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ZI.OQ - ZoomInfo Technologies Inc at Barclays Global Technology, Media and Telecommunications Conference (Virtual)

EVENT DATE/TIME: DECEMBER 10, 2020 / 3:30PM GMT

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PRESENTATION

Raimo Lenschow - *Barclays Bank PLC, Research Division - MD & Analyst*

Hey, welcome to our next session. I'm really happy to have the management team from ZoomInfo on. I think it's the first time since you've gone public that you're at my conference. So I'm really excited to have you here.

Really exciting story. I think I can bring that across today. Henry, maybe just to put everyone on the same picture, like what was the vision when you started the company like years and years ago, like just give us a little bit of background.

QUESTIONS AND ANSWERS

Henry L. Schuck - *ZoomInfo Technologies Inc. - Chairman of the Board & CEO*

Sure. Thanks, Raimo. Thanks for having us here. So I founded the company when I was 23 years old. I was in my -- finished my first year of law school in Ohio and put \$25,000 on my credit card to build what was then called DiscoverOrg and now is called ZoomInfo.

And the vision there, I had actually worked for a similar company while I was in college for 4 years, and the vision was, can we give sales and marketers high-quality data on their potential customers. So that they can go-to-market more efficiently. And what was amazing at the time, this is '07, which wasn't like that long ago, was sales and marketers just didn't have data on their customers. They didn't have data on their prospects. They weren't going to market in a digital way. And a lot of that has not changed 13 years later.

For our customers who are leveraging our technology and digital tools, they have access to high-quality information and depth of coverage on their customer accounts, on the prospects of those customers. But still, the vast, vast majority of the market is going to market in incredibly inefficient ways, and they're not using their sales or marketing resources as effectively as they could be if they were armed with this type of information.

Raimo Lenschow - *Barclays Bank PLC, Research Division - MD & Analyst*

I mean what was the -- like I'm kind of old, old by now, like -- and we used to have like Dun & Bradstreet. And I remember like my first student project in 1990s, I was like call -- calling accounts to kind of verify the Dun & Bradstreet accounts and so.

Like what's -- tell me what did you do differently while involved in this kind of buying databases and just putting them together?

Henry L. Schuck - *ZoomInfo Technologies Inc. - Chairman of the Board & CEO*

Yes. Look, I think a couple of things. Number one, we had a maniacal focus on quality of information. And when you go out to anybody who is in sales or marketing, everybody will tell you that the quality of the information that they have at their fingertips really means the difference between success and failure.

And today, our ability to deliver that high-quality information, sort of rest on 2 things. One, literally millions of unique sources that we pull together from a contributory network to a freemium contributory network to unique sources on the Web that we're indexing, to management pages and SEC filings and blog post that we capture company and people information from. So all of those unique sources. And then they all flow through an evidence-based machine learning algorithm.

We have 40 data scientists and engineers who are taking in literally billions of signals and making sense out of them in real-time. So that we're publishing to our clients data that's 95% accurate, that they can build as the backbone of their go-to-market efforts.

And then what I'd say is all of the technology that we built around them, one of the interesting things in 2007, people were happy to get a PDF report that talked about what the company was doing, what the org chart looked like, who the decision-makers were, what technologies they had. And that was great. You put it on an account executive desk. They would take it, read about the account and then go do their work.

Today, every one of those data points needs to be digitized because marketers and sales reps, they want to take that data, they want to plug it into their lead routing and lead scoring and propensity to buy models. They want to build automated workflow around every time a company gets funding. They want to launch a sales development campaign or a marketing automation campaign. And that's very different today than it was 13 years ago.

They want that data digitally. They wanted to drive automated workflow in their go-to-market motions.

Raimo Lenschow - Barclays Bank PLC, Research Division - MD & Analyst

And I think you don't give yourself enough credit. Like just when you say 95% confidence that the right contact, et cetera, like do you have any stats? If you don't have the idea of them in terms of like what the old world was like?

Henry L. Schuck - ZoomInfo Technologies Inc. - Chairman of the Board & CEO

Yes, old world was like 50% accuracy. And actually, the best way to get a good feel of what the old world was like is go pop open your CRM and pull out any records in there.

And what you will find is that your CRM is 30% to 50% inaccurate. There's actually a study from Oracle that confirms the same thing. The data inside your ERP or CRM systems is 30% to 50% inaccurate. Now the problem that sellers and marketers have is they don't know which 50%.

