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# EDITED TRANSCRIPT

MDB.OQ - MongoDB Inc at UBS Global TMT Conference (Virtual)

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## CORPORATE PARTICIPANTS

**Michael Lawrence Gordon** *MongoDB, Inc. - COO & CFO*

**Serge Tanjga** *MongoDB, Inc. - VP of Finance and Business Operations*

## CONFERENCE CALL PARTICIPANTS

**Karl Emil Keirstead** *UBS Investment Bank, Research Division - Analyst*

## PRESENTATION

**Karl Emil Keirstead** - *UBS Investment Bank, Research Division - Analyst*

I just lost the image of Michael and Serge, but I trust you can still hear me?

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**Michael Lawrence Gordon** - *MongoDB, Inc. - COO & CFO*

We can. Yes.

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**Karl Emil Keirstead** - *UBS Investment Bank, Research Division - Analyst*

Okay. Great. So Michael, congrats on the numbers last night. Maybe it makes sense just for those that didn't have a chance to catch you live last evening to give you a moment to put the quarter in context, and maybe it would be useful to address some of the more frequent questions you got on calls with sell-side analysts and investors last night and this morning. So why don't I turn it over to you for a moment?

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**Michael Lawrence Gordon** - *MongoDB, Inc. - COO & CFO*

Sure. Yes, happy to. And great to see you and great to be here and thanks for hosting us. Yes, so for those who don't know, we reported last night. Our third quarter, it was another strong quarter. Revenue growth was 38% year-over-year. Subscription revenue growth was 39% year-over-year. We significantly increased our outlook for Q4, I think, reflecting the strong execution and our confidence in the business, despite the macroeconomic challenges, which we can certainly talk more about.

COVID is certainly having an impact, a negative impact on the business in the short term. So we said we would have done even better, had it not been for COVID. That said, I think, COVID is highlighting or kind of underscoring a number of the tailwinds that will be additive to the business for the long term.

We've had another record quarter of strong customer additions. I think it sort of underscores the fact that we were going after an incredibly large market. We're early on in the adoption curve, and we continue to refine and adjust to go-to-market motion, and it's having sort of the desired outcome and impacts.

Lastly, I'd touch on Atlas, which is our database-as-a-service offering, in particular, continues to drive growth. It now represents 47% of revenue, so closing in on half of the revenue stream and is growing at 61%. So I think those are probably like the key highlights.

Serge, I don't know if there's anything else you want to add or any kind of key questions or comments that came up or address. I think, in general, the feedback was pretty consistent. We heard words like spotless, flawless, very solid, strong quarter. So there were not a lot of question marks that we had in our conversations.

**Karl Emil Keirstead** - UBS Investment Bank, Research Division - Analyst

Okay. Anything you want to add, Serge?

**Serge Tanjga** - MongoDB, Inc. - VP of Finance and Business Operations

No. I feel like Michael covered the basics. The questions that we've been seeing so far, usually just trying to better understand the COVID impact, and I'm sure we'll get to that as well. Understanding sort of the drivers of enablers of the customer acquisition is sort of the acceleration that we've seen now for a couple of quarters. And then more broadly, just questions in terms of what we're hearing from customers and they're both short-term and long-term feedback in terms of their IT road maps.

## QUESTIONS AND ANSWERS

**Karl Emil Keirstead** - UBS Investment Bank, Research Division - Analyst

Okay. Well, maybe we'll hit a few of those, just to get them out there. So maybe Michael and Serge will start with the broader economic demand backdrop that you described last night. I think on your 2Q call, you mentioned that there was some improvement in the macro. I'm sure there was again this quarter. But you did highlight obviously that COVID still represents a negative. So maybe you could unpack exactly how that manifested itself? Was it distressed industries being little bit lighter? Was it longer sales cycles? Maybe you could describe what the nature of that COVID impact still is in this past quarter and as we look into 4Q?

**Michael Lawrence Gordon** - MongoDB, Inc. - COO & CFO

Yes. Absolutely. And we've tried from the beginning to be clear and transparent about our thought process, recognizing it's a highly fluid environment and forecasting in this environment is more challenging than normal. But we've tried to just be kind of clear about our underlying assumptions.

