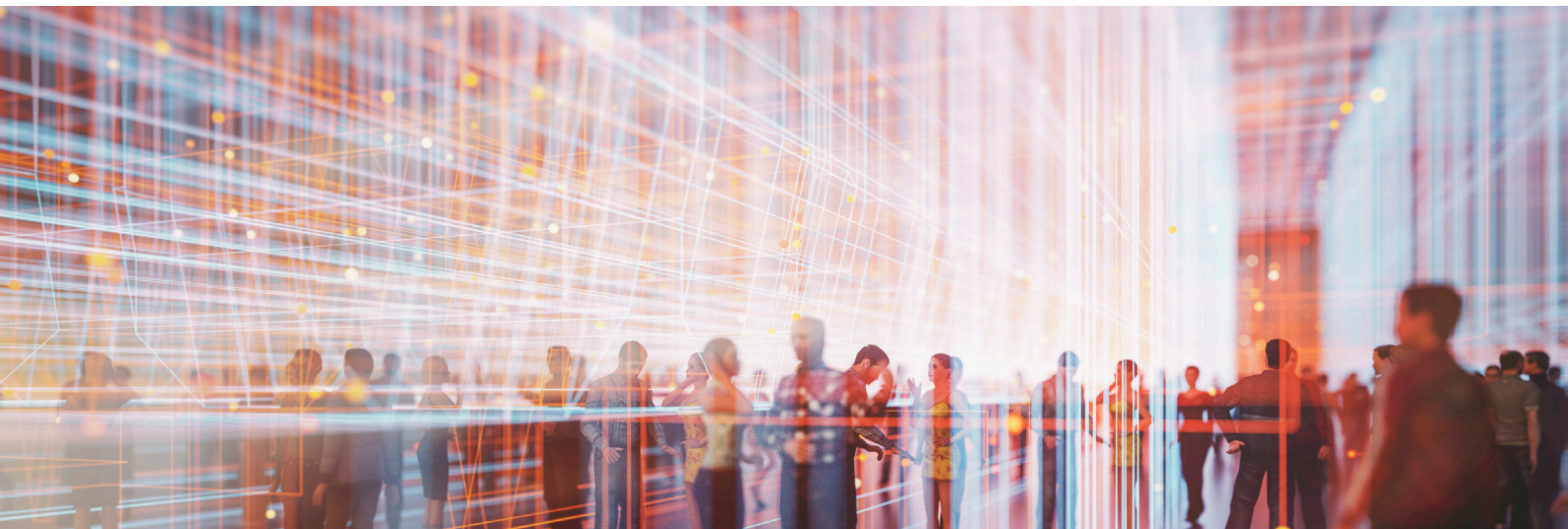


India SaaS Report 2020



An insight into the India SaaS ecosystem and the future roadmap for founders and investors

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Executive summary

India SaaS landscape: Onwards and upwards

The Indian Software as a Service (SaaS) landscape is on the cusp of a transformation. Over the last five years, the number of funded SaaS companies has more than doubled and the number of SaaS companies drawing Series C or later stage capital has quadrupled, representing significant traction.

Indian SaaS companies have evolved from the rise of a few upstarts in the 2010s to a multibillion-dollar industry today. The first group of Indian SaaS companies to emerge were horizontal players, such as Zoho and Freshworks, which leveraged India's cost and talent advantage to target global small and medium-sized businesses (SMBs). Over time, several different archetypes of Indian SaaS companies have emerged. Today, Indian SaaS companies have different areas of focus, which can be classified across multiple vectors: 1) size of customer, 2) type of solution and 3) geography of focus.

First-gen founders, including Sridhar Vembu and Girish Mathrubootham, have played a pivotal role in India's SaaS journey. They actively engaged in building a community of budding entrepreneurs, resulting in the development of many new ventures and immense job creation. For example, Freshworks created an entrepreneurship cascade of more than 25 companies, including Voonik, Revv and SurveySparrow, which in turn have already created 500 to 1,000 jobs.

In addition, India now has a thriving ecosystem of enablers comprising domestic and global SaaS investors; over a hundred SaaS angels with four or more investments; incubators and accelerators such as xtorox and Flipkart Leap; and SaaS development events and initiatives sponsored by communities such as SaasBOOMi.

As we move forward, we expect four key archetypes of Indian SaaS companies to gain further traction:

- **SMB-focused SaaS companies**, such as Zoho and Freshworks, targeting global markets with easy-to-use horizontal offerings
- **Vertical-specific SaaS companies**, such as Locus and Innovaccer, disrupting underserved verticals like healthcare and logistics
- **Globally competitive companies in emerging tech**, such as Postman in application programming interface (API) management and Hasura in GraphQL
- **India initiators** with SaaS and business-to-business (B2B) tech products tailored for the domestic Indian market, such as Darwinbox, MyGate and Yellow Messenger

The domestic Indian market has traditionally been challenging to monetise owing to lower awareness and higher price sensitivity compared to global markets. However, Indian SaaS companies are trying to scale through specific initiatives: 1) investment in market creation via freemium offerings, 2) innovative monetisation models and 3) clear articulation of benefits to the customer with tangible return on investment (ROI) metrics. Companies such as Yellow Messenger and Vernacular.ai are closing large, global-sized contracts by targeting marquee customers in the Indian market.

With distinct competitive advantages enhanced by a level playing field around the world, Indian-heritage SaaS companies are well poised to reach \$18 billion to \$20 billion in revenue and capture 7% to 9% share of the global SaaS market by 2022. We have already witnessed companies such as Zoho, Freshworks, Druva and Icertis break through the \$100 million annual recurring revenue (ARR) mark, with a healthy pipeline of companies well placed to follow over the next 12 to 18 months.

Winning formula for Indian SaaS founders

In our experience, leading SaaS companies exhibit a combination of key winning characteristics across important pillars, such as vision and strategy, how-to-win imperatives and organisation enablers.

- **Vision and strategy:** Playing in a large, well-defined market and having a thoughtful, differentiated product vision
- **How to win:** Investing time in achieving the right product-market fit, designing pricing and go-to-market (GTM) motions to support the product, and maintaining a strong focus on customer success
- **Enablers:** Setting up a global organisation with a culture of innovation and teamwork

Specifically in the current Covid-19 world, it is critical for Indian SaaS companies to possess four winning abilities:

- **Embrace remote selling**, as Covid-19 is pushing enterprises to become comfortable with completing large deals over digital channels
- **Set up an effective enterprise sales engine** to focus on moving upmarket and expanding to large global markets at an early stage
- **Create a strong product-market fit** to solve a specific use case by working with early customers and sharpening the value proposition in an increasingly competitive market
- **Foster employee success and innovation** within the organisation even as the workforce becomes more distributed and remote in nature

Freshworks is a great example of a company that exhibited several winning characteristics over the course of its journey. In the early stage, Freshworks ventured into the large and growing customer support software market and targeted the long tail of global SMBs. It used the early funds to experiment with various marketing channels and sharpened the online acquisition model. In the growth stage, Freshworks effectively mastered remote sales through around-the-clock service and placed clear emphasis on building a motivated work environment that allows employees to experiment, play to their strengths and learn through cross-functional work. In recent years, Freshworks has strengthened its enterprise sales engine and expanded the channel ecosystem to more than 400 worldwide partners.

These winning characteristics vary based on the geography and scale of the target customer segment. To cater to global SMBs, it is critical to have an inside sales edge and an effective self-serve model. To serve enterprises effectively, it is important to build a robust enterprise sales engine with the right coverage plan and a focus on prompt customer service.

Fund-raising is another important focus area for founders, and it is critical to approach investors well prepared. Investors are looking for companies that exhibit the following characteristics:

- Play in a **large and growing market**
- Have a **clear right to win** with a sharp thesis on differentiation – product-led, distribution-led or pricing-led
- Design a **strong business model** that ties revenue expansion to customer growth
- Have a **capable founding team** with complementary skill sets
- Demonstrate a **clear understanding of critical assumptions** and challenges behind the expansion plan

As they scale their businesses, founders must carefully track a few important metrics to measure success. These include the magic number, Rule of 40, ratio of lifetime value (LTV) to customer acquisition cost (CAC), churn, net revenue retention rate, customer Net Promoter Score® (NPS) and employee satisfaction. For example, leading US public SaaS companies demonstrate success across these metrics: magic number is 1.1, Rule of 40 is 50%, LTV-to-CAC is 9, churn is 5%, net revenue retention rate is 120%, customer NPS is 40% and employee satisfaction is 4.2/5.

Implications for investors

SaaS in India has recently witnessed significant funding traction, surpassing a billion dollars of annual investment in 2019. Even amidst Covid-19, SaaS has been a prominent investment theme with growing share of venture capital (VC)/growth equity investments. SaaS investments constituted 15% of VC/growth equity investments in first half of 2019 and rose to 20% of VC/growth equity investments in the same period in 2020. With the growing investor focus on SaaS, we expect six key themes to become more salient going forward:

- **Infrastructure management tools and platforms** (e.g., Hasura, LambdaTest) will continue to proliferate. The DevOps community provides an attractive opportunity given its high degree of standardisation, strong network effects and large local developer base to build and test tools.
- **Increase in remote working** with strong Covid-19 tailwinds will continue to drive salience for select categories such as collaboration and productivity tools (e.g., Airmee, Flock).
- **Tools fuelling the API economy** (e.g., Postman, Setu, YAP) will continue to grow and expand as APIs become central to modern application development. They provide significant advantages to the development process and accelerate time-to-market for businesses.
- **Intelligent automation of business processes** enabled by advancements in artificial intelligence (AI) and cognitive computing will drive use cases such as speech recognition (e.g., Vernacular.ai, Observe.AI) and chatbots (e.g., Yellow Messenger), and allow for automation of contact centre functions.
- **B2B tech platforms and marketplaces** leveraging software are expected to entrench and disrupt existing value chains. As an example, Ninjacart eliminates intermediaries in the fresh food supply chain to improve speed and efficiency.
- **E-commerce enablement solutions** will continue to grow to address the needs of a rapidly growing e-commerce market. Specialised solutions are disrupting different e-commerce building blocks (e.g., Vue.ai in recommendation/personalisation, Avataar.me in assisted selling). Broader end-to-end players are targeting underserved segments ripe for disruption (e.g., Instamojo building payment and store solutions for SMBs and LoveLocal digitising local grocery stores).

SaaS founders also believe that investors can meaningfully add value to their businesses. Before investment, founders appreciate investors who evaluate different companies with a customised assessment lens, taking into consideration how metrics like growth and adoption vary by target customer segments and industries. Post-investment, founders value investors who mentor in making critical decisions (e.g. international expansion), facilitate prospective customer introductions in new geographies and segments, support with hiring key leadership roles particularly in sales and product, and encourage portfolio companies to experiment and solve complex challenges through innovation.

Glossary: SaaS and Indian SaaS definitions used in this report

Software as a service (SaaS)

Delivery of software applications on the cloud as a service, classified into three distinct archetypes



Horizontal business applications (e.g., Customer Relationship Management [CRM], Enterprise Resource Planning [ERP], Human Capital Management [HCM])



Horizontal infrastructure applications (e.g., security, testing, data management)



Vertical-specific business applications (e.g., healthcare applications, e-commerce enablement)

Indian SaaS companies

SaaS companies founded domestically by Indian founders (or founders of Indian origin) and have majority of their workforce in India, serving both domestic and global customers



Indian or Indian-origin founders



Majority of employee workforce based in India

Sources: IDC; Gartner; Bain analysis



1.

Indian SaaS landscape:

Onwards and
upwards

- Over the last five years, the number of funded SaaS companies has doubled and the number of SaaS companies drawing Series C or later stage capital has quadrupled, representing significant traction.
- Indian SaaS companies have evolved from the early years to become broad-based. Today there are company archetypes across vectors: horizontal and vertical solutions, enterprise and SMB/mid-market solutions, companies serving domestic (“India for India”) and global (“India for the world”) markets, companies catering to established segments (e.g., customer support), and emerging tech opportunities (e.g., API management).
- With distinct competitive advantages enhanced by a level playing field around the world, Indian-heritage SaaS companies are well poised to reach \$18 billion to \$20 billion in revenue and capture 7% to 9% share of the global SaaS market by 2022.
- First-gen founders have played a pivotal role in this transformation. They actively engaged in building a community of budding entrepreneurs, resulting in the development of many new ventures and immense job creation.
- India now has a thriving ecosystem of enablers comprising SaaS investors, incubators and accelerators, and government initiatives. There are more than a hundred SaaS angels with four or more investments.
- The impact of these enablers can be witnessed in SaaS companies’ faster trajectory to scale in recent years. Over 50 companies have breached the \$10 million ARR milestone, and many more are expected to follow.
- While the domestic market has been challenging, SaaS companies are creating scale offerings through specific initiatives: investment in market creation via freemium offerings, innovative monetisation models and clear articulation of benefits to the customer with tangible ROI metrics.

