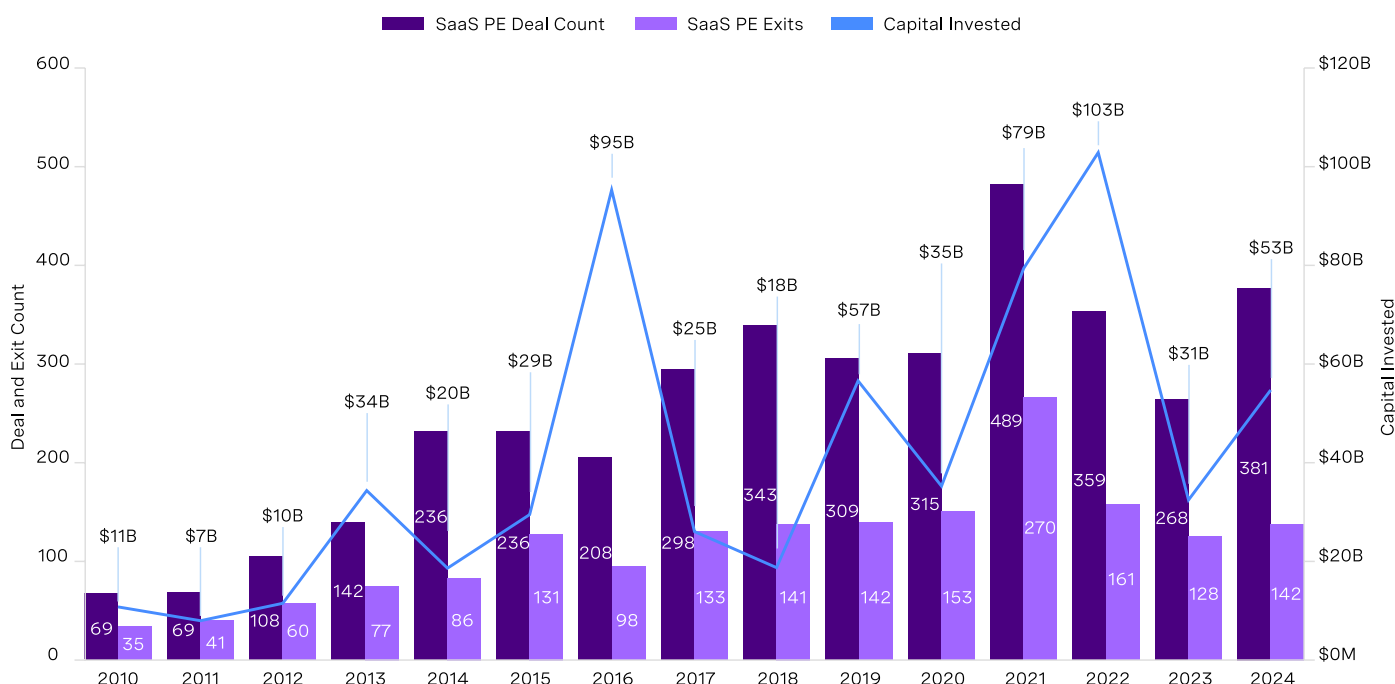


Unlocking SaaS CFO Talent in a Tight Market

Demand for experienced software and SaaS CFOs in sponsor-backed companies continues to be highly competitive. Since 2023, 82% of SaaS CFOs recruited to portfolio companies had prior CFO experience. Just two years ago, this number was only 64%.

In a market where many companies are rebalancing toward profitability in addition to growth,¹ sponsors are re-evaluating their portfolio finance talent and showing reluctance towards hiring a first-time CFO. Due to this—along with lower deal volume and fewer recent exits (Figure 1)—the addressable pool of SaaS CFO talent has become much more competitive.

