

# Forecast Model

## Input Definitions & Ownership

This document defines every input required to produce the Quarterly Forecast Model -- what it means, who owns it, where the number comes from, and how it is derived. All 34 inputs map directly to the Assumptions tab of the interactive forecast app and the downloadable Excel workbook.

**SUBMISSION CADENCE | All inputs due to Revenue Operations by the 5th business day of the following month.**

Discrepancy rule: Any variance >1% between system of record and a manual submission must be reconciled before the model is distributed.

INPUT	DEFINITION	OWNER	SYSTEM OF RECORD	HOW IT'S DERIVED
<b>REVENUE GROWTH INPUTS</b>				
<b>New Logo ARR Added (\$K)</b>	Total new contracted ARR from first-time clients signed in the quarter, before revenue recognition.	Head of Sales / CRO	Salesforce CRM (Closed Won opps)	Sum of Contract Value on all Closed Won opps with Close Date in the forecast quarter. Excludes renewals and expansions.
<b>Avg New Deal Size (\$K ARR)</b>	Mean ARR value of all new logo deals closed in the period. Used to sense-check pipeline coverage.	Revenue Operations	Salesforce CRM (calculated)	New Logo ARR Added / Count of Closed Won new logo opps. Flagged if >15% variance from prior quarter.
<b>Sales Cycle (days)</b>	Average elapsed days from opportunity creation to Closed Won for new logo deals.	Revenue Operations	Salesforce CRM (calculated)	Average of (Close Date - Created Date) across all new logo Closed Won opps.
<b>New Logo Win Rate (%)</b>	Percentage of SQLs that result in a Closed Won deal within the quarter.	Revenue Operations	Salesforce CRM + scheduling tool	Closed Won new logo count / SQLs in rolling 90-day window ending at quarter close.
<b>RETENTION &amp; CHURN INPUTS</b>				
<b>Beginning ARR (\$K)</b>	Total contracted ARR across all active clients at the first day of the forecast quarter.	Finance / RevOps	Billing system + Salesforce	Pulled from billing system as of 11:59pm on the last day of the prior quarter. Cross-validated against Salesforce.
<b>Gross Revenue Retention (%)</b>	Percentage of beginning ARR retained after churn and contraction -- expansion excluded.	VP Client Services	Billing system + CS platform	(Beginning ARR - Churned ARR - Contraction ARR) / Beginning ARR. Benchmark: >=92%.
<b>Monthly Churn Rate (%)</b>	Percentage of ARR lost to full client cancellations in a given month.	VP Client Services	Billing system (calculated)	Churned ARR in month / Beginning ARR. Averaged across the quarter for the model input.
<b>Avg Contract Term (months)</b>	Average length of active client contracts. Leading indicator of revenue visibility and renewal risk.	Finance / Legal	Contract mgmt system / Salesforce	Average of contract term field across all active contracts.

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<b>NRR Target (%)</b>	Target Net Revenue Retention including expansion, net of churn and contraction. The key CS health metric.	VP Client Services / CRO	Billing system + Salesforce (calc.)	(Beginning ARR + Expansion - Churned - Contraction) / Beginning ARR. Target: >=100%. Used by model to derive expansion ARR.
<b>Expansion ARR (\$K)</b>	Additional ARR from existing clients -- new services, scope, or seat/spend expansion.	VP Client Services	Salesforce CRM (expansion opps)	Derived from NRR Target: Beg ARR * (NRR Target - GRR). Verified against Salesforce expansion opportunities.
<b>Churned ARR (\$K)</b>	ARR lost to full client cancellations -- clients who terminated their contract entirely.	VP Client Services	Billing system + Salesforce	Derived: Beg ARR * (1 - GRR). Billing system is authoritative; Salesforce provides deal-level verification.
<b>Contraction ARR (\$K)</b>	ARR lost from clients who reduced scope or spend but did not fully cancel.	VP Client Services	Billing system + Salesforce	Modeled as ~15% of Churned ARR. Updated quarterly from billing system amended contracts.
<b>HEADCOUNT &amp; CAPACITY INPUTS</b>				
<b>Total AE Headcount (EOP)</b>	Number of AEs employed at end of the forecast quarter, regardless of ramp status.	VP Sales / People Ops	HRIS (Workday, Rippling)	Headcount report filtered to active AE job family as of last day of quarter. VP Sales validates.
<b>Active (Fully Ramped) AEs</b>	AEs who have completed the 6-month ramp period and carry a full quota.	Revenue Operations / VP Sales	HRIS + Salesforce (calculated)	Total AE headcount minus AEs whose start date is within 6 months of quarter end.
<b>Ramping AEs</b>	AEs in first 6 months on a reduced quota schedule -- not included in full attainment calculations.	Revenue Operations	HRIS + ramp tracker	Total AE headcount minus Active AEs. Ramp credit: 50% months 1-3, 75% months 4-6.
<b>Quota per Ramped AE (\$K ARR)</b>	Annual ARR quota assigned to each fully ramped AE. Set once per year at annual planning.	CRO / VP Sales / Finance	Comp plan / ICAs (annual planning)	Top-down / bottom-up reconciliation. Finance sets total ARR target; Sales divides by projected productive headcount.
<b>Total CS Headcount (EOP)</b>	CSMs and Client Partners employed at end of the forecast quarter.	VP Client Services / People Ops	HRIS	Same methodology as AE headcount. VP Client Services validates.
<b>Avg Book per CSM (\$K ARR)</b>	Average ARR under management per CS team member. Drives capacity planning.	VP Client Services / RevOps	Salesforce CRM (calculated)	Total active client ARR / Total CS headcount. Growth faster than headcount signals capacity risk.