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Figure 1: The Indian SaaS landscape witnessed tremendous traction in the past five years

	5 years ago	Now
SaaS companies founded have nearly doubled	4K–5K companies	7K–8K companies
More companies have raised funds...	~500 companies	~1.2K companies
...and have drawn significant late-stage (Series C and above) capital	~10 companies	40+ companies




Note: Late-stage funding refers to Series C and above where funding stage is known; number of companies calculated by end of 2015 and September 2020
Sources: Tracxn; Bain analysis

Figure 2: Indian SaaS companies have evolved from a few upstarts in the 2010s to a multibillion-dollar industry today

	1 Horizontal business products targeting SMBs globally (2011–present)	2 Vertical SaaS businesses disrupting underserved markets (2015–present)	3 Broad-based horizontal and vertical solutions serving enterprises and SMBs (2018–present)
Description	<ul style="list-style-type: none"> Rise of horizontal solutions, primarily ERP or CRM related Targeting global SMBs using cost arbitrage and benefiting from strong customer service talent 	<ul style="list-style-type: none"> Companies disrupting underserved markets and verticals by replacing legacy processes 	<ul style="list-style-type: none"> SaaS companies witnessing bottom-up adoption within enterprises and catering to different verticals Building category leadership in emerging tech (e.g., APIs, GraphQL, cybersecurity)
Enablers	<ul style="list-style-type: none"> Indian information technology (IT) giants (TCS, Infosys) developing customer service and engineering talent en masse Setup of India operations by big tech companies (Google, Microsoft), gradual return of trained product managers 	<ul style="list-style-type: none"> Rise of public cloud with entry and growth of Amazon Web Services, Google Cloud Platform and Azure 	<ul style="list-style-type: none"> Rise of trained SaaS talent from Wave 1 and Wave 2 SaaS companies Development of ecosystem and better access to capital
Examples	Zoho, Kissflow, Freshworks, Chargebee, Agile CRM	Zenoti, Innovapptive, Innovaccer, CareStack, DataWeave, Tookitaki	Postman, Hasura, BrowserStack, Yellow Messenger, Acceldata

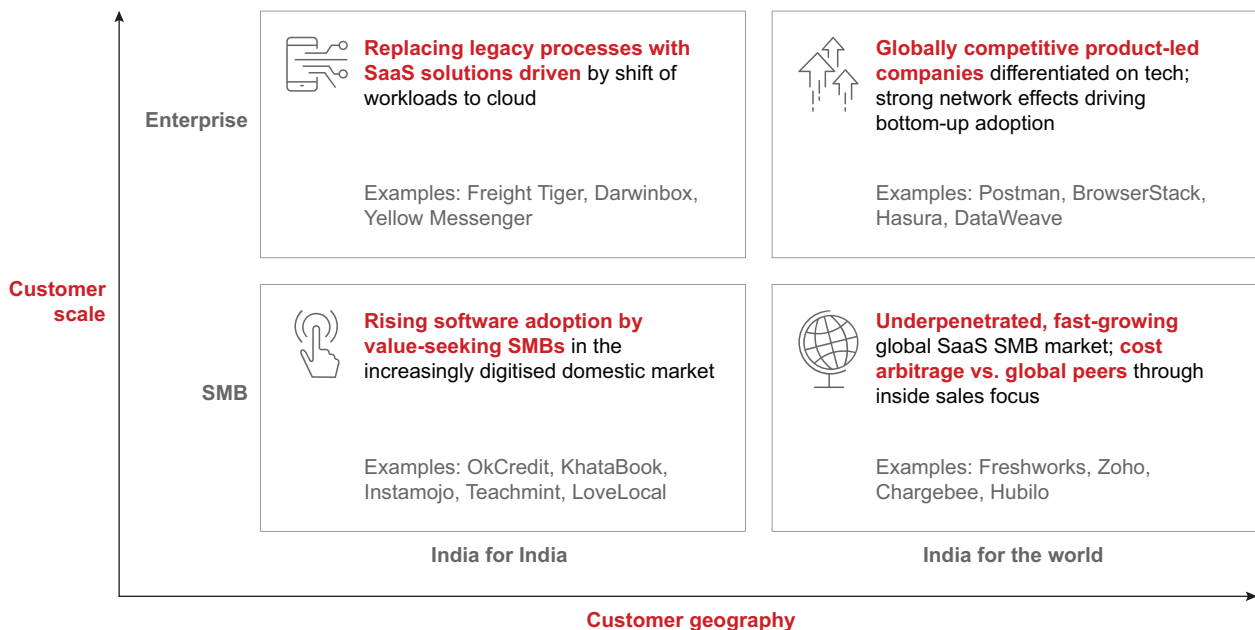
Note: Start-ups are placed in different waves based on their traction by funding (i.e., Series A/B funding date)
Sources: Market participant interviews; Bain analysis

Figure 3: They can be classified into three distinct archetypes based on their application

Archetype	Description	Subsegments	Illustrative list of players
 Vertical-specific business applications	Software used to support processes in specific verticals	Fintech Healthcare Logistics Retail and digital commerce Other (hospitality, field service management, etc.)	Vymo, PayNearby, Setu, Tookitaki Innovaccer, CareStack Freight Tiger, Locus, BlackBuck Avataar.me, Unbxd, Vue.ai, DataWeave Zenoti, RateGain, Innovapptive, Zinier
 Horizontal infrastructure applications	Software used to build, run and manage the tech stack of organisations	Functional and performance testing DevOps tools (e.g., API management) Security Other infrastructure (data management, middleware, storage, integration)	BrowserStack, LambdaTest Postman, Hasura Securonix, SecurityAdvisor Druva, Acceldata, Indus OS, iValue
 Horizontal business applications	Software used to support business processes in companies across verticals	CRM, ERP suites Martech and analytics Collaboration and productivity HCM Others (e.g., sales enablement, contract management, expense management)	Freshworks, Zoho, HighRadius CleverTap, MoEngage, Whatfix Flock, Revv, Kissflow Darwinbox, greyHR MindTickle, Icertis, SirionLabs, Happay

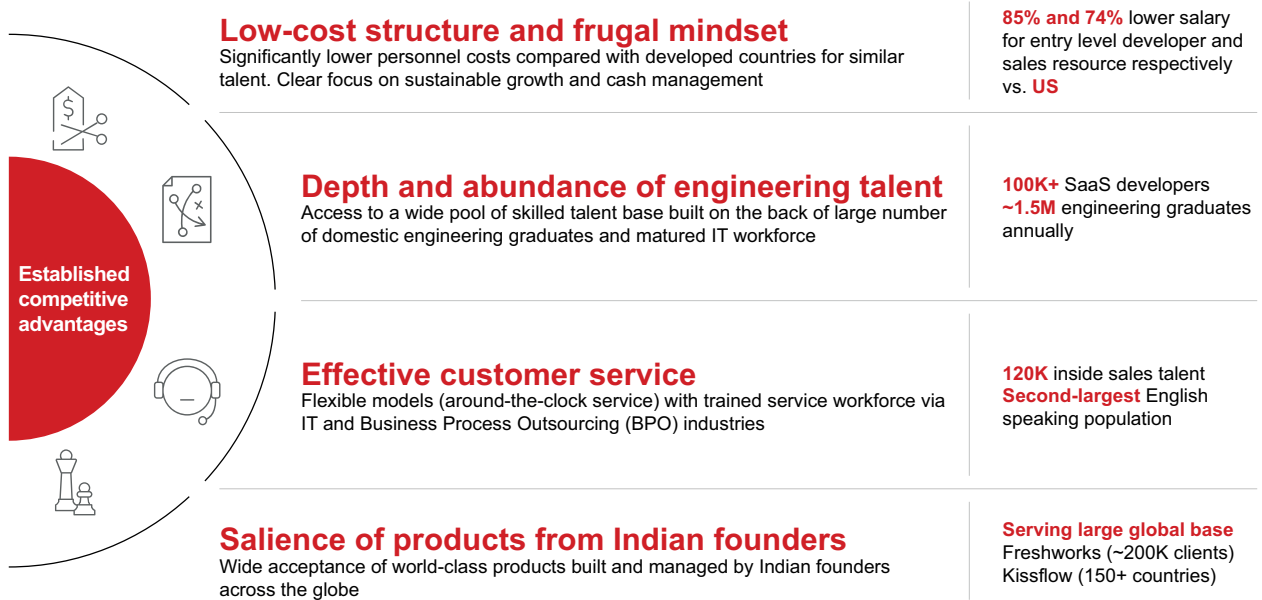
Sources: Market participant interviews; Bain analysis

Figure 4: Indian SaaS companies are targeting both enterprises and SMBs across domestic and global markets



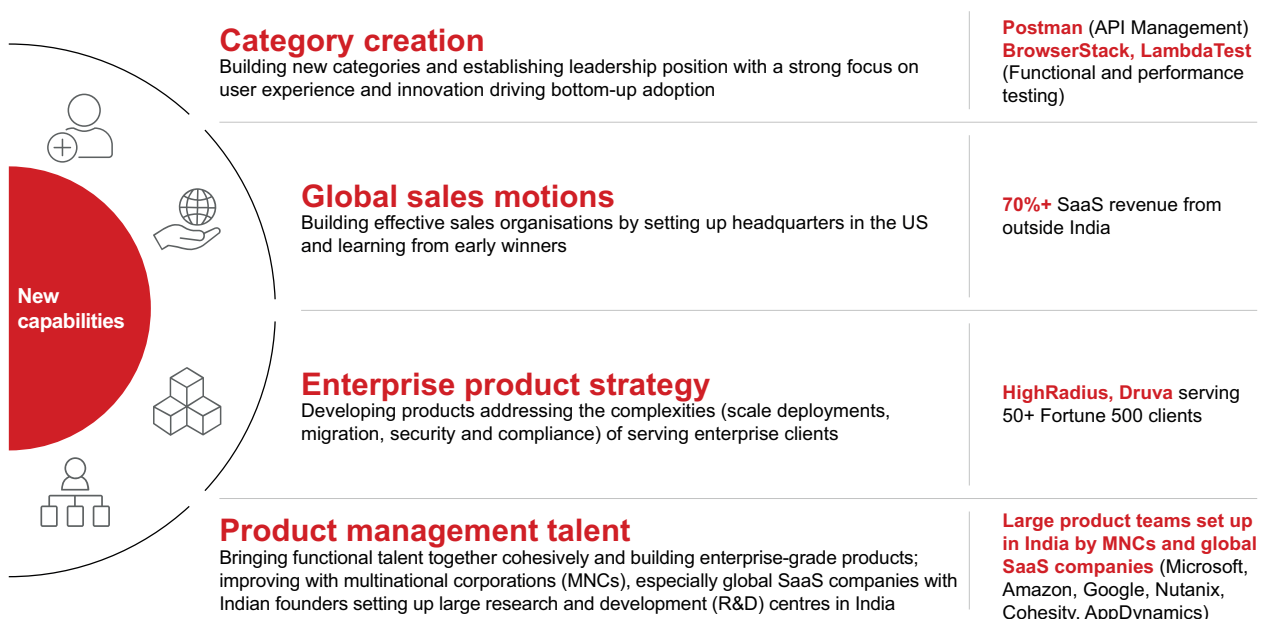
Sources: Market participant interviews; Bain analysis

Figure 5: Indian SaaS companies have distinct competitive advantages over their global peers, further accentuated by a level playing field



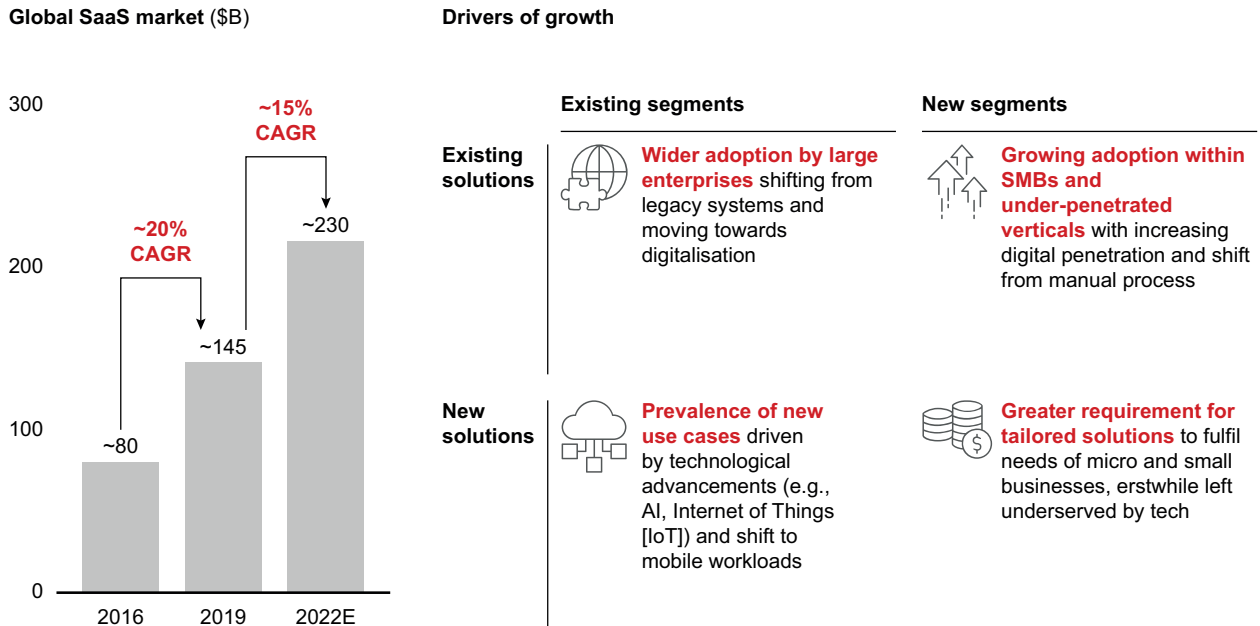
Sources: National Association of Software and Service Companies (NASSCOM) reports, *Riding the Storm Towards the Giant India SaaS Opportunity*, July 2020; *Indian SaaS – The Next Big Thing*, March 2016; market participant interviews; Gartner; Bain analysis

