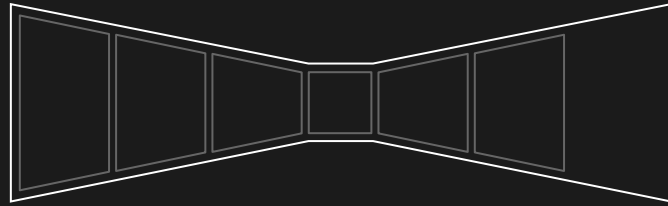


REVENUE  
ARCHITECTURE



DATA MODEL

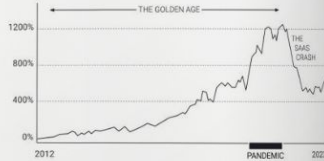
REVENUE  
ARCHITECTURE



# REVENUE ARCHITECTURE



FIGURE 1.3 Performance of SaaS companies over time, normalized against January 2012 by SaaS Capital Index®.



By early summer 2022, the situation worsened, and venture firms started to recommend their portfolio companies cut costs by 20% across the board, while others advised surgically paring down expenses. However, it was too late; the damage was done. The SaaS market had crashed, marking the end of an 11-year tech bull market that resulted in a historic 50% value destruction in public (and private) SaaS companies, with the average market cap down 57% from its 12-month highs. This massive reduction in market value impacted public SaaS companies and hit the entire tech ecosystem like a tidal wave.

The end of the Golden Era of SaaS had come—an era that started with Marc Andreessen's prescient words in 2011—"Software will eat the world"—and ended with an exclamation point with the collapse of Silicon Valley Bank on March 10, 2023.

So, where do we go from here? The situation demands a new operational framework, one that's guided by the lessons we've learned. But before we can proceed, we first need to identify the root cause of the crash.

CHAPTER 01

## What Caused the SaaS Crash?

The SaaS crash did not come as a surprise to everyone. Many industry experts had warned of the market's unsustainability in the years leading up to this. However, the speed at which it happened and the widespread impact of the crash still caught many off guard. For far too long, the market had coasted on a diet of financial junk food, propelled by cheap investment money warranted by occasional bursts of explosive growth in a particular sector.

Various factors contributed to this unprecedented fall, including rising interest rates, the end of the COVID inflation, macroeconomic risks, and geopolitical uncertainties like the Russia/Ukraine war.

While these events certainly played an enormous role and may have caused the situation to spill over, they were not its root cause. An average customer buying a license to sign electronic documents or to use communication software is typically disconnected from U.S. bond prices. And let's not forget that customers were still buying and feverishly using SaaS products when this occurred.

So what was the cause? During the Golden Era of SaaS, the prolonged period of low interest rates led to abundant investor capital. It enabled SaaS investments to grow without regard to near-term profitability, a Go To Market approach that has since been coined "growth at all costs." To find the actual problem, let's analyze what the growth at all costs GTM approach is.

## The Growth at All Costs Culture

During the Golden Era of SaaS, low interest rates made money more accessible, propelling venture-funded companies into aggressive growth trajectories. Why? The market rewarded growth with enhanced valuations in the private and public sectors. Entrepreneurs found this appealing; the path to publicizing their companies became evident. The faster the growth, the higher the valuation, increasing the likelihood of going public. Investors also favored this trend, as an investment made at a given valuation could swiftly be justified by the next

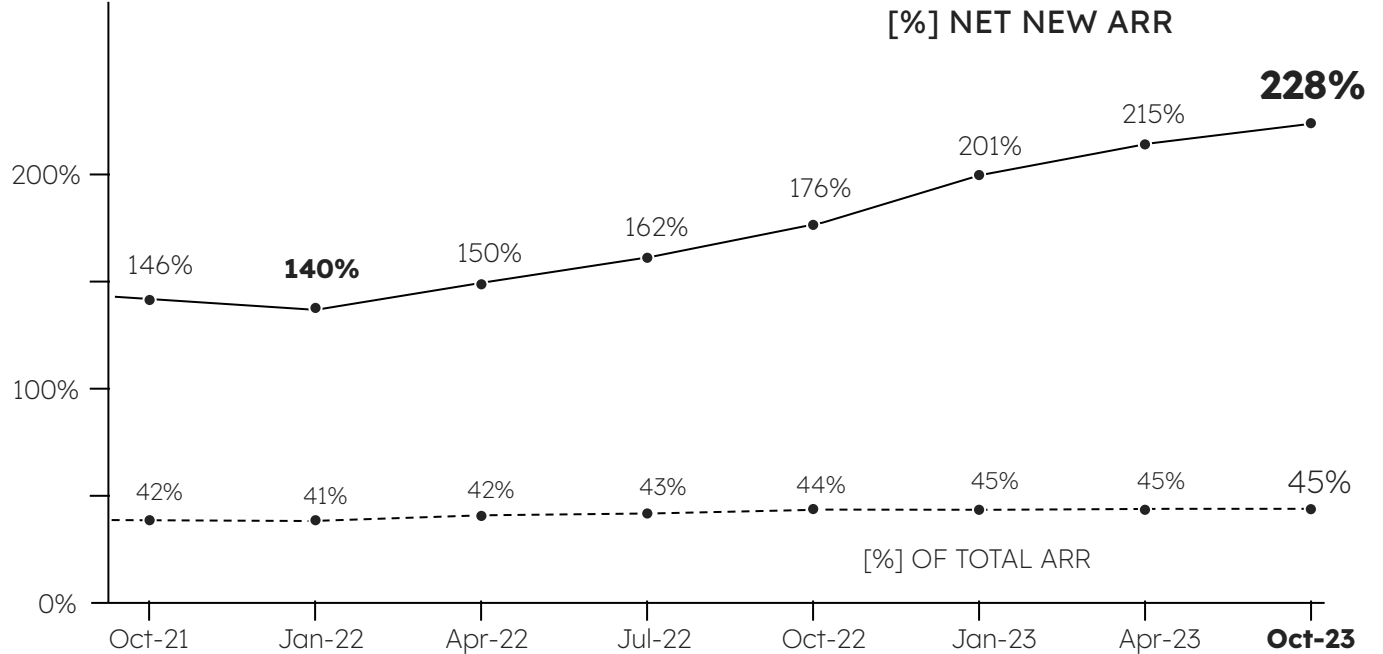
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Figure 1. The Problem

