



**CHURNZERO**

# 2024 SaaS Retention Benchmarks



# Today's Speakers



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# Today's Agenda

- Survey background
- 2024 SaaS retention benchmarks
- SaaS Valuations, Growth Rates and Profitability
- Q&A



# Survey background and definitions

- 13<sup>th</sup> annual survey, 1500+ B2B SaaS respondents
- Pre-revenue to \$100s million ARR, ACV of hundreds to millions
- Global, majority US & UK
- Focus on Net and Gross Revenue Retention:

(monthly recurring revenue in Dec of 2023 only from customers who were customers in Dec 2022)

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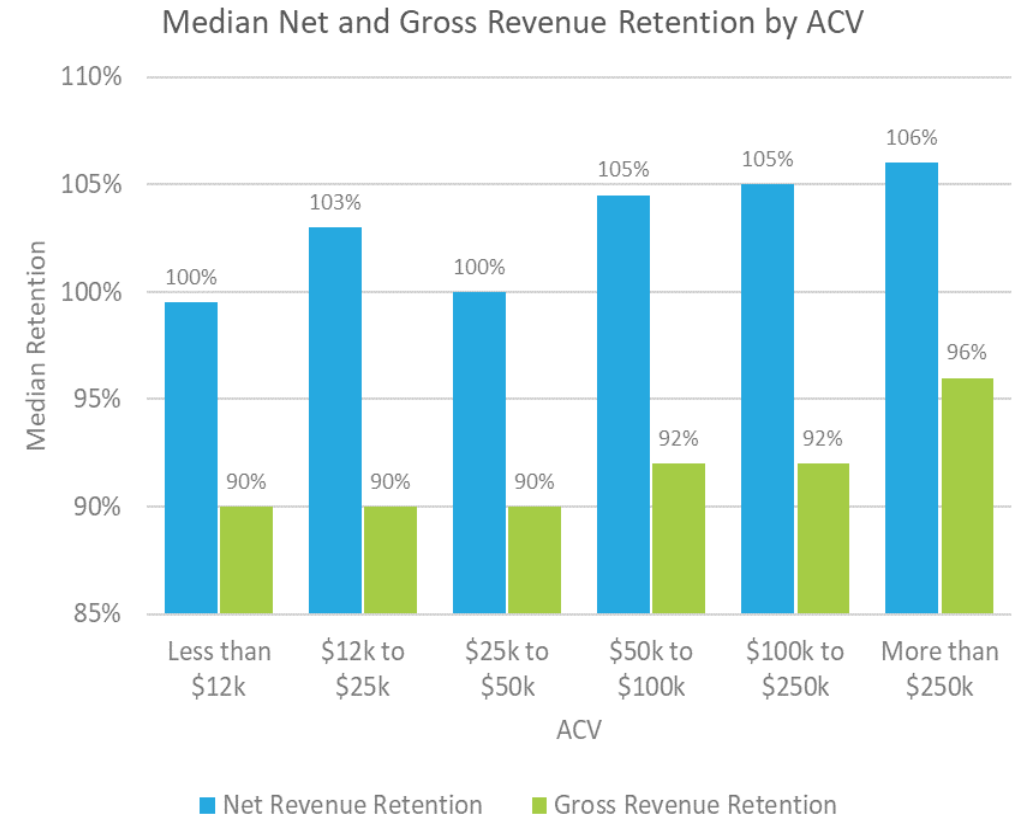
(total MRR in Dec 2022)

2024 retention benchmarks

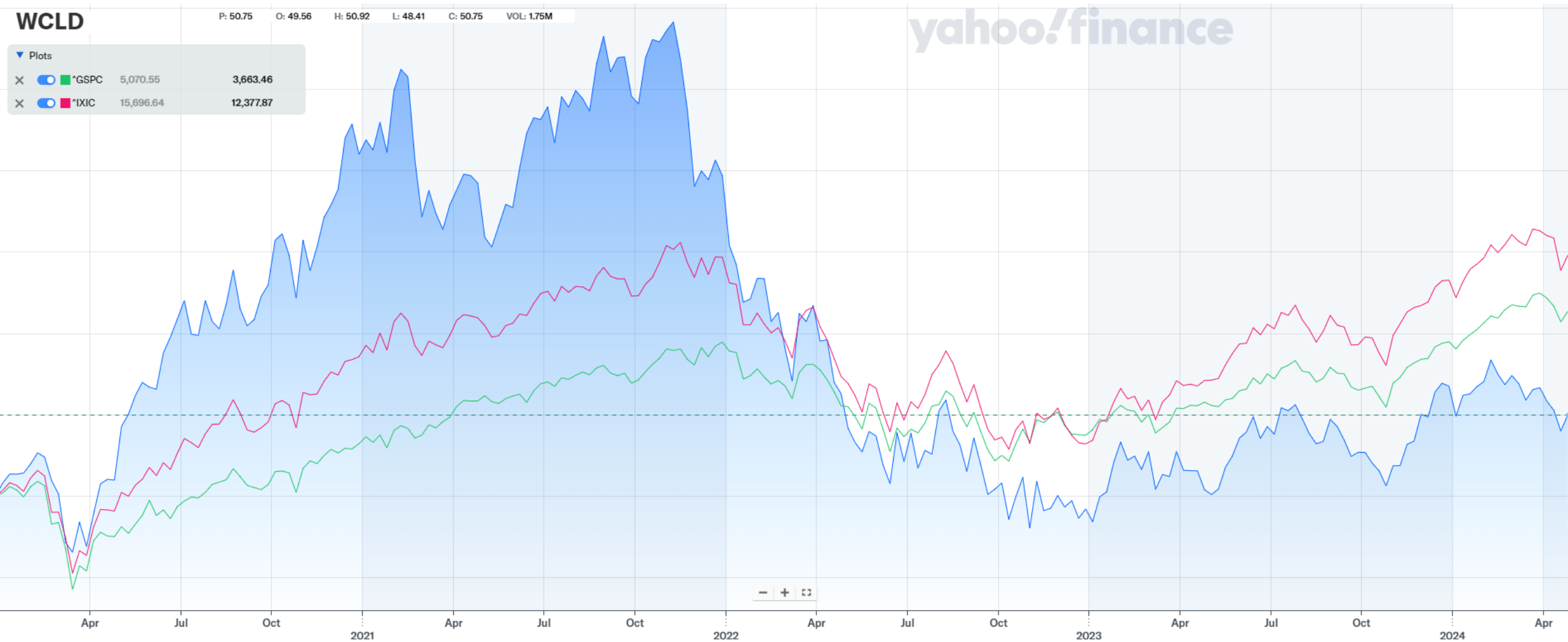


# Median Net and Gross Revenue Retention by ACV

- Segmenting by ACV is best for retention
- Median NRR > 100%
- GRR consistently ~90%
  - Higher for larger ACV, bigger implementations, maybe longer contracts
- NRR historically has not been correlated with ACV – it has over last several years



