Agenda

2020

New Normal

Public Cloud

Private Cloud Market Analysis

2021 Predictions

Recap
<table>
<thead>
<tr>
<th>Scenario</th>
<th>Exit Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wipe out – failure to launch GTM and compete against incumbents.</td>
<td>$0</td>
</tr>
<tr>
<td>Downside case – company fails to grow meaningfully beyond a small set of customers.</td>
<td>$100M</td>
</tr>
<tr>
<td>Base case – company succeeds in capturing meaningful market share.</td>
<td>$500M</td>
</tr>
<tr>
<td>Upside case – company becomes market leader.</td>
<td>$1B</td>
</tr>
<tr>
<td>Just goes nuts – company becomes go-to solution owning majority of market.</td>
<td>$5B+</td>
</tr>
</tbody>
</table>
Prediction 1: The future of work will be remote
Major indices dropped more than 30% over the course of three weeks.
WHAT MATTERS TO THE NEW GUARD OF TECH

Stephen Curry
CEO, SC30 Inc.

Jennifer Tejada
CEO, PagerDuty

Frank Slootman
CEO, Snowflake

Eric Yuan
CEO, Zoom

Eric Yuan
CEO, ZOOM

Jennifer Tejada
CEO, PAGERDUTY

Frank Slootman
CEO, SNOWFLAKE

Stephen Curry
CEO, SC30 INC.
Welcome to the New Normal
Usage of digitally-enabled care skyrockets

Increase in telehealth utilization

300x

Hinge Health
Distance learning becomes the norm

93% of households with school age children engaged in distance learning
Small and medium businesses evolve and adapt

The restaurant industry is going through massive digital transformation
Industries transition from offline to online

$10T
global construction industry accelerates shift to the cloud
We've seen two years' worth of digital transformation in two months. From remote teamwork and learning, to sales and customer service, to critical cloud infrastructure and security—we are working alongside customers every day to help them adapt and stay open for business in a world of remote everything.

– Satya Nadella, CEO of Microsoft
Microsoft picked Satya, the head of their Azure cloud business, to take over as CEO. Amazon just picked Jassy, the head of their AWS cloud business, to take over as CEO. Current worldwide market cap #1 and #3 making the ultimate statements on the importance of cloud ahead!
2020
Top 5 public cloud companies by market cap
2021

Top 5 public cloud companies by market cap

Up 70% 2020-2021
2021
Top 5 public cloud companies comprise $1T+ of market cap
2021
Top 3 public cloud companies each over $200B market cap
IaaS crosses $150B run rate in 2020
Amazon dominates the public cloud infrastructure market
Public cloud reaches $2 trillion

Total cloud market cap

- Feb 2019: $690B, 45% CAGR
- Feb 2020: $1T, 35% CAGR
- Feb 2021: $2.2T, 120% CAGR
Bessemer Cloud Index since launch

Net Change

INSTITUTIONALIZED WITH NASDAQ AS EM CLOUD
September, 2018


EM CLOUD
WCLD performance since launch
WisdomTree Licensed the Index for the WCLD ETF

#1 ETF on the NASDAQ for 2020

#2 technology ETF within US technology ETFs for 2020
Introducing our new BVP Cloud Index

The BVP Nasdaq Emerging Cloud Index

Market Cap: $1,591B
Average Multiple: 16.7x
Growth This Month: 15%

Index Performance

Forward Multiple vs. Efficiency Score

Forward Multiple
(Enterprise Value / Forward Revenue)
2020 was marked by record-breaking IPO & M&A activity
Snowflake massively surpassed VMware’s record as largest software **IPO** in history

<table>
<thead>
<tr>
<th>Company</th>
<th>IPO Date</th>
<th>Market Cap at Pricing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Snowflake</td>
<td>Sep ’20</td>
<td>$34.0B</td>
</tr>
<tr>
<td>VMware</td>
<td>Aug ’07</td>
<td>$10.9B</td>
</tr>
<tr>
<td>Zoom</td>
<td>Apr ’19</td>
<td>$9.3B</td>
</tr>
<tr>
<td>Dropbox</td>
<td>Mar ’17</td>
<td>$8.3B</td>
</tr>
<tr>
<td>ZoomInfo</td>
<td>Jun ’20</td>
<td>$8.2B</td>
</tr>
<tr>
<td>Datadog</td>
<td>Sep ’19</td>
<td>$7.9B</td>
</tr>
<tr>
<td>CrowdStrike</td>
<td>Jun ’19</td>
<td>$6.7B</td>
</tr>
</tbody>
</table>
Record breaking cloud M&A activity in 2020 with Slack receiving the largest revenue multiple paid in history
Changing of the guard: MT SAAS overtakes FAANG!

