

IMPROVING YOUR SAAS BOTTOM LINE:

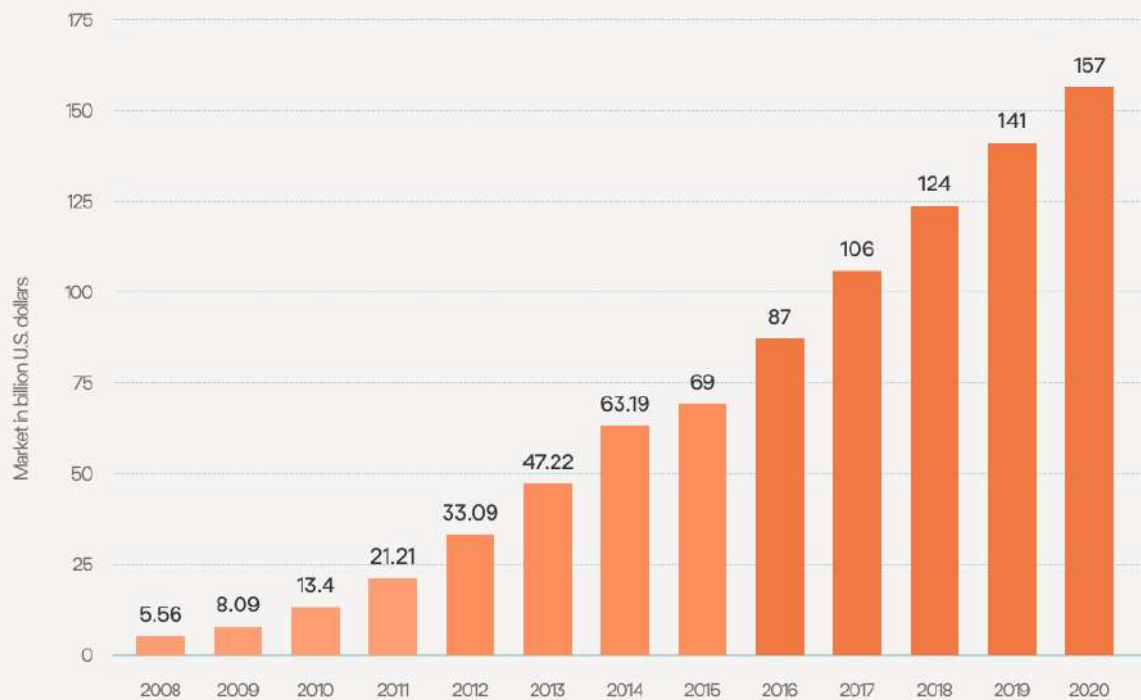
How Design Affects Your Growth Metrics



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The last decade may be easily called “the golden age” of software as a service, also known as SaaS. Over fifteen thousand SaaS companies have been registered on Crunchbase and reported a [12 times growth](#) rate since 2010.



The total size of the public cloud software as a service (SaaS) market

However, it is not a rare case that companies that offer great cloud software do not meet their key performance indicators (KPIs). There are many reasons why it happens. This can be problems with the cost model or overblown cost per user, as well as general poor control over financial data or simple lack of focus and even unrealistic goals and so on.

As an [agency that provides design services for SaaS](#), Eleken works with various businesses every day. We and our clients know the importance of metrics for SaaS growth, but an obvious question here is “What does design have to do with growth metrics?” This is the question that can’t be answered in one [blog post](#), so we’ve written this e-book to tell you how good design influences core business metrics. So, make yourself comfortable and let’s begin.

Understanding SaaS metrics



Metrics are quantitative characteristics of a product's performance.

It is very important for companies, especially SaaS products, to track these numbers to analyze business results and provide growth based on numbers instead of guess game. Metrics show product's well performing sides and indicate growth points. Metrics also reflect how the results change from month to month and help realizing weak spots early on. Different metrics can help you measure anything, from clicks per visit to user satisfaction.

There are three keys to succeed with SaaS:

- Customer acquisition
- Customer retention
- Customer monetization

Acquiring customers refers to visitors and answers how many people visited a website, platform, or app. This metric is important because it shows how many people are interested in your product and can be potentially converted into paying users.

Retaining customers refers to users and reflects how many people used your product. The conversion rate shows how many users (in percent) have completed the desired goal within your product. This metric is crucial as it measures your active users and is a base for monetization.

Monetizing customers refers to revenue and tells you how much profit you've made from your product. Monetization can be measured through more specific metrics such as ARR, MRR, and so on.

If you're running a software-as-a-service business, your success hinges on two factors: your ability to acquire customers and your ability to convert them into paying customers.

Based on these keys, there are more specific metrics to measure different aspects of your SaaS performance.

SaaS metrics to track your product's performance

There are many metrics and each company defines for itself what is best to track. But some of the most relevant SaaS metrics are:

- CAC – the cost of customer acquisition. CAC is a marketing metric that indicates how much money you spend to acquire new clients. Watching LTV and CAC of your SaaS will help you keep a healthy balance and growth.
- CLV or LTV – customer lifetime value, is the amount of money you receive from your customer during the whole period of using your software. This number helps you predict profit and allocate resources wisely. Companies that have a good LTV focus on improving the user experience of their existing customers. It's cheaper to keep an old client than attract a new one.

