



Strategic Recommendations

2018 FAcTS Case Competition

Team #2

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Agenda

- Context
- Problems
- Recommendations
- Implementation Timeline
- Appendices

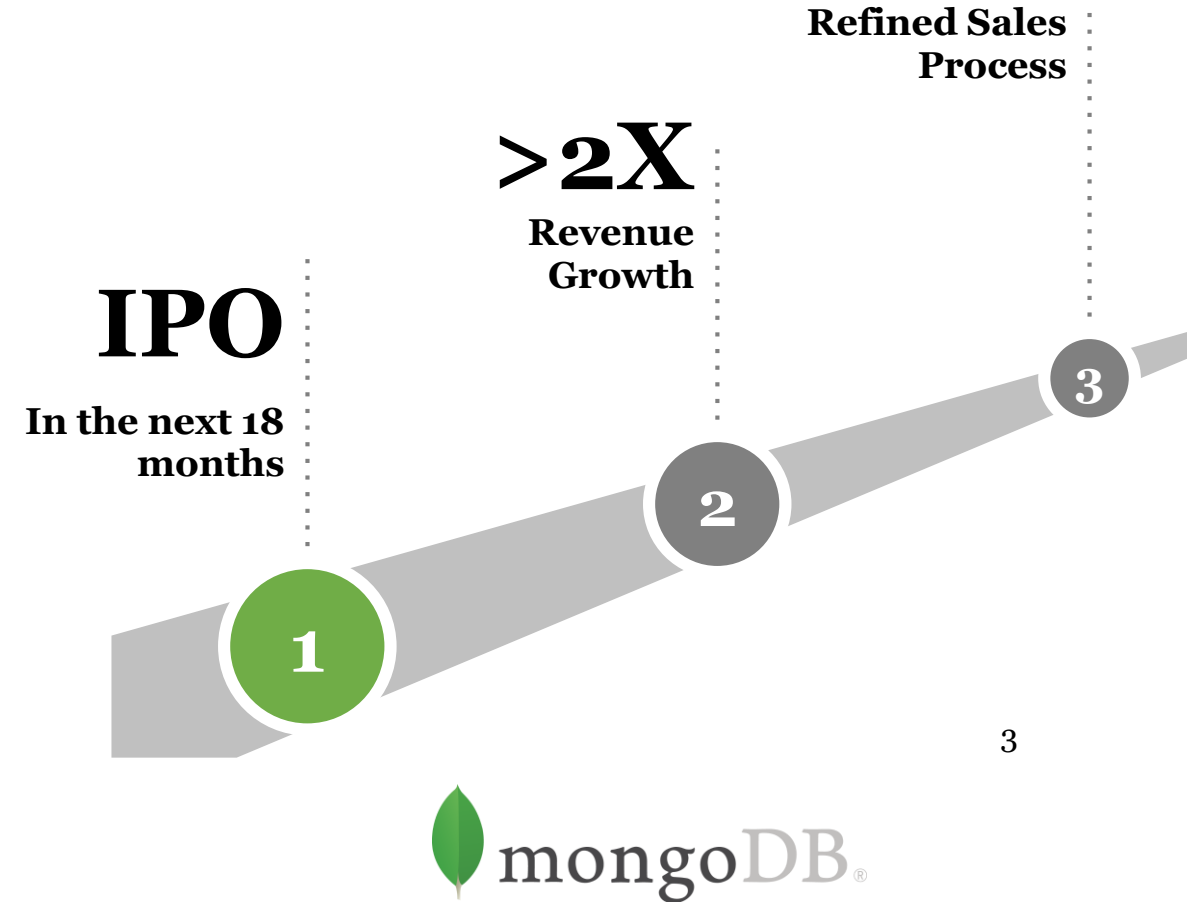
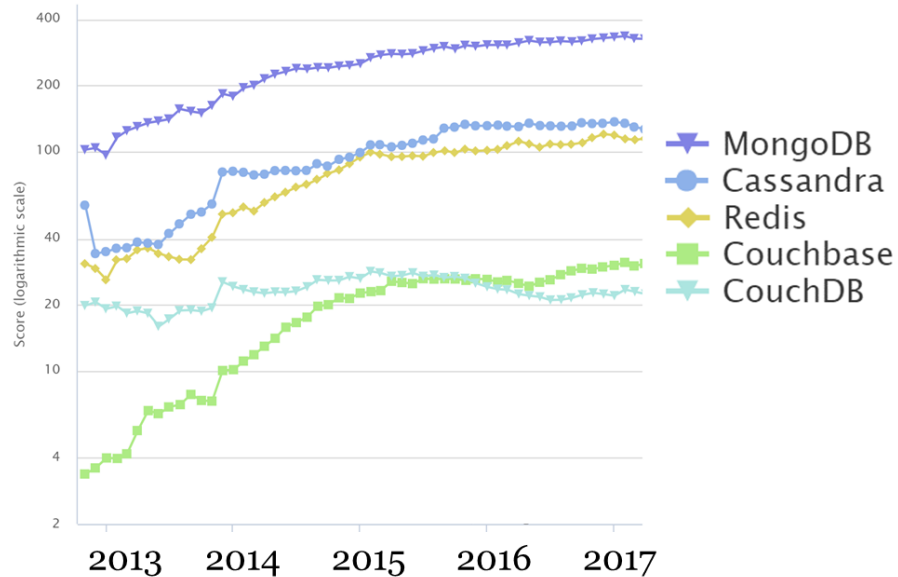


