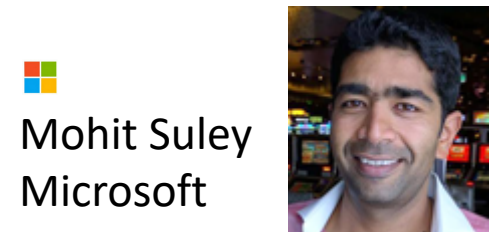


Understanding Business* Metrics

Can Make You A Better SRE

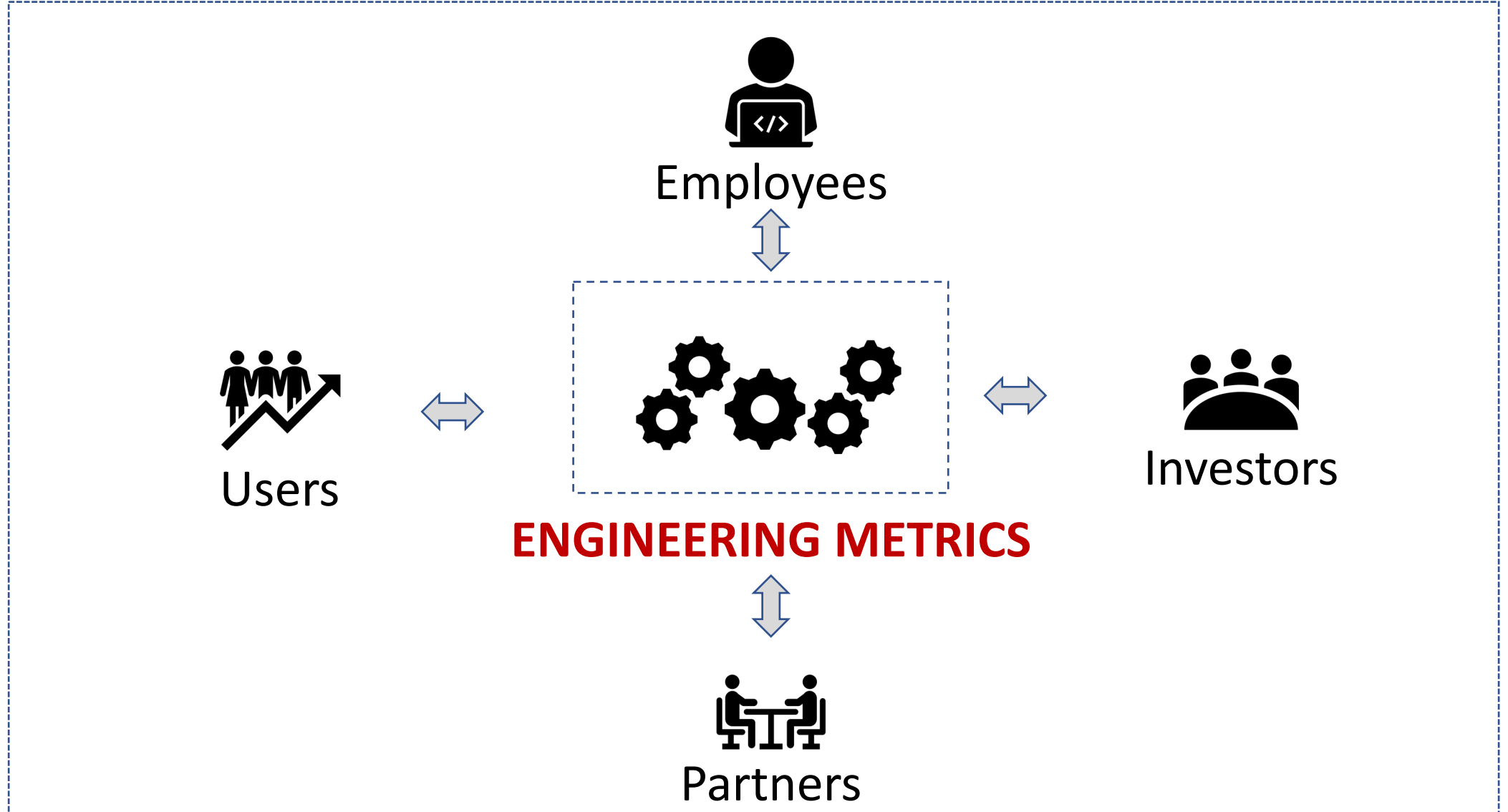


**Financial Knowledge Not Required*



 Kurt Andersen
LinkedIn

Metrics – In Context





HAMMER INC.

