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PRESENTATION

Fatima Aslam Boolani - *UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software*

All right. I think we're rocking and rolling. Well, to those of you who's joined us, good morning, good afternoon to Day 2 of the UBS Global TMT Conference. I'm your host for this fireside chat with CrowdStrike, Fatima Boolani, software analyst on the tech team here. I am thrilled to be hosting and sharing this virtual stage with Burt Podbere, CFO of CrowdStrike. Thanks for joining us for this chat today.

Burt W. Podbere - *CrowdStrike Holdings, Inc. - CFO*

It's great. It's great to be here, Fatima, such a pleasure.

QUESTIONS AND ANSWERS

Fatima Aslam Boolani - *UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software*

Excellent. Well, I know I've got a lot to talk about and a lot to ask you, so let's jump right in. But look, you're coming fresh off your third quarter results in what has been a remarkably unique year for cloud enterprise software companies, dare I say, one of the more obvious things.

So I think it would be beneficial for us to just have a brief overview of the operational and financial highlights that you're just coming out of closing Q3 and maybe contextualizing these observations against the last 9 months in which you've navigated the company through the pandemic.

Burt W. Podbere - *CrowdStrike Holdings, Inc. - CFO*

Sure. Great place to start. So first, here's the overall backdrop, which is, we currently are in a very heightened threat environment. That's number one. Number two, we've got, for us, favorable competitive environment for us, and we'll get into more detail later, I'm sure. And the third one that's interesting is, we've got these strong secular tailwinds that have been in our favor. And what does that mean, right? It means that, number one is security is really mission-critical. And I don't care who you are, right? That's number one. Number two is, we're in this movement of digital transformation. And for us, when I think about digital transformation, when I think about what's happening, that was happening even pre-COVID. But I think what COVID did, it acted as a catalyst to spark the kindling that was already there.

And I think that the digital transformation, it's an opportunity of this generation, right? This is not something that's here today and it's just going to fizzle out in the next few quarters. This digital transformation is one of those rare events that happens in a community, and we're right there. And of course, importantly, for us, as a prerequisite for a successful digital transformation, you need security transformation. And of course, that's where we come in. And as I mentioned in terms of the secular trends, there's a very healthy competitive environment for us today that we live in.

And then about us specifically for the quarter, right? With all that in the backdrop, we absolutely had a record quarter and a record year-to-date. And some of the numbers that are out there, we've got over \$900 million in ARR. That's an 81% year-over-year growth rate at our scale, so really excited about that.

We've got over 8,400 customers, subscription customers today. That's great for us. But remember, you take some of our, the legacy competitors, any one of them could have had over 100,000, maybe between 100,000 and 200,000 customers. So we think that, yes, we've done well today, but there's still a tremendous amount to go. But I think what's key with that 8,400 customers that we have is that we're now showing our growing leadership in the marketplace today. And I think that's fundamentally key as customers are looking for those folks that they can rely on, trusted advisers, as you will. And that's us. And we see that. We don't take that for granted. You've got to earn leadership. You've got to show strong execution, right, on the tech side, being customer focused on making it easy for customers. And then once you make it easy for customers to come in and buy, you want to make it easy for them to deploy and then easy for them to manage, right? And we think we've done a really good job in all of that.

And then finally, my final point, which is one of my favorites, is that we've shown really, really strong unit economics. And that just goes to show that we're a very well-run company. We have tremendous growth, at scale, but we're also doing it with an eye to efficiency. And I think that's key for us to continue our leadership position.

Fatima Aslam Boolani - *UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software*

I think that's a really important point vis-a-vis the operating leverage in the margin expansion path in the model. But let's kind of pin in that because I think it's important and I'd really like to come back to that. Maybe just staying high level and sort of demand patterns and demand complexion. So clearly, you've experienced very strong demand over the course of the pandemic as some of the secular forces have really intensified, widening attack surfaces, accelerating cloud adoption. And so appreciate the analogy of digital transformation, really putting the fire in the belly of the CIOs and CSOs to make some changes. But I'm curious if you were to parse out sort of the durability of that demand, how would you frame for investors who perceive some of this demand to have been pulled forward from '21 and '22 and demand that is potentially episodic or turn susceptible, if you will?