Figure 1: YoY US SaaS PE Deals and Exits (2014-2024)



Source: Russell Reynolds Associates Pitchbook analysis of private equity SaaS investments, deals, and exits, 2014-2024

To understand the state of the SaaS CFO market and unlock SaaS CFO talent in the face of tight competition, Russell Reynolds Associates analyzed 140 US-based SaaS CFOs from sponsor-backed (PE and VC), and public organizations in the \$100 million to \$2 billion revenue range.

Our findings suggest the following:

- SaaS organizations are overwhelmingly looking externally for their CFOs
- Experienced SaaS CFOs are in high demand
- Unlocking SaaS talent in a tight market requires a thoughtful approach

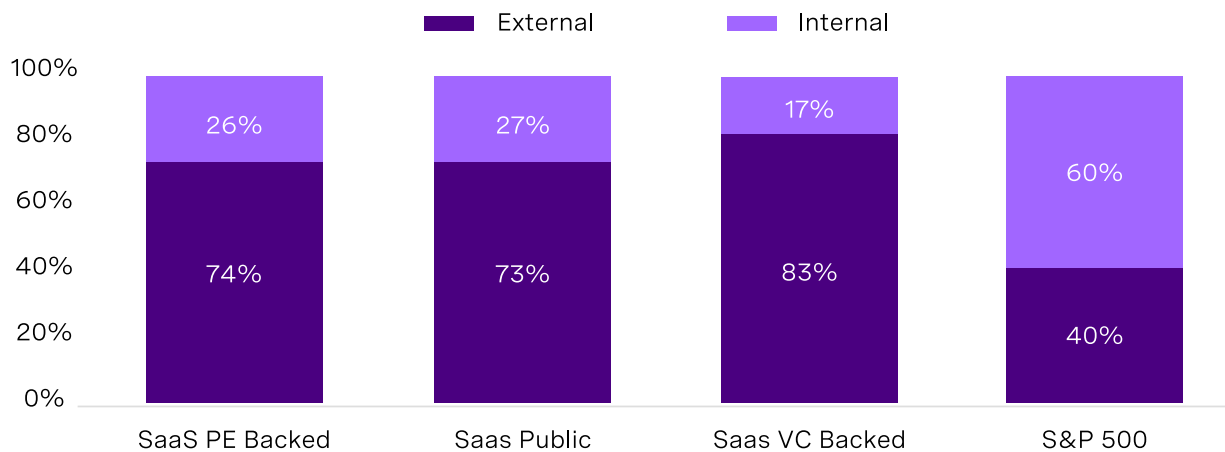


SaaS organizations are overwhelmingly looking externally for their CFOs

While succession planning has paid off for the broader S&P 500², SaaS organizations continue to hire the majority of their CFOs externally (Figure 2). Within the S&P 500, 40% of CFOs come from outside the organization. However, 73% of public SaaS companies, 74% of PE-backed organizations, and 83% of VC-backed organizations hired external CFOs — making these organizations approximately twice as likely to look for external finance talent.

This, in addition to the demand for experienced CFOs (more on this below), has many SaaS organizations competing for talent in an already small market.

