

Startup Metrics

July 8, 2015

Why Measure?

Key Metrics

- Financial Metrics
- User Metrics
- User Acquisition Metrics
- Sales Metrics
- Market Metrics



Key Metrics

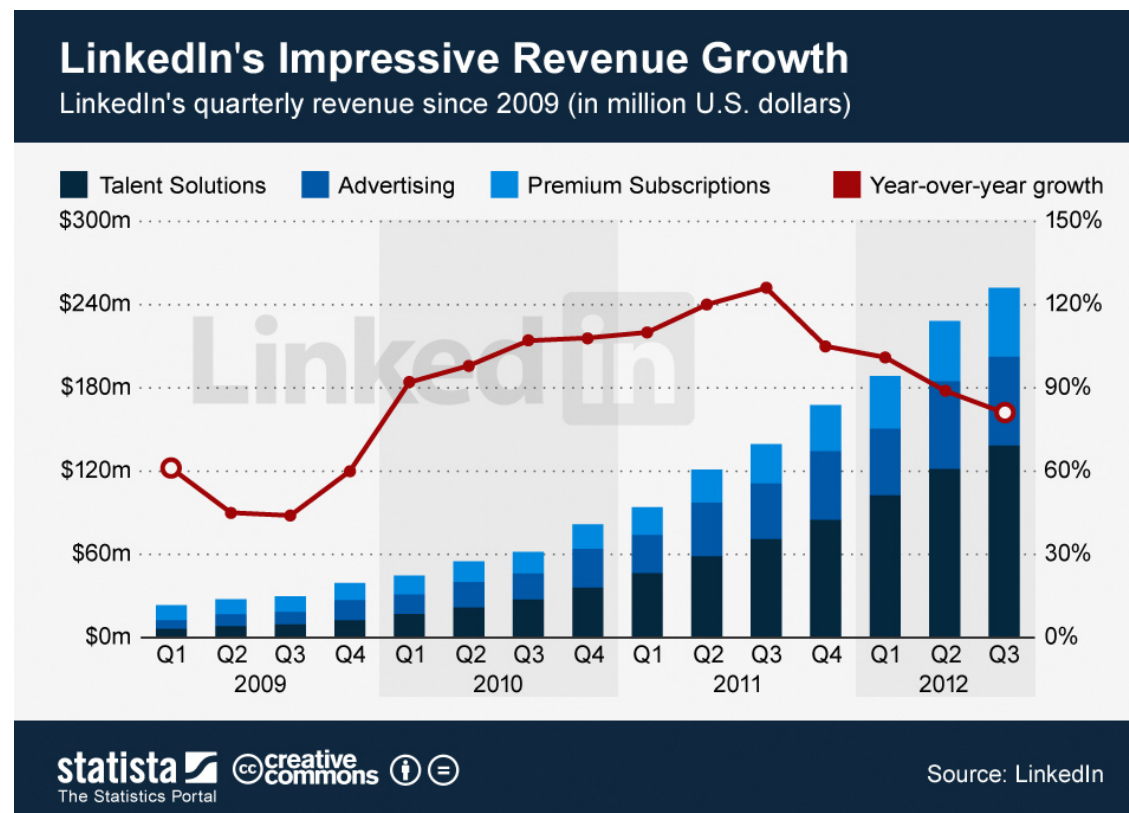
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Monthly Revenue Growth