Burt W. Podbere - *CrowdStrike Holdings, Inc. - CFO*

Yes. So I think, big picture, as I mentioned, I think that what's happened to the world with the pandemic kind of was a spark to something that was already there, right? The strength we are seeing today is about digital and security transformation and our growing leadership, as I mentioned. I think, for us, when we talk to CSOs and CISOs in the old days, they would talk about this refresh, right? And that usually was about speeds and feeds. And that's kind of now moved away from that to, okay, we really saw some weakness, right, in our environment. This whole, the old perimeter is kind of, there's an acceleration of the evaporation of that old perimeter. We need to think about a different architecture.

And I think that with this digital transformation and hence security transformation, that's where we fit in. That's where I think the world is going to. And it's kind of like, you've let the genie out of the bottle. You're not going to put it back in, right? There's this movement towards, how do we do things in a more cost-effective way? How do we do things with a different architecture because the old way still had a tremendous amount of breaches? How do we be able to find the vendor who's able to satisfy all those demands that we have on us today seamlessly? And that's us. For us, when we think about a customer, their ability to keep their, we call it castle, if you will, behind this moat kind of just, that's last decade almost, right?

And so when you move into people kind of being able to log in from different places, that perimeter has just expanded in a way that really lends itself to what we're talking about, which is this digital transformation. And so for us, I think that there's a tremendous runway right ahead of us. I don't think this is episodic at all. I think that most people would agree that, no, this is probably one of those trends that's going to go through the next decade and beyond. I mean it's kind of one of those things that happens once in a generation. We feel that we're here. We feel we have the right tech that lends itself to this. We were built in the cloud. This allows us to be able to scale rapidly and be able to offer customers a solution quickly. They can be up and running and time to value immediately. So we have all those things that make this all really important.

And I think that a lot of this you can see in the data. Look at the numbers for us in terms of customer adoption, right? Over 60% for 4 or more modules, over 40% for 5 or more, and over 20% over 6 or more of our modules. There are companies out there that if they had 20% or more on

their second module adoption would be off to the races and waving the checkered flag. For us to have it in our sixth, that just goes to show you how the ease of use of the deployment for us. And that's how I see the environment today.

Fatima Aslam Boolani - *UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software*

I want to use that as a jumping off point thinking about right place, right technology and this notion of right time. And earlier in the year, you were very astute in being responsive to customer needs with respect to more flexible licensing, just making the platform easier to access, consume and deploy. So with that in mind, with some of the burst licensing and trial licensing initiatives that you undertook earlier in the year, I'm curious what the uptake and conversion patterns have been there? And maybe more importantly, how that has translated into some of the increased module adoption that you just alluded to within the base?

Burt W. Podbere - *CrowdStrike Holdings, Inc. - CFO*

Yes. No, so obviously, that was a really troubling time for the world. And for us at that time, it was more about helping and partnering with our customers and potential customers to keep them stable and protected during this, call it, transition period, right? Unfortunately, we were in that situation -- the world was in a situation where customers were scrambling, and we just wanted to be there for them. It wasn't really this everlasting period that we thought we would be in. It really talked about an emergency buy at the time. And I think the key point about that is, it's well behind us, right? There were a lot of emergency buys. And now we're in this period where it's post that, right? And I think we've been post that for a while now where customers are now moving into this digital transformation that we just talked about.

And we're seeing that throughout the buys. Some of those programs that we had earlier were certainly helpful and customers really appreciated what we did. And that was kind of like a launch thing to kind of help people along. But that really was a period of time type of program. We've moved way beyond that at this point. So I'm having trouble hearing you.