# The Tale of SaaS since 2020, using WCLD



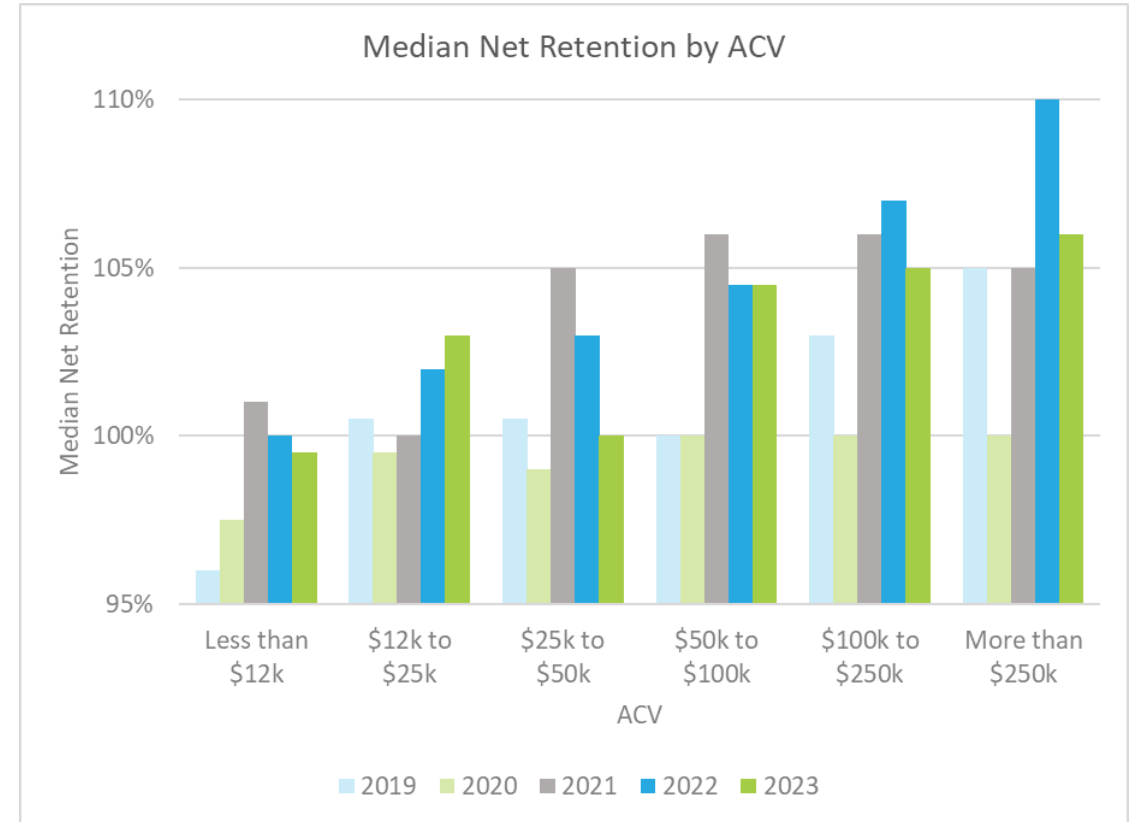
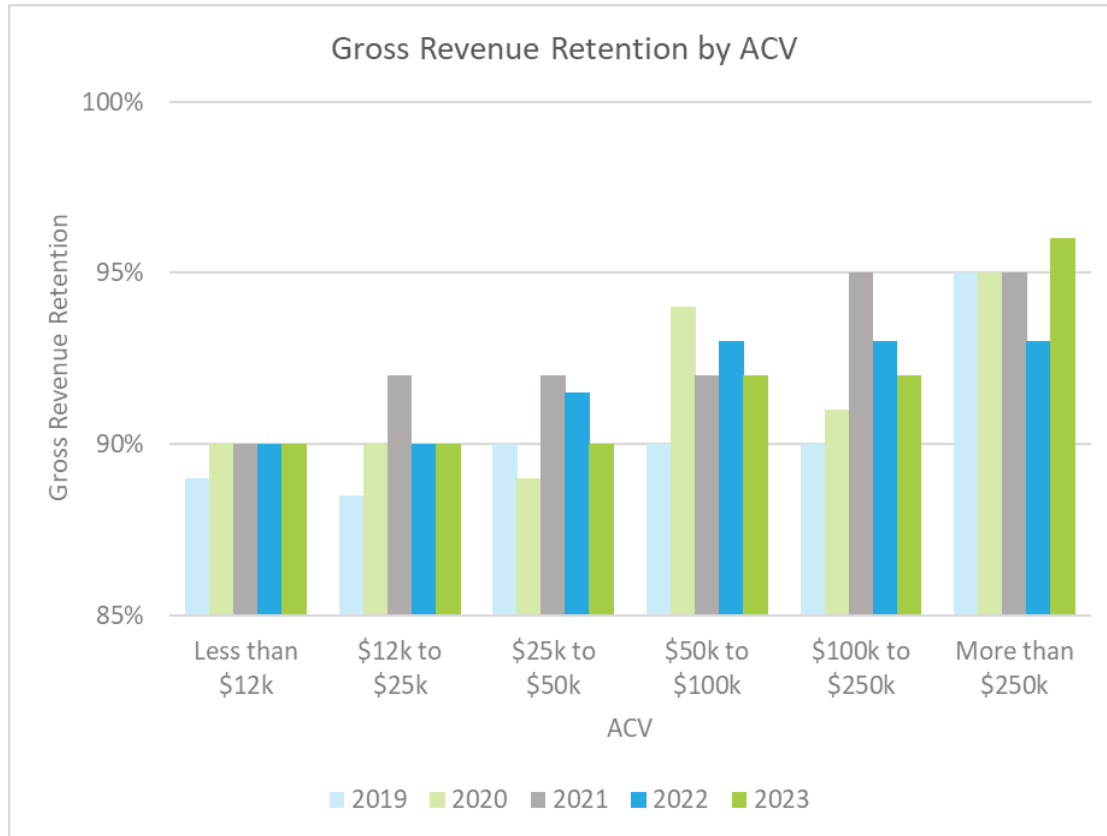
POLL:

What happened to your GRR/NRR in 2023 vs 2022?





