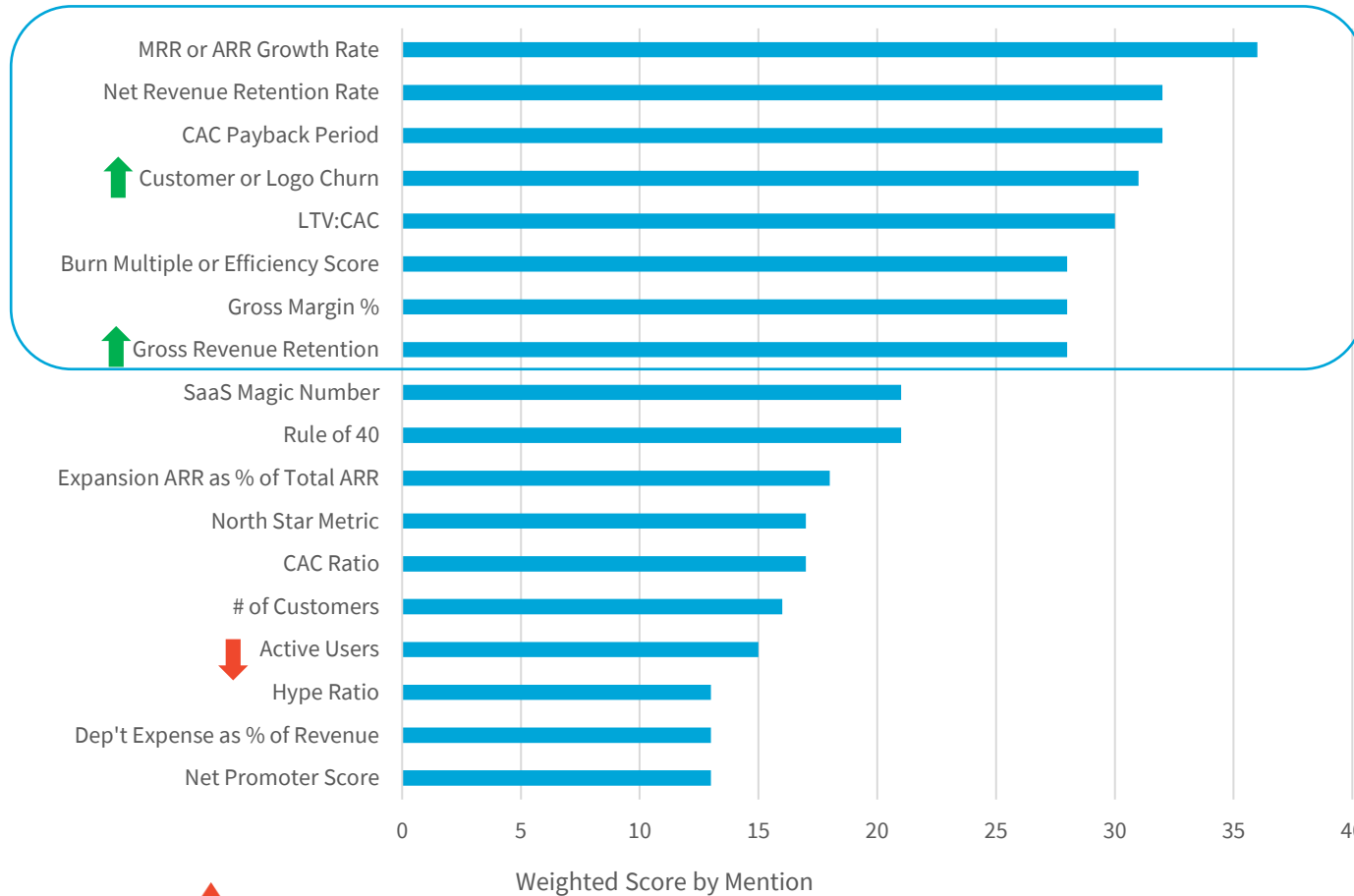
For metrics definitions, visit MetricHQ

Respondents selected whether a metric was very important, somewhat important, or not at all important. Very important mentions got a weighting of 3; somewhat important got a weighting of 1.

For companies from $1 – 5 M ARR, two churn & retention metrics emerged as more important for 2024 vs 2023.

- Customer or Logo Churn
- Gross Revenue Retention Rate

Given slower growth overall, retaining existing customers overall becomes paramount.

While Active Users can be a leading indicator of customers value and likelihood to renew, it fell in importance from investors for 2024. We suspect this is because investors are more focused on lagging indicator metrics now that companies have some data history at this stage.

We caution operators to continue to focus on leading indicator metrics such as Daily, Weekly, Monthly active users, in order to take corrective action early if needed.

While not included as an option to select, some investors typed in Customer Concentration as a key metrics from 1 – 5 M ARR.

Relative importance of metrics $1 – 5M ARR.

