

# Investor Day 2024

February 15, 2024

# Safe Harbor

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This presentation and accompanying oral presentation contain "forward-looking" statements, as that term is defined under the federal securities laws, including but not limited to statements regarding Datadog's strategy, product and platform capabilities, our investments in research and development and go-to-market, the growth in and ability to capitalize on long-term market opportunities including the pace and scope of cloud migration and digital transformation, the potential size of the cloud, observability and cloud security markets, and Datadog's future financial performance in particular the goals presented in the section "Forward looking financials" in this presentation. These forward-looking statements are based on Datadog's current assumptions, expectations and beliefs and are subject to substantial risks, uncertainties, assumptions and changes in circumstances that may cause Datadog's actual results, performance or achievements to differ materially from those expressed or implied in any forward-looking statement.

The risks and uncertainties referred to above include, but are not limited to (1) our recent rapid growth may not be indicative of our future growth; (2) our history of operating losses; (3) our limited operating history; (4) our dependence on existing customers purchasing additional subscriptions and products from us and renewing their subscriptions; (5) our ability to attract new customers; (6) our ability to effectively develop and expand our sales and marketing capabilities; (7) risk of a security breach; (8) risk of interruptions or performance problems associated with our products and platform capabilities; (9) our ability to adapt and respond to rapidly changing technology or customer needs; (10) the competitive markets in which we participate; (11) risks associated with successfully managing our growth; and (12) general market, political, economic, and business conditions including concerns about reduced economic growth and associated decreases in information technology spending. These risks and uncertainties are more fully described in our filings with the Securities and Exchange Commission (SEC), including in the section entitled "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, filed with the SEC on November 7, 2023. Additional information will be made available in our Annual Report on Form 10-K for the year ended December 31, 2023 and other filings and reports that we may file from time to time with the SEC. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, we cannot guarantee future results, levels of activity, performance, achievements, or events and circumstances reflected in the forward-looking statements will occur. Forward-looking statements represent our beliefs and assumptions only as of the date of this presentation. We disclaim any obligation to update forward-looking statements.

# Agenda

## First half

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**Strategy, growth opportunities, Datadog platform and product innovation**

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**Q&A**

Olivier Pomel  
Alexis Lê-Quôc  
Yrieix Garnier  
Michael Whetten  
Prashant Prahlad  
Yuka Broderick

## Intermission

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## Second half

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**Go-to-market, execution on expansion, delivering customer value, financial execution**

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**Q&A**

Amit Agarwal  
Sean Walters  
Angie Holt  
David Obstler  
Olivier Pomel  
Yuka Broderick

# Olivier Pomel

CEO & Co-founder

# What I'll cover today

- 
- 1** What problem we solve and how

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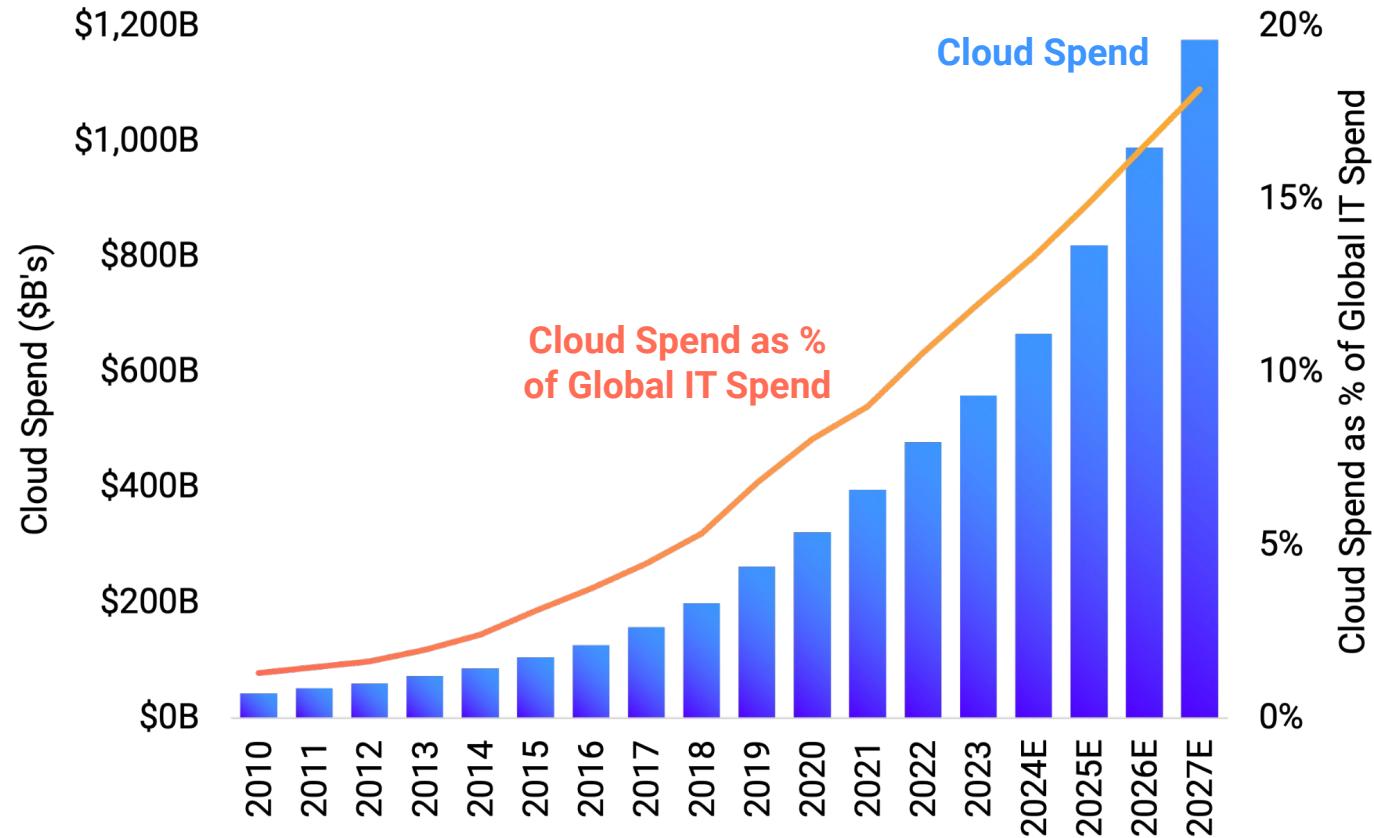
  - 2** How we think about expanding into new product categories

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  - 3** Where we're going as a company

# Cloud migration and digital transformation

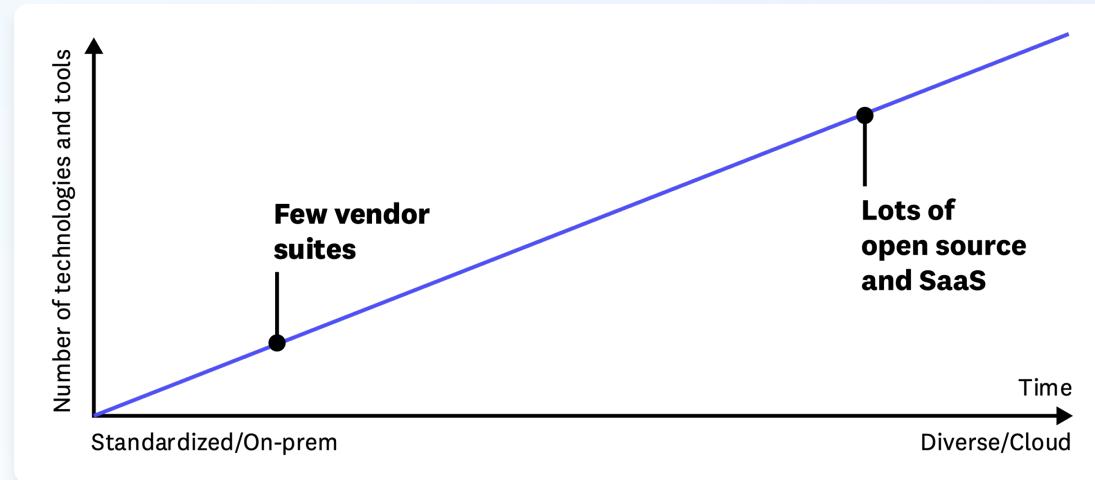
Cloud spend continues to grow rapidly



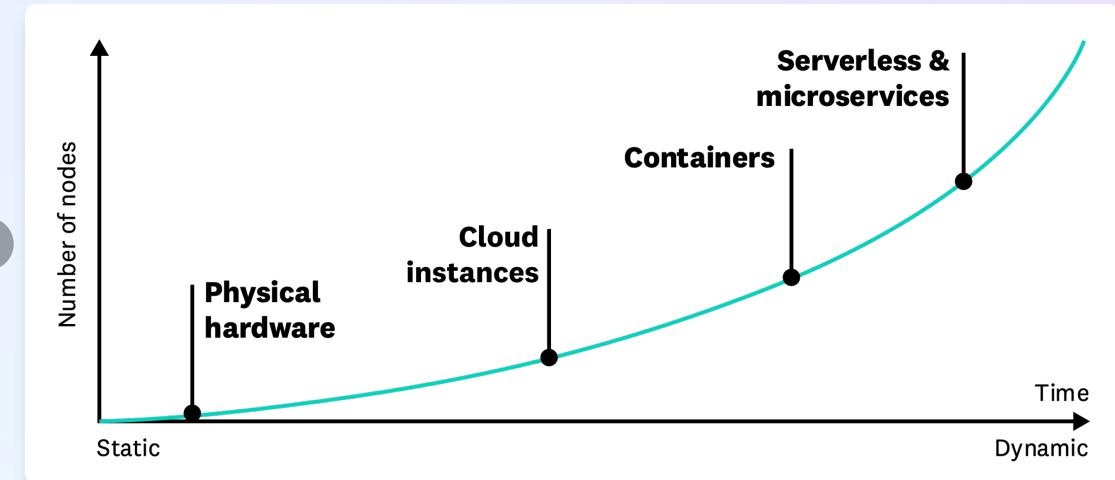
Gartner Forecast: Public Cloud Services, Worldwide - 2010-2016, 4Q12 Update; 2011-2017, 4Q13 Update; 2012-2018, 4Q14 Update; 2013-2019, 4Q15 Update; 2014-2020, 4Q16 Update; 2015-2021, 4Q17 Update; 2016-2022, 4Q18 Update; 2017-2023, 4Q19 Update; 2018-2024, 4Q20 Update; 2019-2025, 4Q21 Update; 2020-2026, 4Q22 Update; 2021-2027, 4Q23 Update.. Gartner Market Databook - 4Q12 Update; 4Q13 Update; 4Q14 Update; 4Q15 Update; 4Q16 Update; 4Q17 Update; 4Q18 Update; 4Q19 Update; 4Q20 Update; 4Q21 Update; 4Q22 Update; 4Q23 Update.

# The problem: an explosion of complexity

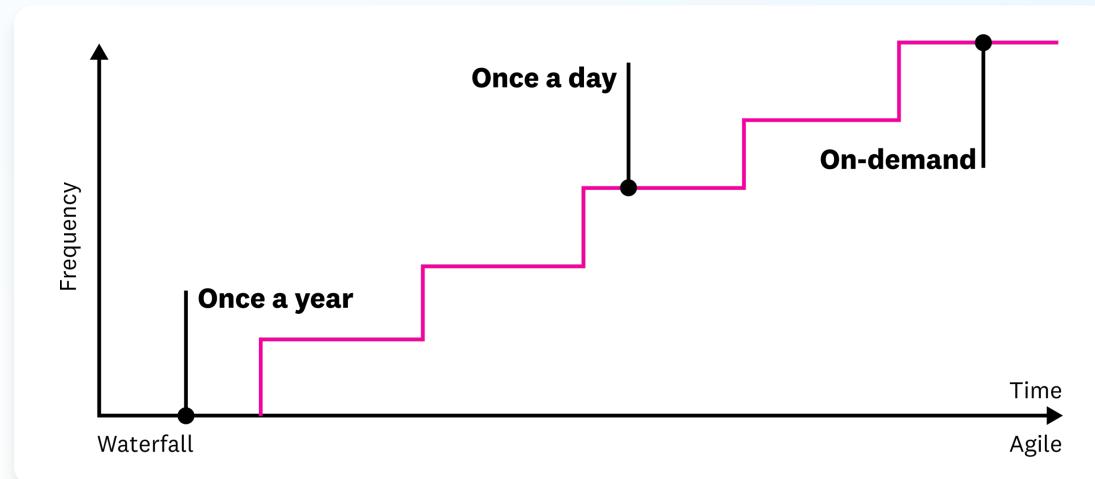
Diversity of technologies in use



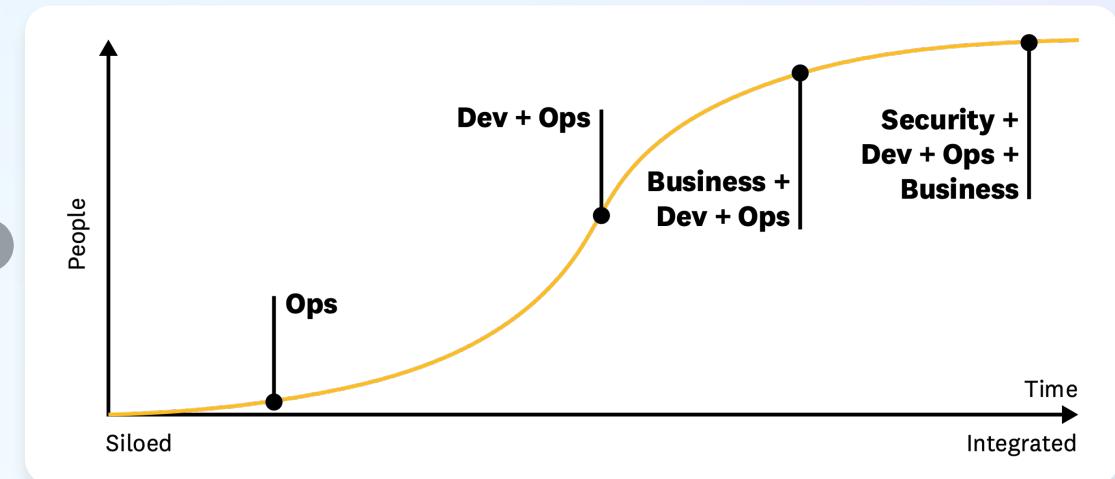
Scale in number of computing units



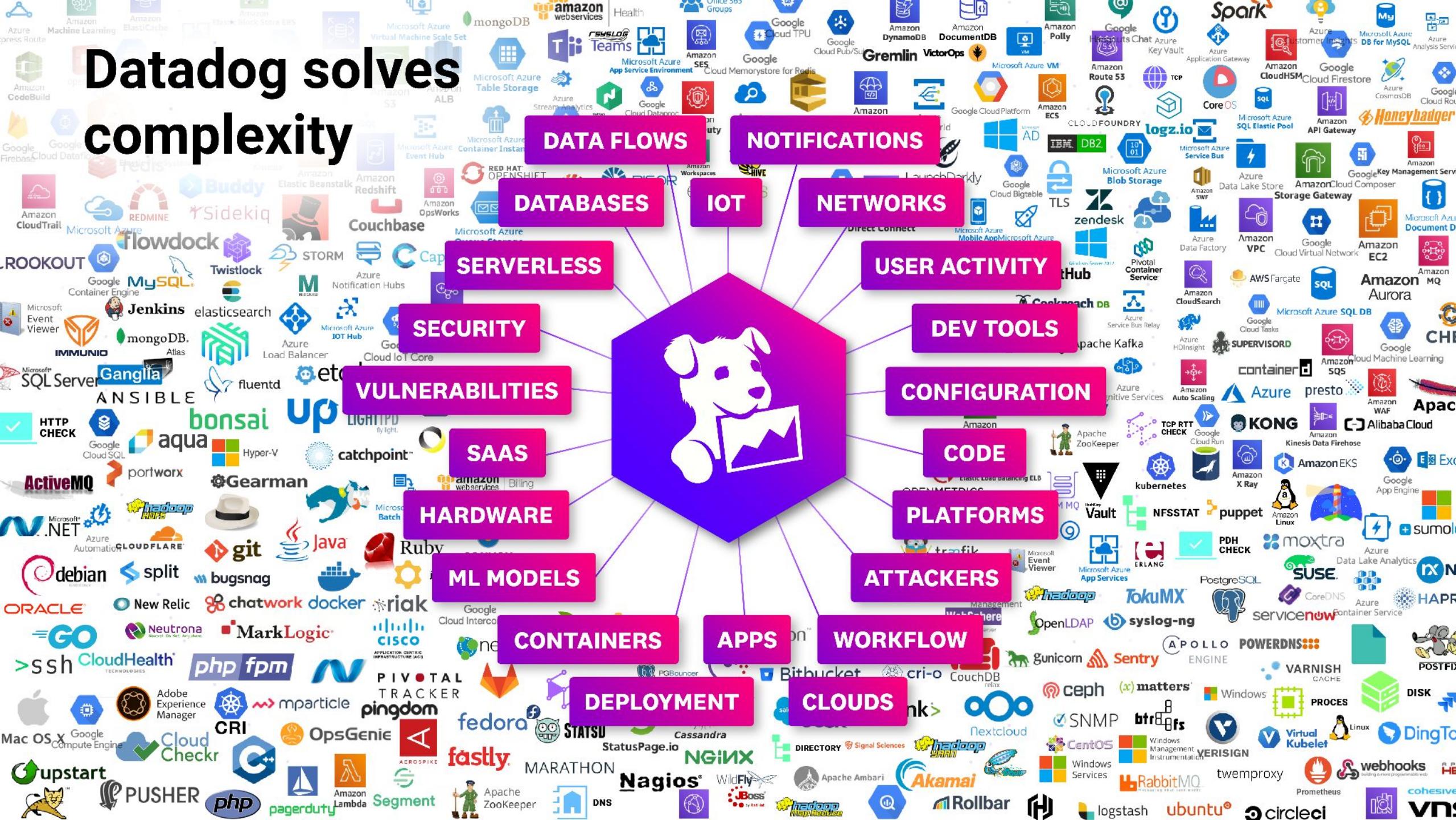
Frequency of release



Number of people involved



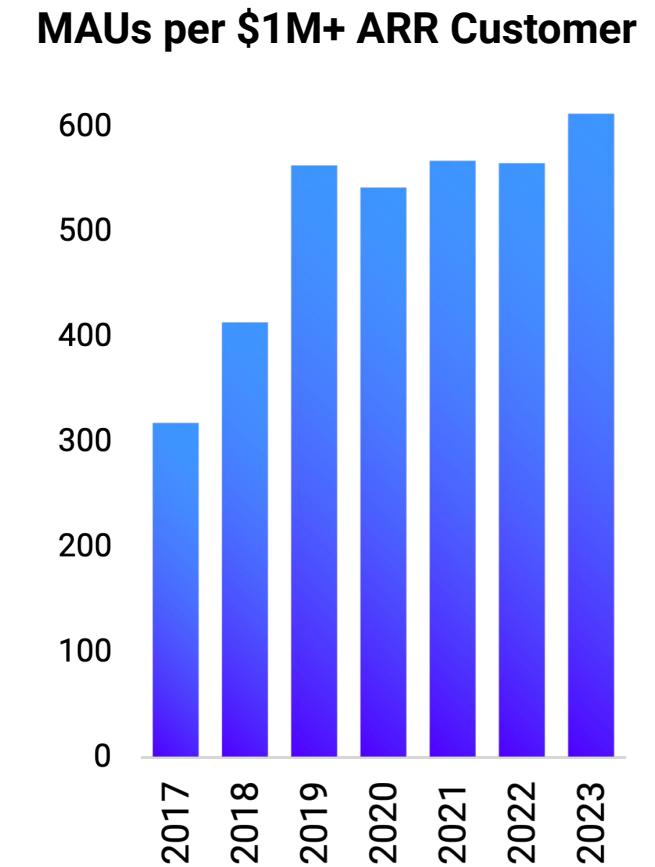
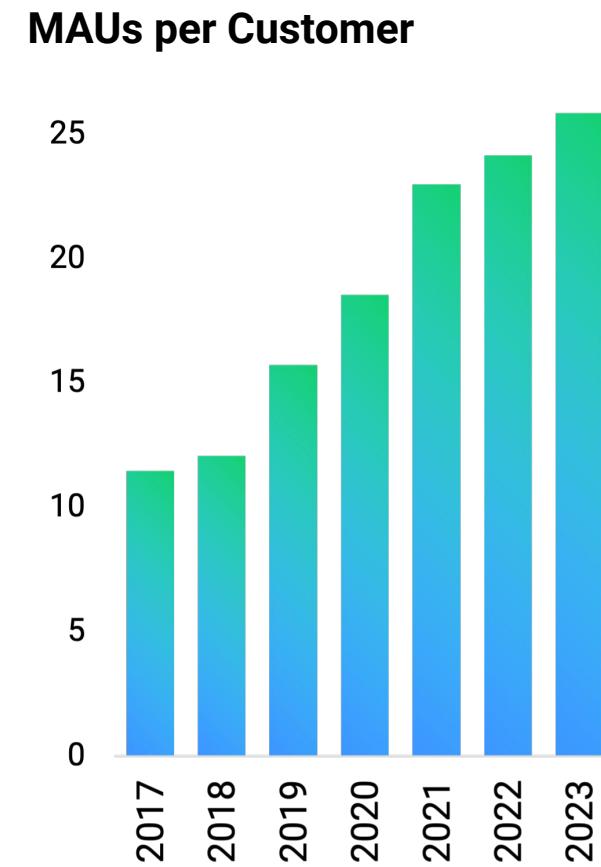
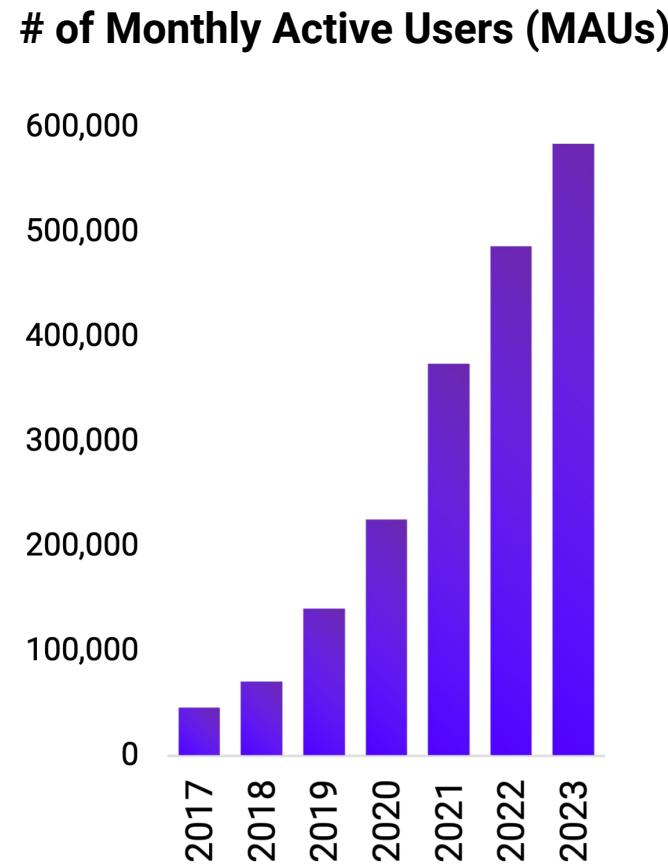
# Datadog solves complexity



