SAAS AE REPORT

MODELS, METRICS, AND COMPENSATION RESEARCH

The Bridge Group

INTRODUCTION

Hello! And welcome to our eighth round of research focused on Account Executives (AE) at SaaS companies.

Since 2007, we've been tracking the AE role with a focus on how metrics and compensation change over time. For this report, **253 B2B SaaS companies** participated. We've organized the report into five sections:

1. Organizational Structure
2. Ramp & Retention
3. Metrics & Quota
4. Compensation
5. Leadership

We offer this report to provide guidance as you build out your strategy and contemplate what changes could align you closer to industry standards

Please reach out to us directly with comments and questions. We want to hear from you. Our email is: community@bridgegroupinc.com.

The Bridge Group

The Bridge Group is an SDR, AE & AM consulting firm dedicated to understanding the *models*, *metrics*, and *motions* that deliver scalable growth.

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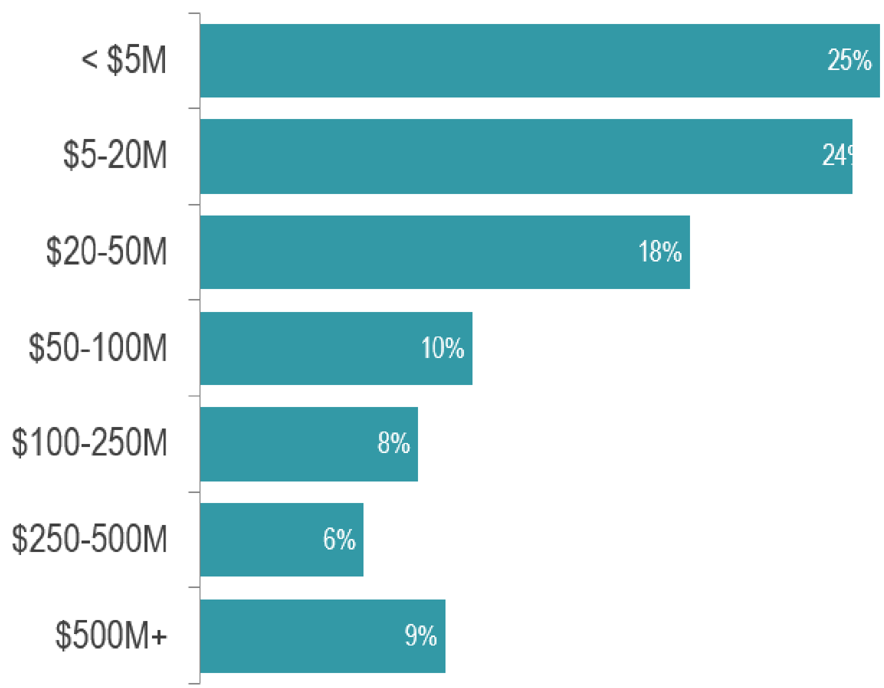
COMPANIES THAT PARTICIPATED

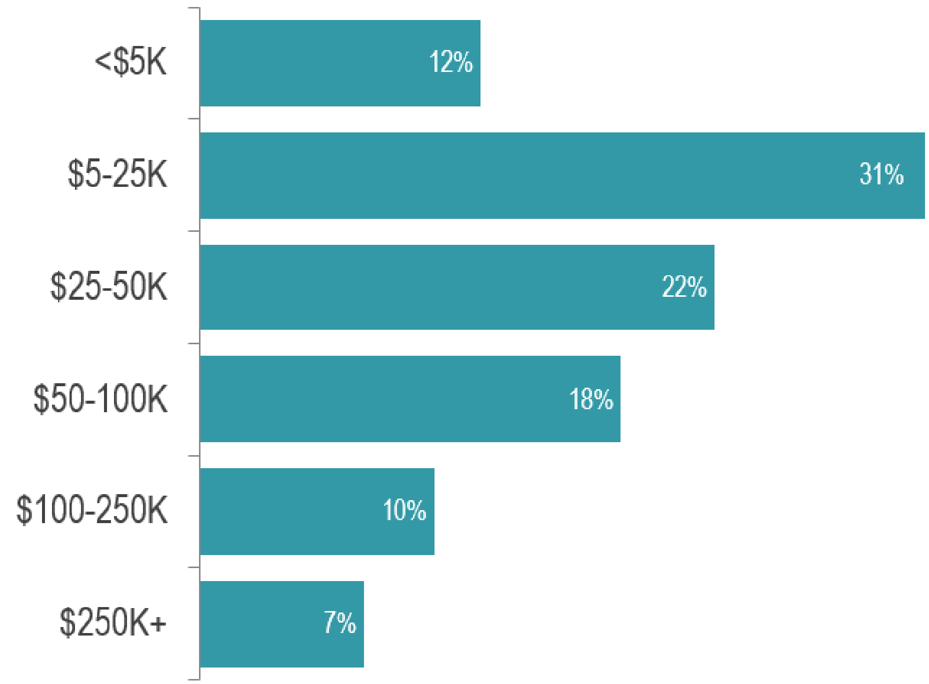
PARTICIPANTS

- 253 executives from a diverse set of SaaS companies
- 91% with headquarters in North America
- $22M median annual revenues
- $38K median annual contract value (ACV)

Respondents by revenues



Respondents by ACV

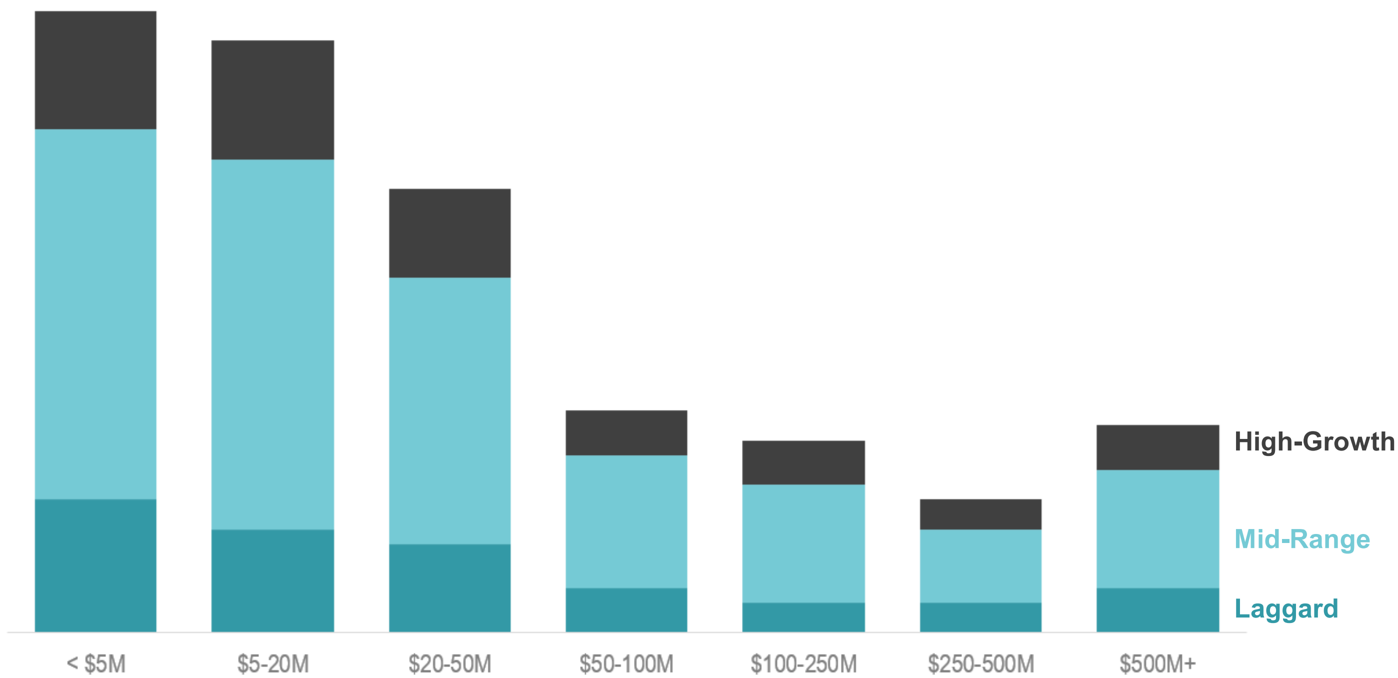


NEW THIS YEAR

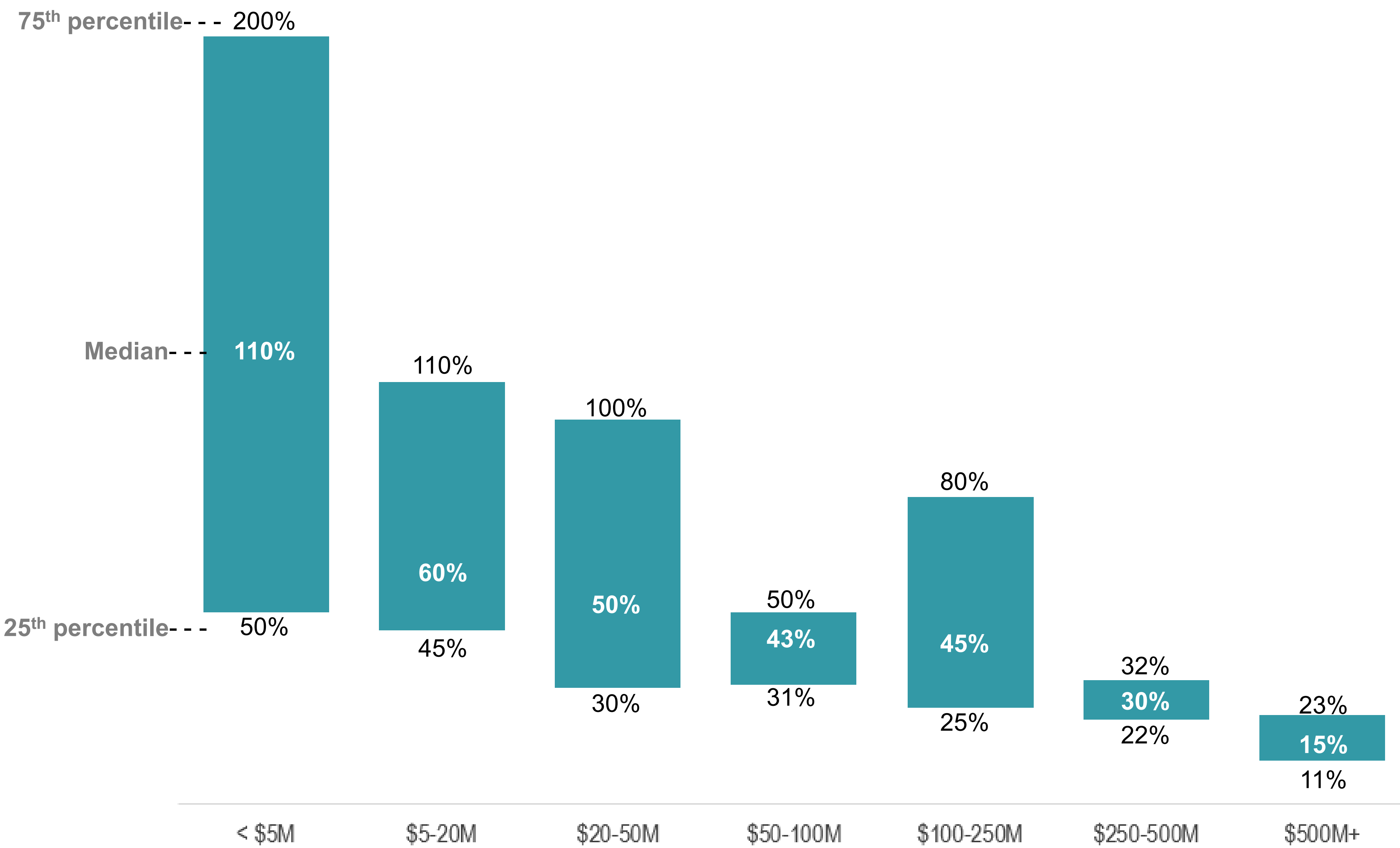
Each time we've published this research, readers have asked how metrics, comp, quota, tech stack, and so on differ between *high-growth companies* and the rest.

But what exactly makes a company "high-growth"? If Company A grew from $2M to $6M, that additional $4M represents 200% growth. Compare that to Company B who went from $200M to $290M, that's "only" 45% growth—but an additional $90M in revenue.

Clearly, raw growth rate doesn't tell the whole story. We decided to combine reported growth rate and revenues. We marked the top quintile (highest 20%) per revenue band as "high-growth." We then marked the bottom quintile (lowest 20%) per revenue band as "laggard."