For metrics definitions, visit [MetricHQ](#)
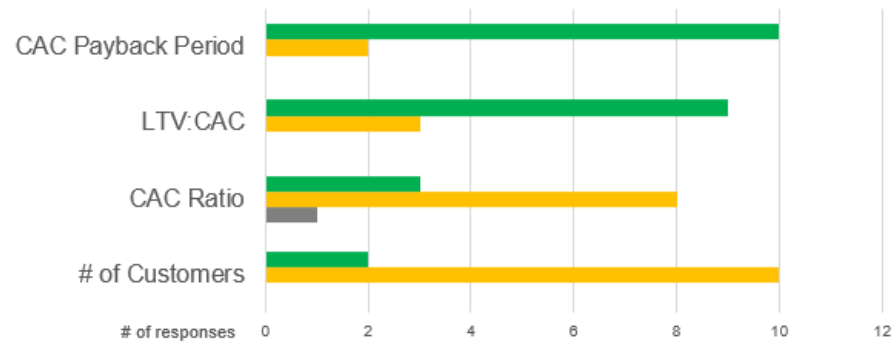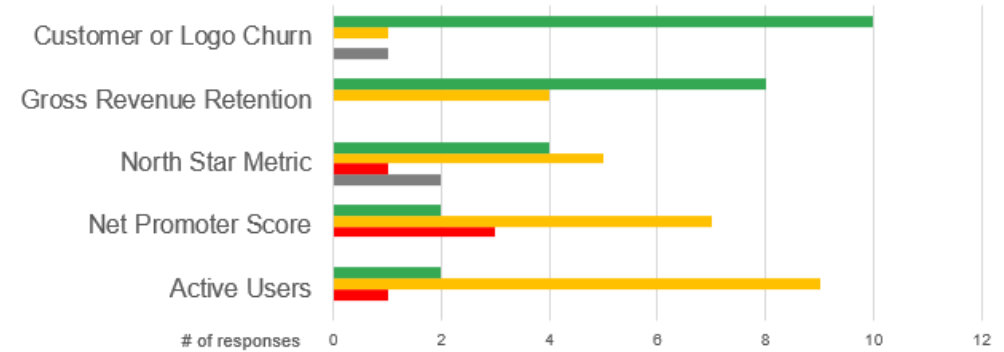

Acquisition Metrics
1 - 5 M ARR
n = 12

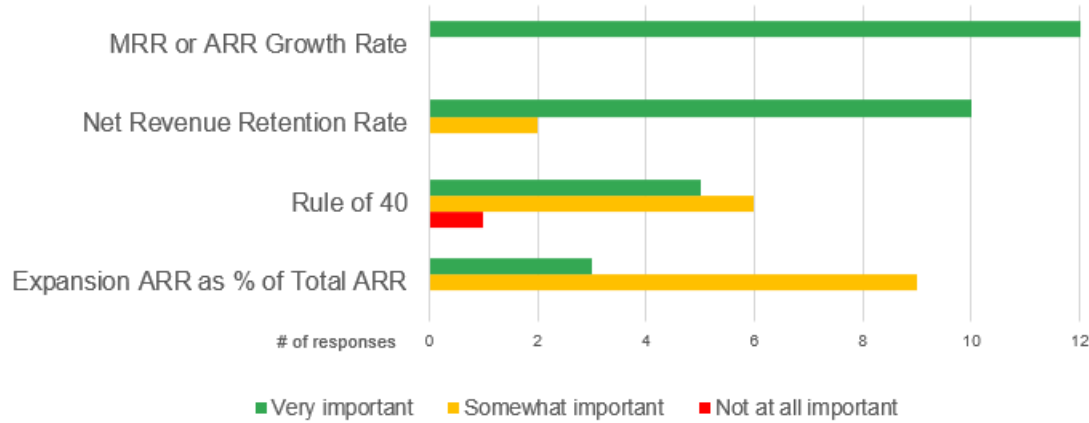**Retention Metrics**
1 - 5 M ARR
n = 12

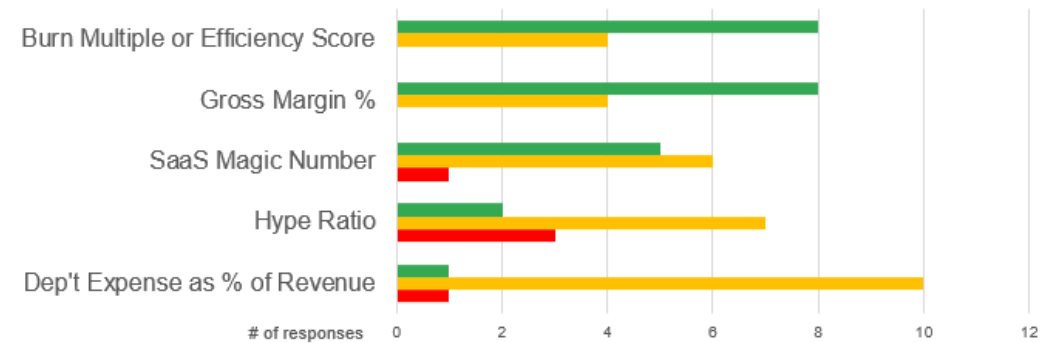**Growth Metrics**
1 - 5 M ARR
n = 12

Efficiency Metrics
1 - 5 M ARR
n = 12

B2B SaaS Benchmarks

What are SaaS benchmarks and why do they matter?