Figure 2: SaaS CFO internal promotion versus external hiring



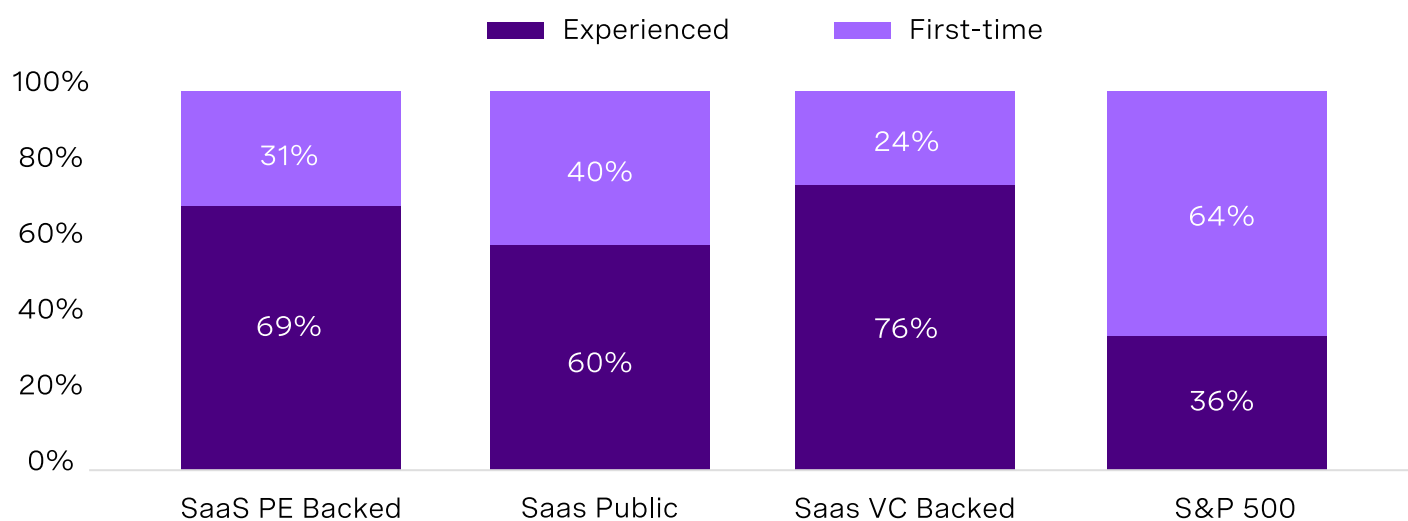
Source: Russell Reynolds Associates analysis of 140 US public, PE-backed and VC-backed company CFOs in the \$100M-\$2B revenue range, 2024



Experienced SaaS CFOs are in high demand

Not only are SaaS organizations twice as likely to hire an experienced CFO than other S&P 500 organizations (Figure 3), but over the past two years, the number of SaaS organizations hiring veterans has increased substantially from 64% between 2020 and 2022 to 82% in 2023 and 2024 at PE-backed SaaS organizations.

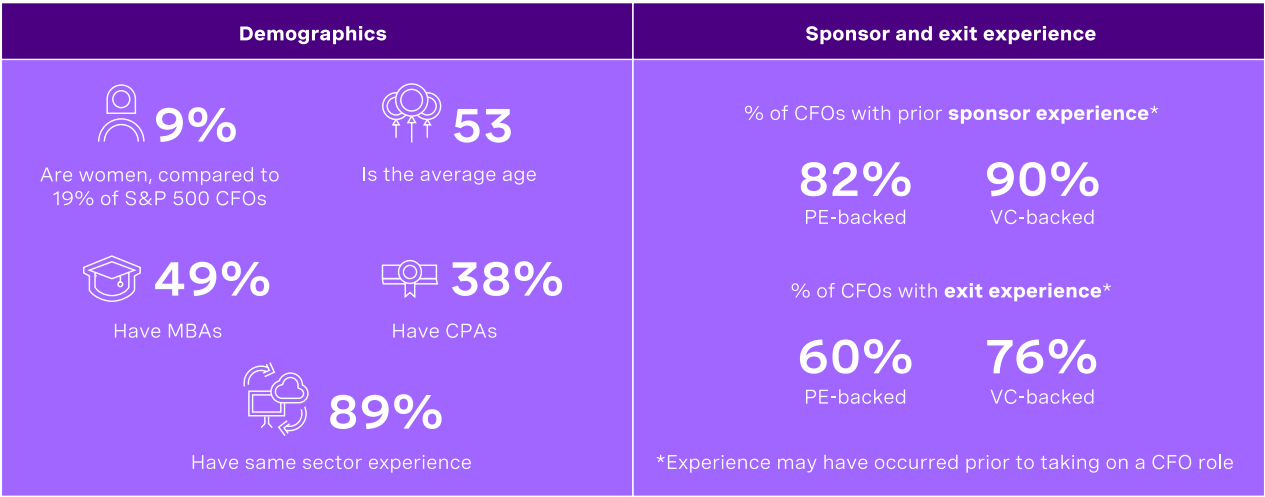
Figure 3: Experienced vs first-time SaaS CFOs



Source: Russell Reynolds Associates analysis of 140 US public, PE-backed and VC-backed company CFOs in the \$100M-\$2B revenue range, 2024

As organizations look externally, many add demographic and experienced-based requirements to their list of must-haves. However, including too many popular “must-haves” can quickly shrink the available talent pool (Figure 4.)