# Our product philosophy



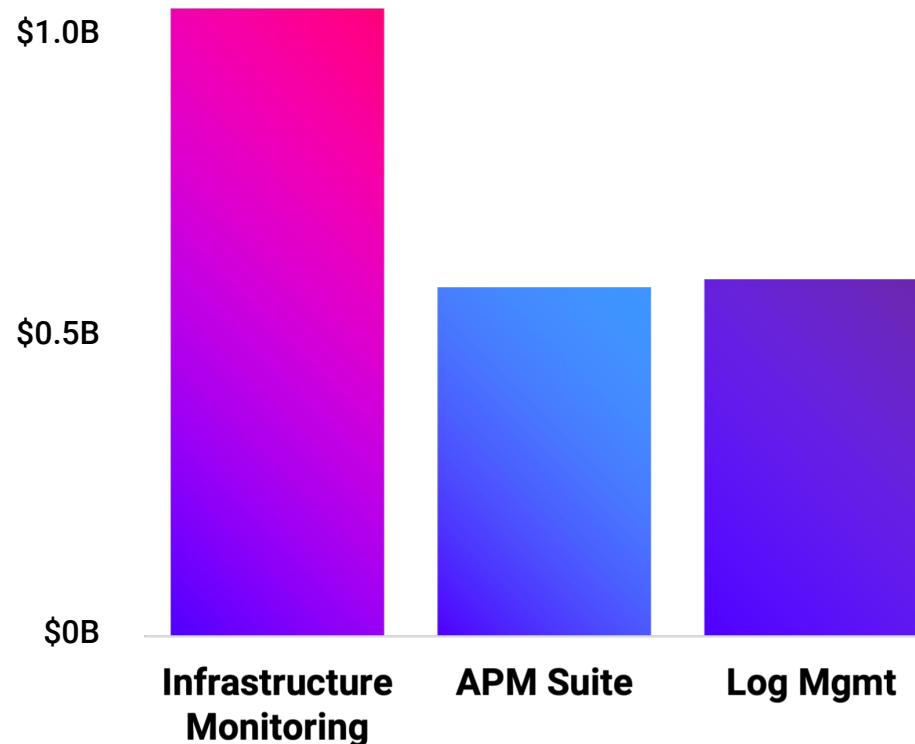
# Deployed everywhere, used by everyone



Monthly Active Users are users at paying customers, who logged onto the Datadog platform in December of the given year.

# A balanced, Unified Platform

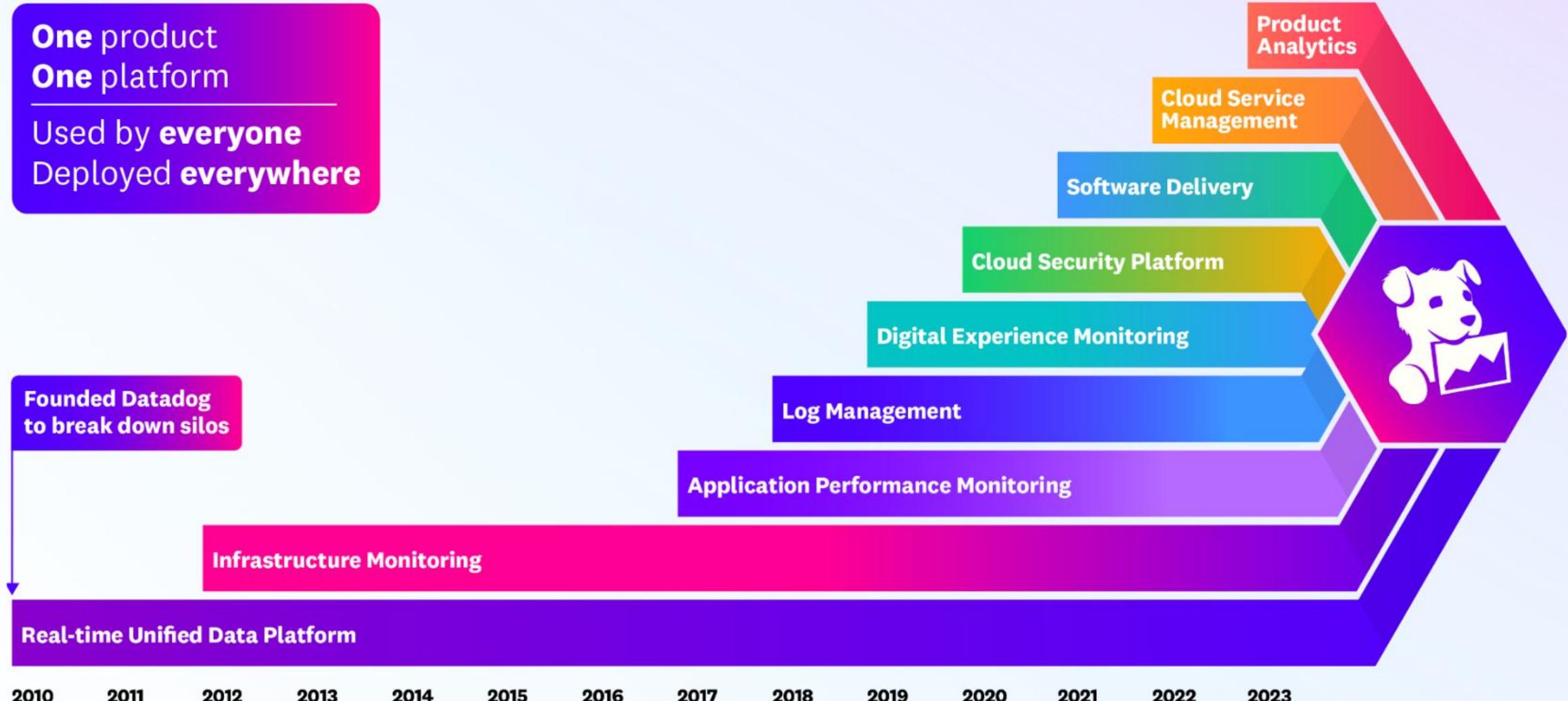
4Q23 \$ ARR, 3-pillars



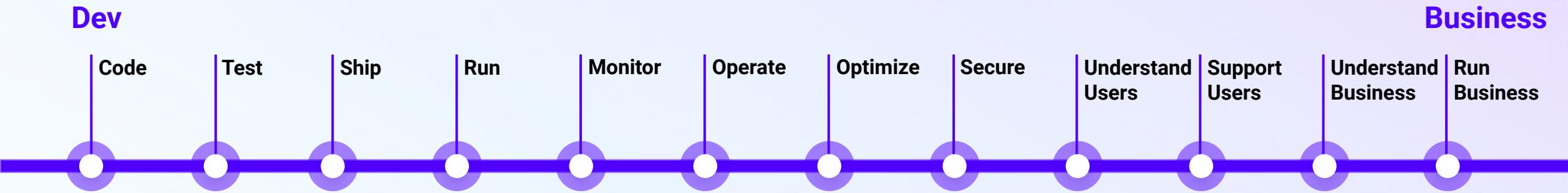
Olivier Pomel, 3Q23 earnings:

“We believe that these ARR milestones, and their balance across the three pillars of observability, demonstrate that Datadog is unique within the industry in establishing **true platform value** for customers.”

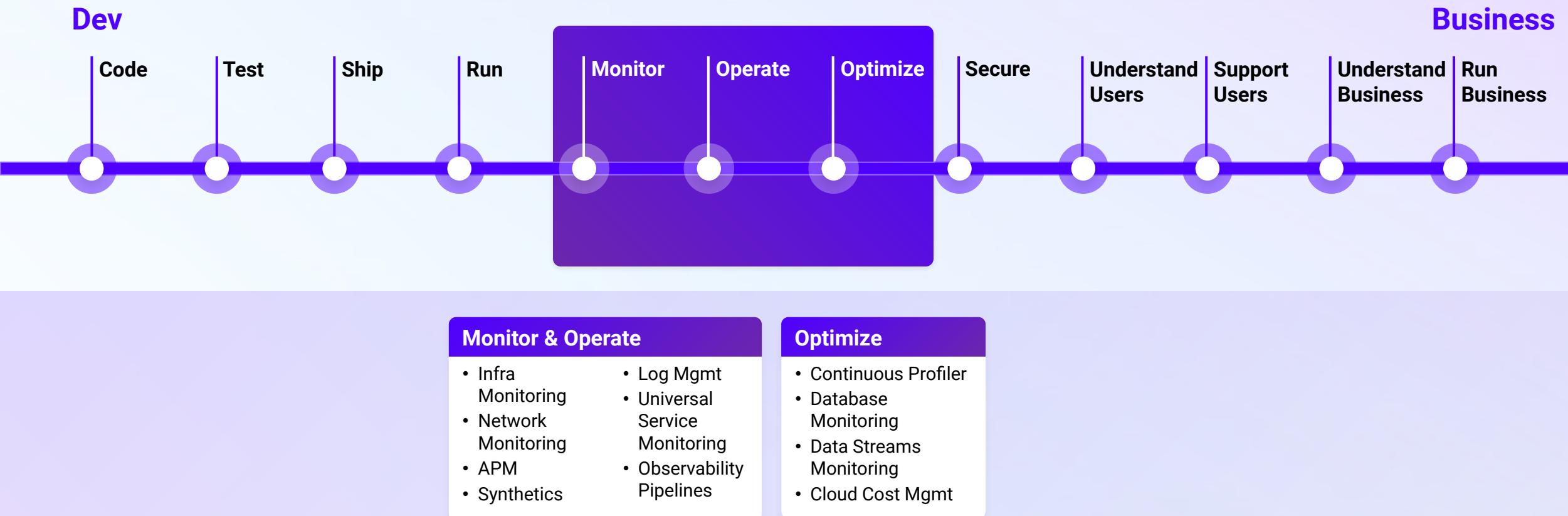
# As we've expanded, we've solved more problems



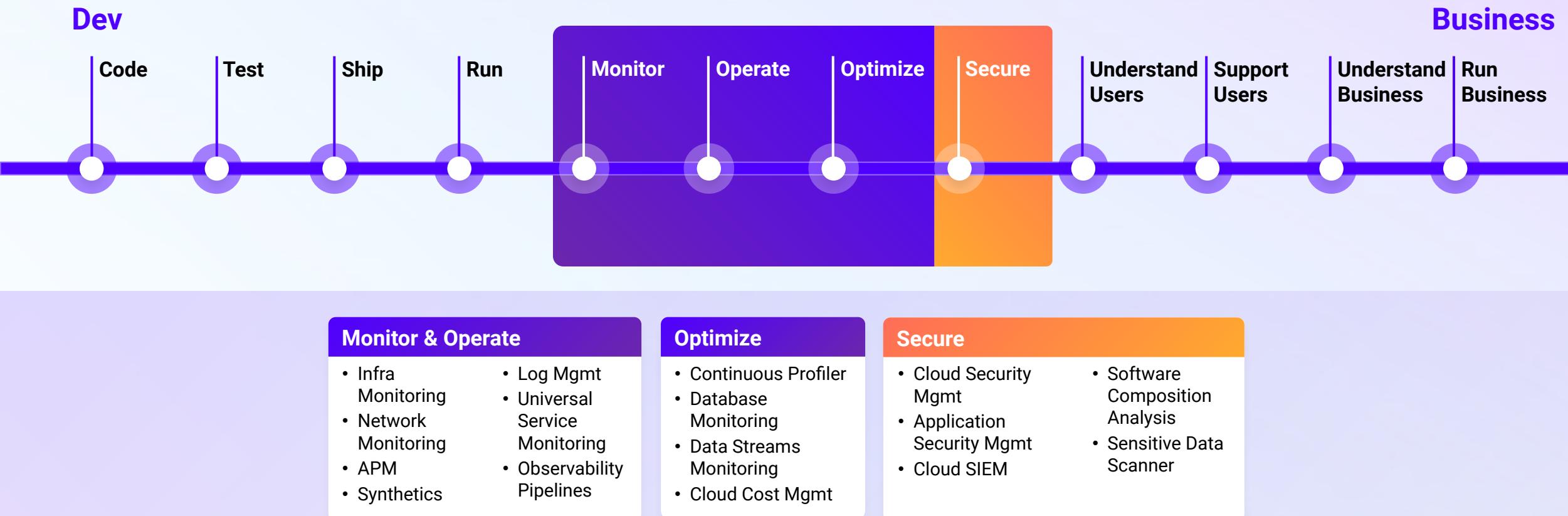
# Our expansion into new categories



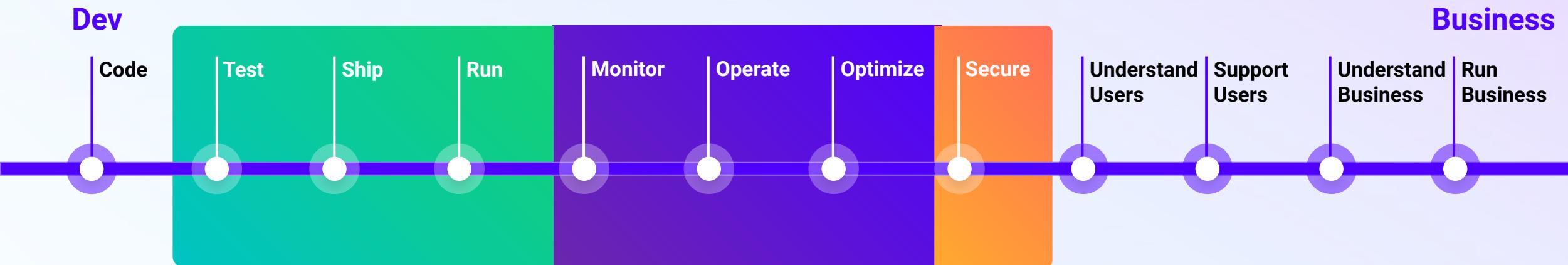
# We started in Observability



# We expanded to Cloud Security

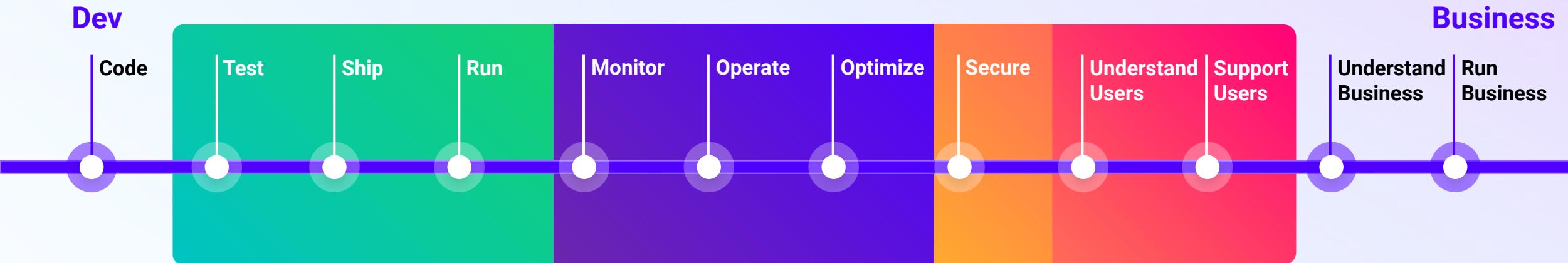


# Shifting left



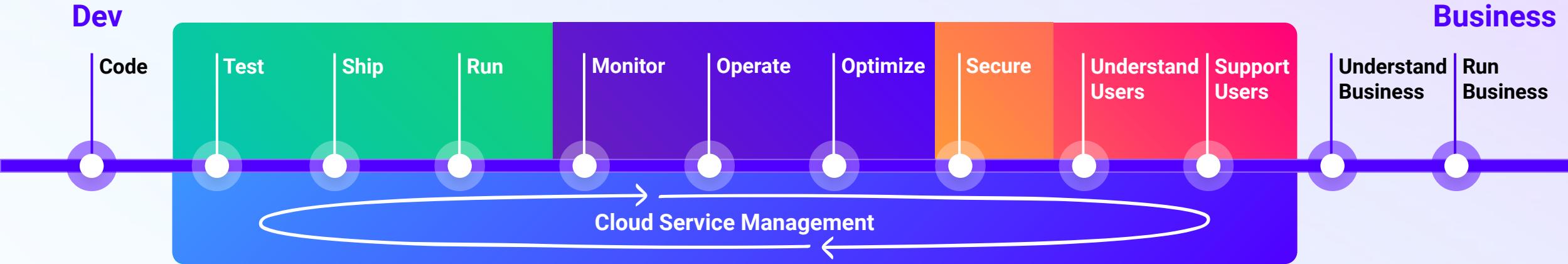
| Software Delivery  | Monitor & Operate  | Optimize  | Secure  |
|--|--|---|---|
| <ul style="list-style-type: none"><li>• CI Visibility</li><li>• Intelligent Test Runner</li><li>• Continuous Testing</li></ul> | <ul style="list-style-type: none"><li>• Infra Monitoring</li><li>• Network Monitoring</li><li>• APM</li><li>• Synthetics</li></ul> | <ul style="list-style-type: none"><li>• Log Mgmt</li><li>• Universal Service Monitoring</li><li>• Observability Pipelines</li></ul> | <ul style="list-style-type: none"><li>• Continuous Profiler</li><li>• Database Monitoring</li><li>• Data Streams Monitoring</li><li>• Cloud Cost Mgmt</li></ul> |

# Shifting right



| Software Delivery  | Monitor & Operate  | Optimize  | Secure  | Analyze  |
|--|--|---|---|--|
| <ul style="list-style-type: none"><li>CI Visibility</li><li>Intelligent Test Runner</li><li>Continuous Testing</li></ul> | <ul style="list-style-type: none"><li>Infra Monitoring</li><li>Network Monitoring</li><li>APM</li><li>Synthetics</li></ul> | <ul style="list-style-type: none"><li>Log Mgmt</li><li>Universal Service Monitoring</li><li>Observability Pipelines</li></ul> | <ul style="list-style-type: none"><li>Continuous Profiler</li><li>Database Monitoring</li><li>Data Streams Monitoring</li><li>Cloud Cost Mgmt</li></ul> | <ul style="list-style-type: none"><li>Cloud Security Mgmt</li><li>Application Security Mgmt</li><li>Cloud SIEM</li></ul> |

