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Delivered from Experience

# SBI Q3 2024 CEO Value Creation Pulse

Full Set of Collected Benchmarks

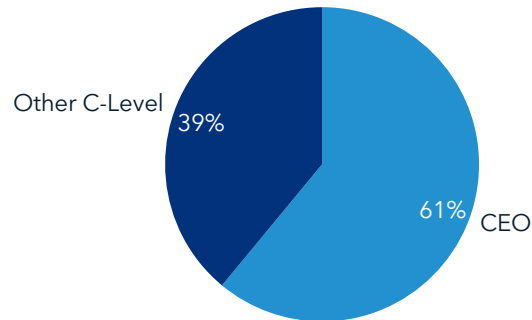
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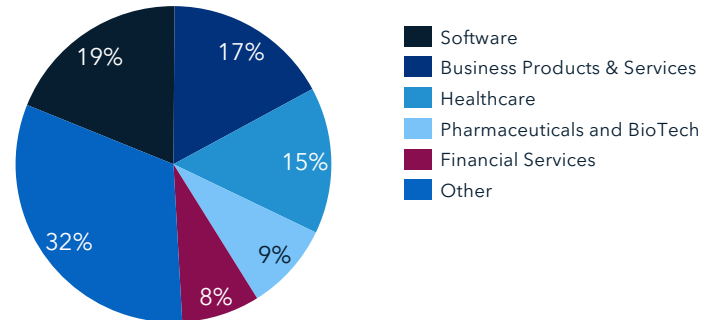
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# SBI surveyed 140 CEOs and other C-level executives across industries, ownership structures, and revenue bands

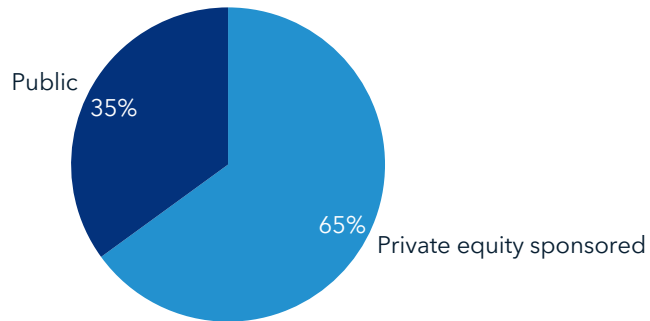
**Respondent Title**



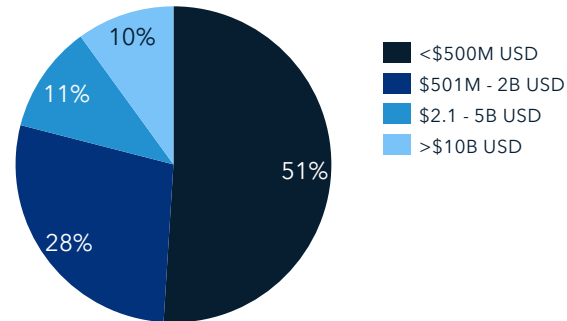
**Company Industry**



**Ownership Structure**



**Annual Revenue**



N = 140; Survey fielded in September 2024

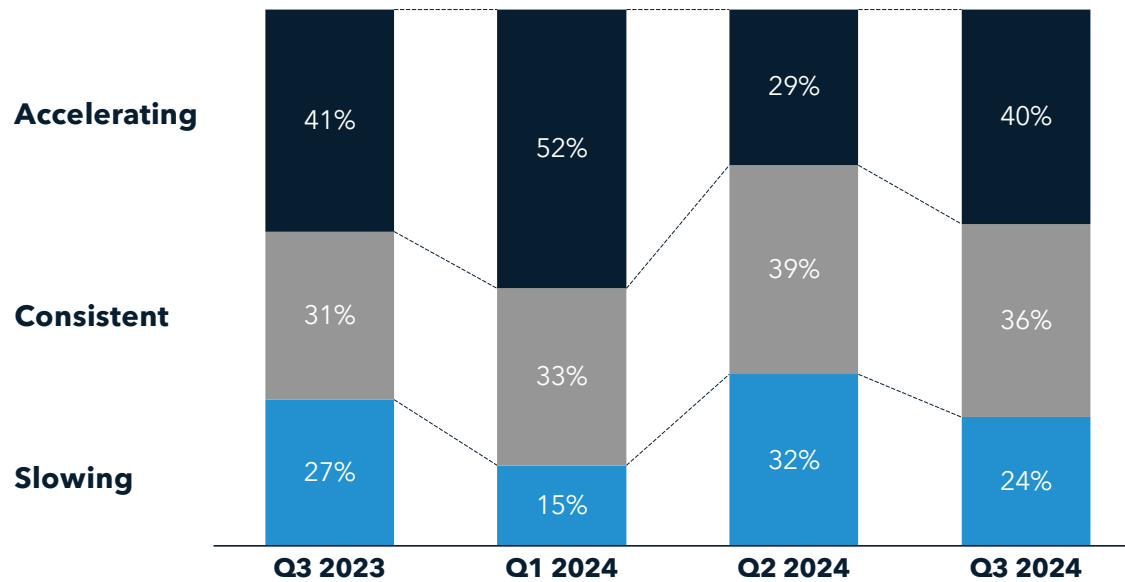


1

**Market sentiment is improving slightly; a growing portion expecting to miss targets**

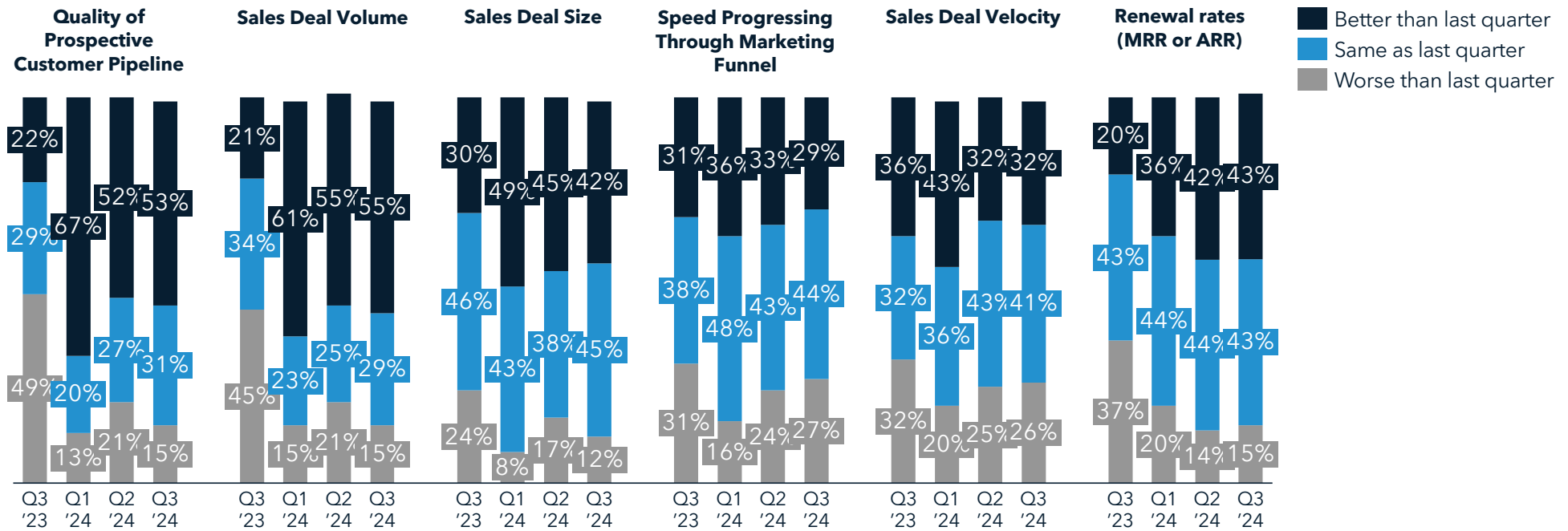
# Demand showing more acceleration after a significant Q2 decline

