

E-book

# SaaS Finance Leaders: 5 steps to drive your company from early to growth stage

**As a finance leader, you do a lot more than just crunch numbers and balance books. You're a strategic advisor, risk manager, and key decision-maker driving your company's growth and success.**

This e-book offers insights on navigating the crucial transition from early stage to growth stage, focusing on proving your revenue model, optimizing recurring revenue, and positioning your company for the next round of funding.

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# In this e-book, **you'll discover**

- ✓ Key metrics investors look for at each growth stage
- ✓ Strategies to prove your revenue and recurring revenue models
- ✓ 5 crucial steps to achieve your growth stage goals
- ✓ Real-world success stories from companies like yours





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# Insights from Jeff Epstein, operating partner at Bessemer Venture Partners

To provide top-tier expertise, we've enlisted Jeff Epstein, operating partner at Bessemer Venture Partners, which is one of the oldest and largest venture capital firms in the U.S. In this e-book, he shares valuable insights on what investors look for at each stage of investment.

Jeff presented valuable ideas on business models, growth expectations, and desired capital efficiency at different investment stages alongside Sage Intacct Head of Operations and Finance Marc Linden at one of our Sage Intacct SaaS Finance Summits held in San Jose, California.





# Early and growth stage goals: A brief overview

As your SaaS company evolves, your financial goals and focus areas shift. Understanding and anticipating these changes is crucial for navigating your company's growth trajectory successfully. Here's a big-picture look at how your goals are likely to shift:

## Early stage goals:

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- ✓ Build a repeatable, efficient sales process
- ✓ Establish promising initial unit economics
- ✓ Ensure solid, GAAP-compliant financials



## Growth stage goals:

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- ✓ Manage customer lifetime value (CLTV)
- ✓ Show capital efficiency
- ✓ Define and track gross and net churn

# 5 steps to achieve your growth stage goals

One important growth-stage effort is transitioning from proving your product-market fit to proving your recurring revenue model. As you work in that direction these five steps will help you streamline operations, improve visibility, and drive growth.

1

## **Integrate systems for quote-to-cash**

Track CLTV in one contract between customer relationship management (CRM) and ERP.

2

## **Establish flexible, contract-based billing**

Create value with expanded offerings and value-based pricing.

3

## **Build end-to-end revenue management**

Gain visibility into deferred revenue to guide valuation.

4

## **Create real-time SaaS and GAAP dashboards**

Align to one source of truth and metrics.

5

## **Forecast and plan the future**

Accelerate decisions with visibility into billings, cash, and revenue.

**Let's explore each step in detail.**



1

# Integrate systems for quote-to-cash

As you scale sales to prove your revenue model, it's crucial to remove friction points from the sales process and maintain a single version of the truth. Natively connecting your CRM and your configure, price, quote (CPQ) process to your financials provides several benefits:

- Streamlines initial sales, renewals, and add-on business
- Provides common metrics on CLTV, customer acquisition cost (CAC), and churn for both sales and finance
- Removes billing obstacles, bringing cash into the business sooner



**Jeff's pro tip:** A comprehensive, bi-directional integration between sales and finance, including the item catalog, means less re-keying and allows for richer data collection and analysis.

