



Financial Analyst Day

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This presentation contains forward-looking statements that involve risks, uncertainties, and assumptions. If any of these risks or uncertainties materialize or if any of these assumptions prove incorrect, the results of Workday could differ materially from the results expressed or implied by these forward-looking statements. All statements other than statements of historical fact could be deemed forward-looking statements, including any projections of revenues, gross margins, earnings, or other financial items; any statements regarding strategies or plans of management for future operations; any statements concerning new features, enhancements, or upgrades to our existing applications or services or plans for future applications or services; statements about current or future economic conditions; and any statements of belief. The risks and uncertainties referred to above include, but are not limited to, our history of losses and expectations as to future losses, limited operating history, competition, management of growth, development of the market for enterprise cloud computing, market acceptance of our applications and services, breaches of our security measures, fluctuations in our operating results, interruptions or delays in the provision of our services, risks associated with selling to larger enterprise customers, and adverse changes in general economic or market conditions. Further information on risks that could affect the financial results of Workday is included in our filings with the Securities and Exchange Commission which are available on the Workday investor relations webpage: [www.workday.com/company/investor\\_relations.php](http://www.workday.com/company/investor_relations.php).

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## Use of Non-GAAP Financial Measures

This presentation includes non-GAAP financial measures we believe provide investors and others with additional information regarding Workday's results. Workday has provided a reconciliation of each non-GAAP financial measure used in this presentation to the most directly comparable GAAP financial measure in an Appendix at the end of this presentation.

Workday's management uses non-GAAP financial measures to understand and compare operating results across accounting periods, for internal budgeting and forecasting purposes, for short- and long-term operating plans, and to evaluate Workday's financial performance and the ability of operations to generate cash. Management believes the use of non-GAAP financial measures reflects Workday's ongoing business in a manner that allows for meaningful period-to-period comparisons and analysis of trends in Workday's business, as they exclude expenses that are not reflective of ongoing operating results. Management also believes that non-GAAP financial measures provide useful information to investors and others in understanding and evaluating Workday's operating results and future prospects in the same manner as management and in comparing financial results across accounting periods and to those of peer companies. The use of non-GAAP financial measures has certain limitations as they do not reflect all items of income and expense that affect Workday's operations. Non-GAAP financial measures should be considered in addition to, not as a substitute for or in isolation from, measures prepared in accordance with GAAP. Further, non-GAAP measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore comparability may be limited. Management encourages investors and others to review Workday's financial information in its entirety and not rely on a single financial measure.

# Welcome



Mark Peek  
Co-President

# Agenda

▶	<b>Overview</b>	Aneel Bhusri
▶	<b>Planning and Analytics</b>	Mike Frandsen and Pete Schlamp
▶	<b>Competitive Differentiation: Field Architecture Deployment</b>	Phil Wilmington Stan Swete and Dan Beck Jim Bozzini and Annrai O'Toole
▶	<b>Financials</b>	Robynne Sisco
▶	<b>Q&amp;A</b>	

# Keynote Review



Aneel Bhusri  
Co-Founder and CEO



Financial Analyst Day





# Analytics and Planning



**Mike Frandsen**  
EVP  
Products, Support and Delivery



**Pete Schlampp**  
VP  
Product Management

# Workday Strategic Focus

## Business Management Solutions Planning & Analytics

Predict | Alert | Recommend | Trend  
Compare & Benchmark | Model

## Strategic Enterprise Administration Systems Strategic HR & FIN Processes

## Core Administrative Systems HR & FIN Records, Compliance, & Core Processing

Back Office Administrators

Employees & Managers

Business Users

# Financial Planning Priorities

Planning, budgeting,  
and forecasting  
ranked #1

1. Effective planning, budgeting, and forecasting
2. Monitoring and measuring performance
3. Providing input for strategic decision making
4. Managing compliance and internal controls
5. Managing and mitigating business risk
6. Improving revenue growth opportunity identification
7. Driving continuous enterprise cost reduction
8. Processing transactions
9. Managing shareholder information and relations



# Differentiating Through Analytics



# What You Need To Manage Your Business



# Competitive Landscape – Planning

## FINANCIAL PLANNING

## WORKFORCE PLANNING

**ORACLE**  
HYPERION

**IBM**  
**COGNOS**

Business  
Planning Consolidation  
**SAP**  
SAP BusinessObjects  
**BPC**

SAP Cloud for Planning

**ORACLE**  
Planning Budgeting Cloud Service

**anaplan**

**Adaptive**  
Insights

**hostanalytics**

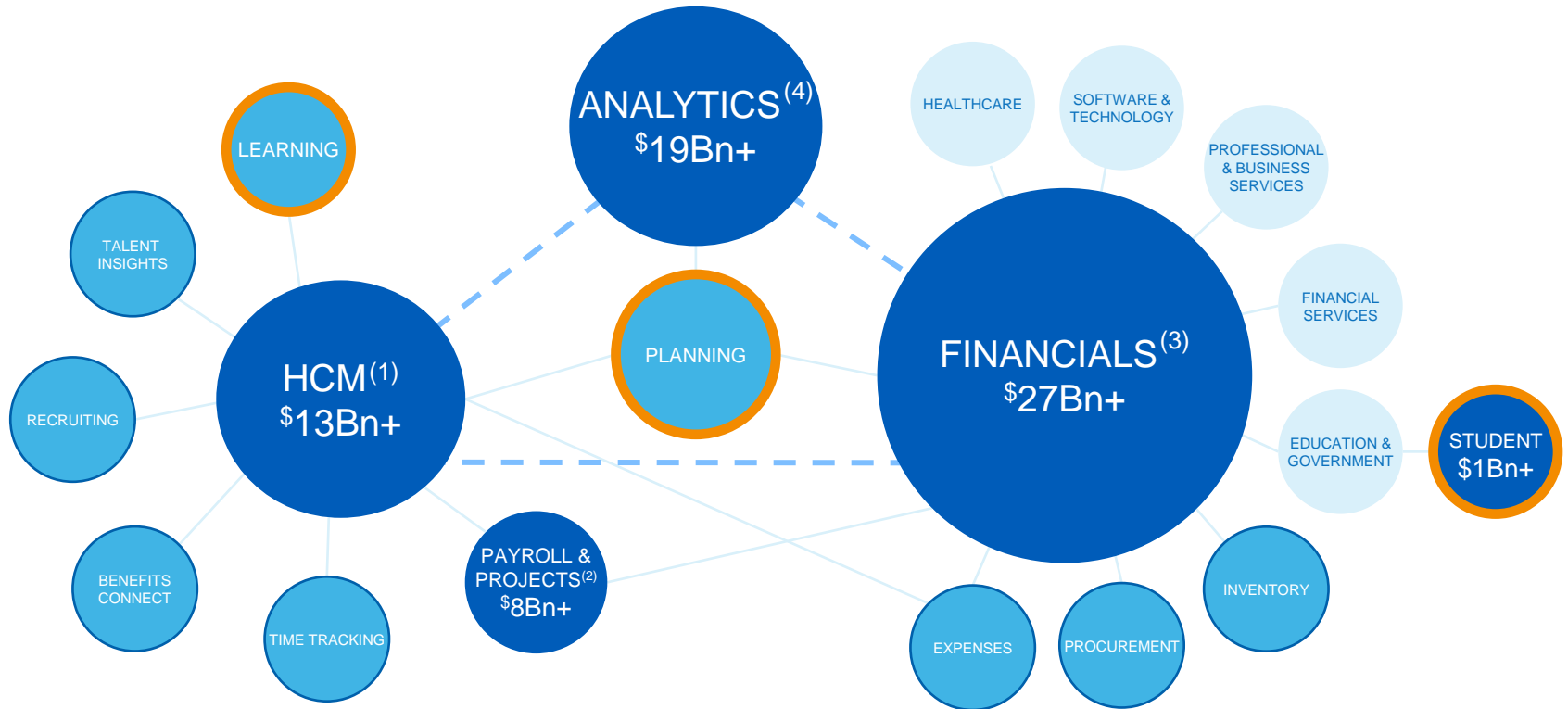
**tidemark**

**PeopleFluent**

**SAP SuccessFactors**

**VISIER**

# Planning at the Center of Our \$65Bn+ Opportunity



Sources:  
(2016 estimates,  
newly GA products  
highlighted in orange)

(1) Human Capital Management Applications from IDC WW HCM & Payroll Applications Forecast, 2016-2020 (May 2016) #US40645216  
(2) Payroll Applications from report above and Project & Portfolio Management from IDC WW ERM Applications Forecast, 2016-2020 (June 2016) #US41536815

(3) Financial Applications and Procurement from IDC WW ERM Apps Forecast, 2016-2020 (June 2016) #US41536815 + Inventory and Expenses as per internal Workday estimates  
(4) Financial Perf & Strategy Mgmt Apps + Workforce Analytic Apps + BI & Analytics Tools from IDC WW Business Analytics Software Forecast, 2016-2020 (Aug 2016) #US41655216

# Use Case Driven Requirements

Distribution via Desktop, Tablet, Mobile

Ad-Hoc Visual Analytics Environment

In-Memory Storage and Query Engine

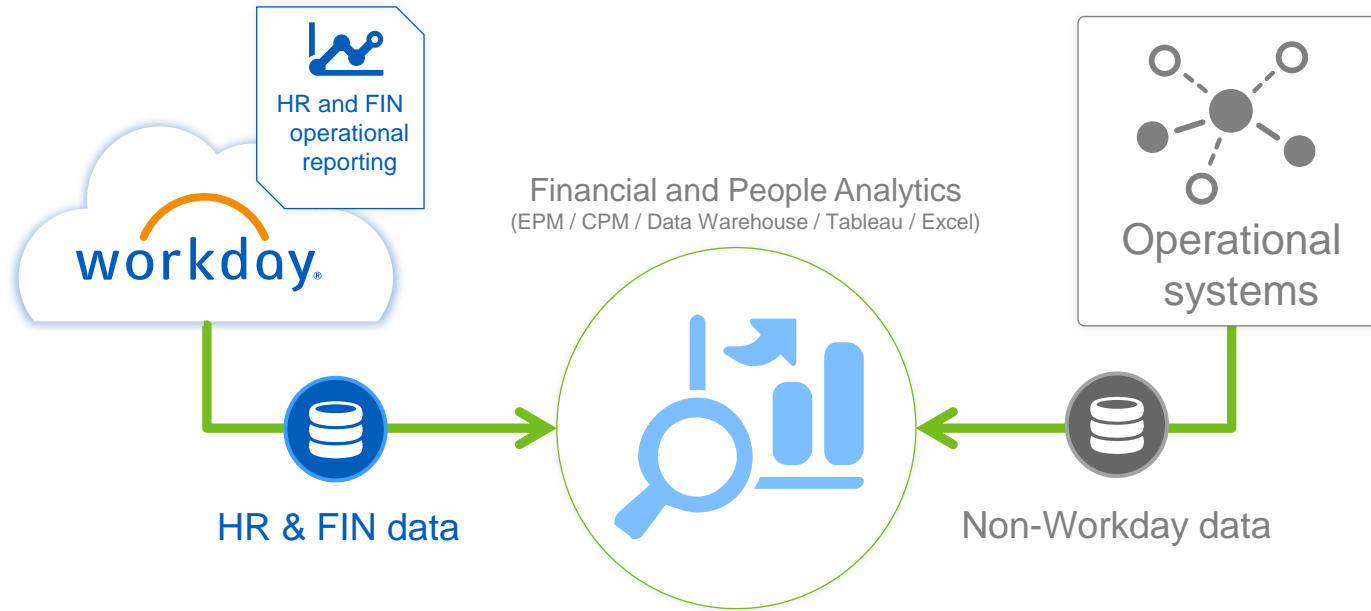
Self-Service Data Preparation

Connection to Non-Workday Datasources and Data Ingestion

Manage Operational Data, Ad-Hoc Visual Analytics

# Analytics on Blended Big Data Sources

Current approaches are cumbersome, insecure, stale, and inactionable



# Why Platfora?

Best in class technology

Domain expertise in big data, modern BI

End-to-end big data analytics solution

Designed for the business user

Product and vision alignment

# Building a Native Experience

Organize, Find and  
Search Data Sources in  
One Location



Data Security Through  
Native Organization  
Hierarchies



Self-service Data Prep  
of Workday and non-  
Workday Data



Access Data from Any  
Device and a Single  
Application



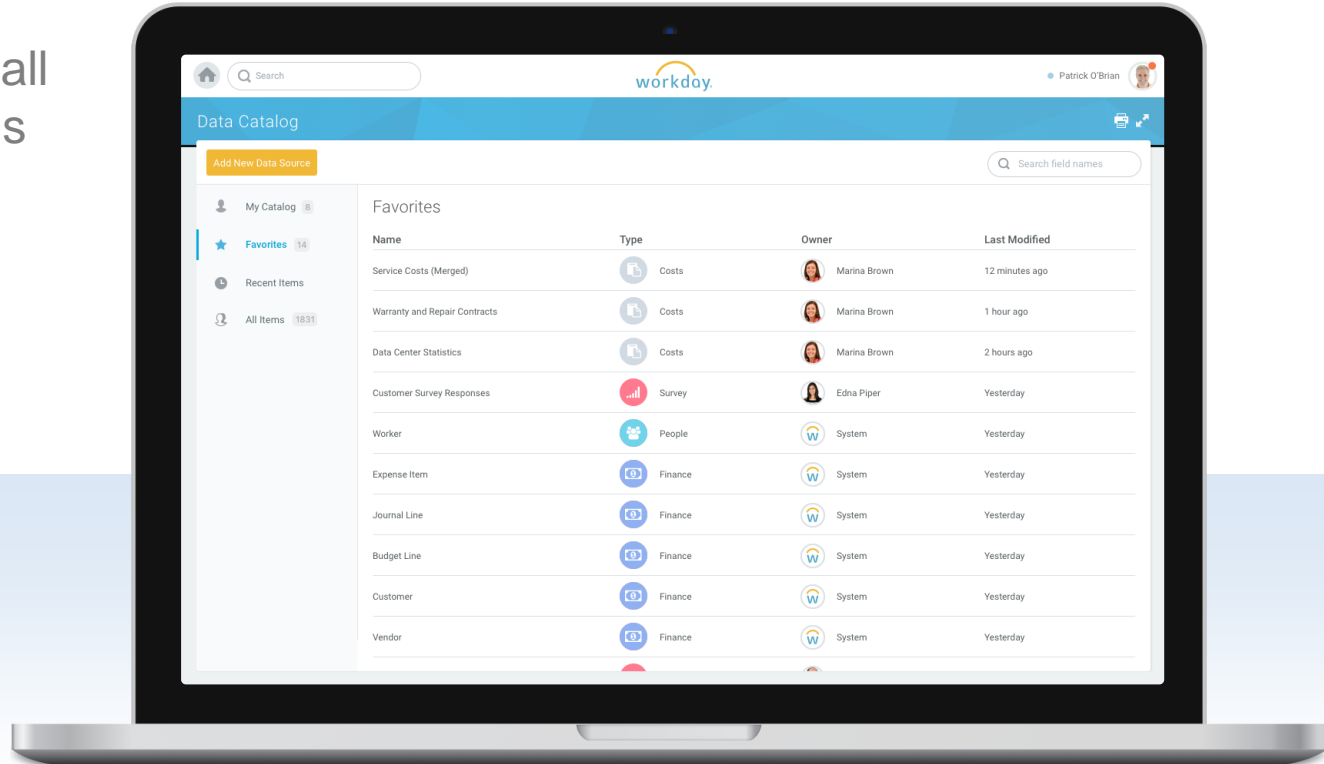
Speed of Thought  
Visual Analysis and  
Discovery



# One Location to Organize and Find Data Sources

Easily view and select all of your data for analysis

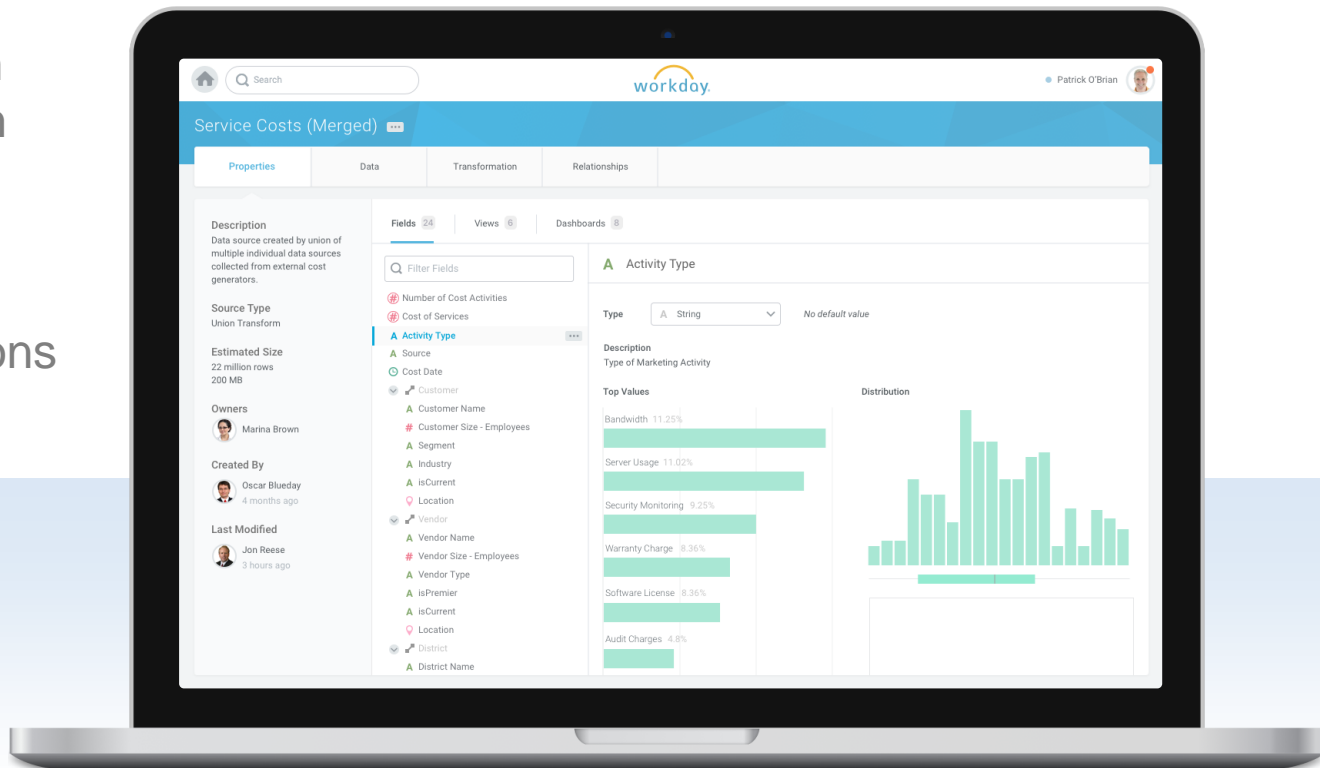
Workday and Non-Workday data in one location