Fatima Aslam Boolani - *UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software*

I was on mute, classic, classic move. Maybe doubling down on how you think about your market opportunity, particularly, in what I would refer to as your traditional endpoint protection realm. You talked a little bit about legacy vendors and the old guard cohort that just has not shown up with the right technology. And so just with respect to the estate that's out there with some of these legacy providers, can you talk about how much runway you have for share gain within that cohort? And frankly, the type of endpoint estate coverage that still remains from a more traditional endpoint sense?

Burt W. Podbere - *CrowdStrike Holdings, Inc. - CFO*

Yes, sure. So first, with the backdrop, I think that what we just talked about in terms of the threat landscape being what it is today, really much broader and much deeper than it ever was. I think that we talked a little bit about the runway, I mean, us having 8,400 customers. I mean it's great, don't get me wrong. We're really proud of having 8,400 customers. But as I said, that pales in comparison to some of the legacy vendors, right?

I think that what we've seen over the last few years are those legacy vendors donate share. It was really hard for them to redo their entire business. They had a sizable business, right? So you have the classic innovator's dilemma, right? You don't want to put all that away and go somewhere else because you've got this business over here that's meaningful. So it's really, really, really hard for them to make that change. Whereas us and the way that we've built our platform and the way that we're securing our position through data and having this data moat, I think it's allowed us to kind of put up the results that we talked about earlier.

And I think that you just have to look at those numbers and see, okay, well, what's happening, right? CrowdStrike is really making the move in the leadership role in this space and really coming at it with innovation, data. I think today, in today's world, I think of data as oil was back in the '70s and '80s, right? Data is that new commodity which everybody is after.

The good news is, it's not just about data, it's about the use of the data, right? And we figured that out with our Threat Graph. And so that's how I think about the demand for our product is continuing. We've got a lot of runway with respect to the legacy vendor share. And the good news for investors is that, that market is pretty well defined, right? It's growing at X percent and you throw in cloud, right, and you're kind of like, okay, well, that's kind of even undefined to a certain degree. We've tried to define it. But for others, they're still trying to find it, and it's just showing this tremendous opportunity that's still out there for us.

Fatima Aslam Boolani - UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software

Maybe just to put a finer point on the traditional endpoint security opportunity with physical servers and physical endpoints. I suspect in the competitive bake offs that you all have been in, there are some sense of, hey, this Fortune 500 client has an estate of 100,000 endpoints, whether that's servers, whatever mix of servers and endpoints. I'm curious if you can speak to or have a sense of the number of devices that CrowdStrike is deployed in today and what that sort of theoretical maximum could be, especially against the backdrop that's changing with more and more devices coming online and more and more sort of computing devices coming on networks?

Burt W. Podbere - CrowdStrike Holdings, Inc. - CFO

Yes. No, absolutely, it's a great question. And I think you've hit it on the head with respect to the proliferation of all these different devices, all these different workloads, all these different applications. There's an endless stream really, right? So at some point, they all need to be protected, right?

And look, we can't do it all today when you think about IoT. There are many different avenues to go into an IoT. We do some of it with mobile, but there's this whole plethora of different IoT areas which we can focus in on. And you could pick one, right? It could be anything from cars or cell towers or whatever it is, right? And for us...

Fatima Aslam Boolani - UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software

There's Internet-connected beer kegs now, not that those will join the corporate network.

Burt W. Podbere - CrowdStrike Holdings, Inc. - CFO

Right. Right. It's kind of like -- that's why we get so excited and are passionate about what we're doing today, is that we see this never-ending cycle of new things coming up that need to be protected. And we're there. We're there on the traditional endpoints or workloads that we've talked about. And I think that has a tremendous amount of runway. And then there's this unknown runway with all the new stuff that's coming out, whether it's in the cloud, whether it's an IoT, whatever it is, it's just a tremendous amount of opportunity for us.