The Problem is not Fixed. It is Getting Worse.

**Cost of Growth**  
from M&S [%]





## Agenda

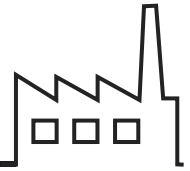
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- Revenue Factory** The Three Goals
- Data Model** How it Works
- Data Model** Examples

# REVENUE ARCHITECTURE

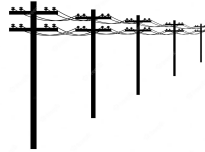


## Figure 2. Revenue Factory 4th Industrial Revolution (Cloud/AI)



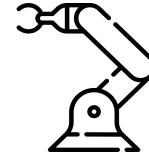
### FACTORY 1.0 **MECHANIZATION**

Introduction of power by water and steam to mechanize labor.



### FACTORY 2.0 **ELECTRIFICATION**

Mass production through assembly lines using electrical power.



### FACTORY 3.0 **AUTOMATION**

Use of networks, computers, and robotics to automate production.

THE LEAP WE  
ARE MAKING



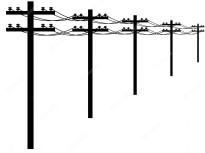
### FACTORY 4.0 **CYBER-PHYSICAL**

Use of cyber-physical systems, cloud computing, machine learning, and AI.



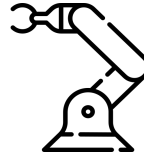
FACTORY 1.0  
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Introduction of power by water and steam to mechanize labor.



FACTORY 2.0  
**ELECTRIFICATION**

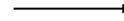
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THE LEAP WE  
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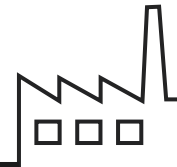
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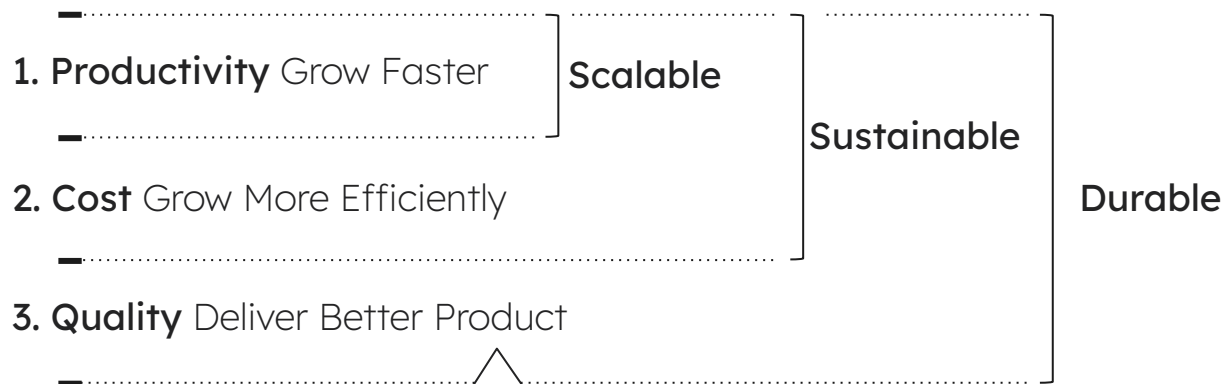
# REVENUE ARCHITECTURE



