



# The Power of Expansion Revenue for SaaS

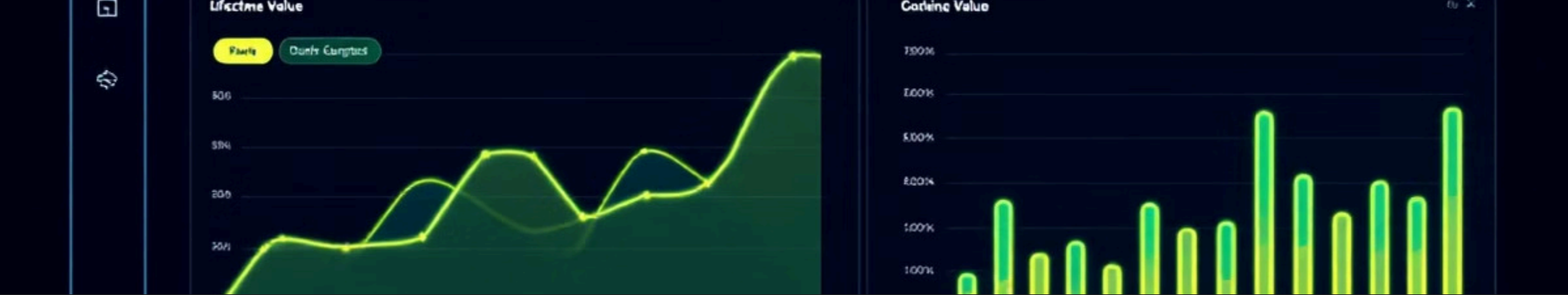
Expansion revenue is additional income generated from existing customers through upsells, cross-sells, and usage increases.

This critical metric drives sustainable growth by leveraging established relationships rather than constantly hunting for new business.

**TLDR: Expansion is good.**



by Brian Hansen



# Why Expansion Revenue Matters

## Lower Acquisition Costs

Selling to existing customers is 5-25x cheaper than acquiring new ones. No need for expensive marketing or sales cycles.

## Increased Customer LTV

Each expansion boosts lifetime value. Greater LTV means more investment capacity for growth initiatives.

## Improved Net Retention

Over 100% NRR is the holy grail for SaaS. Top performers achieve 120-130% through strategic expansions.

## Product Validation

Customers buying more signals strong product-market fit. It shows they're experiencing real value.



# Measuring and Optimizing Expansion

20–30%

Expansion Target

Percentage of new MRR that should come from existing customers.

120%

Elite NDR

Top-performing SaaS companies achieve 120%+ net dollar retention.

3–5x

Efficiency Gain

How much more efficient expansion revenue is versus new customer acquisition.

15%

Growth Potential

Consistent monthly expansion can drive 15%+ annual growth without new logos.