

B2B SaaS Metric Benchmarks 2025 for Early-Stage Companies

June 25, 2025

Hi there,

I'm pleased to share SaaSCan's 2025 B2B SaaS Metric Benchmarks report with you.

It reflects FY-24 data from global survey respondents collected in the spring of 2025.

I'm delighted that Canadian SaaS company representation is up this year, accounting for 11% of global respondents. US SaaS companies make up 55%, EMEA 24%, and Other 11%.

SaaSCan is a partner in this research, led by Ray Rike and team at Benchmarkit, in order to ensure strong Canadian representation in B2B SaaS benchmark data, and a curated selection of metrics most relevant to early-stage companies.

The 2025 SaaSCan report includes 9 key metrics, including 2 new ones this year: Expansion ARR as % of New ARR, and Rule of 40. **Note:** All monetary values are in USD.

I hope you find the report valuable, and share it widely with your SaaS network.

Cheers,

A handwritten signature in black ink, appearing to be 'Mi'.

Top Findings 2025

1. ARR Growth Rates continued to decline with a median of 26% while the top growth quartile decreased from 60% in 2023 to 50% in 2024. Earlier stage companies fared better than later stage companies here year over year.
2. Net Revenue Retention median at 101% highlights that retaining and expanding existing customers is becoming more challenging. Hybrid pricing models yielded the highest NRR in this year's study.
3. Expansion ARR represented 40% of Total New ARR - a 5% increase in this year's study, showing that despite downward NRR pressure, expansion revenue is an increasingly important component of Total New ARR growth.
4. Expansion ARR represents over 50% of Total New ARR in companies greater than \$50M, underscoring the importance of the Customer Success and Account Management motions on company success.
5. ARR per FTE continues to climb, likely fueled by increased use of AI, and the comparison of traditional SaaS business to AI-native businesses.

Contents

Benchmarks

1. [Annual Recurring Revenue \(ARR\) Growth Rate](#)
2. [Expansion Annual Recurring Revenue \(ARR\) as % of New ARR](#)
3. [Net Revenue Retention Rate \(NRR\)](#)
4. [Gross Revenue Retention Rate \(GRR\)](#)
5. [Burn Multiple](#)
6. [Customer Acquisition Cost \(CAC\) Payback Period](#)
7. [Annual Recurring Revenue \(ARR\) per Employee](#)
8. [Rule of 40](#)
9. [Total Gross Margin](#)

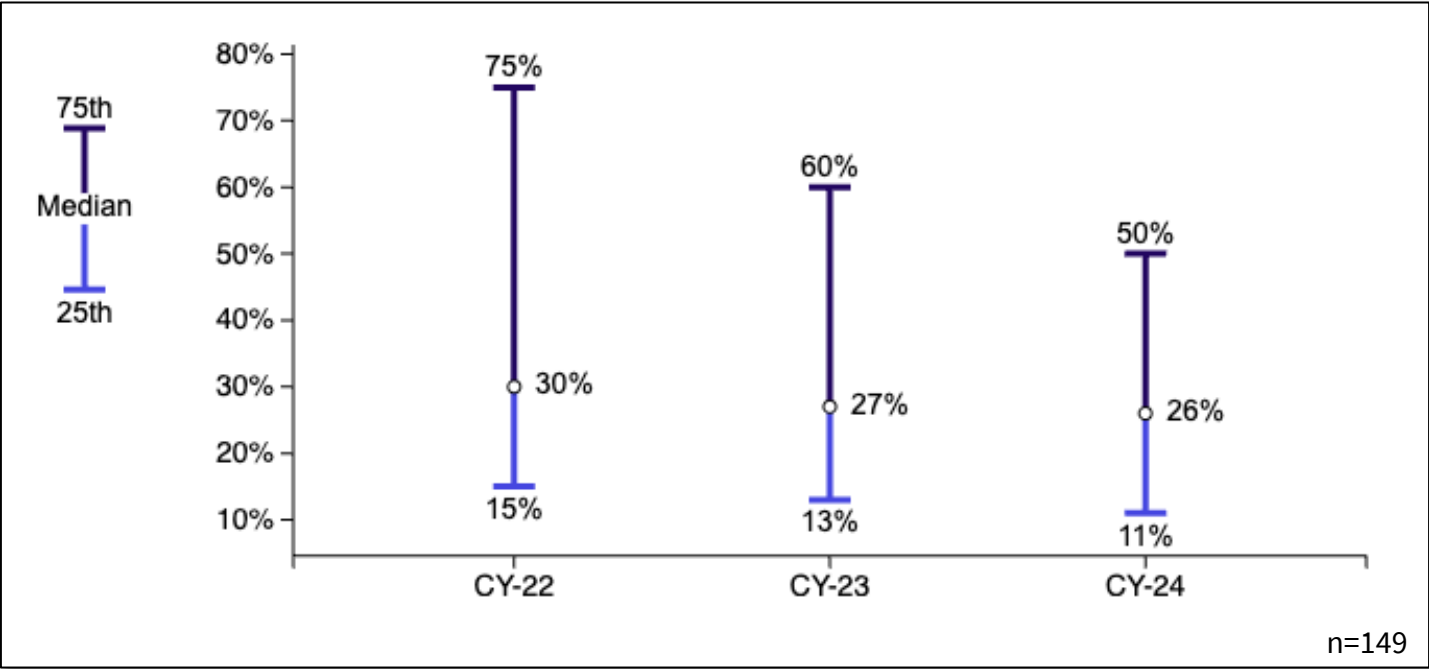
About the respondents

About SaaS benchmarks

Additional resources

ARR Growth Rate Three Year Trend

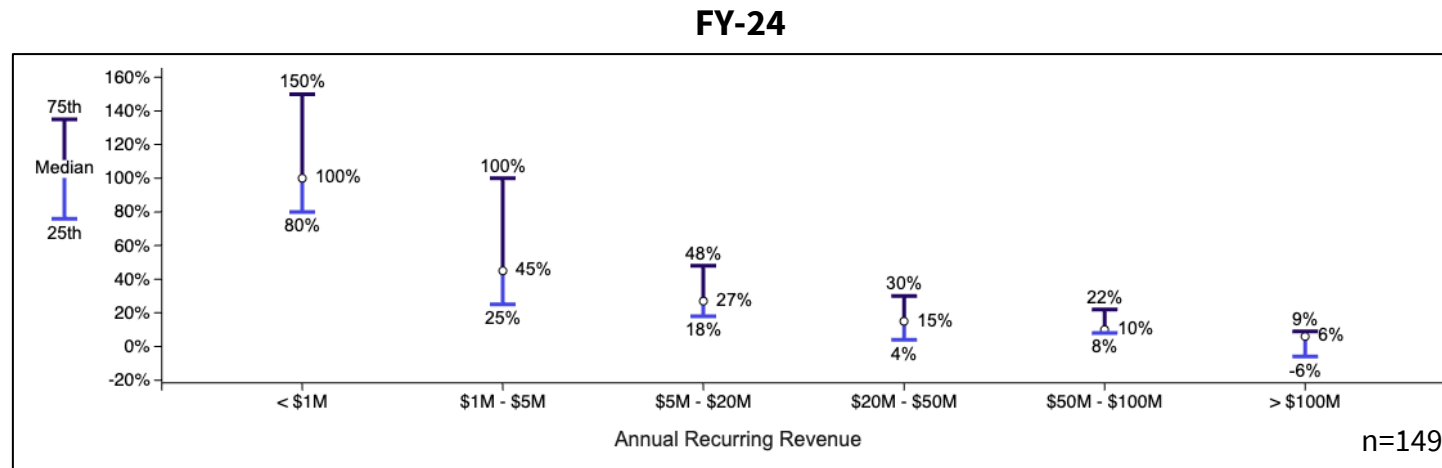
[Metric Definition](#)



Revenue growth rate remains one of the most important metrics driving SaaS company valuation, however respondent ARR growth rates fell between FY-22 and FY-24 from a top quartile rate of 75% to 50%. ARR growth rates saw a year over year decline at the median and bottom quartiles also.

ARR Growth Rate by Annual Recurring Revenue (USD)

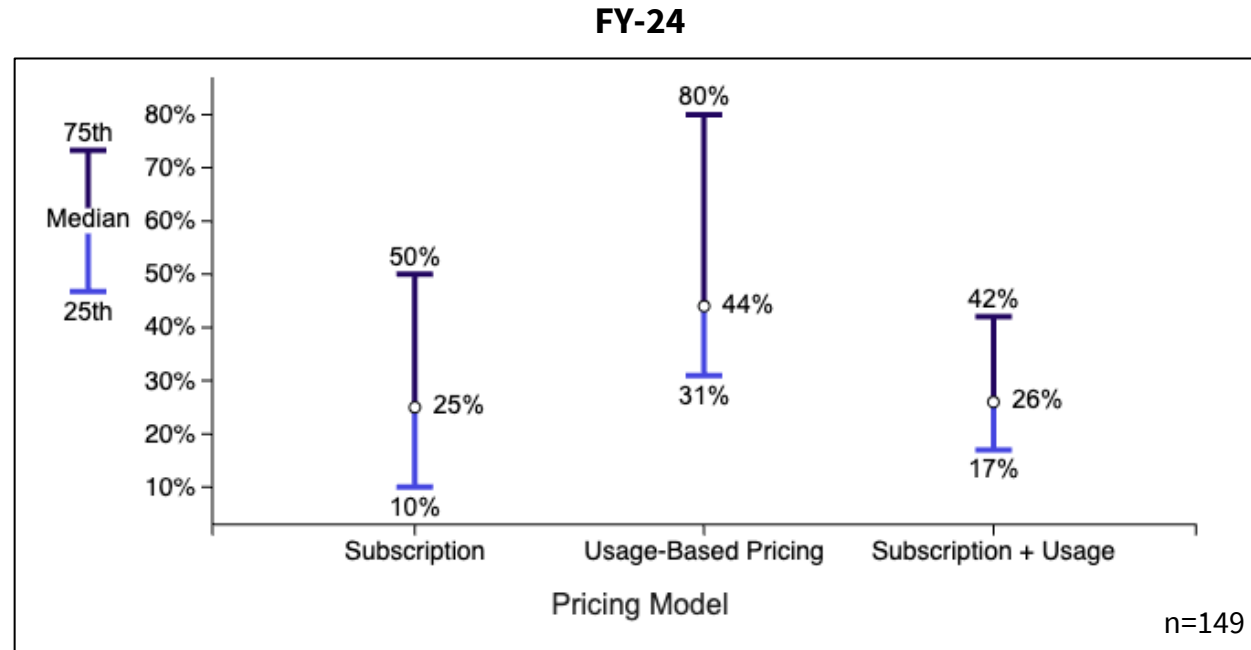
[Metric Definition](#)



