

# Early-Stage GTM Report

2026

# Introduction

The 2026 State of Early-Stage GTM Report is the second annual edition of Mercury's comprehensive benchmarking study for early-stage B2B software Go-To-Market (GTM) teams. Building on the foundation established in 2025, this year's report captures how GTM strategies are evolving in an environment increasingly shaped by AI.

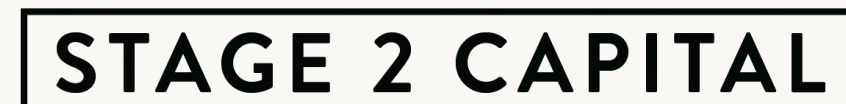
We define early-stage as companies with annual recurring revenue (ARR) of less than \$100M, and have bucketed responses by revenue ranges.

This report is based on insights gathered from 125+ early-stage B2B software GTM leaders surveyed in Q1 2026.

In this second edition, we uncover evolving trends in GTM, including how AI is reshaping team structures, shifting sales and marketing tool adoption, funnel performance metrics, compensation models, and operational frameworks.

# Thank You to Our Partners

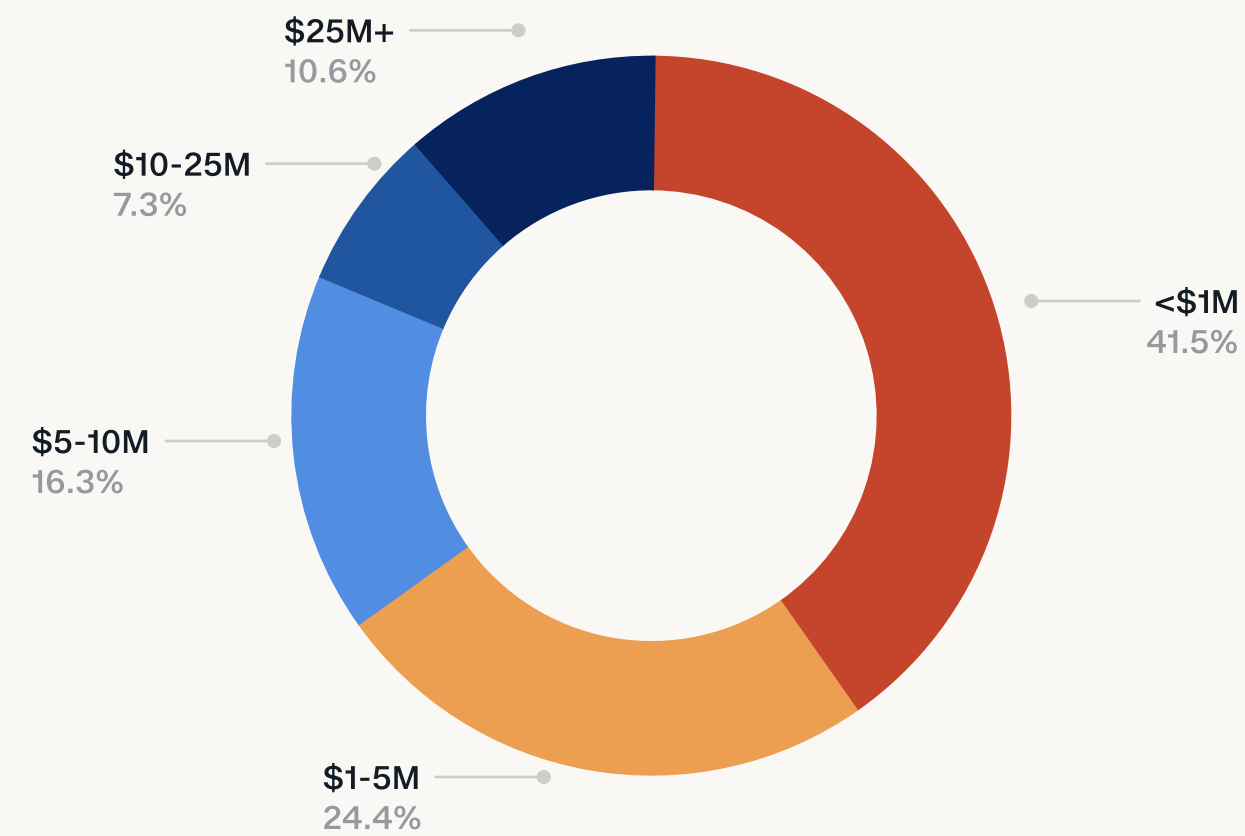
The 2026 Early-Stage GTM Report wouldn't be possible without the support of our partners who are eager to uncover trends and identify benchmarks in early-stage B2B SaaS GTM. We were lucky to have several of our 2025 partners join us again in 2026, as well as a couple of new firms who helped us drive participation.



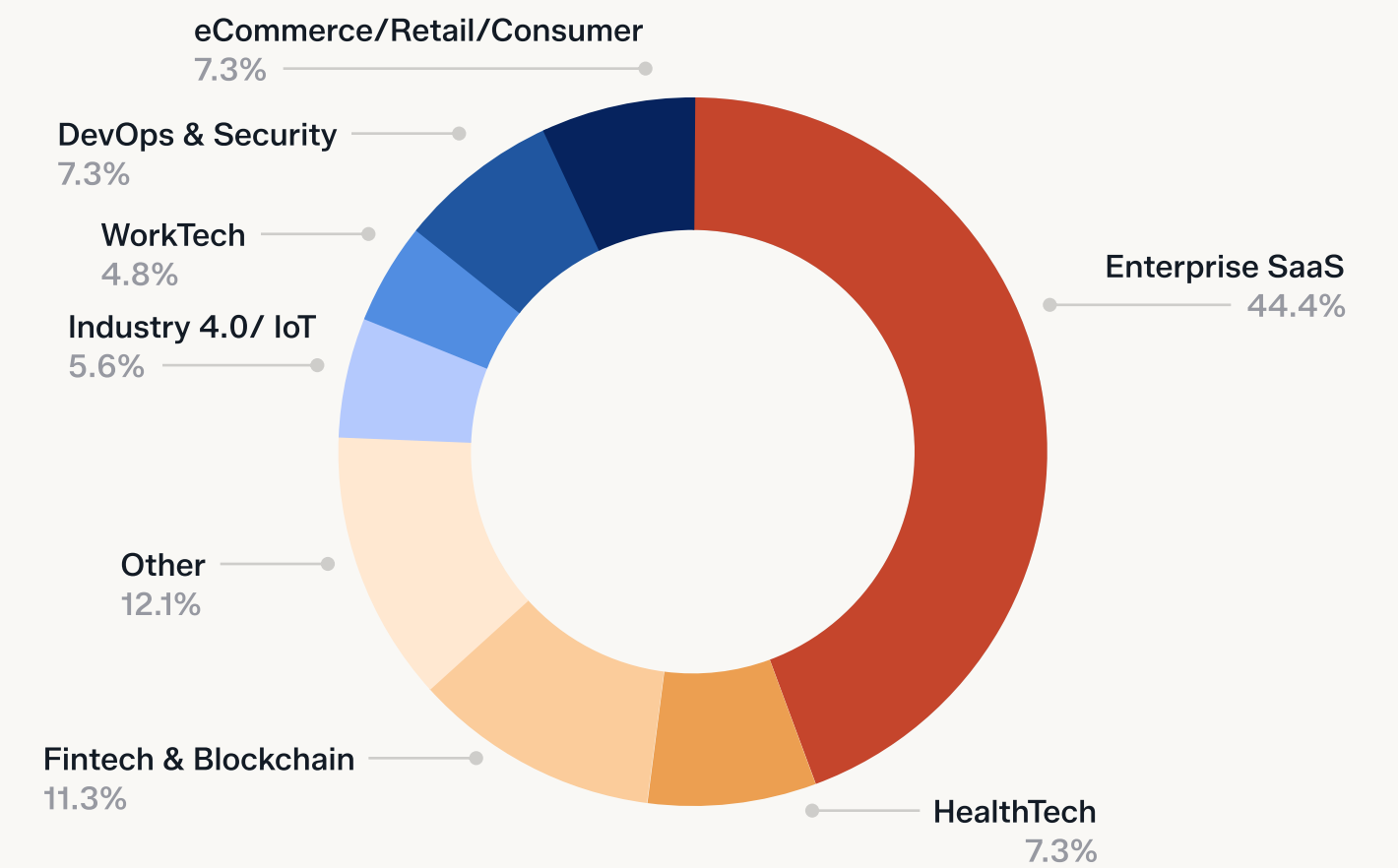
# Data Collection From Survey Respondents

This year's survey captured responses from 125+ B2B software GTM leaders in Q1 2026. Nearly all respondents (93%) are headquartered in North America, and 76% have fewer than 50 employees. The respondent pool skews slightly earlier-stage this year, with 75% of companies at \$5M ARR or below compared to 46% of companies at this threshold that participated last year.

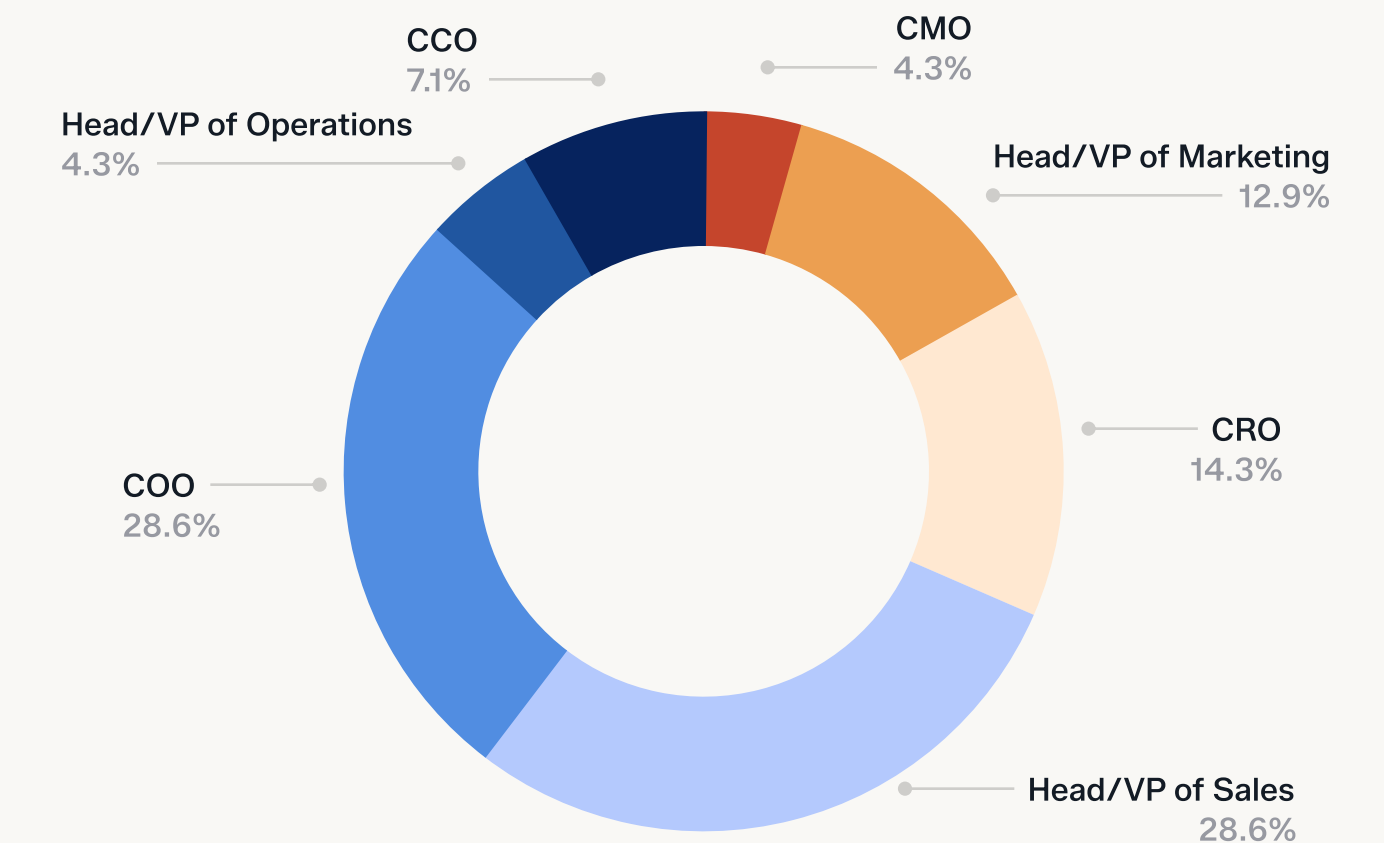
### Company ARR



### Industries



### Role / Title



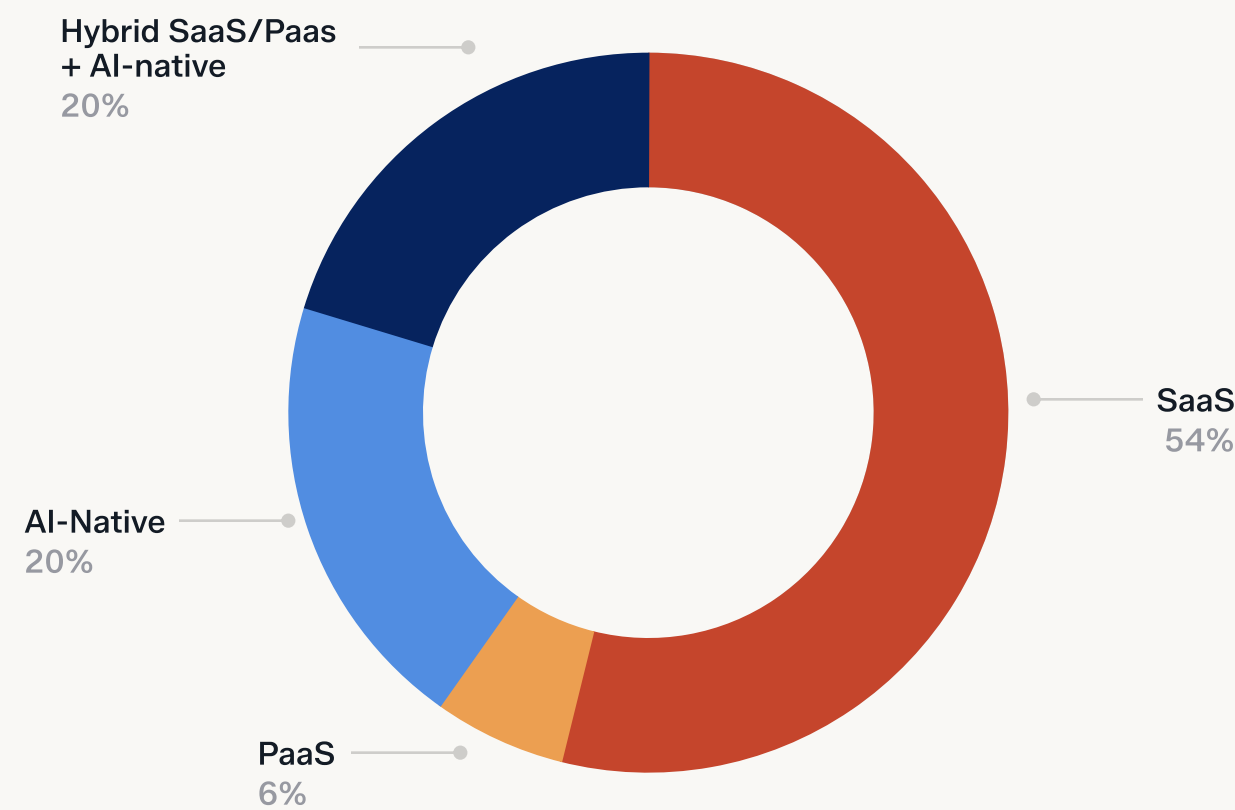
# Data Collection From Survey Respondents

A little more than half of survey respondents operate in SaaS companies, 20% are in AI-native companies, and another 20% in hybrid AI-native and SaaS/PaaS. We expect this trend to continue in future editions of the report as the software industry moves more towards AI-first.

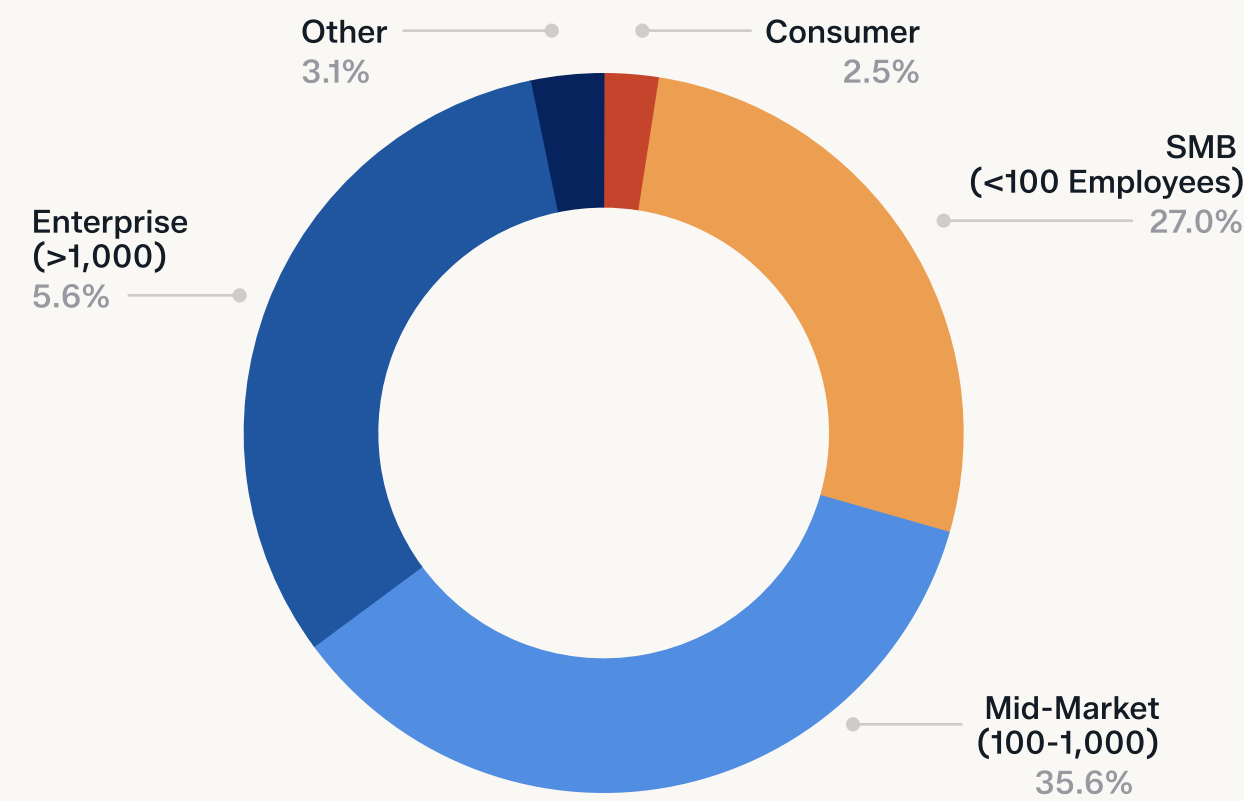
There's a relatively even distribution of targeted customer segments across SMB, mid-market, and enterprise amongst respondents.

