

State of the Cloud 2021



The New Normal



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Agenda

2020



New Normal



Public Cloud



Private Cloud Market Analysis



2021 Predictions

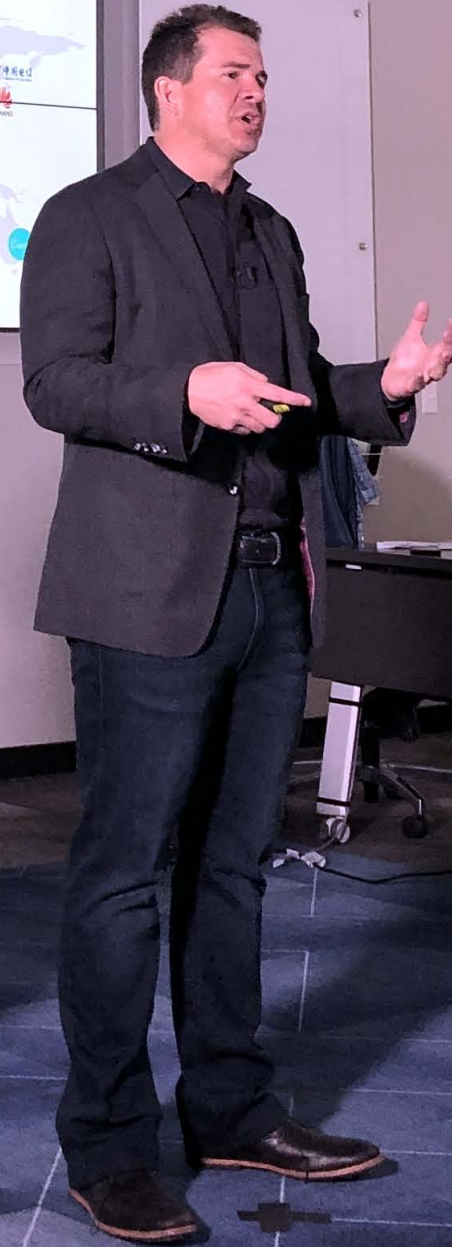


Recap



2020

Prediction 3: The cloud industry will continue to proliferate around the globe



EXIT



Cloud Investment A - Scenario Planning

SCENARIO	EXIT VALUE
Wipe out – failure to launch GTM and compete against incumbents.	\$0
Downside case – company fails to grow meaningfully beyond a small set of customers.	\$100M
Base case – company succeeds in capturing meaningful market share.	\$500M
Upside case – company becomes market leader.	\$1B
Just goes nuts – company becomes go-to solution owning majority of market.	\$5B+



Global pandemic?

Prediction 1: The future of work will be remote

ONBOARDING & MANAGEMENT

FELLOW

THE ORG

strongdm

RIPPLING

hronboard

Trainual

Humble Dot

Hone

EVERWISE

ChartHop

CULTURE

donut

sl.do

Peakon

GLINT

Culture Amp

GLOBAL HR & PAYROLL

GLOBALIZATION PARTNERS

Deel

cloudpay

bob

papayaglobal

SafetyWing

KNOWLEDGE SHARING

GURU

slab

N

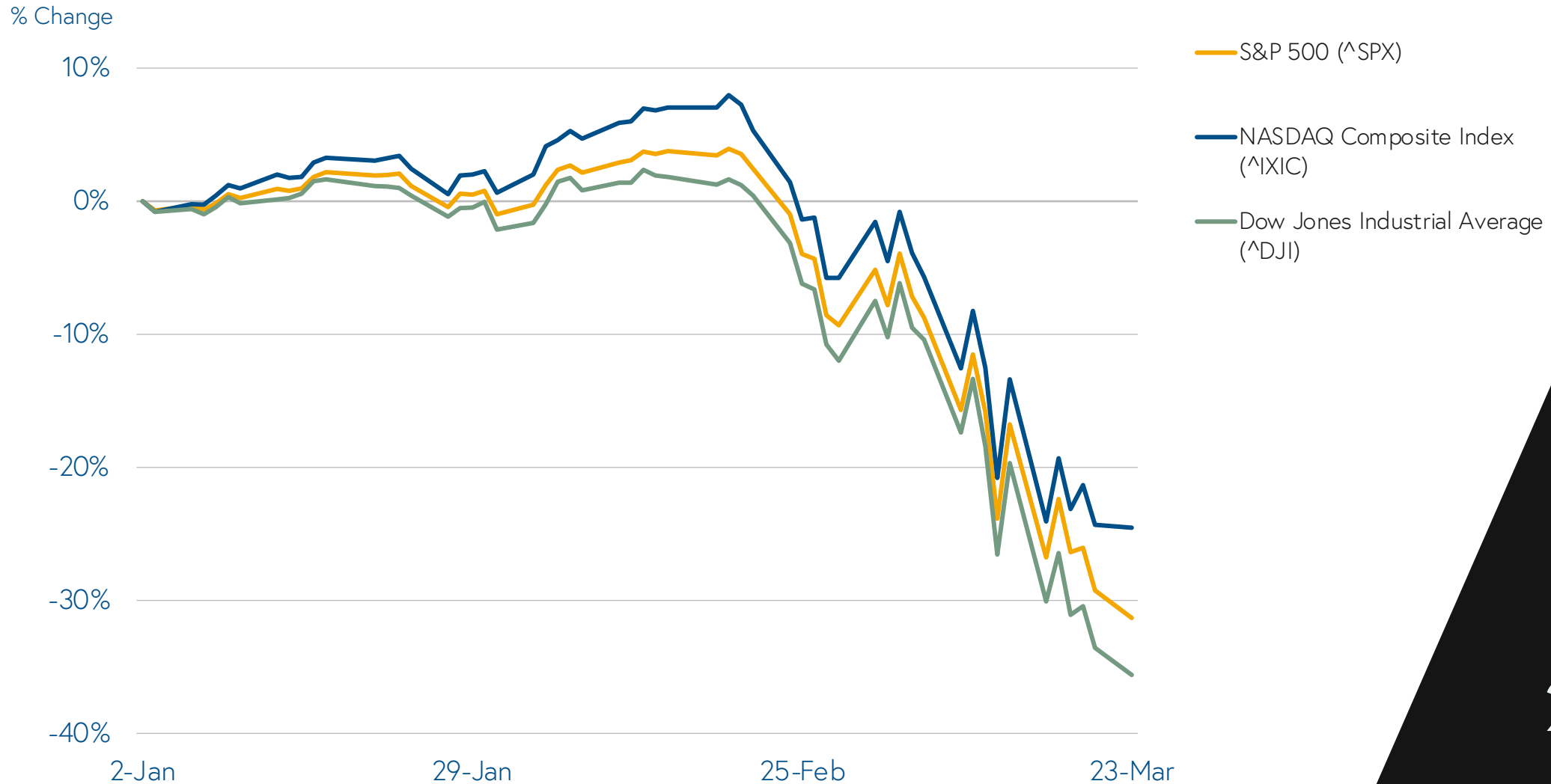
miro

loom

Y



Major indices dropped more than 30% over the course of three weeks



2020





WHAT MATTERS TO THE NEW GUARD OF TECH



Stephen Curry
CEO, SC30 Inc.



Jennifer Tejada
CEO, PagerDuty



Frank Sloatman
CEO, Snowflake



Eric Yuan
CEO, Zoom

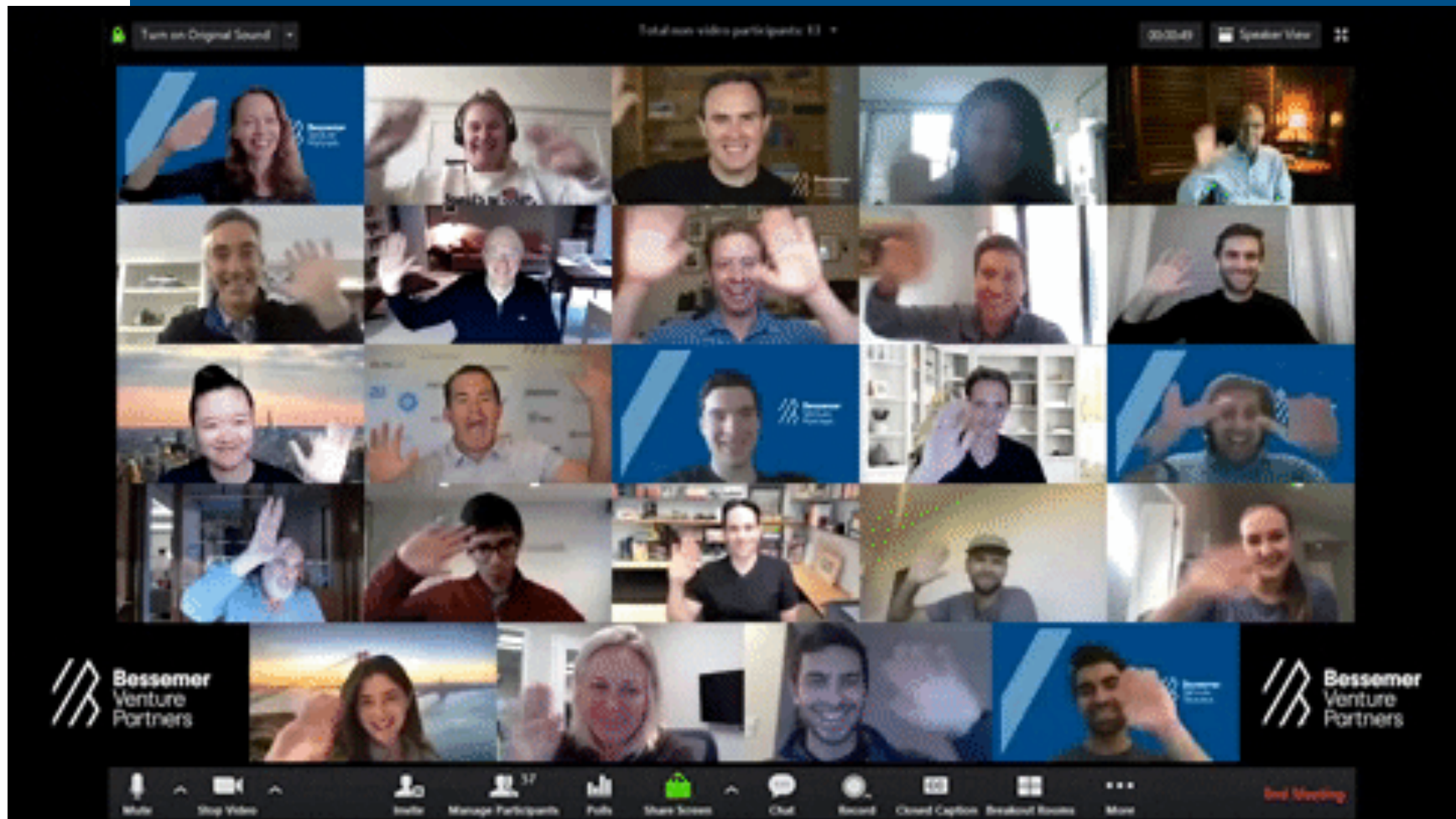


Eric Yuan
CEO, ZOOM

Jennifer Tejada
CEO, PAGERDUTY

Frank Sloatman
CEO, SNOWFLAKE

Stephen Curry
CEO, SC30 INC.



Welcome to the New Normal

Usage of digitally-enabled care skyrockets

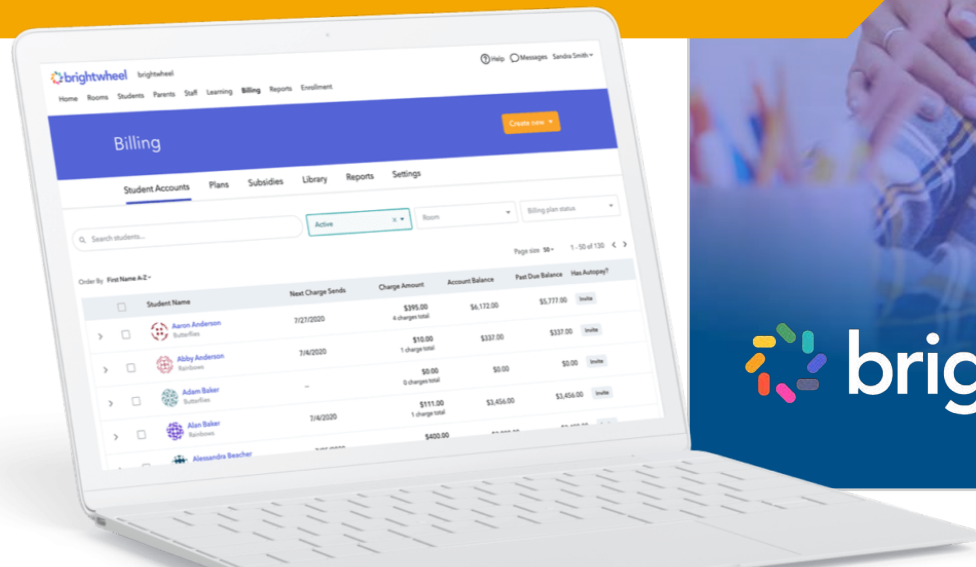
Increase in
telehealth utilization

300x



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

PROCORE®

The background image shows a construction site at dusk or dawn. Several large tower cranes are visible against a dark blue sky. In the foreground, there's a complex network of steel reinforcement bars and concrete structures. In the background, modern glass-fronted buildings are visible, some with lights on. The overall color palette is dominated by blues and oranges from the sky and the text overlay.

“

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





Byron Deeter
@bdeeter



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!

