

Strategic Recommendations

2018 FAcTS Case Competition

Team #2

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Agenda

- Context
- Problems
- Recommendations
- Implementation Timeline
- Appendices

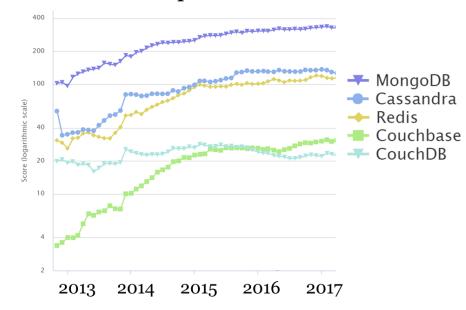


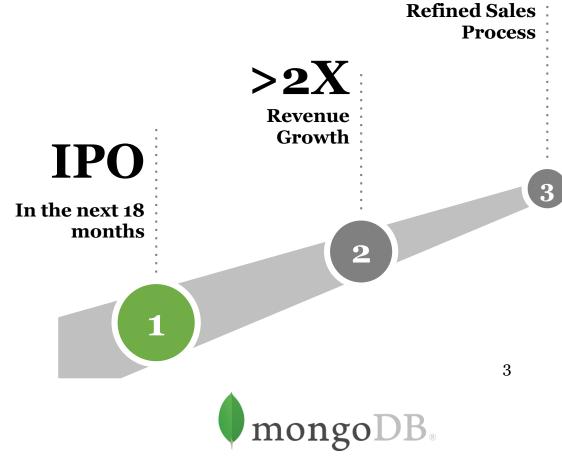
Context

Worldwide Database Software Market Growth Projection (SQL and NoSQL)

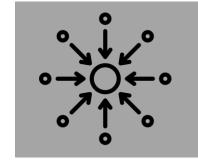


Ranking Among Direct NoSQL Competitors





Problems



Overcentralized Leadership



Customer Journey

Recommendations

1

Redefine Management Structure



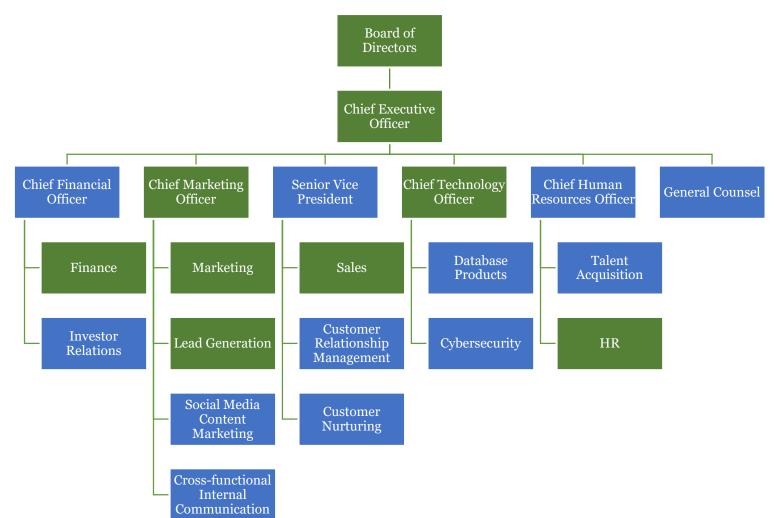
Compressed Customer Journey



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)



Chief Marketing Officer (CMO)



Senior Vice Presidents (SVPs)

#	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

#	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

#	Action	Time
1	Expand overseas market	Continued
	Employ account executives by industry vertical	
2	 Educational Institutions Subscriber-based business models Online communities 	In the next 12 months

Corrective action required

Within target timeframe

Invest in Measuring

CMO Activity	<u>Cost</u>	<u>Level of</u> <u>Investment</u>
Olark	\$	\$
coptora	\$\$\$\$	\$\$\$\$
EVERSTRING	\$\$\$	\$\$\$\$
Linked in	-	-
DEMANDBASE	\$\$\$\$	\$\$\$\$
Mind <i>Tickle</i> . ▼	\$\$	\$
elqua	\$\$\$\$	\$\$\$\$