# Understanding and Sharing Data Securely

Govern your data with security inherited from your organizational hierarchies

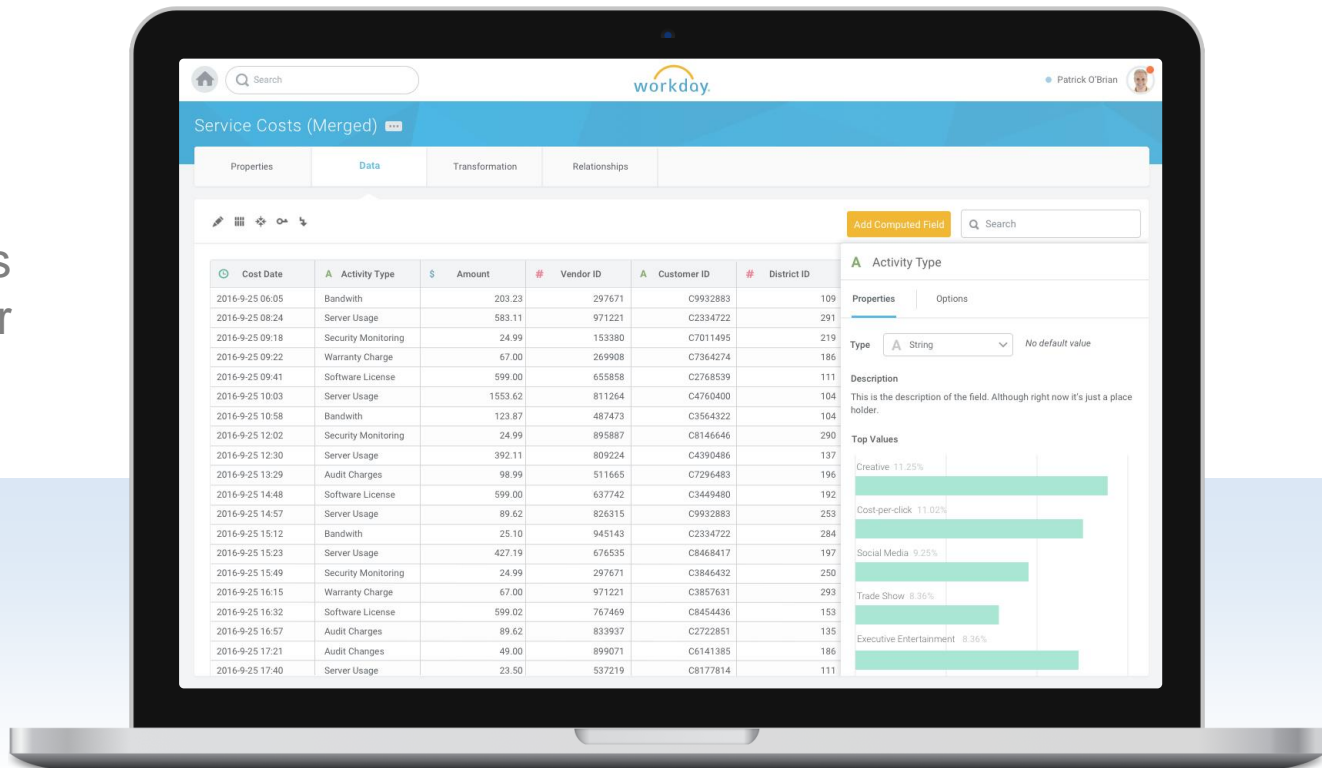
Provide rich descriptions and see relationships



# From Raw Data to Analysis: Self-Service Data Prep

Blend, transform, and enrich Workday and non-Workday data

Designed for business users, data admins, or citizen data scientists



# Access to All Data on Any Device

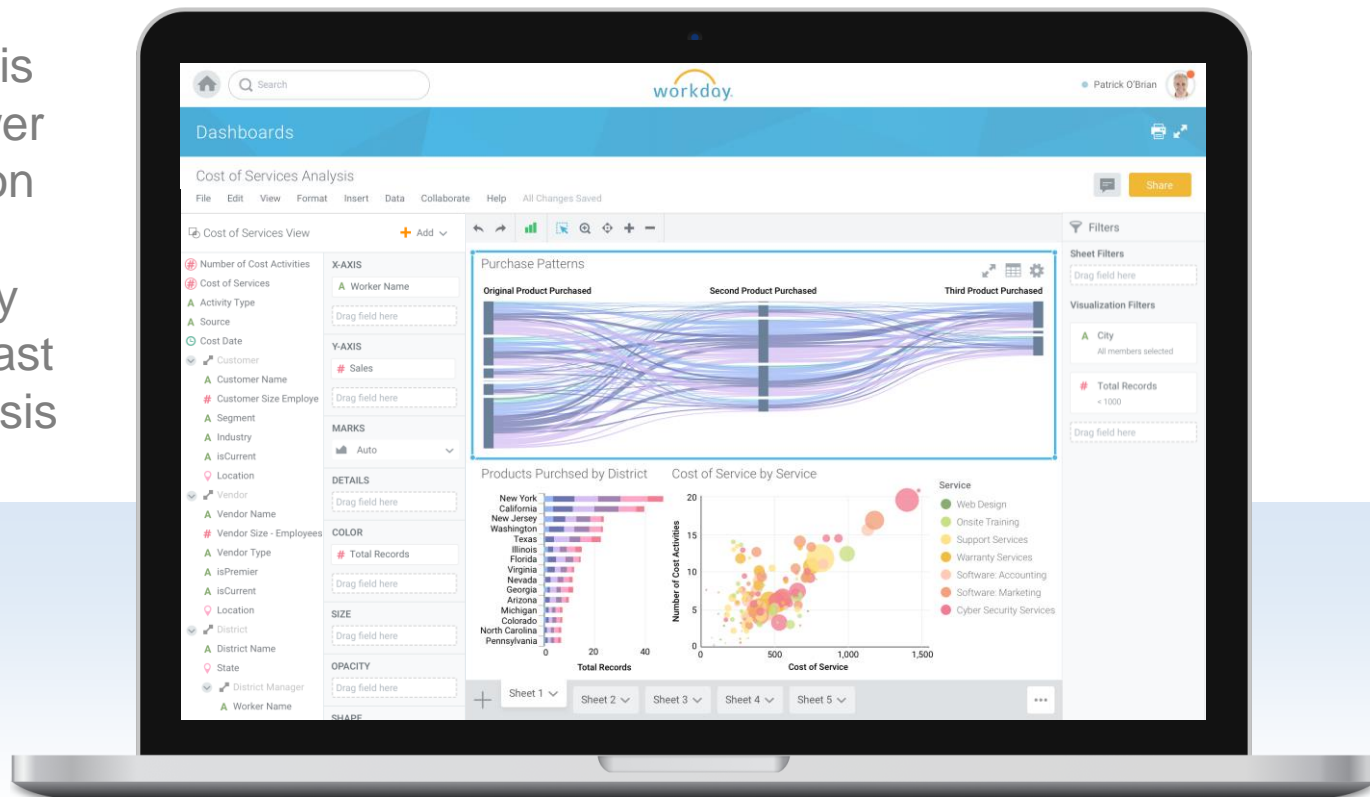
All data is accessible in detail on any device via Dashboards, Scorecards, and Reports



# Speed-of-Thought Visual Analysis

Ad-hoc visual analysis environment to answer any business question

Innovative in-memory lens technology for fast and interactive analysis



# Roadmap

## Near-term

- Blend Workday and non-Workday Data
- Self-Service Data Preparation + Data Catalog
- Secure and Control non-Workday Data by Organizational Hierarchy
- Output to Reports, Dashboards and Scorecards

## Long-term

- Ad-Hoc Visual Analysis
- And More...

Today

29

SEP 2017

30

MAR 2018



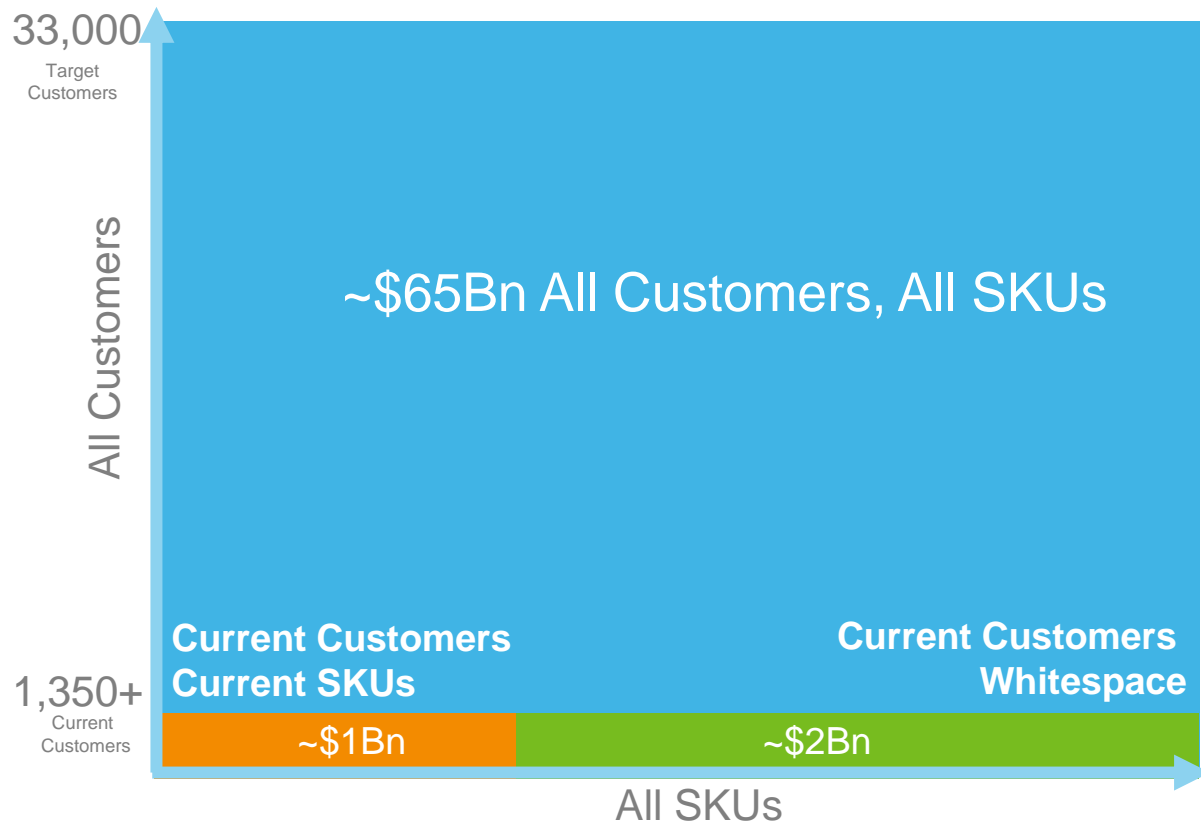
Q&A

# Competition: Field Update



Phil Wilmington  
Co-President

# Driving Our \$65 Billion Opportunity

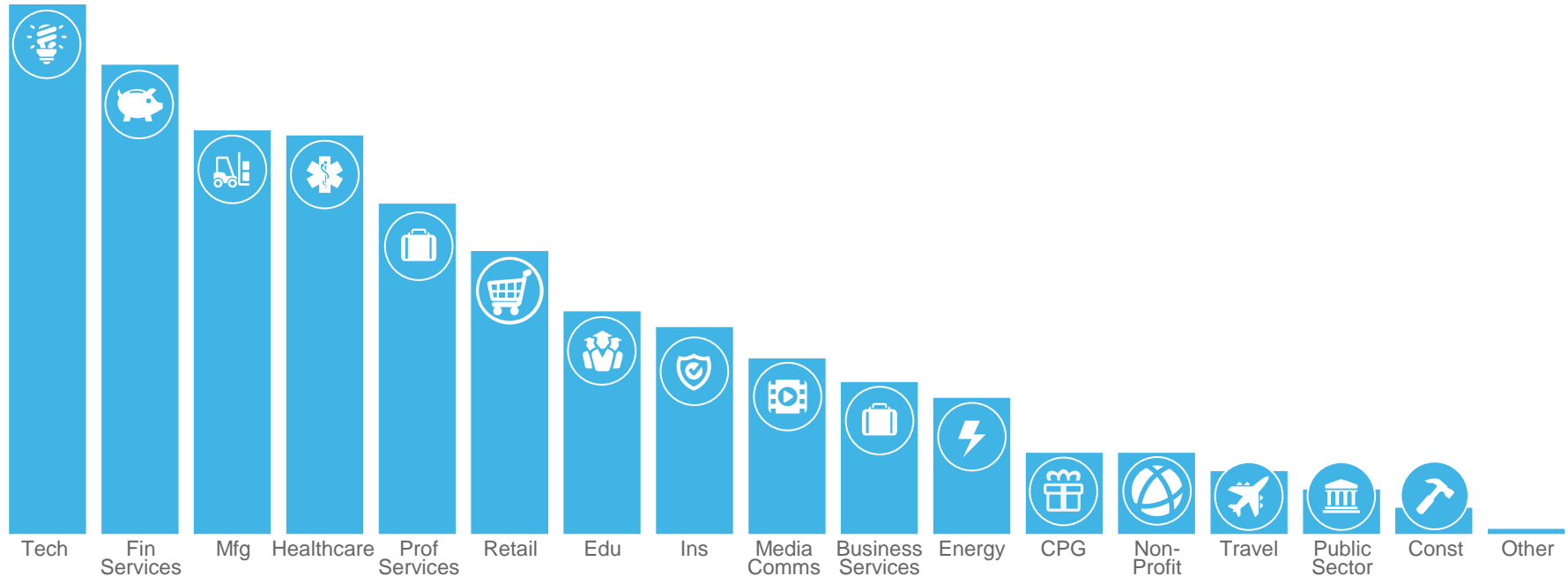


# New Customers in the Last 12 Months



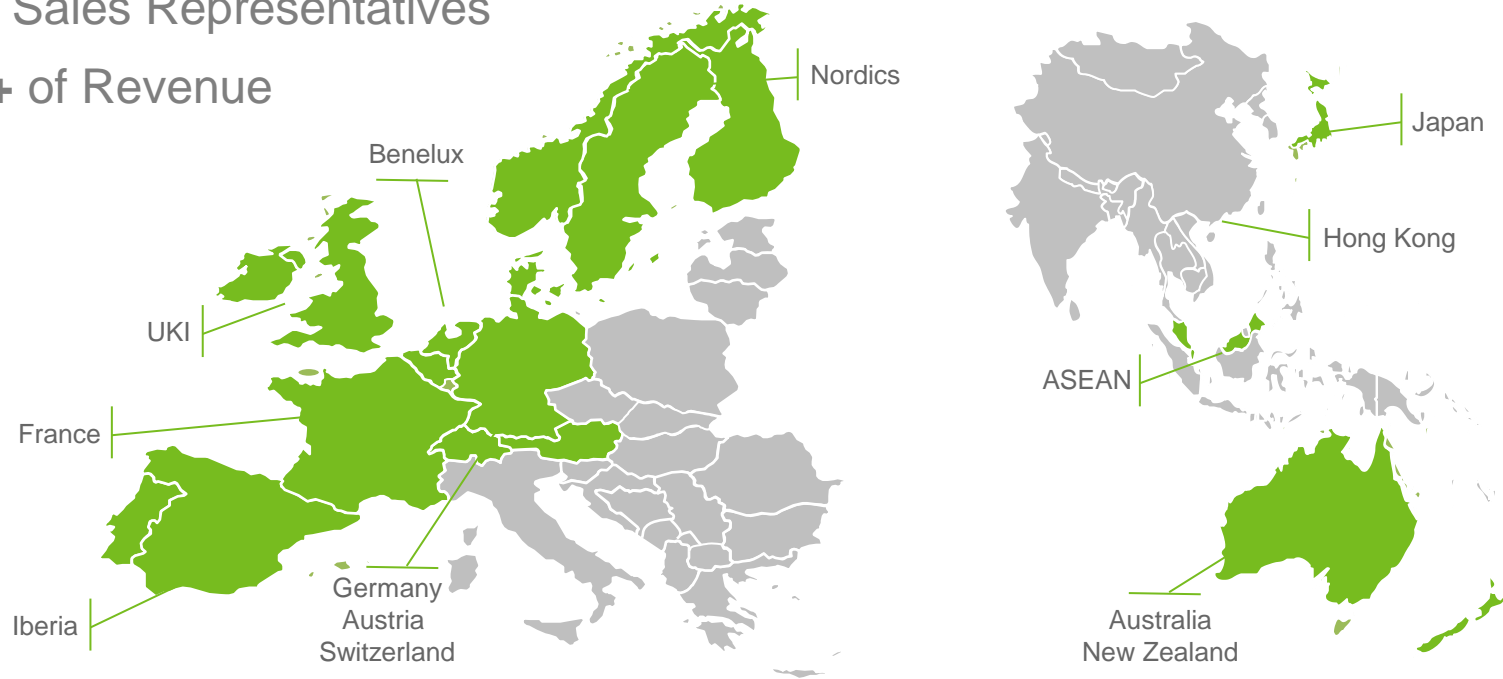
# Broad Success Across Industries

Based on # of customers



# Expanding International Coverage

- **18+** Sales Offices
- **120+** Sales Representatives
- **17%+** of Revenue



# Sales Deployment Changes



Regions

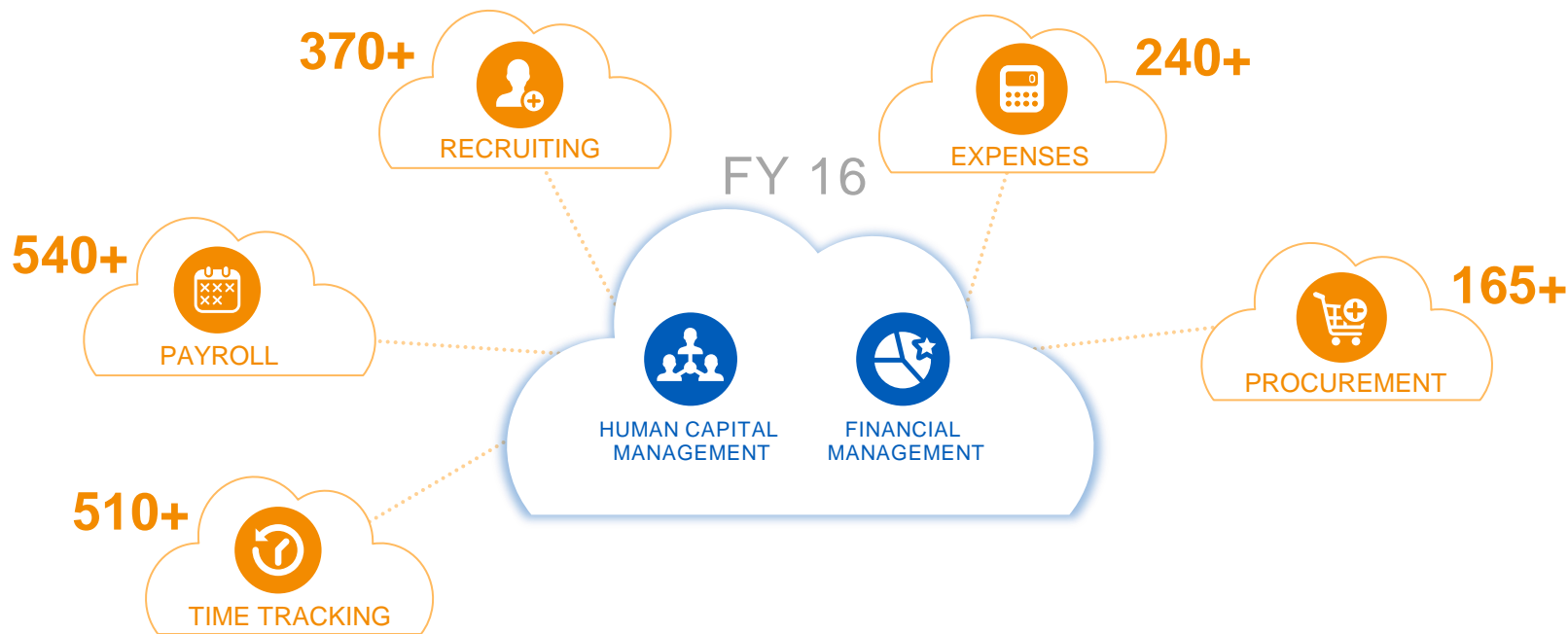


Industries  
Specialized Industry Teams



Products  
Change in Deployment Model

# Strong Attach Across Key Products



# Strong Attach Across Key Products



# Have We Reached the Tipping Point in Financials?

**Gartner**

“By 2018, at least 25% of new core financial application deployments in large enterprises will be public cloud SaaS.”