Context

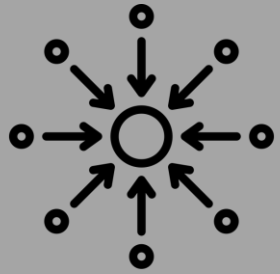
Worldwide Database Software Market Growth Projection (SQL and NoSQL)



Ranking Among Direct NoSQL Competitors



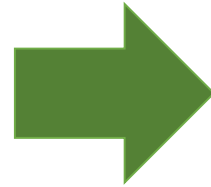
Problems



**Overcentralized
Leadership**



**Customer
Journey**



Recommendations

1

**Redefine Management
Structure**



2

**Compressed Customer
Journey**

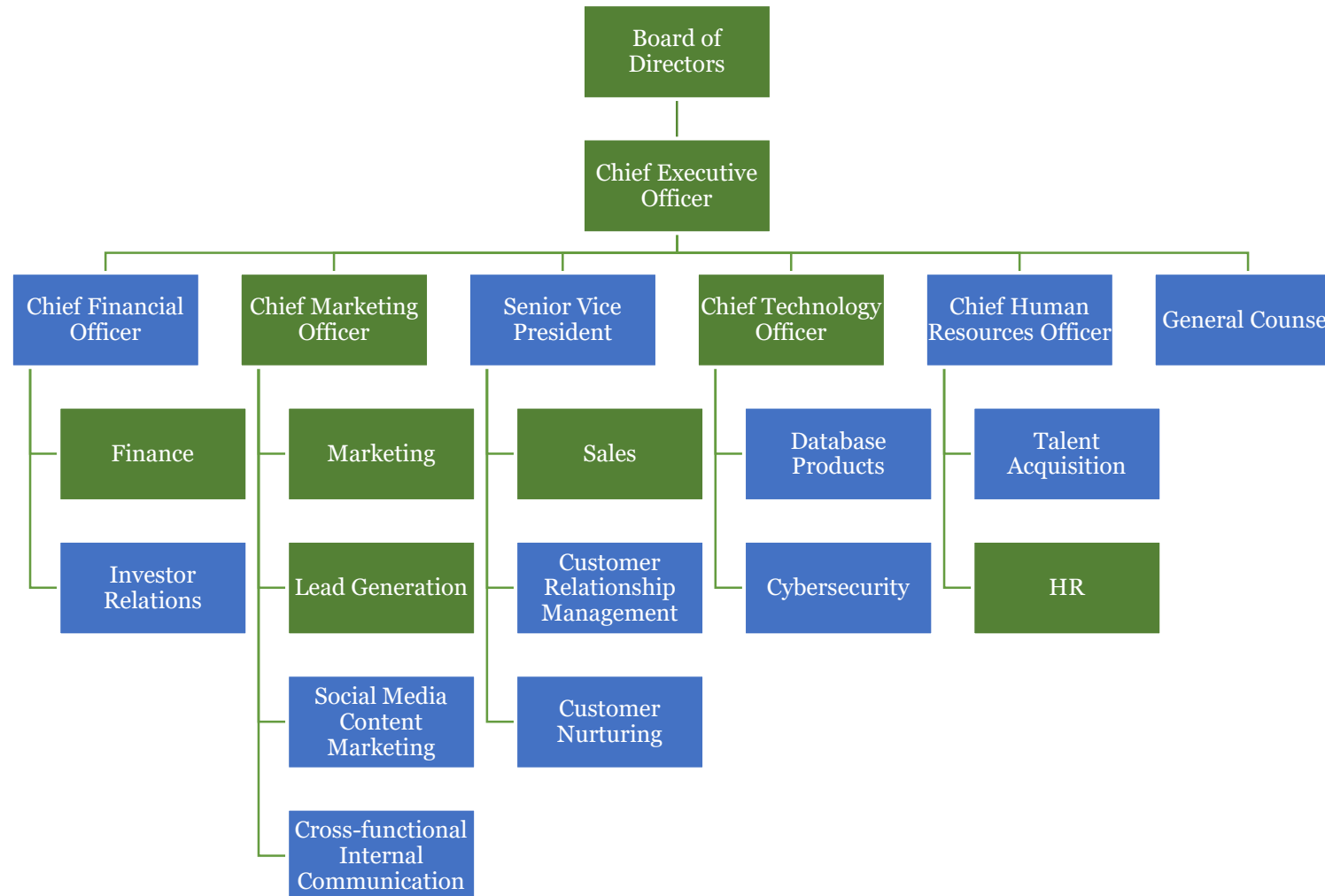


3

**Drop Freemium
Product**



Redefine Management Structure



Add New and Redefine Existing Roles:

- CFO
 - Investor Relations
- Senior Vice Presidents:
 - Sales
 - Customer Relationship Management (CRM)
 - Customer Nurturing
- Chief HR Officer
 - Talent Acquisition
- General Counsel (Legal Team)

Redefine Management Structure

Identify S.M.A.R.T. goals and responsibilities for each key leadership

Specific
Measurable
Assignable
Realistic
Time-related



Chief Technology
Officer (CTO)

#	Action	Time
1	Safety features to instill consumer confidence	Continued
2	Customize product to improve CMO's ability to segment and target industry verticals	In the next 12 months




Chief Marketing
Officer (CMO)


#	Action	Time
1	Implement new tools to improve SEO and lead conversion	In the next 3 months
2	Segmentation and targeting of industry verticals	In the next 12 months
3	Expand overseas market	Continued





Senior Vice
Presidents
(SVPs)

#	Action	Time
1	Expand overseas market	Continued
2	Employ account executives by industry vertical <ul style="list-style-type: none">Educational InstitutionsSubscriber-based business modelsOnline communities	In the next 12 months

 Corrective action required

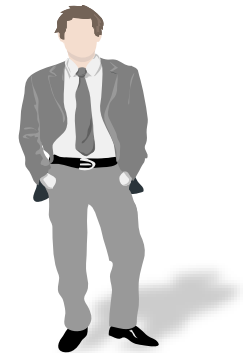
 Within target timeframe

Invest in Measuring

<u>CMO Activity</u>	<u>Cost</u>	<u>Level of Investment</u>
	\$	\$
	\$\$\$\$	\$\$\$\$
	\$\$\$	\$\$\$\$
	-	-
	\$\$\$\$	\$\$\$\$
	\$\$	\$
	\$\$\$\$	\$\$\$\$