Growth rate benchmarks are best analyzed based on a SaaS company's revenue size, as they decrease at each level of growth. For companies < \$5M ARR, both top quartile and median growth rates were up YoY, representing a bright spot in ARR growth rate data.

ARR Growth Rate by Pricing Model

[Metric Definition](#)

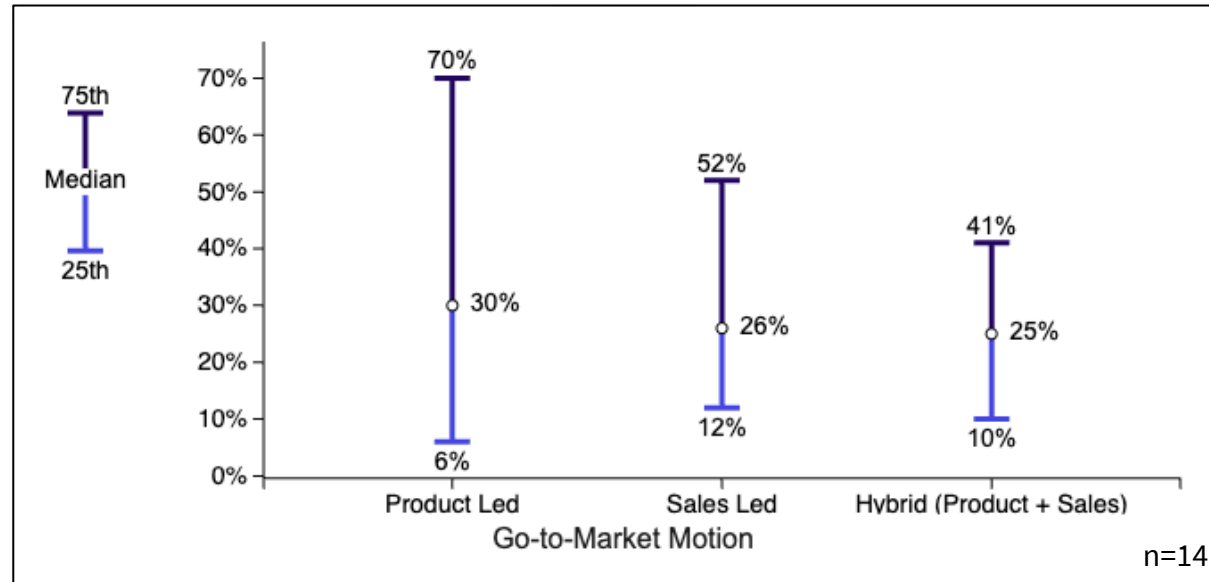


A trend over the past 2 - 3 years is the growth of Usage-Based Pricing versus traditional Subscription Pricing. In 2024, participating companies using primarily Usage-Based pricing grew at a median of 44% while traditional subscription pricing companies grew at a median of 25%.

ARR Growth Rate by Go-To-Market Motion

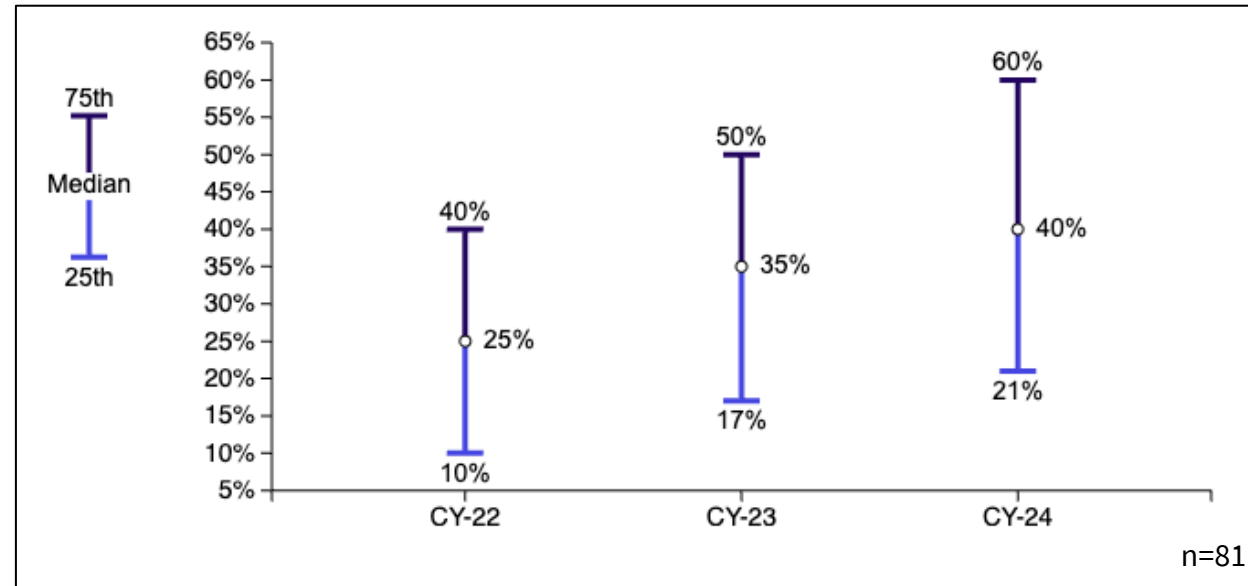
[Metric Definition](#)

FY-24



Product-Led Growth companies continue to exhibit higher growth rates than traditional Sales-Led Growth companies. That said, this benchmark can be impacted by company size. We recommend visiting the interactive benchmarking engine at www.saascan.ca/benchmarks to view company growth rate by other variables.

Expansion ARR Contribution to Total New ARR (%) Three Year Trend

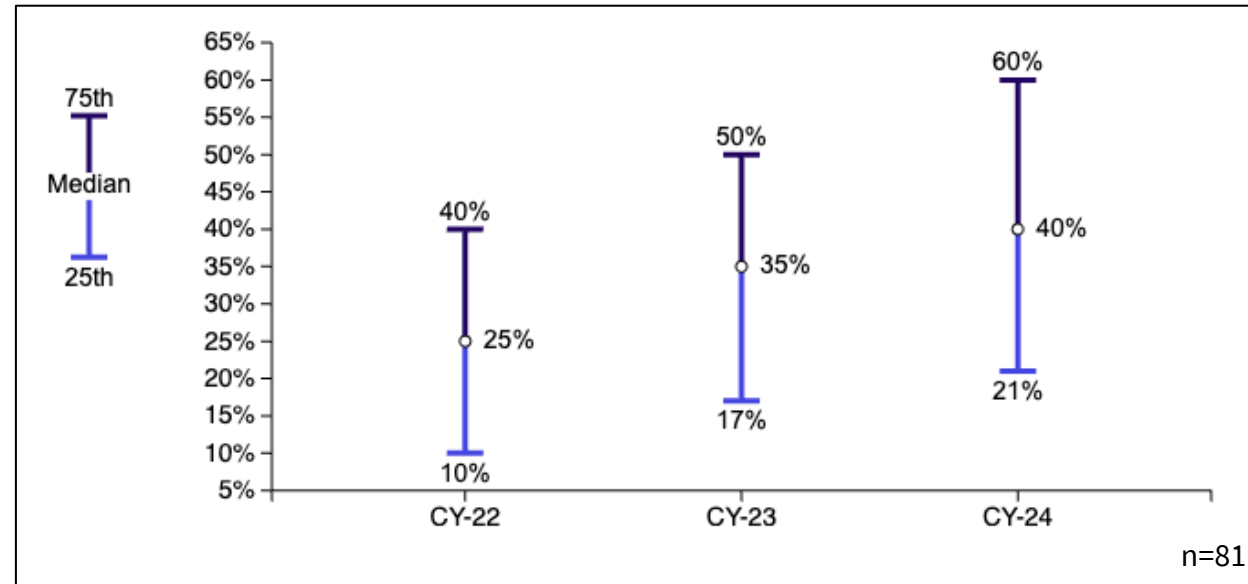


Existing Customer Expansion ARR continues to increase its contribution to Total New ARR, with the median moving up 5 percentage points year over year to 40%.

Note: Sample size on this question is lower.

