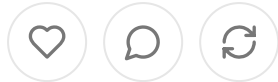


# Tactical Playbook For Going From 0 to \$10M ARR in Health Tech

OCT 28, 2024



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Not for the faint of heart. Numbers and benchmarks below:

## Initial GTM (0-\$1M ARR):

- Time to first paid contract: Target 90 days from MVP
- Initial ACV sweet spot: \$75K-150K
- Sales cycles by buyer:
  - Value Analysis Committee (VAC): 270-365 days
  - Department Head: 90-120 days
  - Individual Physician: 30-45 days

\* Choose wisely.

## Early Sales Motion (\$1M-3M ARR):

- SDR:AE ratio = 2:1
- SDR metrics:
  - 80-100 touches/day
  - 15% connection rate
  - 20-25 meaningful conversations/week
  - 8-10 qualified opps/month
- AE metrics:

- Pipeline coverage: 4x quota
- Win rate: >25%
- Time to first deal: <120 days
- Avg deal size: >\$100K

## **Critical ratios at \$3M ARR:**

- LTV:CAC > 5:1
- Net Revenue Retention: >120%
- Gross margins: >75%
- Sales efficiency: >0.8
- Contract Implementation Time: <45 days

\* If you're missing these, stop scaling.

## **Customer Success metrics to live by:**

- CSM:Customer ratio = 1:8-12 (enterprise)
- Time to first value: <30 days
- Clinical workflow adoption: >80% by day 90
- Referenceable accounts: >50%
- Net Promoter Score: >60
- Expansion revenue: 20-30% of ARR

## **The hard truth about healthcare sales:**

1. Your first 10 deals will take 2x longer than expected
2. Technical integration timelines are usually wrong by 60%
3. You need 3 referenceable logos in same specialty before scaling

4. Clinical champions churn at 40% annually - build redundancy

## **Real talk on burn multiple:**

- Seed to Series A: <2
- Series A to B: <1.5
- Post Series B: <1

\* Higher than this? You're buying, not earning, growth.

## **What kills healthcare startups:**

- Support cost per customer > 15% of ARR
- CAC payback time > 18 months
- Sales cycle > 270 days
- Clinical validation cycle > 6 months
- Product implementation > 90 days

## **Hidden metrics that matter:**

- Physician adoption rate by day 30: >40%
- Staff training completion rate: >90%
- Integration stability: >99.9%
- Clinical workflow disruption: <5%
- Time to ROI for customer: <180 days

## **Most founders track the wrong things. Focus on:**

1. Time from contract to go-live
2. Clinical workflow adoption rate

3. Reorder/expansion rate
4. Logo retention (not just revenue)
5. Support ticket resolution time

## **Don't scale until you have:**

- ✓ 3 referenceable accounts
- ✓ <90 day sales cycle
- ✓ >80% gross margins
- ✓ <60 day implementation
- ✓ >120% net revenue retention

	Angel/Seed	Series A	Series B	Series C	Series D or Later	Public Comp
<b>Size and Growth</b>						
Employees	38	151	151	251	351	NA
Funding	\$3M	\$15M	\$63M	\$63M	\$100M	NA
Annual Recurring Revenue (ARR)	\$2M	\$6M	\$15M	\$35M	\$50M	\$1,000M
<b>Financial</b>						
Sales & Marketing Spend	40%	50%	44%	66%	60%	50%
R&D Spend	70%	56%	50%	55%	46%	31%
Gross Margins	82%	85%	85%	83%	88%	78%
<b>SaaS Value Drivers</b>						
CAC Payback (months)	15	21	17	28	21	17
Gross Dollar Retention	100%	98%	97%	92%	92%	NA
Net Dollar Retention	120%	110%	125%	108%	118%	126%
<b>Diversity</b>						
Women in Leadership	40%	37%	50%	40%	40%	NA
BIPOC in Leadership	50%	20%	20%	14%	20%	NA

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