GROWTH IS BACK—
CAN YOU KEEP UP?

June 1, 2025 | Jacco van der Kooij

The pace of change in our industry continues to accelerate dramatically. Over the next 18 months, we will likely see a fundamental reshaping of what it takes to win as a growth-driven company. The purpose of this message is to help you and your leadership team make the critical decisions now that will determine whether, by 2026, you lead, follow, or fall behind as market transformations accelerate.

Growth Is Back. But Not The Same As Before!

- The demand for growth is back—companies able to achieve it command record-high valuations. AI-Natives gain more funding and accelerate faster, creating a compounding cycle where system-driven growth is expected to surpass that of SaaS-Native companies.
- Meanwhile, SaaS-Native companies are falling behind, spending more to acquire growth and struggling to recover those costs as customer lifetimes shrink.
- SaaS-Natives are using AI to execute old playbooks at lower cost, without reigniting growth, while AI-Native companies deploy new systems to grow faster and at lower cost.
- CEOs must train their teams to rigorously modernize their GTM, not just on an application level, but on a system/platform level. Those who modernize for an AI-Native future will widen the gap in their markets, just as Canva now dominates theirs.

The next era belongs to companies whose CEOs are systems thinkers.

What to Expect in This Brief

This letter is organized to give you insights for leading in the new era of AI-driven growth:

Section I. Explains why growth remains the single most important driver of value and why today's premium is higher than ever before.

Section II. Reveals how most SaaS-Native companies are falling behind, spending more for less growth, and why "bought" growth is becoming an existential risk.

Section III. Describes the new GTM architecture of AI-Native companies, showing how they embed AI into the core of their business to achieve compounding results.

Section IV. Forecasts the evolution of AI in GTM, including how boardroom dynamics and industry leadership will change as the gap widens.

These insights are based on real-world experience: working alongside some of the world's fastest-growing companies and learning firsthand what sets them apart.

SECTION I.

Growth Above All Else

Growth rate remains your single most prized metric. The evidence is clear: the latest generation of AI-powered, premium growers, scaling at 40% or more per year, command extraordinary valuations of 15× to 20× EV/ARR in private markets. By contrast, sub-25% growers, the norm for public SaaS-Natives, trade at just 5x to 7x EV/ARR.

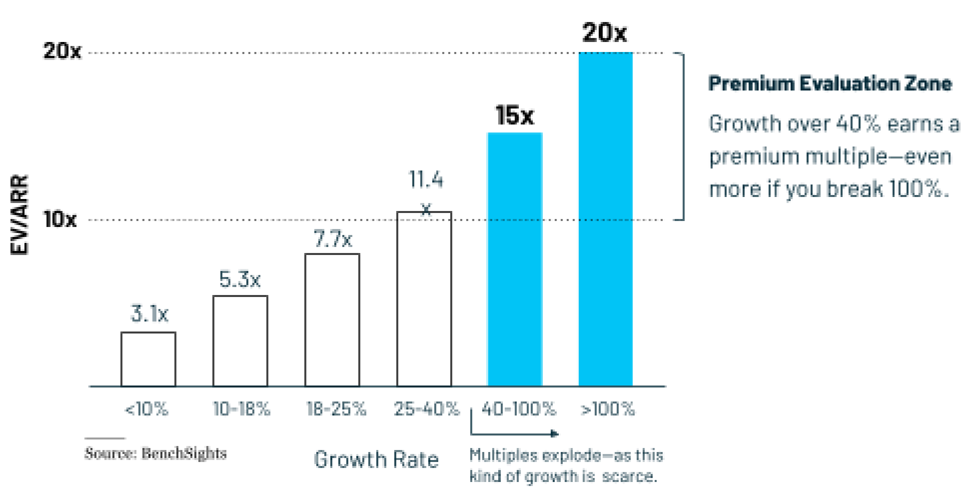

Figure 1.1. EV/ARR multiples for SaaS-Natives highlight the steep valuation premium enjoyed by those growing at a rate of more than 40% (Benchsights and Meritech, May 2025).