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

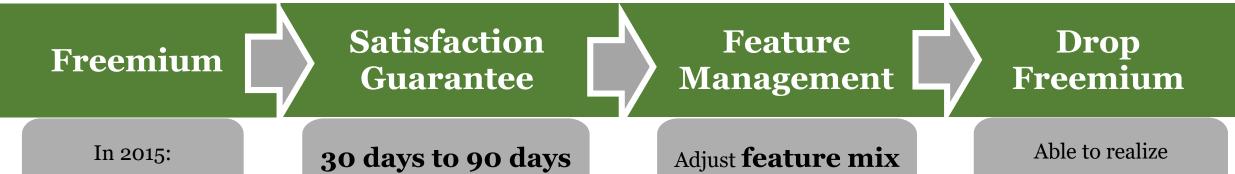
Current Lead Generation Funnel Model



Target Funnel Metrics



Drop Freemium Product



\$2.11 spent for

\$1 made

to reduce customer perceived risk

between free and paid versions

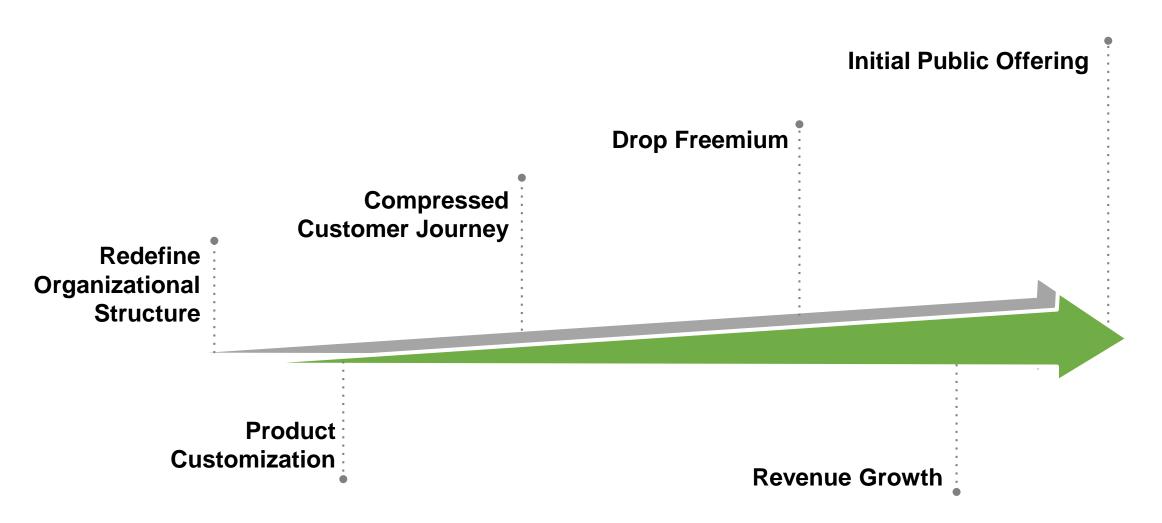
significant, sustained

revenue growth

Drop Freemium – Income Statement

	Histor	ical		5 Y	ear Projections			<u>CAGR</u>	Kov Accumptions			
	2015	2016	2017	2018	2019	2020	2021	2016-2021	Key Assumption	<u> </u>		
Revenue (in \$mil)									• Conversion	doubli	na ova	or 5
Sales & Services Revenue	\$65.3	\$101.4	\$115.8	\$15,283.0	\$14,132.3	\$13,121.4	\$12,234.6	160.8%	 Conversion 	i doubli	ng ove	
Cost of Revenue									years with	flat laga	drow	th
Cost of Goods & Servicing	20.9	29.9	31.2	2,980.2	2,755.8	2,558.7	2,385.7	140.1%	years with	iiai i c ac	a grow	uı
Gross Profit	44.4	71.5	84.5	12,302.8	11,376.5	10,562.7	9,848.8		 Expenses of 	converd	e to	
Operating Expenses									•		•	
Selling & Marketing	56.6	78.6	81.5	7,183.0	6,642.2	6,167.1	5,750.3	136.0%	industry sta	andards	5	
-General & Administrative	17.1	27.1	24.3	1,528.3	1,413.2	1,312.1	1,223.5	114.3%	Conoom (04)			
Research & Development	43.5	51.8	50.8	2,139.6	1,978.5	1,837.0	1,712.8	101.3%	 Conservative 	ve estin	nate to	or
Operating Income (Loss)	(\$72.7)	(\$85.9)	(\$72.0)	\$1,451.9	\$1,342.6	\$1,246.5	\$1,162.3		average an	nual re	curring	a l
Non-operating Income	(0.3)	(0.0)	0.3	37.8	35.0	32.5	30.3				`	۱ ۱
EBIT	(73.1)	(86.0)	(71.8)	1,489.7	1,377.5	1,279.0	1,192.5		revenue as	compa	ared to)
Interest Expense	(0.0)	(0.0)	0.3	0.3	0.3	0.3	0.3		historical information			
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		↑• Volume and	 Volume and pricing can be 		
									adjusted de segmentati	•	•	
Assumptions			_						 'Cold Turke 	w' Shift	from	
Paid Customer Growth			2						Cold Fulke	y Omm	HOIII	
LeadFlow Conversion		0.11%	0.13%	0.15%	0.17%	0.19%	0.22%	14.2%	Freemium			
Net Adds (Customers)		860		1,122	1,281	1,463	1,670	0.504	i ieeiiliulii			-
Customer Conversion Upon Shifting from Freemium	n	30,000,000	Operations 4.0%	150,000 3.8%	3.5%	2.20/	2.00/	0.5% -0.3%				
Customer Attrition Average Ending Customers		4.0% 826	1,775	152,830	148,762	3.3% 145,390	3 3.0%	-0.3%	Scenario			
Average Annual Recurring Revenue (per customer)		\$232,558	\$232,558	\$100.000	\$95,000	\$90,250	\$85.738	-5.0%	3	1	High	\$930,23
