

SaaS Sellability Master Checklist

Five stages, five columns. Find the column for your ARR, tick what is true today, and add your points at the bottom.

Every column stands on its own. Each row is one thing buyers test at that size, with the benchmark they expect. Items worth 2 points carry an amber tag; they move the multiple most. The detailed edition for your stage explains why buyers care about each item and what to strengthen.

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STAGE 1 OF 5

Under \$500K ARR

2.76x Revenue multiple
Median, BVR exit data

7.4x EBITDA multiple
Median, BVR exit data

HOW BUYERS VALUE YOU
SDE multiple

WHO BUYS AT THIS SIZE
Individual buyers, micro-PE and marketplaces (Acquire.com, Flippa, acqui-hires)

TYPICAL DEAL STRUCTURE
Mostly cash at close under \$1M; seller financing or earn-out common above that

Financial quality 7 ITEMS

☐ Books are kept and closed at the standard your size requires
Cash basis is fine; books closed every quarter 1pt

☐ Chart of accounts separates recurring revenue, services, and COGS (hosting, support, third-party tools)
Recurring, services, and COGS on separate lines for 12+ months 1pt

☐ Year-end financials prepared by a CPA, at the review level your size requires
CPA-prepared 1pt

☐ Revenue is recognized over the contract term, with annual prepayments spread across 12 months
Monthly recognition; deferred revenue on the balance sheet 1pt

☐ Owner salary and personal expenses are tagged as add-backs with receipts
Add-back schedule maintained monthly 1pt

☐ All tax filings are current and every dollar of revenue runs through the books
All filings current; no off-book revenue 1pt

☐ No cash-flow crisis in the past 24 months and at least 3 months of operating cash on hand
3 months of cash 1pt

Revenue quality 7 ITEMS

☐ Recurring revenue is the required share of total revenue
70%+ 1pt

☐ ARR growth, as a 2 to 3 year CAGR, meets the benchmark, and every year in that period grew
40%+ 2 pts

☐ Gross revenue retention (annual) meets the benchmark
80%+ 2 pts

☐ Net revenue retention (annual) meets the benchmark
95%+ 2 pts

☐ Monthly logo churn is at or below the benchmark
Under 5% 1pt

☐ Pricing has at least 2 tiers or a usage path that lets customers spend more
2+ tiers or usage-based pricing live 1pt

☐ Failed-payment recovery is automated
Dunning live; involuntary churn under 1% monthly 1pt

Deal Risk At This Stage

GRR: If your annual GRR is under 70%, the business will struggle to sell. Most buyers at this stage pass before they look at anything else.

ARR CAGR: If your 2 to 3 year ARR CAGR is under 20%, or any year in that period was flat or down, buyers read it as a product-market fit problem. The business will be difficult to sell at this stage.

Unit economics 4 ITEMS

☐ Gross margin meets the benchmark with hosting, support, and onboarding in COGS
70%+ 1pt

☐ LTV to CAC ratio is tracked and meets the benchmark
Tracked; 2+ 2 pts

☐ CAC payback period is at or under the benchmark
Under 18 months 1pt

☐ Profitability meets the benchmark for your size and valuation method
Profitable, or 12-month path to profit 2 pts

Customers 5 ITEMS

☐ Customer concentration is below the benchmark
No customer over 20% 2 pts

☐ One system holds every customer with MRR, start date, plan, and contract
Customer register exported monthly 1pt

☐ Onboarding is productized, with self-serve steps where possible
Documented onboarding; under 5 founder hours per customer 1pt

Owner and team 3 ITEMS

☐ The founder can leave for the benchmark period with no drop in revenue or service
2 weeks 2 pts

☐ At least 2 people can deploy to production and fix a critical bug
Cap table and founder agreements current 1pt

☐ Every role has a written description and the core processes have SOPs in cloud storage
Role descriptions and SOPs for all recurring processes 1pt

Product and technology 3 ITEMS

☐ The product is cloud-hosted and multi-tenant, with no on-premise installs
100% cloud-hosted 1pt

☐ Code is in version control with a repeatable deployment and automated tests
Version control and deploy script 1pt

☐ Security meets the benchmark for your size
MFA, tested backups, access control 1pt

