mosaic

RevOps²

THE SAAS CFO

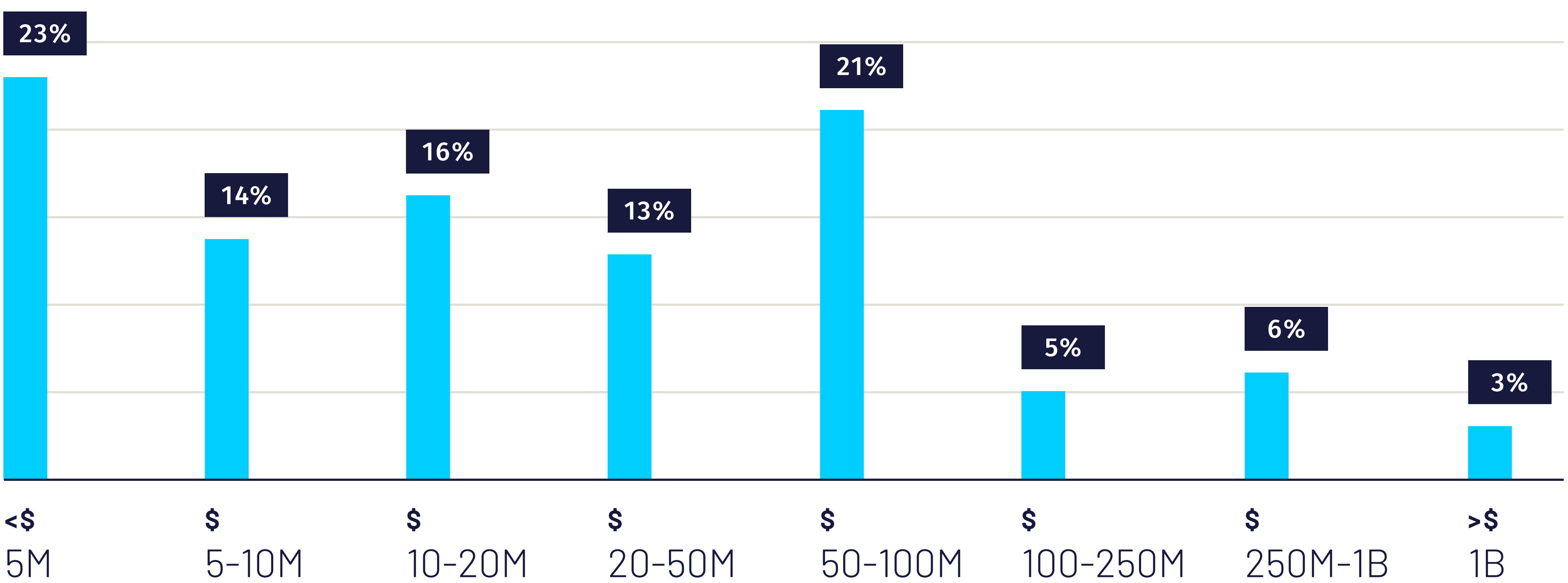
2022 SaaS Performance Reporting Benchmarks

How companies are tracking and analyzing the most important metrics

Survey Participant Profile

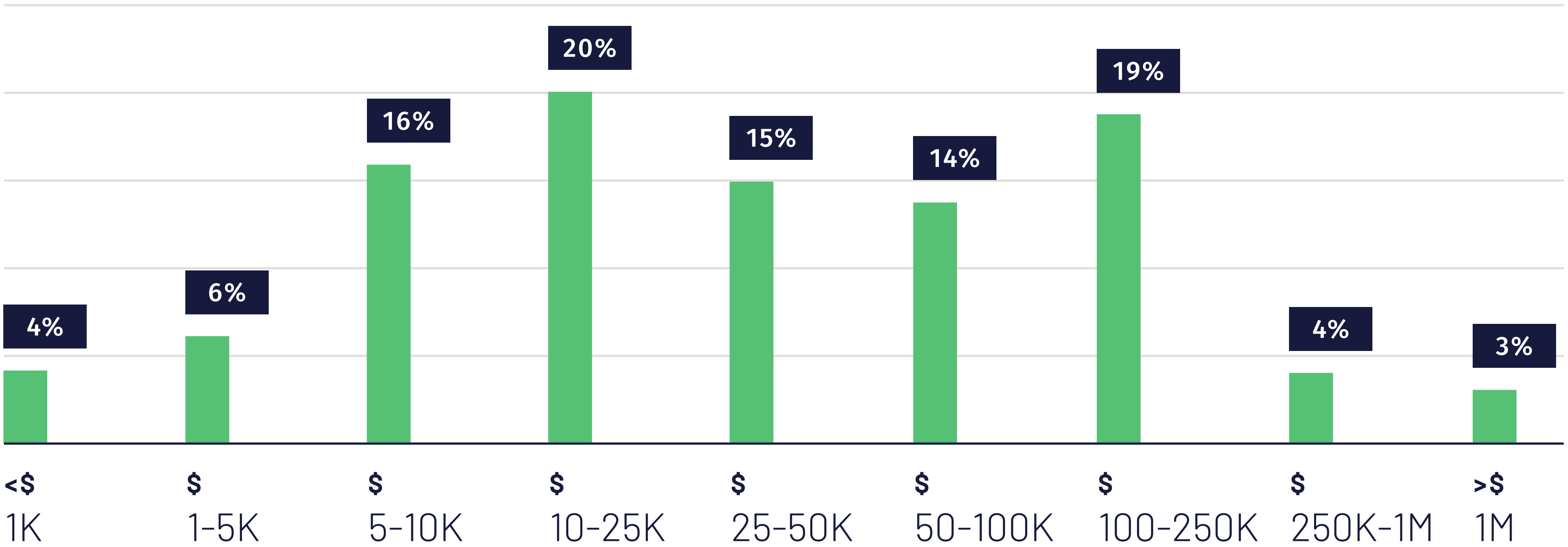
Participant Profile

By Company Size (Revenue)