Similar to 2025, sales-led continues to dominate GTM motions; more than 70% of respondents are in a sales-led GTM environment. We see a slight decrease in respondents whose primary GTM motion is self-serve/PLG - 11% compared to 19% in 2025.

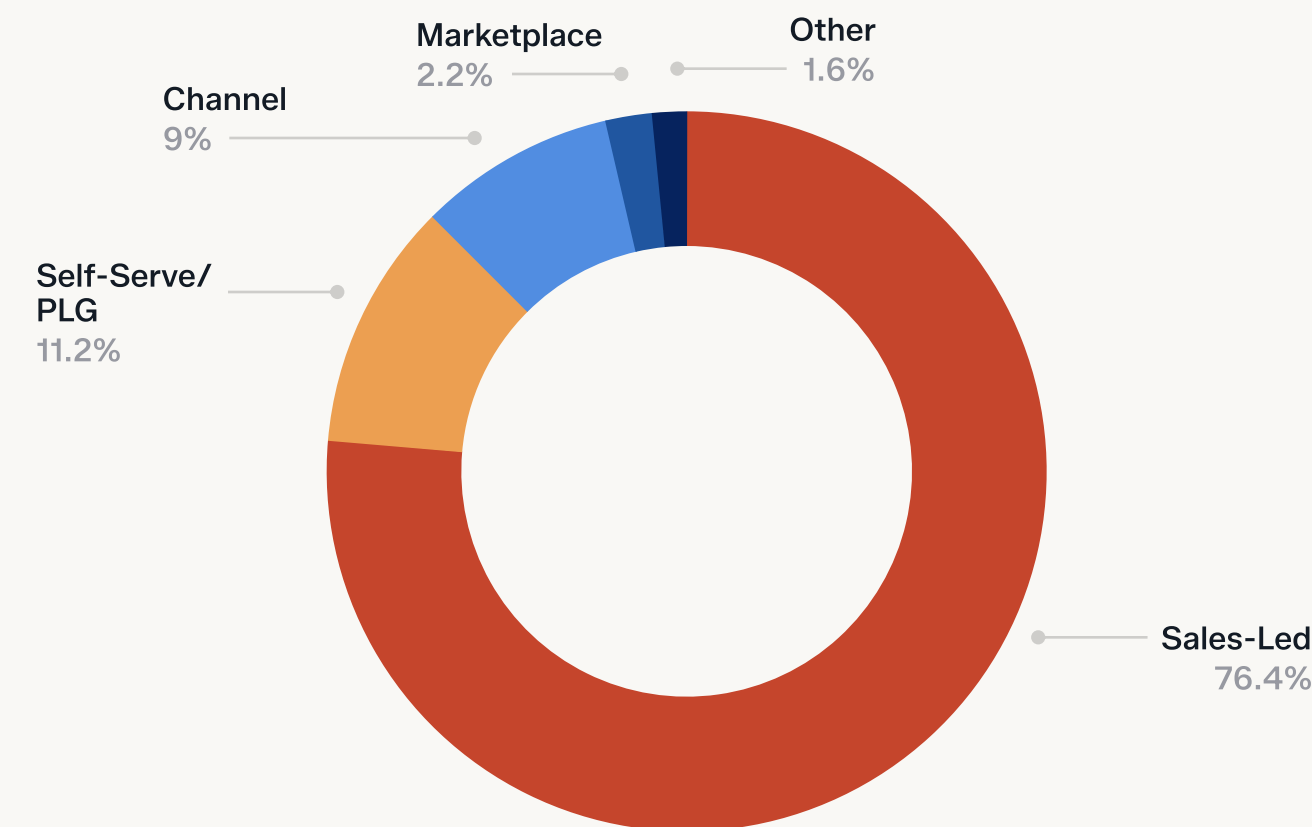
## Product & Technology



## Customer Segments



## GTM Motion



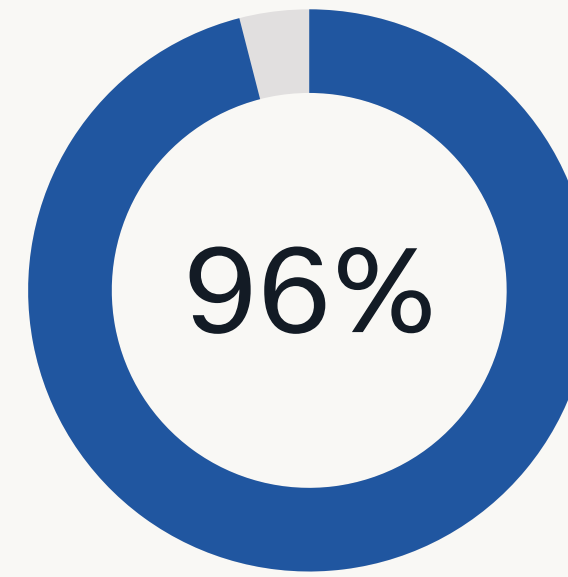
# Executive Summary

- AI is Now a Foundational Layer for GTM Teams
- AI is Expanding Across GTM Use Cases
- AI is Reshaping How GTM Teams Scale

# AI is Now a Foundational Layer for GTM Teams

If 2025 was the year early-stage teams experimented with AI, 2026 is the year they're operationalizing it. The average reported impact of AI is 7 out of 10, with the vast majority of respondents indicating that AI is now a top priority. Notably, nearly all teams (96%) rank AI as either a top or critical priority for the year ahead.

This widespread adoption signals a fundamental shift: AI is now embedded in how GTM teams execute, rather than an emerging capability layered on top of existing processes.

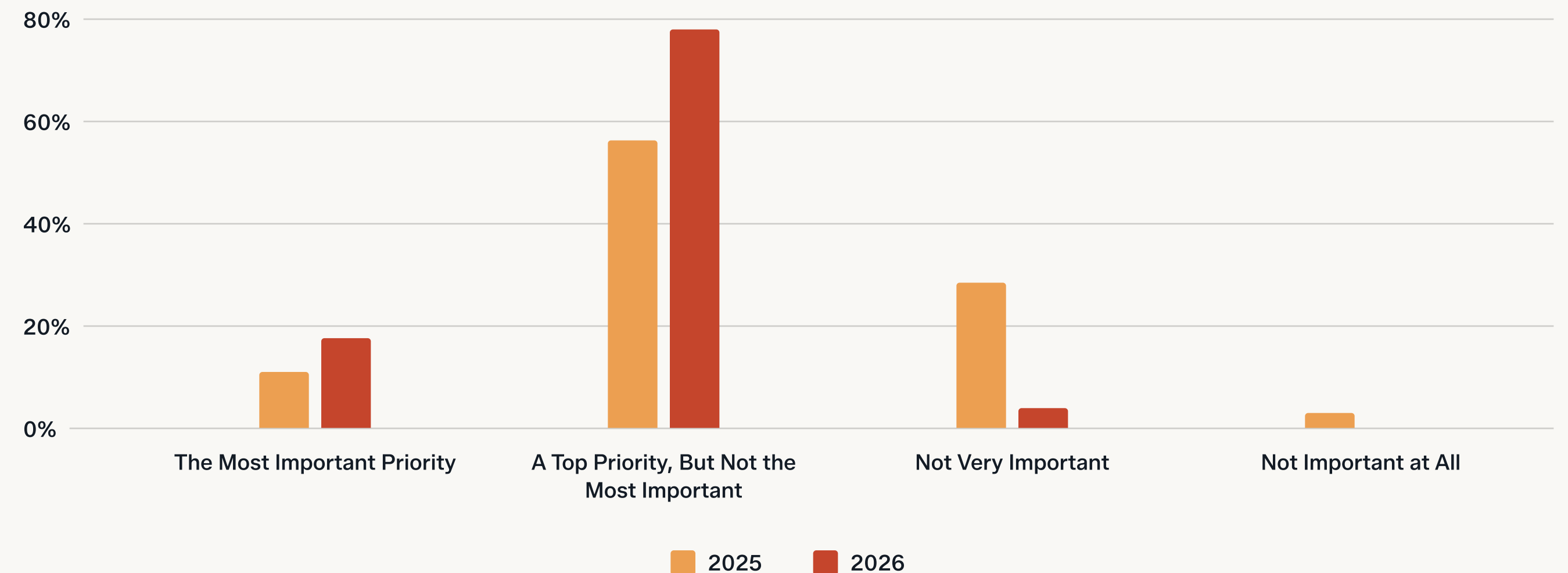


Say AI is a Top Priority

7/10

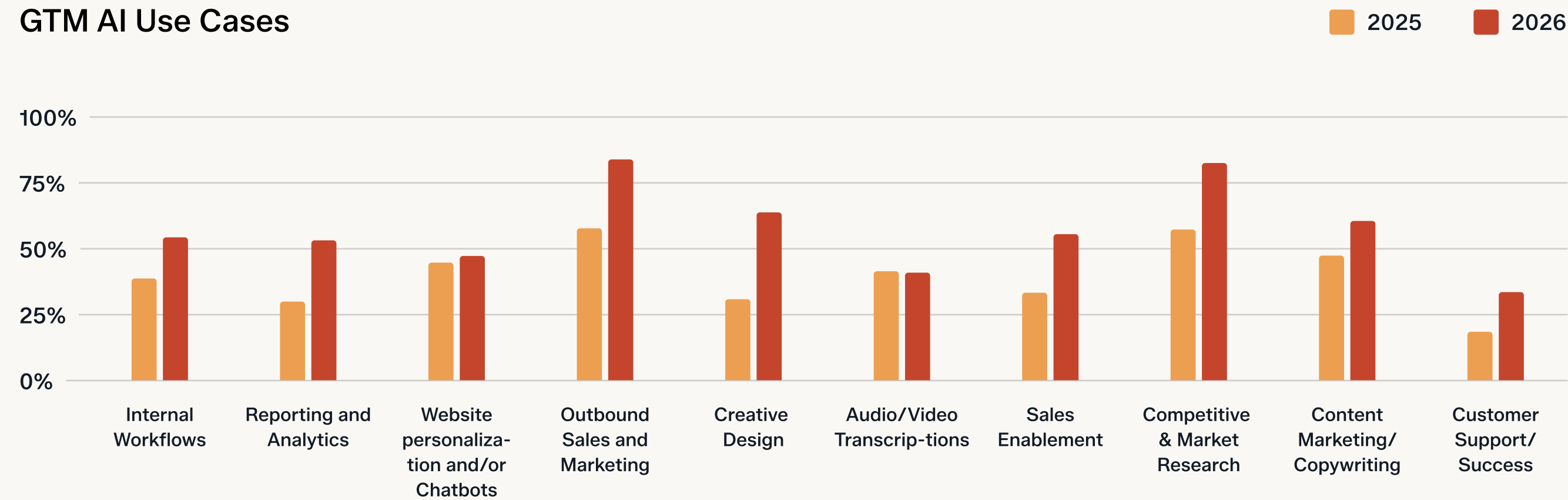
Average AI Impact Score

AI Priority



# AI is Expanding Across GTM Use Cases

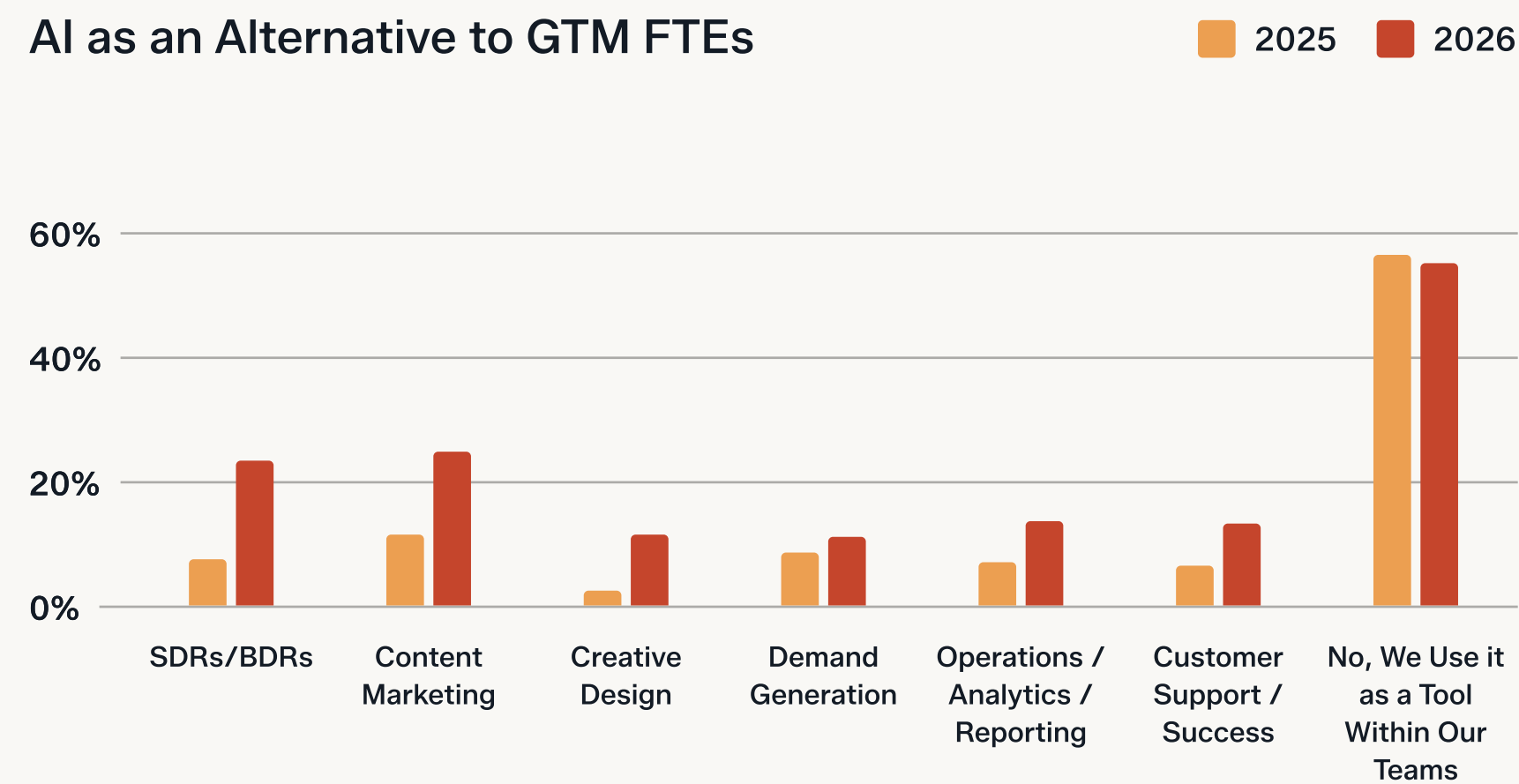
GTM AI Use Cases



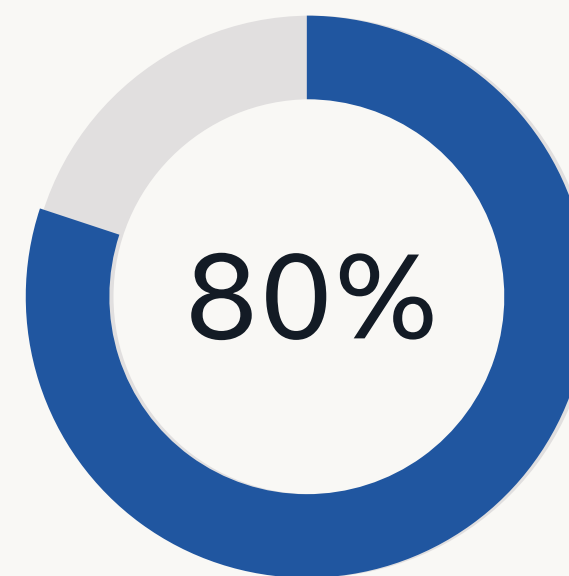
AI is being applied more broadly across GTM workflows. Teams are indicating more adoption of AI across each use case, with notable increases in reporting and analytics, market and customer research, outbound campaign execution, and creative design.

Mirroring 2025, nearly 60% of organizations are layering AI into existing roles instead of using it as a direct substitute for full-time employees. The teams that are substituting FTEs, however, are leveraging AI across a wider range of functions. This suggests a shift to a more integrated, cross-functional deployment of AI within GTM teams.

AI as an Alternative to GTM FTEs



GTM Teams Adopting ChatGPT



We have also entered the multi-LLM era: ChatGPT leads adoption at 80%, but 60% of teams also use Claude and 50% use Gemini, signaling that GTM teams are running parallel models for different use cases rather than consolidating on a single tool.