Market 1 ITEMS

☐ The ideal customer profile is written down with segment, size, and average contract value
ICP documented; 70%+ of new customers match 1pt

Legal and IP 4 ITEMS

☐ The company is a corporation or LLC with a clean cap table and current founder agreements
Cap table and founder agreements current 1pt

☐ Every employee and contractor who wrote code has signed an IP assignment
100% of contributors signed 1pt

☐ Terms of service, privacy policy, and data processing terms are current
Terms updated within 24 months 1pt

☐ No open litigation, claims, or regulatory issues
No open matters 1pt

If You Want To Sell At This Stage

At this size buyers pay a multiple of SDE and most deals close on marketplaces. A \$200K ARR product with 30% SDE margin sells for 2.1x to 4x SDE, or \$180K to \$390K. The checklist items that move the price most are clean books, documented churn, and a product that runs without you.

Your Score

32 ITEMS, 39 POINTS MAX

31+ Sellable at this stage. Work on the next column to move up the range.

20 to 30 Close, with work. Fix the 2-point gaps first.

Under 20 Not yet sellable at this stage. Start with Financial quality and Owner and Team.

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STAGE 2 OF 5

\$500K to \$2M ARR

2.76x Revenue multiple
Median, BVR exit data

7.4x EBITDA multiple
Median, BVR exit data

HOW BUYERS VALUE YOU
SDE multiple, moving to EBITDA

WHO BUYS AT THIS SIZE
Individual investors, search funds, small strategics, micro-PE

TYPICAL DEAL STRUCTURE
60% to 80% cash at close; seller note or earn-out on the balance

Financial quality 9 ITEMS

☐ Books are kept and closed at the standard your size requires
Accrual basis; closed every quarter, monthly is better 1pt

☐ Chart of accounts separates recurring revenue, services, and COGS (hosting, support, third-party tools)
Recurring, services, and COGS on separate lines for 12+ months 1pt

☐ Year-end financials prepared by a CPA, at the review level your size requires
CPA-prepared 1pt

☐ Revenue is recognized over the contract term, with annual prepayments spread across 12 months
Monthly recognition; deferred revenue on the balance sheet 1pt

☐ ARR, churn, and customer counts in your billing or CRM system reconcile to the P&L
Within 5% 2 pts

☐ Owner salary and personal expenses are tagged as add-backs with receipts
Add-back schedule maintained monthly 1pt

☐ All tax filings are current and every dollar of revenue runs through the books
All filings current; no off-book revenue 1pt

☐ No cash-flow crisis in the past 24 months and at least 3 months of operating cash on hand
3 months of cash 1pt

☐ Consistent historical financials cover the required number of years
2 years 1pt

Revenue quality 9 ITEMS

☐ Recurring revenue is the required share of total revenue
70%+ 1pt

☐ ARR growth, as a 2 to 3 year CAGR, meets the benchmark, and every year in that period grew
30%+ 2 pts

☐ Gross revenue retention (annual) meets the benchmark
80%+ 2 pts

☐ Net revenue retention (annual) meets the benchmark
95%+ 2 pts

☐ Monthly logo churn is at or below the benchmark
Under 5% 1pt

☐ Pricing has at least 2 tiers or a usage path that lets customers spend more
2+ tiers or usage-based pricing live 1pt

☐ Annual or multi-year contracts cover the required share of ARR
30%+ of ARR 1pt

☐ Cohort retention is tracked by month of acquisition
24 months of cohort data 1pt

☐ Failed-payment recovery is automated
Dunning live; involuntary churn under 1% monthly 1pt

Deal Risk At This Stage

GRR: If your annual GRR is under 70%, the business will struggle to sell. Most buyers at this stage pass before they look at anything else.

ARR CAGR: If your 2 to 3 year ARR CAGR is under 20%, or any year in that period was flat or down, buyers read it as a product-market fit problem. The business will be difficult to sell at this stage.

