General TAM/SAM/SOM Research

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Overview of TAM, SAM, and SOM

TAM (Total Addressable Market) is the “whole pie” – the total revenue opportunity if one company could capture 100% of the market. SAM (Serviceable Available Market) is the portion of that pie that is realistically within your reach given your business model, product scope, geography, etc. Finally, SOM (Serviceable Obtainable Market) is the share of the SAM you expect to capture – essentially your near-term target market share considering competitors and your current resources . These form a hierarchy: TAM is largest, SAM is a subset of TAM, and SOM is a subset of SAM . For example, if TAM = $1 billion, and only 30% of that market fits your focus (SAM = $300M), you might project capturing ~10% of that SAM in the near term (SOM = $30M).

General Rules of Thumb for SAM and SOM

Industry analysts and VCs often use rough benchmarks to sanity-check market size estimates:

- SAM as a Percentage of TAM: In many industries, SAM might be on the order of 10–30% of the TAM . This reflects the idea that no single product can usually serve *all* segments or regions of a broad market. For a startup specifically, the initial SAM is often even smaller – some guidance suggests 5–15% of TAM for startups, versus up to ~30% for an established firm with broader reach . In other words, a young B2B company might intentionally focus on a niche slice rather than the entire universe of customers.

- SOM as a Percentage of SAM: SOM (your obtainable share) is typically a single-digit percentage of the SAM in early planning. A common heuristic in startup pitches is to assume capturing around 5–10% of your SAM in the first few years . For instance, if your SAM is $100M (perhaps ~10% of a $1B TAM), a 5% SOM means $5M in annual revenue – a realistic initial goal. Many pitch examples follow this pattern: e.g. one SaaS founder might say “Our SAM is $1B, and we aim to win 5% of it within 3 years, i.e. $50M in revenue.” In practice, pre-launch startups technically have 0% market share, but modeling a path from, say, ~5% to 15% of the SAM over a few years is a typical way to illustrate growth ambition while staying plausible . (By comparison, capturing 50+% of a market would be extremely ambitious and usually not assumed upfront .)

- 30%/10% “Rule” Example: A rule-of-thumb often cited in venture circles is roughly *“SAM is ~30% of TAM, and SOM is ~10% of SAM.”* This isn’t a hard law, but it provides a quick reality check. Example: If TAM = $1 billion, then SAM might be $300 million (assuming you’re focusing on ~30% of the overall market that you can actually sell to), and SOM might be $30 million (10% of that SAM) as an initial obtainable target. Indeed, many real cases map to this scale: Carta’s market sizing guide shows an example where narrowing to a specific segment yields a SAM ~10% of the total market, and an obtainable slice that is ~1% of TAM (i.e. 10% of the SAM) . Similarly, a sample startup analysis showed a global TAM of 240M units, a SAM focusing on a niche at ~0.2–0.4% of that TAM, and then a SOM equal to ~10% of the SAM . The key is that TAM ≫ SAM ≫ SOM – each step filters down to a smaller, more realistic figure.

- VC Expectations: Investors like to see big markets (a common thumb-rule is TAM > $1B as a sign of a “venture-scale” opportunity) *and*

a credible path for the startup to carve out a piece of it. Over-inflating SAM beyond what you could conceivably service, or claiming an unrealistically high SOM (like “we’ll get 50% market share in 2 years”), will raise eyebrows. Instead, smart founders ground their numbers in how they will acquire customers in a subset of the market. For example, an agency analytics report notes that SAM should align with what the business can actually handle operationally, and they cite *10–30% of TAM* as a feasible range in many cases . They also note startups often underestimate how hard capturing share is – thus starting with a conservative SOM is wise (often low-single-digit % of TAM initially). As one source puts it, if a public competitor in your space holds ~10% market share, that can be a useful benchmark for what “winning” might look like eventually – but a new entrant would start much lower and build up to that.

The exact percentages for SAM and SOM can vary greatly by industry and company context. Below, we look at how different enterprise B2B sectors – especially heavy industries – define these market segments, with examples:

Industry-Specific Contexts and Examples

Oil & Gas Sector (Enterprise Software)