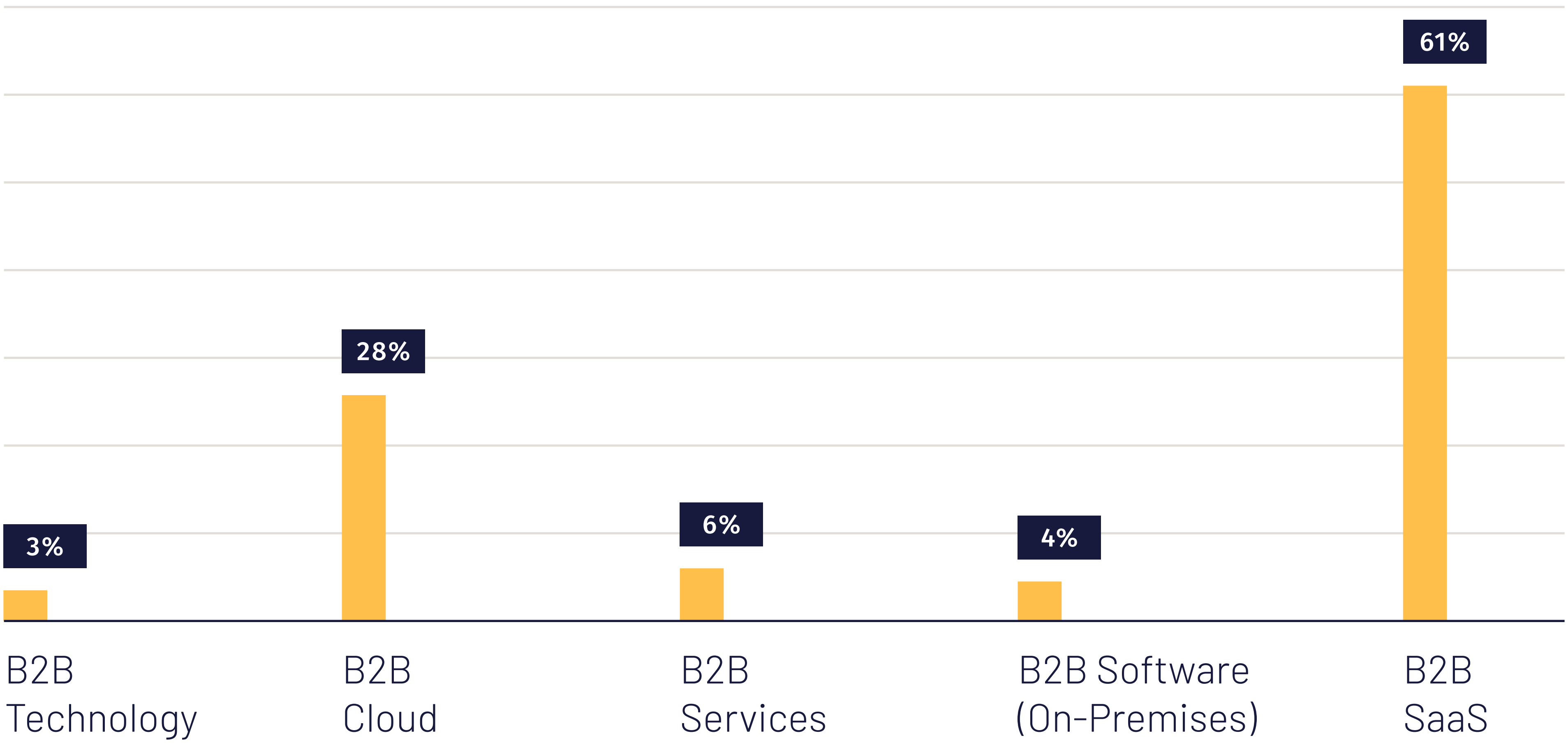
Participant Profile

By ACV



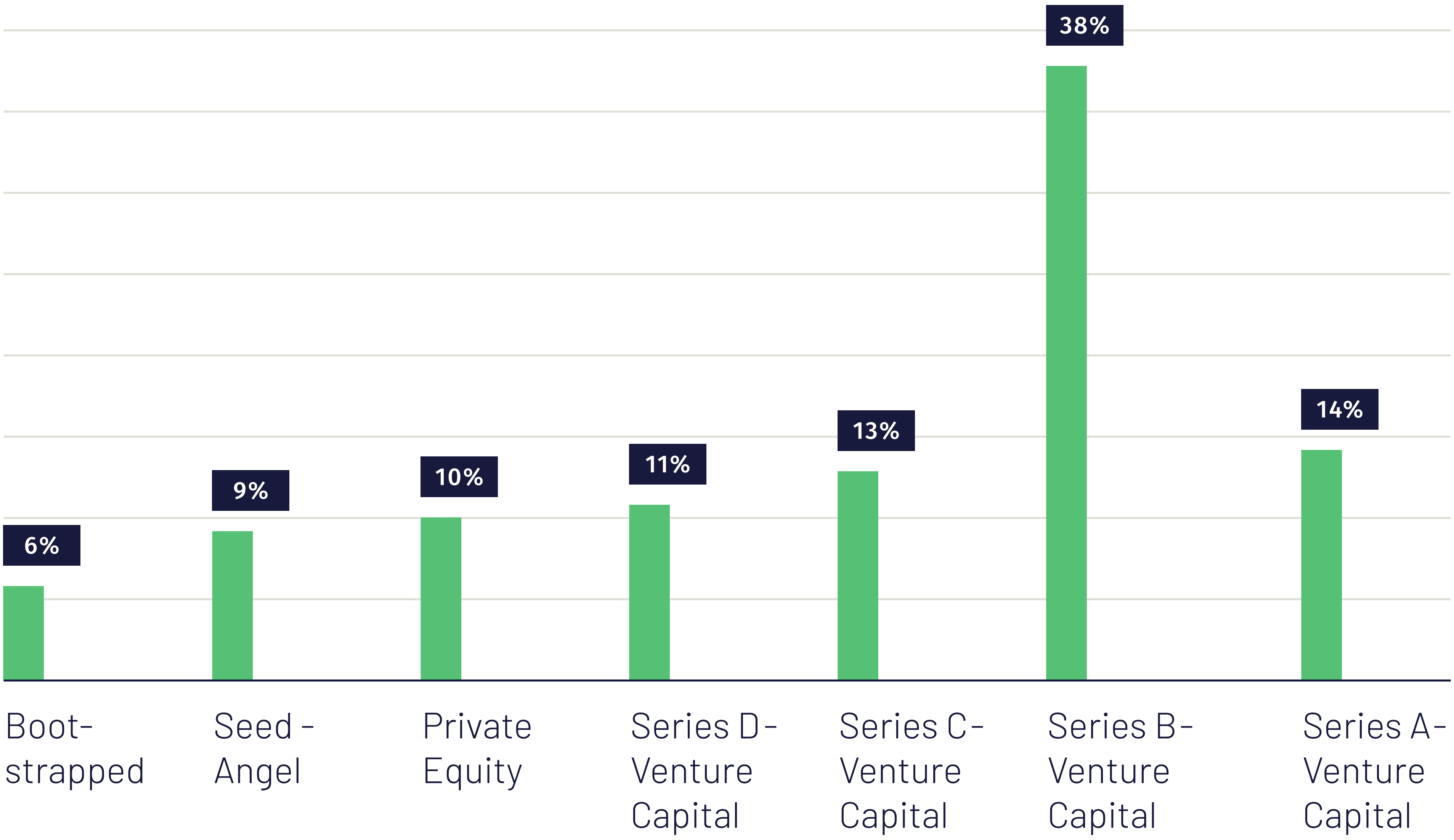
Participant Profile

By Solution Type



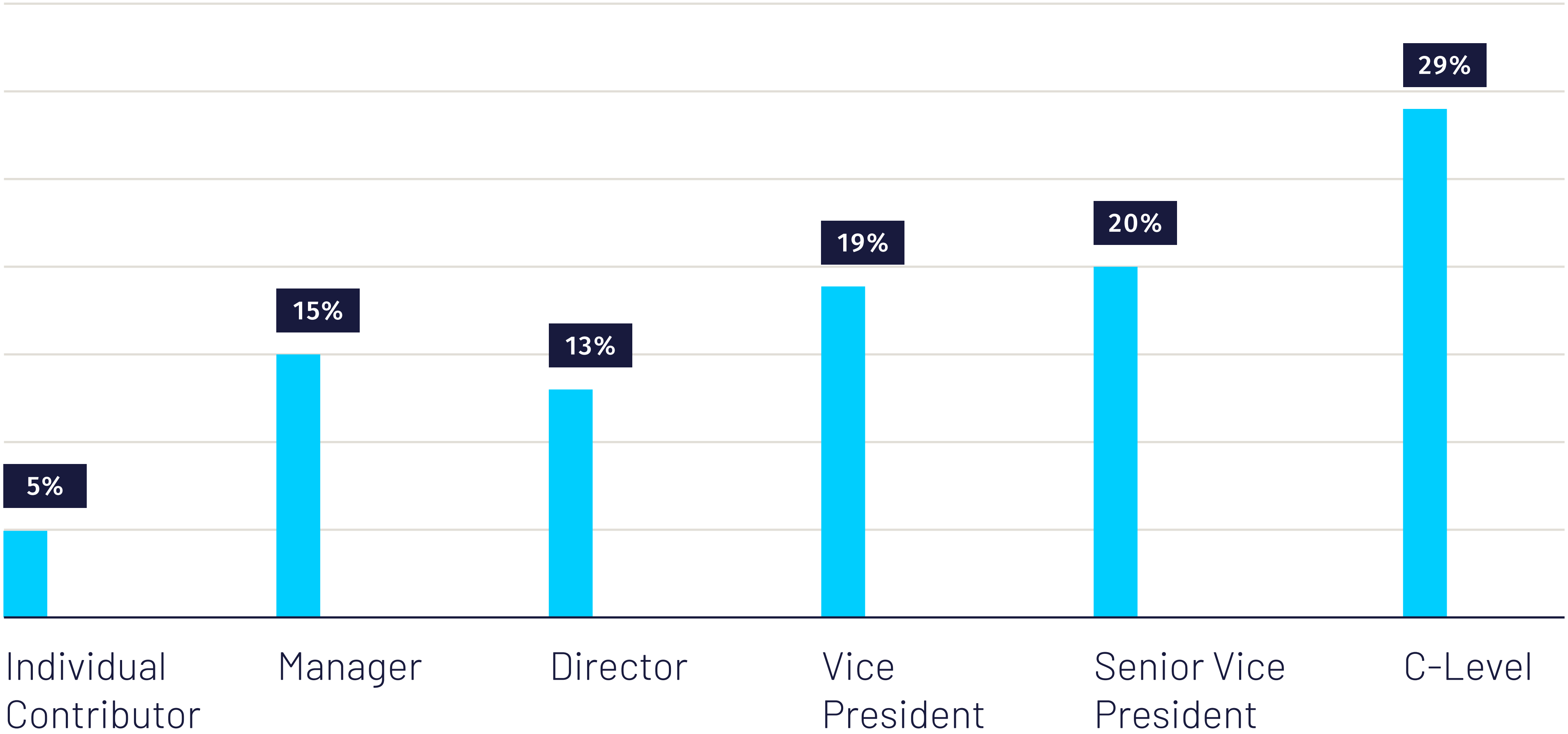
Participant Profile

By Financing Source



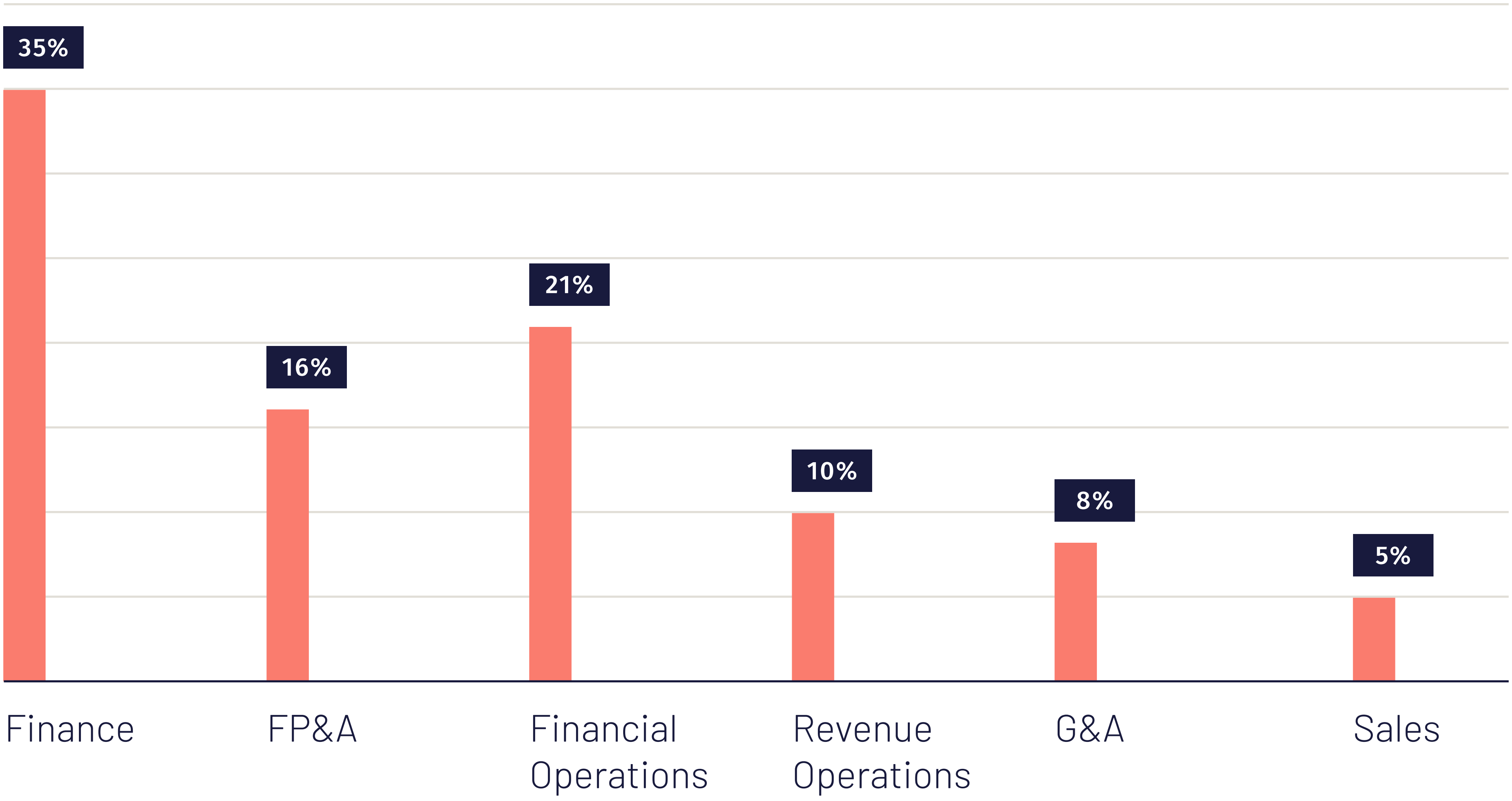
Participant Profile

By Title Level



Participant Profile

By Department



Introduction

The finance function is evolving from a primary role as backward-looking scorekeeper to forward-looking strategic partner. That shift to strategic finance requires more agile planning and forecasting processes. However, finance teams can't help an organization map out where it's going without fully understanding where it's been.

Real-time analytics and on-demand reporting have become prerequisites for finance to earn a strategic seat at the table.

But how many organizations have really achieved the necessary level of efficiency in metric calculations to meet those two prerequisites?

Throughout November and December 2021, we conducted research alongside **The SaaS CFO** and **RevOps Squared** to answer that question.

Our survey aimed to reveal how subscription-based B2B tech companies capture, calculate, and analyze their performance metrics. It included questions about the speed and efficiency of metric calculation processes, the metrics that are most important, the different technologies companies use, challenges of calculating metrics, and more.

We believe finance's position at the intersection of all business data can help unlock strategic growth opportunities for a company at large—but only if finance can efficiently make sense of all that data and dig deep enough to identify the right insights at the right time. The research here highlights opportunities for finance teams to improve their processes to create competitive advantages in the ways they calculate, track, and analyze their performance metrics.

> **We have to think about how it positively affects decisions made by team leads if they have access to on-demand financial information. What it means is that they'll have the data to make better, more informed decisions. It will save them time and change their view of finance's role. "**
>
> **Temi Vasco** ◆ Controller, Gem

1. Key Findings

Spreadsheets remain the dominant tool for metric calculations

Even as new tools emerge, 75% of companies report using Excel to calculate their performance metrics while 44% use Google Sheets. Specialized FP&A tools (20%) and BI platforms (31%) also show adoption, but to a much lesser degree.

Metrics are not available quick enough for strategic planning processes