Figure 3. Revenue Factory  
Three Goals



## GROWTH MATURITY STAGES



### FIRST PRINCIPLE

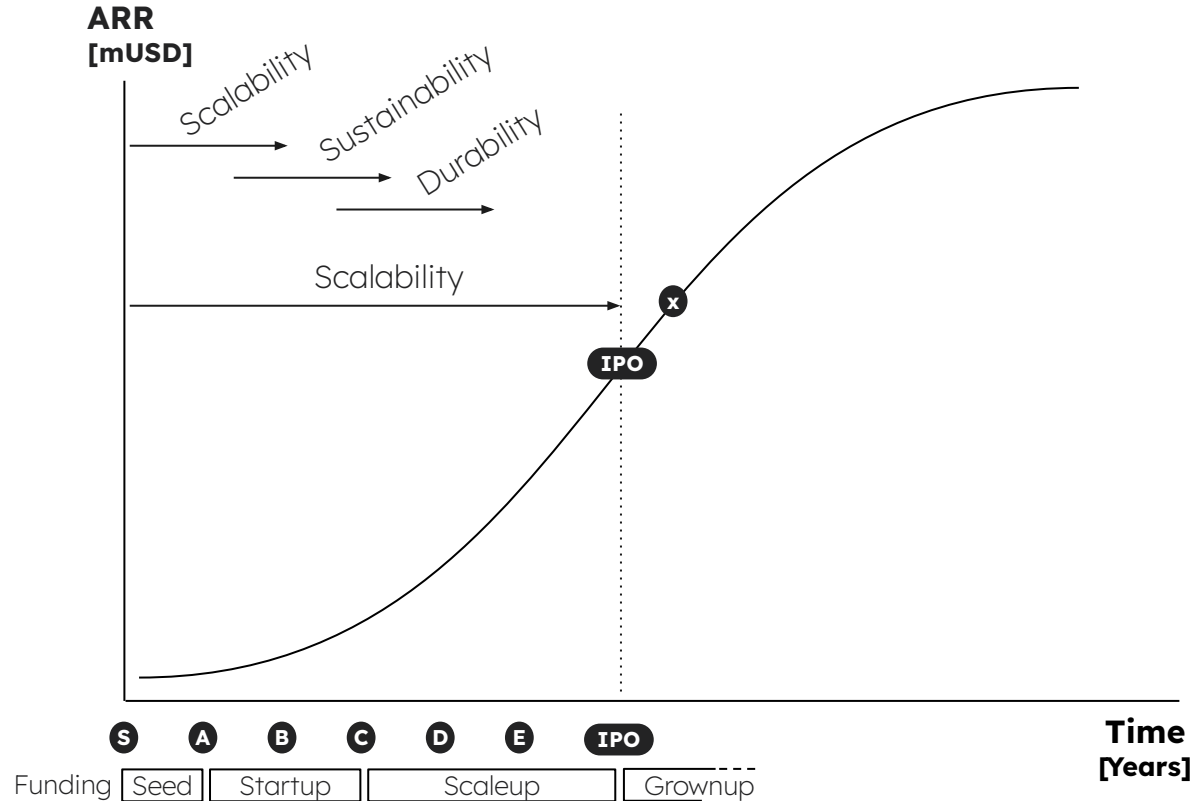
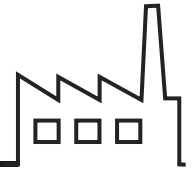
Recurring Revenue is the result of Recurring Impact.



# REVENUE ARCHITECTURE



Figure 4. Revenue Factory put on top of the Growth Model  
Growth Maturity Progression





## Key Take Away

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Beyond \$10M in ARR your company is operating like a revenue factory. The goal of this factory is to produce recurring revenue in a cost efficient way. In a recurring revenue business this requires a product that delivers recurring impact.



## Agenda

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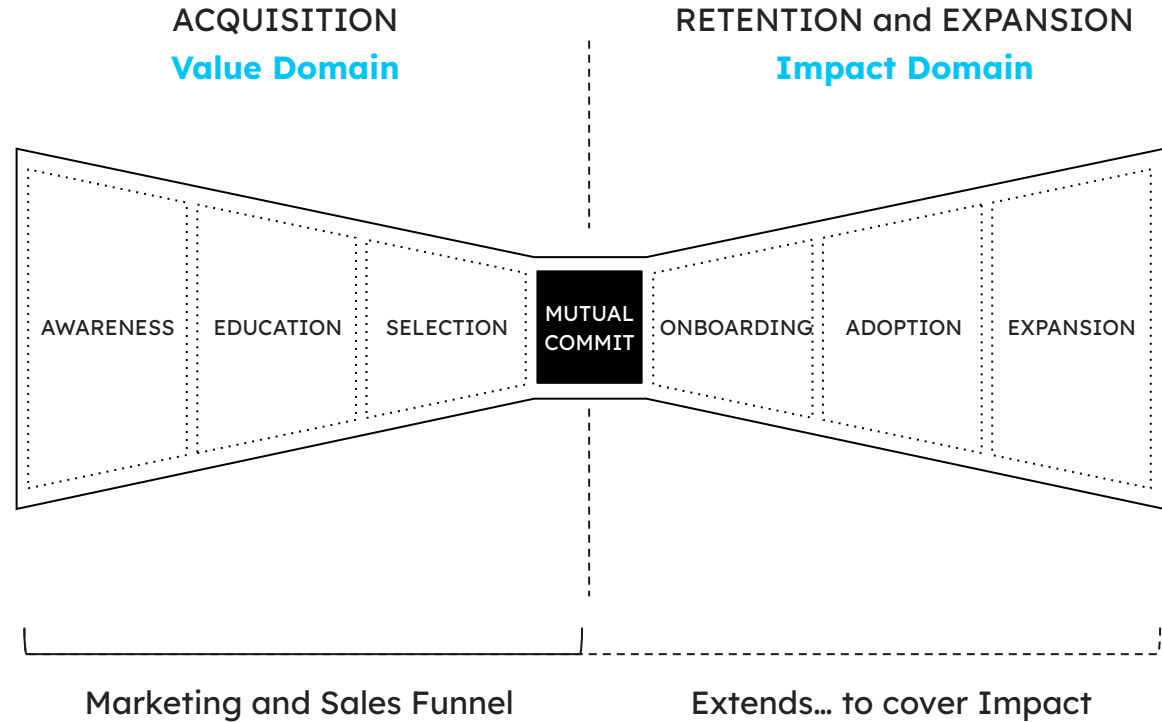
- Revenue Factory** The Three Goals
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# REVENUE ARCHITECTURE