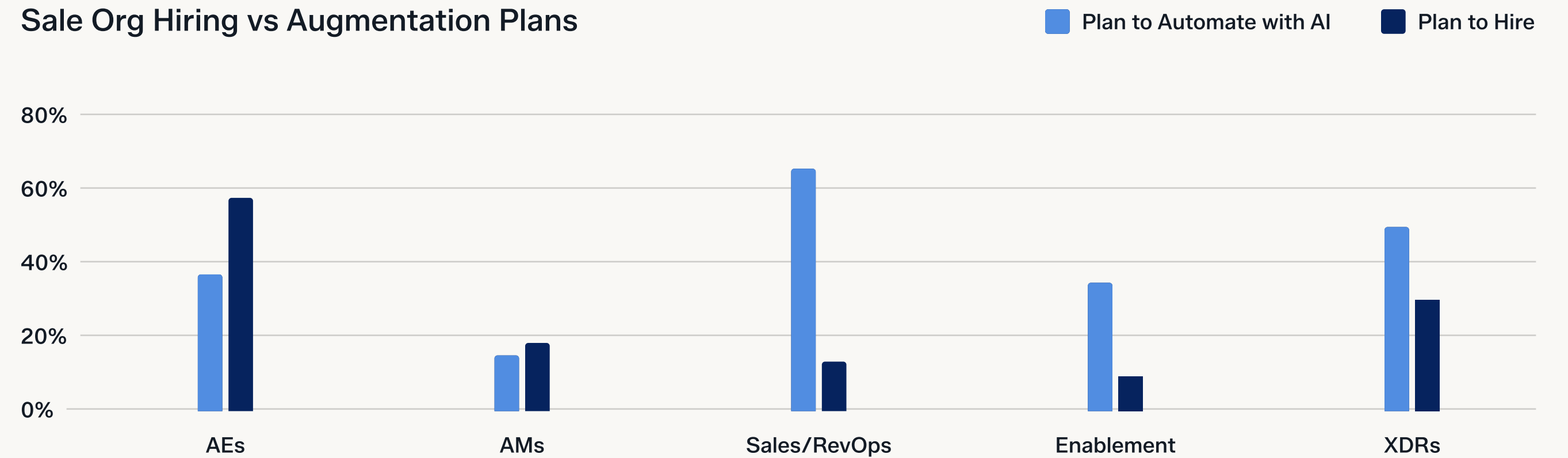
# AI is Reshaping How GTM Teams Scale

AI is changing how GTM teams allocate both technology and headcount. Across sales, RevOps and enablement show the highest planned AI augmentation, followed by SDR/BDR functions. These roles tend to be high-volume and more process-driven. Across marketing, content and operations the dominate functions to automate.

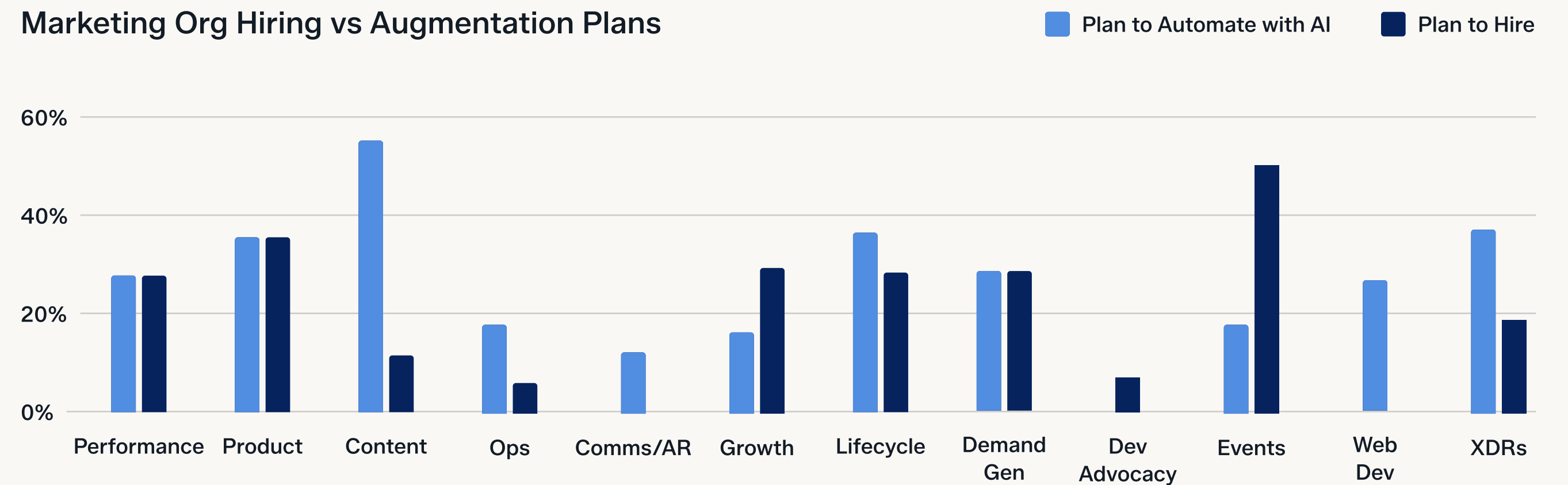
In contrast, hiring is focused on roles that require human judgment and direct revenue ownership. Account Executives continue to see strong demand, while Events has emerged as the top planned hire for marketing, reflecting the emphasis on in-person engagements as a core channel for early-stage teams.

The result is a shift in how teams scale: execution is increasingly automated, while headcount is reserved for high-impact, revenue-driving roles.

Sale Org Hiring vs Augmentation Plans



Marketing Org Hiring vs Augmentation Plans



# Benchmarks: Funnel Metrics

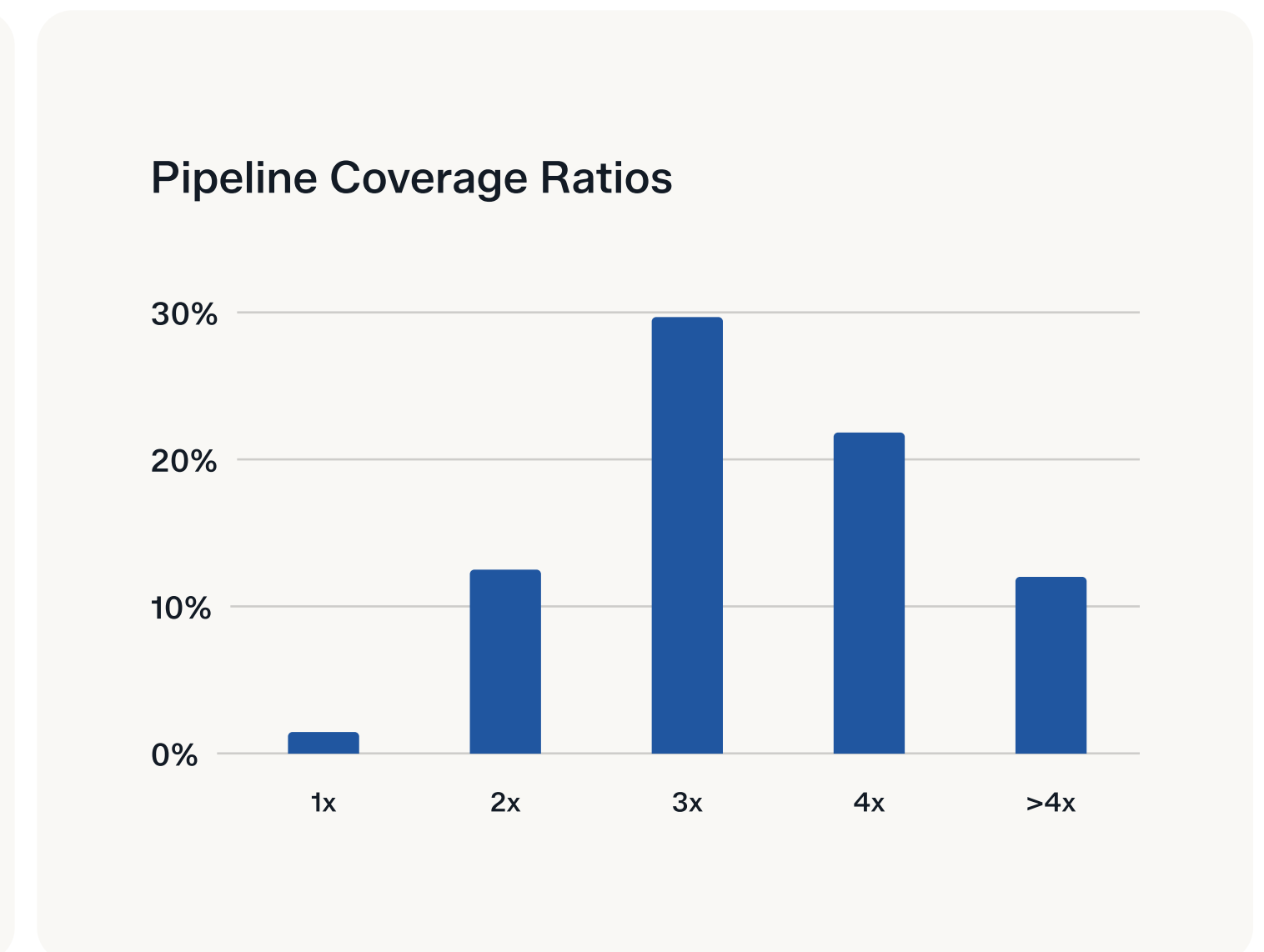
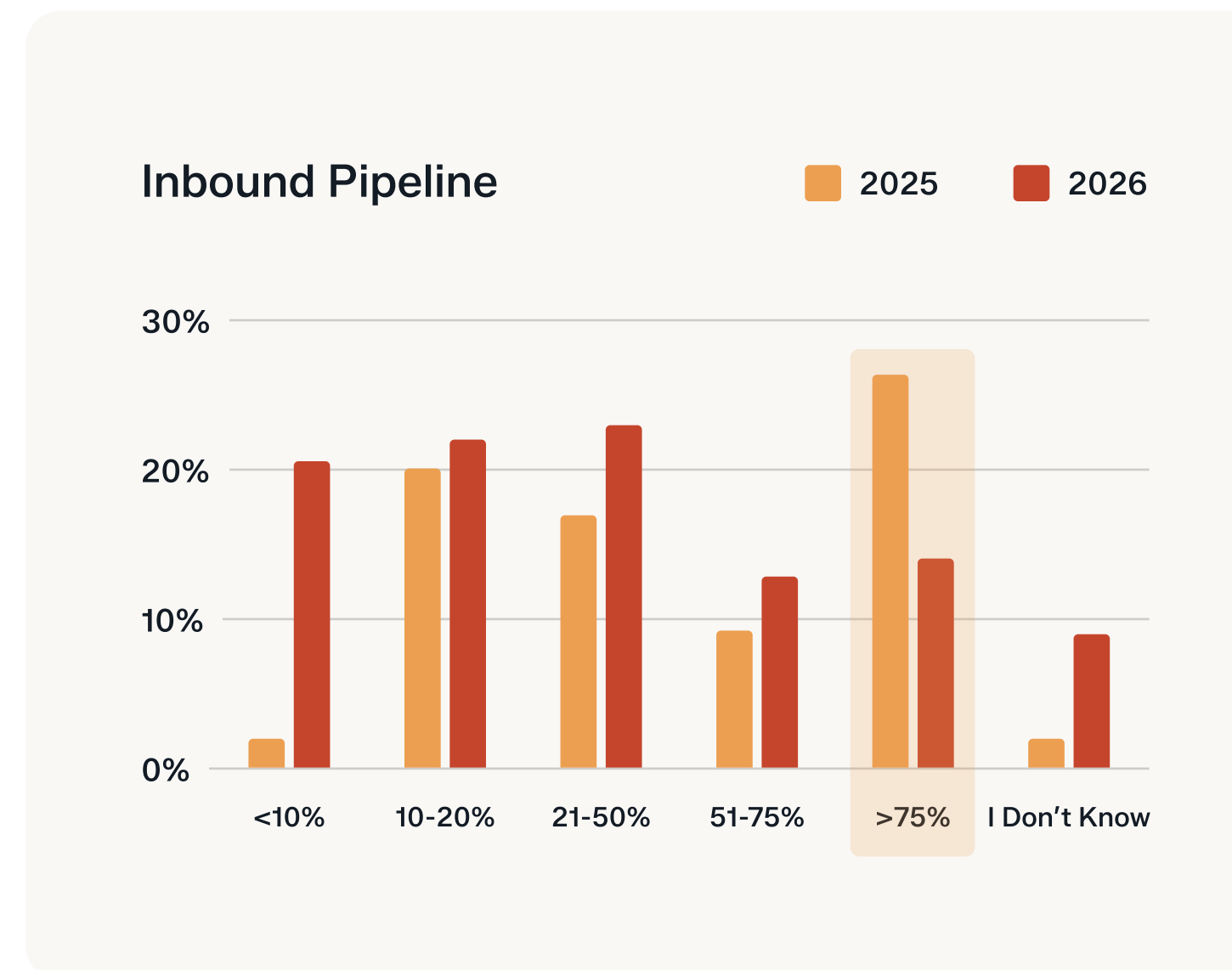
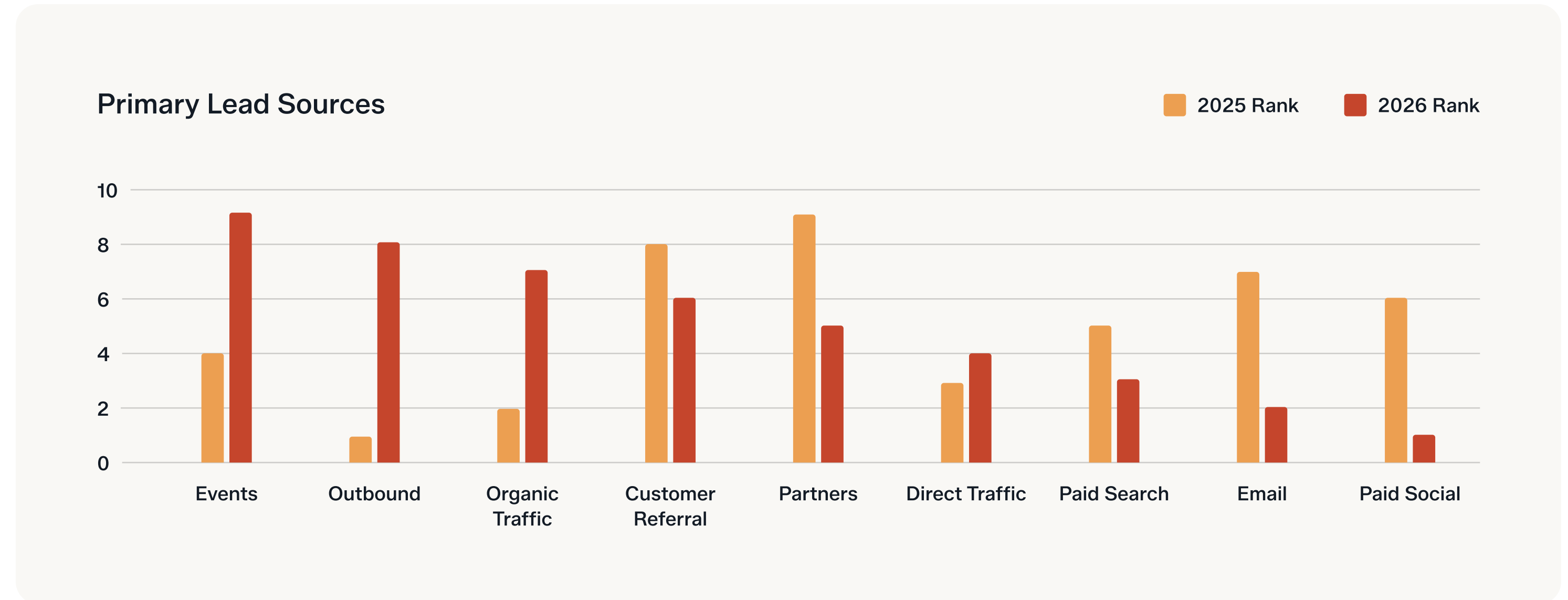
- Lead Sources and Sales Pipeline Trends
- Core Funnel Conversion Rates
- Sales Win Rates
- ACVs and Sales Cycle Velocity

# Lead Sources and Sales Pipeline Trends

Overall, pipeline generation is becoming more distributed with less reliance on inbound. Last year, 26% of respondents indicated that 75%+ of their pipeline was inbound; this year that number fell to 17% with more concentration in the 50% or lower categories.

GTM teams are mixing in more outbound and event-driven leads to generate pipeline. All three of the top 3 lead source channels - Events, Outbound, and Organic traffic - saw meaningful increases from 2025. Events in particular, more than doubled YoY. We see notable declines in email, and paid digital advertising (search and social), signaling a shift towards human-centric activities driving growth.

Despite these shifts, most teams continue to target pipeline coverage ratios in the 3:1 to 4:1 range, reflecting consistent expectations around pipeline generation relative to revenue targets.



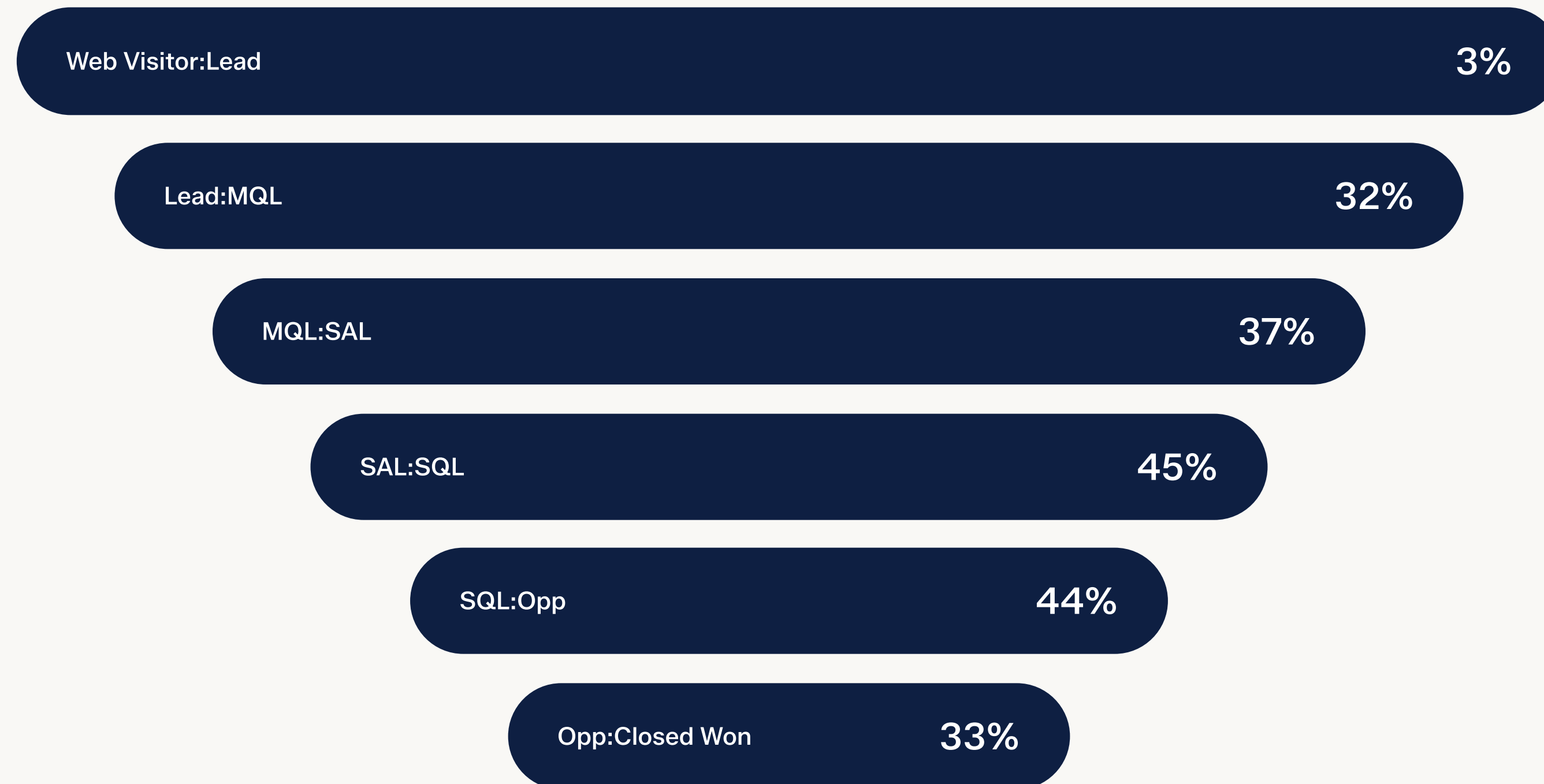
# Core Funnel Conversion Rates

Tracking conversion rates at each funnel stage is the clearest picture into the overall health of a GTM engine. The most notable shifts from 2025 are:

- Weakening mid-funnel: Conversion rates from Lead:MQL to SQL:Opp all decreased from 2025.
- Strengthening bottom of the funnel: Win rates (opp:closed won) improved, increasing from 29% to 33% this year.