Unit economics 6 ITEMS

☐ Gross margin meets the benchmark with hosting, support, and onboarding in COGS
70%+ 1pt

☐ LTV to CAC ratio is tracked and meets the benchmark
3+ 2 pts

☐ CAC payback period is at or under the benchmark
Under 18 months 1pt

☐ Profitability meets the benchmark for your size and valuation method
SDE margin 30%+ 2 pts

☐ ARR per employee meets the benchmark
\$150K+ 1pt

☐ Sales and marketing spend is tracked by channel with cost per customer
CAC by channel for 12+ months 1pt

Customers 6 ITEMS

☐ Customer concentration is below the benchmark
No customer over 15% 2 pts

☐ One system holds every customer with MRR, start date, plan, and contract
Customer register exported monthly 1pt

☐ Onboarding is productized, with self-serve steps where possible
Documented onboarding; under 5 founder hours per customer 1pt

☐ Largest customers are on written contracts that allow assignment on a change of control
Top 10 customers 1pt

☐ Customer satisfaction is measured at least once a year (NPS or survey)
Annual survey 1pt

☐ Support runs on a documented process with a named owner who is not the founder
Support owner named 1pt

Owner and team 6 ITEMS

☐ The founder can leave for the benchmark period with no drop in revenue or service
1 month 2 pts

☐ At least 2 people can deploy to production and fix a critical bug
2+ people with production access and runbook 1pt

☐ Sales closes without the founder at the required level
A second person closes deals 1pt

☐ Every role has a written description and the core processes have SOPs in cloud storage
Role descriptions and SOPs for all recurring processes 1pt

☐ Key employees have employment agreements and a retention or equity plan
Agreements signed 1pt

☐ An org chart shows every role and reporting line
Org chart current within 90 days 1pt

Product and technology 8 ITEMS

☐ The product is cloud-hosted and multi-tenant, with no on-premise installs
100% cloud-hosted 1pt

☐ Code is in version control with a repeatable deployment and automated tests
CI/CD in place 1pt

☐ Architecture and operations are documented well enough for a new engineer to deploy within a week
Architecture doc and runbooks current 1pt

☐ Third-party dependencies and open-source licenses are inventoried
License inventory current; no unresolved copyright 1pt

☐ Security meets the benchmark for your size
MFA, tested backups, access control 1pt

☐ Uptime is tracked and meets the benchmark
99.95%+ 1pt

☐ A written 12-month product roadmap exists
Roadmap updated within 6 months 1pt

☐ Differentiation is evidenced with win/loss data or documented reasons customers chose you
3 documented reasons 1pt

Market 1 ITEMS

☐ The ideal customer profile is written down with segment, size, and average contract value
ICP documented; 70%+ of new customers match 1pt

Legal and IP 5 ITEMS

☐ The company is a corporation or LLC with a clean cap table and current founder agreements
Cap table and founder agreements current 1pt

☐ Every employee and contractor who wrote code has signed an IP assignment
100% of contributors signed 1pt

☐ Terms of service, privacy policy, and data processing terms are current
Terms updated within 24 months 1pt

☐ Trademarks are registered and all domains are owned by the company
Mark registered; domains in company account 1pt

☐ No open litigation, claims, or regulatory issues
No open matters 1pt

If You Want To Sell At This Stage

Buyers here pay 2.5x for revenue at the median, or 4x to 8x SDE. A \$1.2M ARR business with 35% SDE margin and 80%+ GRR sells for \$1.7M to \$3.4M. Growth above 30% and NRR above 100% push you to the top of the range.

Your Score

50 ITEMS, 58 POINTS MAX

46+ Sellable at this stage. Work on the next column to move up the range.

29 to 45 Close, with work. Fix the 2-point gaps first.

Under 29 Not yet sellable at this stage. Start with Financial quality and Owner and Team.

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STAGE 3 OF 5

\$2M to \$5M ARR

3.26x Revenue multiple
Median, BVR exit data

9.7x EBITDA multiple
Median, BVR exit data

HOW BUYERS VALUE YOU
EBITDA or revenue multiple

WHO BUYS AT THIS SIZE
Search funds, PE bolt-ons, strategic acquirers, family offices

TYPICAL DEAL STRUCTURE
70% to 90% cash at close; rollover equity offered by PE

Financial quality 11 ITEMS

☐ Books are kept and closed at the standard your size requires
Accrual basis; monthly close within 30 days 1pt

☐ Chart of accounts separates recurring revenue, services, and COGS (hosting, support, third-party tools)
Recurring, services, and COGS on separate lines for 12+ months 1pt