Figure 4: SaaS CFO Demographics and Experience

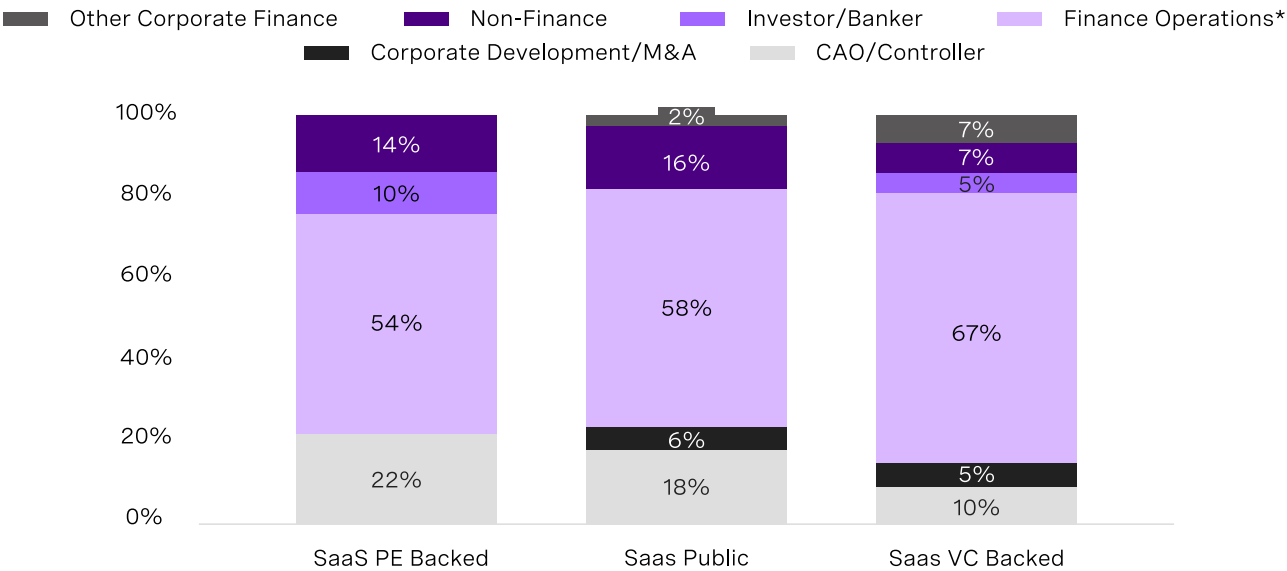


Source: Russell Reynolds Associates analysis of 140 US public, PE-backed and VC-backed company CFOs in the \$100M-\$2B revenue range, 2024

Prior to stepping into the CFO role, SaaS finance talent overwhelmingly comes up the finance operations track (Figure 5), which includes experience in deputy/divisional CFO roles, EVP/SVP/VP finance roles, and FP&A.

However, the CFO’s route to the top differs slightly depending on the organization type. For example, both PE and VC-backed organizations are more likely to consider talent from investor backgrounds, given the emphasis placed on exit and sponsor experience.