I think there's sort of a couple of different things, and there's a risk of confusing them. And I think it's sort of important to make sure people understand that they're separate. There is the macroeconomic backdrop, and that really has a couple of different ways that impacts, business in general, but our business in particular.

The first is when you think about new business, right, and what is people's appetite to do new business. We had included in our forecast, even starting when we first had to incorporate it in March with our fiscal '21 outlook, assuming that the corresponding macroeconomic consequences of the global pandemic would be reduced appetite, right, reduced budgets. And I think the reality is, we have executed better and done better than we would have thought that we would, given some of the challenges. That said, we also called out specifically that we do see impacts. And what you can see in the best kind of manifestation of that in terms of new business is some deals receiving more scrutiny, right? People are a little tighter with the purse strings in this environment. Obviously, that's true in the most obvious industries. But it is more generally true, right? People as they're going through budgeting cycles, they're -- we're just seeing some anecdotes or situations where there is more scrutiny for transactions. So I think that's sort of important to keep in context.

We think that will continue in Q4. Obviously, the course of the pandemic and the associated macroeconomic impacts will affect how much that impacts of our fiscal '22. But that's sort of the first piece.

The second piece is a more specific and easier to observe, right, because it's sort of -- so the first piece I'm describing is a little bit harder to sort of understand. The second piece is what we've seen and what we called out, in particular, on the Q2 call, and again, on last night's call, was activity related to consumption of Atlas, right? And so what we saw is in Q1, we saw a slowdown, modest, but broad-based in Atlas consumption from customers starting in late March. So relatively coordinated with sort of the global synchronized shutdown that occurred in response to the virus.

And we disaggregated and dissected the numbers in the way that you would expect us to do. And you can see from the publicly reported numbers, it was quite a good quarter in terms of net additions, right? So wasn't any question around kind of top of funnel, if you will, or top of customers coming in.

The next logical thing to think of is, well, maybe churn picked up, it would be logical in specific industries that maybe people would shut down applications or do things like that. And we didn't see any appreciable uptick in churn, actually. We really didn't see a change. And I think that underscores the mission criticality of the role that we play in the ecosystem, even if you're in tougher times, you're not going to shut down your application.

What you will do in a consumption-based model is, you will consume less, right? And so we saw the net expansion rates within the Atlas customer base still grow, but not grow at quite as quicker rate as it had previously had, and that was sort of in the aggregate. So our next hypothesis or next area was, well, maybe it's industry specific, right? Maybe there are specific industry verticals that you would logically assume: travel, hospitality, whatever it might be, that we're driving into, sort of a small number of customers seeing really outsized declines. That's actually not what we saw either. And we -- what we saw, in fact, was a much more modest, but very broad-based reduction in the growth rate, really mirroring the macroeconomic impact, right?

We saw macroeconomic activity slowdown, and it makes sense in a consumption model that you would actually tend to see things like mildly dampened. And that's very much what we saw. We saw that at the end of March kick-in, we then talked about on the Q2 call how that continued, and we saw that, although it had restored a little bit, but not all the way back to pre COVID levels. And what we talked about in Q3 was, we actually saw the resumption of more pre Covid levels in terms of the expansion.

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**Karl Emil Keirstead** - UBS Investment Bank, Research Division - Analyst

Got it. So maybe a couple of questions there, Michael.

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**Michael Lawrence Gordon** - MongoDB, Inc. - COO & CFO

Yes.

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**Karl Emil Keirstead** - UBS Investment Bank, Research Division - Analyst

So your comments that there might be a little bit more budget scrutiny, budgets are tight. That sounds to me like a broader phenomenon. That doesn't strike me as MongoDB specific, obviously.

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**Michael Lawrence Gordon** - MongoDB, Inc. - COO & CFO

No, no. I actually -- there's nothing company specifically. We've seen if I would say the exact opposite, all of the COVID-related stuff sort of is an accelerant or amplification of the natural course of the trends and the tailwinds that we're benefiting for, whether it's digital transformation, app modernization, cloud adoption, all of those sort of macro trends.

