The 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 these numbers.

- **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)**
  The average MRR across all customers.

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

MRR Movements
Breaking MRR into its component parts gives a useful insight into both the inbound and outbound flow of revenue involved in your business. 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.
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.

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.

\[
\text{CAC} = \frac{\text{Sum of sales & marketing expenses}}{\text{No. of new customers added}}
\]

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

\[
\text{LTV} = \text{ARPA} \times \text{gross margin} \times (1 - \text{churn rate})
\]

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.

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.

\[
\text{Quick Ratio} = \frac{(\text{New business MRR} + \text{Expansion MRR})}{(\text{Churned MRR} + \text{Contraction MRR})}
\]

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

\[
\text{Expansion MRR at end of month} - \text{Expansion MRR at beginning of month} \times 100
\]

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

\[
\text{Payback Period} = \frac{\text{CAC}}{(\text{ARPA} \times \text{gross margin} \%)}
\]

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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