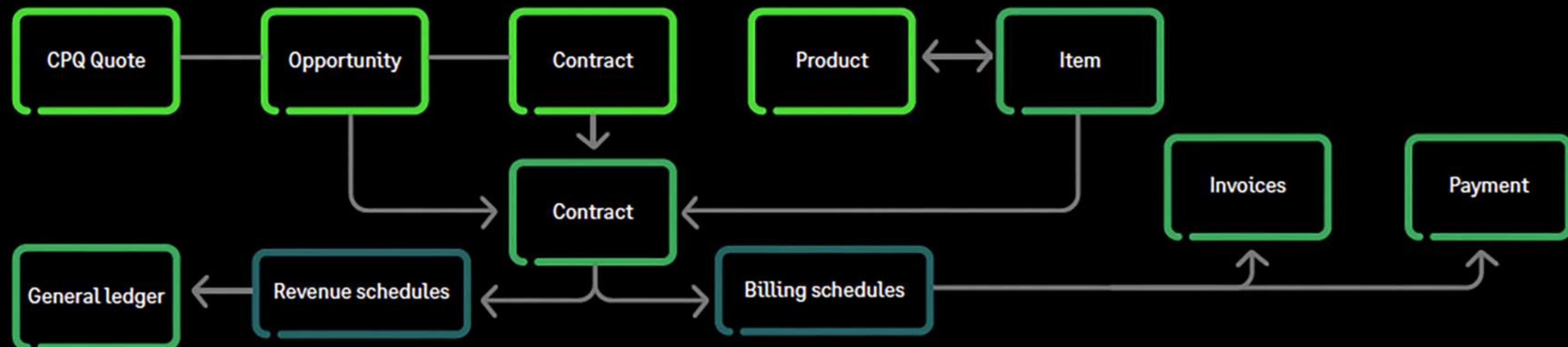


Salesforce/HubSpot

Financials

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# 2

## Establish flexible, contract-based billing

As you grow, you may need to expand your offerings to attract new customers, increase your average sales price, and retain existing customers. The ability to handle different types of revenue streams and billing provides more flexibility to innovate and maximize CLTV.

### Consider supporting these billing models:

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#### Perpetual:

- License
- Maintenance
- Support

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#### SaaS:

- Subscription

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#### Usage:

- Usage pricing
- Tiered pricing
- Price per thousand
- Minimum flat fees
- Included Units
- Overages
- Customer specific

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#### Services:

- Hours
- Time and materials
- Fixed price



**Jeff's pro tip:** Choose a billing solution that supports a blend of models to reduce customer confusion and simplify your internal operations.



# 3

## Build end-to-end revenue management

As your revenues grow, financial audits become crucial for credibility. Your financials need to be GAAP, ASC 606, and IFRS 15 compliant. A solution designed for recurring revenue rather than individually placed orders will:

- Automate compliance, especially revenue recognition and expense amortization.
- Save time and decrease the risk of errors.
- Gain visibility into unbilled, billed, and paid revenues.

	Unbilled	Billed	Paid	Total
Deferred Revenue	9,000.00	2,000.00	0.00	11,000.00
Sales Revenue	0.00	1,000.00	0.00	1,000.00
Total	9,000.00	3,000.00	0.00	12,000.00



**Jeff's pro tip:** A contract-based solution provides a single source of truth for all revenue information, unlike order-based solutions where data lives in different places.

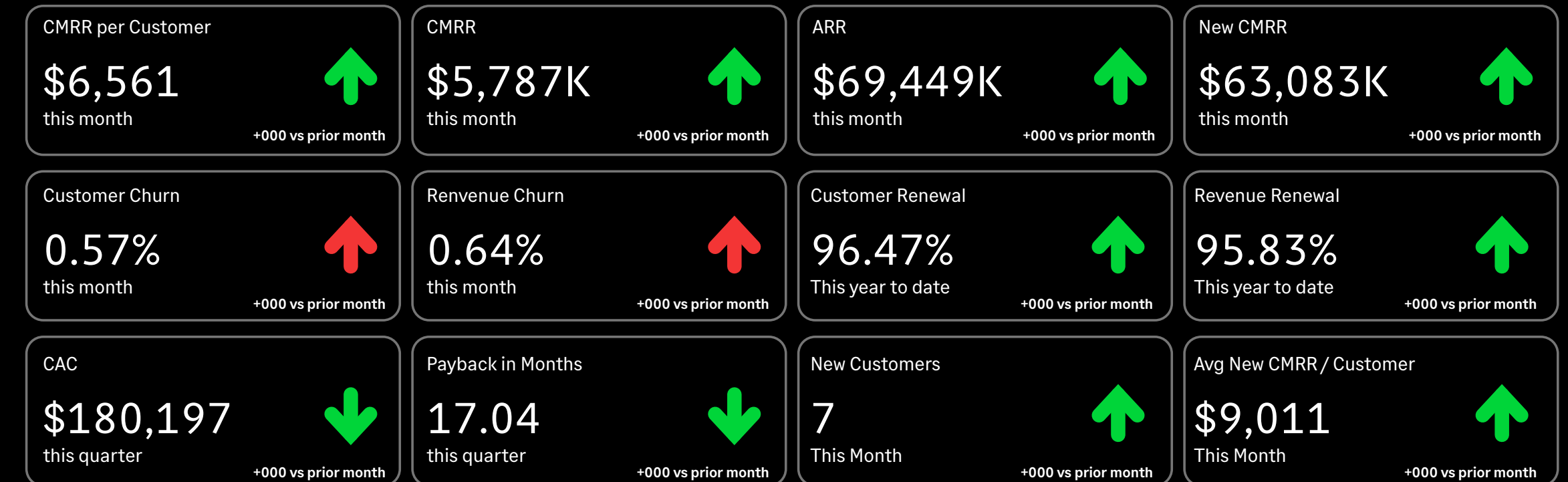


# 4

## Create **real-time** GAAP and SaaS dashboards

Understanding both GAAP and SaaS metrics is critical to your business. GAAP metrics show where you've been and where you are now, while SaaS metrics indicate where the business is going. Connecting your contractual obligations to billing, revenue management, and the general ledger can automate the creation of these metrics, providing:

