

Summary

The Chief Financial Officer (CFO) plays a crucial role in guiding a company financial strategy, ensuring sustainable growth, and maintaining cash flows health. By focusing on core SaaS metrics, the CFO oversees revenue stability, optimizes profitability, and supports efficient resource allocation. This cheat sheet consolidates essential financial metrics and insights that CFOs can leverage to monitor cash flows, enhance forecasting accuracy, and align spendings with strategic business objectives. Through careful management of revenue dynamics and cost efficiency, CFOs can drive scalable, long-term financial success for the company.

Core metrics for CFOs

1. MRR (Monthly Recurring Revenue)

$$MRR = \text{Number of active subscriptions} \times \text{Average subscription amount (monthly)}$$

Represents the predictable revenue from active subscriptions each month.

2. ARPA

$$ARPA = \frac{MRR}{\text{Total active accounts}}$$

Tracks the average monthly revenue generated per customer account, providing insight into customer value and helping evaluate the impact of upselling and pricing strategies.

3. CMRR

CMRR is a forward-looking metric that includes all future MRR commitments from signed contracts, upsells, and expansions, while also including any anticipated churn or downgrades.

It offers a predictive view, providing a more advanced view on MRR by showing revenue that is contractually secured but not yet billed. This allows for more accurate forecasting and strategic planning.

3. CAC (Customer Acquisition Cost)

$$CAC = \frac{\text{Total sales and marketing costs}}{\text{Number of new customers}}$$

Calculates the average cost of acquiring a new customer and is essential for evaluating the efficiency of marketing and sales efforts.

5. CAC Payback Period

$$CAC \text{ Payback Period} = \frac{\text{Customer Acquisition Cost}}{MRR \text{ per customer}}$$

Indicates how long it takes to recover the cost of acquiring a customer, with shorter payback periods preferred for faster return on investment.

Aim for a CAC payback period of less than 12 months; anything over 18 months may strain cash flow.

4. LTV (Customer Lifetime Value)

$$LTV = \frac{ARPA}{\text{Average churn over the last 6 months}}$$

Estimates the total revenue a customer will generate over their relationship with the company.

6. LTV/CAC Ratio

$$LTV/CAC = \frac{\text{Customer Lifetime Value (LTV)}}{\text{Customer Acquisition Cost (CAC)}}$$

Compares the value of a customer over their lifetime to the cost of acquiring them, with a ratio of 3:1 being the ideal benchmark for sustainable growth, while anything below 1:1 indicates you are losing money on acquisition.

7. Churn rate

$$\text{Revenue churn rate} = \frac{MRR \text{ lost}}{MRR \text{ at start of period}}$$

Measures the percentage of revenue or customers lost during a period.

Additional key metrics

1. Revenue growth rate

$$\text{Revenue growth rate} = \frac{\text{Revenue this period} - \text{Revenue last period}}{\text{Revenue last period}} \times 100$$

Tracks the percentage increase in revenue over a given period, serving as a direct indicator of business growth, especially useful to identify best segments.

2. ARR/FTEs (Full-Time Equivalents)

$$ARR/FTEs = \frac{ARR}{\text{Number of employees (FTEs)}}$$

Measures revenue generated per employee, indicating productivity and guiding staffing decisions for optimal revenue per FTE

3. Burn rate

$$\text{Burn rate} = \text{Total monthly cash outflow} - \text{Total monthly cash inflow}$$

Tracks the rate of cash consumption, showing how quickly cash reserves are used, a crucial metric for companies in growth phases that are not yet profitable.

4. Burn multiple

$$\text{Burn multiple} = \frac{\text{Net cash burn}}{\text{Net new ARR}}$$

Evaluates cash efficiency in driving revenue growth. A lower burn multiple means growth is achieved with less cash, a key metric for funders.

5. Runway

$$\text{Runway} = \frac{\text{Current cash balance}}{\text{Burn rate}}$$

Indicates the number of months the company can continue operating at its current burn rate before depleting its cash reserves. This metric is critical for financial planning, especially for SaaS relying on external funding, as it highlights the timeline for reaching profitability or securing additional funding.