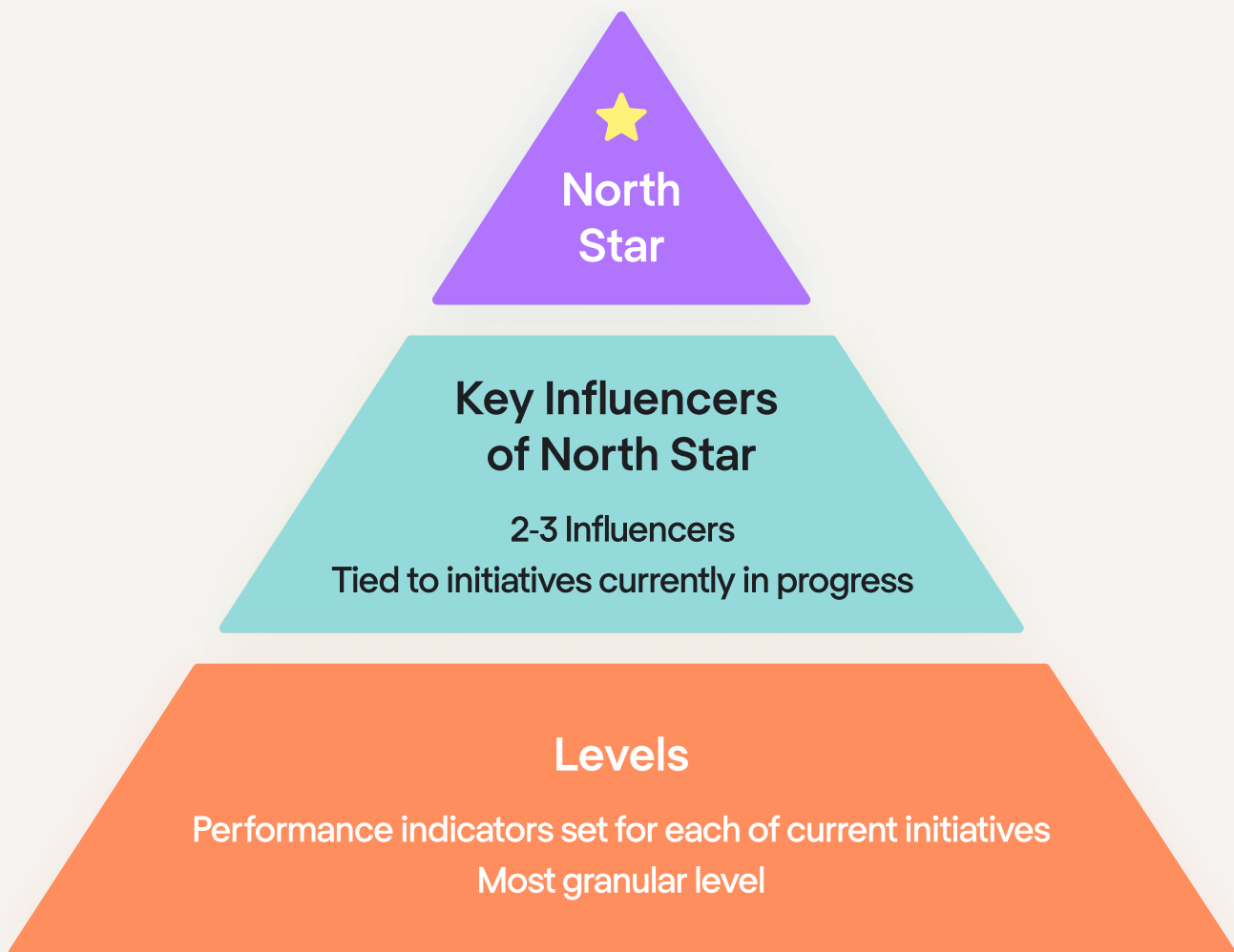
- NPS – net promoter score helps you identify how satisfied your users are with your product. NPS is based on a simple question: How likely are you to recommend our product to your colleague or friend from one to ten? This metric is related to the quality of product features, customer services, and user interface.
- MRR and ARR – monthly and annual recurring revenue, that company expects to receive every month/year. MRR is the most important financial metric. As SaaS is a subscription-based business, you need to count how much money you get every month. This metric doesn't include upsells or profit from additional revenue streams. You should only take into account the number of subscriptions.
- Churn rate is a percentage of clients you have lost during a defined period (week, month, quarter). SaaS businesses are based on a subscription model which means you have to keep track of current clients and make sure they continue to use your service from month to month. Trying to find the reasons why they churn may help you improve your product.

You can also measure time spent using the product, clicks per visit, cost per user, cost per click, signups, leads, bounce rate, and many other things.

When building your SaaS company learn what metrics are important for your type of product and what you can and want to measure. You don't have to measure everything, spending money and effort on tracking every number in your product's performance.

Define your key goals and find those specific metrics that can help you move towards them. In other words, find your North Star metric and build your metric tracking strategy around it.

What is a North Star Metric approach and why is it relevant for SaaS?



NSM or the North Star Metric is a concept that helps product businesses measure their core value. This approach is especially common for SaaS businesses.

For example, for Slack, a North Star Metric is the number of daily active users, for HubSpot – the number of weekly active teams.

North Star Metric Examples

	Facebook	Monthly Active Users (MAU)
	Spotify	Time spent listening
	Amazon	Number of purchases per month
	Airbnb	Booked nights
	LinkedIn	Monthly Active Users (MAU)
	WhatsApp	Messages Send
	Quora	Number of answers to questions
	Uber	Riders per week
	Hubspot	Weekly active teams
	Slack	Daily Active Users (DAU)

As you can see, NSM reflects the core of your product and should lead directly to the revenue. North Star Metric is unique for every SaaS business and defines the goal for your entire product team.

Knowing your key metrics is the first step to uncovering growth points. The next step is to actually improve them. And here design can play a crucial role. That's right, design directly impacts your SaaS metrics.

Why design is essential for SaaS metrics?

Design is not just what it looks like and feels like. Design is how it works.

Steve Jobs



Design has a huge impact on how people act and react, which can have a significant effect on the bottom line of any SaaS business. A well-designed interface and user experience can make it easy for customers to find what they need and complete tasks, while a poorly designed interface can frustrate them and lead to churn.

UX correlation with metrics

UX design considers how users will interact with the digital product's content and functionality. UX designers are psychologists too, that's why they conduct detailed user research and create user personas, user stories, and user flows. All to predict user behavior and implement it in the product so it brings the most value to the users making them fall in love with the product.

A good UX can help people to complete tasks in less time, or with fewer clicks. While a bad user interface can make it harder for people to find what they're looking for and increase the number of steps they need to take to complete a task.

Speaking simply, a designer carefully considers which features to include on each page, what information should appear where, and how users will respond when interacting with different parts of the product.