☐ Year-end financials prepared by a CPA, at the review level your size requires
CPA-reviewed 1pt

☐ Revenue is recognized over the contract term, with annual prepayments spread across 12 months
Monthly recognition; deferred revenue on the balance sheet 1pt

☐ ARR, churn, and customer counts in your billing or CRM system reconcile to the P&L
Within 2% 2 pts

☐ Owner salary and personal expenses are tagged as add-backs with receipts
Add-back schedule maintained monthly 1pt

☐ All tax filings are current and every dollar of revenue runs through the books
All filings current; no off-book revenue 1pt

☐ No cash-flow crisis in the past 24 months and at least 3 months of operating cash on hand
6 months of cash 1pt

☐ A live financial dashboard tracks ARR, churn, cash, and margin by month
Monthly dashboard with 24 months of history 1pt

☐ A 12-month budget exists and last year's actuals landed within 10% of plan
Within 10% of plan 1pt

☐ Consistent historical financials cover the required number of years
3 years 1pt

Revenue quality 10 ITEMS

☐ Recurring revenue is the required share of total revenue
80%+ 1pt

☐ ARR growth, as a 2 to 3 year CAGR, meets the benchmark, and every year in that period grew
20%+ 2 pts

☐ Gross revenue retention (annual) meets the benchmark
85%+ 2 pts

☐ Net revenue retention (annual) meets the benchmark
100%+ 2 pts

☐ Monthly logo churn is at or below the benchmark
Under 3% 1pt

☐ Pricing has at least 2 tiers or a usage path that lets customers spend more
2+ tiers or usage-based pricing live 1pt

☐ Annual or multi-year contracts cover the required share of ARR
50%+ of ARR 1pt

☐ Cohort retention is tracked by month of acquisition
24 months of cohort data 1pt

☐ Expansion ARR provides the required share of ARR growth
20%+ of growth 1pt

☐ Failed-payment recovery is automated
Dunning live; involuntary churn under 1% monthly 1pt

Deal Risk At This Stage

GRR: If your annual GRR is under 70%, the business will struggle to sell. Most buyers at this stage pass before they look at anything else.

ARR CAGR: If your 2 to 3 year ARR CAGR is under 20%, or any year in that period was flat or down, buyers read it as a product-market fit problem. The business will be difficult to sell at this stage.

Unit economics 8 ITEMS

☐ Gross margin meets the benchmark with hosting, support, and onboarding in COGS
75%+ 1pt

☐ LTV to CAC ratio is tracked and meets the benchmark
3+ 2 pts

☐ CAC payback period is at or under the benchmark
Under 12 months 1pt

☐ Profitability meets the benchmark for your size and valuation method
EBITDA margin 10%+ or Rule of 40 met 2 pts

☐ ARR per employee meets the benchmark
\$200K+ 1pt

☐ Sales and marketing spend is tracked by channel with cost per customer
CAC by channel for 12+ months 1pt

Customers 8 ITEMS

☐ Customer concentration is below the benchmark
Top 5 under 40% 2 pts

☐ One system holds every customer with MRR, start date, plan, and contract
Customer register exported monthly 1pt

☐ Onboarding is productized, with self-serve steps where possible
Documented onboarding; under 5 founder hours per customer 1pt

☐ Largest customers are on written contracts that allow assignment on a change of control
Top 20 customers 1pt

☐ Customer satisfaction is measured at least once a year (NPS or survey)
Annual survey; NPS 30+ 1pt

☐ Support runs on a documented process with a named owner who is not the founder
Support owner; response time tracked 1pt

Owner and team 8 ITEMS

☐ The founder can leave for the benchmark period with no drop in revenue or service
1 month 2 pts

☐ At least 2 people can deploy to production and fix a critical bug
2+ people with production access and runbook 1pt

☐ Sales closes without the founder at the required level
A sales lead owns the pipeline 1pt

☐ Every role has a written description and the core processes have SOPs in cloud storage
Role descriptions and SOPs for all recurring processes 1pt

☐ A second-in-command or general manager runs day-to-day operations
GM or COO in place 6+ months 1pt