Profit Is a Tool, Growth Is the Goal

While public markets do punish poor profitability, revenue growth is by far the dominant driver for innovative companies. A scatter analysis by David Spitz of BenchSights, comparing 90 public SaaS-Natives Figure 1.2), shows:

- Growth alone explains 39% of valuation variance (R^2=0.39).
- Adding free-cash-flow margin (the "Rule of 40") barely moves the needle (R^2=0.40).
- Doubling the weight on growth (the "Rule of X") lifts it to R^2=0.51, proving that growth is the key.

This isn't surprising: growth compounds over time, expanding ARR and driving future valuations. Profits may lift today's bottom line, but sustained growth is what builds tomorrow's enterprise value. For innovative SaaS-Natives, growth is, above all else, what sets the pace.

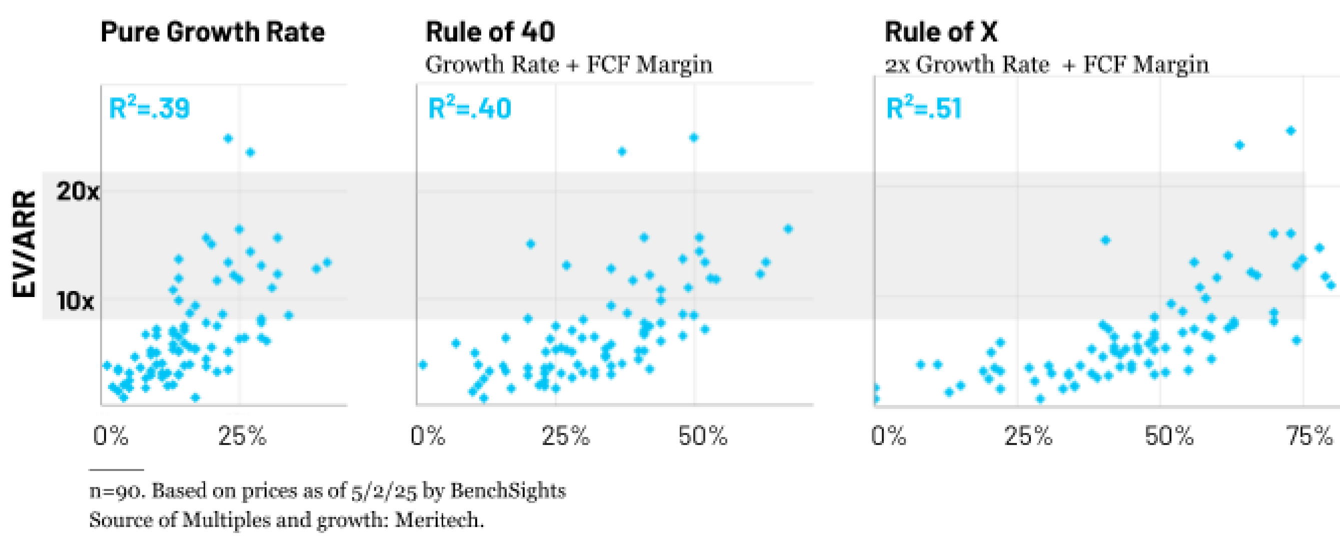

Figure 1.2. Scatterplots of EV/ARR versus pure growth rate, the Rule of 40, and the Rule of X for 90 public SaaS-Natives highlight the paramount importance of growth in valuation.

Why Growth Matters More Than Ever

Growth isn't just about pleasing investors. It means more market share, more visibility, and greater access to capital. The fastest-growing companies attract the most funding, funding they reinvest into AI-driven innovation, fueling yet another wave of acceleration.

AI now accelerates the growth flywheel: driving down costs, speeding up execution, and compounding gains. Fast growers accelerate further, the strong pull ahead, and the gap widens. Whether you're at $10M or $1B in ARR, the lesson is the same:

> Growth is both the engine and the fuel.
>
> Companies that master AI-driven growth will define the future.

This is why SaaS-Native companies must restore and accelerate growth.

SECTION II.

Cost Reveals Growth Quality

In the dot-com era, companies bought visitors to boost their valuations. A decade later, social media firms bought clicks. Today, SaaS-Native companies buy growth.

> Growth of SaaS-Natives looks impressive, but underlying metrics indicate that, in most cases, growth was bought, not earned.

