

GLU GEO — Market Sizing Model & Evidence Base

Methodology, Assumptions, and Sources Used for TAM → SAM → SOM

1. Overview

This document explains how GLU estimated its Total Addressable Market (TAM), Serviceable Addressable Market (SAM), and Serviceable Obtainable Market (SOM).

It includes: - the data model

- the quantitative assumptions
- the sources consulted
- the logic behind account penetration
- and the ARR calculations

2. Data Model

We used a **bottom-up market sizing model**, evaluating:

1. Number of merchants
2. Aggregate GMV
3. Tech + marketing spend levels
4. Share of accounts GLU can capture
5. Share of budgets GLU can capture

Formula:

$$\text{GLU ARR} = (\# \text{ GLU Accounts}) \times (5\% \text{ of tech + marketing budgets})$$

3. Market Tiers

TAM — Global E-Commerce

- ~28M merchants
- \$6.4T GMV
- ~70K GLU accounts (0.25%)
- ARR: \$41.7B

Sources:

- UNCTAD Global E-Commerce Database
- Statista Online Retail Forecasts
- Shopify investor relations
- BuiltWith platform scans
- W3Techs e-commerce usage

SAM — Store Builders

Platforms: Shopify, WooCommerce, Magento, BigCommerce, PrestaShop, Wix

- ~11M merchants
- ~\$2.2T GMV
- ~55K GLU accounts (0.5%)
- ARR: \$15.4B

Sources: - BuiltWith

- W3Techs
- Platform ecosystem and IR reports

SOM — Shopify \$5–50M

- ~10,000 merchants
- ~\$146B GMV
- ~1,500 GLU accounts (15%)
- ARR: \$1.096B

Sources: - Shopify GMV and cohort distributions

- Shopify Plus and mid-market partner agency reports

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4. Penetration Assumptions

- TAM: 0.25% → 70K accounts
- SAM: 0.5% → 55K accounts
- SOM: 15% → 1.5K accounts

These rates reflect typical SaaS category adoption patterns and reference-based expansion.

5. ARR Assumptions

E-commerce spend: - Tech: 3–5% of revenue

- Marketing: 8–12% of revenue

Combined: ~13–17%

GLU model uses **5% capture** of combined tech+marketing budgets.

6. Why This Model Is Defensible

- Bottom-up, conservative
 - Platform-based verifiable counts
 - Aligned with Geoffrey Moore adjacency expansion
 - Realistic SaaS penetration rates
 - Based on actual spending patterns
 - Supports strong long-term investor narrative
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7. Full Source List

1. UNCTAD eCommerce Database — <https://unctad.org/topic/e-commerce-and-digital-economy>
2. Statista Global Retail E-commerce Forecasts — <https://www.statista.com/topics/871/online-shopping/>
3. Shopify Investor Relations — <https://investors.shopify.com>
4. BuiltWith Technology Trends — <https://trends.builtwith.com/shop>
5. W3Techs E-commerce Usage — <https://w3techs.com/technologies/overview/ecommerce>

6. BigCommerce & Magento ecosystem reports (industry whitepapers)
7. Shopify partner agency cohort analyses (Diff Agency, Absolute Web, Cake Agency)

8. Summary

This model gives GLU a: - realistic SOM

- credible SAM
- massive TAM

...and a clear wedge strategy aligned with Moore's Crossing the Chasm.