



Team Leader Development

Commerciality, Identifying Markets & Barriers to Entry

What is TAM SAM SOM?

TAM = Total
Addressable
Market

SAM =
Serviceable
Available
Market

SOM =
Serviceable
Obtainable
Market

What Business Questions Does a TAM SAM SOM Analysis Answer?

Market size

How much can we serve?

What can we realistically
capture?

What is our ICP?

What marketing strategies should
we deploy?

Where are the revenue growth
opportunities?

What investment might we need to
increase our share?

What is our long term viability?

EXAMPLE: Potential Customers: Estimated at 1 million who are interested in designer sunglasses online, and the average Revenue per customer: \$500 annually. You will launch in a country with 1 million potential customers

The TAM
calculation is:

$$\begin{aligned} \text{TAM} &= \\ 1,000,000 &\times \\ \$500 & \\ =\$500,000.000 \end{aligned}$$

The SAM
calculation is:

$$\begin{aligned} \text{SAM} &= 1,000,000 \\ &\times 0.1 \times \$500 \\ &= \$50,000,000 \end{aligned}$$

The SOM
calculation is:

$$\begin{aligned} \text{SOM} &= \\ 1,000,000 &\times 0.1 \\ &\times 0.05 \times \$500 \\ &= \$2,500,000 \end{aligned}$$