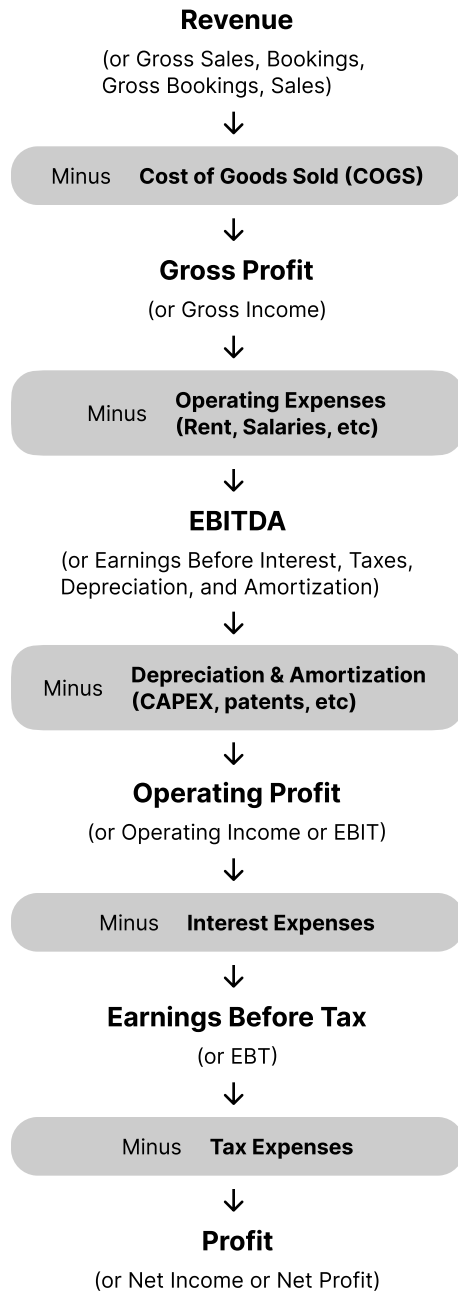


Income Statement



Market Metrics

TAM: Total Addressable Market = Overall Market Opportunity / Size

SAM: Serviceable Available Market = Subset of TAM which is serviceable by your current products/services in your current geographic reach

SOM: Serviceable Obtainable Market = Subset of SAM that is actually obtainable

Market Share: The percentage of total sales in an industry generated by one company or group

Valuation Metrics

CAC Payback Period: Months Needed To Recoup CAC from Additional Customer Payments = $CAC / \text{Monthly ARPU}$

LTV:CAC Ratio: Relationship Between LTV & CAC = Generally 3:1 is good, 5:1 might be too high and you should grow faster

Free Cash Flow: Cash generated after cash outflows to support operations and maintain assets

MER: Marketing Efficiency Ratio = Revenue in Period / All Marketing Costs in Period

Run Rate: Revenue in Past Period (usually trailing month) * Number of Periods in 1 Year (12 if using months)

Gross Burn Rate: Total Amount of Money Spent in a Month

Burn Rate or Net Burn Rate: Total Amount of Money Spent in a Month - Net Income in a Month

Runway: "Months A Company Can Survive" = Total Cash on Hand / Net Burn Rate

CAGR: Compound Annual Growth Rate = $(\text{Ending Value} / \text{Starting Value})^{1/\text{years}} - 1$

DCF: Discounted Cash Flow = Use a spreadsheet formula

NPV: Net Present Value = Use a spreadsheet formula

Percentage Growth/Contraction: $(\text{Ending Value} - \text{Original Value}) / \text{Original Value} * 100$

Rule of 40: SAAS centric benchmark which states that strong companies have an Annual Growth Rate + EBITDA Margin that is > 40

Margins

Gross Margin or Gross Profit Margin:

$$\frac{\text{Gross Profit}}{\text{Revenue}} \times 100$$

EBITDA Margin or EBITDA Profit Margin:

$$\frac{\text{EBITDA}}{\text{Revenue}} \times 100$$

Operating Margin or Operating Profit Margin:

$$\frac{\text{Operating Profit}}{\text{Revenue}} \times 100$$

Net Margin or Net Profit Margin:

$$\frac{\text{Net Profit}}{\text{Sales}} \times 100$$

Retention Metrics

ARPU: Average Revenue Per User = Revenue Generated in Period (usually 1 month) from a Cohort / Number of Users in Cohort

ARPA: Average Revenue Per Account = Revenue Generated a Period (usually 1 month) from a Cohort / # in Cohort

Average Customer Lifespan: Average Number of Months or Days Between First Payment and Last Payment

LTV or CLV: Customer Lifetime Value = ARPU * Average Customer Lifespan

ARR: Annual Recurring Revenue = MRR * 12

Churn Rate: Customers Lost in Period / Customers at Start of Period * 100

Retention Rate: Number of Customers at End of a Period - Number of New Customers in Period / Number of Customers at Start of Period * 100

MRR: Monthly Recurring Revenue = Total Number of Paying Customers in a Month * ARPU in that Month

NRR: Net Revenue Retention = $(\text{Starting MRR of a Period} + \text{Expansion MRR in the Period} - \text{Churned MRR in the Period}) / \text{Starting MRR of the Period}$

DAU: Daily Active Users = Number of Unique Customers engaging with your product daily

MAU: Monthly Active Users = Number of Unique Customers engaging with your product monthly

Acquisition Metrics

CAC: Customer Acquisition Cost

CPA: Cost Per Acquisition, same as CAC

CPL: Cost Per Lead

MLQ: Marketing Qualified Lead, Subset of all leads marketing believes to be of quality

SQL: Sales Qualified Lead, Subset of marketing qualified leads sales believes to be of quality

AOV: Average Order Value

CPC: Cost Per Click

CTR: Click Through Rate

CVR: Conversion Rate

CPM: Cost Per 1000 Views

EMV: Earned Media Value = Calculated CPM of a placement

Media CAC: Media Spend in Period / Customers Acquired in Period

Fully Loaded CAC: All Marketing Costs in Period / Customers Acquired in Period

ROAS: Return on Ad Spend = Revenue in Period / Media Spend in Period

Referral Rate: The percentage of new customers that were referred by existing customers