6. Gross margin

$$\text{Gros margin} = \frac{\text{Revenue} - \text{COGS}}{\text{Revenue}} \times 100$$

Shows the percentage of revenue remaining after covering direct costs. A higher gross margin reflects strong efficiency in delivering products or services, critical for evaluating SaaS profitability.

7. EBITDA

$$EBITDA = \text{Revenue} - \text{Operating exepenses (excl. Interest, Taxes, D\&A)}$$

Provides a measure of core operational profitability by excluding non-operational costs. Higher EBITDA indicates more efficient operations and is a key indicator of financial health for investors.

8. SaaS Quick Ratio

$$\text{SaaS Quick Ratio} = \frac{\text{New MRR} + \text{Expansion MRR}}{MRR \text{ at start}}$$

Measures how efficiently a company grows revenue versus the revenue lost through churn, with a ratio above 4:1 generally considered strong, between 2-4 is good, and below 2 indicates inefficiency in growth versus churn.

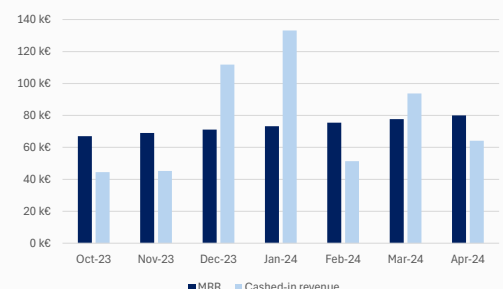
Prevent revenue loss with accurate MRR and cash flow tracking

Ensuring revenue integrity is essential for sustainable financial health. By accurately tracking MRR movements, cashed-in revenue, and seasonal cash flow patterns, it's possible to detect billing errors and prevent revenue leakage. Monitoring cash flow dynamics helps manage intra-annual seasonality and cash collection cycles, strengthening liquidity and financial stability.

Strategies to protect revenue:

- **Regularly review MRR changes** to catch potential billing omissions or missed renewals
- **Track monthly cashed-in revenue** for real-time visibility into cash inflows
- **Analyze seasonal trends** to adjust forecasts and align with revenue cycles

A proactive approach to MRR and cash flows management supports smoother financial operations and maximizes revenue retention.



Stéphane Bonnet, CFO at HelloCSE

"Automating our financial processes and monitoring the right KPIs has been transformative. With clear oversight of billing, renewals, and revenue movements, we've minimized revenue leakage and unlocked valuable time for strategic initiatives. Now, our focus is on refining our GTM strategy by end-markets and fostering cross-team collaboration for sustainable growth."

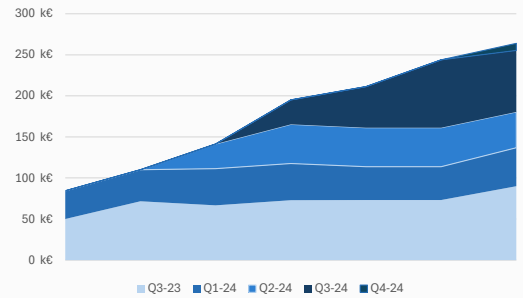
Cohort analysis for long-term revenue insights

Cohort analysis offers powerful insights into retention, expansion, and churn trends by tracking customer groups over time. Evaluating revenue contributions from different cohorts enables a clearer view of long-term customer value and helps prioritize retention and expansion efforts for the most profitable segments.

Cohort analysis tactics:

- **Segment cohorts** by acquisition date or channel to reveal retention and lifetime value patterns
- **Track revenue contributions** over time to identify high-value customer segments
- Use cohort data to **refine strategies** focused on retention and customer expansion

Leveraging cohort insights builds a foundation for long-term revenue growth and data-driven resource allocation.



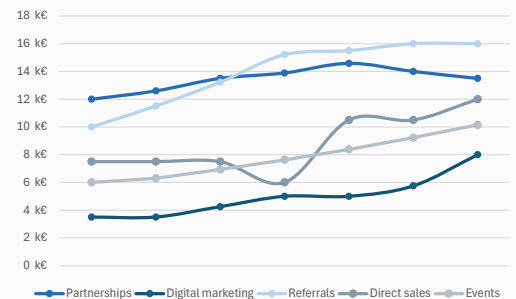
Segment key financial metrics for profitability optimization

Segmenting core metrics like MRR, LTV, and CAC by acquisition channel, customer type, or region reveals the most profitable areas of the business. This segmentation enables targeted resource allocation, focusing efforts on channels and customer types with the highest returns.

