5-YEAR FINANCIAL MODEL

5-Year Financial Model

Revenue Projections · P&L · ARR Bridge · Scenario Analysis

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Executive Summary

$2.1M ARR — Year 1	**$9.8M** ARR — Year 3	**$24.4M** ARR — Year 5	**142%** NRR — Year 2+
74% Gross Margin (Y1)	**82%** Gross Margin (Y5)	**$1.4M** EBITDA (Y3)	**$6.2M** EBITDA (Y5)

Business Overview

Northstar Analytics is a B2B SaaS platform providing real-time revenue intelligence for mid-market sales teams (100–2,000 employees). The platform ingests CRM, support, and product usage data to surface at-risk accounts, forecast renewal probability, and recommend next-best actions. Northstar sells on an annual subscription basis with per-seat pricing ($120–$180/seat/yr) and a platform fee. This model reflects Base Case assumptions validated by the CFO review team at The Deliverable.

Model Assumptions — Base Case

Assumption	Year 1	Year 3	Year 5
ACV (avg contract value)	$28,400	$34,200	$41,800
New Logos / Year	74	162	298
Gross Revenue Retention	88%	91%	93%
Net Revenue Retention	108%	128%	142%
CAC (blended)	$18,200	$14,800	$11,600
CAC Payback (months)	14.4	10.2	7.8
S&M as % of Revenue	38%	28%	22%
R&D as % of Revenue	22%	16%	12%
G&A as % of Revenue	14%	10%	8%

Profit & Loss — 5-Year Summary

	Year 1	Year 2	Year 3	Year 4	Year 5
REVENUE					
Subscription Revenue	$2,096K	$4,480K	$9,744K	$16,128K	$24,336K
Professional Services	$168K	$298K	$488K	$644K	$812K
Total Revenue	$2,264K	$4,778K	$10,232K	$16,772K	$25,148K
COST OF REVENUE					
Hosting & Infrastructure	$248K	$382K	$614K	$872K	$1,156K
Support & CSM	$318K	$544K	$888K	$1,244K	$1,624K
Professional Services COGS	$134K	$218K	$342K	$450K	$560K
Total COGS	$700K	$1,144K	$1,844K	$2,566K	$3,340K
GROSS PROFIT	**$1,564K**	**$3,634K**	**$8,388K**	**$14,206K**	**$21,808K**
Gross Margin %	69.1%	76.1%	82.0%	84.7%	86.7%
OPERATING EXPENSES					
Sales & Marketing	$860K	$1,290K	$2,864K	$4,022K	$5,533K
Research & Development	$498K	$764K	$1,637K	$2,348K	$3,018K
General & Administrative	$316K	$478K	$1,023K	$1,510K	$2,012K
Total OpEx	$1,674K	$2,532K	$5,524K	$7,880K	$10,563K
EBITDA	**($110K)**	**$1,102K**	**$2,864K**	**$6,326K**	**$11,245K**
EBITDA Margin	(4.9%)	23.1%	28.0%	37.7%	44.7%
D&A	($28K)	($44K)	($72K)	($96K)	($118K)
EBIT	($138K)	$1,058K	$2,792K	$6,230K	$11,127K
Income Tax (26%)	$0	($275K)	($726K)	($1,620K)	($2,893K)
NET INCOME	**($138K)**	**$783K**	**$2,066K**	**$4,610K**	**$8,234K**
Net Margin	**(6.1%)**	**16.4%**	**20.2%**	**27.5%**	**32.7%**

ARR Bridge & Cash Flow

ARR Bridge — Year-over-Year

	Year 1	Year 2	Year 3	Year 4	Year 5
Beginning ARR	$0	$2,096K	$4,544K	$9,880K	$16,296K
+ New Business	$2,096K	$2,448K	$5,704K	$7,304K	$8,768K
+ Expansion	$0	$384K	$896K	$1,568K	$2,464K
- Churn / Contraction	$0	($384K)	($464K)	($756K)	($980K)
Ending ARR	**$2,096K**	**$4,544K**	**$10,680K**	**$18,296K**	**$26,548K**
YoY Growth	**—**	**117%**	**135%**	**71%**	**45%**
NRR	—	118%	128%	136%	142%

Simplified Cash Flow

	Year 1	Year 2	Year 3	Year 4	Year 5
Net Income / (Loss)	($138K)	$783K	$2,066K	$4,610K	$8,234K
+ D&A	$28K	$44K	$72K	$96K	$118K
+ Change in Deferred Rev.	$182K	$294K	$618K	$884K	$1,124K
- Change in AR	($84K)	($134K)	($264K)	($372K)	($490K)
Cash from Operations	**($12K)**	**$987K**	**$2,492K**	**$5,218K**	**$8,986K**
CapEx / Capitalized R&D	**($124K)**	**($188K)**	**($312K)**	**($404K)**	**($498K)**
Free Cash Flow	**($136K)**	**$799K**	**$2,180K**	**$4,814K**	**$8,488K**
FCF Margin	**(6.0%)**	**16.7%**	**21.3%**	**28.7%**	**33.8%**

Scenario Analysis

Three scenarios model the range of outcomes based on new logo velocity and net revenue retention.

	BEAR CASE	BASE CASE	BULL CASE
Year 3 ARR	**$6.8M**	**$10.7M**	**$16.4M**
Year 5 ARR	**$15.2M**	**$26.5M**	**$42.8M**
Year 5 FCF Margin	**18%**	**34%**	**46%**
EBITDA Breakeven	**Month 28**	**Month 18**	**Month 12**
Key Driver	**NRR holds at 108%; new logo adds slow at 1**	**NRR 128% by Y3; new logos 162/yr; CAC payb**	**NRR 148% via product-led expansion; PLG ch**

CFO Review Notes

ARR & Revenue Recognition

All subscription revenue is recognized ratably over the contract term per ASC 606. Annual contracts invoiced upfront create a deferred revenue balance that grows proportionally to ARR and is a meaningful source of non-dilutive cash in Years 2-3. Professional services revenue is recognized on delivery.

NRR Assumptions

Net Revenue Retention of 108-142% is built from seat expansion (avg account grows 18% seats/yr by Y3), upsell to higher tiers (22% of accounts upgrade annually), offset by gross churn of 7-9%. These assumptions are benchmarked against comparable revenue intelligence SaaS companies at similar ACV ranges.

CAC & Payback

CAC includes fully-loaded S&M costs (salaries, benefits, commissions, ad spend, events). The payback improvement from 14.4 to 7.8 months reflects increasing inbound efficiency as brand and partner channels mature. Any deterioration in payback beyond 18 months is a leading indicator to reduce S&M spend.

Rule of 40

Year 1: (4.9%) + 117% growth = 112. Year 3: 28% + 75% = 103. Year 5: 45% + 45% = 90. Northstar comfortably exceeds the Rule of 40 in all years — a key valuation benchmark for SaaS investors. At 5x ARR (conservative), Year 5 enterprise value implies $133M.

Key Model Risks

Primary risk: enterprise sales cycles lengthening in a tighter IT budget environment could push new logo adds 20-30% below Base Case. Secondary: integration complexity with legacy CRMs (Salesforce, Dynamics) may slow onboarding and compress NRR in Y1-2. The Bear Case scenario captures both risks simultaneously.