**FORRESTER**

“Forrester estimates that the market for software-as-a-service (SaaS) applications is currently \$52 billion, and it will grow by 24% to \$65 billion in 2017.”



“Constellation’s recent survey on what ERP customers seek shows how early adopters have already made the shift to the cloud.”

Source: Gartner, “Predicts 2016: Financial Management Applications,” by John E. Van Decker, Nigel Rayner, Christopher Iervolino, 23 November 2015.

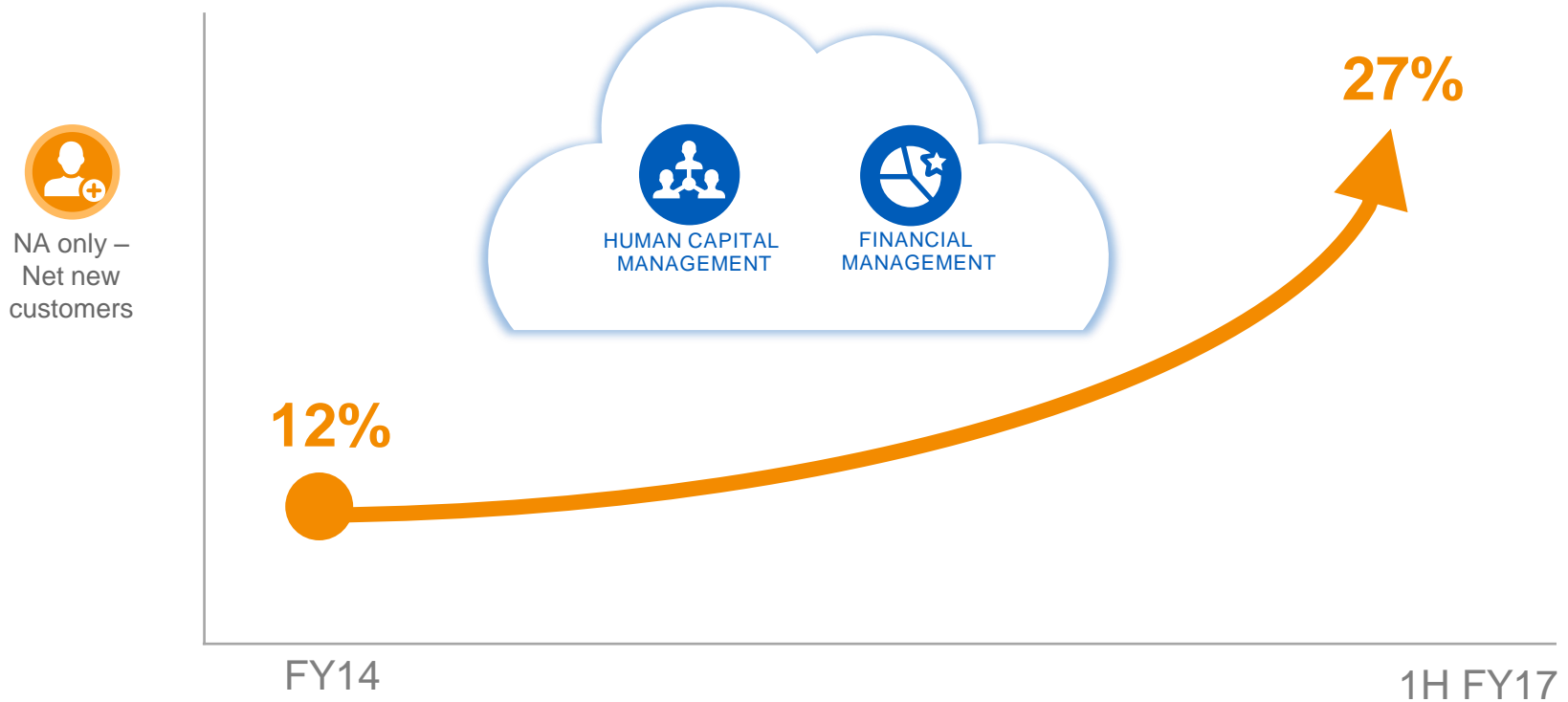
Source: “Breakout Vendors: SaaS Business Applications,” Forrester Research, Inc., May 10, 2016.

Source: Constellation Research, “Workday Release 26 Beefs Up Cloud Software for Financial Management,” by R “Ray” Wang, June 09, 2016.

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Workday Financial Analyst Day, September 27, 2016

# Accelerating Platform Sales



# Workday Replacement Statistics



395+

Oracle



130+

SAP



90+

Ultimate / NetSuite

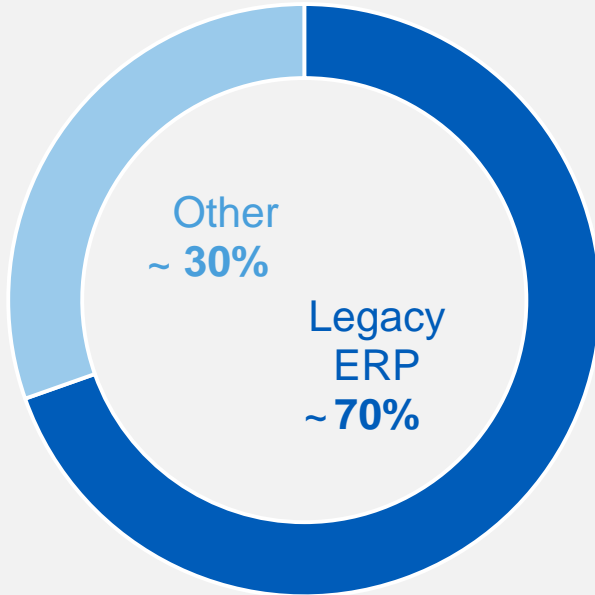


280+

Payroll Providers

# Strong Competitive Position

## Wins Against Competition



## Why Workday Wins

- 1 Proven system with 95%+ customer satisfaction
- 2 Lowest deployment risk with 70%+ customers live
- 3 Referenceable customer base with quantifiable impact
- 4 Great ownership experience
- 5 Lower TCO



# Competition: Architecture



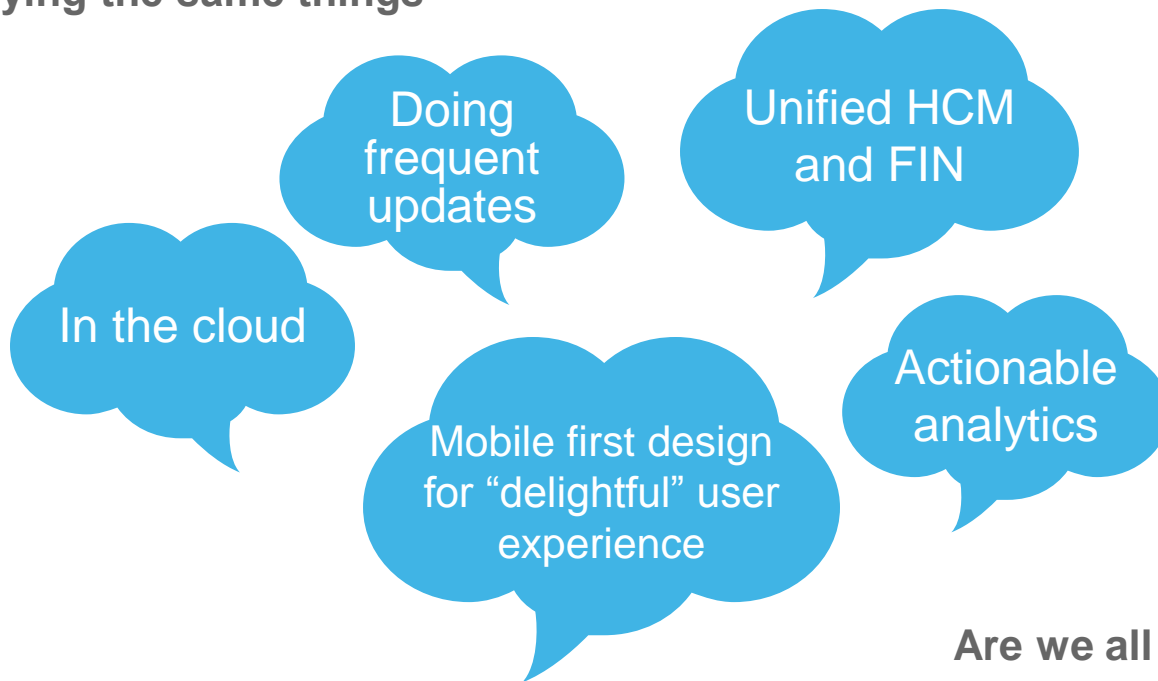
**Stan Swete**  
Chief Technology Officer



**Dan Beck**  
SVP  
Product Marketing and  
Technology Strategy

# What's The Difference

**We're all saying the same things**



**Are we all the same?**

# Finance and HR – A Marriage Made in Cloud Heaven

ORACLE®

## Eliminate Redundancy and Create Harmony with a Unified Cloud Suite

### One User Experience

#### Elegant Simplicity

Experience is consistent as you navigate across cloud services

- No matter what the role, all users have a modern, consumer-like user experience which means effortless user adoption and reduced training costs

### One Reporting and Analytics Solution

#### Complete Perspective, Easily Accessible

Integrated HR and Financial analytics align all levels of the organization

- Embracing the strengths of HR and Finance data delivers cross-functional reporting to give you a competitive advantage

### One Data Model

#### Common Architecture Across Finance & HR

Shared architecture and master data drives standardization

- As employees move throughout an organization, the system knows exactly where that person resides and manages workflows automatically

### One Industry-Standard Platform

#### Grow with Confidence

Common technology framework provides standards for integration, security, social, analytics, and mobile

- As you grow or as your business changes you can be confident that your needs will be met with the market's most complete cloud solution

### One Provider

#### Committed to Your Success

A complete suite of cloud solutions from a world-class provider offers greater convenience

- Simplified change management accelerates consumption of innovation and extensive account, implementation and support team increases your confidence

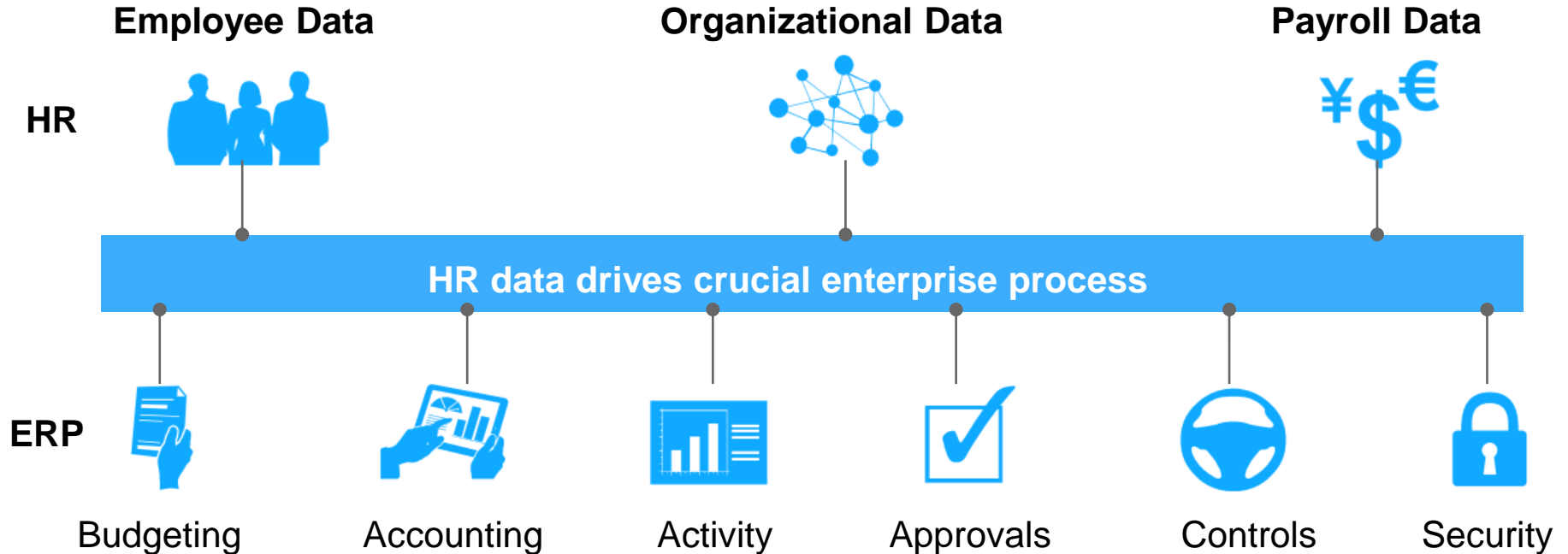
THE INGREDIENTS FOR  
A HAPPY MARRIAGE BETWEEN  
**FINANCE & HR**

**Are you ready?**


Explore the value of a unified ERP and HCM Cloud

[Click here to learn more!](#)

# The Power of One



# Selected Architectural Differences

Point of Differentiation ▼		Oracle Fusion	SAP S/4 HANA	SAP Success Factors	Netsuite	Ultimate
1. Pure-play cloud	✓	✗	?	✓	✓	?
2. Metadata and abstraction	✓	✗	?	✗	✗	✗
3. Single codeline	✓	✗	?	✗	✗	✗
4. Generated UI	✓	?	?	?	✗	✗
5. Single security model	✓	✗	?	✗	✗	✗
6. Concurrent Read/Write	✓	✗	?	✗	✗	✗
7. Native workflow	✓	?	?	✗	?	?

# Selected Architectural Differences

Point of Differentiation	workday.	Oracle Fusion	SAP S/4 HANA	SAP Success Factors	Netsuite	Ultimate
1. Pure-play cloud	✓	✗	?	✓	✓	?
2. Metadata and abstraction		✗	?		✗	✗
3. Single coding language		✗	?		✗	✗
4. Generated UI		?	?		✗	✗
5. Single security model		✗	?		✗	✗
6. Concurrent Real-time		✗	?		✗	✗
7. Native workflow		?	?		?	?

**30**  
Acquisitions  
(Taleo 9)

**\$19Bn**

**12**  
Acquisitions  
(SFSF 5)

**\$18Bn**

# Selected Architectural Differences

Point of Differentiation ▼	workday.	Oracle Fusion	SAP S/4 HANA	SAP Success Factors	Netsuite	Ultimate
1. Pure-play cloud	✓	✗	?	✓	✓	?
2. Metadata and abstraction	✓	✗	?	✗	✗	✗
3. Single codeline	✓	✗	?	✗	✗	✗
4. Generated UI	✓	?	?	✗	✗	✗
5. Single security model	✓	✗	?	✗	✗	✗
6. Concurrent Read/Write	✓	✗	?	✗	✗	✗
7. Native workflow	✓	?	?	✗	?	?



# Selected Architectural Differences

Point of Differentiation ▼	workday.	Oracle Fusion	SAP S/4 HANA	SAP Success Factors	Netsuite	Ultimate
1. Pure-play cloud	✓	✗	?	✓	✓	?
2. Metadata and abstraction	✓	✗	?	✗	✗	✗
3. Single codeline	✓	✗	?	✗		
4. Generated UI	✓	?	?	?		
5. Single security model	✓	✗	?	✗		
6. Concurrent Read/Write	✓	✗	?	✗		
7. Native workflow	✓	?	?	✗	?	?



# Selected Architectural Differences

Point of Differentiation	workday	Oracle	SAP S/4 HANA	SAP Success Factors	Workday	Ultimate
1. Pure-play cloud			?			?
2. Metadata and abstraction			?			×
3. Single codeline			?			×
4. Generated UI	✓	×	?	?	×	×
5. Single security model	✓	×	?	×	×	×
6. Concurrent Read/Write	✓	×	?	×	×	×
7. Native workflow	✓	?	?	×	?	?

45

0

# Selected Architectural Differences

Point of Differentiation ▼	workday.	Oracle Fusion	SAP S/4 HANA	Microsoft Suite	Ultimate
1. Pure-play cloud	✓	✗			?
2. Metadata and abstraction	✓	✗			✗
3. Single codeline	✓	✗			✗
4. Generated UI	✓	?			✗
5. Single security model	✓	✗		✗	✗
6. Concurrent Read/Write	✓	✗	?	✗	✗
7. Native workflow	✓	?	?	✗	?

Encryption optional  
and  
**25%** extra  
and  
Selective only

# Selected Architectural Differences

Point of Differentiation ▼	workday.	Oracle Fusion	SAP HANA	SAP Success Factors	Netsuite	Ultimate
1. Pure-play cloud	✓	✗	?	✓	✓	?
2. Metadata and abstraction	✓	✗	?			✗
3. Single codeline	✓	✗	?			✗
4. Generated UI	✓	?				✗
5. Single security model	✓	✗	?			✗
6. Concurrent Read/Write	✓	✗	?			✗
7. Native workflow	✓	?	?	✗	?	?



# Selected Architectural Differences

Point of Differentiation	workday.	Oracle Fusion	SAP S/4 HANA	SAP Success Factors	Netsuite	Ultimate
1. Pure-play cloud	✓	✗	?	✓	✓	?
2. Metadata and abstraction	✓	✗	?	✗	✗	✗
3. Single codeline	✓	✗	?	✗	✗	✗
4. Generated UI	✓	✗	?	✗	✗	✗
5. Single security model	✓	✗	?	✗	✗	✗
6. Concurrent Read/Write	✓	✗	?	✗	✗	✗
7. Native workflow	✓	?	?	✗	?	?