☐ Key employees have employment agreements and a retention or equity plan
Agreements and retention plan 1pt

☐ An org chart shows every role and reporting line
Org chart current within 90 days 1pt

☐ Hiring and onboarding follow a documented process
Hiring and onboarding process documented 1pt

Product and technology 9 ITEMS

☐ The product is cloud-hosted and multi-tenant, with no on-premise installs
100% cloud-hosted 1pt

☐ Code is in version control with a repeatable deployment and automated tests
CI/CD and test coverage on critical paths 1pt

☐ Architecture and operations are documented well enough for a new engineer to deploy within a week
Architecture doc and runbooks current 1pt

☐ Third-party dependencies and open-source licenses are inventoried
License inventory current; no unresolved copyright 1pt

☐ Security meets the benchmark for your size
Security policy and annual penetration test 1pt

☐ Uptime is tracked and meets the benchmark
99.9%+ 1pt

☐ A written 12-month product roadmap exists
Roadmap updated within 6 months 1pt

☐ Differentiation is evidenced with win/loss data or documented reasons customers chose you
Win/loss tracked for 12 months 1pt

Market 4 ITEMS

☐ The ideal customer profile is written down with segment, size, and average contract value
ICP documented; 70%+ of new customers match 1pt

☐ A bottom-up TAM and SAM exist with sources
TAM \$200M+ 1pt

☐ Market growth is cited from a third-party source
10%+ market growth with a cited source 1pt

☐ Named competitors and your position against them are documented, with win rate
Competitor map and 12 months of win rate 1pt

Legal and IP 8 ITEMS

☐ The company is a corporation or LLC with a clean cap table and current founder agreements
Cap table and founder agreements current 1pt

☐ Every employee and contractor who wrote code has signed an IP assignment
100% of contributors signed 1pt

☐ Terms of service, privacy policy, and data processing terms are current
Terms updated within 24 months 1pt

☐ Trademarks are registered and all domains are owned by the company
Mark registered; domains in company account 1pt

☐ No open litigation, claims, or regulatory issues
No open matters 1pt

☐ Vendor and partner contracts are assignable on a change of control
Top 10 vendor contracts assignable 1pt

☐ Compliance obligations for your vertical are met (GDPR, HIPAA, PCI, or others that apply)
Compliance map current; no open gaps 1pt

☐ A data inventory shows where customer data lives and who can access it
Data inventory current within 12 months 1pt

If You Want To Sell At This Stage

This is the first stage where PE and strategic complete for the deal. The median revenue multiple is 3.5x. Top-quartile deals reach 7x. A \$1.5M ARR company with 75% growth, 30% GRR and a GM in place can expect \$10M to \$15M. Without the GM, buyers add an earn-out.

Your Score

82 ITEMS, 70 POINTS MAX

56+ Sellable at this stage. Work on the next column to move up the range.

35 to 55 Close, with work. Fix the 2-point gaps first.

Under 35 Not yet sellable at this stage. Start with Financial quality and Owner and Team.

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STAGE 4 OF 5

\$5M to \$20M ARR

2.9x Revenue multiple
Median, BVR exit data

16.9x EBITDA multiple
Median, BVR exit data

HOW BUYERS VALUE YOU
EBITDA multiple or revenue multiple with Rule of 40

WHO BUYS AT THIS SIZE
PE platforms, strategic acquirers, growth equity

TYPICAL DEAL STRUCTURE
Cash at close with 10% to 30% rollover for PE; escrow of 5% to 10%

Financial quality 11 ITEMS

☐ Books are kept and closed at the standard your size requires
In place 1pt

☐ Chart of accounts separates recurring revenue, services, and COGS (hosting, support, third-party tools)
In place 1pt

☐ Year-end financials prepared by a CPA, at the review level your size requires
CPA-reviewed; audit recommended 1pt

☐ Revenue is recognized over the contract term, with annual prepayments spread across 12 months
In place 1pt

☐ ARR, churn, and customer counts in your billing or CRM system reconcile to the P&L
Within 2% 2 pts

☐ All tax filings are current and every dollar of revenue runs through the books
All filings current; no off-book revenue 1pt

☐ No cash-flow crisis in the past 24 months and at least 3 months of operating cash on hand
6 months of cash 1pt