10:25 PM · Feb 2, 2021 · Twitter for iPhone

577 Retweets **77** Quote Tweets **3,060** Likes



2020

Top 5 public cloud companies by market cap

Market Cap

\$350B

\$300B

\$250B

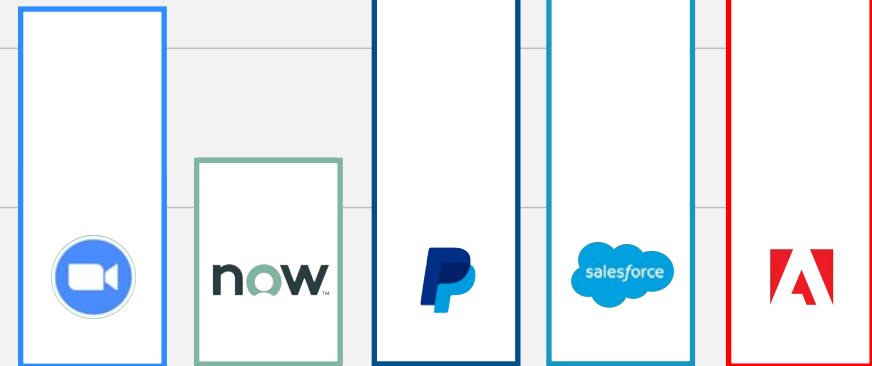
\$200B

\$150B

\$100B

\$50B

\$0B



2021

Top 5 public cloud companies by market cap

Up 70% 2020-2021

Market Cap

\$350B

\$300B

\$250B

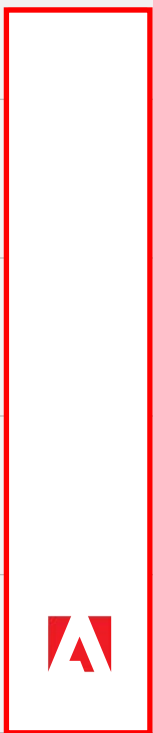
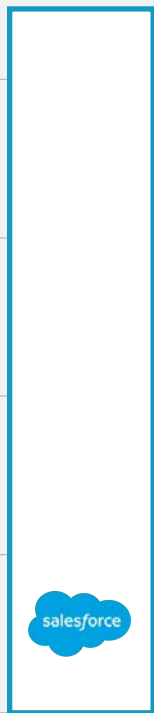
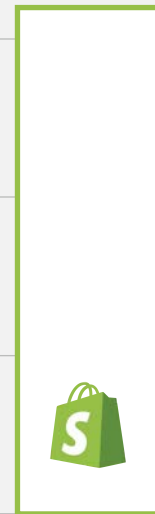
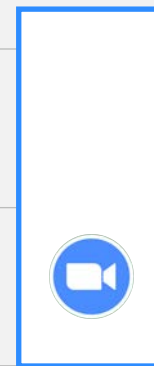
\$200B