Cost may not be a reliable metric for valuing a company, but it is a powerful truth-teller. It reveals whether growth was achieved through acquisition or organic growth. If the only way to grow is to keep pouring more money into TOFU acquisition, growth is likely bought. During the Golden Era (2012–2021), buying growth was cheap. But as the market matured and more companies relied on it, the cost of growth increased while growth rates declined. Over time, and herein lies the problem, SaaS-Native companies became dependent on this approach, forgetting how to grow organically. This dependency is a form of operational debt.

According to BenchSights, in the past four years, average growth rates for public SaaS-Natives dropped from 36% to 15%, while the cost to acquire a dollar of growth rose from $1.24 to $2.01.

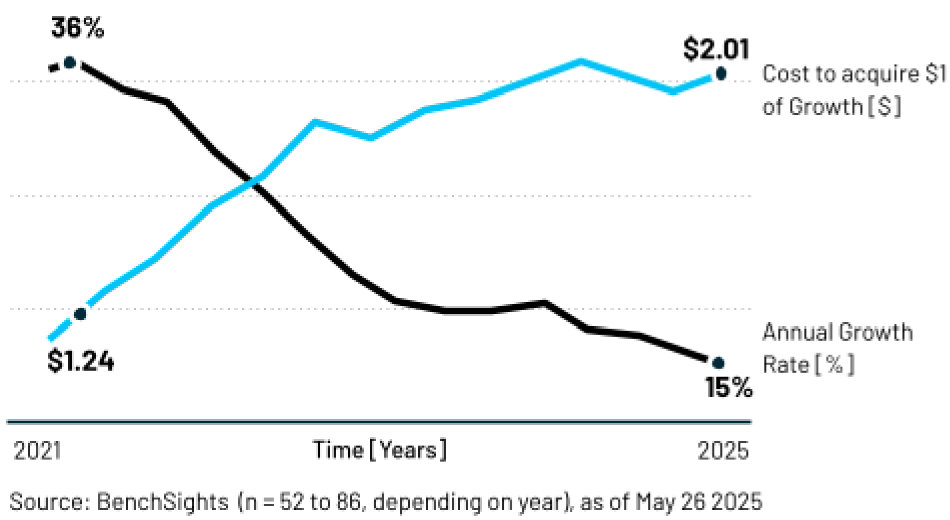

Figure 2.1. Growth rates have been cut in half while the cost to acquire new revenue has soared by 60%.

The GTM Efficiency Crisis

GTM Efficiency measures how much you must spend on Marketing and Sales to generate each new dollar of recurring revenue. It answers a fundamental question: Are you earning growth through a repeatable system, or are you buying it at an unsustainable cost?

For example, a GTM Efficiency of $4 means you're spending $4 just to add $1 of net new ARR—a warning sign that your growth is being bought, not built. The lower your GTM Efficiency, the more efficient and scalable your growth; the higher it gets, the more fragile and risky your business is.

If additional spending no longer delivers results;

It is a clear sign that prior growth was bought, not earned.

Here's how it works:

- As a SaaS-Native company grows from $50M to $500M in ARR, its GTM Efficiency—the cost to acquire $1 of net new ARR—should improve from about $3 to $1.
- For a mature SaaS-Native with over $100M in ARR, spending $1 to acquire $1 of new ARR-with no expansion, NRR = 100%-you must retain that customer for 5 years to break even.
- If you spend $2 to acquire $1 of ARR, even with strong expansion (NRR ≥ 110%), it can take 7 years before your acquisition cost drops to 20% of the total customer lifetime value.

For SaaS-Native companies, these metrics are moving in the wrong direction, and the effects are compounding:

- GTM Efficiency now routinely exceeds $2 for every $1 of net new ARR (see Figure 2.2).
- Customer lifetimes are shrinking—now closer to 5 years, down from 7—and expected to fall further as rapid innovation (like AI) makes buyers more willing to switch when new capabilities outweigh switching costs.
- Independent of this, NRR has fallen to around 105% from previous highs closer to 110%.

As a result, even as SaaS-Natives increase their investment in growth, growth is stalling.

