

Checklist for growing MMR

Monthly Recurring Revenue (MMR) is a measure of your regular, predictable revenue - and an essential metric for SaaS companies seeking growth.

Calculating MRR is simple. Just multiply the number of monthly subscribers by the average revenue per user (ARPU).

For example, if you have 20 clients who spend an average of \$150 a month:

$$\text{MMR} = 20 \text{ customers} \times \$150 = \$3,000$$

For subscriptions under annual plans, MRR is calculated by dividing the annual plan price by 12 and then multiplying the result by the number of customers on the annual plan:

$$\text{MMR} = \text{annual subscription rate } \$600 / 12 \times 20 \text{ customers} = \$1000.$$

That's enough of the math. Here are some practical and achievable ways to bump up your MMR with some tweaks to your business model, pricing strategy, or sales & marketing processes.

Upsells and cross-sales	<p>By having a clear and full picture of the entire customer journey, you can reach out to them at the right time to offer more premium plans and services. The key is to identify how you can help your teams and departments to work together effectively to create more opportunities for upselling and cross-selling.</p>
Split your features	<p>It can be tempting to make your offering seem more attractive and simpler to understand by bundling them together. But, the truth is, customers will likely disregard many of them and focus only on the features they require. Get more strategic and sell additional functions separately as an add-on service.</p>
Up your acquisition	<p>Yes, it's easier to hold onto existing customers than win new ones. But that doesn't mean you can afford to let your customer acquisition strategy slide - you need to keep consistently generating qualified leads. Examine the common pushbacks your sales team hears from your target market - how can you address these through a consolidated approach by product management, marketing, and sales?</p>

Increase conversion rates	<p>Even small increases to your conversion rate will have a huge impact on monthly recurring revenue, so regularly use A/B testing to split-test different sales copy, button placement, messaging and more. As long as you're able to calculate your marketing ROI to justify that the extra work is generating more conversions, it's an effective tactic to raise MMR.</p>
Raise your price	<p>It sounds obvious - but a surprisingly quick win that many SaaS companies overlook. Try raising your price incrementally by 10, 20, or even 100% to see how customers respond. Perceived value often prevails over price sensitivity when customers make decisions. You may see any increase in churn is outweighed by a significant increase in MRR.</p>
Offer prepayment	<p>Get customers to commit for a full 12 months rather than, say, monthly rolling contracts - perhaps offering a discount or other exclusive incentive for doing so. This can dramatically boost loyalty, retention, opportunities for cross and upsells.</p>
Ditch the free trials	<p>While allowing customers to try your product with no financial commitment seems like a good way to get an 'in' and raise awareness with potential customers. Instead, opt for a freemium model, which</p>

	<p>offers basic or limited features to users at no cost and then charges a premium for supplemental or advanced features. Alternatively, put a time or usage cap on a free trial.</p>
Offer enterprise packages	<p>Big businesses will pay more for your solution than SMBs: they have the budget and are probably getting more value from it. They also tend to be the accounts that demand the most from your business in terms of time and quality of delivery. Price up your packages to reflect this.</p>
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