



# MMM-ETRICS!

- IN MRRR WE TRUST



# What for?

- + Problem identification
- + Trigger discussion
- + Focus
- + Investors

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[startupwiseguys.com](http://startupwiseguys.com)





# Pitfall #1

Not knowing what to look at /  
report



# Valuation is not the KEY



**Traction, traction,  
traction, traction,  
traction, traction...**



**... and what do you do to  
get that traction**



# Key metrics for SaaS

- + Customers & conversion
- + MRR and growth %
- + LTV to CAC
- + Churn



# Customers

- + Those that signed up prior to the month.
- + New customers during the month.
- + Churned customers during the month.





# CAC

Total costs of sales & marketing

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# of customers



# LTV

Average ..... of purchase X Frequency  
of purchase

\*LTV should always be a measure of profit, not revenue





# CAC vs LTV

Can I make more profit from my customers than it costs me to acquire them?



# CAC vs LTV

$LTV > 3X \text{ CAC}$  (sometimes as high as 7-8x)

Months to recover CAC  $< 12$  (average is 5-7 months)





# Churn %

# of churned customers

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total # of customers

\*over the period of a week, month, quarter, or year

# The Moment of Churn

- + At the moment, the subscription ends and renewal doesn't happen
- + At the moment of the cancelation.





# $$\text{MRR} * 12 = \text{ARR}$$

a sum of all your subscription payments this month, except all service fees, integration, etc.



# What PMF looks like for SaaS?

- + 5% conversion rate from free-to-paid
- + 3X LTV to CAC ratio
- + <2% monthly churn rate
- + Clear path to \$100k MRR





# Again: Key metrics

- + Customers & conversion
- + MRR and growth %
- + LTV to CAC
- + Churn



# Pitfall #2

Not understanding financial  
health of the company



# Know this:

- + Bank balance
- + Money coming in
- + Money going out

# Calculate this:

- + Burn
- + Runway
- + Growth rate





# Burn rate: EUR

Money out – Money in

Expenses = EUR 5K

Revenue = EUR 1K

EUR 5K – EUR 1K = EUR 4K

# Runway: # of months

Bank Balance / Avg Burn

Balance = EUR 50K

Burn = EUR 4K

EUR 50K / EUR 4K = 12.5 months



# Growth rate: %

$$\frac{\text{Money In (Month 2)} - \text{Money in (Month 1)}}{\text{Money In (Month 1)}}$$

Revenue M1 = EUR 1K

Revenue M2 = EUR 3K

$$(\text{EUR 3K} - \text{EUR 1K}) / \text{EUR 1K} = 2 = 200\%$$



Do not ignore expenses  
to make runway look  
better





A red-tinted photograph of a crowded indoor event space. In the foreground, two men are seated in wooden chairs, facing away from the camera. The man on the left wears a patterned shirt and has his right hand raised. The man on the right wears a dark jacket and also has his right hand raised. In the background, a large group of people is gathered, some standing and some sitting on the floor. The room has a high ceiling with exposed pipes and hanging lights. A sign on the left wall reads "MEEDIAKESKUS". A sign on the right wall reads "KAUBAMAJA Market". A sign on the right wall reads "TOKODA Gallery".

# Default alive or Dead?

\* after 8-9 months



Default alive = enough resources  
to reach profitability

Default dead = not enough cash  
to reach profitability



# How to control it?

- + Know your cash balance and runway at all times
- + Understand how your expenses are going to increase over time
- + Cut costs
- + Start raising early enough (but not in the next 2 months)



# Pitfall #3

Not looking often enough

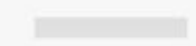


# How often should you look at your numbers?

+ Every quarter

+ Every month

+ Every week

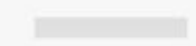


# How often should you look at your numbers?

~~+ Every quarter~~

~~+ Every month~~

+ Every week



You have to know key  
numbers by heart





# Pitfall #4

Choosing vanity metrics to impress.