Expansion ARR Contribution to Total New ARR (%)

Three Year Trend

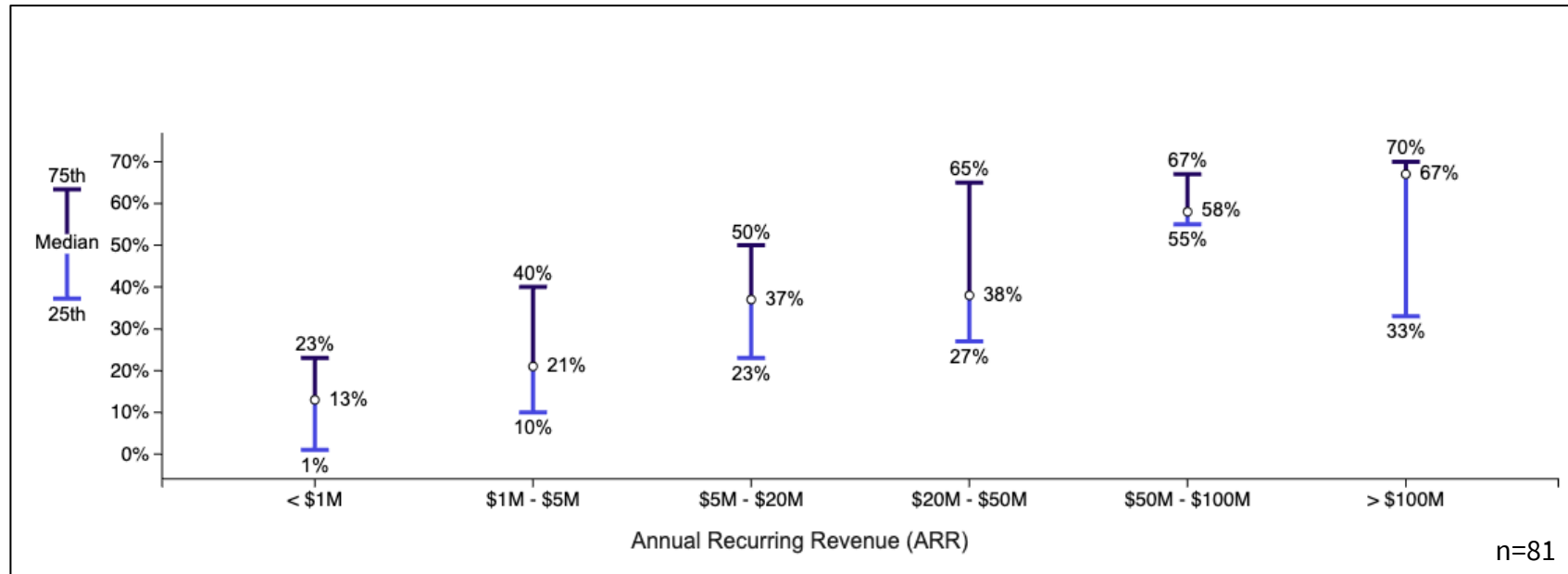


Existing Customer Expansion ARR continues to increase its contribution to Total New ARR, with the median moving up 5 percentage points year over year to 40%. Expansion revenue continues to be extremely important as a source of revenue for SaaS companies especially when new customer revenue growth is challenged.

Note: The sample size on this question is lower.

Expansion ARR Contribution to Total New ARR (%) by ARR (USD)

FY-24

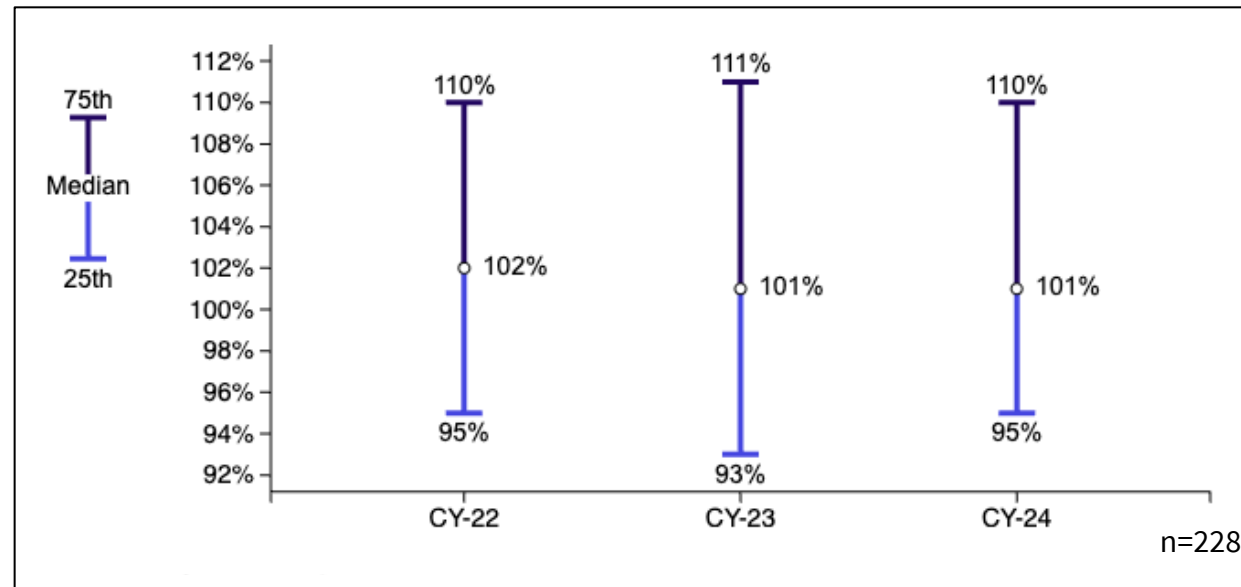


The benchmarks highlight that as companies scale, they increase the focus and contribution of expansion ARR to Total New ARR through the combination of increased priority, resources allocated, pricing/packaging and product portfolio investments to increase the number of products to increase cross-sell opportunities.

Note: The sample size on this question is lower.

Net Revenue Retention Rate 3 Year Trend

[Metric Definition](#)

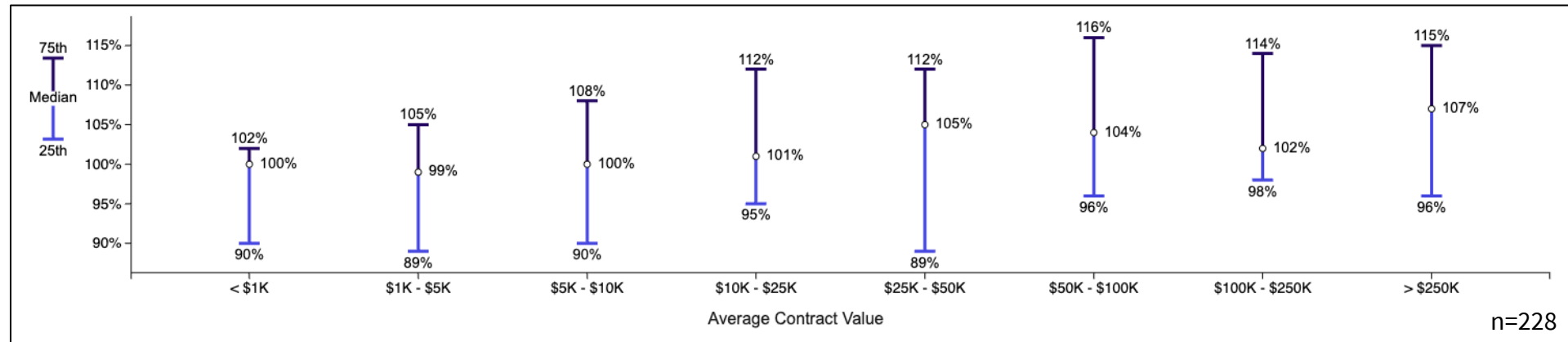


Net Revenue Retention Rate stayed relatively stable over a 3-year period, but at the median, has decreased since 2021 when it was at 105%. It is essential to analyze NRR benchmarks by ACV band, as shown on the following page.

Net Revenue Retention by Annual Contract Value (USD)

[Metric Definition](#)

FY-24

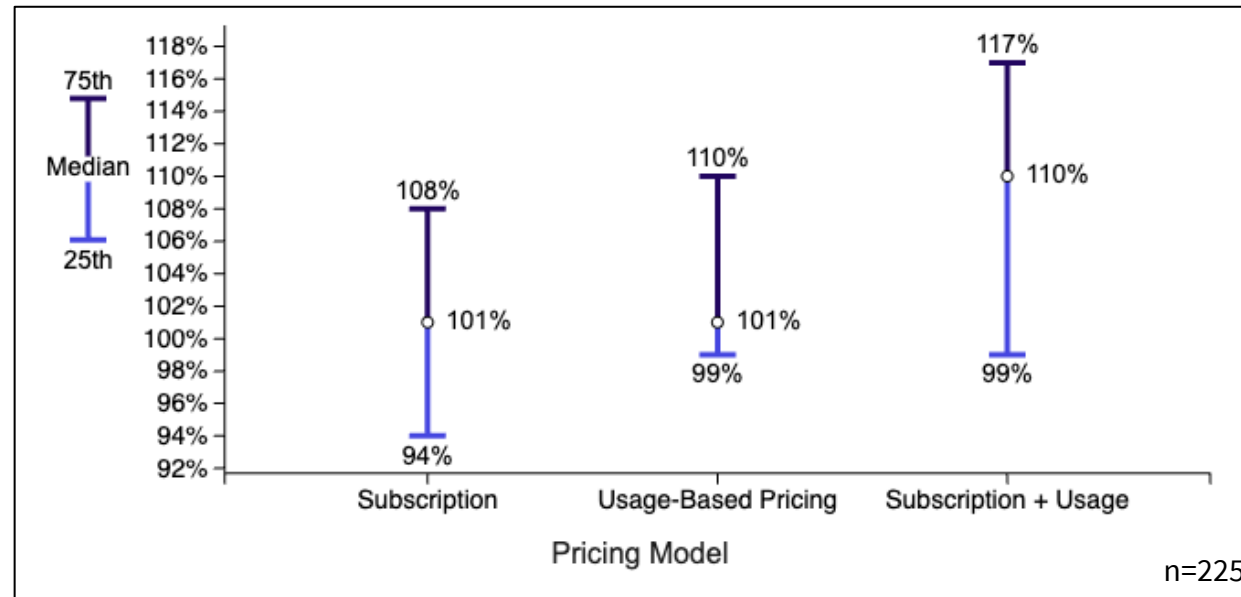


Net Revenue Retention rate reveals how well your SaaS flywheel is working because it includes upsell and cross-sell revenue as well as renewal revenue. NRR continues to be closely correlated with ACV.