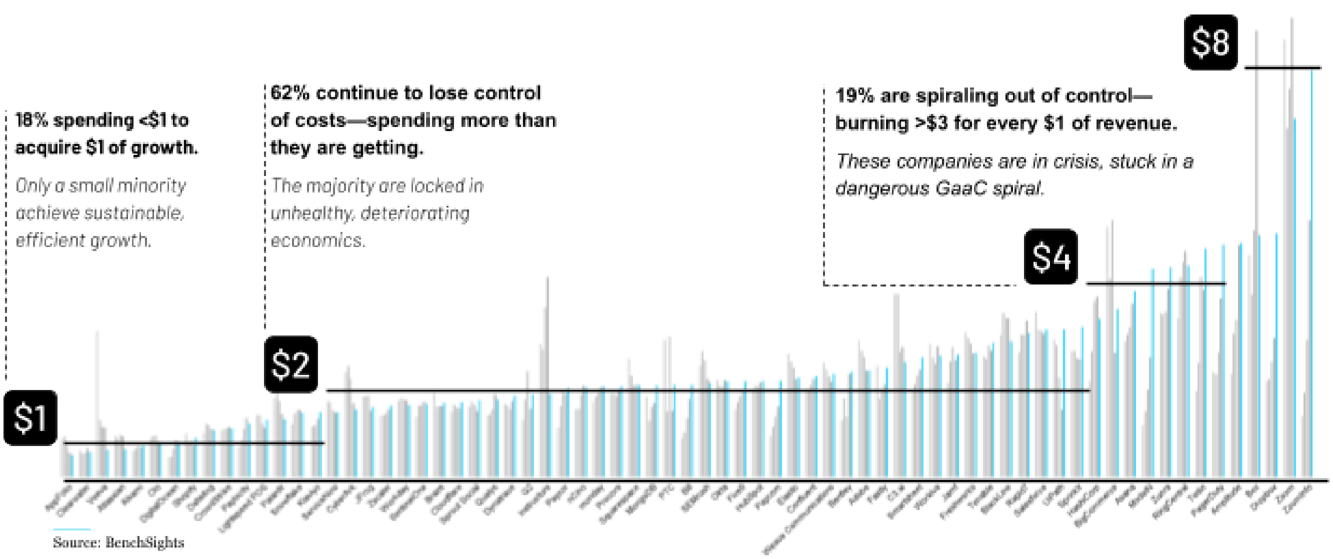

Figure 2.2. Most public SaaS-Natives spend over $2 to acquire $1 of growth.

The Result: Growth is Stalling

Across our client base, we observe the same trend: growth is stalling (see Figure 2.3). This is not due to market shocks, but rather because GTM teams are not adjusting and continue to replay the same, outdated playbook, unfamiliar with what else to do.

SaaS-Native companies aren't growing fast enough,

and won't, without a fundamentally new GTM approach.

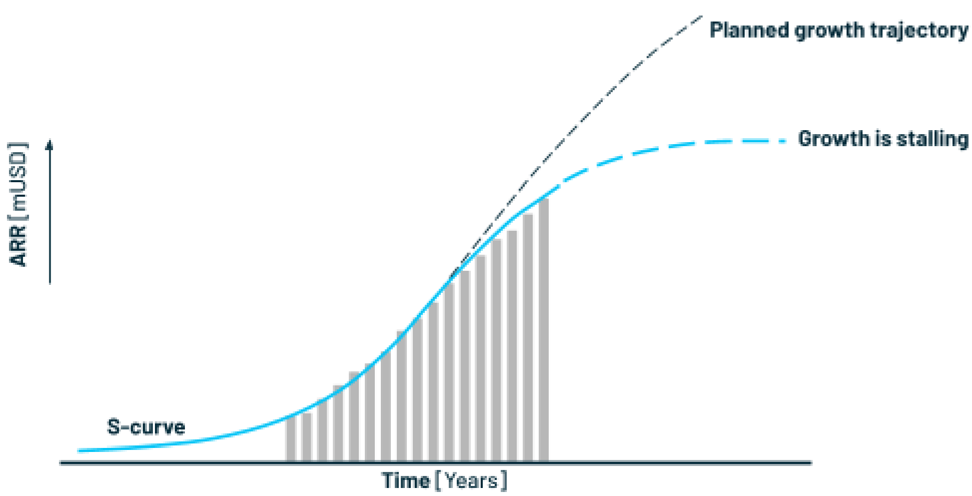

Figure 2.3. A real-life picture of ARR growth of a public SaaS-Native that shows how growth is stalling and deviates from its planned growth trajectory while continuing to replay the classic TOFU-centric GTM playbook.

Wonder Why Your AI Doesn't Deliver?