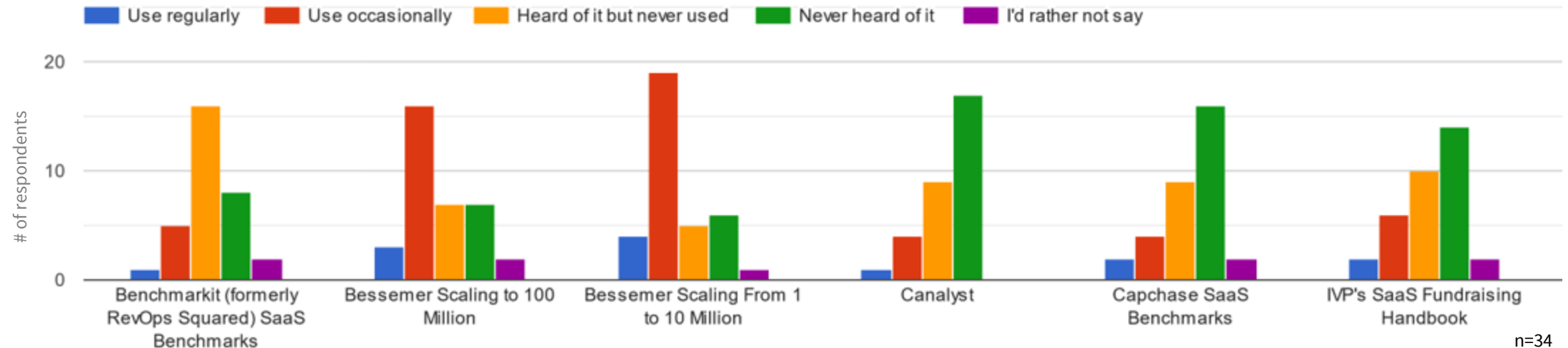| What are SaaS benchmarks? | Standardized indicators used to compare one SaaS company to a broader group of SaaS companies |
	Established by gathering group of SaaS company metrics and determining min, max, median, quartiles, etc
Why do they matter?	A company's relative position on benchmarks can help or hinder fundraising and valuation
	Canadian companies are often compared to North American benchmarks by investors and lenders
	Knowing how you compare helps you set better goals, prepare for financing, and communicate with your Board
How do you use them?	In the early startup days, use them to build knowledge and guide decisions so you're not surprised later
	At and beyond $80K MRR or $1M ARR, benchmark your company to understand how you compare
What to watch out for?	Benchmark data quality and transparency ie gathered from survey or actuals, sample size, segmentation
	That SaaS metrics formulas used in your company and the benchmark are exactly the same
	To ensure you use other reference points beyond benchmarks - your circumstances may be different

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SaaS investors and lenders use their own in-house data much more regularly than publicly available SaaS benchmarks.

What SaaS Benchmarks do you or your company consult today, if any? Select all that apply. (Optional)

Legend: Use regularly | Use occasionally | Heard of it but never used | Never heard of it | I'd rather not say

Categories: Benchmarkit (formerly RevOps Squared) SaaS Benchmarks | Bessemer Scaling to 100 Million | Bessemer Scaling From 1 to 10 Million | Canalyst | Capchase SaaS Benchmarks | IVP's SaaS Fundraising Handbook

Y-axis: # of respondents

n=34

When investors and lenders use publicly available SaaS benchmarks, they use reports from <u>Bessemer</u>, shown above.

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SaaS investors and lenders use their own in-house data much more regularly than publicly available SaaS benchmarks (cont'd).

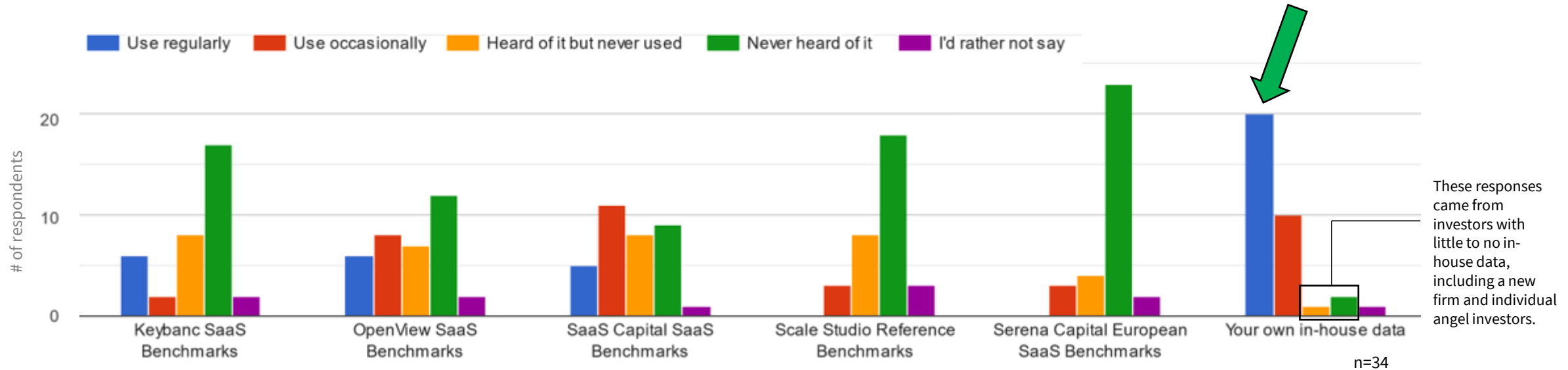**Legend:** ● Use regularly ● Use occasionally ● Heard of it but never used ● Never heard of it ● I'd rather not say

y-axis: # of respondents

Categories: Keybanc SaaS Benchmarks, OpenView SaaS Benchmarks, SaaS Capital SaaS Benchmarks, Scale Studio Reference Benchmarks, Serena Capital European SaaS Benchmarks, Your own in-house data

n=34

These responses came from investors with little to no in-house data, including a new firm and individual angel investors.