So the 50% that's good looks exactly like the 50% that's bad. And so what we're able to do is plug directly into those go-to-market systems, embed our platform inside of those systems. And then keep all of that data up-to-date and accurate and instant.

And I think the secret there is -- and being 95% accurate might sound for some people like an easy thing to do. But when you think about the pace of change of business information, it's incredibly dynamic. No company looks the same on December 31 as it does on January 1.

Companies are growing, they're shrinking. They're adding new technologies. They're opening new locations. They're getting funding. They're doing M&A. New executives are being hired. New executives are leaving. And so the company makeup is changing so dynamically that it is all of these sort of unique sources and then the algorithm that lets us keep on track or keep on top of billions of data points and then deliver them with really high accuracy, even while they're changing so fast.

Raimo Lenschow - Barclays Bank PLC, Research Division - MD & Analyst

Yes. And if you think about the -- like the data sets, like how do you -- when you think about it? Is that like are you striving to get like 100%? Because like in theory, what your peers see is like quite a few acquisitions, you buy more and more sets to get the data and bridge to get them better. Do you get to like some sort of end stage? Or is that are we always on a journey?

Henry L. Schuck - ZoomInfo Technologies Inc. - Chairman of the Board & CEO

Yes, that's a great question. It is kind of always on a journey. I think what we found is sellers and marketers want 2 -- 3 things. They want depth of coverage. They want to know a lot about the accounts and the professionals at those accounts they're engaging with. They want breadth of coverage. They always -- they want any account that they're selling to, any person that they're selling to, to be profiled inside of ZoomInfo. And then they want accuracy of coverage.

And so they want everything to be incredibly accurate when they look at it. And those 3 things, they tend to be in conflict with one another. Quality is in conflict with quantity. Quantity is in conflict with depth. And so what we're always working to do is to really be best-in-class across all 3 of those different vectors.

Raimo Lenschow - Barclays Bank PLC, Research Division - MD & Analyst

And if you think about the different vectors, like where would you see yourself on that journey? Like -- and where do you compare yourself to some of the other guys in the field?

Henry L. Schuck - ZoomInfo Technologies Inc. - Chairman of the Board & CEO

Yes. Look, I think we're very, very far along. We think we're best-in-class across all of those 3 different vectors. But we're a company that constantly tries to innovate across those vectors. We're trying to innovate across the technology that we offer our clients to be able to take advantage and activate those -- that data and those insights.

So if you take, for example, our intent data, we made an acquisition after the quarter, of a company called Clickagy, which provides best-in-class B2B intent data. Before that acquisition, we have the best intent product on the market.

And intent is essentially the key insight and data that lets you know when to connect with a potential customer or prospect. It does that by looking at what companies are researching on the B2B Web and then looking for spikes in that research across thousands of topics. And so you can imagine if you're a cloud data platform and you want to know every time a company is spiking on research on cloud data platforms, ZoomInfo provides you that in real time. And we were best-in-class in it before the Clickagy acquisition.

But what we saw was our customers year-over-year, 3x as many customers were subscribing to our intent product as they were in the previous year. And so we looked at that market. There's a Gartner study that says, by the end of 2022, 70% of B2B marketers will be using third-party B2B intent to go to market.

And we said, "Look, we're best-in-class now, but this is an area of growth where we can build a category. And so we should own this asset, integrate it with our core firmographic and professional data, integrate it with the tools and the workflow automation that we've built around that, and that really puts us head and shoulders above everybody else." And so we're always looking for opportunities to improve that sort of core data foundation.

Raimo Lenschow - Barclays Bank PLC, Research Division - MD & Analyst

Yes. That makes a lot of sense. And then, how would you describe -- and it's more like going back, I'm sure you're tired of answering is like if you think about the TAM and the opportunity set there, like how would you see the addressable market? How fast is it growing? And how much are you -- I mean, you seem to be growing a lot faster than the market?

Peter Cameron Hyzer - ZoomInfo Technologies Inc. - CFO

And I'll jump in there, Raimo. I think realistically, the market for us really is a greenfield opportunity. Really, any business that's selling to another business, no matter what shape or size or industry you're in, are companies that we can help drive better and more efficient sales cycles. So I think that there are a lot of companies out there, that number of companies isn't going to grow.