\$150B

\$100B

\$50B

\$0B



2021

**Top 5 public
cloud companies
comprise \$1T+
of market cap**

Market Cap

\$350B

\$300B

\$250B

\$200B

\$150B

\$100B

\$50B

\$0B

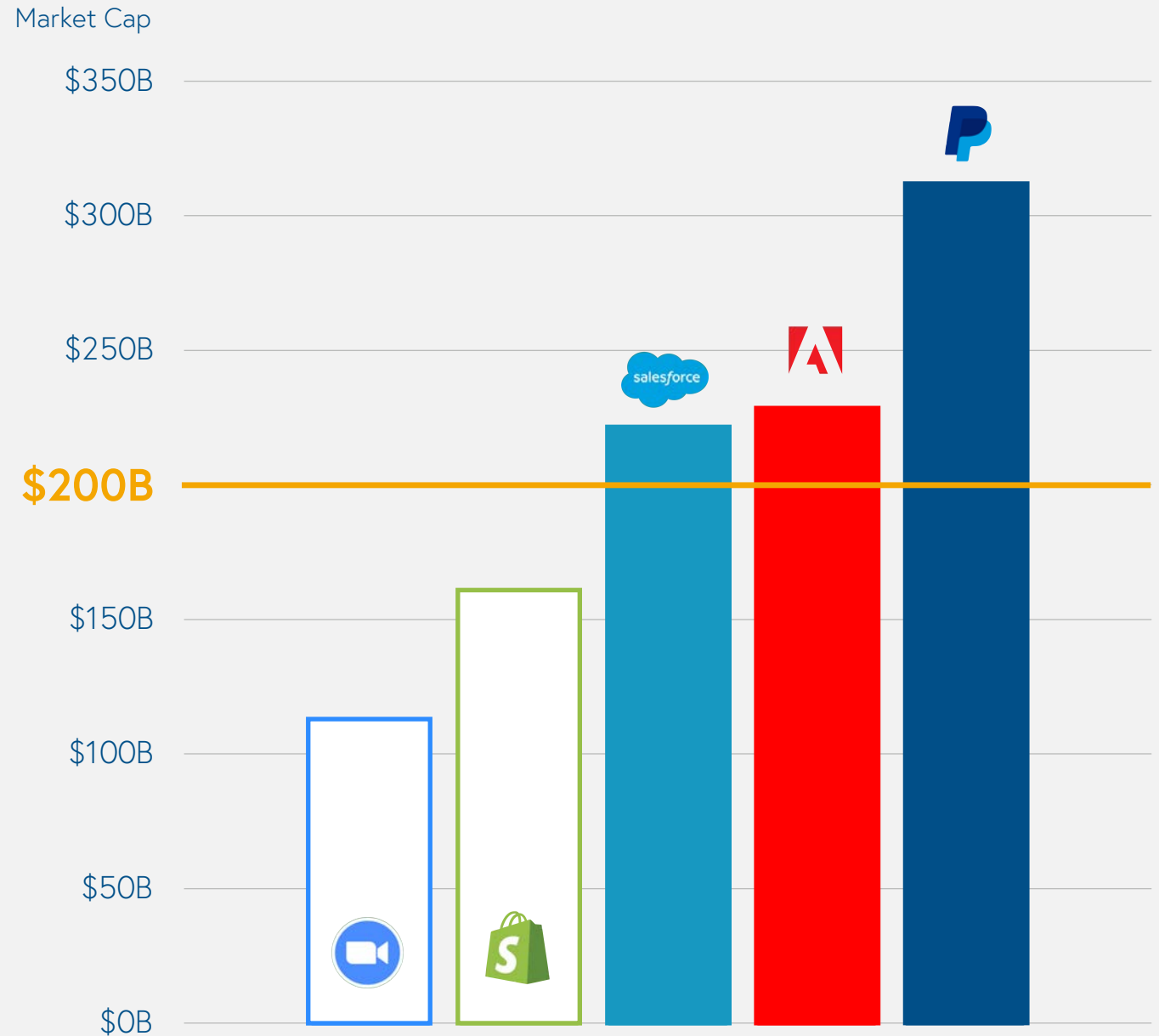
\$1T+



Company Rank	Market Cap (Approx.)
1	\$110B
2	\$160B
3	\$220B
4	\$230B
5	\$310B

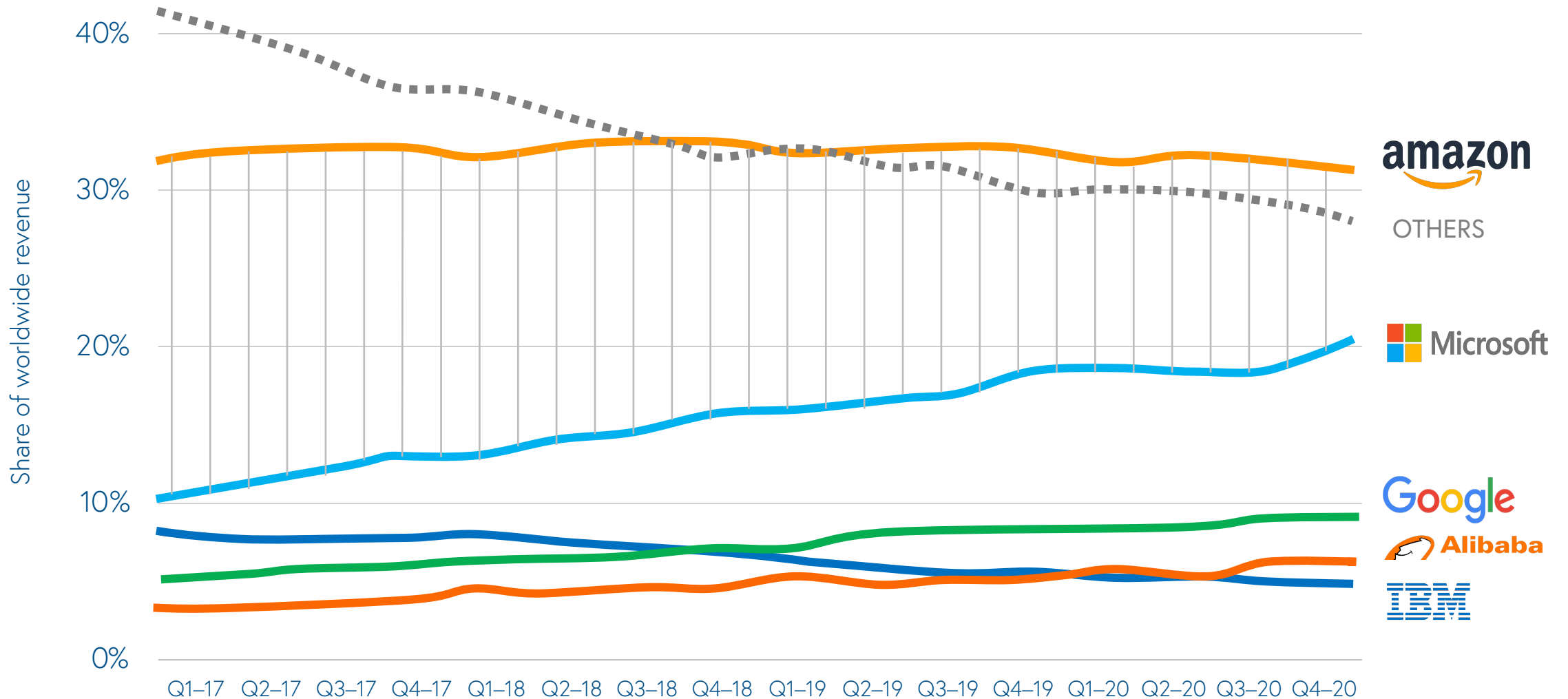
2021

**Top 3 public
cloud companies
each over \$200B
market cap**



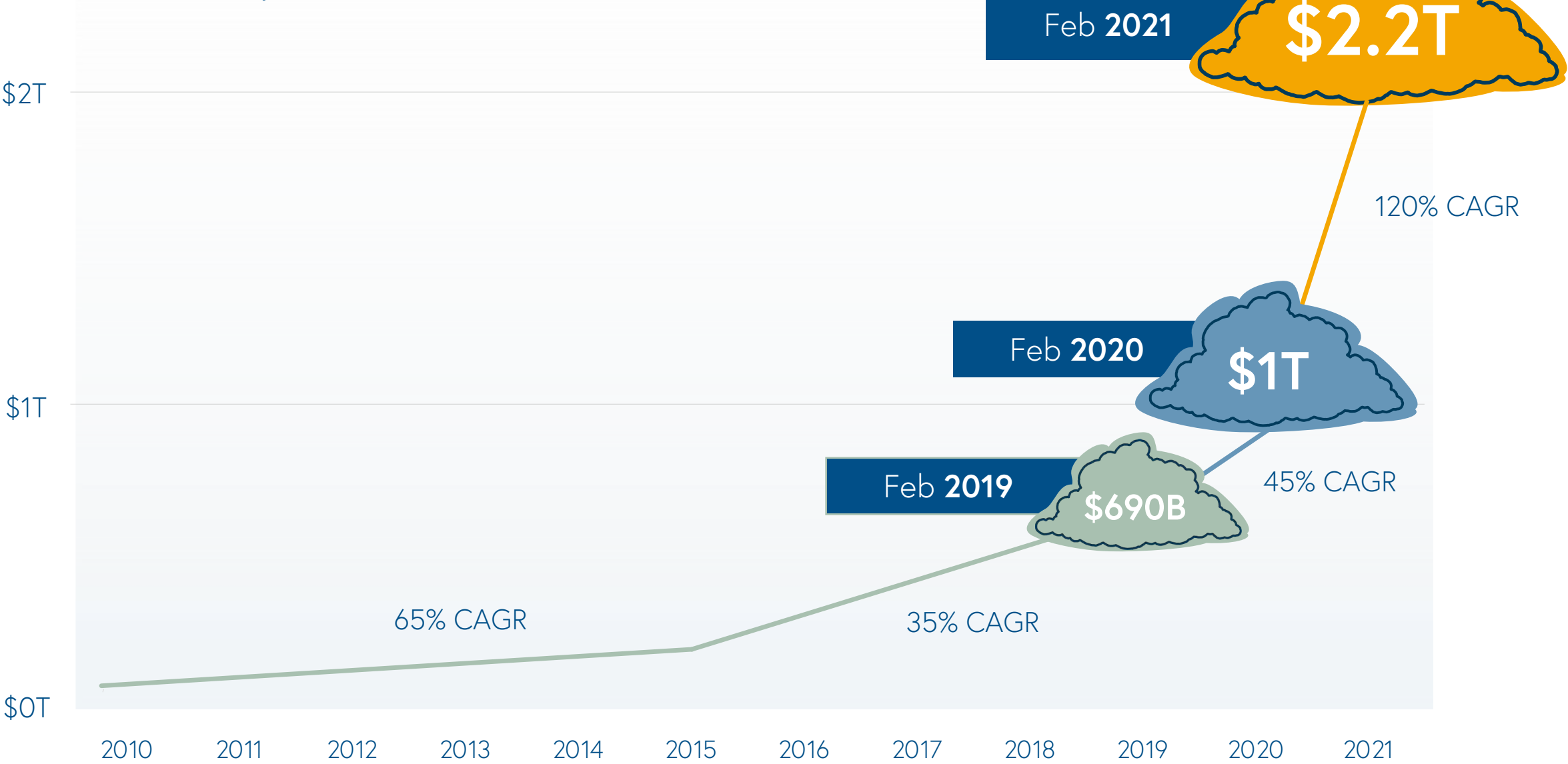
IaaS crosses \$150B run rate in 2020

Amazon dominates the public cloud infrastructure market

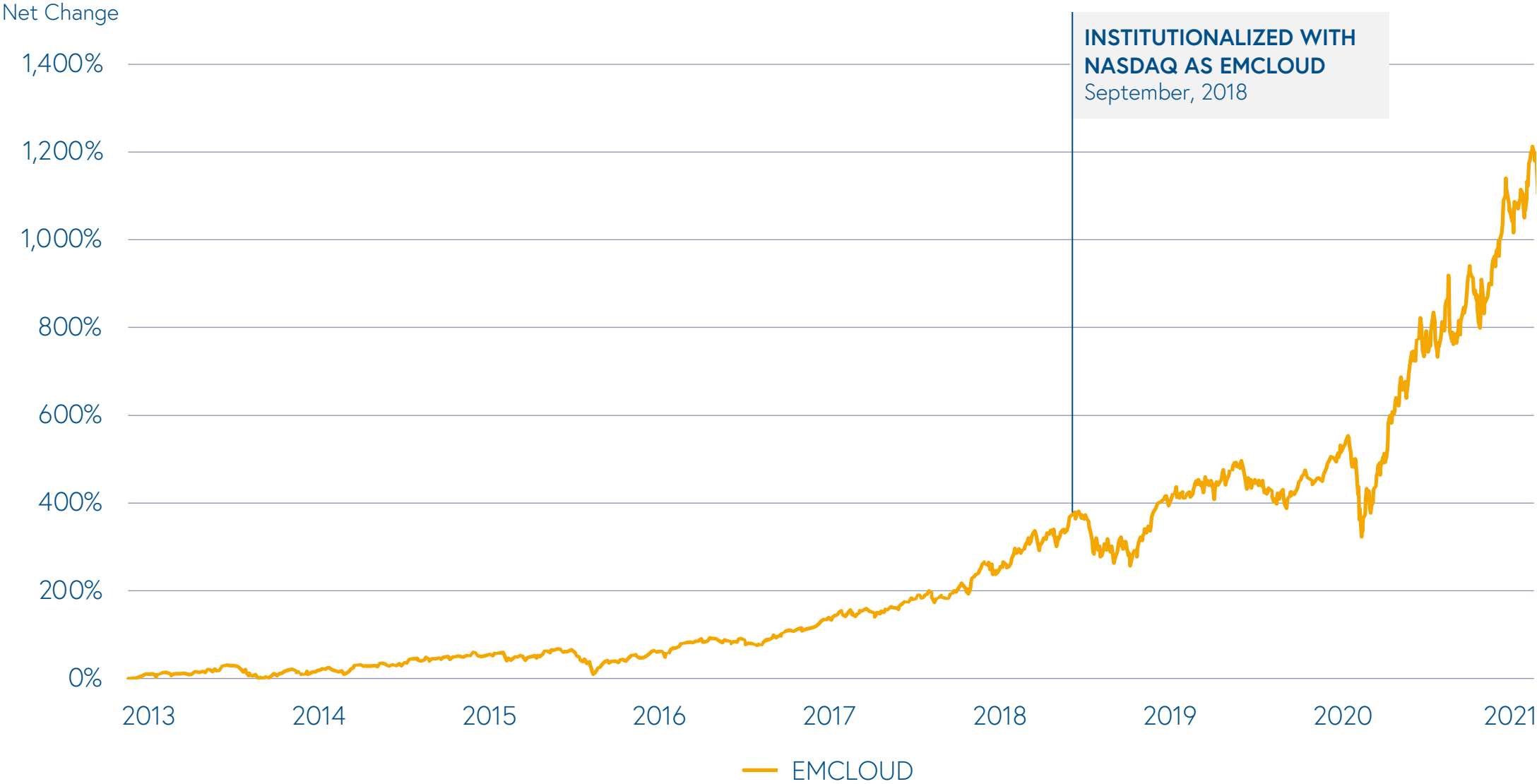


Public cloud reaches \$2 trillion

Total cloud market cap



Bessemer Cloud Index since launch



WCLD performance since launch

Share Pricing



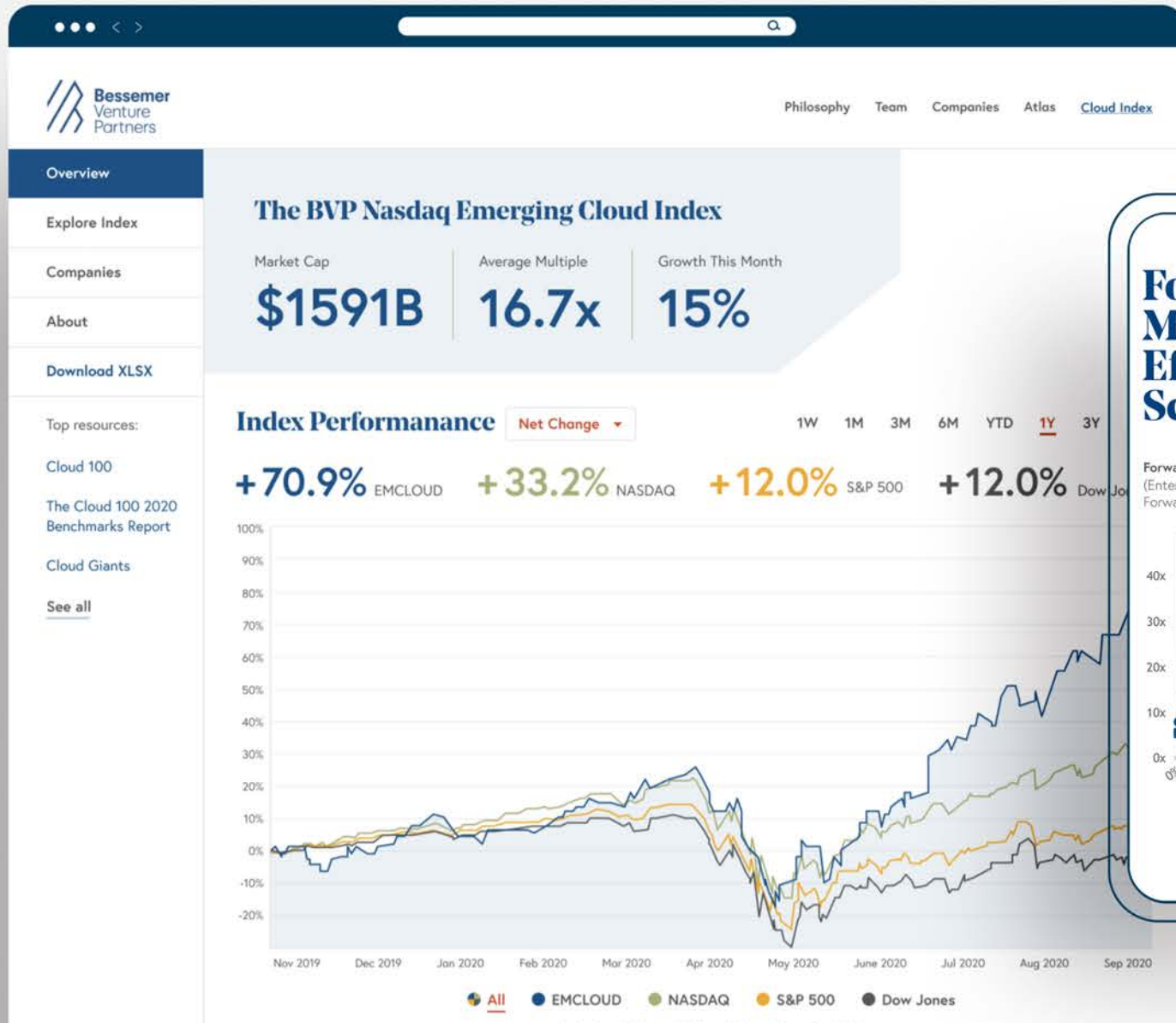
WisdomTree Licensed the Index for the WCLD ETF

#1 ETF on the
NASDAQ for 2020

#2 technology ETF
within US technology
ETFs for 2020

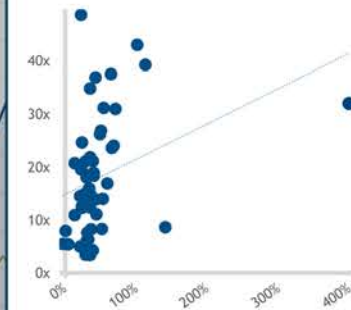


Introducing our new BVP Cloud Index



Forward Multiple vs. Efficiency Score

Forward Multiple
(Enterprise Value /
Forward Revenue)



Efficiency Score
(Revenue Growth +
FCF Margin)

2020 was marked by record-breaking IPO & M&A activity

IPOs



qualtrics



sumo logic



agora



M&A ACTIVITY



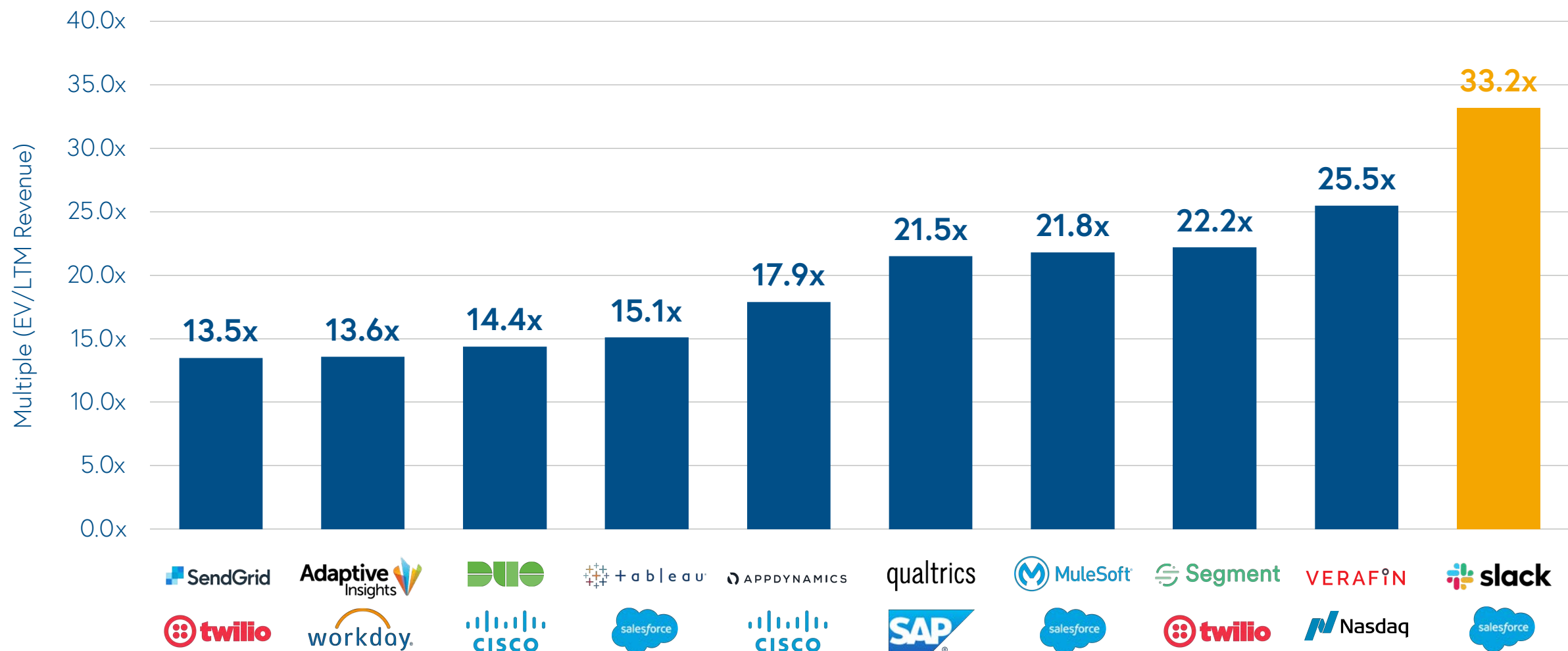
Gainsight veeAM pipedrive Vlocity

workfront Kustomer Segment

Snowflake massively surpassed VMware's record as largest software IPO in history

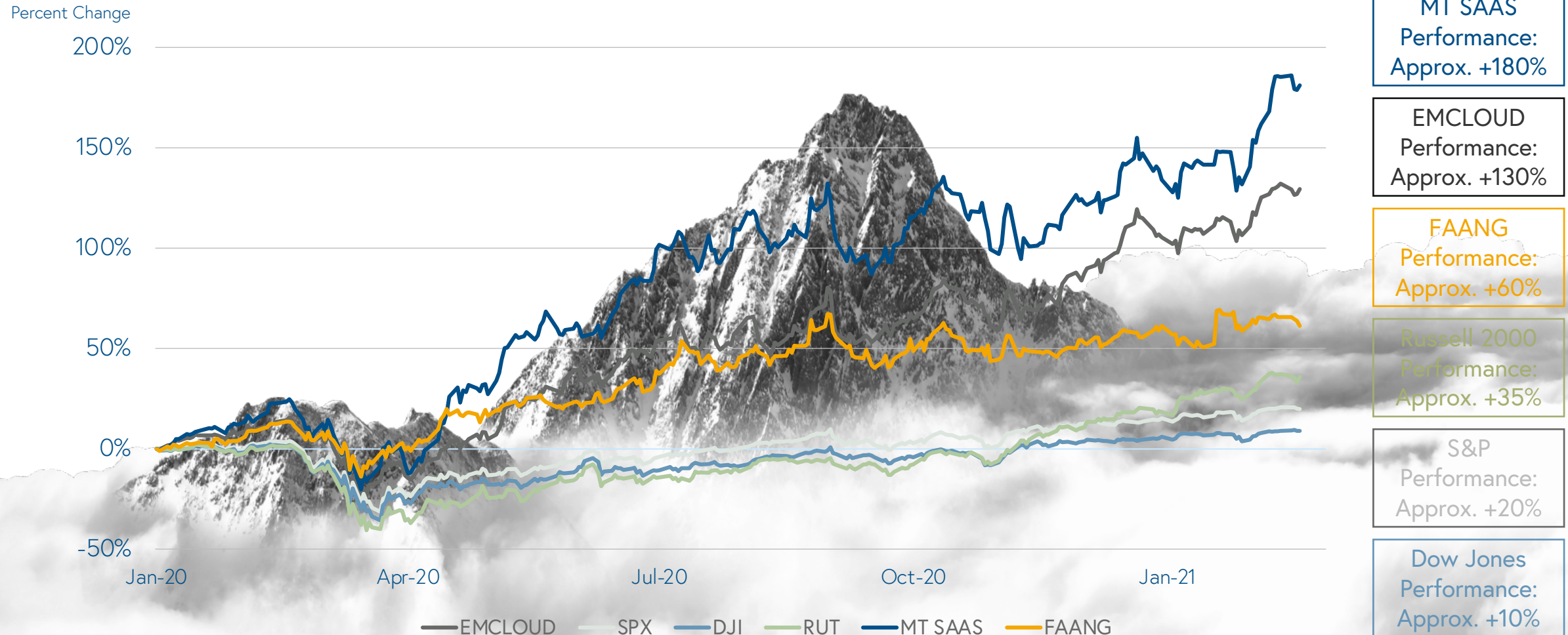


Record breaking cloud M&A activity in 2020 with Slack receiving the largest revenue multiple paid in history



Changing of the guard: MT SAAS overtakes FAANG!