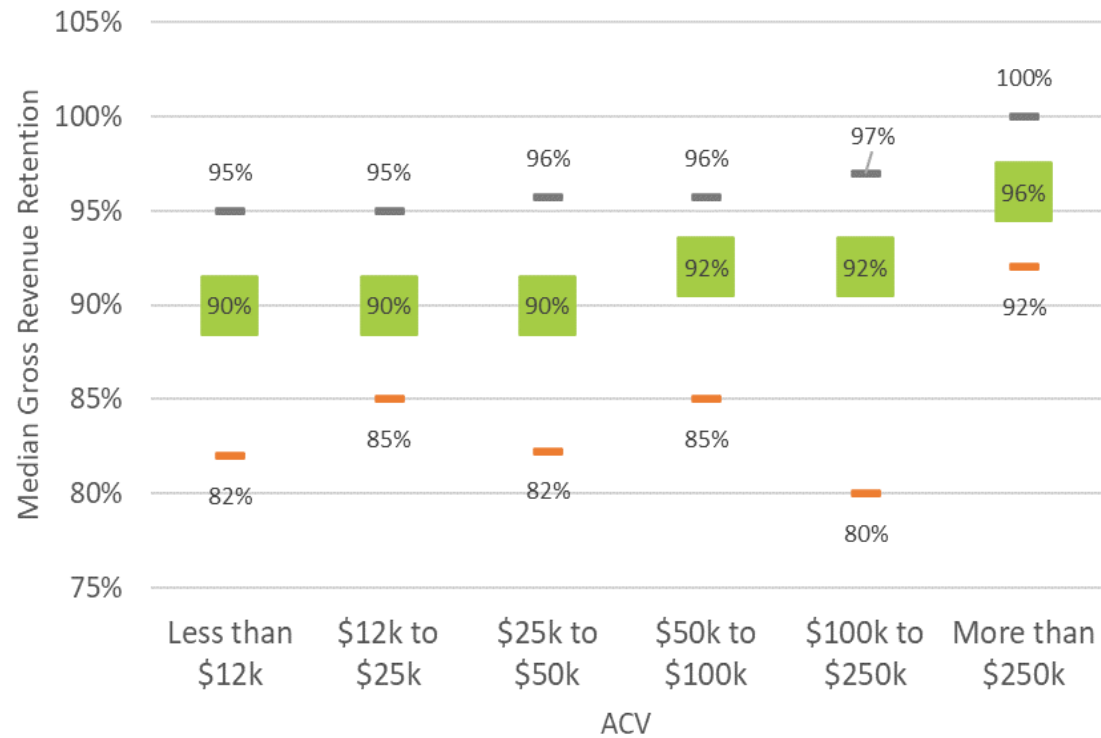
# Median Net and Gross Revenue Retention by ACV