**Chief Marketing
Officer (CMO)**



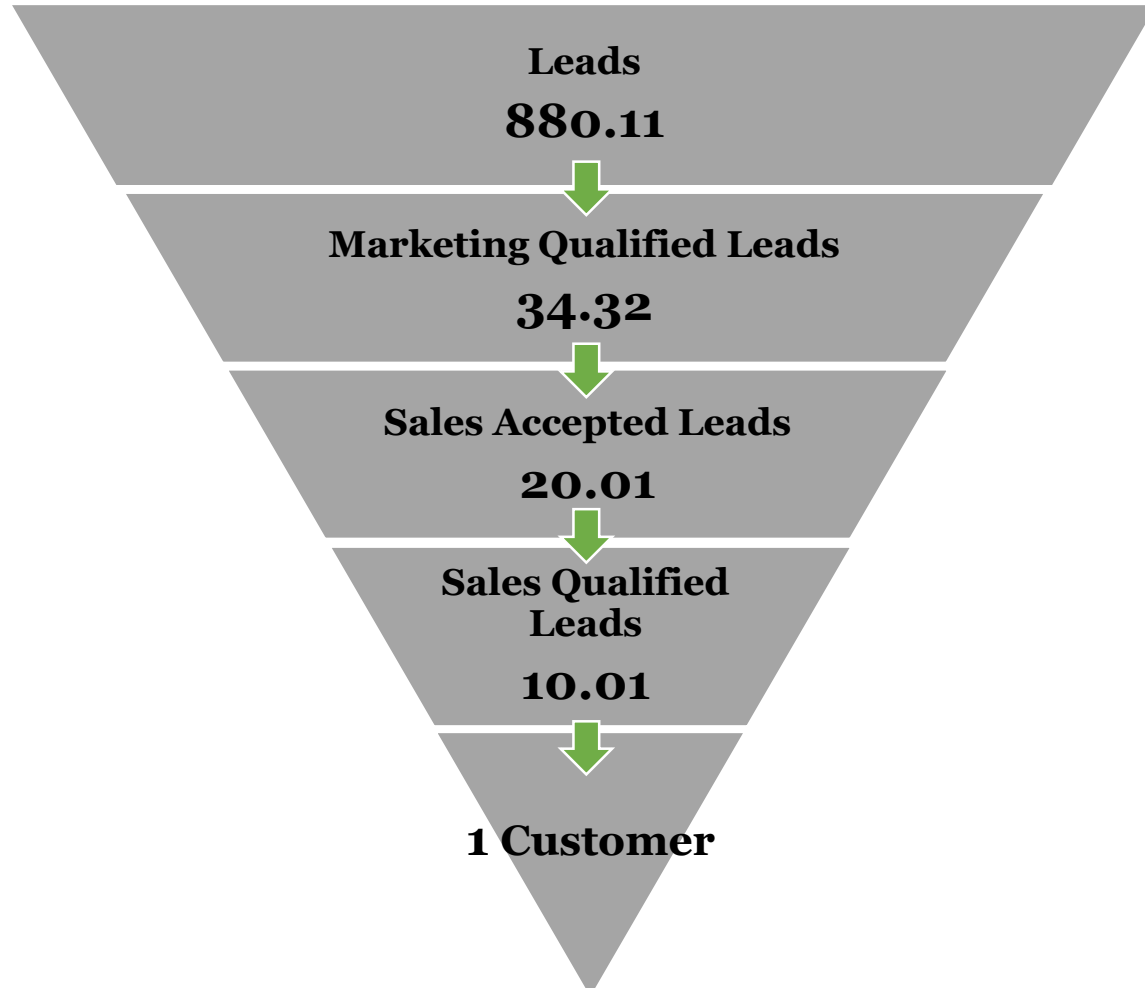
**Chief Technology
Officer (CTO)**

Investments in tools to improve SEO, lead tracking, gathering of customer feedback, predictive matching of prospective customers