MT SAAS, EMCLOUD, FAANG, and Major Indexes Performance since 2020

-50% 0% 50% 100% 150% 200%
Jan-20 Apr-20 Jul-20 Oct-20 Jan-21

Percent Change

MT SAAS Performance: Approx. +180%
EMCLOUD Performance: Approx. +130%
FAANG Performance: Approx. +60%
Russell 2000 Performance: Approx. +35%
S&P Performance: Approx. +20%
Dow Jones Performance: Approx. +10%
COVID-19 more than doubled the rate of digital transformation across different vertical industries
Private Cloud Market Analysis
Hello Unicorns

527 private unicorns

100 C100 companies

Total cumulative value

$1,964B

$267B
What is driving the increase in unicorns?

1. Cloud multiples are going up
2. Cloud companies are growing faster than ever
3. There is more demand than supply for cloud assets
What is driving the increase in unicorns?

1. Cloud multiples are going up
What is driving the increase in unicorns?

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1. Cloud multiples are going up

Cloud 100 Multiples

- **2016**: 9x
- **2017**: 8x
- **2018**: 11x
- **2019**: 13x
- **2020**: 23x

**150%**

2016 to 2020

Average
What is driving the increase in unicorns?

2. Cloud growth rates have gone up
What is driving the increase in unicorns?

3. There is more demand than supply for cloud assets
What rationalizes these increased valuations?
What rationalizes these increased valuations?

GROWTH ENDURANCE

\[
\text{Current Year's Growth Rate} = \frac{\text{Last Year's Growth Rate}}{\text{Last Year's Growth Rate}}
\]

Expect public cloud company growth rates this year to be **80%** of what they were last year.

EMCLOUD Growth Endurance (2010-2020)

\[y = \sim 0.8x\]
What rationalizes these increased valuations?
Leading cloud companies demonstrate unprecedented growth endurance
What rationalizes these increased valuations?

**GROWTH ENDURANCE**

\[
\text{Current Year's Growth Rate} = \frac{\text{Last Year's Growth Rate}}{0.7}
\]

Expect private cloud company growth rates this year to be **70%** of what they were last year.
What rationalizes these increased valuations?
The Good, Better, and Best of Growth Endurance

Implications for growth deceleration

- **$1MM ARR**
  - BEST: 6 years
  - $100MM ARR
  - BETTER: 7 years
  - $100MM ARR
  - GOOD: 12 years
  - $100MM ARR
In the New Normal, you really have to nail it before you scale it!

- **INITIATION**: Founder Led Sales
- **TRANSITION**: Sales Led Sales
- **EXECUTION**: Scalable S&M
Three GTM strategies top cloud companies employ in The New Normal

- Product-led growth
- Usage-based pricing
- Cloud Marketplaces
1. Product-led growth

Attain market leadership by prioritizing user needs as they grow

“Connecting the product team with customers was a massive unlock for us and helped to scale us to the upmarket company that we are. And the habit of being product-first persists. It's in our DNA.”

Karen Peacock, CEO of Intercom
Tremendous growth in market cap of public product-led growth companies
2. Usage-based pricing

Pick the usage-based value metric that is predictable and communicates product value

“Startups send notifications to customers on demo day, IPO day and beyond. Providing a reliable product also means offering pricing that reflects the value they receive as they grow.”

Troy Goode, CEO and founder of Courier
Leverage usage-based pricing to grow with your customers

Companies employing usage-based pricing have best-in-class net dollar retention, leading to a premium in valuations.
3. Cloud marketplaces

One of many early adopters to see 10x YoY marketplace growth

“Cloud Marketplaces have been a real accelerant for our business as they are helping us close larger deals faster. We have grown the number of deals through marketplace dramatically and are investing more to double down in this exciting channel.”

Eugenio Pace, CEO and co-founder of Auth0
Digital channels provide promise and cloud marketplaces are the natural option.