GROWTH RATES BY REVENUE BAND



PART 1

ORGANIZATIONAL STRUCTURE

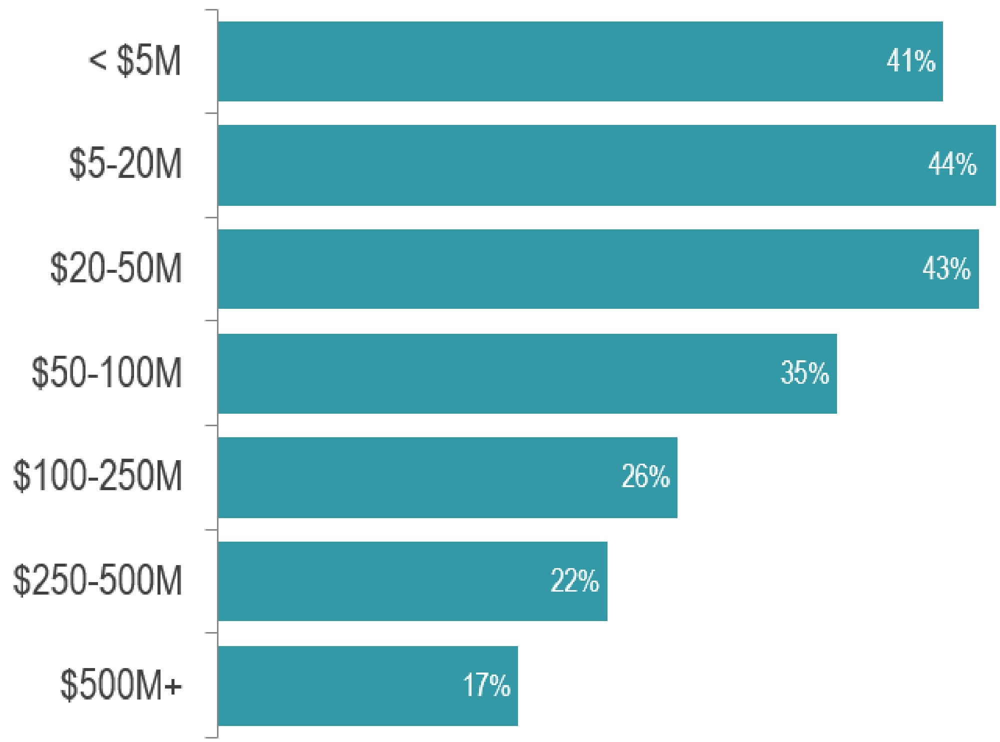
MARKETING CONTRIBUTION BY REVENUE

The share of an AE group's pipeline sourced by Marketing ranges widely. The median response was 33%.

This includes inbound SDR support and excludes outbound sales development efforts (discussed later).

Marketing's share of pipeline falls as revenues rise.

% of pipeline sourced by Marketing *by revenues*



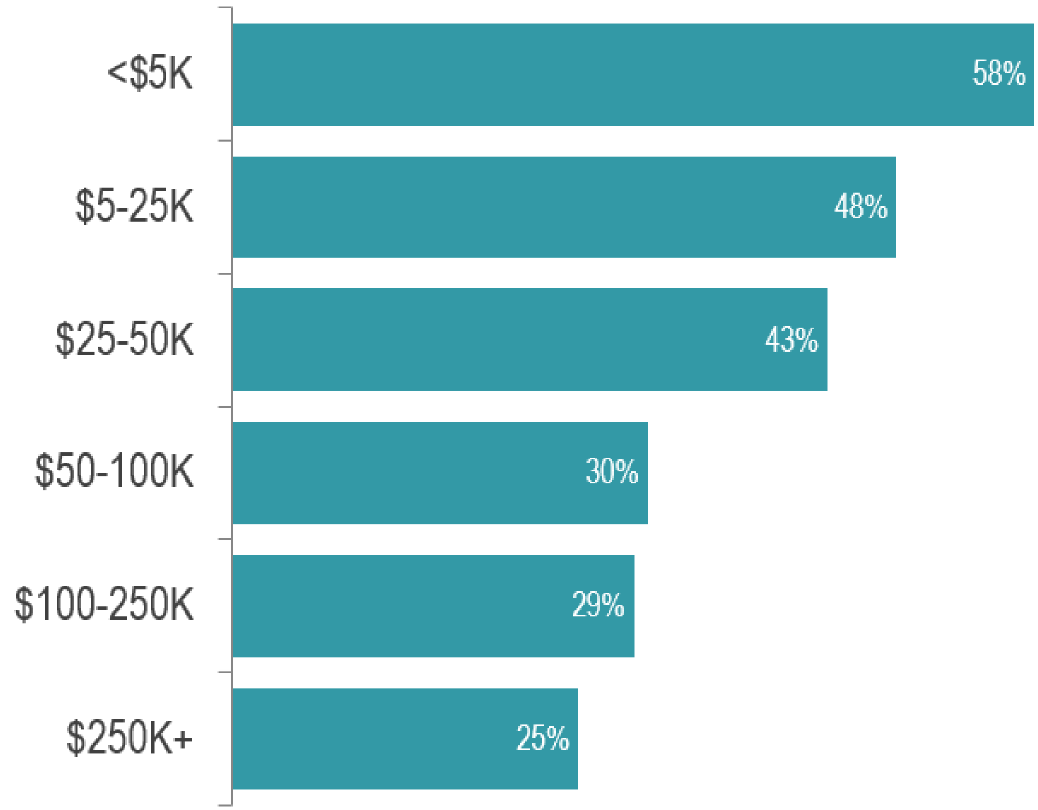
Median % of AE pipeline sourced by Marketing is 33%.

MARKETING CONTRIBUTION BY ACV

Controlling for revenues, the median percentage of pipeline sourced by Marketing falls as ACV rises.

The difference in Marketing contribution between *high-growth* and *laggards* did not reach statistical significance.

% of pipeline sourced by Marketing *by ACV*

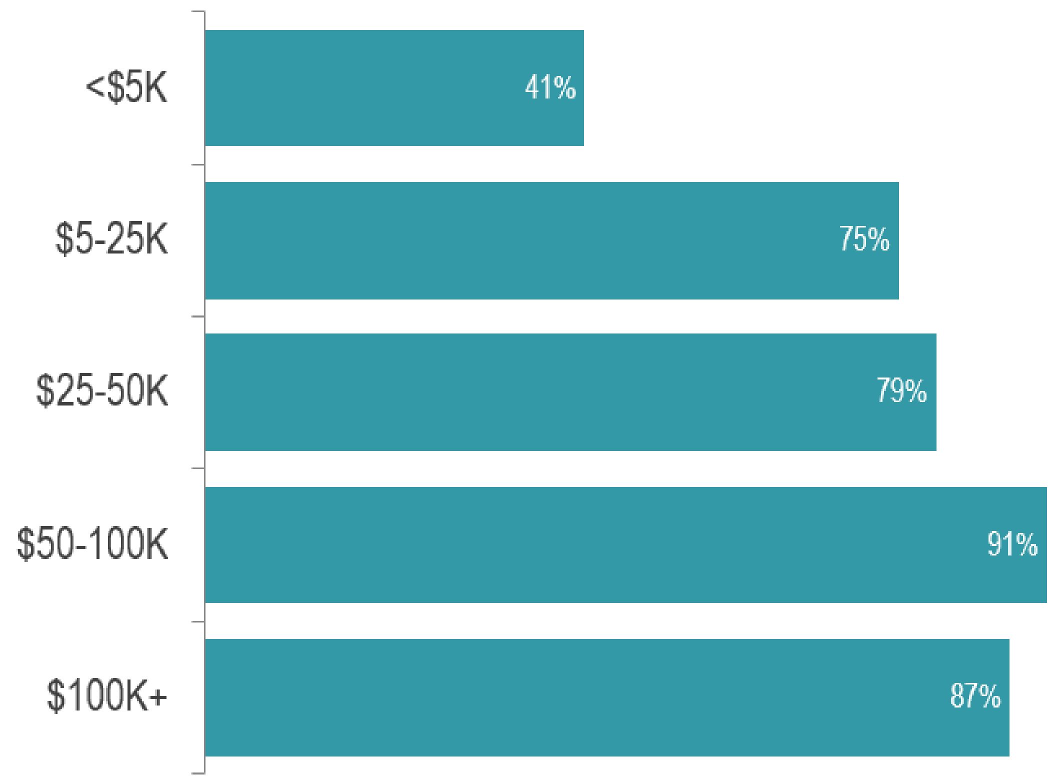


SALES DEVELOPMENT SUPPORT

81% of AE groups are supported by sales development teams. We observed little variation by company revenues—companies at $25M ARR are as likely to use the SDR role as those at $250M.

The inflection point for SDR support is driven by ACV. Somewhere between $5-15K ACV companies move from *we can't afford SDRs* to *we can't afford not to have them*.

% of AE groups supported by SDRs *by ACV*



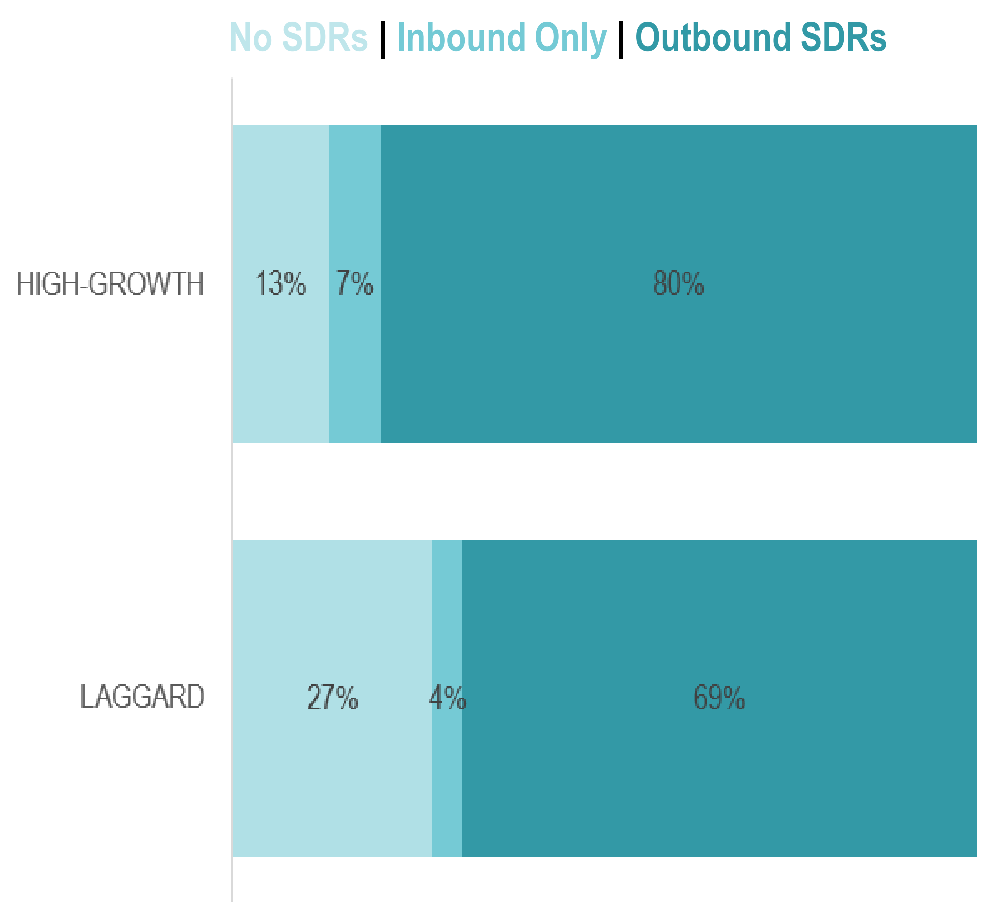
81% of AE groups are supported by Sales Development teams.

OUTBOUND SALES DEVELOPMENT

To recap, 81% of companies have SDR teams. For *high-growth* companies that number increases to 87%.

Laggards are more than twice as likely to **not** deploy SDRs.