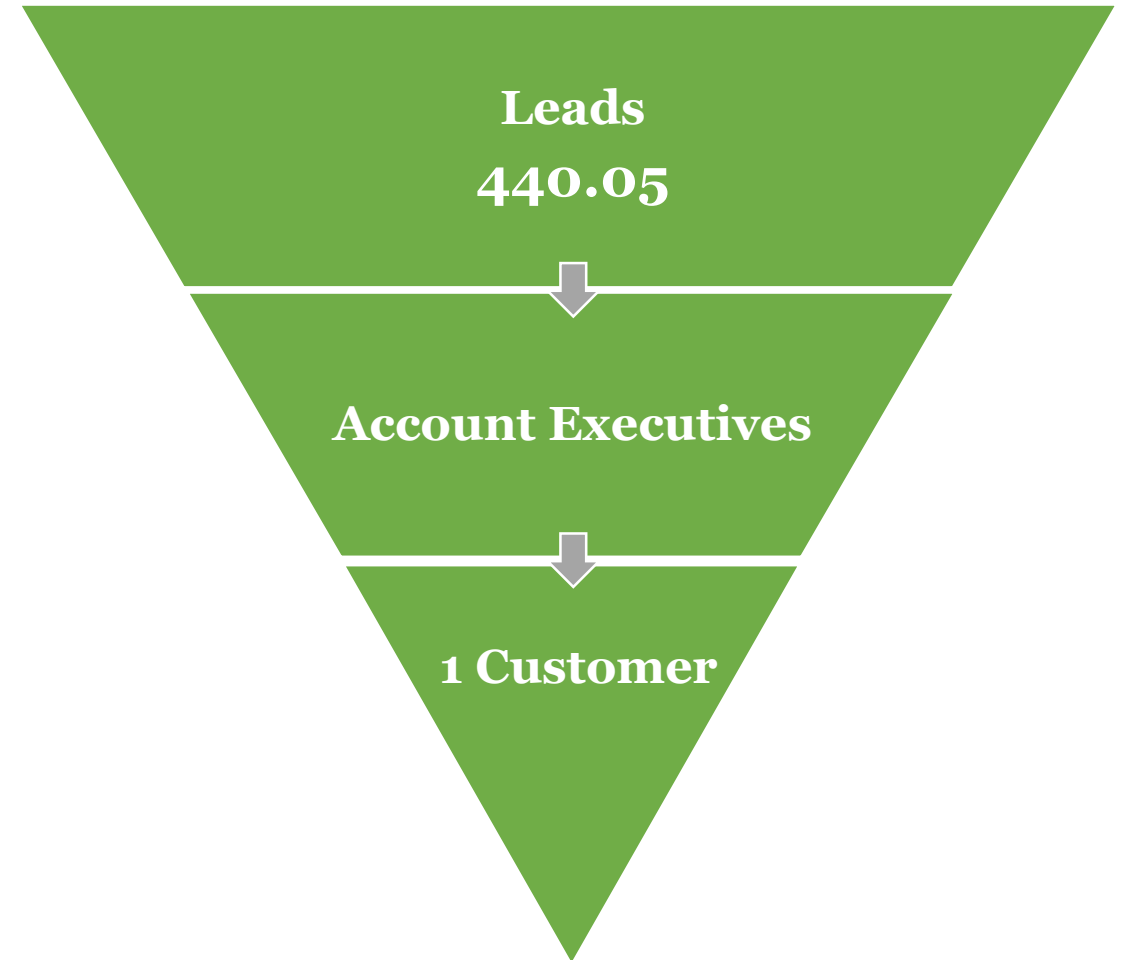
Operational improvements = Positive Customer Experience

