State of the Market and Recent Financing Activities

April 15, 2025

Stepmark Partners

Premier investment bank dedicated to the AI industry

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1. Introduction to Stepmark Partners

We Bring Wall Street Expertise with Boutique-level Client Focus

Jay Wong, CPA

Founder and Managing Partner

15+ years of experience across investment banking and technology

svb Securities BofA SECURITIES Jefferies

zynga ebay EY

Carnegie Mellon University Tepper School of Business

Rotman School of Management UNIVERSITY OF TORONTO

Da Yu

Associate Director

Titus Kim

Analyst

Kris Lee

Analyst

Beau Revenaugh

Analyst

Stepmark Partners is the premier investment bank dedicated to the AI industry

End-to-End Financial Services Platform

Transaction Advisory Services

- Comprehensive M&A advisory services covering the entire transaction lifecycle from valuation to deal closure.

Capital Markets Solutions

- Full-service capital raising and structuring solutions across equity, debt, and hybrid instruments.

Financial Strategy & Operations

- Interim CFO and strategic financial planning services including operational modeling and investor relations.

Specialized Financial Services

- Financial analytics specializing in SaaS metrics, unit economics, and predictive modeling to maximize business value.

Custom Market Intelligence

- Strategic market insights combining competitive benchmarking, industry analytics, and technology mapping to drive market positioning.

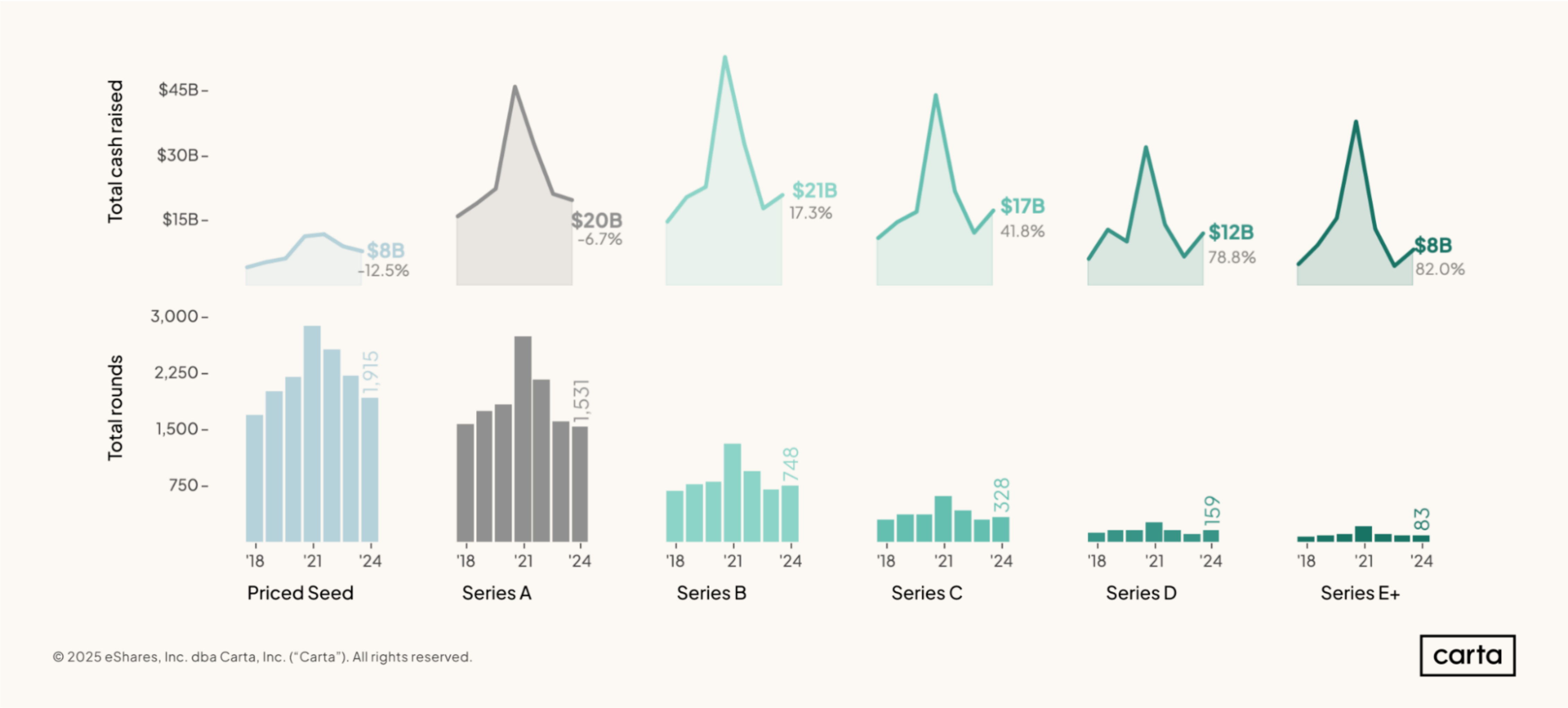
IPO Strategy & Management

- Comprehensive IPO advisory including transaction pre-planning, syndicate management, and marketing preparation.