When investors and lenders use publicly available SaaS benchmarks, they also use reports from <u>Keybanc</u>, <u>OpenView</u>, and <u>SaaS Capital</u>.

⚠️ **The 2022 KeyBanc report is best suited for companies > $5M ARR. Per KeyBanc, they "intentionally targeted larger companies (> $5MM ending ARR) so that there is less variability in the total results due to scale". 76% of the 100 respondents in 2022 had revenues > $5MM.**

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B2B SaaS Benchmark Data

- The data in this section comes from 1,880 global B2B SaaS company survey responses.

- The survey was conducted March - May 2023. Data reflects 2022 full year results.

- BenchmarkIT led the data collection and analysis process.

- SaaSCan is a data collection partner in order to increase Canadian company representation.

[Annual Revenue Growth Rate](#) Year over Year
by Annual Recurring Revenue (ARR)

Company Growth Rate
ARR < $1 M

LOW END ... HIGH END

| 1st QUARTILE | 2nd QUARTILE | 3rd QUARTILE | 4th QUARTILE |

0% ... 10% ... 50% ... 100% ... 400%

MEDIAN

Filtered by: Annual Recurring Revenue (< $1M)

Company Growth Rate
ARR $1-5 M

LOW END ... HIGH END

| 1st QUARTILE | 2nd QUARTILE | 3rd QUARTILE | 4th QUARTILE |

0% ... 20% ... 40% ... 100% ... 400%

MEDIAN

Filtered by: Annual Recurring Revenue ($1M - $5M)

Company Growth Rate
ARR $5-20 M

LOW END ... HIGH END

| 1st QUARTILE | 2nd QUARTILE | 3rd QUARTILE | 4th QUARTILE |

0% ... 19% ... 32% ... 57% ... 400%

MEDIAN

Filtered by: Annual Recurring Revenue ($5M - $20M)

Customer or Logo Retention
by Annual Contract Value (ACV)

Customer Logo Retention Rate
ACV < $5K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

50%   77%   89%   95%   100%

MEDIAN

Filtered by: Average Contract Value (< $5K)

Customer Logo Retention Rate
ACV $5 - $10K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

62%   85%   90%   94%   98%

MEDIAN

Filtered by: Average Contract Value ($5K - $10K)

Customer Logo Retention Rate
ACV $10 - $25K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

50%   80%   92%   96%   100%

MEDIAN

Filtered by: Average Contract Value ($10K - $25K)

Customer Logo Retention Rate
ACV $25K - $50K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

50%   82%   93%   96%   100%

MEDIAN

Filtered by: Average Contract Value ($25K - $50K)

Customer Logo Retention Rate
ACV $50K - $100K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

65%   85%   94%   95%   100%

MEDIAN

Filtered by: Average Contract Value ($50K - $100K)

Customer Logo Retention Rate
ACV > $100K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

77%   85%   95%   98%   98%

MEDIAN

Filtered by: Average Contract Value (> $100K)

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Source: B2B SaaS Benchmarks 2023 Report & Interactive Engine.   n=~300
Note: The opposite of customer retention is customer churn.

Gross Revenue Retention Rate (GRR) by Annual Contract Value (ACV)

Gross Revenue Retention Rate
ACV < $5K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

54%   78%   81%   95%   100%

MEDIAN

Filtered by: Average Contract Value (< $5K)

Gross Revenue Retention Rate
ACV $5 - $10K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

50%   81%   87%   90%   98%

MEDIAN

Filtered by: Average Contract Value ($5K - $10K)

Gross Revenue Retention Rate
ACV $10 - $25K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

50%   79%   88%   94%   100%

MEDIAN

Filtered by: Average Contract Value ($10K - $25K)

Gross Revenue Retention Rate
ACV $25K - $50K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

75%   81%   89%   95%   100%

MEDIAN

Filtered by: Average Contract Value ($25K - $50K)

Gross Revenue Retention Rate
ACV $50K - $100K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

52%   83%   91%   96%   100%

MEDIAN

Filtered by: Average Contract Value ($50K - $100K)

Gross Revenue Retention Rate
ACV > $100K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

75%   85%   94%   98%   100%

MEDIAN

Filtered by: Average Contract Value (> $100K)

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Source: B2B SaaS Benchmarks 2023 Report & Interactive Engine.   n=588

Net Revenue Retention Rate (NRR)
by Annual Contract Value (ACV)

