



Note

Q Search Substack

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A tip for all operators: Make sure your target model shows "+25%" bottom line at scale.

It's kind of like the magic number investors are looking for you to print, whether it's credible to claim today or not.

Why 25%?

- It demonstrates a sustainable business model that does not require outside capital (i.e., dilution) to control its destiny
- You can still plow 30% of revenue into sales and marketing each year to power future growth
- At 25% operating margins, you **only need to grow 15% per year to achieve the Rule of 40%.**

Non-GAAP Measures	Target % of Revenue
Subscription Gross Margin	82 – 85%
S&M	28 – 33%
R&D	15 – 20%
G&A	5 – 7%
Operating Margin	28 – 32%
Free Cash Flow Margin	34 – 38%

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