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<b>CS : AE Ratio</b>	Ratio of CS headcount to AE headcount. Leading indicator of CS capacity vs. new logo volume.	Revenue Operations	Calculated	Total CS Headcount / Total AE Headcount. Not a direct input -- derived from headcount inputs. Target: 1.2-1.4x.
<b>MARGIN &amp; COST INPUTS</b>				
<b>Gross Margin (%)</b>	Net revenue retained after direct delivery costs -- account management labor, tech, and vendor costs.	CFO / Finance	Financial system (GL / ERP)	(Net Revenue - Direct COGS) / Net Revenue. Target improvement of ~50-100bps per quarter.
<b>S&amp;M as % of Revenue (%)</b>	Sales & Marketing expense as % of net revenue. Includes all AE and BDR comp, marketing spend, and tools.	CFO / Finance / VP Sales	Financial system + HRIS + comp model	Total S&M from GL / Net Revenue. VP Sales and RevOps provide forward-looking comp cost estimate.
<b>G&amp;A as % of Revenue (%)</b>	G&A expense as % of net revenue. Covers executive team, Finance, HR, Legal, and IT.	CFO / Finance	Financial system (GL / ERP)	Total G&A from GL / Net Revenue. Finance owns. Typically held flat Q-o-Q.
<b>Tech &amp; Tooling as % Revenue (%)</b>	SaaS platforms, data tools, and internal tech as % of net revenue.	CFO / Finance / CTO	Financial system + vendor contracts	Total tech and tooling from GL / Net Revenue. CTO reviews for planned new vendor additions.
<b>EBITDA Margin Target (%)</b>	Target operating profitability as % of net revenue. Set by the board in the annual operating plan.	CFO / Board	Annual operating plan / board materials	Not calculated -- it is the benchmark the model is measured against. Misses trigger a gap review.
<b>COMP PLAN COST INPUTS</b>				
<b>Avg AE OTE (\$K)</b>	Average On-Target Earnings for AEs at exactly 100% quota attainment. Blended across all segments.	VP Sales / People Ops / Finance	Comp plan / ICAs + HRIS	Weighted average of all active AE OTEs from signed ICAs. Model uses a 50/50 base/variable split (0.125 quarterly rate each).
<b>Avg CSM OTE (\$K)</b>	Average OTE for CSMs blended across all seniority levels.	VP Client Services / People Ops	Comp plan / ICAs + HRIS	Same methodology as AE OTE. CS variable is weighted lower than AEs (~28% of OTE vs. 50%). Quarterly base rate: 0.216x OTE.
<b>Avg Attainment Rate -- AEs (%)</b>	Expected average variable payout as % of each AE's variable target. Used to estimate commission expense.	Revenue Operations	Historical Salesforce data (calculated)	Rolling 4-quarter average of actual AE attainment. Applied to active (quota-carrying) AEs only. Typical range: 75-90%.
<b>Avg Attainment Rate -- CS (%)</b>	Expected average variable payout as % of each CSM's variable target.	Revenue Operations	Historical billing + CS metrics	Rolling 4-quarter average of actual CSM payout rates. Typical range: 90-98%.

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<b>Payroll Burden Rate (%)</b>	Additional employer cost above cash comp -- FICA, health benefits, 401k match, workers' comp.	Finance / People Ops	HRIS + benefits contracts	Set annually by Finance. Typically 18-22% for US employees. Applied uniformly to AE and CS headcount comp cost.
<b>PIPELINE &amp; FUNNEL INPUTS</b>				
<b>MQLs Generated</b>	Marketing Qualified Leads that met the engagement threshold and have been passed to Sales.	CMO / Marketing Ops	Marketing automation + Salesforce	Count of leads reaching MQL status in the quarter. CMO reviews against quarterly marketing plan target.
<b>Sales Qualified Leads (SQLs)</b>	Leads that Sales has accepted and qualified as having real buying intent, budget, and fit.	VP Sales / Revenue Operations	Salesforce CRM (opportunity stage)	Count of opps reaching Stage 1 or 2 in the quarter. ~40% MQL-to-SQL conversion assumed. Drop triggers lead quality review.
<b>Discovery Calls Held</b>	Number of discovery or first-meeting calls completed with qualified prospects in the quarter.	VP Sales / Revenue Operations	Gong + Salesforce + Chili Piper	Count of meetings logged in Salesforce at Stage 2 with a completed meeting date. ~80% of SQLs. Gong records verify.
<b>Proposals Submitted</b>	Number of formal proposals or SOWs delivered to prospects in the quarter.	VP Sales	Salesforce CRM (Stage 4 / Proposal)	Count of opps reaching Stage 4 with stage entry date in the quarter. ~50% of Discovery calls. Tracked vs. target.
<b>New Logos Won</b>	Count of new client logos closed in the quarter -- distinct from ARR, which measures value.	VP Sales / Revenue Operations	Salesforce CRM (Closed Won)	Count of Closed Won opps with Opportunity Type = New Business and Close Date in the forecast quarter.