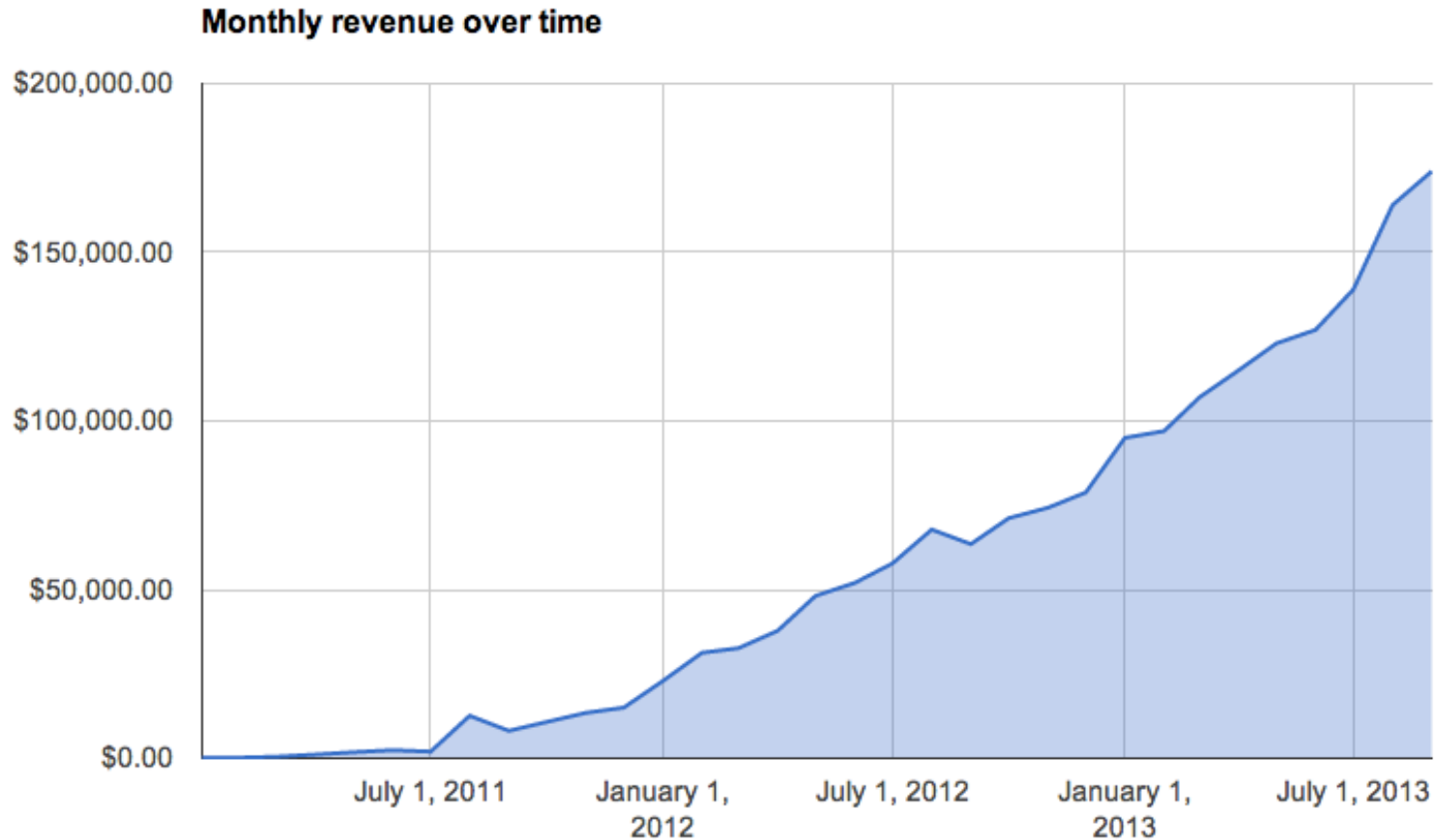
This Month's Revenue - Last Month's Revenue

