

MARKET SIZING



MARKET SIZING

Market sizing is the practice of **quantifying** revenue potential.

Some ways to think about market sizing:



\$ currently spent
to solve problem



\$ currently lost
because of problem



potential customers
(with problem)

MARKET SIZING

It's helpful to look at our market at three different "zoom" levels.



TAM

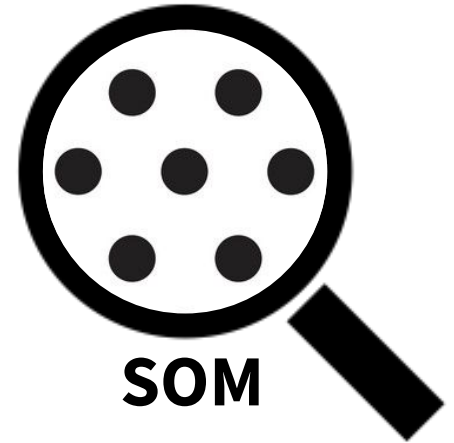
Total Available Market



SAM

Segmented Accessible

Market
SEED-SPOT

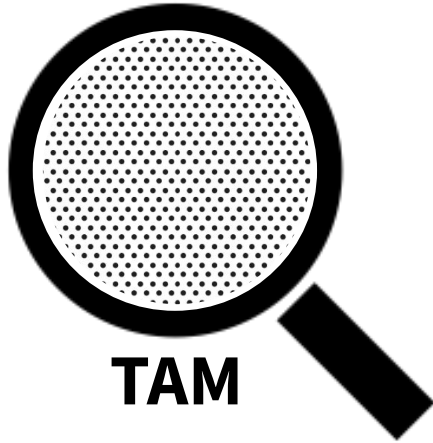


SOM

Serviceable Obtainable Market

("Target Market")

MARKET SIZING: TAM



TAM

Total Available Market

Think of **TAM** as the total market demand for your solution (or what you could ever hope to obtain if you had infinite capacity and zero competition.)

MARKET SIZING: TAM



TAM

Total Available Market

How might you **define** your TAM?

Show your TAM calculations and total:

MARKET SIZING: SAM



**Segmented Accessible
Market**

Think of **SAM** as the total value of the market segment that's within your reach. This could mean geographically, by industry, or any other "reach" you have.

MARKET SIZING: SAM

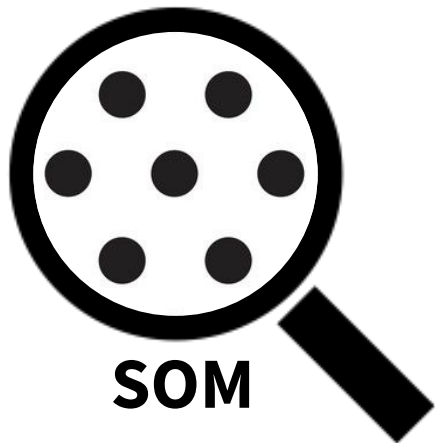


**Segmented Accessible
Market**

How might you **define** your SAM?

Show your SAM calculations and total:

MARKET SIZING: SOM (TARGET MARKET)

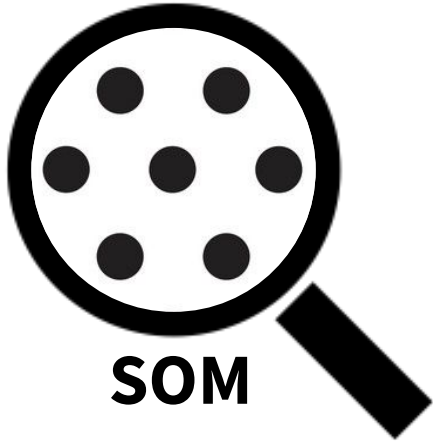


SOM

Serviceable Obtainable Market
(“Target Market”)

Think of **SOM** as your short term sales target, or the value of the market you’re aiming to capture within the next 2-3 years.

MARKET SIZING: SOM (TARGET MARKET)



SOM

**Serviceable Obtainable Market
("Target Market")**

How might you **define** your SOM?

Show your SOM calculations and total:

MARKET SIZING

Two basic approaches to market sizing:

Top-down

- Find industry data, make assumptions about how much of that market you might capture
- “If we just captured .01% of the market, we would make \$ x ”

Bottom-up

- Based on your growth strategy and unit price
- At x number of customers purchasing a \$ y rate, we will make \$ z

MARKET SIZING

**Always use
bottom-up pricing to
calculate your SOM.**

*You'll be calculating
TAM, SAM, and SOM
in the coming weeks.*

Bottom-up

- Based on your growth strategy and unit price
- At x number of customers purchasing a $\$y$ rate, we will make $\$z$