Figure 5. Standardized Data Model

## The Bowtie Extends The Marketing and Sales Funnel

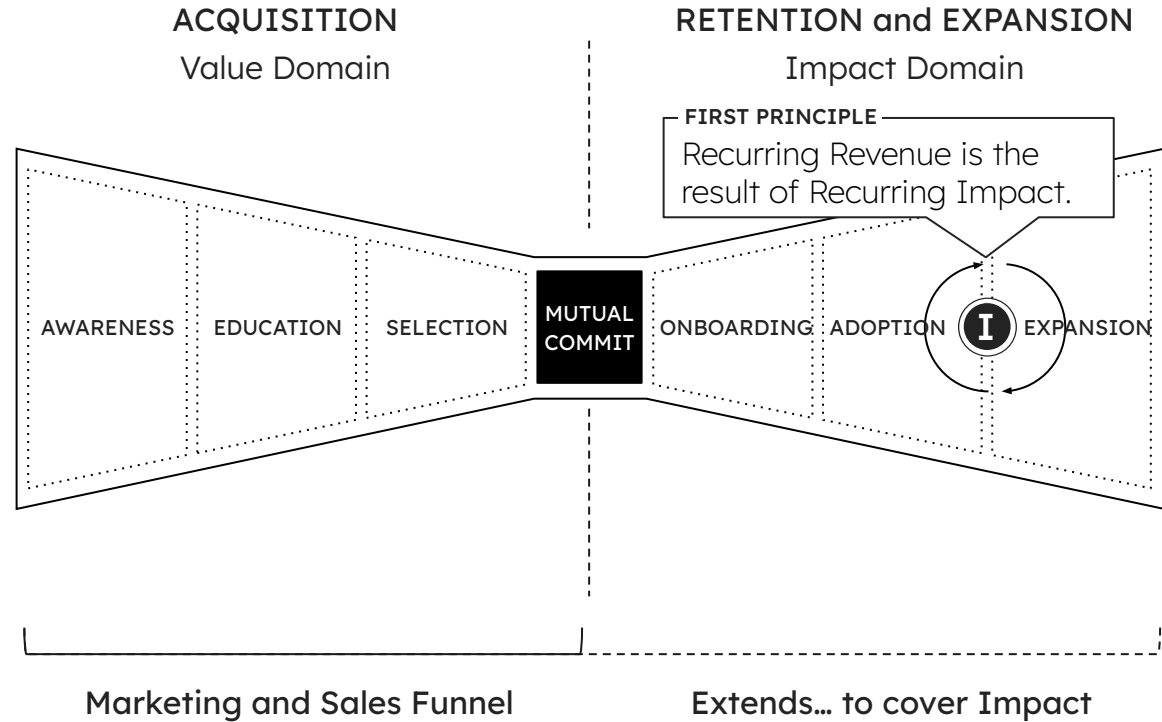


# REVENUE ARCHITECTURE



Figure 5. Standardized Data Model

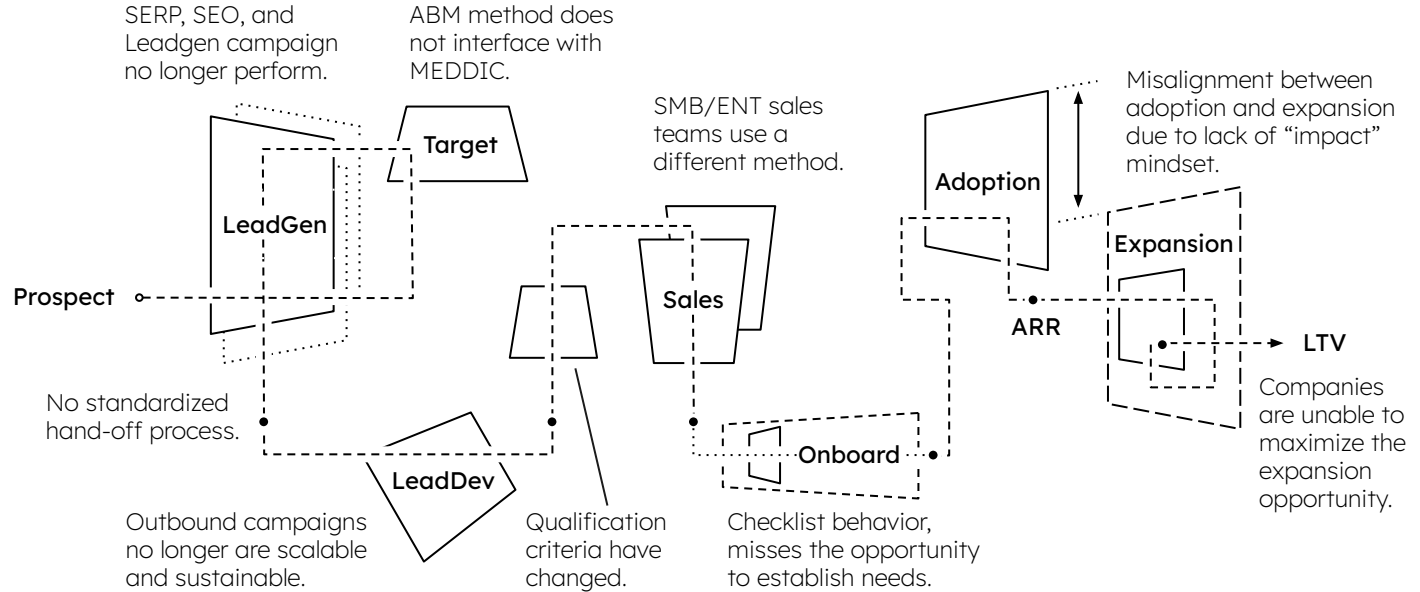
## The Bowtie Extends The Marketing and Sales Funnel