SDRs motions *by growth segment*



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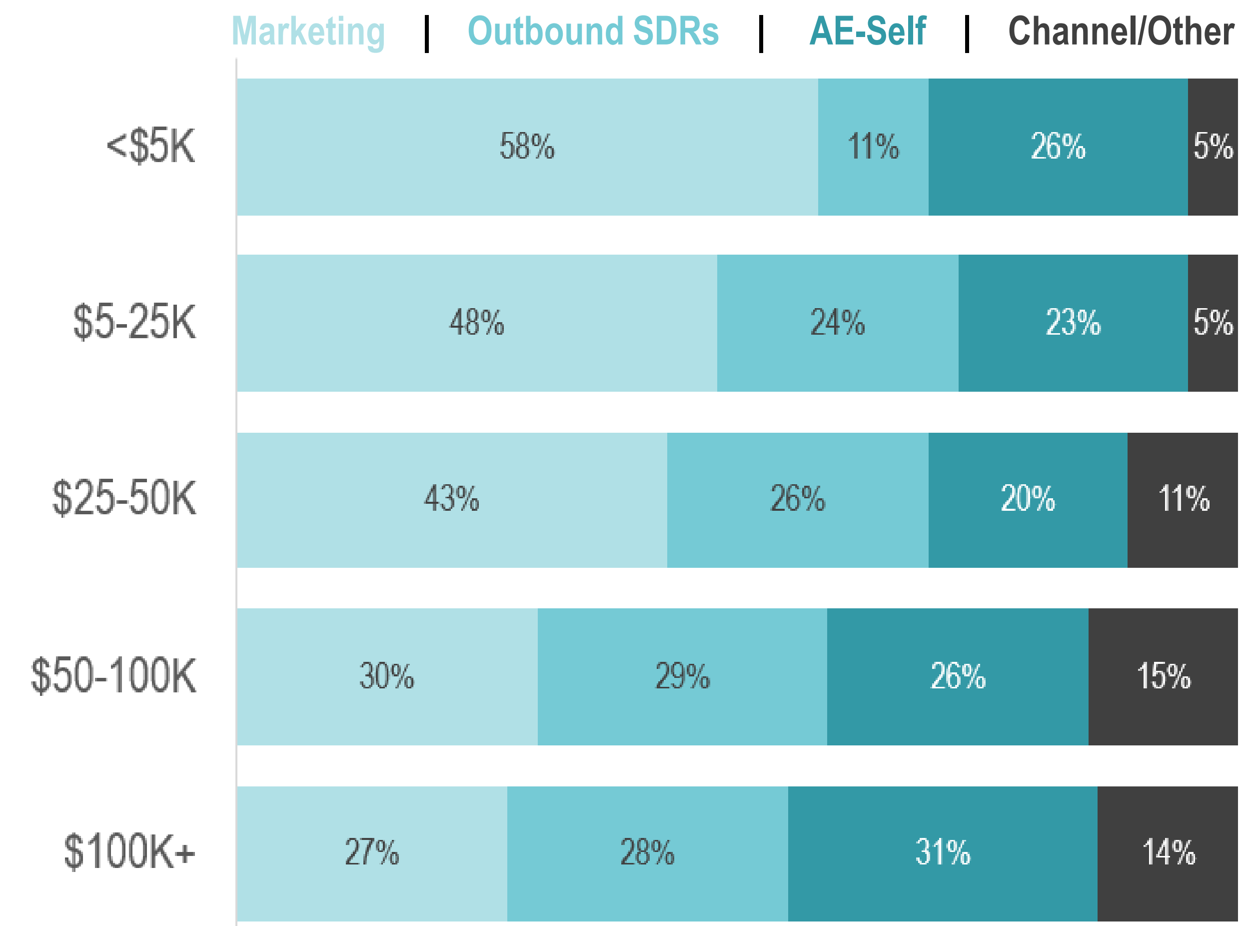
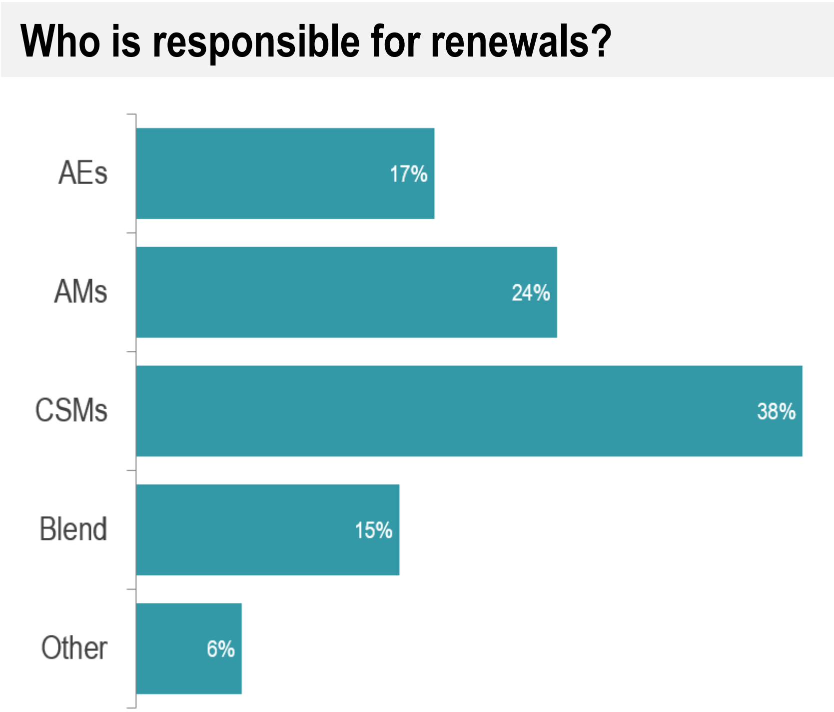
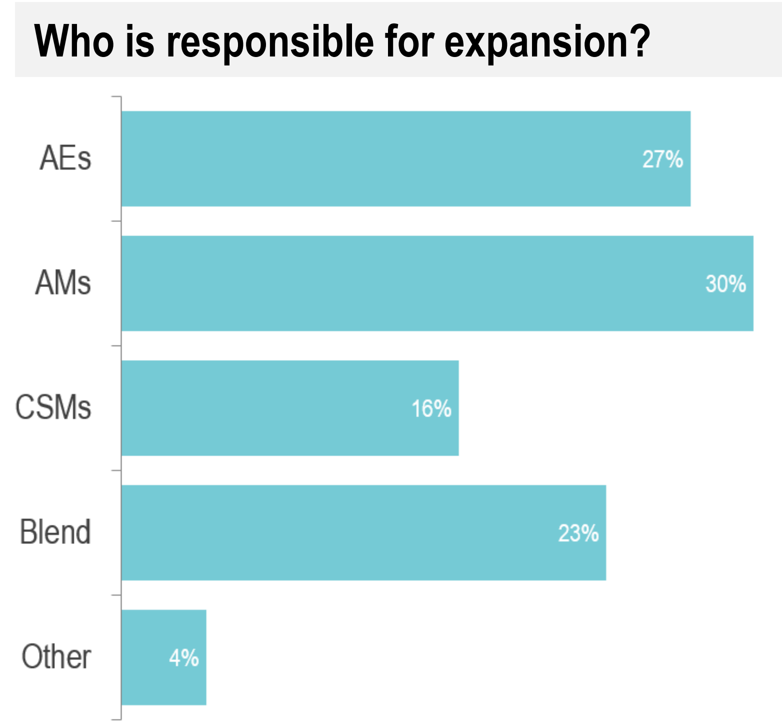
PIPELINE SOURCES BY ACV

As ACVs increase, Marketing contribution generally falls while Outbound Sales Development contribution rises. *High-growth* and *laggard* companies report no noticeable difference in either Marketing-sourced or Outbound Sales Development-sourced share of pipeline.



RENEWAL & EXPANSION





High-growth companies are:

- Much less likely to have AMs own renewal
- Much more likely to have CSMs own renewal
- Much less likely to have AEs own expansion
- Much more likely to have blended ownership for expansion

RENEWAL & EXPANSION PAIRINGS

WHO OWNS RENEWAL	AEs	AMs	CSMs	Blended
AEs	14%	1%	0%	3%
AMs	2%	18%	0%	6%
CSMs	7%	7%	17%	9%
Blended	5%	3%	0%	7%

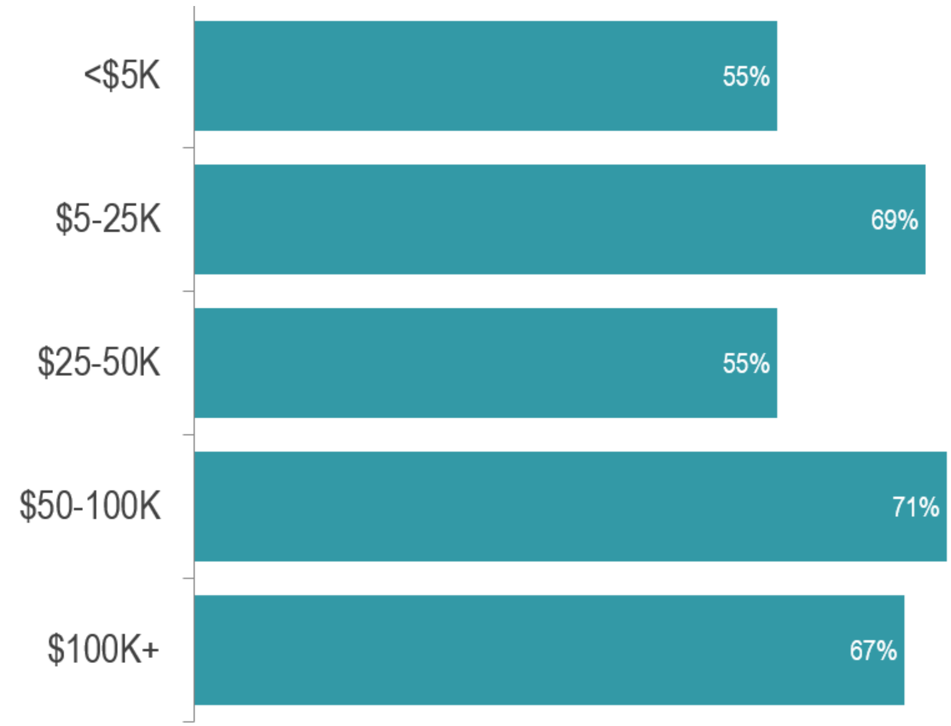
WHO OWNS EXPANSION

SDRs + AEs + CSMs

59% of companies support the customer lifecycle with at least three distinct sales roles—SDRs, AEs, and CSMs (AMs, Renewal Reps, etc.). When we remove companies under $5M in revenues, that number rises to 67%.

High-growth companies are slightly more likely to “triple specialize” than *laggards*.

% of respondents who triple specialize *by ACV*



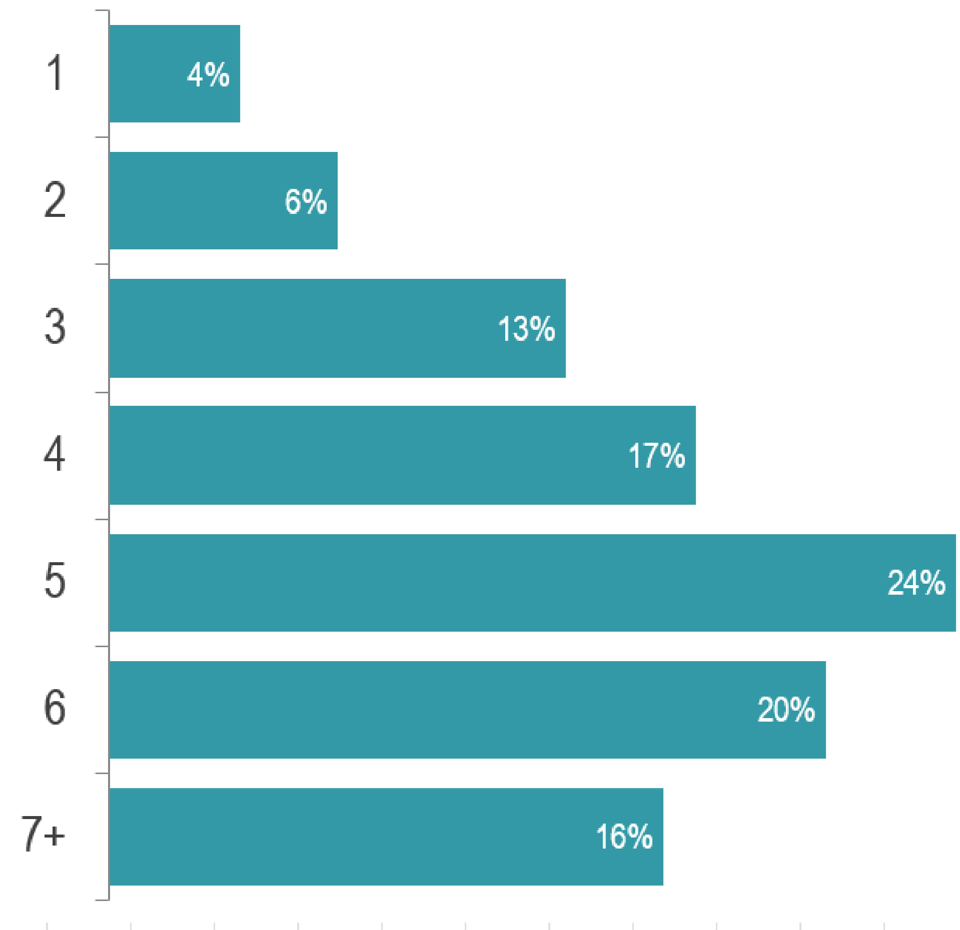
Companies above $50M are 1.8X as likely to segment engage, land, and expand into 3+ distinct roles.

