

THE SAAS METRICS CHEAT SHEET



Quick Info You Need for 24 of the
Most Important Metrics

Any effort to unlock more of finance's strategic value starts with being able to trust your numbers. When you know you're calculating your key SaaS metrics correctly, you can focus more on drilling down and surfacing strategic insights that drive company growth.

Don't waste time searching for formulas and definitions to make sure you're calculating metrics correctly. Use this cheat sheet to reference 24 of the most important SaaS metrics you should be tracking across revenue, acquisition, efficiency, sales, and retention categories

Revenue Metrics

Acquisition Metrics

Company-Wide Efficiency

Sales Performance Metrics

Retention Metrics



Where I think finance can deliver a ton of value is explaining the 'why'... I love where finance sits in the organization because it gives us access to both operational and financial data. We also have the analytical skills to pull apart that kind of data and draw insight from it."

REVENUE METRICS



Annual Recurring Revenue (ARR)

Total Revenue of Yearly Subscriptions



Total Expansion Revenue



Total Expansion Revenue

Definition

The sum of all revenue expected from customer contracts over the course of the next 12 months. This includes customer contracts that last one year or longer as well as annualized versions of shorter contracts

Quick Tip

Compare to revenue run rate to better understand the sustainability of SaaS revenue recognition.

Resource

- Overview article
- Guide to top-line forecasting

Revenue Run Rate

Revenue in Period



Number of Periods in a Year

Definition

TA projection of your annual revenue based on recognized revenue for a given period.

Quick Tip

Revenue run rate is calculated based on recognized revenue in your ERP. Get a more granular understanding with effective bookings to revenue and bookings to cash waterfalls.

Resource

- Overview article
- Bookings to revenue waterfall mode
- Bookings to cash waterfall model

SaaS Quick Ratio

New ARR



Expansion ARR



Lost ARR



Churn ARR

Definition

A simple financial efficiency metric that compares ARR growth to ARR churn and contraction.

Quick Tip

Use the SaaS quick ratio as an at-a-glance way to understanding sustainable growth. Remember that just because you have a high quick ratio doesn't necessarily mean you're growing sustainably

Resource

- Overview article
- Guide to top-line vs. bottom-line growth

ARR per Head

Total Revenue



Number of Full-Time Employees

Definition

Also known as revenue per employee, this metric tells you how much ARR you earn on average for every full-time employee in the company.

Quick Tip

Make sure benchmarks for this metric align with your industry and company size. Some businesses are more headcount-intensive than others. Regardless, this is an effective growth efficiency metric

Resource

- Overview article
- More operational efficiency metrics

ACQUISITION METRICS



SaaS Magic Number

Current Quarter ARR



Prior Quarter ARR



Prior Quarter Acquisition Cost

Definition

A common sales efficiency metric that asks: "For every dollar spent on acquiring new customers through sales and marketing, how many dollars worth of revenue do we create for the company?"

Quick Tip

Magic number is especially important for earlier stage SaaS companies. As you gear up for new funding rounds, put this metric in context with others like CAC ratio and LTV to better explain customer acquisition spend and returns.

Resource

- Overview article
- How to figure out how much to spend on ads
- Sales performance and efficiency metrics

Customer Acquisition Cost (CAC)

Current Period Total Acquisition Cost



Current Period New Customers Acquired

Definition

The average amount of money you spend to acquire a single new customer.

Quick Tip

Make sure you align CAC calculations with your sales cycle. If you're calculating CAC on a one month time period but your sales cycle is 50-60 days, you're not fully burdening your CAC.

Resource

- Overview article
- Podcast episode: CAC Masterclass with Ben Murray

CAC Payback Period

Customer Acquisition Cost



Definition

The average amount of time it takes to recover acquisition costs per customer.

Quick Tip

Don't be rigid with your CAC payback calculations. They may change as your company matures. Early on, 100% of sales and marketing may go to new customer acquisition. But as you mature, you can split CAC into different segments and calculate payback for different ICPs.