## CEO Characterization of Demand



Q3 2023 N = 113; Q1 2024 N = 87; Q2 2024 N = 102; Q3 2024 N = 140  
Source: SBI Q3 2023 CEO Survey; SBI Q1 2024 CEO Survey; SBI Q2 2024 CEO Survey; SBI Q3 2024 CEO Survey

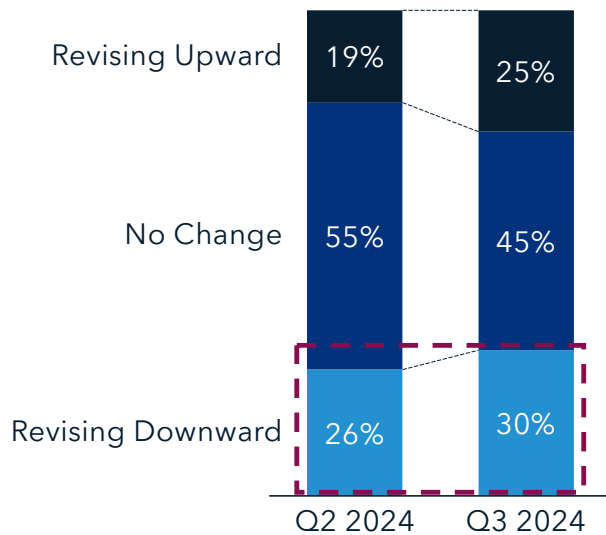
# Pipeline and volume continue to improve; velocity indicators show signs of worsening



Q3 2023 N = 113; Q1 2024 N = 87; Q2 2024 N = 102; Q3 2024 N = 140  
 Source: SBI Q3 2023 CEO Survey; SBI Q1 2024 CEO Survey; SBI Q2 2024 CEO Survey; SBI Q3 2024 CEO Survey

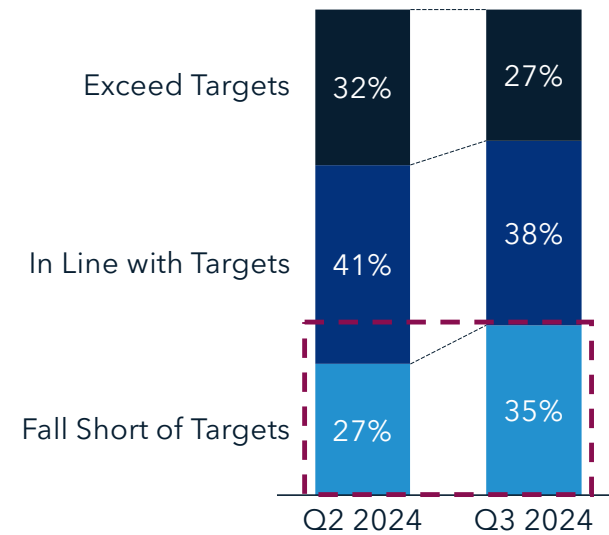
# Increase in portion revising revenue forecasts down, and in portion expecting to fall short of EBITDA targets

Change in Revenue Forecasts Relative to Projections at End of 2023



Q2 2024 N = 102; Q3 2024 N = 125  
Source: SBI Q2 2024 CEO Survey; SBI Q3 2024 CEO Survey

EBITDA Expectations for CY24 Relative to Targets



Q2 2024 N = 102; Q3 2024 N = 125  
Source: SBI Q2 2024 CEO Survey; SBI Q3 2024 CEO Survey

# More expecting to miss on revenue and EBITDA than expecting to beat

Distribution of Performance to Target for Revenue and EBITDA Margin

Revision to Revenue Forecast	Revising Upward	3%	9%	<b>"Expecting to Beat"</b> 13%
	No Change	10%	<b>"Expecting to Make"</b> 23%	12%
	Revising Downward	<b>"Expecting to Miss"</b> 22%	6%	2%
		Fall Short of Target	Meet Target	Exceed Target
		<b>Expected EBITDA Margin Performance</b>		

N = 125  
Source: SBI Q3 2024 CEO Survey

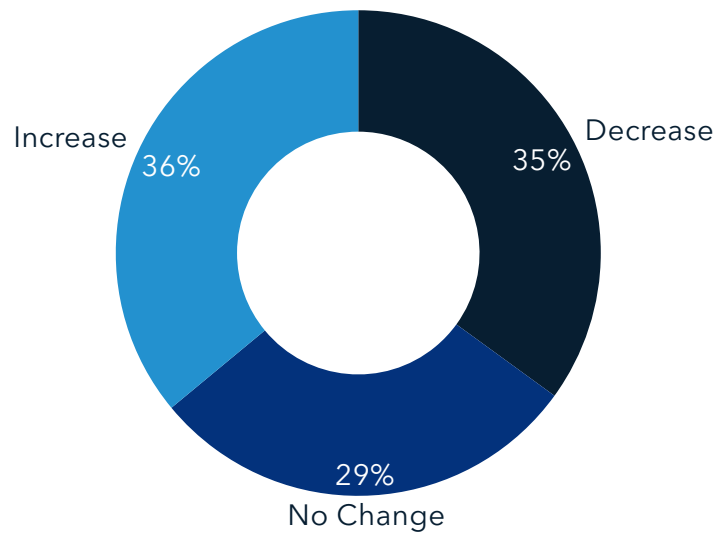


**2**

**CEOs missing targets are re-setting commercial team focus areas; those expecting to beat are investing forward**

# Equal portions expecting to increase and decrease OpEx, largely aligned with margin expectations

Expectations for OpEx as Percentage of Revenue Across H2 CY24, Compared with H1

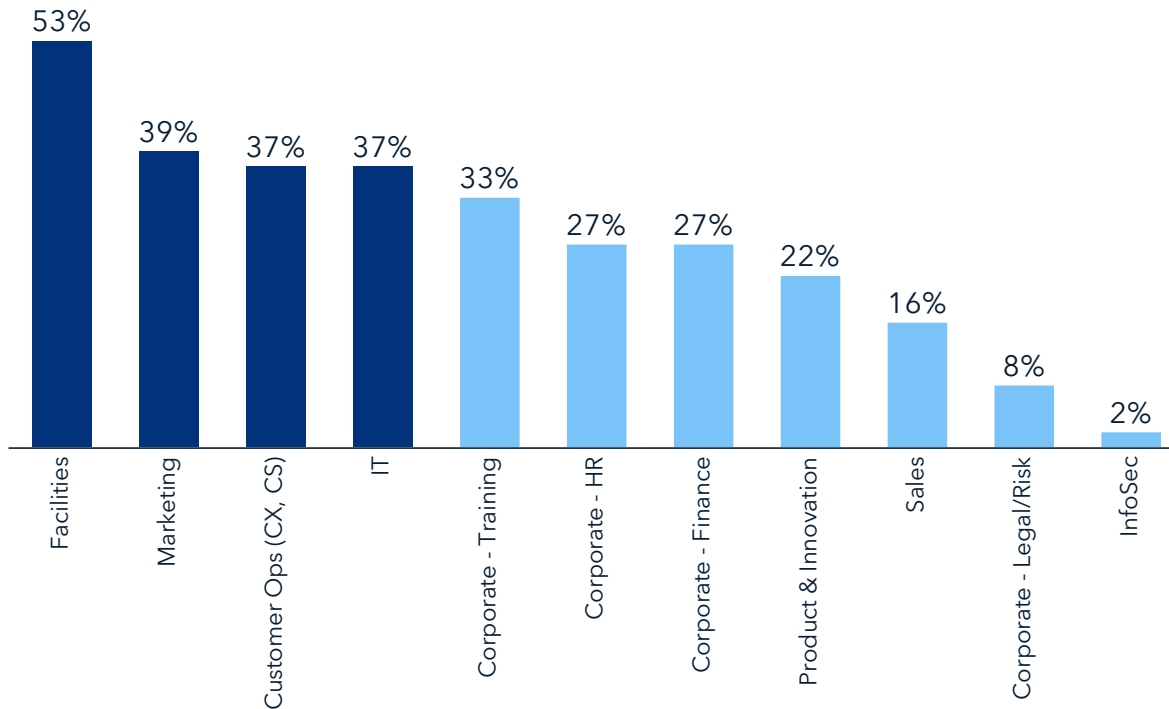


N = 140  
Source: SBI Q3 2024 CEO Survey

# Facilities, Marketing, CS and IT most likely to experience OpEx cuts; all areas where reduction opportunities may be small