ACCELERATION TECHNOLOGIES

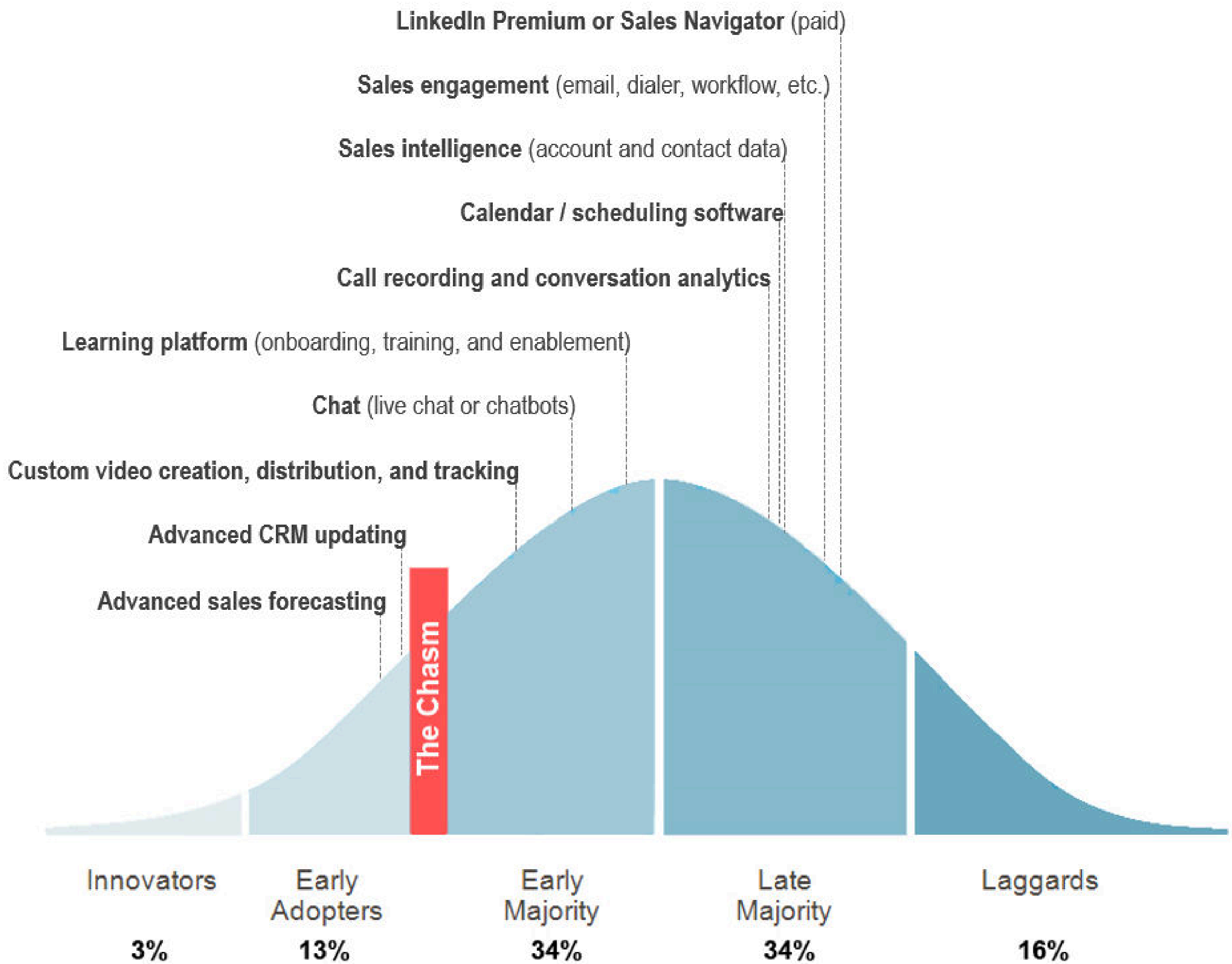
We found the median sales tech stack consists of CRM plus 5 additional tools.

Since 2020, we note a significant uptick in the share of companies reporting “5+ tools in use” (46% versus 60% respectively).

Distribution of # tools in use (excluding CRM)



TECHNOLOGY ADOPTION LIFECYCLE



PART 2

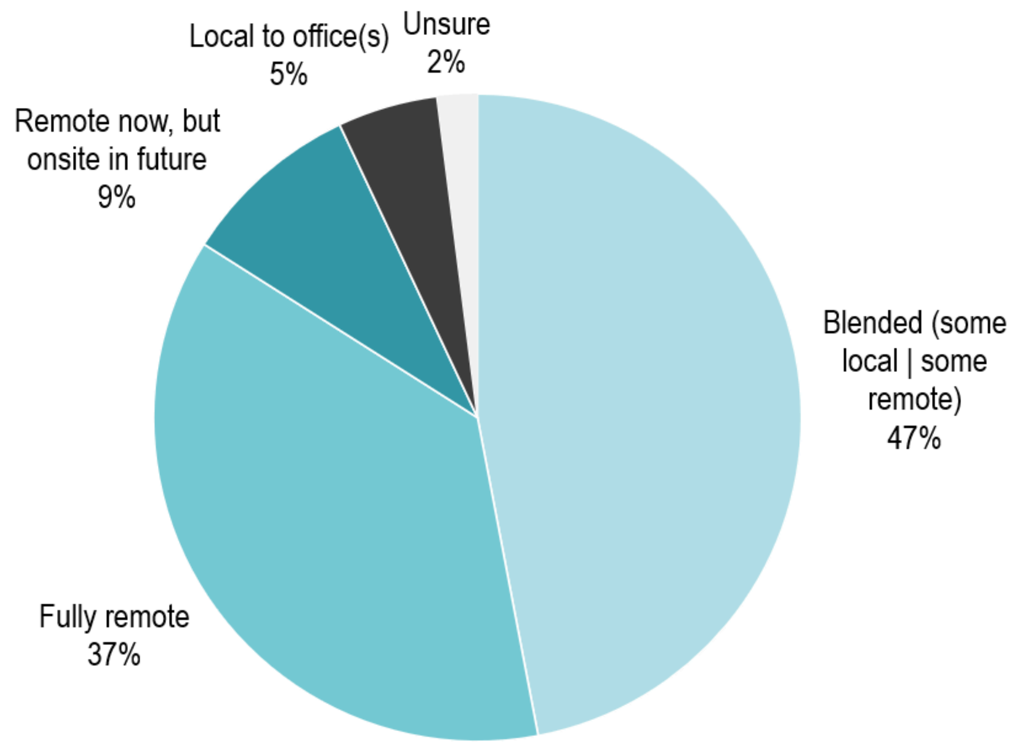
RAMP & RETENTION

CENTRALIZED, HYBRID & REMOTE

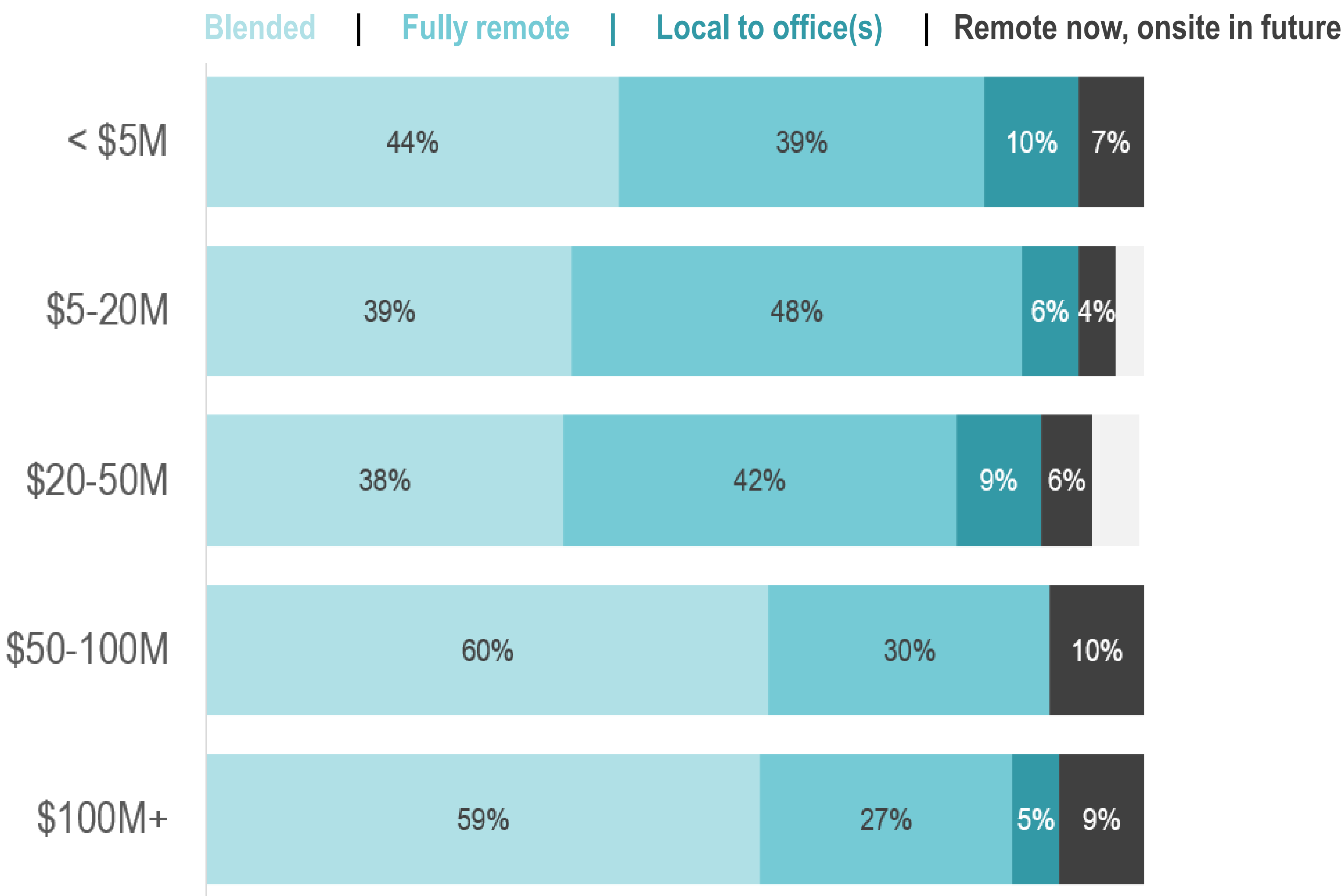
We asked respondents how they are hiring candidates "for current (or near-term) open positions."

Responses were received late 2021 into early 2022 for context.

Distribution of responses



CENTRALIZED, DISTRIBUTED & REMOTE BY REVENUES



EXPERIENCE REQUIRED AT HIRE

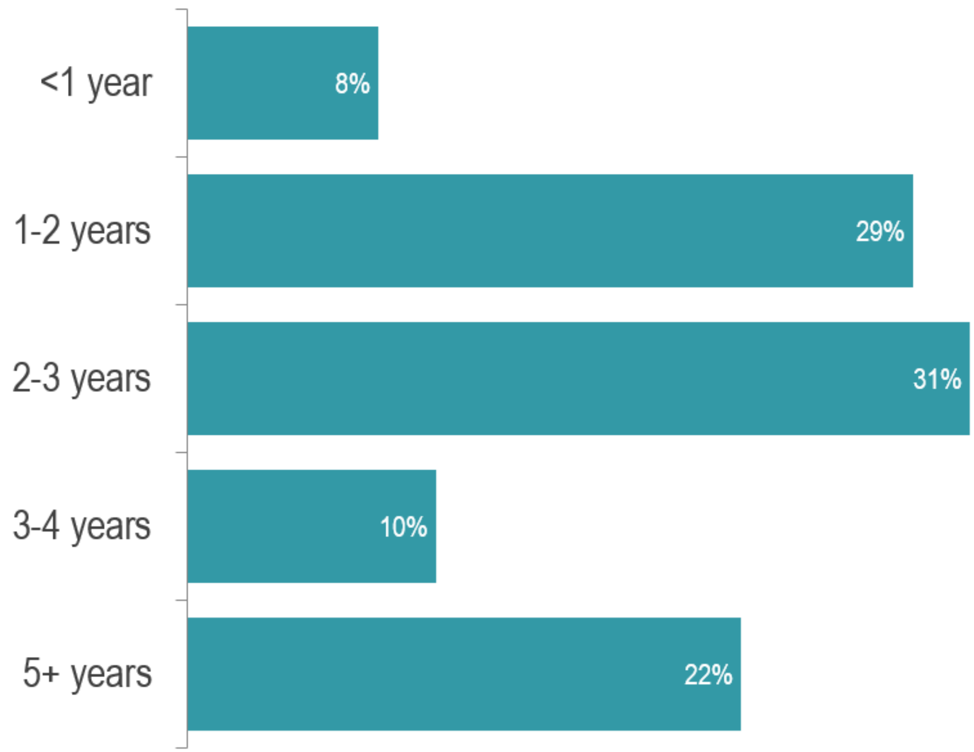
Average experience prior to hire is now 2.7 years. This is down from 2020's average of 3.0 years.

Notably, fewer companies require *3+ years'* experience—down from 42% in 2020 to 32% in 2022.

We note that *high-growth* companies require 15% less experience, on average, than *laggards*.

Average experience prior to hire fell to 2.7 years.

Distribution of required experience

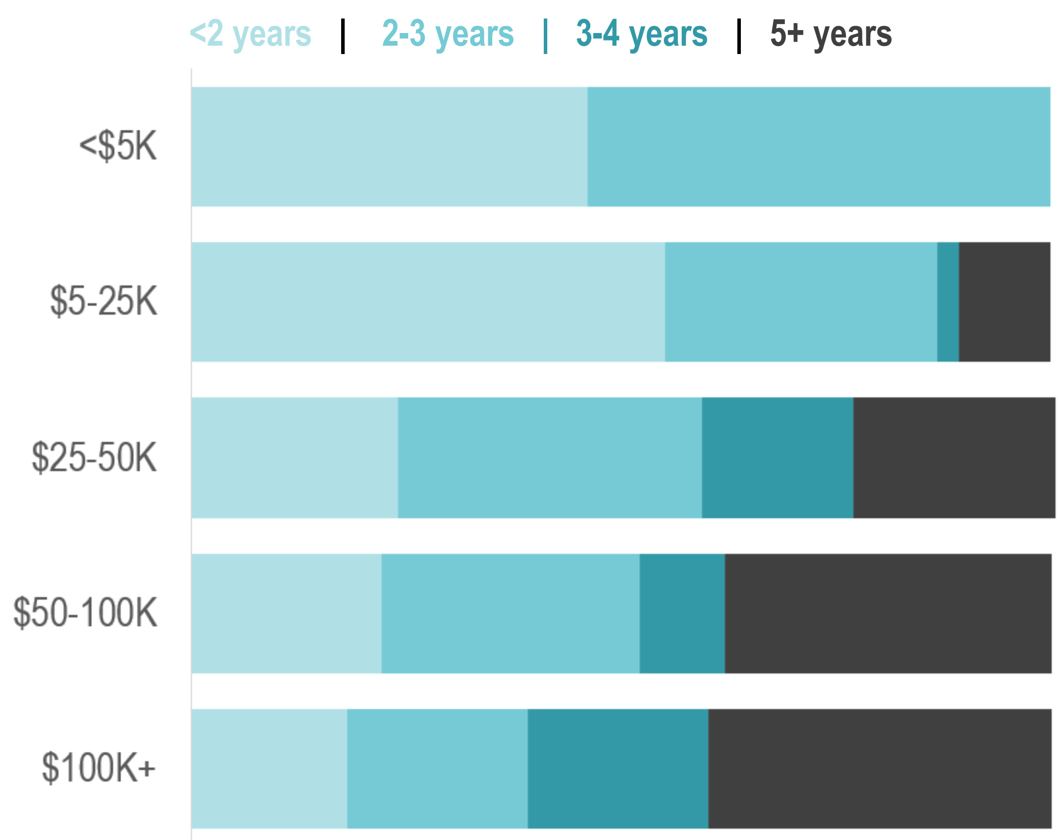


REQUIRED EXPERIENCE BY ACV

As ACVs rise, companies require more experience. Nothing too surprising here.