# REVENUE ARCHITECTURE



## Figure 6. Standardized Data Model Different Means and Methods in Use Today.



# REVENUE ARCHITECTURE



Figure 7. Standardized Data Model

## Impact is a Universal Language

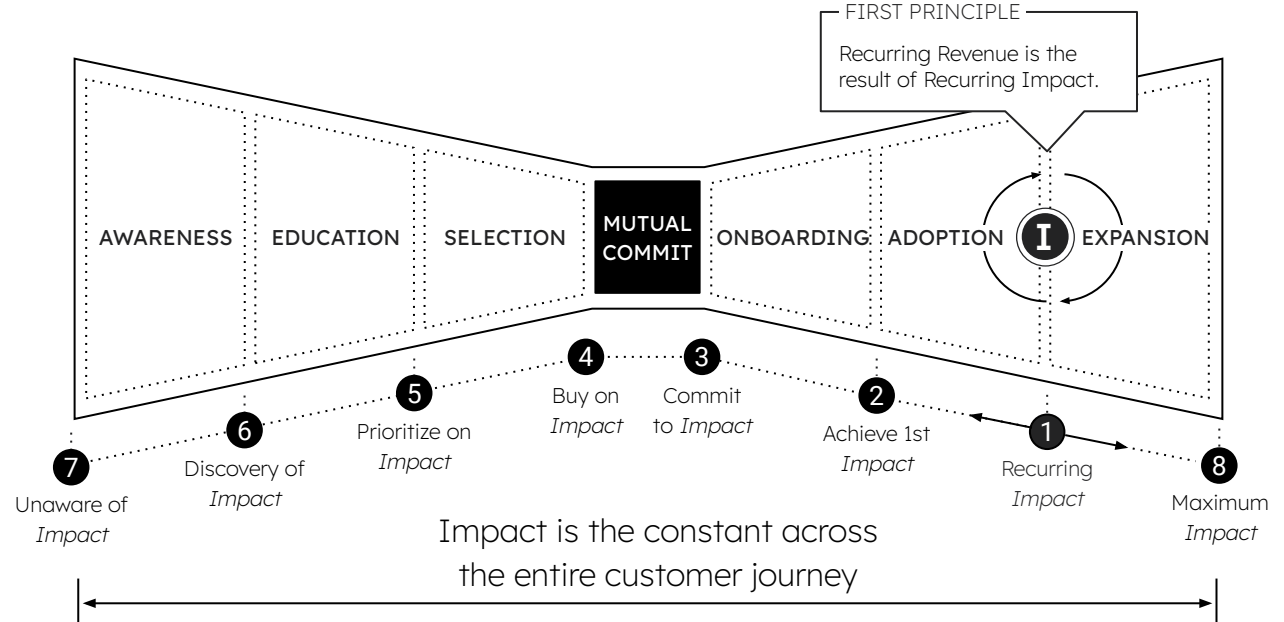
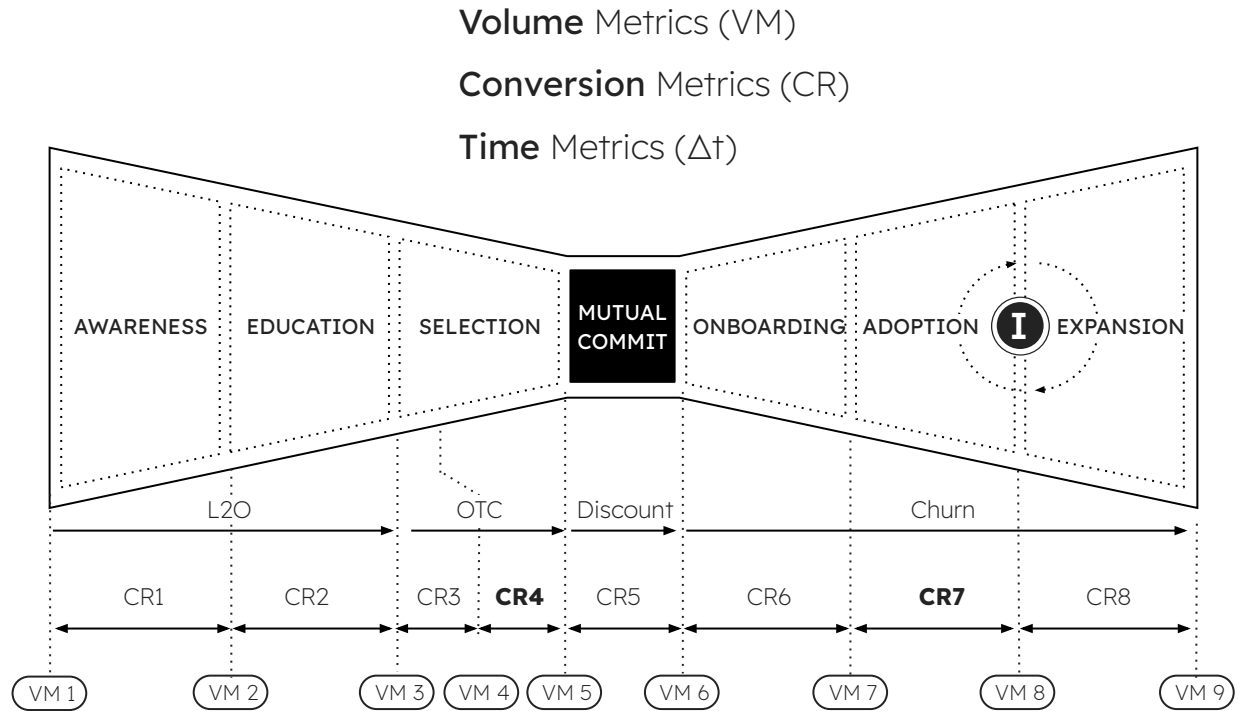