Inbound channels (organic, direct, paid search & social) positively correlate with win rates, signaling high bottom-funnel conversion quality despite mixed mid-funnel performance and overall volume decline. Outbound leads show the opposite trend, performing better at the top of the funnel but struggling to convert toward the bottom.

Product-wise, SaaS and hybrid SaaS/AI-native companies maintain strong conversion rates, though pure AI-native companies underperform at the top of the funnel as they refine lead quality.



The data reflects weighted averages from respondents whose primary GTM motion is sales-led or sales-led with a channel component.

# Sales Win Rates

Win rates remain a critical indicator of GTM effectiveness and can be clear indicators of product-market fit, pricing alignment, and team efficiency.

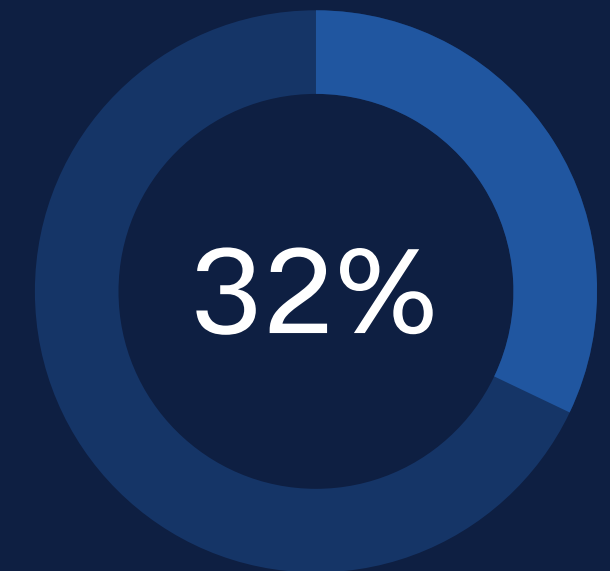
The research reveals that the overall average win rate for early-stage B2B software companies stands at 33%. However, win rates fluctuate depending on the company's stage of growth. Scaling GTM introduces complexity that can reduce efficiency before improving it again.

Last year uncovered an interesting correlation between XDRs and win rates: teams with dedicated XDR support saw an average win rate of 30% compared to 23.5% without. This year found that teams with XDRs had slightly lower win rates than those without.

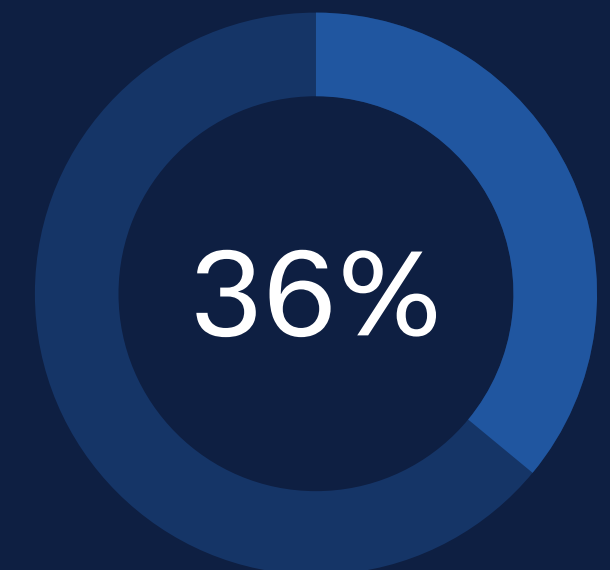
ARR Bucket	Average Win Rate
<\$1M	32%
\$1-5M	39%
\$5-10M	31%
\$10-25M	31%
\$25-50M	18%
>\$50M	40%
<b>Overall</b>	<b>33%</b>

The data reflects weighted averages by revenue range from respondents whose primary GTM motion is sales-led or sales-led with a channel component. The overall average may differ due to varying group sizes.

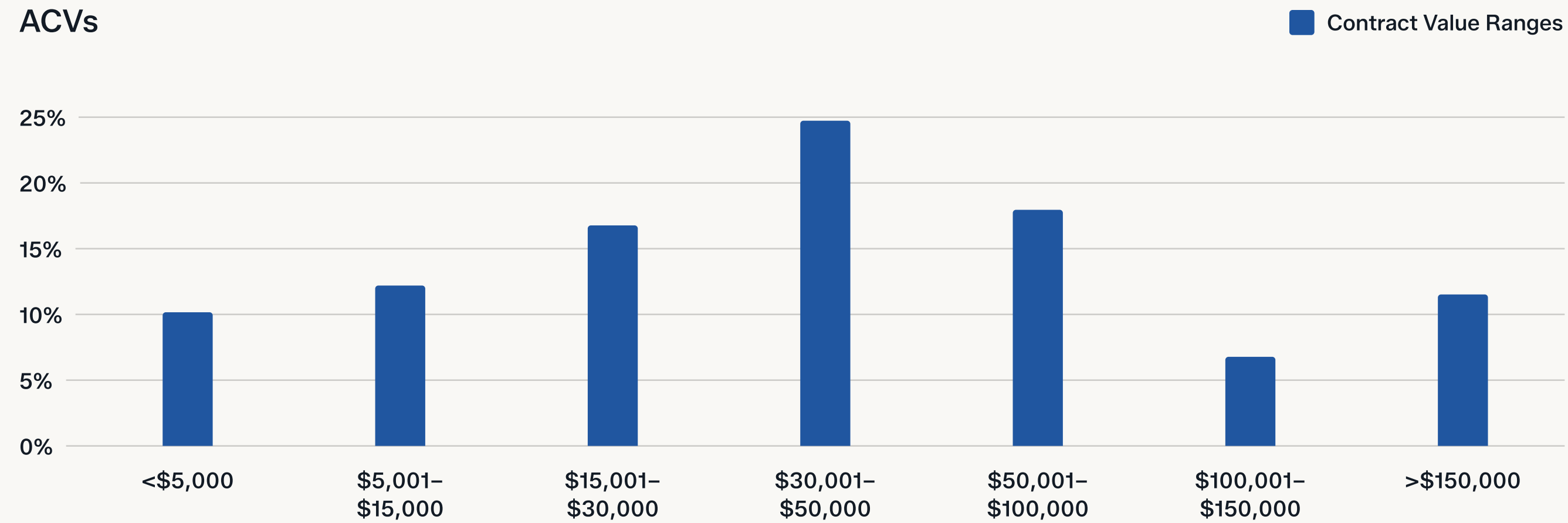
Average Win Rate  
With XDRs



Average Win Rate  
Without XDRs

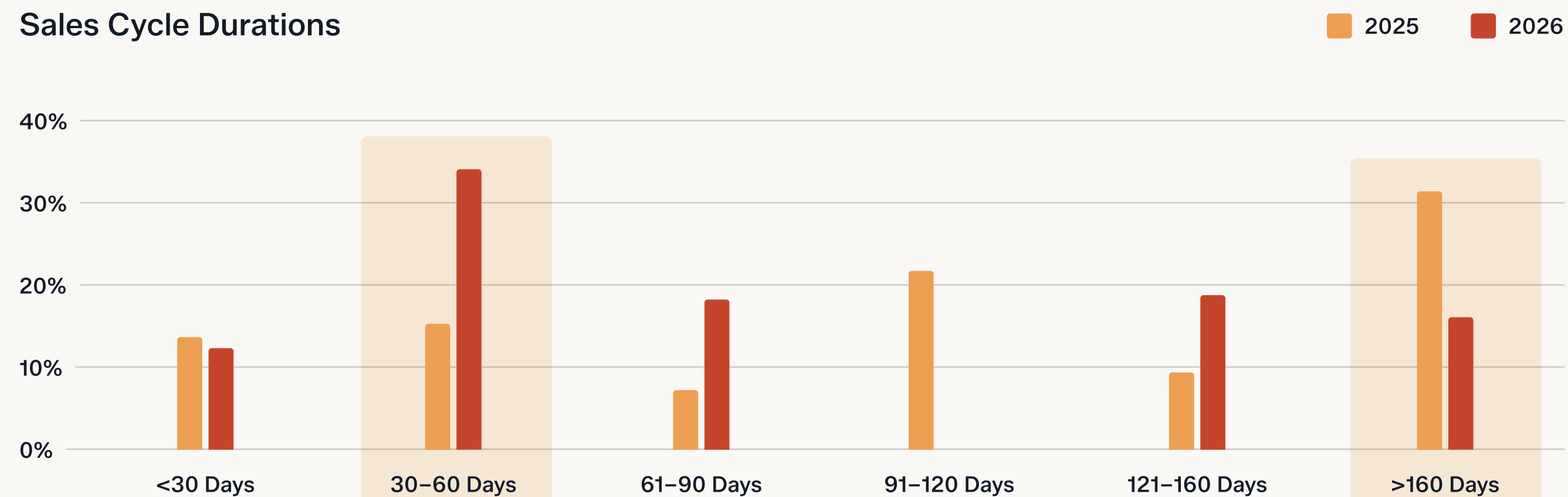


# ACVs and Sales Cycles Velocity



Early-stage companies are seeing a shift toward higher contract values alongside faster deal cycles. A greater share of respondents now report annual contract values above \$50K, while the highest concentration has moved into the \$30–50K range, up from \$5-15K in 2025. At the same time, more than half of companies are closing deals within 90 days, with a significant portion closing in under 60 days.

Most notably, sales cycles of 160 days or longer have collapsed this year, which could signal more decisive buyers, or better sales qualification.



# Org Structure

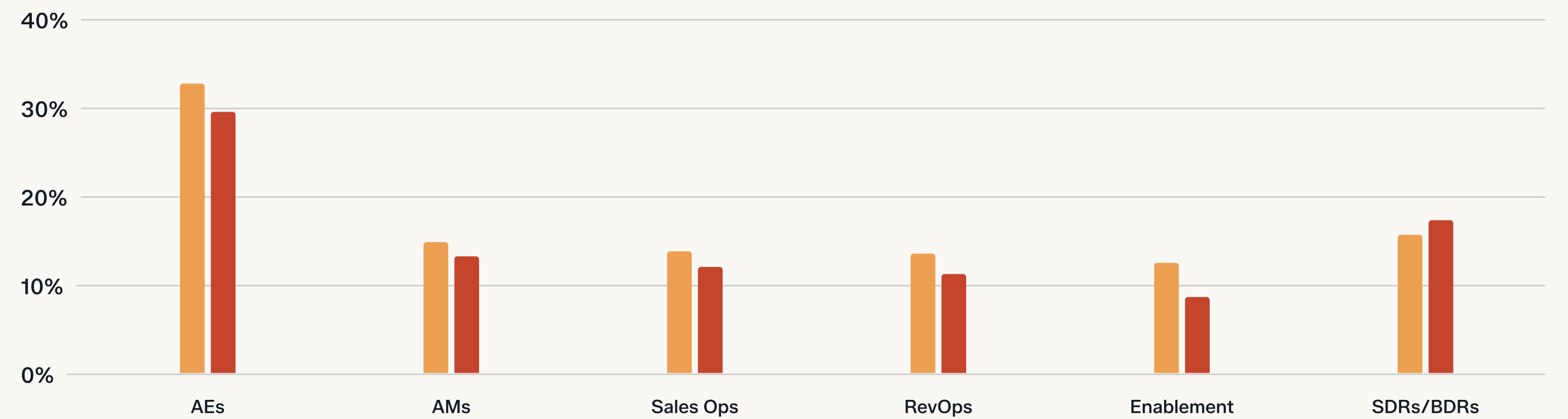
- Sales Team Design
- Sales Hiring Plans
- Marketing Team Design and Hiring Plans

# Organizational Design: Sales Team

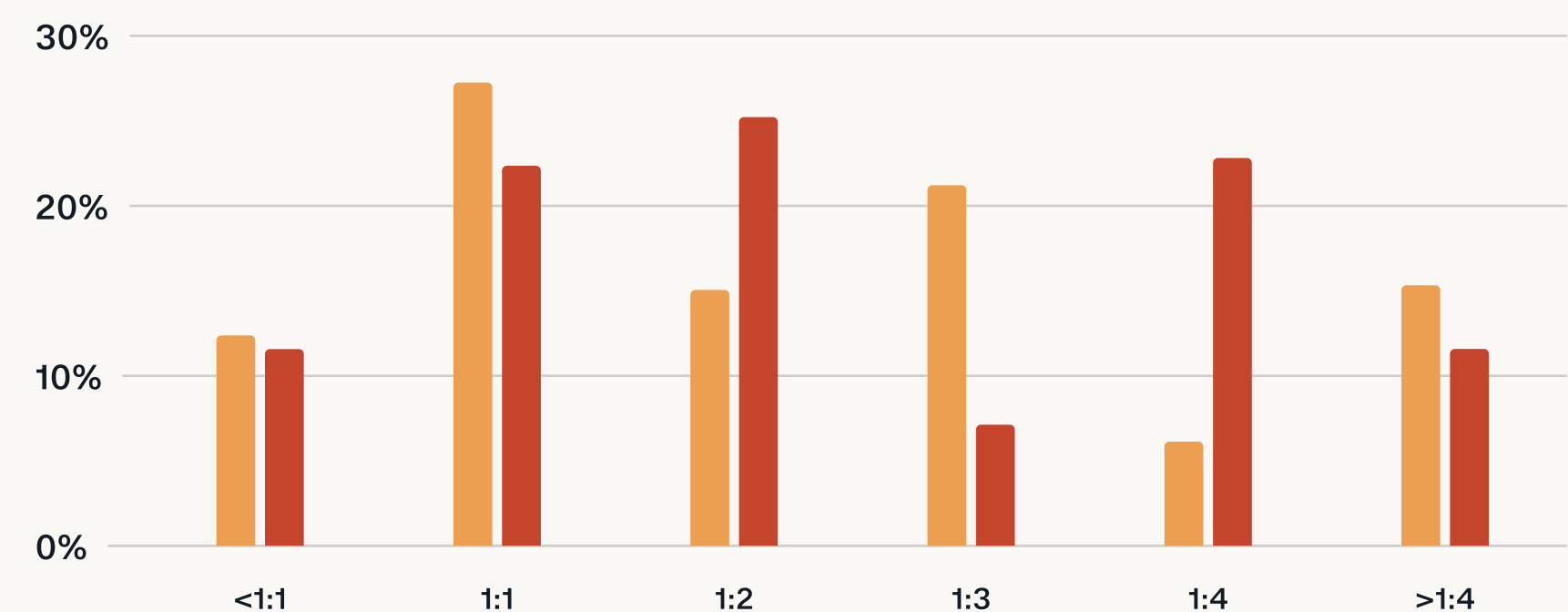
Sales team structures remain largely consistent year-over-year, with only incremental shifts in composition. The most notable change is the increased adoption of XDR roles - 50% of 2026 respondents have XDRs, compared to 40% last year. And a growing number of XDR roles report into sales, bringing tighter alignment to quality, pipeline generation and revenue ownership.