**Approvals Only**

8 Workflow engines...+1  
=  
**9**  
Workflow engines

# Why Architecture Matters to Customers



## Proven **performance** and scalability:

- With continuous improvement to both



## Transactions and Analytics **together**:

- Insight into the business
- Analytics that drive decision-making



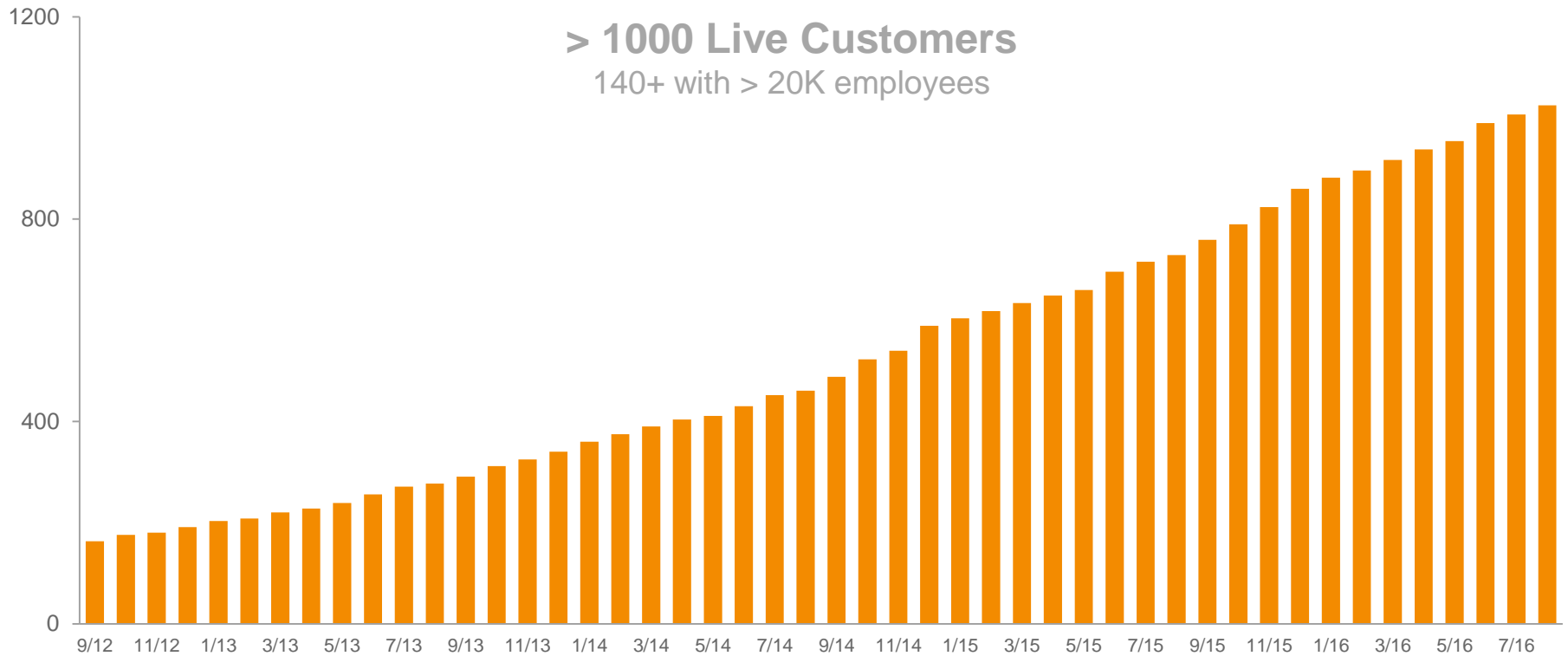
## **Continuous changes** by the customer:

- To make the software fit the business
- To keep up with changes to the business without getting stuck

# Proven Performance



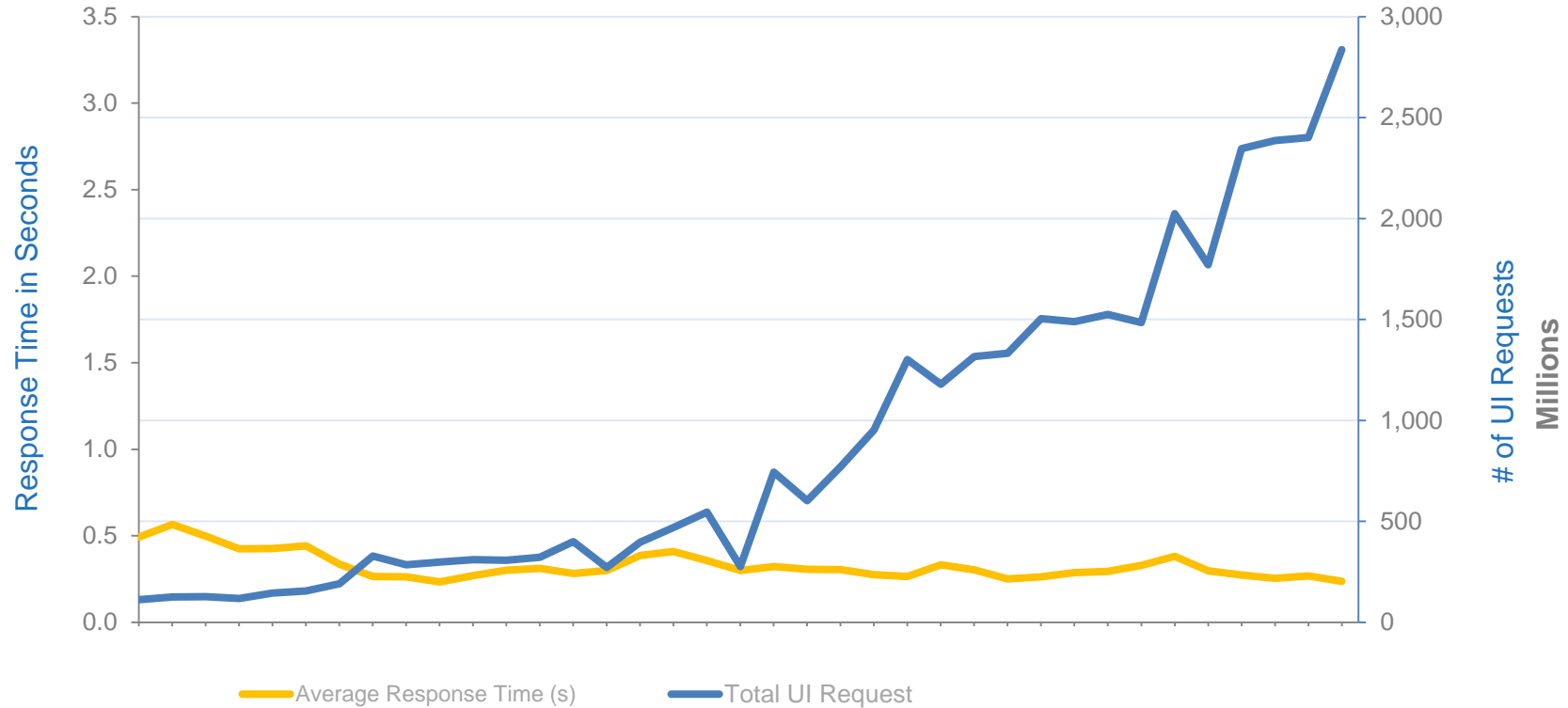
Proven performance  
and scalability



# Performance Request Volume vs. Response Time



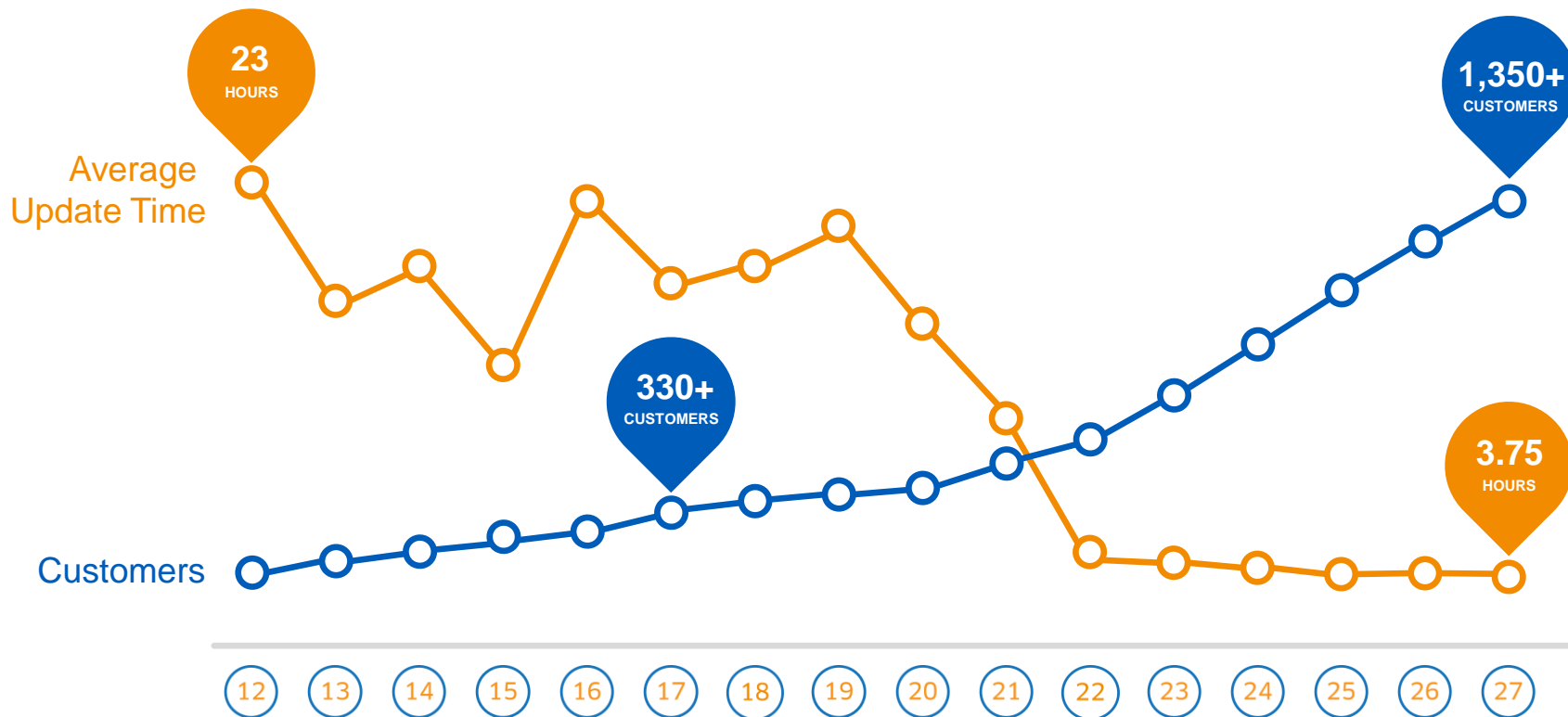
Proven performance  
and scalability



# The Path to Zero Downtime








Proven performance  
and scalability



# Performance: SLA Comparison



Proven performance  
and scalability

	UPTIME SLA	EXCLUSIONS TO 99.5%	PERFORMANCE
	99.5%	None	Yes
	99.5%	5 Days	No
	99.5%	Emergency maintenance Major maintenance 2/yr Data Center Migrations	No
	99.5%	2 Days Track Qtrly	No
	99.5%	Emergency Track Qtrly	No

# Questions for the Competition



Proven performance  
and scalability

1

How many live customers do you have running core HCM or Financial Management in the cloud with 20,000 Employees? With 100,000 Employees?

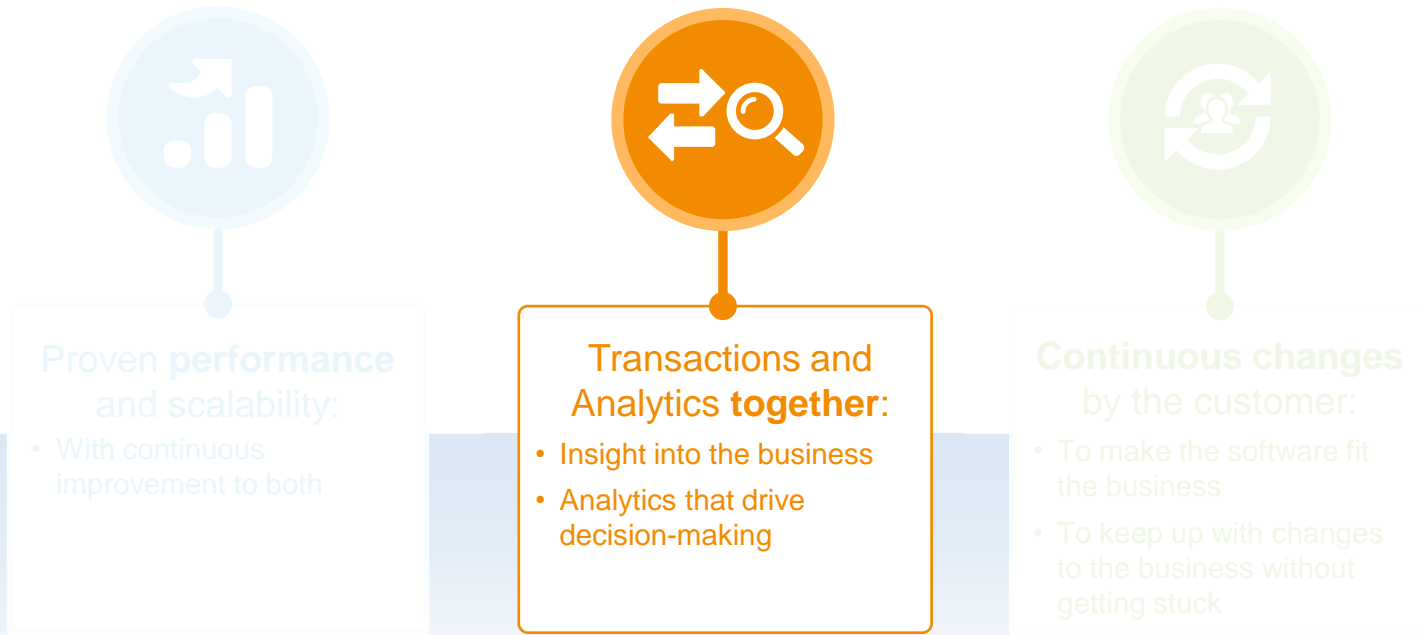
2

Do you have a performance SLA?

3

What is your median transaction response time across all cloud customers?

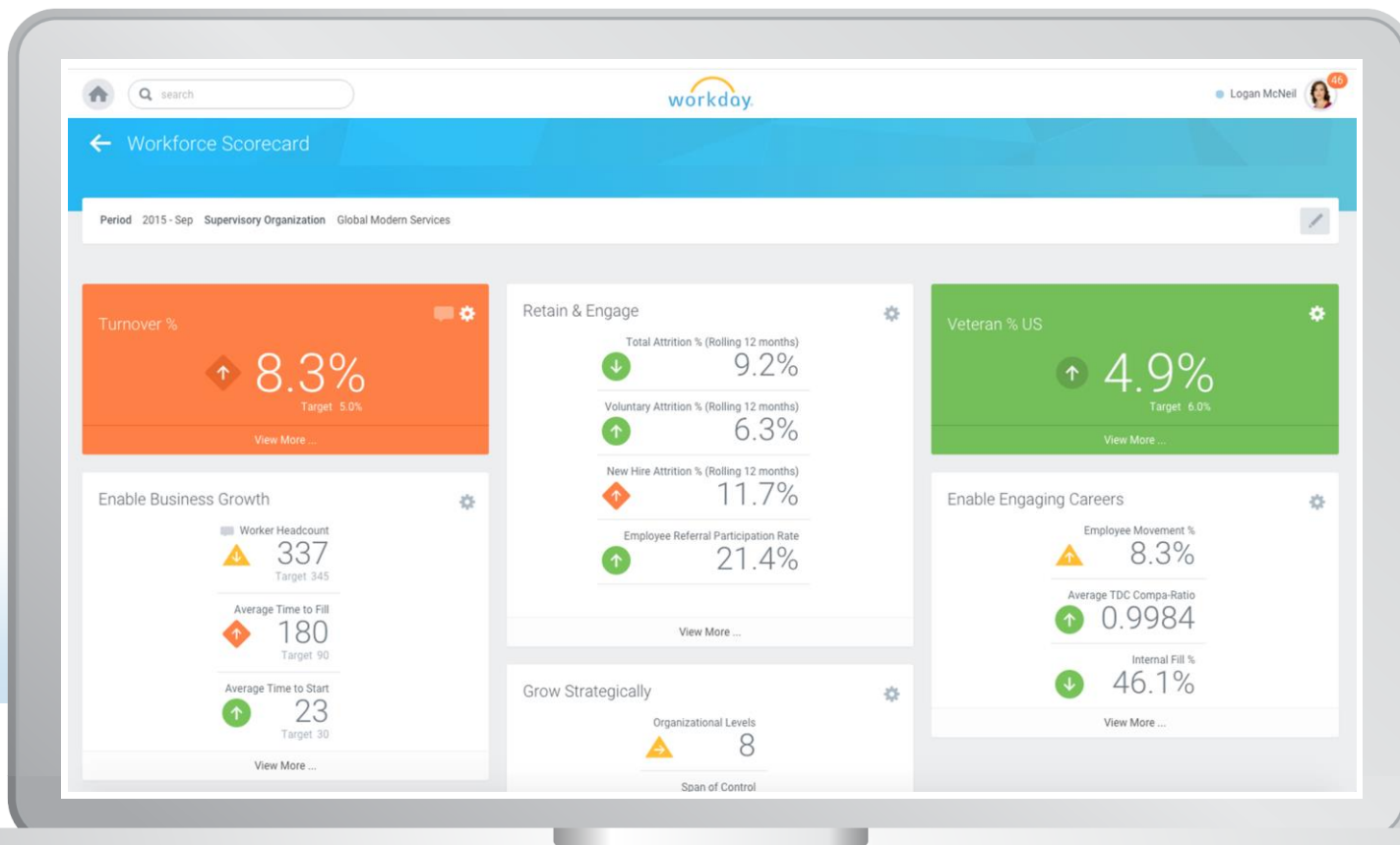
# Why Architecture Matters to Customers



# Transactions and Analytics Together



Transactions and  
Analytics together

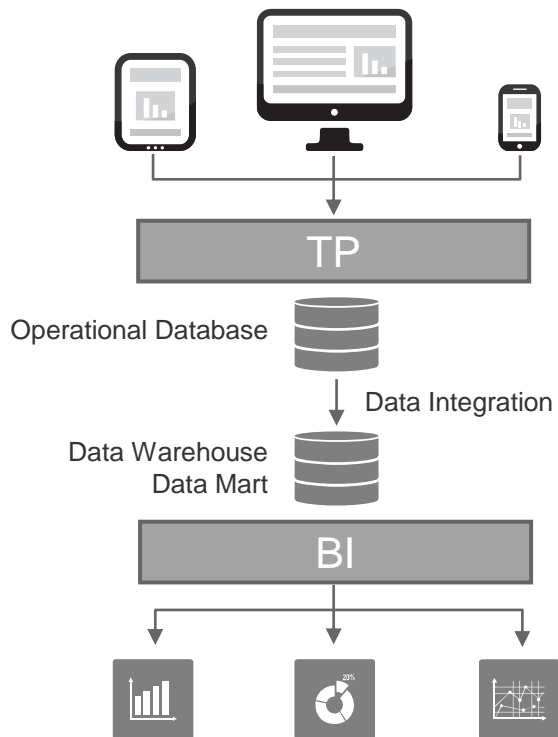


# Hybrid Transactional / Analytical Processing

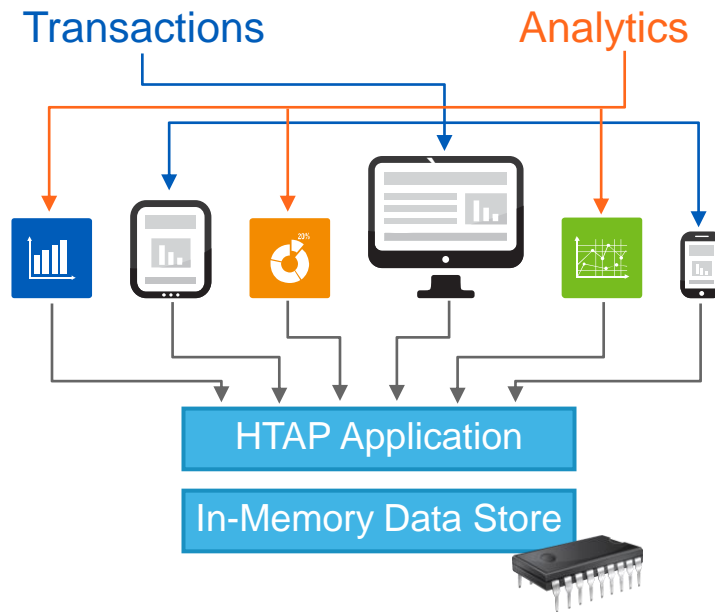


Transactions and  
Analytics together

## Traditional Transactional / Analytical Processing



## IMC-Enabled Hybrid Transactional / Analytical Processing



# Questions for the Competition



Transactions and  
Analytics together

**1** Can large reports be run on the latest data without blocking updates?

**2** Do your analytics use the same security model as your transactions?

**3** Can you take action on data in a report?

# Why Architecture Matters to Customers



## Proven performance and scalability:

- With continuous improvement to both



## Transactions and Analytics together:

- Insight into the business
- Analytics that drive decision-making



## Continuous changes by the customer:

- To make the software fit the business
- To keep up with changes to the business without getting stuck

# Application Changes by Workday



Continuous change



**1,350+** CUSTOMERS  
**All on the same version**

Now  
GA



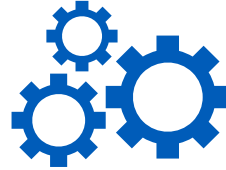
# Changes Created By Customers



Continuous change



3200+  
Delivered Reports



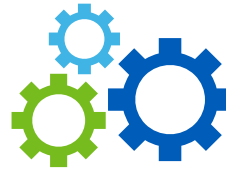
460+  
Delivered Business  
Process Definitions



300+  
Delivered Integrations



1.2M  
Custom Reports



+262K  
Custom Business  
Process Definitions



+160K  
Total Integrations

# Supporting Business Change



Continuous change

## Large M&A



“Without Workday I don’t think we’d have been able to accomplish the merging and transition of HR between the two companies in such an efficient way in only 8 weeks.”