Only 6% of companies report having performance metrics available in less than one day while 54% don't have metrics available for six or more days after request. This leads companies to plan around stale numbers, especially for the 38% that have a monthly metric reporting cadence.

Manual processes remain the top metric calculation challenge

69% of companies say manual calculation of SaaS performance metrics is a top challenge. This, combined with source data in multiple platforms (68%), prevents real-time analytics and on-demand reporting.

Financial close processes can delay performance reporting by weeks

For more than 50% of companies, closing the books on a monthly and quarterly basis takes over two full weeks. The longer it takes to close the books, the harder it is to release proactive performance reports.

Finance and revenue teams aren't as aligned as they'd like to be

While 91% of companies acknowledge the importance of strong alignment between finance and revenue departments, 41% say finance is not well-aligned with marketing and 21% say finance is not well-aligned with sales.

Cohort analysis is a blind spot for customer retention and expansion

Only 14% of companies calculate gross dollar retention rates by customer cohort and just 15% calculate net dollar retention by customer cohort. This presents an opportunity to create competitive advantages through better data segmentation.

2. The Metrics that Matter in SaaS

Consistent reporting is the first step to planning the growth of your business. But if you don't know which metrics are most relevant for your business, you could end up sinking countless hours into data collection and analysis without impacting growth.

Narrowing the focus of your performance reporting to the metrics that matter will streamline reporting and keep your business aligned on growth goals.

The specific metrics you choose to report on will depend on your business model, funding needs/investor expectations, and your growth stage. However, there are certain SaaS metrics that are nearly universally valuable.

Our survey looked to reveal the metrics that matter across five main categories—company-wide performance metrics, customer acquisition metrics, customer retention metrics, customer expansion metrics, and sales metrics.

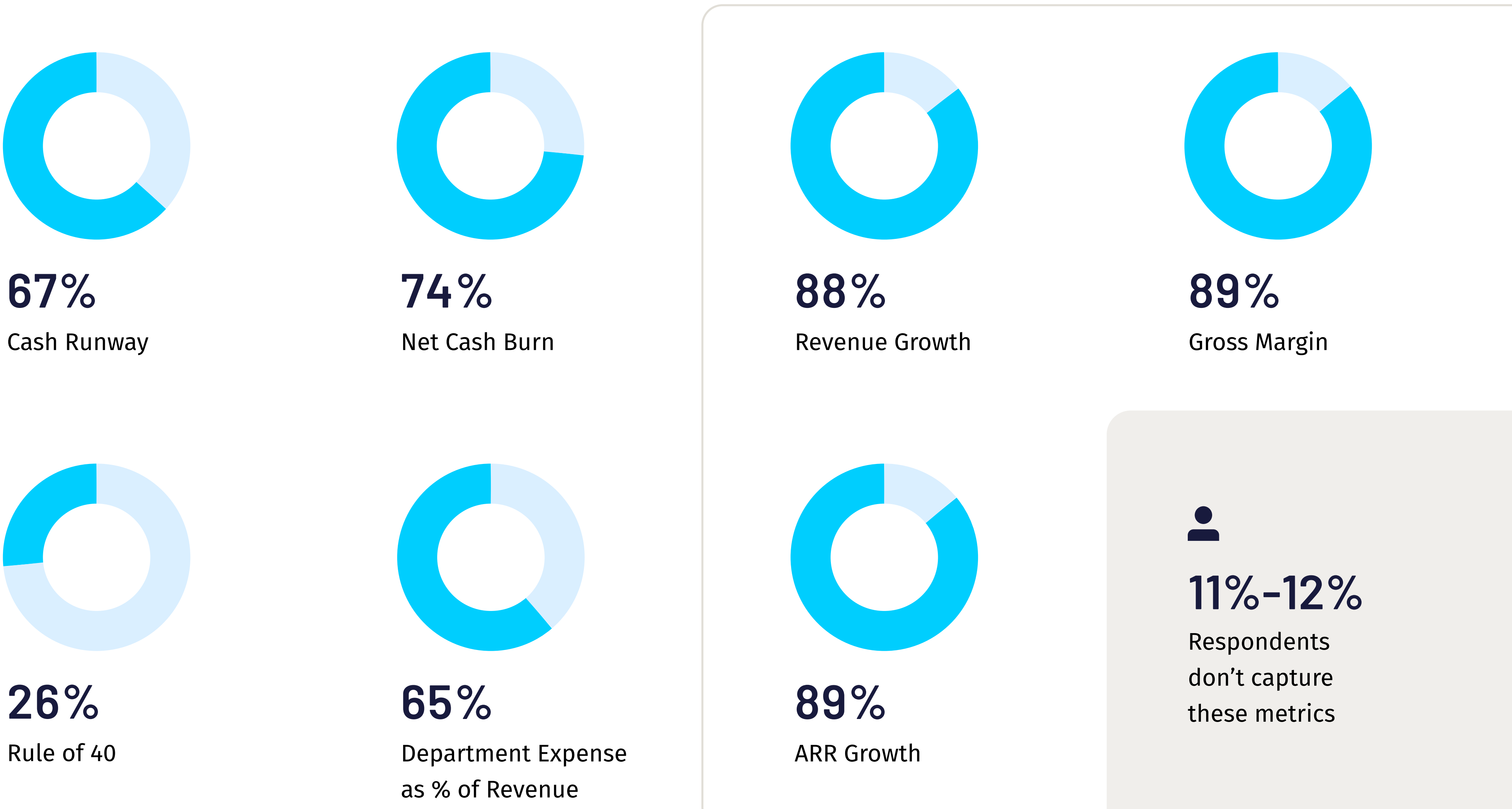
> **"Where finance teams go wrong is when they build reports to answer anything and everything about the business. Effective reports focus on the three to five KPIs that matter most to your organization. From there, you can start digging into analyses that reveal deeper insights."**
>
> **Aaron Spool** ◆ Managing Director, Eventus Advisory Group

