

Presented by CFO4U

4 Common Mistakes we see in SaaS startups

And how you can avoid them



1

Choosing the wrong accountant

Choosing the wrong accountant

There are many different types of accountants.
You can't find a person that can do all 3 things well and cost-effectively.

01

Tax Accountant: Look after your tax obligations

02

Bookkeeper: Bank reconciliation, payment, invoicing, debt collections, payroll, GST returns

03

CFO: Forecasting and cashflow Planning, Strategic Input (Expertise in your sector), Translate business plans into numbers

When to engage?

Tax Accountant

Engage with a tax accountant when:

- Starting your company
- Tax filing

Bookkeeper

Engage with a bookkeeper when:

- You can afford to

CFO

Engage with a CFO when:

- Forecasting & cashflow forecasting becomes too difficult
- Spreadsheets are driving you NUTS!!!
- Board/Funders need comfort on the numbers presented to them
- You have difficulty in managing metrics reporting



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2

Not understanding of your metrics



Important SaaS Metrics

- MRR & ARR
- Month on Month Growth Rate
- ARPU (Avg. Revenue Per User)
- GP%
- Churn %
- CAC (Customer Acquisition Costs)
- LTV (Life Time Value)
- LTV / CAC
- CAC Recovery Time





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What are investors looking for in metrics?

Investors want to invest in SaaS businesses that are:

- **High Growth Potentials**
- **Low churn rate**
- **Low CAC in relative to Customer LTV**

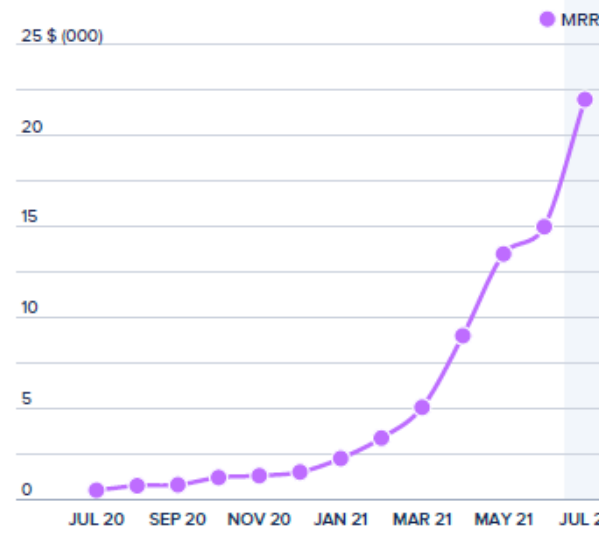


What does good reporting look like?

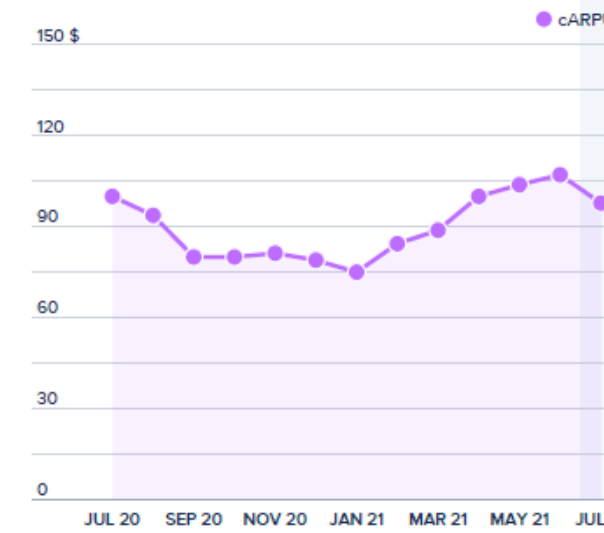
DEMO - FINANCE REPORTING PACK - JULY 2021