## Areas of Cuts in Operational Expense

Percentage of respondents identifying as top three areas of cuts



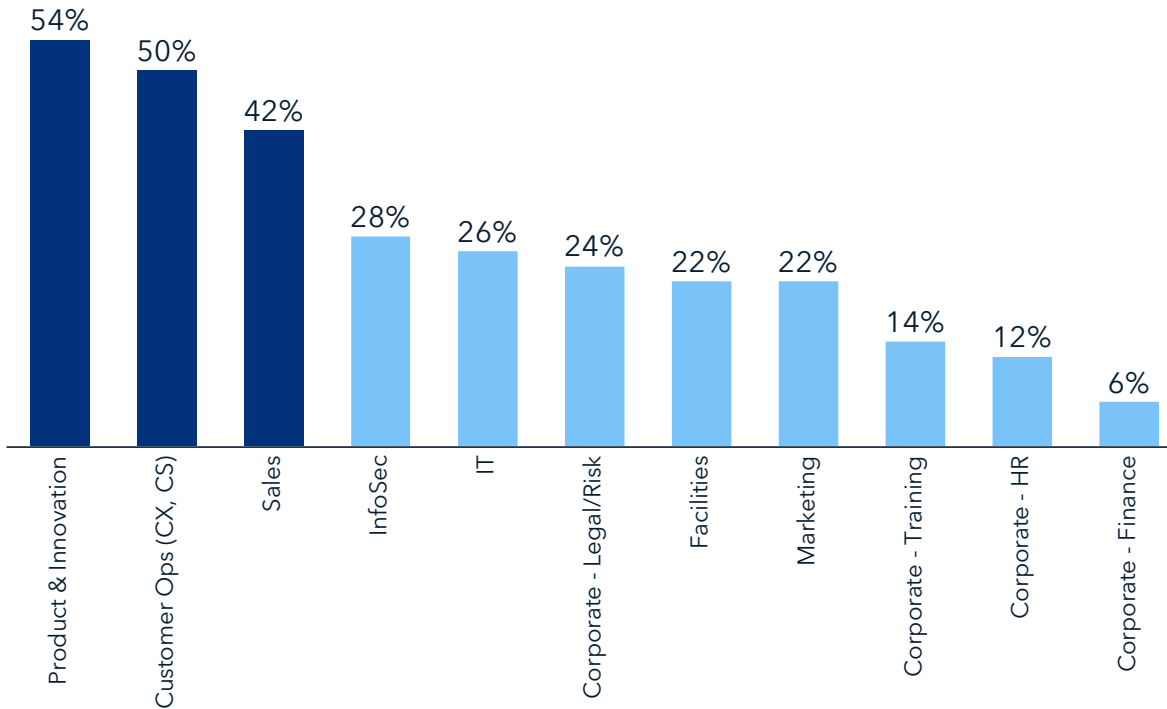
N = 49

Source: SBI Q3 2024 CEO Survey

# Product, CS, and Sales most likely areas for OpEx increases, reflecting a focus on setting up for more momentum in 2025

## Areas of Increase in Operational Expense

Percentage of respondents identifying as top three areas to increase expense

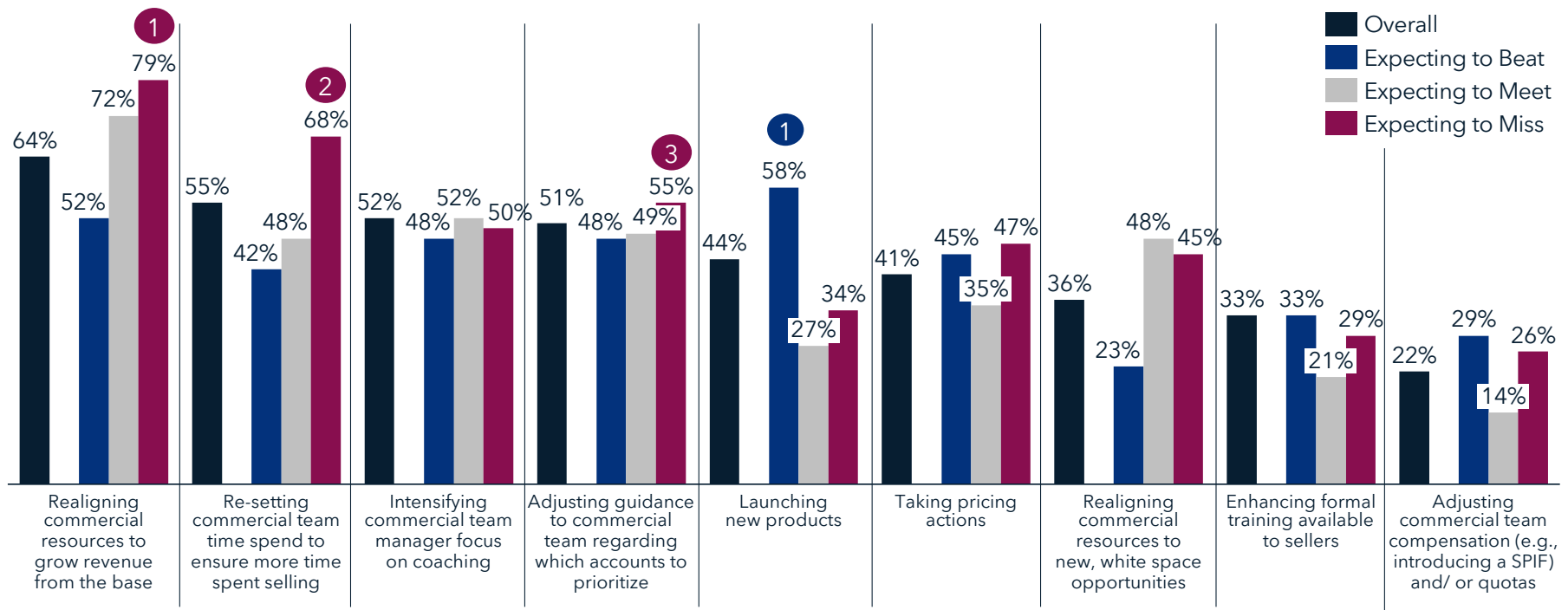


N = 50  
Source: SBI Q3 2024 CEO Survey

# CEOs expecting to miss targets are re-setting team focus areas to capture revenue; those expecting to beat are emphasizing new launches

## Planned Areas of Emphasis to Increase Chances of Meeting CY2024 Targets

Percentage reporting as a "heavy focus"