# Expanding to Cloud Service Management



| Software Delivery  | Monitor & Operate  | Optimize  | Secure  | Analyze  |
|--|--|---|---|--|
| <ul style="list-style-type: none"><li>CI Visibility</li><li>Intelligent Test Runner</li><li>Continuous Testing</li></ul> | <ul style="list-style-type: none"><li>Infra Monitoring</li><li>Network Monitoring</li><li>APM</li><li>Synthetics</li></ul> | <ul style="list-style-type: none"><li>Log Mgmt</li><li>Universal Service Monitoring</li><li>Observability Pipelines</li></ul> | <ul style="list-style-type: none"><li>Continuous Profiler</li><li>Database Monitoring</li><li>Data Streams Monitoring</li><li>Cloud Cost Mgmt</li></ul> | <ul style="list-style-type: none"><li>Cloud Security Mgmt</li><li>Application Security Mgmt</li><li>Cloud SIEM</li></ul> |

| Cloud Service Management  |   |  |
|---|---|--|
| <ul style="list-style-type: none"><li>Incident Management</li><li>Case Management</li></ul> | <ul style="list-style-type: none"><li>Workflow Automation</li><li>App Builder</li></ul> | <ul style="list-style-type: none"><li>Service Catalog</li><li>Resource Catalog</li></ul> |

A LONG-TERM VISION

# Closing the loop

# We were built for this



**We are pure-SaaS and platform-first**



**We have rich, clean, real-time data at every layer of the stack**



**We are a mission-critical part of our customer workflows**



**Advances in AI/ML open new doors for problem-solving**

CLOSING THE LOOP

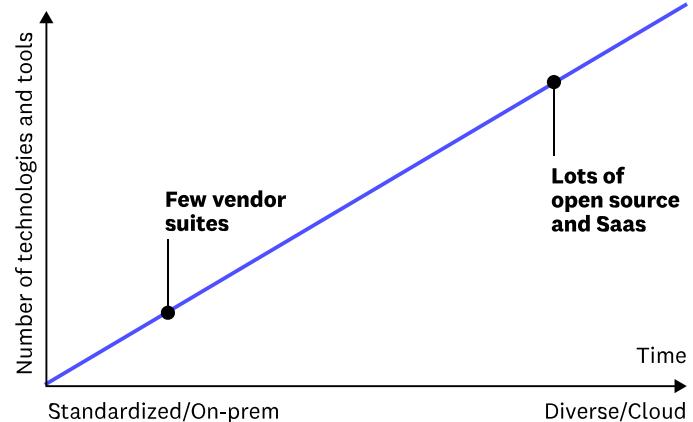
The end-to-end  
**decision, action, and**  
**automation platform**  
for our customers

# Alexis Lê-Quôc

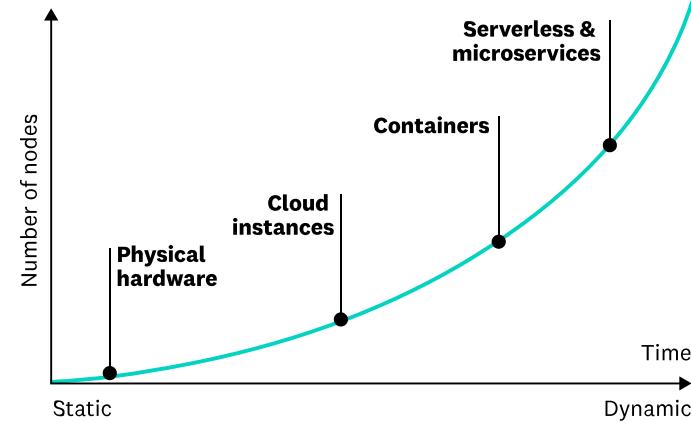
CTO & Co-founder

# AI compounds complexity

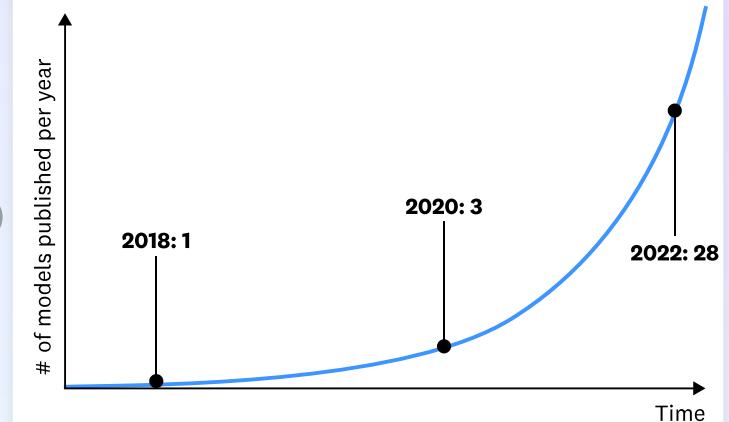
Diversity of technologies in use



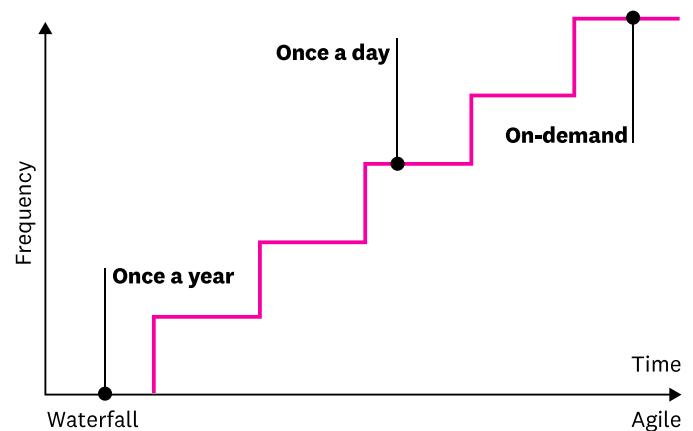
Scale in number of computing units



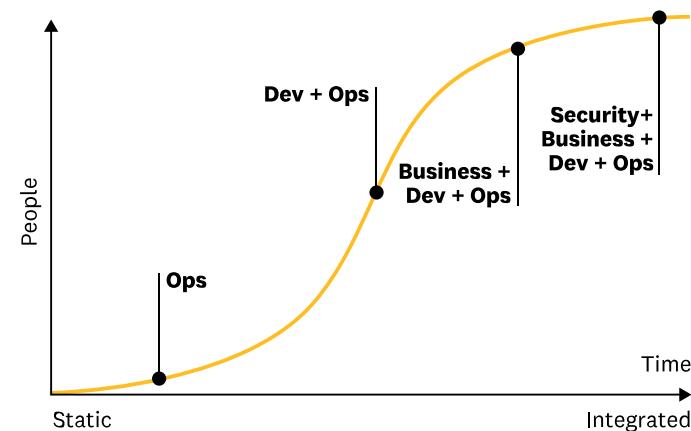
Number of large language models



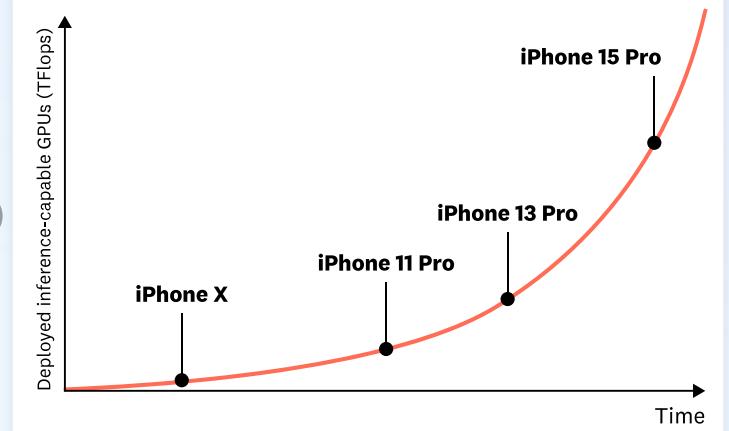
Frequency of releases



Number of people involved

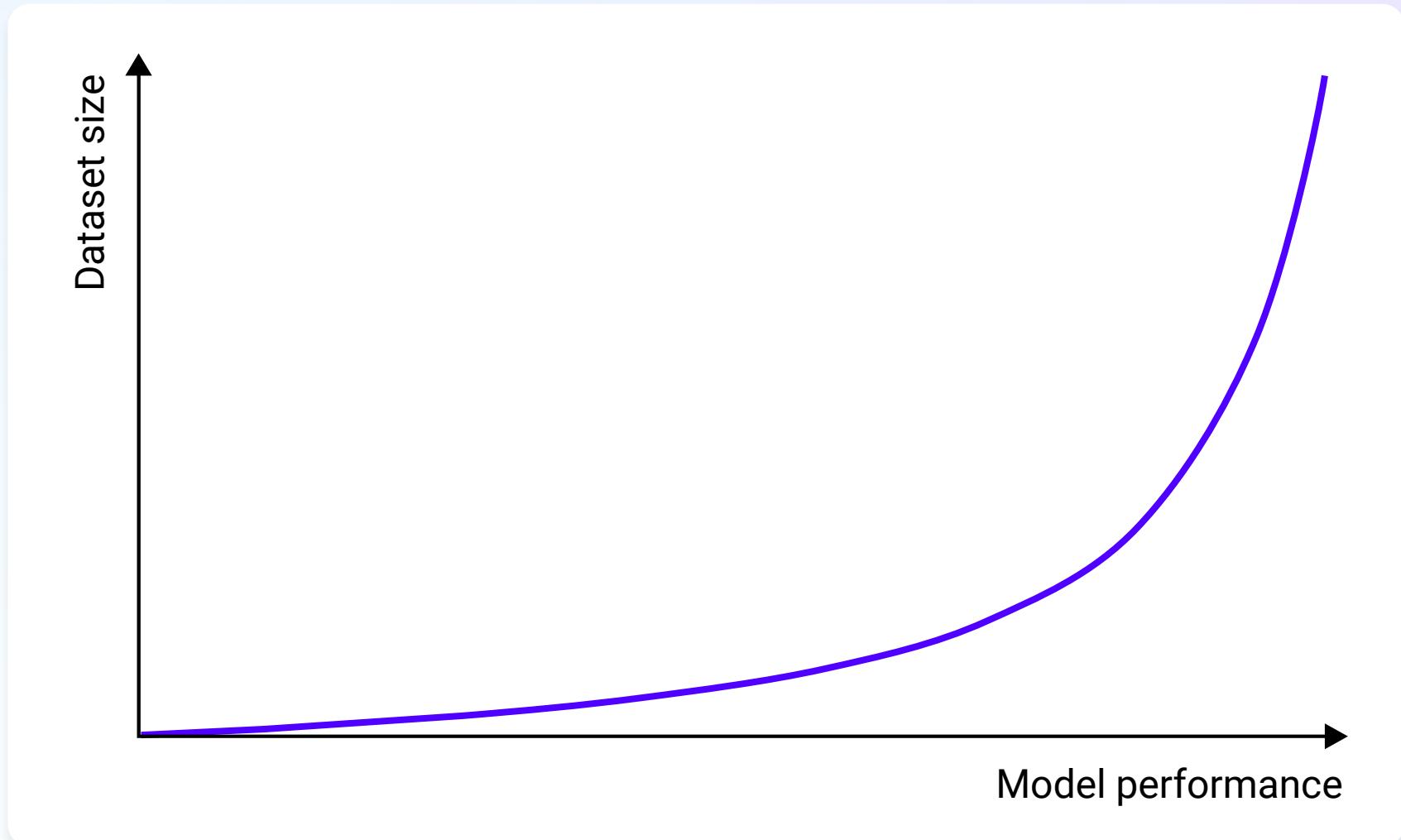


Processing power for next-gen AI use cases



Source for Number of large language models: "Challenges and Applications of Large Language Models," Kaddour, Harris, Mozes, Bradley, Raileanu, McHardy, 2023.  
Source for Processing power for next-gen AI use cases: "Deploying Transformers on the Apple Neural Engine," Apple Machine Learning Research, 2022.

# The primacy of data at scale in AI



# Impact of AI



## Our customers

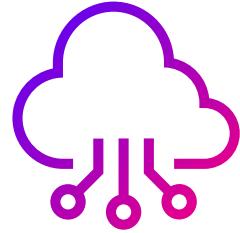
- More data for training, fine-tuning & inference
- More compute for inference
- More complexity in software



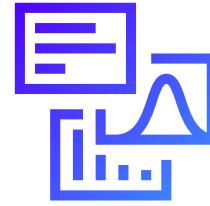
## Datadog

- Data for training, fine-tuning & inference
- Rich data for training
- Better ability to close the loop

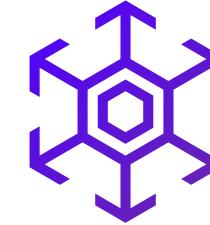
# Foundational elements



SaaS



Clean, accurate and  
rich data



Architected  
for scale

# Enabling data analysis at scale

Millions of hosts

Tens of millions  
of containers

Billions of serverless  
functions

Trillions of metrics

Trillions of logs



## PLATFORM SERVICES

Dashboards

Agents

Collaboration

Mobile

Workflows

Watchdog AI

Open Telemetry

## PRODUCTS / USE CASES

Infrastructure APM DBM

Log Management Cloud SIEM

CI Visibility Continuous Profiler

RUM Network Synthetics

Cloud Security Management

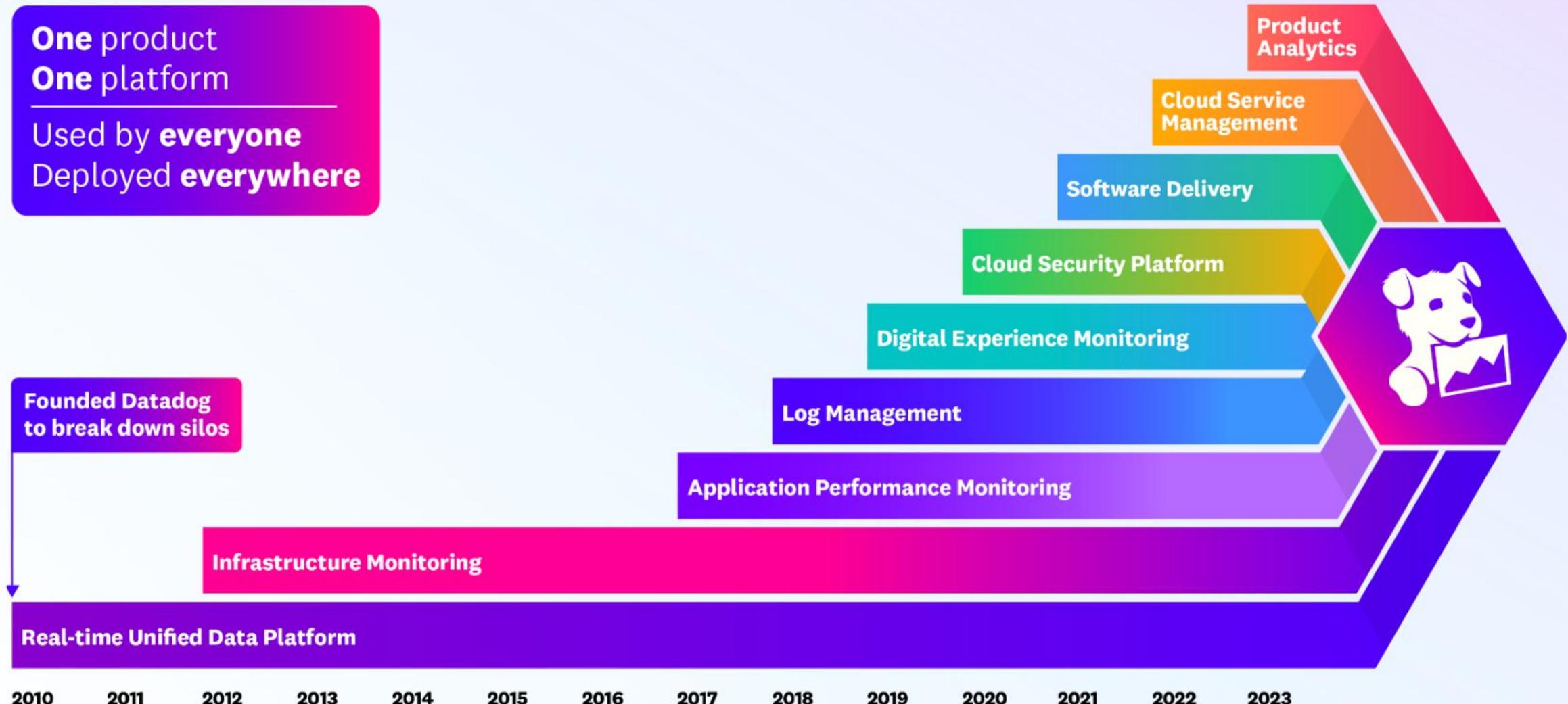
App Security Management

Observability Pipelines

Cloud Cost Management

... and more

# The most data and the best data



# An example: Bits AI



**kai** 1 minute ago

@Bits AI Who am I?

1 reply



**Bits AI APP** 1 minute ago

You are Kai Xin Tai and you are part of the following teams:  
Product Management, Bits AI, and Case Management.

# Bits AI answers questions expansively



**kai** 3 minutes ago

@Bits AI What's going on with metrics-aggregation?

1 reply



**Bits AI APP** 3 minutes ago

The service "metrics-aggregation" has a triggered alert:

- High error rate on metrics-aggregation

There is also an active incident affecting this service:

- Metrics-aggregation lag is high on dd-points-01

Additionally, its upstream service "metrics-intake" has several triggered alerts and incidents. Notably:

- Anomalous spike in requests to the intake API
- CPU usage by the metrics-intake general pool is high
- Cloudflare L7 DDoS detected

The members of "metrics-intake" on call are Yrieix Garnier, Michael Whetten, and Prashant Prahlad. For a comprehensive view of the health of "metrics-aggregation" and "metrics-intake", you can visit the [Service Catalog](#).

# Bits AI helps you understand faster



**kai** 8:21 PM

joined #incident-2765.

● Only visible to you



**Bits AI** APP 8:21 PM

✨ Here's a summary of the incident:

**Issue:** Large spikes in error rate detected in the event-intake service, suspected to be under a DDoS attack.

**Impact:** Approximately 200 customers across US and Europe are experiencing high error rates and latency. The incident has been ongoing for about 1 hour.

**Contributing factors:** Based on trends in logs, the increase in load was identified as a potential DDoS attack, mainly from three IPs.

**Remediation:** Parallel remediative efforts underway, including blocking IPs responsible for the attack, a regex validation in HAProxy for API and App key, and a rate limit increase for the intake endpoint

# Bits AI helps you take action



**kai** 6 minutes ago

@Bits AI Give me a workflow to block IPs in Cloudflare



**Bits AI APP** 6 minutes ago

I found a workflow for blocking IPs in Cloudflare:

- [Block IPs in Cloudflare](#)

Would you like to run this workflow?



**kai** 6 minutes ago

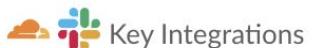
@Bits AI Yes



**Bits AI APP** 6 months ago

[Block IPs in Cloudflare](#)

Iteratively block malicious IPs in Cloudflare.



Last modification: July 19th, 2023 at 3:33 PM

The following parameters are required:

- IPs to block (**array<string>**)
- Is block temporary (**boolean**)

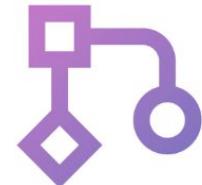
Could you please provide these values?