Figure 8. Standardized Data Model  
Scientific Model



BENCHMARK

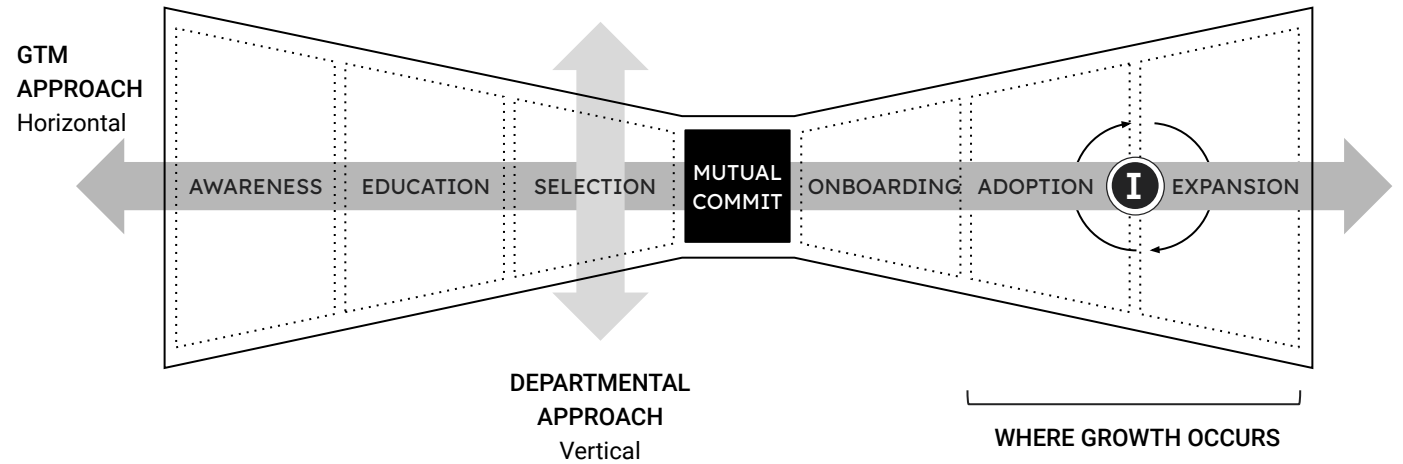




# REVENUE ARCHITECTURE



Figure 9. Standardized Data Model  
The GTM Approach





## Key Take Away

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Recurring Revenue begins where the Marketing and Sales Funnel ends. Recurring Revenue is the result of Recurring Impact. Impact forms the common language for the entire customer journey. We can map this to a scientific model (Bowtie.) Today it is the #1 responsibility of a CEO to shift the company to this mindset (GTM mindset).