A large group of people, mostly men, are gathered together in what appears to be a backstage area or a hallway. They are all cheering with their hands raised in the air, some with open mouths as if shouting. The image is heavily tinted with a red color. Overlaid on the center of the image is the text "EGO metrics" in a large, white, sans-serif font. The people are dressed in casual to semi-formal attire, including t-shirts, button-down shirts, and jackets. Some are wearing lanyards with badges. The background shows a doorway and some equipment, suggesting an event or conference setting.

# EGO metrics



- + Web visitors
- + Unpaid customers
- + Subscribers
- + Social media followers



+ Web visitors

+ Unpaid customers

+ Subscribers

+ Social media followers

**Any metric can be an ego metric**



# What should you do with this information?

You report



# W1 – W14 during OHs

MRR

Churn

Burn rate

LTV

Runway

CAC

Headcount

Growth %

Customers

Fundraising



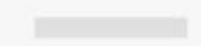
# W1 – W14 on sales

Sales pipeline

Tasks completed

Deals

Users



## DEALS Last 30 Days (Sep 20 - Oct 20)

33



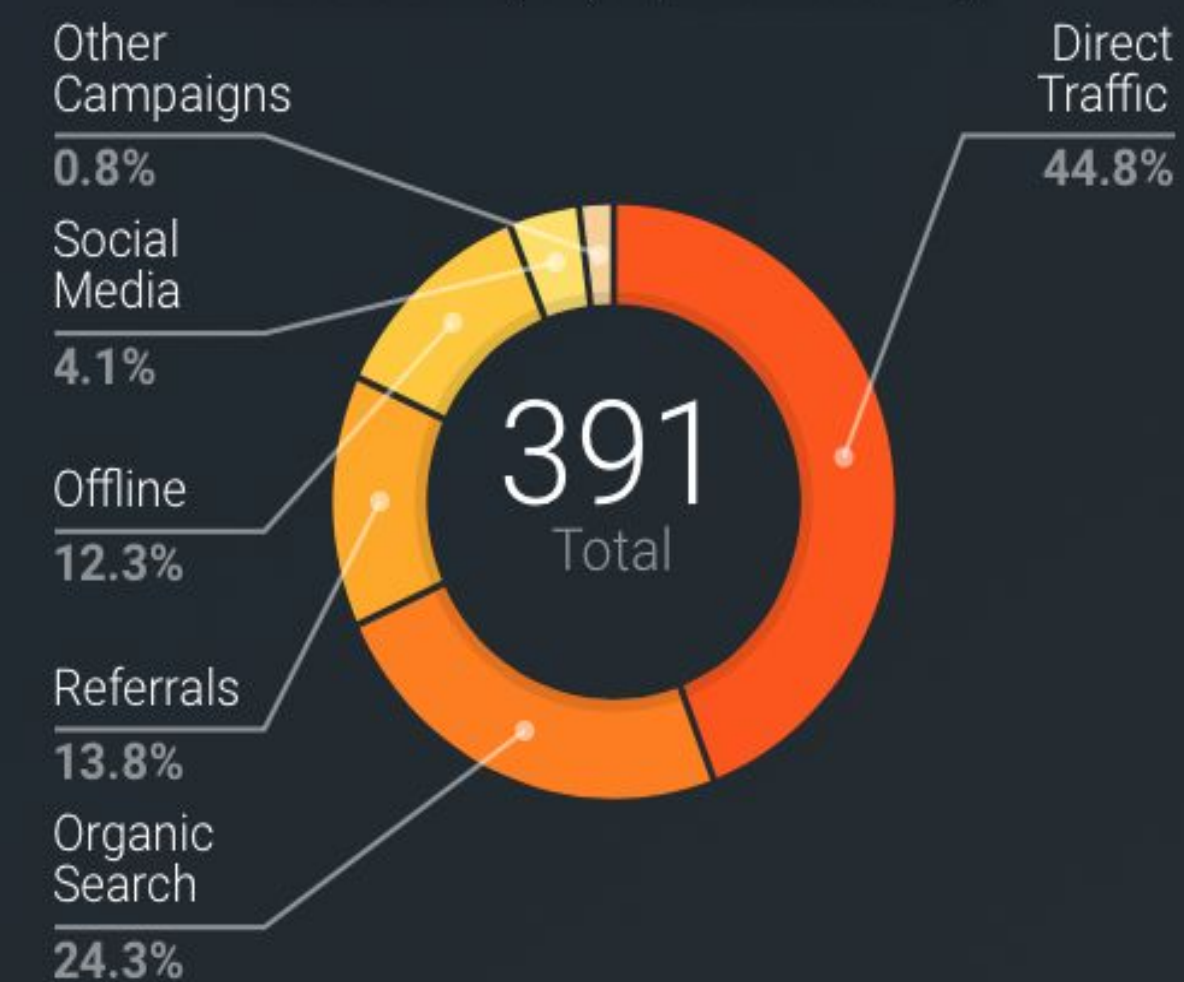
## TASKS COMPLETED Last 30 Days (Sep 20 - Oct 20)

