SAAS METRICS
How to prepare your SaaS company for sale

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Table of contents

Executive summary

This white paper serves as a comprehensive guide for SaaS entrepreneurs and business owners looking to prepare their company for a sale. Periodically evaluating your ownership and company strategy is crucial, especially for founders whose wealth is closely tied to their businesses. By adopting an investor's perspective, you can better identify risks and opportunities, which will inform key decisions such as whether to continue operations, divest, or bring in a growth partner.

Key questions to consider during this evaluation include:

01 What is most beneficial for you: continuing, divesting, or finding a growth partner?

02 What is in the best interest of the company's future success?

03 If selling, would you prefer to partially or fully cash out?

04 Would owning a smaller share of a larger, more successful company be more advantageous?

As you prepare for a potential sale, tracking key performance indicators (KPIs) is essential to understanding your company's performance and value drivers.

We recommend focusing on 10 critical KPIs to assess your SaaS business.

Valuation KPIs: Rule of 40

- Annual Recurring Revenue (ARR)
- ARR Growth Rate (%)
- EBITDA Margin (%)
- Rule of 40: ARR Growth Rate + EBITDA Margin

KPIs indicating strong product/ high customer engagement

- Total Addressable Market
- Net Revenue Retention (%)
- Customer Churn Rate (%)
- Customer Lifetime Value (LTV)
- Customer Acquisition Cost (CAC)
- LTV/CAC Ratio

By focusing on these KPIs, you will gain clarity on your business's current performance, helping you communicate its strengths effectively during the sales process.

Translink Corporate Finance offers expert guidance to help navigate these decisions. With an impartial advisor providing a buyer's perspective, we assist in identifying key areas for value maximisation and uncovering potential growth opportunities. By strategically evaluating your options and focusing on the right KPIs, you ensure that your decisions are aligned with both personal and business goals, setting the stage for a successful exit or partnership.

01 | Introduction

Translink Corporate Finance has extensive experience in cross-border SaaS transactions. We create value for our clients with a global presence and efficient processes, enabling them to identify the right buyer with a shared future vision and willingness to pay a premium. Based on past projects, the variance between the highest and lowest offers can range from 30% to 50% of the final purchase price.

This white paper provides insights, recommendations, and key considerations for SaaS founders, with a focus on SaaS KPIs. Drawing on experience from over **40 SaaS transactions in the past 36 months,** we leverage our global network of 400+ M&A professionals in 35 countries to navigate these complex processes effectively, with a cross-border deal and global investor universe as our starting point.

As a SaaS entrepreneur or business owner, it is crucial to periodically evaluate your ownership and company strategies. For founders whose wealth is closely tied to their businesses, this evaluation becomes even more significant. By adopting an investor's perspective, you can identify risks and opportunities, informing decisions about staying the course, divesting, or bringing in a growth partner. Key questions to consider include:

- **What is most beneficial for you: continuing, divesting, or finding a growth partner?**
- **What is best for the company's future success?**
- **If selling, would you prefer to cash out partially or fully?**
- **Crucially, would you be better off owning a smaller share of a larger, more successful company?**

Getting in touch with Translink Corporate Finance ensures these decisions are made strategically, with an impartial advisor offering a buyer's perspective. This helps identify areas for value maximisation and growth potential.

02 | Aligning personal goals with the company's strategic needs

2.1 Owners' strategy

It is essential to discuss and get alignment on the company's ownership strategy among all shareholders. For founders holding a majority share position, we recommend reflecting on the following key considerations.

Long-term goals: What are your aspirations for the company? Are they aligned with those of other shareholders? Are they aligned with the actual competencies of the current management team?

Risk tolerance: How comfortable are you with the level of financial and operational risk tied to your ownership? Would diversifying your position through partial divestment or new investors be beneficial to unlock new potential?

Leadership and competencies: Does the organisation have the right leadership and competencies to deliver on the company strategy?

External factors: How do external factors (e.g., competition, technology, consolidation, customer trends) shape the company's overall risk and opportunity landscape?

Growth ambitions: Does the company require additional resources — capital, management, expertise, or networks — that a new partner could provide? Do you have a compelling equity story for the next 3 to 5 years?

Control and influence: Are you prepared to adjust your level of control if bringing in new shareholders or investors aligns better with the company's long-term success?

Exit strategy: Do you have a clear plan for eventually realising the value of your investment? Is now the right time to explore partial or full divestment?

By addressing these questions, you can ensure your ownership strategy is well-defined, aligned with other stakeholders, and supportive of the company's future trajectory.

2.2 Reflections for founders

Based on our experience as M&A advisors, founders often decide to sell or seek growth partners for the following reasons:

Company strategy motivations

- Need for funding to execute ambitious growth plans
- Desire to expand into new markets, expertise, reach and risk sharing
- Recognition that the company requires more structure or a different leadership style as it scales
- Opportunity to leverage consolidation trends in the industry
- Concerns about competition or technological risks

Founders/owners motivations

- A desire to cash in after years of hard work
- Interest in pursuing new ventures and using the proceeds from sales to fund them
- Personal circumstances (e.g., no successor, health challenges, family-related priorities, create more time for hobbies and interests)
- Recognition that a leadership transition may be desirable/ necessary

An often-overlooked consideration is the timing of an event such as an M&A deal. The ebbs and flows of the market frequently dictate the best time for sale or investment. We have seen many instances where owners wait too long (or move too soon) to execute strategic decisions and thus miss out on opportunities to maximise outcomes.

