Q3 Business Review — Meeting Transcript

Company: Northwind Analytics, Inc.
Date: Wednesday, October 8, 2025
Time: 10:02 AM – 10:54 AM (PT)
Location: Conference Room A / Zoom
Attendees:

- Sarah Chen — Chief Executive Officer (CEO)
- Marcus Rodriguez — Chief Financial Officer (CFO)
- Priya Nair — VP of Sales
- David Okafor — VP of Product & Engineering

[10:02] Sarah Chen: Alright, I think we're all here. Let's get started — I want to keep this to under an hour because Priya has a customer call at eleven. This is our Q3 review. The goal today is simple: where did we land on the numbers, what's working, what isn't, and three or four decisions we actually walk out of this room having made. Not "let's circle back." Actual decisions. Marcus, you want to kick us off with the financials?

[10:03] Marcus Rodriguez: Sure. So, top line first. We closed Q3 at $4.2 million in revenue, which puts us at roughly $16.8 million in ARR as of end of September. That's up 28% quarter over quarter, and about 61% year over year.

[10:03] Priya Nair: That's a good number. That's a really good number.

[10:04] Marcus Rodriguez: It is, and I don't want to undersell it. But I want to give the full picture because the headline hides some texture. Of that 28% growth, a big chunk came from two enterprise deals that closed in the last three weeks of the quarter. So the number is real, but it's lumpy. If those two deals slip a quarter, we're looking at more like 15%, which is still healthy but a very different story.

[10:05] Sarah Chen: How much did those two deals represent?

[10:05] Marcus Rodriguez: Combined, about $680,000 in annual contract value. One was the logistics company, Meridian — that was $420K. The other was the healthcare group, which came in at $260K.

[10:06] David Okafor: And both of those are on the new platform, not the legacy product, right?

[10:06] Marcus Rodriguez: Correct. Both on the v3 platform. Which is actually a nice segue. Gross margin came in at 78% this quarter, up from 74% last quarter. And the margin improvement is almost entirely because customers are migrating off the legacy stack, which was expensive to run, onto v3.

[10:07] Sarah Chen: Okay, hold that thought on legacy — I want to come back to it because I think there's a decision buried in there. Keep going on the money.

[10:07] Marcus Rodriguez: Right. Net revenue retention is at 112%. That's down slightly from 115% last quarter. Gross churn ticked up to 4.5% — it was 3.8% in Q2. Most of that churn is in the small-business segment, which honestly is not our best-fit customer anyway. On the cost side: we spent $5.1 million in Q3, so we're still burning. Net burn was about $900K for the quarter, roughly $300K a month. Cash in the bank is $4.2 million as of last week, which gives us about 14 months of runway at the current burn.

[10:09] Priya Nair: Fourteen months. That's tighter than I thought.

[10:09] Marcus Rodriguez: It's tighter than it looks on the surface, yes. And that's the number I most want everyone to sit with today. Fourteen months sounds like a lot until you remember a fundraise takes four to six months from first meeting to money in the bank. So realistically we have eight, maybe nine months before we're raising under pressure, and raising under pressure is how you get a bad term sheet.

[10:10] Sarah Chen: Which is exactly why I want to talk about starting Series B conversations now, while the numbers look good and we're not desperate. But let's park that too. Priya, sales. Give me the real picture, not the pipeline-review picture.

[10:11] Priya Nair: Ha. Okay, the real picture. We closed 34 new logos in Q3. Our target was 40, so we missed on logo count. But — and this matters — average deal size went up significantly. Average ACV this quarter was $71,000, versus $52,000 last quarter. So we brought in fewer customers but bigger ones. That's partly deliberate; we shifted the team upmarket. It's partly luck, because those two big deals Marcus mentioned pulled the average up.

[10:12] Marcus Rodriguez: If you strip out Meridian and the healthcare deal, what's the average?

[10:12] Priya Nair: Around $54,000. So still up a bit, but not the dramatic jump. I won't pretend otherwise.

[10:13] Sarah Chen: What's the win rate looking like?

[10:13] Priya Nair: Win rate on qualified opportunities is 22%. It was 19% last quarter, so improving. The bigger issue is top of funnel. Our qualified pipeline for Q4 is $6.8 million, and historically we close about 25 to 30% of what's in pipeline at the start of a quarter. So that math gets us to somewhere between $1.7 and $2 million in new bookings for Q4. To hit our annual number we need closer to $2.4 million. So there's a gap, and the gap is leads, not closing.

[10:15] David Okafor: Is that a marketing spend problem or a marketing efficiency problem?

[10:15] Priya Nair: Honestly? Both. Our cost to acquire a customer is now about $18,000, and against an average lifetime value of roughly $95,000, that's a 5.3-to-1 LTV-to-CAC ratio, which is genuinely good. But the volume of leads has been flat for two quarters while we've grown the sales team. So I've got reps who aren't fully fed.

[10:16] Sarah Chen: How many reps are underfed right now?

