



The best kept secret of successful scaling

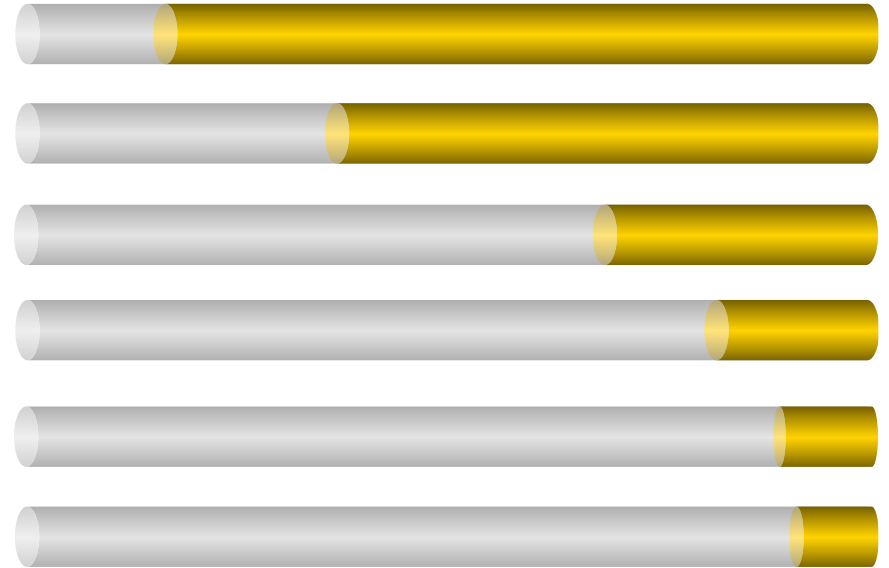
Omar Mohout

What's a Scalable Startup?

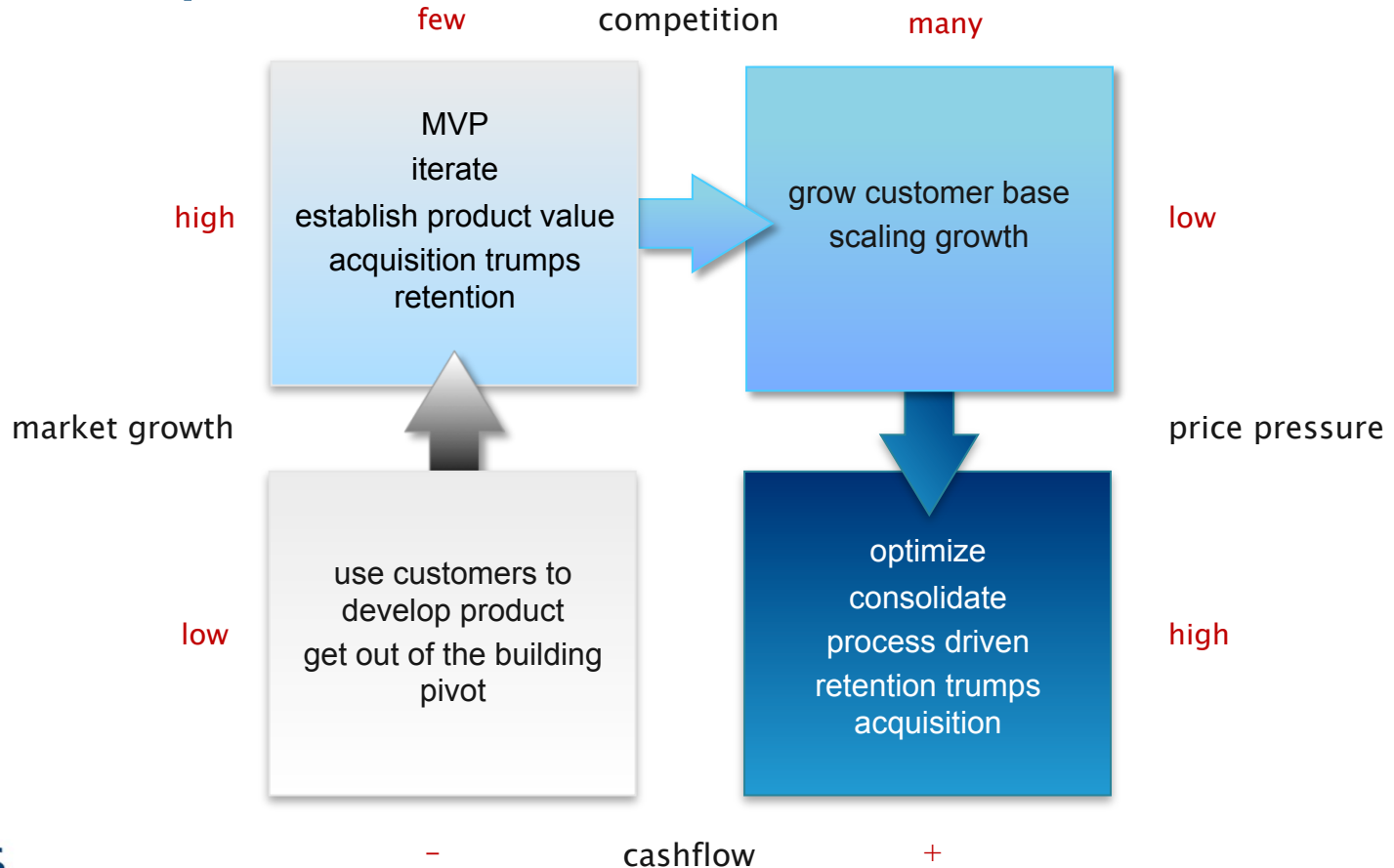
- A human institution designed to create new products & services under conditions of extreme uncertainty (Eric Ries)
- A startup is an organization formed to search for a repeatable and scalable business model (Steve Blank)
- A startup is a **product-centric** company that can **scale** to **global** proportions without dependence on **human capital**

What support is a tech start-up looking for?