Segmentation tactics to enhance profitability:

- **Break down MRR and LTV** by acquisition channel to identify which channels drive the most valuable customers
- **Assess CAC by segment** to evaluate profitability across different customer groups
- Use regional or **demographic segmentation** to uncover revenue opportunities

Segmenting financial data provides clarity on high-impact areas, maximizing returns on growth initiatives and ensuring efficient resource use.



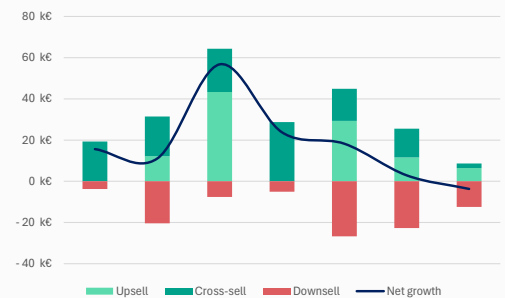
Break down MRR movements for net revenue growth clarity

Understanding MRR movements creates a clear view of recurring revenue dynamics. This breakdown allows for precise revenue tracking and more accurate financial planning, helping to identify growth drivers and areas for improvement.

MRR breakdown for transparency:

- **Track New MRR** from new customers to evaluate acquisition effectiveness
- **Monitor Expansion MRR** from upsells to existing clients to measure customer growth
- Keep a close eye on **Churn and Contraction MRR** to understand revenue loss root causes

With a detailed MRR breakdown, revenue trends become easier to monitor, supporting proactive operational / strategic adjustments to pursue revenue growth.



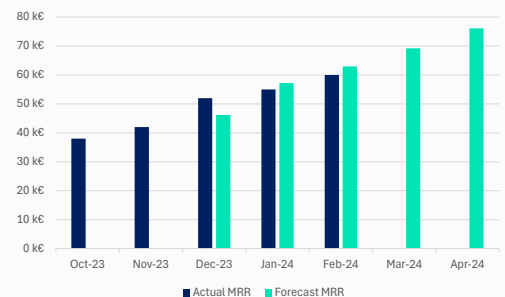
Revenue forecasting for strategic financial planning

Accurate revenue forecasting is crucial for supporting cash flows planning, budgeting, and sustainable growth. By combining historical MRR data, seasonality patterns, and customer behavior insights, forecasts can be refined to align with business goals and anticipate potential external funding needs.

Key steps for effective revenue forecasting:

- **Leverage historical MRR** data as a foundation, adjusting for recent trends in acquisition, churn, and upsells to create a realistic baseline
- **Capture seasonality** to track true revenue patterns, especially for periods of predictable fluctuations, improving cash flows accuracy
- **Analyze churn and retention trends** to estimate revenue loss from cancellations and forecast the impact of upsells within the retained base. Use sensitivity analysis to model best-case and worst-case scenarios, preparing for variable changes in churn rates, acquisition speed, or customer spend

With these steps, revenue forecasting becomes a powerful tool for stable cash flow and strategic data-driven decisions.



Optimize profitability with burn rate and efficiency metrics

Tracking burn rate and efficiency metrics such as Burn Multiple, Gross Margin, and ARR/FTE ensures that spending aligns with growth objectives. These metrics offer a snapshot of financial health, helping balance operational costs with revenue growth.

Key efficiency metrics to track:

- **Burn Rate:** Measures monthly operating expenses, highlighting the rate of cash consumption for better cash flows planning
- **Burn Multiple:** Compares burn rate to ARR growth, assessing how efficiently capital is used to drive revenue
- **ARR/FTE:** Indicates revenue generation per employee, aiding in workforce allocation relative to revenue goals

These efficiency metrics help balance growth with cost-effectiveness, promoting sustainable scaling and resource optimization.