“As our organization undergoes significant change, merging with another company, having an agile technology foundation is crucial.”

## Large Restructuring



## Serial M&A



5 acquisitions in 5 years



13 acquisitions in 7 years

“Today, we are able to commit to the business that, on the day the acquisition closes, all acquired employees will be in Workday.”

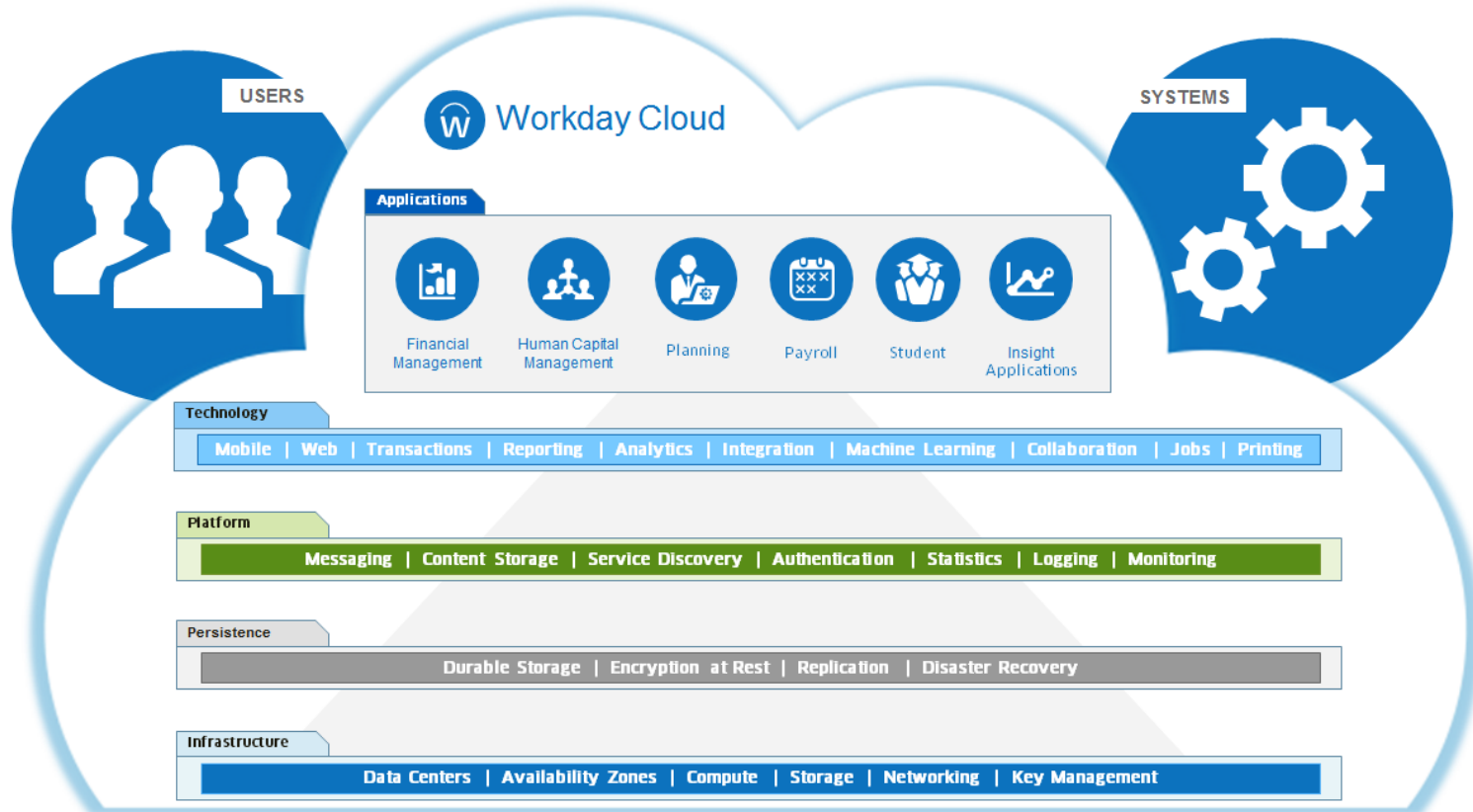


9 acquisitions in 5 years

# Architecture Evolution



Continuous change



# UI Service Evolution

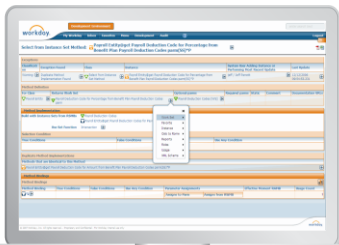
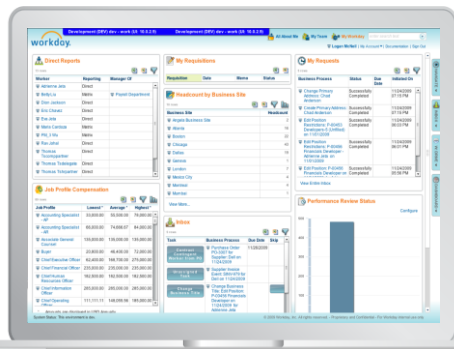
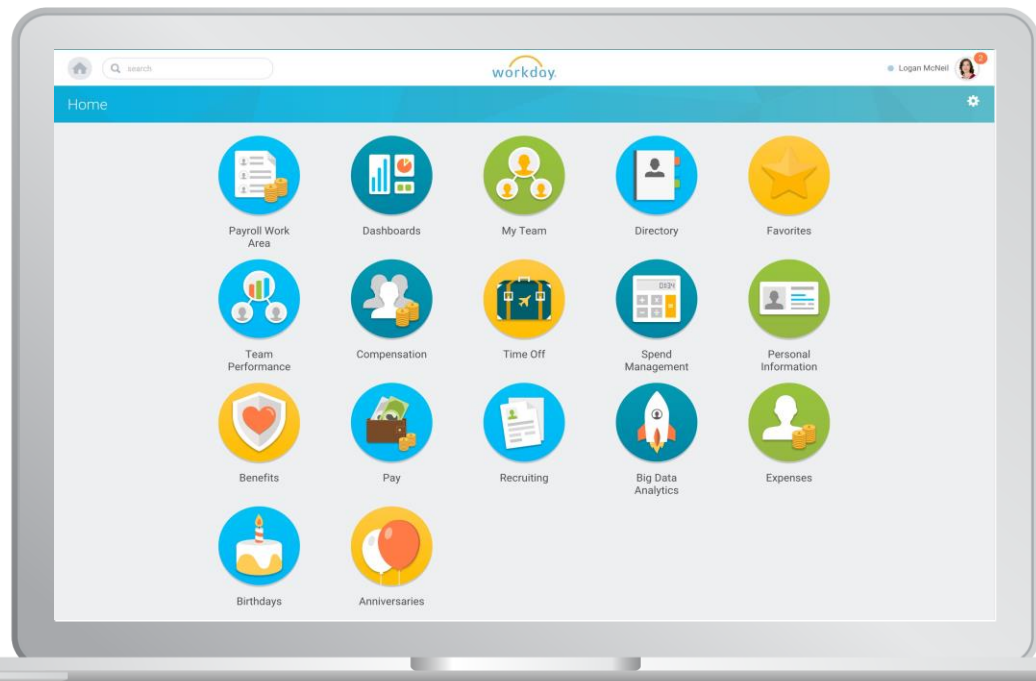


Continuous change

HTML5

Flex

HTML



Today

2010

2005

# Persistence Evolution



Continuous change



Main tenanted data store  
Non-traditional schema  
evolved over time



Distributed, highly available  
K/V store  
Documents, attachments



Data from external systems  
Big Data processing



Large scale data processing,  
machine learning  
Insight applications  
External data import  
processing

# Questions for the Competition



Continuous change

1

Do you have a single data model, workflow engine, and security model across all offerings and all customers?

2

Are all configurations (e.g. custom reports, workflows, integrations) converted to the latest update without customer involvement?

3

Do your customers have to choose between customizations and staying on the current update?