COGS Assumption	32.0%	29.5%	27.0%	19.5%	19.5%	19.5%	19.5%	0.0%	3	2	Street	\$515,11
Selling and Marketing	86.7%	77.5%	70.4%	47.0%	47.0%	47.0%	47.0%	0.0%		3	Base	\$100,00
G&A	26.2%	26.7%	21.0%	10.0%	10.0%	10.0%	10.0%	0.0%			Dase	ψ100,00
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	2.070	3.370	0.7%	21.0%	21.0%	21.0%	21.0%	0.0%				
Expenses as % of Sales	211.4%	184.8%			-,-	-,-						

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.

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MongoDB, Inc. (2017). *Annual report 2017*. Retrieved from 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	T7 A				
Revenue (in \$mil)									Key Assumptions				
Sales & Services Revenue	\$65.3	\$101.4	\$412.7	\$112.2	\$284.4	\$229.9	\$392.2	31.1%	<u> </u>	· -			
Cost of Revenue									 Conversion doubling over § 				
Cost of Goods & Servicing	20.9	29.9	111.3	21.9	55.5	44.8	76.5	20.7%		1			
Gross Profit	44.4	71.5	301.4	90.3	228.9	185.1	315.7		years with flat lead grov	vtn			
Operating Expenses								 	• Expenses converge to	-			
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%	industry standards				
Research & Development	43.5	51.8	181.2	15.7	39.8	32.2	54.9	1.2%	ř				
Operating Income (Loss)	(\$72.7)	(\$85.9)	(\$256.9)	\$10.7	\$27.0	\$21.8	\$37.3		 Conservative estimate for 	or			
									average annual recurrin	.σ.			
Non-operating Income	(0.3)	(0.0)	1.0	0.3	0.7	0.6	1.0		average annual reculting	رة إ			
EBIT	(73.1)	(86.0)	(255.9)	10.9	27.7	22.4	38.2		revenue as compared to				
Interest Expense	(0.0)	(0.0)	1.0	1.0	1.0	1.0	1.0		revenue as compared to	' <u> </u>			
EBT	(73.1)	(86.0)	(256.9)	9.9	26.7	21.4	37.2		historical information				
T ax Net Income	(0.4) (\$73.5)	(0.7) (\$86.7)	(\$256.9)	23.6 \$33.5	59.7 \$86.4	48.3 \$69.7	82.4 \$119.6		instorical information	_			
									Volume and pricing can adjusted depending upo	n			
Assumptions								Assumptions	segmentation and targe	ts			
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%	Scenarios				
COGS Assumption	32.0%	29.5%	27.0%	19.5%	19.5%	19.5%	19.5%	0.0%	3 1 High	\$232,55			
Selling and Marketing	86.7%	77.5%	70.4%	47.0%	47.0%	47.0%	47.0%	0.0%	2 Street	\$166,27			
G&A	26.2%	26.7%	21.0%	10.0%	10.0%	10.0%	10.0%	0.0%	3 Base	\$100,00			
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%					
Tax			0.7%	21.0%	21.0%	21.0%	21.0%	0.0%					
Expenses as % of Sales	211.4%	184.8%											