178

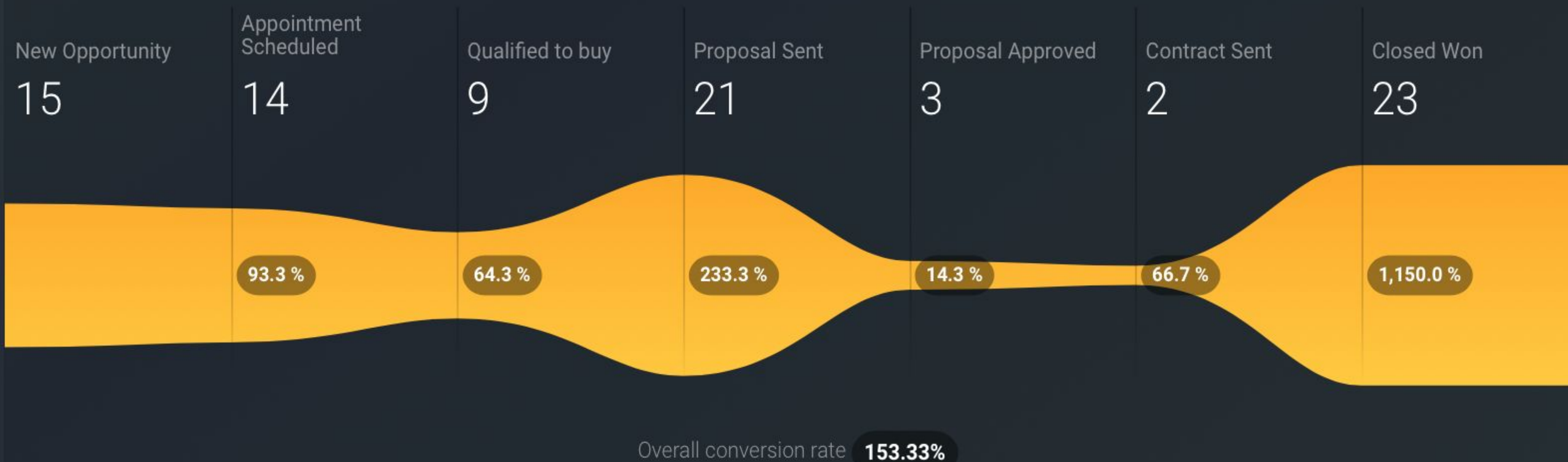
▲ 409% Previous: 35



## DEALS BY ORIGINAL SOURCE TYPE Last 30 Days (Sep 20 - Oct 19)



## SALES PIPELINE This Year (2019)



## SWG MRR All Time

\$5.4k



# W8 – W14

**on top of everything else:**

Weekly email to management team