Compressed Customer Journey

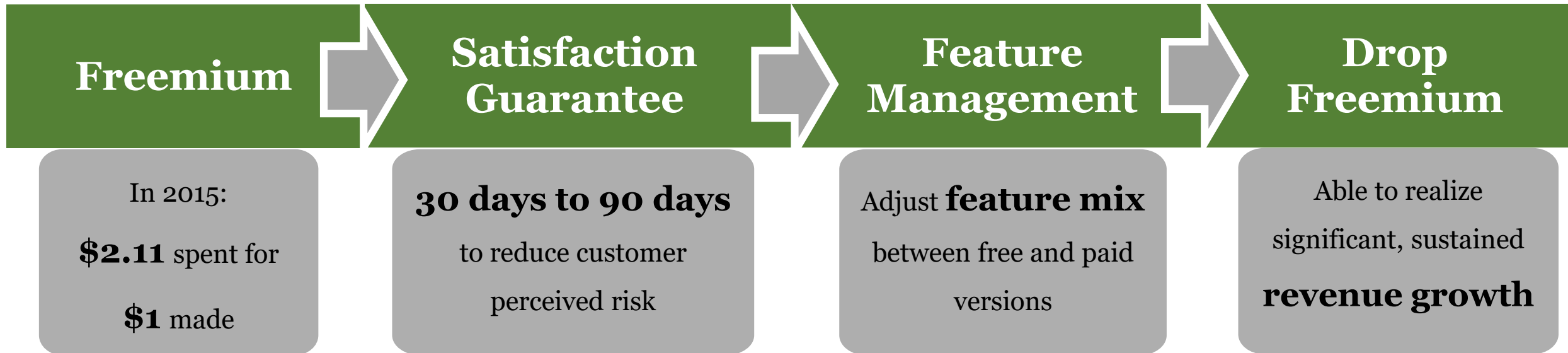
Current Lead Generation Funnel Model



Target Funnel Metrics



Drop Freemium Product



Drop Freemium – Income Statement

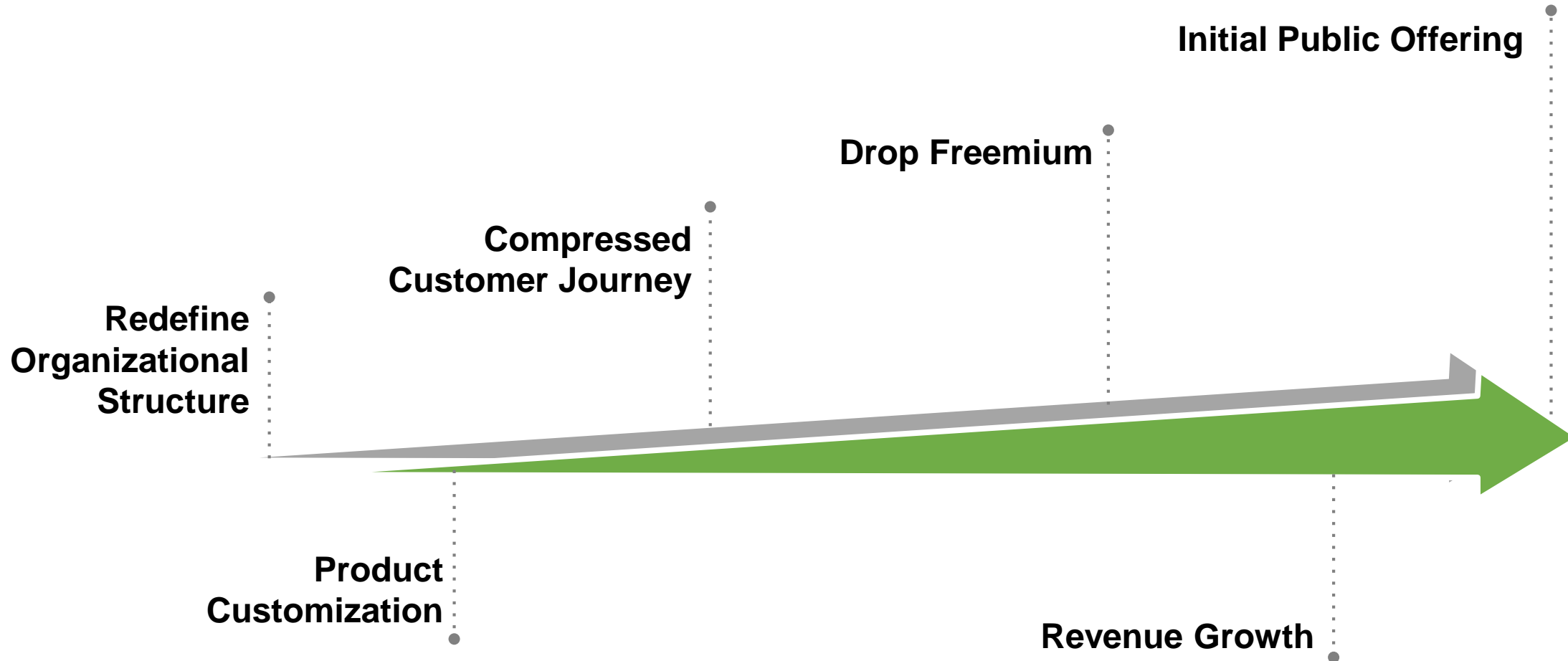
	Historical		5 Year Projections					CAGR
	2015	2016	2017	2018	2019	2020	2021	2016-2021
Revenue (in \$mil)								
Sales & Services Revenue	\$65.3	\$101.4	\$115.8	\$15,283.0	\$14,132.3	\$13,121.4	\$12,234.6	160.8%
Cost of Revenue								
Cost of Goods & Servicing	20.9	29.9	31.2	2,980.2	2,755.8	2,558.7	2,385.7	140.1%
Gross Profit	44.4	71.5	84.5	12,302.8	11,376.5	10,562.7	9,848.8	
Operating Expenses								
Selling & Marketing	56.6	78.6	81.5	7,183.0	6,642.2	6,167.1	5,750.3	136.0%
-General & Administrative	17.1	27.1	24.3	1,528.3	1,413.2	1,312.1	1,223.5	114.3%
Research & Development	43.5	51.8	50.8	2,139.6	1,978.5	1,837.0	1,712.8	101.3%
Operating Income (Loss)	(\$72.7)	(\$85.9)	(\$72.0)	\$1,451.9	\$1,342.6	\$1,246.5	\$1,162.3	
Non-operating Income	(0.3)	(0.0)	0.3	37.8	35.0	32.5	30.3	
EBIT	(73.1)	(86.0)	(71.8)	1,489.7	1,377.5	1,279.0	1,192.5	
Interest Expense	(0.0)	(0.0)	0.3	0.3	0.3	0.3	0.3	