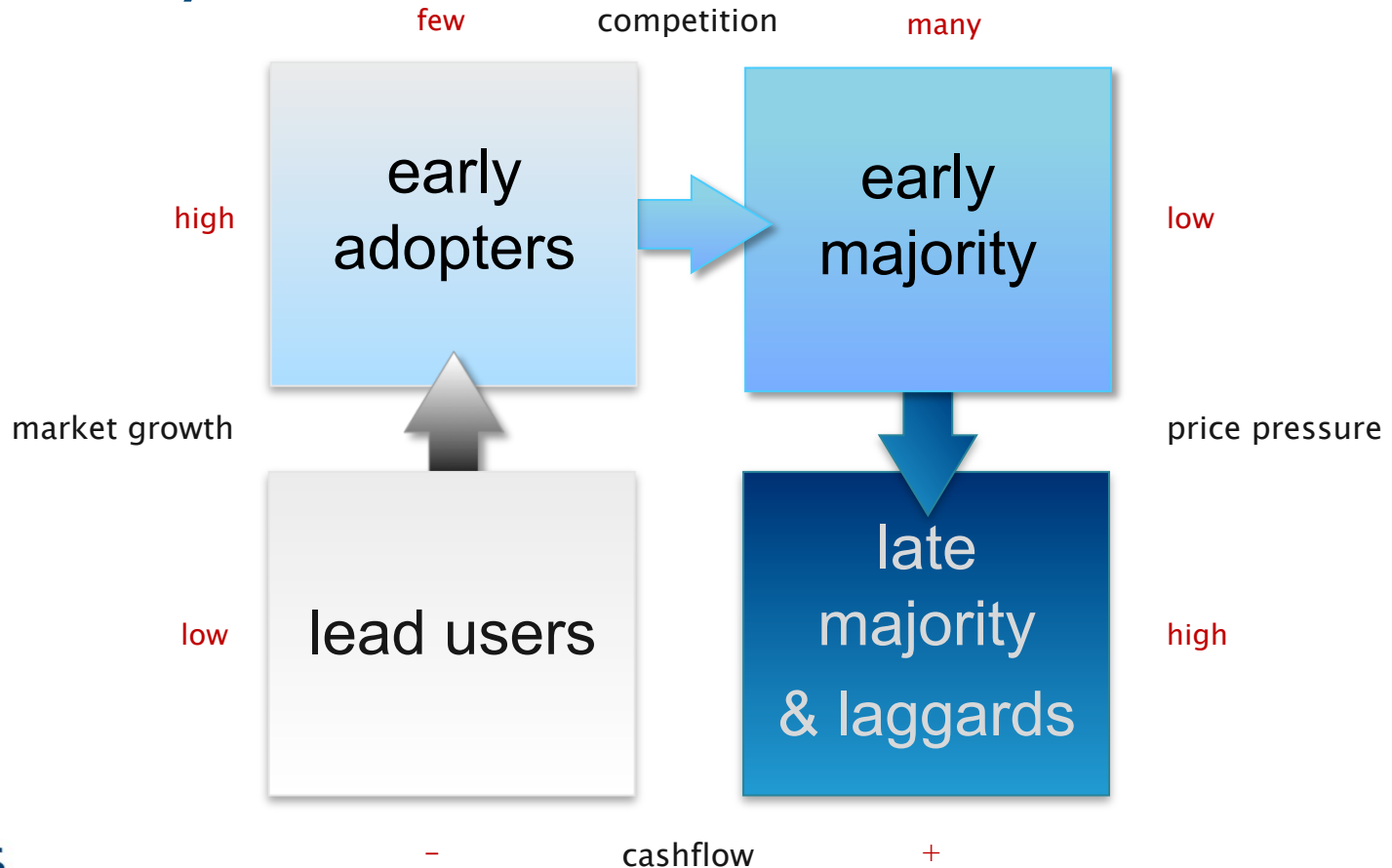
- Growth: 84%
- Brand awareness: 69%
- Launch: 36%
- Fundraising: 25%
- Recruiting: 16%
- Exit: 15%