Figure 6: They are also building new capabilities to drive the next wave of growth



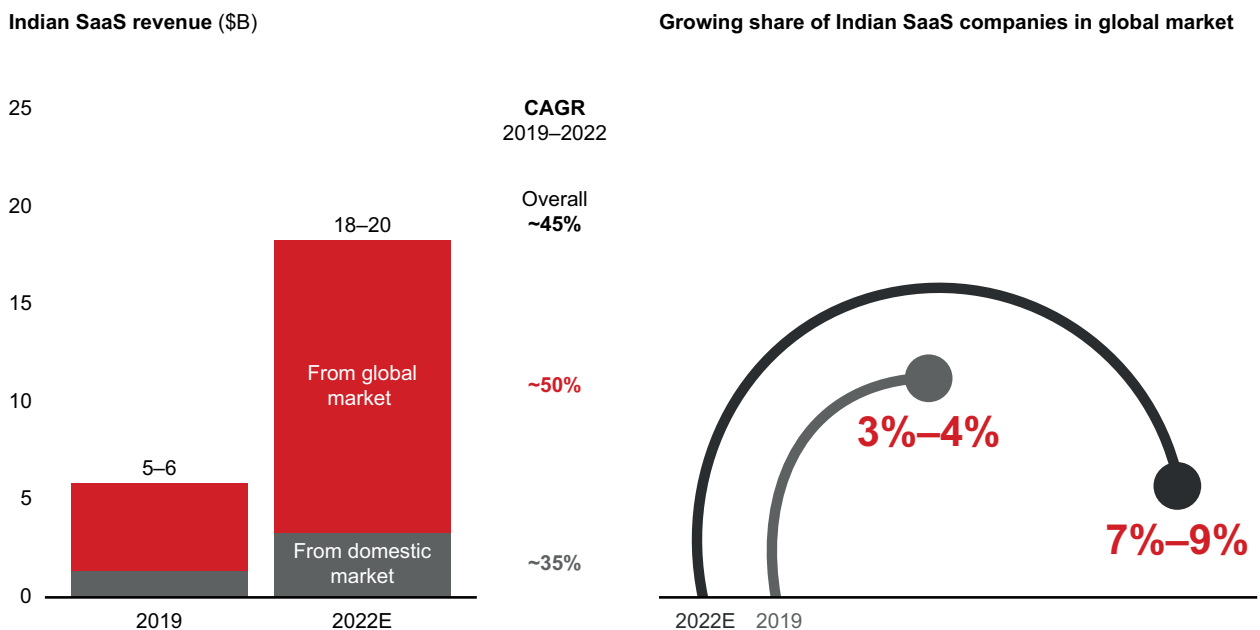
Sources: NASSCOM reports, *Riding the Storm Towards the Giant India SaaS Opportunity*, July 2020; *Indian SaaS – The Next Big Thing*, March 2016; market participant interviews; Gartner; Bain analysis

Figure 7: Indian SaaS companies are using these competitive advantages to tap into a large and expanding global opportunity



Sources: IDC; Gartner; Bain analysis

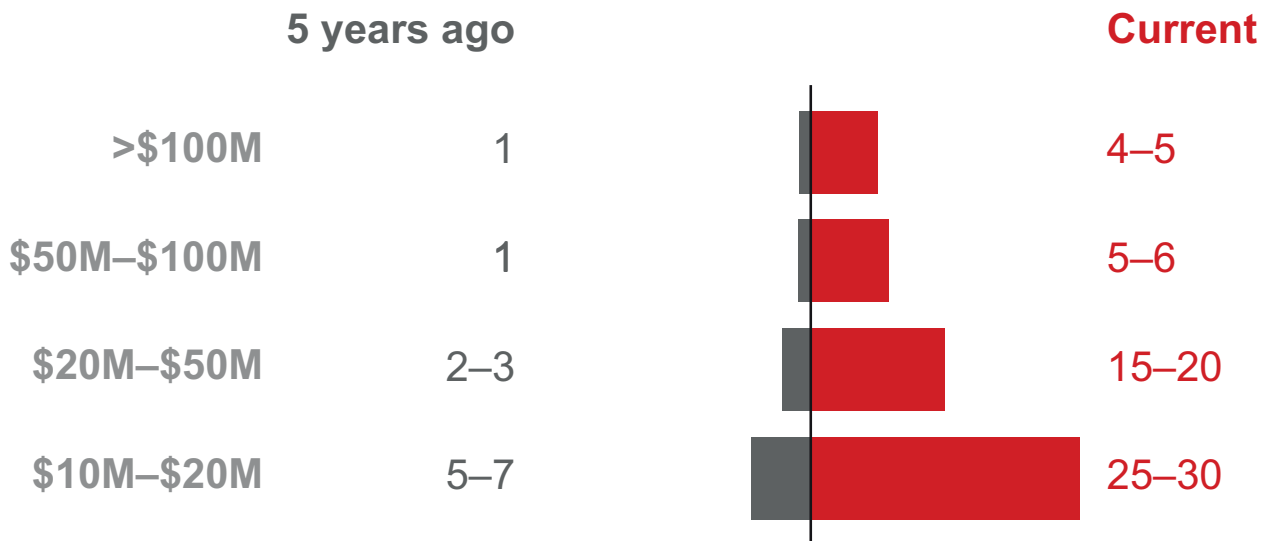
Figure 8: Indian SaaS companies will continue to grow and nearly double their share in the global market in the coming years



Note: India SaaS revenue includes SaaS revenues of both software and IT firms such as Tally and Ramco, and for pure-play SaaS companies such as Zoho and Freshworks
Sources: NASSCOM reports, *Riding the Storm Towards the Giant India SaaS Opportunity*, July 2020; *Indian SaaS—The Next Big Thing*, March 2016; IDC; market participant interviews; Bain analysis

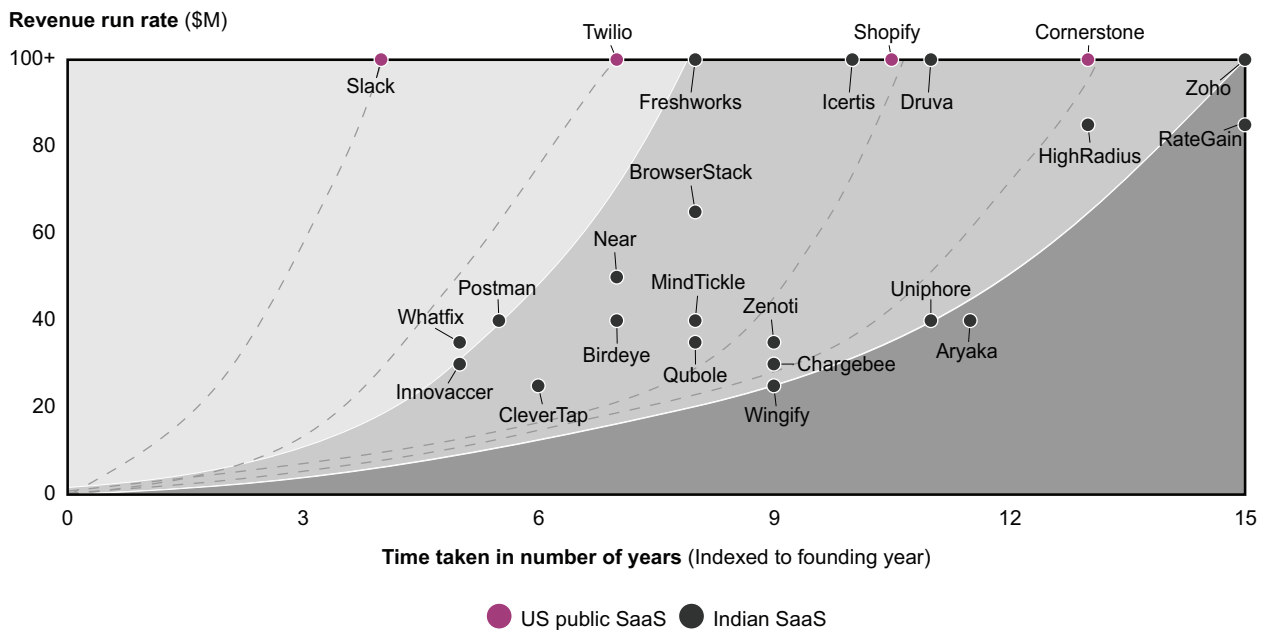
Figure 9: Many companies reached the \$100 million annual recurring revenue (ARR) club in the past few years, with many more expected to follow

Number of SaaS companies



Note: Based on latest available ARR data in 2019 or 2020; number of companies is directional
Sources: Tracxn; Crunchbase; Bain analysis

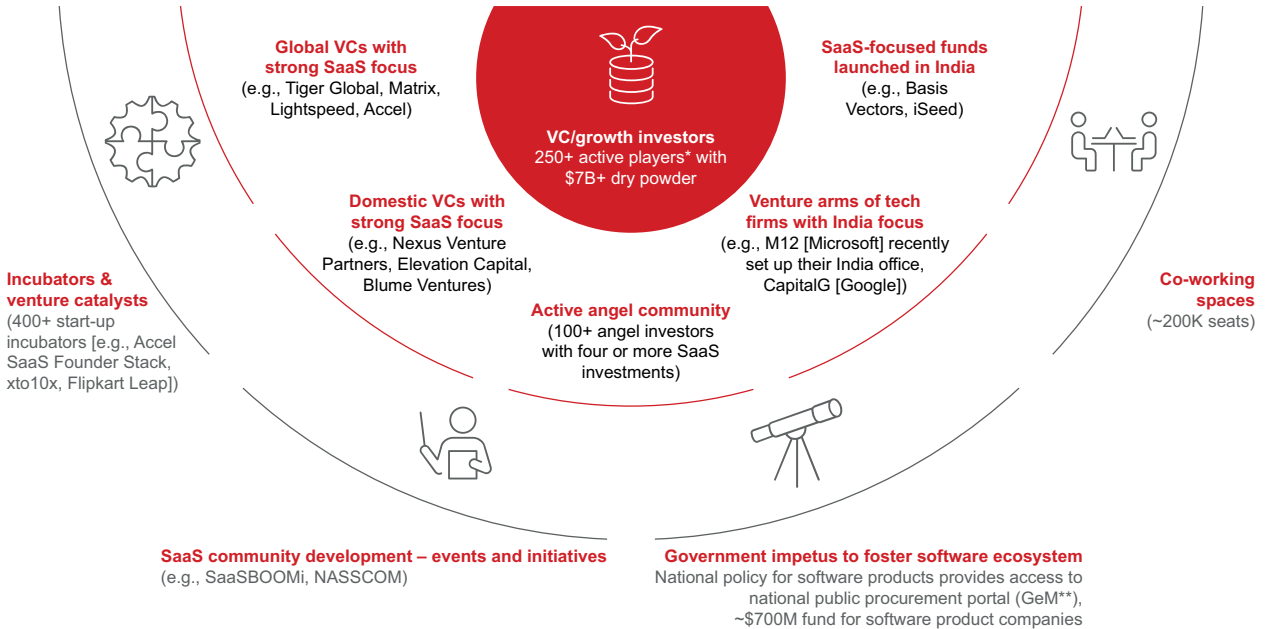
Figure 10: Innovation and investment enable a faster trajectory to success



Note: Based on latest available ARR data in 2019 or 2020; only companies with more than \$20M in ARR are shown; trajectory shown for Zoho, Freshworks is illustrative in nature
Sources: Capital IQ; Tracxn; Crunchbase; Bain analysis

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Figure 11: Compared to a decade ago, Indian SaaS companies now have a more robust ecosystem of enablers to support them in their journey



* An active player is any investment entity that has made an investment in India in 2019
 ** GeM stands for Government eMarketplace
 Sources: AVCJ; Venture Intelligence; Tracxn; Preqin

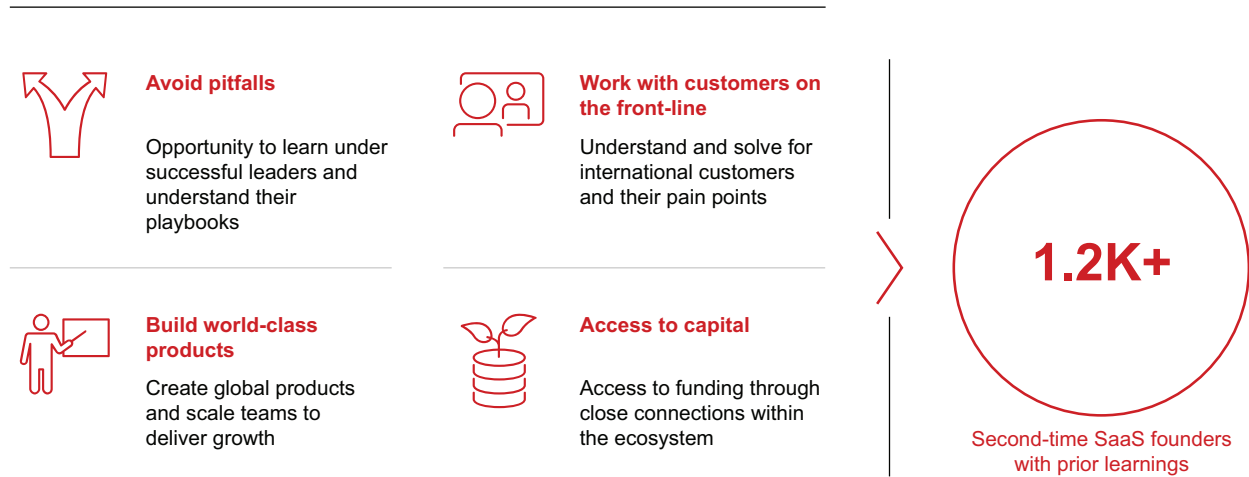
Figure 12: First-gen entrepreneurs play a pivotal role in the creation of an ecosystem by cascading down learnings to a generation of new founders

