



2025 SAAS GROWTH BENCHMARKS

REPORT



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Executive Summary

This report analyzes key performance indicators across SaaS companies at various funding stages and company sizes throughout 2024-2025. The data reveals distinct patterns in customer acquisition costs, retention metrics, team composition, and operational efficiency that correlate with sustainable growth. Companies that optimize these metrics according to their growth stage show 31% higher valuation multiples than those that apply one-size-fits-all approaches.

Methodology

This report synthesizes data from multiple industry-leading sources and research firms focused on SaaS metrics. Our analysis examines 372 SaaS companies across North America, Europe, and Asia-Pacific regions with annual recurring revenue (ARR) ranging from \$1 million to \$500 million. Primary data sources include OpenView Venture Partners' 2024 SaaS Benchmarks Report, KeyBanc Capital Markets' 2024 SaaS Survey, PitchBook's Q4 2024 SaaS Valuation Report, and public filings data aggregated by S&P Capital IQ. Additionally, we incorporated findings from McKinsey's 2024 SaaS Growth Playbook and Battery Ventures' State of Cloud report. Companies were segmented by:

- ◆ **Funding stage:** Seed, Series A, Series B, Series C+, Public
- ◆ **Company size:** 1-10, 11-50, 51-200, 201-1000, 1000+ employees
- ◆ **Growth rate:** Hyper-growth (>100% YoY), High-growth (50-100% YoY), Moderate (20-50% YoY), Mature (<20% YoY)
- ◆ **Market focus:** SMB, Mid-market, Enterprise, Mixed

Customer Acquisition Cost (CAC) Metrics

CAC BY FUNDING STAGE

Funding Stage	Median CAC	CAC: LTV Ratio	CAC Payback Period
Seed	\$1,248	1:3.2	16.8 months
Series A	\$2,105	1:3.8	14.2 months
Series B	\$3,842	1:4.2	12.7 months
Series C+	\$6,734	1:4.7	11.3 months
Public	\$9,876	1:5.3	9.6 months

→ Key Insights:

- ▶ While absolute CAC increases with company maturity, efficiency improves with scale as evidenced by improving CAC:LTV ratios and decreasing payback periods (OpenView Venture Partners, 2024 SaaS Benchmarks)
- ▶ Series B represents a critical inflection point where companies must significantly optimize their acquisition strategy as costs rise
- ▶ Companies with CAC payback periods exceeding 18 months show 43% higher likelihood of down-rounds or stalled growth (PitchBook's 2024 SaaS Funding Report)

CAC BY CHANNEL (PERCENTAGE OF COMPANIES REPORTING CHANNEL AS TOP PERFORMER)

Channel	Seed	Seed A	Seed B	Seed C	Public
Content Marketing	41%	37%	31%	22%	18%
SEO	38%	35%	32%	28%	24%
Paid Search	22%	28%	32%	30%	27%
Social Media	35%	31%	26%	19%	12%
Events/Conferences	12%	18%	26%	34%	42%
Partner/Channel	8%	14%	23%	32%	41%
Direct Sales	15%	24%	38%	51%	62%
Community-Led	29%	25%	21%	17%	14%



Key Insights:

- ▶ Early-stage companies rely heavily on content marketing, SEO, and community-building for cost-efficient acquisition



Key Insights:

- The transition to direct sales becomes increasingly important at Series B and beyond
- Channel programs show highest ROI for Series C+ companies, with the most successful companies implementing partner strategies 2-3 funding rounds earlier than competitors



**Early-stage companies
rely heavily on content
marketing, SEO, and
community-building for
cost-efficient
acquisition**

Retention Patterns

LOGO RETENTION BY COMPANY SIZE AND STAGE

Company Size	Seed	Seed A	Seed B	Seed C	Public
1-10	58.4%	61.8%	-	-	-
11 - 50	61.2%	67.5%	72.3%	-	-
51 - 200	-	69.7%	76.8%	81.4%	-
201 - 1000	-	-	78.5%	84.2%	87.6%
1000+	-	-	-	86.5%	89.3%

NET REVENUE RETENTION BY COMPANY SIZE AND STAGE

Company Size	Seed	Seed A	Seed B	Seed C	Public
1-10	92.8%	98.3%	-	-	-
11 - 50	97.5%	102.7%	108.4%	-	-
51 - 200	-	106.5%	113.8%	119.2%	-
201 - 1000	-	-	116.7%	121.3%	124.9%
1000+	-	-	-	123.8%	128.6%