2. State of the Early-stage Market

Funding Activity Accelerated in 2024 at Series B and Beyond

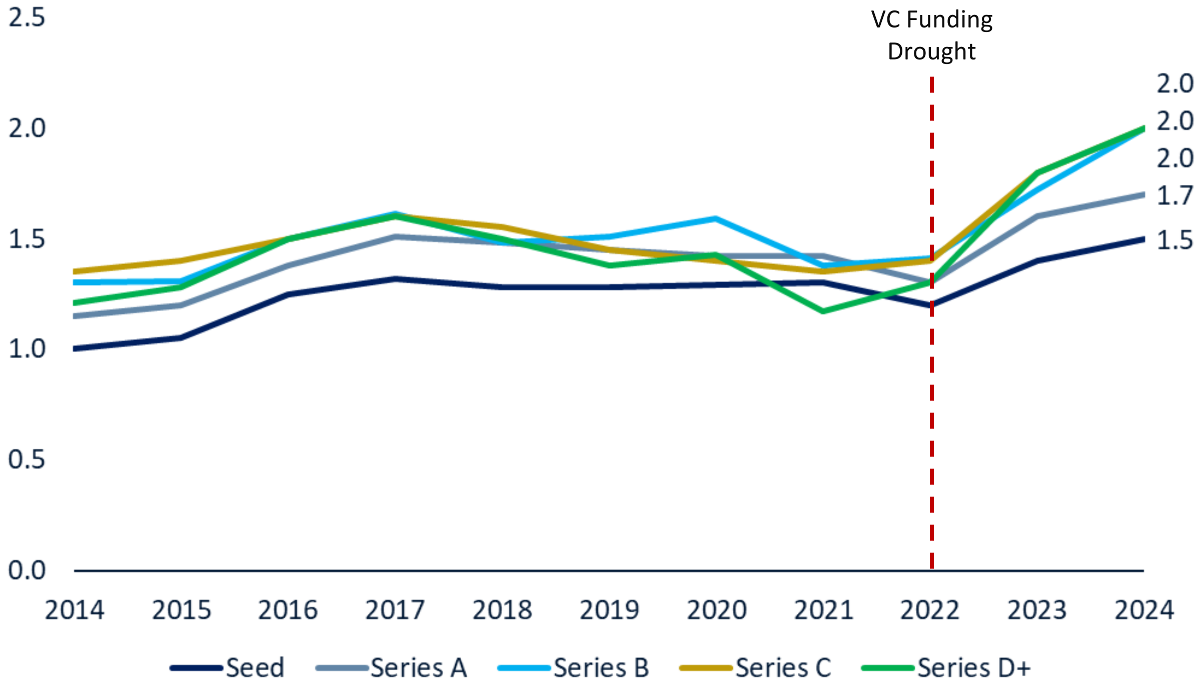
Total rounds and cash raised by stage and year, Q1'18 – Q4'24



Source: Carta.

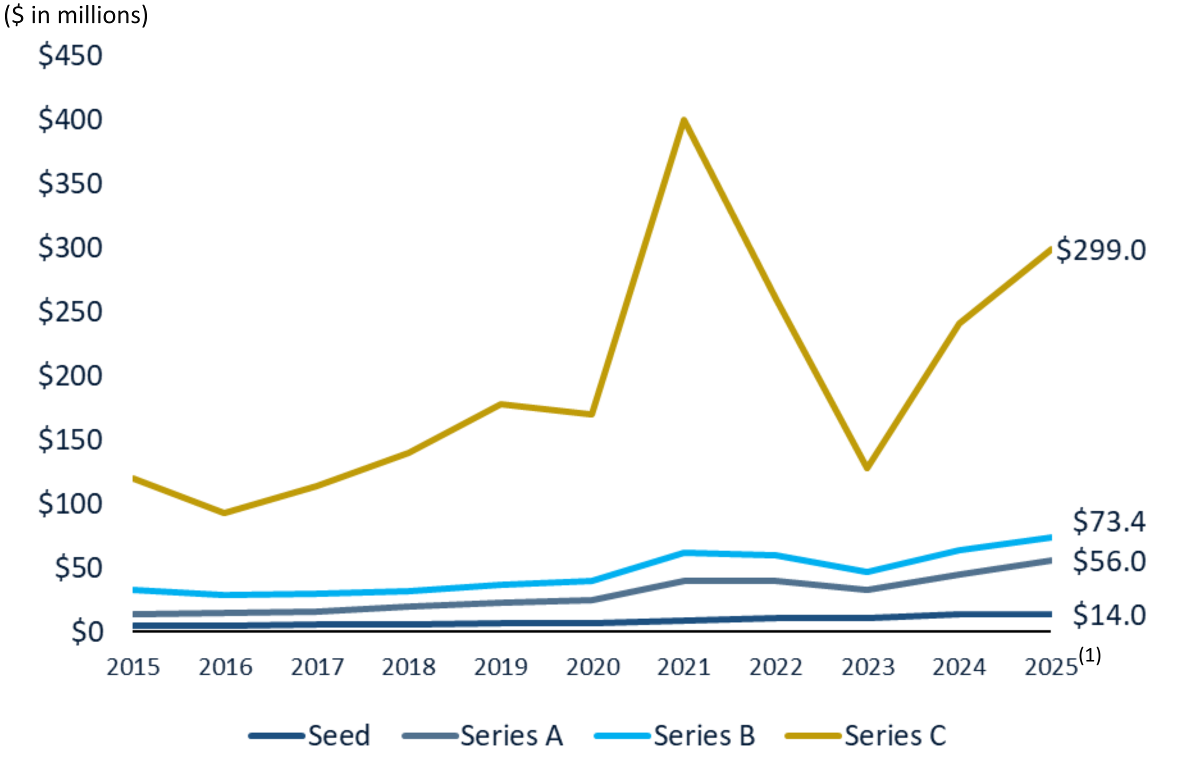
Since 2014, Series C's Time to Raise and Valuation Both Increased