	Sridhar Vembu	Girish Mathrubootham	
	<p>Primary entrepreneurial venture Success and impact of flagship entity created by entrepreneur</p> <p>Zoho</p> <ul style="list-style-type: none"> \$500M+ annual revenue 8,000+ employees 500+ channel partners 	<p>Entrepreneurship cascade Companies founded by ex-employees of primary venture</p> <ul style="list-style-type: none"> 40+ start-ups by alums, including Freshworks, Chargebee, Facilio 4K–5K jobs created within new enterprises 	<p>Paying it forward Investments in other companies/ventures and social impact</p> <ul style="list-style-type: none"> \$10M invested in five start-ups 10K+ nonprofits provided with Zoho creator platform under BigTech donations programme
	<p>Freshworks</p> <ul style="list-style-type: none"> \$200M+ annual revenue 3,000+ employees 300+ channel partners 	<ul style="list-style-type: none"> 25+ start-ups by alums, including Voonik, SurveySparrow, Revv 500–1,000 jobs created within new enterprises 	<ul style="list-style-type: none"> 35+ investments, including Unacademy, Whatfix, Chargebee \$450M+ raised by portfolio companies \$10K+ credits rolled out across products to support 1K+ companies under Freshworks for Startups initiative

Note: Multiple early-stage companies have sprung from Freshworks in past 1 to 2 years, leading to fewer jobs created to date
 Sources: Tracxn; LinkedIn; Bain analysis

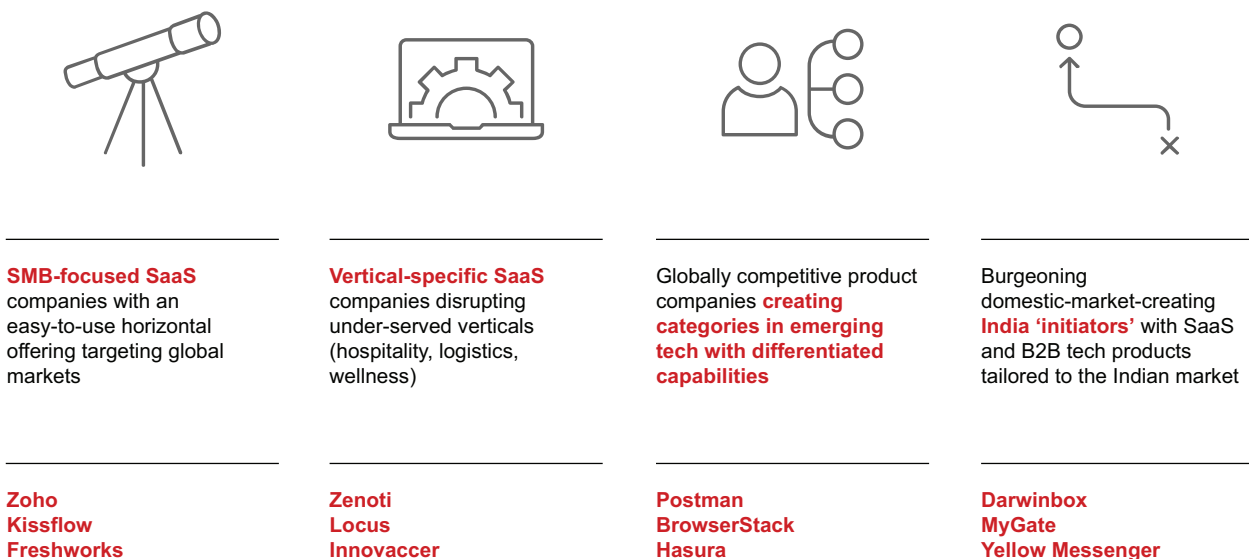
Figure 13: Lessons learned from previous experiences enable the rise of experienced founders

Enablers for rise of next-gen leaders



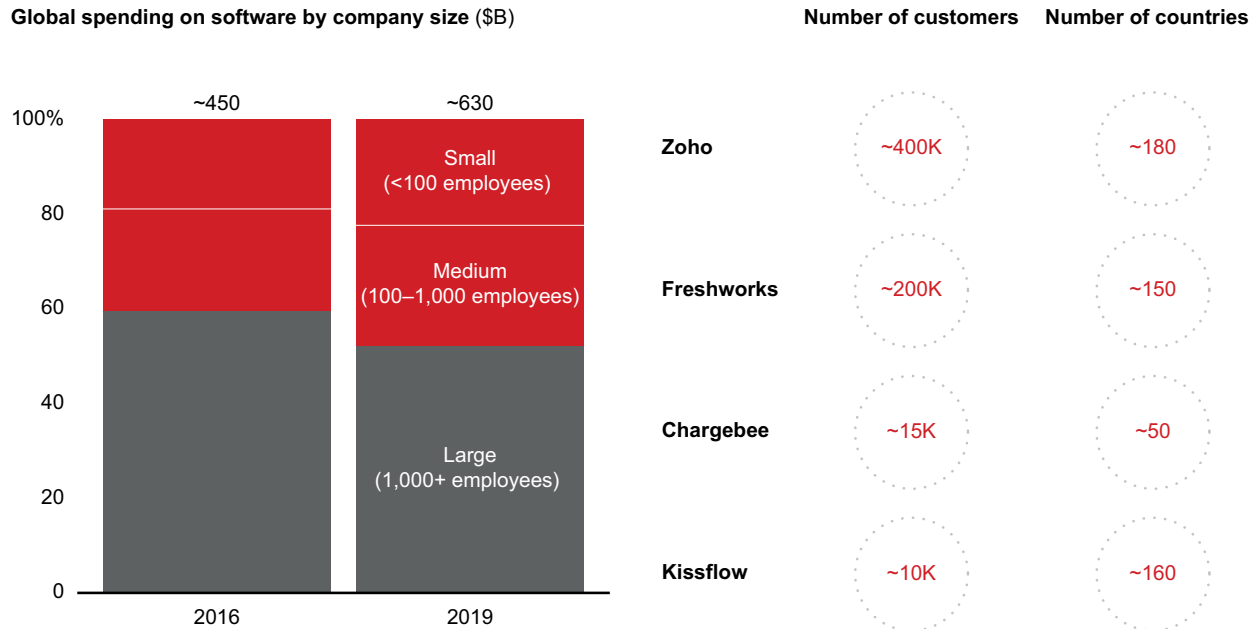
Note: Second-time SaaS founders are those who have started a SaaS company after their first entrepreneurial venture
Sources: Tracxn; Bain analysis

Figure 14: Four key archetypes of SaaS companies will continue to gain traction



Sources: Market participant interviews; Bain analysis

Figure 14a: SMB-focused SaaS companies are flourishing given the vast and growing SMB market opportunity



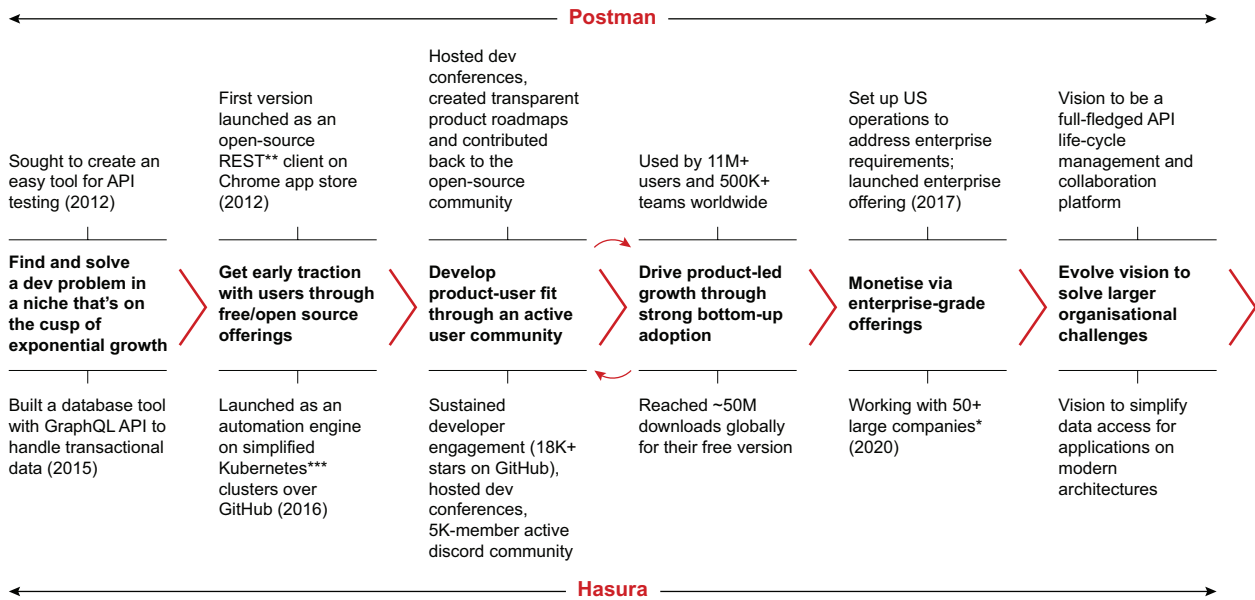
Note: Spending on software includes enterprise expenditure on application and infrastructure or system software; number of customers and countries updated in September 2020 based on available data
Sources: Gartner; company websites; Bain analysis

Figure 14b: Vertical-specific SaaS solutions are gaining prevalence due to evolving industry characteristics and macro-level shifts

	Industry characteristics				Macro shifts	
Characteristic	Legacy systems and manual processes	Extent of direct end-customer interaction	Complexity	High-cost structure	Changing customer expectations	New data sources
Description	Extensive presence of legacy systems and processes presents opportunity to drive efficiency through verticalised software	Higher interaction frequency and quality drives need to improve customer experience (CX) enabled by verticalised software	Industry-specific data sources , workflows and compliance require verticalised software	High Selling, General & Administrative (SG&A) expenses/ Cost of Goods Sold (COGS) present savings opportunity via verticalised software	Digitisation and mobile adoption have changed consumer expectations and delivery	New data sources (IoT sensors) have created use cases to drive operations and service efficiency requiring specialised software to harness this data
Illustrative industries and use cases	Legal (document management) Insurance (policy administration management)	Banking and Financial Services (BFS) (e.g., API-based faster onboarding) Retail (e.g., omni-channel consumer insights)	Freight and logistics (e.g., fleet management) Life sciences (e.g., risk and compliance management)	Heavy manufacturing (preventive maintenance) Utilities (analytics for energy efficiency)	Retail (custom e-commerce applications) Insurance (claim management)	BFS (risk assessment analytics) Healthcare providers (AI for diagnostics) Auto (connected cars)

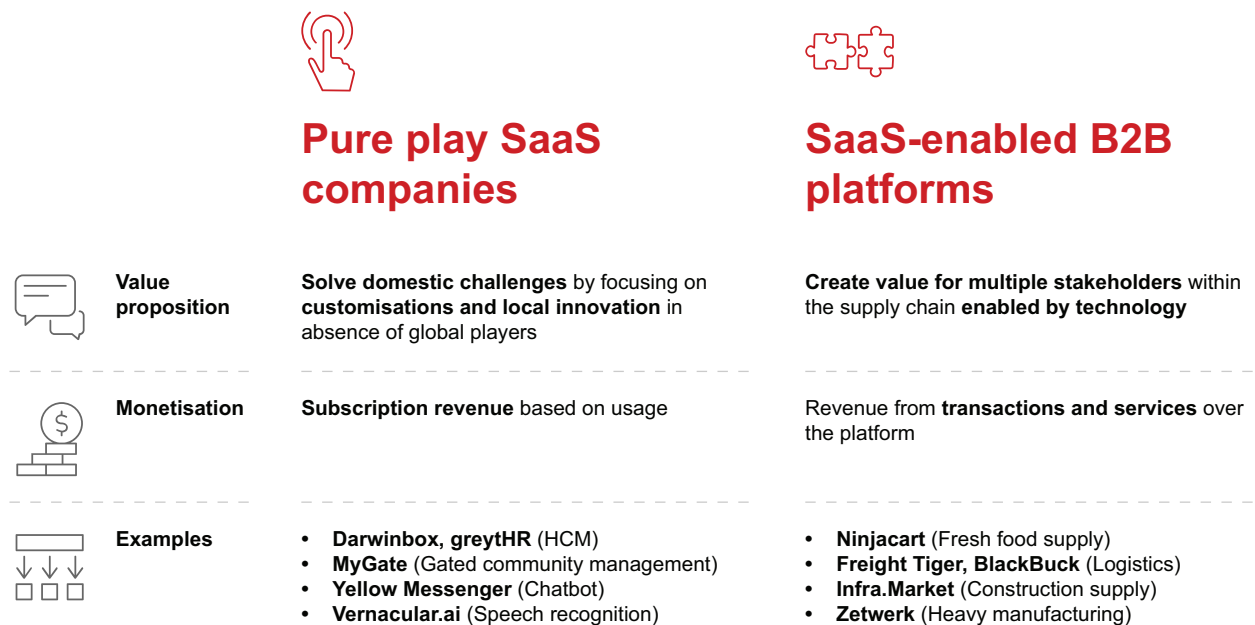
Sources: Market participant interviews; Bain analysis