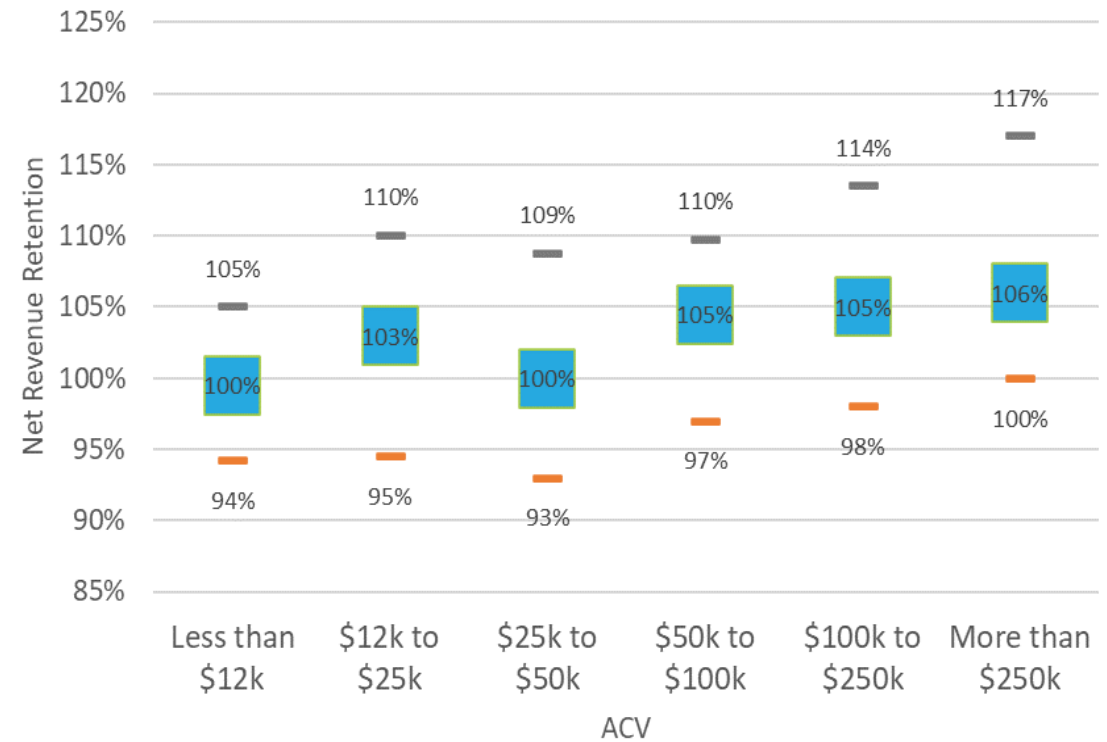
# GRR and NRR Quartiles by ACV

### Median Gross Revenue Retention by ACV



— 25th Percentile    ■ 50th Percentile    — 75th Percentile

### Net Revenue Retention by Quartile by ACV