Net Revenue Retention Rate by Pricing Model

[Metric Definition](#)

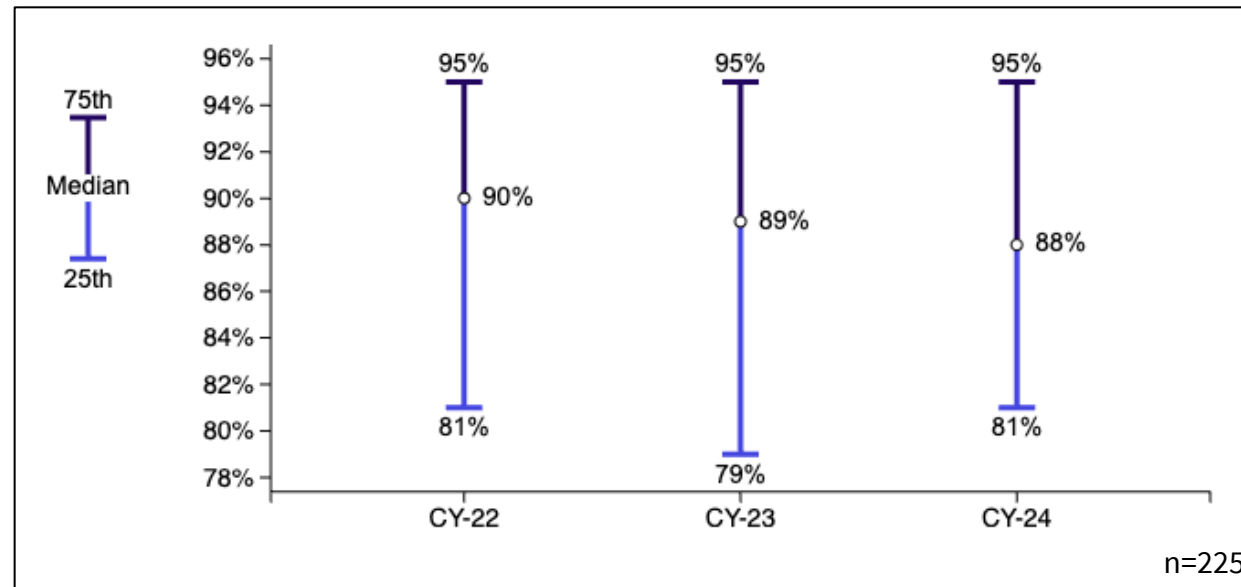
FY-24



Analyzing NRR by Pricing Model was a new addition to this year's study. This year's results show a hybrid pricing model delivers higher NRR at the median (110%) and top quartile (117%) than either a pure subscription or pure usage-based pricing model.

Gross Revenue Retention Rate 3 Year Trend

[Metric Definition](#)

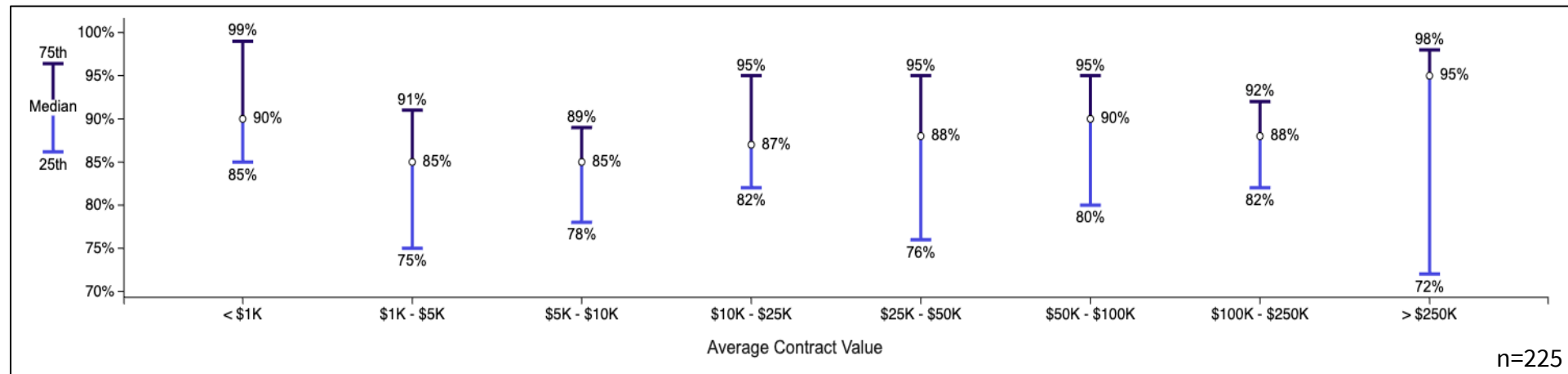


While top quartile rates have remained constant at 95% over the past 3 years, median GRR has continued to decrease slightly over the past three years from 90% to 88% - though this could be due to selection bias of participants.

Gross Revenue Retention Rate by Annual Contract Value (USD)

[Metric Definition](#)

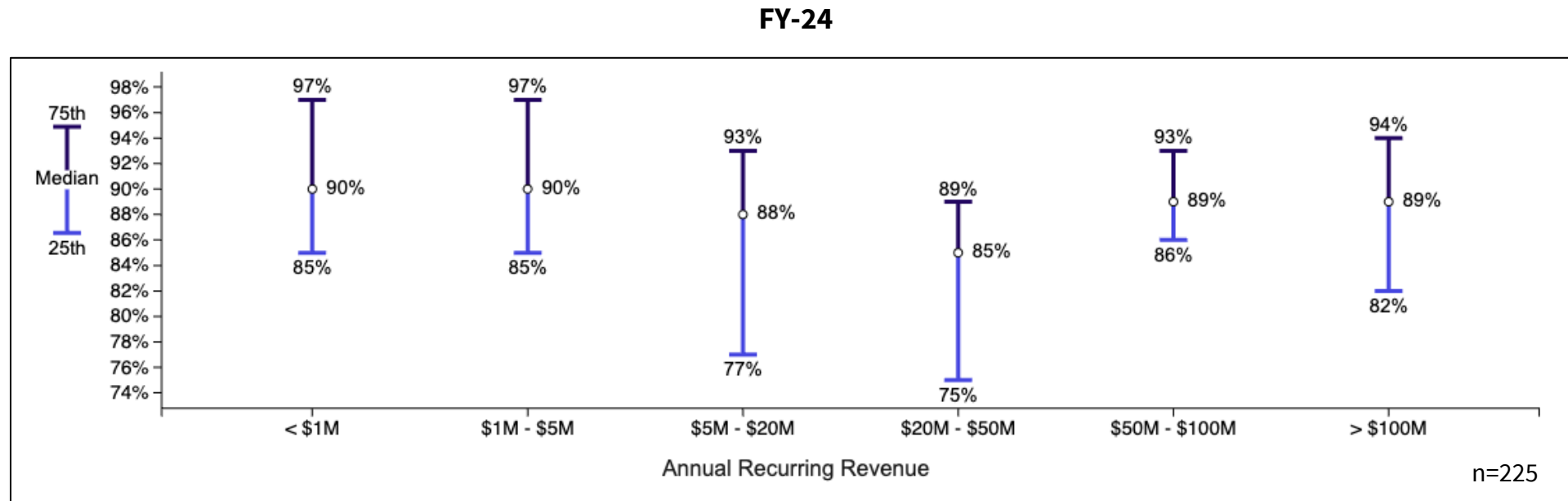
FY-24



Gross Revenue Retention benchmarks are best analyzed by ACV.
Again this year, findings show that as ACV increases, in general so does GRR.