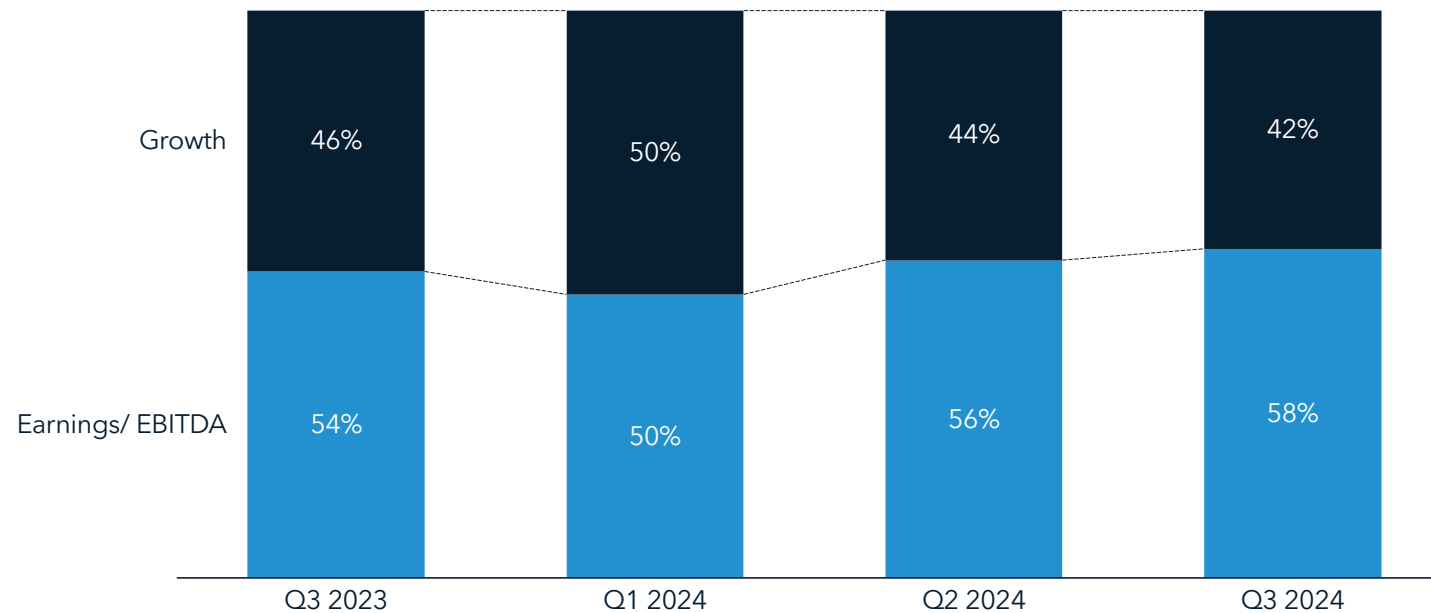
N = 140  
Source: SBI Q3 2024 CEO Survey

**3**

**Heavy emphasis on margin improvement,  
but investing to grow**

# Swing back toward earnings emphasis intensifies

## CEO Perceived Relative Importance of Growth and Earnings to Investors



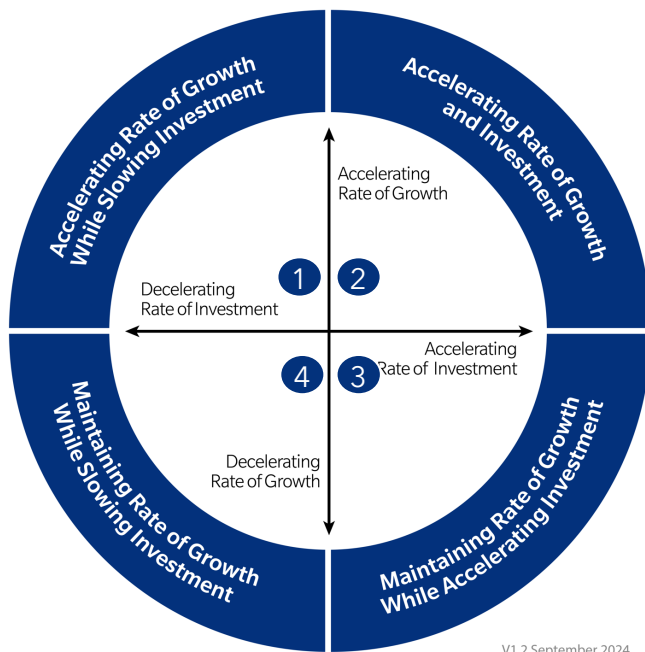
N = 113 (Q3 2023); 87 (Q1 2024); 102 (Q2 2024); 140 (Q3 2024)

Question: Allocate 100 points to indicate the relative importance your investors place on the following outcomes: Growth or Earnings / EBITDA.

Source: SBI Q3 2024 CEO Survey; SBI Q2 2024 CEO Survey; SBI Q3 2024 CEO Survey

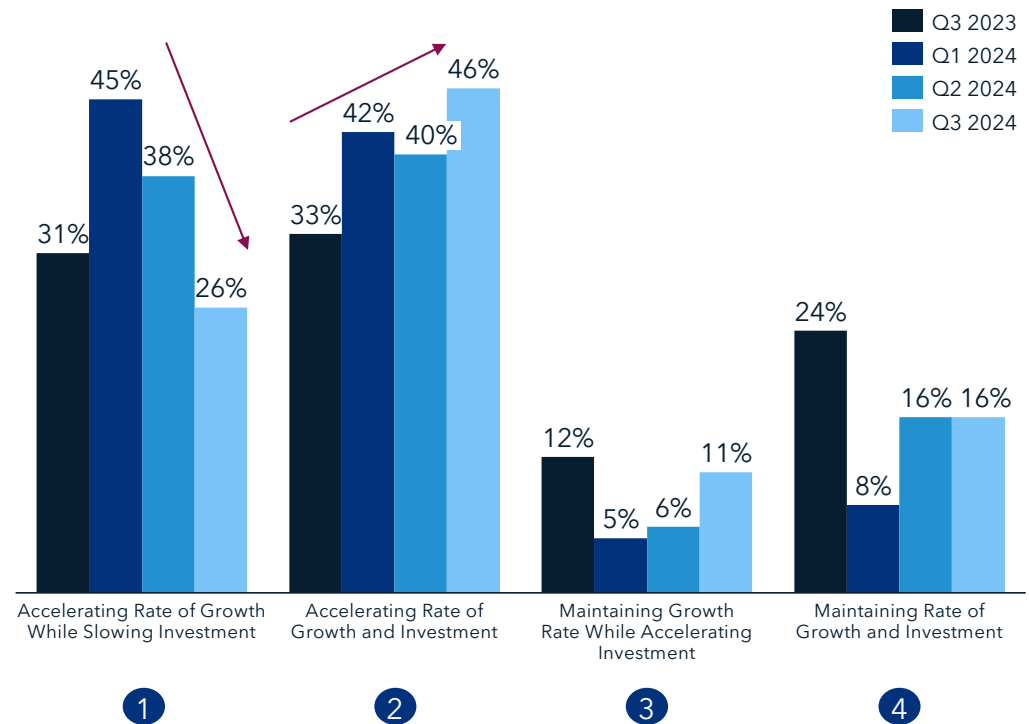
# Growing portion pursuing value creation through both accelerating growth and increasing investment

## SBI's Value Creation Compass



V1.2 September 2024

## Planned Value Creation Strategies



Q3 2023 N = 113; Q1 2024 N = 87; Q2 2024 N = 102; Q3 2024 N = 140

Question: Which of the following quadrants best describes your organization's approach to value creation?

Source: SBI Q3 2023 CEO Survey; SBI Q1 2024 CEO Survey; SBI Q2 2024 CEO Survey; SBI Q3 2024 CEO Survey