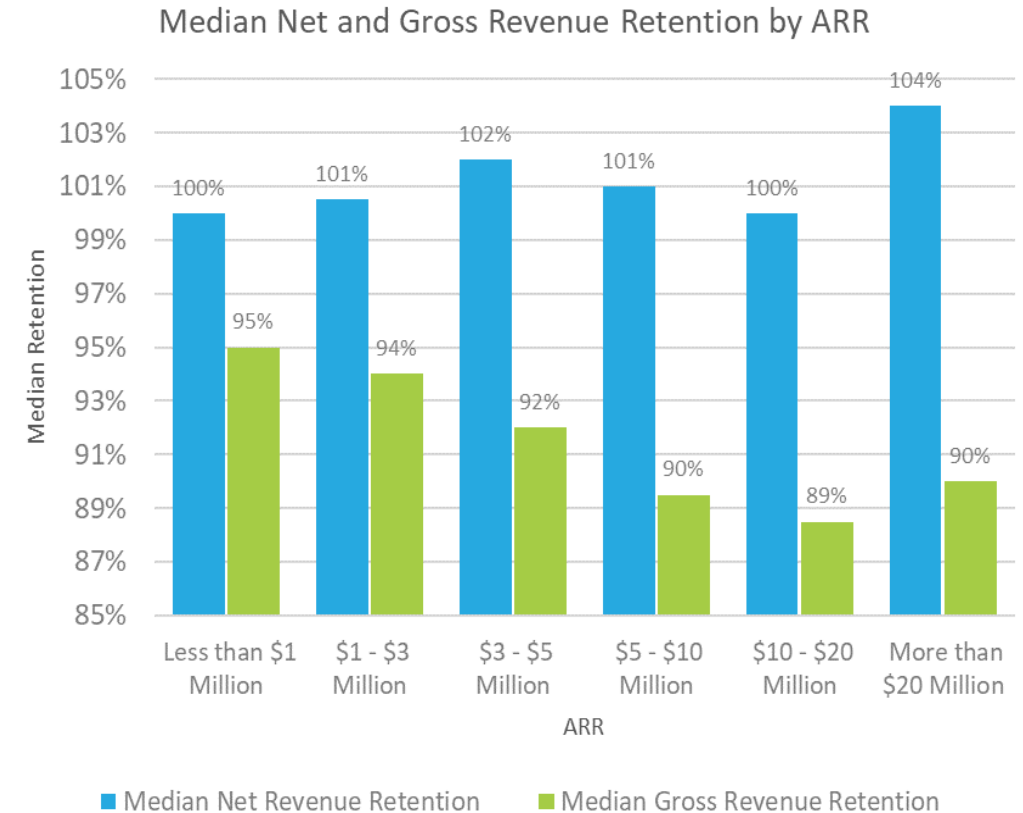


— 25th Percentile    ■ 50th Percentile    — 75th Percentile



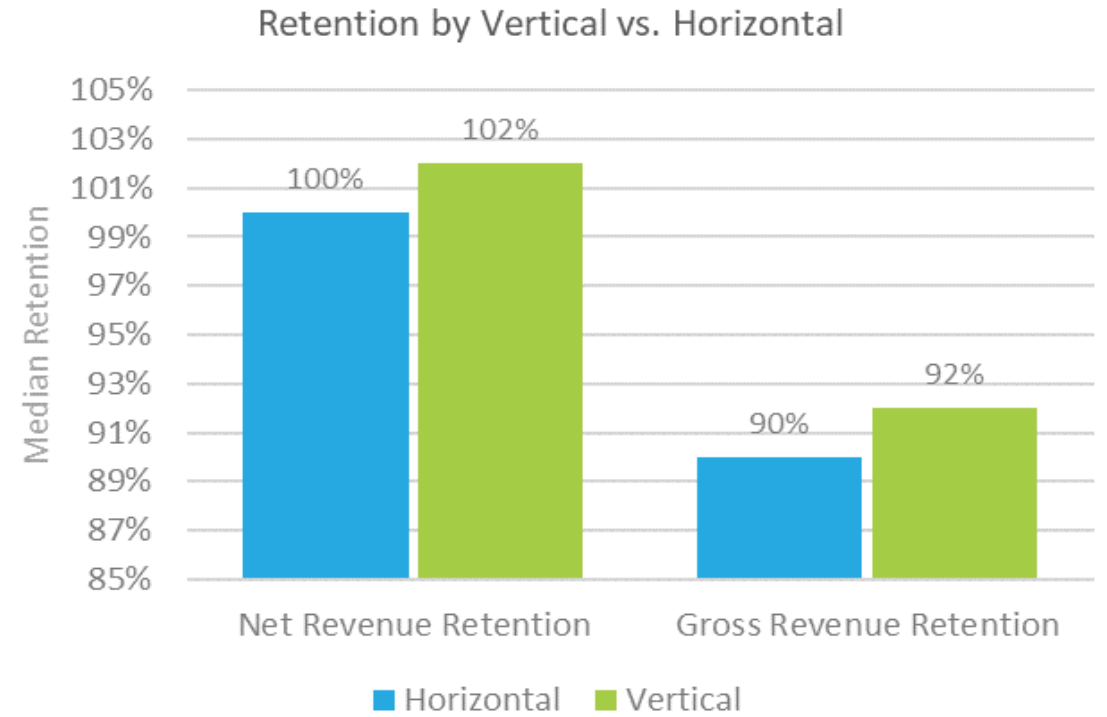
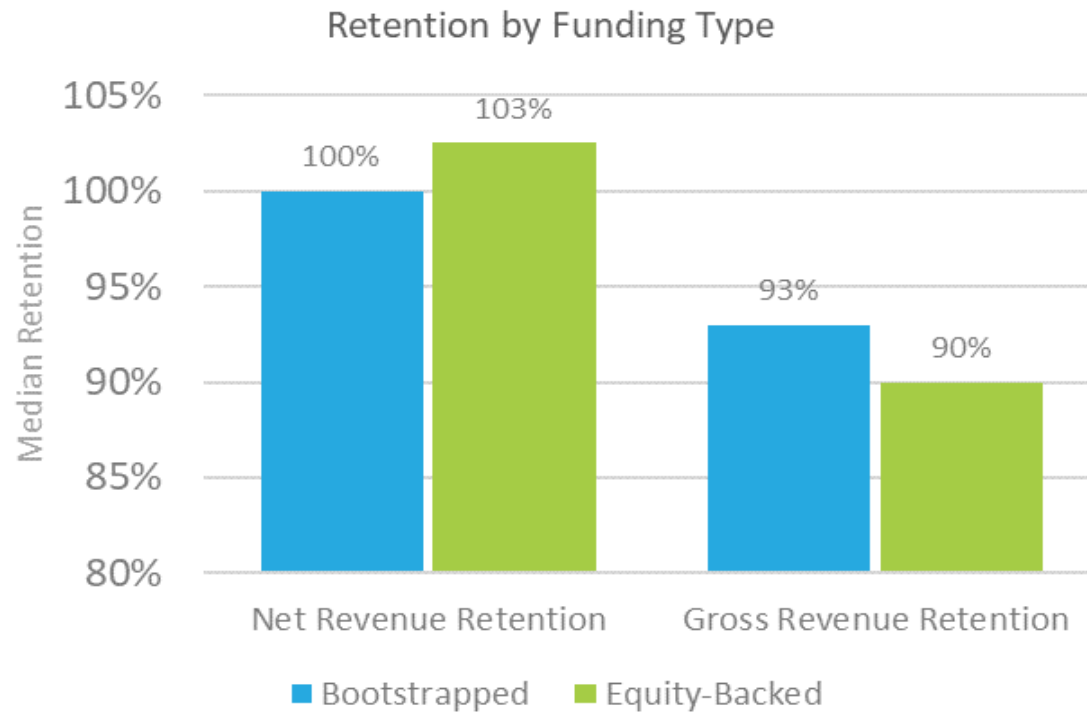
# Median Net and Gross Revenue Retention by ARR

