

# 10 KPIS EVERY SEED-STAGE STARTUP SHOULD TRACK

To build your dream it takes guts



Adyan BUDIMLIC  
Young founder

REAL EIGHT

@realeight8  
www.realeight8.com

# 1. WHAT IS **MRR** ?

## WHAT IT MEANS ?

MRR : Monthly Recurring Revenue = how much money you get every month from people who pay you again and again.

## FORMULA

$MRR = \text{Users} * \text{Average Revenue Per User}$

## EXAMPLE

New paying users this month = 120

Average Revenue Per User = 40€

$MRR = 120 * 40 = 4\ 800$

## WHAT IT MEANS ?

MGR : Monthly Growth Rate = How much bigger you grew this month compared to last month.

## FORMULA

$MGR = (\text{MRR this month} - \text{MRR last month}) / \text{MRR last month}$

## EXAMPLE

MRR this month = 4800€

MRR last month = 3500€

$MRR = (4800 - 3500) / 3500 = 0,371$

# 2. WHAT IS **MGR** ?

## 3. WHAT IS CAC ?

### WHAT IT MEANS ?

CAC : Customer Acquisition Cost = How much money you spend to get one new customer.

### FORMULA

$CAC = \text{Spend} / \text{New customers}$

### EXAMPLE

Spent ( marketing, sales, team) = 5000€

New customers over the period of the spent = 50

$CAC = 5000/50 = 100 \text{ €}$

### WHAT IT MEANS ?

LTV : Life time value = How much money one customer gives you over their whole time using your product.

### FORMULA

$LTV = \text{Average Revenue Per User} * \text{Margin} / \text{Churn}$

### EXAMPLE

Average Revenue Per User = 40€

Gross margin ( margin out of the 40 € with tax)= 75% =0,75

Churn ( number of customers leaving)= 5% =0,05

$LTV = 40 * 0,75 / 0,05 = 600$

## 4. WHAT IS LTV ?

## 5. WHAT IS LTV/CAC RATIO ?

### WHAT IT MEANS ?

LTV/CAC Ratio = If this number is big, it means you earn much more from a customer than what it costs to get them.

### FORMULA

$LTV/CAC \text{ ratio} = LTV / CAC$

### EXAMPLE

CAC = 100€

LTV = 600

$LTV/CAC = 600/100 = 6$

### WHAT IT MEANS ?

Burn rate = How much money your company loses each month.

### FORMULA

$Burn \text{ rate} = Expenses - Revenue$

### EXAMPLE

Expenses each month ( marketing , team, sales, product ...= 22000€

Revenue in the month = 12000€

$Burn \text{ rate} = 22000 - 12000 = 10\ 000$

## 6. WHAT IS THE BURN RATE ?

## 7. WHAT IS THE RUNWAY

### WHAT IT MEANS ?

Runway = How many months you can stay alive before running out of money.

### FORMULA

Runway = Cash left in the company / Burn rate

### EXAMPLE

Burn rate = 10000

Cash left = 180000

Runway =  $180000 / 10000 = 18$

### WHAT IT MEANS ?

Activation rate = How many people really start using your product after signing up.

### FORMULA

Activation = Activated / Signups

### EXAMPLE

Signups each month = 900

Activated each month out of the Signups = 300

Activation =  $300/900 = 0,333$

## 8. WHAT IS THE ACTIVATION RATE ?

## 9. WHAT IS THE RETENTION RATE ?

### WHAT IT MEANS ?

Retention rate ( churn) = How many people keep using your product instead of leaving.

### FORMULA

Retention = Active / Last month users

### EXAMPLE

Active users compared to last month = 820

Last month active users = 1000

Retention =  $820/1000 = 0,82$

### WHAT IT MEANS ?

NPS = Net promoter score = how much people like your product and whether they would recommend it to others on a scale of 1 - 10. People who answer 9 or 10 are Promoters, People who answer 0 to 6 are Detractors, People who answer 7 or 8 are Neutral and don't count

### FORMULA

NPS = Promoters - Detractors

### EXAMPLE

Promoters = 60%

Detractors = 20%

NPS =  $0,6 - 0,2 = 0,4 = 40\%$

## 10. WHAT IS THE NPS ?

**REAL EIGHT8**

**SUPPORT INNOVATION  
CONNECTIONS, AND  
BUILDING DREAMS**

**CONTACT INFORMATION**

[adyan@realeight8.com](mailto:adyan@realeight8.com)

[www.realeight8.com](http://www.realeight8.com)