Company-Wide Metrics Could Go Deeper

The company-wide metrics you track should give executives and investors a high-level view of your growth trajectory and the overall health of your organization. At the most basic level, this comes down to revenue growth, cash flow, and profitability.

That's why it's no surprise that ARR growth (89%), gross margin (89%), and revenue growth (88%) are the most common company-wide performance metrics. However, it's somewhat surprising that 11-12% of respondents aren't capturing these core financial metrics.

Top Company-Level Metrics



Cash runway (67%) and net cash burn (74%) are also critical metrics to track for companies growing through external investment.

These two metrics are especially important for earlier-stage startups that might be pre-revenue or are prioritizing hypergrowth over profitability (less so as your company matures and free cash flow becomes the priority).

The fact that 35% of respondents don't track department expenses as a percentage of revenue could mean that company-wide metrics are too broad. Presenting department-level composition data can uncover sustainability issues as your company grows. And the sooner you provide visibility into those issues, the sooner board members can advise on a fix and executives can investigate resource allocation issues.

Customer Acquisition Metrics Need More Context

It makes sense that basic customer acquisition cost (CAC) stands alone as the primary metric for the acquisition category (85%)—it's among the most fundamental performance indicators for venture-backed companies (which make up about 75% of survey respondents).

But CAC isn't such a valuable metric on its own. Finance leaders, executives, and go-to-market partners need additional context to make strategic decisions about acquisition.

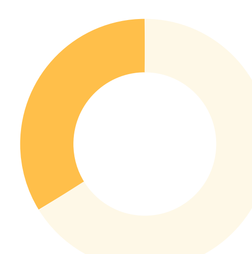
One way to add more context is to break CAC calculations out by channel to get a better understanding of which specific activities are most efficient. Teams also add context by tracking supplemental metrics like customer lifetime value (72%) and CAC payback period (69%). But there's an opportunity to go a step further by focusing more on efficiency metrics.

Customer Acquisition Metrics Calculated

52%
LTV:CAC Ratio

72%
Customer Lifetime Value (LTV)

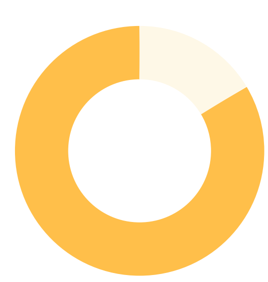
47%
Sales Efficiency



31%
SaaS Magic Number

42%
CAC Ratio (New)

69%
CAC Payback Period



85%
Customer Acquisition Cost (CAC)

Our survey found that efficiency metrics like the magic number (42%), CAC ratio (42%), and sales efficiency (47%) see low adoption. These types of metrics are critical for understanding the true effectiveness of sales and marketing activities, which helps your teams make better strategic decisions during planning cycles.

Customer Retention Metrics Have a Segmentation Problem

There's a critical turning point in the early years of any company—that first year where you come up against meaningful customer renewal dates. Mastering the go-to-market motion and driving customer acquisition means very little to a SaaS company if it can't retain the accounts.

This is why gross dollar retention (73%), gross dollar churn (70%), customer logo churn (74%), and customer logo retention (65%) have high adoption.

Customer Retention Metrics Calculated

14%
Customer Cohort
(by GDR%)

46%
Customer Cohort
(by ARR)

65%
Customer Logo
Retention (%)

74%
Customer Logo Churn
(% or #)

73%
Gross Dollar
Retention ($)

70%
Gross Dollar Churn
(% or $)

The lack of adoption for customer cohort analysis (particularly by gross dollar retention) could be an issue. Segmenting the data by cohorts helps you and your business partners understand more about which customers have churned in the past and which ones are mostly likely to churn in the future. That information helps the company proactively address product- and service-related issues to increase retention and overall business performance.

Customer Expansion Should Grow Beyond Net Revenue Retention

Customer expansion is just as important for SaaS companies as retention. Net revenue retention (or, net dollar retention) has become the barometer for SaaS company valuations, which is why 89% of survey respondents prioritize that particular expansion metric. Hitting the gold standard 120% net revenue retention has become even more critical than massive ARR growth rates in the eyes of many investors.

Company Expansion Metrics Captured

15%
Customer Cohort (By NDR%)

44%
Customer Cohort (By ARR)

32%
Expansion CAC Ratio

89%
Net Dollar/Revenue Retention (%)

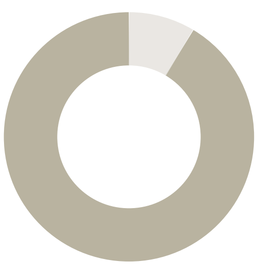
The survey results show that there's room to go beyond net revenue retention for more context about customer expansion.

Like with customer retention, adoption of customer cohort analysis for expansion is low and presents an opportunity to go deeper with customer data. But expansion CAC ratio (35%) is an opportunity to look at performance in this category differently. Seeing whether or not your upsell activities are efficient can give you insights into ways both sales and customer success can unlock new levels of business growth.

Sales Metrics Have a Glaring Gap

Sales performance tracking may be the most mature reporting function in SaaS, which is why there's such consistency in the results from our survey. But there's a critical gap among the most important sales metrics—AE ramp time.

The Sales Metrics That Matter Most



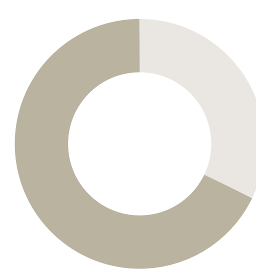
89%
Annual Contract Value (ACV)

63%
Total Contract Value (TCV)

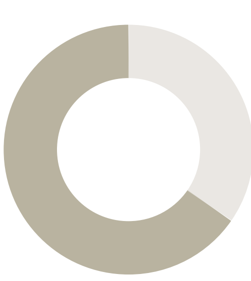
60%
Opportunity Conversion Rates (by Stage)

62%
Qualified Opportunity Created ($ or #)

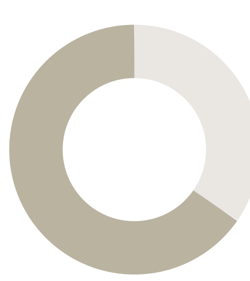
67%
Quota Performance



69%
Pipeline by Sales Representative



68%
Sales Cycle Time



68%
Win Rate

36%
AE Ramp Time

64%
of companies aren't tracking their sales rep ramp time

Without an ability to normalize AE start dates to time zero and evaluate ramp times, you may struggle to accurately build headcount plans and plan your top-line revenue. Individual performance metrics like annual contract value, pipeline by sales rep, and sales cycle time are crucial, but sales-led companies need the big-picture perspective that AE ramp time offers.

3. The Metric Calculation Process

Whether a company is privately held or publicly traded, there are always external requirements and requests for what you should report on. Those requests may or may not always align with the metrics you choose to focus on internally. But just as important (and perhaps more important for the sake of your business) is **how** you measure your performance metrics.

The "how" of calculating performance metrics comes down to four key questions that we asked in our survey:

ONE

Who is primarily responsible for calculating metrics?

TWO

How well is finance aligned with business partners?

THREE

What tools do teams use to track, calculate, and analyze the metrics?

FOUR

What challenges slow down performance reporting?