- GRR decreases as companies scale
  - Early customers need time to churn
  - Finding your ICP - "allowed" churn
- NRR is like the top half of the duck – can mask shifts under the water
- Interesting to see bigger companies start to improve





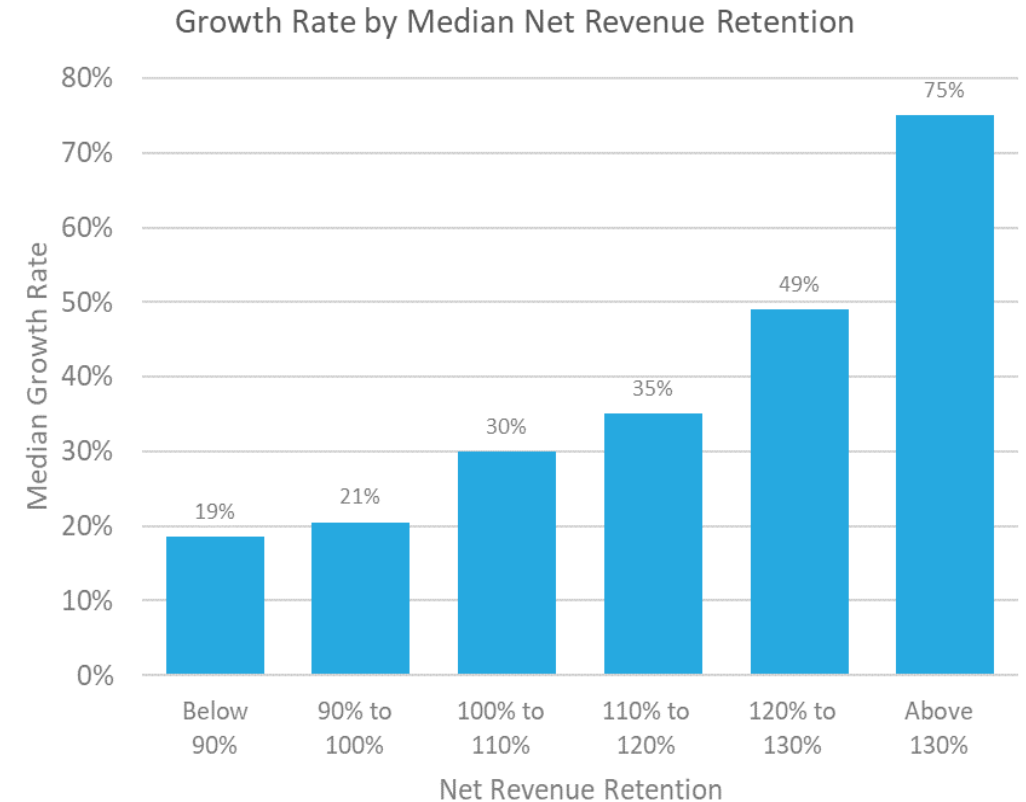
# Target market and Funding





# Growth Rate as a Factor of Net Revenue Retention

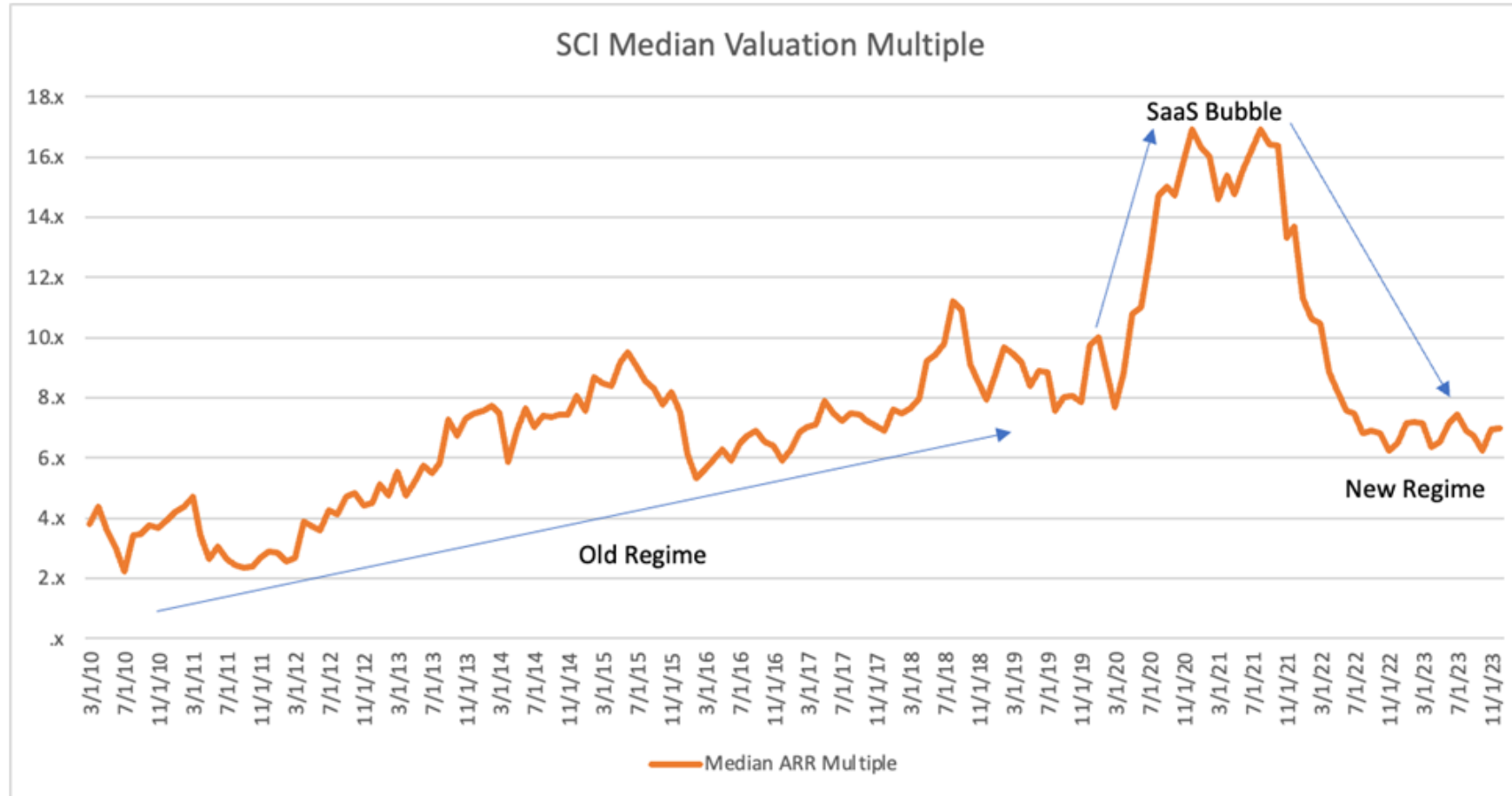
- For every 10% of NRR you increase, your increase your growth rate by an INCREASING amount
- 30% growth at 100% NRR



