



# 2025 SAAS METRICS BENCHMARK GUIDE

A handy reference guide to identify your key metrics for GTM Planning, complete with the definitions of each metric, the formulas to use, and industry sourced benchmarks to guide your decision-making.



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# Welcome to GTM Planning!

One of the most frustrating moments when drafting your Annual Plan comes when you need quick access to definitions, formulas and benchmarks. Yes, you can go to your favorite AI, but sometimes you want something handy you'll come back to again and again. That's why we created this guide for you! Enjoy!



## How To Use This Guide

### Four Actions:

- Identify the metrics most critical for your company
- Compare your metrics to benchmarks
- Identify where you're strong vs. where you need improvement
- Use gaps to prioritize your GTM investments

### Don't optimize for benchmarks blindly. Consider:

- Strategic decisions may justify lower metrics temporarily
- Market position may require different trade-offs

## Important Notes

### To define your North Star metrics, factor in your:

- Business model (transactional vs. enterprise)
- Market maturity (new category vs. established)
- Competition (winner-take-all vs. fragmented)
- Growth stage and funding strategy

**Update regularly.** These benchmarks shift as the market evolves. Review annually against current data.

# Metrics to Navigate the Twilight Zone between Revenue & Profitability

## Growth

*Where is the growth coming from?*

- ARR (\$)
- ARR Growth Rate (%)
- New Logo Acquisition (#)

## Retention

*Is the revenue sustainable?*

- Net Revenue Retention (%)
- Gross Revenue Retention (%)
- Logo Retention (%)

## Efficiency

*Is your revenue engine efficient?*

- CAC/CAC Ratio (\$)
- CAC Payback Period (# months)
- Magic Number (#)

## Profitability

*Are you creating enterprise value?*

- LTV/CAC Ratio (#)
- Gross Margin (%)
- Rule of 40 (#)

# Growth & Retention Metrics

Metric	Definition	Formula	Benchmarks
<b>Growth: Where is the growth coming from?</b>			
<b>Annual Recurring Revenue (\$)</b>	<p>ARR is the sum of your total revenue for the year. Today's revenue reality includes multiple sources of revenue: subscription, consumption/usage revenue, outcome-based and hybrid models. The CFO will determine the definition of ARR for your company.</p> <p>It's important to know not just the total revenue number, but also the composition: how much revenue comes from each source and segment. It is also important to know much is from new customers versus expansion revenue, and price increases.</p>	<i>ARR = Sum of all recurring revenue streams (subscription + usage + outcome-based) over a 12-month period</i>	<p>Early stage &lt;\$5M            Growth Stage \$5-25M            Expansion \$25-100M            Mature \$100M+</p>
<b>ARR Growth Rate (%)</b>	The percentage increase in a company's ARR over the prior year ARR. Typically, year-over-year percentage, broken down by type and segment. A 30% blended growth might hide 60% enterprise growth masking -10% SMB performance. Continued growth suggests strong product market fit.	<i>Growth Rate (%) = [(Current Period ARR - Prior Period ARR) / Prior Period ARR] × 100</i>	<p>Early stage 100%+            Growth Stage 50-80%            Expansion Stage 20-40%</p>
<b>New Logo Acquisition (#)</b>	The number of new customer logos acquired and at what velocity. This reveals whether you can acquire new customers ---distinct from just growing ARR through expansion. Strong new logo acquisition indicates healthy market penetration and sales effectiveness.	<i>New Customer Logos = Count of net new customers added in the period</i>	Are you increasing the rate at which you add new logos?
<b>Retention: Is the revenue sustainable?</b>			
<b>Net Revenue Retention (NRR) (%)</b>	Measures how well a company retains and expands revenue from its current customer base. NRR provides insight into a company's ability to deliver ongoing value and sustain growth.	<i>NRR % = [(Starting ARR + Expansion ARR - Churned ARR - Contraction ARR) / Starting ARR] × 100</i>	<p>Poor &lt;100%            Good 110-120%            Great 120%+</p>
<b>Gross Revenue Retention (GRR) (%)</b>	Indicates the level of churn in your customer base. 90% GRR means 10% of revenue walked away. If this number is trending down, your product-market fit is eroding.	<i>GRR (%) = [(Starting ARR - Churned ARR - Contraction ARR) / Starting ARR] × 100</i>	<p>Good 85-90%            Great 90-95%            Excellent 95%+</p>
<b>Logo Retention (%)</b>	Measures the number of customers that are still with you after one year. You could have 90% GRR (good revenue retention) but only 70% logo retention (losing customers). This is a great metric to check: "are we focused on the right ICP?" It's important to track logo retention by segment and cohort to understand product-market fit trends over time.	<i>Logo Retention (%) = [(# Customers at the beginning of the period - churned customers) / # Customers at the beginning of the period] X 100</i>	Is the churn rate for logos decreasing YoY?

