BOARD-GRADE REVENUE TRUTH

Healthtech Edition

Built for healthtech operators navigating board scrutiny on unit economics — Series A–C and PE-backed.

THE SITUATION

A care management company secured a multi-year enterprise contract. Program ROI was internally modeled, board-approved, and embedded in the investor narrative. When the payer's actuarial team completed their own independent study at renewal, the savings attribution didn't hold. The contract wasn't renewed. The actuarial review had never been part of the buy cycle — or the renewal preparation. It should have been.

The metrics below are designed to surface this before it becomes a board conversation.

METRIC	DEFINITION	PASS / WATCH / FAIL	COMMON LIE
CLUSTER 1 — ACQUISITION ECONOMICS			
CAC (blended)	Total S&M; spend ÷ new customers won	<1.0× ACV 1–1.5× >1.5×	Implementation and CS onboarding excluded from CAC calculation
CAC by segment	Blended CAC split by ICP tier	Consistent >20% variance >50% variance	Segment definitions shift quarterly to flatter underperforming cohorts
CAC payback (GP)	Months to recover CAC from gross profit, not revenue	<18 mo 18–30 mo >30 mo	Calculated on revenue, not gross profit — overstates efficiency 20–40%
LTV:CAC (graded)	LTV ÷ CAC with explicit cohort confidence grade*	>3× high-conf. 2–3× <2× or ungraded	LTV extrapolated from 12-month cohorts as if they were 5-year cohorts
CLUSTER 2 — REVENUE QUALITY			
Gross Revenue Retention	Revenue retained before expansion	>85% 75–85% <75%	Churned contracts reclassified as "restructured" rather than closed-lost
Net Revenue Retention	GRR + expansion ÷ starting ARR	>110% 100–110% <100%	MSA price escalators counted identically to genuine upsell expansion
Logo churn rate	% of accounts lost per period	<5% annual 5–10% >10%	SMB churners excluded from the "strategic" churn narrative
Expansion attach rate	% of customers who purchased an additional product or tier	>30% 15–30% <15%	One-time professional services counted as expansion ARR
CLUSTER 3 — FORECAST INTEGRITY			
Pipeline coverage ratio	Weighted pipeline ÷ quarterly target	>3× 2–3× <2×	Stage weights unchanged since onboarding; most deals at default 50%
Forecast accuracy (4Q)	Actual closed ÷ original call at quarter open, trailing 4 quarters	±10% ±10–20% >±20%	CFO-adjusted commit used as baseline, not the original revenue call
Slippage rate by stage	% of opportunities moving backward or going dark	<15% 15–25% >25%	Slipped deals re-enter following quarter counted as new pipeline
Avg. sales cycle vs. ICP	Actual days-to-close vs. ICP design	Within 15% 15–30% var. >30% var.	Enterprise and SMB cycles averaged together, masking enterprise deterioration

* LTV:CAC confidence grade requires minimum 24 months of active cohort data for "high-confidence" designation.

> **PE PORTFOLIO NOTE**
> GRR >90% and CAC payback <18 months are the practical thresholds at which most growth equity and buyout firms will underwrite a clean exit story.

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I install board-grade revenue truth systems for VC and PE-backed healthtech companies that need commercial clarity before their next board meeting or raise.

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