Resource

- Overview article
- Podcast episode: SaaS pitch decks with John Luttig, Founders Fund

ACQUISITION METRICS



CAC Ratio

Total Acquisition Cost

New & Upsell ARR

Definition

An efficiency ratio for the cost to acquire annual recurring revenue.

Quick Tip

Blended CAC ratio is the most common form of this metric because it combines all sales and marketing expenses. If you have a good chart of accounts, you can get more granular and calculate new business or expansion CAC ratio.

Resource

- Podcast episode: CAC Masterclass
- with Ben Murray Keys to the best chart of accounts structure

LTV:CAC Ratio

Average ARR per Customer

Churn %

Total Acquisition Spend

Current Period New Customers Acquired

Definition

An acquisition efficiency ratio that compares the average lifetime value of your customer base to the average cost to acquire those customers.

Quick Tip

LTV:CAC miscalculations are common because of all the variables and volatile factors involved. Lack of fully-burdened CAC calculations, churn fluctuations, and misunderstandings of LTV can cause misleading LTV:CAC numbers. Always put this metric in context with other acquisition metrics.

Resource

- Overview article
- Podcast episode: CAC Masterclass with Ben Murray
- Critical SaaS financial metrics to track

COMPANY-WIDE EFFICIENCY METRICS



Burn Multiple

Net Burn

Net New ARR

Definition

A capital efficiency metric that shows how much cash you're spending per incremental unit of revenue generated in a given period.

Quick Tip

Burn multiple benchmarks depend heavily on business maturity. Earlier-stage startups expect to have higher burn multiples as they spend to grow, whereas more mature VC-backed orgs should be working toward zero.

Resource

- Overview article Podcast episode:
- Cash flow management
- Relevant operational efficiency metrics for context

Cash Conversion Score

Current ARR

Total Capital Raised to Date

Cash on Balance Sheet

Definition

An efficiency metric that measures the return on deployed capital. It shows the total amount of ARR generated from all the cash spent to date.

Quick Tip

This metric was coined by Bessemer Ventures to evaluate a potential portfolio company's future success. It's directionally useful (especially if you're looking for funding), but be sure to contextualize it with operational efficiency metrics.

Resource

- Overview article
- Webinar: Tips for navigating a down marketing with XYZ and Legion
- Guide to cash flow analysis

Net Burn

Cash Flow from Operations

Bank Transfers

Financing Transactions

Intercompany Activity

Definition

Also called cash burn rate, this metric tracks the rate at which you use up cash reserves.

Quick Tip

Burn rate is a critical component of your company's story. But this metric doesn't help explain the "why" behind financial performance. Get more out of investor meetings by adding context with insight into cash inflows and outflows.

Resource

- Overview article
- Cash flow forecasting guide

COMPANY-WIDE EFFICIENCY METRICS



Runway

Total Cash on Hand

Net Burn (3-Month Average)

Definition

The amount of time, in months, before your company runs out of cash.

Quick Tip

When trying to extend runway, break expenses into three categories — forecasted spend, discretionary spend, and variable spend. Sift through and find opportunities with large savings and low impact to operations.

Resource

- How finance can guide companies through a down market
- Guide to financial planning

Rule of 40

Revenue Growth Rate %

Profit Margin %

Definition

An efficiency ratio that balances revenue growth and profitability to highlight the sustainability of an org.

Quick Tip

Accurate Rule of 40 calculations depend on using the right inputs. For most SaaS companies, recurring revenue growth and EBITDA are good inputs. But if you have a large professional services component, you may want to use total revenue as the growth input.

Resource

- Overview article

SALES PERFORMANCE METRICS



Sales Rep Ramp

Total Cash on Hand

Net Burn (3-Month Average)

Definition

The average amount of time it takes for a new sales rep to reach full productivity.

Quick Tip

Don't make quick assumptions about sales ramp rates. Combine CRM and HRIS data to normalize AE start dates to time zero and look at the inflection point when reps start hitting full productivity.

Resource

- Overview article
- Sales capacity planning guide and template

Annual Contract Value

Total Contract Value

Total Years in Contract

Definition

A metric that normalizes the total value of a contract to show the average revenue it delivers per year. .