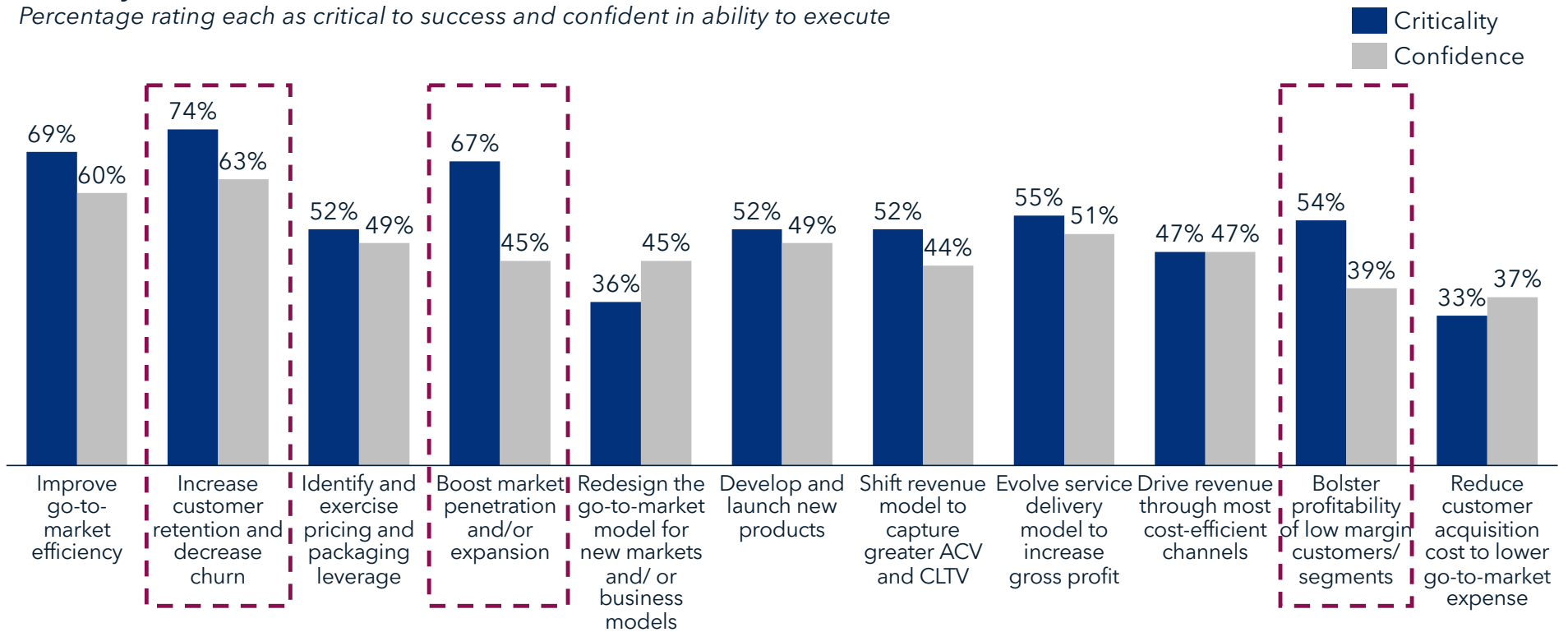
**4**

**Wavering confidence in the levers, strategy,  
and people required for value creation**

# Big confidence gaps with retention, market penetration, and customer profitability

## Criticality of and Execution Confidence in Levers for Value Creation

Percentage rating each as critical to success and confident in ability to execute

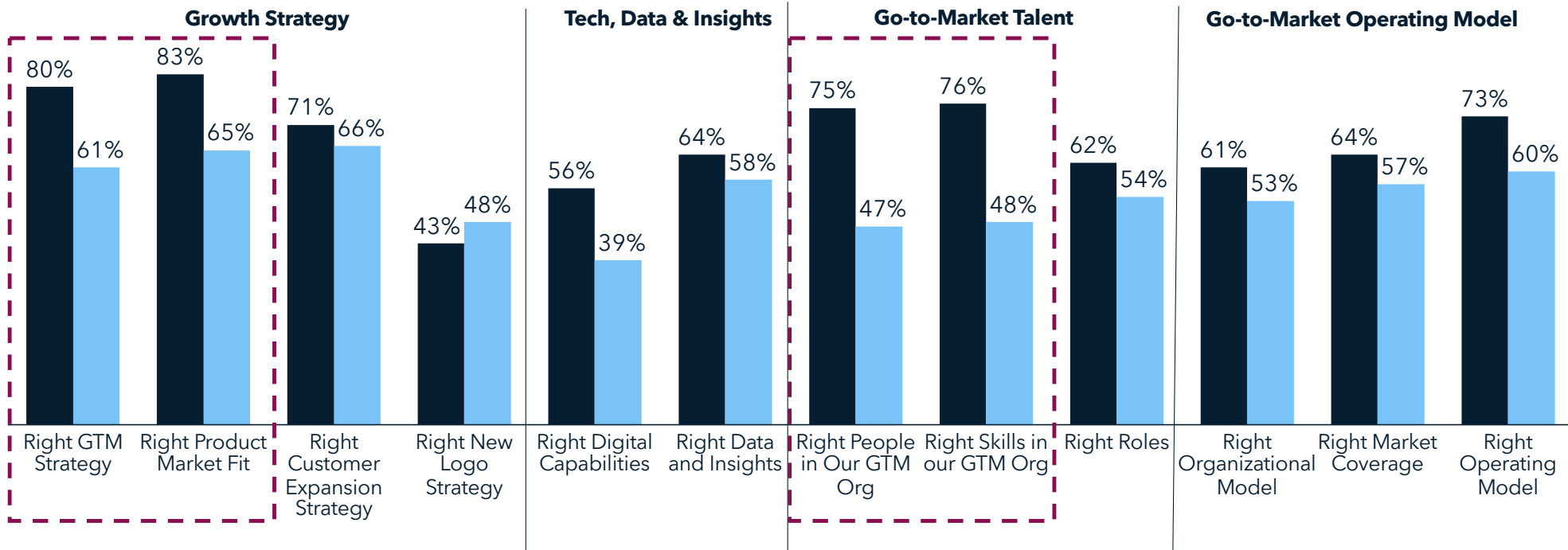


N = 140  
Source: SBI Q3 2024 CEO Survey

# Significant gaps in growth strategy, even bigger gaps with GTM talent

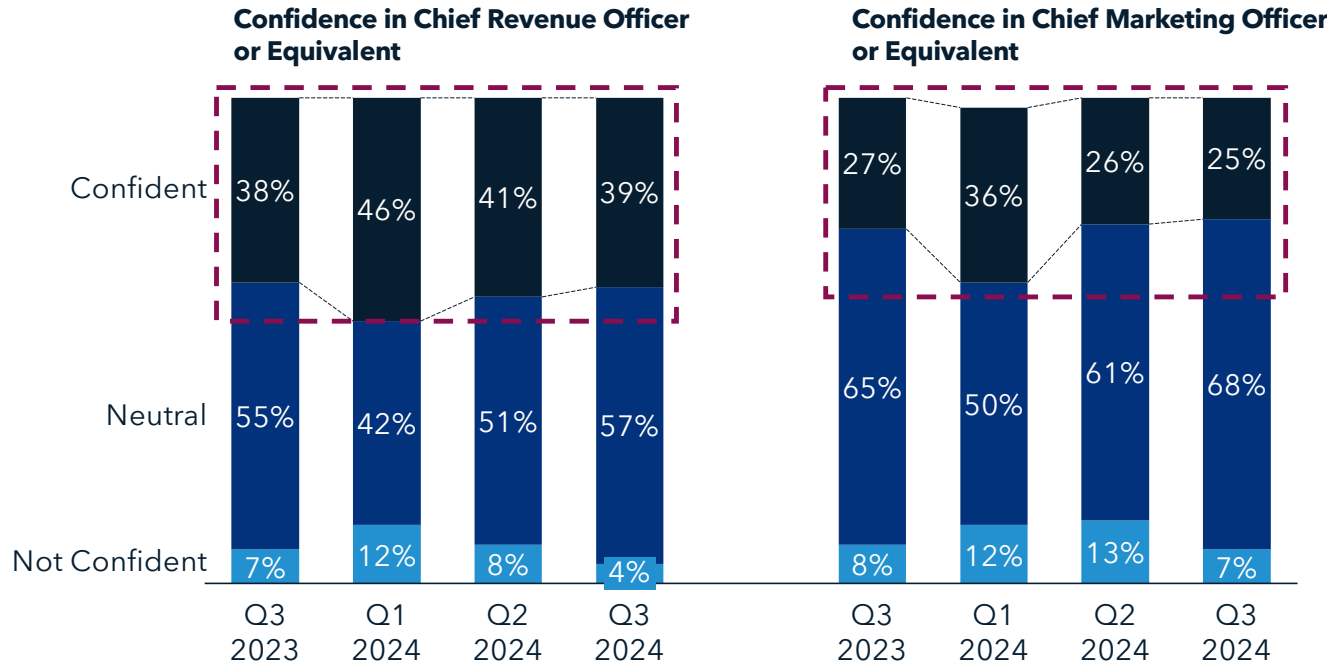
CEO Ratings of Criticality and Adequacy of Value Creation Dependencies