Latency


Availability

Cost


Volume

HAMMER INC. METRICS

Latency

- Hammer (order) Fulfillment Time 
- Nails Per Second / Hammer


Availability

- Hammer Defect Rate 
- MTBHF

Cost

- Cost To Build 
- Inventory
- Revenue  

Volume

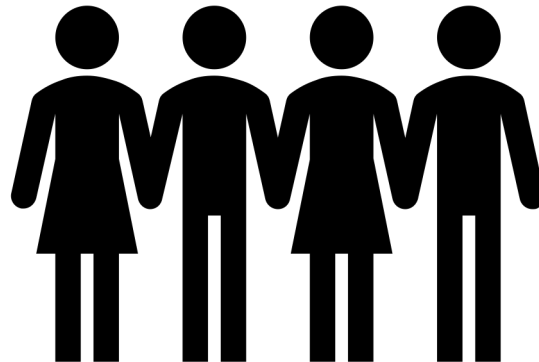
- Hammers Per Day 
- Hammers Per Second
- Buyers Per Day

HAMMER INC. METRICS

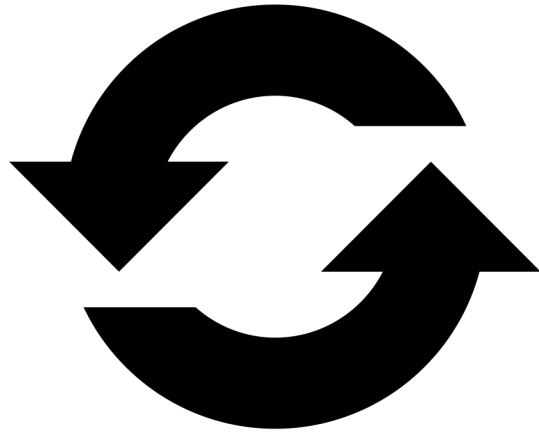
BCA in Business for Business Engineers

Monthly Active Users

Daily Active Users



Churn



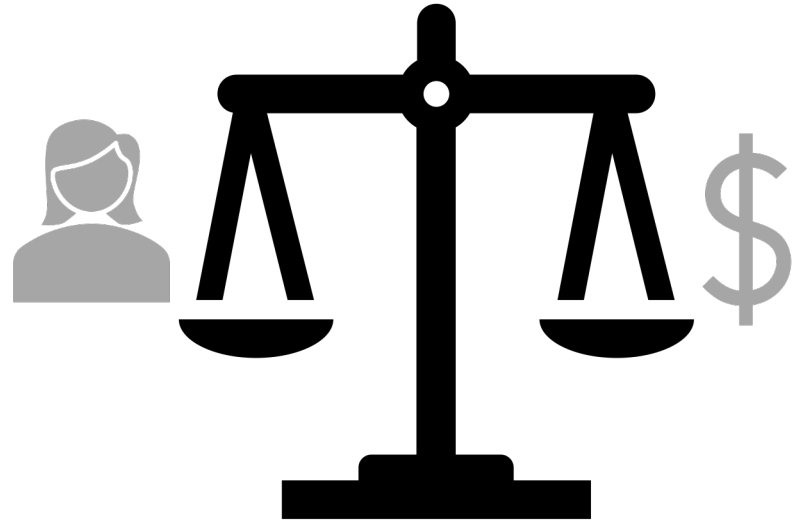
Total **A**ddressable **M**arket



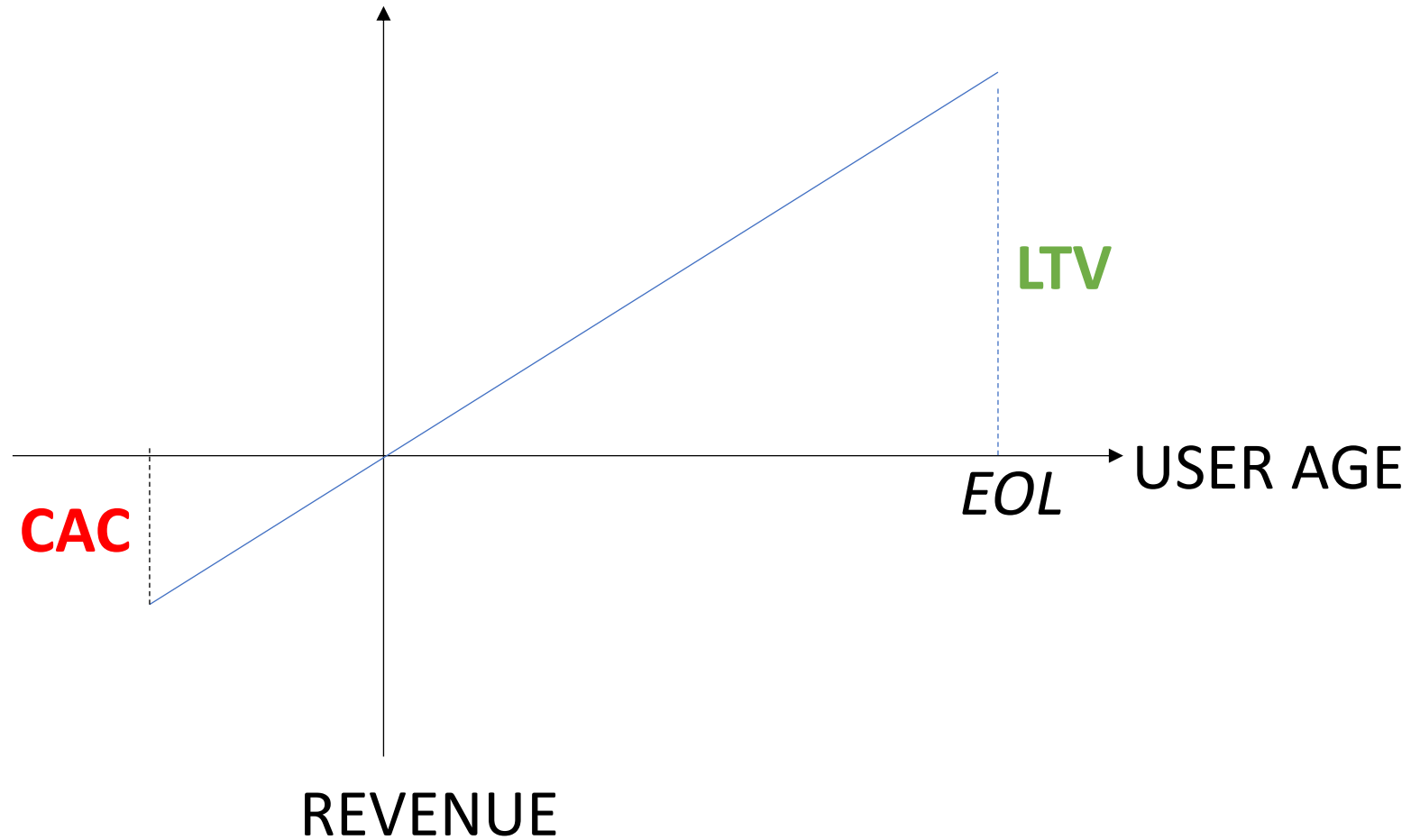
Expenses (Liabilities)