Time Between Rounds Continue To Lengthen



Time between financing rounds increased following 2022's funding drought

Median Pre-money Valuations Increase Across All Rounds

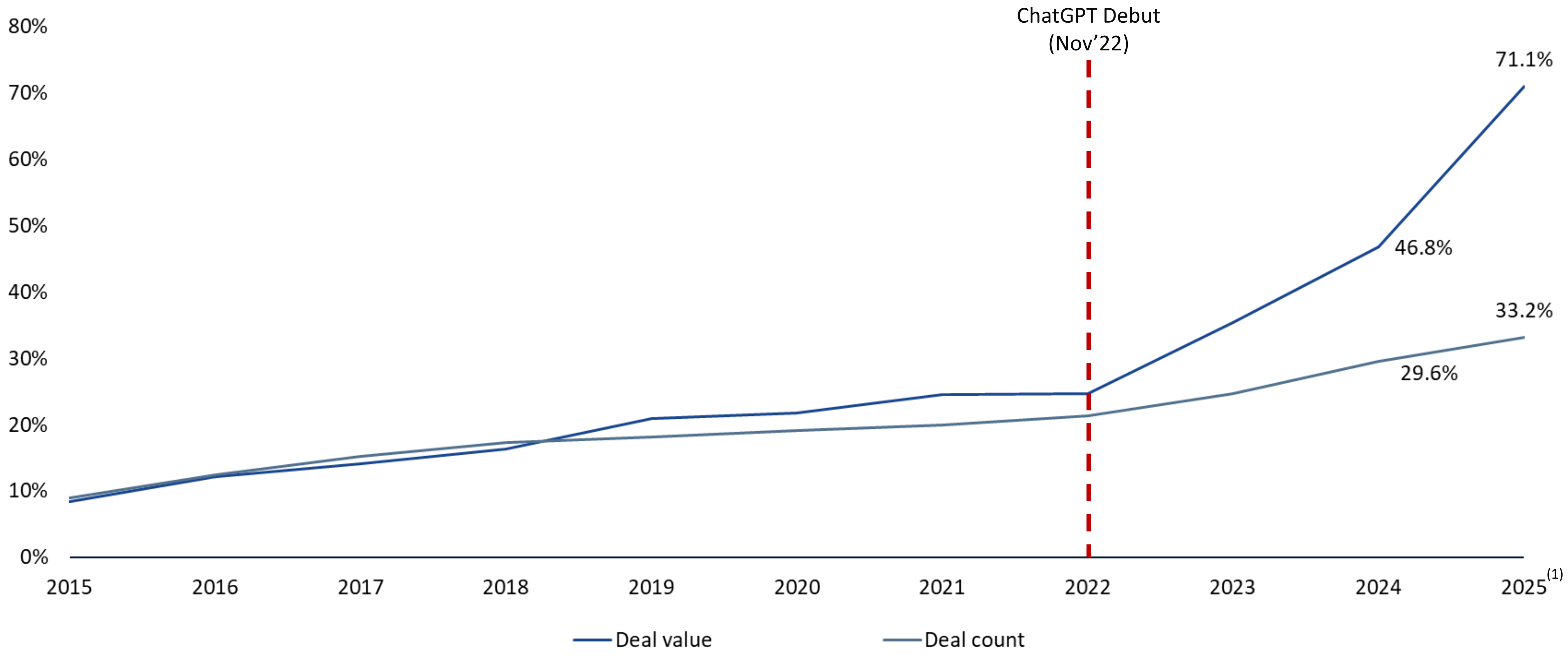


Valuation have largely rebounded from 2023 lows

Source: Q4 2024 Pitchbook-NVCA Venture Monitor as of December 31, 2024, Q1 2025 Pitchbook-NVCA Venture Monitor First Look as of March 31, 2025.
Footnote: (1) Represents data from Q1 2025.

AI Dominated the Narrative for 2024 Dealmaking

AI & ML VC deal activity as a share of all deal activity



Since ChatGPT's debut, AI and ML investments have dominated the funding landscape

Source: Q1 2025 Pitchbook-NVCA Venture Monitor First Look as of March 31, 2025.
Footnote: (1) Represents data from Q1 2025.

Performance Metrics for Early-stage Companies

Metrics	Excellent	Great	Good	Danger
Annual Recurring Revenue (ARR) Growth Rate[1]	300%	200%	100%	<50%
Rule of 40[2]	Well above 40	Slightly above 40	Meets 40	Below 40
Gross Margins[2]	86% Top decile	83% Top quartile	77% Median	<69% Bottom quartile
Net Dollar Retention (NDR)[3]	120% Top decile	115% Top quartile	110% Median	<106% Bottom quartile
Customer Acquisition Cost (CAC) Payback Period[4]	<6 months	6 - 10 months	12 - 16 months	<24 months
Burn Multiple[5]	<1.0	1.0 - 1.5	1.5 - 2.0	≥2.0

A startup's health should be assessed holistically — not by a few isolated metrics
(See Appendix for metric definitions)

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Footnotes:
(1) T2D3 defined as: "Triple, Triple, Double, Double, Double". Battery Ventures website.
(2) Per Meritech Capital Software Index updated March 28, 2025.
(3) Per Meritech Capital Software Index updated March 28, 2025.
(4) Scale XP website.
(5) Bottom Up blog post by David Sacks.