SaaS-Native companies that use AI to execute an outdated playbook should not be surprised when they don't see the growth results they hoped for. Simply swapping an outbound SDR for an AI-driven SDR, for example, may lower your costs, but if the core GTM approach is broken, AI will only help you fail faster in a more cost-efficient way. True transformation starts with rebuilding your processes, then letting AI accelerate what actually works.

SECTION III.

The New GTM Approach in the Age of AI

The stage is set for a new era of growth. For over a decade, the SaaS-Native playbook has defined how companies scale growth by leveraging online sales, specialized roles, and the use of lower-cost talent, a leap beyond the traditional field-sales model. But the tables have turned. Today, SaaS-Natives aren't setting the pace; they're being overtaken by AI-native companies built on a new architecture. These AI natives are rewriting the rules with compounding growth systems that operate in real-time and accelerate relentlessly. The old playbooks aren't just outdated, they're being left behind.

> This distinction isn't about who is adopting more or even better AI applications; it's about who has the right GTM infrastructure to let AI drive the business, end-to-end.

The Right GTM Infrastructure

Most SaaS-Native executives overlook a critical operational distinction: deploying AI as an application is fundamentally different from architecting it as an operating system. Today, most SaaS-Natives focus on AI for task automation to lower costs, replacing SDRs, automating onboarding, or reducing training expenses. These "AI features" may reduce spending, but they don't transform how growth is achieved. Which, as we learned in section 2, is the real challenge.

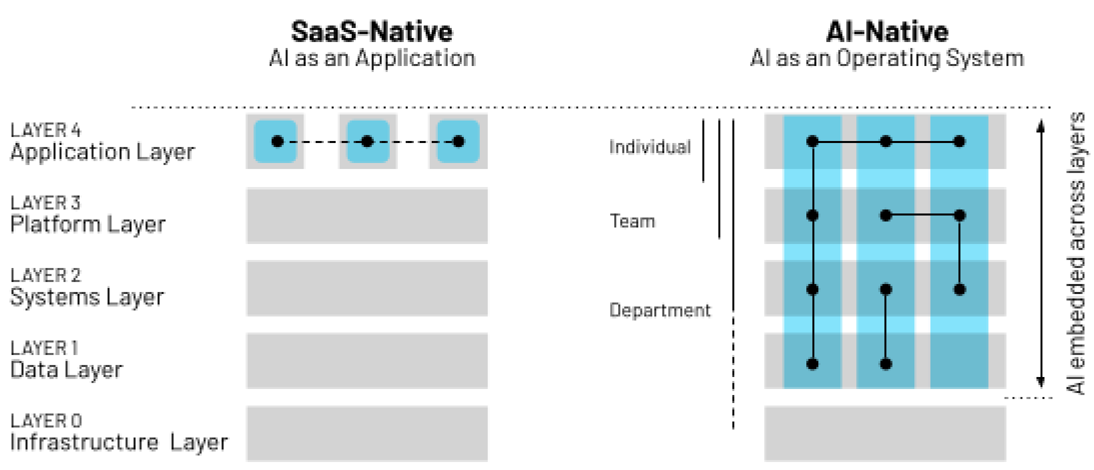

Figure 3.1. SaaS-Native companies bolt AI onto the application layer, resulting in isolated features and limited impact. In contrast, AI-Native companies embed AI across every layer, enabling closed feedback loops and real-time learning that compound value and accelerate growth.

AI-Native companies operate differently. They don't just add AI on top of existing processes; they natively build it into the foundation, often integrating GTM and product, so that every user action, cohort, and feedback loop is captured in real-time. AI is not seen as a point solution, like email automation; it's a utility embedded across the business, powering real-time insights and automating core GTM functions. With every customer, data point, and interaction, the AI-Native stack gets smarter and more efficient, compounding learning and value at every layer. Growth becomes exponential, not incremental. They're not playing the SaaS-Native game with better tools; they're creating a new game with a new ceiling for what's possible.

> For SaaS-Natives, retrofitting their current GTM approach to an AI system will take 18+ months, during which AI-Natives will keep compounding their advantage.

The question isn't if this shift will happen, but when, and who will lead it. Only those who act now have a real chance to close the gap.