In the following chapters, we outline key strategies for navigating a successful sales process in today's SaaS market, with a strong focus on essential KPIs. Drawing on our extensive experience advising SaaS transactions, this white paper provides a comprehensive overview of the critical factors to consider when strategically evaluating your company's future.

03 | Monitoring the right information to better understand and assess your business

The SaaS sector has several well-established metrics that are commonly used to monitor and/or appraise performance. Over the years, the industry has accumulated diverse participants with the appetite to invest or acquire, including venture capitalists, growth or leveraged buyout investors, software consolidators and strategic buyers. Most of them will rely on the same common set of KPIs to appraise a business.

Transaction valuation typically comes down to four things:

- **"Rule of 40"** valuation and value of future cash flows
- **Risk & reward** assessment
- **Strategic fit** e.g. synergies, combined growth potential
- **Competitive** tension in the sale process

The next sections will guide you through what matters.

3.1 Key performance indicators for driving value in the sales process

To have an optimal sales process, the combination of a strong product, exceptional team, positive financial development and high customer engagement is ideal. This will ultimately translate into strong key performance indicators and make the company attractive for investors.

Investors aiming to acquire SaaS companies prioritise strong value creation potential paired with manageable risk. The ideal timing for a successful deal depends on several favourable indicators ("in the green"). Tracking a broad set of KPIs enables proactive adjustments and data-driven strategies that support sustainable growth and value creation. Figure 1 gives our overview of the most popular SaaS KPIs.

Must have KPIs

Rule of 40	Other 'Must have" KPIs
Annual recurring revenue (ARR)	Total addressable market
ARR Growth rate (%)	Net revenue retention (%)
EBITDA margin (%)	Customer churn rate (%)
Rule of 40 (%) = growth in ARR (%) + EBITDA margin	Customer Lifetime Value - LTV
	Customer Acquisition Cost - CAC
	LTV/CAC

Sales & Engagement metrics

ARR measurements	Sales & Engagement metrics	Sales & Engagement metrics
ARR as % of total	Customer concentration	Number of users
New business ARR	Quick ratio	Product engagement
Average ARR per customer	Number of customers	Annual Contract Value (ACV)
Churned ARR per churned customer	Number of churned customers	Average Sales Cycle
Committed ARR	Revenue split by customer types	Deal conversion rates/Win Rate
Expansion revenue rate	Customer satisfaction	Sales Velocity

Profitability and Efficiency KPIs

Profitability metrics	Operational efficiency
Gross margin (GM)	Saas Magic Number
Recurring GM	CAC/ New ARR
Services GM	Number of employees
Product development as % of revenue	Revenue per employee
S&M as % of revenue	OPEX per employee
CAC Payback Period	Uptime (System availability)

Capital effeciency KPIs

Capital efficiency
Net burn
Burn multiple
Runway

Figure 1: Overview of SaaS KPIs

3.1.1 “Must have” key performance indicators to track

Rule of 40 and valuation of SaaS companies – balancing growth and profitability
The “Rule of 40” is a key metric for assessing the overall health of a SaaS company, balancing growth and profitability. It is calculated as:

Rule of 40 = ARR Growth Rate + EBITDA margin

A company that achieves both strong profitability (with robust cash generation) and an impressive growth rate is more likely to emerge as a market leader across various qualitative and quantitative measures. This metric provides a quick, effective way to benchmark a company against its peers or the broader market.

An aggregated score above 40% typically indicates a well-balanced SaaS business that optimally navigates the trade-off between growth and profitability.

To maximise valuation in a sales process, the Rule of 40, alongside key performance indicators (KPIs), provides a powerful framework for showcasing a SaaS company's resilience, sustainability, and value potential as it scales.

In the table on the next page, we outline the components that make up the Rule of 40. The “Translink Corporate Finance experience” column to the right reflects our perspective on what constitutes ‘market-leading’ performance—an inherently subjective view. Drawing on our transaction experience, we have defined KPI thresholds that typically broaden the buyer universe and enhance investor interest.

It is understood that a company may have a weaker score on some KPIs while excelling in others. Investors assess the overall picture rather than isolated metrics.

Additionally, a company's stage of development can influence how investors interpret a strong KPI score and determine which metrics take precedence. This paper shares our insights on both start-ups in their scaling phase and more mature SaaS companies.

“MUST HAVE” KPIs: RULE of 40

KPI	Description	Formulae	Tranlink CF Experience Good score
Annual Recurring Revenue (ARR)	Annual recurring revenue (ARR) is the annualised recuring value of the contracts that are invoiced and recognised as revenue (subscription revenue). The ARR predicts the accured revenue for the year	**ARR = MRR x12**	Certain thresholds of ARR typically expand the investor universe: 3m€ ARR 10m€ ARR
Monthly Recurring Revenue (MRR)	Monthly recurring revenue (MRR) is the monthly recurring value of the contracts that are invoiced and recognised as the revenue		Please note that there can be significant interest also for a company with ~1m€ ARR, the comment is a generalisation with several exceptions
ARR growth rate (%)	Growth in ARR over the last 12 months. This is one of the most important metrics to track. ***Organic growth versus inorganic growth can be specified if relevant***	**ARR Growth rate = ((Year 2 ARR/ Year 1 ARR) – 1) x 100%**	High growth companies: >15% for mature business >30% for younger business
EBITDA margin (%)	Investors want to buy pure sugar cane EBITDA. that is excluding CAPEX (or capitalised productions) i.e., they look for EBITDA with very high cash conversion rate.		> 25% for mature businesses For companies in the scaling phase, the investor interest is high when the company has a positive or break-even EBITDA
Rule of 40 = Growth rate + EBITDA margin	The Rule of 40 is a rule of thumb that measures the tradeoff between growth and profitabilty. A high-performing Saas company should meet or exceed 40%	**Rule of 40= ARR growth rate + EBITDA margin**	>40% for healthy businesses >60% to command a high premium