- 80% of sales interactions will happen through digital channels by 2025.
- 50% faster sales cycles through cloud marketplaces.
- $3B predicted revenue through cloud marketplaces in 2021.
Aim for a GTM flywheel that creates champions, not a static funnel
Fire up the flywheel to drive momentum

Established a diverse customer advisory board and doubled the number of champions

- Grew alongside customers by developing proprietary dashboards to help them optimize usage and costs

Deployed a remote-first playbook for strategic involvement and virtual enablement trainings focused on scalability and self-sufficiency

- Provided dedicated support SWAT teams during promotions and upgrades

Amplified individual user voices through customer-led marketing initiatives (#ThingsCustomersSay series, Inaugural customer survey)

- Renewed content marketing with a focus on interactive, educational pieces and thought leadership

- Shortened time-to-value for customers by 75 days even with a fully-distributed workforce

- Developed a culture of project partnership with customer-centric product innovation and cross-functional collaboration
Results from Hyperscience’s flywheel

300% YoY ARR growth
10x increase in platform usage
140% overall account growth
170% net ARR retention

Peter Brodsky, CEO and Co-Founder of Hyperscience
2021 Predictions

1. Unbundling of the Office
2. We're bringing S-M-B back with SaaS
3. Diversity, equity, and inclusion software take their rightful place
4. Data and machine learning infrastructure accelerates to new heights
5. The rise of the "citizen" developer and creator
6. Fintech and crypto players are changing financial services forever
7. The vertical SaaS wave becomes a tsunami
Prediction 1: The unbundling of the Office

**EMAILS/MESSAGING**
- Mattermost
- Superhuman
- Threads
- Front
- nuffsaid

**PROJECT MANAGEMENT**
- productboard
- unito
- PARA
dol
- Hive
- Linear

**VIRTUAL OFFICE/TEAM ROOM**
- PARSEC
- teamly
- Remotion
- Pragli
- Focusmate

**CALENDARS**
- Calendly
- UNDOK
- Mixmax
- woven
- clockwise

**EVENTS**
- vFAIRS
- RUN THE WORLD
- hopin
- HeySummit

**COLLABORATIONS**
- GURU
- slab
- MURAL
- Notion
- miro
Prediction 2: We’re bringing S-M-B back with SaaS
Prediction 3: Diversity, equity, and inclusion software take their rightful place

DATA TRACKING/TALENT MANAGEMENT
- syndio
- Culture Amp
- DIVERSIO
- PIPELINE
- BLEND DOOR

DEI CULTURE TRAINING & EDUCATION
- Hone
- unpacking
- Kanarys

REPORTING
- All Voices
- #NotMe

RECRUITING
- JOPWELL
- MATHISON
- fetcher
Prediction 4: Data and machine learning infrastructure accelerates to new heights

**DATA PIPELINE**
- Fivetran
- Matillion
- Prefect
- meroxa
- Confluent
- hightouch
- Census
- flatfile

**DATA MANAGEMENT/GOVERNANCE**
- Collibra
- Alation
- MANTA
- BigID

**DATA ANALYTICS/SCIENCE**
- Databricks
- Coiled
- Imply
- Bisense
- Starburst
- Outlier
- Transform
- Fishbowl Analytics
- Notable
- DataRobot

**DATA VISUALIZATION**
- Superset
- Mode
- Streamlit
- Plotly

**AI/ML OPS**
- Algorithmia
- Verta.ai
- Tecton
- OctoML
- Labelbox
- Snorkel

**DATA MONITORING**
- Acceldata
- MC
- Monte Carlo
- Unravel
- Great_Expectations
- WhyLabs
- Bigeye
- Databand
Prediction 5: The rise of the “citizen” developer and creator

NO CODE/LOW-CODE APP-BUILDING TOOLS

- Webflow
- Bubble
- Stackbit
- Retool
- dashdash
- Glide
- Airkit
- Adalo
- Stacker
- Unqork
- Tiled
- Airtable
- Zapier

CREATOR EMPOWEREMENT TOOLS

- Substack
- Descript
- Patreon
- Mighty Networks
- Splice
- Jemi
- Linktree
- Canva
- Teach:Able
**Prediction 6:** Fintech and crypto players are changing financial services forever