Net Revenue Retention Rate
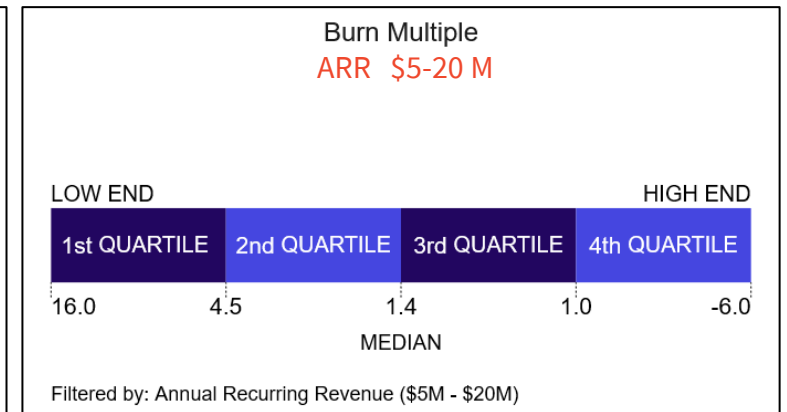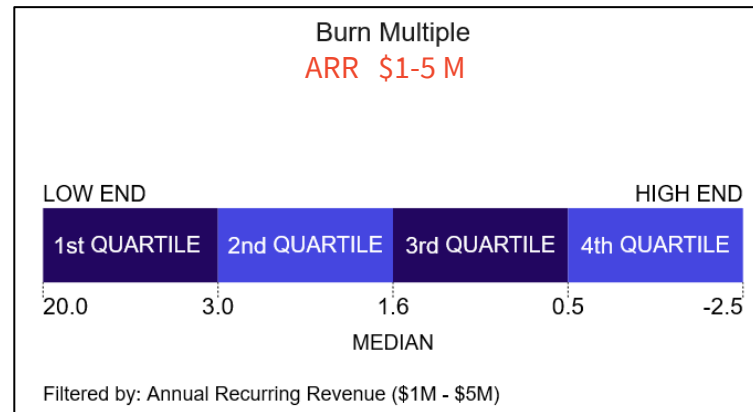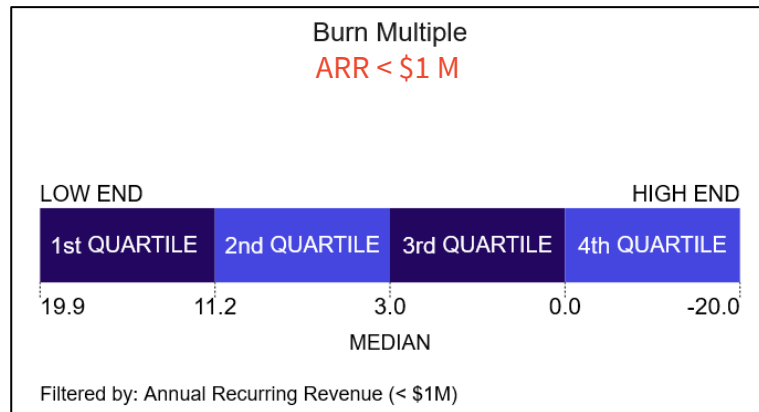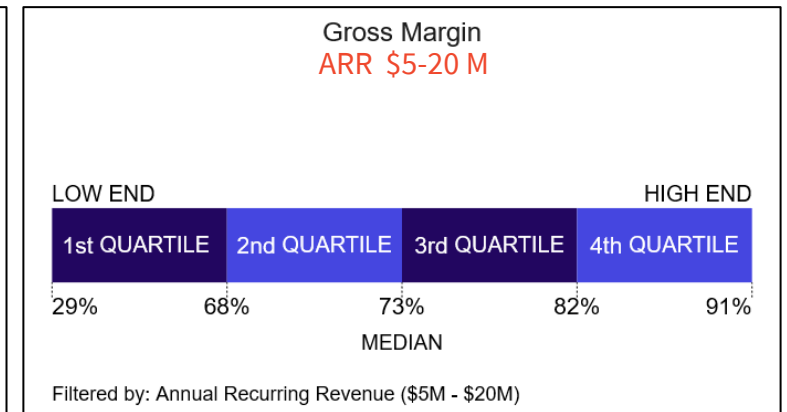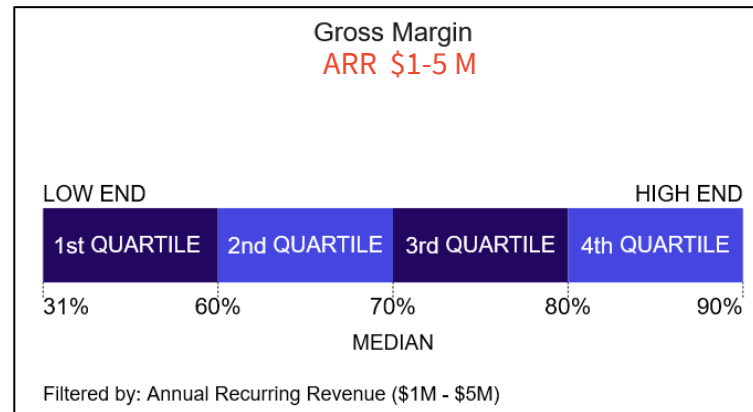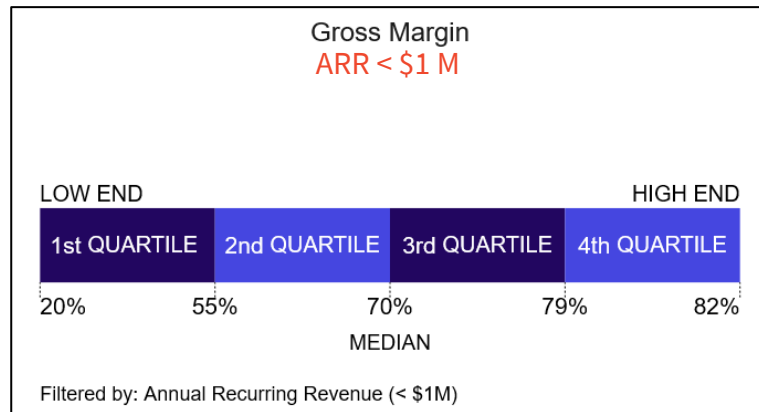#### ACV < $5K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