Development of EV/ARR (NTM[1] Sales) multiple over time

The SaaS market witnessed unprecedented valuation highs in 2021-2022, as shown in Figure 2. It took time for the market to recalibrate, recognising that these valuations were anomalies driven by an extremely high rate of money flow rather than sustainable norms. By 2024, valuations have stabilised at what are considered more sustainable levels, and deal volumes are on an upward trend, signaling renewed investor confidence and market maturity.

[1] NTM=Next Twelve Months

Quartely EV/Sales multiple evolution - Median vs. SaaS Capital Index

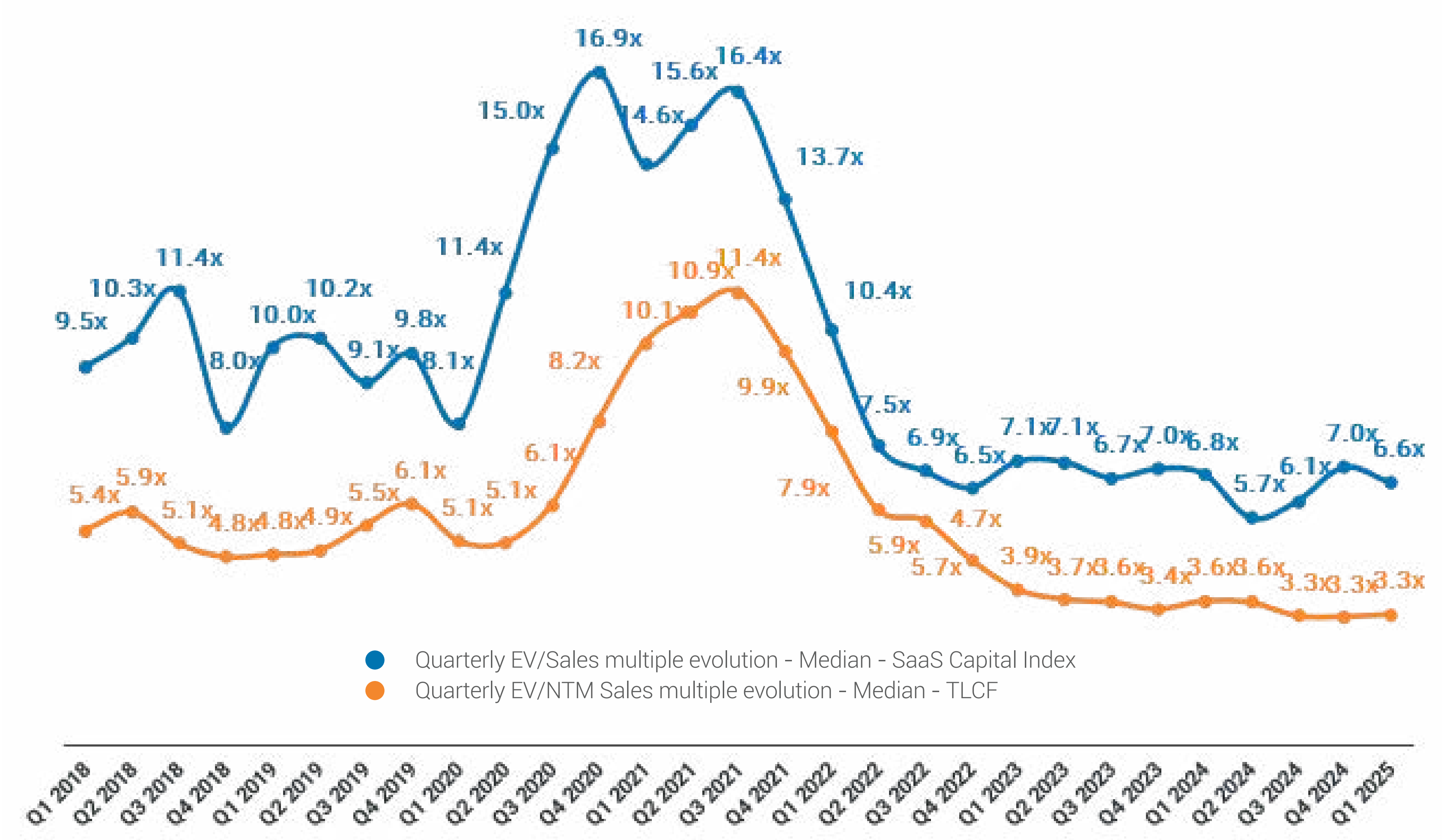

Figure 2: Average SaaS company valuation EV/ NTM Sales over time based on the Translink CF SaaS Index for Q1 2025

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Rule of 40 valuations based on Translink Corporate Finance SaaS Index

Translink Corporate Finance publishes a quarterly SaaS Index focused on the small- to mid-sized business segment. This resource provides valuable insights into industry trends, benchmarks, and valuations, offering a comprehensive snapshot of current market dynamics in the SaaS sector.

