Totango surveyed over 500 SaaS professionals about the key performance indicators used to run their businesses.

Similar surveys have been conducted annually since 2011, giving Totango unique insights into SaaS trends.
SURVEY PARTICIPANT PROFILE
CUSTOMER SUCCESS TEAM

- 1-5 PERSON TEAM: 24%
- 6-20 PERSON TEAM: 49%
- >21 PERSON TEAM: 13%
- NO TEAM: 14%
Total does not add up to 502 (18 respondents did not complete this question)
ANNUAL REVENUE GROWTH

**All Respondents** (502)

- 0-10%: 91 companies
- 10-25%: 105 companies
- 25-50%: 108 companies
- 50-75%: 58 companies
- 75-100%: 37 companies
- >100%: 103 companies

**Excluding companies <$1M in revenue** (391)

- 0-10%: 66 companies
- 10-25%: 87 companies
- 25-50%: 94 companies
- 50-75%: 42 companies
- 75-100%: 31 companies
- >100%: 71 companies
EXECUTIVE SUMMARY
Increased retention and upsell leads to faster growth

Companies that are doing a good job of controlling churn and driving new revenue from existing customers are on the whole growing substantially faster than their peers.

Companies still place priority on new customer acquisition

Despite a shift in the metrics companies are tracking, priority and funding for customer renewals and upsell has not increased. This suggests that despite best intentions to focus on monetizing existing customers, day-to-day business realities make it difficult for companies to shift priority and funding.

SaaS metrics shifting focus toward existing customers

This year more companies than ever are looking at metrics on existing customers such as customer lifetime value, revenue per user, product adoption, and customer health.
SURVEY RESULTS & ANALYSIS
STATE OF SAAS METRICS: After a marked increase in executive satisfaction with SaaS metrics last year, there was a slight drop-off this year. 50% of respondents are still not satisfied with the state of business metrics in their companies, indicating that much work still needs to be done in this area.
EXECUTIVE FOCUS ON NEW CUSTOMERS VS. EXISTING CUSTOMERS:
SaaS companies continue to place a heavier focus on acquiring new customers compared to managing revenue from existing customers. Despite the broader awareness of this topic, priority and funding for renewals and upsells has effectively remained steady over last year.
The stronger focus on customer acquisition continues to be reflected in the metrics SaaS companies track. There is still higher prevalence of customer acquisition metrics vs. existing customer metrics, but the gap is smaller compared to past years.
The stronger focus on customer acquisition continues to be reflected in the metrics SaaS companies track. There is still higher prevalence of customer acquisition metrics vs. existing customer metrics, but the gap is smaller compared to past years.
CUSTOMER ACQUISITION AND RETENTION COSTS: Significantly more companies measure and track their customer acquisition cost (298) compared to their customer retention cost (185). However, 49% of those currently not tracking customer retention cost plan to do more work in this area indicating a need to measure and optimize retention.
WHAT PERCENTAGE OF NEW BUSINESS COMES FROM FREE TRIALS AND FREEMIUM?

FREE TRIALS AND FREEMIUM: Over the last 4 years, there has been a drop in the percentage of companies depending on free trials or freemium offerings to acquire new business. Of the companies that have these programs, more than half derive >25% of their new business through trial and freemium conversions.
CHURN: The majority of SaaS companies still measure churn by the number of customers lost. The percentage of companies measuring churn by revenue lost has increased over last year. However, only a few companies look at churn at a more granular level by number of licenses reduced or product downgrades.
Churn levels are marginally higher than last year. 25% of the companies have high churn (>10%) and 31% have medium churn (5-10%). Only about one-third of companies have low churn (<5%). This indicates that there remains significant potential for SaaS companies to grow revenue by impacting customer retention.
When grouping respondents based on growth, there is a clear indication that the fastest growing companies (>75% YoY revenue growth) have the lowest churn. This underscores the impact that churn has on the overall growth rates of SaaS companies and the importance of retaining existing customers to build a healthy SaaS business.
UPSELL AND ADD-ON SALES: Selling to existing customers is a big growth opportunity for SaaS companies. Only 17% of companies derive a significant amount of new sales from existing customers. For the vast majority (52%), upsell and add-on sales is not a big source of revenue yet.
When grouping respondents based on growth, there is a clear indication that the fastest growing companies (>75% YoY revenue growth) do a better job on upsell and add-on sales to existing customers as a source of revenue growth.
Customer success and user engagement for cloud apps

- Drive conversion rates
- Reduce churn
- Boost upsell and add-on sales
- Increase customer lifetime value

LEARN MORE?
www.totango.com
1-800-634-1990