People are more urgently trying to reassess their infrastructure and their ability to compete and their agility. And we enable all of those things. And so from a long-term perspective, I think it will pull forward what would have been some of the future opportunity.

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**Karl Emil Keirstead** - UBS Investment Bank, Research Division - Analyst

Yes. And I suppose the correct analysis is, which software companies are skating through that budget pressure better than others. And I think fair to say, 38% revenue growth, 61% Atlas is illustrative of MongoDB, great -- doing a pretty good job, managing through that environment.

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**Michael Lawrence Gordon** - MongoDB, Inc. - COO & CFO

Yes. No, no. I think we feel really good about that. I think we feel really good about the execution. And I think, like I said, the long-term outlook, I think is only further improved. The last thing I will say, which we've talked about, I think in the Q2 call, it didn't really come up yesterday and last night's call. But one of the other things I think is important to understand and I don't have a good neat, pithy, catchphrase or a way to describe this, but there are some businesses that are -- react more quickly or kind of quicker twitch, if you will, to a pandemic. And I say, all of a sudden, my whole workforce is mandatorily working from home. So I need video conferencing software, I need collaboration software and I -- it's standardized across the company, and I implement it. And all of a sudden you just see it show up in the numbers.

Databases are a little bit different because it's more sort of application by application. There is a gestation period. There is an application life cycle and so you can't just suddenly say, "Oh, I need to go change all my infrastructure." And then tomorrow, I've provisioned this thing, and it's up and running, kind of at full tilt. There's a little bit more sort of a buildup. And so that's for some folks who are trying to connect the dots or whatever, that's how you can say, great strong quarter execution sort of despite the headwinds, but not benefiting from it in the current quarter, right, but amplifying and setting up the long-term trends for the years to come.

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**Karl Emil Keirstead** - UBS Investment Bank, Research Division - Analyst

Got it. And just to be clear on Atlas, it sounds like that 60-plus percent growth benefited from, if I'm hearing you correctly, Michael, 2 things: One is, the net customer additions were solid, and we -- I'd love to dig in a little bit as to -- Serge would enable that. And then the second thing you seem to be saying is that the usage pressure that you first saw in March alleviated somewhat versus prior quarters. Fair to say?

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**Michael Lawrence Gordon** - MongoDB, Inc. - COO & CFO

Yes. No, I think that's right. I think if you think about the growth rates that the existing cohorts have had slowed a little bit, still growing and growing nicely, but slowed a little bit. And that is now back at pre COVID levels. And so I think that's also encouraging. It means just to make sure people put it in context. It means that we start Q4 with a lower recurring revenue base than we would have, had there not been the pandemic, right, because you've now even kind of went through those couple quarters where you had slower growth within a compounding business. People need to understand that, that does have an impact in terms of the starting position in Q4. But I think when you look at the actual underlying behaviors, we've seen that rebound to pre COVID levels.

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**Karl Emil Keirstead** - UBS Investment Bank, Research Division - Analyst

Okay. Well, let's maybe hit on the net customer adds, because that, I think, for most people was one of the highlights from the quarter. So Michael or Serge, do you mind elaborating on what enabled that? What changes in terms of sales incentives to create that pretty strong result last night?

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**Michael Lawrence Gordon** - MongoDB, Inc. - COO & CFO

Yes. So I think there are 2 key things to think about. I think the first which we've been talking about for several quarters is we -- now that we have Atlas and have Atlas available as a self-service product, we have talked for, like I said, several quarters about increasing our investment in more consumer marketing DNA, right, getting a developer to sign up. With a credit card, it's a very different process than selling UBS IT department or whatever, right?

And so there's a different orientation in terms of the consumer-oriented DNA and creating that kind of top of funnel and free trial and kind of more classically oriented consumer marketing. And so we've been making really good strides in that. And you can see that manifest itself in the raw customer count. And the growth in the self-service customers and the growth in Atlas customers. By no means, when I say, we've cracked the code, we've still got work to do.

Our new Chief Marketing Officer is only recently on board. And so there's sort of more work to do there, but feel really good about the progress that we're making there.