Respondents with ACVs over $100K require nearly 1.7X more experience than those with ACVs below $25K.

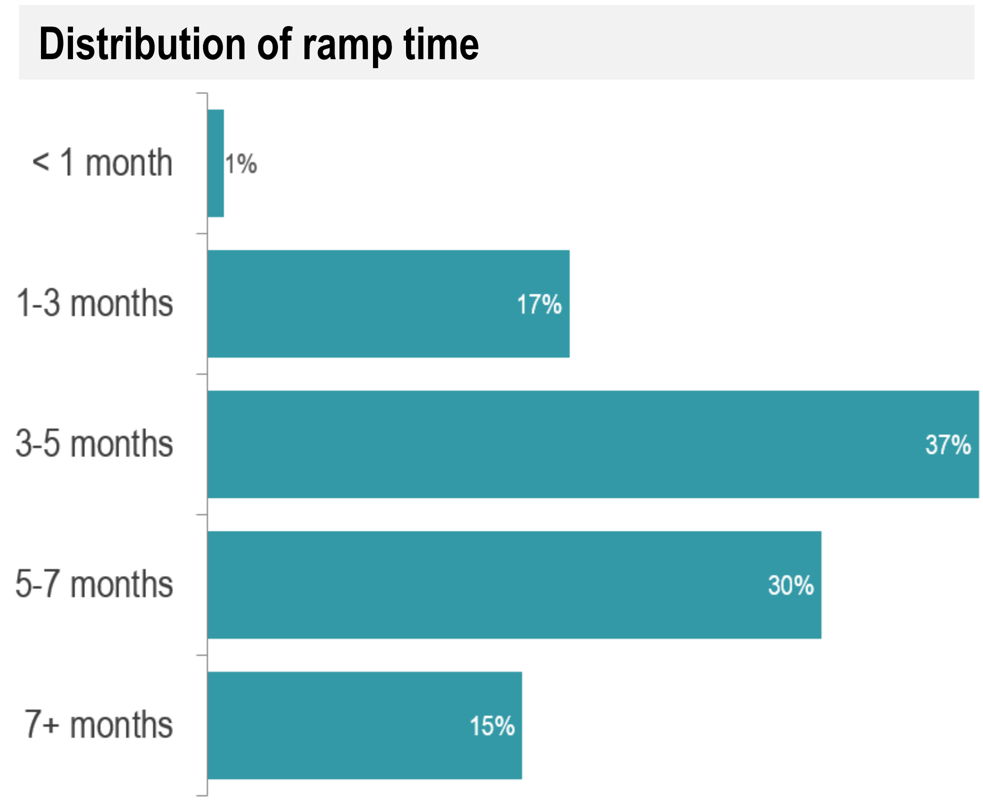
Distribution of required experience *by ACV*



RAMP TIME

Average ramp times sits at 5.3 months. This is a significant increase over 2020's result of 4.3 months.

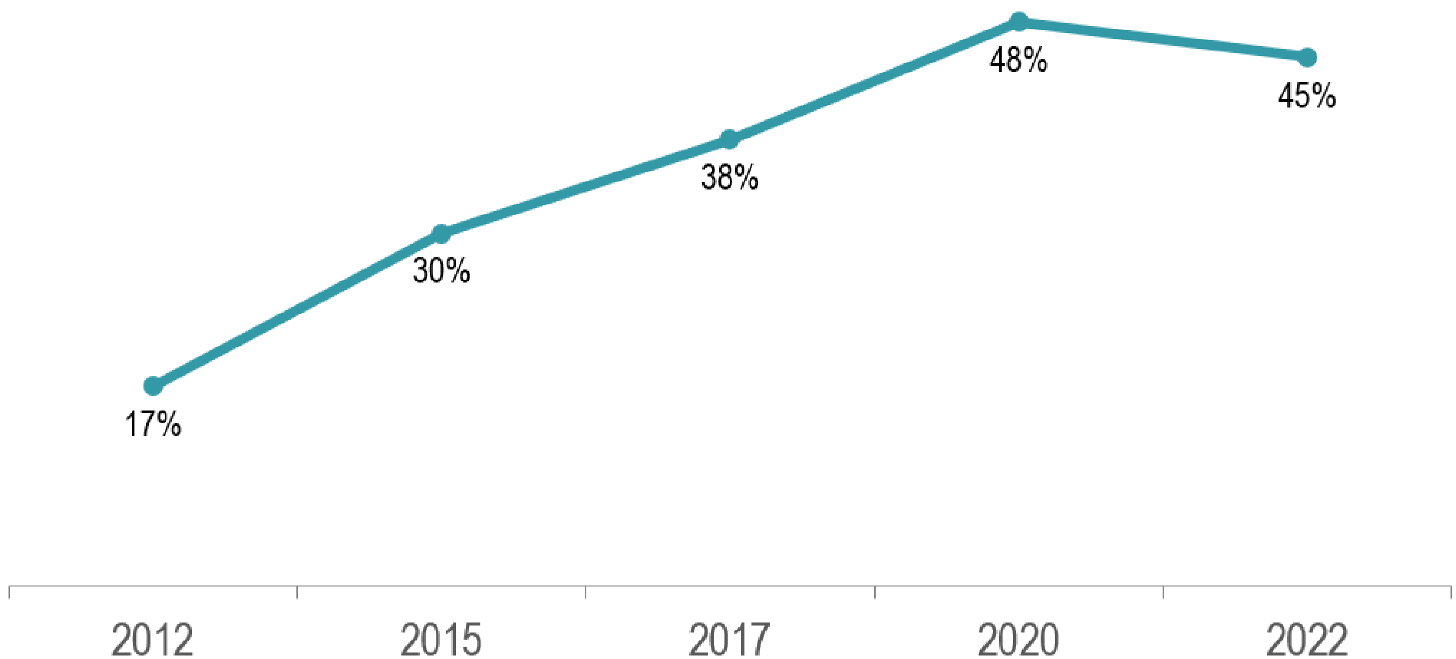
High-growth companies report faster average ramp times than *laggards* (5.1 versus 6.0 months respectively).



Average ramp rose to 5.3 months.

RAMP TIMES IN EXCESS OF 5 MONTHS

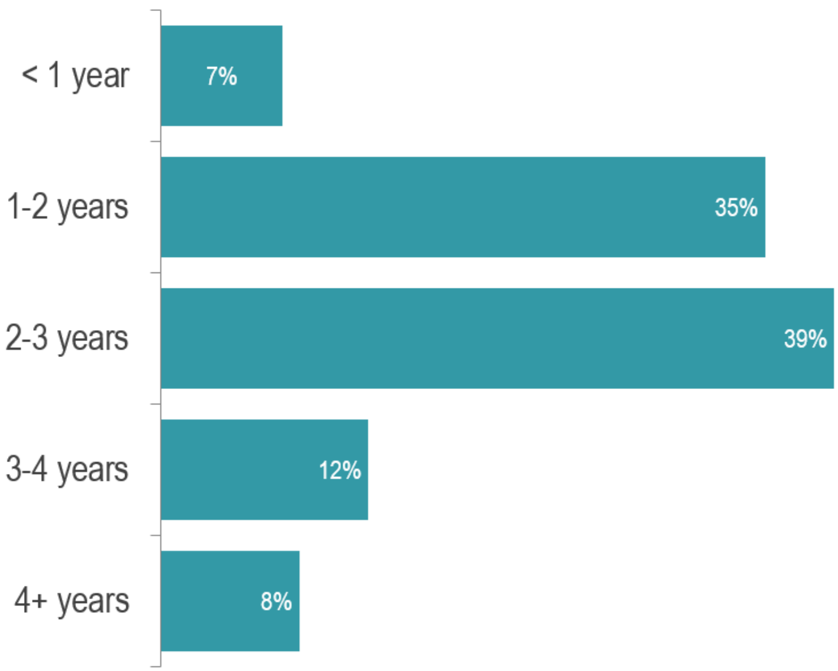
While average ramp worsened, we note a plateau in the share of companies with average ramp at five months or higher.



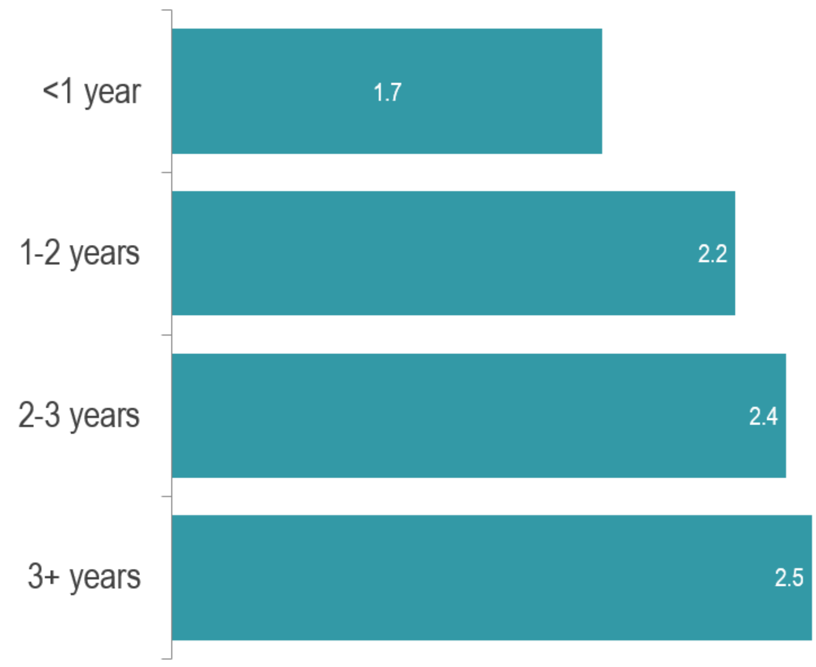
TENURE

After remaining virtually unchanged since 2010, average tenure fell to 2.2 years. Call it The Great Resignation, Post-Pandemic Poaching, or general Covid Fallout, but average tenure notched down rather significantly.

Distribution of tenure



Average tenue (in years) **as a factor of required experience**

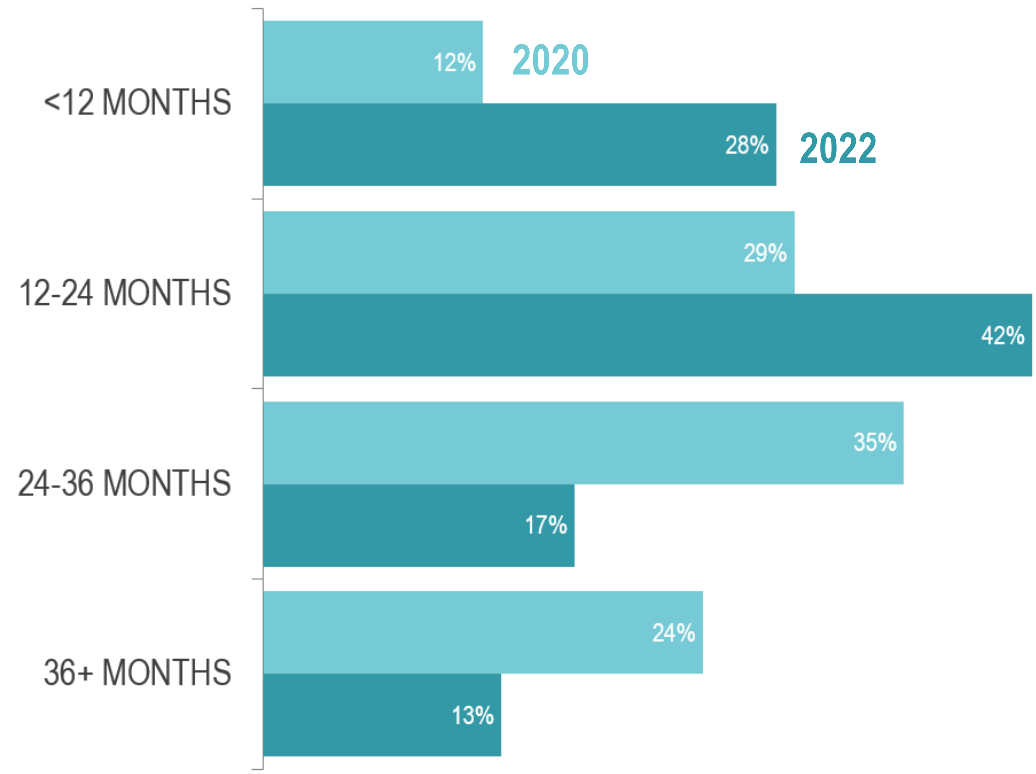


PRODUCTIVITY = TENURE - RAMP

We calculated *months at productivity* by subtracting ramp time from tenure. Doing so, we find a median of 22 months at productivity.