50% 87% 98% 103% 160%

MEDIAN

Filtered by: Average Contract Value (< $5K)

Net Revenue Retention Rate
ACV $5 - $10K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

50% 93% 100% 109% 150%

MEDIAN

Filtered by: Average Contract Value ($5K - $10K)

Net Revenue Retention Rate
ACV $10 - $25K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

60% 95% 105% 115% 150%

MEDIAN

Filtered by: Average Contract Value ($10K - $25K)

Net Revenue Retention Rate
ACV $25K - $50K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

60% 98% 104% 110% 150%

MEDIAN

Filtered by: Average Contract Value ($25K - $50K)

Net Revenue Retention Rate
ACV $50K - $100K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

65% 100% 106% 120% 160%

MEDIAN

Filtered by: Average Contract Value ($50K - $100K)

Net Revenue Retention Rate
ACV > $100K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

86% 100% 105% 110% 156%

MEDIAN

Filtered by: Average Contract Value (> $100K)

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Burn Multiple
by Annual Recurring Revenue (ARR)

Gross Margin
by Annual Recurring Revenue

Gross Margin
ARR < $1 M

LOW END   HIGH END

| 1st QUARTILE | 2nd QUARTILE | 3rd QUARTILE | 4th QUARTILE |

20%   55%   70%   79%   82%

MEDIAN

Filtered by: Annual Recurring Revenue (< $1M)

Gross Margin
ARR $1-5 M

LOW END   HIGH END

| 1st QUARTILE | 2nd QUARTILE | 3rd QUARTILE | 4th QUARTILE |

31%   60%   70%   80%   90%

MEDIAN

Filtered by: Annual Recurring Revenue ($1M - $5M)

Gross Margin
ARR $5-20 M

LOW END   HIGH END

| 1st QUARTILE | 2nd QUARTILE | 3rd QUARTILE | 4th QUARTILE |

29%   68%   73%   82%   91%

MEDIAN

Filtered by: Annual Recurring Revenue ($5M - $20M)

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Customer Acquisition Cost (CAC) Payback Period
by Annual Contract Value (ACV)

CAC Payback Period (Months)
ACV < $5K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

24 — 18 — 12 — 9 — 2

MEDIAN

Filtered by: Average Contract Value (< $5K)

CAC Payback Period (Months)
ACV $5 - $10K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

21 — 16 — 10 — 7 — 3

MEDIAN

Filtered by: Average Contract Value ($5K - $10K)

CAC Payback Period (Months)
ACV $10 - $25K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

36 — 21 — 16 — 8 — 6

MEDIAN

Filtered by: Average Contract Value ($10K - $25K)

CAC Payback Period (Months)
ACV $25K - $50K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

27 — 19 — 17 — 12 — 10

MEDIAN

Filtered by: Average Contract Value ($25K - $50K)

CAC Payback Period (Months)
ACV $50K - $100K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

48 — 31 — 19 — 17 — 12

MEDIAN

Filtered by: Average Contract Value ($50K - $100K)

CAC Payback Period (Months)
ACV > $100K

LOW END			HIGH END
1st QUARTILE	2nd QUARTILE	3rd QUARTILE	4th QUARTILE

48 — 36 — 32 — 24 — 12

MEDIAN

Filtered by: Average Contract Value (> $100K)

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Recommended Benchmark Reports for B2B SaaS companies < $5M ARR

saascan — [The Ultimate Guide to SaaS Benchmark Reports for Canadian Startups](#)

benchmarkit + saascan — [2023 B2B SaaS Metric Benchmarks](#)

OPENVIEW — [2023 SaaS Benchmarks Report](#)

saas CAPITAL — [2023 SaaS Retention Benchmarks for Private B2B Companies](#)

Bessemer Venture Partners — [Scaling from $1 – 10 M ARR](#)

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SaaS Startups & AI

While Generative AI is outside the scope of SaaS metrics per se, we included 4 questions on this year's survey to understand the Gen AI impact SaaS investors and lenders are seeing across SaaS companies.

Investors & lenders report that generative AI is transforming how SaaS companies build products more than their general productivity.

To what degree is generative AI impacting the way your SaaS portfolio companies build products?
45 responses
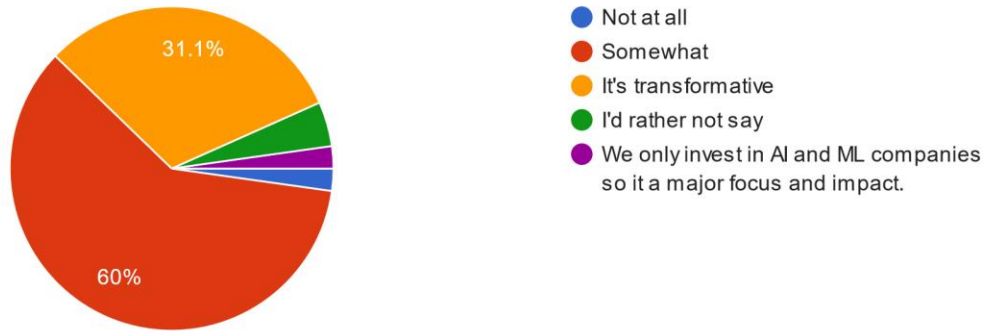
- Not at all
- Somewhat
- It's transformative
- I'd rather not say
- We only invest in AI and ML companies so it a major focus and impact.