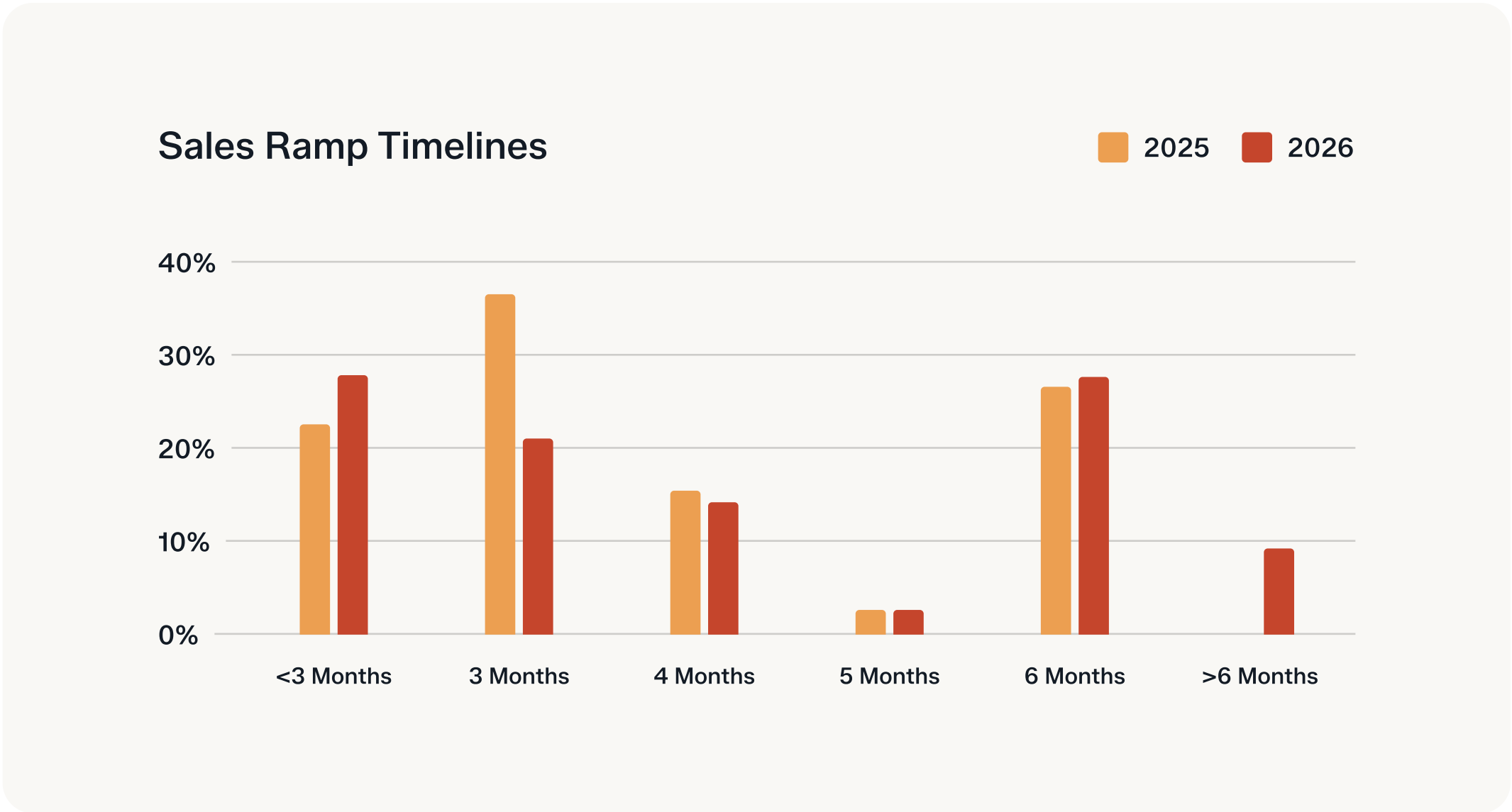
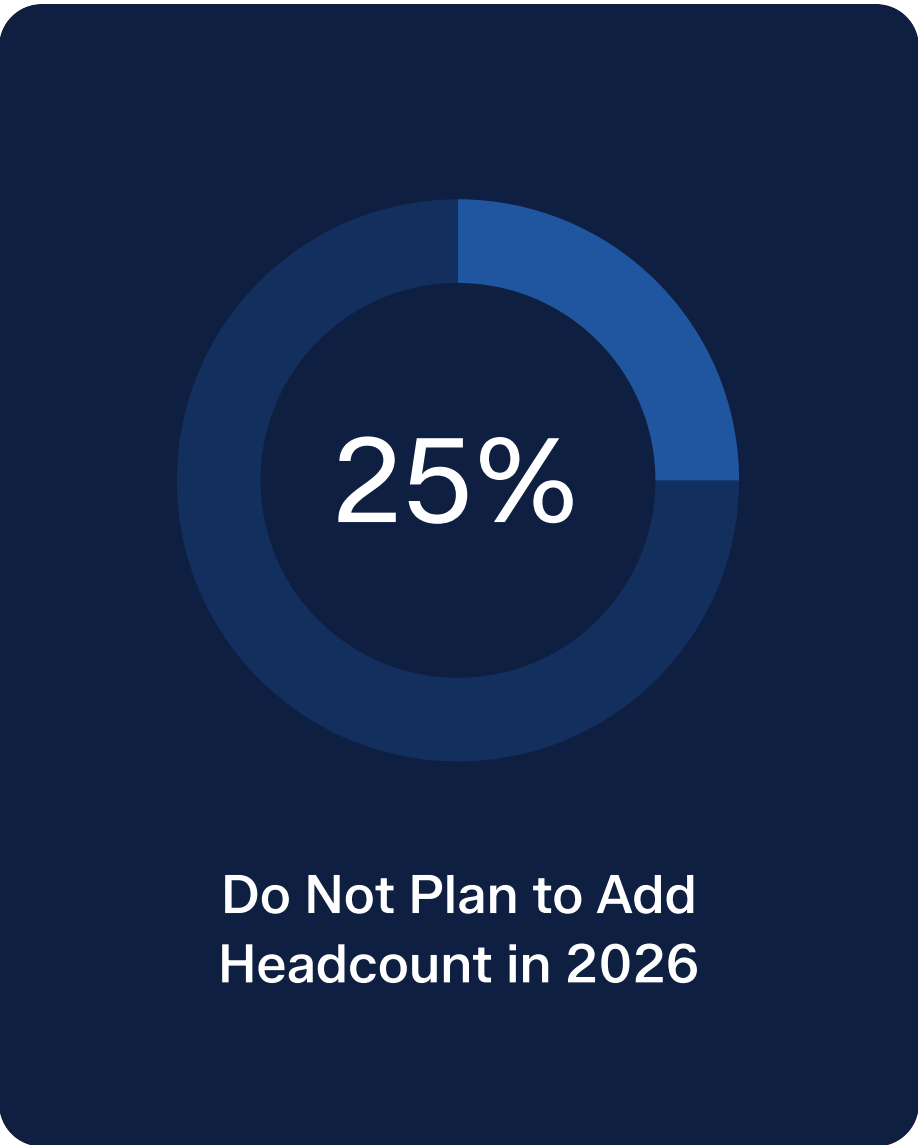
The 1:2 XDR:AE ratio becoming the most common (pulling ahead of 1:1) may suggest teams are expecting more efficiency per XDR.

Sales Team Composition



XDR:AE Ratios

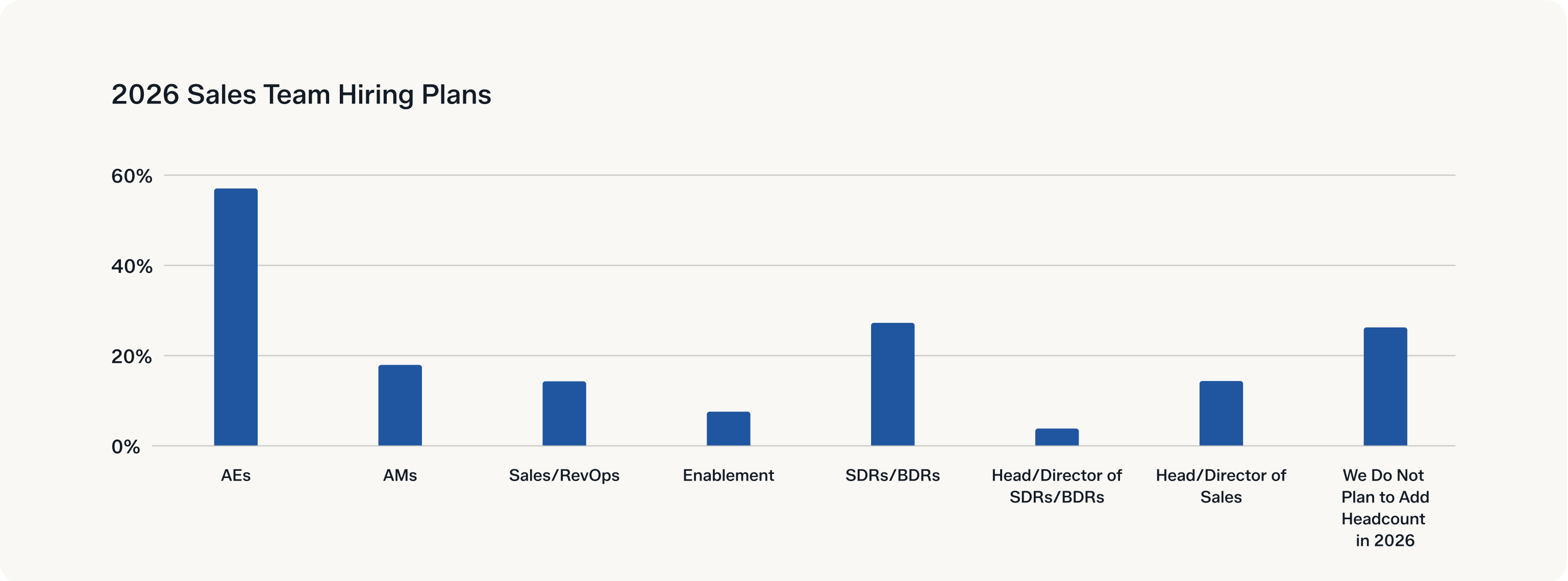




# Organizational Design: Sales Hiring Plans

In 2026, sales teams are prioritizing high-impact revenue roles while limiting overall headcount growth. Specifically, we see an emphasis on Account Executive and XDR headcount. At the same time, hiring remains measured, with 25% of respondents indicating that they do not plan to add new headcount in 2026. This suggests that while companies are investing in revenue capacity, they are doing so selectively, prioritizing roles with the most direct impact on bookings and retention.

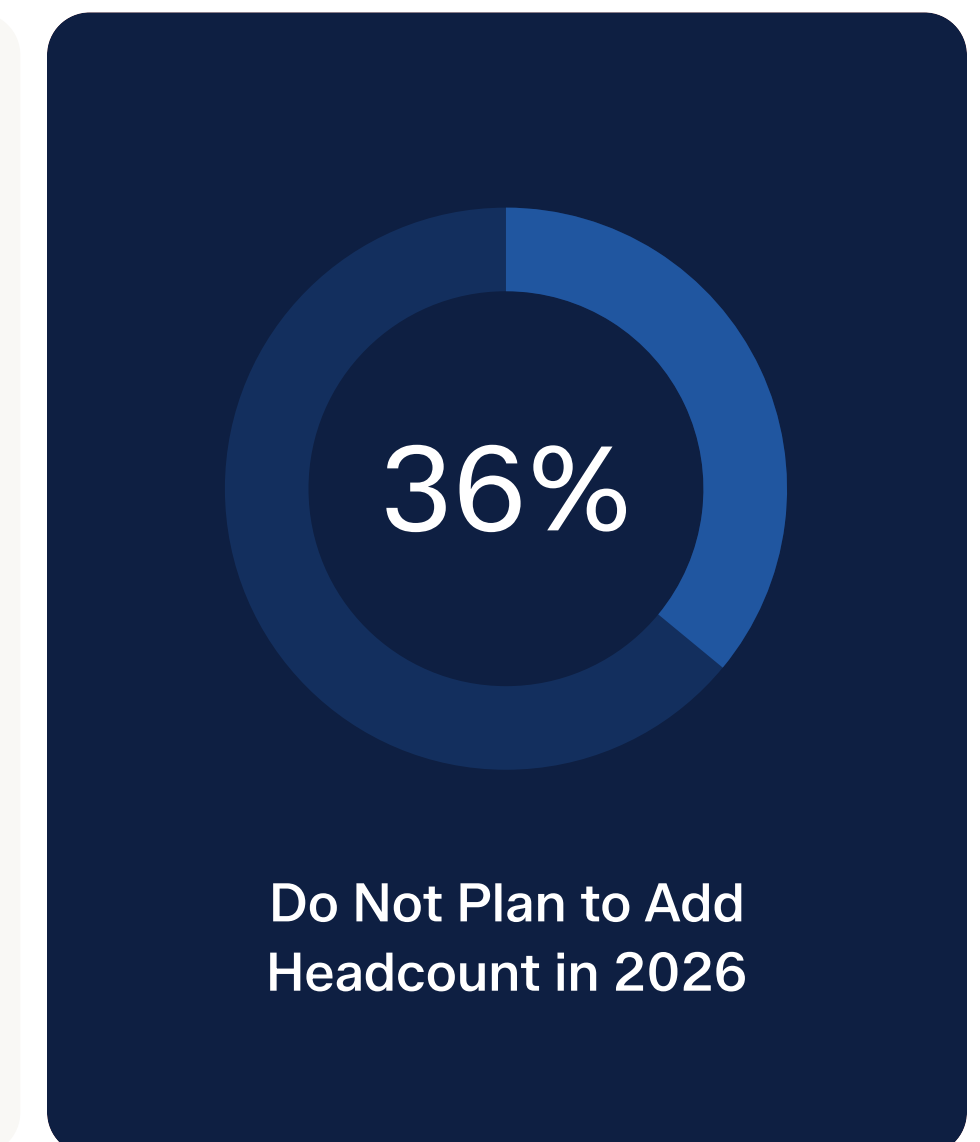
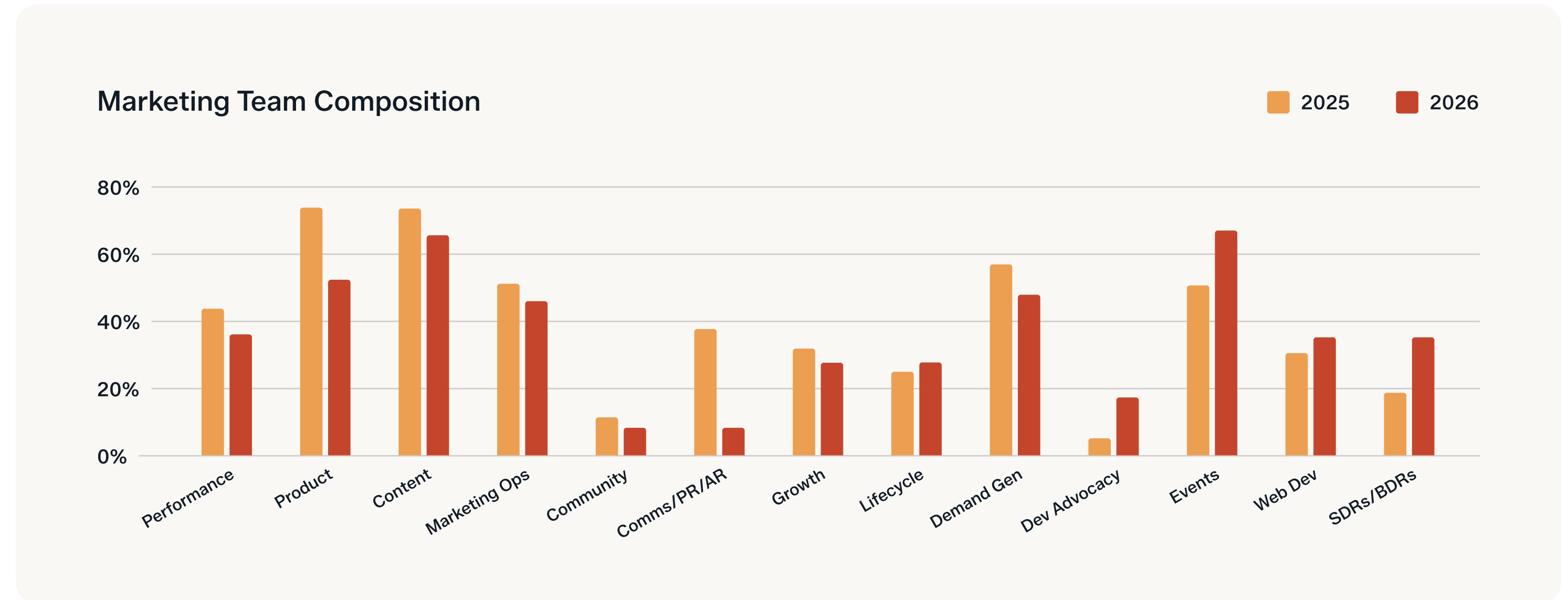
For new sales reps, the time to be fully ramped and carrying quota has lengthened year-over-year.



# Organizational Design: Marketing Team and Hiring Plans

Marketing team headcount is shifting to reflect pipeline sources. XDRs and Events saw the largest increase in team composition in 2026, XDRs nearly doubled while Events rose from ~50% to 63%. This aligns with both Outbound and Events emerging as primary lead sources and is reflected in hiring plans, where Events is the most in-demand role this year.

At the same time, core marketing functions like Product Marketing and Content remain foundational, but we see slight decreases in those roles year-on-year. Marketing teams are investing more heavily in pipeline-generating functions, while stabilizing or deprioritizing traditional roles. 36% of marketing teams do not plan to add headcount in 2026, and those that do are pulling back on hiring in Comms (0%), Community (0%), and Web Development (0%) and Content (<10%).



# Operations

- Marketing Budget
- RevOps Responsibilities
- Pipeline Review
- Unit Economics: CAC & LTV
- Pricing Trends

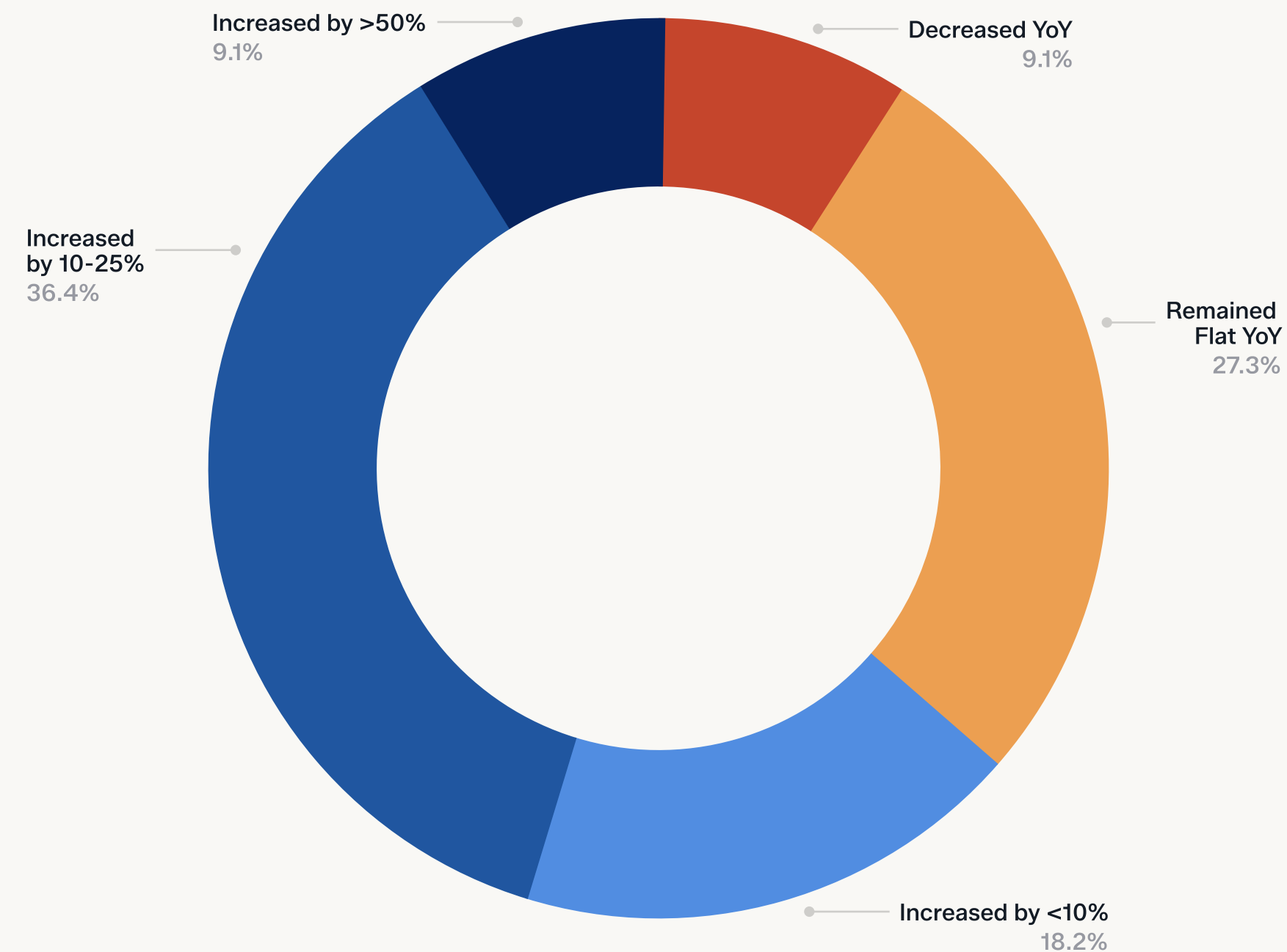
# Marketing Budget

Nearly 60% of companies increased marketing budgets in 2026, though most increases were modest (under 25%), while roughly one-third reported flat or declining spend. Despite this mixed growth, overall budget size has shifted upward, with more than half of respondents now managing budgets of \$1M or more, compared to \$500K or less last year.