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



**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

stripe

PROCORE®

 rubrik



 CONFLUENT

 toast


databricks

 UiPath™

 HashiCorp



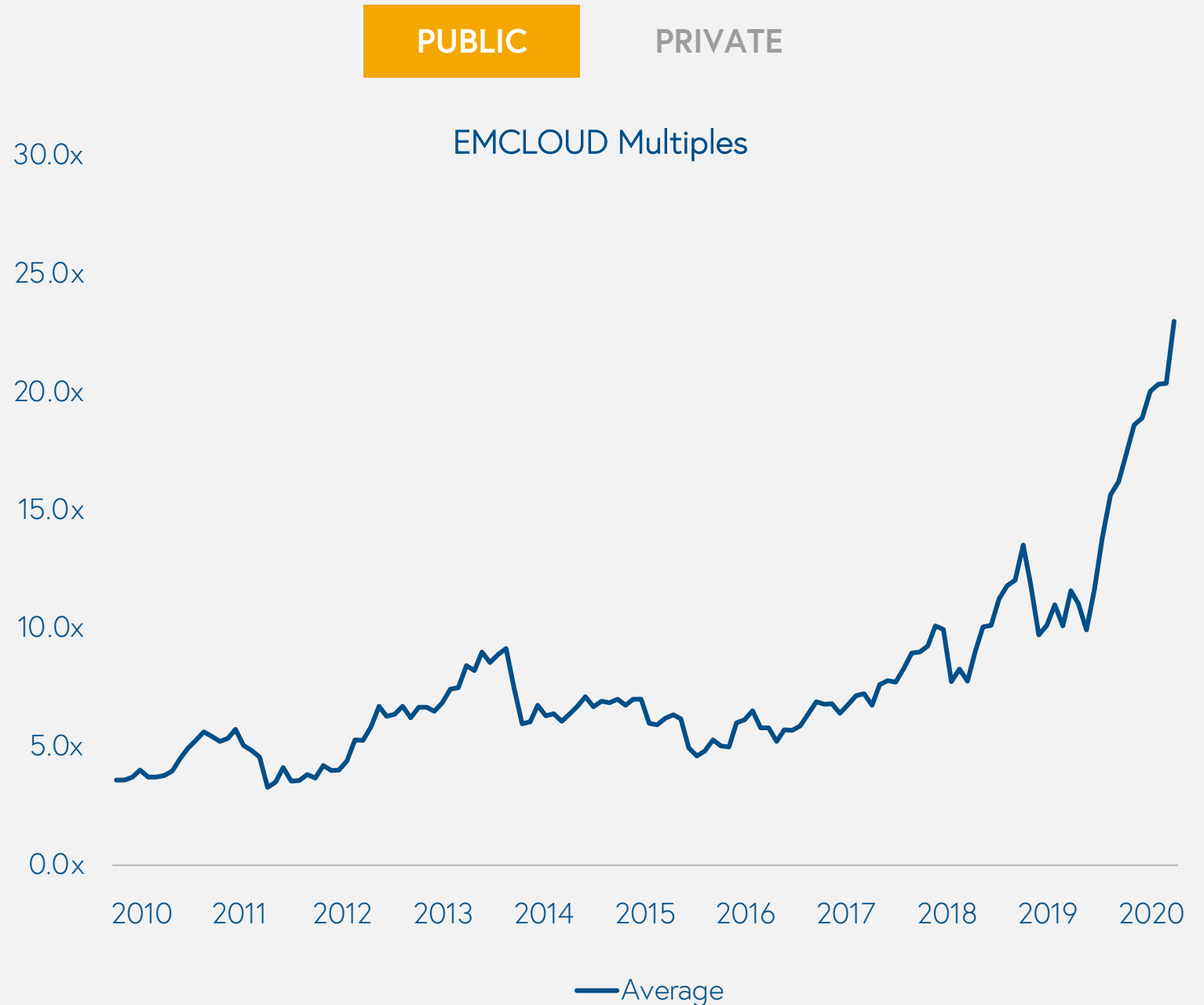
What is driving the increase in unicorns?

1. Cloud multiples are going up
2. Cloud companies are growing faster than ever
3. There is more demand than supply for cloud assets



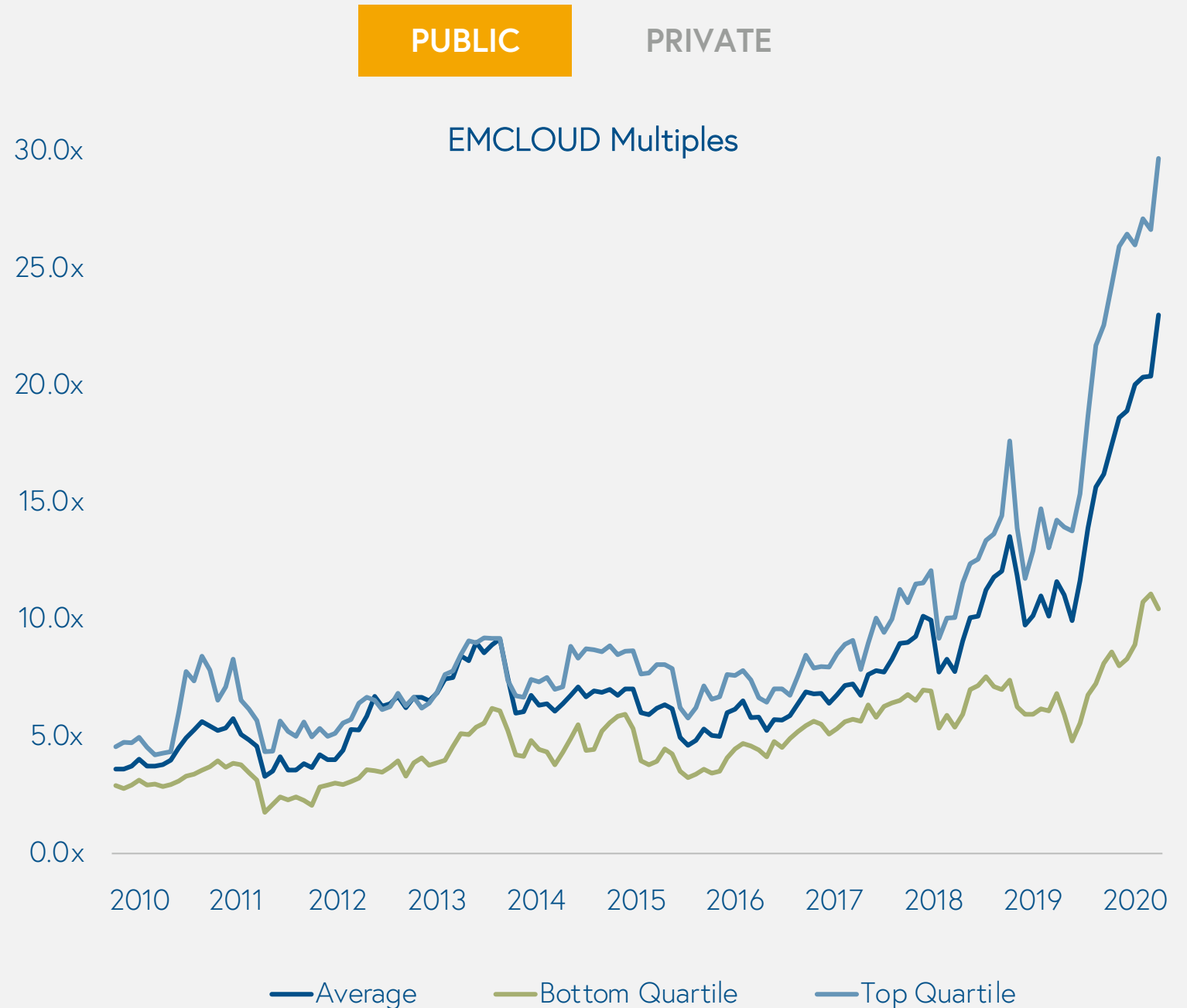
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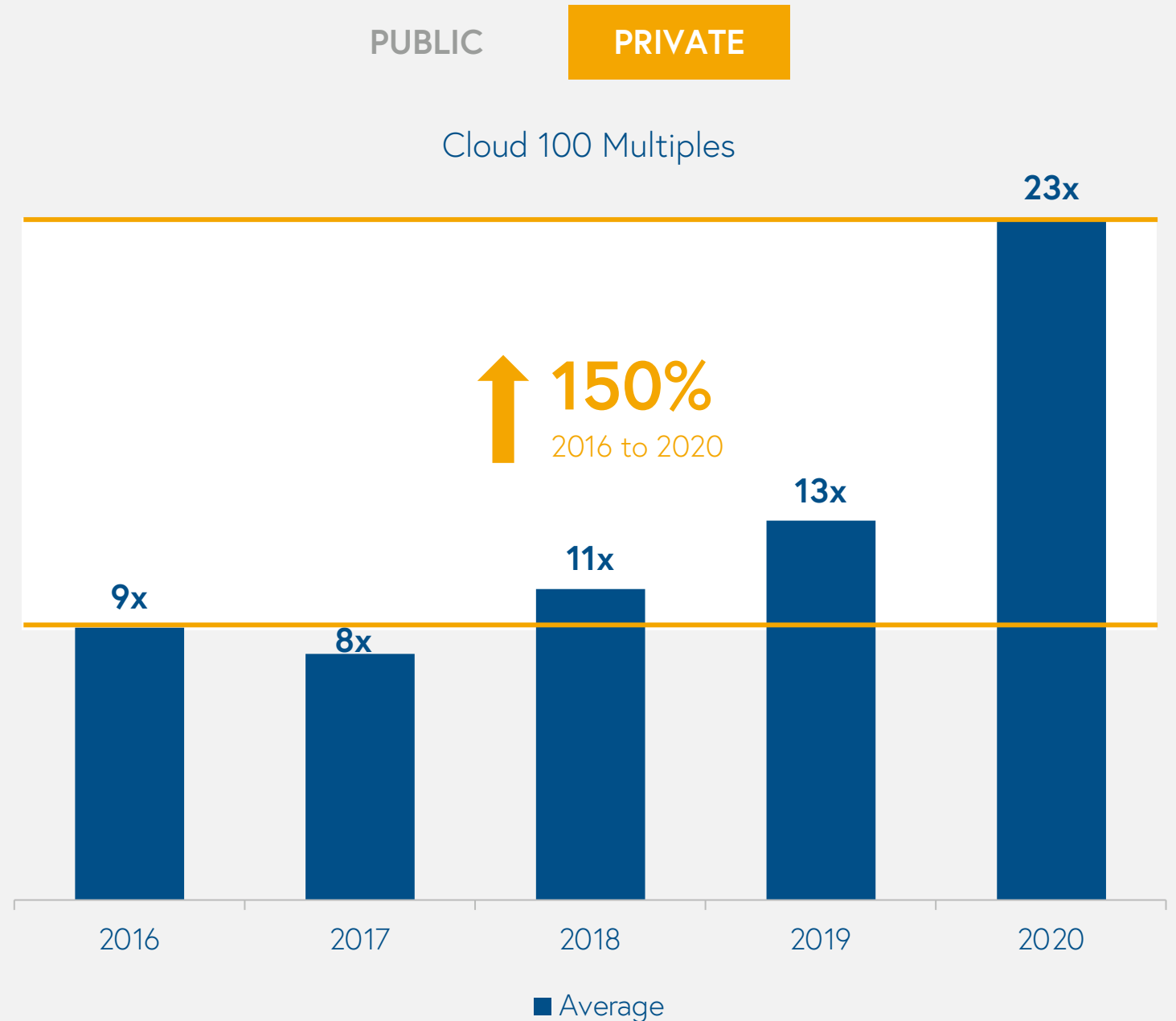
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What is driving the increase in unicorns?

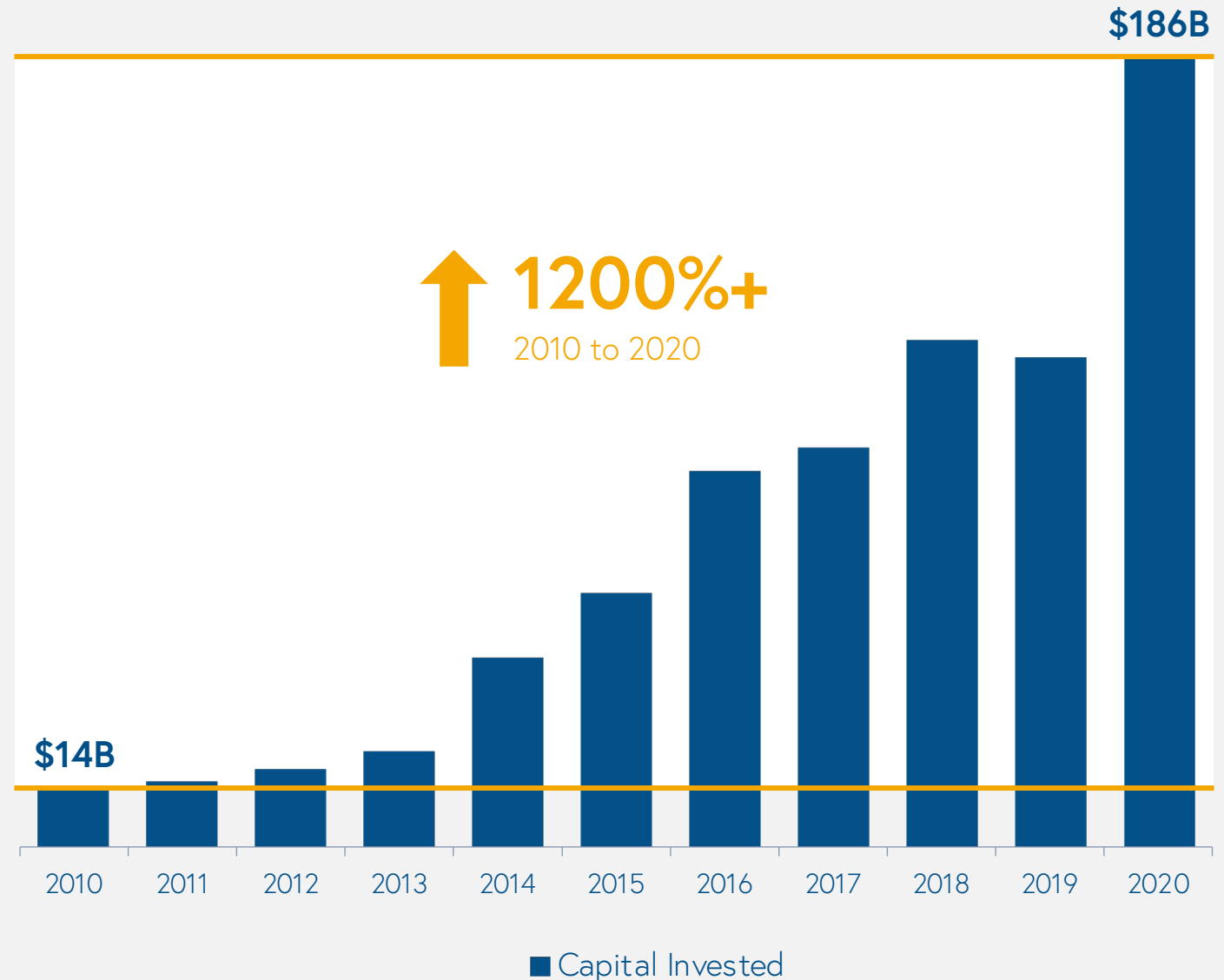
2. Cloud growth rates have gone up



What is driving the increase in unicorns?

3. There is more demand than supply for cloud assets

Capital Invested in Private Cloud Companies



**What rationalizes these
increased valuations?**

What rationalizes these increased valuations?