But right now, they aren't being as effective and efficient as they could be. So most of the expansion that we see in growth that we see is really greenfield growth for us, and we're defining a new segment that has the opportunity. And I think we've proven we can grow really quickly as we're delivering more value to those customers, and they're improving how they go to market.

Raimo Lenschow - Barclays Bank PLC, Research Division - MD & Analyst

Yes, yes. Okay. And then like how do you see the growth? Like, I mean, you're growing like crazy good. And congratulations on that one. Like how do you compare that to where the whole market is growing?

Peter Cameron Hyzer - ZoomInfo Technologies Inc. - CFO

I mean, look, I think that, again, because we're defining this new segment and bringing value to those customers, we have the opportunity to really grow the kind of category -- the category in a real defined way.

And I think the really exciting thing is that we're so under penetrated relative to all of the businesses that sell to other businesses, that there's really this opportunity to drive that elevated growth for a really long period of time and help many more businesses become more effective and more efficient in terms of their go-to-market motions.

Raimo Lenschow - Barclays Bank PLC, Research Division - MD & Analyst

Yes. I mean, if you think about it like from -- there's several algorithms of growth, but like there's new customers and then it's going deeper into existing customers. Like on the -- going deeper into existing customers, the one thing that came up quite a bit on our client calls were like that in terms of seat penetration there, you're kind of only at the very beginning of the journey. Like how do you see that playing out?

I mean, in theory, like you should have the same number of seats as a Salesforce because like every sales guy can benefit from it, but we're only in a fraction of that at this point.

Henry L. Schuck - ZoomInfo Technologies Inc. - Chairman of the Board & CEO

Yes. One of the steps that we rolled out in our Q3 call is we took a look at our enterprise customer universe, and we said, how many additional seats are there within this customer universe, in the sort of the sales and marketing organizations.

And what we found there is there's \$1 billion of opportunity in our existing enterprise accounts in just expanding seat licenses. And so tons of opportunity. Now our product today runs in a -- the way we sell from a go-to-market perspective, we run a sophisticated land and expand motion. And so we may close a large enterprise client at the front end with a \$50,000 contract that gives access to 25 users in 1 division of the company, then we use that to show quick time to value ROI, and then we go around the other divisions of the company.

We use sort of the fact that we've already gone through contracting and security and legal, and we look for new pockets of opportunity across the enterprise. And so this is still -- it's still early, very early stages in that land and expand motion, but we spent a good amount of resources and -- in this year to really grow up our enterprise motion, to hire the right leadership, the right individual contributors and then also to build technology and tools that make the process of growing our enterprise accounts, much more frictionless, not -- today, and account admin can just come in and purchase additional user seats without any interaction with our salespeople. That didn't exist a year ago.

Today, we auto provision any additional users into accounts, into a free trial. We collect feedback from those users in our enterprise accounts, and that gives us something we can go up to a senior VP of sales or a chief revenue officer with and say, "Hey, we have 100 users on free trials. And here's the feedback they're giving us about the success they're seeing with ZoomInfo. Let's talk about going to a wall-to-wall deployment." And so we continue to grow out that land and expand motion, and we've seen great success with it.

Last quarter, we announced that we now have over 720 customers spending over \$100,000 a year with us. That represented 60% year-over-year growth in that cohort. So we're pretty excited about the momentum we're seeing there.

Raimo Lenschow - Barclays Bank PLC, Research Division - MD & Analyst

Yes, I can imagine. Yes. And then maybe as we are on that sales motion, just double-click quickly on, I mean, you should eat your own dog food in a way, like what's the -- talk a little bit about that kind of using ZoomInfo in your own sales organization, what it means to kind of the cost of acquiring a client, et cetera?

Because if I look at your LTV to CAC, it's just -- and frankly, I haven't ever seen any numbers like this before. We had to double check it like several times. But maybe just talk about that a little bit.