A Model for AI-Native GTM: The Canva Advantage

Rather than just adding AI tools for users, Canva weaves AI capabilities—like Magic Design, instant content generation, and design suggestions—directly into the product experience. As users interact, Canva's systems learn from every design, search, and action, not only improving AI suggestions for each individual but also optimizing onboarding, upsell flows, and customer education across their entire user base in real time.

AI drives product usage, expansion, and community engagement simultaneously, eliminating the need for manual sales handoffs or traditional enablement. It is a compounding, system-wide process of learning and growth.

The Inevitable Result: The Chasm Widens

The result is a widening chasm. AI-Natives don't just grow cheaper, they grow fundamentally faster and more adaptively. Their operating model is engineered to scale, to compound, and to win in a world where speed, feedback, and automation drive advantage. SaaS-Natives, by contrast, risk getting outmaneuvered and left behind, no matter how much they optimize or cut costs in the old model.

> The next era will not be decided by who executes yesterday's playbook more efficiently, but by those who re-architect for a new one.

SECTION IV.

Anticipated Evolution of AI in GTM

The foundation of every recurring revenue business is compounding growth, and that means building feedback loops into your operating model. Until now, those loops have mainly been driven by people. However, as business velocity increases, every interaction and data point must operate in real-time, continuously making the system smarter and more effective.

- **1990:** Perpetual software is sold entirely by human effort (experts).
- **2010:** SaaS is sold by humans (generalists) but increasingly supported by systems.
- **2030:** Outcomes are sold by systems, with exceptions managed by experts.

> In other words, growth beyond $50M in ARR will shift from manual effort and headcount expansion to being based on engineered systems. As Dave McJannet, CEO of HashiCorp, put it: "Over 50 percent of company building is building the systems."

In the AI-Native world, market leaders will engineer growth directly into the product experience, reducing dependence on traditional sales teams and relying instead on self-serve onboarding and compounding feedback. The winners will invest now in AI-powered systems that compound, because these systems will reshape GTM and determine who wins three years from now. What follows is an anticipated timeline for how this transition will unfold.

Why The CEO Will Be The Decisive Factor

Over the past decade, the SaaS CEO role has undergone constant evolution. In the early days, SaaS-Native CEOs were technologists—product and engineering founders like Marc Benioff (Salesforce), Peter Gassner (Veeva), and Eric Yuan (Zoom), who focused on building software and closing deals themselves. As SaaS gained traction, the CEO profile shifted to financiers. Leaders such as David Sacks (Zenefits), Aaron Levie (Box, post-IPO), and Tomas Gorny (Nextiva) became known for financial engineering, raising funds, and scaling growth at all costs.

After the 2022 crash, the stabilizer emerged: operators like Todd McKinnon (Okta), Aneel Bhusri and Carl Eschenbach (Workday), and Bill McDermott (ServiceNow), whose focus turned to cost control, operational discipline, and steadying the business. Now, as the AI era takes hold, the winning CEO archetype is changing again. Today's AI-Native leaders aren't just coders or financiers—they're architects. Melanie Perkins (Canva), Ali Ghodsi (Databricks), David Singleton (Anthropic), and Jensen Huang (NVIDIA) are designing compounding feedback-driven systems that embed AI at every layer and unify GTM teams, product, and operations.

> This AI era won't be won by CEOs who raise money to hire people. It will be won by CEOs who lead their teams to architect a GTM system, powered by AI, that accelerates growth in ways people never could.