Research by Forrester (2016) states that on average, every dollar invested in UX brings 100 dollars in return. Even if the numbers have changed since then, the ROI of UX is still very impressive.

UI as a powerful tool for better performance

The same research by Forrester states that good UI can increase conversion rates by up to 200%, and good UX can double this – by up to 400%. Conversion rate is one of the most straightforward metrics, so you can approximate the revenue increase that investments in [UI/UX design](#) can generate.

Design impacts metrics as it directly affects how much time users spend on tasks and how many steps it takes to complete them. The right design can lead to better user engagement and retention, increased sales conversion rates, or even lower acquisition costs and churn.

**“GOOD DESIGN ENABLES,
BAD DESIGN DISABLES!”**

Improve design to boost your metrics

Specific design changes correctly implemented and aligned with product management and marketing efforts will skyrocket your metrics. Here are some ideas and tips on how you could improve the design of your solution.

The instant impact is possible thanks to quick design changes

The story of the [Ricochet360 redesign](#) by Eleken proves that small design changes can quickly make a difference. The redesign project would take two months, and it would take another couple of months for developers to implement the new design. Considering the project duration, Eleken offered the client to implement small improvements to the existing design first. They would take minimum efforts yet make a positive difference immediately.

To redesign pages from the ground up, designers first had to restructure them – disassemble old screens on their core elements, like a Lego model. Restructuring is a method used for redesigns to figure out what is the path taken by a user to complete a task, and what elements should be on each screen to help the user cope with their task.

The “Add a new lead page” also went into the small improvements program:

- To ease customer confusion, designers added a tooltip for every field to show how it has to be filled. Also, standard data formats were implemented.
- As a result, if users enter a phone number in an invalid format, they now get an error message.
- Eleken also indicated required fields with asterisks, so that users don’t have to guess which fields are necessary for creating a lead and which they can omit.

Based on a current interface, we got a mockup that took us two hours to design and another couple of hours for a developer to put in place. The business performance improved instantly, without waiting for a months-long redesign project to reach the end.

Design impacts metrics as it directly affects how much time users spend on tasks and how many steps it takes to complete them. The right design can lead to better user engagement and retention, increased sales conversion rates, or even lower acquisition costs and churn.

UI`s direct influence on customer acquisition and churn

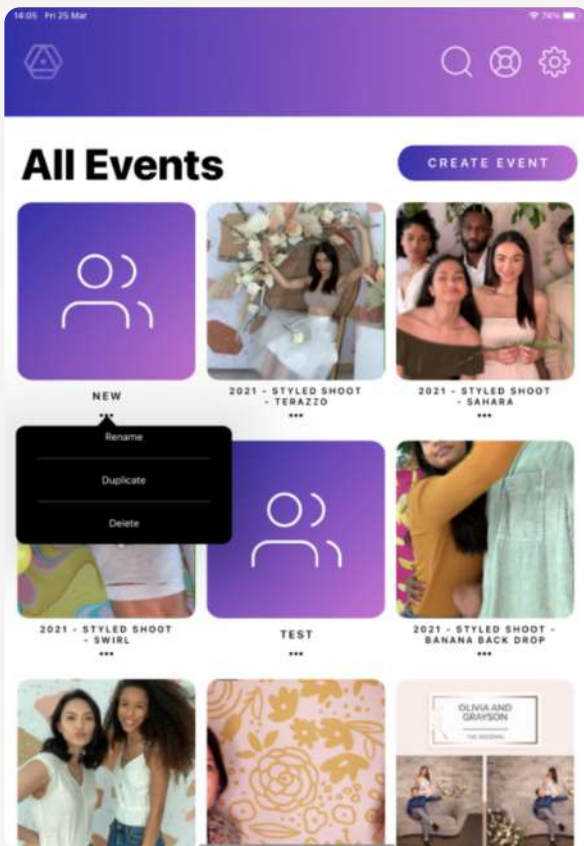
Let's not forget that user interface is one of the most important factors that affect customer churn. UI creates the first impression and can attract or scare users away in seconds.

When a user's interaction with the product did not result in action (for example, conversion), analyze the user journey and figure out at what point they left. Try implementing changes on the specific point where the user has left. Pay special attention to the following:

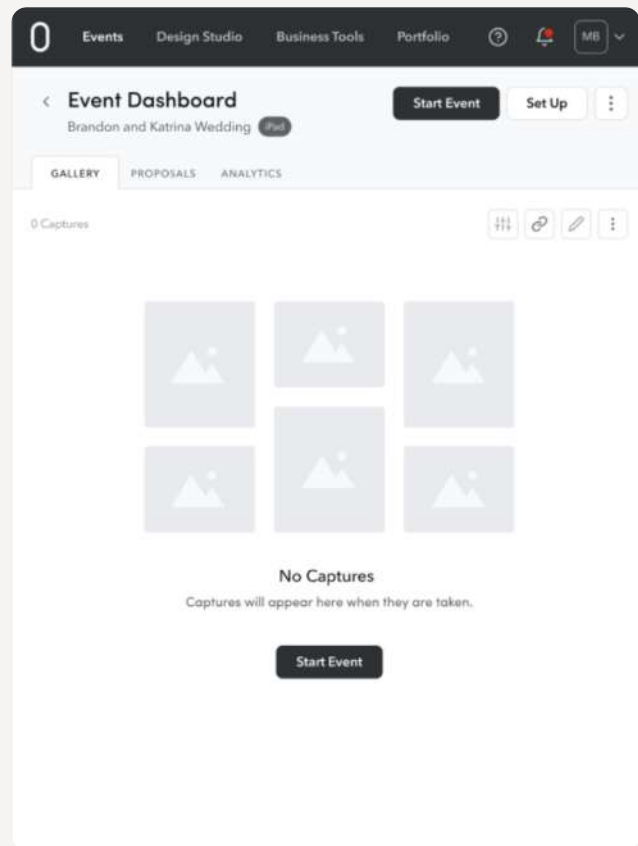
- Button size, color, and position
- Size of the text blocks and spacing around them
- Font and font size
- Images style on the page
- The number of options you give your user on one page