Drop Freemium – Income Statement

	Historical		5 Year Projections					CAGR	Vor Aggreentions			
	2015	2016	2017	2018	2019	2020	2021	2016-2021	Key Assumpt	<u>ions</u>		
Revenue (in \$mil)									 Conversion 	n doubli	na ova	or –
Sales & Service's Revenue	\$65.3	\$101.4	\$115.8	\$15,283.0	\$14,132.3	\$13,121.4	\$12,234.6	160.8%	Conversion	ii doubii	ng ove	ու 5 Ի
Cost of Revenue									years with	flat lead	grow	th 📙
Cost of Goods & Servicing	20.9	29.9	31.2	2,980.2	2,755.8	2,558.7	2,385.7	140.1%	years with	nat icac	i giow	'UI
Gross Profit	44.4	71.5	84.5	12,302.8	11,376.5	10,562.7	9,848.8		• Expenses	Expenses converge to		
Operating Expenses									-	O		
Selling & Marketing	56.6	78.6	81.5	7,183.0	6,642.2	6,167.1	5,750.3	136.0%	industry st	tanaaras	3	
-General & Administrative	17.1	27.1	24.3	1,528.3	1,413.2	1,312.1	1,223.5	114.3%			L . C .	
Research & Development	43.5	51.8	50.8	2,139.6	1,978.5	1,837.0	1,712.8	101.3%	 Conservation 	ive estin	iate ic)r [
Operating Income (Loss)	(\$72.7)	(\$85.9)	(\$72.0)	\$1,451.9	\$1,342.6	\$1, 246. 5	\$1,162.3		077070000		•	_
									average an	ınuai rec	curring	g
Non-operating Income	(0.3)	(0.0)	0.3	37.8	35.0	32.5	30.3		morronilo oc		04 bo	
EBIT	(73.1)	(86.0)	(71.8)	1,489.7	1,377.5	1, 279.0	1,192.5		revenue as	s compai	ea to	
Interest Expense	(0.0)	(0.0)	0.3	0.3	0.3	0.3	0.3		historical	f		
EBT	(73.1)	(86.0)	(72.0)	1,489.4	1,377.2	1, 278. 7	1,192.3] mstoricai i	mormai	.1011	
Tax	(0.4)	(0.7)	-	3,209.4	2,967.8	2,755.5	2,569.3		. 17-1	Volume and pricing can be		1. a
Net Income	(\$73.5)	(\$86.7)	(\$72.0)	\$4,698.8	\$4,345.0	\$4,034.2	\$3,761.5		• Volume ar	ıa prıcın	g can	be L
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									adjusted d	ерепаш	g upo	11
									segmentat	ion and	tongot	
									segmentat	ion and	target	.5
Assumptions									 'Cold Turk 	ord Chiff	fnom	
Paid Customer Growth									J Cold Turk	ey Siiit	. IIOIII	-
LeadFlow Conversion		0.11%	0.13%	0.15%	0.17%	0.19%	0.22%	14.2%	Enganizan			
Net Adds (Customers)		860	982	1,122	1,281	1,463	1,670		Freemium			-
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		Scenario			
Average Annual Recurring Revenue (per customer)		\$232,558	\$232,558	\$100,000	\$95,000	\$90,250	\$85,738	-5.0%	3	1	High	\$930,232
COGS Assumption	32.0%	29.5%	27.0%	19.5%	19.5%	19.5%	19.5%	0.0%		2	Street	\$515,116
Selling and Marketing	86.7%	77.5%	70.4%	47.0%	47.0%	47.0%	47.0%	0.0%		3	Base	\$100,000
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	(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%										

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%
Customers	20.0	20.0	30.4	40.0	1,0.0	13.170
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%

