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The Ultimate **SaaS Metrics** Cheat Sheet

Revenue

These metrics offer a high-level overview of your revenue performance. Expect your key stakeholders and investors to pay particular attention to the below metrics.

Monthly Recurring Revenue MRR
A measure of your normalized (amortized) monthly subscription revenue.

Annualized Run Rate ARR

MRR x 12

Negative Churn
A state achieved when revenue expansion outweighs churn and downgrade revenue. In this case, net MRR churn rate has a negative value.

Average Revenue Per Account ARPA (also ARPC, ARPU)
The average MRR across all customers.

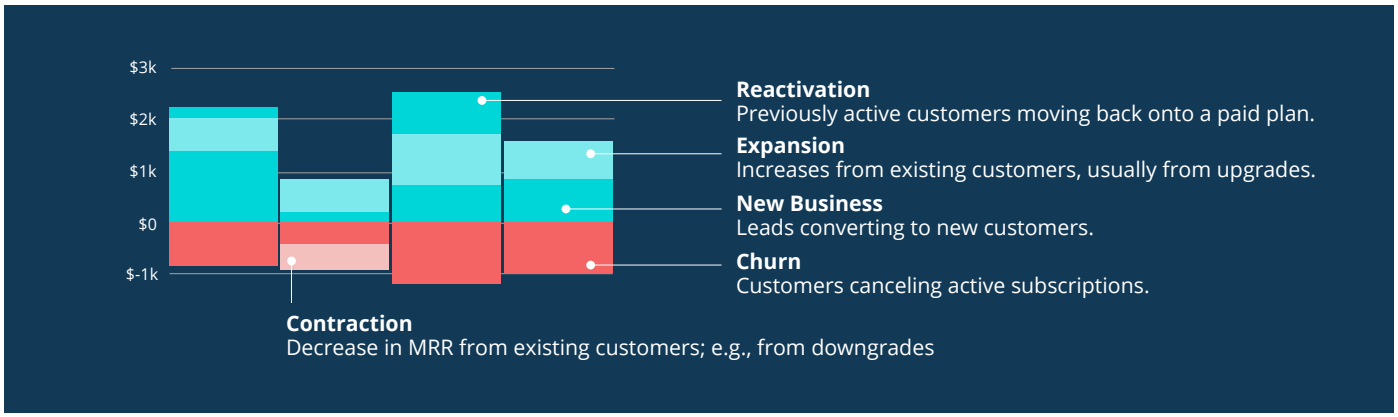
$$\frac{\textit{MRR}}{\textit{Customer Count}}$$

Average Sale Price ASP
The average MRR of new customers at the moment they convert to paid accounts.

$$\frac{\textit{New business MRR in period}}{\textit{New customers in same period}}$$

MRR Movements

Breaking MRR into its component parts gives useful insight into both the inbound and outbound flow of revenue. When viewed as a monthly trend, it's easy to evaluate high-level performance compared to previous months.



Customer Success

Are customers achieving their business goals within your product?
These metrics help measure the impact of customer success within your business.

Customer Churn Rate
The rate at which your customers are canceling their subscriptions.

$$\frac{\textit{Churned customers in period}}{\textit{Total customers at start of period}}$$

MRR Retention Rate
The rate at which MRR is renewed.

$$\frac{\textit{MRR of renewed subscriptions}}{\textit{MRR of subscriptions up for renewal}}$$

Customer Retention Rate
The rate at which customers renew their subscriptions.

$$\frac{\textit{Number of renewed customers}}{\textit{Number of contracts up for renewal}}$$

Net MRR Churn Rate
The rate at which MRR is lost through downgrades and cancellations, offset by account expansions.

$$\frac{\textit{Sum of churn \& contraction MRR - Sum of expansion \& reactivation MRR}}{\textit{MRR at start of period}}$$

Negative Churn
A state achieved when revenue expansion outweighs churn and downgrade revenue. In this case, net MRR churn rate has a negative value.

Cohort Analysis

Cohort analyses are a powerful tool to help you understand how your subscriptions evolve over time and identify important trends in churn or retention.

Example

Take all new customers who start paying in a given time period (usually a single month around 6–12 months in the past) and analyze how they develop over a period of time (usually 6–12 months).

In this example, we can see that month two has significant churn.

% of churned customers in lifetime month (relative to previous month)

	0	1	2	3	4	5	6
Jun 2015	2.50%	0.80%	5.00%	2.12%	1.35%	0.40%	1.04%
Jul 2015	0.00%	1.50%	4.09%	3.65%	1.04%	1.43%	
Aug 2015	1.22%	4.69%	5.60%	4.23%	2.15%		
Sep 2015	2.40%	5.66%	5.40%	3.54%			
Oct 2015	3.50%	2.67%	7.23%				
Nov 2015	1.65%	2.56%					
Dec 2015	1.34%						
	2.50%	2.98%	5.46%	3.39%	1.51%	0.92%	1.04%

In this example months 1-3 have higher churn before easing to around 1%

Growth & Expansion

Success in SaaS businesses has a lot to do with the cost of growth. Growing efficiently means balancing acquisition cost with customer lifetime value (LTV) and fostering healthy account expansion.

Customer Acquisition Cost CAC

An estimate of the average cost to acquire a new customer.

$$\frac{\textit{Sum of sales \& marketing expenses}}{\textit{Number of new customers added}}$$

Quick Ratio

A measure of a company's ability to grow recurring revenue in spite of churn. Sometimes referred to as growth efficiency. An estimate of the average cost to acquire a new customer.

$$\frac{\textit{(New business MRR + Expansion MRR)}}{\textit{(Churned MRR + Contraction MRR)}}$$

Customer Lifetime Value LTV

An estimate of the average total value of a customer over their lifetime (from signup to churn).

$$\frac{\textit{ARPA x gross margin \%}}{\textit{Customer churn rate}}$$

CAC : LTV Ratio

Used to approximate return on investment (ROI) for customer acquisition. A ratio of 1:3 is generally accepted as a good target for SaaS.

Payback Period

The average time taken for CAC to be recouped through MRR.

$$\frac{\textit{CAC}}{\textit{(ARPA x gross margin \%)}}$$

MRR Expansion Rate

The rate of new recurring revenue added from existing customers, usually through add-ons and upgrades.

$$\frac{\textit{(Expansion MRR at end of month - Expansion MRR at beginning of month)}}{\textit{Expansion MRR at beginning of month}} \times 100$$

Sales

Use these metrics to understand the effectiveness of your sales organization at bringing valuable new MRR to your business.

Average Sales Cycle Length

The average number of days taken for a lead to convert into an active paying customer.

ACV Annual Contract Value

The average annualized revenue per customer contract. Don't include any one — time fees — just subscription revenue.

Start analyzing your most important SaaS metrics.

Get started at chartmogul.com

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