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3. Relevant M&A and Financing Transactions

Recent M&A Activities — Data Platform and Business Intelligence

Date	Target	Acquirer	Price	Notes
Feb 25, 2025	DataStax	IBM	N/A	▪ Uniting IBM Watsonx enterprise AI stack with DataStax's NoSQL expertise and cutting-edge data and AI technologies to unlock innovation at scale (1)
Feb 24, 2025	Voyage AI	mongoDB	N/A	▪ Integrating Voyage AI's technology streamlines the creation of trustworthy, AI applications ▪ Delivering highly accurate, relevant information retrieval, tightly integrated with operational data(2)
Jan 14, 2025	SDF Semantic Data Fabric	dbt	N/A	▪ SDF Labs had raised $9 million in total funding prior to acquisition(3)
Aug 14, 2024	Tabular	databricks	~$1.7 billion *(Est.)*	▪ Received $30 million in total funding from Altimeter, Andreessen Horowitz(4) ▪ Annual recurring revenue (ARR) was ~ $1 million at the time of transaction ▪ Confluent initially offered $300 million (rumored) ▪ Snowflake entered exclusive negotiations for more than $600 million (rumored)
Jun 24, 2024	ROCKSET	OpenAI	$280 million *(Est.)*	▪ All-stock deal with revenue multiple in the teens(5) ▪ Rockset had raised $109 million prior to the acquisition(5)
May 22, 2024	truera	snowflake	N/A	▪ Provides leading capabilities to evaluate and monitor LLM apps and ML models in production(6)
Mar 19, 2024	Lilac	databricks	N/A	▪ Lilac is designed to enable data scientists to search, cluster and analyze all types of text data sets(7) ▪ Tools are aimed at understanding and preparing unstructured data to feed and train generative AI models and applications
Jun 26, 2023	mosaicML	databricks	~$1.3 billion	▪ Valued at 65x its ARR of $20 million(8) ▪ MosaicML had raised $64 million in total funding prior to acquisition(9)

Source: Company reports and media press releases.

Footnotes:
(1) IBM announcement on DataStax acquisition.
(2) MongoDB press release on Voyage AI acquisition.
(3) dbt Labs blog on SDF Labs acquisition.
(4) TechCrunch: Databricks acquisition of Tabular.
(5) Forbes: OpenAI's acquisition of Rockset and Stepmark's exclusive source.
(6) Snowflake blog on Truera acquisition.
(7) Databricks blog on Lilac acquisition.
(8) Deloitte M&A Port: "Databricks acquires AI startup MosaicML".
(9) Databricks blog on MosaicML acquisition.

Recent Series B Funding Activities — AI Data Analytics

Date	Company	Amount Raised	Investor	Company Description
Mar 20, 2025	Buynomics	$30 million (Series B)	Forestay Capital, Insight Partners	▪ A leader in AI-powered pricing and revenue optimization(1)
Mar 13, 2025	omni	$69 million (Series B)	Iconiq Growth, Theory Ventures, First Round Capital	▪ Focuses on both internal analytics and customer-facing data products, as well as AI capabilities focused on business intelligence and insights(2)
Feb 27, 2025	Taktile	$54 million (Series B)	Balderton Capital, Index ventures, Tiger Global	▪ Optimize risk management strategies across the entire customer lifecycle for fintech companies and financial institutions(3)
Feb 27, 2025	CompScience	$27.6 million (Series B)	Sands Capital, Four More Capital, Working Capital	▪ Identify risks and predicts incidents before they become claims, helping businesses and brokers enhance workplace safety while reducing cost(4)
Feb 24, 2025	AUDITORIA.	$38 million (Series B)	Innovius Capital, Dell Technology Capital	▪ Premier provider of agentic AI solutions for corporate finance, automating accounting tasks proactively and autonomously(5)
Feb 12, 2025	fal	$49 million (Series B)	Notable Capital, Andreessen Horowitz (a16z)	▪ Developer-centric platform for generative media, offering cutting edge inference solutions for AI-powered video, image, and audio applications(6)
Feb 11, 2025	voyantis	$41 million (Series B)	Intel Capital, Square Peg, Target Global	▪ AI-driven growth platform for customer acquisition and lifecycle optimization(7)
Nov 19, 2024	SELECTOR	$33 million (Series B)	Ansa Capital, Two Bear Capital, AT&T Ventures	▪ Automates mission critical operations for network-driven companies(8)

Source: Company reports and media press releases.

Footnotes:
(1) Buynomics article on Series B funding.
(2) Omni blog on Series B funding.
(3) Taktile article on Series B funding.
(4) CompScience blog on Series B funding.
(5) Auditoria press release on Series B funding.
(6) Business Wire: fal Series B funding.
(7) Business Wire: Voyantis Series B funding.
(8) Business Wire: Selector Series B funding.

Recent Series C Funding Activities — AI Data Analytics

Date	Company	Amount Raised	Investor	Company Description
Mar 17, 2025	DRUID	$50 million (Series C)	Cipio Partners	▪ Conversational AI solutions for enterprises, integrating virtual assistants with existing systems to automate business processes and customer interactions[(1)]
Feb 20, 2025	arize	$70 million (Series C)	Adam Street Partners, M12, Sinewave Ventures	▪ ML Observability platform that helps businesses monitor and troubleshoot machine learning models in production using advanced analytics[(2)]
Feb 19, 2025	baseten	$75 million (Series C)	IVP, Spark Capital, Greylock Partners	▪ AI inference platform that simplifies the deployment of machine learning models for enterprises[(3)]
Jan 30, 2025	Rad AI	$60 million (Series C)	Transformation Capital	▪ Develops generative AI solutions for healthcare providers, with analysis of healthcare data and imaging for better diagnostics[(4)]
Nov 12, 2024	WRITER	$200 million (Series C)	Premji Invest, Radical Ventures, ICONIQ Growth	▪ Full-stack generative AI platform that provides enterprise-focused solutions, including large language models (LLMs) and customizable AI tools[(5)]
Oct 2, 2024	crescendo	$50 million (Series C)	General Catalysts, Celesta Capital, Alorica	▪ Leverage analytics to generate customer insights, evaluate sentiment and optimize customer experience operations[(6)]

Source: Company reports and media press releases.