# Live, referenceable, successful customers

Power of  
1

LSU



Etsy



King

flex

Hewlett Packard  
Enterprise

vmware



Bloomenergy

CUSHMAN &  
WAKEFIELD

tripadvisor

Abbott  
A Promise for Life



Bank of America

gsk  
GlaxoSmithKline



J.B. HUNT

Kimberly-Clark



AON

Johnson & Johnson

Yale

CardinalHealth

HITACHI  
Inspire the Next

easyJet

NISSAN

VISA

AVON



Unilever



NETFLIX

Johnson  
Controls

GameStop  
POWERED BY THE PLAYERS

LIFE TIME  
FITNESS

FAIRCHILD



# Competition: Deployment



**Jim Bozzini**  
EVP  
Customer Operations



**Annrai O'Toole**  
Chief Technology Officer  
Europe

# Workday Technology Enables Rapid Deployments



70%+ Live



Business Process Framework



Integrations

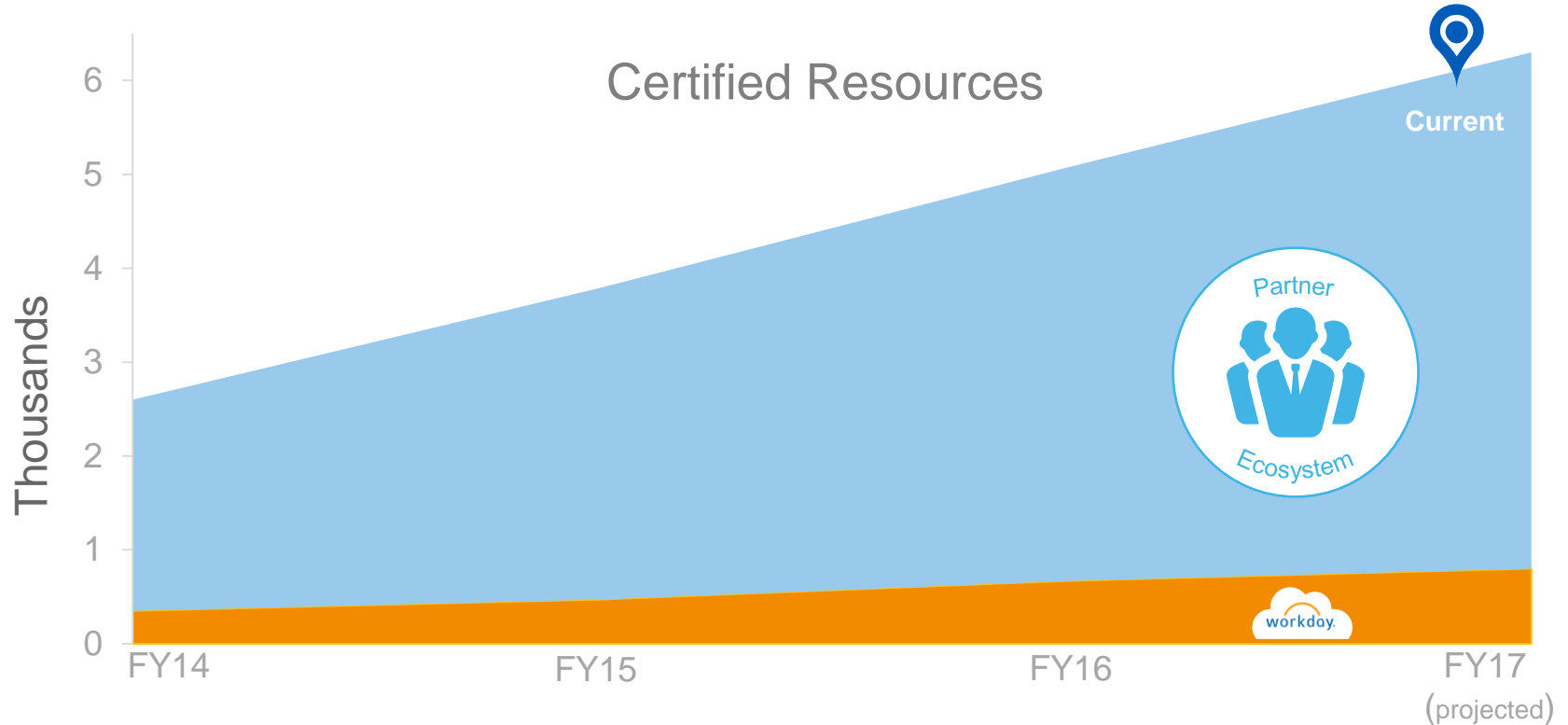


User Experience



Enhanced Tooling

# Ecosystem Growth

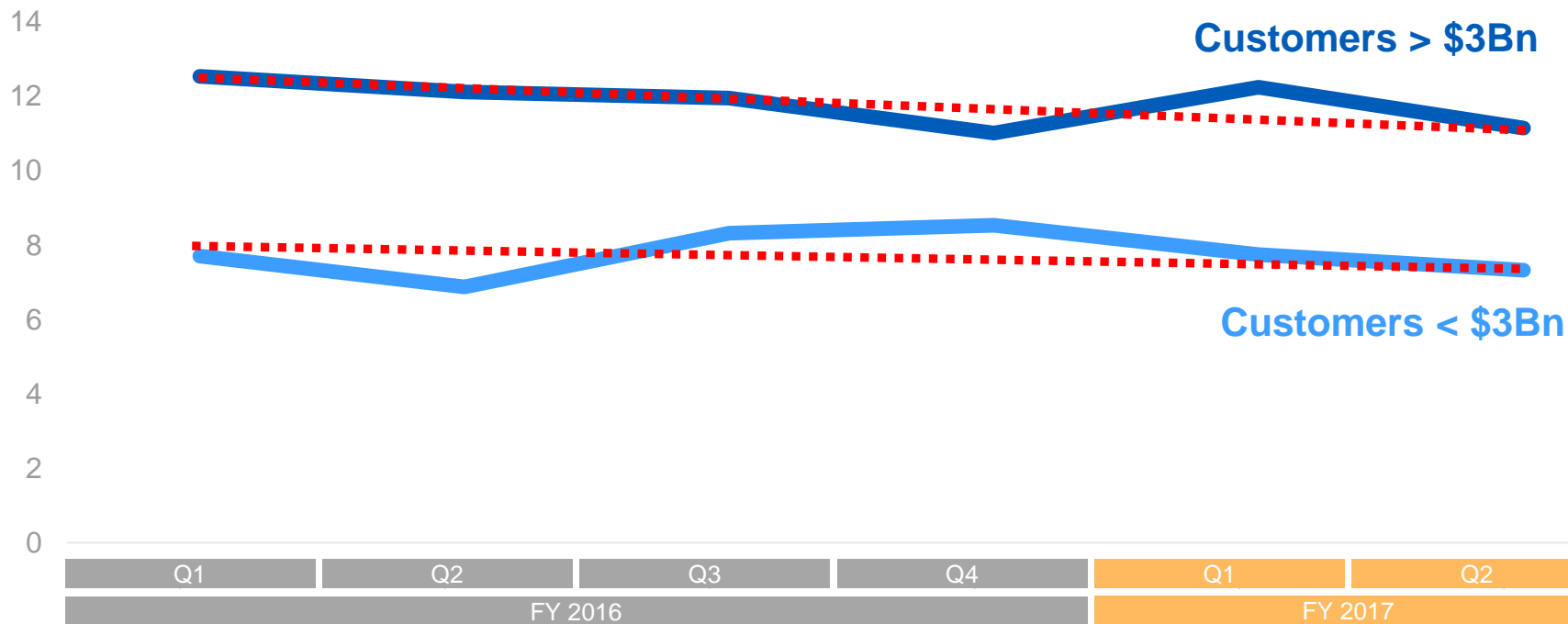


# Most Experienced Partners



# Commercial Customer Average Time to Live

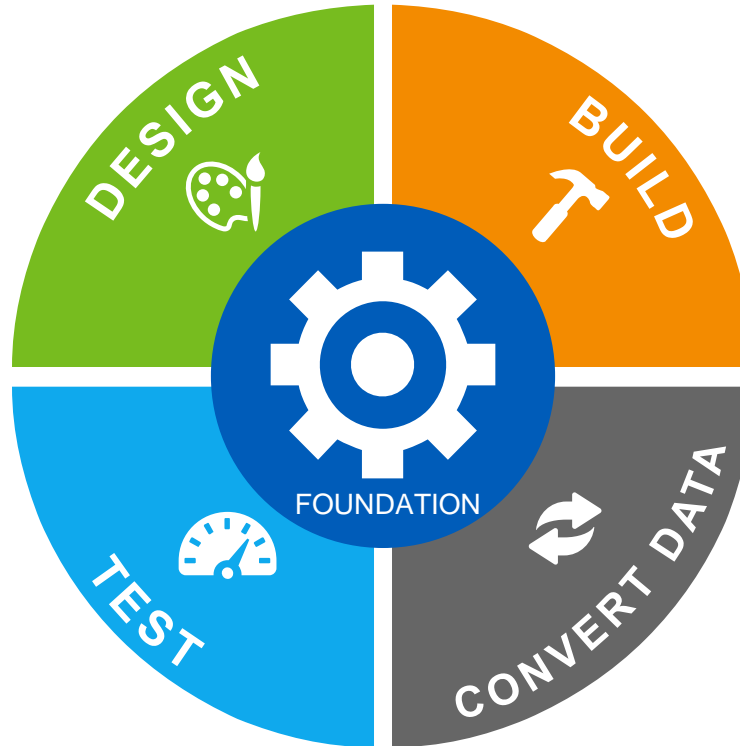
Months



Based on deployment start date and actual/projected initial go-live

Workday Financial Analyst Day, September 27, 2016

# Components of a Workday Deployment



# Innovation: Three Elements of Success



## **CAPABILITIES**

Functional-  
Total Addressable Market



## **USEFULNESS**

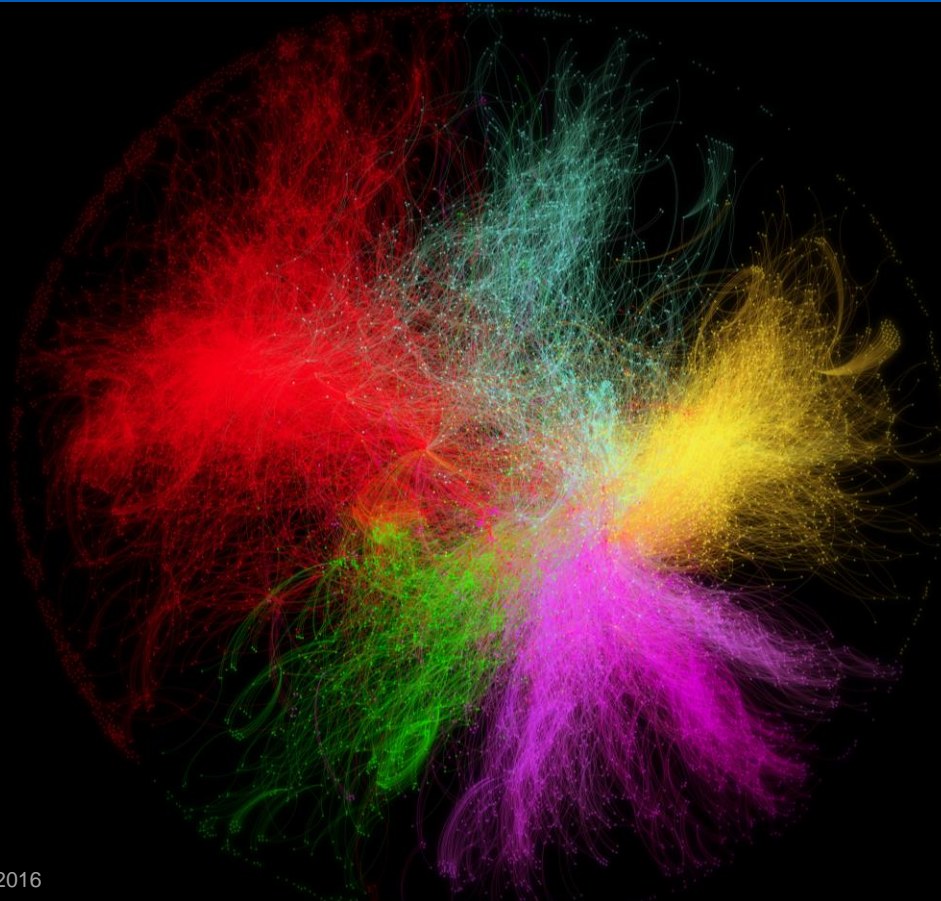
Increase Usage-  
Stickiness



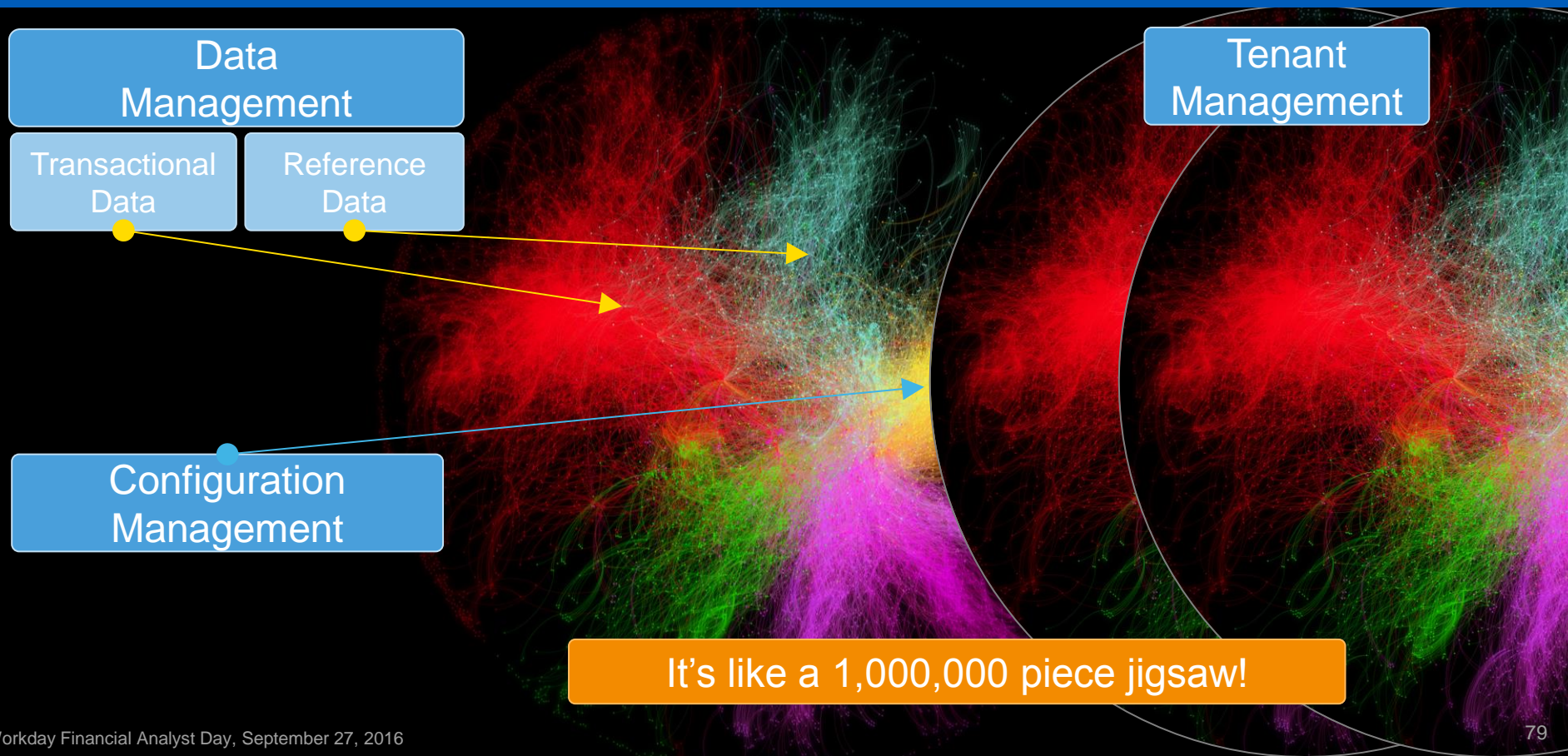
## **OWNERSHIP**

Little talked about-  
“Underbelly”

# Workday - A Visual



# Effort Drivers



# Ownership Innovation Objectives



Reduce overall effort  
and deployment cost

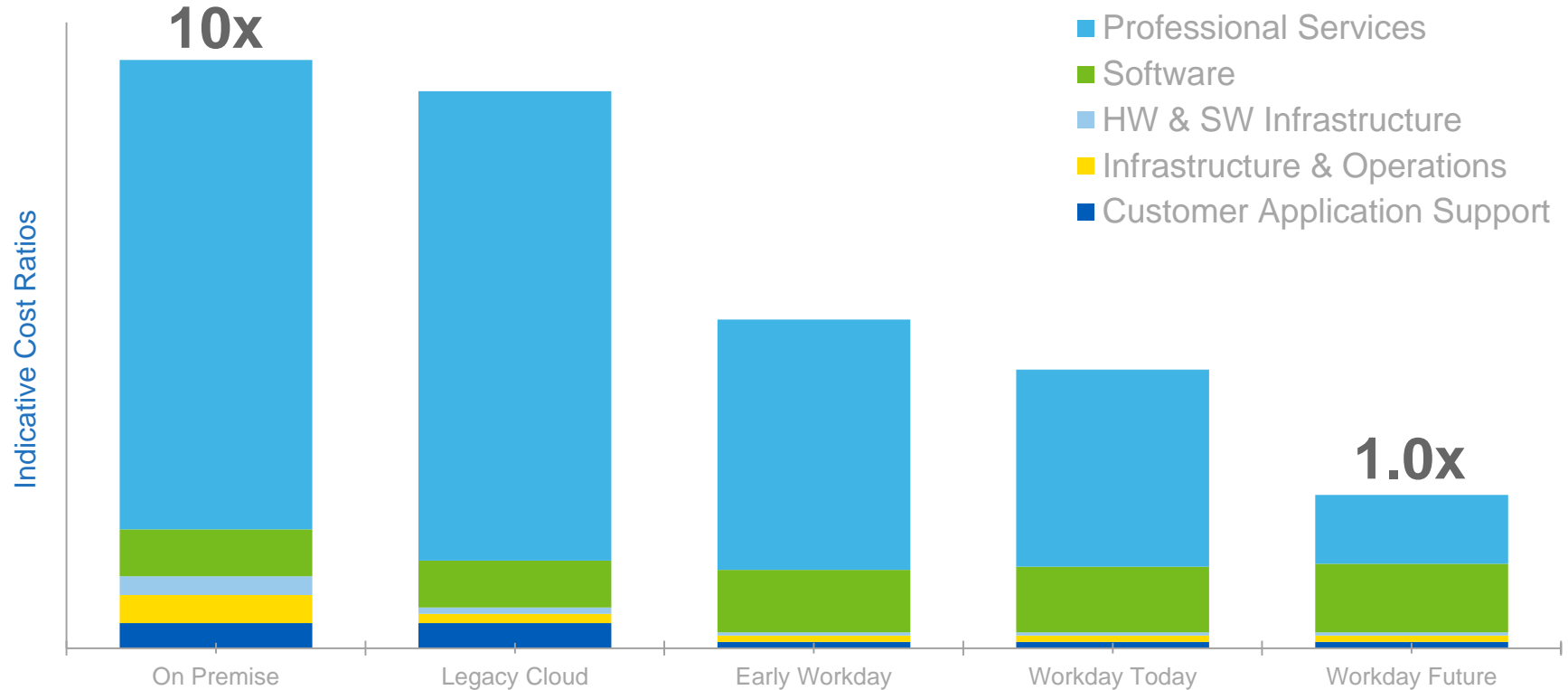


Eliminate largest  
barrier of entry

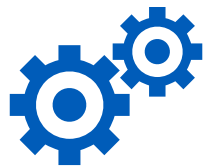


Higher win rate

# Current State of the Problem



# Approach to Empowering Customer Self-enablement



Automate repetitive  
technical tasks



Friendly data  
management



Friendly configuration  
content management



Consumer UI



Instrumentation for  
observation and diagnostics

# What We've Done

## Comprehensive Tools and Applications



**CloudLoader**

Customer Data  
Loading



**OX**

Configuration  
Migration



**Customer  
Central**

Tenant Building

**Workday Technology Stack  
Big Data Service**

## Prescriptive Implementation Methodologies

### Workday Delivered...



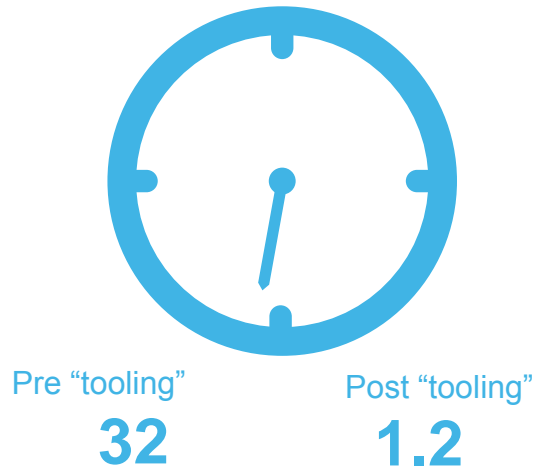
Initial Tenant Configuration



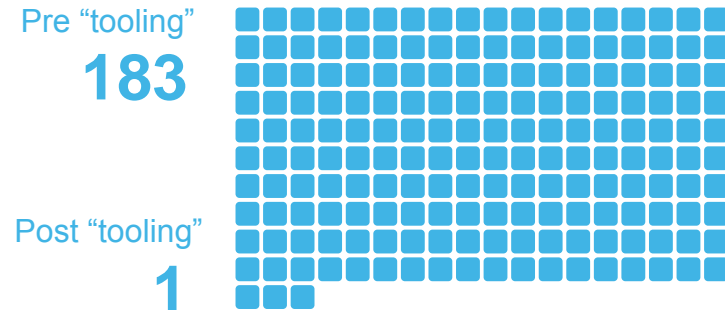
Production Tenant

# Results to Date

## Time (in hours)

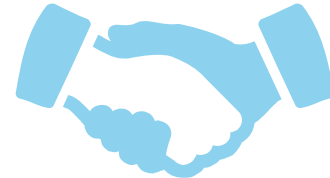


## Tasks (number)



# Multiple Benefits

**New Tooling**  
Driving down cost & complexity



Consultants



Customers





# Financial Update

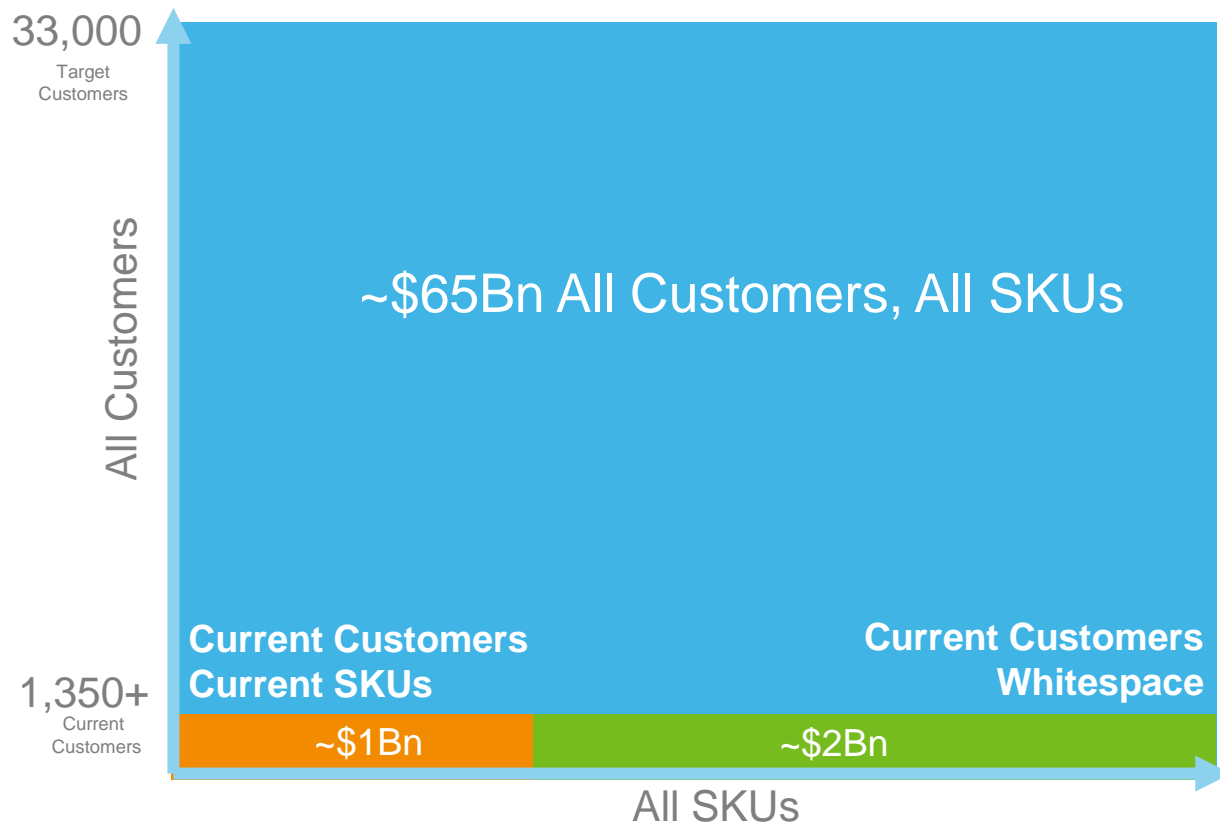


**Robynne Sisco**  
Chief Financial Officer

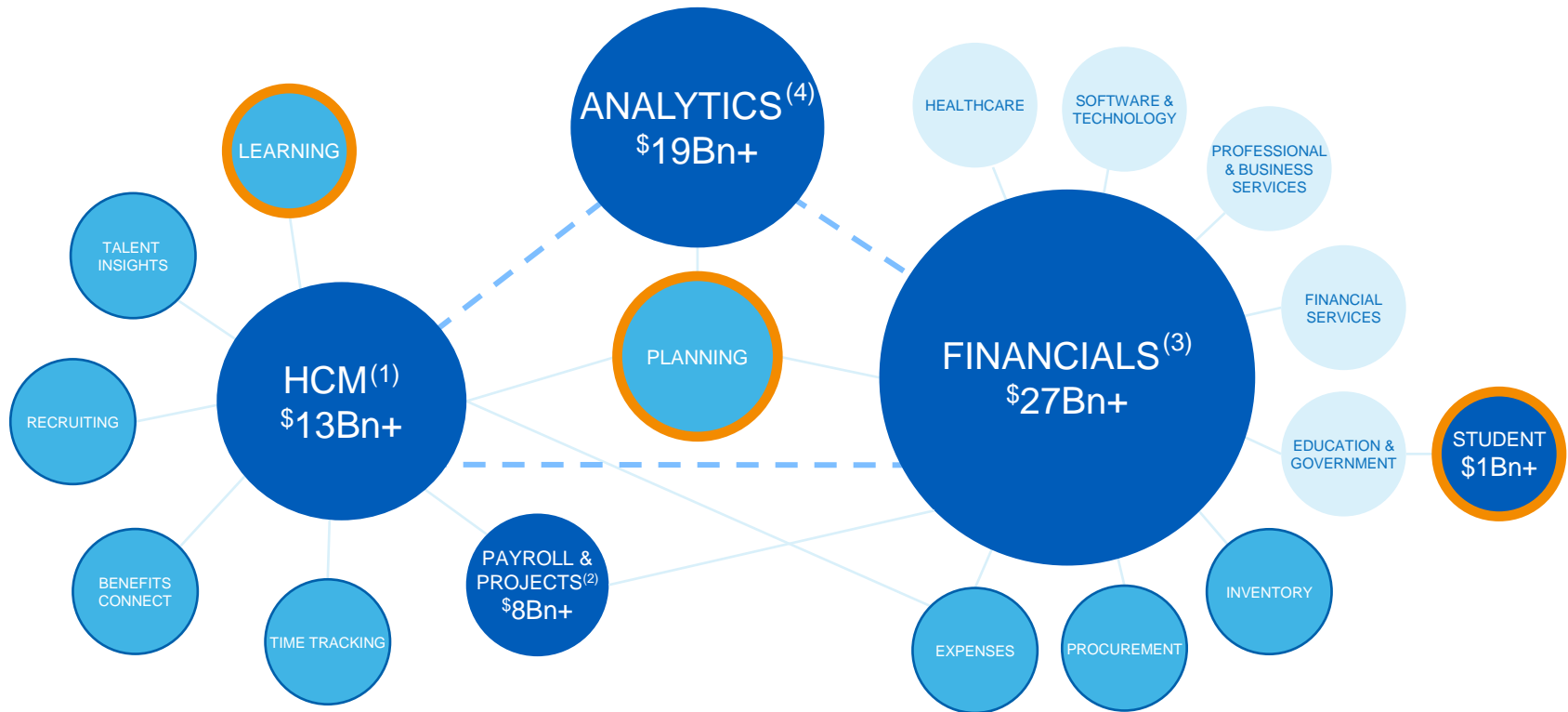


Focus Area # 1: Growth

# A Different View of Our \$65 Billion Opportunity



# Our \$65Bn+ Opportunity



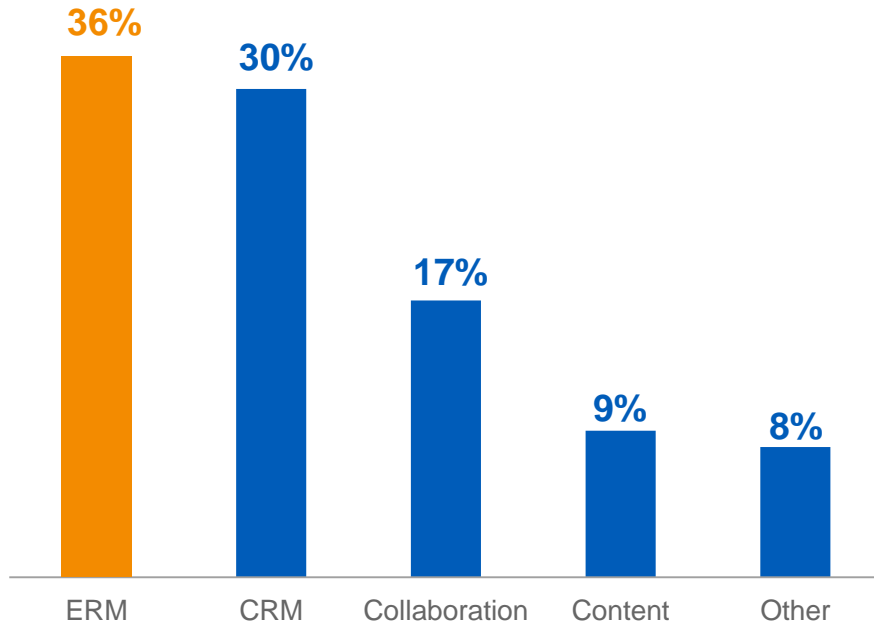
Sources:  
(2016 estimates,  
newly GA products  
highlighted in orange)

(1) Human Capital Management Applications from IDC WW HCM & Payroll Applications Forecast, 2016-2020 (May 2016) #US40645216  
(2) Payroll Applications from report above and Project & Portfolio Management from IDC WW ERM Applications Forecast, 2016-2020 (June 2016) #US41536815

(3) Financial Applications and Procurement from IDC WW ERM Apps Forecast, 2016-2020 (June 2016) #US41536815 + Inventory and Expenses as per internal Workday estimates  
(4) Financial Perf & Strategy Mgmt Apps + Workforce Analytic Apps + BI & Analytics Tools from IDC WW Business Analytics Software Forecast, 2016-2020 (Aug 2016) #US41655216

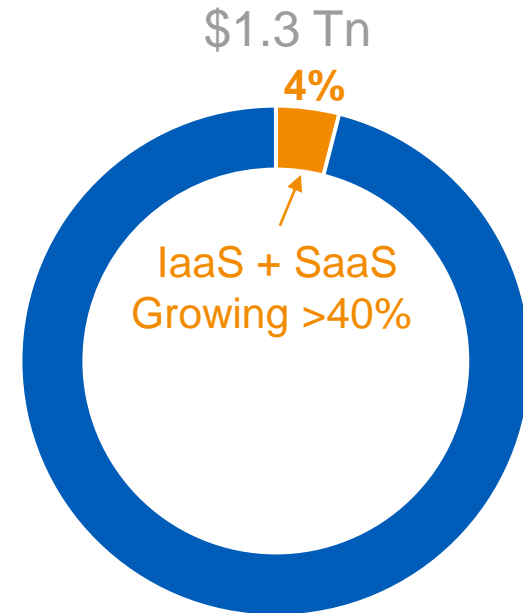
# Our \$65Bn Opportunity in Context

The largest segment in cloud enterprise software...