For the latest edition of the SaaS Index, please visit our website at https://translinkcf.com/industry-sectors/tmt.

In Figure 3, we have mapped the valuation of SaaS companies based on the Rule of 40.

Rule of 60 -a new KPI standard?

Since the start of 2025, investors are increasingly focusing on the “Rule of 60” as a more stringent KPI for identifying high-value SaaS companies. This shift reflects a more selective investment climate (flight to quality), where buyers are willing to pay a premium for assets demonstrating exceptional quality.

Companies achieving the Rule of 60—where the combined growth rate and EBITDA margin reaches or exceeds 60%—are commanding significantly higher valuations than those meeting the Rule of 40. This heightened standard underscores that for valuation outperformers, robust growth paired with disciplined profitability is now the benchmark for top-tier SaaS companies.

Correlation between EV/Sales and Rule of 40 (Q1 2025 vs Q1 2024)

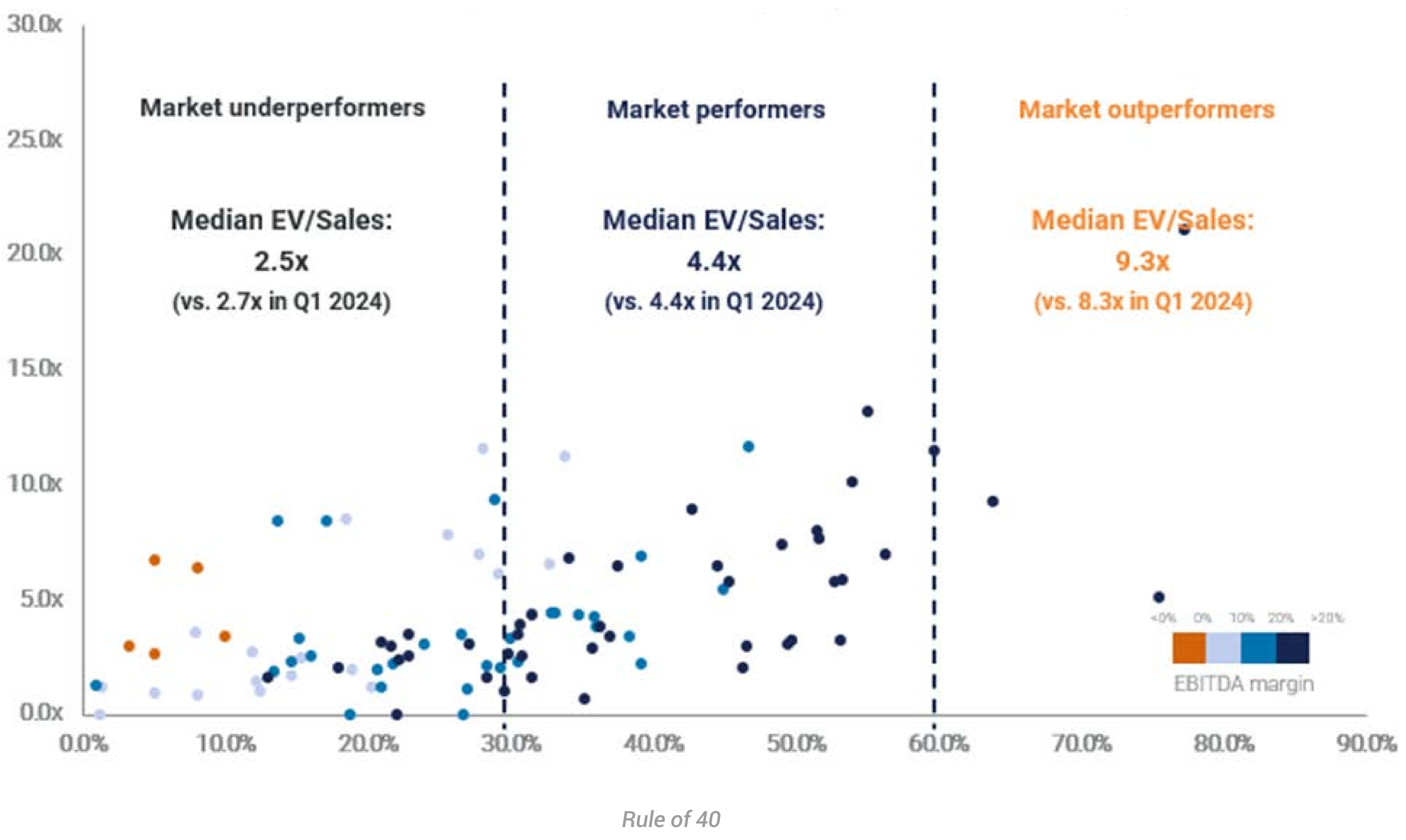


Figure 3: Translink Corporate Finance Saas Index for Q1 2025

Beyond the core KPIs underlying the Rule of 40, we would highlight the KPIs listed in the table below as other essential KPIs to track and report on to potential investors.