Figure 14c: Globally competitive companies in emerging tech, specifically catering to developers, are creating category-leading plays



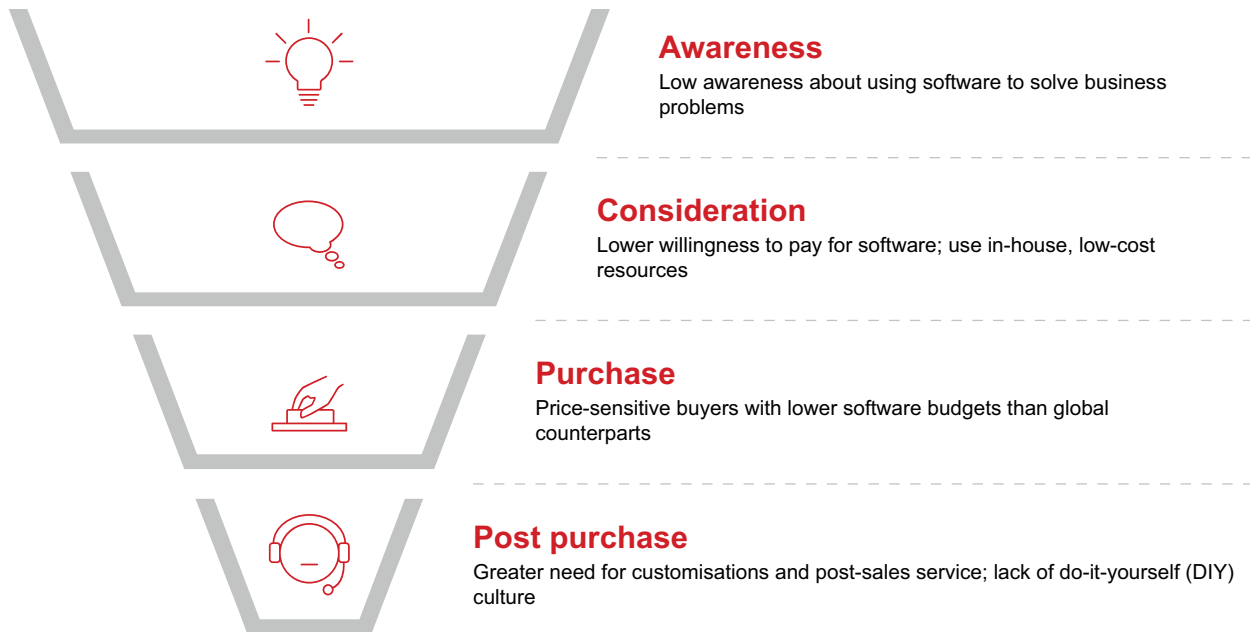
* Large companies have >2,000 employees
 ** REST, or Representational State Transfer, is a type of API that helps web applications communicate with each other
 *** Kubernetes is an open-source platform for managing containerised applications
 Source: Bain analysis

Figure 14d: Two types of India 'initiators' are addressing the burgeoning domestic demand



Sources: Market participant interviews; Bain analysis

Figure 15: Traditionally, the domestic market presented multiple challenges for SaaS companies



Sources: Market participant interviews; Bain analysis

Figure 16: However, companies are creating scale offerings by effectively addressing these challenges

			Examples
Awareness		Invest in market creation Establish strong customer acquisition engine via product demos, freemium offerings, trainings, etc.	<ul style="list-style-type: none"> Zoho introduced free plan for cloud accounting software to target Indian SMBs
Consideration		Create a compelling value proposition Provide rapid implementation and regularly add new features/services to enhance value proposition	<ul style="list-style-type: none"> Companies such as Infra.market and Zetwerk provide potential cost savings, increase in revenue through case studies
		Demonstrate tangible returns to customer Articulate benefits to customer through tangible ROI metrics	
Purchase		Improve ACV by moving upmarket Target marquee customers and close high ACV deals to improve utilisation	<ul style="list-style-type: none"> Companies such as Yellow Messenger and Vernacular.ai closing large, global-sized contracts in the Indian market Freight Tiger and LoveLocal using marketplace and additional services on top of software layer for monetisation
		Monetise through additional avenues Monetise through avenues such as services, transactions, or a marketplace on top of the software layer	
Post-purchase		User-friendly design to promote DIY Create products with intuitive user interface (UI)/user experience (UX) to allow for self-serve models and reduced dependence on post-sales	<ul style="list-style-type: none"> MyGate has disproportionate focus on improving UI/UX for all stakeholders (e.g., family, gatekeeper, workers, etc.)
Expansion		Increase potential TAM Play in broad markets with potential for adjacencies, and enter geographies that exhibit traits similar to the Indian market (South East Asia [SEA], Middle East and Africa [MEA]) but have a higher propensity to pay	<ul style="list-style-type: none"> Darwinbox, CleverTap expanding to SEA to increase potential TAM

Sources: Market participant interviews; Bain analysis

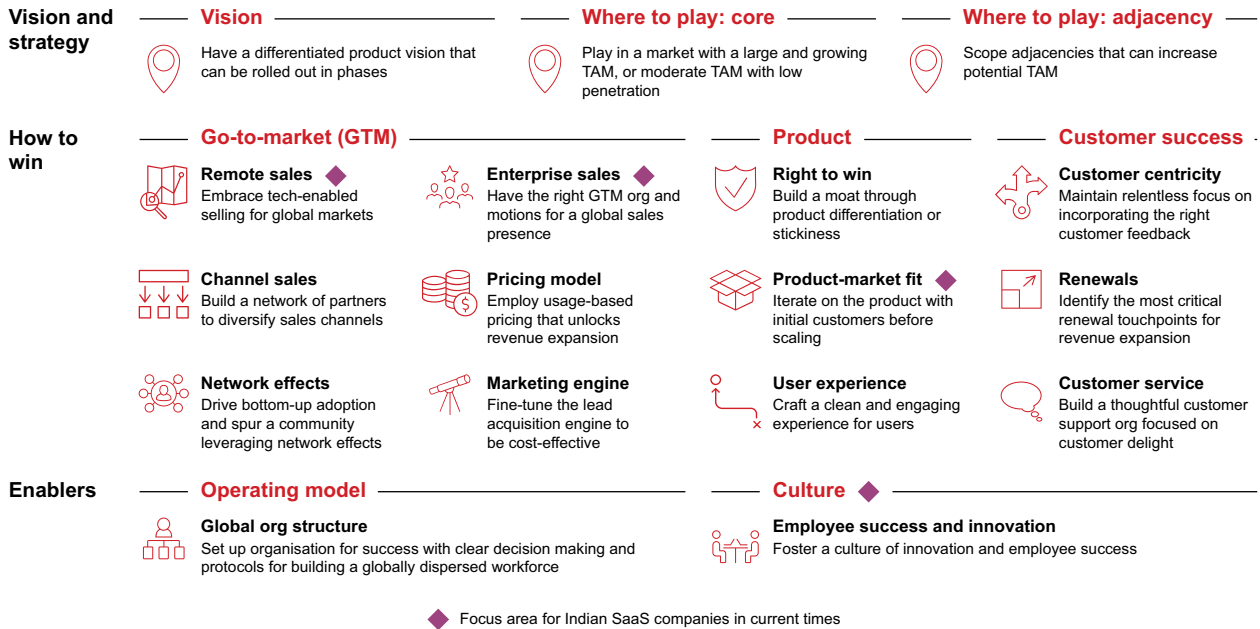


2.

Winning formula for Indian SaaS founders

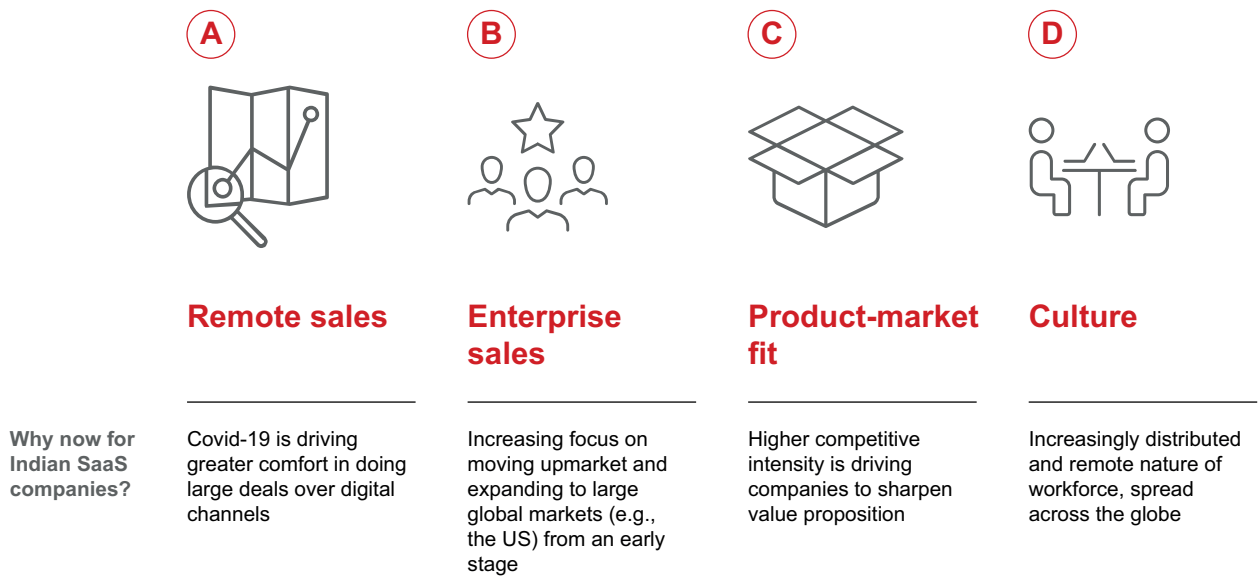
- Leading SaaS companies exhibit a combination of key winning characteristics across three important pillars:
 - Vision and strategy: Playing in a large, well-defined market and having a thoughtful, differentiated product vision
 - How to win: Investing time in achieving the right product-market fit, designing pricing and GTM motions to support the product, and maintaining a strong focus on customer success
 - Enablers: Setting up a global organisation with a culture of innovation and teamwork
- In the current environment, it is critical for Indian SaaS companies to possess four winning abilities:
 - Embrace remote selling as Covid-19 is pushing enterprises to develop comfort in completing large deals over digital channels
 - Set up an effective enterprise sales engine to focus on moving upmarket and expanding to large global markets at an early stage
 - Create a strong product-market fit to solve a specific use case by working with early customers and sharpening the value proposition in an increasingly competitive market
 - Foster employee success and innovation within the organisation even as the workforce becomes more distributed and remote in nature
- The importance of these winning characteristics will vary depending on the geography and size of customers being served. It is critical to have an inside sales edge and an effective self-serve model to cater to global SMBs, whereas to serve enterprises it is important to build a robust enterprise sales engine with the right coverage plan and a focus on prompt customer service.
- Investors are looking for companies that exhibit the following characteristics:
 - Play in a large and growing market
 - Have a clear right to win (product-led, distribution-led or cost advantage-led)
 - Have a strong business model that leverages usage-based pricing
 - Have a capable founding team with complementary skills to address challenges
 - Demonstrate a clear understanding of critical assumptions and challenges behind the expansion plan

Figure 17: Leading SaaS companies exhibit a combination of key winning characteristics during their journey





Sources: Market participant interviews; Bain analysis

Figure 18: In current times, Indian SaaS companies must possess four winning characteristics



Sources: Market participant interviews; Bain analysis

Figure 18a: SaaS companies must embrace remote selling as enterprises have developed greater comfort in doing large deals over digital channels post-Covid-19

Customer behavioural changes	Implications for sales and marketing	How to enhance selling with technology
 <p>Increased digital discovery</p>	<ul style="list-style-type: none"> • Double down on digital marketing spending to accelerate demand generation • Focus on improving online user engagement 	<ul style="list-style-type: none"> • Digital branding and messaging: Refine value proposition and positioning to ensure that tone is empathetic in nature • Predictive segmentation: Understand how to segment customers to enable tailored outreach • User engagement: Actively analyse online traction and engage with users in online communities and via social media channels
 <p>Accelerated shift to digital purchasing</p>	<ul style="list-style-type: none"> • Adapt sales motions from in-person efforts to digital channels • Redeploy field reps and shift to tech-driven sales by learning how to better engage customers virtually 	<ul style="list-style-type: none"> • Account planning: Use tools to improve coordination and visibility into individual accounts • Predictive selling: Use advanced analytics to guide reps on the best actions for current pipeline • Virtual pitches: Perfect the virtual pitch and use sales enablement tools to train and empower sales force