SAAS REVENUE METRICS

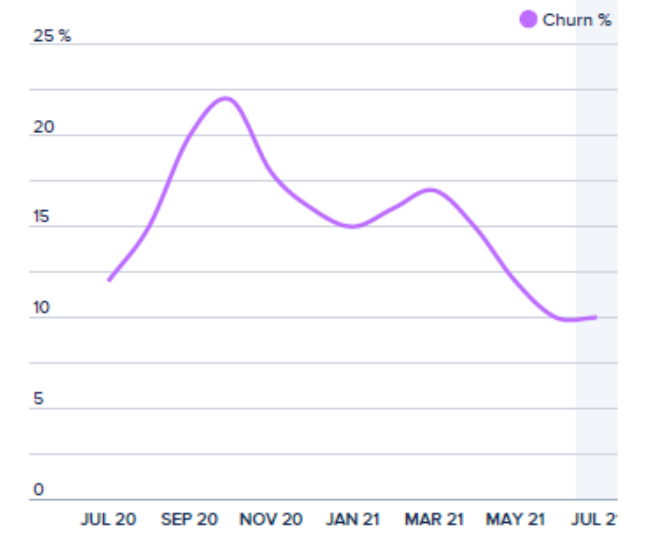
ANNUAL RECURRING REVENUE



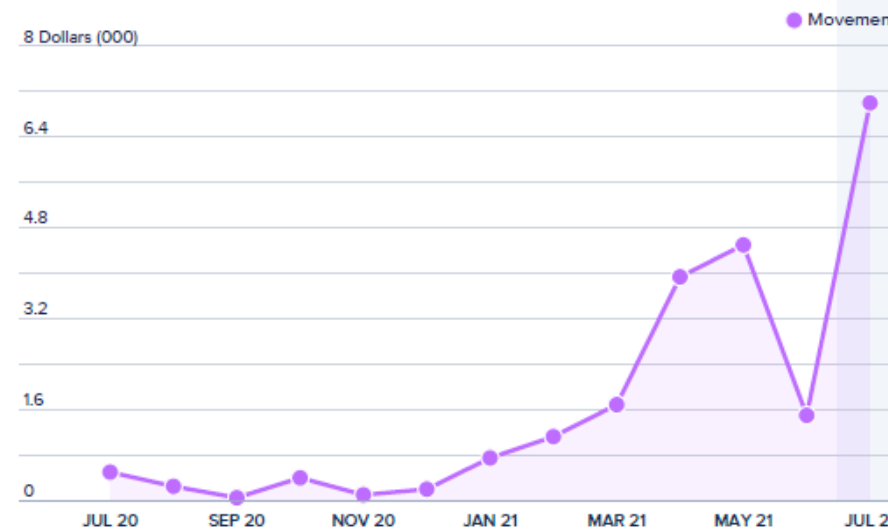
AVERAGE REVENUE PER USER



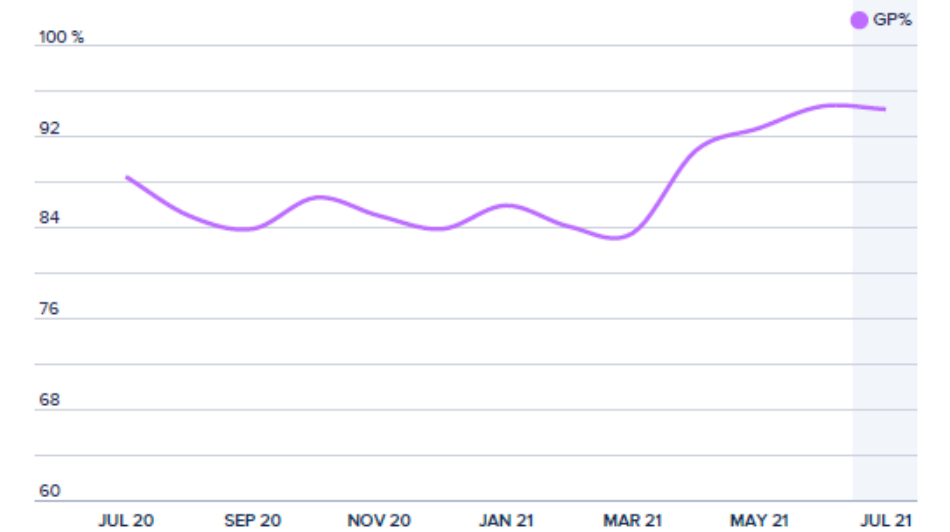
CHURN %



ARR MOVEMENT



YTD SAAS GP%



3

Using the wrong chart of accounts

Chart of Accounts

Using the wrong chart of accounts means that the calculation of SaaS metrics becomes difficult.

Individual GL codes for Salaries and Contractors and (maybe) subscription costs:

- Development
- Support (Customer Success)
- Sales and Marketing
- Management and Admin

Direct Costs (Cost of Sales)

- Support costs - Staff and Contractors
- Subscriptions relating to support
- Payment Gateway
- Hosting Costs





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**Your cap table
is a mess**



What is a cap table?

- Breakdown of a company's shareholders' equity
- Include shares, preference shares, ESOP and future convertible equities


- Keep your Cap Table up to date
- Make sure you have an agreement in place
- Resolve shareholding issues early on


Get In Touch

At CFO 4U we provide expertise for start-ups and high growth SMEs who are prioritising financial transparency.

So to put it simply, we exist to make life easier for our clients.

 julian@cfo4u.co.nz

 027 231 3725

 cfo4u.co.nz