Henry L. Schuck - ZoomInfo Technologies Inc. - Chairman of the Board & CEO

Yes. When you run a company that's focused on driving go-to-market effectiveness and efficiency, you better be best-in-class around it. Otherwise, it's a pretty hard story to believe. But ZoomInfo is absolutely the core of how we go to market. The ZoomInfo data, the platform, it's embedded everywhere our sellers go. Today, if you come to our website, you fill out a form on our website, there are only a few fields that we ask for. But when you submit that form, ZoomInfo's APIs on the back end are appending all sorts of information about you as a professional and about your company. The size, the industry, what technologies you use? How many sellers you have in your organization? What level of management you are? Your phone number, your e-mail address, your business mobile, your -- what level of management, what -- where you sit in an organization.

So we you take all of that information, when you submit that form, we instantly append it and then we use that data to route that lead to the perfect sales development rep that's algorithmically chosen, who's most likely to convert your opportunity -- convert your lead to a demo. And when they convert that lead to a demo, we then algorithmically show them a list of the account executives who are most likely to turn that company of that size and that individual at that level to close one business at the highest ARR.

And so everything is being optimized throughout the funnel using the data from ZoomInfo and augmenting all of that data.

Now let's -- we get it -- let's say, we get into a sales cycle. And we're connected with a manager of sales. We know that when we're connected with the director or a higher of sales, the close rate goes up significantly. So while you're in the sales cycle, our systems look, they say, "Oh, there's only a manager in this sales cycle." They go to ZoomInfo, they source the directors and VPs at that same company in sales and marketing, and then they do automated demand gen campaigns to them to pull them into the sales cycle. That's all happening in an automated way. The seller never has to do anything, and it's all being levered. We're leveraging the ZoomInfo data and technology all the way through that sales cycle.

So that, like you said, it's driving a 10x LTV to CAC. Our sales cycles on average are sub 30 days because our customers are able to see the tremendous value that our platform is able to provide and the value that it's able to provide in a very short period of time.

Raimo Lenschow - Barclays Bank PLC, Research Division - MD & Analyst

Yes. That's pretty amazing. And the other thing is like, did the IPO, have you seen any benefit from the IPO in terms of more publicity, et cetera? Because like one thing I did notice, if I'm on the Internet, I'm looking for people, I'm getting a lot more ZoomInfo hits than I've done before. And when you guys give me like then like, oh, it is this person. Have you seen any benefits here in terms of the awareness on customer base, et cetera?

Henry L. Schuck - ZoomInfo Technologies Inc. - Chairman of the Board & CEO

Yes, absolutely. I think a couple of things that we saw for sure. One, our customers are inviting us to strategic conversations that were much harder to get into pre-IPO.

I think the biggest thing about the IPO for us was true validation of what we're doing, what we're working towards, the vision of the company. And so when companies are sitting down and thinking about their go-to-market strategies, when they're thinking about how do we get the most out of our CRM systems? How do we get our sellers to adopt our CRM system in a more holistic way? They are picking up the phone and calling us and asking us to sit at the table and help them solve those problems. That's an incredibly exciting opportunity for us because there's so much that our platform and our data and our insights can do for a sales organization.

And what's so interesting to us is it does feel like the sales organization in a company is the last place in an organization to be digitally transformed. And I think that we see that for 2 reasons.

One, I think people just think of sales as this relationship-driven profession. And so they don't really need digital tools. They just need a golf club and some tickets to the World Series and sales just happen. And that's just an incredibly inefficient way to go to market.

And I think companies today are realizing, right now, we're not really arming our sellers with anything other than the CRM. And the CRM is a great system of record, but by itself is not a system of insights. And so we see customers making the move from a system of record to a system of insights, and they're inviting us in to help them digitally transform that sales and go-to-market effort.

Raimo Lenschow - Barclays Bank PLC, Research Division - MD & Analyst

Yes, yes. Okay, makes sense. I want to switch gear a little bit. The pandemic now, like how does it play out? How is it playing out for you so far? I mean, initially, a lot of the companies I've been interviewing now said, like, initially were all like, oh, my god, like, but actually, it kind of did a lot of positive things for us. I mean, it's kind of -- you don't really want to say it, but like a lot of positive things for us in terms of how business has evolved. Talk a little bit about your journey.

Peter Cameron Hyzer - ZoomInfo Technologies Inc. - CFO

Yes. I think when we think about the pandemic, there were already secular trends pre pandemic that were really supporting and driving growth in the business. I think the idea of getting -- creating a better and more efficient go-to-market motion was something that people were thinking about. But as the pandemic set in, that became a sharper relief because many of the go-to-market motions that people had used in the past that may have been inefficient but still drove sales were no longer available.