GROWTH ENDURANCE

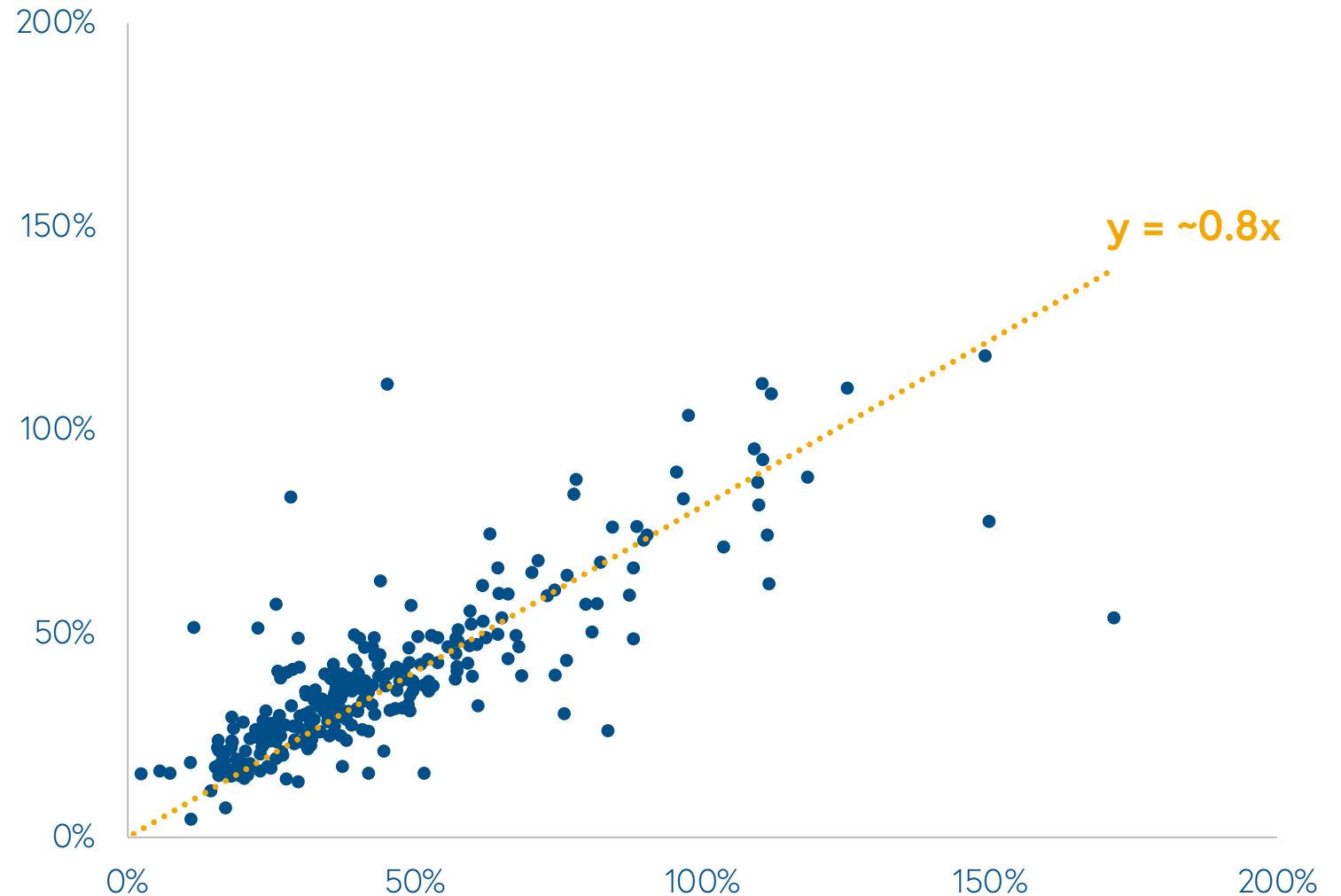
$$= \frac{\text{Current Year's Growth Rate}}{\text{Last Year's Growth Rate}}$$

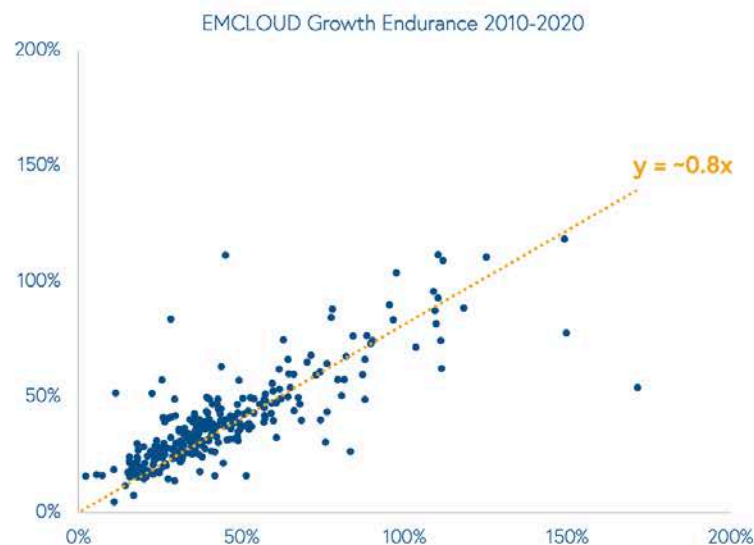
Expect public cloud company growth rates this year to be **80%** of what they were last year

PUBLIC

PRIVATE

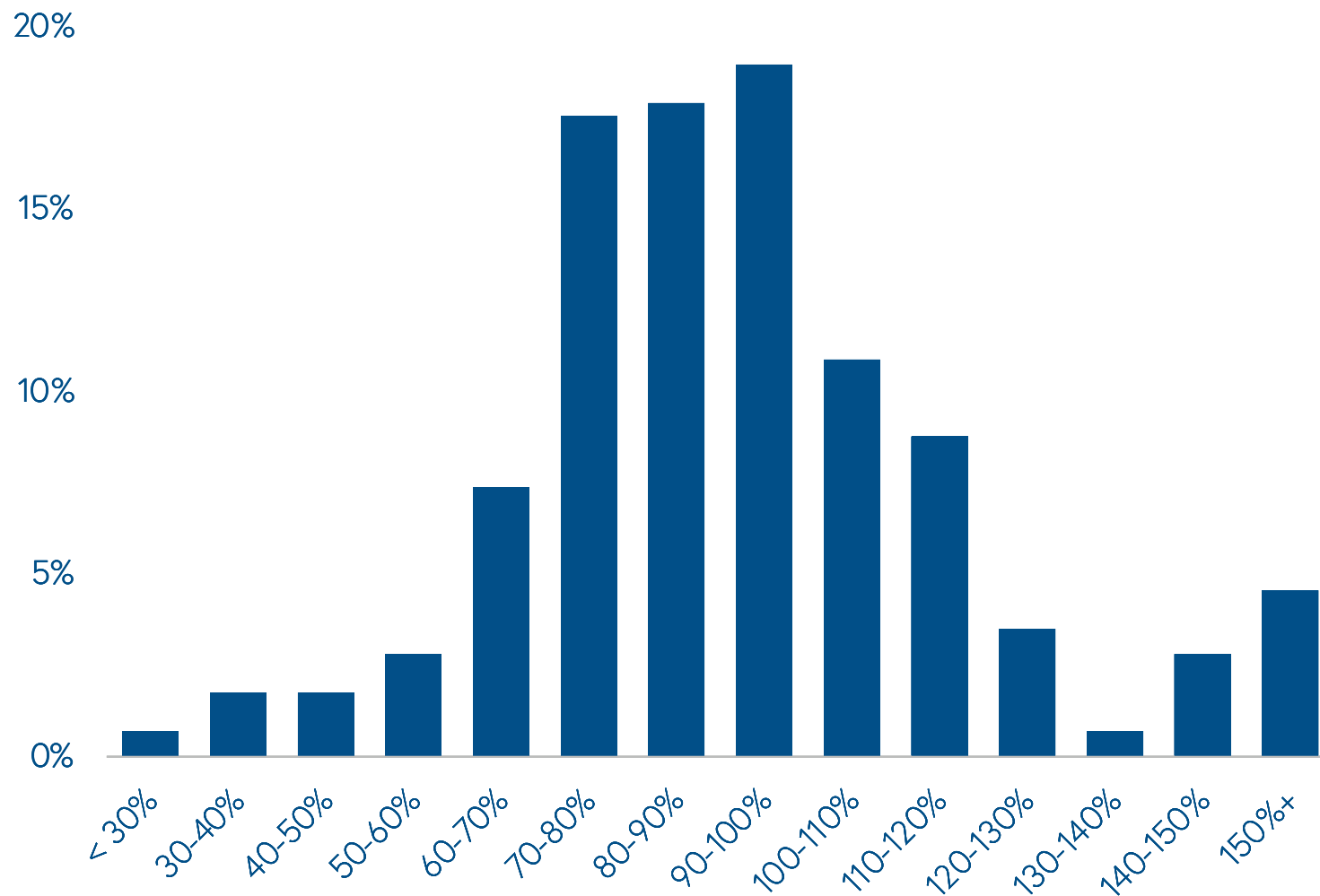
EMCLOUD Growth Endurance (2010-2020)





**What
rationalizes
these increased
valuations?**

DISTRIBUTION



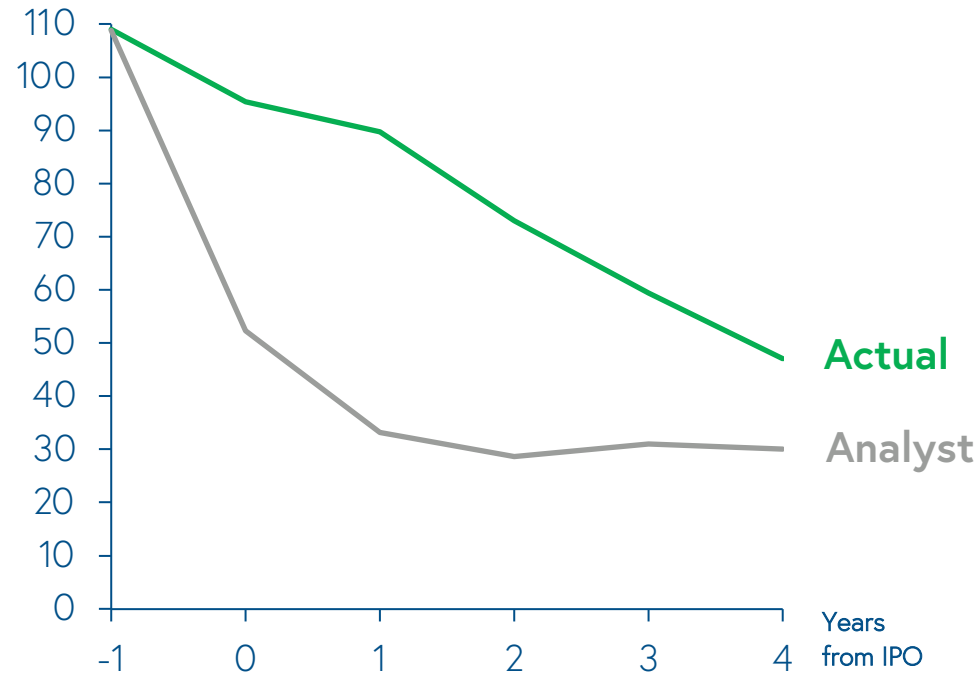
PUBLIC

PRIVATE

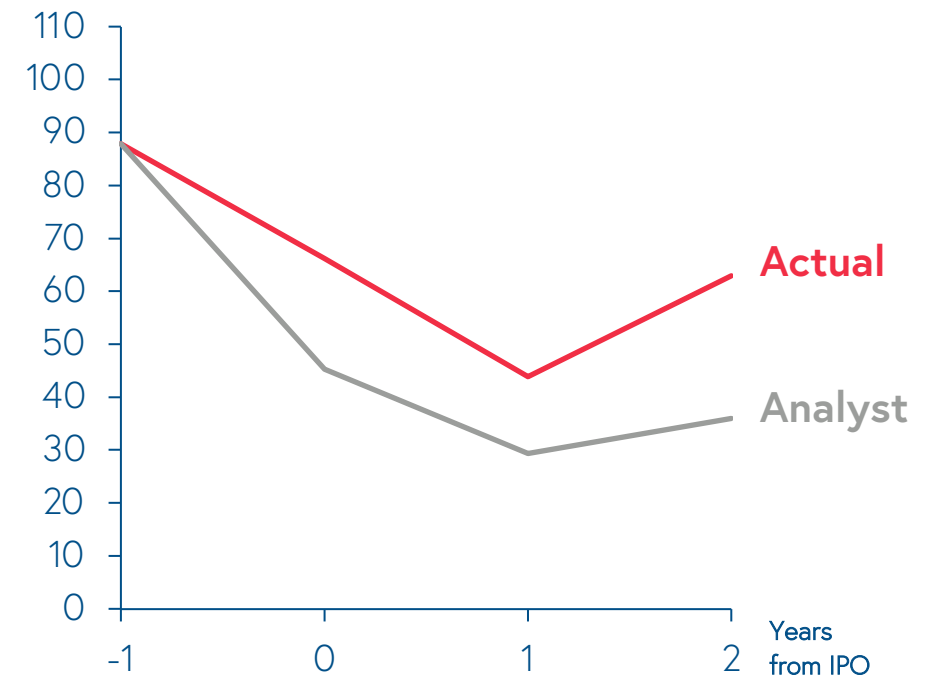
Leading cloud companies demonstrate unprecedented growth endurance