Separate from that, but also important is a change that we made on the direct sales side, which is that what we've seen was that there was this tension that was somewhat artificial that had been created between the incentives that a sales rep has versus sort of the customer mindset.

What the sales rep is trying to do is, maximize the size of the commitment, right, which is, what a good sales rep should be trying to do. At the same time, the customer sitting there say, well, this is a cloud product and its consumption oriented and I haven't launched my application. So how can I commit to a number. And there was this sort of like tension in discussions.

So what we did was we changed that relationship, and we said that for the sales folks, they shouldn't be focused on maximizing the initial out-of-the-box commitment. What they should be doing is [freaking] getting customers to the platform because we have the cohort data that show that when they get on the platform they expand. And so they get on the platform, they've sort of reduced that, say, look, I'm not -- I'm going to get paid for the growth over time, right? So now I can sign up for a smaller commitment, you and I don't have to fight over. Should you be spending \$40,000 or \$80,000 or whatever the commitment might be. And you get on the platform and let's say you commit to \$40,000. I as a salesperson get paid for that \$40,000. But as your consumption actually grows to \$80,000, I get paid on that incremental growth as a sales rep. And so what that has done is reduce the friction in the adoption, and it dramatically has accelerated velocity, which you see in the customer counts.

The last thing I'd say, which came up a little bit last night, is probably worth just quickly calling out for folks is, I think, on the Q2 call, Dev talked about sort of the increasing sophistication of the go-to-market motion. And a couple of years ago, I think we would have thought as the self-serve business or channel as sort of relatively separate and discrete from the enterprise channel. And what we're increasingly seeing is an opportunity to operate and integrate them together, whereby, the self-service customers come on board and they can now become a potential fishing pond for the sales folks, for customers who have the potential to grow differentially by having some sort of human involvement.

And so unlike a classic marketing funnel campaign, where maybe you've got some good intelligence or firmographic data about a prospect. Here we have real-life usage data, right. They're using Atlas. And so we can see what their usage behaviors are. And using data science, we can say, okay, this swath of people is actually worth spending the human time on for someone to actually go out reach to them, and that will accelerate their growth, because if they're just going to grow anyway, there's no point in spending the money and having a person go talk to them, if they're going to naturally organically grow, you want to invest the dollars for the incremental growth that a human contact can drive versus stand-alone. So I know I've said a lot there, but hopefully, that's helpful.

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**Karl Emil Keirstead** - UBS Investment Bank, Research Division - Analyst

That is helpful. Great. I want to ask you a little bit about the fourth quarter guidance. But before we leave the third quarter that you reported last night, Michael, I did have one question coming in from the audience that I'll read out to you. Were there any material FX impacts on the 3Q earnings worth calling out?

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**Michael Lawrence Gordon** - MongoDB, Inc. - COO & CFO

I think the answer is no, Serge, you can double check me.

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**Serge Tanjga** - MongoDB, Inc. - VP of Finance and Business Operations

No.

**Karl Emil Keirstead** - UBS Investment Bank, Research Division - Analyst

Excellent. Thank you. We'll go right to my question. So on the fourth quarter, the revenue guidance of \$155 million to \$157 million, I think, is 26% year-over-year growth. That's obviously a [detail] what you put up. Obviously, there's, I'm sure, some element of especially in this environment, being a little bit careful with your guidance. But Michael, do you want to unpack that fourth quarter guidance. What key assumptions it embeds?

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**Michael Lawrence Gordon** - MongoDB, Inc. - COO & CFO

Yes. So I'll say a few things, and obviously, Serge, feel free to jump in or we can go to follow-up questions or however you want to elaborate. But so overall, I think it's a really healthy outlook that we have for Q4. We significantly raised our guide, so despite the macroeconomic environment. I think that really reflects the confidence, our ability to consistently sort of execute, despite what is a challenging environment. That said, we talked about some deals receiving extra scrutiny. We expect that to continue.

In addition, we are entering Q4 with that lower recurring revenue base that I mentioned on the Atlas customers. And so even though, we've seen a restoration of kind of the expansion levels pre COVID, just the starting number at the beginning of Q4 is lower and mathematically, that has an impact.

