

Customer Lifetime Value (CLTV)-Assignment

Click up have 1% churn MOM with MRR of 3 Million with 1 Million Monthly Active users and gross margin of 80% . Calculate Customer Lifetime Value. Assume no upgrades and downgrades and ignoring new users being added?

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$$\begin{aligned}\text{CLTV} &= \text{ARPU} \times \text{Gross Margin} \times \text{Customer Lifetime} \\ &= (\$3\text{M}/\$1\text{M}) \times .80 \times 1/12 \\ &= \$3 \times 0.80 \times 8.33 \\ &= \$19.99\end{aligned}$$