31.1%
60%

To what degree is generative AI impacting the way your SaaS portfolio companies work (outside of building products)?
44 responses

- Not at all
- Somewhat
- It's transformative
- I'd rather not say
- Unsure

20.5%
70.5%
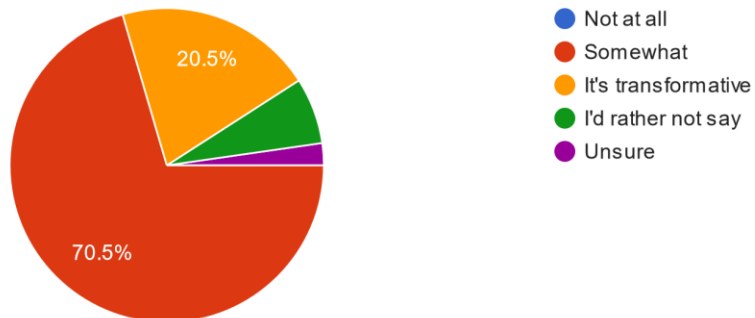
When it comes to BUILDING SaaS products, **31**% of respondents said Gen AI's impact was transformative, and **60%** said somewhat.

A few anecdotes:
- A developer tripled his productivity using ChatGPT and Copilot.
- A CTO reported that Copilot was the most impactful development tool he had seen in over 20 years of coding.
- Development teams can leverage ChatGPT to correct code, complete small tasks that would otherwise take weeks to months to find resources for, implement new frameworks, and generally significantly accelerate progress at higher reliability and less cost.
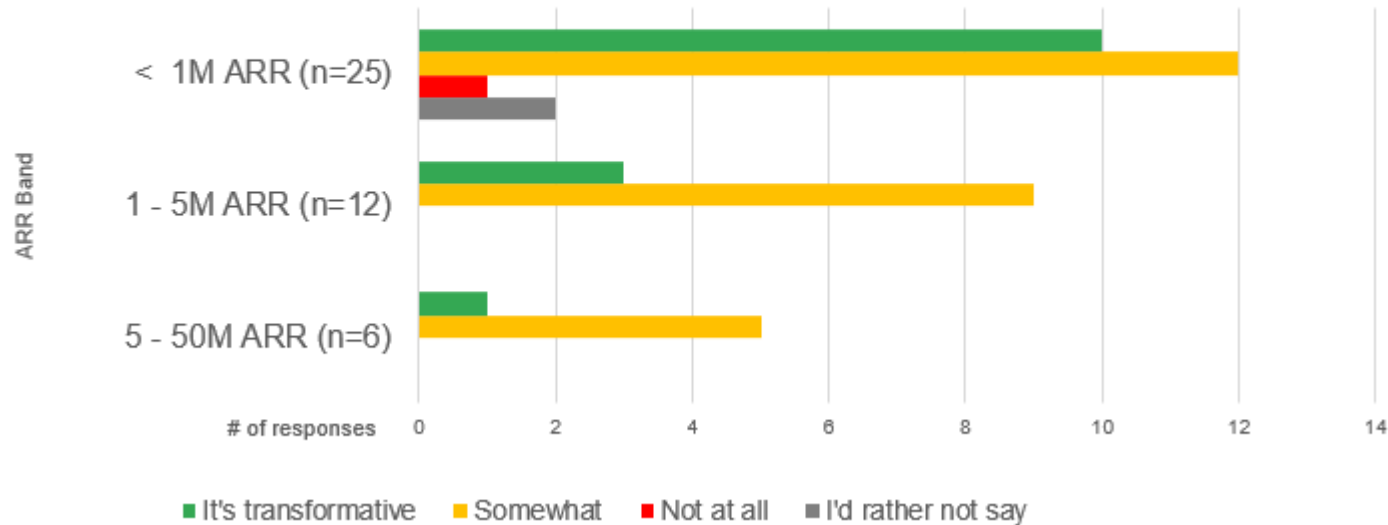
When it comes to working OUTSIDE OF building SaaS products, only **20%** of respondents said Gen AI was transformative, while **70%** said somewhat.

A few anecdotes:
- One company raised its customer service satisfaction rate from 65% to 85%, increasing the empathy and professionalism of its responses by running them through ChatGPT first.
- Marketing now can publish much more content in much less time at a much lower cost.

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Very early stage investors (< $1M ARR) report relatively bigger transformative impact in how SaaS companies <u>build products</u>.

To what degree is generative AI impacting the way your SaaS portfolio companies <u>build products</u>?

n = 43

ARR Band

- < 1M ARR (n=25)
- 1 - 5M ARR (n=12)
- 5 - 50M ARR (n=6)

# of responses   0   2   4   6   8   10   12   14

■ It's transformative   ■ Somewhat   ■ Not at all   ■ I'd rather not say

"Adopt or perish.

'Copilot' and equivalent solutions will radically transform how product is built: both faster and with smaller teams.

If you're not using AI for development, you're already falling behind."

– SaaS Investor < 1M ARR

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By and large, gen AI impact is having a moderate impact on SaaS company general productivity.