And then lastly, I'd call out, something we called out a year ago, when we reported the quarter, Q4 of last year was a very strong enterprise advanced quarter. And enterprise advance is sort of the self-managed product. And therefore, under 606 accounting, we recognized the term license revenue associated with that once the subscription starts. And it was a very strong EA quarter. We call that one deal a year ago, just from one customer that drove an incremental \$3.5 million in the quarter. And so I think you need to make sure to take that into account when you're thinking about the compare, and that's only from one customer. And as I was saying, sort of as a very strong EA quarter overall.

The last thing I'd say, maybe, just without getting too much into the minutia or the weeds on 606, I think it does actually matter. I think people, simplistically, when they think about compares, can do think about that meaning, okay, I need to adjust the denominator, right, because it was sort of an outsized impact on the denominator. But the way 606 works is you also need to realize that it's actually depriving the numerator of the term license revenue from -- that would normally fall in that period. So the way 606 works is, all 3 years in the 3-year deal of the term license revenue would get recognized at the beginning. And so what you need to realize is, what that means in the numerator is, year 2 would normally have the term license component from the start of year 2 in the numerator, and we don't have that either. So it's kind of a double whammy. And so helping people -- I know people don't want to spend a lot of time on the nuances of recounting minutia, but I think when you're trying to think about compares and growth rates and things like that, it's sort of important context.

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**Karl Emil Keirstead** - UBS Investment Bank, Research Division - Analyst

Excellent. Okay. That's super helpful. And I don't want to press you too much on next year's guide, because I don't think you've given it yet, but...

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**Michael Lawrence Gordon** - MongoDB, Inc. - COO & CFO

We've not. And we'll look forward to the March call. But, yes.

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**Karl Emil Keirstead** - UBS Investment Bank, Research Division - Analyst

Okay. Maybe one thing I'll try to sneak in, though is, Michael and Serge when you're talking to customers, what do you sense their thinking is the timing of, let's call it, loosely a post pandemic recovery? Because obviously, MongoDB would benefit. So would a lot of other technology companies when that moment hits. But it's anybody's guess as to when that will be. But just internally, at MongoDB, how are you defining that post pandemic recovery timing? Is it sort of summer of '21, what's your best guess, do you think?

**Michael Lawrence Gordon** - *MongoDB, Inc. - COO & CFO*

Yes. So I think it's super fluid. And honestly, it changes week-to-week based on the prevailing news, and we see these sort of ebbs and flows. And so I think it will be sort of premature to give an outlook beyond the one that we've already given. What we have -- I do think it will continue to be a factor in Q4. And we said likely fiscal '22, how much of fiscal '22 remains to be seen based on the course of the virus and the pandemic and the vaccine uptake and all that kind of stuff.

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**Karl Emil Keirstead** - *UBS Investment Bank, Research Division - Analyst*

One other way to get at this, not to beat a horse here is, what is MongoDB telling your internal employees in terms of when a back-to-office moment might be? That can sometimes be a loose marker for us. So what's the internal messaging inside your firm?

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**Michael Lawrence Gordon** - *MongoDB, Inc. - COO & CFO*

Yes. So I think we, like many technology firms, are probably slightly disaggregated. It's probably not as good a proxy or a leading indicator for some of (inaudible) -- We announced in -- I'm thinking August that we were not going to require employees to come back to the office prior to July 1.

So we wanted to make it obviously, employee safety is the #1 priority. And we wanted to allow people to make plans for the upcoming school year with confidence, if they were going to -- if they were in Palo Alto or San Francisco or New York or any of our other offices to make adjustments.

We wanted them to be able to do that with some visibility. Early in the pandemic we had told people that they could -- option to work-from-home through the end of calendar 2020. But over the summer, right before the school year was starting, we updated that. So again, I think as -- I look forward of the timing we're back in the office.

And I think that there are always the risk of sort of longer-term implications of being out alone. Obviously, we've managed through this environment incredibly well, and I'm incredibly proud of the team. And I think as a technology company, we've got a luxury of not needing to go back at the first opportunity. So I don't think it's quite a good proxy for our full-blown kind of COVID outlook.