EBT	(73.1)	(86.0)	(72.0)	1,489.4	1,377.2	1,278.7	1,192.3	
Tax	(0.4)	(0.7)	-	3,209.4	2,967.8	2,755.5	2,569.3	
Net Income	(\$73.5)	(\$86.7)	(\$72.0)	\$4,698.8	\$4,345.0	\$4,034.2	\$3,761.5	
Assumptions								
Paid Customer Growth								
LeadFlow Conversion		0.11%	0.13%	0.15%	0.17%	0.19%	0.22%	14.2%
Net Adds (Customers)		860	982	1,122	1,281	1,463	1,670	
Customer Conversion Upon Shifting from Freemium		30,000,000	Operations	150,000				0.5%
Customer Attrition		4.0%	4.0%	3.8%	3.5%	3.3%	3.0%	-0.3%
Average Ending Customers		826	1,775	152,830	148,762	145,390	142,698	
Average Annual Recurring Revenue (per customer)		\$232,558	\$232,558	\$100,000	\$95,000	\$90,250	\$85,738	-5.0%
COGS Assumption	32.0%	29.5%	27.0%	19.5%	19.5%	19.5%	19.5%	0.0%
Selling and Marketing	86.7%	77.5%	70.4%	47.0%	47.0%	47.0%	47.0%	0.0%
G&A	26.2%	26.7%	21.0%	10.0%	10.0%	10.0%	10.0%	0.0%
R&D	66.6%	51.1%	43.9%	14.0%	14.0%	14.0%	14.0%	0.0%
Non-operating Income	1 (0.5%)	0.0%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%
Interest Expense	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax			0.7%	21.0%	21.0%	21.0%	21.0%	0.0%
Expenses as % of Sales	211.4%	184.8%						