[10:16] Priya Nair: I'd say three of my nine account executives are not getting enough at-bats. That's a third of the team not at capacity.

[10:17] Sarah Chen: That's expensive. Okay, David, product and engineering. Where are we?

[10:17] David Okafor: So the big story of Q3 was the v3 platform migration, and I'm happy to report we're at 71% of customers migrated off legacy as of end of September. We were at 48% at the start of the quarter, so good progress. The remaining 29% is the hard 29% — those are older accounts, custom integrations, the ones who are scared to move. My team estimates it'll take until end of Q1 next year to fully retire legacy.

[10:19] Marcus Rodriguez: And what does keeping legacy alive cost us until then?

[10:19] David Okafor: Infrastructure and maintenance, roughly $55,000 a month. Plus it's a tax on the engineering team — I've got two engineers spending maybe 40% of their time firefighting legacy issues instead of building new stuff.

[10:20] Sarah Chen: Okay. This is decision number one, and I want to make it right now. David, what would it take to accelerate legacy shutdown to end of this year instead of Q1?

[10:20] David Okafor: We'd have to force-migrate the accounts that are dragging their feet, which means some of them will be unhappy, and a few might churn. I'd guess we lose two, maybe three of those accounts if we push hard. But they're small — combined maybe $90K in ARR.

[10:21] Marcus Rodriguez: So we'd risk $90K in ARR to save $55K a month plus free up two engineers. That pays for itself in under two months even in the worst case.

[10:22] Priya Nair: I'd want my customer success team looped in before we force anyone, so we're not blindsiding accounts. But directionally I don't disagree.

[10:22] Sarah Chen: Agreed on the CS loop-in. Let's make the call: **we accelerate legacy shutdown to December 31st.** David owns it, Priya's CS team gets a two-week heads up before any forced migration, and we accept up to roughly $90K of churn risk as the cost of doing it. Everyone good? Okay. That's decision one.

[10:24] David Okafor: Works for me. It genuinely unblocks the roadmap, so I'm glad we're doing it.

[10:24] Sarah Chen: Good. Decision two — Marcus, I want to raise prices on the enterprise tier. We haven't touched pricing in almost two years, our win rates are up, and our biggest customers are getting enormous value. Make the case for or against.

[10:25] Marcus Rodriguez: I'm for it, with a caveat. The data supports it — our enterprise customers have the lowest churn and the highest NRR, which tells me we're underpriced for them. I'd suggest a 12 to 15% increase on new enterprise contracts starting January 1st, and we grandfather existing customers for twelve months so nobody feels punished. That protects retention while capturing more value on new business.

[10:26] Priya Nair: I can live with 12%. I get nervous above 15% because my reps will start using price as the excuse for every lost deal. But 12%, on new deals only, grandfathering the current base — yeah, I can sell that. I'd want updated pricing sheets and a one-pager on the added value before we roll it out, so the team doesn't fumble the conversation.

[10:27] David Okafor: From a product side, if we're raising prices I'd like us to have at least one visible new capability shipping in Q1 to point to. We have the advanced reporting module coming — if we can time that to land in January, the price increase feels justified rather than arbitrary.

[10:28] Sarah Chen: I love that. Tie the increase to value. Let's decide: **12% price increase on new enterprise contracts effective January 1st, existing customers grandfathered for twelve months, and we line up the advanced reporting module to ship in January as the anchor.** Marcus builds the model, Priya builds the enablement, David owns the ship date. Decision two, done.

[10:29] Priya Nair: Done.

[10:30] Sarah Chen: Decision three is the harder one, and it's about the underfed reps and the runway. Marcus is telling us we've got real but not infinite runway. Priya's telling us she's got a third of her sales team not at capacity. To me that says: we should not be adding sales headcount right now. We should be feeding the reps we have. Which means the money goes to demand generation, not more salaries. David, meanwhile, needs engineers. So I'm inclined to freeze sales hiring, and reallocate.

[10:31] Priya Nair: I won't pretend I love hearing "freeze sales hiring," but I can't argue with it. If three of my nine aren't fed, hiring a tenth is malpractice. I'd rather have the budget in marketing to actually generate pipeline. Give me leads and my existing team can absorb a lot more.

[10:32] Marcus Rodriguez: To put numbers on it — if we freeze the two open sales roles we were about to fill, that's roughly $340,000 a year in fully loaded cost we don't spend. I'd propose we take about half of that, call it $170K, and put it into demand generation for the next two quarters. The other half stays as runway. That extends us by a couple weeks and, more importantly, it's disciplined.

[10:33] David Okafor: And my two engineering backfills? Because if we're freezing sales, I don't want engineering caught in the same net. Retiring legacy frees my current team up, but I've been down two engineers since August.

[10:34] Sarah Chen: No, engineering hiring continues. Those are different problems. Sales is capacity-constrained on leads; engineering is genuinely understaffed. Marcus, does backfilling David's two roles break the model?

[10:34] Marcus Rodriguez: It doesn't break it. It's already in the plan and baked into the 14-month runway number. So filling those two is neutral to what I presented.

