The Six Metrics that Matter for HaaS Companies

svb ECLIPSE

Machine Lifetime Value (MLV) to BOM Ratio[2]

Are you getting enough ROI per unit?
The median lifetime value of the HaaS survey cohort was 7x BOM costs.

$$\frac{(\text{Annual Revenue} - \text{Annual OPEX}) * \text{Expected Service Life}}{\text{BOM Costs}}$$

Customer Contract to BOM Cost

Is the contract long enough?
At a minimum, contracts should exceed their payback period.

$$\frac{(\text{Annual Revenue} - \text{Annual OPEX}) * \text{Years in Contract}}{\text{BOM Costs}}$$

Operating Margin Growth Rate

How efficient is your system?
Higher efficiency generally leads to higher profits. The target operating profit margin is 85%.[3]

$$\frac{\left(\frac{\text{Monthly OPEX Start Period}}{\text{Monthly Rev Start Period}}\right) - \left(\frac{\text{Monthly OPEX End Period}}{\text{Monthly Rev End Period}}\right)}{\left(\frac{\text{Monthly OPEX Start Period}}{\text{Monthly Rev Start Period}}\right)}$$

Lead Time Efficiency Ratio

Will you stay supplied?
Longer lead times require more inventory to be held. Balance the cost of holding inventory vs. lost revenue opportunities.

$$\frac{365}{(\text{Avg. Lead Time} + (\text{Longest Lead Time} * \%\text{ of BOM for Longest Lead Time})}$$

Machine Acquisition Cost (MAC) Multiple

Are you selling efficiently?
A higher MAC multiple could mean inefficient sales and/or implementation efforts. This metric should trend down over time.

$$\frac{\left(\frac{\text{Cost of Sales} + \text{Cost of Implementation}}{\text{New Machines Deployed}}\right)}{\text{LTV}}$$

Machine Churn

Is your system reliable and valued?
Lower machine churn results in a higher customer lifetime value.

$$\frac{\#\text{ Machines Extracted from Deployment in Period}}{\#\text{ New Machines Deployed in Period}}$$