Key Assumptions

- Conversion doubling over 5 years with flat lead growth
- Expenses converge to industry standards
- Conservative estimate for average annual recurring revenue as compared to historical information
- Volume and pricing can be adjusted depending upon segmentation and targets
- 'Cold Turkey' Shift from Freemium

Scenario				
3	1	High	\$930,232	
	2	Street	\$515,116	
	3	Base	\$100,000	

Implementation Timeline



Appendices

“DB-Engines Ranking.” *DB-Engines*, db-engines.com/en/ranking_trend.

“MDB Company Financials”. *Nasdaq*.
<https://www.nasdaq.com/symbol/mdb/financials?query=income-statement>

“MongoDB Market Share.” *Datanyze*, www.datanyze.com/market-share/databases/mongodb-market-share.

Bloomberg L.P. (2016) Bloomberg Intelligence: Infrastructure Software, Global Dashboard: Database Basics. Retrieved Nov .8, 2018 from Bloomberg database.

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Mehra, Gagan. “5 Reasons NoSQL Adoption Is Booming.” *Transforming Data with Intelligence*, tdwi.org/articles/2016/10/21/5-reasons-NoSQL-adoption-is-booming.aspx.

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<https://www.sec.gov/Archives/edgar/data/1441816/000104746917006014/a2233365zs-1.htm>

Thank you! Q&A.

