

Logo Retention

Metric Standards Document

(Version 1.0 - January 10, 2023)

Metric Name: Logo Retention

Alternative Metric Name(s): Customer Logo Retention

Logo Retention Overview

Definition: Logo Retention measures the percentage of customers that are retained as customers over a specific period of time.

Business Value and Insights: Logo Retention is the most basic retention measure and does not consider the revenue associated with the customers included in this calculation. Logo retention can provide additional insight into the stability of a company's customer base because it is not subject to distortion from larger revenue companies which can mask an underlying customer churn problem.

Logo Retention Calculation

Calculation Formula:

Logo retention calculation should follow the same cohort-based construct as the [Net Revenue Retention](#) and [Gross Revenue Retention](#) standards.

$$\frac{\begin{array}{c} \# \text{ of customers at the end of the period who were customers} \\ \text{at the beginning of the period} \\ \hline \# \text{ of active customers at the beginning of the measurement period} \end{array}}{\# \text{ of active customers at the beginning of the measurement period}}$$

Data Inputs Required:

Data Input #1: Number of customers at beginning of the period

The number of customers should be limited to include those customers that are currently on contract and generating revenue. Freemium, Free Trial and Trial customers should not be included in this calculation

Data Input #2: Number of customers at the end of the period

The number of customers should be limited to include those customers that are currently on contract and generating revenue. Freemium, Free Trial and Trial customers should not be included in the number of customers for this calculation

This data is typically found in the Customer Relationship Management system, subscription billing system and/or contract management system

Calculation Timing:

The metric is typically calculated every month for the prior 12 month period.

Nuances to Consider:

#1: There may be some judgement calls regarding the specific criteria to determine when a customer has churned. For example, a customer may be current on their invoices and verbally committed to renew, but the renewal contract was not signed by the renewal date or prior to the end of the reporting period.

#2: Usage-based companies may have customers whose usage is highly variable and goes to zero for some months. As in #1 above, a standard company policy should be defined as to what criteria is used for a customer to be counted as a churned customer in the Logo Retention calculation.

#3: Each company will need to come up with standard rules regarding these type of retention definition edge cases and then properly disclose and consistently apply those rules.

Calculation Example:

List of Input Values:

Number of Customers on January 1, 2022 = 350

Number of Customers from Jan 1, 2022 still active on January 1, 2023 = 320

$$\frac{320 \text{ Active Customers from } 1/1/22}{350 \text{ Active Customers on } 1/1/21} = 91.4\% \text{ Logo Retention Rate}$$

Logo Retention - Links to related Standards

Net Revenue Retention: [Click Here](#)

Gross Revenue Retention: [Click Here](#)