To what degree is generative AI impacting the way your SaaS portfolio companies work (<u>outside of building products</u>)?
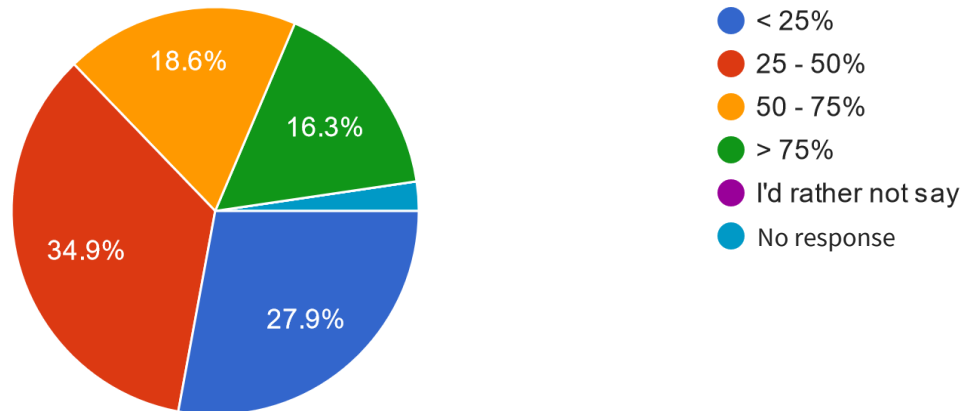
n = 41
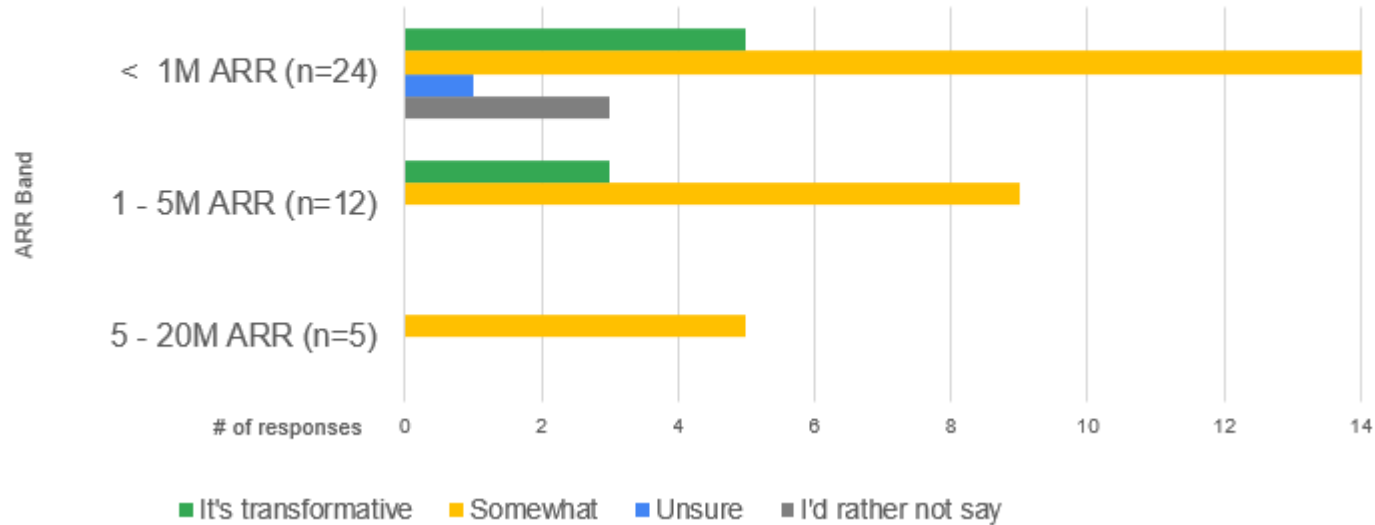
If you aren't pushing your team to use AI to increase their efficiency and performance, you're going to be left behind.

– SaaS Investor < 1M ARR

Investors and lenders report widely varying levels of AI-centric deal flow.

What percent of your SaaS deal-flow is AI-centric? (Optional)

43 responses

- ● < 25%
- ● 25 - 50%
- ● 50 - 75%
- ● > 75%
- ● I'd rather not say
- ● No response

18.6%
16.3%
34.9%
27.9%

"There is a difference between companies that say they are AI-centric and those that actually are.

Deal flow of companies that are actually AI-centric is <25%.

Deal flow of companies that say they are AI centric (or at least have an AI component) is likely >75%."

– SaaS Investor < 1M ARR

Lots of AI companies are currently services companies helping other software companies to implement AI.

Otherwise we look at the core offering not the AI component.

I think it is more important for investors due to the buzz than for lenders.

- SaaS Lender

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"What word of advice would you give Canadian SaaS leaders about AI heading into 2024?"

17 investors and lenders answered this question. Here's an AI generated summary of their collective advice:

1. **Strategic Adoption and Value Delivery**: SaaS leaders are advised to strategically integrate AI, focusing on real market needs, differentiation, and value delivery to their business and customers.

2. **Caution Against Hype and Shallow Trends**: The advice cautions against using AI solely for hype and buzzwords, emphasizing the need to avoid superficial trends and ensuring a balanced approach to AI adoption.

3. **Learning and Internal Focus**: SaaS leaders should encourage internal AI adoption for efficiency and competitiveness, prioritize learning and skill development, and strive for excellence in AI implementation.

In summary, these insights stress the importance of thoughtful, market-driven AI adoption, caution against superficial trends, and underline the internal push for AI utilization to gain a competitive edge in the SaaS landscape of 2024.

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