# Efficiency & Profitability Metrics

Metric	Definition	Formula	Benchmarks
<b>Efficiency: How efficient is the revenue engine?</b>			
<b>CAC/CAC Ratio (\$)</b>	CAC represents the total of all direct sales and marketing costs incurred to acquire one new customer. The CAC Ratio represents the total of all direct sales and marketing costs incurred to acquire one \$ of new ARR. Both metrics provide valuable insight. CAC calculations should be aligned with your sales cycle. Also consider CAC by new and expansion revenue and segment.	$CAC = (Total\ Sales\ \&\ Marketing\ Expenses) / (Number\ of\ New\ Customers\ Acquired)$ $CAC\ Ratio = (Total\ Sales\ \&\ Marketing\ Expenses) / (\$ of\ New\ Revenue\ Acquired)$	2024 Median CAC Ratio Blended CAC: \$1.40 New Customer CAC: \$2.00 Expansion CAC: \$1.00
<b>CAC Payback Period (# months)</b>	The number of months it takes to recover the cost of acquiring one new customer and start earning a profit. A 6-month payback is very different from 24 months, even if both customers have the same ACV.	$CAC\ Payback\ Period = CAC / (Monthly\ Recurring\ Revenue\ per\ Customer \times Gross\ Margin\ %)$	SMB: 6-12 months MM: 12-18 months ENT: 12-24 months
<b>Magic Number (#)</b>	Measures how many dollars of ARR you generate for every dollar spent on sales and marketing. A magic number of 1.0 implies that you paid back your customer acquisition costs in one quarter. Below 0.75 is an indicator of inefficient spending. Greater than 1.5 is exceptional, but may suggest underinvesting - you might be leaving growth on the table.	$Magic\ Number = (Current\ Quarter\ Net\ New\ ARR) / (Prior\ Quarter\ Sales\ \&\ Marketing\ Spend)$	Poor <0.75 Good 0.75 - 1.0 Excellent 1.0 – 1.5 Exceptional >1.5
<b>Profitability: Are we creating enterprise value?</b>			
<b>LTV/CAC Ratio (%)</b>	Tells you how much profit you're generating relative to what you're spending to acquire a customer. Answers the question "Are we actually making money on these customers?" A 3:1 ratio ensures you are making enough to cover acquisition and operating costs and generate a profit.	$LTV/CAC = (Customer\ Lifetime\ Value) / (Customer\ Acquisition\ Cost)$ Where $LTV = (Average\ Annual\ Revenue\ per\ Customer \times Average\ Customer\ Lifespan \times Gross\ Margin\ %)$	≥3:1
<b>Gross Margin (%)</b>	The percentage of revenue remaining after deducting the cost of goods sold (COGS). Consider the GM by segment, product, acquisition channel to identify where to focus efforts to generate the most profit.	$Gross\ Margin = [(Revenue - Cost\ of\ Goods\ Sold) / Revenue] \times 100$	Subscription: 80-85% Prof Services: 30-50%
<b>Rule of 40 (#)</b>	Measures the balance between a company's growth and profitability, helping investors assess overall financial health and efficiency. The right balance between growth and profitability varies by stage and market conditions. The "Rule of X" is an informal extension, referring to investors seeking higher combined scores — 50, 60, or even 70+ — usually justified by exceptionally high growth rates or strong market opportunity.	$Rule\ of\ 40 = Revenue\ Growth\ Rate\ (\%) + EBITDA\ Margin\ (\%)$	Minimum Target: 40 Good 40-60 Great 60+

# Sources & Methodology

Thank you to these wonderful organizations who continue to do groundbreaking work to ensure the GTM world has the best insights and data from which to plan and learn.

- [BenchmarkiT 2025 B2B SaaS Performance Metrics Survey](#)
- [Bessemer Venture Partners BVP Nasdaq Emerging Cloud Index](#)
- [SaaS Capital Annual Survey](#)
- [OpenView Partners Benchmarks](#)
- [The SaaS CFO SaaS Metrics](#)
- [KeyBank SaaS Survey](#)
- [Iconiq Growth Research](#)
- [GrowthTera proprietary client data](#)

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# Are You Lost in the Twilight Zone Between Revenue and EBITDA?

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GrowthTera helps GTM leadership teams navigate their way to profitable, efficient growth.

- **GTM Assessments** – Uncover what's working (and what's not) in your current revenue engine.
- **GTM Strategy** – Develop your GTM strategy and revenue models to drive efficient, profitable growth.
- **GTM Alignment** – Get everybody on the same page with your process and reporting/dashboards.
- **Fractional Leadership** - Provide experienced leadership to guide your GTM teams



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