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**Karl Emil Keirstead** - *UBS Investment Bank, Research Division - Analyst*

Well, Michael, judging from your well decorated backdrop, I wouldn't be in a rush to get back to the office anytime soon. You look like you got a nice gig there.

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**Michael Lawrence Gordon** - *MongoDB, Inc. - COO & CFO*

What I'd say is I'd like to be able to leave this like, 30-square-foot area. I just feel like I'm like trapped in this seat all day, but I...

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**Karl Emil Keirstead** - *UBS Investment Bank, Research Division - Analyst*

I think everybody feels that way. Great. Well, why don't we talk about some broader questions outside the quarter. I think that was a good summary of 3Q and your outlook going forward.

One of the questions I wanted to ask, Michael and Serge is, just you guys have talked about customers replatforming their legacy database infrastructures in the past. And I'm just curious, if you don't mind updating us on those efforts because on the one hand, there's a greater predilection to move to the cloud. And so some customers may be looking to accelerate those efforts. But on the other hand, sometimes in a period of stress like this, those are the kind of projects that you push because they can sometimes be complex, costly, introduce business risks. So maybe a comment really on replatforming, call it, legacy Oracle database infrastructures. How does that feel for Mongo right now?



**Michael Lawrence Gordon** - *MongoDB, Inc. - COO & CFO*

Yes. So I would generally say, it continues to be strong. It continues to be an important component of the opportunity. Most of the business is new applications, as you would expect, which sort of makes sense given overall growth in the market when you sort of disaggregate overall kind of market size. There's sort of more growth in the market each year than there are platforming opportunities each year.

And maybe the most simplistic way of saying that is, even though you've got a \$60-plus billion market of spend which is obviously almost entirely relational. The vast majority of that doesn't do an RFP every year, right? Like there are application life cycles and so when you think about sort of the pool of dollars, they're mostly each year, it skews more towards new applications.

We're obviously incredibly well positioned there. But I think we're also quite well positioned on the replatforming or the migration from legacy relational. And we continue to see that. We see very strong kind of year-over-year growth rates in the relational migrations.

It tends to grow a little bit more slowly than the overall company average, mostly because Atlas tends to more being new workloads, which you'd probably expect. And I very much think that you're correct in that, the current environment is highlighting pain points for people. Pain around agility, pain around speed of innovation and things like that. And that tends to be the primary driver of why people replatform.

We tend not to be the choice if someone's just looking to save cost, right, doesn't like paying the Oracle tax or is reached some like challenging point in their relationship.

It tends to be more that they're not getting the application functionality. They can't get the performance, they can't innovate quickly enough, and they need the sort of speed and agility and scalability that they can get with MongoDB. And so that setup is very consistent with the conversations that we're having now.

And we try in some of the customer stories or vignettes that we share to provide some insight into talking about a large European utility replatforming its billing application to MongoDB. Or we talked about a bank, a modern new bank, who's doing that in this most recent call. I think we talked about a Middle Eastern telco that replatformed off Oracle. So things like that.

**Karl Emil Keirstead** - *UBS Investment Bank, Research Division - Analyst*

Got it. Perfect. Okay. That's helpful. Another question I wanted to ask you and Serge is the analogy to Snowflake. That was a big event, I think, in broadly the data management software space in the last 3 months, at least for investors. They're obviously more of an analytics database vendor. You're obviously more of an operational database vendor. But both Snowflake and Atlas are both very popular cloud data management systems. And so I'm wondering, if it is stretched to draw a link between the 2 as evidence of a strong adoption curve for cloud-based data management. So I'd love to hear your perspectives on the analogy to Snowflake success versus Atlas?

**Michael Lawrence Gordon** - *MongoDB, Inc. - COO & CFO*

Yes. So there are certainly some similarities in the sense of where we're sort of operating in different parts of the ecosystem. But both modern alternatives who are cloud centric, but also importantly, sort of cloud provider agnostic is not a proprietary offering of one of the cloud players. And are both experiencing kind of significant uptake as sort of the modern alternative to their portion of the ecosystem. The ecosystems are pretty different. And one of the simplest or easiest way is to understand it even before getting to the technology is to think about the underlying persona.