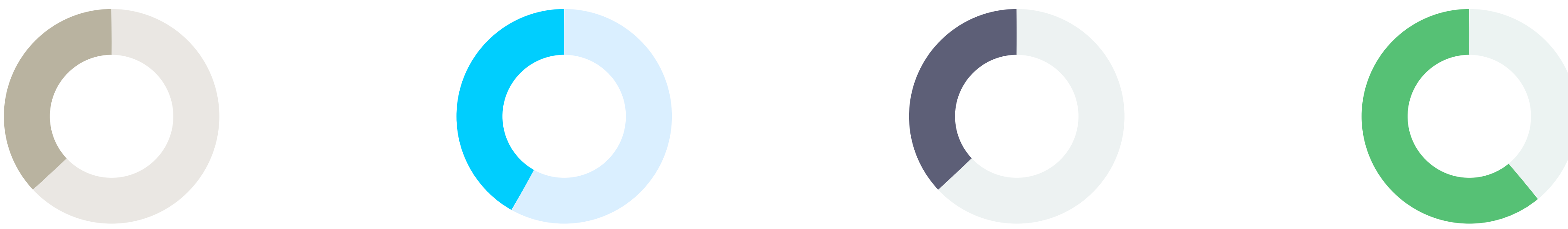
"Simply put, without alignment, a company will miss its numbers… The best finance teams are viewed as thought partners for other departments that help them build conviction to make better decisions. I used to say my job as CFO is not to say 'no,' but to have us both feel good about our decision, whether it's a 'yes' or 'no.'"

Howard Katzenberg ◆ Founder and CEO, Glean

Who Calculates the Metrics?

Customer Acquisition Metric Calculation

Who is responsible?



34% Revenue Operations

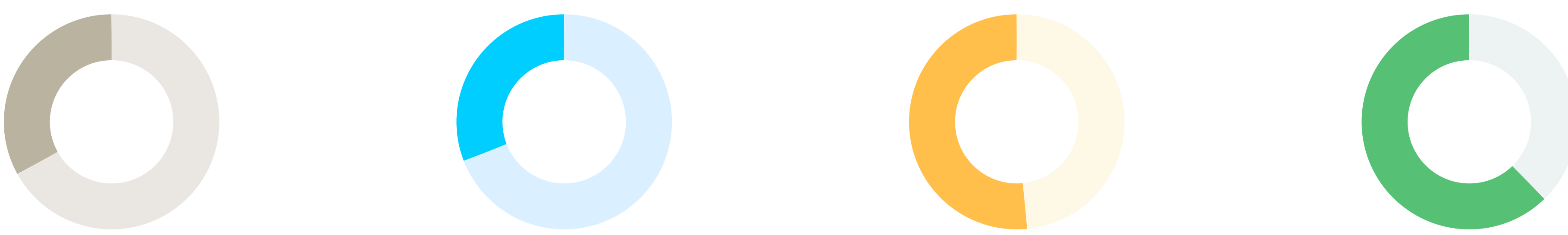
43% Sales

34% Marketing

58% Finance

Customer Retention Metric Calculation

Who is responsible?



31% Revenue Operations

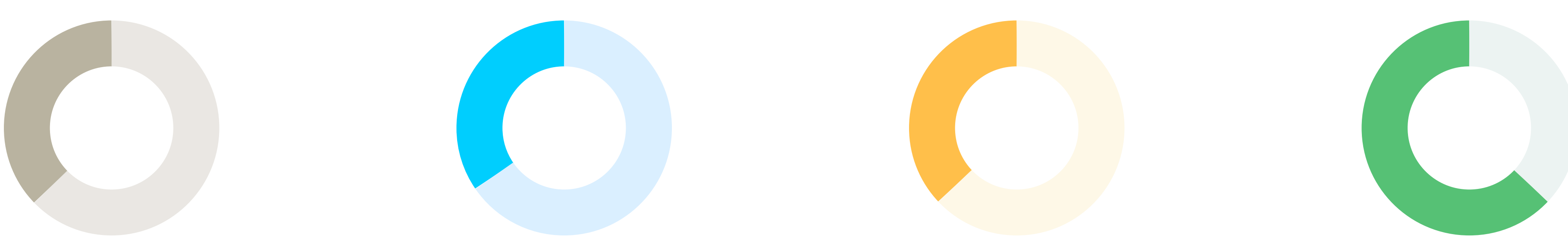
28% Sales

46% Customer Success

59% Finance

Customer Expansion Metric Calculation

Who is responsible?



35% Revenue Operations

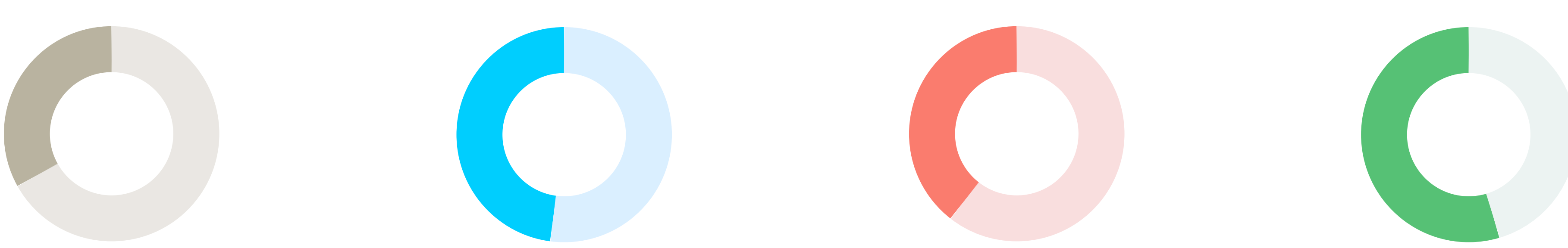
38% Sales

34% Customer Success

61% Finance

Sales Metric Calculation

Who is responsible?



33% Revenue Operations

49% Sales

40% Sales Operations

53% Finance

Our survey found that finance teams are the primary owners of metric calculations across all key categories—company-wide metrics (**61%**), acquisition metrics (**58%**), retention metrics (**59%**), expansion metrics (**61%**), and sales metrics (**53%**).

The takeaway here isn't that one team should necessarily own metrics over another.

Instead, it's that the finance team, which sits at the intersection of all necessary data to calculate the metrics, has to stay aligned with each functional department.

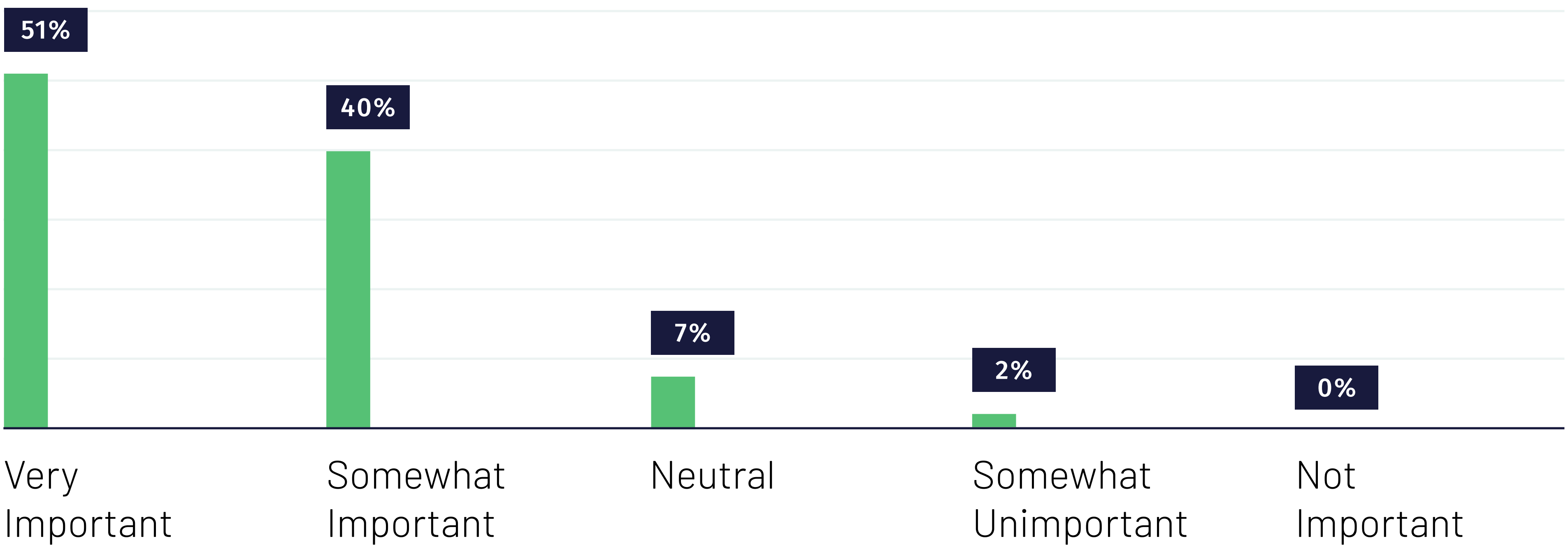
There needs to be joint tooling that works cross-functionally to support that alignment. It's not good enough for finance to have walled-off systems that prevent departmental leaders from understanding the full story behind the numbers. For example, how can marketing know its true customer acquisition cost without rolling salary data into the equation?