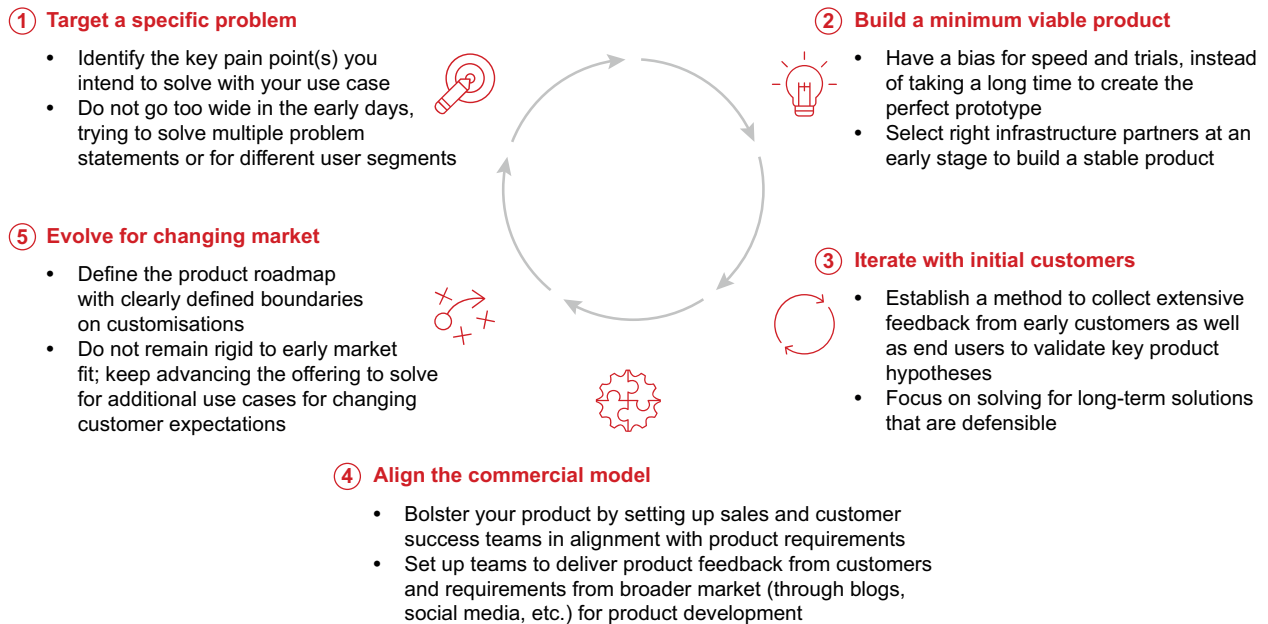
Sources: Market participant interviews; Bain analysis

Figure 18b: They must make a concerted effort from the get-go to set up a global GTM model for enterprise sales

	Activity	How to drive success
Setup	Think global from Day 1	<ul style="list-style-type: none"> • Assess global markets based on size and growth of market, competitive intensity and right to win
	Get the right first set of customers	<ul style="list-style-type: none"> • Use personal and investor networks to acquire initial customers, ideally marquee and reference-able • Iterate with those customers to strike the right product-market fit
Ramp-up	Build a sales organisation and define roles	<ul style="list-style-type: none"> • Hire an experienced sales leader in a new geography and ensure that they champion the culture • Clearly define sales roles and motions, including where and when they are deployed and 'division of labour' amongst roles
	Map out route-to-market	<ul style="list-style-type: none"> • Plan account coverage by plotting each account's share of wallet and addressable opportunity; allocate resources between inside sales and outbound activities accordingly • Plan named accounts by using advanced analytics to understand buying patterns of enterprises for similar tools
Scale	Scale teams while monitoring key coverage ratios	<ul style="list-style-type: none"> • Plan ramp-up of team in-sync with quota targets, bake in scale-driven productivity improvements • Maintain optimum ratio of specialists (specialty sellers) to generalists (account executives) • Use the insights and relationships developed by account managers to optimise upsells and renewals
	Optimise motions and handoffs	<ul style="list-style-type: none"> • Map swim lanes of activities throughout the sales cycle, with adjustments for product, segment, etc. • Develop renewal strategy to match client's budget cycles, and ensure seamless transition between sales teams and customer success teams

Sources: Market participant interviews; Bain analysis

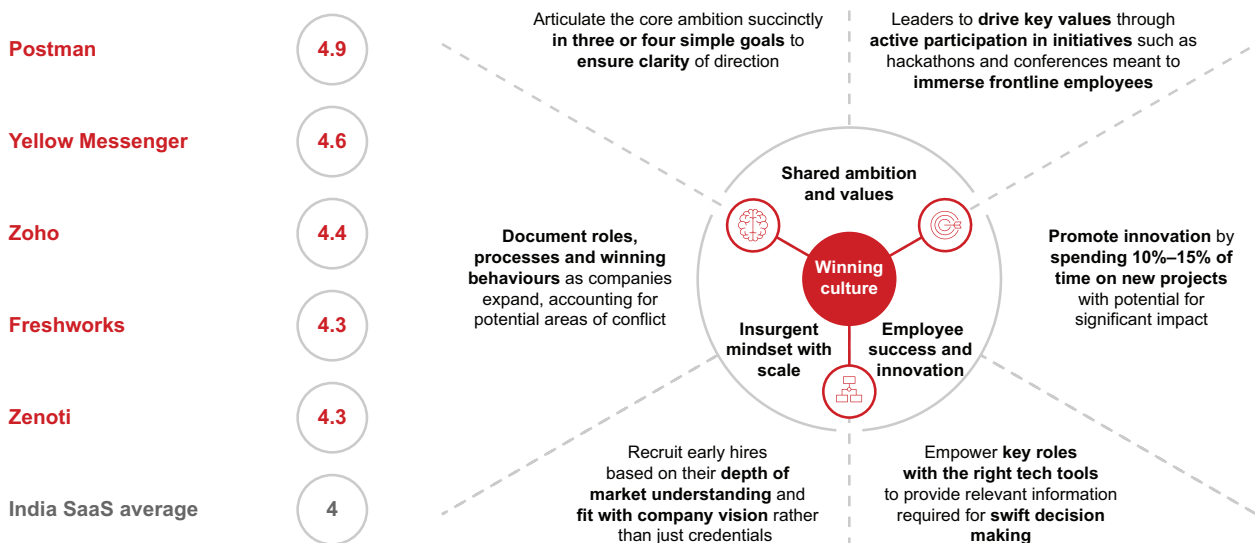
Figure 18c: SaaS companies must also work closely with early customers to create an offering that can satisfy market needs and keep evolving



Sources: Market participant interviews; Bain analysis

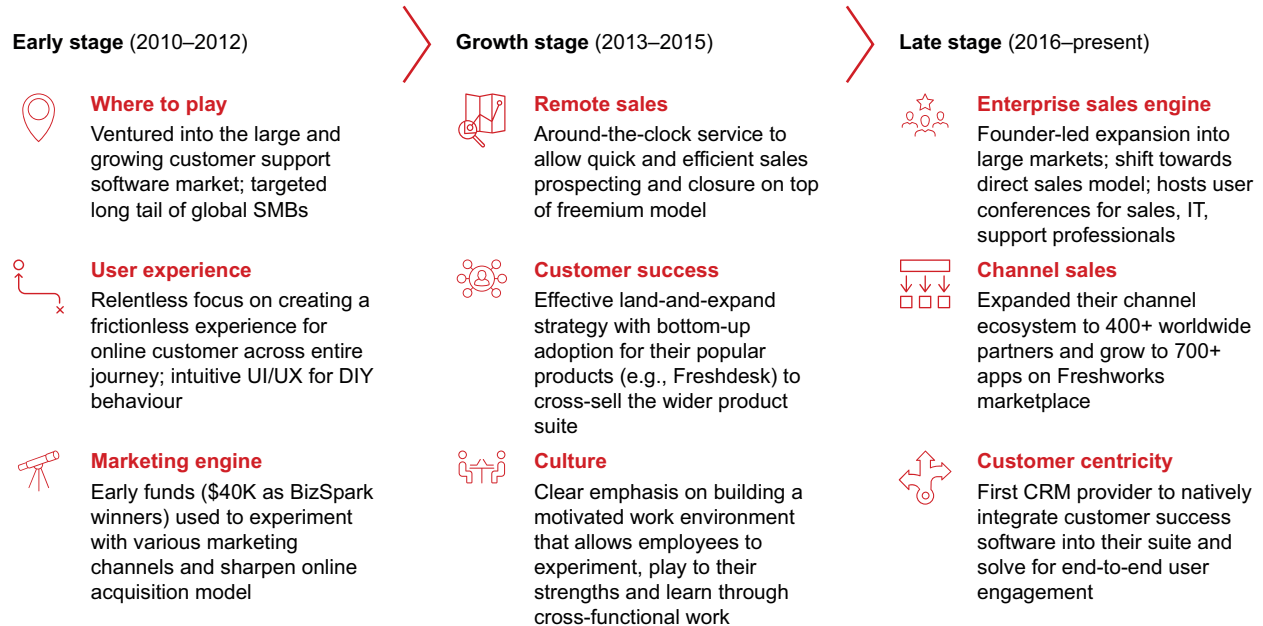
Figure 18d: It is important to create a great place to work to sustain competitive advantage, as successful companies demonstrate high employee advocacy

Glassdoor ratings of successful companies (illustrative)



Note: India SaaS average rating is based on top 30 India SaaS companies using latest available revenue
Sources: Market participant interviews; Bain analysis; Glassdoor

Figure 19: Freshworks, as an example, has exhibited several winning characteristics over the course of its journey

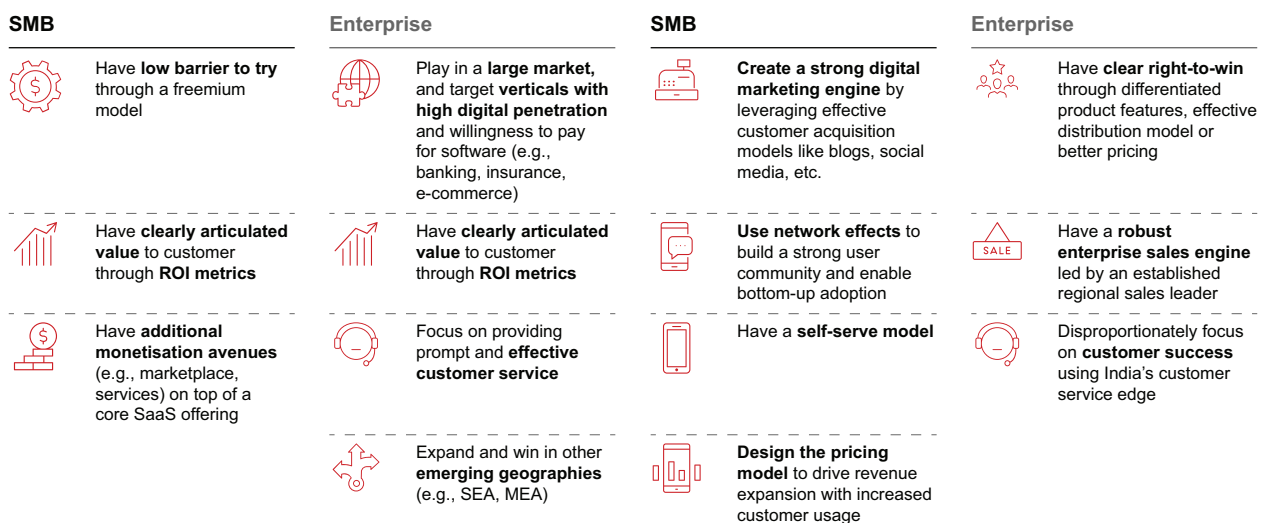


Sources: Market participant interviews; Bain analysis

Figure 20: At the same time, top winning characteristics of SaaS companies will vary depending on where they play and whom they serve

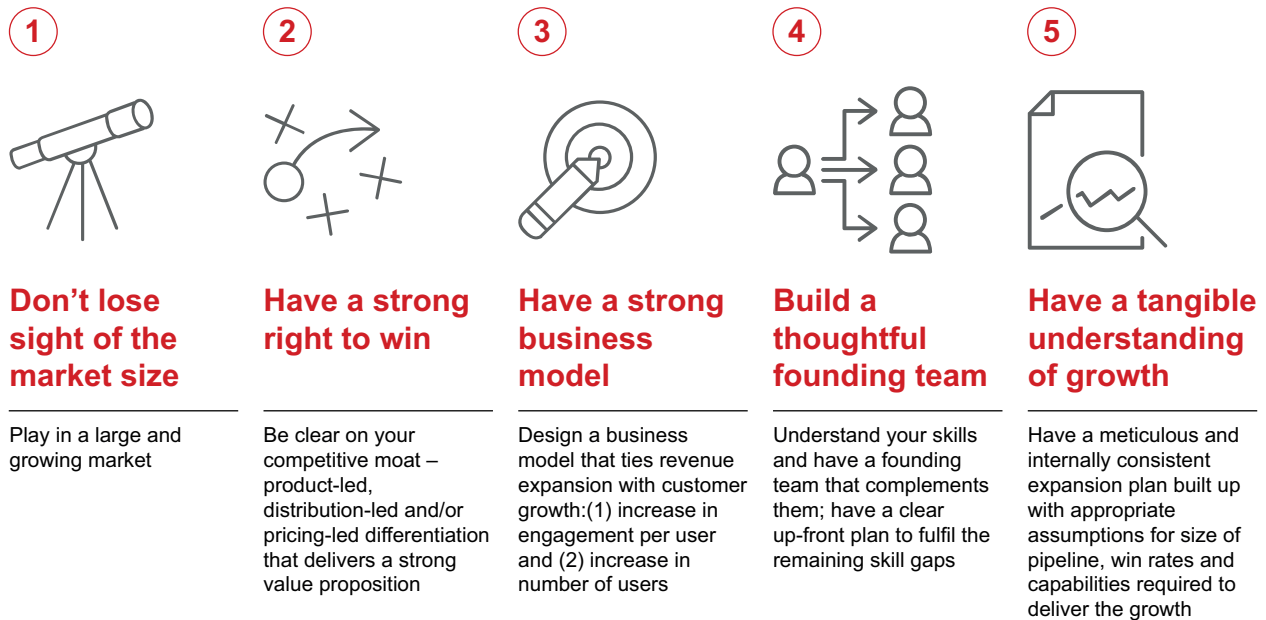
India for India

India for the world










Sources: Market participant interviews; Bain analysis

Figure 21: Investors want SaaS founders to consider five key things as they raise funds



