**Introduction to the SaaS Business Model Spreadsheet**

As a CEO or CFO navigating the complexities of a SaaS business, having a robust financial plan is crucial to your success. This downloadable SaaS Business Model Spreadsheet is designed to be your go-to tool for building out comprehensive financial projections. Whether you're a startup founder looking to map out your growth trajectory or an established company aiming to fine-tune your financial strategy, this spreadsheet provides a clear framework to help you make informed decisions.

With this tool, you can easily model different scenarios, forecast revenue, manage costs, and plan for the future with confidence. It includes customizable fields for tracking key metrics such as customer acquisition costs (CAC), churn rates, lifetime value (LTV), and monthly recurring revenue (MRR). By inputting your data, you can quickly generate insights that will drive strategic decisions and align your team around your financial goals.

Download the spreadsheet today and take the first step towards financial clarity and sustainable growth for your SaaS business.

* This version offers:
* Support for multiple pricing tiers
* Support for annual contracts with annual pre-payments
* Solid headcount planning
* Better visibility into "MRR movements"
* Better cash-flow planning
* Charts galore that VCs and PE firms adore.

**Included are a number of comments in the spreadsheet**. Make sure to check them out - some of them are important in order to understand the model (in case you're not familiar with that Excel feature, hover over the little red triangles).

**Unpacking the Model:
Understanding Each Tab and Key Assumptions**

**1) General comments**

* The sheet has large amount of formulas. Sometimes when you use excel as a google sheet formulas can break.
* Blue numbers indicate data-entry cells. Black and grey numbers are computed.
* The model contains a lot of simplifications. Don't expect that it will perfectly fit your specific business - consider it a starting point for your planning and forecasting.

**2.) "Summary" tab**

* The "Summary" tab contains only two types of input cells: Your starting bank balance and cash injections from financing. Everything else is calculated, mostly using data from subsequent tabs.
* As with all input cells in the model, consider the values shown as dummy data, not benchmarks. Fill those cells with your own data and assumptions.
* The model doesn't take into account interest or taxes (except for payroll taxes). Ensure you adjust for your applicable state or country.
* The "Revenues" line shows your end-of-month MRR for the respective month. This is *not* compliant with the US GAAP definition of "revenues", which uses different revenue recognition rules, but since SaaS companies live and breathe MRR we felt it’s the right approach for a SaaS financial model, especially when you’re in early stage planning.

**3.) "Revenues" tab**

* The model assumes that you have three pricing tiers. I've called them "Basic", "Pro" and "Enterprise". If you have more or fewer pricing plans you can of course adjust the model accordingly (with some effort). It is further assumed that all Basic and Pro customers are on monthly plans and that all Enterprise customers are on annual plans. Again, this is a simplification you can modify based on your own pricing structure.
* The model assumes that you're getting signups organically and via paid marketing and that you're converting a percentage of them into Basic customers and Pro customers. You can change the key assumptions such as your organic growth rate and your conversion rates in the grey area on the left.
* The Enterprise customer segment follows a different logic, based on the assumption that Enterprise customer acquisition is sales-driven as opposed to the marketing-driven low-touch sales model for Basic and Pro customers. The key drivers in the Enterprise segment of the model are your revenue targets, sales team quotas and your assumptions for churn and upsells.
* The spreadsheet shows the impact of e.g. Basic customers who upgrade to Pro and Pro customers who upgrade to Enterprise, but to keep things simple it doesn't support each and every possible movement between plans. For example, I didn't include the option for Basic customers to upgrade to Enterprise straight away or for Enterprise customers to downgrade. If this is a relevant factor in your business, you can of course accommodate for that by adding a few extra rows.
* For Basic and Pro customers, the model allows you to project ARPA development using a given ARPA at the beginning of the planning period along with assumptions on monthly ARPA increases. For Enterprise customers, the model assumes pricing increases at the time of renewal but not during the term of the subscription. Depending on your specific pricing model you'll have to modify that, e.g. to allow for Enterprise customers to add more seats continuously.
* In order to be able to calculate churn for Enterprise customers in the 1st year of the plan, it is assumed that existing Enterprise customers have been acquired over the course of the previous 12 months. This is of course a somewhat theoretical assumption, and you need to adjust the model to include your actual numbers.
* As you can see in one of the charts below the numbers, the model allows you to calculate your "MRR movements". It's worth pointing out that the model currently doesn't show "Expansion MRR" and "Contraction MRR" separately but only the delta of the two, which are called "Net Expansion MRR". In order to calculate Expansion MRR and Contraction MRR separately you would have to add a couple of additional rows. To avoid making things too complicated, we left that out. There are data visualization tools that would make creating visualizations easier than trying to format in excel. But if you’re a wiz, go for it and modify it to suit your needs.
* Please note that the CAC data and "CAC payback time" calculation are based on pretty crude simplifications. A solid planning of CAC payback times, CAC/LTV ratios etc. would require a lot of additional input data.
* The rows with the "Thereof bonuses..." label contain matrix formulas. Handle with care.

**4.) "Costs" tab**

* In order to adjust headcount planning in the G&A, R&D and marketing departments, change the assumptions for start date, base salary and bonus in the grey "Assumptions" area. You can remove, change or add roles in column H.
* With the exception of the VP of Sales role, sales staff headcount planning is done on the separate "Sales Team Hiring Plan" tab. It calculates the number of sales people that you need based on the growth targets for your Enterprise customer segment, the quota of your sales people and a few other variables.
* Headcount planning for the Customer Success team is (again with the exception of the VP) done formulaically as well, based on assumptions on how many customers a customer success team member can handle.
* It is assumed that there's only one team, which is called Customer Success, this group provides both customer support and customer onboarding success. Many SaaS companies have different teams for the two functions; if you're one of them you can adjust the plan accordingly.
* The costs for the Customer Success team are attributed to CoGS. This is debatable – if your Customer Success team plays an important role in converting signups or upselling customers you should consider allocating at least a portion of these costs to S&M and include those costs in your CACs. Please note that changing the "cost type" in *column I* will not automatically move the costs to a different category on the "Summary" tab so you'll have to adjust that manually.
* The model assumes that payroll tax is the same for all employees. This may have to be adjusted, e.g. if you have people in different countries or have to pay nexus in multi-state deployments. When you’re starting out consider using a PEO (professional employer organization) to normalize these added costs.
* Regarding the cash impact of expenses, the model assumes that:
	+ payroll taxes are paid monthly
	+ bonuses are paid yearly (except for the sales team)
	+ sales team bonuses are paid quarterly (since bonuses/commissions play a much stronger role in sales compared to other departments)
* The model (somewhat simplistically) assumes that there are no capital expenditures. If you make investments into things like servers, computers or office furniture you should add these expenses accordingly.

**5.) Disclaimer & cautionary statement**

* Before you dive into this spreadsheet like it’s the treasure map to financial success, a little note from the fun police—aka our attorneys. While this model is here to help, it might occasionally get things wrong or assume your business is run by wizards. So, use it at your own risk! And remember, if something goes awry, don’t say we didn’t warn you (our lawyers made sure of that).
* Please note that while this pre-built model is designed to assist in financial planning and forecasting, it may contain inaccuracies, errors, or assumptions that do not perfectly align with your specific business circumstances. Use this tool at your own risk and consult with a qualified financial professional or accountant to ensure accuracy. If you don’t have one, we’re happy to connect you with a fractional CFO or CPA from Peak Road Partners.

If you've made it this far and haven't downloaded the Excel sheet yet: **Here it is**.

If you have any questions, comments or suggestions, email us: info@peakroad.com