Events is the single largest budget category, reflecting planned headcount growth in this channel. However, when combined, digital channels - paid search and paid social - still account for the majority of marketing investment. It is also noteworthy that teams are allocating a significant amount to Comms, despite no planned hiring for that program.

Notably, AI ranks among the lowest areas of budget allocation. This suggests that AI is being integrated into existing tools and workflows rather than treated as a standalone budget category.

## Marketing Budget Changes YoY



## Marketing Budget Allocation

Stack ranked in order of marketing dollars allocated by program.

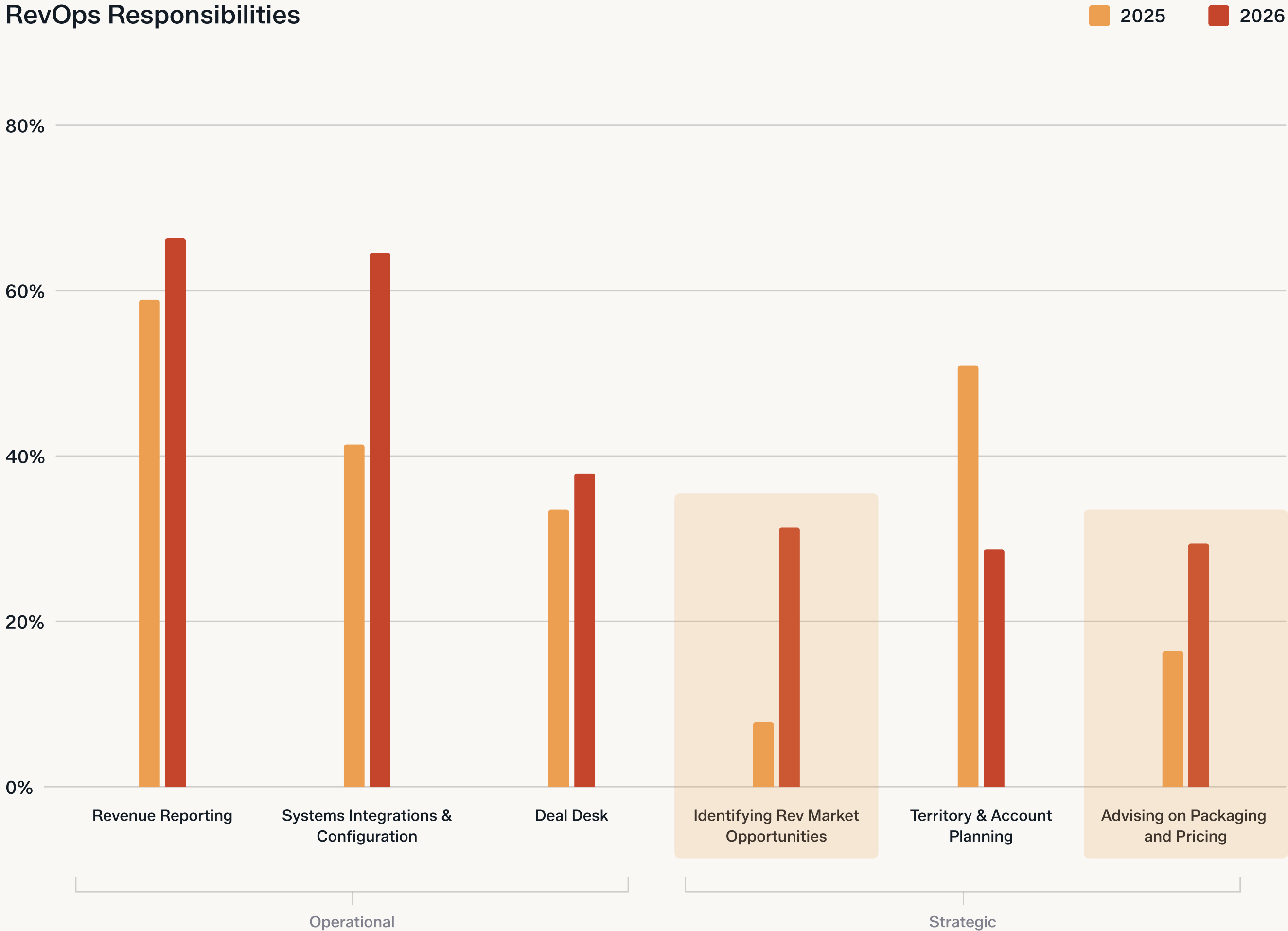
1. Events
2. Paid Search
3. Paid Social
4. Software & Technology
5. Comms/PR/AR
6. Design
7. Swag
8. Content
9. AI Investments
10. Other

# RevOps Responsibilities

RevOps responsibilities are becoming more evenly distributed across functions, with increasing involvement in strategic areas such as pricing & packaging, and new market expansion, both critical levers for growth and scale.

Yet the core focus of RevOps remains consistent: revenue reporting and systems integration and configuration. So while RevOps is expanding its strategic scope, it's doing so without abandoning its operational foundation.

RevOps Responsibilities

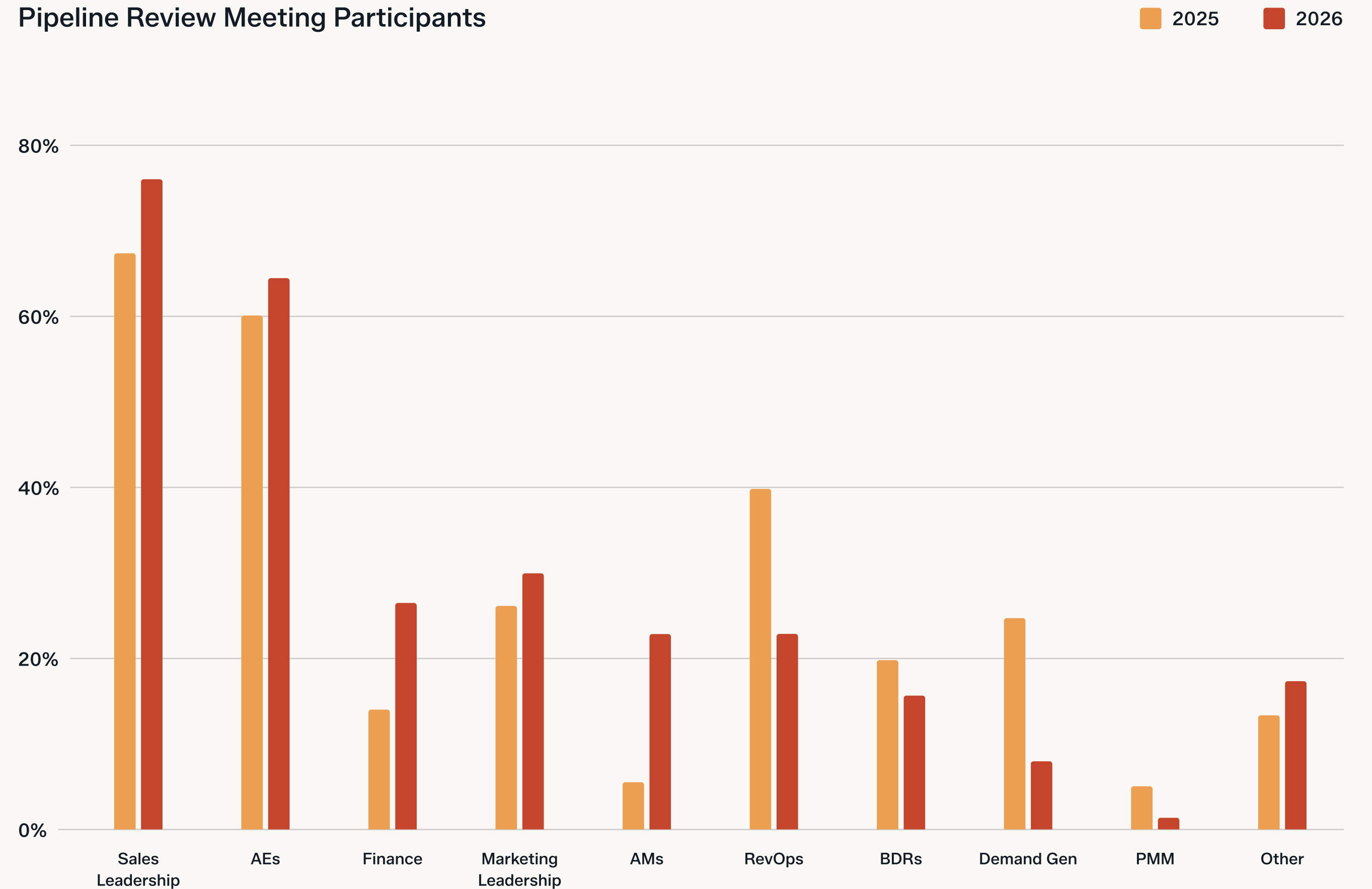


# Pipeline Review

Pipeline review cadence remains a core operational rhythm for GTM teams, with the majority of organizations conducting weekly reviews. A smaller subset reports even higher frequency, meeting multiple times per week.

In 2026, Finance and Account Management participation is increasing, while individual contributing marketing role participation is declining. The most surprising data point was a decrease in RevOps participation, but that may be attributed to the overall respondents cohort skewing early-stage, many of whom likely do not have dedicated RevOps functions.

### Pipeline Review Meeting Participants



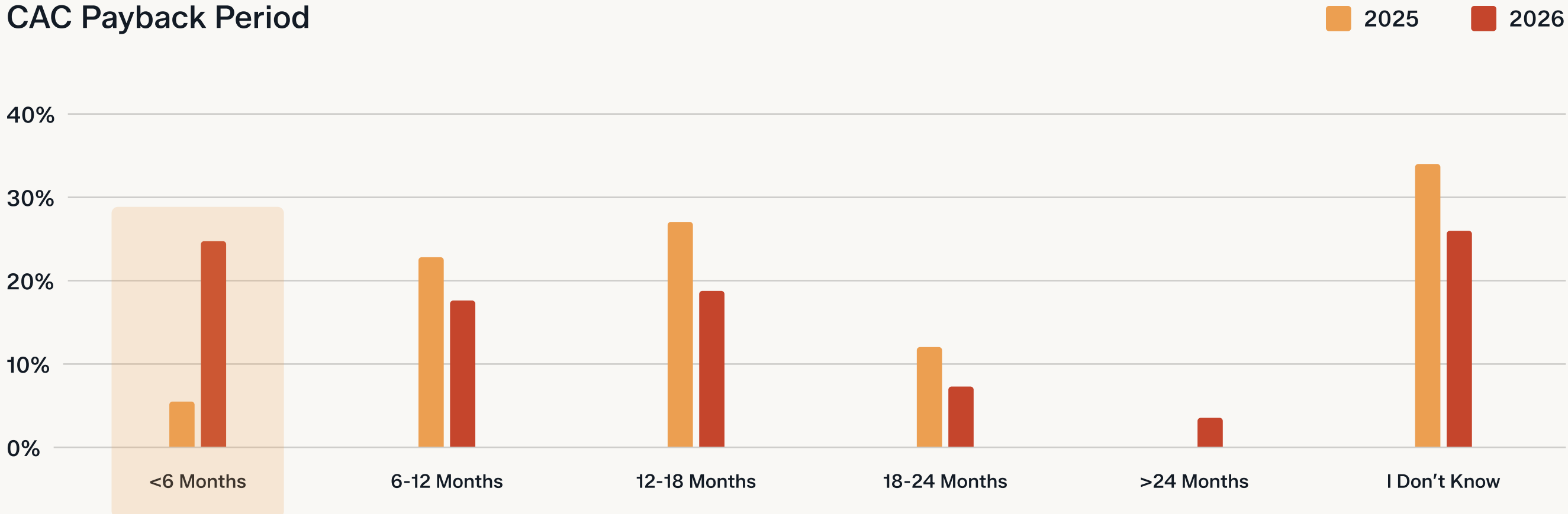
# Unit Economics: CAC & LTV

Early-stage companies appear to be demonstrating better visibility into key efficiency metrics, alongside meaningful gains in performance. The percentage of respondents reporting uncertainty (“I don’t know”) around CAC payback and LTV:CAC metrics has declined, suggesting improved data hygiene and operational maturity. At the same time, more companies are achieving faster payback periods, with a significant increase in those reaching payback in under six months.

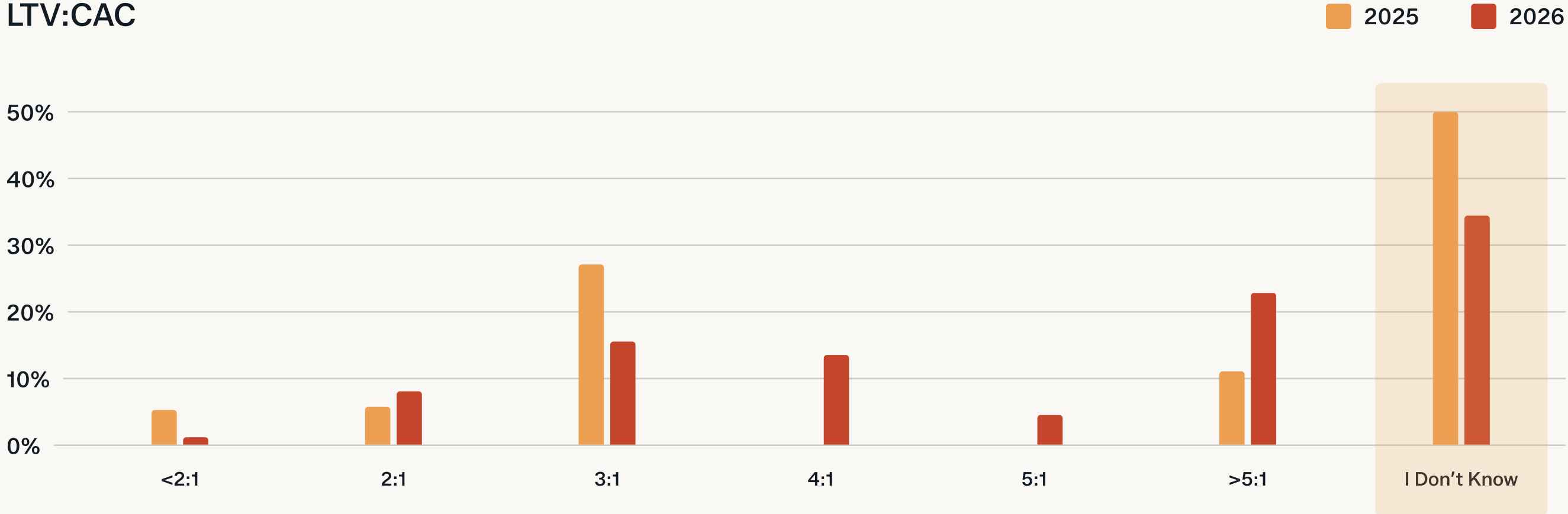
LTV:CAC ratios are also improving, with a growing share of companies reporting ratios of 4:1 or higher. Specifically:

- The number of companies reporting a 4:1 LTV:CAC ratio jumped from 0% to 14%.
- Teams reporting a ratio greater than 5:1 nearly doubled.