Gross Revenue Retention Rate by ARR (USD)

[Metric Definition](#)

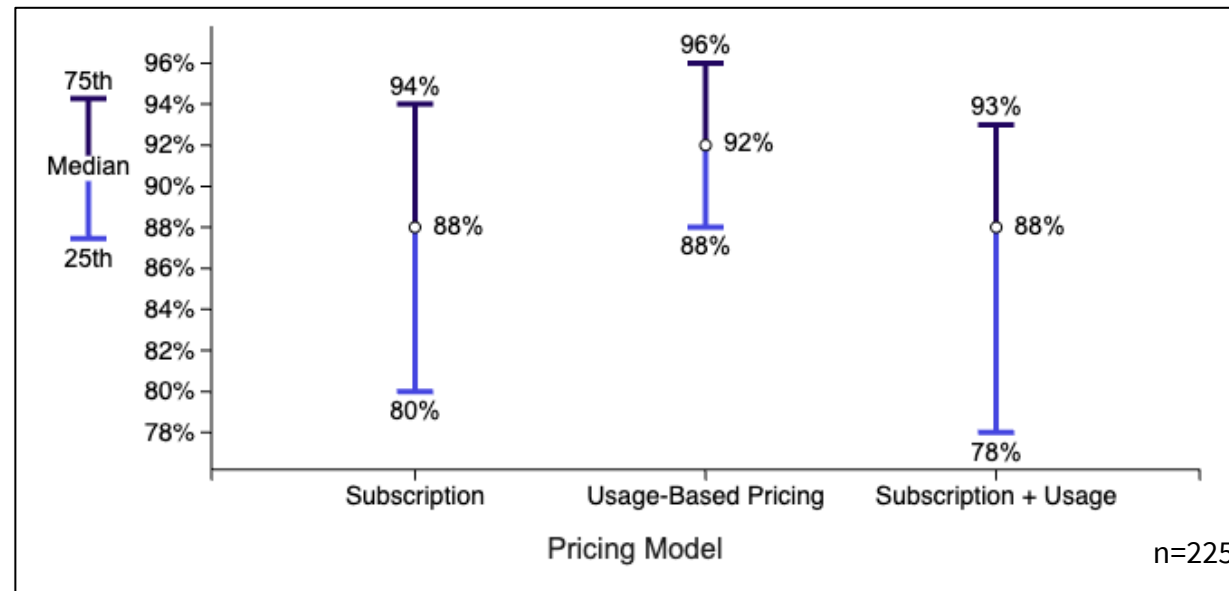


As companies scale beyond \$5M ARR, GRR begins to decrease, often due to having experienced more than 1 - 2 renewal cycles.

Gross Revenue Retention Rate by Pricing Model

[Metric Definition](#)

FY-24

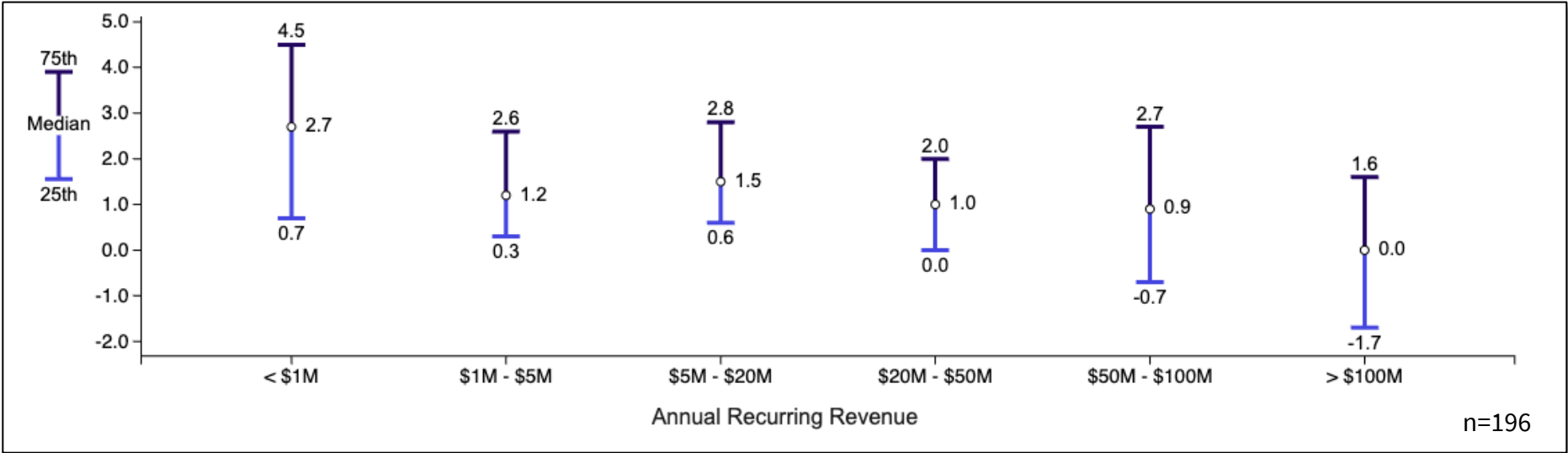


Analyzing GRR by pricing model was a new addition to this year's study. Usage based pricing yielded higher GRR at the median, as well as top and quartile values. Provided you have a sticky SaaS platform where customers get more value from increased usage, a used-based pricing model is worth considering.

Burn Multiple by ARR (USD)

[Metric Definition](#)

FY-24

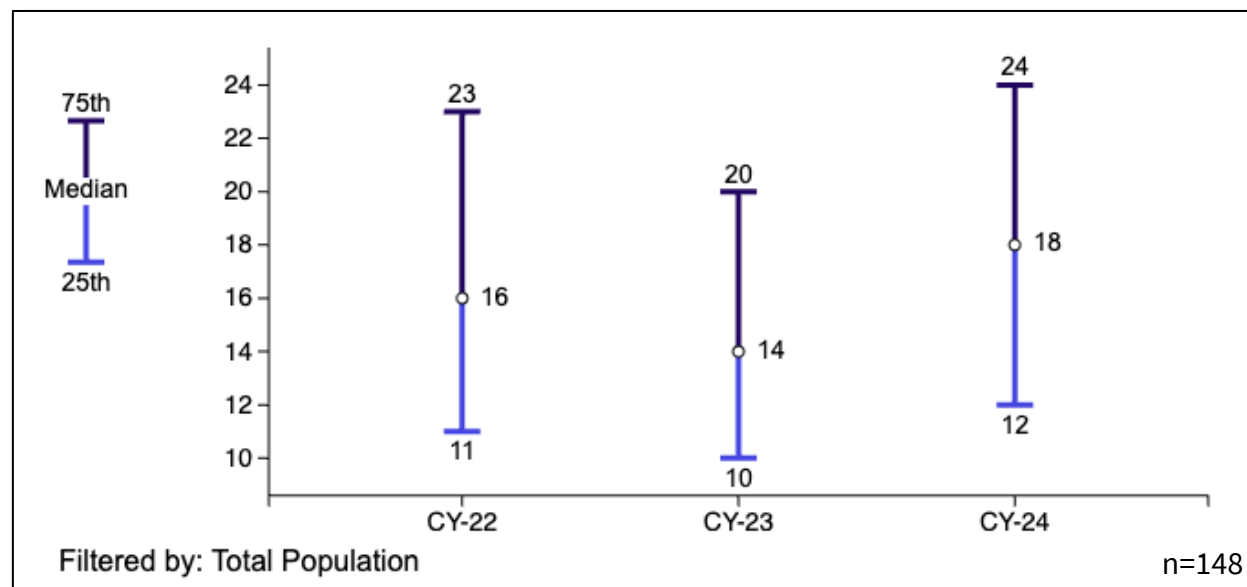


Burn Multiple is a measure of capital efficiency. Expressed as a ratio, it reveals how much money your company burns to generate \$1 of net new ARR. In general, a value under 1 is excellent. Self-funded or bootstrapped companies will normally be necessity have a lower Burn Multiple than Venture Backed companies. Burn Multiple should become negative as your company scales, meaning you generate more new ARR than cash burned to generate new ARR.

Burn Multiple Efficiency Rating	
Burn Multiple	Efficiency
Under 1x	Amazing
1 - 1.5x	Great
1.5 - 2x	Good
2 - 3x	Suspect
Over 3x	Bad

CAC Payback Period Three Year Trend

[Metric Definition](#)

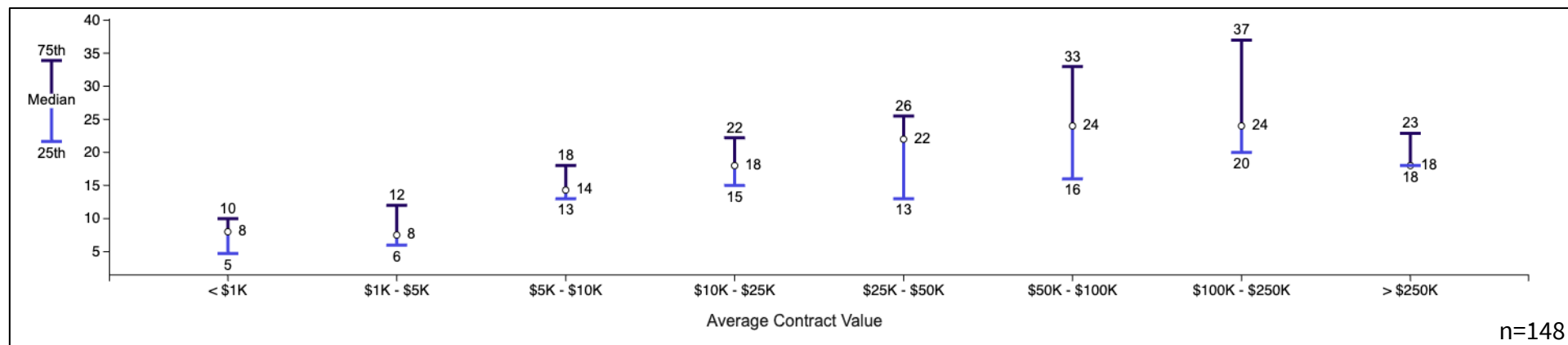


Customer Acquisition Cost Payback Period measures the efficiency of your Go To Market motion. A very high number means you may be spending too much on Sales & Marketing. A very low number means you may be under investing. CAC Payback Period increased from FY-23 to FY-24 presumably as companies invested to counteract falling revenue growth rates.