Figure 5: Role prior to first SaaS CFO role



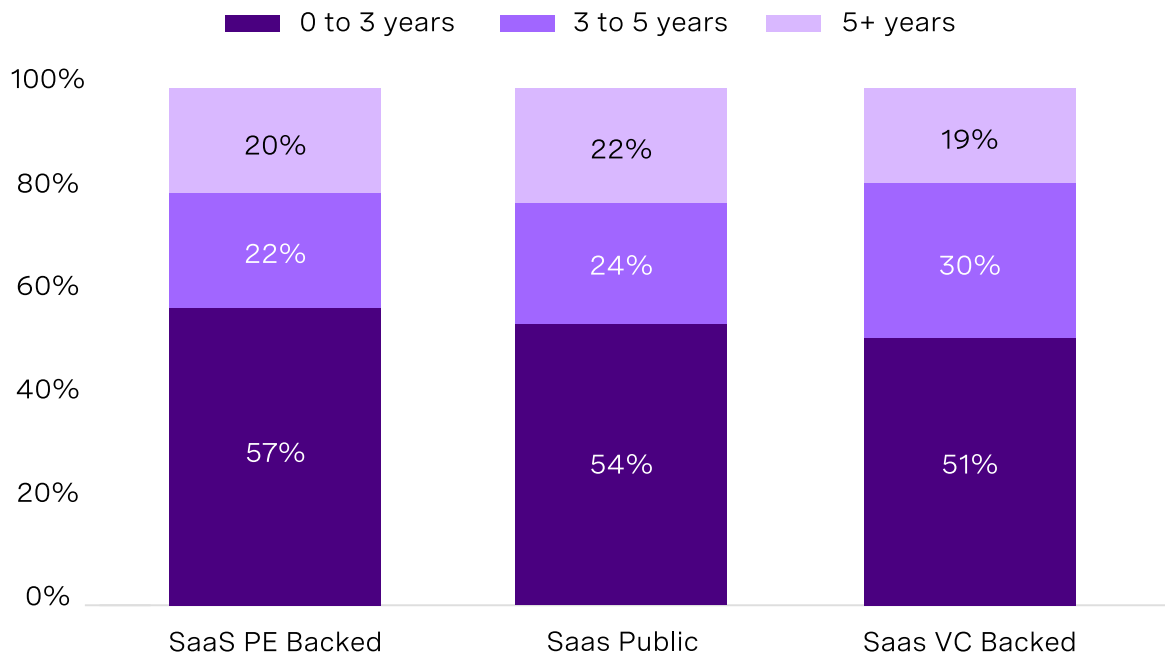
*Includes FP&A, VP finance, CFO, division/regional CFO | Source: Russell Reynolds Associates analysis of 140 US public, PE-backed and VC-backed company CFOs in the \$100M-\$2B revenue range, 2024



Unlocking SaaS talent in a tight market requires a thoughtful approach

With over 50% of SaaS CFOs turning over in the past three years, public company technology CFOs departing their roles after an average of 5.9 years,² and portfolio company CFOs departing after an average tenure of 2.5 years⁵, few sitting CFOs are extractable (Figure 6).

Figure 6: SaaS CFO Tenure



Source: Russell Reynolds Associates analysis of 140 US public, PE-backed and VC-backed company CFOs in the \$100M-\$2B revenue range, 2024

And with CFOs retiring at age 58 on average, many of those who are extractable may not consider another CFO opportunity. What's more, PE CFOs are even more resistant to opportunities as they wait for an exit, many of which have been delayed.

So with few experienced SaaS CFOs available, how can your organization unlock SaaS talent? We suggest the following tactics:

Invest in development

As many organizations are looking externally and competing for experienced finance talent, investing in assessing, developing, and mentoring talent within your finance organization and across portfolio companies is essential to unlocking the next generation of talent. Additionally, the right development and mentorship can provide confidence when appointing a step-up.

Get competitive about compensation

In a competitive market with many CFOs waiting to meet their liquidity event, compensation remains key to extracting seated talent—particularly as CFOs assess both VC and PE opportunities and the potential equity value.