Footnotes:
(1) Tech Funding News on Druid AI Series C funding.
(2) Arize blog on Series C funding.
(3) Baseten blog on Series C funding.
(4) Rad AI news on Series C funding.
(5) TechCrunch: Writer Series C funding
(6) Bloomberg: Crescendo AI Series C funding.

Selected AI Funding Activities

Date	Company	Amount Raised	Revenue Multiple	Investors	Company Description
Mar 31, 2025	OpenAI	$40 billion	81.1x (LTM) 23.6x (NTM)	SoftBank, Microsoft, Coatue management, Altimeter	▪ Foundational model developer ▪ 2024 Revenue of $3.7 billion[(1)] ▪ Projected 2025 Revenue is $12.7 billion[(1)] ▪ Post-money valuation of $300 billion[(2)]
Mar 20, 2025	perplexity	$500 million to $1 billion	180.0x (LTM)	SoftBank Group, Nvidia Corp., Jeff Bezos	▪ AI answer engine ▪ Just crossed $100 million ARR[(3)] ▪ Post-money valuation of $18 billion[(4)]
Mar 7, 2025	CURSOR	In talks of a new round	100.0x (LTM)	Thrive Capital, Andreessen Horowitz, Benchmark	▪ AI-powered code editor ▪ $100 million in recurring revenue[(5)] ▪ Post-money valuation of $10 billion[(6)]
Mar 3, 2025	ANTHROP\C	$3.5 billion (Series E)	61.5x (LTM) 43.9x (NTM)	Lightspeed Venture Partners, Bessemer Venture Partners, Cisco Investments	▪ Foundational model developer ▪ 2024 revenue of $1 billion[(7)] ▪ 2025 annualized revenue surpassed $1.4 billion[(7)] ▪ Post-money valuation of $61.5 billion[(8)]
Feb 20, 2025	windsurf	In talks of a new round	71.3x (LTM)	Kleiner Perkins, General Catalysts, Greenoaks Capital	▪ AI-powered coding assistant ▪ Reached $40 million in ARR[(9)] ▪ Post-money valuation of $2.85 billion[(9)]
Feb 17, 2025	ABRIDGE	$250 million (Series D)	65.5x (LTM)	Elad Gil, IVP, Lightspeed Venture Partners	▪ Leader in manufacturing AI ▪ 2024 revenue of $42 million[(10)] ▪ Post-money valuation of $2.75 billion[(11)]

Source: Company reports and media press releases.

Footnotes:
(1) Business Insider: OpenAI 2024 and 2025revenue.
(2) Bloomberg: OpenAI raise $40 billion
(3) Perplexity CEO announced reaching $100 ARR.
(4) Perplexity in talks for funding at $18 billion.
(5) Cursor reaches $100 million in ARR.
(6) Bloomberg: Cursor to raise at $10 billion.
(7) Anthropic reached annualized revenue of $1.4 billion.
(8) Anthropic raised at $61.5 billion.
(9) Codeium (Windsurf) to raise at $2.9 billion.
(10) Zoominfo: Abridge 2024 revenue.
(11) Fortune: Abridge raises $250 million.

Selected AI Funding Activities (Cont'd)

Date	Company	Amount Raised	Revenue Multiple	Investors	Company Description
Feb 12, 2025	Harvey	$300 million (Series D)	45.6x (LTM)	Sequoia Capital, Coatue, Kleiner Perkins	▪ Legal artificial Intelligence ▪ 2024 revenue surpassed $65.8 million(1) ▪ Post-money valuation of $3 billion(2)
Jan 24, 2025	ElevenLabs	$250 million (Series C)	37.5x (LTM)	Andreessen Horowitz, ICONIQ Growth, NEA, Valor, Sequoia Capital	▪ AI audio research and deployment company ▪ 2024 revenue of $80 million(3) ▪ Post-money valuation of $3 billion(3)
Dec 5, 2024	TRACTIAN	$120 million (Series C)(4)	22.4x (LTM)	Sapphire Ventures, General Catalyst, Next47	▪ Leader in manufacturing AI ▪ 2024 revenue of $32.2 million(5) ▪ Post-money valuation of $720 million(6)
Nov 12, 2024	WRITER	$200 million (Series C)(7)	40.4x (LTM)	Premji Invest, Radical Ventures, ICONIQ Growth	▪ Full-stack generative AI platform that provides enterprise-focused solutions, including large language models (LLMs) and customizable AI tools ▪ $47 million ARR as of November 2024(7) ▪ Post-money valuation of $1.9 billion(8)
Oct 28, 2024	SIERRA	$175 million	225.0x (LTM)	Greenoaks Capital, ICONIQ Growth, Thrive Capital	▪ Custom AI agents for enterprise customer service ▪ Sierra already crossed $20 million in annualized revenue(9) ▪ The latest round gave the company a valuation of $4.5 billion(9)
Oct 8, 2024	EvenUp	$135 million (Series D)(10)	29.4x (LTM) 20.6x (NTM)	Bain Capital Ventures, Premji Invest, Lightspeed Venture Partners	▪ AI-powered LegalTech company for the personal injury sector ▪ 2024 revenue of $35 million (July) and $50 million by the end of the year(11) ▪ Post-money valuation of $1.03 billion(12)

Source: Company reports and media press releases.

