SaaS Key Metrics

CFO4U

Revenue

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

Annualized Run Rate - ARR

MRR x 12

Average Revenue Per User - ARPU

The average MRR across all customers.

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

Monthly Recurring Revenue - MRR

A measure of your normalized (amortised) monthly subscription revenue.

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 cancelling their subscriptions.

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

Growth & Expansion

Growing efficiently means balancing acquisition cost with customer lifetime value (LTV) and fostering healthy account expansion.

Customer Lifetime Value - LTV

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

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

Customer Acquisition Cost - CAC

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

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

Payback Period

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

$$\frac{CAC}{ARPU\ x\ gross\ margin\ \%}$$

CAC : LTV Ratio

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