

CFO Checklist for Pre/Post Funded Start-ups

If you can't measure it, you can't improve
it.

You Just Raised Your Series A or B, or Are Planning To Raise One

- I. Good visibility into your Bookings target?
- II. Time to put your foot on the accelerator?
- III. Target markets have been selected based on optimal ROI?
- IV. Financial Plan built with growth in mind but also with an eye on EBITDA?
- V. Accurate, relevant, efficient, and timely Management Reporting?

Good Visibility Into Your Bookings Target?



Top Down Plan has good legs to stand on?

- Bookings target is based on realistic expansion from 6-month trailing bookings?
- Bookings growth rate can be defended against industry standards? SaaS median 37%.
- ASP (SaaS ARPA), new customer count, expansion bookings, and Churn rates are defensible?

Rep & Quota Assumptions Realistic?

- I. Rep quotas achievable?
 - ✓ In-line with quota achievements in the past 2 quarters.
 - ✓ Quotas based on lead gen volume, conversion rates, & industry standards. SaaS >5X OTE.
- II. Rep ramp up time realistic? < 3 Mo's depending on sales cycle and pipeline activity.
- III. Over Quota. Sufficient cushion to manage to Reps individual performance. 20-25%.
- IV. Timing of new Rep hires. Hire next Rep (s) when new Rep(s) has gone through the learning curve. Achieved 50%-75% of Quota.

Time To Put Your Foot On The Accelerator?



Bookings Growth Supported by Good Customer Unit Economics?

- ✓ Ready to put your foot on the accelerator?
 - ✓ Good customer unit economics indicates a long term profitable business.
 - ✓ Customer Lifetime Value vs. CAC ratio >3X? Indicates good ROI on your Sales & Marketing investments.
 - ✓ CAC Payback < 18 Mo's? Indicates time to profitability.

Target markets have been selected based on optimal ROI?

Calculate Customer Lifetime Value vs. CAC ratio for each market. Markets with the highest ratios have the best ROI.

Financial Plan built with growth in mind but with an eye on EBITDA

I. Timing of new Rep hires and Marketing spend increase.

Manage these investments by keeping an eye on the CAC Payback Period. Keep it around 18 Mo's or coming down and holding steady as you increase Sales & Marketing spend? Shows you are getting good ROI on your Sales & Marketing investment as you ramp up. This will lead to improving EBITDA and Cash Flow in the future.

How your Co. compares against other SaaS Co.'s? (% of Sales)				
GM	R&D	S&M	G&A	EBITDA
73%	28%	35%	19%	-14%

Accurate, Relevant, Efficient, and Timely Management Reporting?

- Are you managing your business purely by cash?
- If so you don't have the right tools to put forward your best story for a funding!
- Are you only reporting MRR or Revenue. By articulating its good customer unit economics a Co. can corroborate its Go-To-Market and product strategies, uncover its non-cash performance, and shape the right story for an investor. Of course, the CEO can leverage these internally.

Transformation of an Enterprise SaaS Co. Managed by Cash

	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
ARR	4,917,780	5,084,580	5,475,516	5,767,116	7,067,424	8,439,096	8,407,428	8,587,428	9,307,428
+ New Business	166,800	255,996	180,000	1,254,120	1,170,000	300,000	360,000	720,000	1,080,000
+ Upsells	-	134,940	111,600	46,188	480,000	-	-	-	1,080,000
- Churn	-	-	-	-	(278,328)	(331,668)	(180,000)	-	-
ARR	5,084,580	5,475,516	5,767,116	7,067,424	8,439,096	8,407,428	8,587,428	9,307,428	11,467,428
					66%				36%
					<u>2017</u>				<u>2018</u>
Net New ARR	166,800	390,936	291,600	1,300,308	1,371,672	(31,668)	180,000	720,000	2,160,000
Annual Churn % (\$)	-6%				-5%		-6%		-6%
Annual Churn % (Customer Count)					8%		11%		13%
Customer Lifetime (Years)					12.00		10		7.50
No. of New Customers					6		7		7
Average ARR Per Account-New Business (ARPA)					476,686		414,057		351,429
Lifetime Value of Customer					5,720,232		4,177,973		2,635,714
Customer Acquisition Cost (CAC)					577,964		580,529		583,095
GM%					93%		94%		95%
LTV: CAC (Net of GM)					9		7		4
CAC Payback Period-Mo's (Net of GM)									

Because of the lower new business CAC is looking relatively too high in 2018.

Higher churn and relatively lower new business in 2018 causing the drop. For discussion at the Off-site.

Indicates new business bookings needs improvement. For discussion at the Off-site.

Visit www.financesheets.io to find out how our innovative Financial Planning tools can help you transform your business