## Agenda

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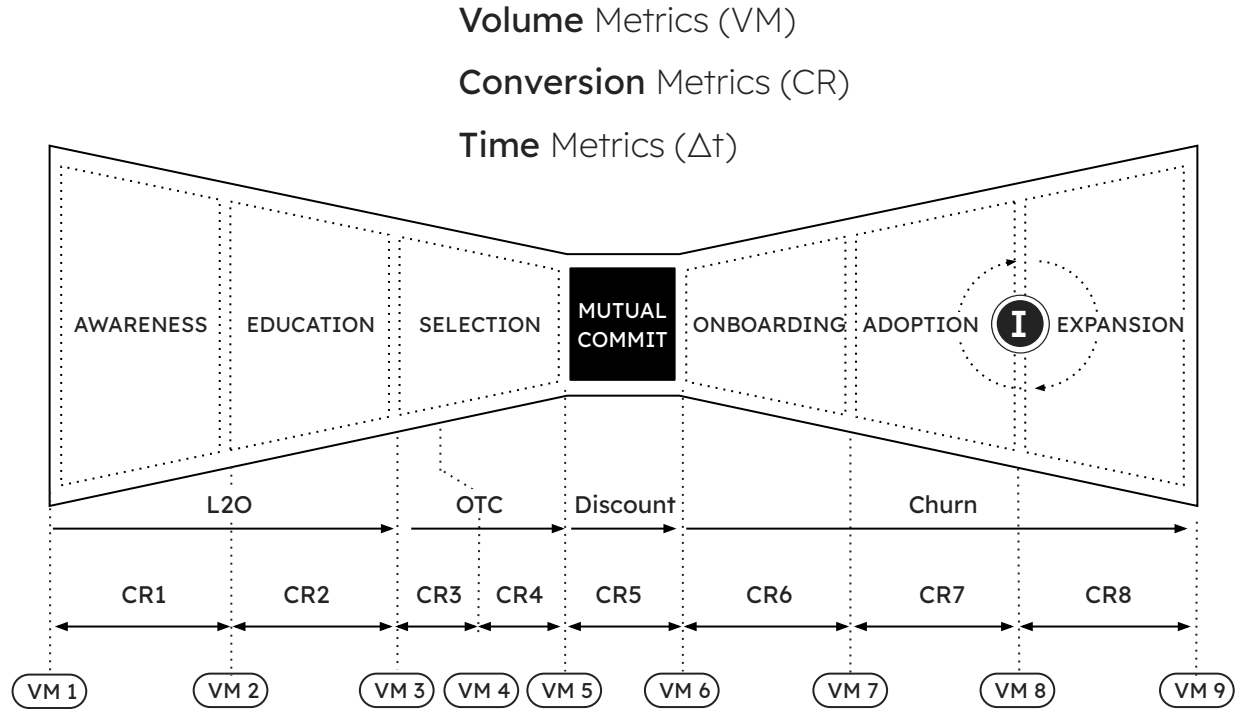
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Figure 8. Standardized Data Model  
Scientific Model



BENCHMARK





## Agenda

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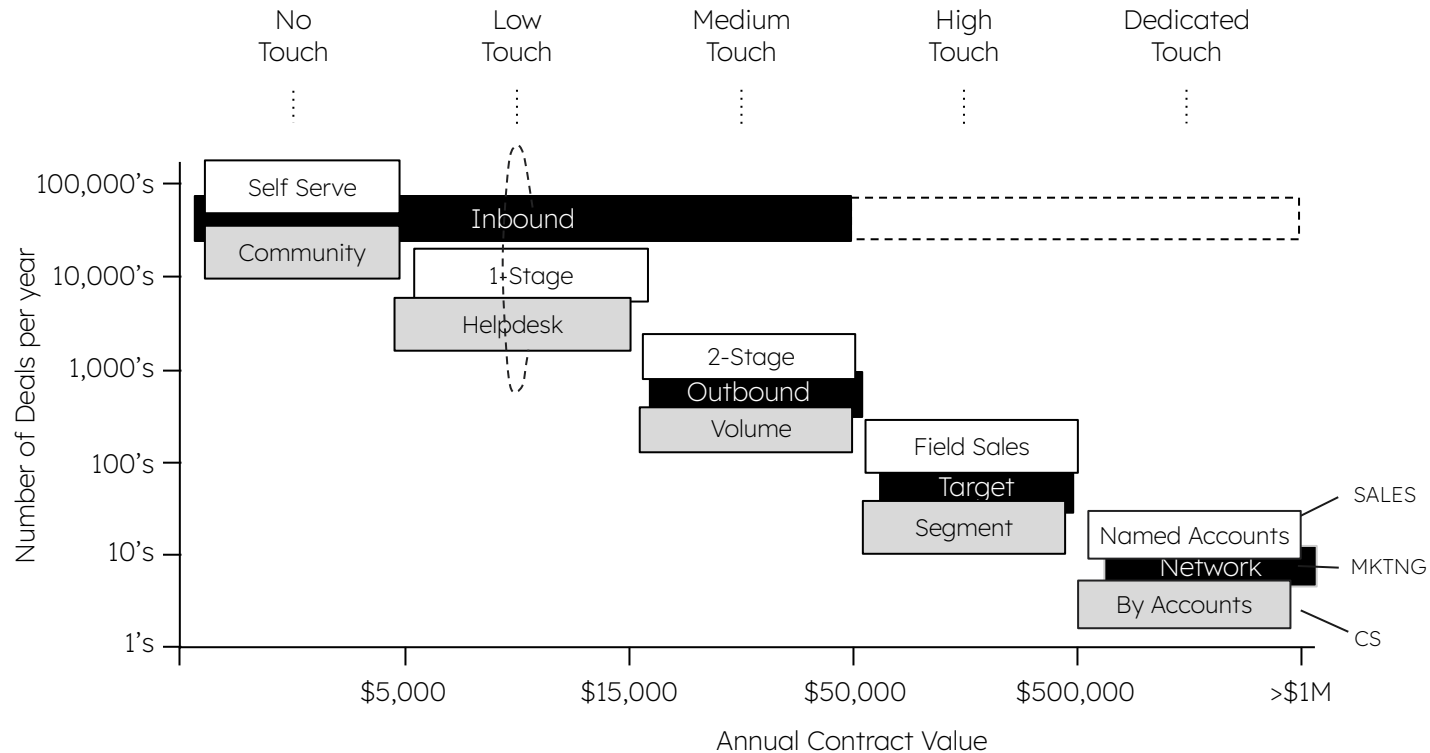
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# REVENUE ARCHITECTURE