CAC Payback Period by ACV (USD)

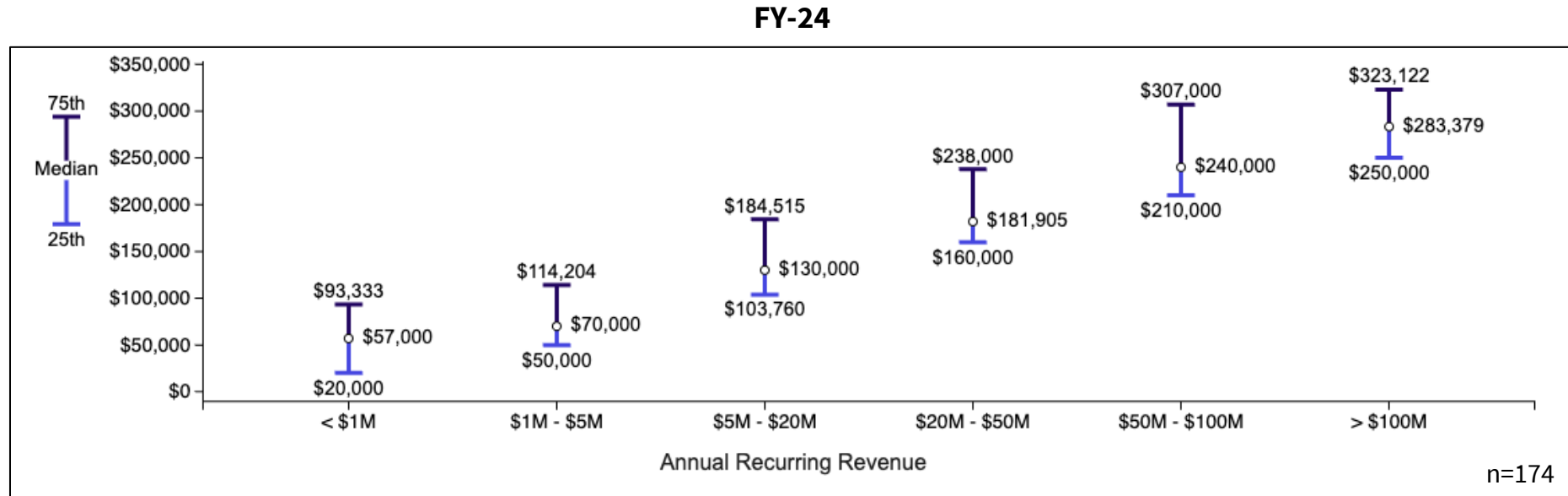
[Metric Definition](#)

FY-24



Customer Acquisition Cost Payback Period should be evaluated in context of Annual Contract Value (ACV). It is generally the case that more sales and marketing needs to be invested to win higher ACV customers. This year's data shows that to be true expect for the > 250K ACV band, possibly due to smaller sample size at this band level, or increased efficiency.

ARR Per Employee by ARR (USD)

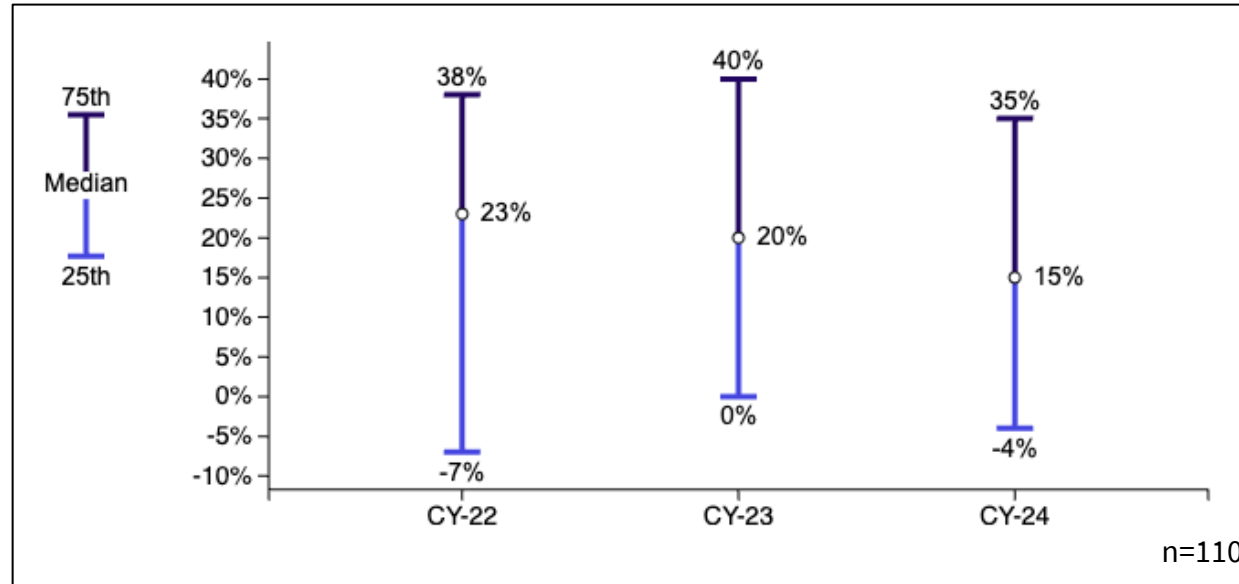


ARR per Employee or ARR/FTE is an increasingly popular efficiency metric. Not surprisingly, ARR/FTE tends to increase as company ARR increases. Productivity increases generated by increased use of AI may also be contributing here. We can expect ARR/FTE to continue to rise in traditional SaaS companies as they are compared to native-AI companies.

Rule of 40 Three Year Trend

[Metric Definition](#)

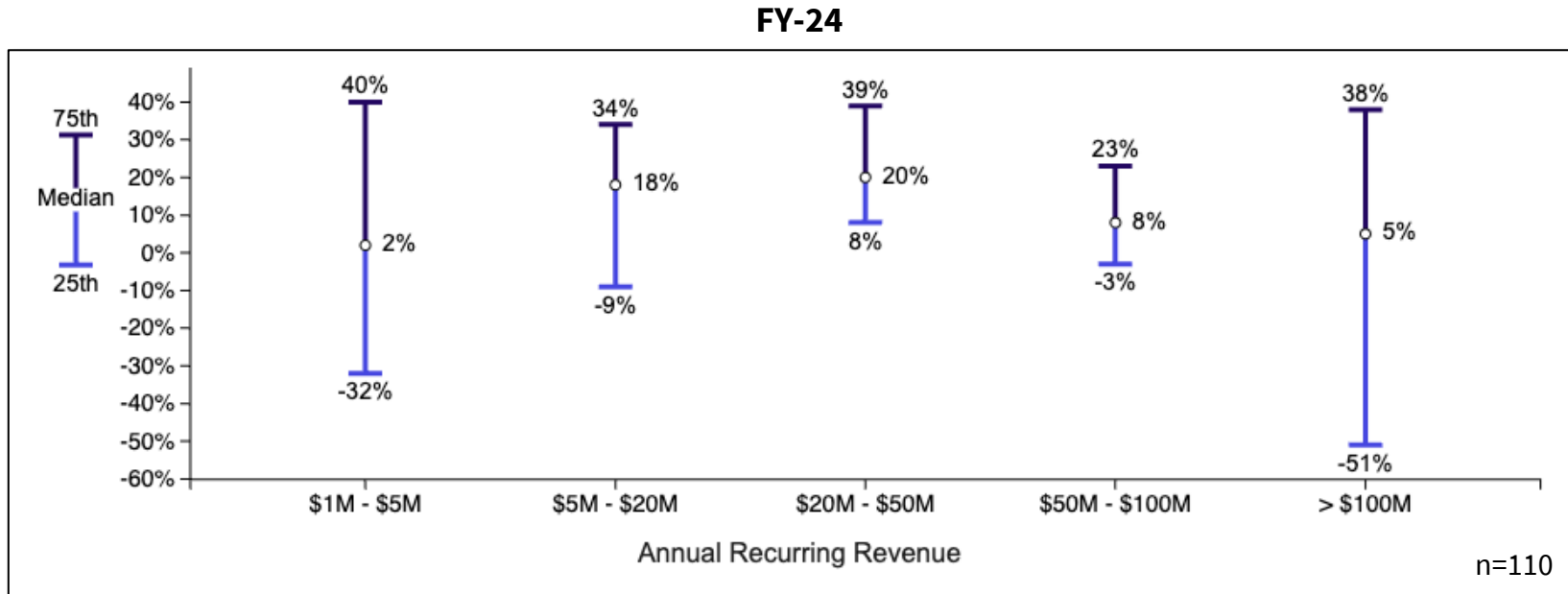
FY-24



American VC firms begin to start use Rule of 40 as an investment/valuation factor at ~ \$15M ARR. That said, past SaaSCan research has shown that Canadian investors consider this metric earlier than their American counterparts, for example, as companies approach ~5M ARR. VC's are willing to provide a higher valuation if the growth rate and the Customer Acquisition and Retention unit economics are in the top quartile.