**kai** 6 minutes ago

@Bits AI IPs: 37.175.211.195, 37.165.9.163, 46.165.64.48

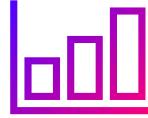
Temporary: Yes



# Datadog brings together data and context

Our customers generate a wide and deep set of data:

## How the system is working



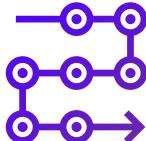
- Measurement data
- Configuration data
- Machine status

## How things are named and structured



- Service names
- Team names and hierarchy
- Infrastructure hierarchy

## What actions are taken



- Process data
- Incident management
- Workflows

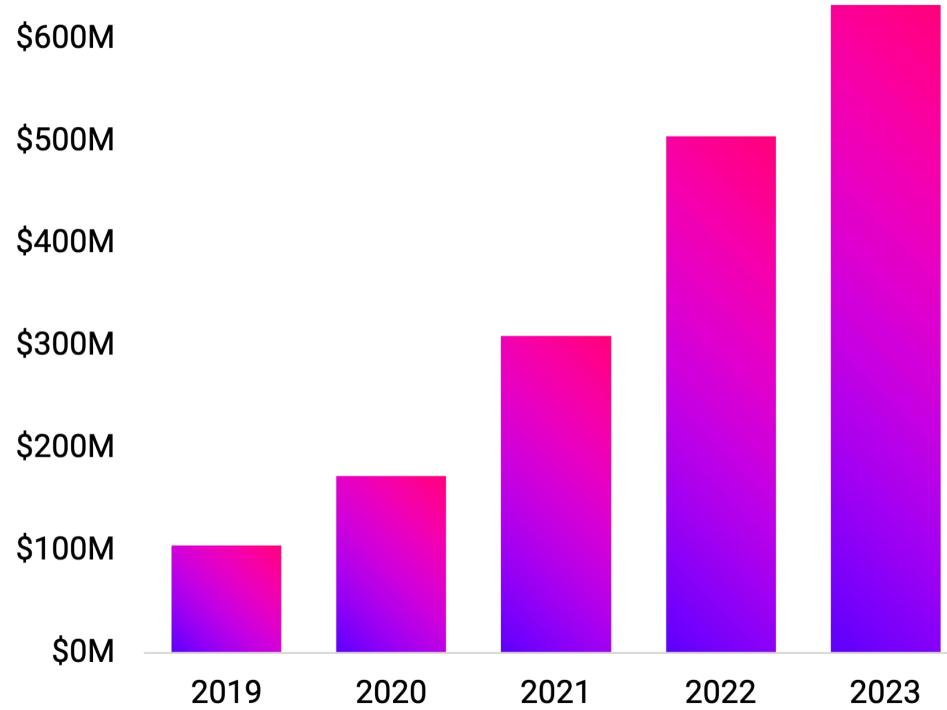
## How people communicate



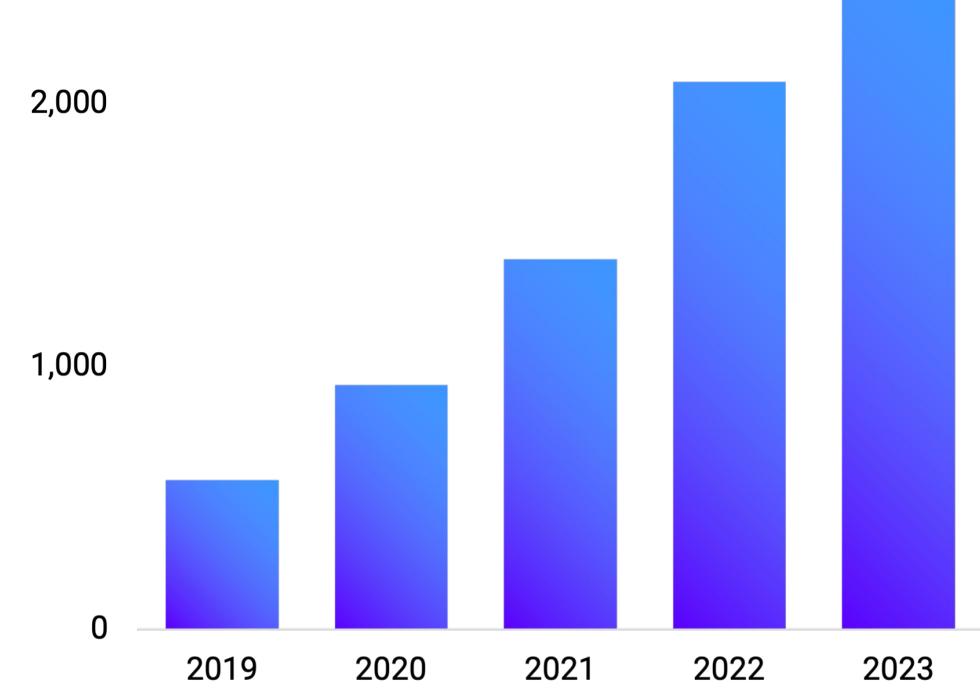
- Source code
- Message boards
- Wikis

# Investment in innovation

Datadog Non-GAAP R&D \$'s<sup>(1)</sup>



Datadog R&D headcount

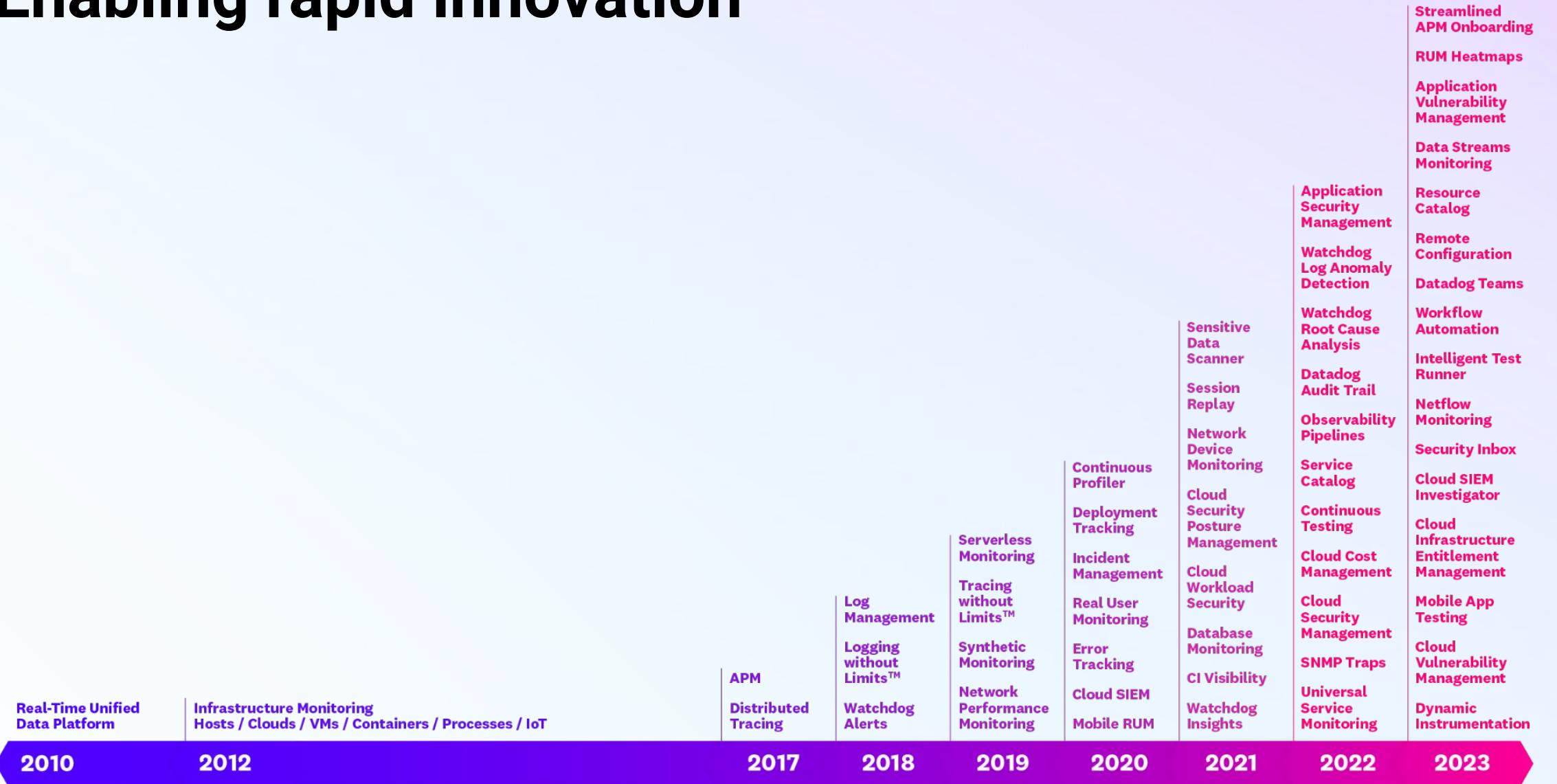


(1) Non-GAAP measures. See Appendix for a reconciliation of these non-GAAP measures to the most directly comparable GAAP measures.

# Yrieix Garnier

Vice President, Product

# Enabling rapid innovation

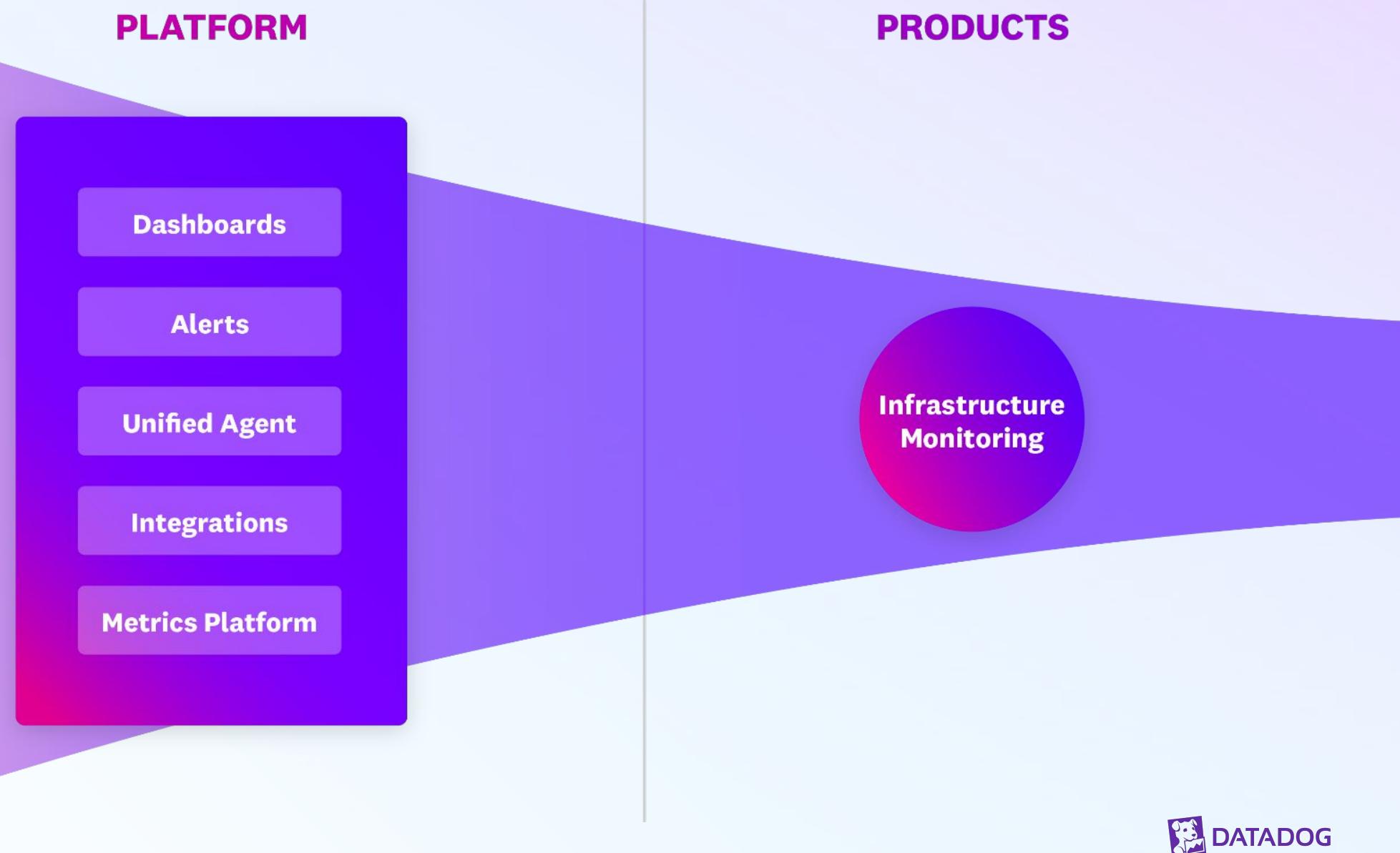


FOUNDED DATADOG TO BREAK DOWN SILOS

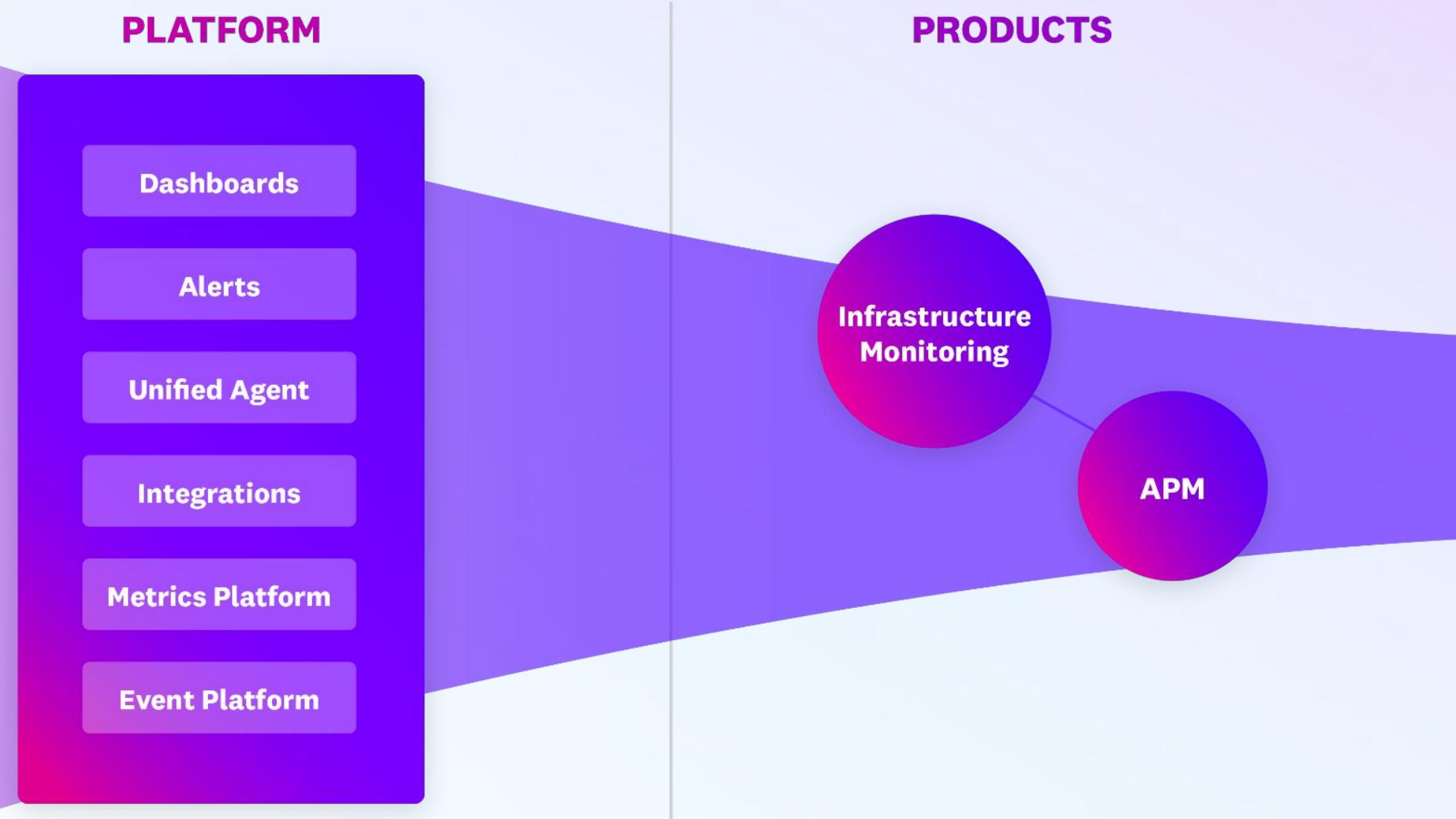
DEPLOYED EVERYWHERE, USED BY EVERYONE



# We built the platform first



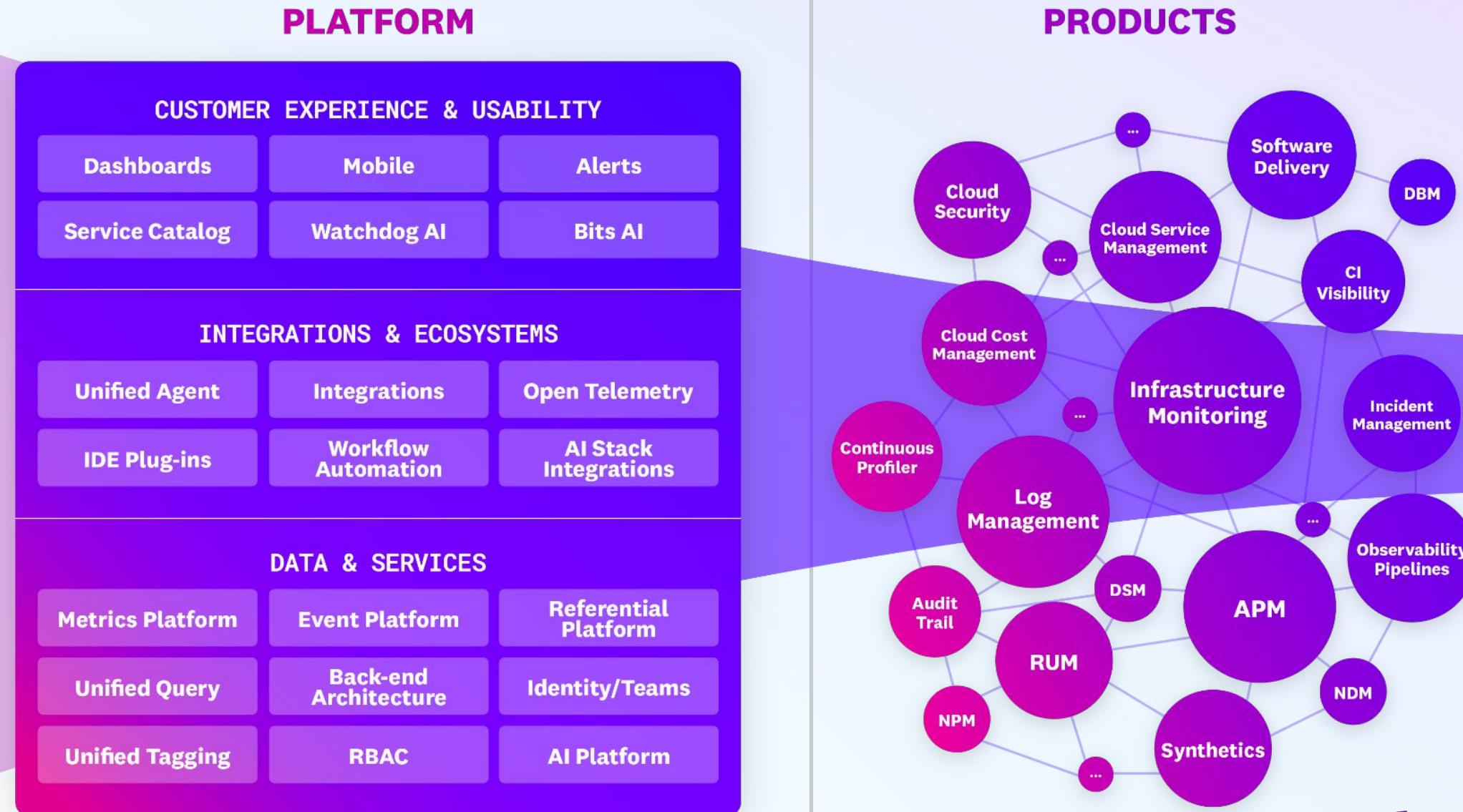
# “Platform first” lets us build products better and faster



# Platform building blocks



# Enabling lean and agile product teams



# Solving problems for customers

Telecom

Enterprise  
(5K+ FTEs)