Critical to Overall Success  
 Currently Have it Right



N = 140  
Source: SBI Q3 2024 CEO Survey

# Only 39% expressing confidence in their CRO, and 25% in their CMO, both continuing a small but steady decline



N = 113 (Q3 2023); 87 (Q1 2024); 102 (Q2 2024); 140 (Q3 2024)

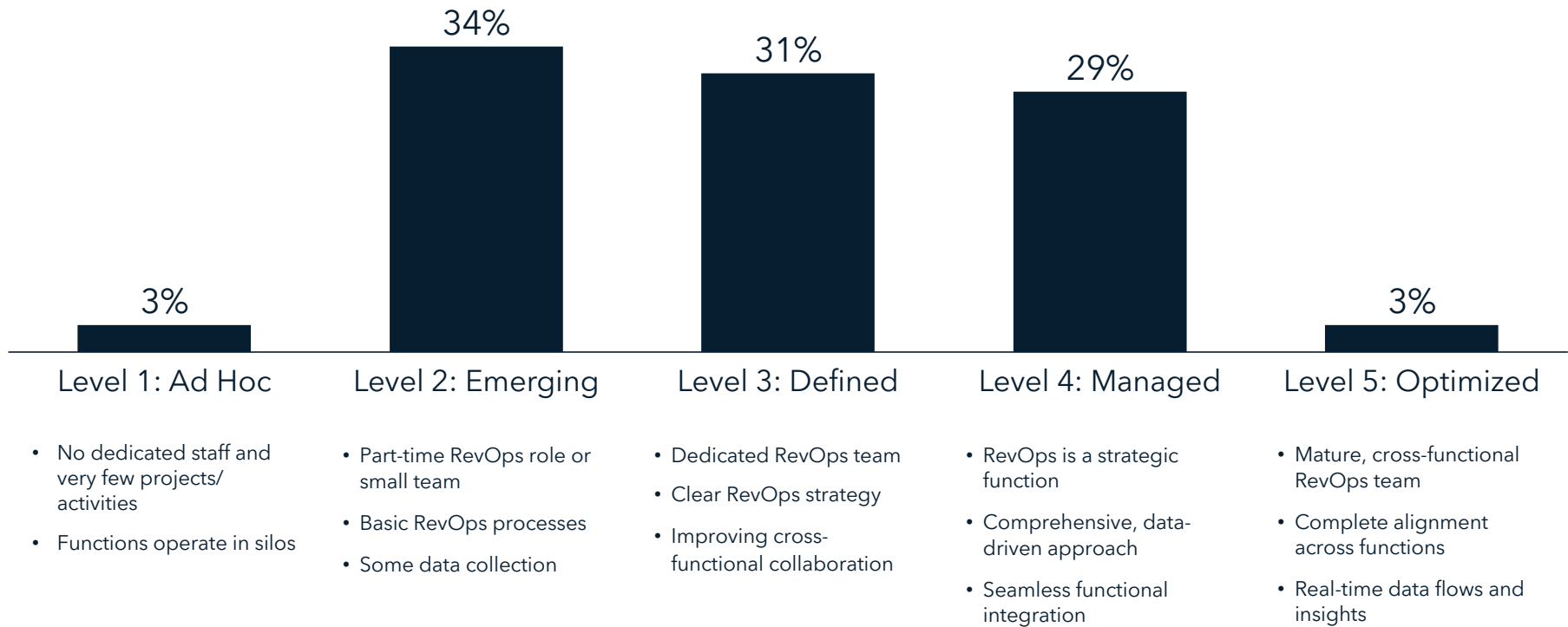
Source: SBI Q3 2023 CEO Survey; SBI Q1 2024 CEO Survey; SBI Q2 2024 CEO Survey; SBI Q3 2024 CEO Survey

**5**

**Revenue Operations at middling maturity levels, making execution more challenging**

# CEOs rate their RevOps organizations fairly evenly across the middle stages of maturity, with some skew toward the less mature stages

CEO Ratings of RevOps Maturity at Their Organizations

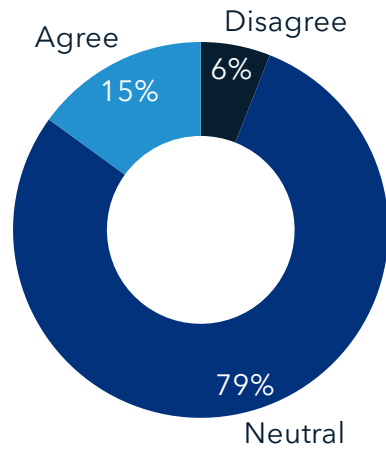


N = 140  
Source: SBI Q3 2024 CEO Survey



# Neutral on whether getting expected ROI from RevOps, likely due to CEOs not clear on what good could look like

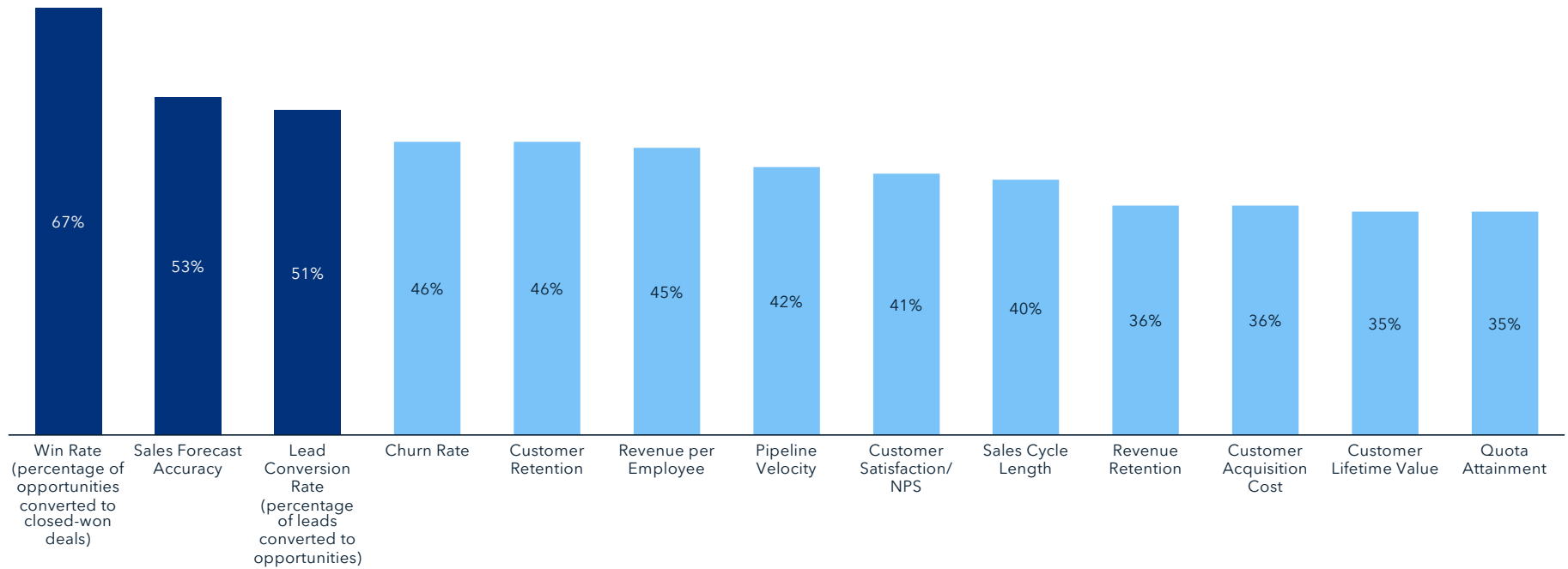
CEO Agreement on Whether They Are Getting the Expected ROI from Revenue Operations Spend