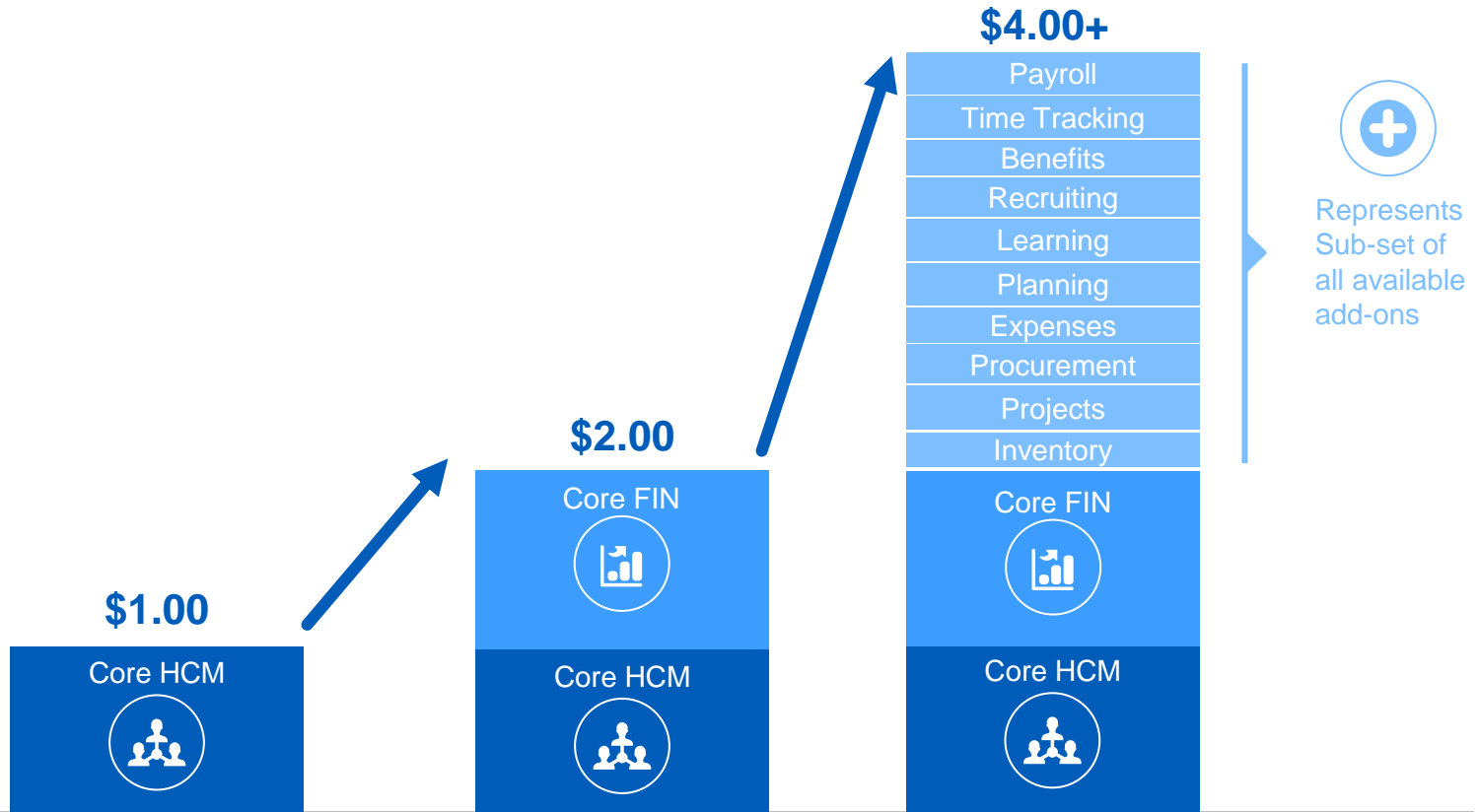
Source: IDC 2016

...A small fraction of IT spending

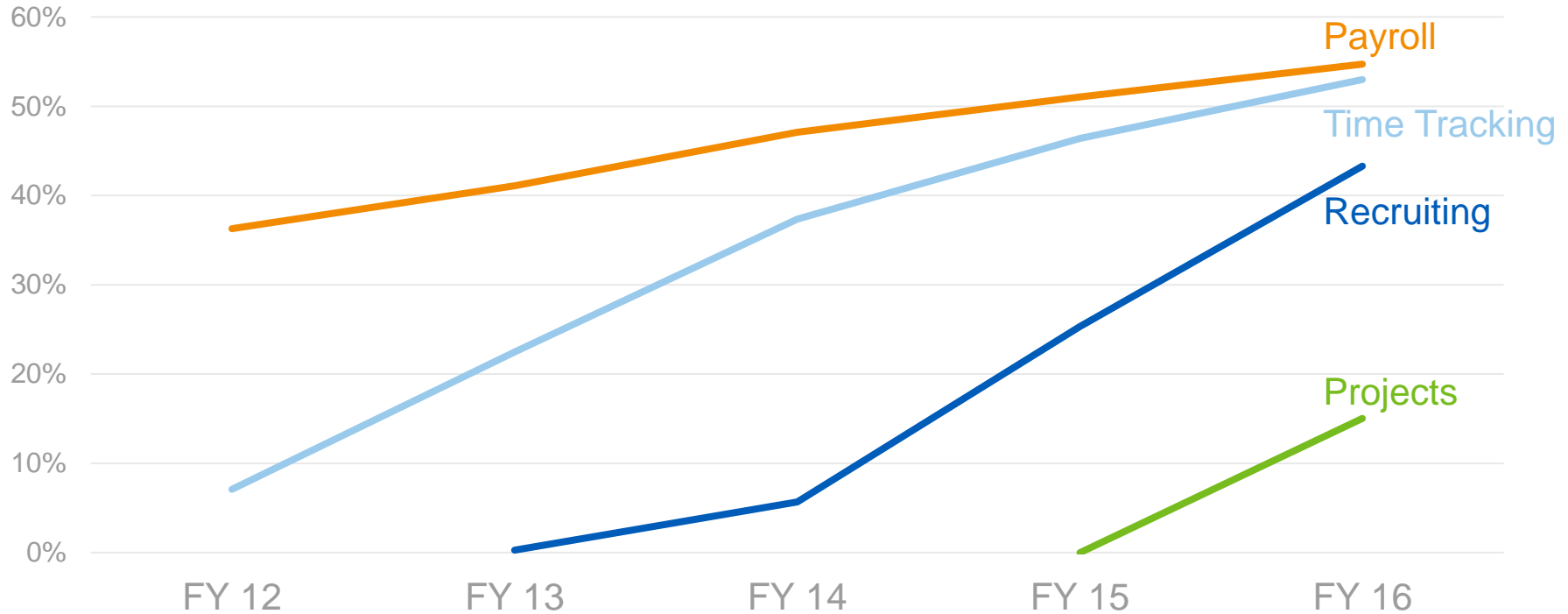


Source: Pacific Crest Securities, "The Second Decade of SaaS & Rise of Smart Applications," by Brent Bracelin, Monika Garg, Jason Celino, Trevor Upton, and Alyssa Johnson, September 12, 2016

# Significant Expansion Opportunity Beyond Core

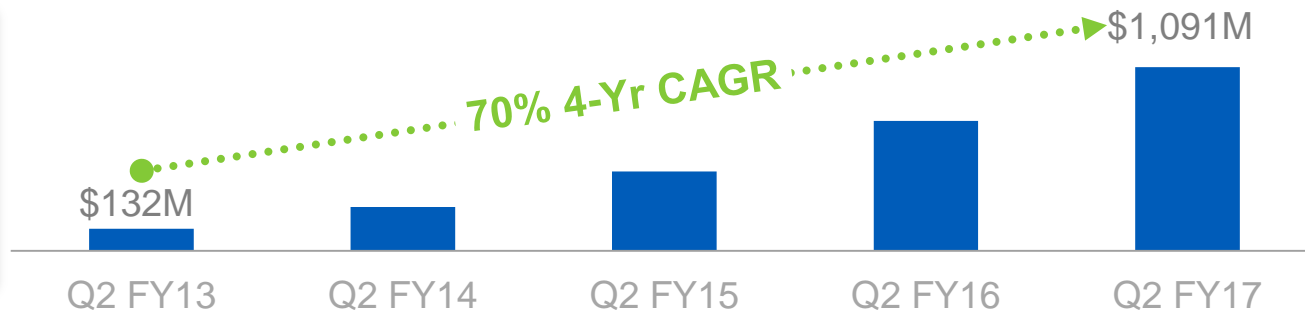


# Demonstrated Strong Attach Rates



# Delivering Growth at Scale

TTM  
Subscription  
Revenue  
Growth



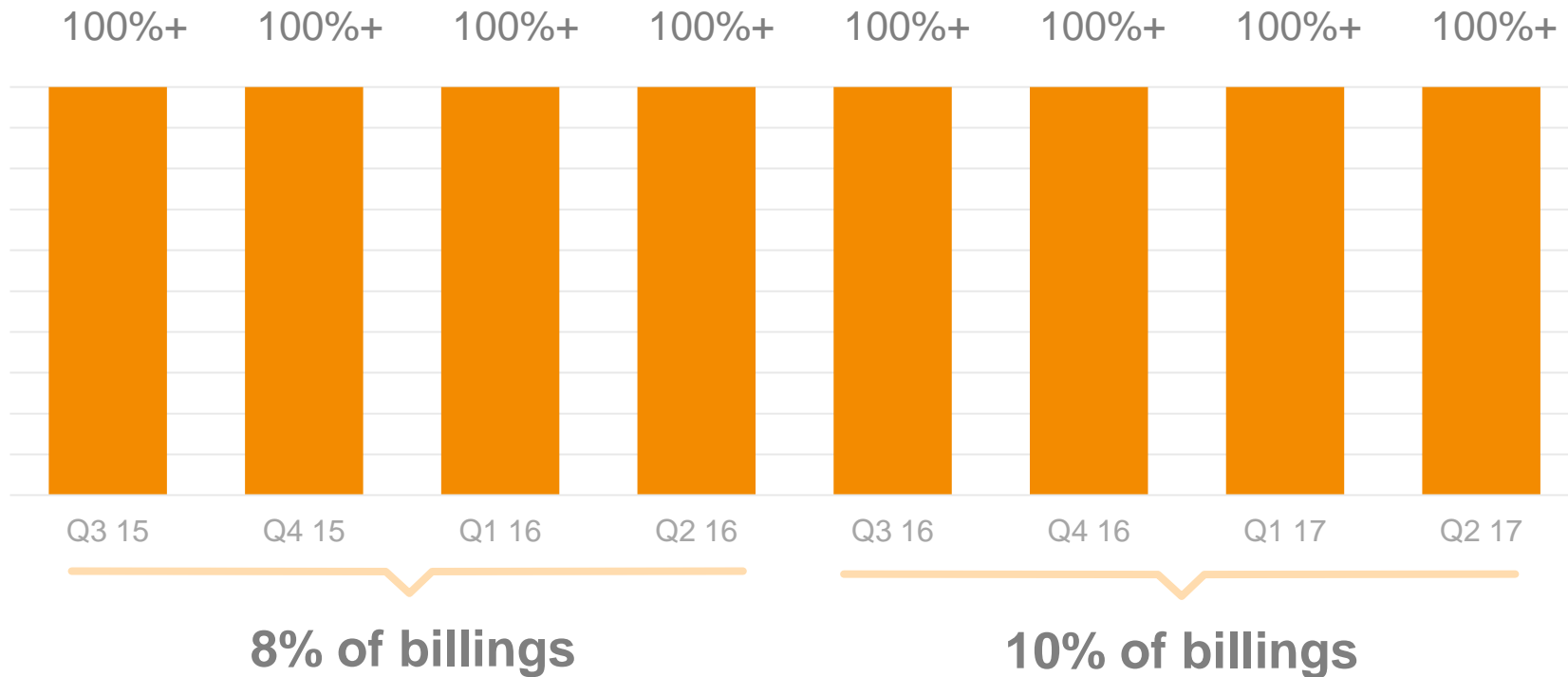
TTM  
Subscription  
Billings Growth



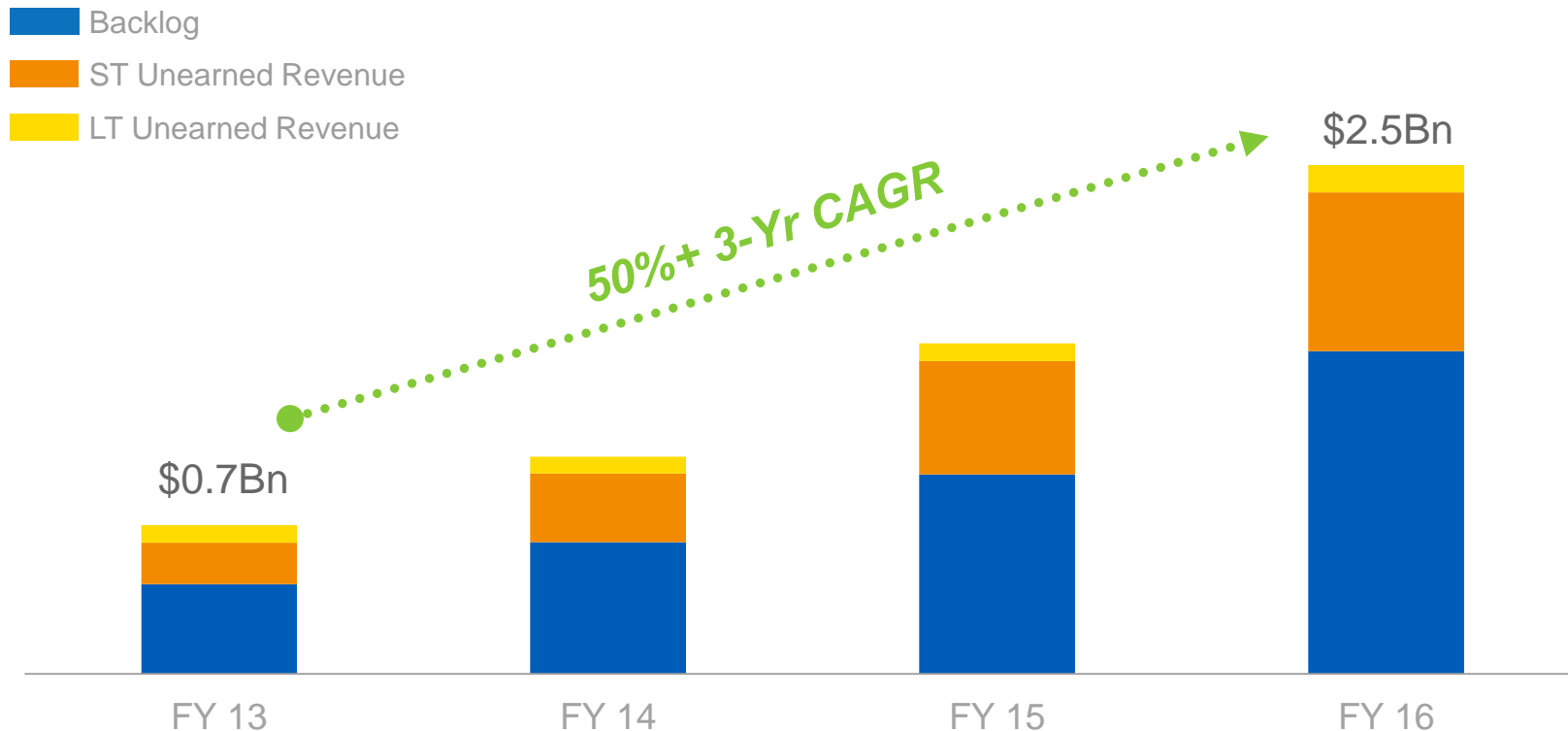


## Focus Area # 2: Predictability

# Eight Consecutive Quarters of 100%+ \$ Renewal



# Unearned Revenue and Backlog Supports Visibility

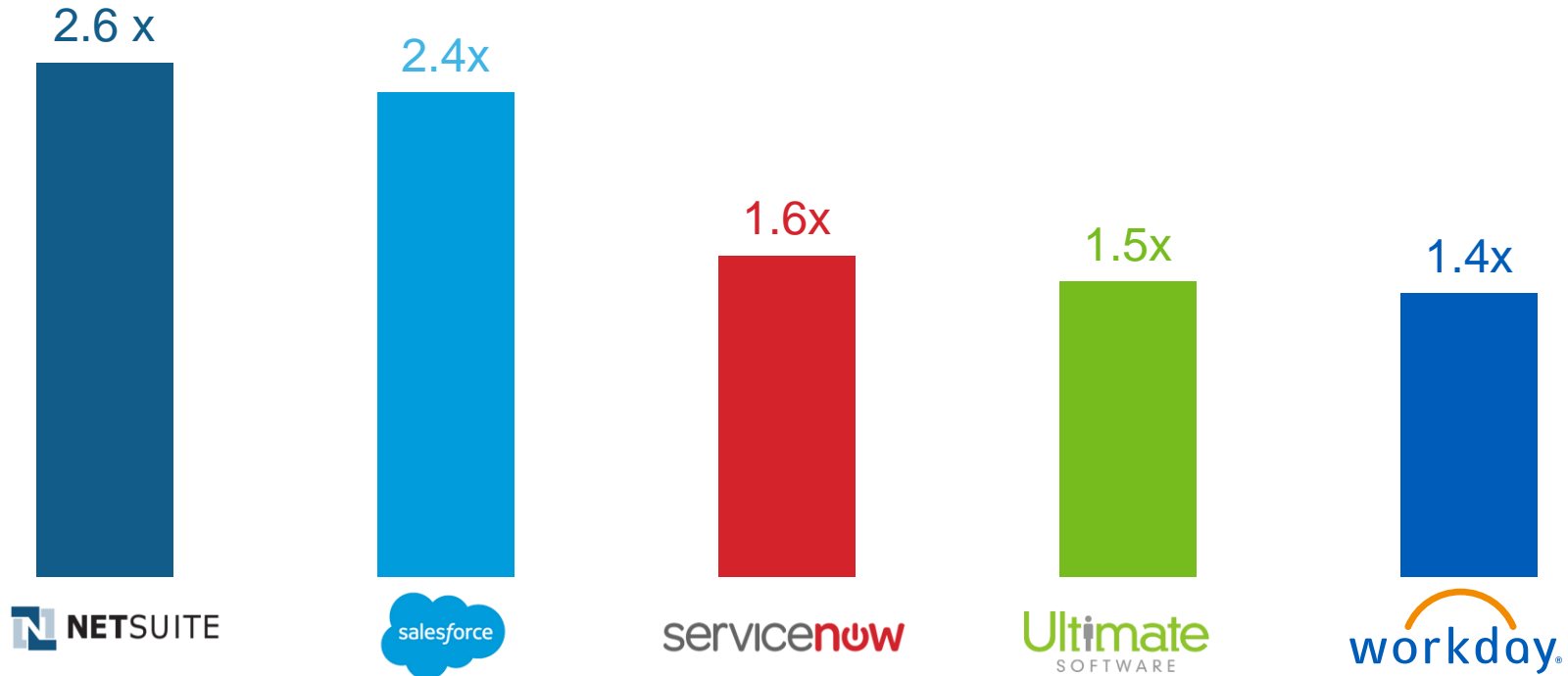




## Focus Area # 3: Profitability

# Efficient Customer Acquisition

CAC (GAAP TTM Average)