Rule of 40 by ARR (USD)

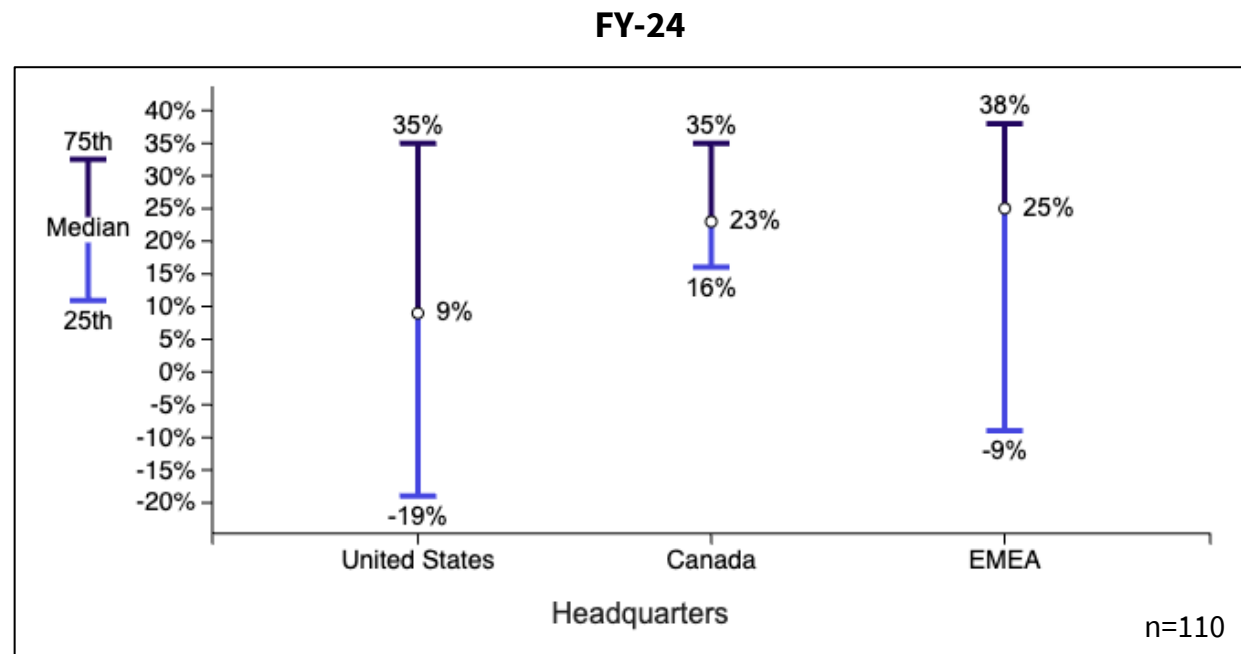
[Metric Definition](#)



Rule of 40 benchmarks for 2024 challenge traditional findings - as they reveal that as SaaS companies scale beyond \$50M their Rule of 40 is decreasing. We do not have an evidence-based reason for why this is the case. It could simply be due to sample bias in the respondents who participated in the survey this year.

Rule of 40 by Company HQ Region

[Metric Definition](#)

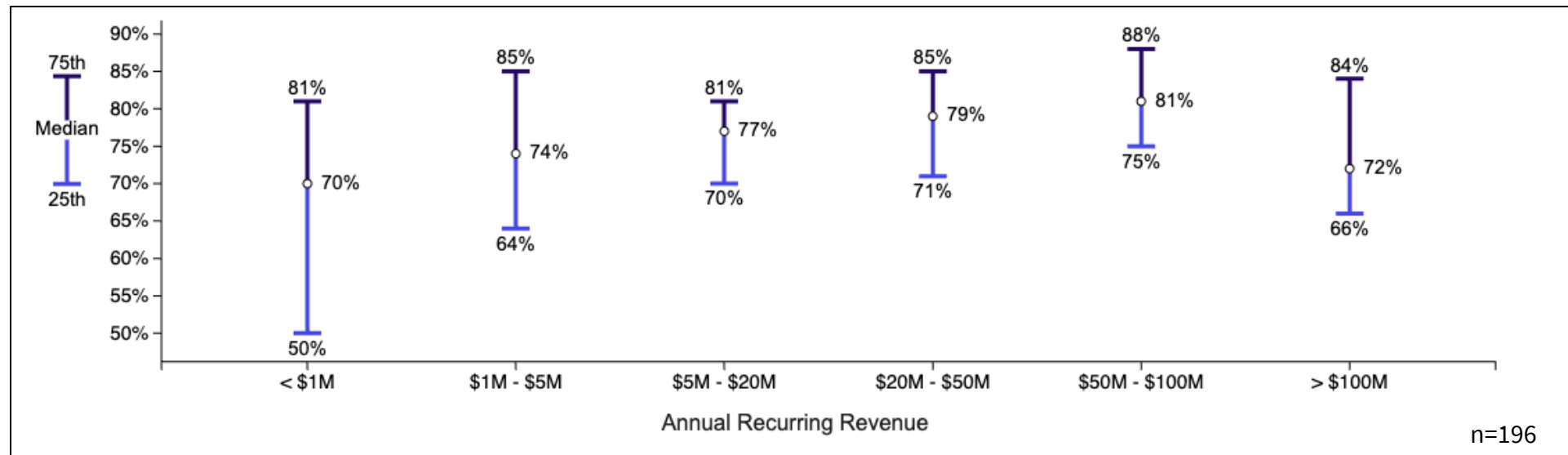


Canadian and EMEA (primarily European) companies are balancing growth and profitability with a median Rule of 40 in the 23% - 25% range. Top quartile U.S. based companies are in-line with their global counterparts, but their Rule of 40 is 14% lower at a 9% median. This findings suggests that growth rate is too low and/or operating profitability is not performing at the level required to achieve efficient revenue growth .

Total Gross Margin by ARR (USD)

[Metric Definition](#)

FY-24



Total Gross Margin is impacted by the mix of Subscription, Professional Services, and other revenue types. Regardless of SaaS company ARR, top quartile Total Gross Margin sat above 81% with this year's respondents. Gross Margin on Subscription Revenue alone was above 85% at the top quartile for all ARR bands this year.

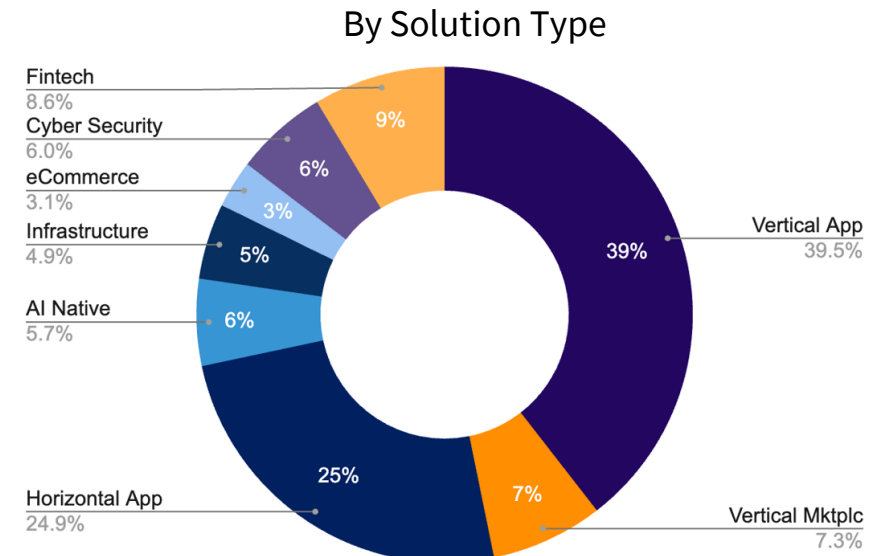
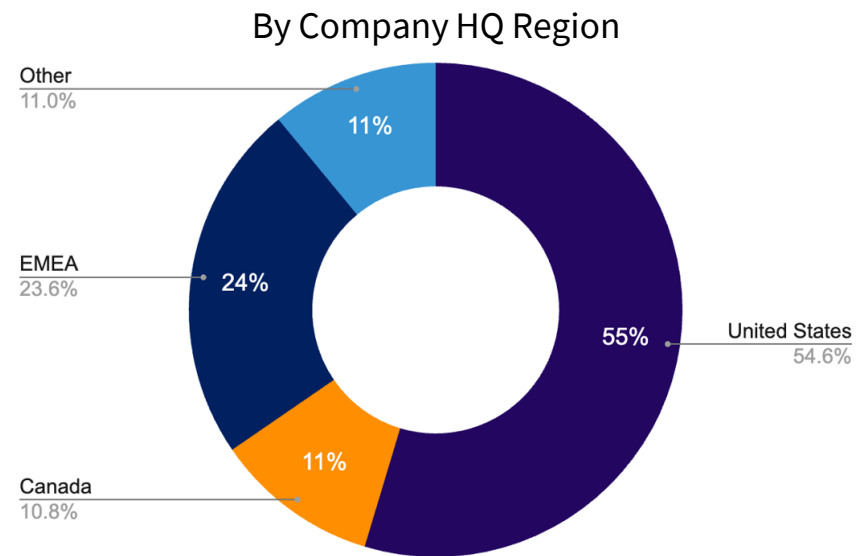
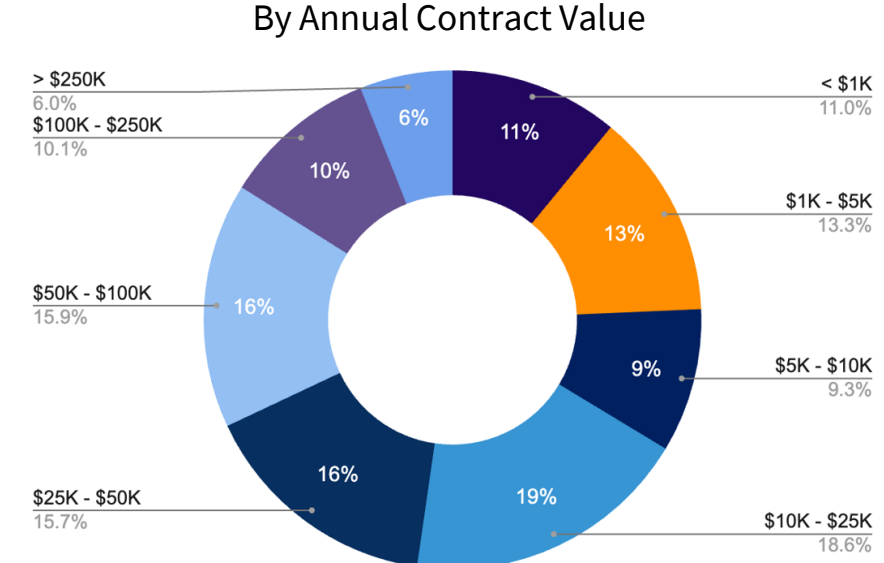
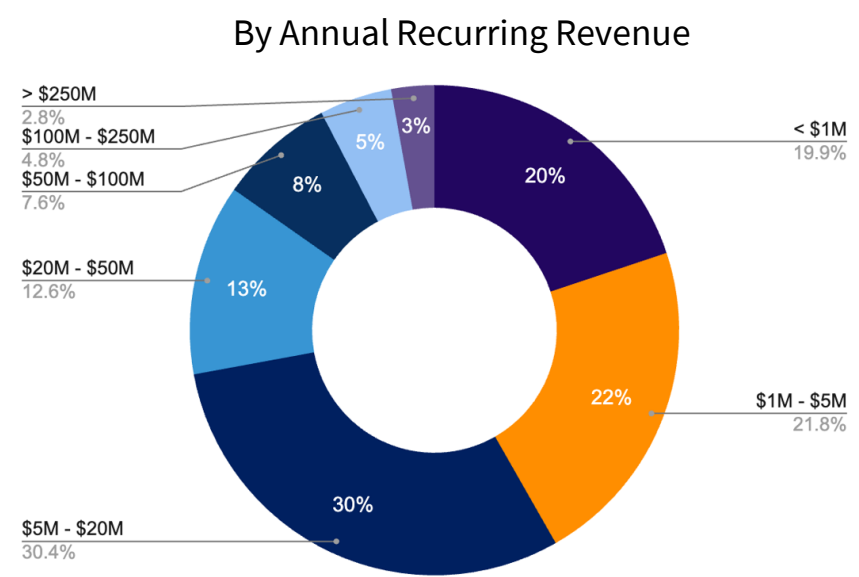
About the data