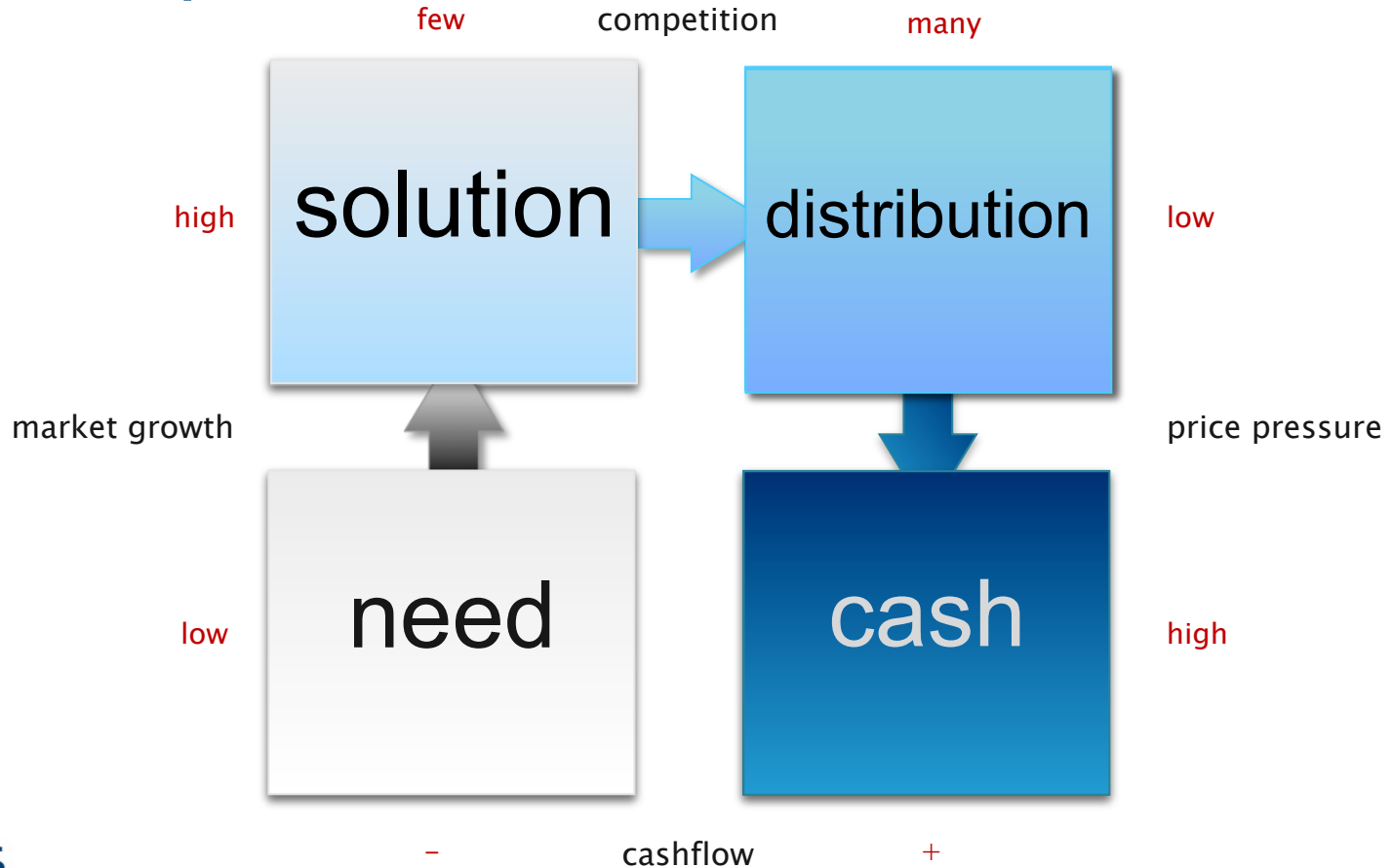
Growth cycle



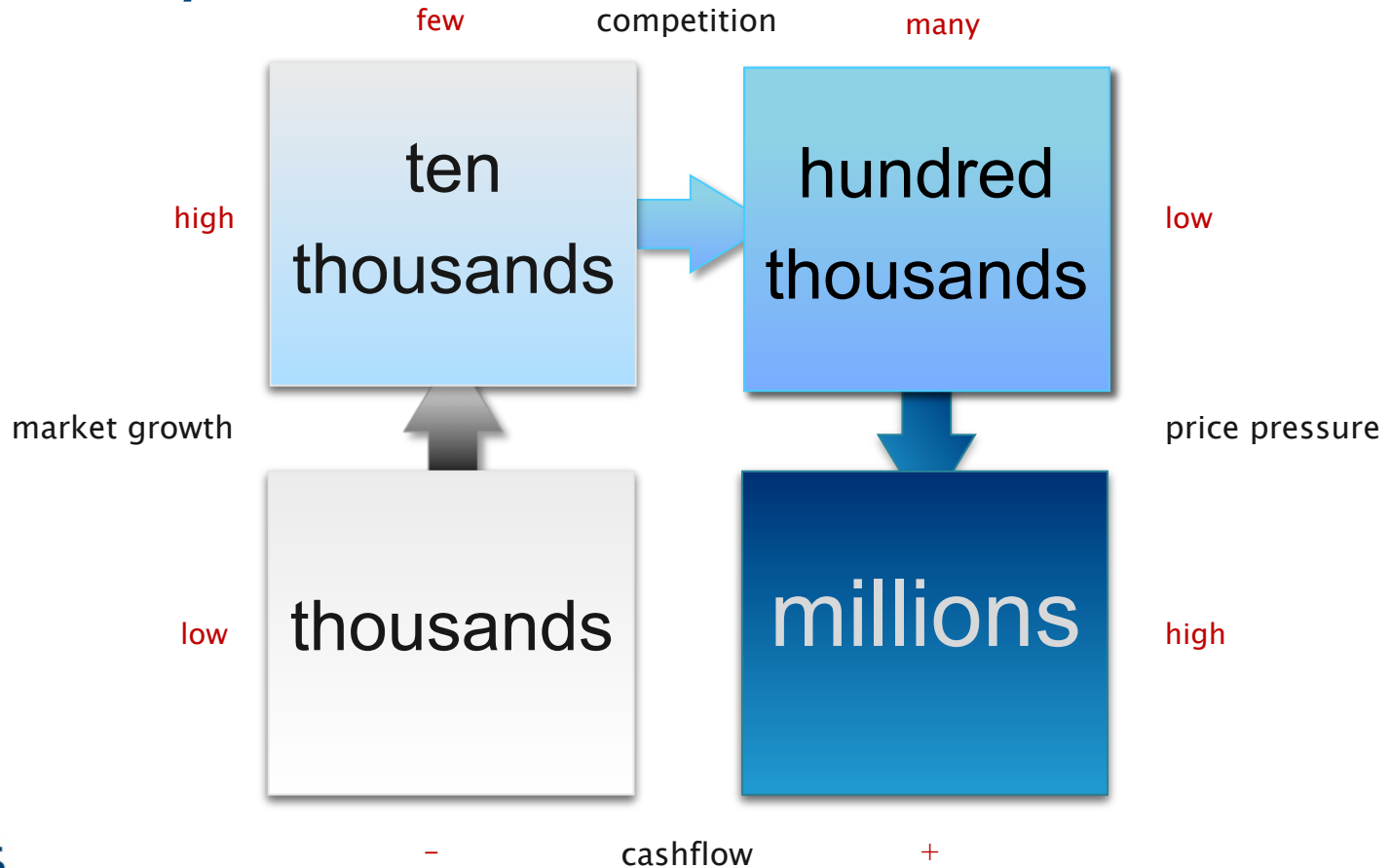
Growth cycle



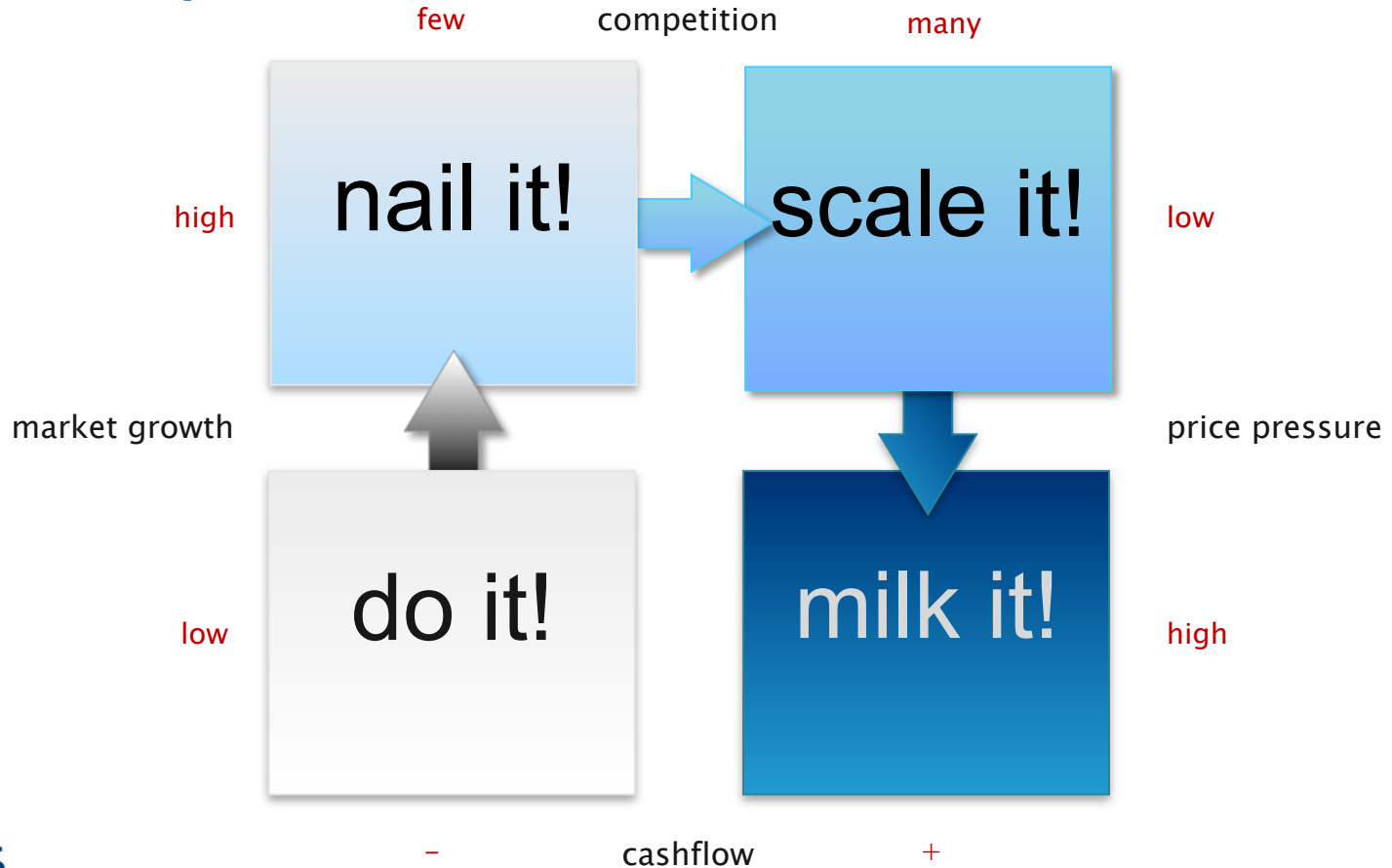