Source: Goldman Sachs Wall Street Equity Research, Standalone SaaS Companies with > \$500M ARR, "Benchmarking Software: Efficient Models Outperforming YTD," September 13, 2016

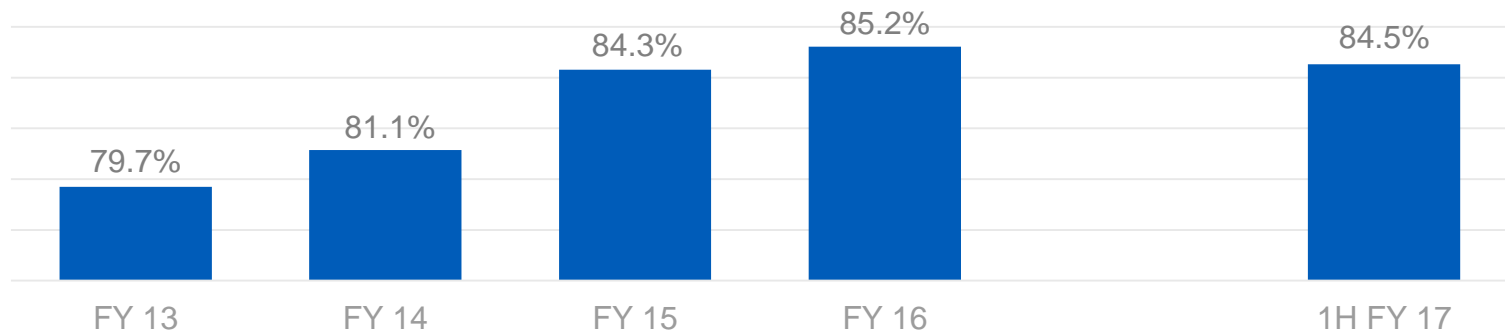
Workday Financial Analyst Day, September 27, 2016

# Strong Lifetime Value

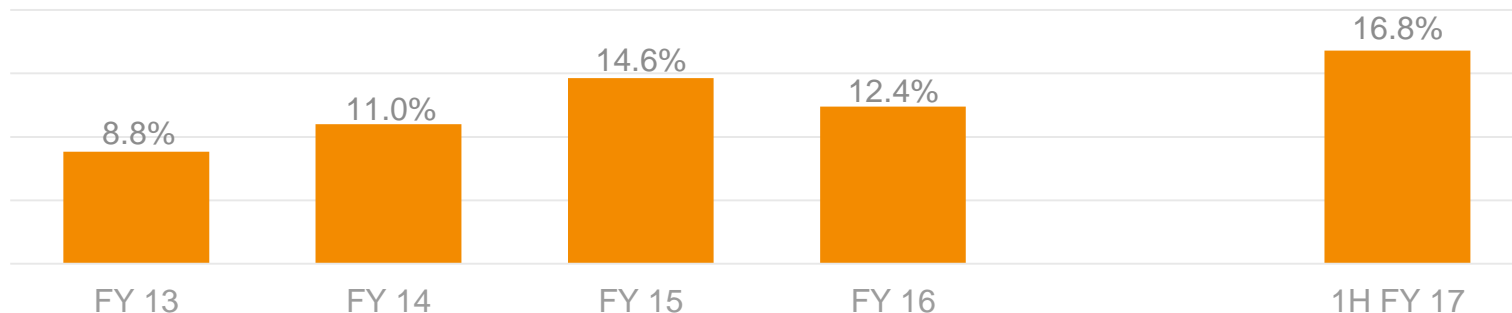
**\$1 ARR > \$9 LTV**

# Gross Margin (Non-GAAP)

Subscription Gross Margin %

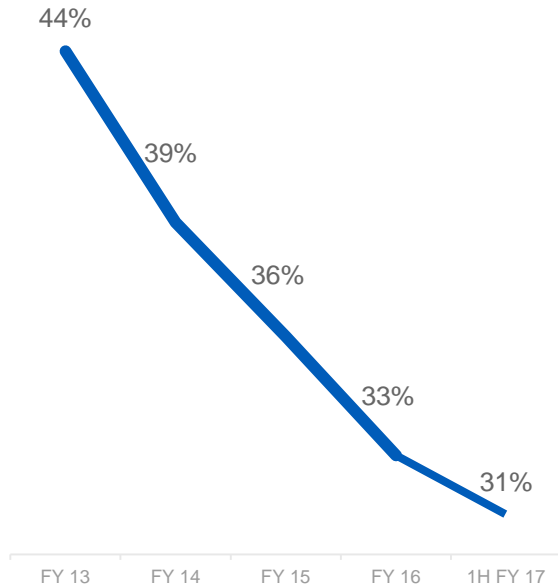


Services Gross Margin %

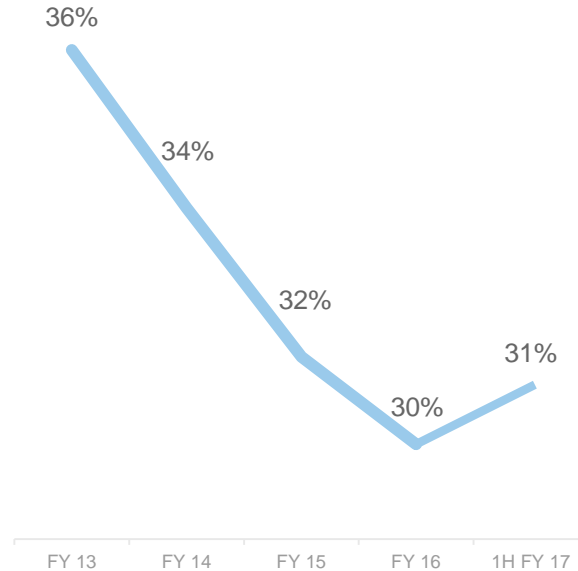


# Operating Expenses % of Rev

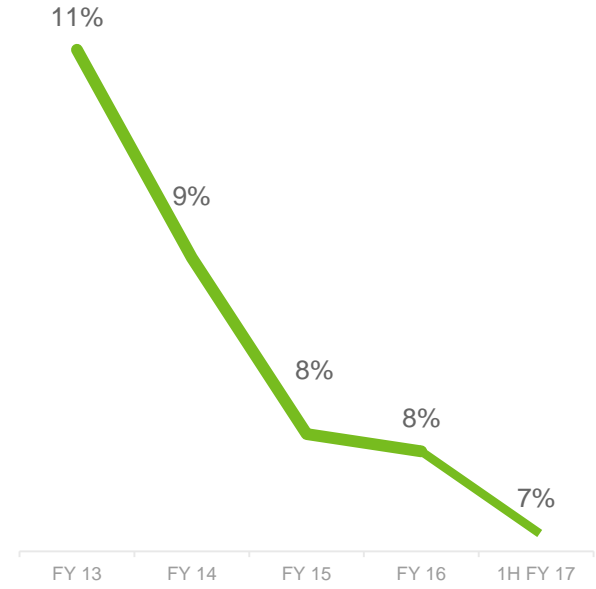
Sales & Marketing  
Operating Expenses % Rev



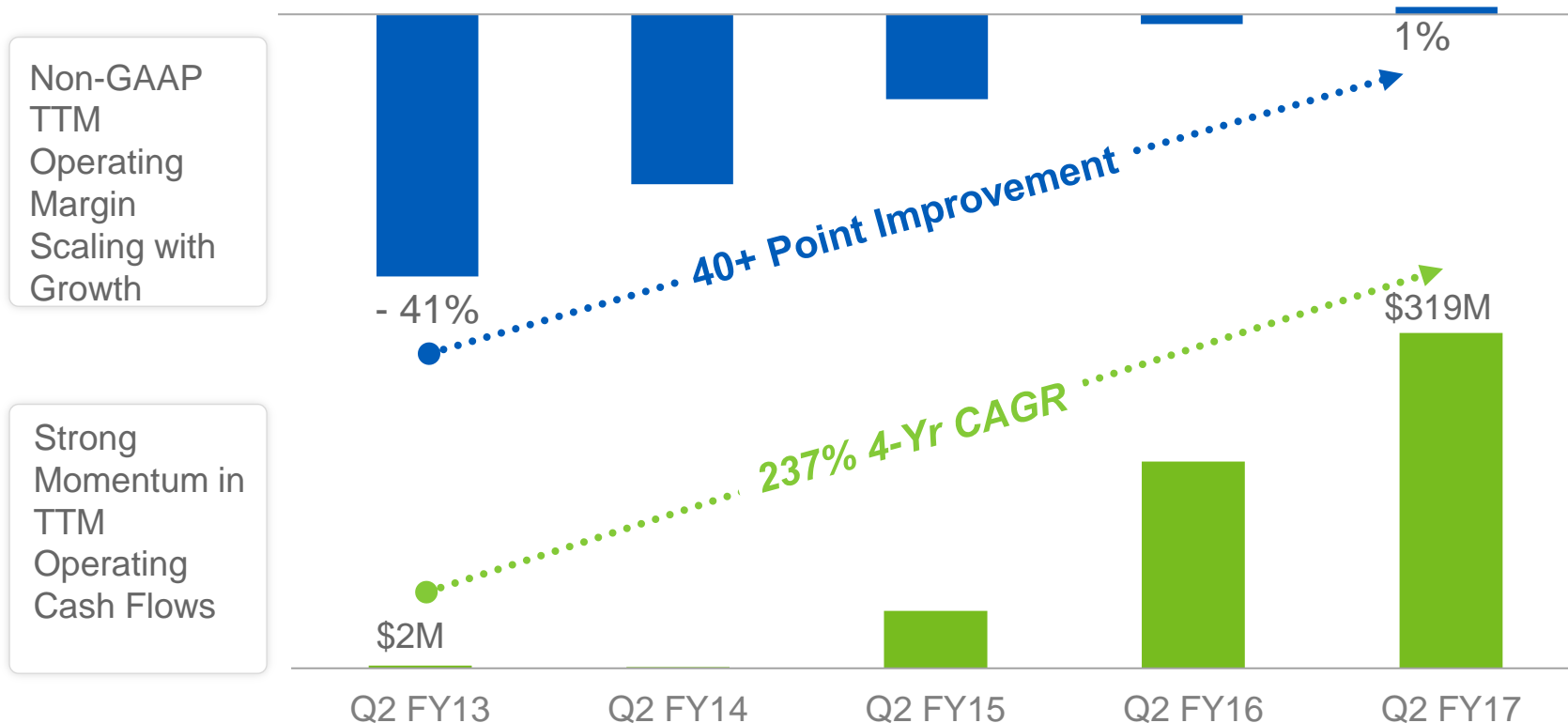
Product Development  
Operating Expenses % Rev



General & Administrative  
Operating Expenses % Rev



# Demonstrating Leverage at Scale



# Strong Balance Sheet (As of 7/31/16)

Assets	Bn
<b>Cash &amp; Marketable Securities</b>	<b>\$2.1</b>
Other Current Assets	\$0.3
Other Assets	\$0.4
<hr/>	
Total Assets	\$2.8
 Liabilities	
Current Liabilities	\$0.2
<b>Unearned Revenue</b>	<b>\$1.0</b>
<b>Convertible Notes</b>	<b>\$0.5</b>
<hr/>	
Total Liabilities	\$1.7
 Stockholders' Equity	
Total Stockholders' Equity	\$1.1

# Long-Term Model (Non-GAAP)

	FY12		Today 1HFY2017		Long-Term Target
Gross Margin	52%	+20%	72%	+3%	75%
S&M as % of Revenue	52%		31%		
Product Development as % of Revenue	45%		31%+		
G&A as % of Revenue	10%		7%		
Operating Margin	(55%)	+57%	2%+	+18%	20%+



Q&A



Built for the future.™



Appendix

# Subscription Services Gross Margin

## GAAP to Non-GAAP Reconciliation

(in \$ thousands)	FY13	FY14	FY15	FY16	H1 FY17
Subscription Services Revenue	190,320	354,169	613,328	929,234	586,231
Cost of Subscription Services	39,251	69,195	102,476	149,869	100,579
Subscription Services Gross Margin %	79%	80%	83%	84%	83%
Non-GAAP Adjustments:					
Share-Based Compensation	(601)	(2,408)	(6,053)	(12,060)	(9,365)
Other <sup>(1)</sup>	0	(17)	(204)	(414)	(452)
Cost of Subscription Services (Non-GAAP)	38,650	66,770	96,219	137,395	90,762
Subscription Services Gross Margin % (Non-GAAP)	80%	81%	84%	85%	85%

(1) – Includes employer payroll tax-related items on employee stock transactions and amortization of acquisition related intangible assets

# Professional Services Gross Margin

## GAAP to Non-GAAP Reconciliation

(in \$ thousands)	FY13	FY14	FY15	FY16	H1 FY17
Professional Services Revenue	83,337	114,769	174,532	233,112	136,922
Cost of Professional Services	77,284	107,615	162,327	224,558	125,900
Professional Services Gross Margin %	7%	6%	7%	4%	8%
Non-GAAP Adjustments:					
Share-Based Compensation	(1,312)	(4,818)	(12,890)	(19,526)	(11,262)
Other <sup>(1)</sup>	0	(656)	(451)	(768)	(716)
Cost of Professional Services (Non-GAAP)	75,972	102,141	148,986	204,264	113,922
Professional Services Gross Margin % (Non-GAAP)	9%	11%	15%	12%	17%

(1) – Includes employer payroll tax-related items on employee stock transactions and amortization of acquisition related intangible assets

# Sales and Marketing Operating Expense

## GAAP to Non-GAAP Reconciliation

(in \$ thousands)	FY13	FY14	FY15	FY16	H1 FY17
Revenue	273,657	468,938	787,860	1,162,346	723,153
Sales and Marketing Expense	123,440	197,373	315,840	434,056	266,668
Expense as % of Sales	45%	42%	40%	37%	37%
Non-GAAP Adjustments:					
Share-Based Compensation	(2,717)	(12,131)	(29,875)	(51,617)	(39,846)
Other <sup>(1)</sup>	0	(883)	(1,420)	(1,482)	(1,797)
Sales and Marketing Expense (Non-GAAP)	120,723	184,359	284,545	380,957	225,025
Expense as % of Sales (Non-GAAP)	44%	39%	36%	33%	31%

(1) – Includes employer payroll tax-related items on employee stock transactions and amortization of acquisition related intangible assets

# Product Development Operating Expense

## GAAP to Non-GAAP Reconciliation

(in \$ thousands)	FY13	FY14	FY15	FY16	H1 FY17
Revenue	273,657	468,938	787,860	1,162,346	723,153
Product Development Expense	102,665	182,116	316,868	469,944	303,664
Expense as % of Sales	38%	39%	40%	40%	42%
Non-GAAP Adjustments:					
Share-Based Compensation	(3,528)	(21,644)	(63,938)	(109,362)	(71,282)
Other <sup>(1)</sup>	0	(1,544)	(3,221)	(7,201)	(6,360)
Product Development Expense (Non-GAAP)	99,137	158,928	249,709	353,381	226,022
Expense as % of Sales (Non-GAAP)	36%	34%	32%	30%	31%

(1) – Includes employer payroll tax-related items on employee stock transactions and amortization of acquisition related intangible assets

# General and Administrative Operating Expense

## GAAP to Non-GAAP Reconciliation

(in \$ thousands)	FY13	FY14	FY15	FY16	H1 FY17
Revenue	273,657	468,938	787,860	1,162,346	723,153
General and Administrative Expense	48,880	65,921	106,051	148,578	86,888
Expense as % of Sales	18%	14%	13%	13%	12%
Non-GAAP Adjustments:					
Share-Based Compensation	(7,170)	(20,850)	(43,292)	(57,405)	(34,702)
Other <sup>(1)</sup>	(11,250)	(1,298)	(1,202)	(2,095)	(1,736)
General and Administrative Expense (Non-GAAP)	30,460	43,773	61,557	89,078	50,450
Expense as % of Sales (Non-GAAP)	11%	9%	8%	8%	7%

(1) – Includes employer payroll tax-related items on employee stock transactions and amortization of acquisition related intangible assets

# TTM Operating Margin

## GAAP to Non-GAAP Reconciliation

(in \$ thousands)	Q2 FY13 TTM	Q2 FY14 TTM	Q2 FY15 TTM	Q2 FY16 TTM	Q2 FY17 TTM
Revenue	199,128	353,337	616,255	974,996	1,351,846
Operating Loss	(88,850)	(136,453)	(202,227)	(222,894)	(304,161)
Operating Margin	(45%)	(39%)	(33%)	(23%)	(22%)
Non-GAAP Adjustments:					
Share-Based Compensation	(6,265)	(28,799)	(114,308)	(198,430)	(304,389)
Other <sup>(1)</sup>	0	(12,763)	(5,447)	(10,164)	(16,793)
Operating Income (Loss) (Non-GAAP)	(82,585)	(94,891)	(82,472)	(14,300)	17,021
Operating Margin (Non-GAAP)	(41%)	(27%)	(13%)	(1%)	1%

(1) – Includes employer payroll tax-related items on employee stock transactions and amortization of acquisition related intangible assets

# Long Term Model

## GAAP to Non-GAAP Reconciliations – FY12

(in \$ thousands)	GAAP	As % of Revenue	Share-based Comp	Other <sup>(1)</sup>	Non-GAAP	As % of Revenue
Revenue	134,427				134,427	
Cost of Revenue	65,368		(628)		64,740	
Gross Margin	51%				52%	
Sales and Marketing	70,356	52%	(839)		69,517	52%
Product Development	62,014	46%	(1,124)		60,890	45%
General and Administrative	15,133	11%	(1,591)		13,542	10%
Operating Margin	(58%)				(55%)	

(1) – Includes employer payroll tax-related items on employee stock transactions and amortization of acquisition related intangible assets

# Long Term Model

## GAAP to Non-GAAP Reconciliations – H1 FY17

(in \$ thousands)	GAAP	As % of Revenue	Share-based Comp	Other <sup>(1)</sup>	Non-GAAP	As % of Revenue
Revenue	723,153				723,153	
Cost of Revenue	226,479		(20,627)	(1,168)	204,684	
Gross Margin	69%				72%	
Sales and Marketing	266,668	37%	(39,846)	(1,797)	225,025	31%
Product Development	303,664	42%	(71,282)	(6,360)	226,022	31%
General and Administrative	86,888	12%	(34,702)	(1,736)	50,450	7%
Operating Margin	(22%)				2%	

(1) – Includes employer payroll tax-related items on employee stock transactions and amortization of acquisition related intangible assets