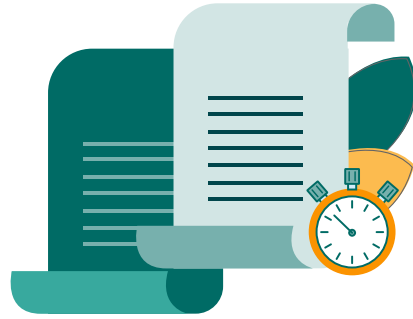




7 Important KPIs You Should Track

Not every firm uses the same KPIs, there exist numerous ones and which ones are appropriate to use depends on your type of industry, company and even department/activities. Some of the KPIs that are important for technology companies are:



Burn Rate and Runway:

The burn rate is defined as net cash outflow usually expressed on a monthly basis, or total cash inflow – total cash outflow. It helps you establish at what point in time your firm will be out of money based on your current cash flows. By measuring the burn rate and runway you know exactly how much money is burned every month and when you will need additional funding.



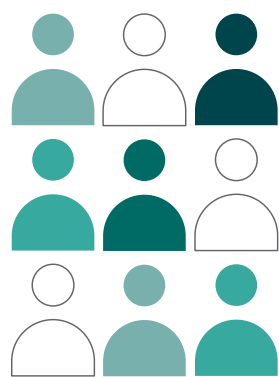
Monthly or Weekly Active Users (MAU/WAU):

Users who engage with the app or software in a month. Understanding MAU is helpful in determining the revenue potential of a company or how well it is currently monetizing.



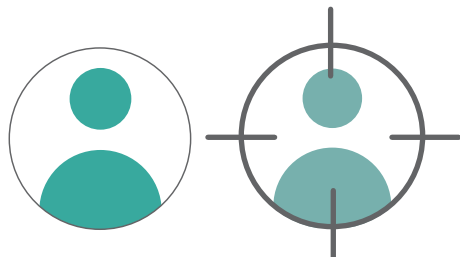
Customer Acquisition Costs (CAC):

Show the average sales, marketing and other expenses required to acquire a new customer. The CAC informs you about the effectiveness of your sales & marketing strategy and helps you with optimizing the return on investment (ROI) of these tactics.



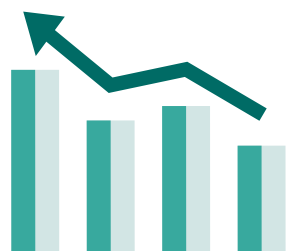
Customer Retention and Churn Rates:

Indicates the percentage of paying customers who remain during a given period of time. The converse of retention rate is churn (or attrition) rate, the percentage of customers that you lose over a given period of time.



Customer Lifetime Value (LTV):

It's a prognosis of the total revenues that one client will generate on average during the full period that he/she is buying or using your services or products.



Revenue Growth:

Expressed per semi-annual or annual periods, e.g. by adopting the Compound Annual Growth Rate (CAGR) - the weekly or monthly is not always insightful as it can fluctuate significantly during such short periods of time, especially if you have just established your startup.



Operational Costs as a Percentage of Revenues:

You can divide your indirect/overhead operational costs into the following categories: Sales & Marketing, Research & Development and General & Administrative and calculate each category as a percentage of your revenues. This exercise will also help you in testing the assumptions behind your financial plan and compare your forecasts across the years to ensure you are spending enough to achieve the targeted revenue growth.