We are sure that by changing the above-mentioned design elements you will help your users feel less overwhelmed and easier achieve their goals, and as a result, you will notice better conversion metrics and fewer churned users

Before



After

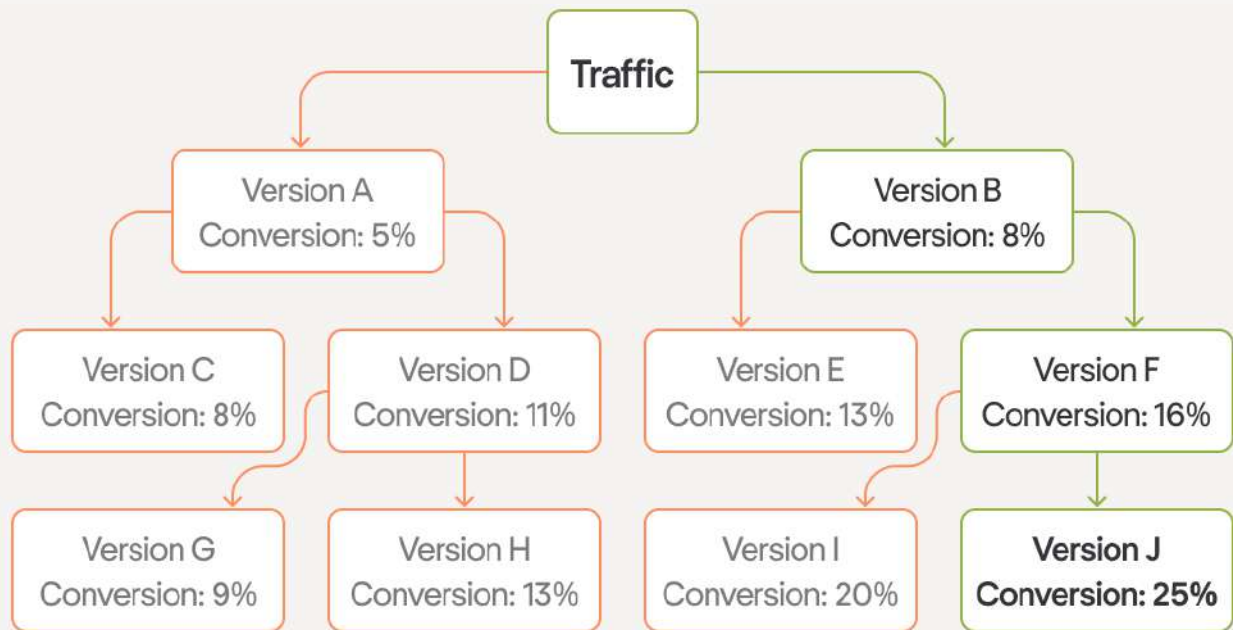


Redesigned Photobooth Supply platform offers simplified UI with a convenient top bar and well-designed cards

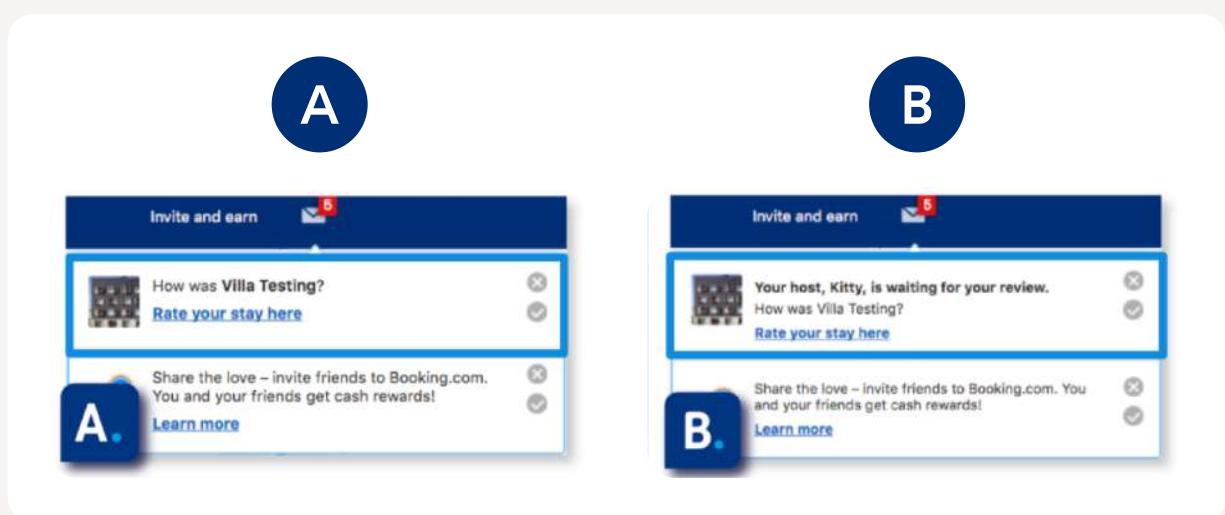
We have seen time and time again that good UI design can drastically reduce the amount of churned users. So if you're looking to reduce churn and improve your bottom line, make sure you focus on your UI design.

Design A/B tests bring better numbers

A simple proof of how design can change metrics is A/B tests. Let's say you're building a platform and you want to improve conversion rates. You might hire a designer to create some mockups for the product and then run A/B tests to see which version your users prefer.



The most viral example of using A/B tests to change metrics is Booking.com. Even though it's not a SaaS business, you'd agree that once a startup and now the leading digital travel company is worth learning from. Booking.com runs A/B tests regularly, testing various hypotheses. They simply show two different screen layouts, or change button colors and position, and see what performs better.