\$\$\$\$

Customer Acquisition Cost

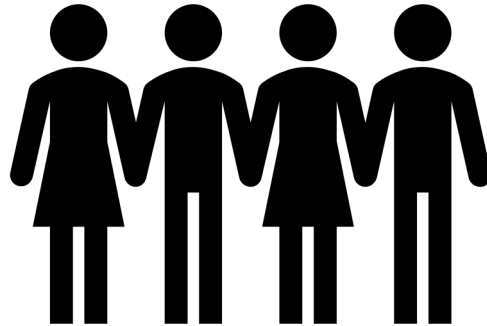


Life Time Value



Average Revenue Per User

\$

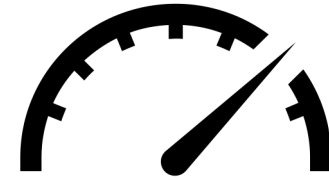


What's Mohit's Homework?



THINK
GLOBAL
ACT
LOCAL

BEYOND



GOLDEN SIGNALS

- **On return flight (or weekend) take 15 minutes** to think about MAU, Churn, TAM, Expenses, CAC and LTV for your company:
 - Determine how the service you work on affects these metrics
 - As manager, encourage team to understand what business metrics they help move
- **Think global, act local** – what is the overall impact for each engineering change?
- **Look beyond typical ‘golden signals’** like Availability, Latency and Volume to understand the “business impact” metrics

Questions?

UNDERSTANDING BUSINESS METRICS CAN MAKE YOU A BETTER SRE

a cheat sheet – dense by design

MYTH

Business has a negative connotation
Business metrics are a step closer to your non-goal of pointy-haired manager
You can either be an engineer, or a guy who knows business (metrics)



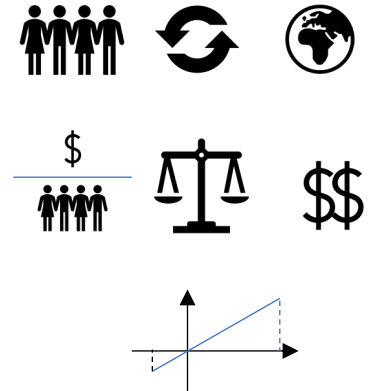
WHY

Helps **grow** your **career**
Enables you to act on the basis of **ethics** and **self-esteem** (Maslow's Hierarchy of Needs)
Sets you to make decisions for **larger business impact**



WHAT

Revenue: How your company makes money
MAU/DAU: Monthly/Daily Active Uzers to your service. This is not request traffic.
Churn: Percent users who discontinue service in given time period
TAM: Total Addressable Market. A 'superset' of all current and potential users
Expenses: All capital and operation expenditure for your business
CAC: Customer Acquisition Cost. Price paid to acquire a new customer
ARPU: Average Revenue Per User
LTV: Customer Life Time Value. Revenue earned from paying customer in lifetime with service



HOW

On return flight (or weekend) take 15 minutes to think about MAU, Churn, TAM, Expenses, CAC and LTV for your company
Determine how the service you work on affects these metrics
As manager, encourage team to understand what business metrics they help move
Think global, act local
Look beyond typical 'golden signals' like Availability, Latency and Volume.

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