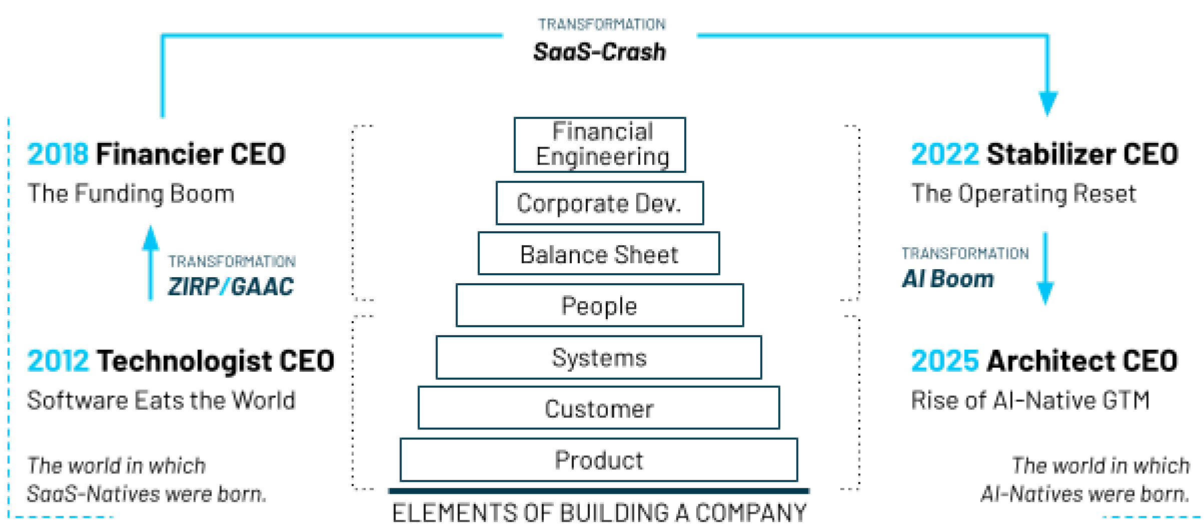

Figure 3.2. CEO archetypes evolve with market shifts. Now, in the AI era, leadership success hinges on the ability to architect system-driven GTM strategies and unify the organization around them.

How AI Will Reshape GTM, and Who Wins

Every transformation unfolds in phases, and the shift to AI in business is no exception. Initially, AI assists your team, which raises the question among board members whether new hires are needed. Next, AI will identify which roles can be replaced based on the productivity of reps, and board members will want to know "what does the AI tell us?". In the final phase, AI proactively identifies where optimization or replacement of human tasks by an agent is required. Board members will want a readout if the organization is structured to maximize growth potential. In every phase, the conversation in the boardroom shifts, from *curiosity* to *concern* to *existential questions* about how and who drives growth. Now, let's look at these phases over time.

2025–2026 CURIOSITY: THE AI REVEAL

The first wave of AI assistants enters the GTM stack, automating routine tasks like lead scoring, pipeline management, and outbound emails. While these tools help lower costs, SaaS-Native companies quickly discover that deploying AI on top of the existing playbook does not deliver the desired growth. Why? Because customers get an experience that feels generic and disconnected, AI is executing a broken process at a higher speed.

Meanwhile, AI-Native companies integrate AI agents across the entire customer journey, marketing, sales, onboarding, expansion, and retention. Every user interaction becomes a data point for real-time optimization, rapidly improving conversion rates and identifying new ideal customer profiles (ICPs). Incumbents begin to feel pressure, not because of lower prices, but because AI-Native rivals deliver a better, more personalized buyer experience and can act on opportunities in hours, not weeks.

Boardroom Meeting 6 Months from Now

The energy in the room is palpable. Growth is stalling even though the company has "AI everywhere." The board's questions cut deeper:

- *"If we're spending more on AI and still falling behind, what's fundamentally broken?"*
- *"Are we just automating old processes? Is our architecture even capable of AI?"*
- *"What are you doing to avoid buying growth at a premium while AI-Native competitors accelerate growth at fractions of our cost?"*

Operators scramble to explain pilots, integrations, and "copilots," but the board makes it clear: "We need a credible plan for system-wide reinvention, not just efficiency." The final question lingers: "Are we already too late, or is there still time to rebuild?"

2026–2027 CONCERN: THE GAP OPENS

AI agents advance from assistants to operators, running campaigns, qualifying leads, and autonomously closing simple deals. Human reps shift to orchestrating strategy and managing AI teams. Product, marketing, and sales data are unified in real time, enabling AI to surface expansion opportunities, predict churn, and customize playbooks.

The speed advantage compounds, GTM cycles collapse from quarters to weeks, and feedback loops accelerate product and GTM innovation. SaaS-Natives relying on brute-force, people-heavy playbooks see growth stall, acquisition costs climb, and their best talent leave for AI-Native challengers.

Boardroom Meeting 18 Months from Now

The mood is sobering. Quarterly results show market share losses and rising churn. The board's tone shifts from strategic concern to existential alarm:

- *"Our top reps and engineers are being poached by AI-Native companies."*
- *"AI-Native competitors are doubling ARR while we struggle to hold the line. Why are we not learning and adapting at their speed?"*
- *"We are retrofitting a new engine into an old car while others are building jets."*
- *"Leadership is unable to architect the transformation; we need new DNA at the top."*

Pressure mounts: "The window is closing; if we can't demonstrate a fundamentally new operating model, it means we're on a path to irrelevance."