☐ A live financial dashboard tracks ARR, churn, cash, and margin by month
Monthly dashboard with 24 months of history 1pt

☐ A 12-month budget exists and last year's actuals landed within 10% of plan
Within 10% of plan 1pt

☐ A Quality of Earnings report or QoC-style package is ready before you go to market
Sell-side QoC completed within the last 12 months 1pt

☐ Consistent historical financials cover the required number of years
3 years 1pt

Revenue quality 8 ITEMS

☐ Recurring revenue is the required share of total revenue
80%+ 1pt

☐ ARR growth, as a 2 to 3 year CAGR, meets the benchmark, and every year in that period grew
20%+ 2 pts

☐ Gross revenue retention (annual) meets the benchmark
80%+ 2 pts

☐ Net revenue retention (annual) meets the benchmark
105%+ 2 pts

☐ Monthly logo churn is at or below the benchmark
Under 2% 1pt

☐ Annual or multi-year contracts cover the required share of ARR
60%+ of ARR 1pt

☐ Cohort retention is tracked by month of acquisition
24 months of cohort data 1pt

☐ Expansion ARR provides the required share of ARR growth
30%+ of growth 1pt

Unit economics 6 ITEMS

☐ Gross margin meets the benchmark with hosting, support, and onboarding in COGS
70%+ 1pt

☐ LTV to CAC ratio is tracked and meets the benchmark
3+ 2 pts

☐ CAC payback period is at or under the benchmark
Under 12 months 1pt

☐ Profitability meets the benchmark for your size and valuation method
Rule of 40 met 2 pts

☐ ARR per employee meets the benchmark
\$200K+ 1pt

☐ Sales and marketing spend is tracked by channel with cost per customer
CAC by channel for 12+ months 1pt

Customers 7 ITEMS

☐ Customer concentration is below the benchmark
Top 5 under 30% 2 pts

☐ One system holds every customer with MRR, start date, plan, and contract
In place 1pt

☐ Largest customers are on written contracts that allow assignment on a change of control
All customers over 1% of ARR 1pt

☐ Customer satisfaction is measured at least once a year (NPS or survey)
Quarterly survey; NPS 40+ 1pt

☐ Support runs on a documented process with a named owner who is not the founder
Support team; SLA published 1pt

☐ Onboarding is productized, with self-serve steps where possible
In place 1pt

☐ A customer success function owns renewals and expansion
CS lead with renewal and expansion targets 1pt

Owner and team 8 ITEMS

☐ The founder can leave for the benchmark period with no drop in revenue or service
3 months 2 pts

☐ At least 2 people can deploy to production and fix a critical bug
In place 1pt

☐ Sales closes without the founder at the required level
Sales leader and team; founder in under 10% of deals 1pt

☐ Every role has a written description and the core processes have SOPs in cloud storage
In place 1pt

☐ A second-in-command or general manager runs day-to-day operations
GM or COO in place 12+ months 1pt

☐ A leadership team covers product, engineering, sales, and finance
4 functional leaders with 12+ months tenure 1pt

☐ Key employees have employment agreements and a retention or equity plan
Agreements, retention plan, and option pool 1pt

☐ An org chart shows every role and reporting line
Org chart current within 90 days 1pt

☐ Hiring and onboarding follow a documented process
Hiring and onboarding process documented 1pt

Product and technology 9 ITEMS

☐ The product is cloud-hosted and multi-tenant, with no on-premise installs
In place 1pt

☐ Code is in version control with a repeatable deployment and automated tests
In place 1pt

☐ Architecture and operations are documented well enough for a new engineer to deploy within a week
Architecture doc and runbooks current 1pt

☐ Third-party dependencies and open-source licenses are inventoried
License inventory current; no unresolved copyright 1pt

☐ Security meets the benchmark for your size
SOC 2 Type II 1pt

☐ Uptime is tracked and meets the benchmark
99.95%+ 1pt

☐ A written 12-month product roadmap exists
Roadmap updated within 6 months 1pt

☐ Differentiation is evidenced with win/loss data or documented reasons customers chose you
Win rate tracked; 3+ case studies 1pt

Market 5 ITEMS

☐ The ideal customer profile is written down with segment, size, and average contract value
ICP documented; 70%+ of new customers match 1pt