Base Case Income Statement

	Historical		5 Year Projections					CAGR						
	2015	2016	2017	2018	2019	2020	2021	2016-2021						
Revenue (in \$mil)														
Sales & Services Revenue	\$65.3	\$101.4	\$412.7	\$112.2	\$284.4	\$229.9	\$392.2	31.1%						
Cost of Revenue														
Cost of Goods & Servicing	20.9	29.9	111.3	21.9	55.5	44.8	76.5	20.7%						
Gross Profit	44.4	71.5	301.4	90.3	228.9	185.1	315.7							
Operating Expenses														
Selling & Marketing	56.6	78.6	290.6	52.7	133.7	108.1	184.3	18.6%						
General & Administrative	17.1	27.1	86.5	11.2	28.4	23.0	39.2	7.7%						
Research & Development	43.5	51.8	181.2	15.7	39.8	32.2	54.9	1.2%						
Operating Income (Loss)	(\$72.7)	(\$85.9)	(\$256.9)	\$10.7	\$27.0	\$21.8	\$37.3							
Non-operating Income	(0.3)	(0.0)	1.0	0.3	0.7	0.6	1.0							
EBIT	(73.1)	(86.0)	(255.9)	10.9	27.7	22.4	38.2							
Interest Expense	(0.0)	(0.0)	1.0	1.0	1.0	1.0	1.0							
EBT	(73.1)	(86.0)	(256.9)	9.9	26.7	21.4	37.2							
Tax	(0.4)	(0.7)	-	23.6	59.7	48.3	82.4							
Net Income	(\$73.5)	(\$86.7)	(\$256.9)	\$33.5	\$86.4	\$69.7	\$119.6							
Assumptions									Assumptions					
Paid Customer Growth														
LeadFlow Conversion		0.11%	0.13%	0.15%	0.17%	0.19%	0.22%	14.2%						
Net Adds (Customers)		860	982	1122	1281	1463	1670							
Attrition		4.0%	4.0%	3.8%	3.5%	3.3%	3.0%	-0.3%						
Average Ending Customers		826	1775	1122	2993	2548	4574							
Average Annual Recurring Revenue (per customer)		\$232,558	\$232,558	\$100,000	\$95,000	\$90,250	\$85,738	-5.0%						
COGS Assumption	32.0%	29.5%	27.0%	19.5%	19.5%	19.5%	19.5%	0.0%	Scenarios	1	High	\$232,558		
Selling and Marketing	86.7%	77.5%	70.4%	47.0%	47.0%	47.0%	47.0%	0.0%	3	2	Street	\$166,279		
G&A	26.2%	26.7%	21.0%	10.0%	10.0%	10.0%	10.0%	0.0%		3	Base	\$100,000		
R&D	66.6%	51.1%	43.9%	14.0%	14.0%	14.0%	14.0%	0.0%						
Non-operating Income	(0.5%)	0.0%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%						
Interest Expense	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%						
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Non-operating Income	(0.5%)	0.0%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%
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Scenario			
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2016 Revenue Projection Mix

Segment	Q1	Q2	Q3	Q4	Total	Mix
Enterprise (\$)	4,000,000.0	5,000,000.0	7,000,000.0	9,000,000.0	25,000,000.0	
growth		25%	40%	29%	525%	
Customers	40.0	50.0	70.0	90.0	250.0	29.1%
Corporate (\$)	1,040,000.0	1,300,000.0	1,820,000.0	2,340,000.0	6,500,000.0	
growth		25%	40%	29%	525%	
Customers	20.8	26.0	36.4	46.8	130.0	15.1%
Europe (\$)	2,080,000.0	2,600,000.0	3,640,000.0	4,680,000.0	13,000,000.0	
growth		25%	40%	29%	525%	
Customers	41.6	52.0	72.8	93.6	260.0	30.2%
Asia (\$)	880,000.0	1,100,000.0	1,540,000.0	1,980,000.0	5,500,000.0	
growth		25%	40%	29%	525%	
Customers	35.2	44.0	61.6	79.2	220.0	25.6%
Total (\$)	8,000,000.0	10,000,000.0	14,000,000.0	18,000,000.0	50,000,000.0	100%