~7 yrs  
as customer

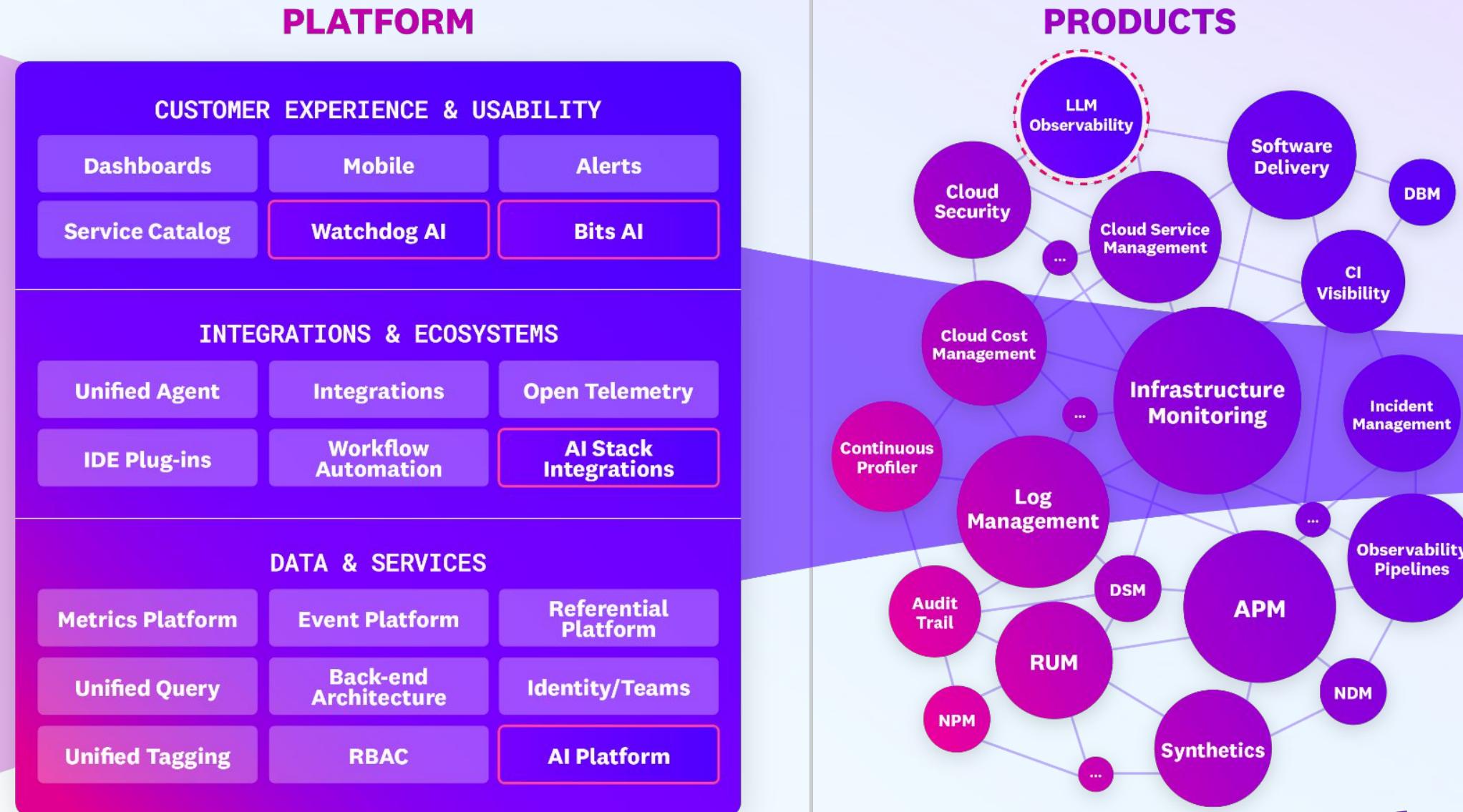
~1,900 MAUs

|                           | Major incidents per year | FTEs per incident | Hours per incident | Total hours per year |
|---------------------------|--------------------------|-------------------|--------------------|----------------------|
| <b>Before<br/>Datadog</b> | 72                       | ×                 | 12                 | = <b>~19,000</b>     |
| <b>With<br/>Datadog</b>   | 48                       | ×                 | 6                  | = <b>~3,500</b>      |
| <b>% reduction</b>        | <b>-33%</b>              | <b>-50%</b>       | <b>-45%</b>        | <b>-82%</b>          |

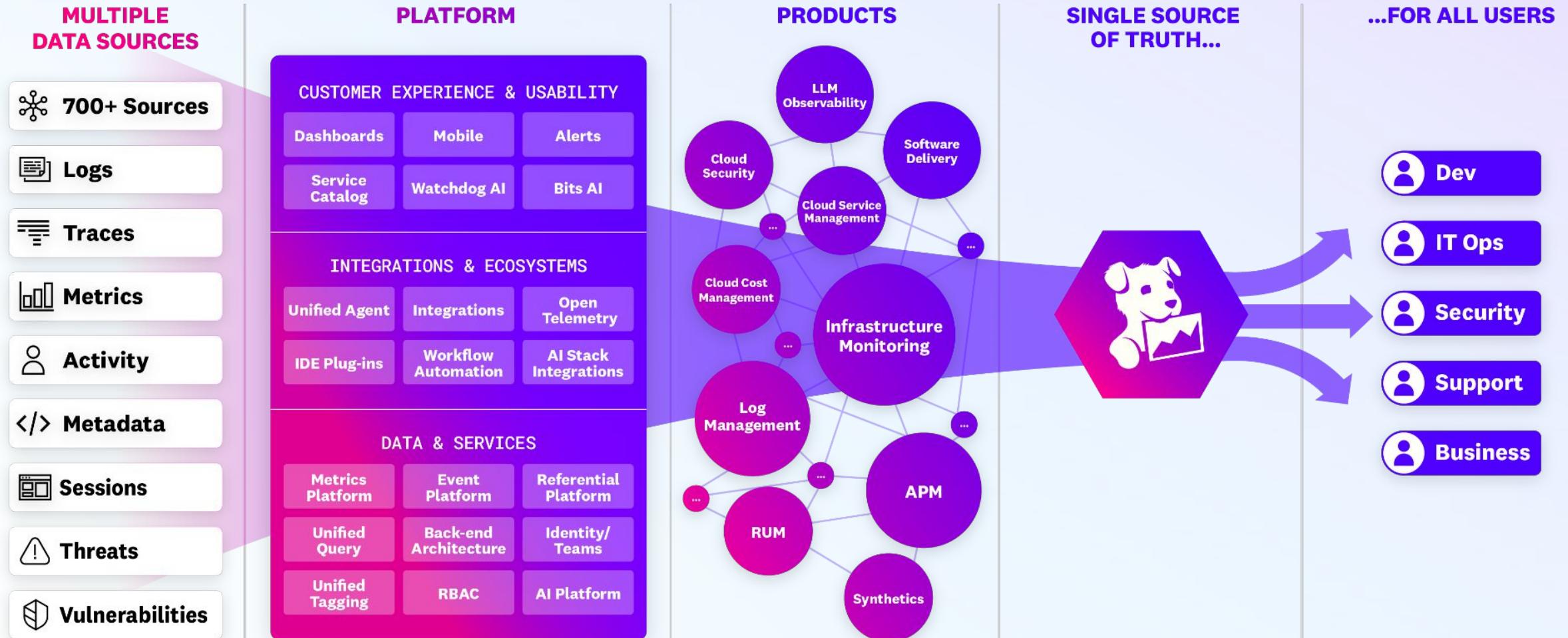
Source: Datadog internal analysis.



# Embedding next-gen AI in our platform



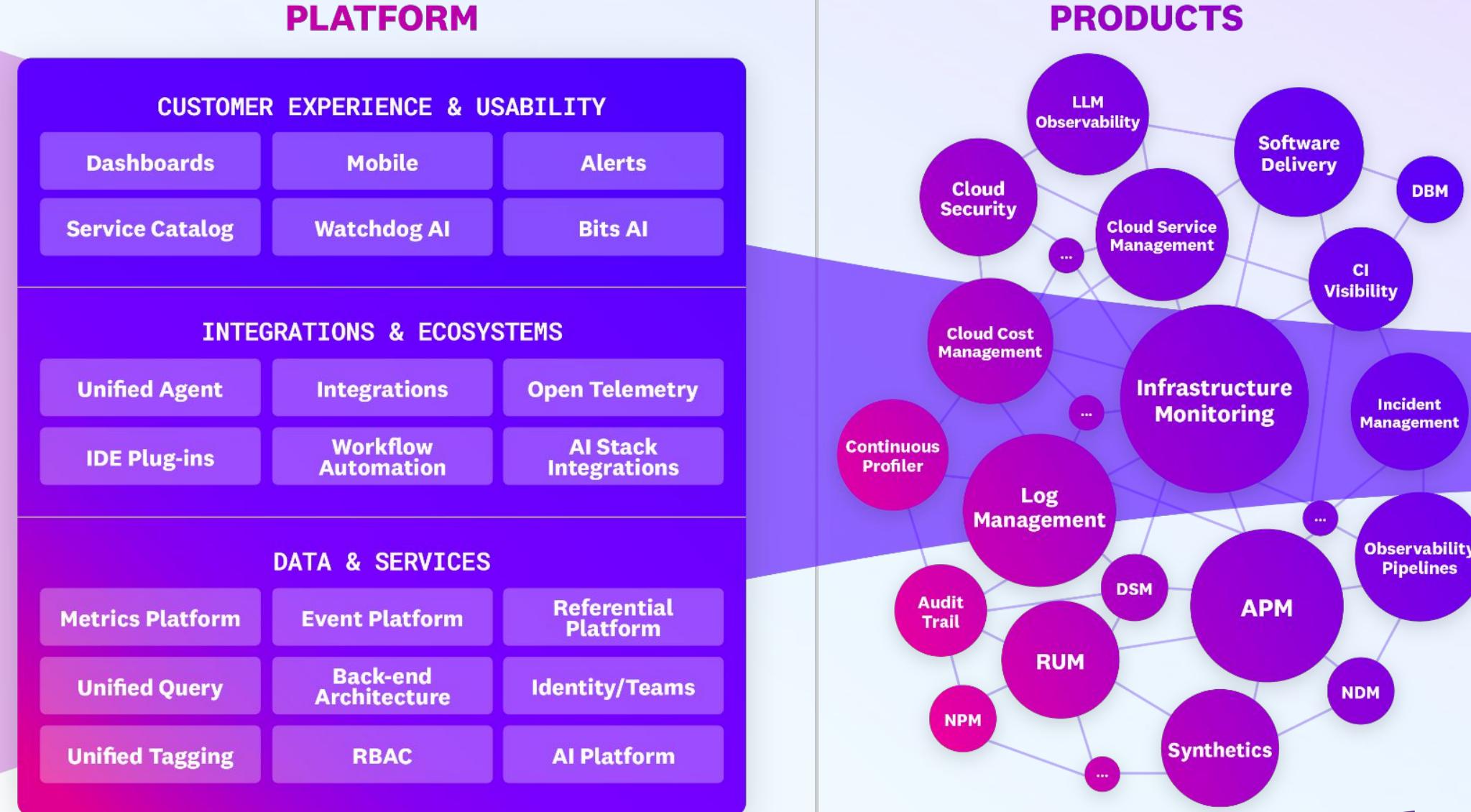
# Breaking down silos with our unified platform



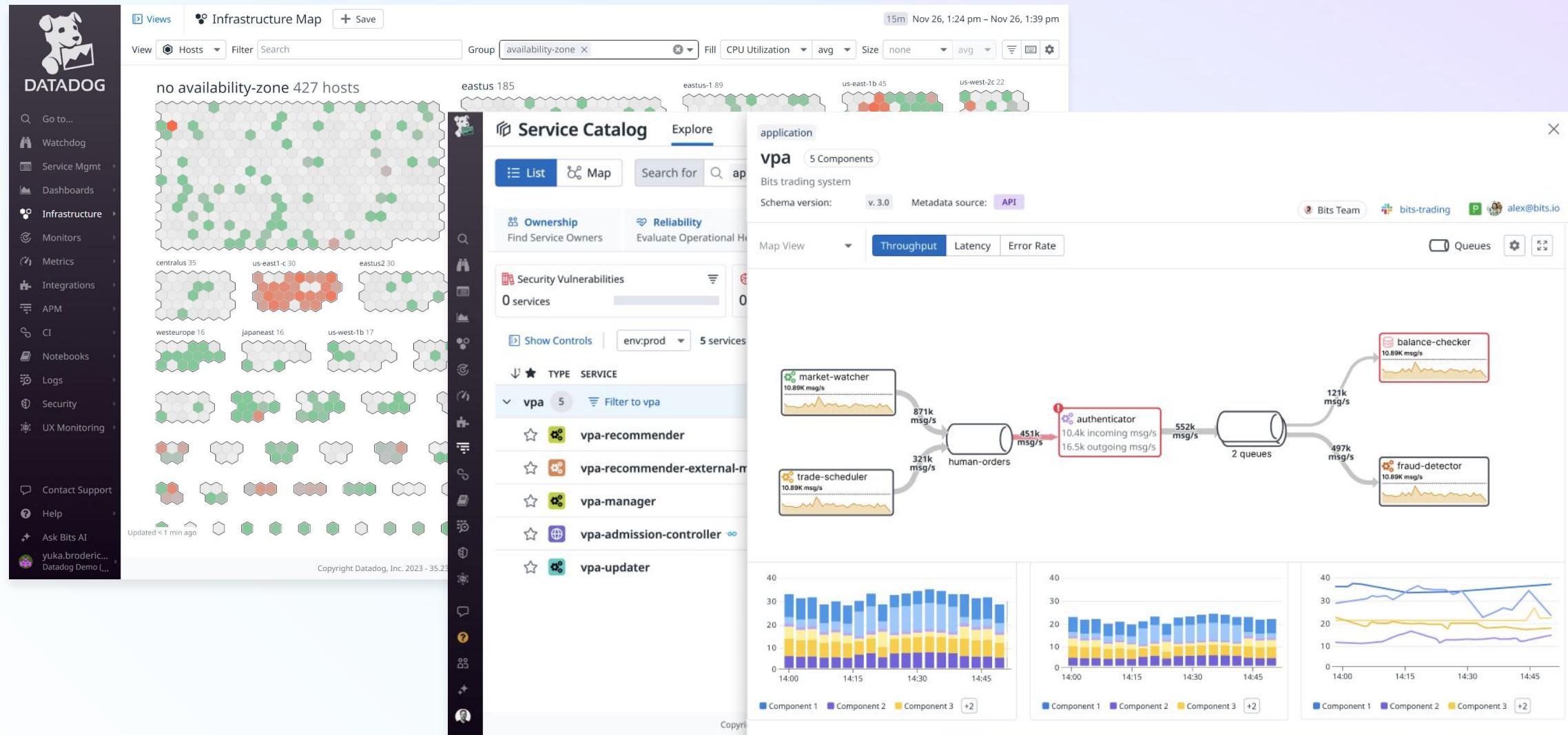
# Michael Whetten

Vice President, Product

# Solving complex problems with the Datadog platform

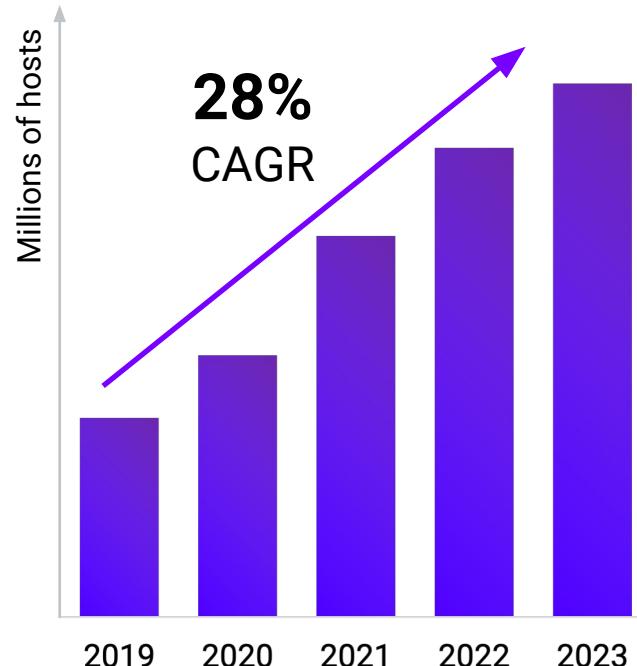


# Infrastructure Monitoring for Operations teams

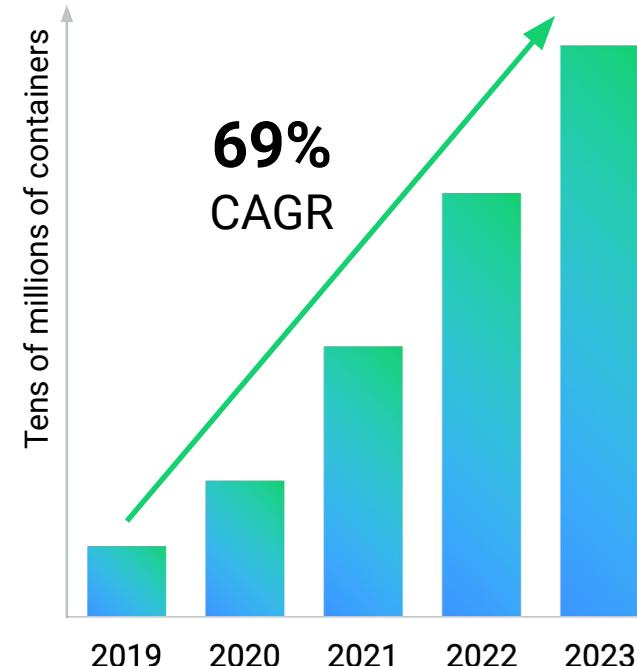


# Infrastructure Monitoring expansion

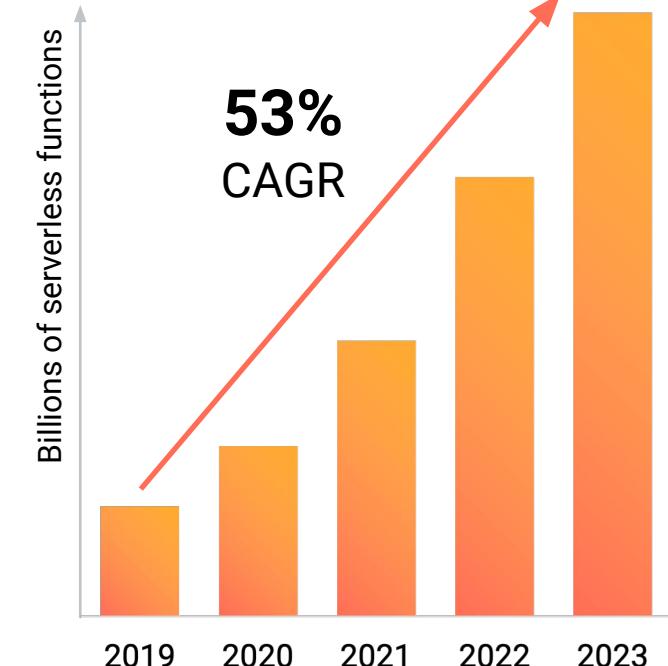
## Infrastructure hosts



## Infrastructure containers



## Serverless functions

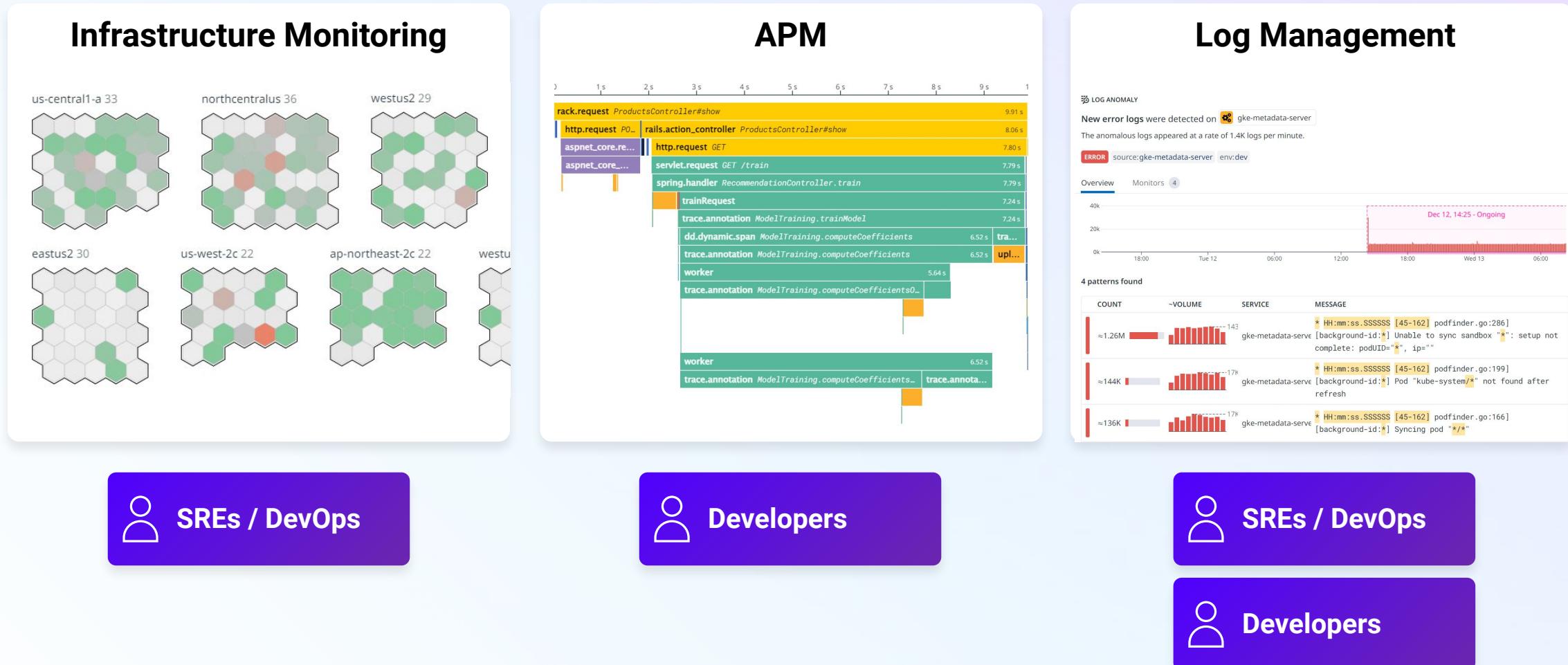


# The next problem to solve - application performance

The screenshot shows the Datadog Service Catalog interface. At the top, there are tabs for "Service Catalog", "Explore" (which is selected), "Setup & Config", and "Scorecards BETA". Below the tabs, there are sections for "Ownership", "Reliability", "Performance" (selected), "Security", "Costs NEW", and "Delivery NEW". The "Performance" section is titled "Monitor Application Performance". There are four cards below this: "Security Vulnerabilities" (16 services), "Attack Exposure" (10 services), "Breached SLOs" (5 services), and "No One On-Call" (414 services). The main area displays a table of services with columns: TYPE, SERVICE, LAST DEPLOY, REQUESTS, ERROR RATE, P95 LATENCY, INFRASTRUCTURE, DASHBOARDS, and MO. The table lists several services: rails\_storefront\_development (inferred, env:prod, +2 others), trade-executor (env:prod), balance-checker (env:prod), emailer (env:prod), fraud-detector (env:prod), authenticator (env:prod), send-email-redis-queue (env:prod, +2 others), web-store (env:prod, +2 others), and chaos-engineering (env:prod, +2 others). Each service row includes a status bar and a green progress bar.