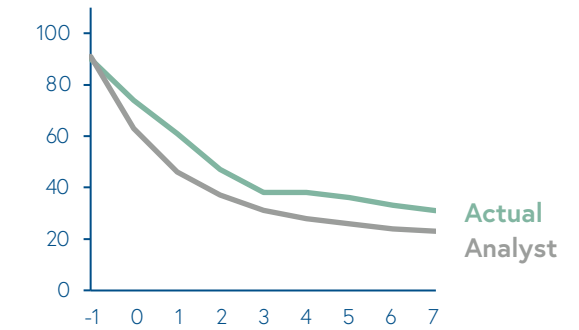
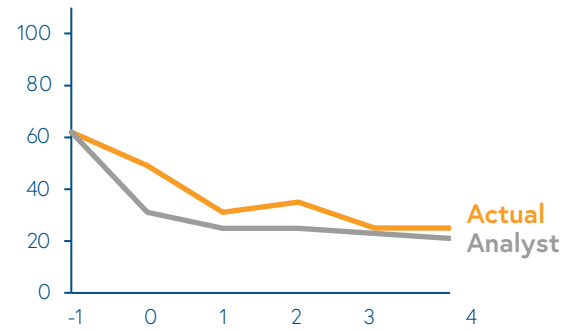
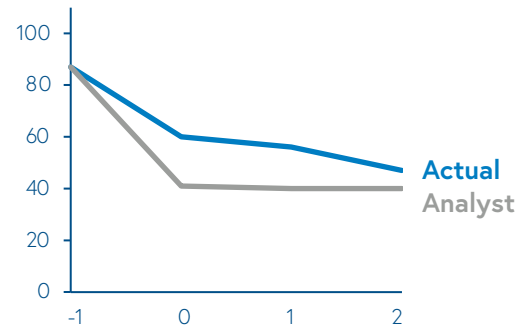
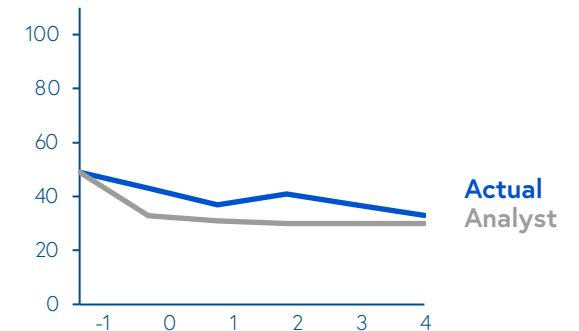
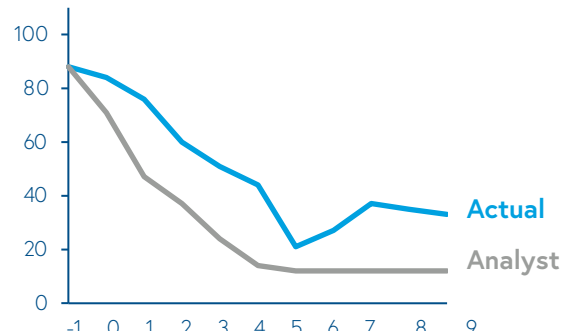
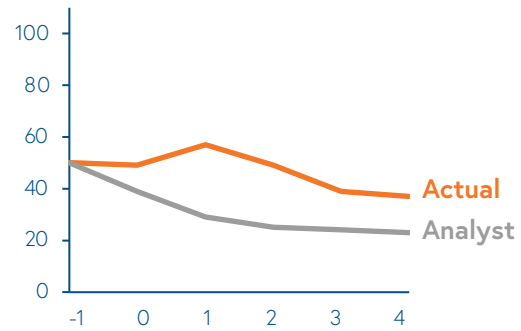
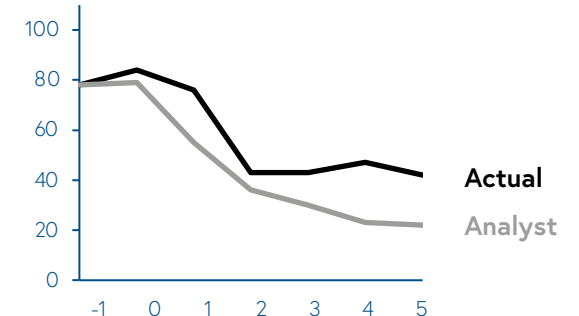
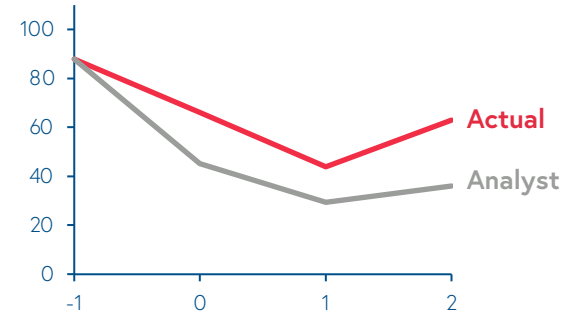
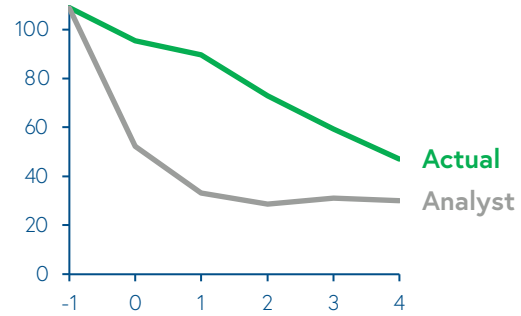


Growth Rate (%)



Growth Rate (%)





What rationalizes these increased valuations?

GROWTH ENDURANCE

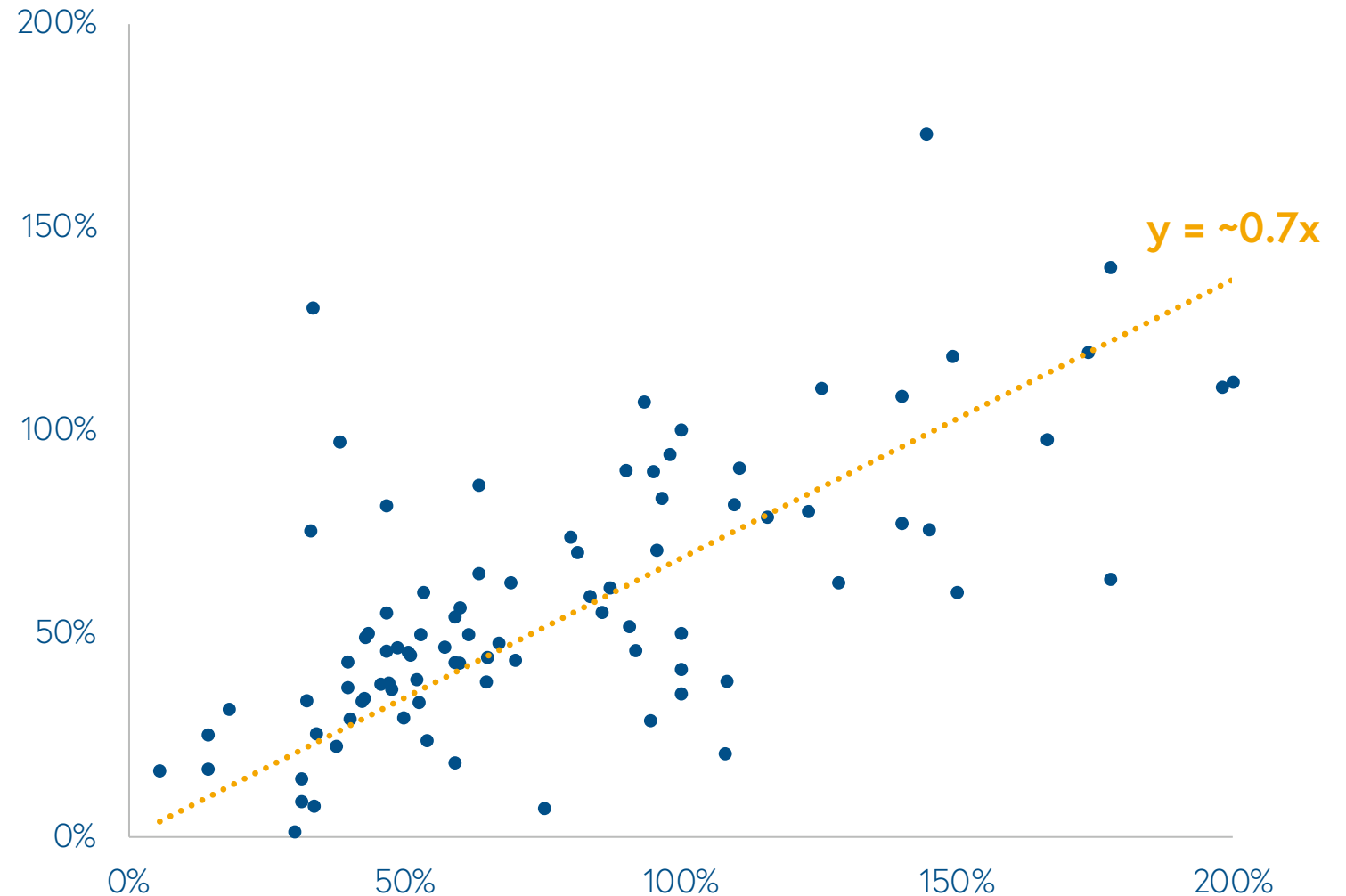
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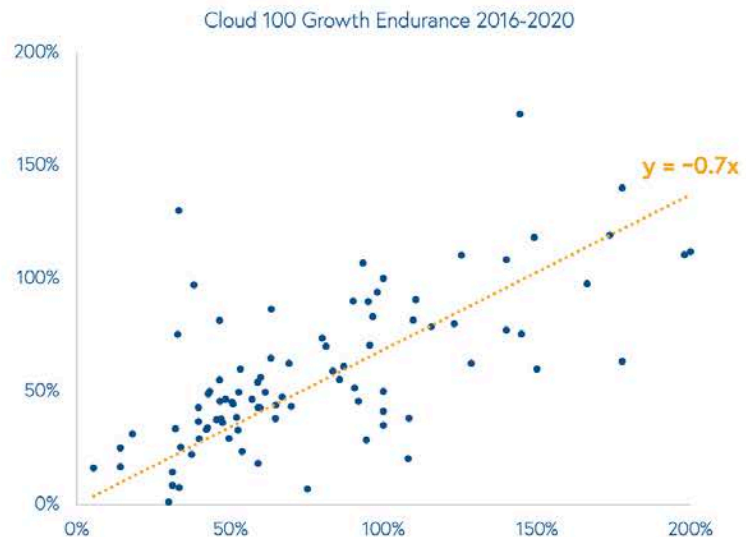
Expect private cloud company growth rates this year to be **70%** of what they were last year

PUBLIC

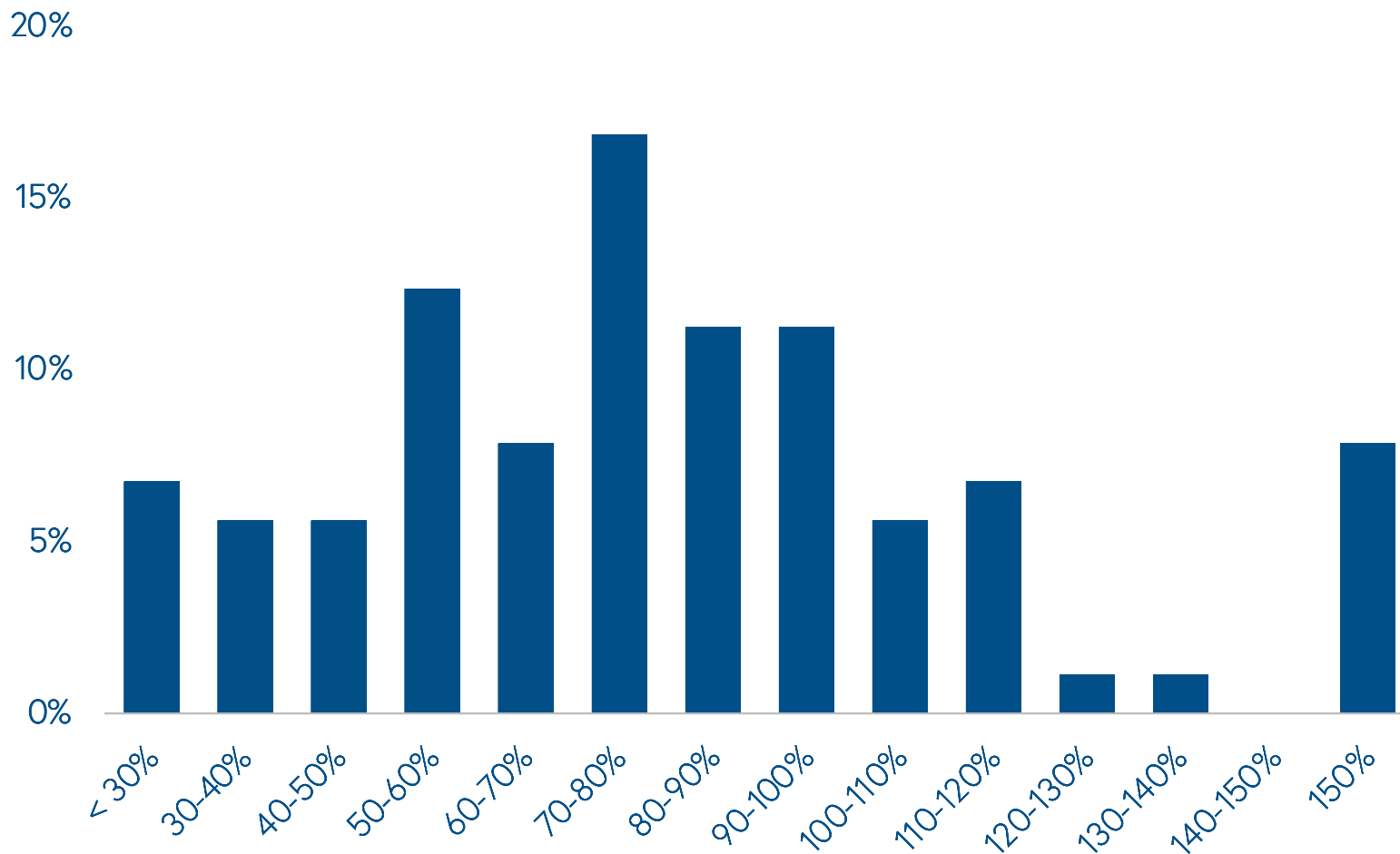
PRIVATE

Cloud 100 Growth Endurance 2016-2020





DISTRIBUTION



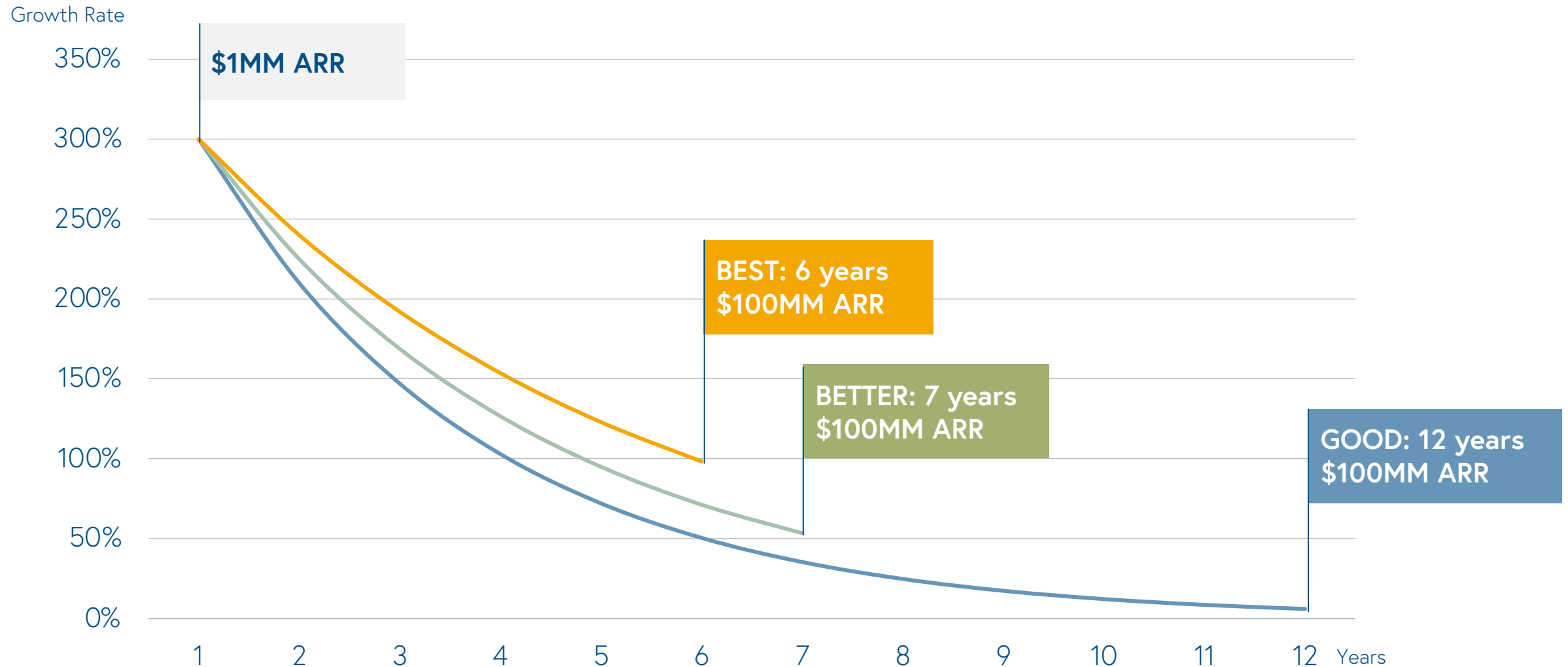
PUBLIC

PRIVATE

**What
rationalizes
these increased
valuations?**

The Good, Better, and Best of Growth Endurance

Implications for growth deceleration



In the New Normal, you really have to nail it before you scale it



Three GTM strategies top cloud companies employ in The New Normal

PagerDuty

Courier

SISENSE

productboard

zapier

tackle.io

INTERCOM

YOTPO.