Footnotes:
(1) Harvey surpassed $65.8 million in 2024 revenue.
(2) Harvey raised at $3 billion.
(3) TechCrunch: Eleven labs raised at $3 billion.
(4) Tractian blog on Series C funding.
(5) Tractian 2024 revenue $32.2 million.
(6) Crunchbase: Tractian Series C Valuation.
(7) TechCrunch: Writer raised $200 million.
(8) Sacra: Writer 2024 revenue.
(9) Sierra hits $4.5 valuation.
(10) EvenUp log on Series D funding.
(11) The Information: EvenUp 2024 revenue.
(12) Forge Global: EvenUp valuation.

Selected AI Funding Activities (Cont'd)

Date	Company	Amount Raised	Revenue Multiple	Investors	Company Description
Sept 30, 2024	11x	$50 million (Series B)	35.0x (LTM)	Andreessen Horowitz, Benchmark, Lux Capital, SV Angel	▪ AI-powered sales development bots ▪ Approaching $10 million ARR as of September 2024(1) ▪ Post-money valuation of $350 million(1) (2)
Sept 10, 2024	glean	$260 million (Series E)	46.0x (LTM)	Altimeter, DST Global, Craft Ventures	▪ Work AI platform developer ▪ $100 million ARR as of February 2025(3) ▪ Post-money valuation of $4.6 billion(4)
Jul 8, 2024	Hebbia	$130 million (Series B)(5)	54.0x (LTM)	Andreessen Horowitz, Index Ventures, Google Ventures	▪ AI platform for knowledge work ▪ $13 million ARR at the time of funding(5) ▪ Post-money valuation of $700 million(5)
May 21, 2024	scale	$1 billion (Series F)(6)	41.8x (LTM) 15.9x (NTM)	Accel, Amazon, Meta	▪ American data annotation company ▪ 2023 revenue of $330 million(7) ▪ 2024 revenue of $870 million(8) ▪ Post-money valuation was $13.8 billion(6)
May 21, 2024	Suno	$125 million (Series B)	11.1x (NTM)	Lightspeed Venture Partners, Nat Friedman, Daniel Gross, Matrix Partners	▪ AI-generated music ▪ 2024 revenue of $45 million(9) ▪ Post-money valuation of $500 million(10)

The median NTM revenue multiple for selected AI companies is 20.6x

Source: Company reports and media press releases.

Footnotes:
(1) TechCrunch: 11x.ai raised $50 million.
(2) TechCrunch: 11x has been claiming customers it doesn't have but spokesperson for a16z denied the rumor and is not suing.
(3) Glean achieves $100 ARR.
(4) Glean raised $260 million .
(5) TechCrunch: Hebbia raised $130 million with 50x ARR.
(6) TechCrunch: Scale AI raise at $13.8 billion.
(7) The Information: The Fuzzy math behind Scale AI's valuation.
(8) Bloomberg: Scale AI 2024 revenue.
(9) Sacra: Suno 2024 revenue.
(10) The Information: Suno raised $125 million.

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A. Appendix

Terminology

Term	Definition
Annual Recurring Revenue (ARR)	▪ The total predictable revenue a company expects to earn annually from subscriptions or recurring payments, excluding one-time fees and non-recurring income
Burn Multiple	▪ A measure of how efficiently a company is spending money to generate new recurring revenue
Customer Acquisition Cost (CAC) Payback Period	▪ The time it takes for a company to recover the money spent on acquiring a customer
Gross Margins	▪ The percentage of revenue left after covering the direct costs of making a product or delivering a service
Net Dollar Retention (NDR)	▪ How much revenue a company keeps and grows from its existing customers over time, even after accounting for cancellations
Rule of 40	▪ A quick metric used in SaaS to judge if a company's growth and profitability together meet a healthy benchmark (growth % + profit margin % ≥ 40)
The T2D3 Framework	▪ A framework typically used to evaluate the performance of a Software as a Service (SaaS) company

Burn Multiple

Definition and Formulas

- Concept introduced by David Sacks measuring how efficiently a company uses its cash to generate new revenue
- Compares the cash burned to the net annual recurring revenue generated in the same period

$$\textbf{Net Burn} = \textbf{Cash Outflows} - \textbf{Cash Inflow}$$

$$\textbf{Net New ARR} = \textbf{New ARR} + \textbf{Expansion ARR} - \textbf{Churned ARR}$$

$$\textbf{Burn Multiple} = \left(\frac{\textbf{Net Burn}}{\textbf{Net New ARR}}\right)$$

- **Net Burn:** The difference between cash outflows (expenses) and inflows (revenue)
- **Net New ARR:** The increase annual recurring revenue; calculated as: New ARR + Expansion ARR – Churned ARR

Example

Assume a company has the following:

- Total cash outflows: $1,500,000
- New ARR: $500,000
- Churned ARR: $100,000
- Total cash inflows: $800,000
- Expansion ARR: $200,000

$$\text{Net Burn} = 1{,}500{,}000 - 800{,}000 = \$700{,}000$$

$$\text{Net New ARR} = 500{,}000 + 200{,}000 - 100{,}000 = 600{,}000$$

$$\text{Burn Multiple} = \left(\frac{\text{Net Burn}}{\text{Net New ARR}}\right) = \frac{700{,}000}{600{,}000} = 1.77\text{x}$$

The company is burning $1.17 to generate every $1 of new ARR

Why This Is Important?