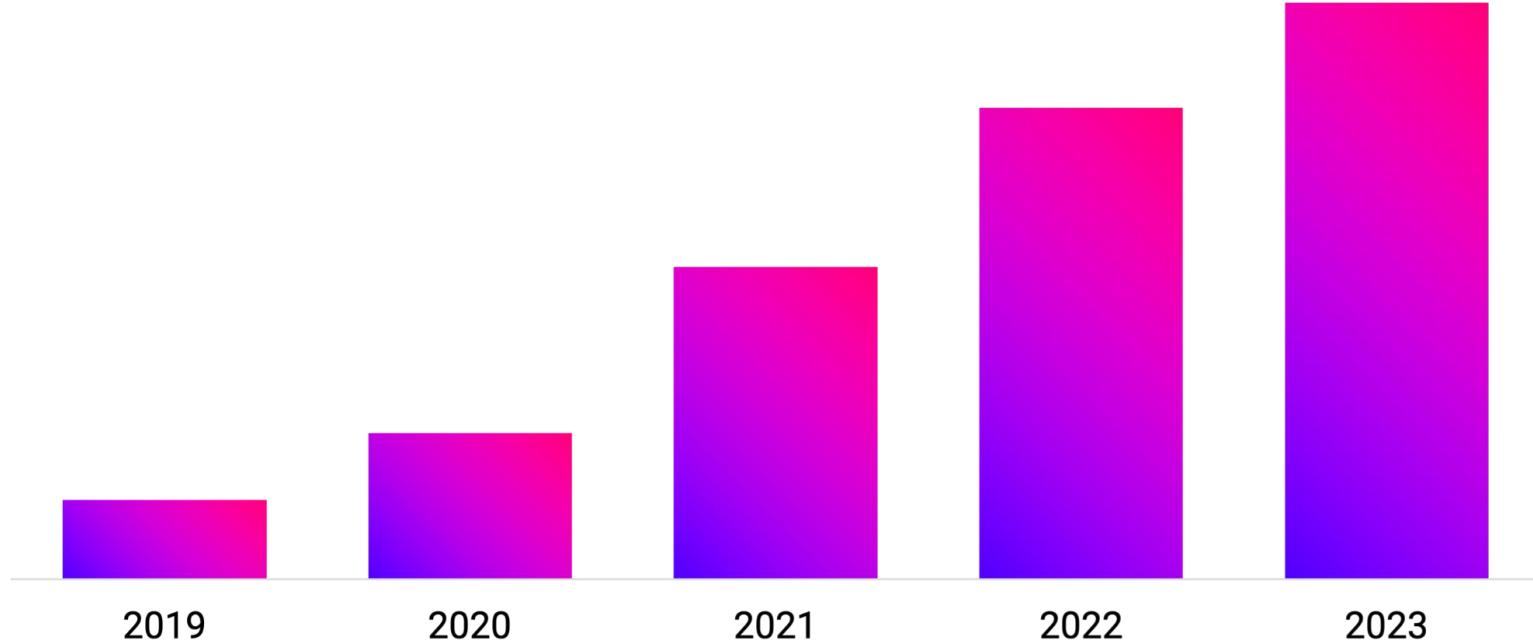
| TYPE                         | SERVICE                           | LAST DEPLOY | REQUESTS  | ERROR RATE | P95 LATENCY | INFRASTRUCTURE | DASHBOARDS | MO |
|------------------------------|-----------------------------------|-------------|-----------|------------|-------------|----------------|------------|----|
| rails_storefront_development | INFERRED<br>env:prod<br>+2 others | 1.1k req/s  | < 0.1%    | 40.4 ms    |             |                |            |    |
| trade-executor               | env:prod                          | 8d ago      | 918 req/s | 167 µs     | 1           |                |            |    |
| balance-checker              | env:prod                          | 8d ago      | 487 req/s | 283 µs     | 1           |                |            |    |
| emailer                      | env:prod                          | 8d ago      | 485 req/s | 145 µs     | 1           |                |            | 3  |
| fraud-detector               | env:prod                          | 8d ago      | 476 req/s | 368 µs     | 1           |                |            |    |
| authenticator                | env:prod                          | 8d ago      | 244 req/s | < 0.1%     | 423 µs      | 7              |            | 1  |
| send-email-redis-queue       | env:prod<br>+2 others             | 2d ago      | 145 req/s | 2.03 ms    | 21          |                | 1          |    |
| web-store                    | env:prod<br>+2 others             | 3h ago      | 132 req/s | 6.8%       | 7.50 s      | 2              | 8          | 68 |
| chaos-engineering            | env:prod<br>+2 others             | 2d ago      | 122 req/s | 6.7%       | 1.69 s      | 112            |            | 1  |

# Log Management - the next addition to the platform



# Log Management traction

Log Management \$ ARR



# Application performance

RUM | JS Shop.list | Performance Summary

UTC-05:00  
1d Past 1 Day

Overview Performance Errors Deployments API

### Analyze Errors

Total Errors by Version

Top Views with Highest Error Rate

| Error Rate | View Path                      |
|------------|--------------------------------|
| 46.71      | /checkout                      |
| 10.68      | /department/lighting/product/? |
| 2.40       | /                              |
| 1.80       | /cart                          |
| 0.60       | /department/lighting           |
| 0.56       | /department/bedding            |
| 0.45       | /department/chairs             |
| 0.43       | /department/sofas              |
| 0.065      | /department/chairs/product/?   |
| 0.064      | /department/bedding/product/?  |

Errors Overview

- Copy tags to clipboard
- Filter on /checkout
- See Views for /checkout
- New journey starting with this view
- New journey ending with this view

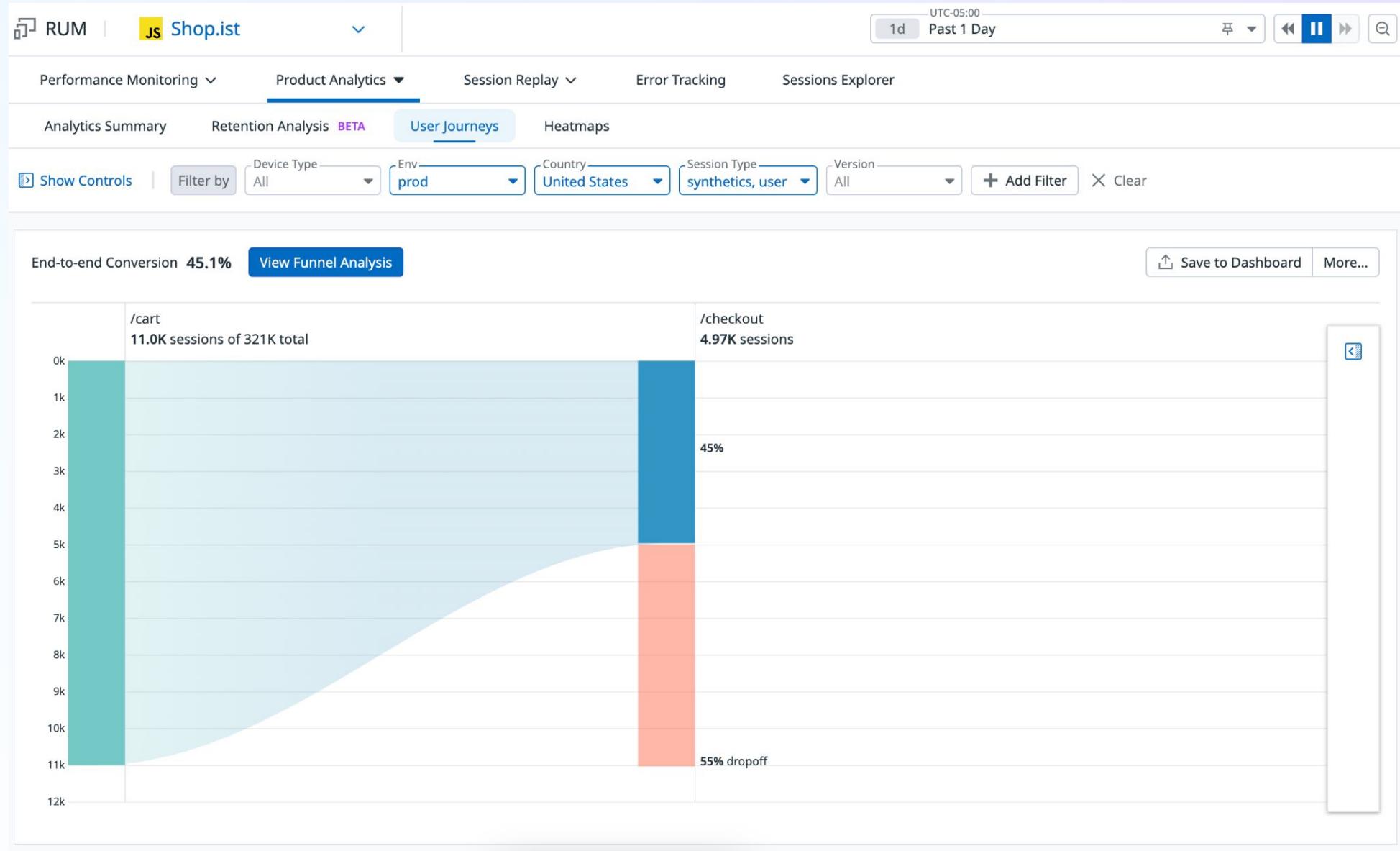
Ongoing Issues

| ISSUE DETAILS   | ERROR COUNT | VOLUME |
|---|-------------|--------|
| JS ReferenceError ... in f.genRUMError<br>nonExistentFunction is not defined<br>Last seen about 3 hours ago - over 1 year old<br>shopist-web-ui | 56.9k       | 19.8K  |

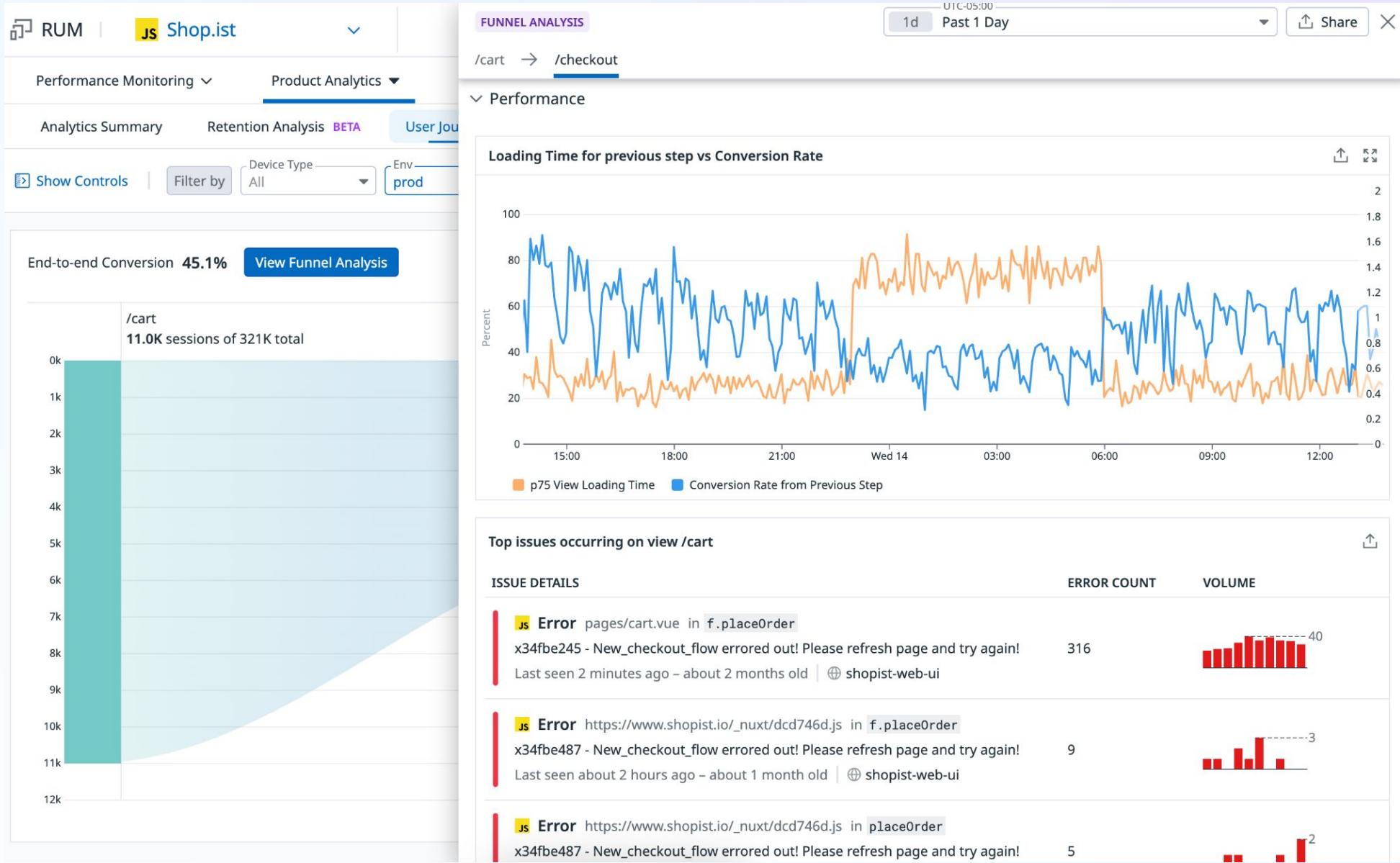
Top Actions Triggering Errors

| ACTION NAME          | VIEW NAME            | ↓ AFFECTED SESSIONS | TOTAL ERRORS |
|----------------------|----------------------|---------------------|--------------|
| click on ADD TO CART | /department/lighting | 2,418               | 2,263        |
| click on CHECKOUT    | /cart                | 127                 | 127          |

# User performance



# User performance



# User experience

← Sessions     Extended Retention NEW        Dev Tools

## COUCH CACHE

CHAIRS   SOFAS   BEDDING   LIGHTING   MY PROFILE   CART (0)

CONTINUE SHOPPING

Thank you!  
Your order has been placed.  
We will update you when it's shipped.

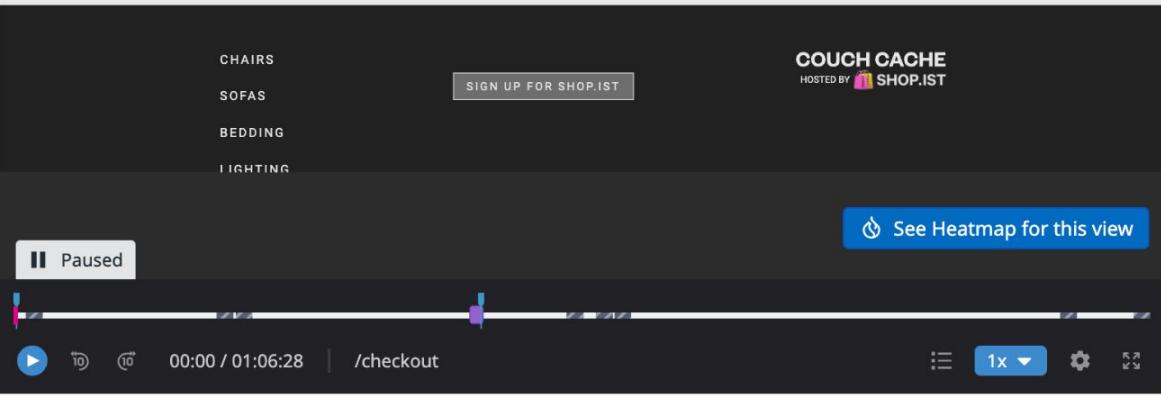
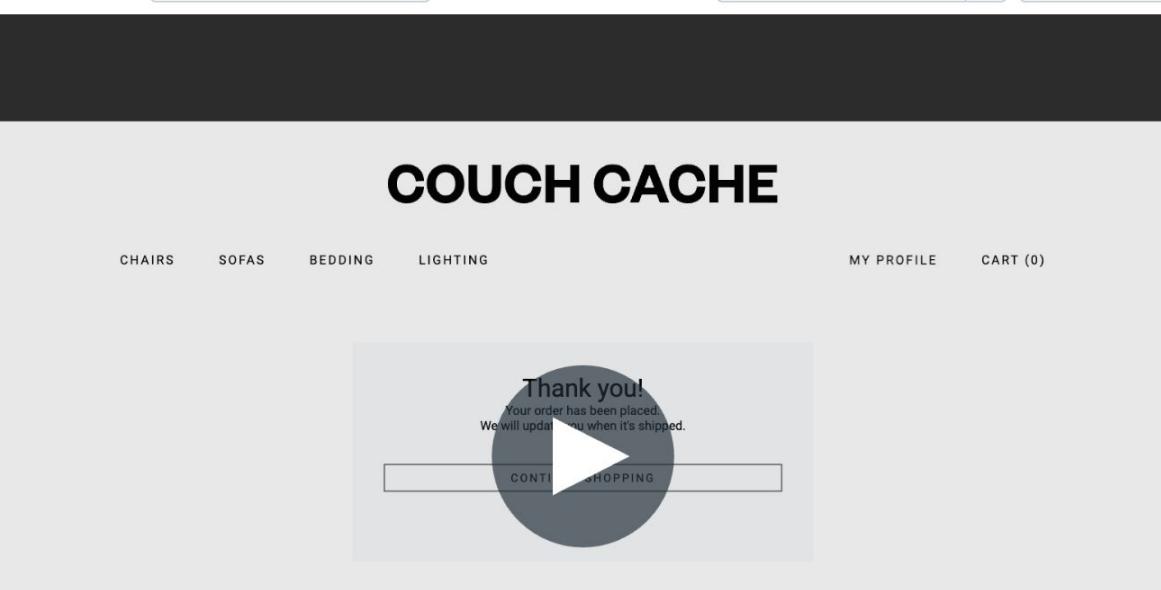
CHAIRS   SOFAS   BEDDING   LIGHTING   SIGN UP FOR SHOP.IST