Auth0

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.

”

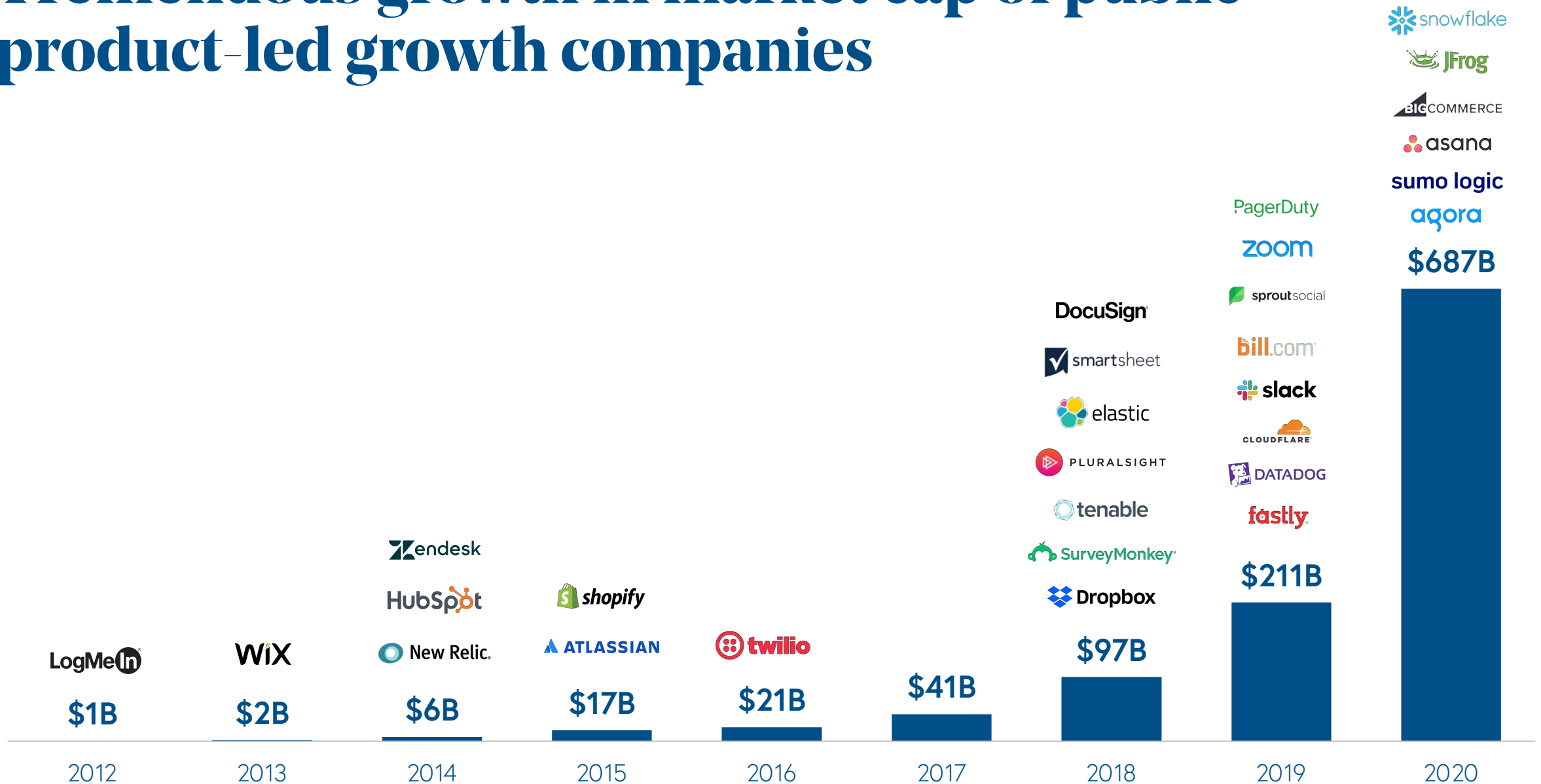


INTERCOM



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.

”

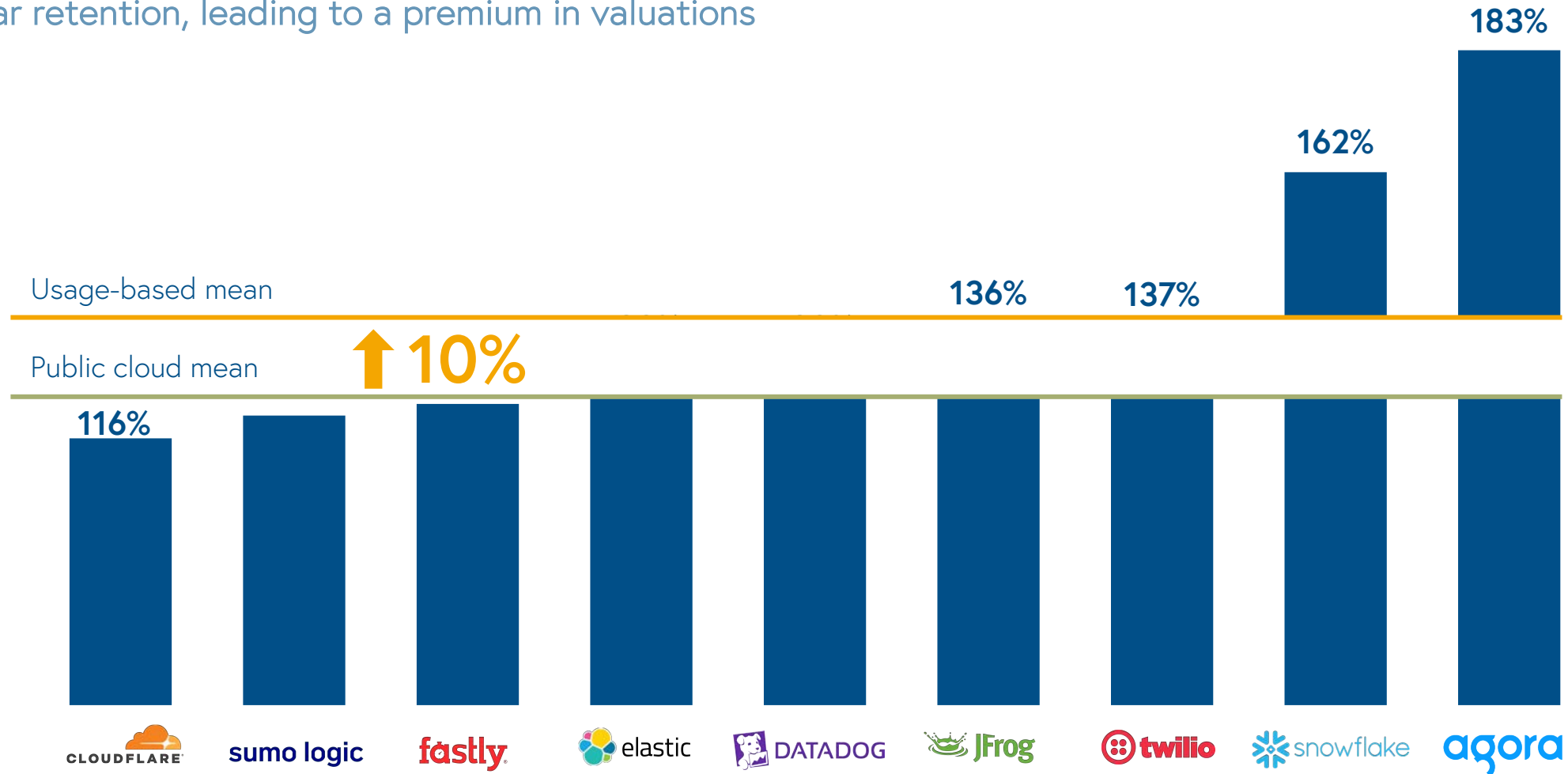


Troy Goode, CEO and founder of Courier



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

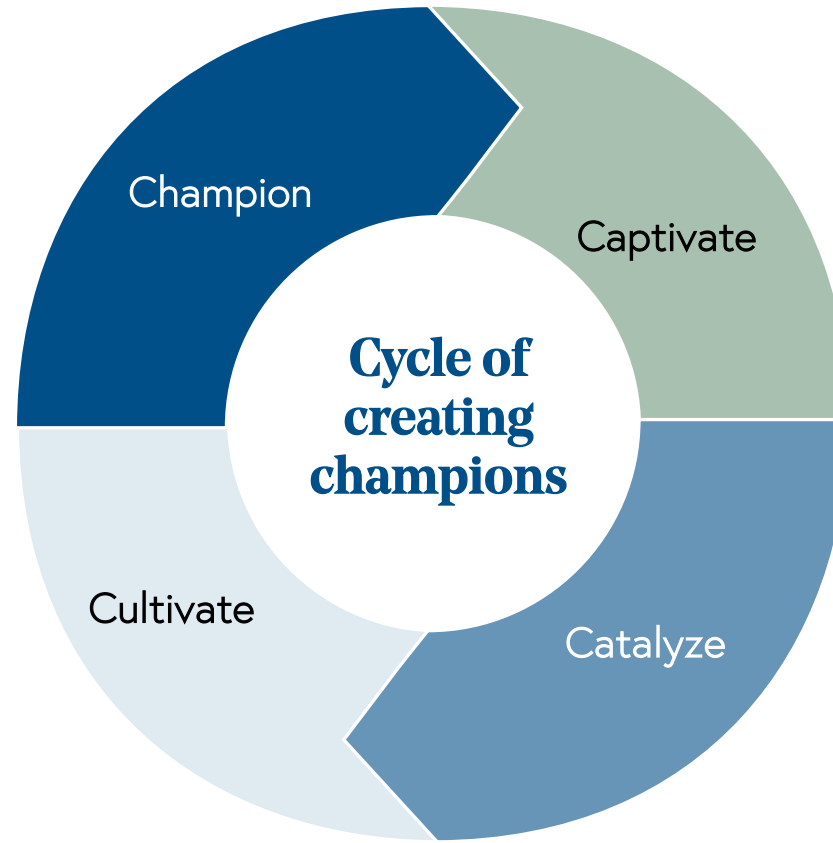
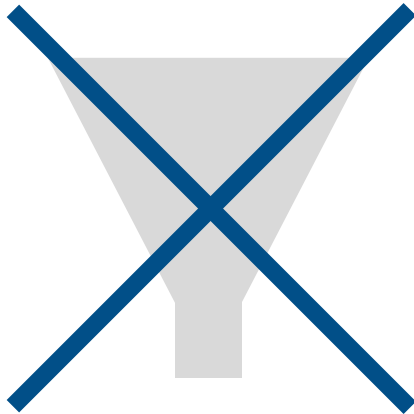
50%