Growth cycle



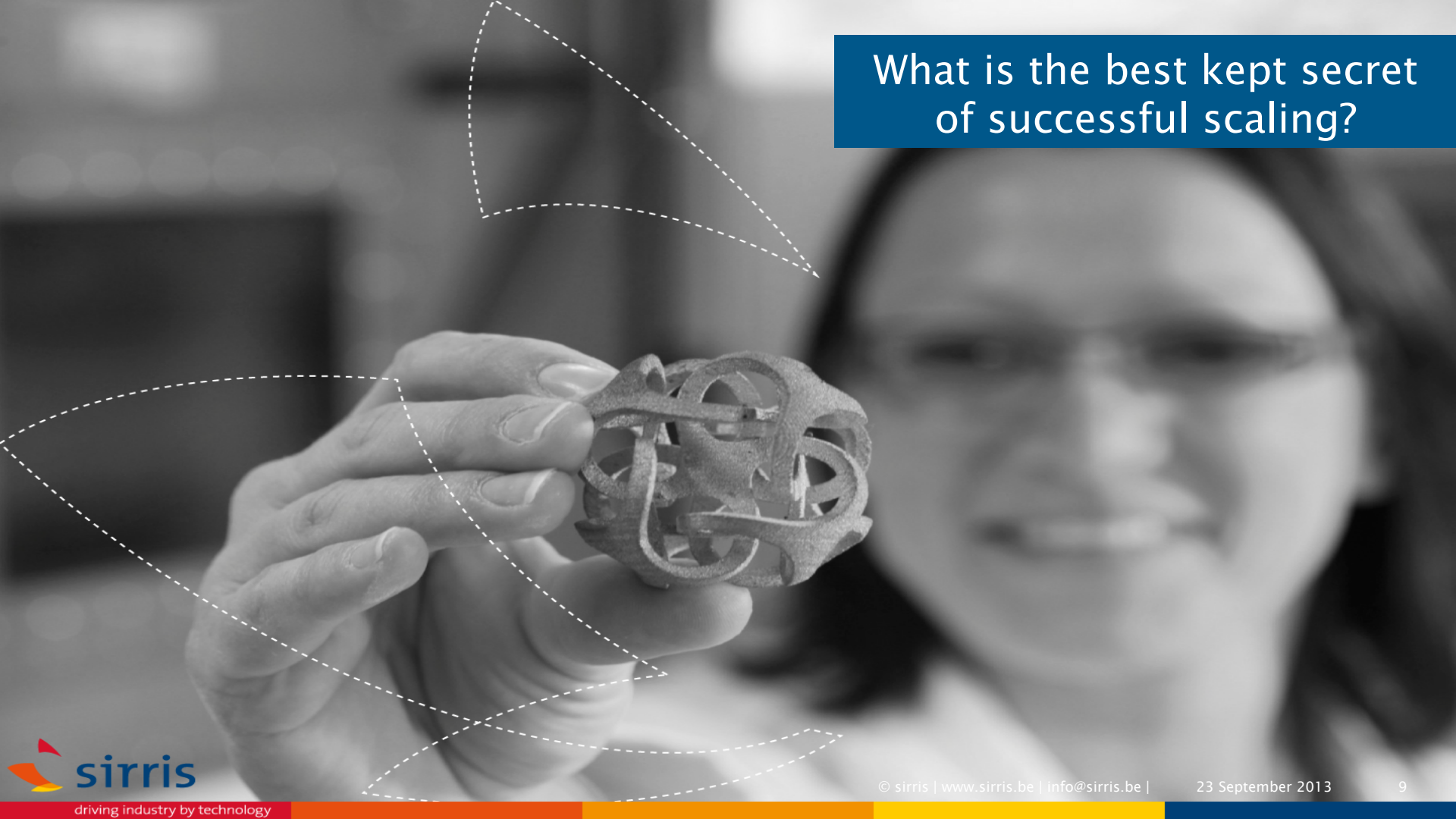
Growth cycle



Growth cycle







What is the best kept secret of successful scaling?






