

## **Market Size for a B2B Vertical SaaS : SourceWiz**

Step 1: Define the target market:

The target market includes manufacturers, wholesalers, and distributors operating in the lifestyle segment in the USA.

Step 2: Gather industry data:

Research and industry reports suggest that the total number of businesses in the USA is around 30 million.

Step 4: Estimate the proportion of manufacturers, wholesalers, and distributors:

Rough Number of manufacturers, wholesalers, and distributors = 30 million (businesses) \* 20% (proportion of manufacturers, wholesalers, and distributors) = 6 million manufacturers, wholesalers, and distributors

Within the lifestyle segment, manufacturers, wholesalers, and distributors can overlap to some extent. To avoid double counting, let's assume the following proportions:

Manufacturers: 50% of businesses

Wholesalers: 30% of businesses

Distributors: 20% of businesses

Number of manufacturers in the lifestyle segment = 6 million (businesses in the lifestyle segment) \* 50% (proportion of manufacturers) = 3 million manufacturers

Number of wholesalers in the lifestyle segment = 6 million (businesses in the lifestyle segment) \* 30% (proportion of wholesalers) = 1.8 million wholesalers

Number of distributors in the lifestyle segment = 6 million (businesses in the lifestyle segment) \* 20% (proportion of distributors) = 1.2 million distributors

Step 5: Account for overlap and double counting:

To avoid double counting, we need to adjust for overlapping roles between manufacturers, wholesalers, and distributors. Let's assume a 25% overlap between manufacturers and wholesalers, and a 10% overlap between wholesalers and distributors.

Number of unique manufacturers = 3 million (manufacturers) - (25% overlap with wholesalers) = 2.25 million unique manufacturers

Number of unique wholesalers = 1.8 million (wholesalers) - (25% overlap with manufacturers) + (10% overlap with distributors) = 1.33 million unique wholesalers

Number of unique distributors = 1.2 million (distributors) - (10% overlap with wholesalers) = 1.08 million unique distributors

Step 6: Summarize the results:

The total number of manufacturers, wholesalers, and distributors operating in the lifestyle segment in the USA, without double counting, is as follows:

Number of unique manufacturers = 2.25 million

Number of unique wholesalers = 1.33 million

Number of unique distributors = 1.08 million

To get the total number of target manufacturers, wholesalers, and distributors, we can sum up the unique counts:

Total number of target manufacturers, wholesalers, and distributors = 2.25 million

(manufacturers) + 1.33 million (wholesalers) + 1.08 million (distributors) = 4.66 million

Let's assume that within the target group, approximately 40% of manufacturers, wholesalers, and distributors have large sales representatives and primarily focus on small businesses.

Therefore, an estimated  $4.66 \text{ million} \times 40\% = 1.864 \text{ million}$  manufacturers, wholesalers, and distributors in the lifestyle segment are likely to have large sales representatives and exclusively deal with small businesses.

#### **#### Market Sizing:**

Given:

Target manufacturers, wholesalers, and distributors with large sales representatives and exclusively dealing with small businesses in the lifestyle segment: 0.3744 million (374,400)

Monthly pricing: \$500

#### **TAM (Total Addressable Market):**

TAM represents the total potential market size if there were no constraints or limitations. In this case, we will assume that Sourcewiz can capture the entire target market.

$\text{TAM} = \text{Number of target customers} \times \text{Annualized pricing}$

$\text{TAM} = 1.864 \text{ million} \times (\$750 \times 12)$

$\text{TAM} = \$13.32 \text{ billion}$

#### **SAM (Serviceable Addressable Market):**

SAM represents the portion of the TAM that Sourcewiz can effectively target and serve. It takes into account factors such as geographic limitations, market positioning, and competition.

Let's assume that Sourcewiz can penetrate and capture 50% (since its positioning it as a replacement vertical saas with AI enablement and Holistic Integration) of the target market.

$SAM = TAM * \text{Market penetration rate}$

$SAM = \$13.32 \text{ billion} * 50\%$

$SAM = \$6.66 \text{ billion}$

**SOM (Serviceable Obtainable Market):**

SOM represents the portion of the SAM that Sourcewiz realistically expects to capture based on its current capabilities, resources, and market conditions. It considers factors such as pricing, customer acquisition, and competition.

Let's assume that Sourcewiz can capture 30% of the SAM.

$SOM = SAM * \text{Market capture rate}$

$SOM = \$6.66 \text{ billion} * 30\%$

$SOM = 2 \text{ Billion}$