### BANKING-AS-A-SERVICE & CARD ISSUANCE
- cambr
- Marqeta
- Railsbank
- Galilec
- PRIVACY
- Modern Treasury
- Treasury Prime
- Synapse
- Mood
- Synctera
- Unit
- Bond

### B2C & B2B LENDING
- Bread
- Klarna
- Affirm
- Afterpay
- Stripe
- Peach
- CLEARBANC
- NOVA CREDIT

### IDENTITY / FRAUD
- alloy
- Very Good Security
- Forter
- Comply Advantage
- Sentilink
- SoCure
- Middesk
- Feedzai
- LAIKA
- Persona
- Onfido

### B2C & B2B PAYMENTS
- Melio
- Rapyd
- Stripe
- Finix
- Orum
- Currencycloud
- Papaya

### BROKERAGE / WEALTH MGMT
- DriveWealth
- APEX Clearing
- Betterment
- Wealthfront
- Origin
- ZOE Financial
- Vise
- SmartAsset
- Alpaca

### CRYPTO
- NYDIG
- TRM
- BlockFi
- Coinbase
- TALOS
- FalconX
Prediction 7: The vertical SaaS wave becomes a tsunami

- shopmonkey: AUTO REPAIR
- MAMBU: BANKING
- SQUIRE: BARBERSHOP
- PROCORE: CONSTRUCTION
- WEAVE: DENTAL
- GUILD: EDUCATION
- brightwheel: EARLY EDUCATION
- ServiceTitan: FIELD SERVICES
- DISCO: LEGAL
- DRIVE: NETWORKING
- GetInsured: PUBLIC SECTOR HEALTHCARE
- VTS: REAL ESTATE
- LUXURY PRESENCE: REAL ESTATE AGENTS
- toast: RESTAURANT
- GLOSS GENIUS: SALON & SPA
- ACV: USED CAR AUCTION
Top takeaways

1. Cloud companies have not just reset in the New Normal, but have thrived (record-breaking market cap of $2 trillion)

2. Changing of the guard: MT SAAS has overtaken FAANG

3. Cloud multiples are rising to new heights, with both public and private cloud trading for over 20x

4. Cloud growth rates and access to capital are at all-time highs, with the average Cloud 100 company growing 80% YoY and $186 billion going into private cloud companies in 2020 alone

5. Good-better-best of growth endurance is 70%-75%-80%

6. GTM strategies have adapted to the New Normal; best practices include product-led growth, usage-based pricing, and the adoption of cloud marketplaces
Even in the New Normal, we’re living in a cloud first world.
State of the Cloud 2021
Get the full report

Book Giveaway!
1. Read State of the Cloud 2021
2. Share your favorite insight on social and tag @BessemerVP
3. First 100 to sign up at the bottom of the report will get a free copy of Ask Your Developer!

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Footnotes/sources

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Slide 10: Statistics from EHRN.org
Slide 11: US Census
Slide 13: USC Farnham Research
Slide 16: Cap IQ, Feb 2020
Slide 17-19: Cap IQ, Feb 2021
Slide 20: Canalys; SEC Form 10-K Filings
Slide 21: BVP Nasdaq Emerging Cloud Index
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Slide 23: WisdomTree WCLD
Slide 24: WisdomTree WCLD
Slide 25: BVP Nasdaq Emerging Cloud Index
Slide 27 - 28: CapIQ and Morgan Stanley Data pack
Slide 34-35: CapIQ, including all past and present cloud index companies since January 2010 until February 2021.
Slide 38: Pitchbook, includes capital invested in all privately-backed companies tagged with SaaS with deal announced between 1-Jan-2010 and 31-Dec-2020
Slide 40-41: CapIQ, includes all years' growth endurance data for past and present cloud index companies since January 2010 until February 2021.
Slide 42-43: CapIQ, including company filings and reports from Barclays, Credit Suisse, JP Morgan, Canaccord
Slide 44-45: Forbes Cloud 100 data from 2016-2020
Slide 50: CapIQ; Bessemer Venture Partners analysis; logos displayed for year companies went public
Slide 52: SEC Form 10-K Filings for companies that went public in the last five years; Bessemer Venture Partners analysis
Slide 54: Gartner; Crowdstrike quarterly earnings call; Bessemer Venture Partners analysis