Fatima Aslam Boolani - UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software

So just using that as a segue, you've been very vocal about how limited the traditional definition of endpoints are and it's really sort of evolving into this more encompassing definition of a workload, right? So it seems the historical definition of endpoint has been rather incomplete. And so the traditional notion and the addressable market for the endpoint is indeed limited at least in the way you're seeing the trends develop in the marketplace. So how are you helping break the mold here? And what are some of the implications for you competitively and from a budgetary access standpoint as you broaden this definition of endpoint?

Burt W. Podbere - CrowdStrike Holdings, Inc. - CFO

Yes, right. So obviously, we're here, obviously, to stop a breach. And a breach can come in so many different forms. And so what we try to do is when we go into an environment, we'll take a look at what the customer is trying to protect, how they're working today, right? We've got folks

that, take the old brick-and-mortar type companies. They still have cloud applications. And so we still need to protect those. And so when we think about going to market, specifically against some of the competition, we come in with this notion of value selling, right, which is basically, we come in and we're trying to help customers consolidate, save money and at the same time, have better efficacy with respect to protection. And the good news is, each customer has a different security profile, right, depending on the space you're in, depending on the applications you have, depending on the tools that are there. But I can tell you, the vast majority of all of these companies have multiple tool sets. And managing multiple tool sets that sometimes don't integrate together. Or if they do, it's not really seamless.

And so our role is to come in and show customers how it can be seamless. How we can show you a better way to be able to manage your environment at a very attractive price, actually much less than -- up to 3x less in terms of your overall environment of what you have today, and it all being seamless. You've got one UI where you can flash out different screens on what you're looking at.

Even for me, who was the CFO, when I go in and I look at our UI, I get excited, great design, really quickly understand all the dashboards really quickly. And so if I can do it, just imagine what an IT professional would see or a security professional will see.

So when we think about this proliferation of the devices and whatever customer were looking at, all of a sudden, we've got unique opportunities across the board. And then when you think about how we build the tech and how easy it is to explain and how easy it is to sell all the things that I talked about in terms of taking friction, you're in a place that's very unique compared to some of our competitors. And the competitors are finding it hard to compete against us, right? I mean it's a daunting proposition when you've got a company that has been built with this technology that it's built on the cloud. It's built cloud-native. It's got all these data. It's seamless. It's easy to use and simple to manage. And when you're going up against that, it's quite challenging, right? I don't care who you are.

And then you layer on the innovation. You layer on a company that is so customer focused. And that just snowballs into something unique and interesting. And we're in a space that is being disrupted, and we think about ourselves as being one of the disruptors.

And then the beauty of what we're doing is it's not only just focused on what you've talked about, which is just the traditional endpoint or workload, it goes beyond, right? It goes into the cloud. It goes into the IoT spaces. And so then you can really start to see, wow, this company can really do a lot of good and has a lot of additional runway.

Fatima Aslam Boolani - UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software

Burt, just around this concept of workload protection. And again, the sloughing off sort of the traditional definition of endpoint because now you're in the cloud and you've got a cloud workload. Frankly, yes, the space has picked up momentum. But the reality is, there are several peers of yours in maybe different facets of the security landscape that are talking about this concept of cloud workload protection. How do you think about those other rivals in the space?

And secondarily, necessarily some of the servers that would have physically been spun up in a data center are maybe now the ones migrating and being born in the cloud. So how do you manage that competitive dynamic in terms of the space becoming very noisy and sort of gold rush and land grab with a lot of intensity?

And secondarily, some cannibalization because if you're spinning up a server in the cloud doesn't necessarily mean you're going to do the same thing on-premise. How do you think about that?