Snowflake is really serving or catering to the analyst persona. Some of those sorts of running queries and analysis on data as opposed to the developer. We're oriented around the developer and how the developer is using.

And so that's sort of why they're sort of two different components related in a broader sense. But there aren't really -- there aren't use cases that interfere or intersect with each other. We often see them and run and operate alongside them in accounts, but I'm not aware of situations where they are competing or overlapping components. They're quite complementary.

The only other dynamic that I'd maybe just highlight is, there is a difference, and we've talked about this and try to educate investors because, obviously, there are 20 different database companies, and people have a lot of stocks in companies to think about. But the database market is a little bit different than a lot of other software markets, where a lot of other software markets tend to be more monolithic and standardized.

So as a company, you're only running one HR system, right? The legal team is not on a different HR system than the marketing team. And within databases, because it's really more application by application, there tends to be a little more variety.

And so the way that manifests itself is, the growth rates or the opportunity you could sit here and say, well, shouldn't MongoDB, given all successes be bigger than it already is. And it's partly because, UBS doesn't just decide to say, okay, student body left, every database is now MongoDB. Whereas in a video collaboration software, data warehouse, anything else, it tends to be more monolithic in their approach, and they say, okay, we're going to standardize on this and only this tool.

So there's some differences between the business models and the underlying markets. But I think a number of the comparisons analogies hold.

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**Karl Emil Keirstead** - UBS Investment Bank, Research Division - Analyst

Yes. Especially, I think the demand for modern next-gen cloud hosted data management solution...

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**Michael Lawrence Gordon** - MongoDB, Inc. - COO & CFO

Completely. Completely. Yes, yes. Absolutely. And we see that.

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**Karl Emil Keirstead** - UBS Investment Bank, Research Division - Analyst

So Michael, let's talk a little bit about what's changed in the competitive environment. As you said, what makes your market unique is the variety of alternatives that CIOs have. So just thinking out loud over the last 6 months, obviously, Oracle has made a number of changes to its own autonomous database. I know that Couchbase base is more actively talking to investors. So some of those listening might have spoken to them recently. The public cloud vendors with products like Cosmos DB and DynamoDB are always marketing those solutions. Anything stand out to you as being a bit of a shift that you would encourage investors to pay attention to? Or that might have changed your sales motion in any way?

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**Serge Tanjga** - MongoDB, Inc. - VP of Finance and Business Operations

Yes. So maybe, Karl, I'll jump in and sort of tell you how we're thinking about the competitive environment and also how we think about it evolving.

So we think that there are 3 very clear sets of competitors and sort of different competitive strategies that we're competing against. And we are very successful and like our chances against all three. But sort of the first one will be that bucket that we would have been sort of viewed as part of maybe 6 or 7 years ago, back when Dev started as a CEO of this "NoSQL" cohort. And that's where something like Couchbase would be in.

So that cohort at the time was seen as new technology, interesting for niche use cases, not ready for prime time, not enterprise sturdy. And what we've done is sort of differentiate ourselves from that group because our underlying architecture and our technology investments allowed us to become, in fact, seen as a database they can handle a mission-critical application.

So Michael talks about European Utilities or Wall Street banks replatforming to come to our platform. That happens because of the confidence in the technology and its broad applicability. So we don't see those players in the market as much as we would have several years ago. It's a large market, and they tend to operate in a variety of pitches. So I'm sure that somewhere they're getting business, but we're not running to them, anywhere nearly as much as we used to. So that's bucket number one.

Bucket number two is what we call the legacy relational player, so the Oracles of the World. And the reality is that we just don't see having developer mindset. So if you're a developer and you want a code, the likelihood of Oracle being your first or third choice is relatively low. And then on top of that, you have this legacy, which you written about, the -- of sort of building adversarial relationships between companies like that and sort of the IT decision-makers in terms of pricing and so forth. It doesn't help either. So we don't see them as a competitor and to the extent that we see them, it's usually when the customer back to prior conversation has reached the point of pain, where they're ready to leave. And now it's time to pick a modern alternative.