- **Capital Efficiency:** Evaluates how effectively a company converts cash into revenue growth
- **Operational Insight:** Evaluate the effectiveness of sales strategies. A long high burn multiple indicates inefficiency in targeting or spending
- **Sustainability Indicator:** High multiple indicates unsustainable growth, and a lower multiple suggests better financial health
- **Investor Confidence:** Low multiple implies significant efficient growth, making the company more attractive to investors, high multiple can be justified by rapid revenue growth, achieving a network effect and market expansion

Successful Companies with High Burn Multiples in Early-Stages

amazon | airbnb | DOORDASH
PayPal | stripe | slack
snowflake | Uber | zoom

Source: Bottom Up blog post by David Sacks.

Customer Acquisition Cost (CAC) Payback Period

Definition and Formula

- Measures how long (in months) it takes to recover the cost of acquiring a new customer through their acquired revenue
- Provides insights into the efficiency of marketing and sales strategies, cash flow management, and overall profitability

$$\textbf{CAC Payback Period} = \left(\frac{\textbf{Customer Acquisition Cost (CAC)}}{\textbf{Monthly Revenue per Customer x Gross Margin}}\right)$$

- **Customer Acquisition Cost (CAC):** Total sales and marketing expenses divided by the number of new customers acquired
- **Monthly Revenue per Customer**: Recurring revenue generated by each customer per month
- **Gross Margins**: Percentage of revenue retained after subtracting cost of goods sold

Example

Assume a company has the following:

- Total sales & marketing expense: $50,000
- Number of new customers acquired: 500
- Monthly revenue per customer: $100
- Gross Margins: 80%

$$\text{CAC} = \left(\frac{\text{Total Sales and Marketing expense}}{\text{Number of New Customers}}\right) = \frac{50{,}000}{500} = \$100$$

$$\text{Monthly Gross MarginAcquired} = 100 \text{ x } 80\% = \$80$$

$$\text{CAC Payback Period} = \left(\frac{\text{CAC}}{\text{Monthly Gross Margin Acquired}}\right) = \frac{100}{80} = 1.25 \text{ months}$$

It takes approximately 1.25 months for the company to recover its customer acquisition cost

Why This Is Important?

- **Cash Flow Management:** A shorter payback period allows business to recover their investment faster, improve liquidity and enable reinvestments
- **Marketing and Sales Efficiency:** Evaluate the effectiveness of sales strategies; A long payback period indicates inefficiency in targeting or spending
- **Investor Confidence:** Assess a company's financial health and capital efficiency; A shorter payback period signals better profitability and sustainability
- **Scalability:** Businesses with efficient CAC payback periods can scale more easily without requiring excessive external funding

Payback Periods for Selected Publicly-traded SaaS Companies [1]

ATLASSIAN	GitLab	INTUIT
7.6 months	16.8 months	4.6 months
Palantir	servicenow	shopify
5.6 months	18.3 months	3.0 months

Source: "How to calculate and reduce payback Period" from Paddle.
Footnote: Per Meritech Capital Software Index updated March 28, 2025.

Net Dollar Retention (NDR)

Definition and Formula

- Net change in recurring revenue from existing customers over a defined period, including upsell and cross-sell, downgrades, and cancellations / churns
- Provides insights into customer satisfaction, retention strategies, and the company's ability to grow revenue from its existing customer base

$$\mathbf{NDR} = \left(\frac{\textbf{Starting Revenue+Expansion Revenue−Contraction Revenue−Churned Revenue}}{\textbf{Starting Revenue}}\right)$$

- **Starting Revenue:** Recurring revenue at the beginning of the period
- **Expansion Revenue:** Additional revenue from upsells, cross-sells, or upgrades
- **Contraction Revenue:** Revenue lost due to downgrades by existing customers
- **Churned Revenue:** Revenue lost due to cancellation or non-renewals

Example

Assume a company has the following:

- Starting Monthly Recurring Revenue (MRR) is $100,000
- Expansion Revenue: $20,000 (from upsells, cross-sells, or upgrades)
- Contraction Revenue: $5,000 (from downgrades)
- Churned Revenue: $10,000 (from cancellation)

$$\text{NDR} = \left(\frac{100{,}000+20{,}000-5{,}000-10{,}000}{100{,}000}\right) \text{ x } 100 = \left(\frac{105{,}000}{100{,}000}\right) \text{ x } 100 = 105\%$$

This means that the company retained 105% of its starting revenue after accounting for churn and contractions

Why This Is Important?