COUCH CACHE  
HOSTED BY 

See Heatmap for this view

II Paused    00:00 / 01:06:28    /checkout

1x ▾    ⚙    🔍



lori.little    Feb 5, 11:42 pm

Browser Session replay lasting 1h    1 watched

frustration detected service:shopist-web-ui

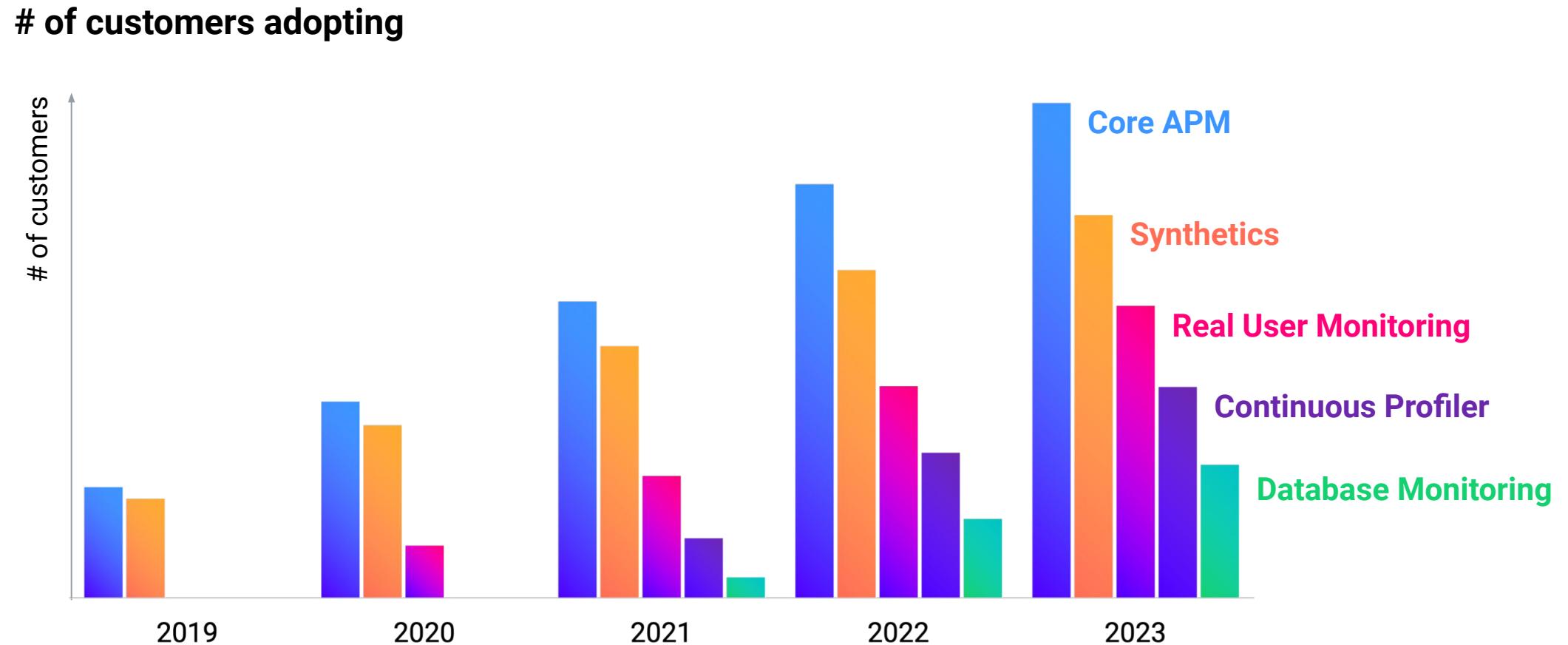
version:4.2.6-beta browser Mac OS X env:prod

Chrome Japan lori.little

Background Events

|             |                                     |
|-------------|-------------------------------------|
| 0 s         | SPA Route Change /checkout          |
| 0 s         | User Focus On /checkout             |
| 1 min 47 s  | User Focus On /checkout             |
| 2 min 6 s   | User Focus On /checkout             |
| 18 min 47 s | User Focus On /checkout             |
| 19 min 24 s | DEAD CLICK Click on Thank you! ...  |
| 19 min 25 s | Click on main navigation on page... |
| 19 min 25 s | Load Page /department/chairs        |
| 19 min 25 s | User Focus On /department/chairs    |
| 21 min 16 s | User Focus On /department/chairs    |

# APM & Digital Experience customer penetration



# The Datadog platform



## Infrastructure Monitoring

- Containers
- Serverless
- Network Performance Monitoring
- Network Device Monitoring
- Cloud Cost Management

## Application Performance Monitoring

- Distributed Tracing
- Error Tracking
- Continuous Profiler
- Database Monitoring
- Universal Service Monitoring
- Data Streams Monitoring

## Digital Experience Monitoring

- Synthetics
- Browser Real User Monitoring
- Session Replay
- Mobile Real User Monitoring
- Mobile App Testing and Monitoring

## Log Management

- Observability Pipelines
- Audit Trail
- Log Forwarding

## Security

- Cloud Security Management
- Application Security Management
- Software Composition Analysis
- Cloud SIEM
- Sensitive Data Scanner

## Developer Experience

- CI Visibility
- Continuous Testing
- CoScreen

## Service Management

- Incident Management
- Workflow Automation
- Cloudcraft

## Watchdog

Insights • Root Cause Analysis • Anomaly Detection • Proactive Alerts • Correlation • Impact Analysis

## Shared Platform Services

Bits AI • Dashboards • Mobile • Agent • Notebook • OpenTelemetry • Service Catalog • IDE Integrations • ChatOps • SLOs • Case Management

UNIFIED METRICS, LOGS, TRACES

700+ INTEGRATIONS

# Customer example

 Food & Beverage

 Enterprise  
(5K+ FTEs)

 ~5 yrs  
as customer

 ~1,100 MAUs

\$ ARR, each color represents a different product

\$2.0M

\$1.5M

\$1.0M

\$0.5M

\$0.0M

2019

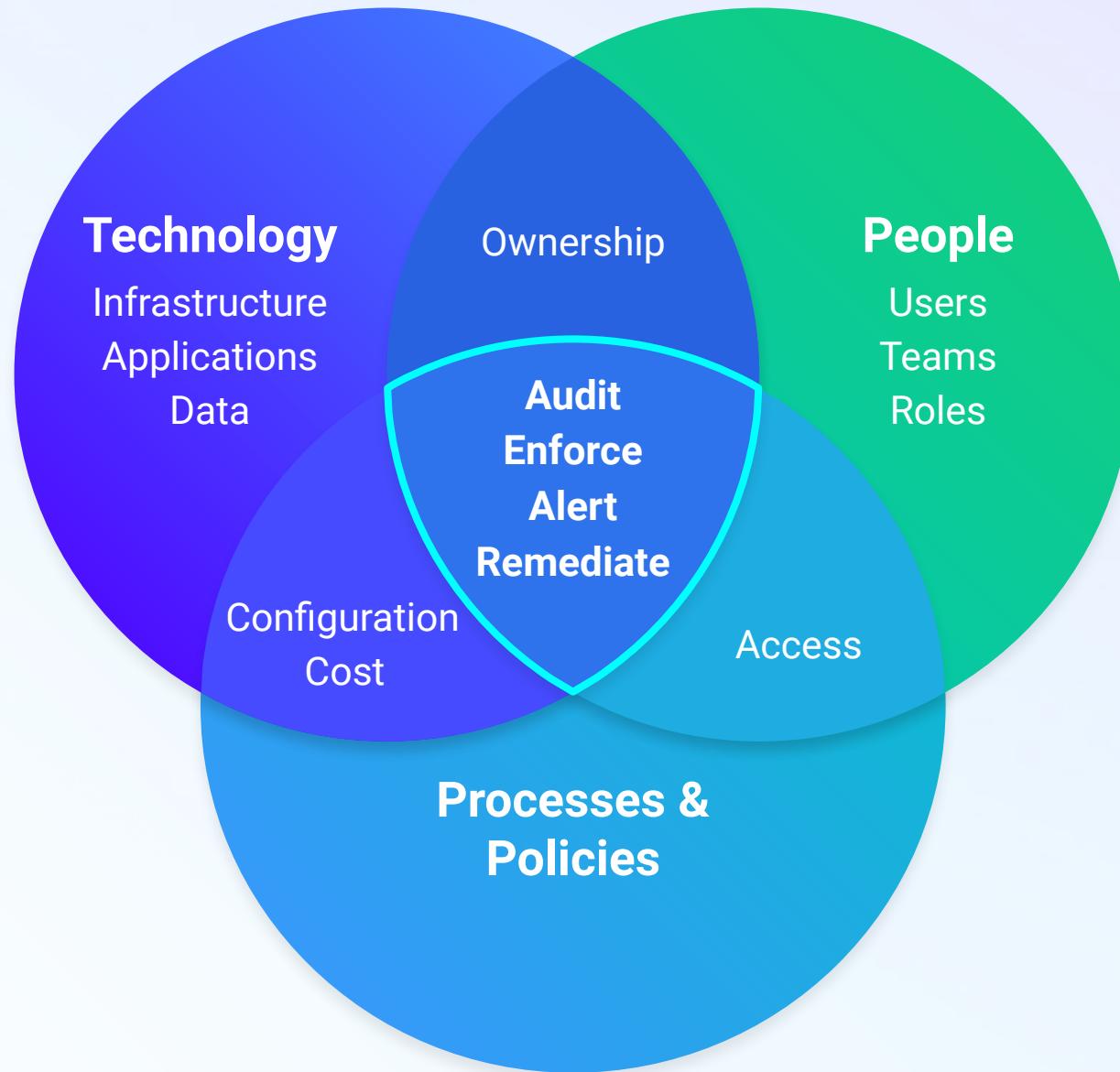
2020

2021

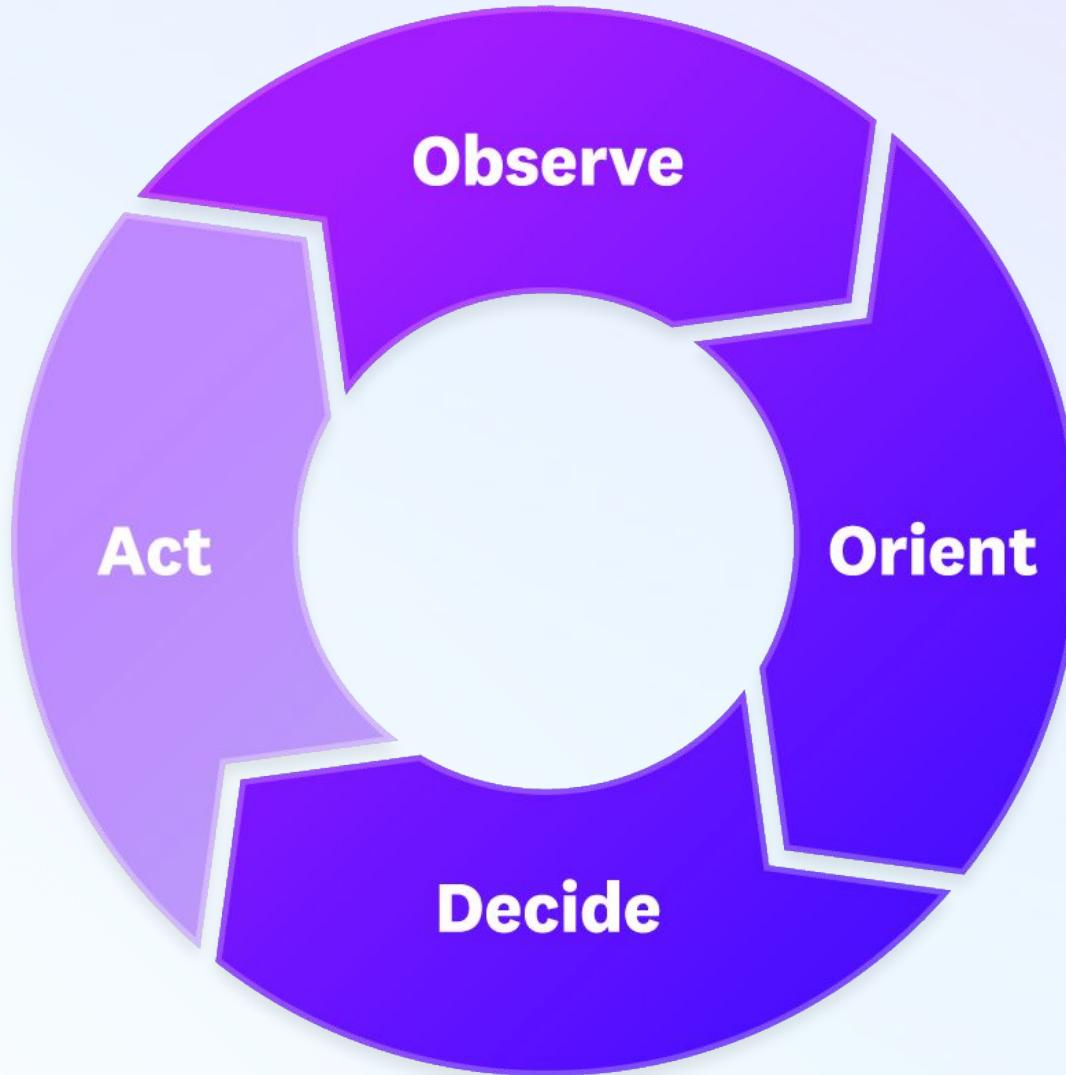
2022

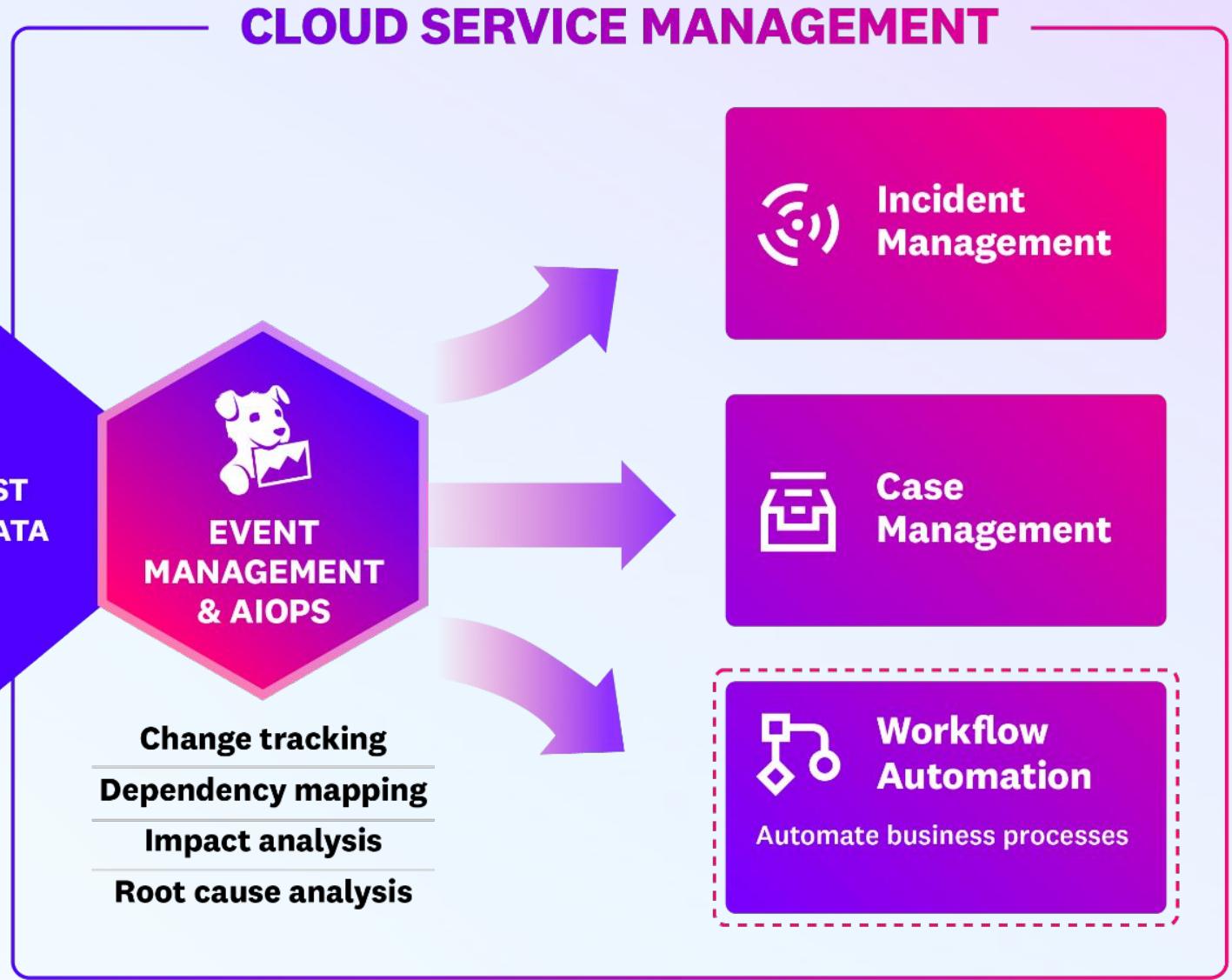
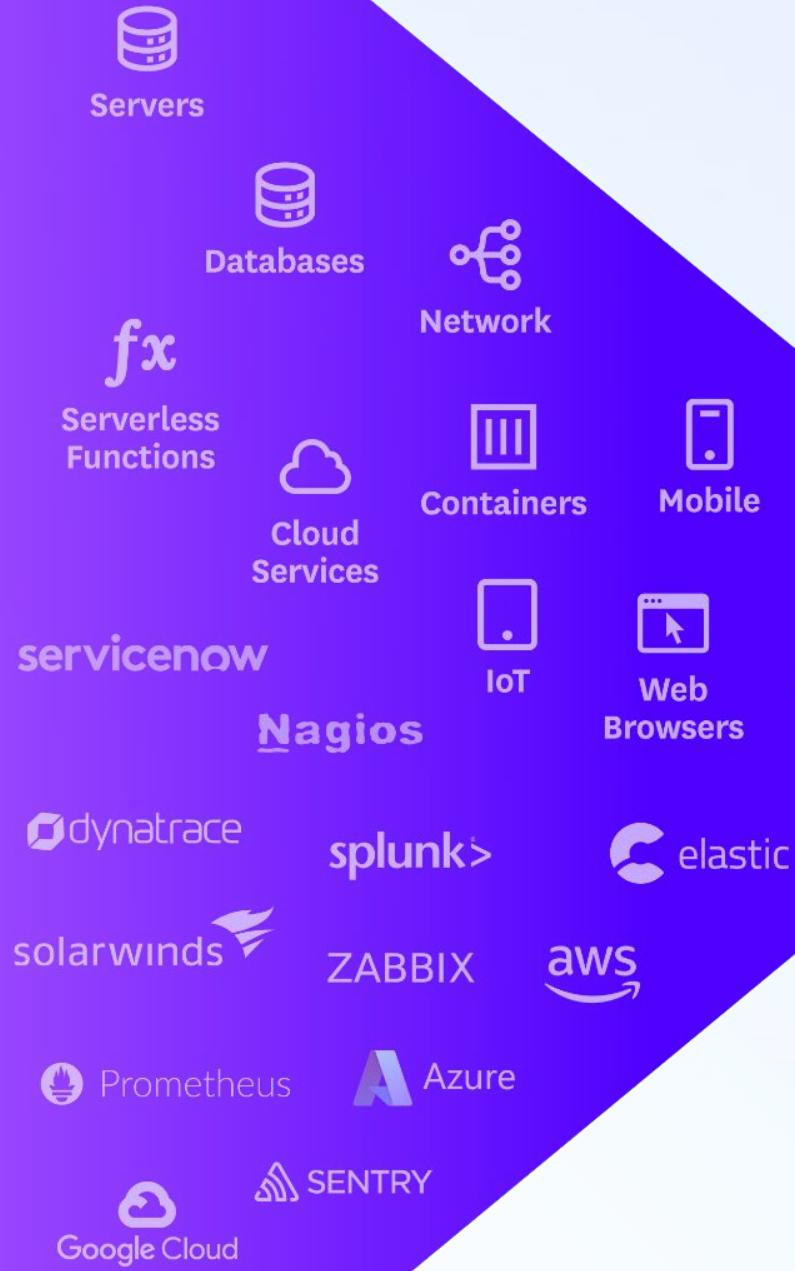
2023

