

# Top Metrics in SaaS



## 1 Customer Acquisition Metrics

Your SaaS business is successfully drawing in new customers, but how do you measure how well your current approaches are working? Tracking these customer acquisition metrics may help guide your measurement of your efforts, make you more aware of your deficits, and keep you on track to ever-improving revenue and success.



**Site Visitors**  
Track this and other related metrics to understand where your visitors come from, what they're doing on your site, and why they keep coming back. Split by returning customers and prospects.



**Sign Ups**  
Correlate this metric to purchases and upgrades and improve the effectiveness of your marketing campaigns.



**Cost Per Conversion**  
The cost of getting a customer to click in order to try or buy your product.



### Viral Coefficient

$$\left( \frac{\text{Number of current customers} \times \text{The average number of referral invitations sent by each current customer} \times \text{Conversion rate of invitations sent}}{\text{Number of current customers}} \right)$$



### Lead Velocity Rate (LVR) %

$$\left( \frac{\text{Number of qualified leads current period} - \text{Number of qualified leads last period}}{\text{Number of qualified leads last period}} \right) \times 100$$

### Leads by Lifecycle Stage



**Marketing Qualified Lead (MQL)**  
A prospect who has interacted with additional resources you offer (e.g. downloading eBooks, registering for webinars, etc.).



**Sales Qualified Lead (SQL)**  
A prospect who has moved beyond the initial awareness stage and is most likely evaluating competing vendors – these prospects should be contacted directly by your sales team.



### Funnel Conversion Rate

$$\left( \frac{\text{Total number of customers in a period}}{\text{Total number of leads that period}} \right) \times 100$$



**Customer Acquisition Cost (CAC)**  
Sum of all sales and marketing costs in a period / number of customers acquired in that period. Whether your CAC is high or low depends on how much value your customers bring in.



### Bookings

The holy grail: How much business did you book this period? Count this as the total value of all contracts signed over a year. Can include new contracts, renewals, upgrades, and more – anything that leads to new revenue for your organization. Look at more granular metrics related to bookings to account for different contract durations, upsells, etc.

## 2 Onboarding & Activation

Onboarding is critical in the SaaS industry, because your users' experience with your product right after purchase will help determine if they see value in your offering or if they churn. The most impactful metrics to track through your onboarding and activation flows are:



### Onboarding Rate

How many of the new accounts end up experiencing the promise of your product (the "Aha!" moment) for the first time.



**Average Onboarding Time**  
How long it takes to onboard your customers and make them successful.



**Net Active Users**  
Defines users as active when they do something from which they get tangible value, more than just logging in.



**Stickiness Ratio**  
 $\frac{\text{Daily active users}}{\text{Monthly active users}}$



### Number of New Clients

How many new customers you are adding in a particular time period.

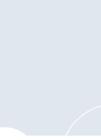


**Signup to Subscriber Conversion Rate**  
 $\frac{\text{Paying subscribers}}{\text{Total signups}}$



### Number of Net New Clients

$$\text{New customers} - \text{Churned customers}$$

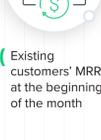


### North Start Metric (NSM)

Reflects users' engagement and activity levels, important especially for companies that are on a high growth path. It can be anything from bookings, daily active users, total engaged time, number of messages sent, etc. The NSM essentially is an illustration of what makes users stick with your product.

## 3 Monetization

Monetization metrics are very important for any SaaS company, as they can show how capable your business is at maximizing the value of your audience. In other words, monetization metrics reveal the degree to which your organization is capable of generating revenue and profit. This infographic will help you check if you're tracking all the right monetization metrics.



### Monthly Recurring Revenue (MRR)

$$\text{Number of current customers} \times \text{ARPU (average monthly recurring revenue per user)}$$



### Net MRR

$$\left( \text{Existing customers' MRR at the beginning of the month} + \text{New customers' (acquisition) MRR} + \text{Expansion MRR (existing customers expanding their subscriptions)} - \left( \text{Churned} + \text{Downgraded} \right) \text{ MRR} \right)$$



### Annual Recurring Revenue (ARR)

$$\left( \text{Overall subscription cost per year} + \text{Expansion revenue} - \text{Churned revenue} \right)$$



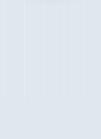
### Net MRR Growth Rate

$$\left( \frac{\text{Net MRR current month} - \text{Net MRR previous month}}{\text{Net MRR previous month}} \right) \times 100$$

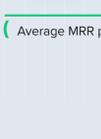


### Expansion MRR Rate

$$\left( \frac{\text{Total Expansion MRR at end of current month} - \text{Total Expansion MRR at the beginning of current month}}{\text{Total Expansion MRR at the beginning of the month}} \right) \times 100$$



**Annual Contract Value (ACV)**  
The average value your customer contracts bring in each year



**Average Revenue Per Account per month (ARPA)**  
 $\frac{\text{Total monthly recurring revenue}}{\text{Total customer accounts}}$



**Return on Customer Acquisition Costs**  
 $\frac{\text{CLTV}}{\text{CAC}}$



**Gross Margin Payback Period (GMPP) / Months to Recover CAC**  
 $\frac{\text{CAC}}{\text{Average MRR per customer} \times \text{Gross Margin \%}}$

## 4 Retention & Renewal

Your company's ability to retain its customers over time translates into positive or negative impact on profitability. Therefore retention metrics are highly important, as they usually dictate whether your business can generate future growth and stay on the market. Particularly in SaaS, where business models are highly dependent on future revenue, monitoring retention performance is vital.



### Customer Churn Rate

$$\frac{\text{Number of churned customers in a given interval}}{\text{Total number of customers at the start of that interval}}$$



### Customer Retention Rate

$$\left( \frac{\text{Total customers} - \text{New customers}}{\text{Old customers}} \right)$$



### Customer Renewal Rate

$$\left( \frac{\text{Number of customers who renew their subscription}}{\text{Total number of customers up for renewal}} \right) / 100$$

Align this metric with your subscription's specific features. Consider renewal type (automatic or manual) • track campaign views, number of successful enrollments, conversion rate, cancellation attempts, recovered subscriptions, recovered rate, and so on. Consider your churn rates (voluntary and involuntary) • track authorization rates, retry attempts, soft and hard declines and so on.



### Cost-to-Service (CTS)

$$\text{Infrastructure and product costs} + \text{Customer success team costs} + \text{Retention program costs}$$



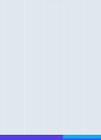
### Customer Lifetime Value (CLV, CLTV or LTV)

$$\frac{a}{c} + \frac{[m \times (1 - c)]}{c^2}$$

a = initial ARPA per month x Gross Margin %  
m = monthly growth in ARPA per account x Gross Margin % (note this is a \$ figure, not a percentage)  
c = Customer Churn Rate % (percentage of revenue not renewed at the end of a subscription term)



**Customer Engagement Score**  
Sum of certain customer taken actions that are relevant for estimating engagement, each with assigned values and weights



**Gross MRR Churn Rate**  
 $\left( \frac{\text{Total MRR Churn current month}}{\text{Total MRR at the start of this month}} \right) \times 100$



**Net MRR Churn Rate**  
 $\left( \frac{\text{MRR Churn} - \text{Expansion MRR}}{\text{Total MRR at the start of the month}} \right) \times 100$



**The Volume of Support Tickets**  
The total number of support tickets received.



**Net Promoter Score (NPS)**  
% Promoters - % Detractors