Quick Tip

Use ACV as a historical value to benchmark new contracts. This metric can help sales leaders set discounting thresholds and do cost-benefit analyses for negotiations.

Resource

- Overview article

Average Sales Cycle

Total Days in Pipeline for Closed Deals

Number of Closed Deals

Definition

The average time it takes a prospect to close after entering your sales pipeline. You can calculate it for closed-won deals alone or for both won and lost deals.

Quick Tip

Avoid getting overly invested in industry benchmarks for sales cycles. This metric is highly sensitive to your unique business model. Pricing strategy, in particular, will drastically impact sales cycles.

Resource

- Overview article
- SaaS pricing strategy guide

SALES PERFORMANCE METRICS



Deal Conversion Rates

Closed-Won Deals

Total Closed Opportunities

Definition

The percentage of opportunities that convert to customers compared to the total number of closed opportunities in a period.

Quick Tip

For high-growth companies, high deal conversion rates could point to opportunity. If you're winning a larger-than-expected portion of deals, consider widening your ICP. This can help show that you're able to capture more of your total addressable market.

Resource

- Leveraging closed-won and closed-lost data
- Key sales pipeline metrics

Sales Velocity

Number of Opportunities



Average Deal Value



Win Rate

Sales Cycle

Definition

The speed with which a prospect moves through the sales pipeline and generates revenue, measured in revenue per day.

Quick Tip

This metric can add important context to hiring decisions. It helps you set more realistic quotas for incoming sales reps. And it informs conversations with customer success about how many reps will be needed to support incoming customers. Clean CRM data can make this metric readily available.

Resource

- Finance's guide to CRM hygiene

RETENTION METRICS



Net Dollar Retention

$$\frac{\text{Starting ARR} + \text{Change in ARR}}{\text{Starting ARR}}$$

Definition

A ratio comparing the revenue earned from customers in the given period to the revenue earned when a customer initially signed a contract.

Quick Tip

Think about net dollar retention as your ability to build momentum for revenue growth from your existing customer base. Build your pricing strategy to have flexible levers for increasing revenue retention over time.

Resource

- Overview article [Guide to customer retention analysis](#)

Gross Dollar Retention

$$\frac{(\text{Starting ARR} - \text{Churn ARR} - \text{Downgrade ARR})}{\text{Starting ARR}}$$

Definition

A measure of the percentage of existing revenue your company retains in a given period.

Quick Tip

Use gross revenue retention as the more conservative version of net revenue retention. Instead of balancing lost revenue with gains from upgrades and expansion, gross revenue retention more closely aligns the performance of your customer success team in retaining customers.

Resource

- Overview article

Logo Retention

$$\frac{(\text{Total Customers (End of Period)} - \text{Total New Customers})}{\text{Total Customers (Start of Period)}}$$

Definition

The percentage of customers (logos) your business retains over a given period.

Quick Tip

Logo retention may be directionally useful for customer health, but it shouldn't be a North Star. The complexity of SaaS business models and go to-market motions make it difficult to follow generic logo retention benchmarks.

Resource

- Overview article
- Essential customer retention metrics in SaaS

RETENTION METRICS



Customer Count / Customer Changes

N/A

Definition

The total number of customers your company has in a given period and an overview of how the customer base has increased/decreased over time.

Quick Tip

Use trends in customer changes as a basis for financial assumptions in your top-line models. The more data-driven you can make your new customer assumptions, the more accurate your top-line plans will be.

Resource

- Webinar: SaaS revenue planning
- ARR snowball model guide and template

Customer Lifetime Value

Average ARR Per Customer

Churn Rate

Definition

The average amount of revenue you expect to receive from a customer over the course of their entire relationship with your business.

Quick Tip

Finance's ability to influence strategic decisions that would increase LTV relies on storytelling. If you can focus on the "why" behind the numbers, you'll be able to make a more compelling case to increase prices, add new escalation clauses to contracts, or add more heads to the CS team.

Resource

- Overview Article