CAC Payback Period



LTV:CAC

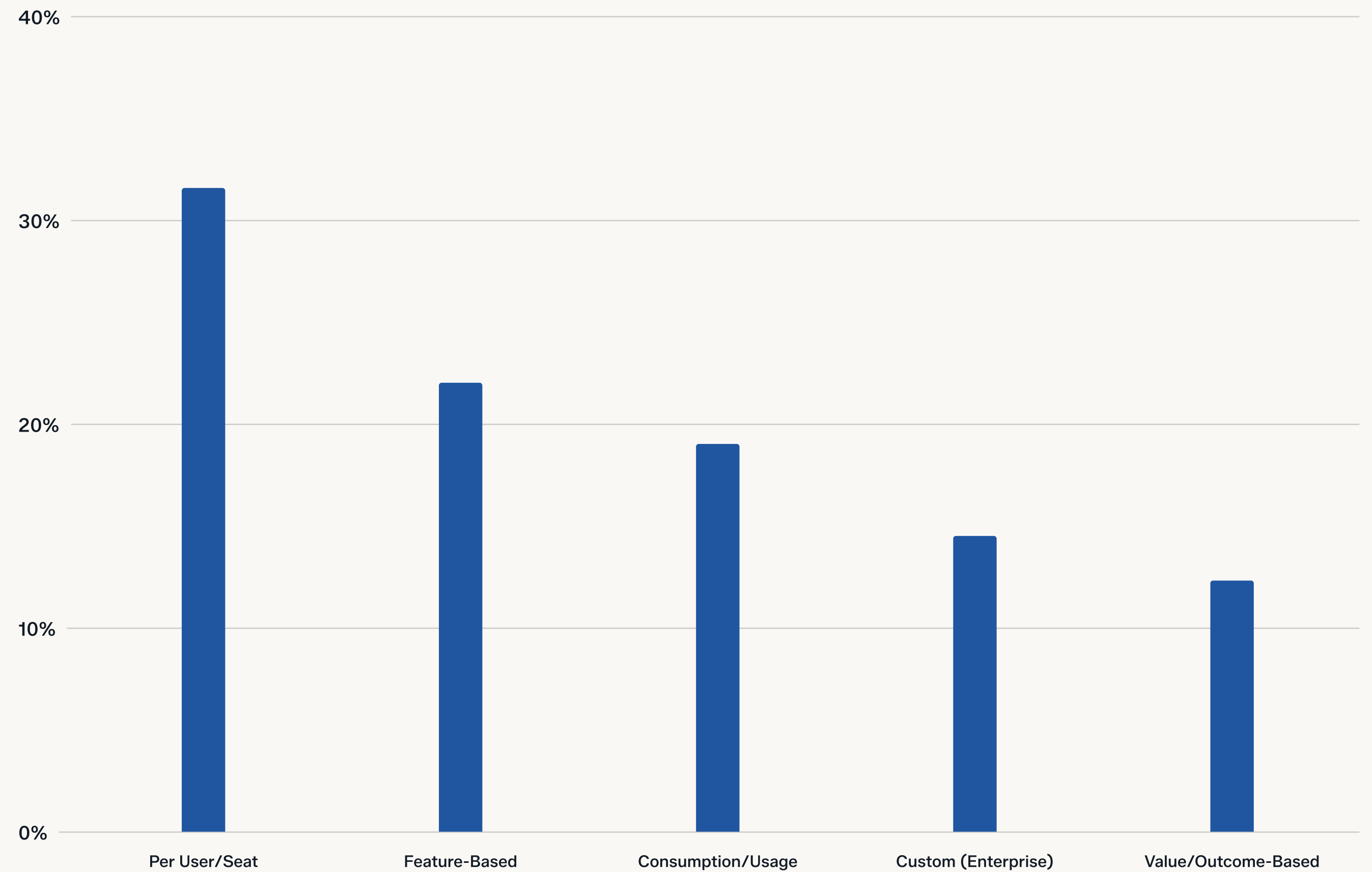


# Pricing Trends

Pricing models remain relatively stable year-over-year, with one notable shift: a decline in reported usage-based pricing. This change may be partially explained by the introduction of value or outcome-based pricing as a response option, suggesting that some companies are reframing how they package and communicate pricing rather than fundamentally changing monetization strategies.

Overall, pricing approaches continue to reflect a mix of models, with no single dominant structure emerging across early-stage companies.

Pricing Models



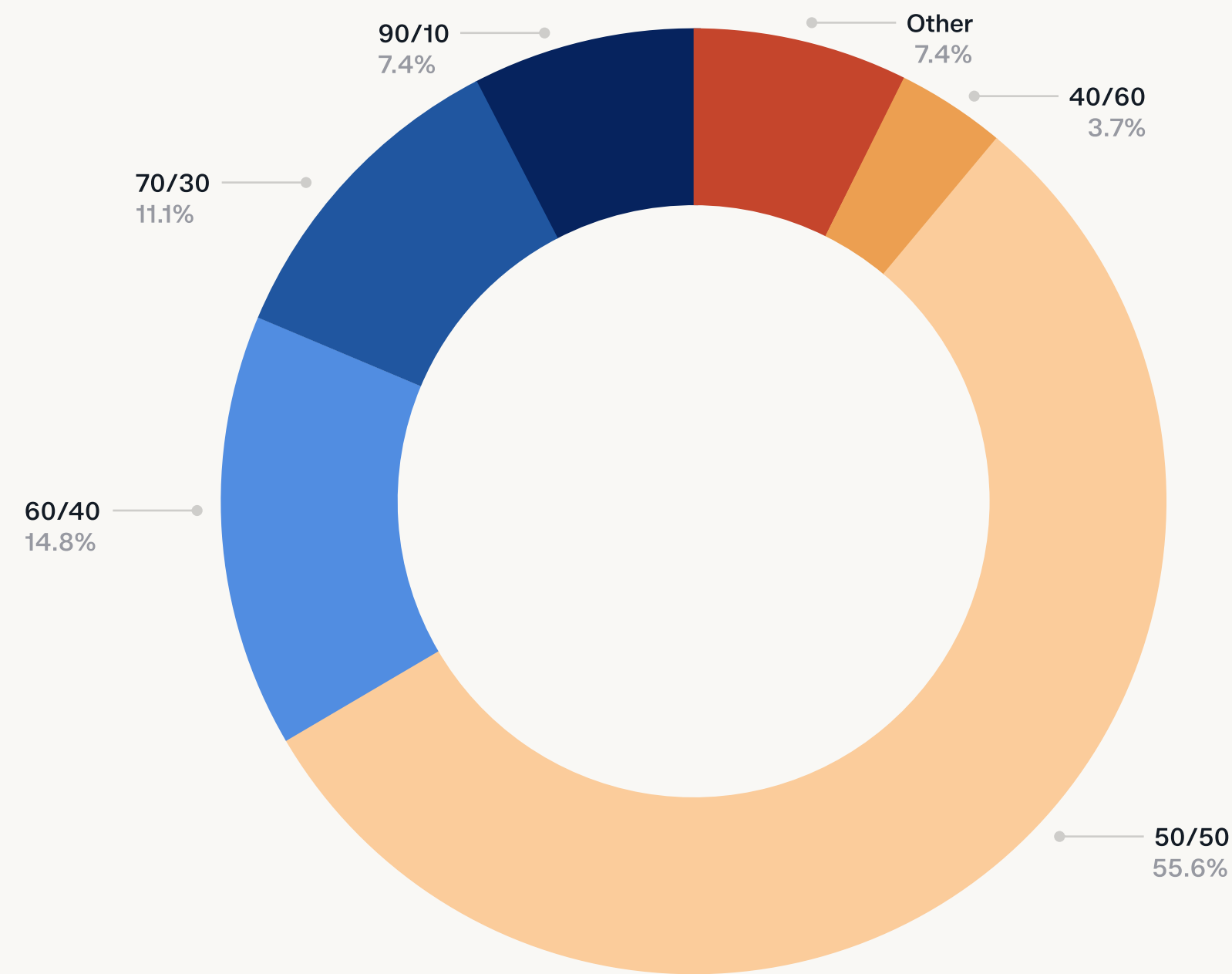
# Sales Compensation

# Sales Compensation

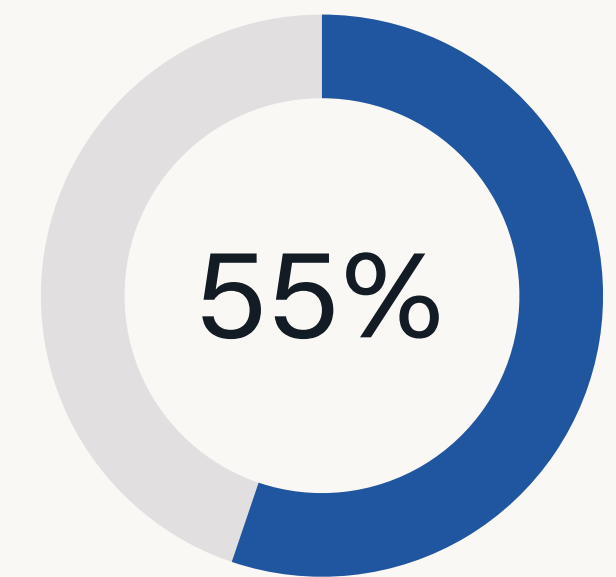
Sales compensation structures shifted notably in 2026. The 50:50 base-to-variable ratio that dominated in 2025 with more than 70% of respondents, fell to 55% this year, while the 90/10 ratio (highly base-heavy) emerged from essentially zero to 7.5%. This may reflect companies retaining top performers with more predictable comp in an uncertain environment.

Commission payout cadence remained consistent with 2025. 55% of teams pay monthly and 36% pay quarterly, suggesting that while comp structures are shifting, the mechanics of how commissions are administered have not.

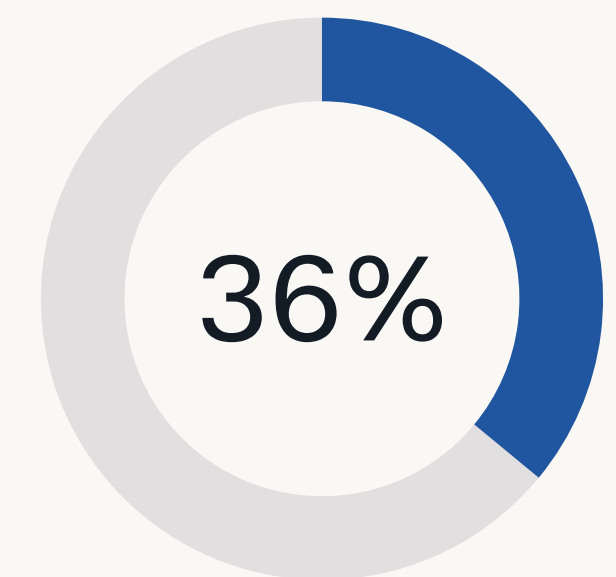
### Base:Variable Compensation



### Commission Payouts



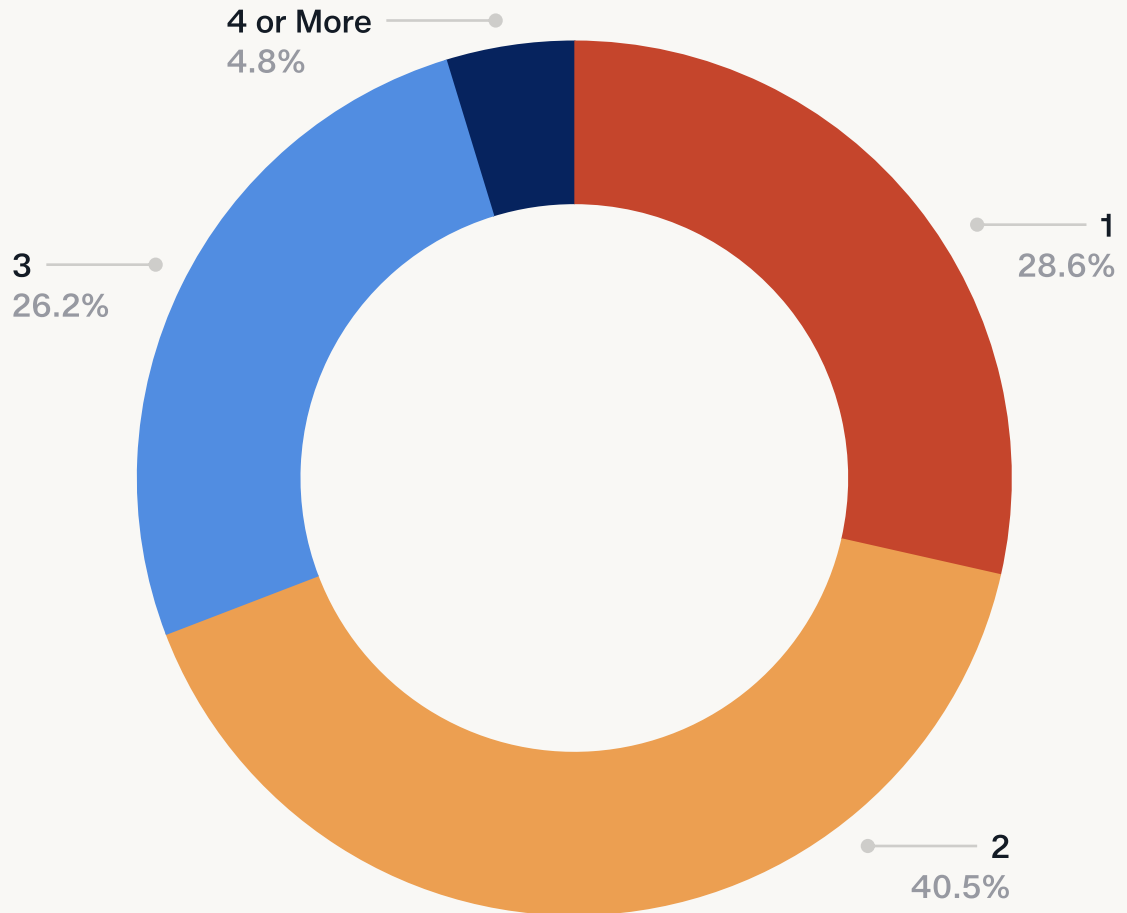
Monthly



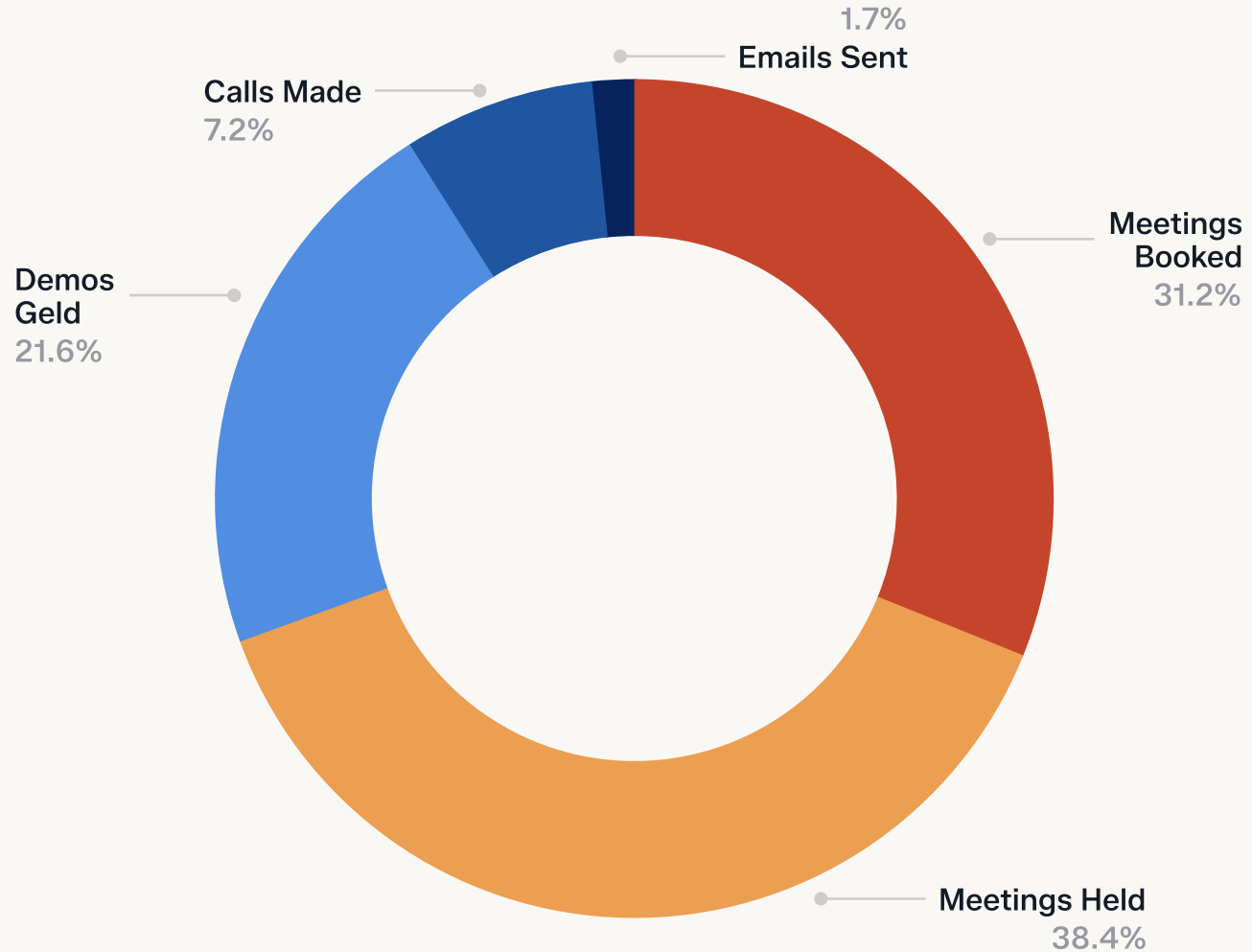
Quarterly

# Sales Compensation Cont'd

### Components of Earnings Structure



### XDR Compensation



Variable compensation structures remain relatively simple, with most teams using one to two components to determine earnings. However, there is a slight increase in the number of organizations incorporating more complex compensation structures (3 or more components).

XDR compensation is becoming more standardized and focused on quality impact vs activity metrics. The majority of XDRs are financially incentivized based on meetings booked and held, with a growing share also tied to activities such as demos held. This trend suggests an increased emphasis on lead quality and qualification.