☐ A bottom-up TAM and SAM exist with sources
TAM \$200M+ 1pt

☐ Market growth is cited from a third-party source
10%+ market growth with a cited source 1pt

☐ Named competitors and your position against them are documented, with win rate
Competitor map and 12 months of win rate 1pt

☐ Recent acquisitions in your category are tracked
10 comparable deals tracked 1pt

Legal and IP 8 ITEMS

☐ The company is a corporation or LLC with a clean cap table and current founder agreements
In place 1pt

☐ Every employee and contractor who wrote code has signed an IP assignment
100% of contributors signed 1pt

☐ Terms of service, privacy policy, and data processing terms are current
In place 1pt

☐ Trademarks are registered and all domains are owned by the company
Mark registered; domains in company account 1pt

☐ No open litigation, claims, or regulatory issues
No open matters 1pt

☐ Vendor and partner contracts are assignable on a change of control
Top 10 vendor contracts assignable 1pt

☐ Compliance obligations for your vertical are met (GDPR, HIPAA, PCI, or others that apply)
Compliance map current; no open gaps 1pt

☐ A data inventory shows where customer data lives and who can access it
Data inventory current within 12 months 1pt

If You Want To Sell At This Stage

Buyers run a full process with QoE and legal diligence. The median EBITDA multiple is 16.9x; revenue multiples are 2.9x at the median and above 9x for top-quartile growth and retention. An SBM ARR company that meets the Rule of 40 with 85% GM can expect \$25M to \$50M.

Your Score

83 ITEMS, 71 POINTS MAX

57+ Sellable at this stage. Work on the next column to move up the range.

36 to 56 Close, with work. Fix the 2-point gaps first.

Under 36 Not yet sellable at this stage. Start with Financial quality and Owner and Team.

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STAGE 5 OF 5

\$20M+ ARR

2.9x Revenue multiple
Four: SDE to SDE band

16.9x EBITDA multiple
Four: SDE to SDE band

HOW BUYERS VALUE YOU
EBITDA multiple or revenue multiple with Rule of 40

WHO BUYS AT THIS SIZE
Institutional PE, public strategics, large PE-backed platforms

TYPICAL DEAL STRUCTURE
Cash at close; management rollover; representations and warranties insurance

Financial quality 11 ITEMS

☐ Books are kept and closed at the standard your size requires
In place 1pt

☐ Chart of accounts separates recurring revenue, services, and COGS (hosting, support, third-party tools)
In place 1pt

☐ Year-end financials prepared by a CPA, at the review level your size requires
Audited 1pt

☐ Revenue is recognized over the contract term, with annual prepayments spread across 12 months
In place 1pt

☐ ARR, churn, and customer counts in your billing or CRM system reconcile to the P&L
Within 1% 2 pts

☐ All tax filings are current and every dollar of revenue runs through the books
All filings current; no off-book revenue 1pt

☐ No cash-flow crisis in the past 24 months and at least 3 months of operating cash on hand
6 months of cash 1pt

☐ A live financial dashboard tracks ARR, churn, cash, and margin by month
Monthly dashboard with 24 months of history 1pt

☐ A 12-month budget exists and last year's actuals landed within 10% of plan
Within 10% of plan 1pt

☐ A Quality of Earnings report or QoC-style package is ready before you go to market
Sell-side QoC completed within the last 12 months 1pt

☐ Consistent historical financials cover the required number of years
5 years 1pt

Revenue quality 8 ITEMS

☐ Recurring revenue is the required share of total revenue
80%+ 1pt

☐ ARR growth, as a 2 to 3 year CAGR, meets the benchmark, and every year in that period grew
15%+ 2 pts

☐ Gross revenue retention (annual) meets the benchmark
90%+ 2 pts

☐ Net revenue retention (annual) meets the benchmark
110%+ 2 pts

☐ Monthly logo churn is at or below the benchmark
Under 1.5% 1pt

☐ Annual or multi-year contracts cover the required share of ARR
70%+ of ARR 1pt

☐ Cohort retention is tracked by month of acquisition
24 months of cohort data 1pt

☐ Expansion ARR provides the required share of ARR growth
40%