- On-demand visibility for immediate and strategic decision-making.
- Faster action compared to your competition.
- A holistic view of your GAAP and SaaS performance.



**Jeff's pro tip:** Use a software solution that allows for unlimited dimensions in your reporting to get very specific metrics across products, regions, segments, and more.

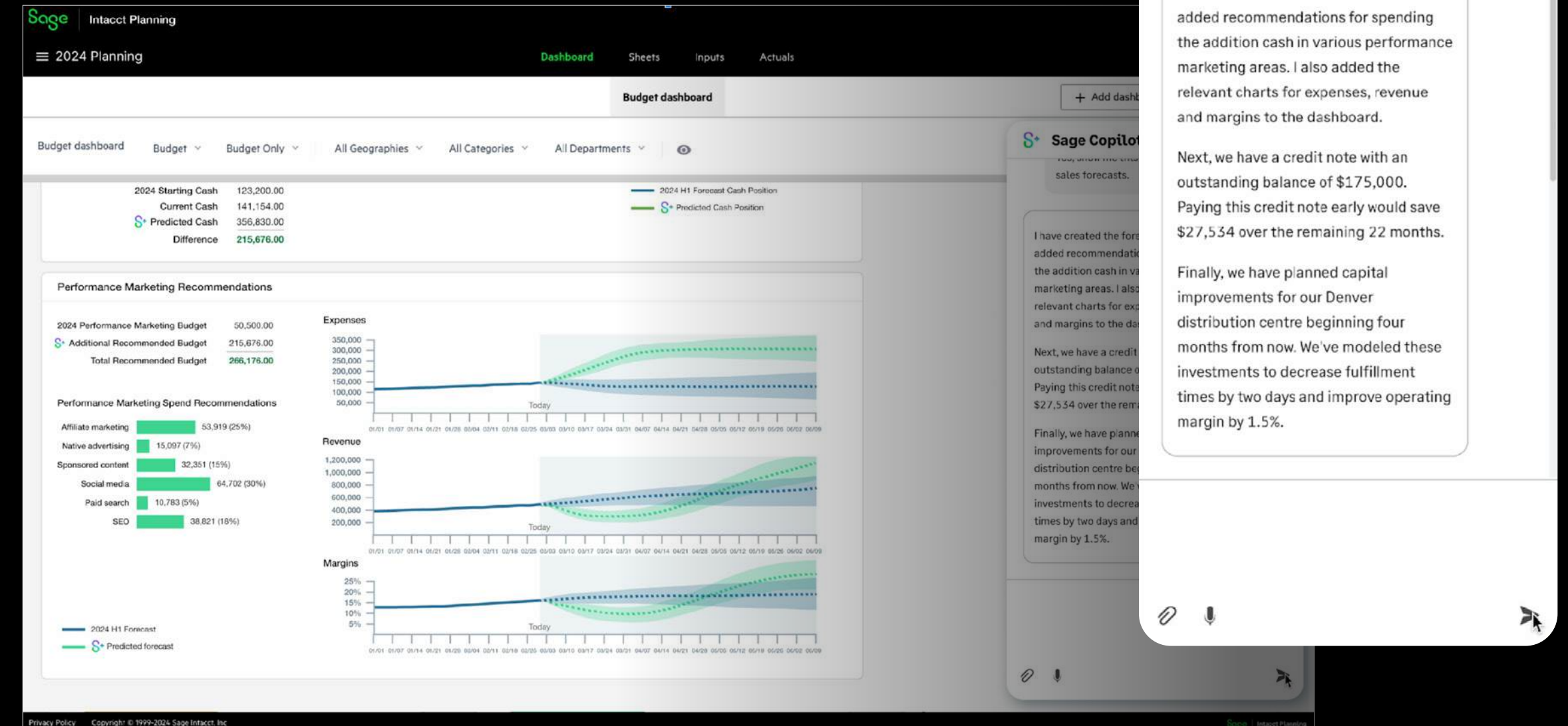


# 5

## Forecast and plan the future

Accurate forecasts are essential for guiding decisions on hiring, product investment, and more. They're also required for business loans or investor funding. When you're connected across CRM, CPQ, and financials through a contract, you can:

- ✓ Automatically generate forecasts.
- ✓ Get a single view of your customers across billing, revenue recognition, and cash.
- ✓ Shift from manually reporting the past to real-time forecasting for the future.