# Technology in GTM

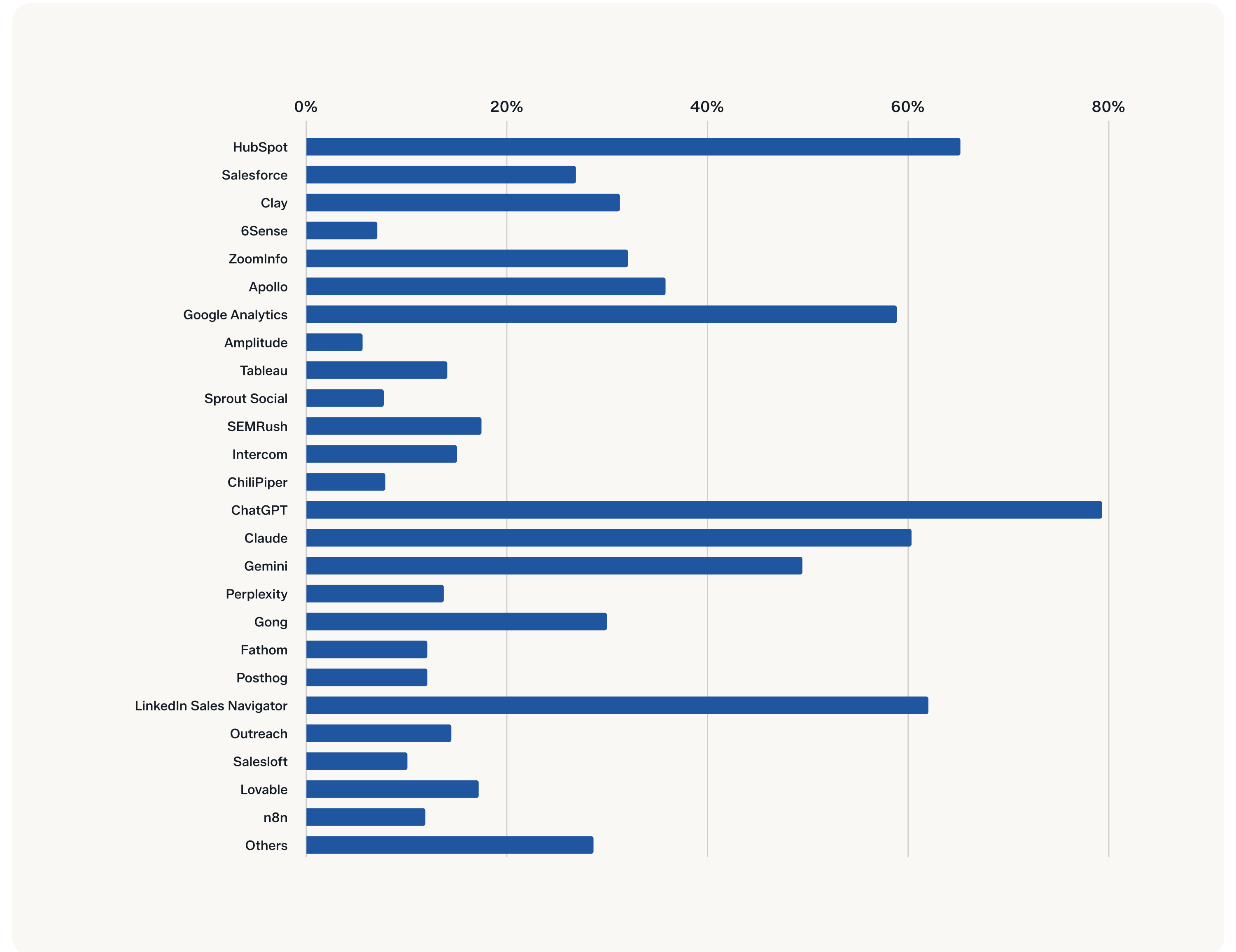

# GTM Tech Stack

The GTM technology landscape underwent its most significant shift last year: AI tooling moved from an emerging trend to a core, operational part of the tech stack.

The shift in GTM technology is defined by the widespread use of Large Language Models (LLMs). ChatGPT is now the single most popular tool across GTM, with 80% of respondents adopting it. Interestingly, 60% of teams also use Claude, and 50% use Gemini, indicating that GTM teams are running parallel LLMs for different use cases.

Despite the rapid influx of AI tools, the core infrastructure of the GTM tech stack remains stable. Hubspot remains the top choice for CRM, while Google Analytics continues to anchor analytics, and LinkedIn Sales Navigator is still the primary tool for prospect intelligence and outreach for early-stage teams.

**3/6** of the Top Tools for GTM Teams are LLMs



# Conclusion

- Key Takeaways
- About Mercury Fund

# Key Takeaways

## AI Has Moved From Priority to Infrastructure.

96% of GTM leaders now rank AI as a top or critical priority, with an average impact score of 7/10, reflecting real operational deployment, not just experimentation. The multi-LLM era has arrived with ChatGPT leading at 80% adoption, but 60% also used Claude and 50% used Gemini, signaling parallel deployment across use cases.

## Capital Efficiency Is Measurably Improving.

CAC payback under 6 months grew fivefold, and LTV:CAC ratios improved at the top end with companies reporting 4:1 ratios jumping from 0% to 14%. ACVs shifted toward the \$30–50K range while sales cycles shortened. Early-stage teams are getting more financially disciplined.

## Teams Are Hiring for Human Judgment.

RevOps, enablement, and SDRs/BDRs show the highest planned AI augmentation, while Account Executives and Events professionals are the top planned hires. Relationship-intensive, judgment-driven roles are gaining value; high-volume, repeatable roles are being automated.

## The Inbound Playbook Is Breaking Down.

The share of respondents with a 75%+ inbound pipeline fell from 26% to 17%, with teams relying more on outbound and event-driven leads. Events more than doubled as a primary lead source YoY. Marketing teams are restructuring budgets and organizations to adapt to this shift.

## Mid-Funnel Conversion is Weakening.

Lead-to-MQL dropped from 41% to 32% and MQL-to-SAL fell from 48% to 37%, likely driven by overall declines in inbound leads, which tend to perform the best of any channel at the mid-funnel.

# About Mercury Fund

Mercury Fund backs disruptive startups outside of Silicon Valley.

We partner with ambitious entrepreneurs who are transforming markets, industries, and customer relationships through breakthrough innovation in AI, blockchain, and other frontier technologies.

We are operators first, investors second. We provide the repeatable systems, processes and unique resources founders need at the earliest stages. Since 2015, we've been passionate about working alongside founders who bring grit, discipline, and vision to their companies.

**20+** Years investing in startups outside of Silicon Valley

**\$750M** Assets under management

**50+** Active portfolio companies

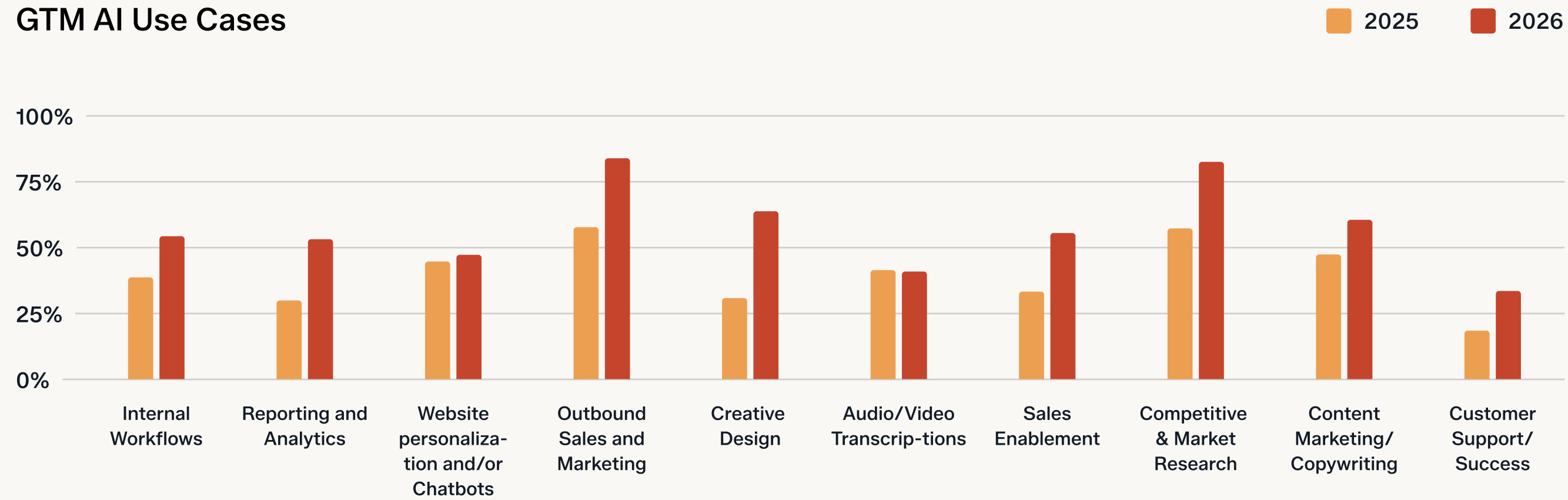
**30+** Portfolio company exits

**\$18B+** Value creation in portfolio companies since inception

 mercury  
fund

# AI is Expanding Across GTM Use Cases

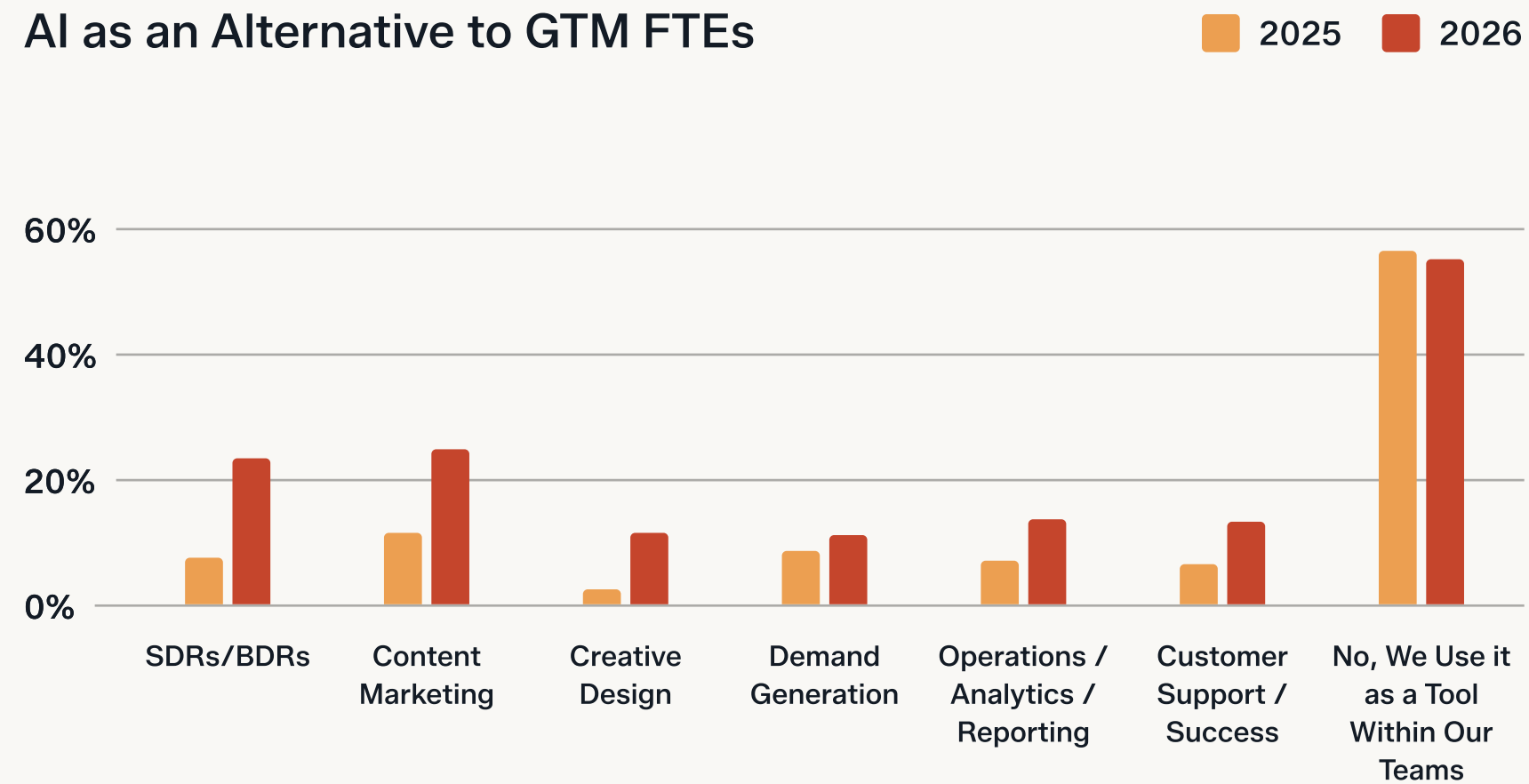
GTM AI Use Cases



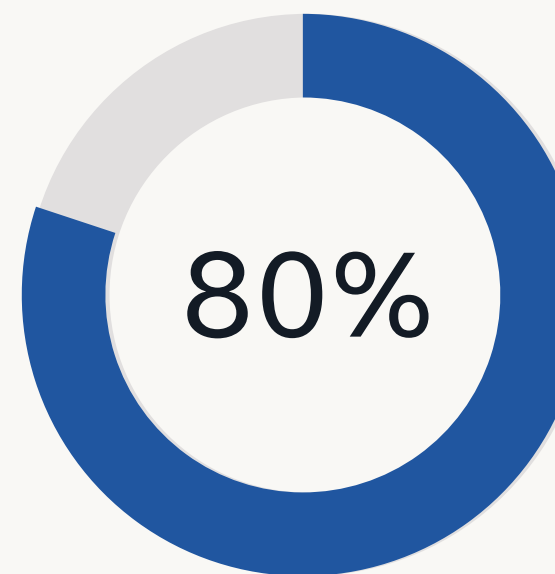
AI is being applied more broadly across GTM workflows. Teams are indicating more adoption of AI across each use case, with notable increases in reporting and analytics, market and customer research, outbound campaign execution, and creative design.

Mirroring 2025, nearly 60% of organizations are layering AI into existing roles instead of using it as a direct substitute for full-time employees. The teams that are substituting FTEs, however, are leveraging AI across a wider range of functions. This suggests a shift to a more integrated, cross-functional deployment of AI within GTM teams.

AI as an Alternative to GTM FTEs



GTM Teams Adopting ChatGPT



We have also entered the multi-LLM era: ChatGPT leads adoption at 80%, but 60% of teams also use Claude and 50% use Gemini, signaling that GTM teams are running parallel models for different use cases rather than consolidating on a single tool.

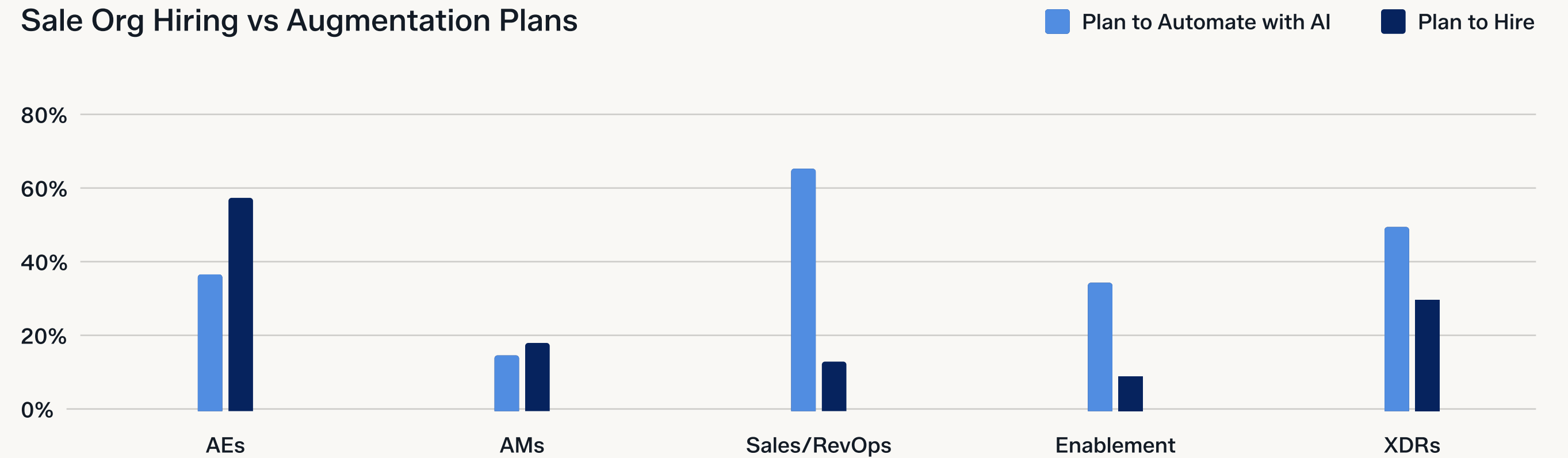
# AI is Reshaping How GTM Teams Scale

AI is changing how GTM teams allocate both technology and headcount. Across sales, RevOps and enablement show the highest planned AI augmentation, followed by SDR/BDR functions. These roles tend to be high-volume and more process-driven. Across marketing, content and operations the dominate functions to automate.

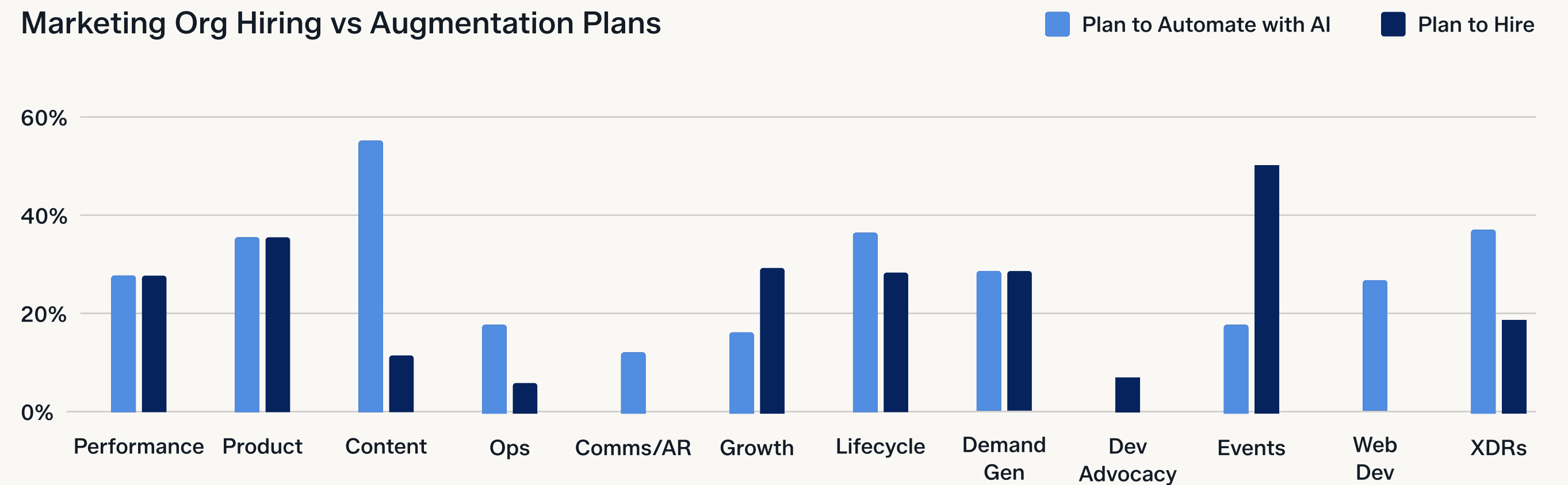
In contrast, hiring is focused on roles that require human judgment and direct revenue ownership. Account Executives continue to see strong demand, while Events has emerged as the top planned hire for marketing, reflecting the emphasis on in-person engagements as a core channel for early-stage teams.

The result is a shift in how teams scale: execution is increasingly automated, while headcount is reserved for high-impact, revenue-driving roles.

Sale Org Hiring vs Augmentation Plans



Marketing Org Hiring vs Augmentation Plans





# Early-Stage GTM Report

2026