Other "MUST HAVE" KPIs:

KPI	Description	Formulae	Translink CF experience Good score
Total addressable market	Describing the total addressable market is important to explain the potential of the product/company Please note that during the sales process, an investor wishes to understand both the upside potential and the risk in the equity story. Presenting the total addressable market is an important element. The investor will combine this information with insights into the competitive landscape and seek to understand the company's unique value proposition	N/A	Case specific
Net revenue retention (%)	Net revenue retention is one of the most important measurements of business health for software companies related to revenue generation It describes the percentage of revenue retained from existing customers over a specific period (usually monthly or yearly), including upgrades, downgrades, cross-sells, and cancellations	Net Revenue Retention Rate (NRR) = (Starting MRR – Downgrade MRR – Churn MRR + Expansion MRR)/ Starting MRR x 100%	>100%
Customer churn rate (%)	The percentage of customers who stop doing business with an organisation over a period	Number of customers who stopped being customers over a defined period/ Number of customers during the period.	< 5%
Customer Lifetime Value - LTV	An estimate of the average revenue that a customer will generate throughout their lifespan as a customer Some investors prefer to look at the gross profit rather than ARR to reflect the gross profit rather than sales from the customer	Average ARR per customer/ Churn rate Alternative: Average ARR x gross margin/ churn rate	Varies across the software areas
Customer Acquisition Cost - CAC	Total average cost of sales and marketing needed to convince new customers to buy a product or service	Current period total acquisition cost / Total # of new customers NB: make sure to align the period to your sales cycle	Varies across the software areas
LTV/CAC	Compares the value of a customer over their lifetime to the cost of acquiring them Some investors prefer to look at the gross margin rather than ARR to reflect the actual direct cost of delivering the service	Version 1 based on ARR: LTV/CAC Version 2 based on gross margin: LTV* gross margin/ CAC	>3x

3.1.2 Popular KPIs related to sales and customer engagement

The table below shows the most popular metrics related to sales and customer engagement.

KPI	Description	Formulae	Translink CF experience Good score
ARR as % of total sales	Measures the percentage of your total revenue that comes from recurring revenue as opposed to one-time or non-subscription revenue	ARR/ total sales	>80% some will consider > 60% as a threshold
New business ARR	Revenue generated from new customers	ARR from new customers	
Committed ARR	Contracted ARR refers to the subscription revenue of all signed contracts (including customers not yet live)		
Number of customers	Number of customers can be a good indicator for market fit		A high number of customers is attractive
Average ARR per customer	Metric used to understand how much revenue each customer is generating	ARR/ total number of customers	Business dependent
Number of churned customers	Number of customers churned can be a good indicator of customer satisfaction and product stickiness (or lack thereof)		Low number attractive. Ideally know the root cause of the churn
Churned ARR per churned customer	Metric used to understand the average revenue lost per churned customer to understand the size impact of lost customers	Churned ARR/ Number of Churned	Business dependent Comparison to average ARR per customer can be relevant
Customer concentration	Indication of dependence on a few customers, e.g., list of top 10-20 customers' shares of total revenue or similar data set	Example – top 10: Sum ARR top 10 customers/ total ARR	Not a clear target here <20% for Top 10 clients typically very good
Quick ratio	Measures the growth of recurring revenue over a certain period in comparison to the Contraction (churn and downgrade of ARR)	New ARR/ (Churned and downgraded ARR)	A high quick ratio implies healthy growth >3

KPI	Description	Formulae/ comment
Revenue split by customer types	The split in revenue across the main customer types: B2B (Business); B2C (Consumer) and B2G (Government)	B2B sales/ total sales B2C sales/ total sales B2G sales/ total sales
Customer satisfaction	Customer Satisfaction can be measured in numerous ways: - Customer Satisfaction Survey - User Satisfaction Survey - Net Promoter Score Survey (NPS)	
Number of users	A high number of users is a good indicator of product adoption	Total number of system users
Product engagement	Assess stickiness and feature usage within the customer base	Number of daily active users Number of monthly active users
Annual Contract Value (ACV)	The KPI is used for specific contract valuation purposes and for segment comparisons. Includes both recurring + non-recurring revenue	Value of a contract over an annual (12-month) period.
Expansion revenue rate	Measures revenue growth from existing customers through upsells, cross-sells, and add-ons. Indicator of product-market fit and customer satisfaction	100% x (Δ Expansion MRR last month) / Expansion MRR beginning of the month
Average sales cycle	Average sales cycle is the average time it takes a prospect to close after entering your sales pipeline	Total days in pipeline for all closed deals/ Number of closed deals
Deal conversion rates/ Win rate	The percentage of deals that become "closed-won" compared to total opportunities	Won deals (closed won deals) / Total Closed opportunities (won and lost)
Sales velocity	Speed by which a prospect moves through sales pipeline and generates revenue	(Number of opportunities x average deal value x win rate) / (Average sales cycle)

3.1.3 Popular KPIs related to profitability and efficiency

The table below contains popular KPIs linked to operational efficiency and profitability.