# SaaS Valuations, Growth Rates and Profitability

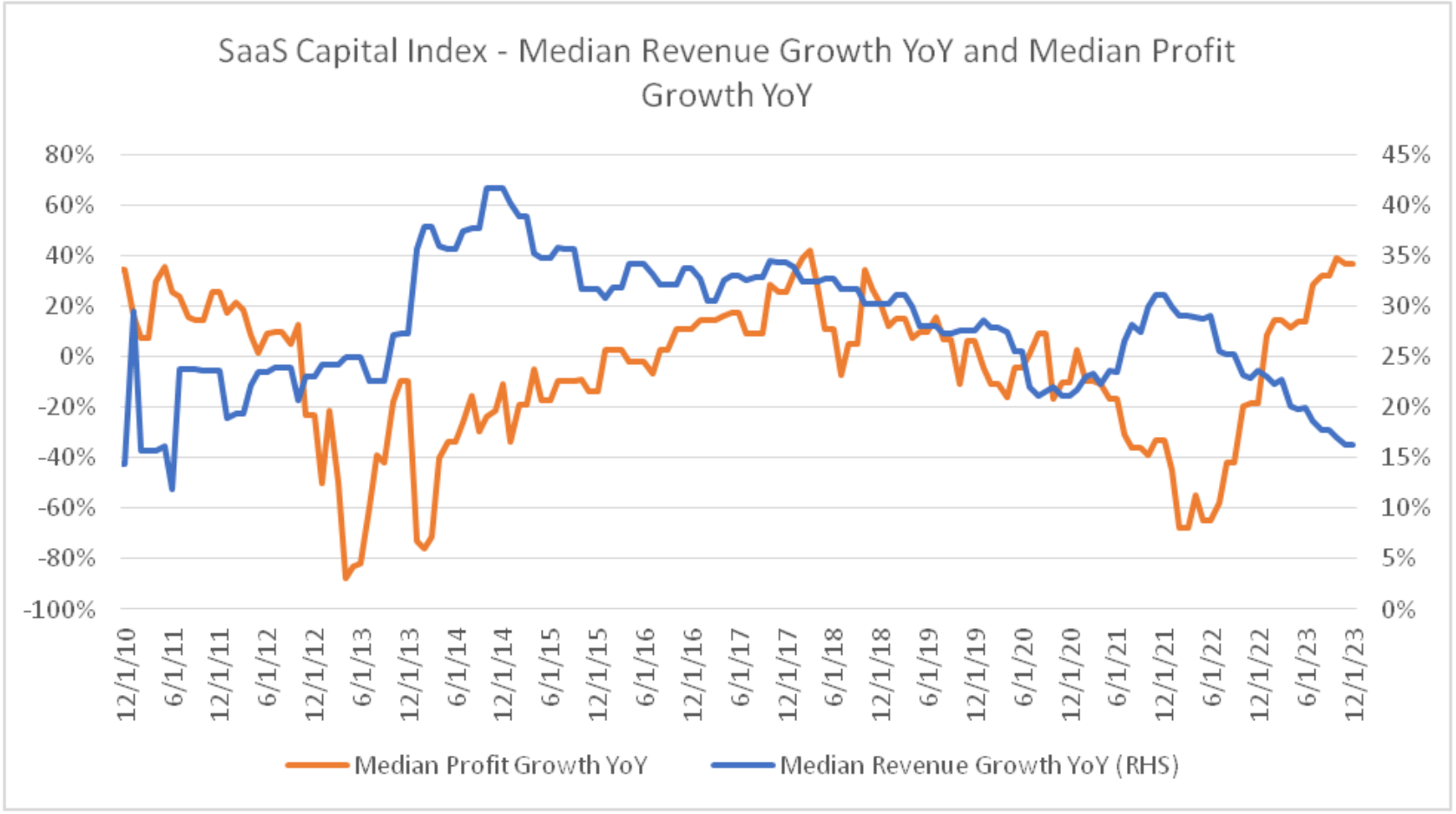


# The SaaS Capital Index over the last ~14 years





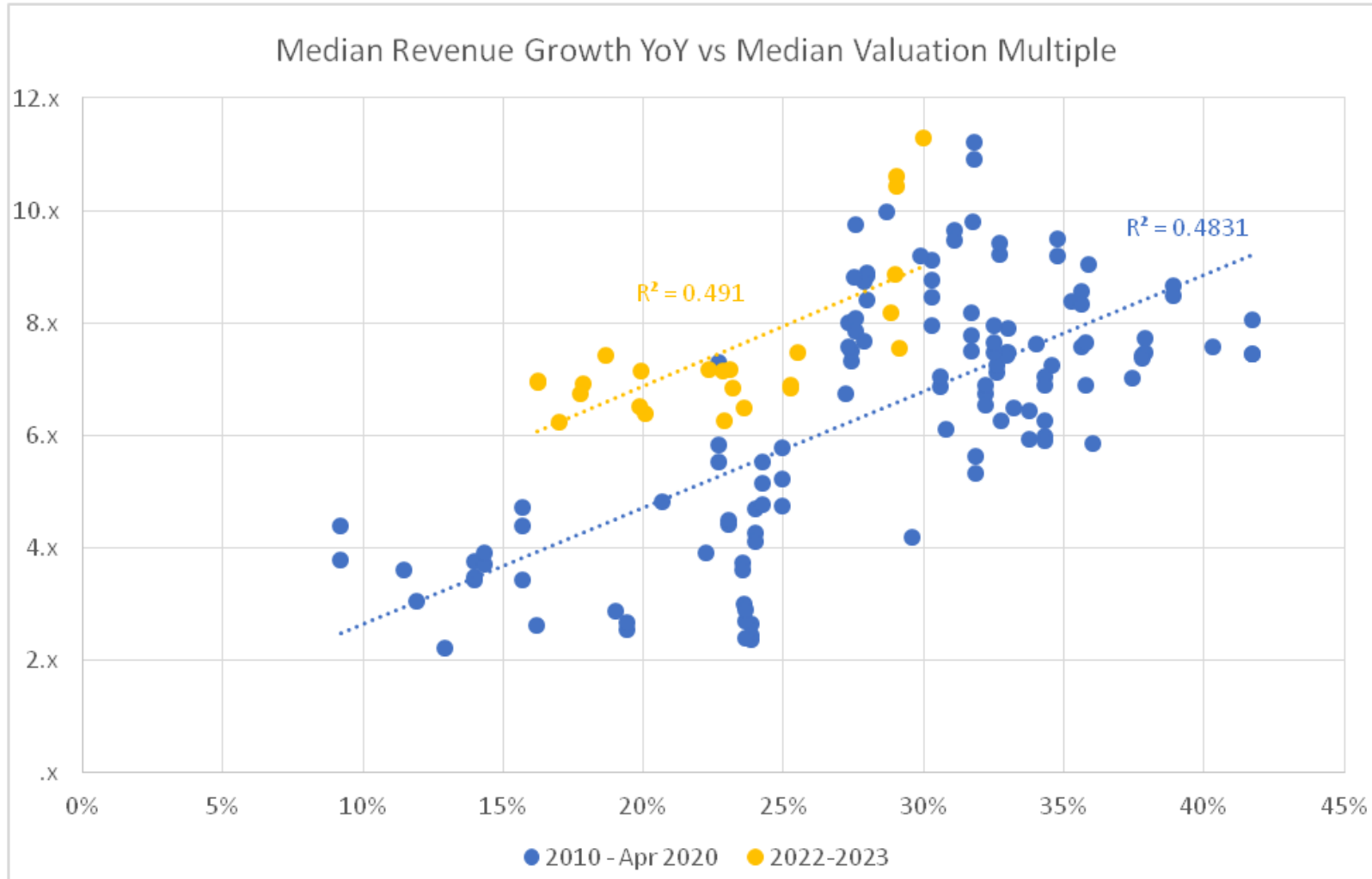
# SCI Median Rev growth vs Median Profitability growth