**Jeff's pro tip:** Choose a complete subscription revenue management solution built to support and forecast your subscription business for more accurate and efficient planning.

**By implementing these five steps, you'll be well-positioned to prove your recurring revenue model and drive your company's growth to the next stage.**



## Success story:

# Weave goes IPO

Weave experienced rapid growth and needed a scalable solution to manage their high-volume billing and financial operations efficiently. After a poor experience with NetSuite's revenue recognition at a prior company, Weave selected Sage Intacct for its ability to:

- ✓ Automate subscription billing and revenue recognition.
- ✓ Manage deferred revenue effectively.
- ✓ Provide robust reporting and forecasting capabilities.



## About Weave

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- Delivers a multi-channel communications platform for dental, optometry, and other businesses
- A top 20 fastest-growing company in Utah
- Funded by Lead Edge Capital, Catalyst Investors, Crosslink Capital, A. Capital Ventures
- Undertook IPO

## Key results

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- **245% increase** in monthly invoices
- **100% year-over-year** ARR growth
- **4X employee growth** with no need for new finance hires
- **100% faster** quote-to-cash process
- **50% reduction** in days sales outstanding (DSO)
- **66% increase** in gross margin
- Financial due diligence time **reduced from 3.5 months to 3 days**
- Successful **IPO turbocharged growth**
- Funded the launch of **2 new product lines**



“  
Our relationship with Sage Intacct has been a partnership in the common goal of growth. To have kept doing it the old way would have been a staff-killer.

Joel Meriwether, Director of Finance, Weave



ROI achieved in  
less than 6 months





# Sage Intacct is uniquely qualified to help you reach the next stage— here's how.

Sage Intacct is a proven and validated solution used by our customers across each of the five steps we've explored together.



**Integrate systems for quote-to-cash**



**Establish flexible, contract-based billing**



**Build end-to-end revenue management**



**Create real-time GAAP and SaaS dashboards**



**Forecast and plan the future**





## Sage Intacct is the only solution that:

- ✓ Offers native quote-to-cash integration with Salesforce CPQ, covered by our Sage Intacct Buy with Confidence guarantee.
- ✓ Was built from the ground up to support ASC 606 and is endorsed by the American Institute of Certified Public Accountants.
- ✓ Provides unlimited reporting dimensions for in-depth analysis.
- ✓ Supports recurring billing across perpetual, usage, recurring, and professional services models.
- ✓ Delivers prebuilt, customizable GAAP and SaaS metrics dashboards.

## Sage Intacct is ranked #1 in:



**Customer Satisfaction in Accounting and ERP.**

**Subscription Revenue Management.**

Source: Spring 2024 G2 Grid Report for Mid-Market Accounting Software.

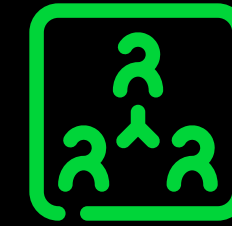




# We're committed to **your success**

You've seen how Sage Intacct can empower your SaaS company to reach new heights. Now, it's time to experience the difference for yourself. By partnering with Sage Intacct, you can:

- ✓ Accelerate your quote-to-cash process and bring in revenue faster.
- ✓ Gain real-time visibility into your key SaaS metrics for more informed decision-making.
- ✓ Streamline your financial operations, freeing up time for strategic initiatives.
- ✓ Impress investors with accurate, compliant financial reporting and forecasting.
- ✓ Scale your business efficiently without adding unnecessary overhead.



**Learn from your peers:** Our customer success stories offer valuable insights and inspiration for your own growth journey.



**See Sage Intacct in action:** Our coffee break demo is the perfect way to visualize the impact on your business.



**Explore at your own pace:** Our product tours allow you to dive deep into the capabilities that matter most to your business.

**Take the first step towards faster growth, easier funding, and smoother operations today.**



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**Sage**

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