Profitability and Operational efficiency metrics

KPI	Description	Formulae / Comment
Recurring GM	Gross margin from recurring services	
Services GM	Gross margin from projects / non-recurring services	
Product development as % of revenue	Indicates how much of the revenue is re-invested into product development	Cost of R&D / Total Revenue
S&M as % of revenue	Indicates how much of the revenue is re-invested into sales and marketing	Cost of S&M / Total Revenue
SaaS magic number (sales efficiency)	Used to measure sales efficiency: ARR growth for every dollar spent on sales and marketing	Growth in ARR last Quarter/ Prior Quarter acquisition costs
CAC/ New ARR	Efficiency of the S&M effort on revenue generation: Measures return on investment in acquiring customers	CAC/ New ARR
CAC payback period	Time needed to recover the cost of customer acquisition: Gauge financial sustainability of growth initiatives	CAC Payback period (in months) = CAC / (Monthly Recurring Revenue- Average Cost of Service)
Number of employees	Operational cost indicator / Efficiency KPI	Number of employees Number of Full Time Equivalent positions (FTE)
OPEX per employee	OPEX per FTE is a common benchmark to assess spend	OPEX / FTE
Revenue per employee	Operational cost indicator / Efficiency KPI	Revenue / FTE
Uptime (system availability)	Measure of system reliability	The period the software has been continuously working/ total time

3.1.4 Capital efficiency metrics

There is also a set of KPIs measuring capital efficiency, which we have listed in the table below. These KPIs are often requested if the desired transaction is a capital raise. Here, the investors seek to understand how urgent the capital raise is and thus define their bargaining power and the risk profile of the investment.

KPI	Description	Formulae
Net burn	The total amount of money lost each month after accounting for its revenue. Also called the cash burn rate	Cash from operations – Bank transfers – Financing transactions – Intercompany Activity
Burn multiple	Cash spent per incremental unit of revenue generated	Net Burn / Net New ARR
Runway	Total time in months before company runs out of cash	Cash on hand/ net burn (3-month average for instance)

Cash generation

Finally, we would like to highlight that investors are placing greater emphasis on profitability in SaaS transactions, with a particular focus on accurately assessing adjusted metrics. During the due diligence process, considerable time is often dedicated to understanding accounting adjustments and principles to evaluate the true financial health of the business. Many investors are keen to define a clear cash EBITDA margin, making it essential for sellers to present transparent and well-documented EBITDA to cash conversion metrics.

Providing clarity around “quality of earnings” not only streamlines the sales process but also builds investor confidence by offering a reliable view of the company’s profitability.

04 | Organisation, compliance and technology

Beyond the key performance indicators (KPIs) discussed in Section 3, qualitative factors play a crucial role in successfully completing a deal. Investors attach significant importance to the organisation's strength, compliance readiness, and technological foundation during the due diligence process.

4.1. Organisation and management team quality

Investors value companies with strong, capable management teams rather than those dependent on a single individual. A well-rounded team provides confidence that the business can thrive even if the founder transitions out. Key considerations include:

Team robustness: Demonstrating a solid leadership and operational structure reduces perceived risks tied to founder dependency.

Commitment of key personnel: Investors will assess whether critical team members intend to stay post-transaction. If there are risks of departures, presenting a clear recruitment or transition plan is essential.

Openness to change: A willingness among leadership and staff to embrace new directions or strategies can be a deciding factor during due diligence.

4.2 Compliance and cybersecurity vulnerability

Compliance and cybersecurity are increasingly critical in today's deal environment. Weaknesses in these areas uncovered during due diligence can deter or even terminate a transaction. Key aspects to consider include:

- **Cybersecurity:** Investors will scrutinise your cybersecurity posture to identify vulnerabilities. Significant risks or breaches can jeopardise a deal.
- **Compliance:** Regulatory compliance is essential for maintaining investor confidence. Many companies proactively pursue measures like ISO certification to bolster their readiness and credibility.
- **Preparedness for due diligence:** Given the evolving complexity of cybersecurity and compliance issues, companies benefit from conducting thorough internal assessments to mitigate risks before entering a sales process.

4.3 Technology

For a software company, technology is naturally in focus during the acquisition process. Investors will conduct detailed evaluations of the following areas during due diligence:

- **System architecture:** Robustness, scalability, and alignment with modern standards.
- **SaaS vs. on-premise solution:** Analysis of revenue split if both models coexist.
- **Cloud infrastructure:** Public vs. private cloud utilisation and associated costs or risks.
- **Technology stack:** The combination of programming languages, frameworks, libraries, and tools used to build and maintain the software. This includes assessing the efficiency, compatibility, and sustainability of the technology used, as well as how easily the stack can scale, integrate with other systems, and adapt to evolving market demands.
- **Intellectual property (IP):** Ownership and protection of proprietary technology, if any.
- **Security:** Evaluations to ensure the software is free from vulnerabilities.
- **User experience:** Usability, universal design capabilities, and multi-language support for the user interface.
- **System availability:** Reliability and up-time performance.
- **Artificial Intelligence (AI):** Assessments of AI as a potential opportunity or risk in the product offering.
- **Product development resources:** The quality and expertise of the team, including
  - The educational qualifications (e.g. PhD, engineering degrees)
  - Experience levels of team members
  - Ratio of internal to external resources

Additionally, the operational setup must meet user expectations for functionality and support.

05 | How to run an optimal sales process

Getting a good understanding of the company's performance with regards to popular SaaS metrics is just one piece of the puzzle behind orchestrating a well-managed sales process. A company sales process can be divided into the following five phases.

Readiness and **preparation**

Preparation of sales material

Dialogue with potential investors

Due diligence and **negotiations**

Signing and **closing**

Phase 01

Readiness and preparation phase: Solid preparation is important including getting to know the company, management team and owners. Tracking of the SaaS KPIs are typically initiated in this phase.

Phase 02

Preparation of sales material: The sales material should articulate the company's value proposition and equity story in a way that resonates with buyers, highlighting key growth opportunities, synergies, and competitive advantages. The documents must provide sufficient information for the investors to submit an indicative offer based on correct information and clear assumptions. Vendor due diligence can be organised if the advisor believes the quality of the process will improve by this investment.