CAOS formula.swf

Cost of Sales is the name of the game

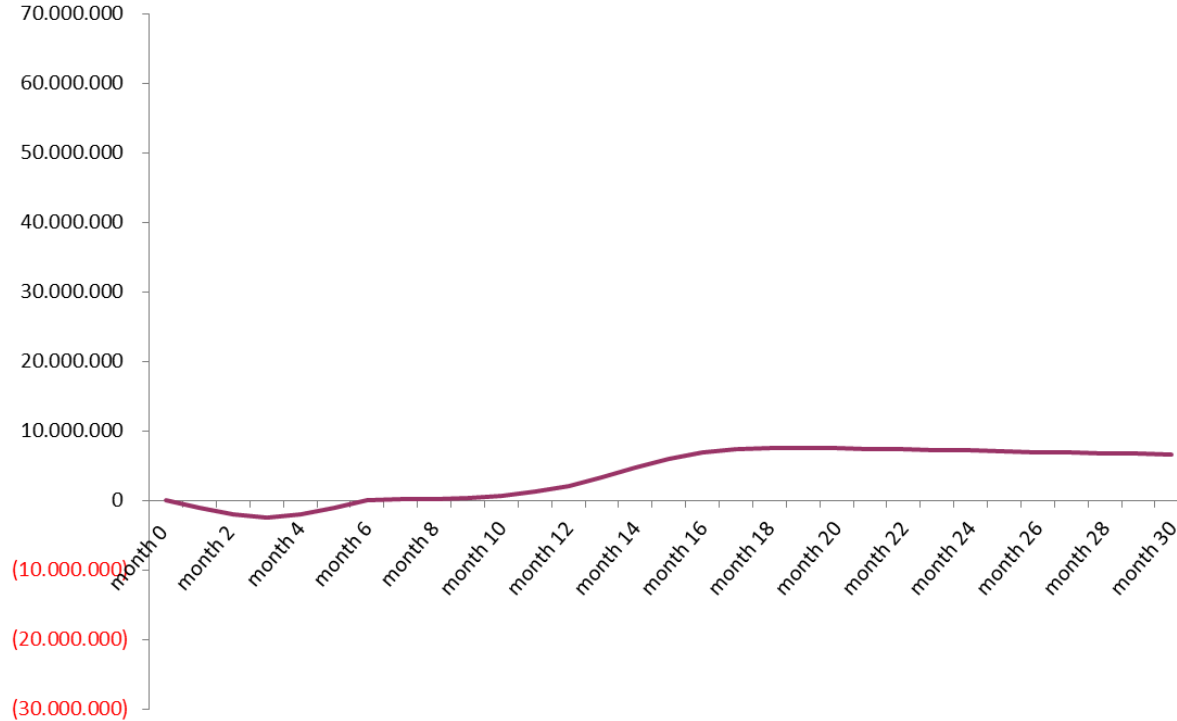
-  ■ Salesforce 56% (\$2.8B revenue)
-  ■ ConstantContact 67% (\$1.8M revenue)
-  ■ SuccessFactors 99% (\$32M revenue)
-  ■ NetSuite 159% (\$1.7M revenue)

-  ■ Microsoft 19% (\$77.8B revenue)

