

The SaaS Valuation Readiness Checklist



Prepare Your Metrics for Premium Valuation & Due Diligence

Before you enter negotiations or an investment round, use this checklist to ensure your financials are "clean" and your valuation is defensible. Professional buyers look for "normalized" data—this document helps you find it.

Phase 1: Revenue Normalization (Cleaning the Books)

Buyers pay for recurring revenue, not one-time projects. Clean these items first.

Identify Non-Recurring Revenue: Flag any revenue from one-time setup

- fees, migration services, or custom development. (Goal: Keep these below 15% of total revenue).

The TTM vs. Run-Rate Gap: Document your Trailing Twelve Months (TTM)

- revenue and your current MRR x 12 (Run-Rate). Be ready to explain any large discrepancies.

Contract Audit: Ensure every active customer has a signed digital contract

- that matches the revenue recorded in your billing system.

Payment Provider Reconciliation: Export a 12-month summary from your

- payment processor (e.g., PayPro Global) to verify that Net Cash In aligns with your Recognized Revenue.

Phase 2: The "Rule of 40" & Efficiency Audit

Use these metrics to justify a higher multiplier (6x–10x vs. the 4x average).

Calculate Your Score: * Current YoY Growth %: _____

- Current Profit/FCF Margin %: _____
- Total Score: _____ (Target: 40+)

LTV to CAC Ratio: Verify your ratio is at least 3:1. If it is lower, document your plan to reduce Customer Acquisition Costs.

Churn Analysis: Break down your churn into **Logo Churn** (number of

- customers) and **Revenue Churn** (dollars lost). High-value companies prioritize low Revenue Churn.

- Net Revenue Retention (NRR):** Calculate how much your existing customer base grew (expansion minus churn). Aim for >100%.

Phase 3: Operational & Technical Due Diligence

Remove friction that could lead to a valuation haircut during the final stages.

- Tech Stack Documentation:** List all third-party APIs and proprietary code.
 - For AI companies, document what is Vertical AI vs. a simple wrapper.
- Lead Velocity Rate (LVR):** Quantify your pipeline. Even if current revenue is low, a high LVR proves future growth potential.
- Customer Concentration:** Ensure no single customer accounts for more than 10-15% of your total ARR.
- Geography & Compliance:** Document your global footprint. If you have significant international sales, confirm you are compliant with local tax laws (VAT/GST) via your Merchant of Record.