Oil & gas is a massive global industry, but a software startup in this space will usually target a focused segment of it. The TAM for oil & gas industry software is large in absolute terms but not all accessible at once. For instance, the *global oil & gas software market* (across all upstream, midstream, downstream, etc.) was about $1.25 B in 2024 . This represents all oil & gas companies’ spend on relevant software. A new B2B SaaS offering, however,

might narrow this to a SAM focused on a particular domain or region – for example, software just for upstream production optimization, and perhaps primarily in North America. That could carve the TAM down to maybe 30–40% of the total market. (Upstream might be a third of the total software spend, and North America could be a large portion of that slice – this is an illustrative assumption.) If that yields, say, a SAM of around $400M (portion of the global $1.25B), the SOM would then be the share the startup thinks it can capture. Given the dominance of incumbent vendors and long sales cycles in oil & gas, an early-stage company might only project a single-digit percentage of that SAM in the near term. For example, a 5% SOM on a $400M SAM is $20M in annual revenue – a reasonable mid-term goal for a successful niche player. Indeed, historically many oil & gas tech startups aim to reach tens of millions in revenue, which often corresponds to just a few percent of the overall segment. This reflects the conservative adoption curve in this sector (oil & gas firms are often slow to adopt new software, and trust and proven value are needed to win market share).

As a case study, consider specialized upstream simulation software: One analysis of hydrodynamic modeling tools for heavy oil defined the global TAM in terms of all high-viscosity oil production, but then looked at the *serviceable market* in just one country's context. In that study, the SAM was only a fraction of global demand (~0.07 billion RUB, or around $1M per year) focusing on the Russian market segment, and the SOM was computed as ~24% of that SAM based on the share they could feasibly displace from incumbents . That 24% of SAM equated to only about 0.05% of the total global TAM – a tiny slice – yet for that niche product it was considered a significant obtainable share given a lack of local competitors. The takeaway: in oil & gas software, SAM is often constrained by which sub-sector, function, and region you can serve (perhaps on the order of a third or less of the total market), and initial SOM might be on the order of a few percent of that serviceable segment (even a

<5% share of a multi-hundred-million market can be a solid business in this domain).

Engineering & Construction (EPC) Sector

Enterprise software for engineering, procurement, and construction (EPC) firms – essentially the construction project management and related tools – shows how TAM, SAM, SOM shrink from global opportunity to practical targets. Construction is a huge TAM: globally, construction represents ~13% of GDP (trillions of dollars), and construction tech spend is growing. A leading construction SaaS company, Procore, noted that the construction industry is vastly under-digitized, implying a large runway. Procore's TAM could be thought of as all construction projects worldwide, but they don't serve all of it yet. Instead, they defined their "current addressable market" as about $9–10 B based on the products they have and the countries they operate in . In other words, their SAM – given their focus on certain geographies (U.S., Canada, U.K., Australia, etc.) and segments – was about $10B, which is only a portion of the total global construction software opportunity (they acknowledge there's further expansion potential in Europe, Asia, and additional product areas beyond that $10B) .

For SOM, consider Procore's actual penetration: despite being a market leader in construction management software, Procore's revenue (around $720M in 2023) is only a single-digit percentage of that $9–10B SAM (roughly ~7–8%) – leaving over 90% of the available market still untapped by them or any single player. This underscores that even a top company hasn't come close to 100% of SAM; in fact, a ~5–10% share of SAM can correspond to market leadership in such B2B segments. Startups pitching in the construction/EPC tech space often cite something like "our SAM is the commercial construction segment in these key countries, worth X billion, and our 5-year goal is to capture ~5% of

that." That 5% of SAM may only be ~0.5% of the theoretical global TAM, but it can equate to a sizable business. The construction sector also has many sub-verticals (residential vs. commercial, etc.) and project types; a young company might start with one niche (say, project management for small-to-mid-size general contractors – a subset of all construction). That niche definition effectively sets SAM as maybe 20–30% of the broader construction tech TAM. Achieving a SOM of 5–10% in that niche would already be a strong outcome. In summary, EPC/Construction tech startups often use SAM to focus on the slice of the industry they can realistically reach (by region and project type), which might be a third or less of the total market, and they project initial SOM in the low-single-digit percent of that slice. (Notably, construction is so large that even a 1% share of TAM can be a multi-billion company; thus, capturing *any* meaningful percentage is attractive.)

Defense Sector

The defense sector is a case where TAM is enormous, but practical SAM for a new entrant is constrained by procurement realities and scope. For example, the U.S. defense budget alone for 2024 is about $886 B – that figure could be viewed as an extreme upper-bound TAM if one imagined selling a product that somehow applied to all defense spending. Of course, no startup's product addresses all of that. More realistically, one might look at a segment like defense IT and software spending, which is on the order of $90–100B globally per year , or even narrower domains (e.g., "training and simulation software" or "cybersecurity for defense"). A defense-tech startup will define its SAM around the specific problem and customers it can serve: for instance, maybe the procurement programs in NATO countries related to AI-enabled surveillance drones, or logistics software for militaries with certain infrastructure. That could cut TAM down from hundreds of billions to perhaps a few billion that are truly "serviceable" in the near term. It's not uncommon

to see SAM in defense pitched as $1–5B (a slice of a particular program category or allied market) even though the TAM (if you included all global defense budgets or all departments) might be 100× larger.