N = 140  
Source: SBI Q3 2024 CEO Survey

# RevOps most often evaluated based on conversion and accuracy

## Metrics CEOs Use to Evaluate Effectiveness of Their Organization's Revenue Operations Capabilities



N = 140  
Source: SBI Q3 2024 CEO Survey



**6**

**Planning assumptions for 2025 all more modest than this time last year, with the exception of improved Sales staff attrition**

# Software expecting higher seller attrition and growth rate than others; Business Services expecting large new customer growth; Healthcare large up/ cross-sell

## CEO Planning Assumptions Heading into 2025 vs Heading into 2024

Average of all responses, by segment

Planning Assumptions	Overall Average		PE-Backed		Public		Software		Business Services		Healthcare	
	For 2025 (n = 113)	For 2024 (n = 140)	For 2025 (n = 91)	For 2024 (n = 77)	For 2025 (n = 49)	For 2024 (n = 36)	For 2025 (n = 26)	For 2024 (n = 32)	For 2025 (n = 34)	For 2024 (n = 16)	For 2025 (n = 21)	For 2024 (n = 6)
Annual revenue growth rate	11.8%	16.4%	12.3%	17.6%	10.9%	14.1%	14.5%	20.5%	10.5%	11.8%	11.1%	13.2%
Percentage change in pricing	5.3%	6.8%	5.6%	7.5%	4.6%	5.3%	5.3%	8.2%	5.1%	4.6%	5.6%	4.3%
Percentage of customers that are new	17.2%	23%	12.0%	23%	14.8%	24.4%	16.7%	32%	21.3%	16%	15.2%	21%
Percentage of revenue from upsell / cross-sell	19.1%	28%	20.1%	29.5%	17.4%	24.6%	26%	37%	19%	30%	14%	13%
Sales staff attrition	11.0%	13%	12.2%	14.1%	8.8%	10%	15.7%	13%	13.9%	18%	8.8%	15%
US inflation rate	Moderate Decrease	Moderate Decrease	Moderate Decrease	Moderate Decrease	Moderate Decrease	Moderate Decrease	Little Change	Little Change	Little Change/ Moderate Decrease	Moderate Decrease	Moderate Decrease	Moderate Decrease

Expectations lower vs last year

Expectations higher vs last year

Expectations similar to last year

Source: SBI Q3 2023 CEO Survey; SBI Q3 2024 CEO Survey



# **7 Industry and Sector Tables**

## Business Services seeing largest slowing of demand, Healthcare showing strong acceleration, and Public companies least likely to be accelerating

Demand Sentiment	Overall Average (n = 140)	PE-Backed (n = 91)	Public (n = 49)	Software (n = 26)	Business Services (n = 34)	Healthcare (n = 21)
Slowing	24%	27%	16%	27%	32%	5%
Consistent	36%	33%	43%	46%	38%	48%
Accelerating	40%	40%	16%	27%	29%	48%

N = 140  
Source: SBI Q3 2024 CEO Survey



## Business Services proportionally more likely to be revising downward and missing EBITDA targets; software most likely to exceed EBITDA targets

Growth Forecast Revision	Overall Average (n = 140)	PE-Backed (n = 91)	Public (n = 41)	Software (n = 25)	Business Services (n = 31)	Healthcare (n = 20)
Revising Upward	25%	25%	24%	12%	19%	20%
No Change	45%	42%	51%	60%	42%	60%
Revising Downward	30%	33%	24%	28%	39%	20%

EBITDA Relative to Targets	Overall Average (n = 140)	PE-Backed (n = 91)	Public (n = 41)	Software (n = 25)	Business Services (n = 31)	Healthcare (n = 20)
Exceed Targets	27%	27%	26%	40%	16%	15%
In Line with Targets	38%	38%	37%	44%	26%	55%
Fall Short of Targets	35%	35%	37%	16%	58%	30%

N = 140  
Source: SBI Q3 2024 CEO Survey



## Sector trends show general improvement in deal outcomes, and consistency quarter-over-quarter on indicators of speed

Quality of Prospective Customer Pipeline	Overall Average (n = 140)	PE-Backed (n = 91)	Public (n = 49)	Software (n = 26)	Business Services (n = 34)	Healthcare (n = 21)
Better than last quarter	53%	54%	53%	46%	59%	52%
Same as last quarter	31%	31%	31%	31%	26%	33%
Worse than last quarter	15%	15%	16%	23%	15%	14%

Sales Deal Volume	Overall Average (n = 140)	PE-Backed (n = 91)	Public (n = 49)	Software (n = 26)	Business Services (n = 34)	Healthcare (n = 21)
Better than last quarter	55%	58%	49%	58%	47%	48%
Same as last quarter	29%	24%	39%	31%	35%	38%
Worse than last quarter	15%	17%	12%	12%	18%	15%

Sales Deal Size	Overall Average (n = 140)	PE-Backed (n = 91)	Public (n = 49)	Software (n = 26)	Business Services (n = 34)	Healthcare (n = 21)
Better than last quarter	42%	36%	55%	31%	35%	48%
Same as last quarter	45%	49%	37%	58%	56%	48%
Worse than last quarter	12%	14%	8%	12%	9%	5%

Speed Progressing Through Mktg Funnel	Overall Average (n = 140)	PE-Backed (n = 91)	Public (n = 49)	Software (n = 26)	Business Services (n = 34)	Healthcare (n = 21)
Better than last quarter	29%	32%	24%	19%	29%	29%
Same as last quarter	44%	45%	41%	46%	47%	43%
Worse than last quarter	27%	23%	35%	35%	24%	29%

Sales Deal Velocity	Overall Average (n = 140)	PE-Backed (n = 91)	Public (n = 49)	Software (n = 26)	Business Services (n = 34)	Healthcare (n = 21)
Better than last quarter	32%	31%	37%	38%	21%	29%
Same as last quarter	41%	44%	37%	23%	50%	57%
Worse than last quarter	26%	25%	26%	38%	30%	14%

Renewal Rates	Overall Average (n = 140)	PE-Backed (n = 91)	Public (n = 49)	Software (n = 26)	Business Services (n = 34)	Healthcare (n = 21)
Better than last quarter	43%	42%	42%	46%	25%	46%
Same as last quarter	43%	38%	49%	42%	50%	42%
Worse than last quarter	15%	19%	8%	13%	25%	13%



N = 140  
Source: SBI Q3 2024 CEO Survey

## Healthcare most likely to be increasing OpEx; Software most likely to be decreasing

Expectations for OpEx as Percentage of Revenue Across H2 CY24	Overall Average (n = 140)	PE-Backed (n = 91)	Public (n = 49)	Software (n = 26)	Business Services (n = 34)	Healthcare (n = 21)
<b>Increase</b>	36%	38%	30%	31%	30%	48%
<b>No Change</b>	29%	25%	37%	19%	35%	24%
<b>Decrease</b>	35%	36%	33%	50%	35%	29%

N = 140  
Source: SBI Q3 2024 CEO Survey



## Software and Healthcare closest to a 50/50 growth/ earnings emphasis; Business Services more heavily weighted toward earnings

Perceived Relative Importance to Investors	Overall Average (n = 140)	PE-Backed (n = 91)	Public (n = 49)	Software (n = 26)	Business Services (n = 34)	Healthcare (n = 21)
<b>Growth</b>	42%	43%	41%	47%	42%	47%
<b>Earnings</b>	58%	57%	59%	53%	58%	53%

