

SaaS Revenue Forecasting Checklist

This checklist turns the SaaS revenue forecasting guide into a step-by-step operational workflow. Use this to audit your current data, refine your growth projections, and plug the leaks in your recurring revenue engine.

Phase 1: Data Hygiene & Revenue Architecture

- Audit 60 days of invoicing:** Review every line item from the past two months to identify non-recurring vs. recurring income.
- Isolate "Clean MRR":** Move all setup fees, professional services, and one-time consulting checks into a separate "Non-Recurring" column.
- Define your North Star:** Use Monthly Recurring Revenue (MRR) for immediate hiring and cash flow decisions, but track Annual Recurring Revenue (ARR) for your long-term valuation.
- Standardize expansion definitions:** Create a formal internal rule for what counts as an "upsell" (higher tier) versus a "cross-sell" (new product) to ensure growth signals are pure.
- Select your forecasting direction:** Use Bottom-Up forecasting (traffic \times conversion \times ARPU) if you are an early-stage startup to keep projections grounded in reality.

Phase 2: Unit Economic Health Check

- Calculate your LTV to CAC ratio:** Aim for a minimum of 3:1. If you are below this, pause aggressive ad spend and focus on retention or pricing.
- Audit your Payback Period:** Determine exactly how many months of subscription it takes to recoup the cost of acquiring one customer. Target 12 months or less.
- Find your True Gross Margin:** Subtract direct costs (hosting, 24/7 support, third-party APIs) from your total revenue. Aim for a margin between 70% and 85%.

- Segment by customer size:** Separate your unit economic math for SMBs versus Enterprise clients to see which cohort is actually driving your profit.
- Monitor Net Revenue Retention (NRR):** Verify that your NRR is approaching or exceeding 100%, signaling that expansion from existing users is offsetting churn.

Phase 3: Global Scaling & Compliance

- Map your Economic Nexus:** Identify every country or U.S. state where your sales volume triggers VAT, GST, or local sales tax obligations.
- Audit local payment preferences:** Check if your target markets (e.g., Brazil, Germany, or Japan) prefer local bank transfers or digital wallets over standard USD credit cards.
- Implement currency localization:** Ensure your checkout displays prices in the user's local currency to prevent the 13% cart abandonment rate common with foreign currency pricing.
- Offload liability:** Evaluate a Merchant of Record (MoR) to handle the filing and remitting of international taxes so your team stays focused on product, not tax law.

Phase 4: Pricing & Retention Optimization

- Conduct a Value-Metric Audit:** Identify the one feature (e.g., seats, storage, or API calls) that scales directly with your customer's success and tie your pricing to it.
- Test "Good-Better-Best" tiers:** Create a three-tier pricing structure to capture different market segments without cannibalizing your high-value features.
- Deploy an automated Dunning sequence:** Set up proactive emails to trigger 15 days before a credit card expires to prevent involuntary churn.
- Establish a 7-day grace period:** Avoid locking users out the second a payment fails; use a buffer period to maintain goodwill while the technical issue is resolved.

- Mandate exit surveys:** Require a one-question survey during the cancellation flow to categorize why users leave (e.g., price, missing features, or technical bugs).

Phase 5: Ongoing Forecasting Maintenance

- Perform a monthly "Actual vs. Forecast" review:** On the last day of each month, compare your projected revenue against recognized revenue to identify drifts in your model.
- Apply the Rule of 40:** Add your growth rate percentage to your profit margin percentage. If the total is under 40, re-evaluate your spending on customer acquisition.
- Update churn assumptions quarterly:** Don't use a static churn rate; refresh this number every 90 days based on the previous quarter's actual losses.