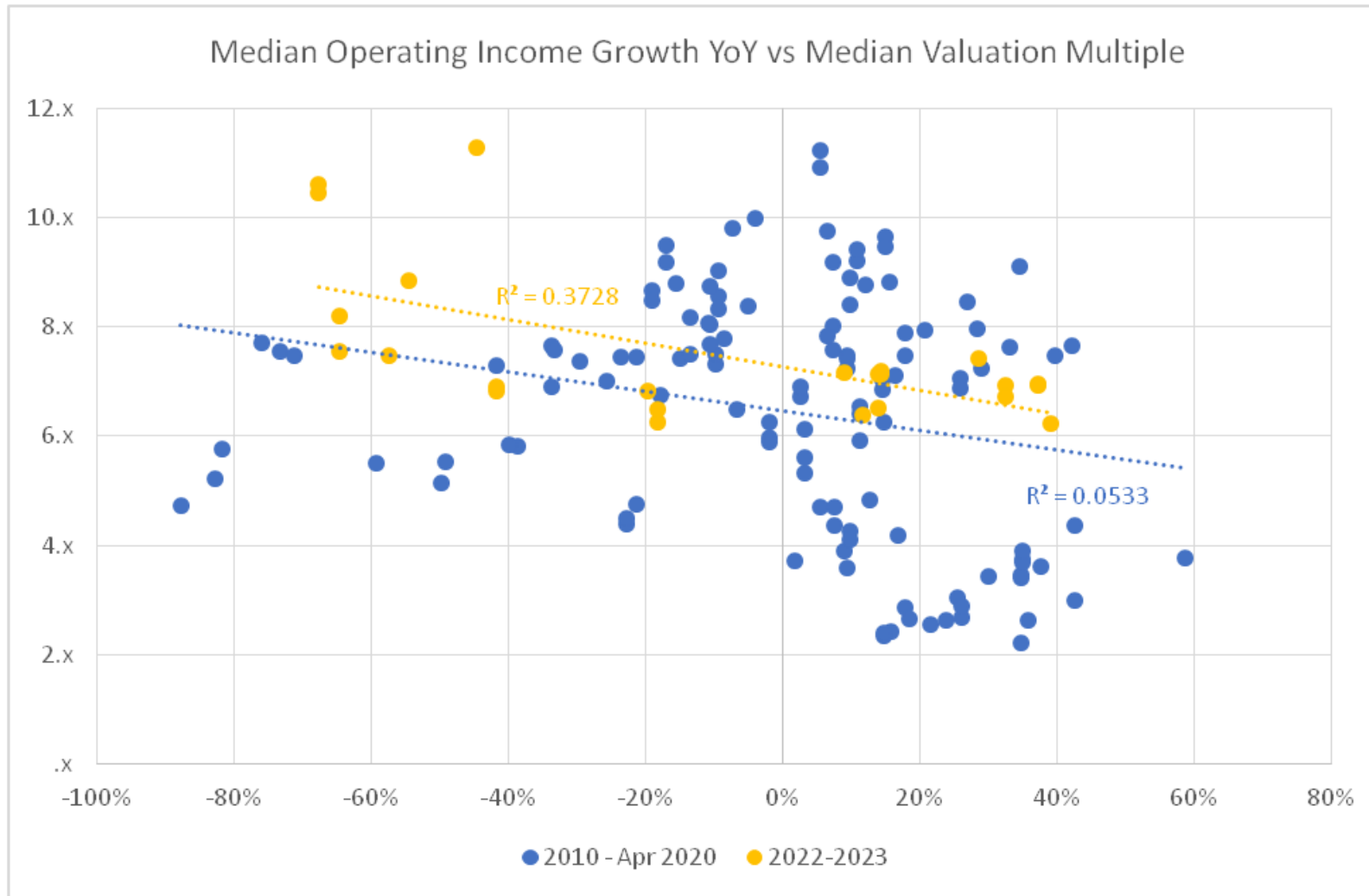


# Growth vs Valuation – very positively correlated



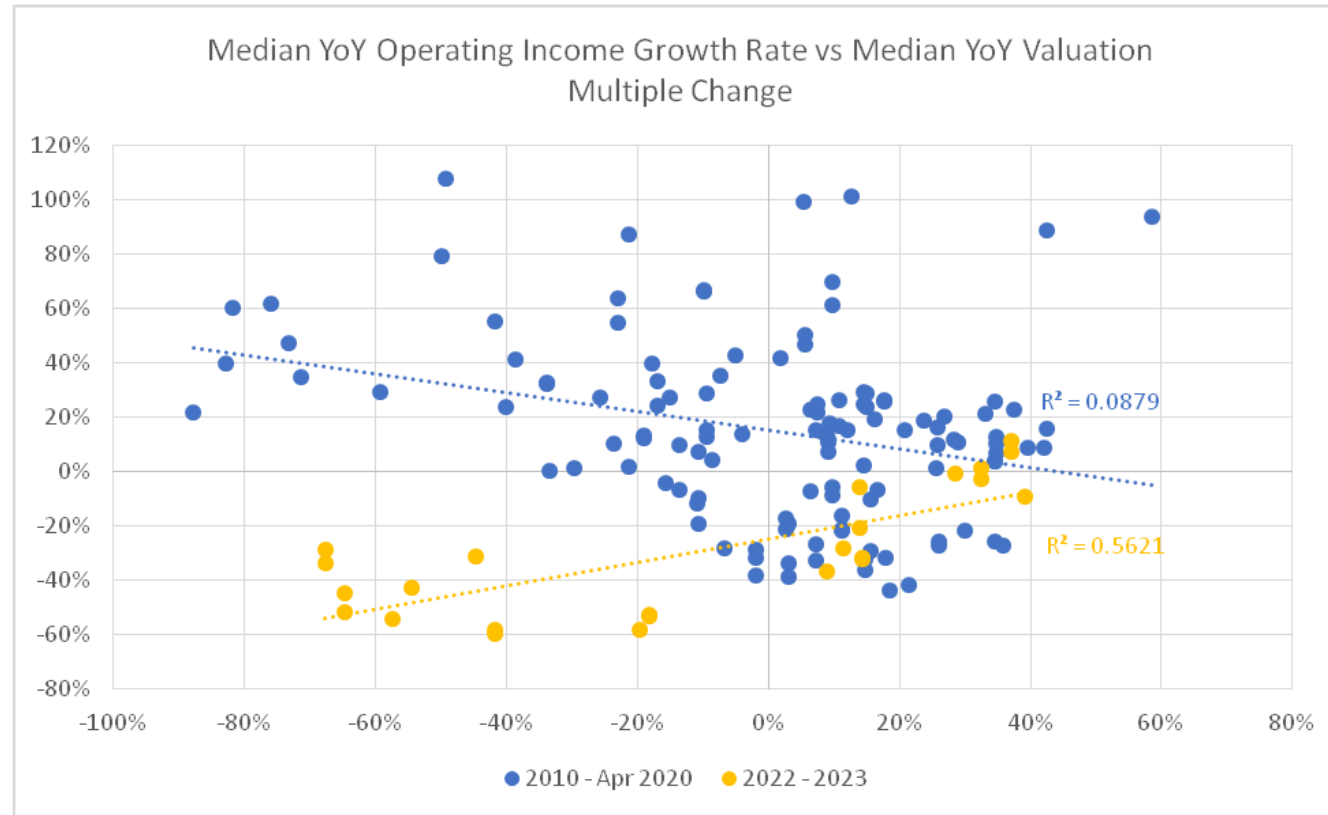


# Profitability vs Valuation – negatively correlated!





# But how do *changes* in profitability over time relate to changes in valuations? – Punished in the old regime, rewarded today



POLL:

How is GRR/NRR going so far in 2024?

Q&A



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