Burt W. Podbere - CrowdStrike Holdings, Inc. - CFO

Yes. So the good news for us is that this cloud workload protections and certainly, cloud protection is wide open, right? No one really has been able to go and claim that. I think 1% of cloud applications has been protected today. And so for us, the only real way to service all of that is by a platform. Like if you've got point solutions, you're never going to be able to keep up. And if you're trying to stitch things together by buying disparate technologies and are then offering some sort of hodgepodge of different techs, that becomes very problematic.

And so for us, we seamlessly fit in with our platform to be able to go and service our customers in ways that really our competitors cannot. I mean, we've been using some of this tech in our own cloud for years, right? And so now we're commercializing it and making it GA for our customers. And that's where it stems from, right? So it's not like, oh, we like the world sees -- in security, the world sees this opportunity in cloud. And we're going to go build it and we're going to come up with something flashier and better. That's hard. And we've already been doing it for years, right?

So now when the world has come to us, we're ready, whereas others are still playing catch up. And the legacy guys, they're really not there. And some of the next-gen folks, the slideware looks good, really hard to put it into use and really hard to scale. And so when you put all...

Fatima Aslam Boolani - UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software

I like that you drink your own champagnes. That's good to hear. I know just along these lines, you've recently given us some very interesting metrics around some staggering metrics, 1 billion containers protected per day. And that's a 14x multiple relative to what you saw just months ago, 20% of your server fleet is protected in the public cloud. How do you think about the growth in these metrics? And then most importantly, putting some numbers around sizing in terms of what the dollar-based opportunity could look like for you in the workload protection arena?

Burt W. Podbere - CrowdStrike Holdings, Inc. - CFO

Yes. So we're early days, so we're excited about that. And we see the TAM, if you just compare where things are today and you go out 3 years and you listen to the IDCs of the world, and they talk about what percentage of overall spend should be in the security pot. I mean it's a pretty big number, right? We talk about a 10x from where it is today to where it could be in 2023.

And just by using, I would call it, numbers that have been floating around in that 5% to 10% range. And you get to a very meaningful TAM in the teens of billions, right? And so when you think about that, you're kind of like -- and that's only in the next 3 years type of thing. And you think about where we're going beyond that and there are all kinds of -- there's all kinds of data to talk about that. I mean we're in a really good spot to go and capture all, right, or a part of that, all of the available TAM, we can go after. And so when we think about how we built the platform and all the different vectors that we have, whether it's in security or whether it's IT or whatever it is, we really positioned ourselves well to go to a customer and say, hey, we know what we do well, and we cover so much of your security estate and IT estate, use us as a pillar. And it makes a lot of sense for a lot of companies.

And certainly, when we think about their cloud and what's happened today in the world, they get excited because there's nobody else who can really offer that and in a way that we do it. And that's a huge differentiator. And when we think about how all the work that we've done over the last decade to make this thing flighted in a certain way to be able to deploy quickly and being able to give the visibility that customers want. That just didn't happen last year, right? That happened a decade ago when George Kurtz, our founder, he saw that opportunity. And he said, look, we're going to be patient. Back in 2011, cloud was not in vogue. I can assure you of that.

And now you're seeing, obviously, it is. And we were flighting all this work a decade ago and getting it all ready. And that's why we think we're -- that's why we really do think we've been at the beginning -- we're at the beginning of the journey, right? And that's why we think we have a long way to go with respect to where we can go and capture a bigger part of this ever-growing market.

Fatima Aslam Boolani - UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software

So I can appreciate that maybe there's a little bit of elbow grease involved because cloud is still so new for so many organizations and how to even protect cloud assets. But what I want to drill in on is the fact that the Falcon platform has also feature product expansion and enhancement on maybe some of the more known and well understood security disciplines like vulnerability management, like IT asset management and hygiene. So maybe on sort of the earmarked line items of spend that you don't have to spend as much time convincing organizations to allocate dollars to, how should investors think about your opportunity and ability to unlock incremental spend in those maybe more well-defined and traditionally in well-known areas like VM and asset management?