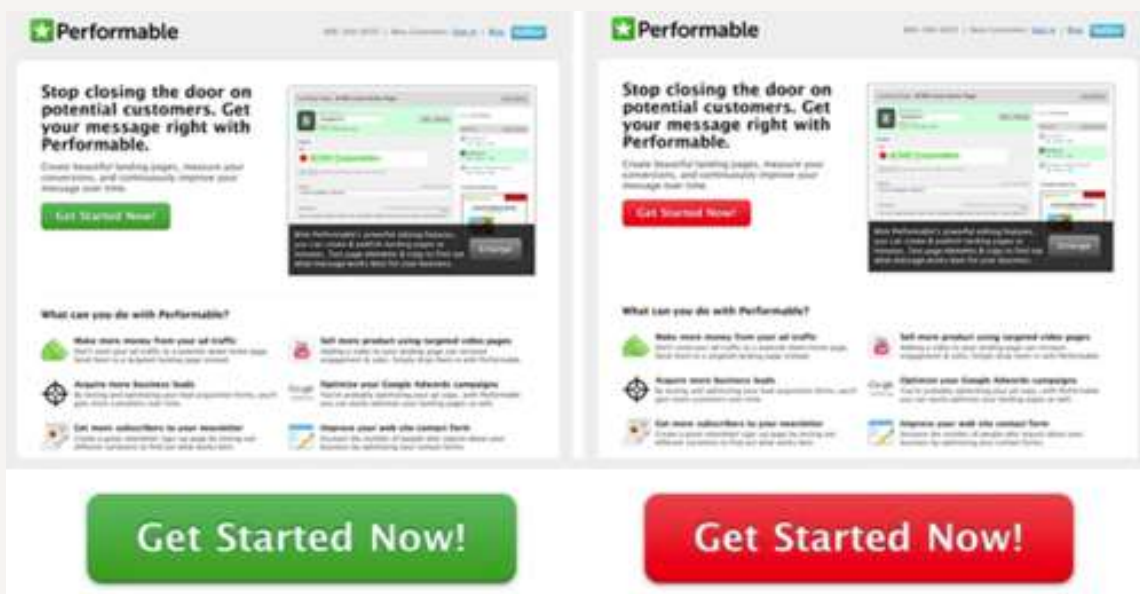


Screenshot from Booking.com

Make colors serve your metrics

Colors are often underestimated and considered only as an aesthetical aspect. We recommend not overlooking the opportunity to turn colors into your solution's advantage.

Often companies and even designers make the same mistake picking the colors from the corporate palette. The brand look is important, but sometimes you need more than a nicely fit color for users to notice and press the button or complete the action.



HubSpot experiment proves that color does influence users' decision making.

The image above is a simple [experiment](#) by HubSpot, which showed that users clicked on the red button 21% more often than on the green one. So, experiment with colors and get your numbers up.

Frictionless landing page increases CAC

Only a fraction of your landing page visitors will get curious about your product and become customers. There is a risk of easily ruining your customer acquisition with a landing that creates more confusion than clarity. Attracted by the freemium offer, users may download your app. But unable to see the app's value from the first minutes, they'll abandon it without thinking twice. Even being one step away from becoming paying customers people will leave if they get confused or can't find what they came for.

Customer friction pops up at every step of your SaaS customers' journeys. It makes these journeys long and straggly (read expensive) and forces prospective customers to leave halfway to a purchase. So it makes sense to identify moments of friction everywhere they happen and eliminate them to reduce wastage of customer acquisition budget.

A well-designed and thought-through landing like the one we did for Cheerity will ensure your visitors convert into clients, as the whole user experience is friendly and encouraging to become a customer.



Cheerity wanted to implement subscription-based service best practices for their external website, so that customers could sign up for their new product directly on their website.

Eleken has helped the client to create a consistent look across their product and website. The marketing website with Eleken design was a huge upgrade from the old version of Cheerity website – the client's team, advisors, and even investors were impressed.

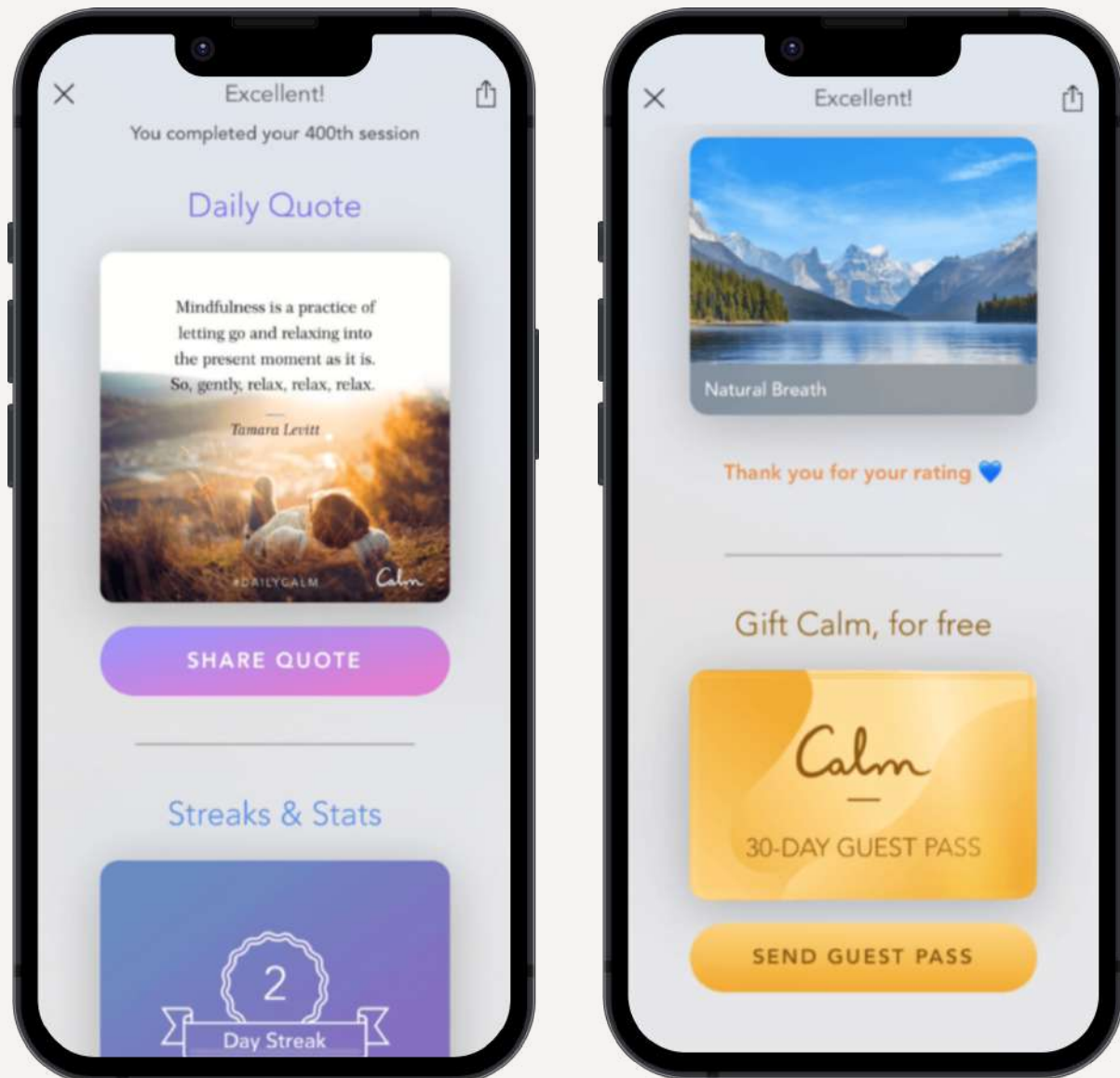
The new website clearly communicates what is the product, what benefits it will bring to users, what are pricing plans and what will be the impact of building social campaigns with Cheerity.