Leaning on new tools to create a single source of truth makes the metric calculation process more collaborative and empowers departmental leaders to engage with real-time data and analytics on their own.

How Well Is Finance Aligned with Business Partners?

The vast majority of our survey respondents said that finance alignment with marketing, sales, and customer success is important to revenue growth. That shows a positive trend toward finance as the connective tissue within an organization. However, there's room to improve alignment across teams.

Finance Alignment to Revenue Team



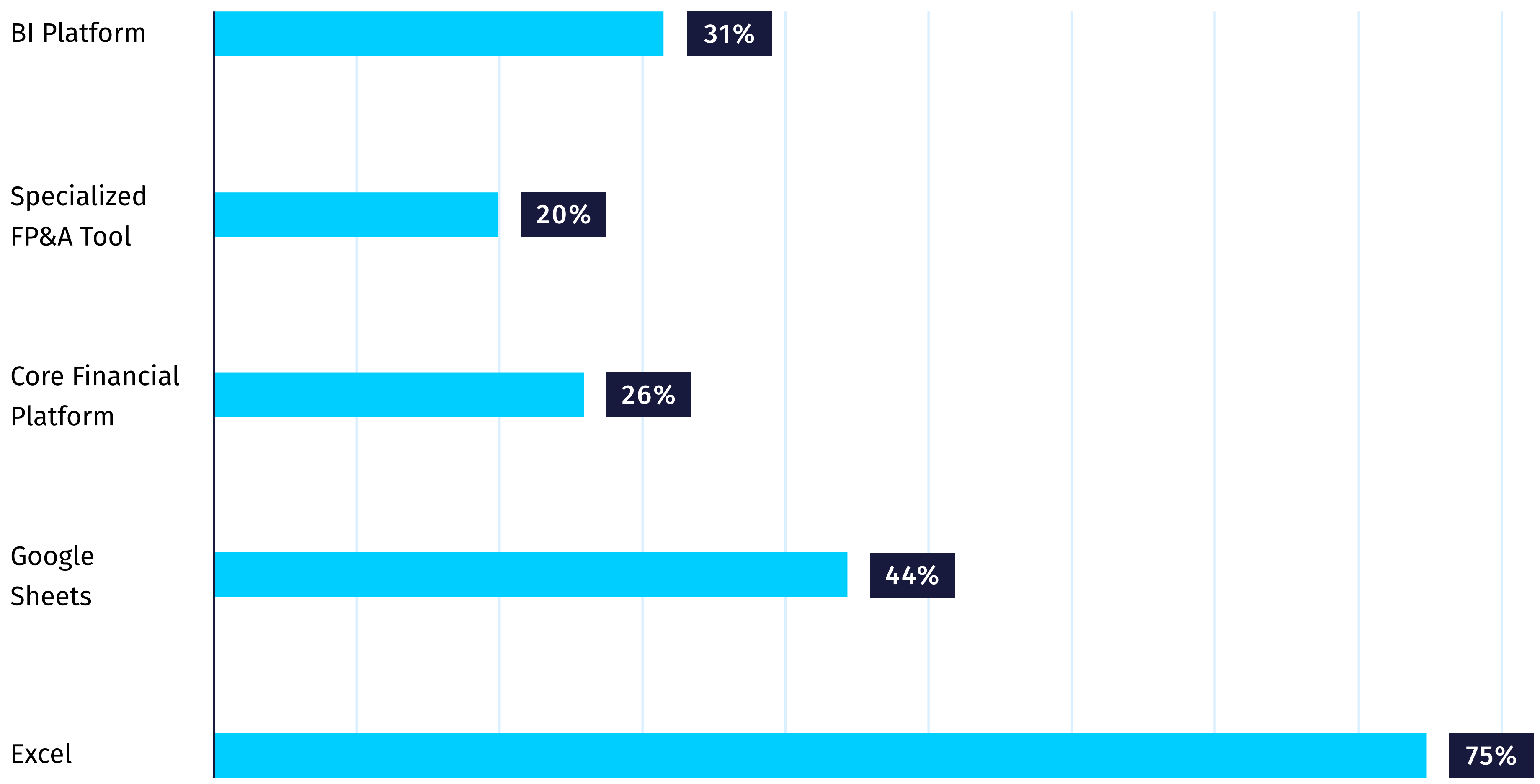
Even in sales where metric accountability is fundamental to the overall success of a business, just 28% of respondents say finance is very well aligned with the team. The results are even lower for marketing (15%) and customer success (21%).

The gap between alignment expectations and reality shows that there's room for improvement when it comes to collaboration between finance and the rest of the business.

What Tools Do Teams Use to Calculate Metrics?

The finance space is (finally) experiencing a renaissance of technology amidst demands for greater agility, transparency, and strategic value. And yet, spreadsheets remain the predominant tool for metric calculations with Excel outpacing Google Sheets (75% and 44%, respectively).

Metric Calculation Platforms



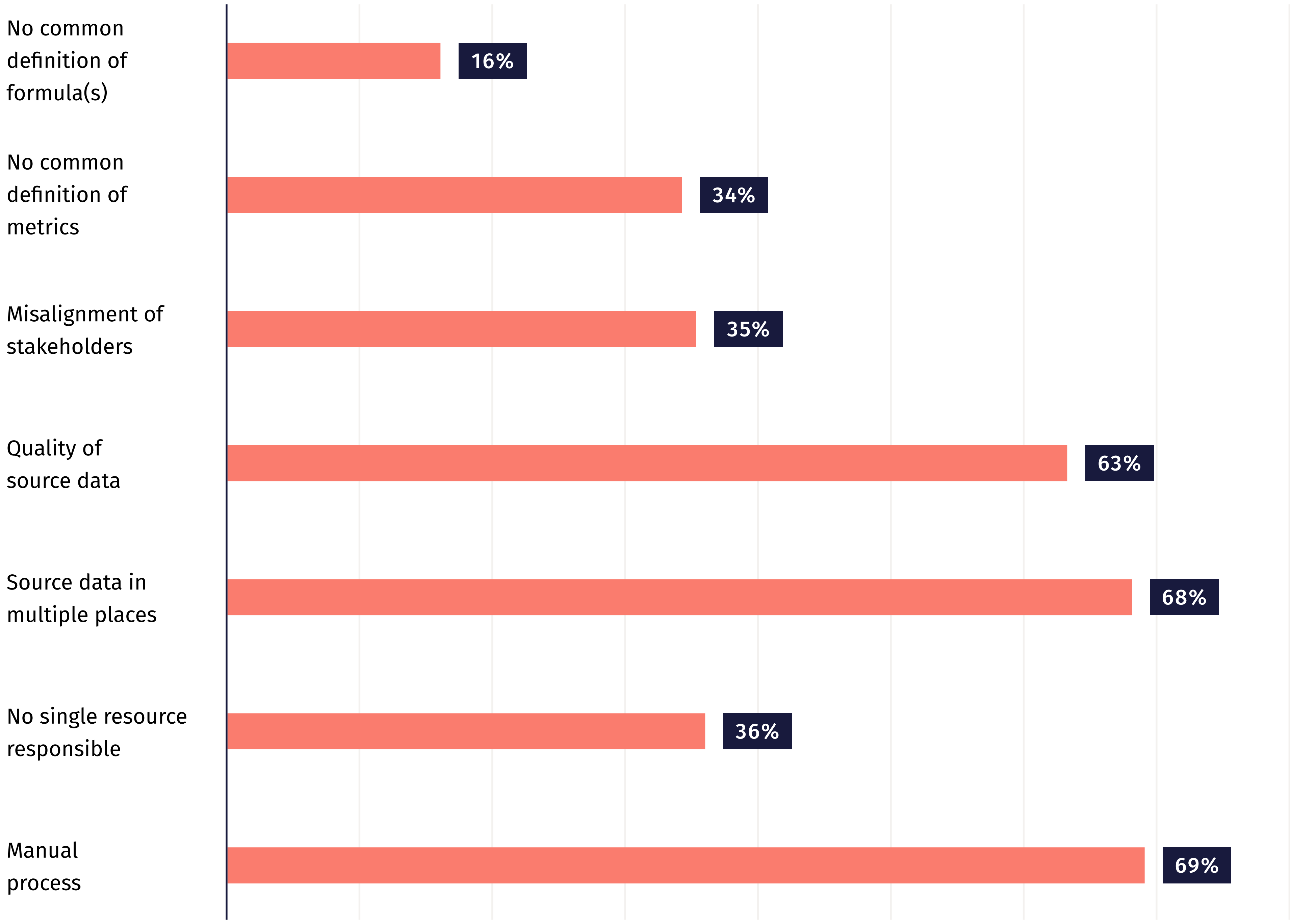
Among the non-spreadsheet options, business intelligence platforms see the most adoption for calculating metrics. But the amount of money, effort, and technical expertise required to implement and configure BI (even to calculate simple metrics) may limit adoption.

Specialized FP&A tools (aside from Anaplan or Adaptive) offer more accessibility than BI platforms. But because this is more of an emerging market, many of these tools are still in early adoption.

What Challenges Slow Down Performance Reporting?

