



TOP ACCOUNTING AND FINANCIAL KPI TERMS FOR SUBSCRIPTION MODELS

Accrued revenue	A company can accrue revenue for performance obligations it has provided, but not yet billed for.
Active subscribers	The % of customers who use it on a frequent basis.
Auto-renewal	Automated billing requiring advance notice prior to billing and an identified grace period for cancelling.
Cancellation and refund policy	Terms to refund, communicated in user agreement.
Churn	The % of lost customers within a period of time.
Customer Acquisition Cost (CAC)	Average cost of marketing and onboarding expenses for attaining a new customer.
Deferred revenue	A company should defer subscription revenue for cash it has received, but not performed the obligations.
Generally Accepted Accounting Principles (GAAP) accounting	The financial and accounting standards that certify all transactions and is reported to the federal government.
International Financial Reporting Standards (IFRS) accounting	The accounting standards for every country except for the USA.
Growth rate	The rate of change between two periods of time according to a specific value such as customer count or revenue.
Invoiced payments	Not recognized as revenue until payment is made.
Life Time Value (LTV)	The total revenue generated from a customer from first to last payment.
Outstanding accounts receivable	Subscriptions that have been billed but not paid yet. Depending upon the circumstances it could be recognized or deferred.
Gross margin	Revenue less direct expenses. The percentage of the revenue remaining after the expenses are removed from the subscription amount.
Net profit margin	This is a bottom line calculation, your net income percentage vs. revenue.
Recognized revenue	A company can add the revenue for the month/ period that the solution or service was delivered in.
Retention or Renewal rate	The % of customers who renew or pay for a follow-on subscription.
Subscription limits	Usage parameters that the payment amount covers. If exceed additional fees apply.
Subscription payment	Payment in advance of receiving access.
Subscription term	Length of time the payment covers for the service.

BoomStartup gives that "A-ha" moment to every startup.

We will help you break through the barriers holding you back.

We believe anyone can grow a business who is willing to commit with grit. Our platform provides a foundational analysis of areas where your startup is strong and where it's struggling. With support and know-how from our community of experts, mentors, and sponsors, you'll put in the effort to fix the flaws and progress toward your goals.

Watch OpenUp: Revenue Recognition for Subscriptions at:

<https://boomstartup.com/events/revenue-recognition-for-subscriptions/>