Last Month's Revenue

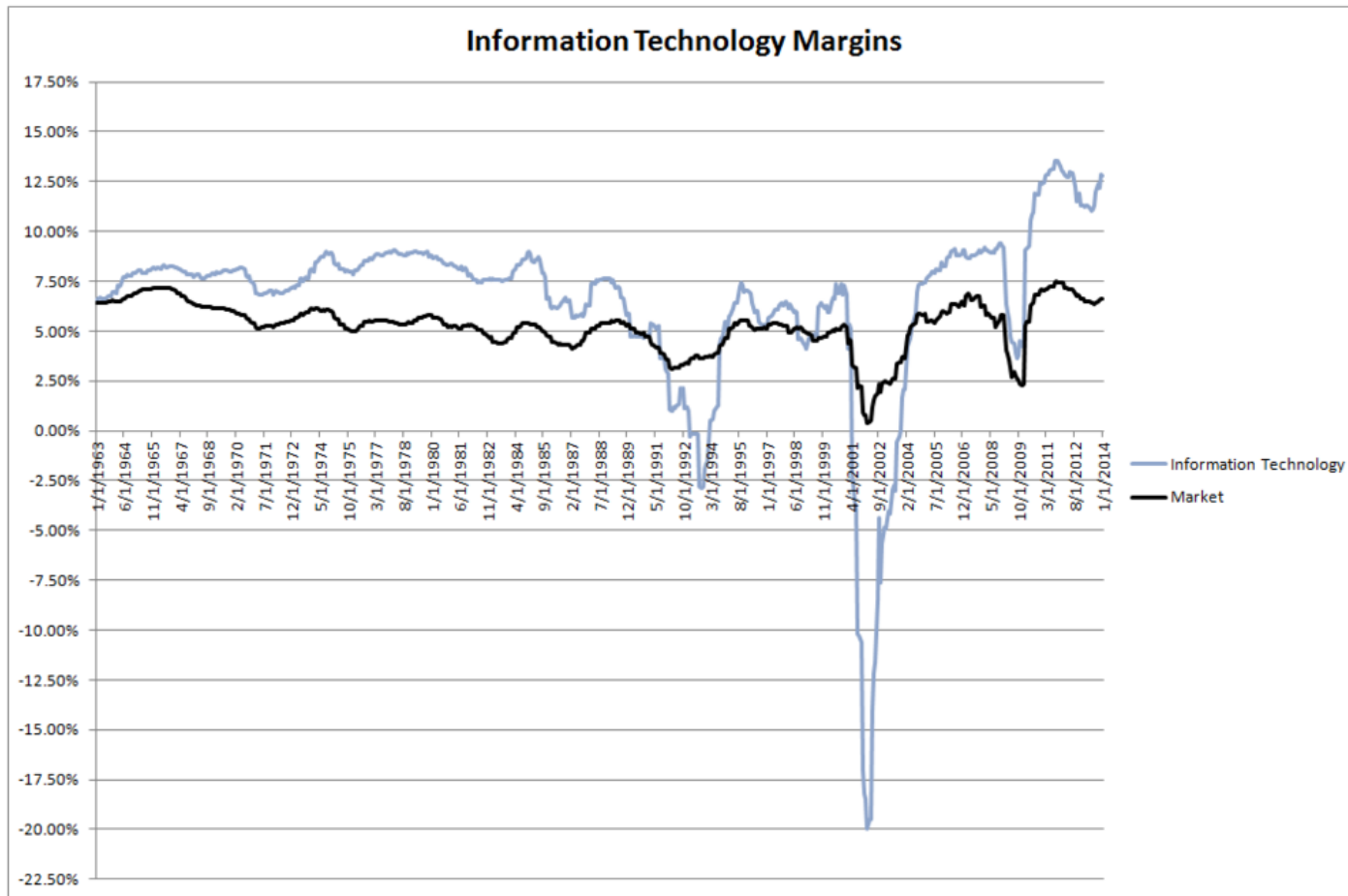


Revenue Run Rate

This Month's Revenues x 12



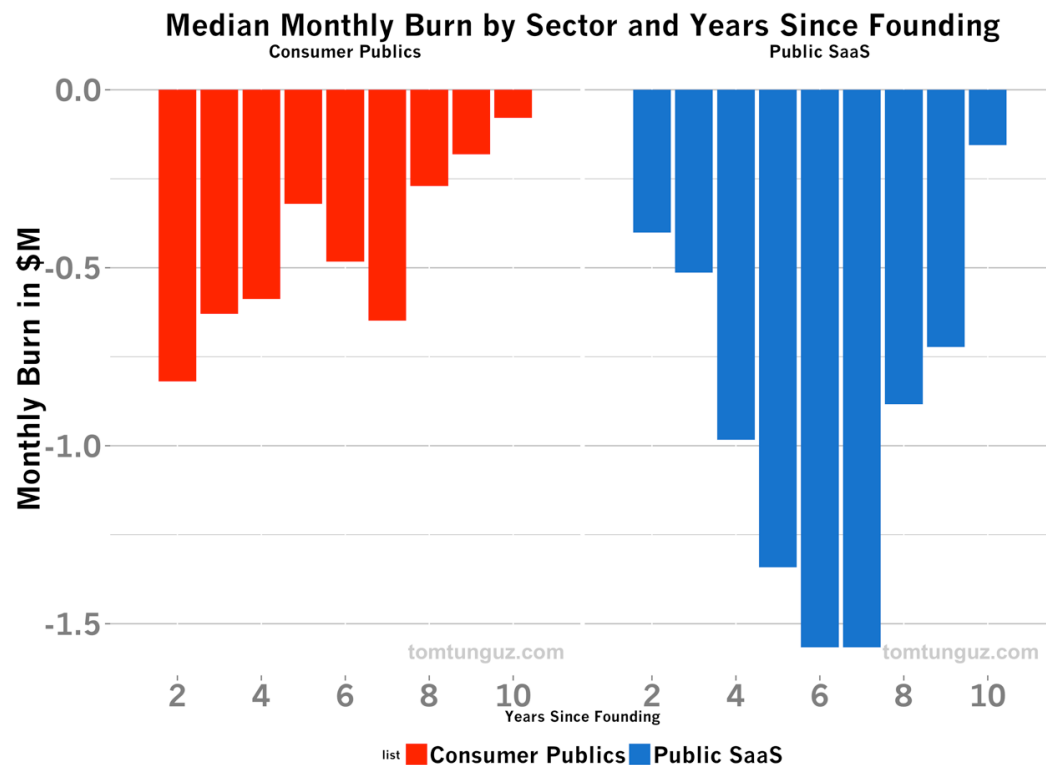
Margins



Burn Rate and Runway

Dollars in Bank Account

Burn Rate



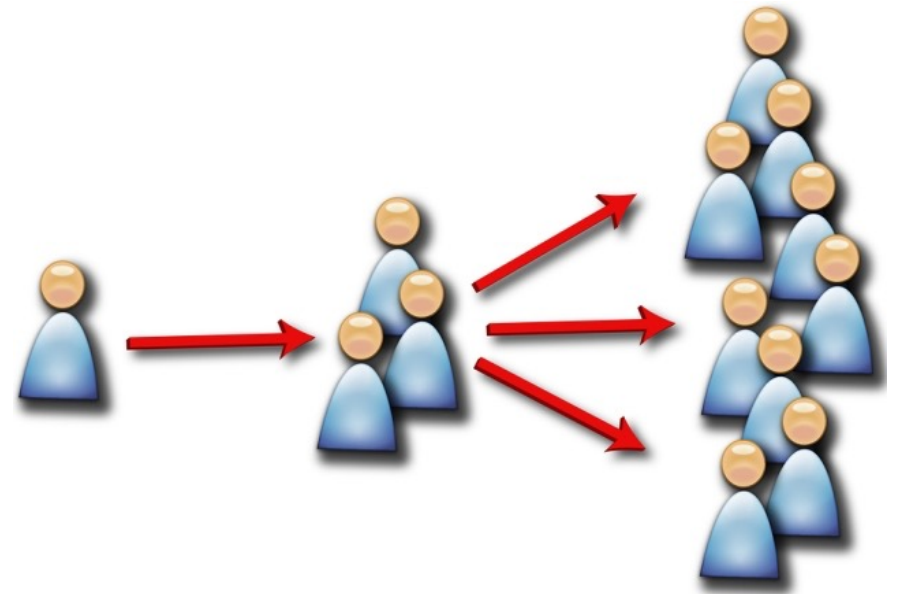
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K-Value

- For every person that joins the platform, how many people do they bring to it?



Proportion Mobile Traffic



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Cost of Acquiring a Customer (CAC)