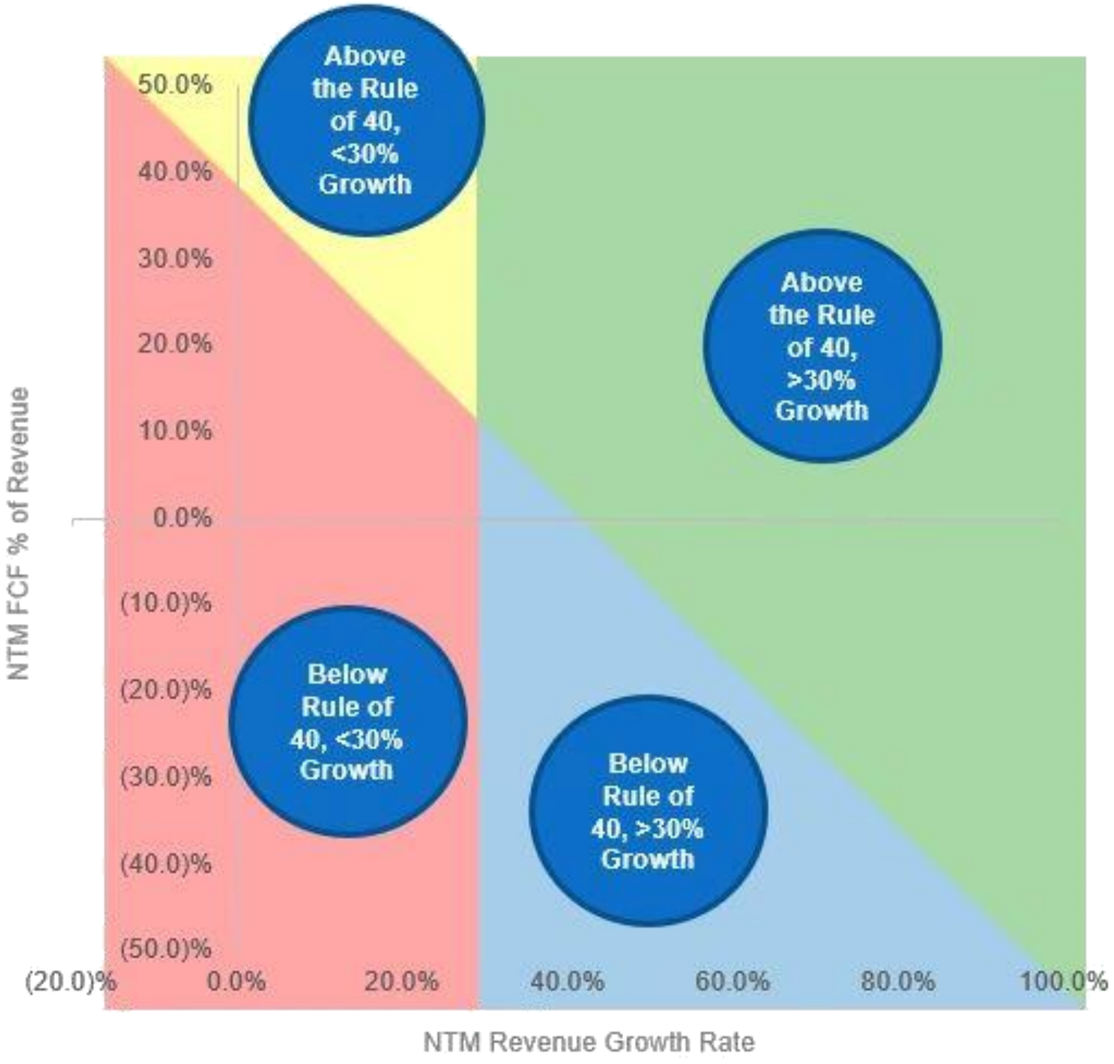
- **Customer Retention Insights:** NDR highlights how well a company retains and grows revenue from its current customers
- **Growth Potential:** A high NDR indicates that the company is expanding its revenue after accounting for churn
- **Cost Efficiency:** Retain and expand revenue from existing customers is typically more cost-effective than acquiring new ones
- **Investor Confidence:** A strong NDR signals financial stability and growth potential, making the company more attractive to investors

NDR for Selected Publicly-traded SaaS Companies [(1)]

CONFLUENT	docusign	GitLab
117%	100%	123%
mongoDB	**Palantir**	**snowflake**
120%	120%	126%

Source: "Net Dollar Retention" from Software Equity Group.
Footnote: Per Meritech Capital Software Index updated March 28, 2025.

Rule of 40



Key Takeaways

- **Green:** High growth, high cash flow
- **Blue:** High growth, negative cash flow
- **Red:** Low growth, negative cash flow
- **Yellow:** Low growth, moderate cash flow

Source: "Where Have All the Green Dots Gone?" from Battery Ventures.

The T2D3 Framework

Definition

- **Concept Origin:** Conceptualized by Neeraj Agrawal of Battery Ventures
- **Strategic Focus:** Outlines a revenue trajectory that prioritizes rapid yet structured expansion
- **Growth Blueprint:** The Triple-Triple-Double-Double-Double strategy is a proven model for B2B SaaS companies, designed to scale from early-stage viability to a $100 million ARR and reach a $1 billion valuation at a 35% CAGR over five years

Why This Is Important?

- **Scalability Growth:** Achieve hypergrowth while maintaining operational efficiency and avoid resource overextension
- **Market Leadership:** Allows companies to outpace and capture significant market share, establishing themselves as dominant players in their industries
- **Revenue Milestone Achievement:** Enables businesses to reach $100 million ARR and achieve $1 billion valuation in a structured path
- **Investor Confidence:** Emulate the progress of successful publicly-traded SaaS companies

Path to $100M+ ARR and $1 Billion Valuation

- **Year 1 ($2M → $6M ARR):**
  - Achieve $6M in ARR by choosing either a founder-led "hero" approach or building a scalable sales machine with a dedicated sales leader and 5–10 reps
- **Year 2 ($6M → $18M ARR):**
  - Reach $18M in ARR by leveraging renewals and referrals with a 10–20 rep team while adding a second layer of sales management to enable larger, founder-independent deals
- **Year 3 ($18M → $36M ARR):**
  - Expand to $36M in ARR by scaling to 20–30 reps and 3–5 managers, focusing on deep market entry in EMEA (targeting key countries like the U.K., France, and Germany)
- **Year 4 ($36M → $72M ARR):**
  - Overcome operational challenges and double ARR by optimizing leadership roles and establishing one or two productive reseller/partner channels once the $50M run rate is achieved
- **Year 5 ($72M → $144M ARR):**
  - Double ARR to $144M while nearing a $1B valuation and potential IPO, laying the groundwork for substantial post-IPO growth through scalable, long-term value creation

Public-Traded Companies that followed the T2D3 framework

salesforce servicenow slack workday

Source: Helping Entrepreneurs ""Triple, Triple, Double, Double, Double" to a Billion-Dollar Company from Battery Ventures.

Stepmark Partners

A passion for AI and finance.

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