Burt W. Podbere - CrowdStrike Holdings, Inc. - CFO

Yes. That's a great question. So right, it goes back to the premise that we collect data once and use it many times, right? So it starts there. And once we've established that, which we believe we have, then you can start unlocking additional kind of use cases. Vulnerability being one of them. This is where our founder grew up. He grew up in that space with a company called Foundstone, understands that space, basically defined that space back in the day. And then obviously, he went on to McAfee where he was the Global CTO. All those fundamental blocks came and prepared him for this, for CrowdStrike.

And so when he set out and when he put together the strategy and the plan, all those things came together. And so vulnerability management was near and dear to his heart. He said, we're already collecting the data, we'll be able to kind of do more. Same with the IT hygiene, we already collect the data. We're already seeing things that others don't, including rogue systems and what have you. So CIOs get excited about the application and the performance that we are able to provide.

And then when you really break it down, when you think about where the world is going in terms of the platform and how they can use us. There are 3 spots, right? There's endpoint workload protection, which we're clearly in there, and we've already talked about some of the other applications, the adjacencies. Number two is identity, right, so identity is one of those spots where we took our first meaningful step. We purchased a company called Preempt, which is in the zero trust space. And then the third one, I think, is data protection, right? So this is the next or the next gen of what I call DLP, data loss prevention.

And that space, I think, is as ripe as antivirus was 10 years ago, right? It's all the brittle policies that are in place, all the Band-Aids put together to kind of make that thing work, it really happened, right? And so we use some of our technology internally to have a form of DLP or data protection. It's not been commercialized yet. We see an opportunity there, whether it's us coming out with a new module or we buy one or we put it in the store. We see that as an opportunity.

So when you put those 3 things together, you're kind of meaningful in this space. And it's a big space. And as we have gained traction and gained share, we see those 3 areas as, again, additional opportunity for us.

Fatima Aslam Boolani - UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software

I want to shift to go-to-market, blocking and tackling on the sales and sales management side. So as we think about your pipeline, we've discussed a number of opportunities you have for new customer acquisition, the runway you have there. We've talked about the entire Falcon platform that's still relatively underpenetrated. You've got a family of 16 and only 1/4 of your customers have 6, right? So there's expansion vector. And then you certainly have the renewal vector because of the subscription business. So taking these 3 pieces, how does this manifest in your pipeline? And frankly, how it underpins the way you forecast and guide and communicate your outlook?

Burt W. Podbere - CrowdStrike Holdings, Inc. - CFO

Yes. It's a great question. So when you think about our pipeline, so I'll first start with saying, on our last earnings call, we mentioned that we have our strongest pipeline in company history. That goes to all the things we've really been talking about. Everything that kind of that fits together. So we see certainly an increase in demand and this overall desire to replace current vendors in an environment. We talked about the strong secular tailwinds that are with us, whether it be that security is mission-critical or the fact that digital transformation is here. So all of those things have contributed to the fact that we've got this record pipeline.

I think, for us, when we look at both renewals and new logos, when we go after new, we call it net new ARR, it can come from anywhere, right? So we think about net new on our renewal base, right? So we've got a base of folks that have a set of modules and they spend a certain amount with us. And we've already seen the trend on module adoption that we talked about. And then we look. And so we think that we have a tremendous runway. We're still early in the day. So both of those vectors are important to us. And we pay the same to our sales reps for net new ARR. We pay. If they bring in a new logo, we pay the same as a net new expansion within an existing customer. And so long as we continue to bring out new

modules and so long as we're creating value for our customers and showing how they're going to be able to save with us and get more. I mean that's what's driving that pipeline.

And for us, I think when I look at where we are today in terms of being able to go after new adjacencies, it's kind of like AV was in the '90s, right? I mean there's this whole breadth of opportunity for customers to be better in terms of their protection against breaches. And using us as a pillar is one of those ways. And that's why we've seen the pipeline expand the way it has.