Total Spent on Acquiring Customers

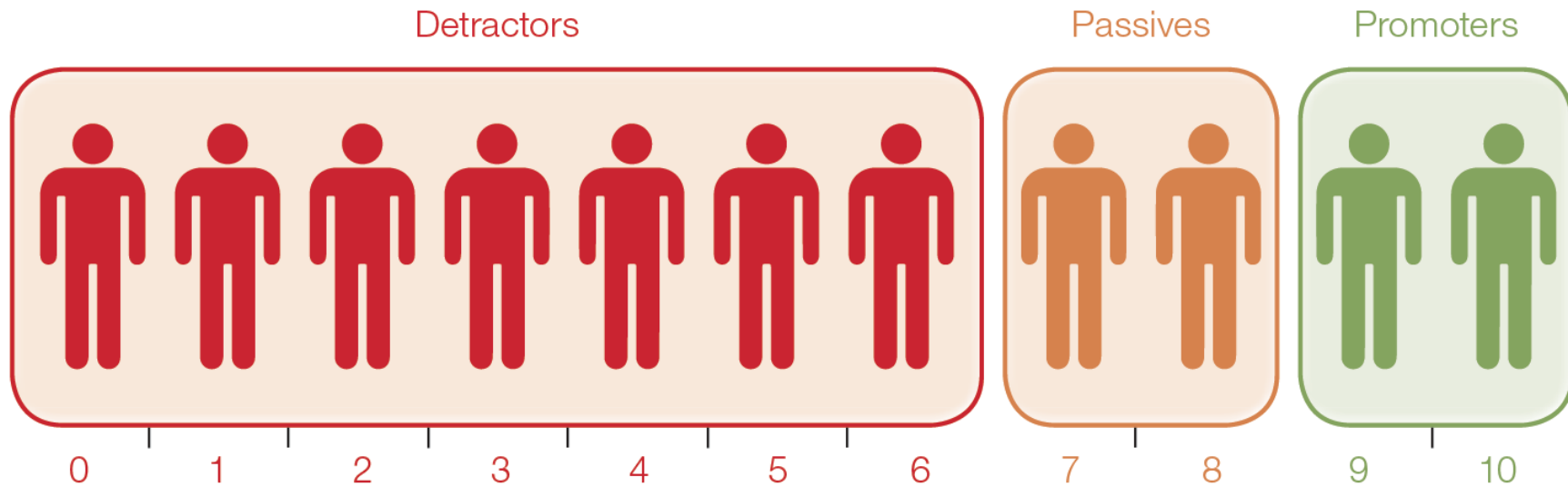
Number of New Users

Estimate of Cost to Acquire a Customer



Net Promoter Score

Diagram 1: Example of net promoter score



Net Promoter Score

=

% Promoters

-

% Detractors

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Magic Number

$$\frac{\text{Net Subscription Revenue Growth (Quarterly)} \times 4}{\text{Expenses for Sales and Marketing}}$$

Basket Size / Order Velocity

- **Basket Size:** How much is spent on each order?
- **Order Velocity:** How often do people purchase?