Showcase the value of the sponsor

An organization's value proposition is always important. But for private capital-backed organizations, the partnership with the sponsor can offer similar—or even greater—selling points for your prospective CFO. Differentiate your firm's value by highlighting how it supports and partners with portfolio CFOs.

Align on the value proposition

Be clear about the organization's value proposition, its strategy, and potential. Being open and transparent about key financial metrics and growth targets can help attract high-caliber candidates.

Be open on location

Relocation remains a significant impediment, as many people are unwilling to relocate. Being flexible on location will significantly expand the pool of experienced SaaS finance leaders.

Selectively consider first-time CFOs

As the market continues to be tight, considering and appropriately assessing first-time CFOs may help broaden your talent pool and offer an opportunity to access a more diverse slate of candidates.

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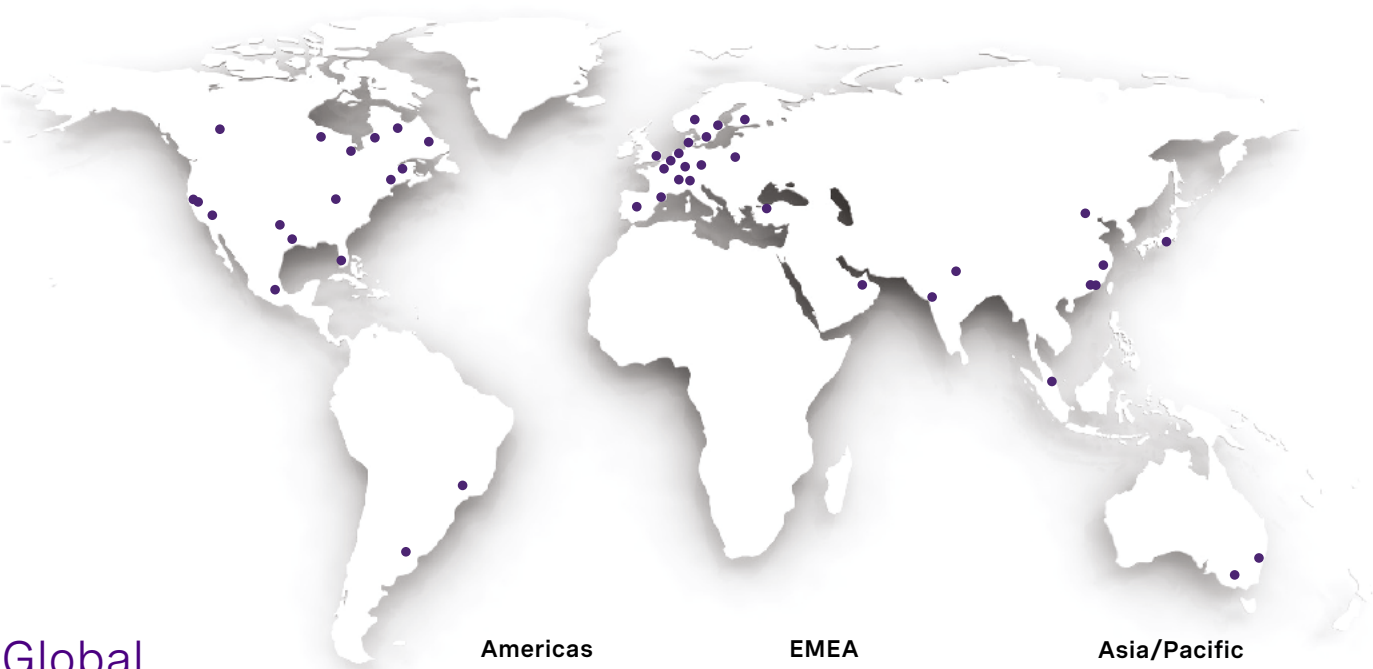
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Russell Reynolds Associates is a global leadership advisory firm. Our 500+ consultants in 47 offices work with public, private, and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, sustainability, and political trends that are reshaping the global business environment. From helping boards with their structure, culture, and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led

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