Phase 03

Dialogue with potential investors: Building a strong investor long list is an important part of the project execution, followed by marketing of the investment opportunity. SaaS companies typically have a broad buyer universe, and an M&A advisor with international reach can create a competitive process from an international buyer universe. Management meetings are important activities in this phase.

Phase 04

Due Diligence and Negotiations: Based on the Non-Binding Offers, the next phase of the negotiation typically leads to a Letter of Intent with one or several potential buyers. This is then followed by a due diligence phase and negotiation of the final agreement. In this part of the project, various transaction structures and mechanisms can be used to bridge the interest of the buyer and the seller, e.g., earn-out mechanisms or alternative structures.

Phase 05

Signing and Closing: Coordination to close the transaction.

By combining a strong process, experience and the personal attributes of the M&A advisor, the sales process including the negotiation phase is managed professionally, strategically, and with the **client's best interests at the forefront. This significantly enhances the likelihood of a successful outcome for the investors and the company.**

06 | Summary/ Key takeaways

Evaluating both ownership and company strategy is a critical exercise for all entrepreneurs and business owners with regular intervals. Taking a step back to assess risks and exploring opportunities from an investor's perspective can provide invaluable insights into your company's attractiveness and potential.

6.1. Key Performance Indicators (KPIs)

We recommend tracking these 10 essential KPIs before and during a sales process to provide clarity on your company's performance and value drivers.

Valuation KPIs - Rule of 40

- Annual Recurring Revenue (ARR)
- ARR growth rate (%)
- EBITDA margin (%)
- Rule of 40 = ARR growth + EBITDA margin

KPIs indicating a strong product and/or high customer engagement

- Total addressable market
- Net revenue retention (%)
- Customer churn rate (%)
- Customer Lifetime Value - LTV
- Customer Acquisition Cost - CAC
- LTV/CAC

6.2. Engaging Translink Corporate Finance as your M&A advisor

If you wish to engage with a discussion partner around strategic options, please contact one of Translink Corporate Finance's advisors. We help our clients optimise transaction outcomes, reduce risk, and set the stage for a successful partnership with new owners with a focus on the following key deliverables:

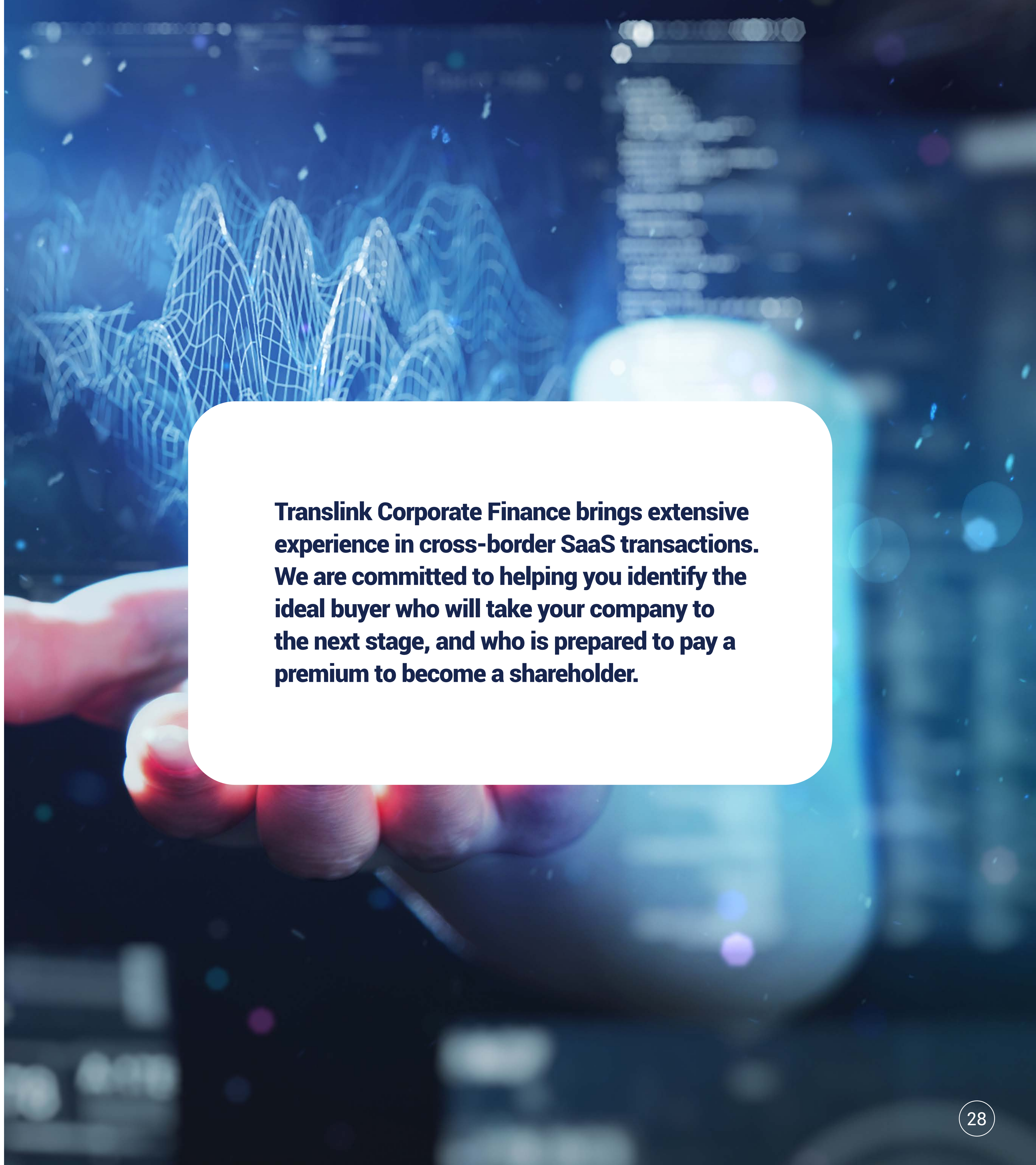
Orchestrating a well-structured process: Ensuring a professional, competitive, and efficient approach.