Fatima Aslam Boolani - UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software

Maybe to round out the thoughts around the go-to-market engine and the pipeline. Just this notion of verticalization in your sales organization, where are you? Is this a top priority? What are some of the maybe most or highest ROI opportunities for you to even consider verticalizing some sort of a motion within your sales org?

Burt W. Podbere - CrowdStrike Holdings, Inc. - CFO

I mean, not surprisingly, we've got different lanes of sales folks for different sizes of customers. We have enterprise. So you've got the field reps that are going after the large enterprise customers, then we've got mid-market and SMB. A lot of it in the SMB and mid-market, you're seeing a lot of great traction from our trial to pay, right? You can come in, look at it, and we have folks that kind of see that movement and can come in and offer help where needed or ultimately having customers buy.

And then even on the enterprise side, when you think about the trial to pay, you can have somebody in a large org kind of test it out, look at it, love it and then escalate it, the next thing you know, it's an enterprise sale. So we're that. Traditionally, we do service the swim lanes, but we have been able to kind of carve out certain areas in terms of, you call them vectors or you can call them industries, where we think that there's an opportunity in health care, for example, right? We think about that as a couple of reps who really understand that market. And because we're large enough now, we can have specific focus in on that or state and local, right, on the public side, right? We have folks that have grown up in that space and can add value and understand how state and local purchase, right? And so we are big enough to kind of take our big toe and put it in the water to really maximize the efficiency and the opportunity that we have within a certain vector.

So that's exciting for us, right? And the good news is, we're there. The market's there. We're there. And we're able to leverage those unit economics that we talked about earlier to go out and get it, right? So now that we know, we've been very focused on efficiency in the sales and marketing orgs. Now we can zoom in, in new areas and new territories. And it might be less efficient at first, but then can catapult to be efficient later on. So that's how I think about that.

Fatima Aslam Boolani - UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software

Burt, that's a good segue into the next area that I want to talk to you about in the last 5 minutes, just sort of rounding out the unit economics discussion and conversation, so just margin leverage in the business. The leverage that you've demonstrated year-to-date while continuing to grow OpEx, in spite of growing OpEx, 40% to 50%, has been pretty impressive. So other than revenue outperformance, what specifically is driving the leverage in the business? And maybe if you can spell out for us the incremental investment priorities that are on your punch list for 2021?

Burt W. Podbere - CrowdStrike Holdings, Inc. - CFO

Yes. A great way to kind of put it all together at the end. I think we are clearly excited about the opportunities in the marketplace, let's just frame it that way. We think that we have a larger opportunity than most because of all the coverage we have. And I think, number one, when you think about the operating levers, we can start with sales and marketing. I think that it's not only the magic number that we look at. It's LTV-to-CAC and rule of 40. Folks can do their own work on where we are on some of those. And they're all kind of where we would want them to be.

Actually, they're all telling us the same thing, you need to invest, right? And yes, we've had great top line growth at scale, but those metrics are telling us, put your pedal to the metal and keep going. And we are. And some of those areas that we think about in terms of investment, we've talked about one, which could be zooming in on a certain sector and adding headcount just in those focus areas.

The other one is certainly emerging markets, right? We see an opportunity to become more global. And sometimes when you go into emerging markets, the efficiency is not there to begin with. And then you would gain efficiency as you build out those markets, so we want to continue to do that. And I think what the answer to investors really is, we are going to continue to aggressively invest in the business. We've got that opportunity to do that today. We see not only opportunities to invest in those areas. But R&D, that's another big one where we think we have an opportunity to aggressively invest even greater in terms of the percentages in terms of where we think we're going to go in S&M and G&A.

We think R&D is the area where we can -- I'm not going to use the word double down because it's not a true double, but you get the idea, right? Kind of like really aggressively invest in the R&D opportunity because it's there. It's there for us to build on the platform, create more adjacencies, create more value to our customers. And because we've got a platform, we get the leverage in that area too, right? So we've already built out that fundamental, that foundational layer where you can build on top of. And so there's going to be leverage in R&D as well.