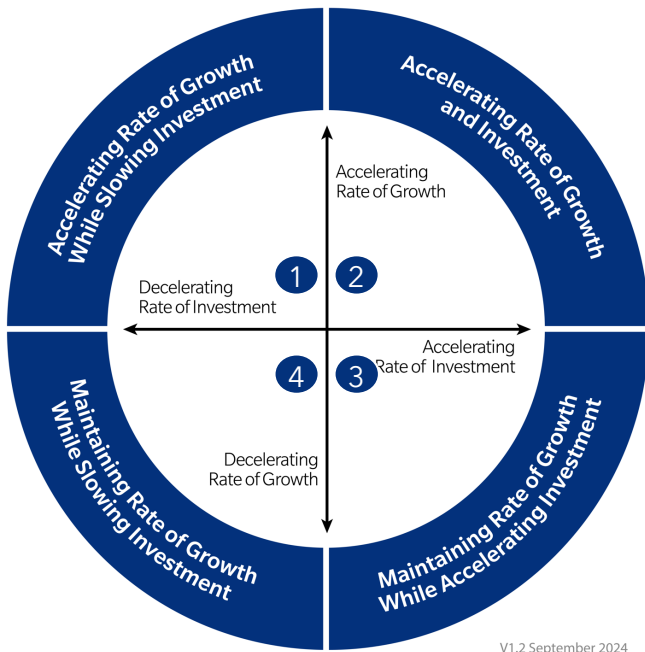
N = 140  
Source: SBI Q3 2024 CEO Survey





# Software has a notably higher proportion anticipating slowing growth and investment ("Quadrant 4") compared with other segments

## SBI's Value Creation Compass



Planned Approach to Value Creation	Overall Average (n = 140)	PE-Backed (n = 91)	Public (n = 49)	Software (n = 26)	Business Services (n = 34)	Healthcare (n = 21)
<b>Quadrant 1: Accelerating Growth/ Decelerating Investment</b>	26%	23%	33%	19%	15%	33%
<b>Quadrant 2: Accelerating Growth and Investment</b>	46%	47%	45%	46%	47%	48%
<b>Quadrant 3: Decelerating Growth/ Accelerating Investment</b>	11%	12%	10%	4%	21%	14%
<b>Quadrant 4: Decelerating Growth and Investment</b>	16%	18%	12%	31%	18%	5%

N = 140  
Source: SBI Q3 2024 CEO Survey



## Healthcare more focused on retention, delivery model, and profitability; Business Services on market penetration; Software on new products

Criticality of Levers for Value Creation (% Rating as Critical to Delivering on Value Creation Strategy)	Overall Average (n = 140)	PE-Backed (n = 91)	Public (n = 49)	Software (n = 26)	Business Services (n = 34)	Healthcare (n = 21)
Improve go-to-market efficiency	69%	67%	74%	77%	73%	29%
Increase customer retention and decrease churn	74%	78%	67%	77%	62%	91%
Identify and exercise pricing and packaging leverage	52%	49%	57%	57%	47%	43%
Boost market penetration and/or expansion	67%	76%	59%	53%	77%	48%
Redesign the go-to-market model for new markets and/or business models	36%	34%	39%	23%	41%	48%
Develop and launch new products	52%	45%	65%	61%	30%	62%
Shift revenue model to capture greater ACV and CLTV	52%	53%	49%	43%	47%	57%
Evolve service delivery model to increase gross profit	55%	59%	47%	46%	47%	85%
Drive revenue through most cost-efficient channels	47%	51%	43%	39%	50%	63%
Bolster profitability of low margin customers/ segments	54%	54%	53%	46%	42%	72%
Reduce customer acquisition cost to lower go-to-market expense	33%	35%	30%	29%	30%	57%

Top three for the sector

N = 140  
Source: SBI Q3 2024 CEO Survey



# All focused on growth strategy, Software and Healthcare also focused on GTM skills

Criticality of Value Creation Dependencies (% Rating as Critical to Delivering on Value Creation Strategy)		Overall Average (n = 140)	PE-Backed (n = 91)	Public (n = 49)	Software (n = 26)	Business Services (n = 34)	Healthcare (n = 21)
Growth Strategy	Right GTM Strategy	80%	80%	80%	81%	86%	76%
	Right Product Market Fit	83%	84%	82%	85%	76%	86%
	Right Customer Expansion Strategy	71%	74%	68%	65%	73%	86%
	Right New Logo Strategy	43%	47%	34%	43%	62%	43%
Tech, Data, and Insights	Right Digital Capabilities	56%	57%	53%	42%	52%	67%
	Right Data and Insights	64%	69%	55%	64%	68%	81%
Go-to-Market Talent	Right People in Our GTM Org	75%	81%	66%	65%	70%	76%
	Right Skills in our GTM Org	76%	79%	69%	69%	67%	85%
	Right Roles	62%	63%	57%	62%	59%	71%
Go-to-Market Operating Model	Right Organizational Model	61%	61%	61%	46%	62%	62%
	Right Market Coverage	64%	67%	57%	50%	56%	71%
	Right Operating Model	73%	71%	76%	62%	61%	81%

N = 140  
Source: SBI Q3 2024 CEO Survey



Top three for the sector

## Fairly consistent top planned areas of focus across sectors for the remainder of 2024

Planned Areas of Emphasis (Percentage expecting a heavy focus for remainder of 2024 CY)	Overall Average (n = 140)	PE-Backed (n = 9491)	Public (n = 49)	Software (n = 26)	Business Services (n = 34)	Healthcare (n = 21)
Realigning commercial resources to new, white space opportunities	36%	37%	32%	39%	44%	43%
Realigning commercial resources to grow revenue from the base	64%	67%	59%	62%	64%	72%
Launching new products	44%	39%	53%	39%	41%	29%
Taking pricing actions	41%	32%	55%	39%	35%	43%
Re-setting commercial team time spend to ensure more time spent selling	55%	52%	59%	61%	56%	43%
Enhancing formal training available to sellers	33%	32%	33%	27%	41%	29%
Adjusting commercial team compensation (e.g., introducing a SPIF) and/ or quotas	22%	21%	24%	31%	15%	24%
Adjusting guidance to commercial team regarding which accounts to prioritize	51%	49%	57%	54%	50%	53%
Intensifying commercial team manager focus on coaching	52%	54%	49%	46%	50%	72%

Top three for the sector

N = 140  
Source: SBI Q3 2024 CEO Survey



## Software CEOs' confidence in CRO is highest of all sectors, and confidence in CMO is lowest

Confidence in <u>CRO</u>	Overall Average (n = 140)	PE-Backed (n = 91)	Public (n = 41)	Software (n = 25)	Business Services (n = 31)	Healthcare (n = 20)
<b>Confident</b>	39%	39%	39%	54%	41%	39%
<b>Neutral</b>	57%	56%	59%	42%	56%	61%
<b>Not Confident</b>	4%	5%	2%	4%	3%	0%

Confidence in <u>CMO</u>	Overall Average (n = 140)	PE-Backed (n = 91)	Public (n = 41)	Software (n = 25)	Business Services (n = 31)	Healthcare (n = 20)
<b>Confident</b>	25%	25%	24%	19%	21%	24%
<b>Neutral</b>	68%	68%	70%	75%	70%	76%
<b>Not Confident</b>	7%	7%	6%	16%	9%	0%

N = 140  
Source: SBI Q3 2024 CEO Survey



## RevOps maturity is relatively high in Software, and low in Business Services

RevOps Maturity	Overall Average (n = 140)	PE-Backed (n = 91)	Public (n = 49)	Software (n = 26)	Business Services (n = 34)	Healthcare (n = 21)
Level 1: Ad Hoc	3%	2%	4%	4%	6%	0%
Level 2: Emerging	34%	34%	35%	15%	41%	43%
Level 3: Defined	31%	32%	31%	50%	26%	29%
Level 4: Managed	29%	29%	29%	31%	26%	29%
Level 5: Optimized	3%	3%	2%	0%	0%	0%

N = 140  
Source: SBI Q3 2024 CEO Survey



## **About SBI**

Driven by insights and delivered from experience, SBI continues to help clients grow their revenue, margin and enterprise value in ways never before possible.

Working with us, leaders can expect confidence and trust with experienced partners every step of the way. We engage and support our clients as an extension of their team, both guiding and working side-by-side to deliver relatable, practical strategies that work for today and tomorrow.

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