Improving the speed and efficiency of metric reporting isn't as simple as making one new hire, implementing one new tool, or revamping one broken workflow. There could be any number of challenges preventing teams from streamlining the process. But our survey found that there are three main issues that stand out.

Metric Calculation Challenges



For 69% of respondents, manual processes are the main roadblock to greater efficiency. Given the predominance of spreadsheets, this outcome may be predictable. But the other two primary challenges offer more context.

Data quality issues (63%) and multiple source systems (68%) make it more difficult to calculate metrics in spreadsheets. As companies scale, data complexity and volume grow, which in turn make each of these obstacles more problematic.

4. The Cadence of Metric Calculations

In an absolute perfect world of strategic finance, everyone across an organization has access to the numbers they need exactly when they need them (without having to worry about accuracy or data integrity issues). That ideal state is possible, but it's not easy to get to and it's far from the norm.

Rather, every organization's unique mix of people, processes, and technology results in a particular cadence for metric calculations.

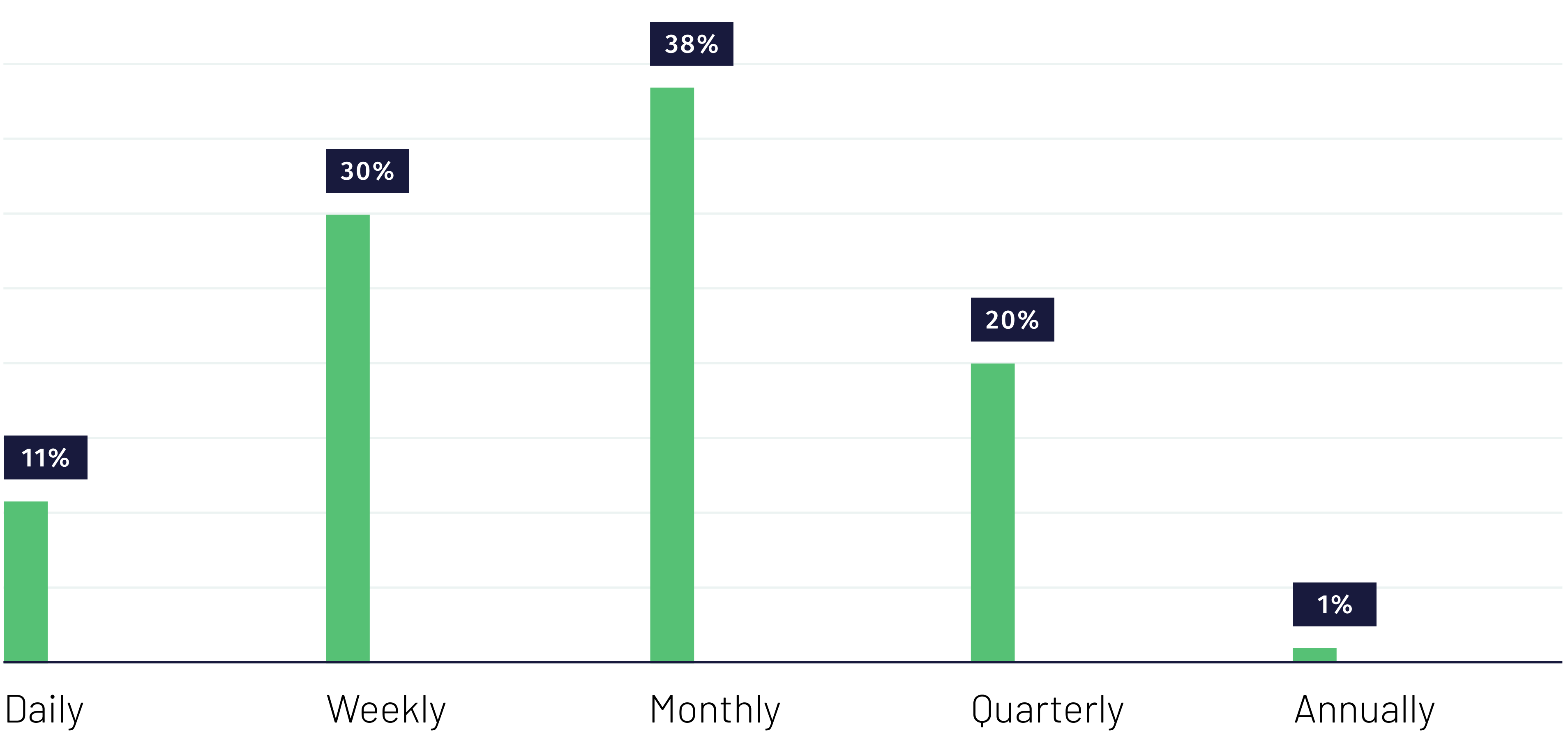
Unless you're a public company facing regulatory compliance requirements, it's easy to deprioritize putting financial rigor into your performance reporting processes. That's one reason why there's room for improvement in the frequency and efficiency of metric calculations.

But the sooner you put a framework for financial rigor in place, the better off your company will be.

How Often Do Companies Measure Performance Metrics?

Finance has a traditional reputation as backward-looking scorekeeper partly because of its long reporting cycles. Our survey found that even though times are changing, there's always room for improvement. Five or ten years ago, quarterly metric calculations may have been much more common survey responses. But there are positive trends among weekly and daily metric availability that are encouraging to see.

Metrics Calculation Frequency

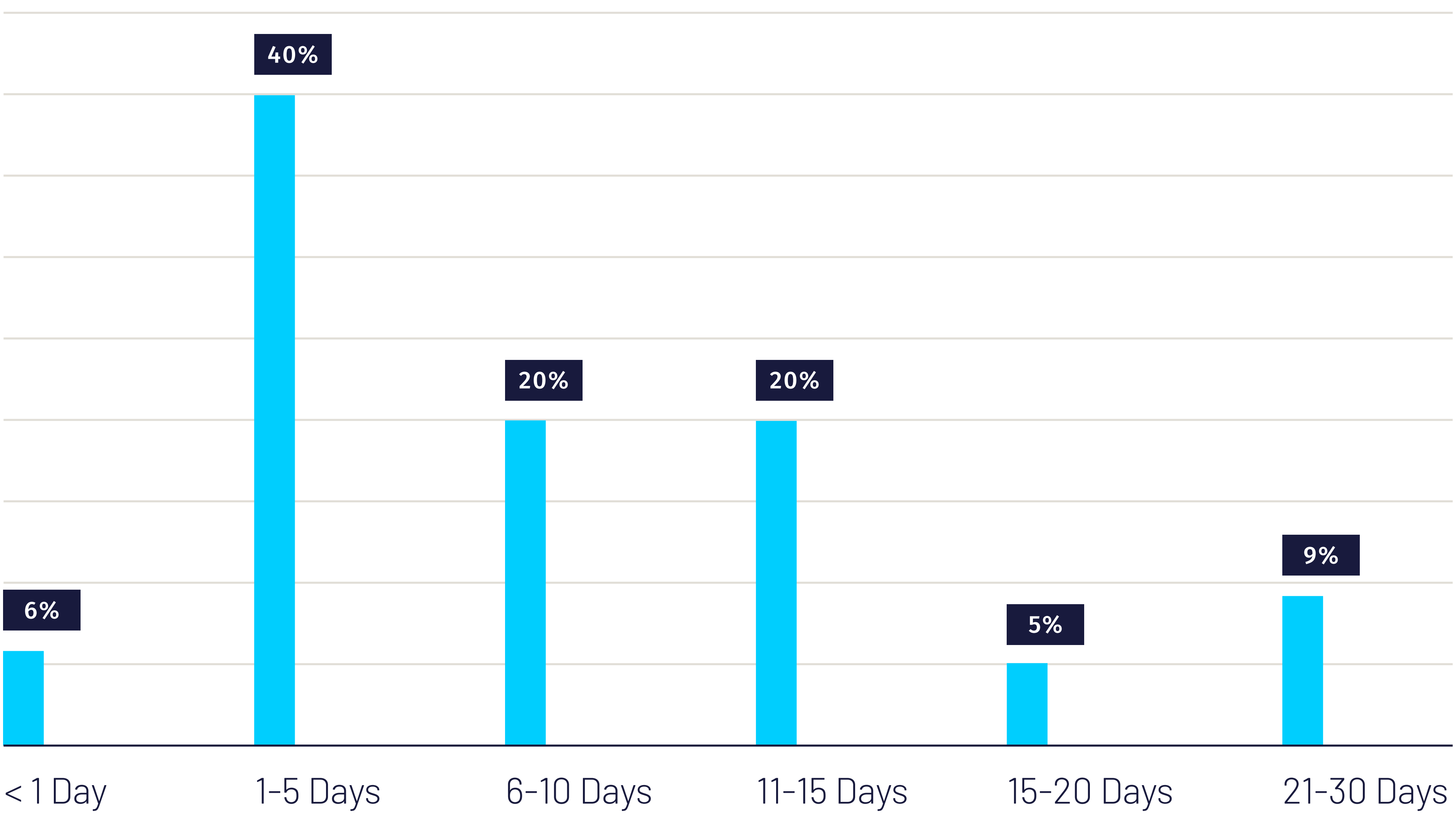


How Long Does It Take to Calculate Metrics?