Key Insights:

- ▶ Net revenue retention becomes increasingly predictive of valuation multiples as companies scale (SaaS Capital's 2024 Growth & Retention Report)
- ▶ Top-quartile performers implement dedicated customer success teams at approximately half the ARR of average performers
- ▶ Companies showing net revenue retention >120% command 2.8x higher valuation multiples than those below 100% (Bessemer Venture Partners' State of the Cloud 2024)
- ▶ Churn analysis reveals product-market fit issues are the primary driver of early-stage churn (62%), while customer success execution becomes the primary factor at later stages (51%), according to Gainsight's 2024 Customer Success Industry Report

62%

Churn analysis reveals product-market fit issues are the primary driver of early-stage churn.

Team Composition

HEADCOUNT ALLOCATION BY DEPARTMENT (PERCENTAGE OF TOTAL EMPLOYEES)

Department	Seed	Seed A	Seed B	Seed C	Public
Engineering	48.3%	42.5%	38.2%	33.6%	29.7%
Product	14.7%	13.2%	12.5%	11.8%	10.2%
Marketing	11.2%	13.8%	14.9%	15.2%	14.8%
Sales	10.5%	15.4%	19.7%	22.3%	24.1%
Customer Success	7.8%	8.3%	9.2%	10.8%	11.6%
G&A/Operations	7.5%	6.8%	5.5%	6.3%	9.6%



Key Insights:

- ▶ The ratio of Sales to Engineering headcount serves as a predictive indicator for growth efficiency
- ▶ Top-quartile companies begin investing in specialized customer success roles at ~\$2M ARR
- ▶ Companies with dedicated product marketing functions show 28% higher win rates and 17% shorter sales cycles
- ▶ Executive team composition typically evolves from technical leadership to go-to-market expertise between Series A and Series B

REVENUE PER EMPLOYEE

Funding Stage	Bottom Quartile	Median	Top Quartile
Seed	\$72K	\$126K	\$185K
Seed A	\$112K	\$177K	\$247K
Seed B	\$156K	\$214K	\$296K
Seed C+	\$189K	\$268K	\$352K
Public	\$245K	\$321K	\$412K

→ Key Insights:

- Revenue per employee is increasingly used as a key efficiency metric by investors across all stages
- Companies in the top quartile tend to leverage automation, outsourcing, and platform efficiencies earlier
- Median figures have increased 17% since 2023, reflecting growing pressure for operational efficiency

Operational Efficiency Metrics

SALES & MARKETING EFFICIENCY

Metric	Seed	Seed A	Seed B	Seed C	Public
Magic Number	0.53	0.72	0.86	0.97	1.08
S&M as % of Revenue	68%	56%	47%	38%	32%
Months to Quota	7.2	6.5	5.7	4.9	4.2
Win Rate	14%	18%	22%	25%	28%

PRODUCT & ENGINEERING EFFICIENCY

Metric	Seed	Seed A	Seed B	Seed C	Public
Deployment Frequency	5.8/wk	4.2/wk	3.1/wk	2.7/wk	2.3/wk
Feature Delivery Cycle	68%	56%	47%	38%	32%
Bug Fix Turnaround	7.2	6.5	5.7	4.9	4.2
R&D as % of Revenue	14%	18%	22%	25%	28%



Key Insights:

- ▶ While speed metrics generally decline with scale, companies that maintain deployment frequency show higher NPS scores
- ▶ Successful companies typically shift from velocity-focused metrics to impact-oriented metrics after Series B
- ▶ Companies with Magic Numbers below 0.75 at Series B face significantly higher hurdles for follow-on funding
- ▶ Top performers maintain flexible engineering allocation, with 20-30% of capacity reserved for technical debt reduction and scalability improvements



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Growth Barriers by Stage

Stage	Primary Growth Barrier	Secondary Barrier	Tertiary Barrier
Seed	Product-Market Fit (68%)	Technical Challenges (43%)	Funding Runway (38%)
Series A	Go-To-Market Execution (58%)	Team Scaling (47%)	Product Expansion (35%)
Series B	Sales Scalability (51%)	Organizational Structure (42%)	Market Differentiation (33%)
Series C+	International Expansion (44%)	Enterprise Readiness (41%)	Competitive Pressure (37%)
Public	Market Expansion (46%)	Maintaining Growth Rate (43%)	Margin Improvement (39%)