This is down from 26 months in 2020's report. Considering lower experience requirements—which correlate with shorter tenure—and an overall fall in average tenure, this isn't surprising.

Distribution of months at productivity *over time*



Median time at productivity now sits at 22 months.

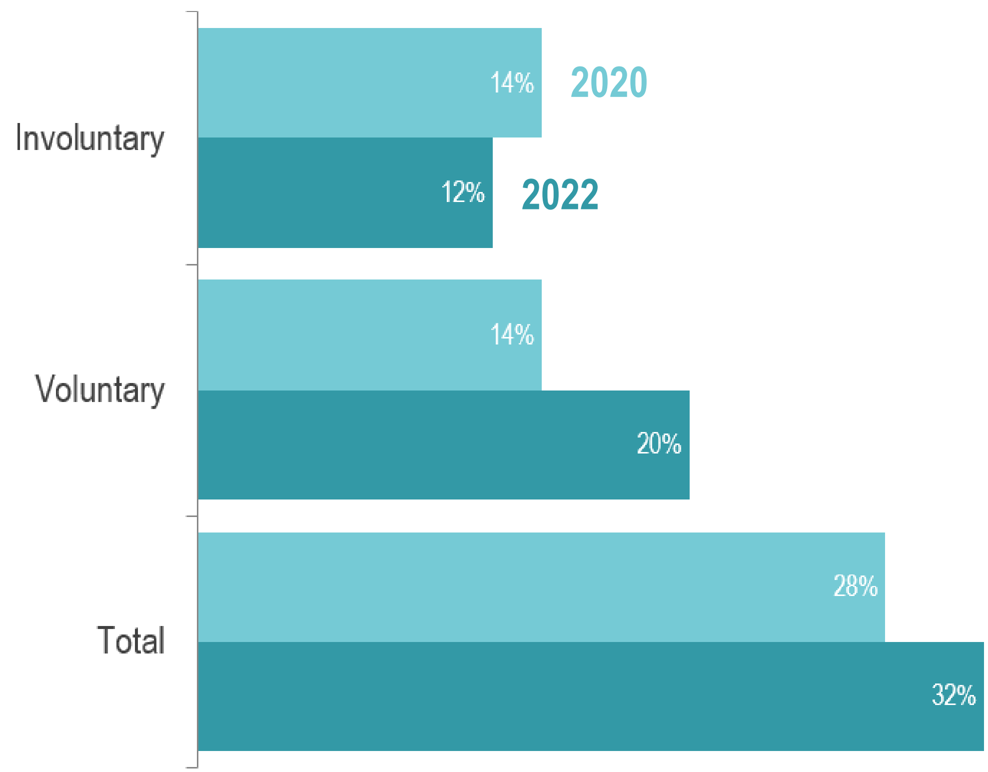
ATTRITION

Median annual turnover sits at 32% split between 12% *involuntary turnover* (attrition resulting from termination) and 20% *voluntary turnover* (attrition initiated by the rep - e.g., The Great Resignation).

We asked respondents to exclude promotion and/or internal transfers from these calculations.

While terminations are down slightly, quits are up 40%+ over 2020.

Attrition rates over time



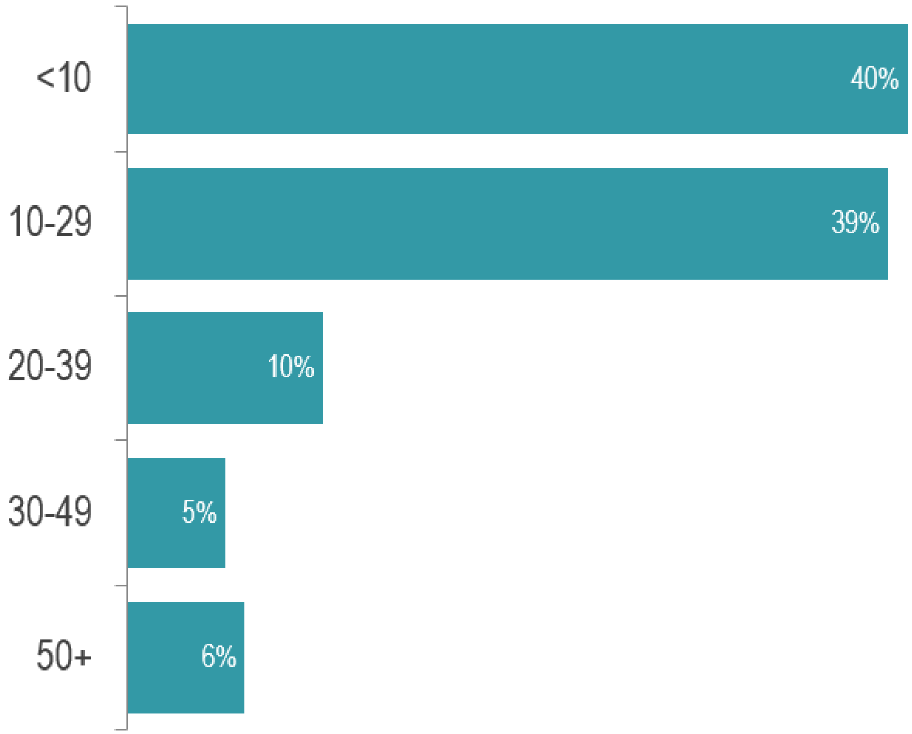
Median annual turnover rose to 32% in 2022.

PART 3

METRICS & QUOTA

DAILY ACTIVITIES

Dials per day



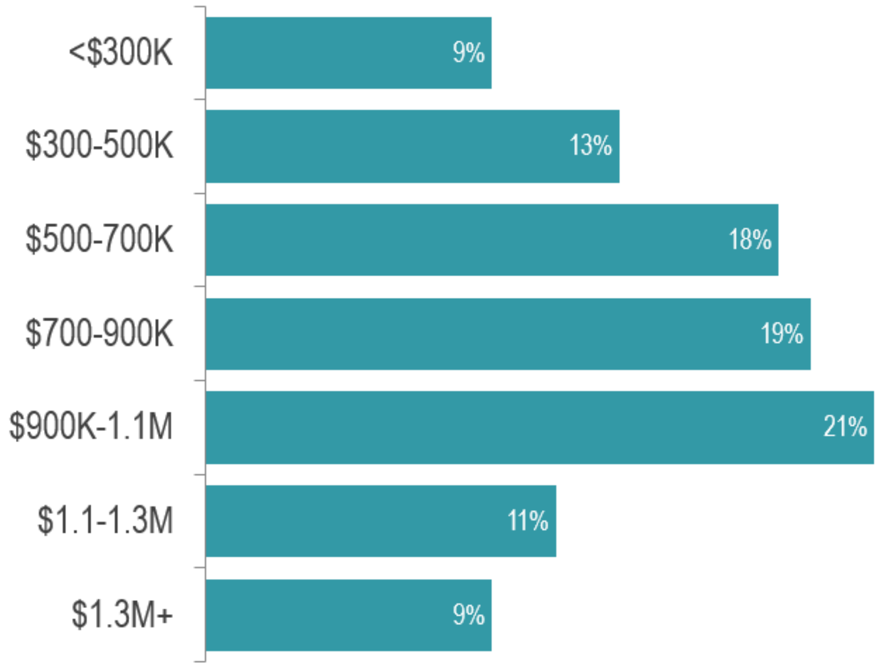
Median activities per day by type

TOTAL	64
PHONE	18
EMAIL	25
LINKEDIN	13
OTHER	8

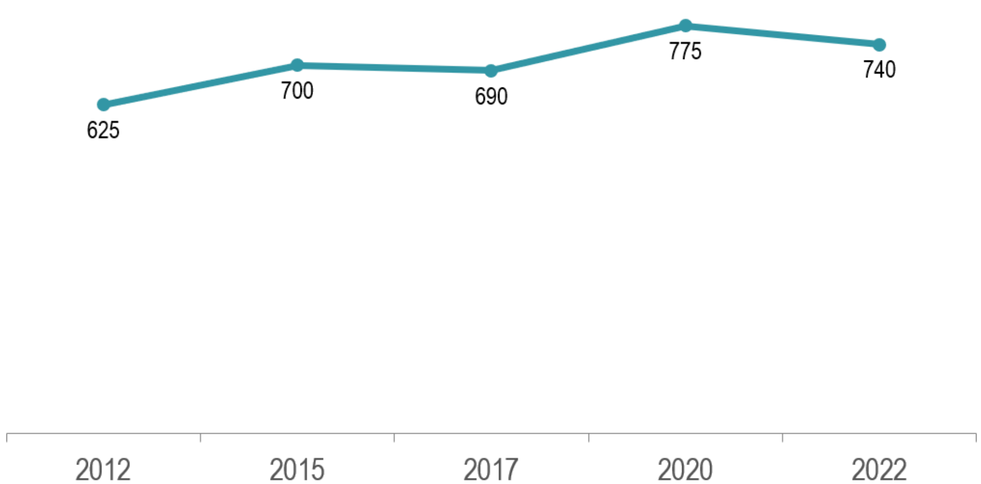
NEW ACV QUOTAS

Median annual ACV quota is now $740K. Quotas have risen modestly, at a 2% compound annual growth rate, since 2012.

Distribution of annual quotas



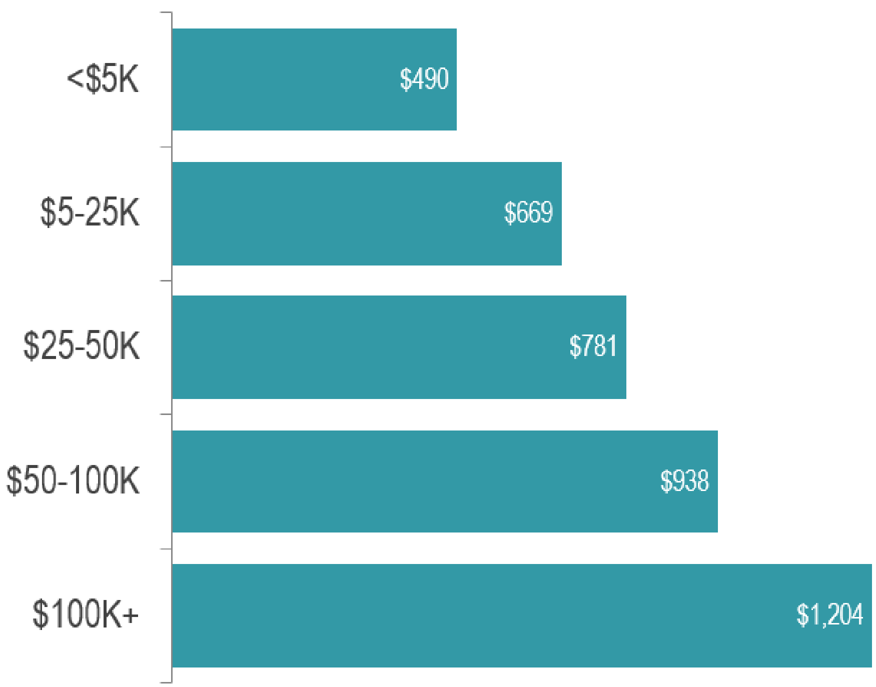
Quotas in $Ks *over time*



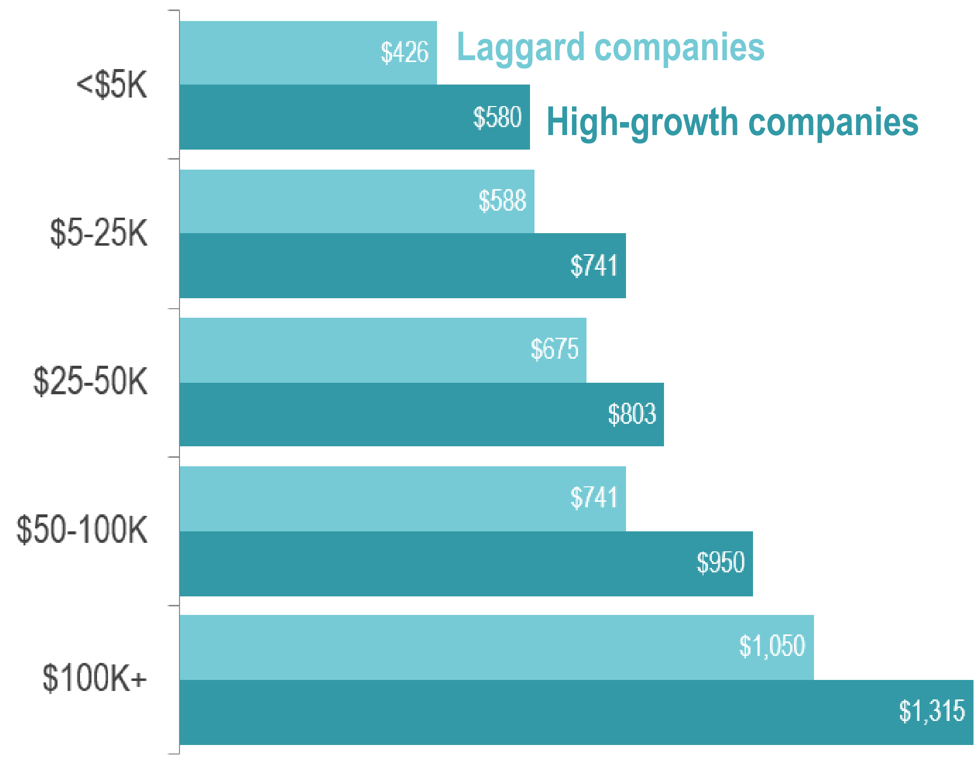
QUOTAS BY ACV

Groups with higher ACVs have larger quotas on average. Across all ACV bands, we find that *high-growth* companies report higher median quotas than *laggards*.