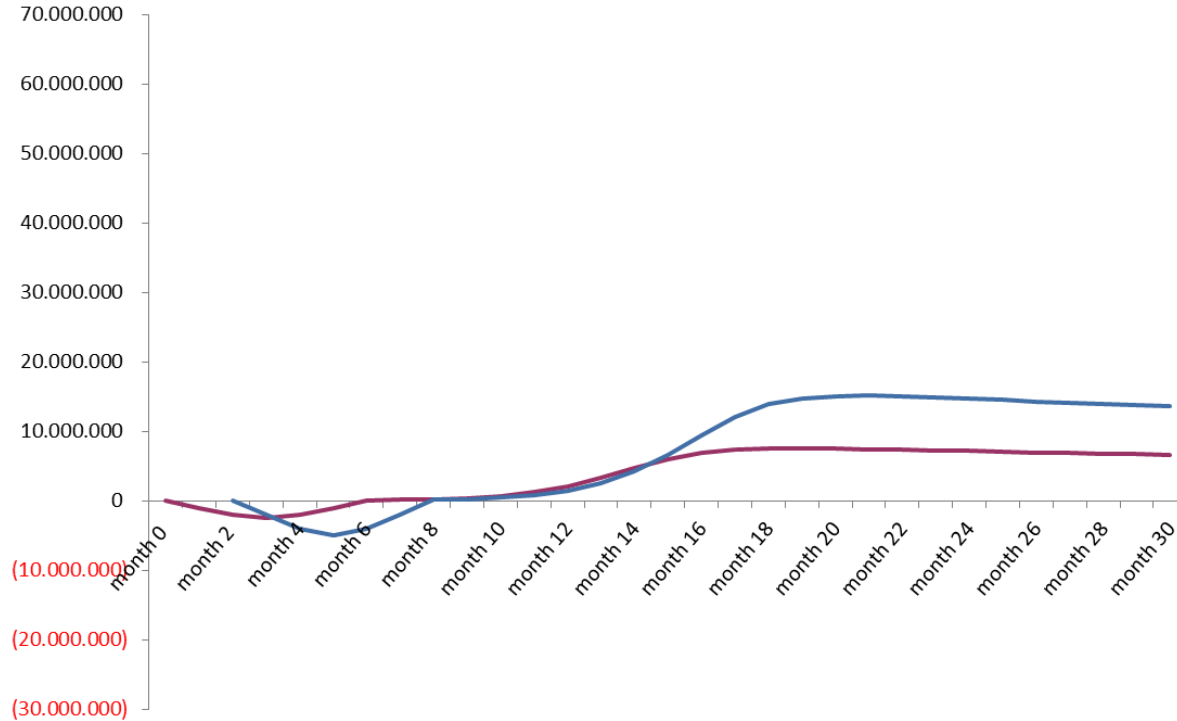
Business models – financial impact

- On-premise software → pay now
- Services → pay soon
- SaaS → pay later

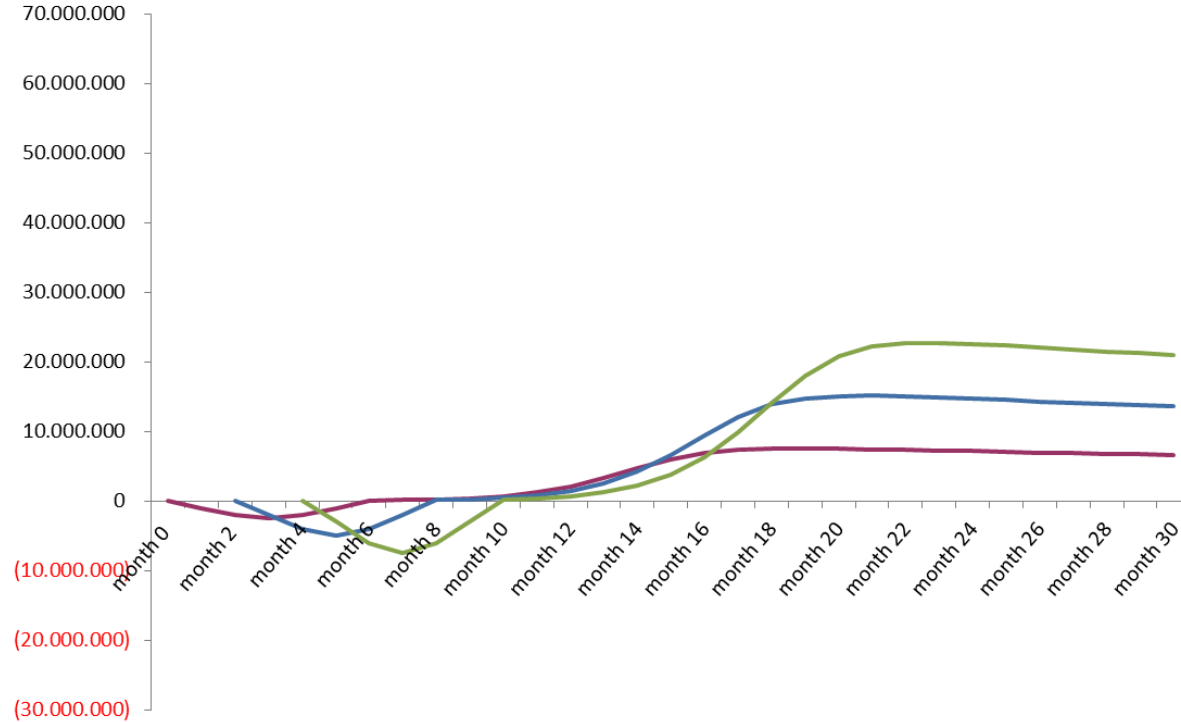
Hockeystick growth



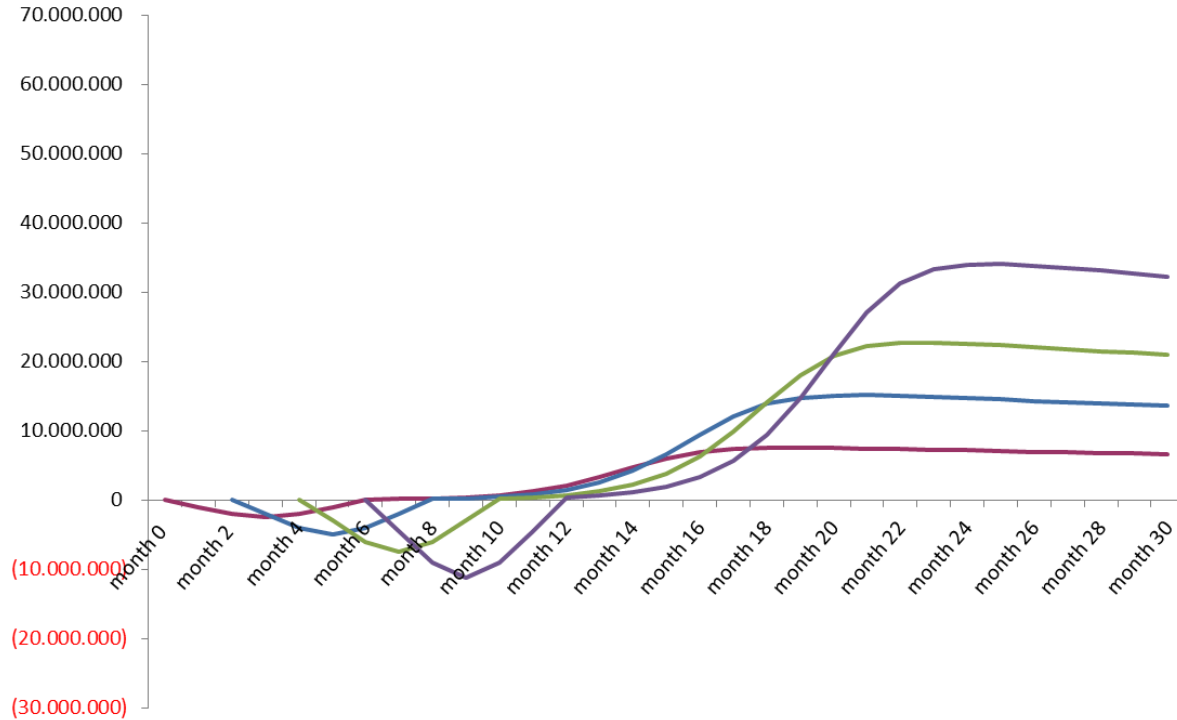
Hockeystick growth



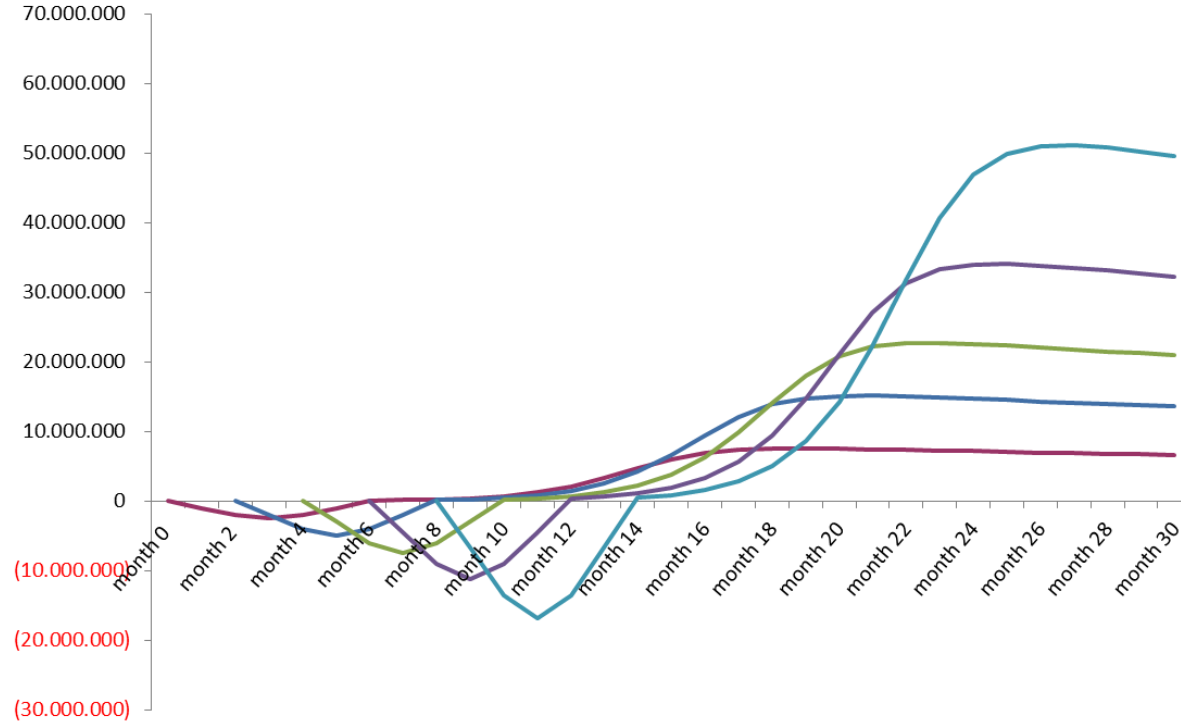
Hockeystick growth



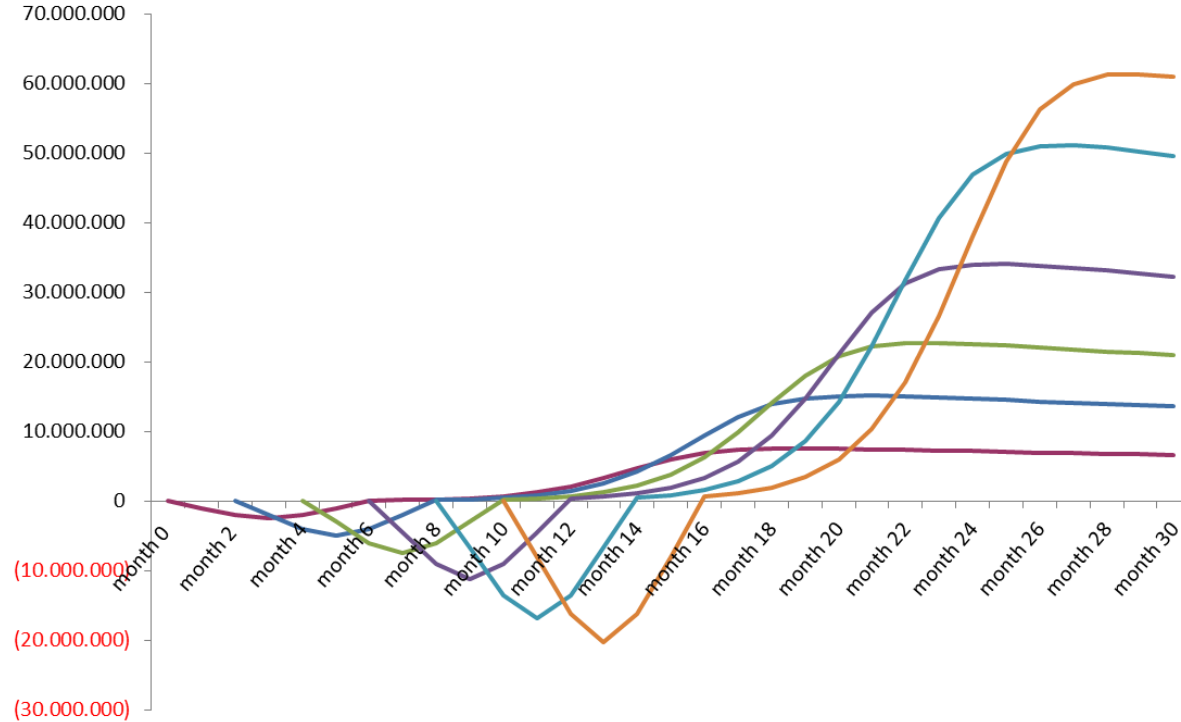
Hockeystick growth



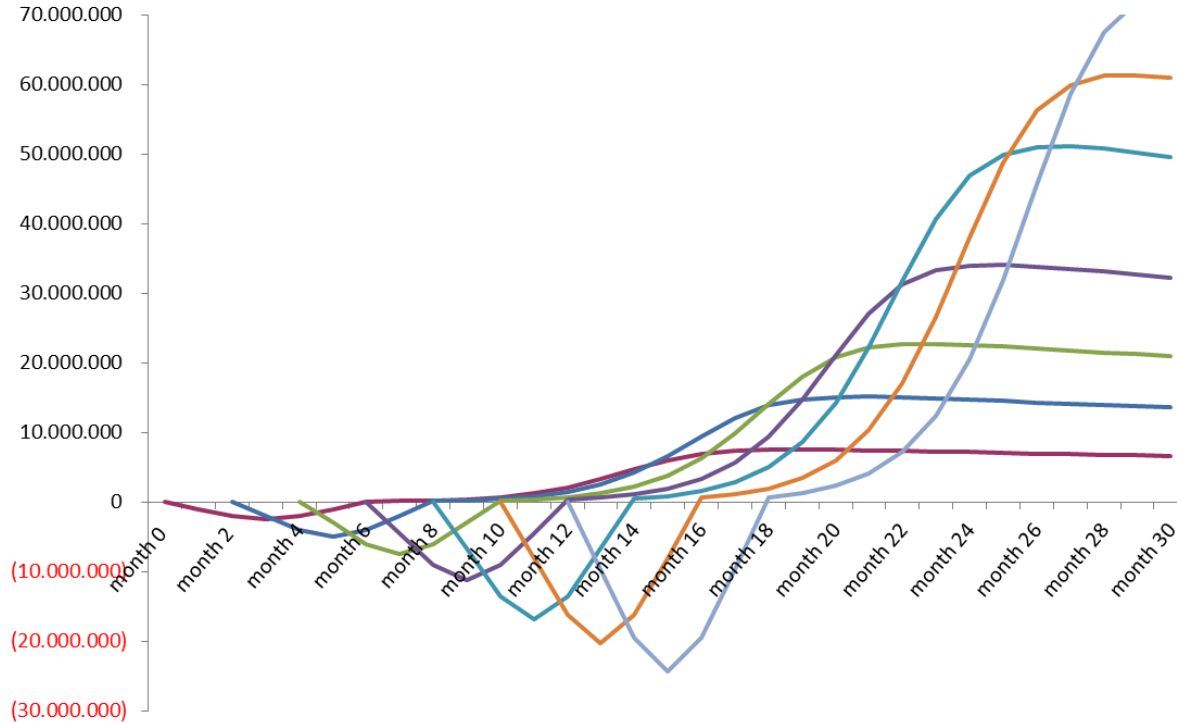