Sources: Market participant interviews; Bain analysis

Figure 22: As SaaS founders scale their businesses, they should carefully track key metrics

	Description	Leading US public SaaS average
 Magic number	(Change in quarterly revenue)*4/(S&M spending in previous quarter)	~1.1
 Rule of 40	ARR Growth rate + EBITDA %	~50%
 LTV/CAC (Lifetime Value to Customer Acquisition Cost)	LTV=(Revenue per customer/Customer churn %) – Customer Acquisition Cost	~9
 Churn	Number of customers lost in the period/ number of customers in previous period	~5%
 Net revenue retention rate	Percentage of annual revenue retained from existing customers (net upgrades, downgrades and churn)	~120%
 Customer NPS	Customer Net Promoter Score®	40%
 Employee satisfaction	Employee satisfaction score measured on a scale of 1 to 5	~4.2/5 (Glassdoor overall ratings)

Note: Companies included in US public SaaS: Anaplan, Atlassian, Blackbaud, Blackline, Ceridian, Cloudera, Coupa, HubSpot, MongoDB, New Relic, Okta, ServiceNow, Shopify, Slack, Smartsheet, Twilio, Veeva, Workday, Zendesk, Zoom, Zscaler
Sources: Capital IQ; company reports; Bain analysis; Gartner



PRODUCT 1 & 2

DATE OF ISSUE
ISSUE NO.
ISSUE REFERENCE NO.



BANKING DETAILS

DATE OF ISSUE
ISSUE NO.
ISSUE REFERENCE NO.

TYPE OF ACCOUNT
ACCOUNT NO.
REFERENCE TO BE USED FOR DEBIT

ISSUED
FULL NAME
DATE

DATE	AMOUNT	CHECK NO.	ISSUE NO.
12/01/2023	100.00	1001	1001
12/02/2023	200.00	1002	1002
12/03/2023	300.00	1003	1003
12/04/2023	400.00	1004	1004
12/05/2023	500.00	1005	1005
12/06/2023	600.00	1006	1006
12/07/2023	700.00	1007	1007
12/08/2023	800.00	1008	1008
12/09/2023	900.00	1009	1009
12/10/2023	1000.00	1010	1010

DATE	AMOUNT	CHECK NO.	ISSUE NO.
12/01/2023	100.00	1001	1001
12/02/2023	200.00	1002	1002
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12/06/2023	600.00	1006	1006
12/07/2023	700.00	1007	1007
12/08/2023	800.00	1008	1008
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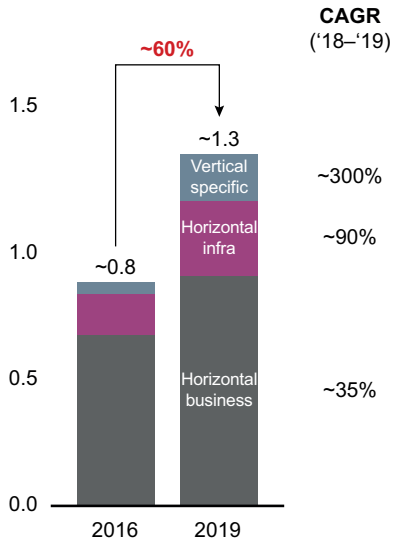
Implications for investors

- Investments in SaaS rose to \$1.3 billion in 2019, a 60% increase over the previous year. Horizontal business software was the largest subsegment, accounting for two-thirds of all SaaS investments. Vertical-specific SaaS grew the fastest, albeit on a small base.
- SaaS continued as a prominent theme, even amidst Covid-19, with a growing share of VC/growth investments in the first half of 2020.
- Investors see multiple attractive investment opportunities in SaaS over the next few years. Going forward, six key themes will become more notable from an investment perspective:
 - Infrastructure management tools and platforms to serve an attractive DevOps community
 - Increasingly remote nature of work, with Covid-19 tailwinds driving salience for categories such as productivity tools
 - Proliferating API universe driven by the role of APIs in modern enterprise architecture
 - Intelligent automation of business processes with the rise of cognitive computing
 - Disintermediation of value chains with the rise of B2B tech platforms
 - E-commerce enablement through both specialised and end-to-end solutions
- Before investment, founders particularly appreciate investors who evaluate different plays in a customised manner, taking into consideration how different metrics like growth or adoption vary by target customer segments and industries.
- After investment, founders value investors who:
 - Mentor/guide in making critical decisions (e.g. international expansion)
 - Provide support in acquiring initial customers in new geographies and segments, and developing commercial excellence
 - Assist in hiring key leadership roles particularly in sales and product
 - Drive experimentation within their portfolio companies

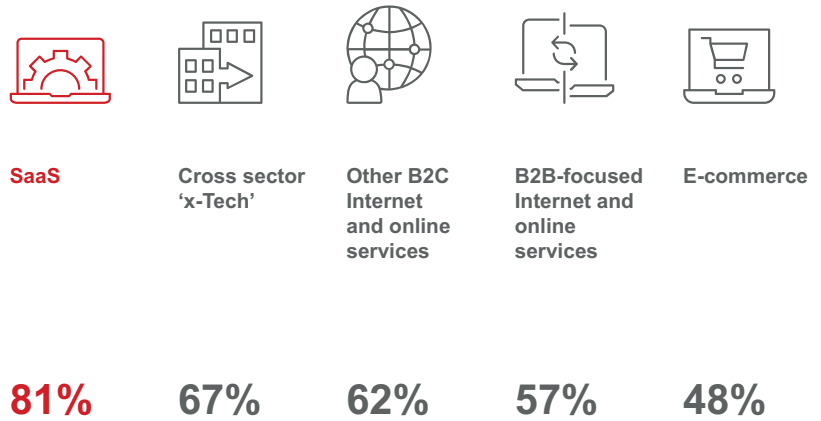
India SaaS Report 2020

Figure 23: SaaS witnessed significant funding traction in the past two years and will continue to gain investor focus

India SaaS investments (\$B)



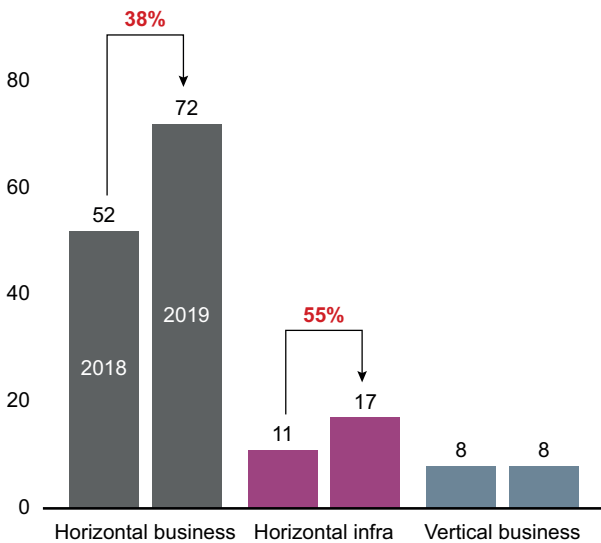
Which technologies/subsectors do you expect your firm will focus on in the next 3 to 5 years?



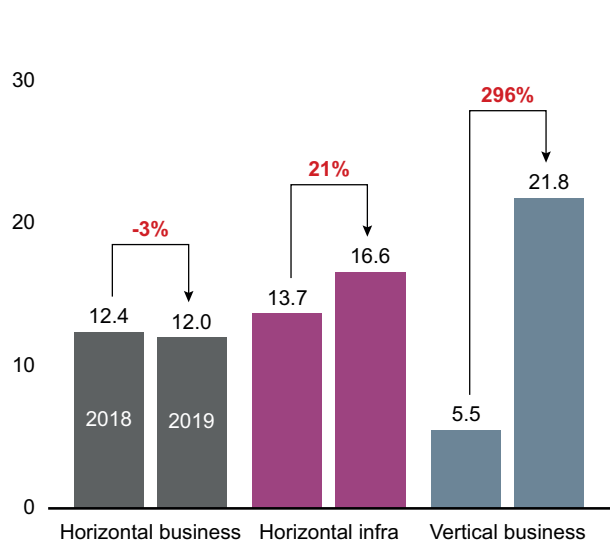
Sources: Bain private equity deals database; Bain India Private Equity Survey, December 2019 (n=28)

Figure 24: Horizontal business software was the largest SaaS subsegment in 2019, with growth resulting from the increase in deal volume

India: Deal volume for SaaS subsegments



India: Average deal value for SaaS subsegments (\$M)

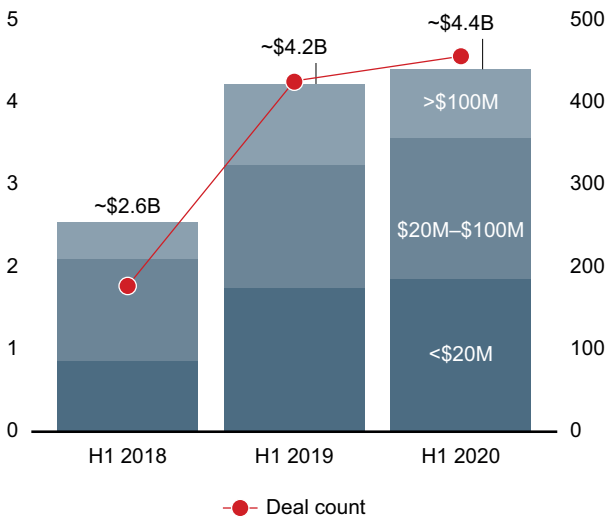


Note: Deal volume includes deals where deal value is unknown; average deal value is only for deals with known value
Source: Bain private equity deals database

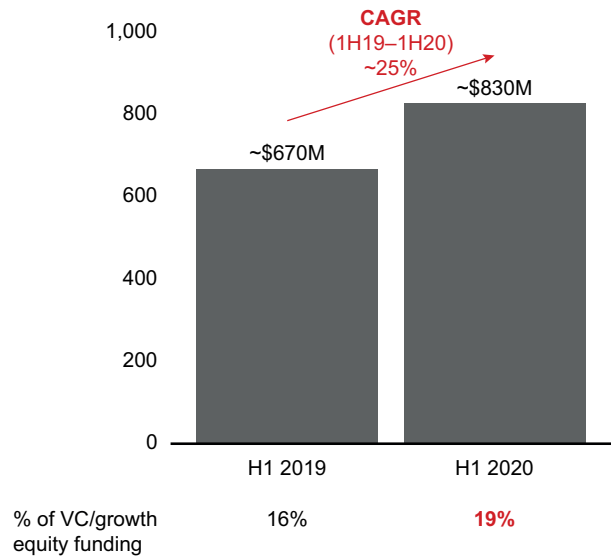
India SaaS Report 2020

Figure 25: Even post-Covid-19, SaaS is a prominent investment theme with growing share of VC and growth equity investments

India VC deal value (\$B) and deal count (Jan to June):
Strong growth momentum



India SaaS investments (\$M):
Higher share of SaaS in VC investments



Source: Bain private equity deals database

Figure 26: Six key themes will become more salient going forward

Infrastructure management tools and platforms for developers	Increasingly remote nature of work	Growing API universe	Intelligent automation of business processes driven by AI/ machine learning (ML)	Disintermediation of value chains and rise of B2B tech platforms	E-commerce enablement solutions with differentiated tech capabilities
Subsegments which will benefit					
<ul style="list-style-type: none"> Tools built for new technologies (e.g., containers, Kubernetes) Data democratisation (low-/no-code development platforms) 	<ul style="list-style-type: none"> Remote collaboration and productivity tools Employee engagement, onboarding, culture and learning platforms 	<ul style="list-style-type: none"> Rise of both vertical-specific (e.g., fintech) and vertical-agnostic (e.g., testing, gateways) plays 	<ul style="list-style-type: none"> Workflow and process automation Conversational AI-based tools (e.g., chatbots, voice assistants) 	<ul style="list-style-type: none"> Disrupting existing value chains Supplementing existing value chains Tech enabled marketplaces 	<ul style="list-style-type: none"> Specialised solutions (e.g., app/site search, assisted selling) End-to-end platform players