2027–2028 EXISTENTIAL: THE GREAT RESET

AI-Native companies achieve systemic GTM: AI autonomously finds, qualifies, nurtures, closes, and expands accounts at scale and with minimal human oversight. Winners let AI define and run the system, while humans focus on supervision, ethics, and creative breakthroughs. Market laggards who fail to rebuild from the ground up struggle for relevance.

The fastest adopters pull away, capturing market share, talent, and investment. Traditional SaaS-Natives become acquisition targets or are forced to radically pivot as new AI-Native giants set industry benchmarks and buyer expectations. In this new world, GTM belongs to those who let AI drive and reimagine how value is created, delivered, and scaled.

Boardroom Meeting 30 Months from Now

This time, the board meeting opens with a dashboard of metrics generated by the board's own AI. There's no room for narrative spin; the AI lays out the hard truth:

- *"Probability of GTM catch-up: <5%."*
- *Abandon transformation. Pursue restructuring."*

The board is no longer asking management what to do, its AI tools are suggesting, with algorithmic realism options that no executive dared to put on the table. Models, not instinct, dictate the future.

- *"Consider breaking up the company and spinning off high-performing assets."*
- *"Execute a full reboot: replace legacy GTM and product with greenfield AI infrastructure, accept 24 months of zero growth for long-term viability."*

You are no longer debating how to play the new game. You're deciding whether to play at all.

Conclusion

The age of AI-Native companies is here, and with it, a new kind of growth machine that simply cannot be matched by traditional playbooks. Every month of inaction gives AI-Native competitors another turn of the compounding flywheel. Falling behind is not a linear risk; catching up becomes exponentially harder. Waiting for the market to "settle" or the hype to pass is no longer a safe strategy; it is an active decision to fall behind.

> In the AI era, the greatest risk isn't acting too soon;
>
> It's acting too late.

Given the immense financial stakes, the tech industry's record of rapid reinvention, and the board's reliance on growth, the question isn't "if" this shift will happen, but "when." Many will assume there's time, but the reality is that compounding effects accelerate faster than anyone expects. What we call a three-year transformation is far more likely to become a two-year revolution than a four-year evolution. Leadership teams that re-architect for AI-driven growth are far more likely to win the race and will set a pace that makes catching up virtually impossible.

CEO Call to Action

In this new era, your job as CEO is to provoke your team to think in systems and to architect for compounding, AI-driven growth.

Here's how to start:

- **Educate your team:** Align everyone on your AI strategy—make AI literacy and systems thinking a boardroom and executive priority.
- **Diagnose your situation:** Assess the current state of your GTM, identify the gaps, and define a concrete AI-GTM systems plan.
- **Build it together:** Lead your team to embed these changes phase by phase, learning and adapting as you go. Integrate AI and systems thinking into every GTM motion, with each function owning a part of the transformation.

First, you had to grow—**fast**. Then you had to cut costs—**immediately**. Now, you have to innovate—**urgently**. SaaS-Natives who operate with AI-native capabilities before anyone else will be unbeatable in the decade ahead.

How Winning by Design Can Help

If you're ready to act, Winning by Design can help you move from awareness to execution, starting now. We partner with leadership teams at some of the world's fastest-growing and most innovative companies. If you're ready to move beyond incremental change and re-architect for the new era of AI-driven growth, here are three actions we can help you with right now:

1. **Train Your Team:** Equip your leaders and GTM teams with AI literacy and proven frameworks for high-velocity, compounding growth. Our training programs build a common language and empower every level of your organization.
2. **Diagnose Your GTM:** Get a scientific, data-driven diagnosis of your current GTM model. We'll help you pinpoint where value is leaking, where operational debt is holding you back, and where the greatest opportunities lie for AI-Native transformation.
3. **Build an AI-Ready GTM:** Don't settle for bolt-on AI features. Work with us to design and build a true AI-Native GTM system—feedback-driven, automated, and built to scale for the next decade of growth.

Let's make sure you're not just adapting to the future—you're defining it for your industry.

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To learn more, go to www.winningbydesign.com/ai.