Neat structure and distinct CTA button encourage visitors to book a demo and that's what they do!

Incorporate referral encouragement into your design

The customers you acquire keep using your solution and love it to the point they would start telling other people about it, either through word of mouth or through some referral system, or whatever it may go. Your users invite their friends or team members to use your product and it is the referral metrics stage.

A loud and clear design can encourage users to recommend your product. So your task is to do everything to make the process of sharing quick and easy. Take the Calm app as an example. The solution is known for its referral practices that bring amazing results to the company. Look how they implement a referral program in their app design encouraging users to share the product they love with friends. Such practice leads to a direct boost of referral metrics thanks to existing users.



User onboarding as a conversion sieve

It's no secret that if you're able to increase your conversion rate, you'll have more customers and more revenue. Design can make or break your product here and one of the most important moments here is user onboarding.

Guide your users step by step, visualizing the benefits and tips for them. Make it short highlighting only the most important points.

Long and boring, complex and overwhelming as well as careless and vague onboardings turn your customers away. Design it right and your visitors will convert to customers.

For example user onboarding of Habstash designed by Eleken looks like this:

The screenshot shows the Habstash user onboarding interface. At the top, the 'habstash' logo is on the left and 'Get Help' is on the right. Below the logo, a progress bar indicates the current step: 'Set your goal: 1. Home status > 2. Affordability I > 3. Affordability II > 4. Dream home > 5. Target plan'. The main heading is 'What is your yearly income before taxes?'. Below this, there are two input fields: 'Your yearly income' with a value of '£ 30,000' and 'Partner's yearly income' with a value of '£ 50,000'. Below these, there is a heading 'Enter any additional amount you expect to receive for your home e.g. money from family'. Below this, there are two input fields: 'Your additional money' with a value of '£ 0' and 'Partner's additional money' with a value of '£ 10,000'. A modal window titled 'Save&Exit' is overlaid on the form. The modal has a close button (X) in the top right corner. It contains an envelope icon with a red arrow pointing down, the title 'Save&Exit', and the text 'Want to return later? No worries just leave your email and we will save your information and remind you'. Below this text is an 'Email' input field. At the bottom of the modal are two buttons: 'Send' (orange) and 'Cancel' (grey). The background of the form shows an illustration of a family sitting at a table. At the bottom of the form, there are two buttons: 'Back' (grey) and 'Next step' (orange). The 'Save&Exit' button is also visible at the bottom right of the form.

To retain users if they can't/don't want to continue filling in the information, we added the “Save&Exit” button. It offers customers to enter email address to be able to continue the registration from the same point where they left.

[Get Help](#)

Set your goal: 1. Home status > 2. Affordability I > 3. Affordability II > 4. Dream home > 5. Target plan

Create an account

You will be able to track progress, manage your goal, receive price updates on your dream home, invite your partner to save with you, explore ways to grow your savings, and more! You will also get a summary of your goal delivered to your email inbox.

Review your target plan

We have now estimated the deposit for your dream home along with associated fees. You (and your partner) need to save **£200** every month for **6 years and 3 months**. Check out your goal breakdown below.

Home status: Switching home	
Deposit*	£44,029
Stamp Duty	£7,031
Legal Fees	£1,925
Mortgage & Surveyor Fees	£2,625

Your dream home

Dream area	HA7 6E
Type of home	1 Bed semi-detached house
Average price	£342,569
Target Move-in	Mar 2022

*Your Deposit represents 8% of your Dream Home price

Create an account

Your name

Email

Password

- 8 characters minimum
- One number
- One special character

☐ I agree to receive Habstash news and updates

Sign up

Or

Sign up with Google

By Signing Up, I agree to Habstash Terms and Privacy Policy

[Back](#)

To reduce friction and help users start using the platform faster, when filling in the password Habstash provides a checklist, points at which that fades away once the password matches with the requirements. Note that customers also have an option to create an account with just one click using their Google profile.

Eleken designed onboarding of Habstash SaaS platform considering the main goal – users need to convert without bumps.

The connection between UX and lifetime value (LTV)

A good UX design can have a positive impact on your bottom line by improving your customer lifetime value metric. This is because a well-designed product that is easy to use will keep customers coming back for more. They'll be more likely to stick around and become loyal, long-term customers. In turn, this will boost your business profitability and help you achieve your goals. So if you're looking for ways to improve your SaaS metrics, don't forget about the importance of good UX design.