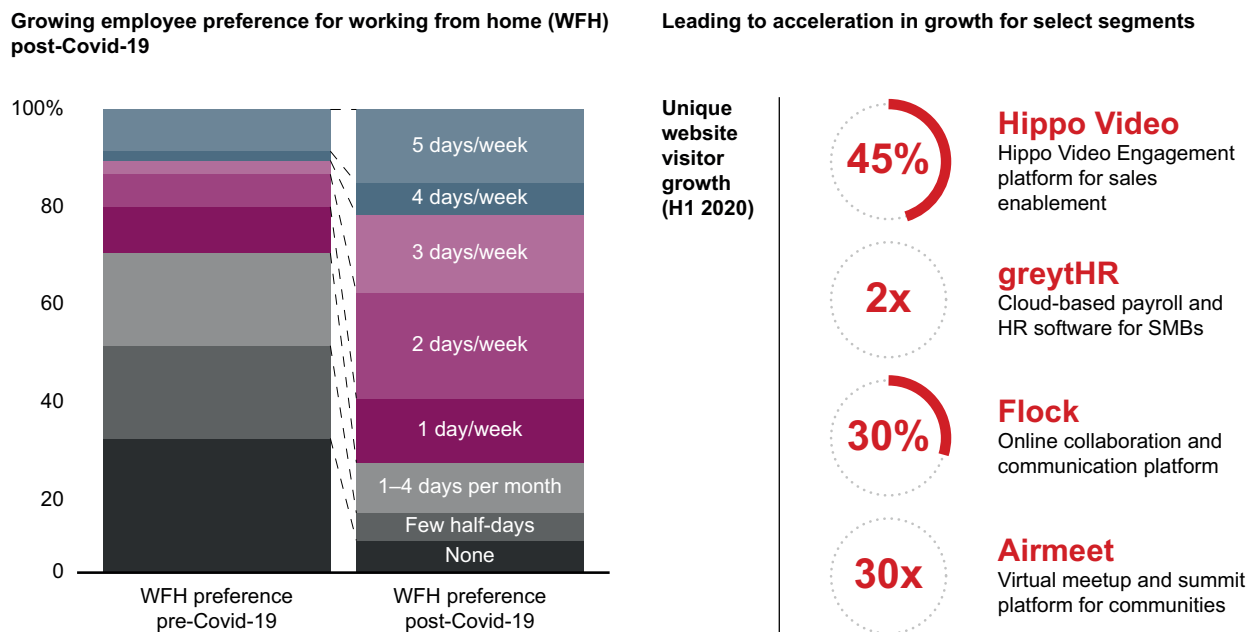
Sources: Market participant interviews; Bain analysis

Figure 26a: The DevOps community presents an attractive opportunity for SaaS products



Sources: Market participant interviews; Bain analysis

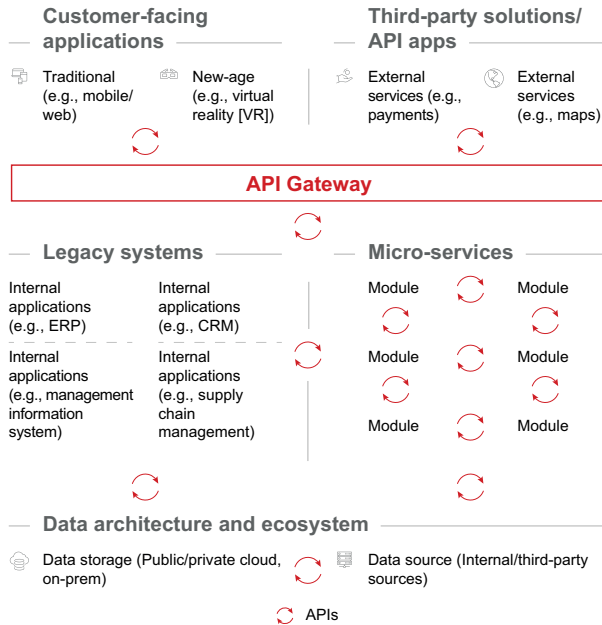
Figure 26b: An increase in remote working, with strong tailwinds from Covid-19, drives salience for select categories



Note: Airmeeet details are for Q2 2020
Sources: Global Work-from-Home Experience Survey, 2020 (n=2,865, representative of 'white collar' office-based workers); SimilarWeb

Figure 26c: APIs are core to a modern enterprise architecture and allow connections between both internal and external applications

APIs are a central element of modern technology stack



What makes APIs pivotal to modern development?

Product development

Greater agility
Improve agility by decoupling front- and back-end development, and independently upgrade modules within applications

Improved flexibility
Increased flexibility for developers/end-users to use best-in-class technologies across application modules

Better access to data and applications
Enhanced data flow within and across different enterprise departments through multiple data end points

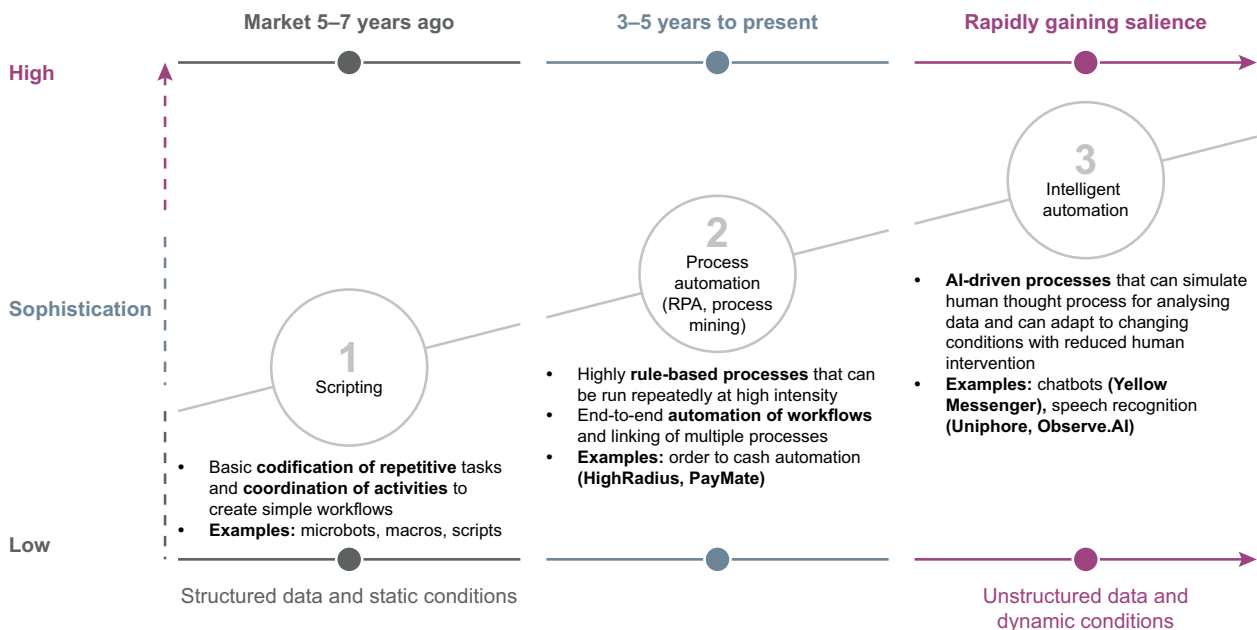
Business model

Faster time to market
Reduced time to develop and deploy applications driven by easier integration and access to internal and third-party modules

Revenue and distribution expansion
Ability to offer a business service as an API to other businesses and the ability to seamlessly use other business services offered as APIs




Sources: Market participant interviews; Bain analysis

Figure 26d: Automation has evolved from basic scripting to robotic process automation, with AI and cognitive computing rapidly gaining salience








Sources: Market participant interviews; Bain analysis

Figure 26e: B2B tech players are leveraging software to disrupt value chains

	Disrupting existing value chain	Complementing existing value chain	Tech-driven marketplace
	NINJACART	FREIGHT TIGER	INFRA.MARKET
 Value chain impacted	<ul style="list-style-type: none"> Disrupting fresh food produce supply chain by eliminating intermediaries Use technology and analytics to solve for inefficiencies in supply chain and create value for farmers and retailers 	<ul style="list-style-type: none"> Transform logistics supply chain by enabling better control over shipments for both people and businesses Use technology to improve visibility and predictability for shippers and transporters 	<ul style="list-style-type: none"> Reform construction supply market via marketplace for builders & dealers/manufacturers Create a qualified discovery platform to aggregate customer demand and use technology to solve for inefficiencies in supply
 Business model for monetisation	Monetisation from margin over goods transacted on platform , with dedicated apps for retailers, farmers and supply chain partners to enable value creation	Monetisation primarily from platform services (neutral network, visibility, fulfilment); launched freight financing for delivery partners	Monetisation from margin over goods transacted on platform and other services (credit solutions, fulfilment services, order-tracking software)
 Market position and scale	Serving 50K+ stores with a network of 25K+ farmers across seven major cities	Leading freight network with 3K+ logistics delivery partners and 200+ large customers	Working with 140+ construction projects and 70+ clients

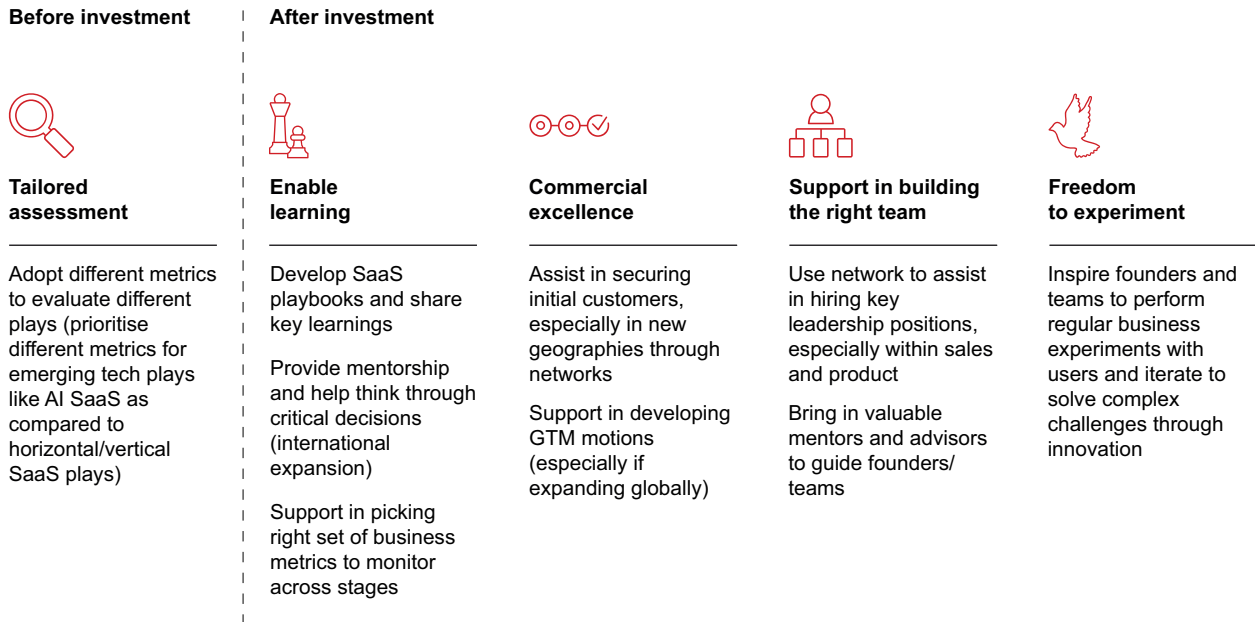
Sources: Market participant interviews; Bain analysis

Figure 26f: Specialised solutions are disrupting e-commerce building blocks and end-to-end players are rapidly developing the Indian e-commerce ecosystem

	 Recommendation/ personalisation	 App/site search (image/voice/text)	 Assisted selling
Description	Recommendation/ personalisation engine to create an individualised customer experience	Query, filter and sort relevant products; often powered by voice/image search and natural language processing	Digital experience plug-ins, enabling virtual product experience
Use cases	<p>Product recommendations with purchase history and behavioural data of similar individuals</p> <p>Real-time personalisation through differentiation across landing pages, sorting order</p> <p>Dynamic bundling through upselling and cross-selling</p>	<p>Digital commerce search for matching products</p> <p>Guided navigation experience using instant filters (e.g., size, price, colour) on search</p> <p>Voice-powered shopping and image searches (picture uploads to search look-alikes)</p>	<p>Videos, 360-degree demonstrations of products</p> <p>VR/AR solutions creating an interactive, real-life shopping experience</p> <p>Conversational commerce offering a guided buying experience through chatbots</p>
Examples	Vue.ai (Automates marketing and personalisation for fashion/ apparel retail)	Unbxd (Search optimisation and relevance improvement for websites)	Avataar.me (Life-sized 3D/AR experience creation for brands)
	 Horizontal digital commerce enablers in attractive markets	 Vertical specialists driving online penetration	
Description	Provide services across the value chain, including web store, inventory, payments, fulfilment management India-focused offering and service model customised to solve local challenges		Provide wide range of services for predominantly offline and low e-commerce penetration verticals like grocery or auto
Thesis for development	<p>Create region-specific first-mover advantage and moats with robust brand and network of local partners to gain traction before global leaders</p> <p>Dominate regional markets where e-commerce penetration is rapidly rising</p>		<p>Develop vertical-specific expertise and moats with a dedicated network of suppliers, micro-fulfilment centres and partners</p> <p>Establish market dominance in verticals with low penetration but growing traction</p>
Examples	Instamojo (Payment gateway and store services provider for SMBs)		LoveLocal (Digitalisation for local stores) Jumbotail (Wholesale food and grocery platform)

Sources: Market participant interviews; Bain analysis

Figure 27: SaaS founders value support from investors across critical areas throughout their journey



Sources: Market participant interviews; Bain analysis

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