Importantly, in defense, even a tiny fraction of TAM is huge. As Bessemer Venture Partners noted, with an $886B U.S. budget, *“capturing even a small slice of this market would represent massive potential”* . This means investors are comfortable if your SOM is a sliver of a sliver, as long as it’s plausible. For example, a startup might say: “Our TAM is all DoD procurement in our category ($20B/year); our SAM is the subset of programs we can go after in the next 5 years, say $3B; and our SOM is to win ~5% of those contracts, about $150M/year in revenue.” That SOM ($150M) is <1% of the TAM, but it’s realistic and very attractive if achievable. In practice, early-stage defense SaaS companies might start by targeting one or two major contracts – SOM could literally be “we aim to secure X contract, which would be 2% of the available programs in this niche.” Over a longer horizon, if the company expands to multiple programs or countries, SOM might grow to e.g. 10% of the SAM. But given the complexity of defense acquisitions and incumbent contractors, a conservative SOM (often <5% of SAM initially) is the norm. Each additional percentage point of market share in defense can correspond to significant revenue due to the scale of contracts. Thus, for defense tech: TAM is huge, SAM is narrowed by target geography/segment (often <10% of TAM), and a realistic SOM is a few percent of SAM (which can still be very large in dollar terms).

(Side note: Defense markets often have binary outcomes – you either win a contract or not – so SOM can sometimes be thought of in terms of which key deals you will land. This is a nuance beyond simple percentages, but the percentages help show that you don’t need unrealistic share to build a big business here.)

Manufacturing & Industrial (B2B Software)

Manufacturing is another vast sector where enterprise software opportunities must be segmented. The umbrella TAM for “Industry 4.0” or IoT in manufacturing is huge – one estimate put the global IoT in manufacturing market at $97 B in 2023, projected to grow to $674 B by 2032 . That TAM includes all types of industrial IoT applications across all manufacturing industries worldwide. Clearly, no single solution (especially from a startup) will cover every use-case in that $600B+ future market. Startups therefore define a reasonable SAM by narrowing the scope. This could be by industry vertical (e.g., focusing only on automotive manufacturers, or only on food processing plants), by function (e.g., a predictive maintenance SaaS for factory equipment, or a supply chain optimization tool), or by region (maybe initially North America or Europe). Each filter slices down the TAM. For instance, if out of that $97B TAM, you target just the automotive and aerospace sectors’ IoT needs, maybe that’s 20% of the TAM (~$20B). If you further concentrate on a specific function like predictive maintenance, perhaps that brings it to ~$5–10B that’s truly serviceable for your product (these numbers are hypothetical, but illustrate the funnel).

Another factor for SAM in manufacturing tech is adoption rates. Unlike some markets that are nascent, a lot of large manufacturers have already started investing in IoT and software (one 2025 survey found *62% of manufacturers had embraced IoT technologies in their operations*). So the good news is there’s a willing market; the SAM may be relatively large (most of the TAM is eventually reachable). The limiting factor becomes competition and differentiation – your SAM might effectively be “the subset of companies that your salesforce can realistically sell to given incumbent vendor relationships and your specific solution.” For example, maybe your SAM is the ~30% of

manufacturers that use equipment your software integrates with and are not locked into a competitor's platform.

When it comes to SOM in manufacturing software, initial targets tend to be modest in percentage terms because the market is fragmented and competitive. A new MES (Manufacturing Execution System) or IoT analytics startup might aim to sign on, say, 50 factories in its first couple of years – if there are 5,000 factories in its SAM, that's 1% penetration. Over time, a strong player could capture 5–10% of a particular niche market. Indeed, industrial software often has several viable competitors each with single-digit market shares across a diverse customer base. It's not unusual for a pitch in this space to say, "We only need to win 5% of the accessible plants to hit $XM in revenue," implicitly assuming SOM ~5% of SAM. On the other hand, if your solution is very unique and the field is greenfield, you might project a higher share. But generally, given manufacturers' caution in switching systems, claiming anything above ~10-15% SOM in a short time frame would be aggressive. A real-world illustration: suppose a company makes AI-driven predictive maintenance software for heavy machinery. Their SAM could be the ~$5B spending by heavy machinery manufacturers on such solutions. If they become a top-three vendor, they might eventually have ~20% of that SAM (which would be $1B revenue, likely a long-term goal). Initially, though, they might start with a SOM of 2% (about $100M) as a milestone to reach. In summary, manufacturing tech startups often work with a large TAM but narrow it by industry/use-case to a focused SAM (often on the order of 10–30% of the broad TAM), and then pursue a SOM in the low-single digits of that SAM to start (scaling up as they prove value and outcompete others). Notably, because manufacturing TAMs can be so large, even a 1% TAM share can be a substantial business – but investors will want to see a credible path to that 1% via specific segments.