Hockeystick growth



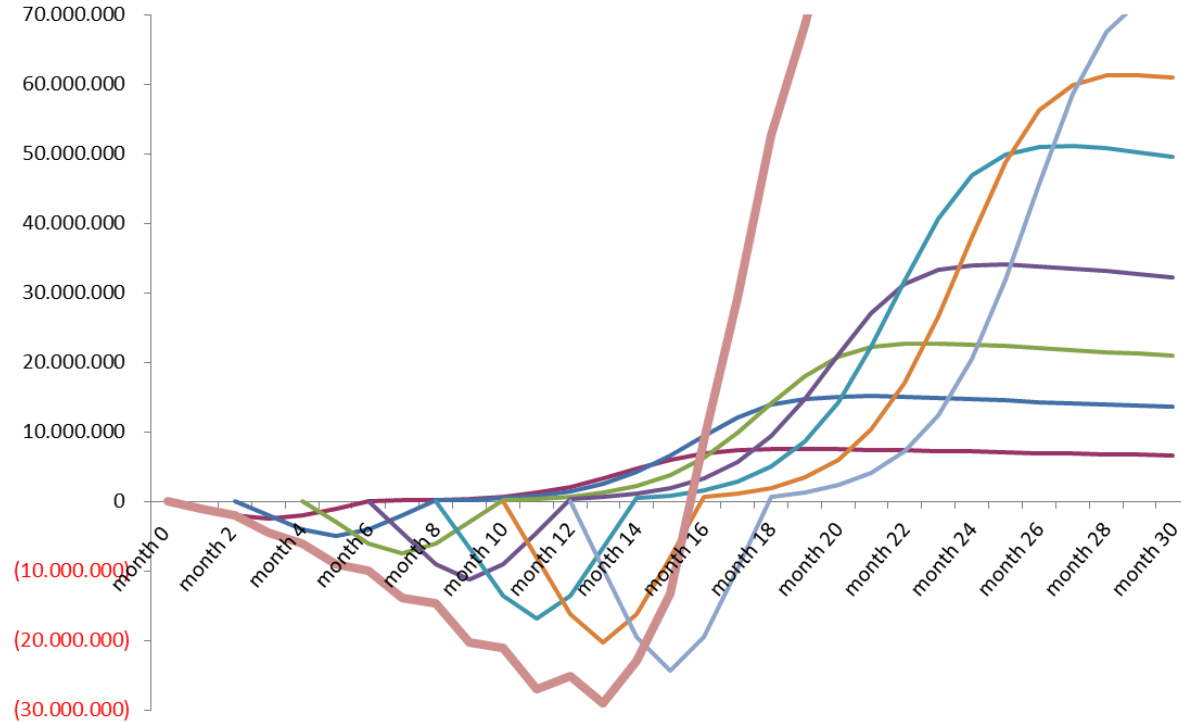
Hockeystick growth



Hockeystick growth



Hockeystick growth



How to overcome this?

The short answer is Leverage

$$\text{\$} = \frac{(\# \text{ leads}) * (\text{\$ lead value}) * (\% \text{ conversion rate})}{(\text{length of sales cycle})}$$

5% increase in every component



$$\frac{(1+0.05) * (1+0.05) * (1+0.05)}{(1-0.05)}$$

$$(1-0.05)$$



22%

potential sales growth

Financial benchmark

- Gross Margin: **79%** (60 - 70%)
 - Sales & Marketing: **24%** (45 - 75%)
 - R&D: **18%** (12 - 25%)
 - G&A: **12%** (15 - 23%)
- EBITDA: **18%** (< 10%)

- Churn (annual) **<15%** (97.8%)

Need to know more?



- KATALICT (3rd of October)
goo.gl/Dmo7IE



- Startathlon (17th of October)
www.startathlon.com



- Growth Hacking (21st of November)
www.meetup.com/growth-hacking-belgium



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