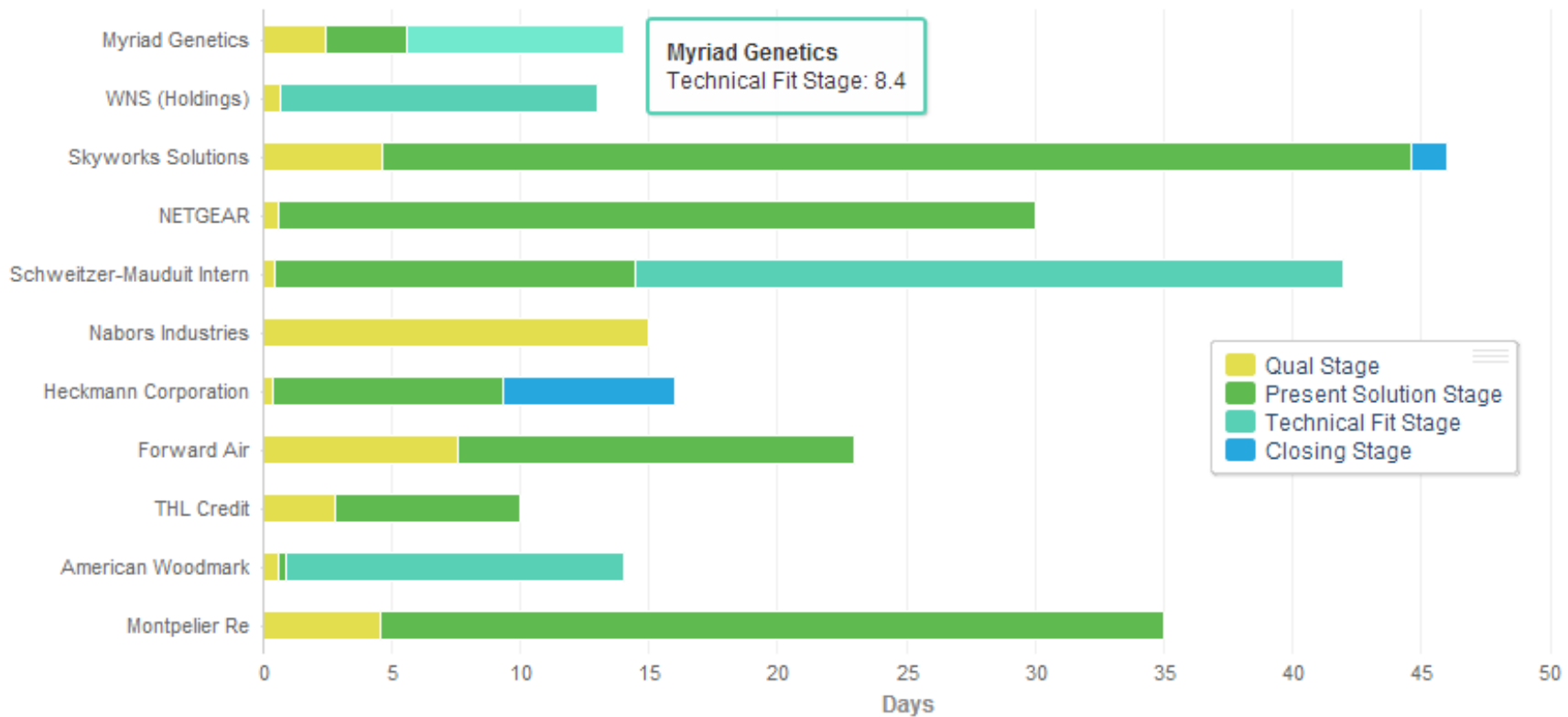
Average Sales Cycle

How long is the sales cycle on each account?

Custom Last This To Date Trailing



33 days on average for deals won in the previous 12 months



Life Time Value (LTV)

- Probably one of the most important metrics used for startups and businesses in general

	Best Customers	Average Customers
Life Expectancy	3 years	2 years
Revenue Year 1	\$280	\$100
Revenue Year 2	\$280	\$100
Revenue Year 3	\$280	\$0
Lifetime Revenue	\$840	\$200
Gross Profit Margin	10%	10%
Lifetime Gross Profit	\$84	\$20
Acquisition Cost	\$8	\$4
Lifetime Net Profit	\$76	\$16

Key Metrics

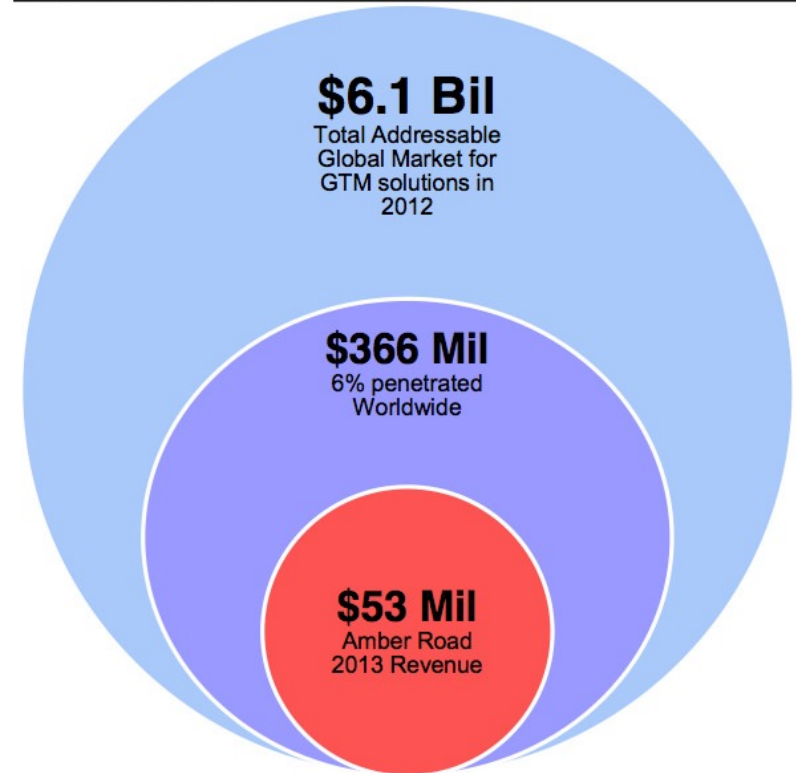
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Total Addressable Market

- Based on revenues

Large Total Addressable Market Opportunity



Source: 2013 ARC Advisory Group report, Raymond James research.

Average Wallet Size

- How much does a typical customer spend?

Conclusion

- **Metrics are key** to building a business
- Every facet of a business can be **analyzed**
- Founders must have these numbers memorized for their startup