The third bucket is the cloud guys. So you -- the mega cloud winders, so AWS, Azure and GCP. We see them as being very competitive. And but fundamentally, we see the market differently than they do. So they are offering database for every purpose. So whatever you want, we have in store. And we think that's fundamentally different from what customers are telling us how they want their data environment to be ordered. Because they want simplicity, they want fewer platforms that they can handle more workloads to basically lower the tax on both the developer and sort of the environment that needs to operate the app in order to innovate faster. So it's a sort of fundamentally different view.

And then the other way we're different is, they mostly sell relation. Yes, they have NoSQL offerings, and we hear a lot about those, especially those that are sort of imitations targeting that MongoDB without much success, if I may add. But their main plays lift and shift. So you're leaving Oracle, you're going to the cloud, AWS or Azure, let me take that and put it on post guys. And so it has the benefit of seeing -- first of all, you get rid of the Oracle tax, you save money. But then secondly, you still have a replatform to a modern platform. You have 21st century Infrastructure-as-a-Service, but you're still running your data layer in the last century's technology.

And our the problem is the wrong word, but sort of our greatest desire is to be in more of those lift and shift conversations because when we're in there, we have a compelling argument for the customer to not just lift and shift from relational long prem to relational to the cloud, but instead go full on and modernize, take the incremental effort that requires because there is one, but then you actually have a sort of not to sound to cliché, but future-proof for your data layer.

So that's like the competitive angle that we're mostly focused on and one that we're investing against. And frankly, when it comes down to, isn't even technology, it's awareness and its reach.

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**Karl Emil Keirstead** - UBS Investment Bank, Research Division - Analyst

Got it. Excellent. We've just got maybe 2 more minutes, so I'd love to just ask you about the product set. MongoDB is always very innovative. You've always got new features coming out. Is there anything that you would flag for investors as potentially being a needle mover either in fiscal '22 or fiscal '23 that the 2 of you are particularly excited about as maybe given you a little extra tailwind?

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**Serge Tanjga** - MongoDB, Inc. - VP of Finance and Business Operations

I'll start and then feel free to jump in. So the underlying principle of how we develop product has basically 2 components: One is, back to prior conversations, we're targeting the developer. So whatever -- we think through the world through the eyes of the developer and then secondly, specifically, we want to solve data related problems, for the developer. Those historically, were just in the database, but now we're expanding to what we're calling our version of the data platform, to solve data problems for the developer, wherever they happen to be.

So we have a mobile database realm, which we acquired and are now integrating. We have our Atlas Data Lake product that addresses data outside of the operational database. And so we're seeing traction in those products. Where -- we have -- they're early days. They've all (inaudible) this year. So we will see continued investment and sort of continued adoption. But just to be clear, the way that we expect that to play out is really through

helping out [plus] adoption. So it's an enormous market. We're in the early innings of move to the cloud, like we've been discussing today. And so what we just want to make sure is that we get in that sort of historical jump ball as the market moves from on-prem to the cloud as much of the share as we can and have as many sort of incremental reasons for the developer to use our platform and that sort of sits behind our product development strategy.

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**Karl Emil Keirstead** - UBS Investment Bank, Research Division - Analyst

That makes sense. Anything you want to add, Michael?

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**Michael Lawrence Gordon** - MongoDB, Inc. - COO & CFO

No, I was going to say, I think the key thing is, there's a lot to be excited about, but I wouldn't expect sort of lots of incremental line items of specific things to call out, but really more under the apples umbrella is the key thing.

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**Karl Emil Keirstead** - UBS Investment Bank, Research Division - Analyst

Got it. Well, why don't we end there. Michael and Serge, thanks for contributing to making the UBS Tech Conference, a great one this year by doing this fireside and helping our clients understand the story better in one-on-one meetings you've got today. So thank you both. And if we don't catch up, have a wonderful holiday in a few weeks.

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**Serge Tanjga** - MongoDB, Inc. - VP of Finance and Business Operations

Thanks.

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**Michael Lawrence Gordon** - MongoDB, Inc. - COO & CFO

Thank you, Karl. Thanks for having us.

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**Karl Emil Keirstead** - UBS Investment Bank, Research Division - Analyst

Yes, you bet.

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