faster sales cycles through cloud marketplaces

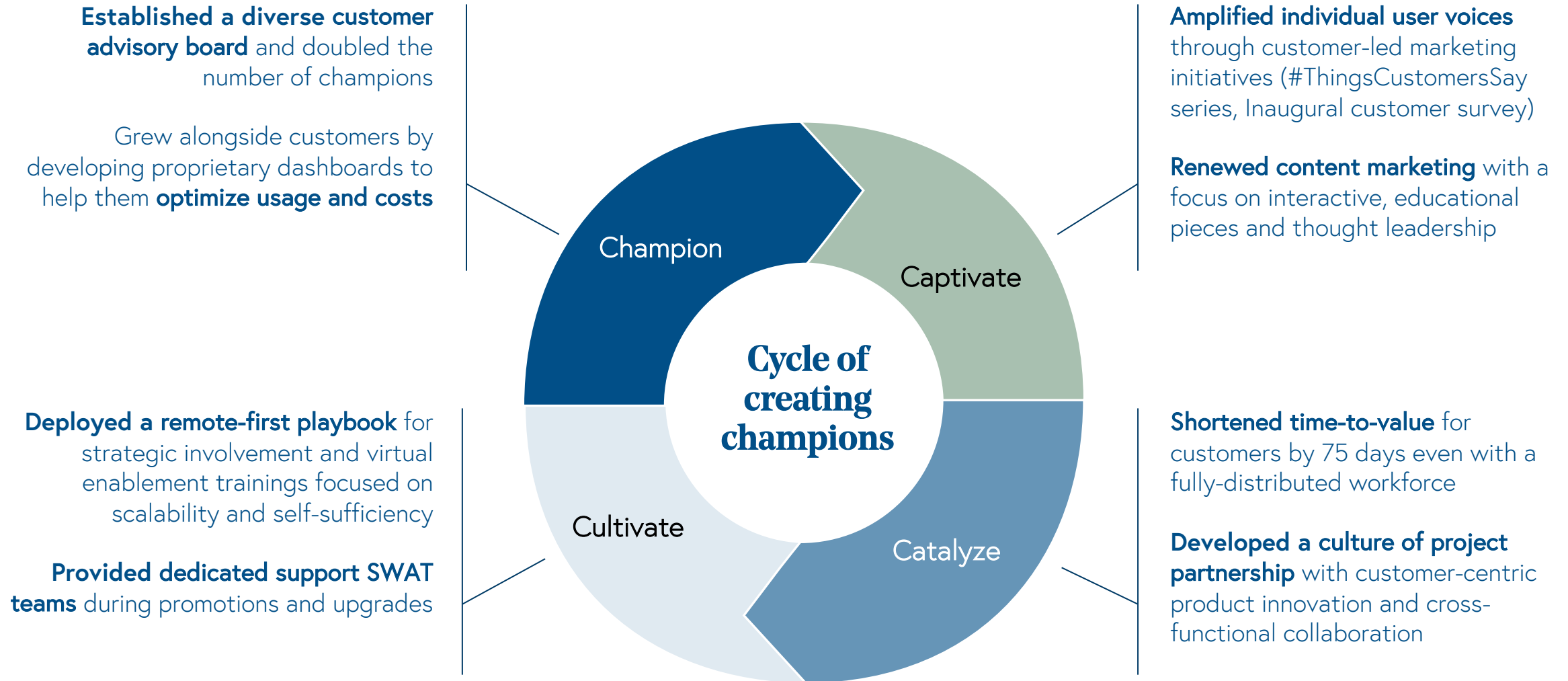
\$3B

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



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



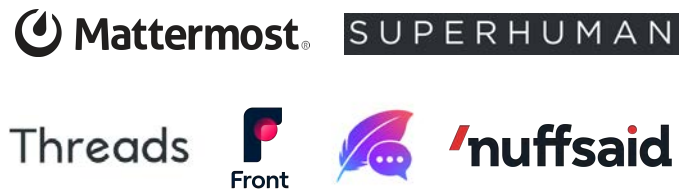
2021

Predictions

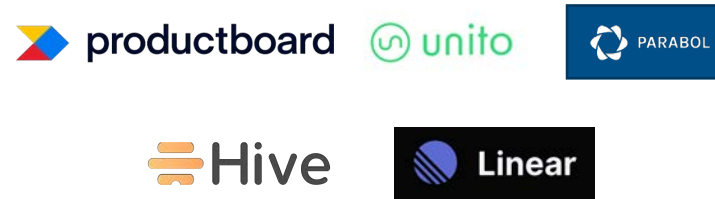
1. Unbundling of the Office
2. We're bringing S-M-B back with SaaS
3. Diversity, equity, and inclusion software take their rightful place
4. Data and machine learning infrastructure accelerates to new heights
5. The rise of the "citizen" developer and creator
6. Fintech and crypto players are changing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

Prediction 1: The unbundling of the Office

EMAILS/MESSAGING



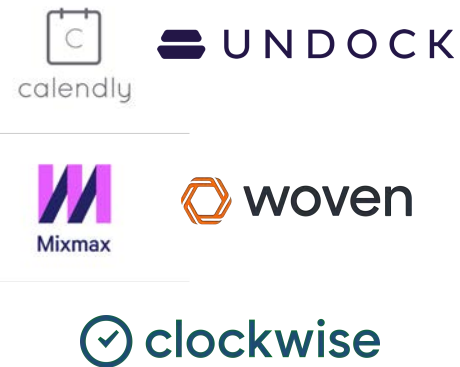
PROJECT MANAGEMENT



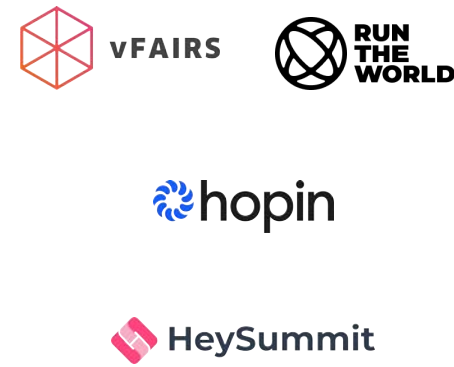
VIRTUAL OFFICE/TEAM ROOM



CALENDARS



EVENTS

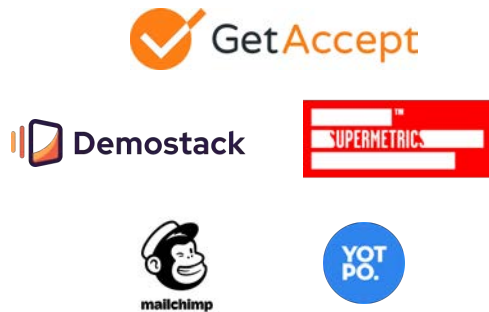


COLLABORATIONS



Prediction 2: We're bringing S-M-B back with SaaS

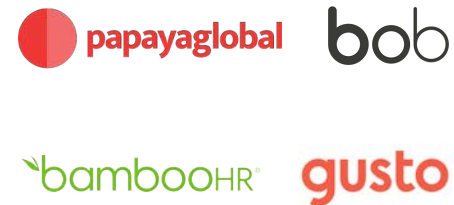
SALES & MARKETING



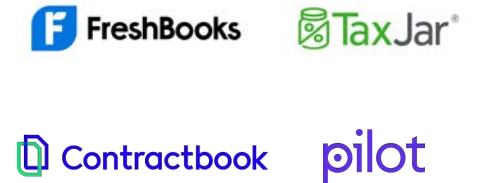
CUSTOMER



HR



FINANCE/LEGAL



IT/OPS



VERTICAL



Prediction 3: Diversity, equity, and inclusion software take their rightful place

DATA TRACKING/TALENT MANAGEMENT

 syndio

 Culture Amp

DIVERSIO

 PIPELINE


BLENDOR

DEI CULTURE TRAINING & EDUCATION

Hone

unpacking



Kanarys



REPORTING

AllVoices #NotMe

RECRUITING

JOPWELL

 MATHISON

 fetcher

Prediction 4: Data and machine learning infrastructure accelerates to new heights

DATA PIPELINE



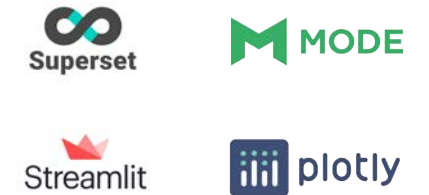
DATA MANAGEMENT/ GOVERNANCE



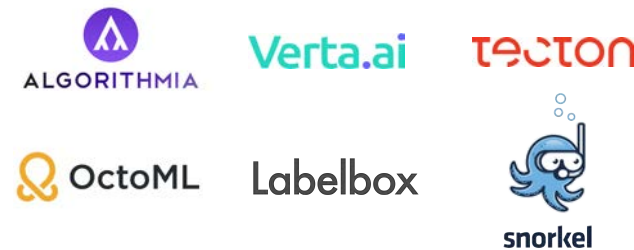
DATA ANALYTICS/SCIENCE



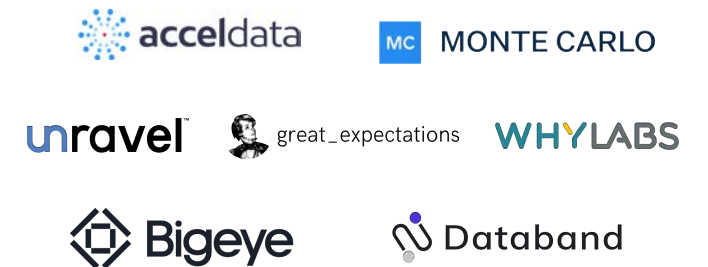
DATA VISUALIZATION



AI/ML OPS



DATA MONITORING



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



B2C & B2B LENDING



IDENTITY / FRAUD



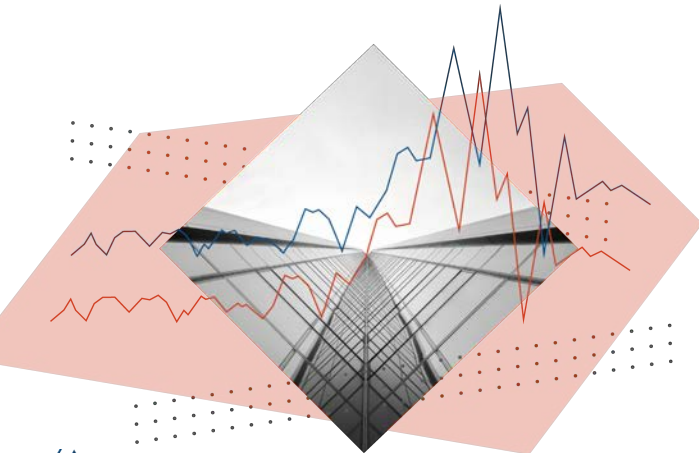
B2C & B2B PAYMENTS



BROKERAGE / WEALTH MGMT



CRYPTO



Prediction 7: The vertical SaaS wave becomes a tsunami



AUTO REPAIR



BANKING

SQUIRE

BARBERSHOP

PROCORE

CONSTRUCTION



DENTAL

GUILD

EDUCATION



EARLY EDUCATION



FIELD SERVICES



LEGAL



NETWORKING



PUBLIC SECTOR HEALTHCARE



REAL ESTATE



REAL ESTATE AGENTS



RESTAURANT

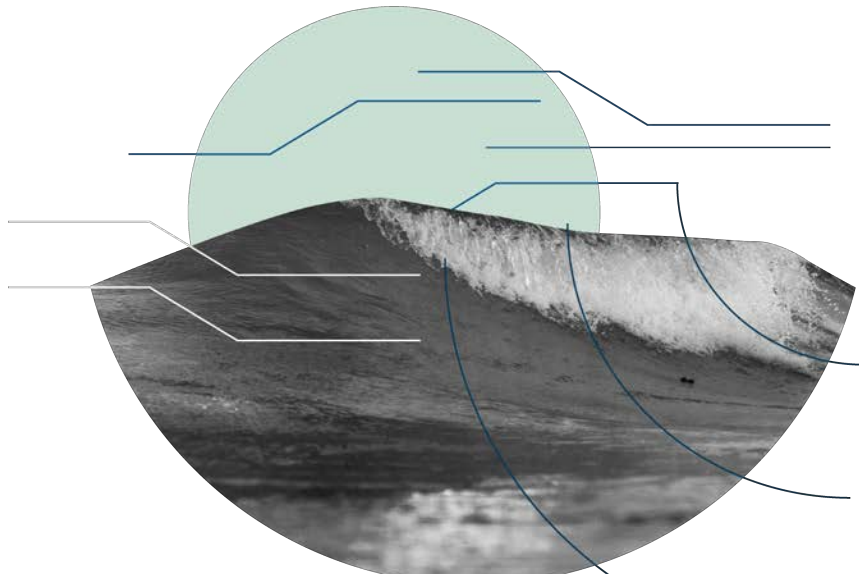


GLOSS GENIUS

SALON & SPA



USED CAR AUCTION



State of the Cloud 2021

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.

Byron Deeter

PARTNER

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Elliott Robinson

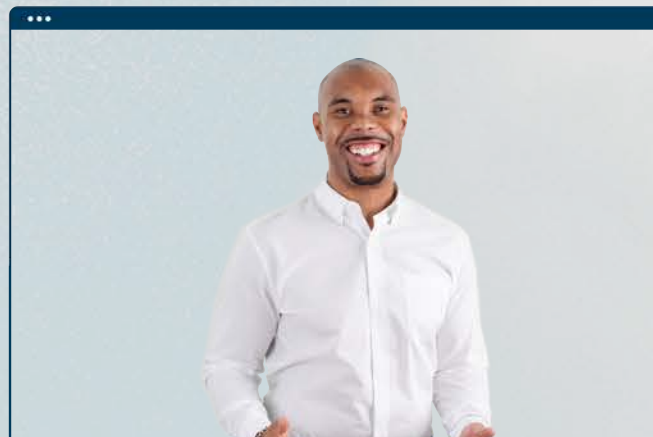
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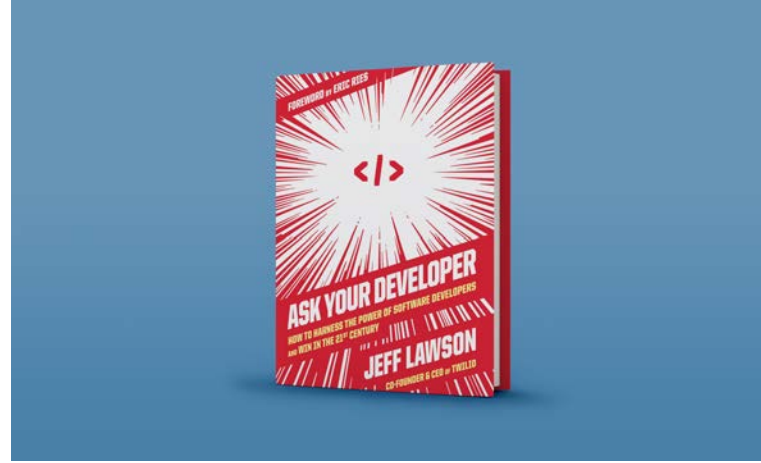


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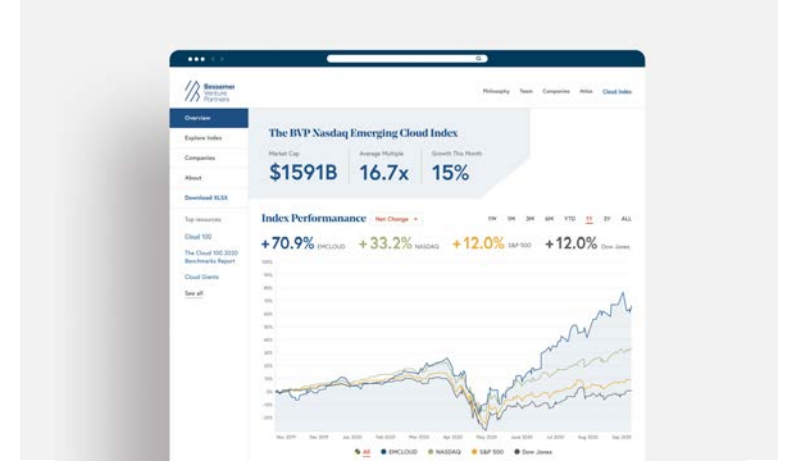
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Footnotes/sources

Slide 5: CapIQ. Performance measured from January 2020 until March 2020.

Slide 10: Statistics from [EHRN.org](https://ehrn.org)

Slide 11: [US Census](https://www.census.gov)

Slide 13: [USC Farnham Research](https://www.usc.farnham.ac.uk/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

Slide 22: BVP Nasdaq Emerging Cloud Index

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 29: CapIQ, FAANG and MT SAAS equal-weighted to 1/1/2010. Performance measured since January 2020 until February 2021.

Slide 34-35: CapIQ, including all past and present cloud index companies since January 2010 until February 2021.

Slide 36: Forbes Cloud 100 data from 2016-2020.

Slide 37: Forbes Cloud 100 data from 2016-2020.

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