[10:35] Sarah Chen: Then let's decide: **freeze the two open sales roles, redirect roughly $170K into demand generation over the next two quarters, keep the rest as runway, and proceed with David's two engineering backfills.** We revisit the sales freeze at the end of Q1 — if the reps get fed and hit capacity, we open the roles back up. Fair?

[10:36] Priya Nair: Fair. And I'll hold marketing accountable for the lead number, since I'm the one asking for the budget.

[10:36] Sarah Chen: Good, because I'm going to hold you to it. Last big item — the fundraise. Marcus laid out that we've got maybe eight to nine months before we'd be raising under pressure. I don't want to raise under pressure. I want to start Series B conversations in Q4, informally, while the metrics are strong. Not a formal process — coffees, relationship-building, so that when we do raise in Q2 we already know the room.

[10:38] Marcus Rodriguez: I strongly support starting early. The one thing I'd flag: before we walk into any investor meeting, we need our metrics story airtight. The lumpy growth thing — an investor will find that in five minutes. So I want us to be the ones who bring it up and frame it, not get caught by it. Give me three weeks and I'll have a metrics narrative and a data room started.

[10:39] David Okafor: Should I be pulling together a product roadmap deck for that? Investors always ask about the moat.

[10:39] Sarah Chen: Yes, please. A forward-looking roadmap that shows why we win. Priya, I'll want you to help me tell the go-to-market story — the LTV-to-CAC ratio is genuinely a strong point, so let's lead with it.

[10:40] Priya Nair: Happy to. 5.3-to-1 is a number investors like.

[10:40] Sarah Chen: Then decision four, and it's more of a commitment than a hard call: **we start informal Series B conversations this quarter. Marcus owns the metrics narrative and data room within three weeks, David owns the product roadmap deck, Priya and I own the GTM story, and we target a formal raise in Q2.** Everyone aligned?

[10:41] Marcus Rodriguez: Aligned.

[10:41] David Okafor: Aligned.

[10:41] Priya Nair: Yep.

[10:42] Sarah Chen: Okay, let me read back the action items so we're all clear, and then Priya can make her call.

[10:42] Sarah Chen: One — David accelerates legacy platform shutdown to December 31st, Priya's CS team gets two weeks notice before any forced migration, and we accept up to about $90K of churn risk. Two — 12% enterprise price increase on new contracts January 1st, existing customers grandfathered twelve months, advanced reporting module ships in January; Marcus models it, Priya builds enablement, David owns the ship date. Three — freeze the two open sales roles, move roughly $170K into demand gen over two quarters, keep the rest as runway, continue David's two engineering backfills, and revisit the sales freeze at end of Q1. Four — start informal Series B conversations this quarter; Marcus delivers metrics narrative and data room in three weeks, David builds the roadmap deck, Priya and I own the GTM story, targeting a Q2 raise. Did I miss anything?

[10:44] Marcus Rodriguez: That's all of it. I'd add one thing — let's put a mid-quarter check-in on the calendar, maybe mid-November, so we're not waiting until the next quarterly review to see if demand gen is actually working.

[10:44] Sarah Chen: Good call. Let's do November 12th. Priya, go make your call. Thanks everyone — this was a good one. We actually decided things.

[10:45] Priya Nair: Best kind of meeting. Talk soon.

[10:45] David Okafor: Thanks all.

[10:45] Marcus Rodriguez: Thanks.

[Meeting adjourned 10:45 AM]

Summary of Key Numbers

Metric	Q3 2025	Change
Revenue	$4.2M	+28% QoQ
ARR	$16.8M	+61% YoY
Gross Margin	78%	+4 pts QoQ
Net Revenue Retention	112%	–3 pts QoQ
Gross Churn	4.5%	+0.7 pts QoQ
New Logos	34	Target was 40
Average ACV	$71K	Up from $52K

Metric	Q3 2025	Change
Win Rate (qualified)	22%	+3 pts QoQ
CAC	$18K	—
LTV : CAC	5.3 : 1	—
Net Burn	~$300K/mo	—
Cash / Runway	$4.2M / ~14 mo	—
Legacy Migration	71% complete	Up from 48%

Decisions Made

1. **Accelerate legacy shutdown** to December 31 (accept up to ~$90K churn risk).
2. **12% enterprise price increase** on new contracts from January 1; existing customers grandfathered 12 months; anchored to the January reporting-module launch.
3. **Freeze sales hiring**, redirect ~$170K to demand generation, continue engineering backfills, revisit at end of Q1.
4. **Begin informal Series B conversations** this quarter, targeting a formal Q2 raise.

Action Items

- **David** — legacy shutdown plan; advanced reporting module ship date; roadmap deck for investors.
- **Marcus** — enterprise pricing model; metrics narrative + data room (3 weeks).
- **Priya** — sales enablement / pricing one-pager; CS notification plan; own the lead/demand-gen number.
- **Sarah + Priya** — GTM investor story.
- **All** — mid-quarter check-in scheduled for November 12.