Quotas in $Ks *by ACV*



Quotas in $Ks *by ACV*

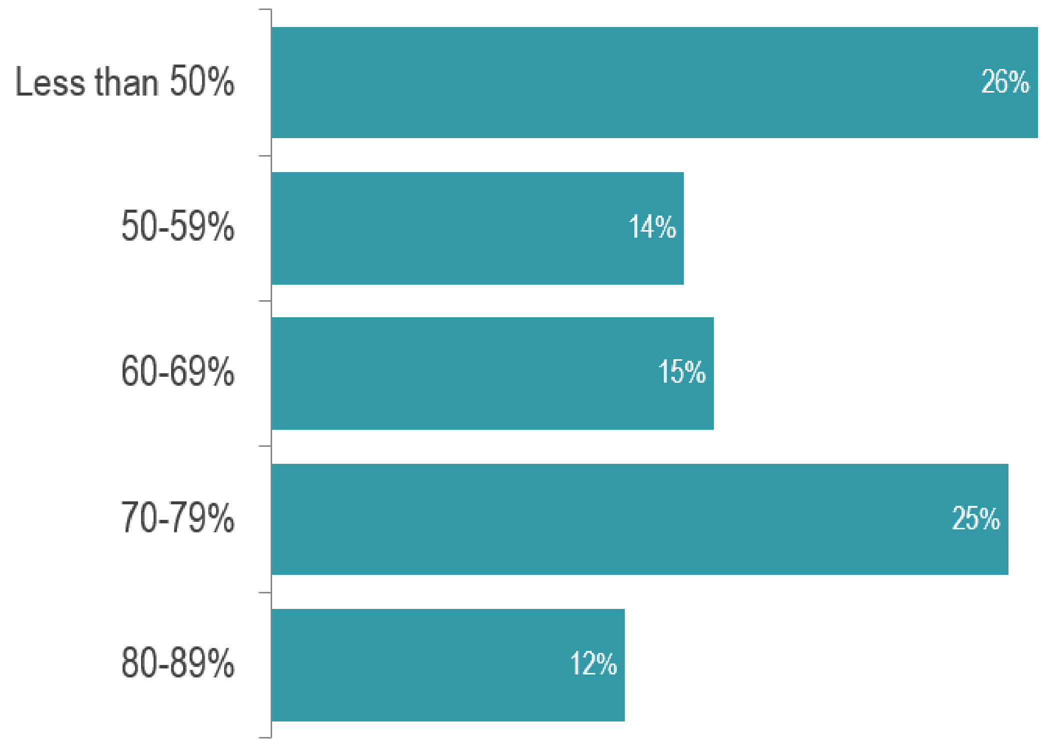


QUOTA ATTAINMENT

On average, 66% of reps in a given group achieve quota. There has been remarkable consistency around this metric over the years. Two-thirds of reps achieving quota seems to be the natural equilibrium.

We note a 9-percentage point improvement in quota attainment in *high-growth* companies versus *laggards* (68% versus 59%).

Distribution of % of reps at quota



66% of AEs in a given group achieve quota annually.

PART 4

COMPENSATION

COMPENSATION

Median on-target earnings are $167K with a 54:46 (base:variable) split.

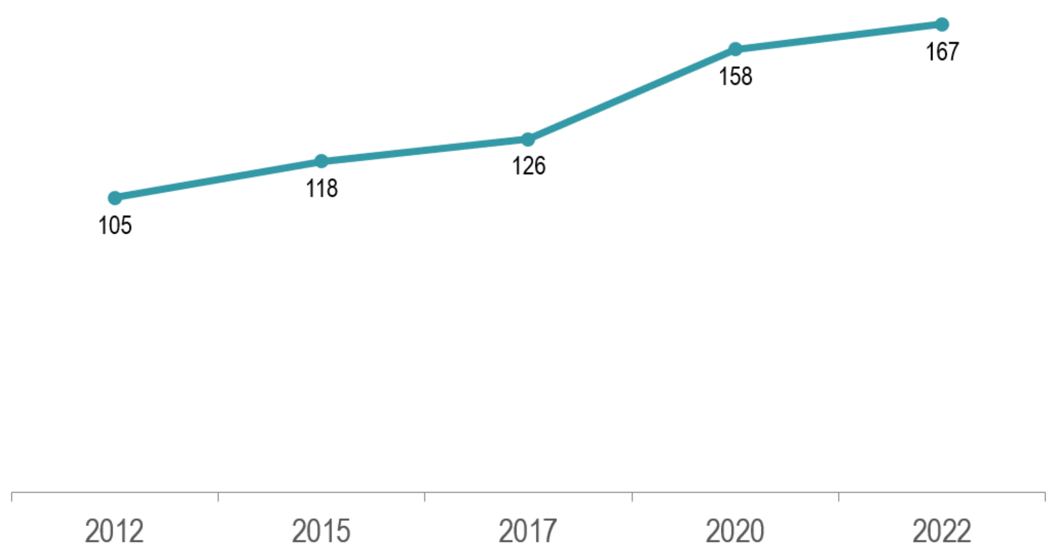
Continuing a decade+ trend, median OTE rose to record highs in 2022. While quotas have increased at roughly 2% annually, OTEs have risen at more than 5% CAGR over that same period.

High-growth and *laggard* companies don't differ significantly in terms of OTEs.

Median AE on-target earnings now exceeds $165K. Wow.

ON-TARGET EARNINGS	$167K
BASE	$90K
VARIABLE	$77K

OTE in $Ks *over time*



NOTE ON OTEs

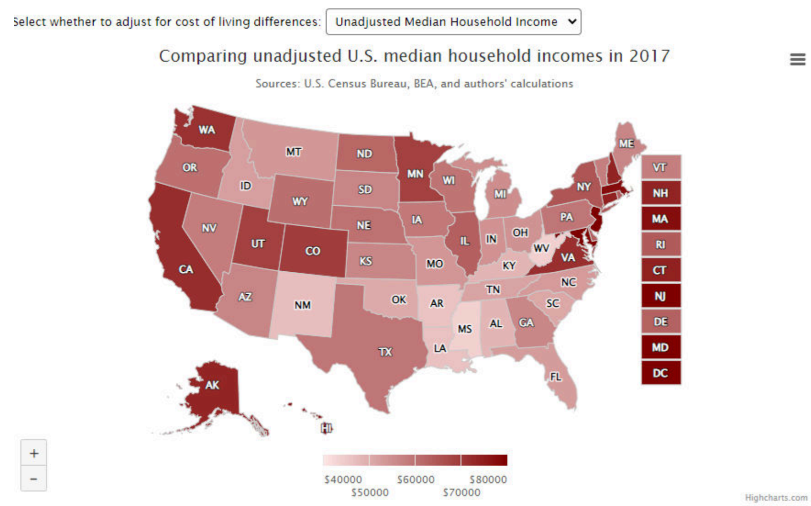
Two things are worth mentioning regarding OTEs.

1. The $167K figure is the median–half of groups pay above and half below that level.

2. It is the *national* median and local markets range widely.

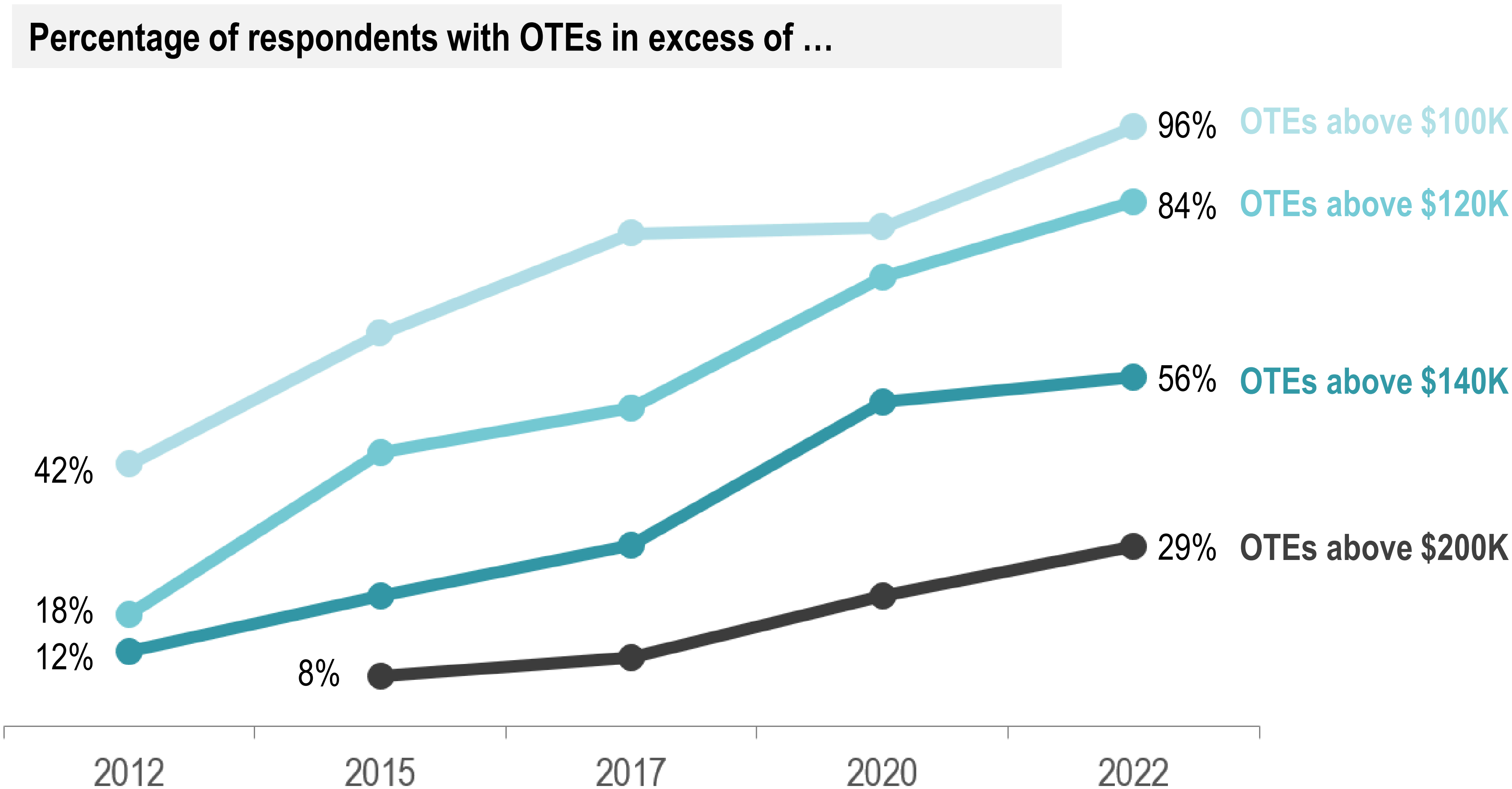
We recommend the MSA Cost of Living Calculator from the Federal Reserve Bank of St. Louis to localize. As starting MSAs use:

- Dallas-Fort Wirth-Arlington, TX
- Providence-Warwick, RI-MA
  or
- Tampa-St. Petersburg-Clearwater, FL



https://research.stlouisfed.org/publications/cost-of-living/calculator

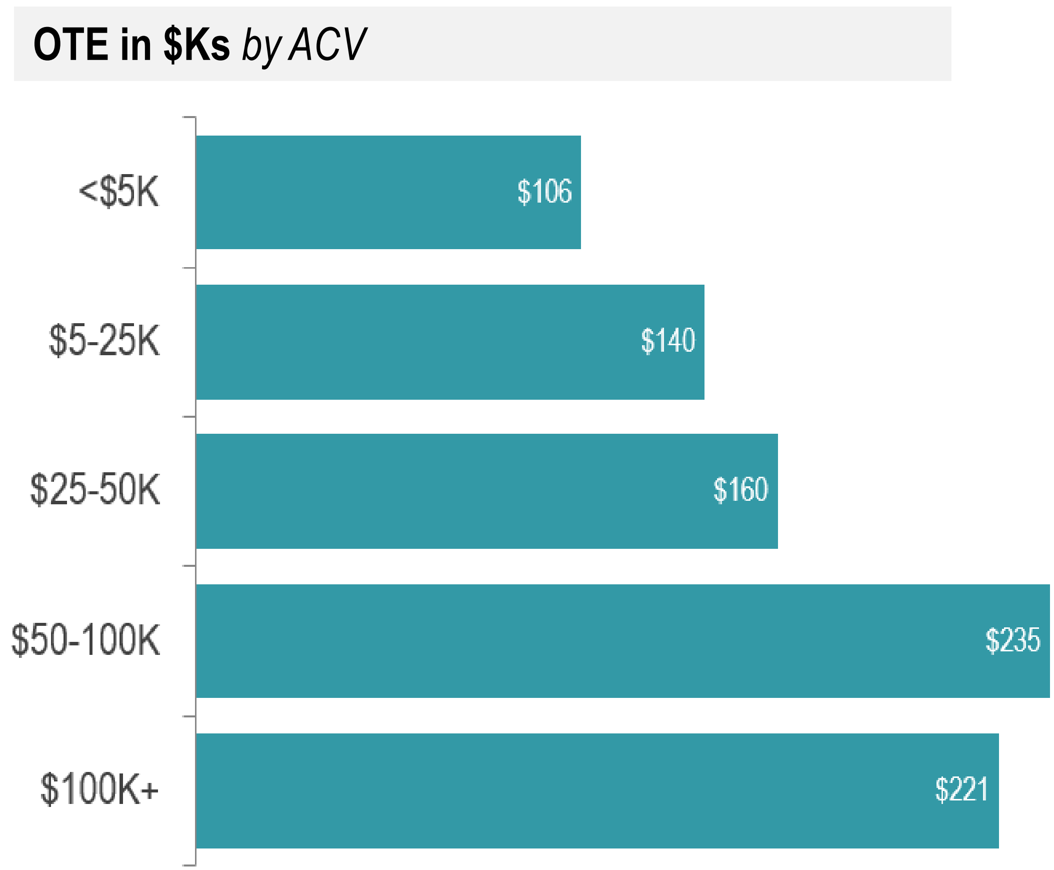
SIX FIGURE OTEs



MEDIAN OTE BY ACV

As ACVs rise, so do median on-target earning levels.