2021

Figure 9a. GTM Model  
GTM Motions



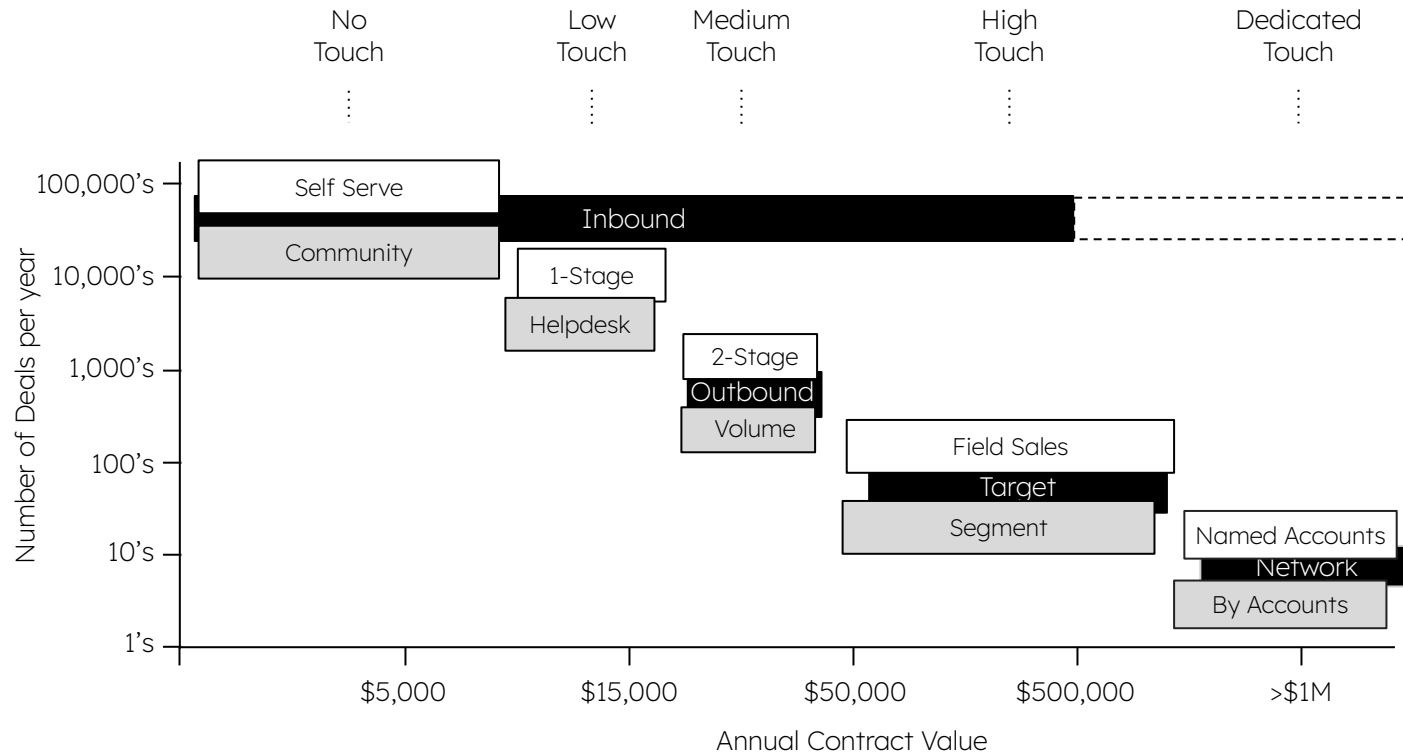
# REVENUE ARCHITECTURE



Figure 9b. GTM Model

## GTM Motions, Bifurcation

2023



**REVENUE** ARCHITECTURE

