

LTV:CAC Ratio Analysis Report

Objective

The goal of this report is to analyze the Lifetime Value (LTV) to Customer Acquisition Cost (CAC) ratio for startups using investment, valuation, and estimated customer metrics. A strong LTV:CAC ratio indicates efficient customer acquisition and business sustainability.

Key Metrics Defined

- LTV (Customer Lifetime Value): Estimated value a customer brings over their lifetime, derived from startup valuation.
- CAC (Customer Acquisition Cost): Estimated cost to acquire one customer based on investment and customer growth.
- LTV:CAC Ratio: Indicates how much return a company gets for every \$1 spent on acquiring customers.

Summary of Findings

Based on the enriched dataset:

- Startups show a wide range of LTV:CAC ratios, reflecting varied efficiency levels.
- An LTV:CAC ratio greater than 3 is generally considered excellent.
- Some startups have an unsustainable ratio (<1), suggesting high acquisition costs or low customer value.
- Industries like SaaS and Fintech tend to exhibit better LTV:CAC ratios due to recurring revenue models.
- Year-founded cohorts indicate improvement in efficiency for newer startups.

Conclusion

The LTV:CAC ratio is a critical health indicator for any startup. Higher ratios imply better scalability and profitability. Startups should continuously monitor these metrics to optimize marketing spend and enhance customer value.