As finance teams face more pressure to keep pace with rapid business change, stakeholders expect faster access to key performance metrics.

Metric Calculation Availability

(Days to complete)



Our survey found that 46% of businesses are able to report on performance metrics less than a week after a period closes. The ideal scenario would be for everyone to have visibility in less than a day like 6% of respondents. But getting to the point where you have visibility into performance metrics in less than a week is a good goal.

The companies that take two weeks or more to calculate performance metrics face a significant disadvantage. If teams don't get visibility into what happened last month until 10, 15, or 20+ days into the next month, course correcting becomes an uphill battle. And it only gets harder the longer it takes to calculate your metrics. This is why it's so important to capitalize on any opportunity to automate processes and make metrics available as quickly as possible.

5. Six Opportunities to Improve Reporting Efficiency

Finance teams can't be complacent with the status quo of performance reporting. The traditional processes and tools that result in statistics highlighted throughout this report prevent finance from becoming true strategic partners in their businesses.

But where do you go with the insights from these industry benchmarks? The research results show six opportunities to improve performance reporting and set finance up to be more proactive with strategic guidance.

ONE

Segment Data for Deeper Insight

Cohort analysis is surprisingly uncommon.

But segmenting your data is critical for understanding the "why" behind your numbers and running root cause analyses. For example, if you segment blended CAC data, you can see the behavior of cohorts on one pricing plan versus another and gain insight into why certain groups underperform or churn. Having the flexibility to see how specific customer cohorts perform can reveal insights that inform the product roadmap, sales strategy, marketing activities, customer success investments, and more.

TWO

Automate the Low-Hanging Fruit

Manual processes remain the primary roadblock for finance teams.

This isn't a new problem, which is why automation has been a priority for finance and accounting teams for years. Heading into 2022, now is the time to commit to new tools and process automation to improve low-hanging fruit like data collection and certain aspects of the month-end close.

THREE

Create More Collaborative Reporting and Planning Processes

There's a gap between how important respondents say alignment between finance and business partners is and how well aligned teams actually are.

This is one of the best reasons to become less reliant on spreadsheets. Throwing spreadsheets at non-finance business partners hurts the relationship between your department and theirs. Improve collaboration and alignment by getting out from behind the spreadsheets more often.

FOUR

Track More Advanced Efficiency Metrics

Efficiency ratios are some of the least common according to the report.

This may be because they're more complicated to calculate due to source data existing in disconnected systems. There's an opportunity to focus more on efficiency metrics like CAC ratio and sales efficiency to better understand performance across departments.

FIVE

Make Metrics More Transparent to the Org

Transparency in financial metrics can help increase employee engagement.

But just 26% of respondents share performance metrics with the entire company, instead just focusing on executives and the board. Being more transparent with the numbers can lead to more collaborative planning processes that improve the overall health of an organization.

SIX

Improve Data Integrity for a Strong Foundation

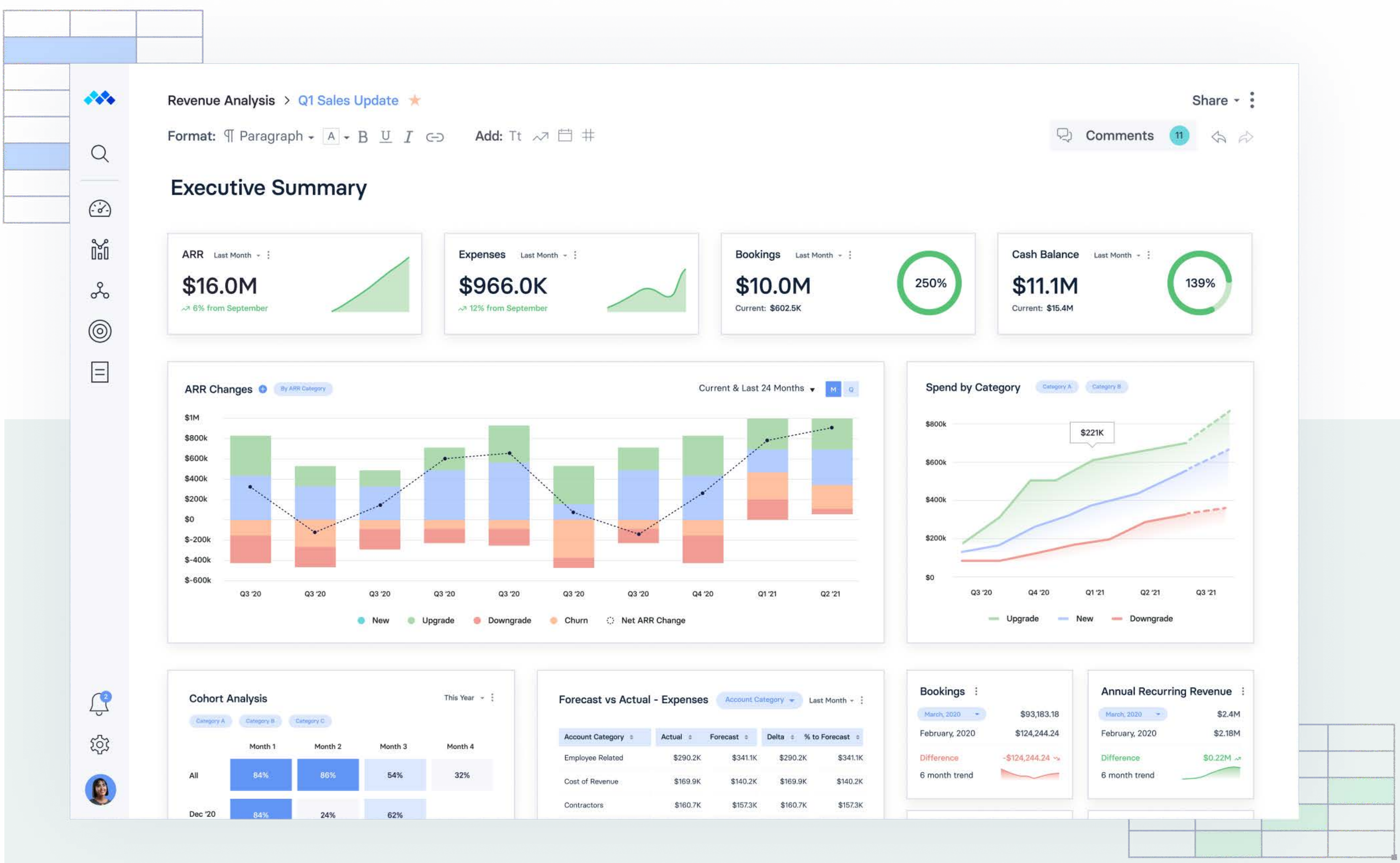
Quality of source data is a problem for 63% of survey respondents.

Finance is in the perfect position to spearhead the creation of an intentional data architecture that fixes this issue. Data integrity issues can compound and silently crush any business, which is why this opportunity should be a priority.

6. Get Ahead of the Strategic Finance Wave

We're seeing massive transformation across the finance space. And even though our survey results highlight plenty of challenges and areas that need improvement, it seems clear that finance as a whole is trending in the right direction.

Efficient reporting is one aspect of a modern strategic finance function. It's the foundation for real-time analytics and agile planning, which are essential to finance's success as a true strategic partner.



[Get in touch]

Mosaic is the first Strategic Finance Platform that creates a connective tissue between disparate source systems, automates even the most complex performance metrics, and provides flexible tools for financial forecasting.

Want to learn how Mosaic can help you embrace strategic finance?
Visit **www.mosaic.tech** for more information, or send a note to **info@mosaic.tech**.

About Mosaic

Mosaic was founded in 2019 by three finance leaders who knew the office of the CFO needed an overhaul. Tasked with supporting business decisions for several companies in hyper-growth, they were frustrated by the slow speed, high complexity and inefficiencies existing tools in the market offered. With this challenge in mind, they set out to build a platform that would address the technical challenges modern day finance and business teams face.

Today Mosaic is deployed by some of the fastest growing companies, helping them align, collaborate and plan for the future.

About RevOps Squared

RevOps Squared enables companies, especially SaaS and subscription-based companies, to exponentially increase customer acquisition, customer expansion, and customer retention efficacy. This is accomplished through an enhanced alignment of marketing, sales and customer success processes, success metrics and shared performance goals resulting in a more holistic, systemic approach. The Company measures performance metrics both against internal historical performance, and also evaluated in context against peer group benchmarks and Key Performance Indicators (KPIs).

About Ben Murray, The SaaS CFO

Ben Murray is a finance executive and MBA/CPA with over 20 years of progressive experience in finance and operational management within companies of all sizes, from small technology firms to global multi-billion dollar organizations. He's an expert at linking key metrics between finance and operations to drive corporate transparency and real-time, fact-based decision making. And he now uses his strong background in developing financial infrastructures necessary to support organizations and management teams to consult with companies as The SaaS CFO.