Energy Transition Sectors (Renewables, Carbon & Nuclear)

The energy sector, especially new segments like renewables and carbon management, has rapidly evolving TAMs and somewhat unique SAM/SOM dynamics:

- Renewables Software & Services: Renewable energy (wind, solar, etc.) is growing fast, and so is demand for related software (grid management, asset monitoring, etc.). The TAM for renewable energy software could be defined by all renewable projects globally – for instance, all wind farm operators, solar developers, and utilities integrating these sources. This TAM is in the tens of billions and expanding as renewable capacity grows. A startup in this space will refine the SAM to its corner of the market. If it's a wind farm asset optimization SaaS, then the SAM might be "all wind farms of size >X in markets where we operate" – perhaps 30% of the total renewables software spend (excluding solar-focused solutions, for example). Or if it's a platform for managing distributed solar installations, the SAM might be the community and commercial solar segment, etc. The SOM again will start small; energy projects have long sales cycles, so a new entrant might only win a few pilot projects initially. It's plausible to see an obtainable market share of maybe 5% or less of the SAM in early years, then rising if the solution proves superior (some energy software niches may consolidate such that top players eventually have, say, 20-30% of the SAM, but that's often a decade out). One interesting twist: because renewables are a newer industry, there may be less entrenched competition in software, so a well-positioned startup could argue for a somewhat larger SOM longer-term than in a mature industry. Still, prudent planning might show, for example, SOM = 10% of SAM in five years (e.g. "we'll manage 10% of all wind farm

capacity in our target markets").

- Carbon Accounting/ESG Software: The market for carbon management and ESG (Environmental, Social, Governance) reporting software is a good example of TAM vs. current serviceable market. In theory, TAM = all companies that will need to track and reduce carbon emissions – which eventually might be virtually every medium-to-large enterprise (tens of thousands of companies globally). That TAM could be tens of billions of dollars (and growing – reports project the carbon accounting software market to exceed $100B by 2032). However, today this market is still emerging. The SAM as of now might be only the set of early adopters or companies subject to reporting mandates. As of 2022–2023, ESG software penetration in Europe was estimated at only 12–14% of companies , meaning the majority of potential users have not yet bought any solution (either doing nothing or using spreadsheets). So a startup might say: "Our near-term SAM is the segment of companies already looking for carbon accounting tools or required by regulation – say 10–20% of the eventual TAM." That could correspond to, for example, the 5,000 largest firms in certain regions (maybe worth a few billion dollars in software spend). Over time, SAM will expand as sustainability reporting becomes universal (effectively SAM will trend toward TAM). But initially, SOM will be constrained both by competition and trust – customers will want proven products. It's common to target something like SOM = 5–10% of the SAM in the ESG software space. For instance, if your SAM is 5,000 companies (maybe $2B total opportunity among them), capturing 5% might mean 250 companies using your platform, which could be $100M revenue. Given how fragmented this nascent market is – dozens of startups and incumbents vying for those early customers – even a few-percent share can make you a leading player. In

short, for carbon/ESG software, you might estimate SAM as the subset of companies currently addressable (often constrained by who is ready to buy now, perhaps ~10–30% of the theoretical full market), and SOM as the slice of those you can win (likely single-digit percent, given many competing solutions). As regulations (like the EU's CSRD) kick in, the SAM will grow year by year, and a startup's plan usually shows their share of that growing pie – but initially it's still "small pie, small slice."

- Nuclear Industry Tech: The nuclear energy sector is comparatively small in number of players, which shapes TAM/SAM. For example, there are roughly only ~440 operational nuclear reactors worldwide. If you sell software to nuclear plant operators, your absolute TAM is limited by those 440-ish potential facilities (plus new builds and associated agencies). That TAM might be valued in the low billions annually (since each plant might spend millions on specialized software). However, your SAM might be smaller if you, say, only target reactors in certain countries or of a certain type. Perhaps you only can serve Western-designed reactors, or only decommissioning services, etc., which could cut the market in half or less. In highly regulated markets like nuclear, SAM can also be limited by market entry barriers – e.g., you might only credibly service plants in your home country initially due to regulatory approvals, meaning your serviceable market might be just 10–20% of the global TAM at first. As for SOM, nuclear customers are few and conservative; a realistic plan might be to sign 5–10 plants in the first 5 years. If your SAM were, say, 100 reactors, and you get 10, that's a 10% SOM (which would be excellent traction in this field). Often, because the number of customers is so small, SOM is described in terms of number of accounts rather than percentage – but it still usually works out to a modest share. It would be extraordinary for a new vendor to displace