Attracting international investors: Especially valuable for SaaS companies to engage with the active global investor communities.

Enhancing your equity story: Clearly communicate the company's strengths, opportunities, and future potential.

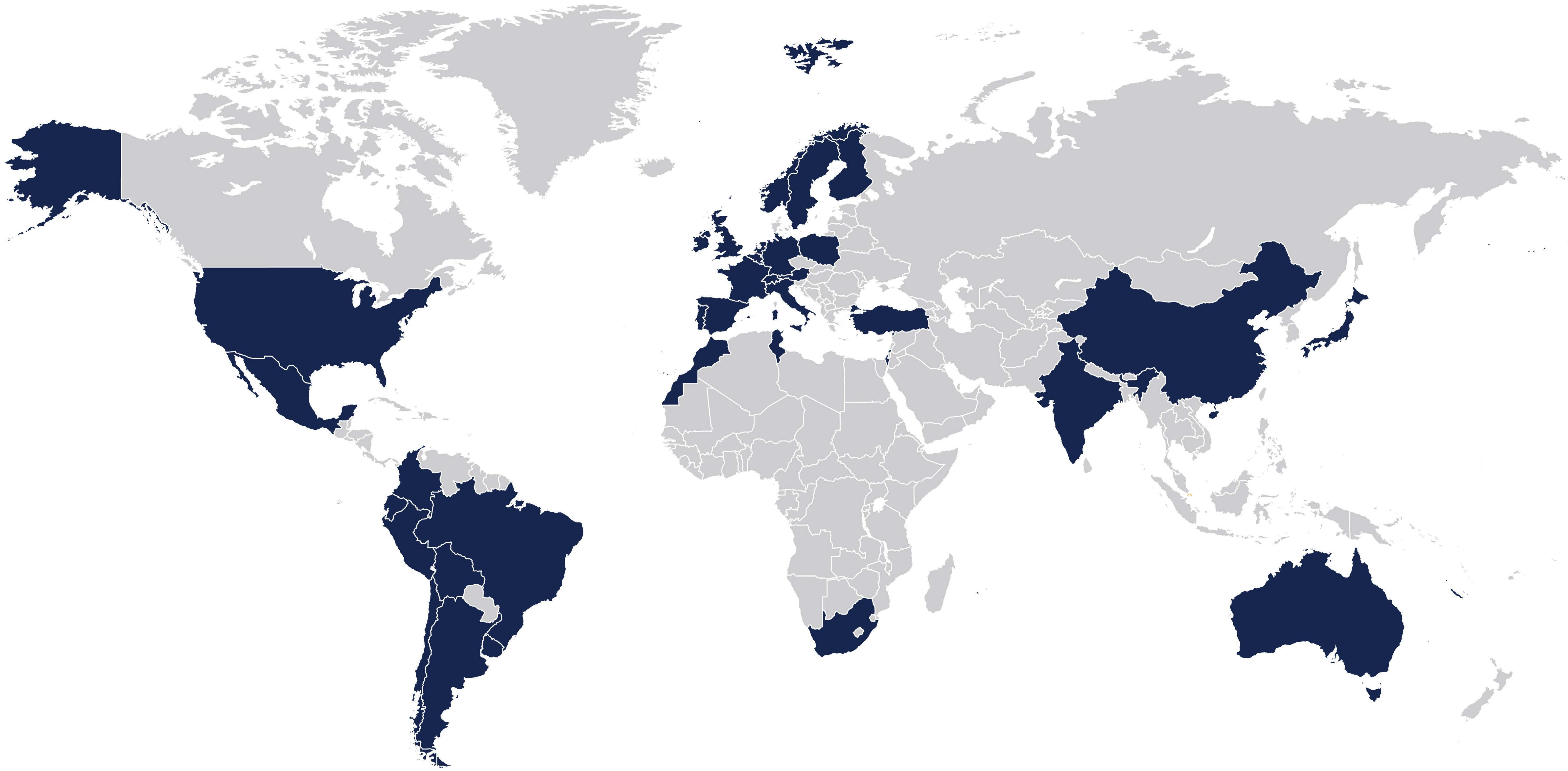
Produce high-quality sales materials: Presenting your business in the best possible light with documentation that provides accurate information for the investors to submit an indicative offer based on correct information and clear assumptions.

Manage negotiations: Maximising value, protecting confidentiality, and getting the best deal done.



Translink Corporate Finance brings extensive experience in cross-border SaaS transactions. We are committed to helping you identify the ideal buyer who will take your company to the next stage, and who is prepared to pay a premium to become a shareholder.

Translink offices around the world



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We get the deal done