The message to AEs is clear. If you want to increase earnings, sell at a higher ACV.

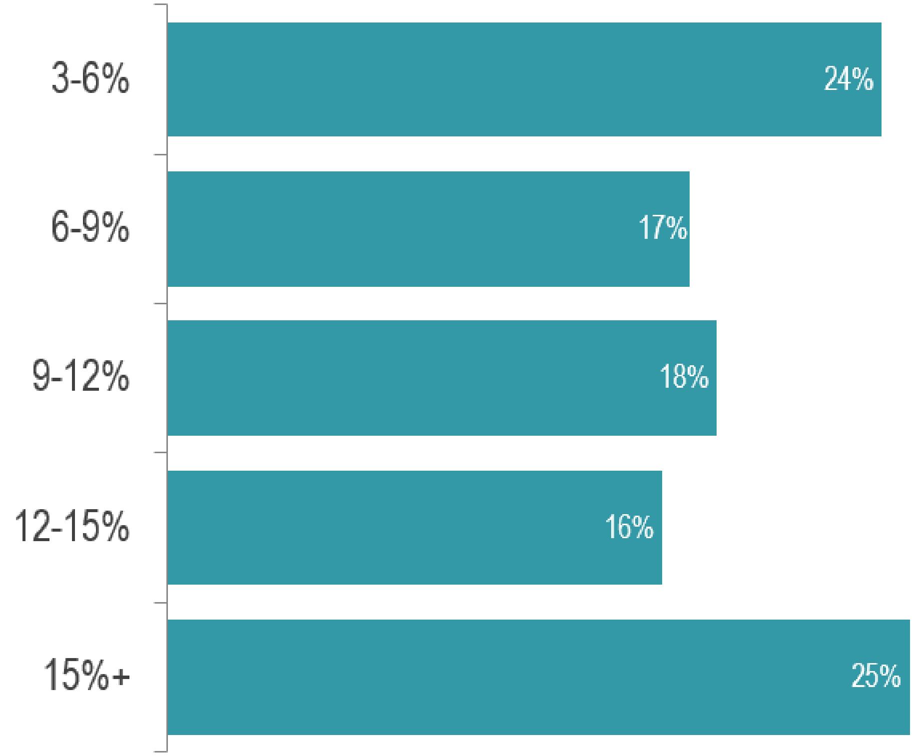


NEW BUSINESS COMMISSION

At 100% of quota, the median commission rate is 10.3% of ACV.

The 25th and 75th percentiles are 6.6% and 14.5% respectively.

Distribution of on-target commission rates



RENEWAL & EXPANSION COMMISSIONS

When AEs are responsible for renewal and expansion revenue, we found the following.

- Commission on *renewals* are either paid at the same or lower rate than for new business
- *Expansion commissions*, on the other hand, are much more likely to be paid at the same rate

COMMISSION ON RENEWALS	
Commission isn't paid	23%
Paid at lower rate than new logo	43%
Paid at same rate as new logo	33%
Paid at higher rate than new logo	0%

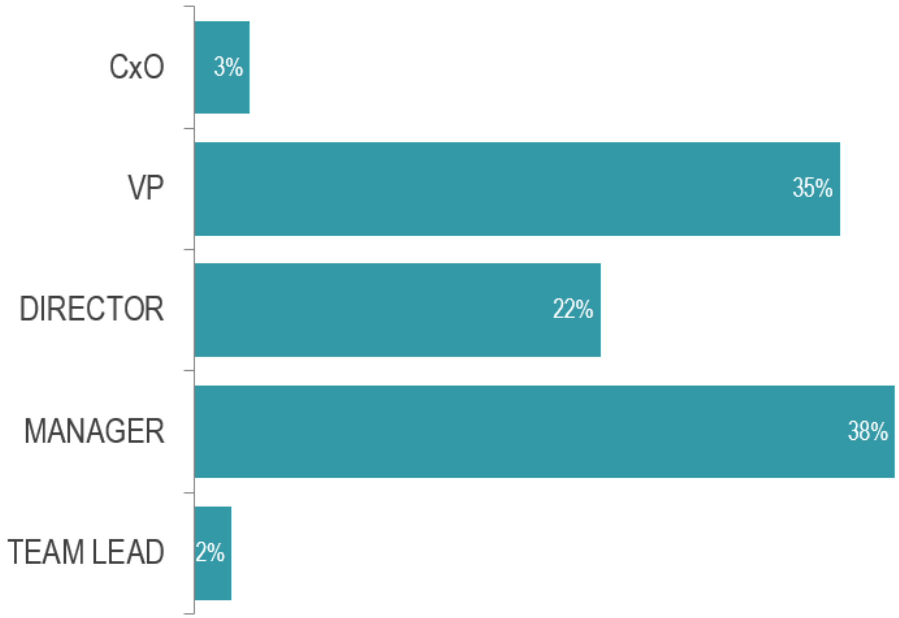
COMMISSION ON EXPANSION	
Commission isn't paid	4%
Paid at lower rate than new logo	13%
Paid at same rate as new logo	80%
Paid at higher rate than new logo	2%

PART 5

SALES LEADERSHIP

FRONT-LINE LEADERSHIP

Distribution of titles for front-line leaders

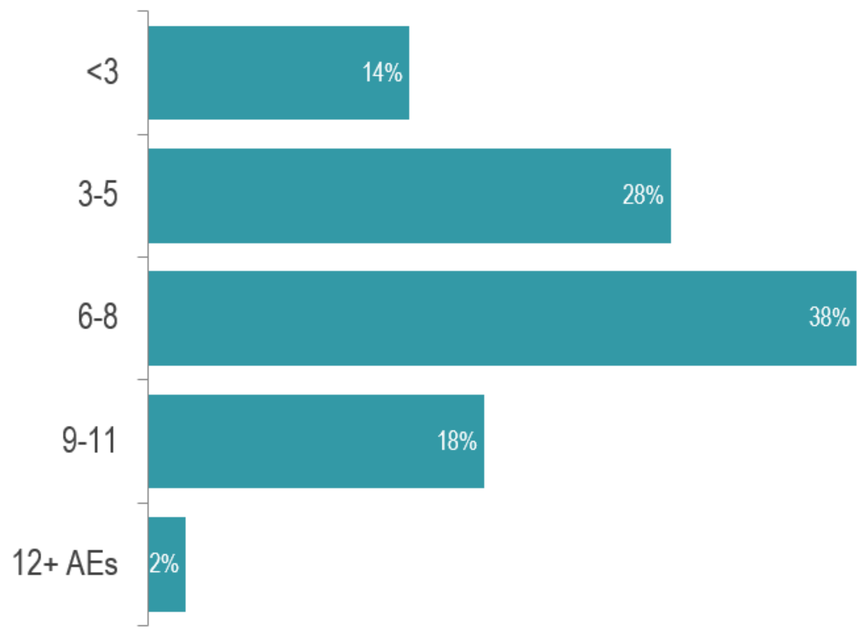


VP / SNR. DIR	DIR / MANAGER	TEAM LEAD
THE VISIONARY AND GENERAL	THE COACH, WARDEN, AND THERAPIST	THE PLAYER COACH
Designs strategy	Optimizes execution	Executes process
Builds the ideal rep profile	Hires the ideal rep profile	Is the ideal rep profile
Seat at the executive table	Fantastic people motivator	Management-track potential
Great Strategist	Great Coach	Great Role Model

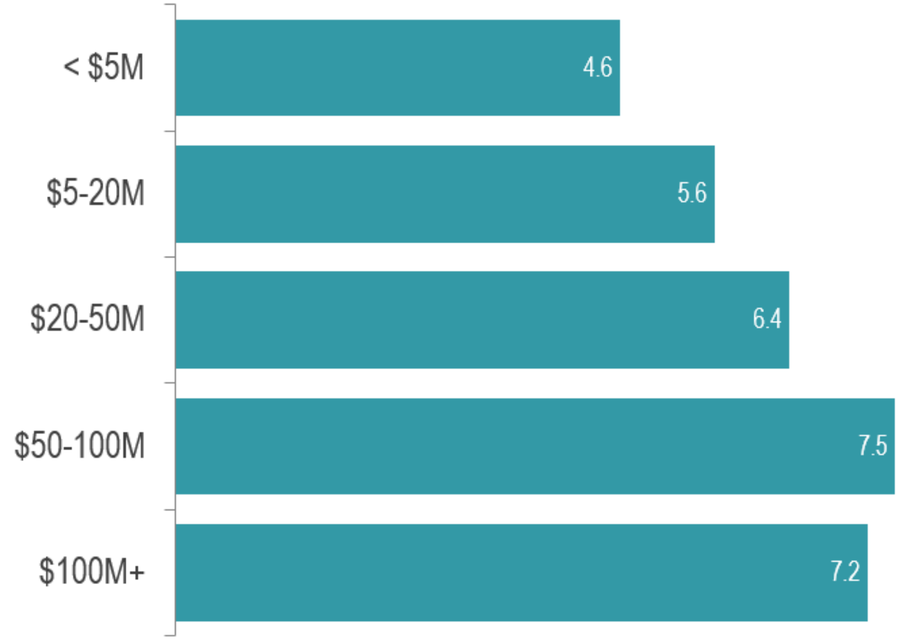
REP-TO-LEADER RATIO

The median number of AEs reporting to a single first-line leader is 7. This is consistent with our findings since 2015. As revenues increase, leaders support more AEs.

Distribution of reps per front-line leader



Average # of AEs per front-line leader *by revenue*



LEADERSHIP COMPENSATION

Manager total compensation has grown modestly in real terms since roughly 2015 (compound annual growth rate of just 3.3%).

Compensation for *Directors* and *Vice Presidents*, however, has jumped appreciably (in excess of 5.5% CAGR).

	2015	2017	2020	2022
MANAGER	$140K	$138K	$156K	$173K
DIRECTOR	$173K	$176K	$218K	$253K
VICE PRESIDENT	$209K	$243K	$262K	$296K

LEADERSHIP COMPENSATION BY ACV

Controlling for company revenues and other factors, front-line leaders' on-target earnings rise as ACVs increase.

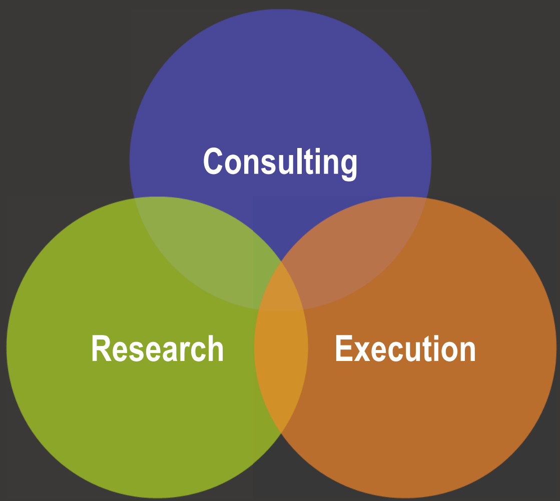
	<$5K	$5-25K	$25-50K	$50-100K	$100K+
MANAGER	$30K	$174K	$189K	$197K	$225K
DIRECTOR	$188K	$216K	$286K	$307K	$296K
VICE PRESIDENT	$204K	$270K	$304K	$337K	$350K

SDR, AE & AM Consulting + Execution

The Bridge Group

SCALABLE GROWTH, DELIVERED.

For over two decades, we've been focused on "more" for our clients - more conversations, more pipeline, more growth. Over 405+ companies have relied on our thinking to make their numbers.



PRACTITIONERS FIRST, CONSULTANTS SECOND.

Behind our ideas are our people. Rooted in sales leadership, our team members have built groups, led teams, and carried quotas. We don't just research sales strategies, we live them.

HOLISTIC APPROACH, TARGETED SOLUTIONS.

No two companies are the same, especially when it comes to sales. Our team identifies the key variables that will make your go-to-market motion unique. We're here to help take the guesswork out of growth.

THANK YOU!

Questions or comments? Hit us up at COMMUNITY@BRIDGEGROUPINC.COM

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