Here are some ideas on what you can improve in your user experience to keep your users happy:

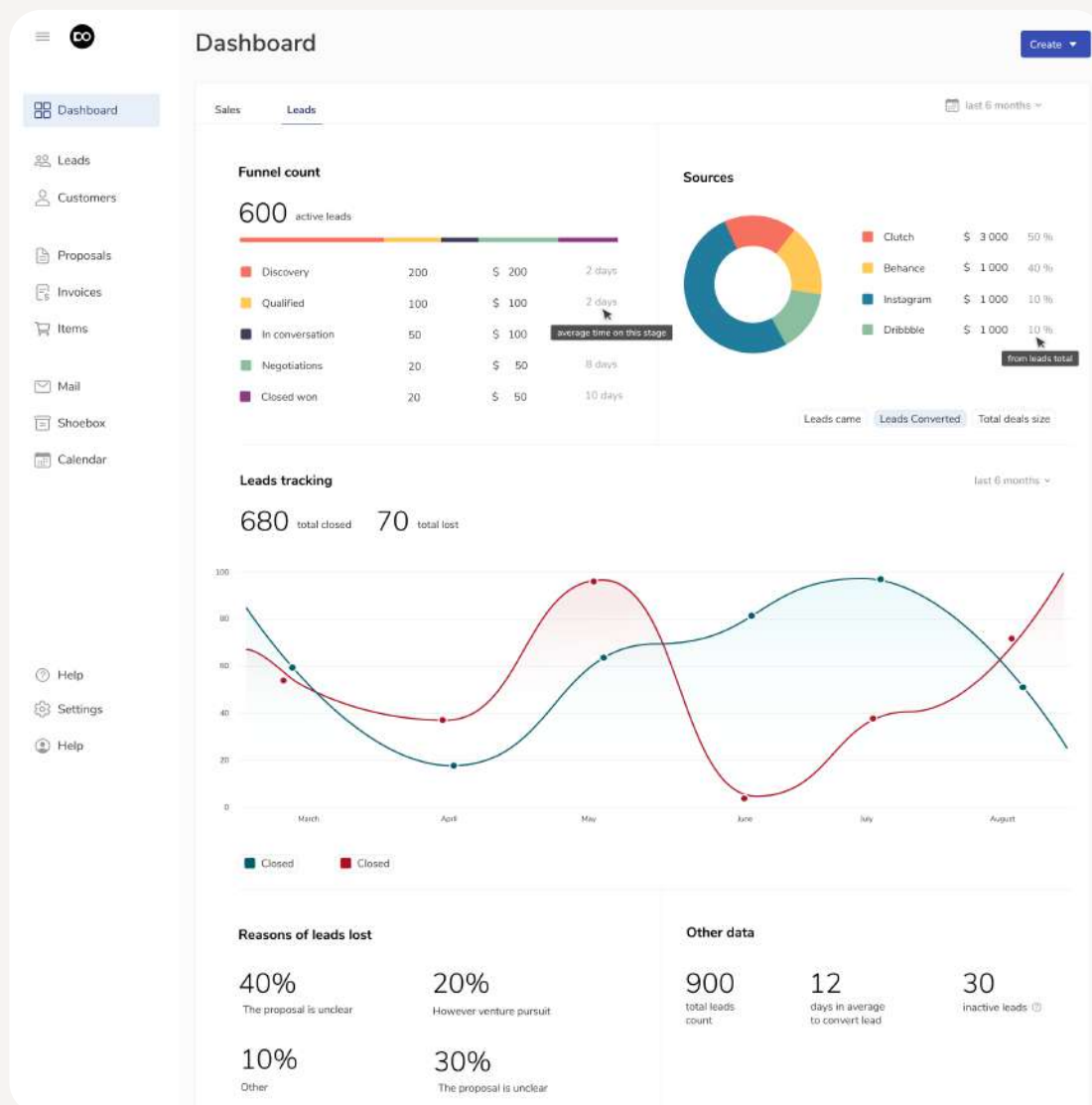
- Visualize benefits for your users. Use visual language, sometimes a picture is worth a thousand words.
- Personalize their user experience. Reminders of users' gains and pain points make them attach to your product.
- Minimalize your navigation of check-out pages to improve conversion rates.
- Small delightful bonuses on the user journey show that you care and increase your LTV rate. You can add animation, fun illustrations, your brands personality or even sounds. The point is to be mindful with UX surprises and delights and pick the right timing for it.



Mailchimp did a good job with fun illustration and brand personality

Users notice and appreciate design changes

The story of ClientJoy (former Griddle) is the great example that good design makes a difference for users. ClientJoy is a CRM for small businesses. This SaaS platform was brought to the market in 2013. When Eleken designers joined the Griddle's product team, it was already 2020 and the app's user interface needed dramatic improvements. The main goal was to **redesign** the app to make small businesses more efficient.