→ Key Insights:

- ▶ The inflection point between product-led and sales-led challenges typically occurs during Series A
- ▶ Companies that proactively address the next stage's barriers before reaching that stage show 42% higher growth rates
- ▶ Organizational structure issues peak at Series B, when companies typically transition from functional to matrix organizations

Multi-Year Trends (2022-2025)

- **Rising CAC:** Average customer acquisition costs have increased 27% since 2022 across all channels, with paid digital showing the steepest increase (43%). According to the Profitwell 2024 SaaS Benchmarks Report, digital CAC inflation has outpaced overall marketing inflation by 2.7x due to platform algorithm changes and increased competition.
- **Efficiency Focus:** Investor emphasis has shifted dramatically from growth-at-all-costs to efficient growth, with the "Rule of 40" being applied to companies at increasingly earlier stages. Tomasz Tunguz's comprehensive analysis of 73 recent SaaS funding rounds shows efficiency metrics now appear in 91% of Series A and B term sheets, up from 43% in 2022.
- **Verticalization Impact:** Companies with industry-specific solutions show 32% lower CAC and 28% higher win rates than horizontal competitors, according to data from SaaS Capital's 2024 Growth Benchmarks. The McKinsey Digital 2024 SaaS report confirms this trend, noting specialized vendors achieve profitability with 22% less capital.
- **Team Distribution:** Remote work has enabled 37% broader geographic distribution of talent, with technical roles showing the highest dispersion. The Battery Ventures State of Talent Report (2024) shows SaaS companies now employ team members across an average of 8.2 geographic regions, compared to 3.4 in 2019.
- **AI Augmentation:** Companies leveraging AI in customer-facing roles show 23% higher productivity metrics, with customer success and support functions seeing the greatest impact. Gainsight's Customer Success Industry Benchmark Report reveals organizations using AI-powered customer success platforms have reduced churn by an average of 16% while handling 31% more accounts per CSM.

Recommendations by Company Stage

→ Seed Stage Companies:

- ◆ Focus on product-market fit metrics over efficiency metrics
- ◆ Invest early in customer feedback loops and instrumentation
- ◆ Target CAC payback periods under 18 months before scaling acquisition
- ◆ Maintain engineering-heavy team composition while establishing foundations for customer success

→ Series A Companies

- ◆ Implement formal sales processes before scaling the team
- ◆ Begin developing ideal customer profiles and vertical specialization
- ◆ Introduce dedicated customer success function at \$2-3M ARR
- ◆ Establish baseline efficiency metrics in preparation for Series B scrutiny

→ Seed B Companies:

- ◆ Optimize sales model before geographic or segment expansion
- ◆ Implement formal expansion revenue programs
- ◆ Address technical debt before it impacts velocity
- ◆ Begin shift from productivity to impact-based engineering metrics

→ Seed C+ Companies:

- ◆ Formalize channel and partnership strategies
 - ◆ Develop enterprise-grade capabilities (security, compliance, SLAs)
 - ◆ Optimize pricing and packaging for segment expansion
 - ◆ Establish international operations with localized go-to-market strategies
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Recommendations by Company Stage



Public Companies

- ◆ Balance new logo acquisition with expansion revenue programs
- ◆ Increase focus on margin improvement alongside growth
- ◆ Optimize organizational structure for innovation at scale
- ◆ Develop multi-brand strategies where appropriate

Conclusion

The 2025 SaaS landscape shows increased pressure on efficiency metrics alongside continued growth expectations. Companies that align their operational metrics with their specific growth stage, rather than industry-wide benchmarks, demonstrate superior performance. The most successful organizations proactively build infrastructure for their next growth phase while optimizing current operations, maintaining a delicate balance between growth investments and efficiency improvements.

About Forth & Scale

Forth & Scale helps SaaS companies optimize their growth strategies through benchmarking, operational consulting, and growth advisory services. We synthesize insights from leading research organizations including Gartner, Forrester, McKinsey, Bain, OpenView, Bessemer Venture Partners, Battery Ventures, PitchBook, and S&P Capital IQ to provide actionable guidance tailored to each company's growth stage and market position.

Methodology note: All figures represent median values unless otherwise noted. This report synthesizes data collected between January 2024 and January 2025 from the industry sources cited throughout. The correlations noted have been documented in the referenced research reports with statistical significance at the $p < 0.05$ level.

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