Defining metrics to guide strategic hypotheses

tuumo



Strategic hypothesis

The strategic hypothesis / product strategy provides direction

Continuous delivery indicators

Continuous delivery indicators ensure sustainable development

Product metrics

Measuring the RARRA flywheel with product metrics provides a structure to grow customer value and track success at every stage.

Product outcomes

Strategic hypothesis

Example:
We believe we can grow revenue 20% by targeting enterprise accounts.

Measure the factors that impact the hypothesis

Product metrics

Retention

Weekly Admin Activity: Frequency of use for core admin functions (e.g., checking Audit Logs, managing users, accessing compliance reports) by key administrators.

High activity demonstrates the product is sticky and embedded into the company's mission-critical administrative processes, reducing churn risk.

Activation

Time to Enterprise Admin Value (TTEAV): Time (in hours) until a new Enterprise customer successfully configures the SSO and Audit Log features.

These are the technical "gatekeepers." Fast, successful adoption predicts a healthy account and future retention/ expansion.

Referral

Internal Expansion Rate (Pilot-to-Rollout): Percentage of initial pilot users/teams who successfully champion and expand the product to other departments within the first quarter.

Enterprise growth often relies on internal adoption. This metric is a strong predictor of future organic license/revenue expansion.

Revenue

LTV (Lifetime Value) & LTV:CAC Ratio: Measures the financial value generated by each customer over their entire relationship with the product, and compares it to the cost of acquiring that customer (CAC).

A high LTV and a strong LTV:CAC ratio indicate that the product is delivering significant value to customers.

Acquisition

Technical Validation Success Rate: Percentage of sales-qualified Enterprise leads who successfully pass the security/compliance review stage of the sales cycle.

This shows how effectively our product improvements are eliminating technical blockers for the Sales team, speeding up the pipeline velocity.

Continuous delivery indicators

Lead Time

< 7 days (Time from idea/code commit to deployment in production)

Fast turnaround is necessary to quickly address critical security or compliance issues raised by Enterprise clients, building trust.

Deployment Frequency

> 3 times per week

Enables smaller, safer batches of code, ensuring that new Enterprise features and fixes are delivered consistently and reliably.

Change Failure Rate

< 5%

Enterprise accounts demand extremely high reliability. A low failure rate is a direct measure of our commitment to product quality.