That being said, at the beginning of the pandemic, we did see some headwinds in terms of economic uncertainty and buyers worried about where they were going to spend money or if they could spend money. I think that, that certainly had a little bit of a speed bump in March, April and May. And then we obviously focused on how to improve our go-to-market motion. It's something we're constantly tweaking and looking at improving.

And I think buyers have also started to get used to this being the new normal, at least for the kind of foreseeable future. So that net headwind that we saw early on has month-by-month dissipated and the kind of underlying tailwinds of the secular trends have become a bigger and bigger part of our growth.

So I think month by month, we've seen improvements, and that happened through Q2 and continue to happen in Q3, and we'll continue to see momentum going forward as well.

Raimo Lenschow - Barclays Bank PLC, Research Division - MD & Analyst

Yes. And then the other thing, Cameron, where I get a lot of questions from investors is like you're growing at a very healthy clip, but you also have like crazy good margins. And then the question, well, for starters like, how is that possible? And maybe we can touch briefly on that one.

But then it's also like are we kind of maxed out? They know you're public and you're maxed out. Or is there kind of more room?

Peter Cameron Hyzer - ZoomInfo Technologies Inc. - CFO

Yes. So the margins really do start with our focus on efficiency and effectiveness and starts in the sales and marketing organization, but pervades throughout the organization in terms of our culture and how we think about driving the business.

So you start with any business that's spending 25% of revenue on sales and marketing. Extremely rare to see that company growing 40%. That's a core tenet of us using our system and focusing on continually tweaking and getting better at our go-to-market motions and bringing in high-quality people that we train and give the best tools to and continually look at what's being successful and not.

That -- being part of our culture means that, that also translates into efficient R&D and cost of service as well as G&A. I think our philosophy with respect to margins is that there is natural operating leverage in our business, just like any other software business.

And I think left to itself, you could see margins improve. But our philosophy is really to take that natural operating leverage that we could generate and reinvest it back into growth.

Again, we are extremely underpenetrated with respect to all the customers we could be serving, so continuing to build our go-to-market engine as well as R&D and innovation groups to deliver more value and more capabilities to our customer is really the focus, so that we can drive sustained elevated growth for a longer period of time.

So our expectation is to maintain margins in the mid-40s and high 40s going forward and not look to just optimize profitability at the expense of growth and the massive opportunity that we have.

Raimo Lenschow - Barclays Bank PLC, Research Division - MD & Analyst

Yes. And the opportunity is like huge, yes. Yes, it's almost like -- I'm sure you get the question on more like bring margins down and grow faster. Like how do you think about that?

Peter Cameron Hyzer - ZoomInfo Technologies Inc. - CFO

I think we're constantly looking at how we can optimize the opportunity in front of us. I think our focus is really to continue to grow our teams quickly.

And if you think about a company that's growing 30% to 40% in order to maintain margins, that means that we're growing sales and marketing capacity as well as our R&D innovation at a level that's actually slightly higher than revenue growth. So we are investing significantly into the go-to-market motion as well as our R&D groups in order to really push that sustained growth for a long time.

Yes, I think we're also in this for the long term. So we're not looking to kind of drive really fast growth immediately and then have parts of the engine break or anything else. We want to drive sustained growth over a long time.

And I think our strategy to maintain margins in the mid-40s and high 40s is really the driver to be able to do that.

Raimo Lenschow - Barclays Bank PLC, Research Division - MD & Analyst

Yes. Okay. Henry and Cameron, I could talk for a lot longer, but I'm getting the signs like our 25 minutes are up. And Cameron, that was a really good summary anyway at the end. So I think I'll leave it at that.

Hey, thanks for joining us. Congratulations again, and good luck for the future, and have a great Christmas.

Henry L. Schuck - ZoomInfo Technologies Inc. - Chairman of the Board & CEO

Thanks a lot, Raimo. Great to see you us.

Peter Cameron Hyzer - ZoomInfo Technologies Inc. - CFO

Yes. Thanks for having us.

Raimo Lenschow - Barclays Bank PLC, Research Division - MD & Analyst

Thank you.

Henry L. Schuck - ZoomInfo Technologies Inc. - Chairman of the Board & CEO

Thanks, everybody. Bye-bye.

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