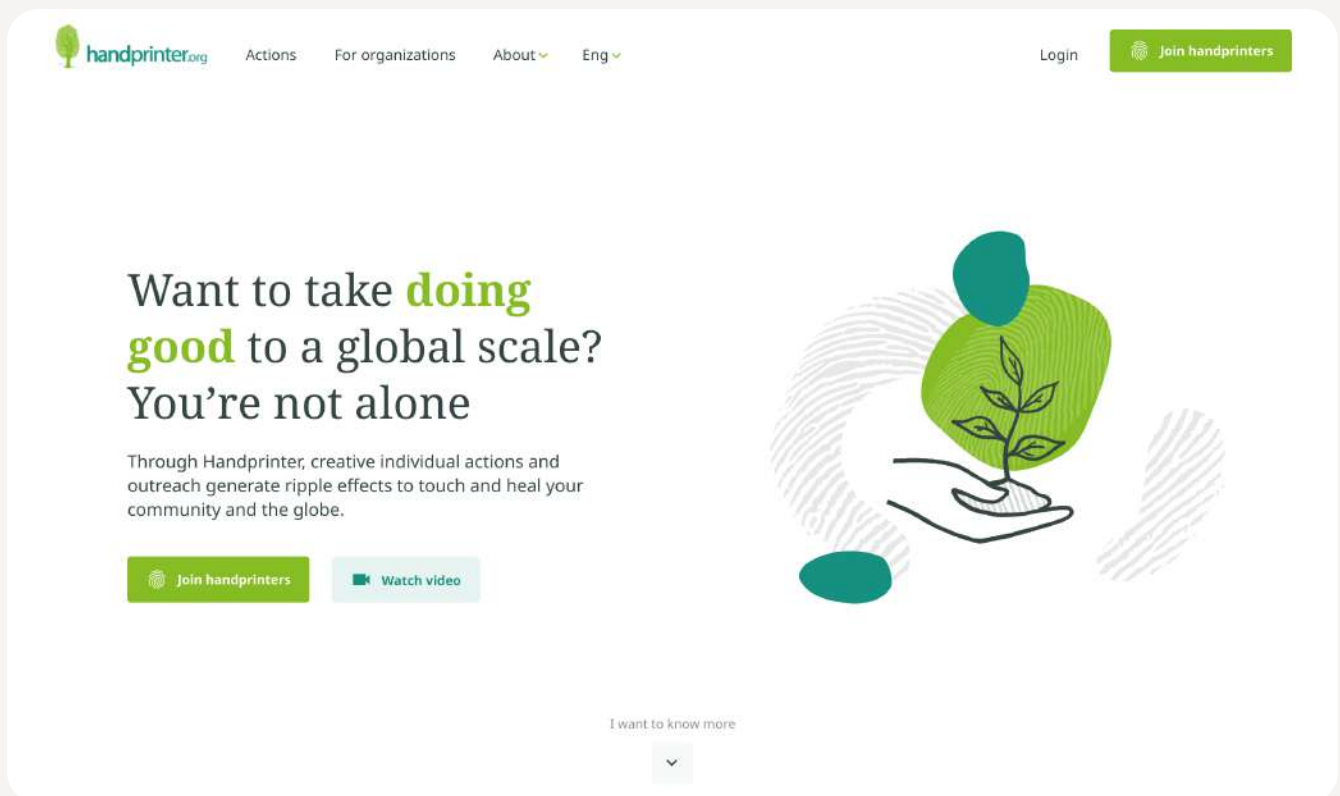


When Griddle's CTO, had shown the design to some of their users, they were excited and said that they couldn't wait to start using the new revamped version.

Redesign to reach the desired numbers

When businesses realize a problem with a certain metric they can try different tactics to improve the numbers. However, in some cases, only [UX/UI redesign](#) can help.

For example, Handprinter, a startup with a mission to heal a planet, identified that their product generates great interest with people at the acquisition stage, but because of the poor user experience, they fail to convert visitors into users at the activation stage. The solution was a well-thought-out UI/UX redesign that helped Handprinter overcome this problem (read more in a [case study](#)). It was the understanding of the CAC metric and its design importance for it that saved Handprinter and gave this meaningful product a second chance to win its audience's heart.



How to measure the success of your UX design

The impact of design on metrics is not always direct. Sometimes it's not possible to trace specific changes in metrics directly back to design decisions; instead, the impact of design can be felt over time as a result of multiple factors including marketing campaigns and product development cycles.

However, in most cases, we can measure the success of UX design and for that purpose, professionals turn to usability metrics.

The importance of usability metrics



Usability metrics are a system of measurement of the effectiveness, efficiency, and satisfaction of users working with a product.

To put it simply, such metrics are used to measure how easy and effective the product is for users.

Most usability metrics are calculated based on the data collected during usability testing. Users are asked to complete a task while researchers observe the user behavior and take notes.



The minimum number of users for measuring usability is 5. Jacob Nielsen, the founder of "Nielsen Norman Group", recommends running usability testing with [20 users](#). To analyze every user action, researchers might record the testing and watch it a few times. All of it is necessary to calculate the metrics.

How do metrics help with it? When designers know that their objective is to improve the metrics, they won't be just changing visuals and reshaping logos to make the results of their work more "noticeable". Their management knows the KPIs and can easily see the impact.

All in all, tracking usability metrics is a sign of a company with a certain level of UX maturity. Once you decide to invest in that, you'll find out that usability metrics can be as valuable as CAC, MRR, AARRR, and others.

Final thoughts

When assessing the impact of design on business, it's important to understand that design is an iterative process, that doesn't happen in a vacuum. A great product design requires constant feedback from users and stakeholders throughout the development cycle.

The ability to measure the impact of design on business outcomes is critical for measuring ROI and valuing design as a strategic asset.

The consistent and intuitive design of your app is what unveils your solution's most powerful features and lets users see its true value and leads to overall better product performance. By improving your product's UX and UI design, you can improve your metrics and see a real impact on your bottom line. Don't know where to start? Run the UX audit as a first step.

Why you should conduct a UX audit

Many companies make the same mistake when deciding to refresh their UX and UI. Redesign for the sake of redesign without a clear understanding of the goals and metrics you want to improve is a waste of time and money. If you are not sure what exactly you want to improve, consider running a UX audit first. It can reveal your product's weak spots and suggest ways to improve them through a [purposeful redesign](#).

A thorough UX audit helps you determine your product's weaknesses and provide recommendations on addressing the issues and improving user experience. UX audit can uncover user flow bottlenecks and UX bugs, turning your product's weak spots into growth points.

The ultimate goal of the UX audit is to pinpoint critical gaps in the user journey that prevent customers from executing the target actions they're supposed to take.

A well done UX audit covers a wide range of areas, including:

- Usability
- Product value
- Visual attractiveness
- Usefulness
- Action stimulation

You can learn how to [conduct a UX audit](#) on your own or let professionals do it for you.

How Eleken can help

We offer UX audit services that will help you identify areas of your product that need improvement, and we have years of experience in creating designs that help our clients pursue their business goals.

Eleken is a pragmatic design agency. This means that we aim to make our design more than just good-looking. We want it to work for business goals and happy users. We managed to [help many SaaS companies](#) make their products hard to abandon thanks to a well-thought design.

We call ourselves
"pragmatic" design agency
because our designs make
money, not just make
things "pop".

So maybe you want to talk →