incumbents at more than 20-30% of nuclear sites worldwide in short order. More likely, one aims for a beachhead (a few percent of TAM), then gradually expands. Thus, in nuclear-related software: TAM is inherently limited (hundreds of sites globally), SAM might be further narrowed by region/compatibility, and SOM might be expressed as just a handful of clients – which might be only ~5–10% of the reachable market in the early years.

Key Takeaways

- SAM is typically a fraction of TAM – often on the order of 10–30% for many B2B startups – reflecting the portion of the market that is truly reachable given your segment focus, distribution, and product fit. Startups might choose an even smaller initial SAM (single-digit % of TAM) to target a beachhead market where they can realistically compete . This is normal and even encouraged: it's better to dominate a niche than to overextend after an entire TAM at once.

- SOM is usually a modest slice of SAM in early-stage planning, commonly ~5% or so, rising over time if things go well . In pitch decks, it's frequent to see something like "Year 1: SOM 1% of SAM; Year 3: 5%; Year 5: 10%." This shows a path to capturing meaningful share without assuming market dominance overnight. Even mature companies often have well under 50% share in B2B markets – a 10–20% share can signify market leadership in sectors like enterprise software (which are often fragmented).

- Industry characteristics influence these percentages: In highly regulated or oligopolistic industries (defense, nuclear, etc.), SAM might be a small percentage of TAM because only certain projects or customers are accessible, and SOM will be limited at first due to trust and procurement hurdles. In such cases, a *"small" market share can still be very lucrative*, and investors understand that. For example, defense startups may realistically project capturing <1% of total defense spending and still be multi-billion-dollar companies in value . In more open or rapidly growing industries (like general SaaS for manufacturing or renewables), SAM can be a larger portion of TAM since there are fewer formal barriers – but these markets often have more competition, so no single firm grabs a majority quickly. Here, the variance in SOM depends on competitive advantage; a company with a novel solution might aim for a higher obtainable share, but generally 5–10% SOM is a solid target to aim for before counting on further expansion.

- Use case examples reinforce the benchmarks: A study guide from an accelerator might ask "Can Uber capture 30% or 50% of its serviceable market?" to prompt realistic thinking – Uber in fact gained significant share in certain cities, but no one assumes a new B2B startup will instantly capture 50% of its market. On the other hand, niche domination is possible in very narrow markets – e.g., a specialized engineering software might eventually take >50% of the SAM if it's far better than alternatives, but that SAM might itself be only 5–10% of a broader TAM. Always distinguish between *percent of a huge TAM* (which can be tiny and still worthwhile) and *percent of your focus market*.

- Investors and analysts expect a logical story: They'll look to see that your TAM is big enough to matter, your SAM is clearly the part of that TAM you're zeroing in on (with a rationale why those customers are within reach), and your SOM is backed by go-to-market plans (sales force, partnerships, etc.) and an understanding of the competitive landscape. If you claim, say, a $5B SAM and a 10% SOM = $500M revenue in 5 years, you should be able to explain *how* you'll acquire those customers and beat competitors. Using industry benchmarks can help sanity-check these numbers. For instance, if others in your space took 5 years to get 5% of the market, assuming you'll get 50% in 3 years would be questionable.

In summary, there is no one-size-fits-all percentage for TAM→SAM→SOM, but in enterprise B2B contexts a few patterns emerge: SAM is often a sizable minority share of TAM (carving out your segment), and initial SOM is usually a single-digit percentage of the SAM. Heavy industries like oil & gas, defense, and nuclear tend toward smaller SAMs (relative to TAM) and smaller attainable shares at first, due to specialization and barriers. Conversely, in broader enterprise software or emerging fields like carbon accounting, SAM can ramp up as adoption grows, but SOM remains a function of execution and competition – capturing 5–10% of a growing pie can already signal success. Always bolster these estimates with real data or analogies (market reports, competitor revenues, adoption rates) to make your case credible .

Resources

- https://slideworks.io/resources/market-sizing-slides-tam-sam-som-examples
- https://agencyanalytics.com/kpi-definitions/serviceable-addressable-market
- https://www.bu.edu/researchsupport/files/2022/04/Market-sizing_Meet-SAM-and-TAM.pdf
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