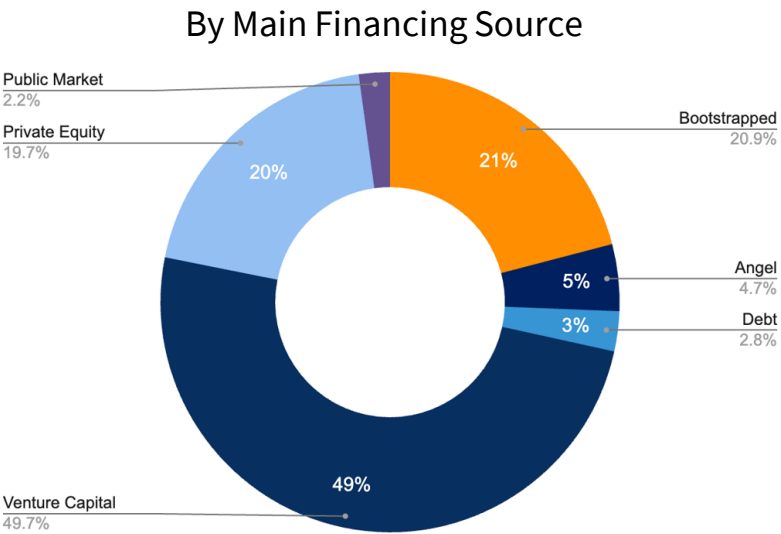
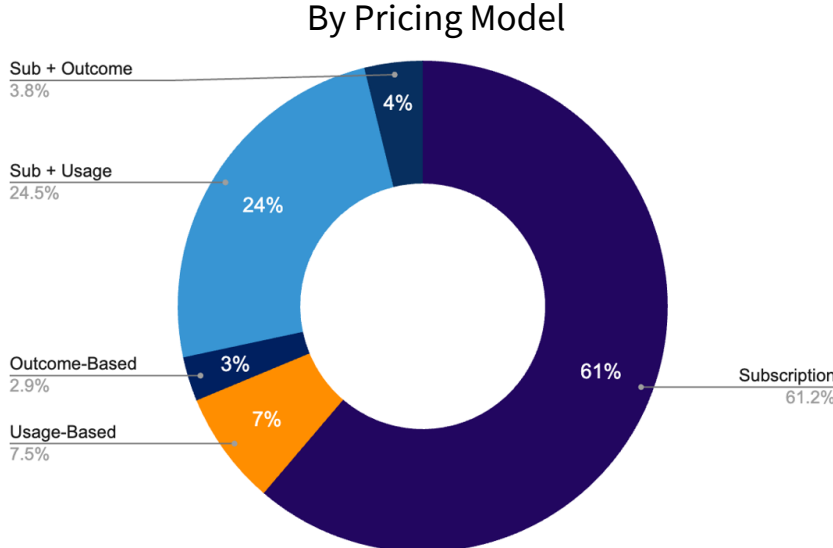
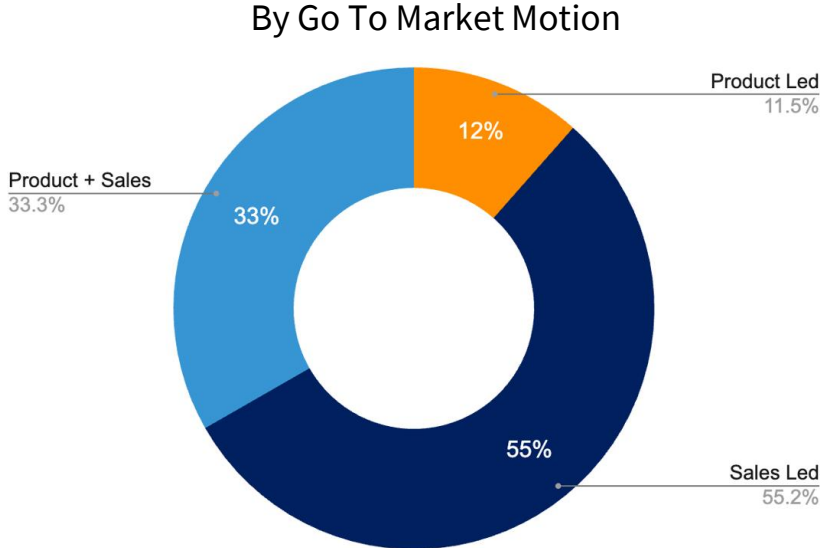
- The data in this report comes from 563 global B2B SaaS companies. They completed anonymous surveys between March and May 2025. Companies were asked to share their FY 2024 metrics.
- The team at Benchmarkit led the data collection and analysis process. Partners like SaaSCan and others shown below shared surveys with their networks to increase response rate.
- Response sample size varies across individual questions, and are shown on each chart.
- While we draw some year to year trend insights, these are directionally only, as we cannot be sure the same companies participate year over year.
- Partners in this study:



About the respondents n = 563



About the respondents continued n = 563



About SaaS benchmarks

What are SaaS benchmarks?

Standardized indicators used to compare one SaaS company to a broader group of SaaS companies

Established by gathering group of SaaS company metrics and determining min, max, median, quartiles, etc

Why do they matter?

Your company's relative position on benchmarks can help or hinder fundraising and valuation

Canadian companies are often compared to North American benchmarks by investors and lenders

Knowing how you compare helps you set better goals, prepare for financing, and communicate with your Board

How do you use them?

In the early startup days, use them to build knowledge and guide decisions so you're not surprised later

As you approach \$80K MRR or \$1M ARR and grow well beyond, benchmark your company to understand how you compare

What to watch out for?

Benchmark data quality and transparency ie gathered from survey or actuals, sample size, segmentation

That SaaS metrics formulas used in your company and the benchmark are exactly the same

To ensure you use other reference points beyond benchmarks - your circumstances may be different

Additional resources

1. www.saascan.ca

- Interactive Benchmarking Engine – www.saascan.ca/benchmarks
- Additional Canadian-Centric Research and Articles – www.saascan.ca/insights

2. [2025 B2B SaaS Performance Metrics Benchmark Report](#), by Benchmarkit

- This report is ideally suited to SaaS companies over > \$5M ARR who are getting more sophisticated in their SaaS metric analyses
- Contains benchmarks in 6 categories, including the 7 metrics curated for the SaaSCan 2024 report
- Released in May 2025

3. [MetricHQ](#), by Klipfolio

- Free online dictionary of metric definitions, formulas, and examples
- Crowd-sourced from experts



Lauren Thibodeau

Founder, SaaSCan

lthibodeau@saascan.ca

www.saascan.ca

SaaSCan for Startups

Provides Canadian-centric SaaS metrics research, set in a global context, at no charge. The goal is to empower SaaS startups on the metrics that matter most, from Day 1.

SaaSCan for Scaleups

Provides Customer Success Advisory Services for B2B SaaS scaleups, to increase GRR, NRR, and logo retention. Email lthibodeau@saascan.ca to learn more.