And then finally, I'm sure your investors are interested in the gross margins that we've been able to post over the years. You remember the days when they were in the 30% range before we were covered.

Fatima Aslam Boolani - UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software

I sure do. How far we've come.

Burt W. Podbere - CrowdStrike Holdings, Inc. - CFO

Yes. I can speak an hour on that one alone. But we're really happy about where we've come from. Obviously, module expansion, this is the big one where every new module on top of the first is virtually pure margin. So now we've got 16, so you can see how we're gaining leverage in gross margin in that as well as on the operations side. We have a great partner in AWS. We built the business on AWS. We did see opportunities to create our own private cloud and still continue to leverage AWS where needed and our own private cloud where needed, and that clearly has helped. And then optimizing both, right, on how to continue to invest in both AWS and hosting our own private center, data center.

So I think those things also helped. And there are a bunch of other things that helped along the way, but those are the big ones, and that's provided where we are today in terms of our gross margins, really proud as a CFO, really, really proud of the partnerships I have with my colleagues in engineering and data ops. And it's been a great partnership. As a matter fact, we actually invite those folks into our monthly close meetings, which is unique, I think, right, to get their perspective on what additional efficiencies, where can we spend more and get more? What does that investment thesis look like? And I don't know if some of your investors are golfers, but the golf analogy I like to use is going from a score of 110 to 100, well, okay, you can get there. But going from a score to 70 to 69, that is really hard. And so that's where we're at, right, with our gross margins where we are today. How do you get that next level? We've already grabbed a lot of the low-hanging fruit. Now we've got to really work hard to continue to show expansion. And we do see expansion opportunities even where we are today.

Fatima Aslam Boolani - UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software

And just the last question for me around sales and marketing. Clearly, a unique year because you haven't had sales folks jump on a plane to go see clients. So there's an element of maybe depressed levels of travel and expense that are maybe transiently benefiting you this year. I'm curious from a loose time frame perspective when you're even planning for some of that to come back? And secondarily, we've been doing this long enough remotely, do you see and do you believe there are any structural changes that are actually going to stick in the way you go to market such that you could actually even exercise greater efficiency from your sales and marketing investments?

Burt W. Podbere - CrowdStrike Holdings, Inc. - CFO

Great question to end. So yes, we have seen some level, obviously, levels of decreased spend on travel. It's in that mid-single millions figure per quarter type of thing. But I think that whenever we come out of this, whenever that is, hopefully, it's next year. And hopefully, it's mid next year, fingers crossed.

The way that we are looking at travel and meeting with customers is going to be very different than the way it was, right? And we're going to be very judicious because we've seen the success without it to a certain extent. We do recognize that you can't continue just the way it is because there's going to be customers that want to see face to face some of the vendors. So we know we're going to have to do some of that. But we're going to be putting -- I'm a CFO and there are many CFOs like me out there. You see this as an opportunity to bring in greater discipline on the travel within the company, not just in sales and marketing but across the board. And so I'm no different. I see this as an opportunity to change the way we think about travel. And we will use it, but we will obviously use it more judiciously, and it will be highest and best use of our travel dollars. I'm not saying it wasn't before, but I think that there's opportunity to do better.

Fatima Aslam Boolani - UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software

Fair enough. Well, we'll cap it there. Time flies when you're having fun. Really appreciate the feedback and the details, and it's always a good conversation. So I wanted to thank you again for your time, Burt. Thank you so much.

Burt W. Podbere - CrowdStrike Holdings, Inc. - CFO

Always a pleasure. Thank you.

Fatima Aslam Boolani - UBS Investment Bank, Research Division - Associate Director and Equity Research Associate Technology-Software

Take care.

Burt W. Podbere - CrowdStrike Holdings, Inc. - CFO

You too. Be safe.

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