# Organizational awareness through Service Management



# Closing the Loop and taking action

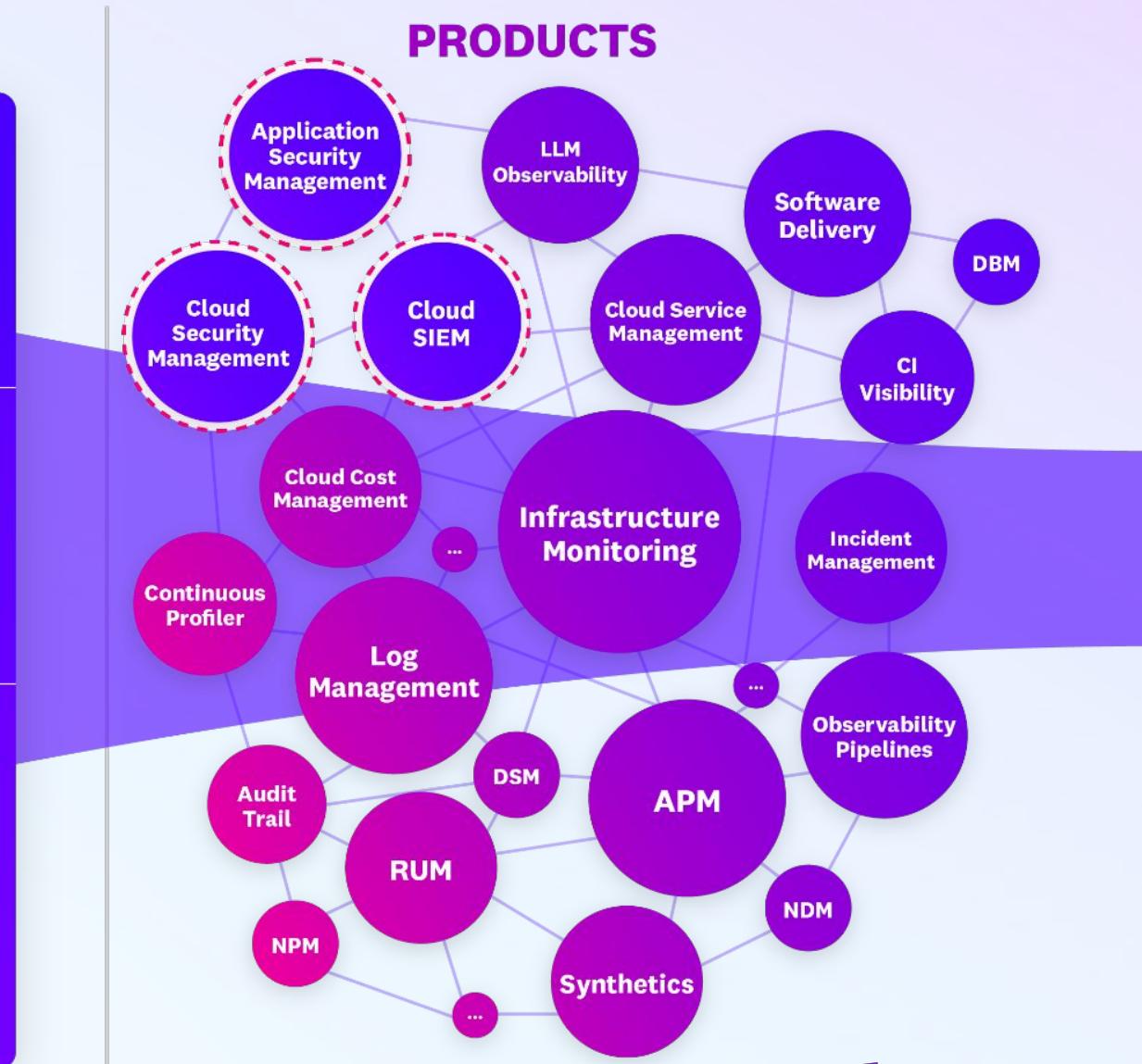




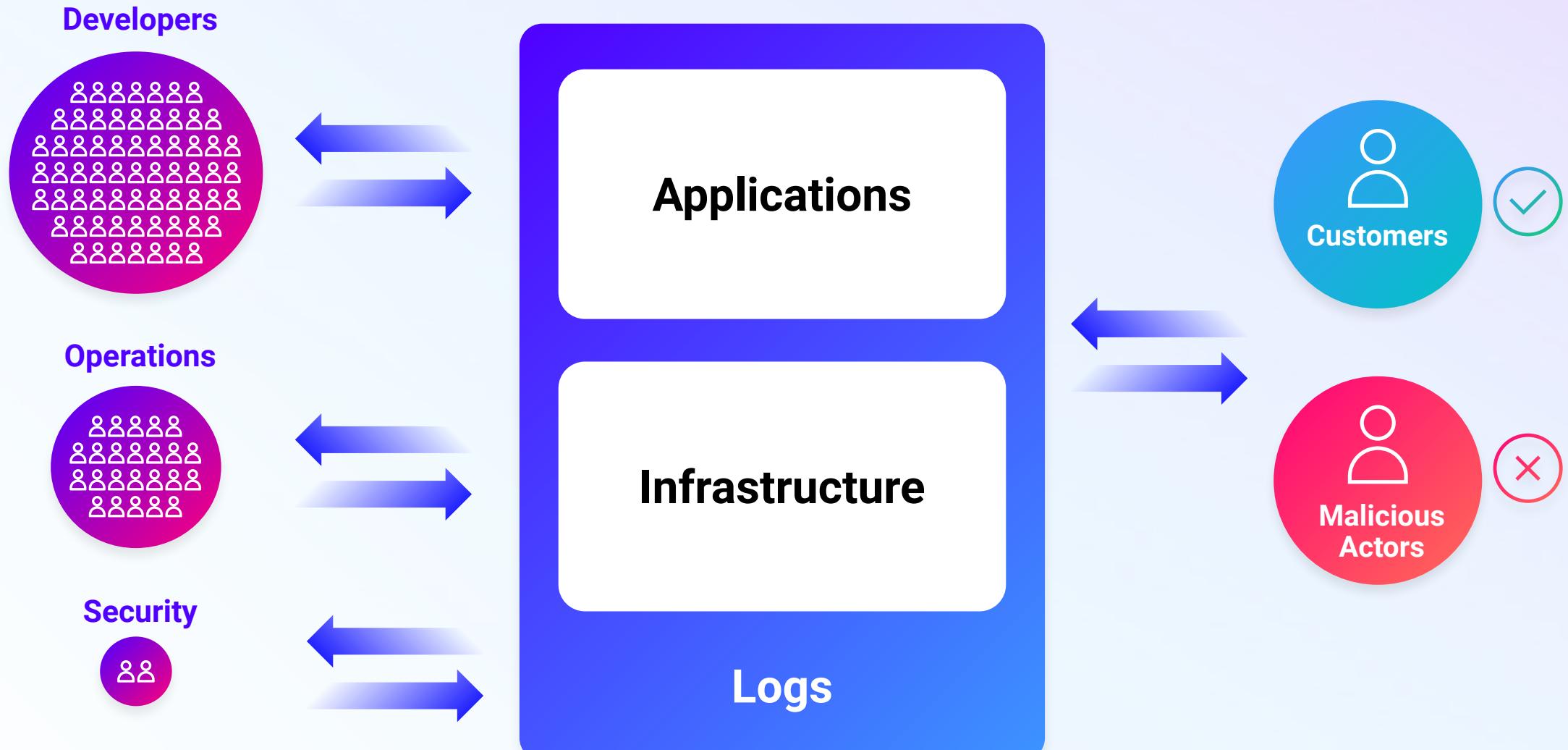
# Prashant Prahlad

Vice President, Product

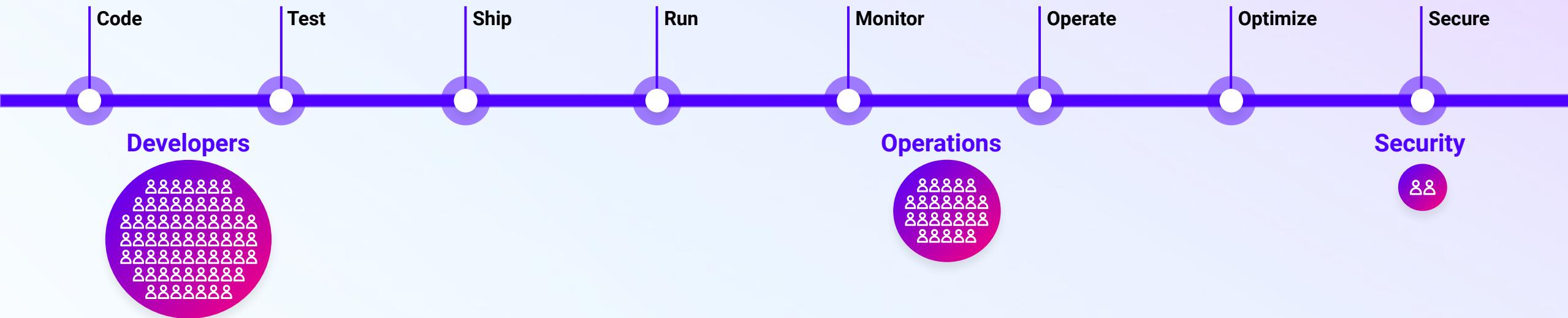
# Problems to solve in security



# Securing cloud native applications + people



# Dev, Sec, Ops: Siloed data with varied tools



## DevSecOps SHARED USE CASES



**Identify**  
security risks in production

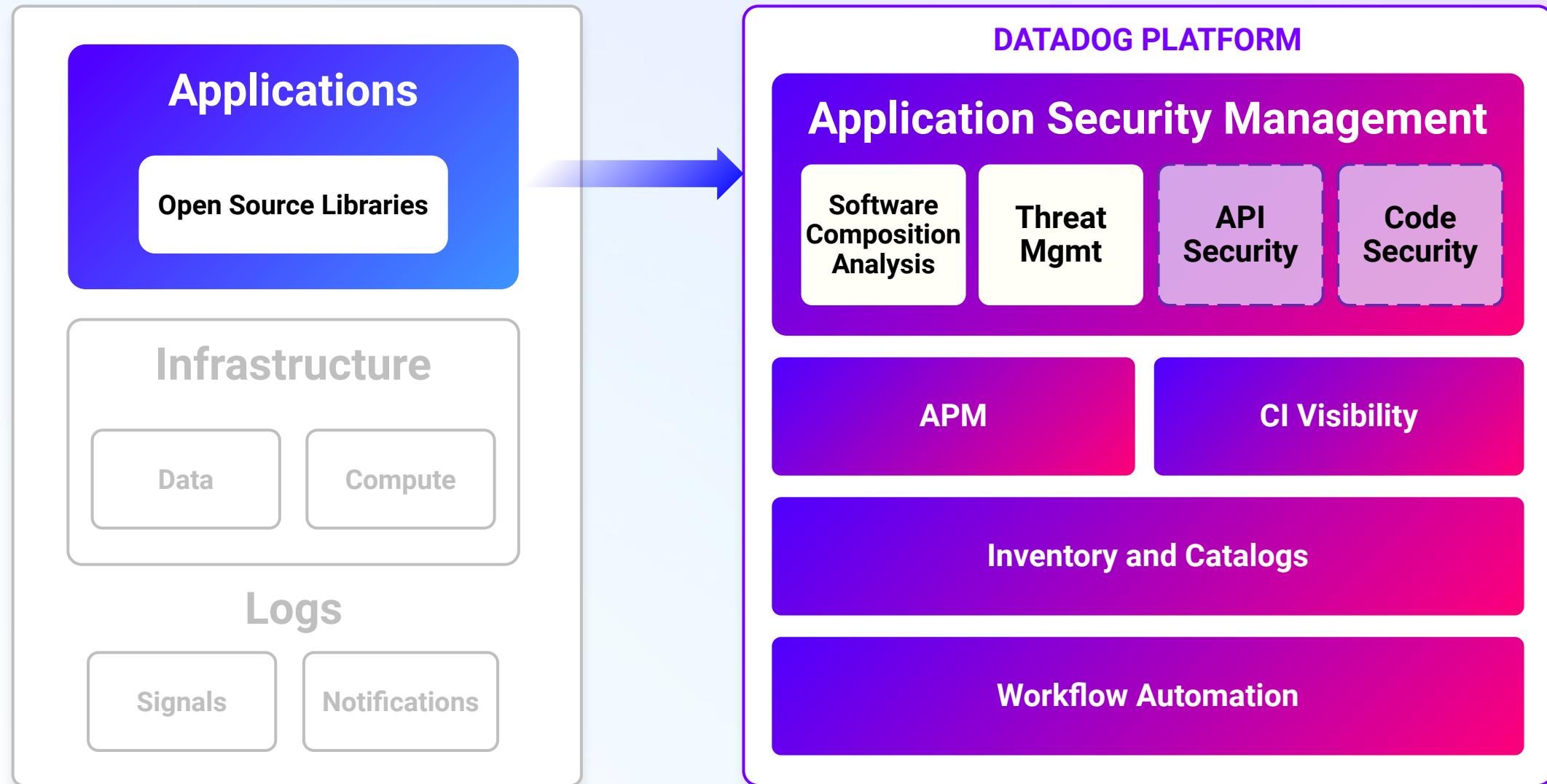


**Prioritize**  
security fixes

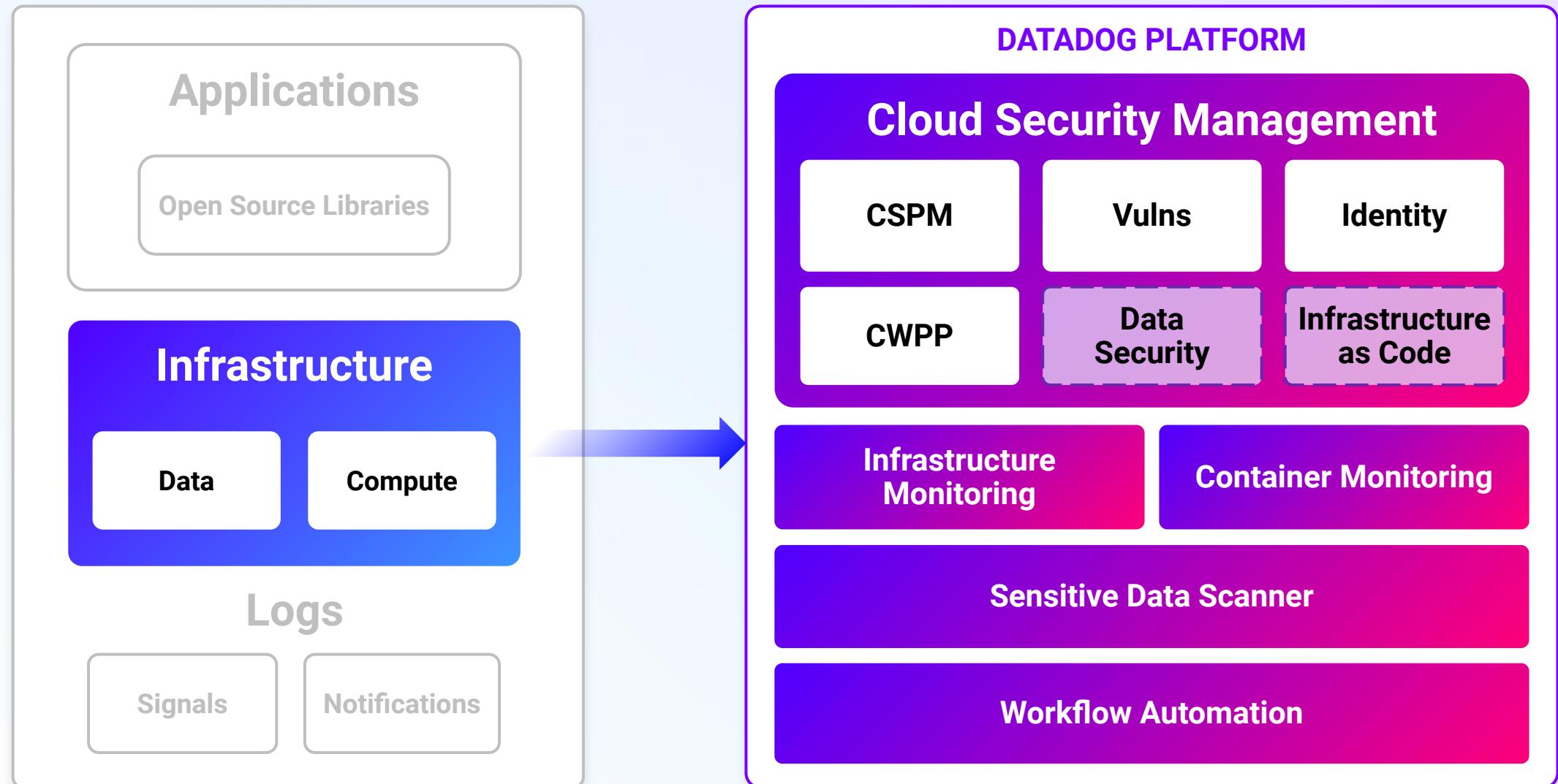


**Collaborate**  
to resolve security issues

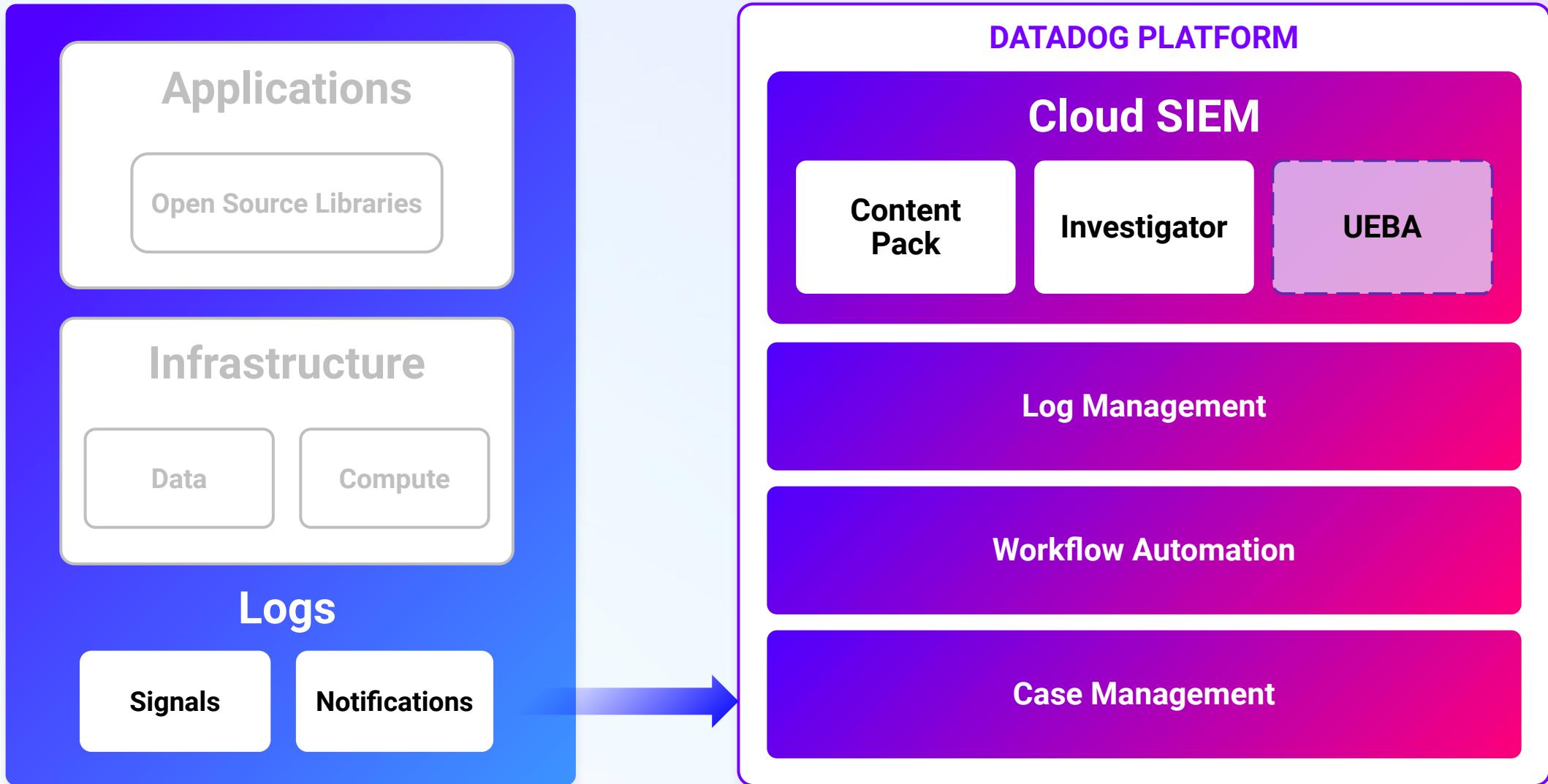
# Application Security Management - securing code



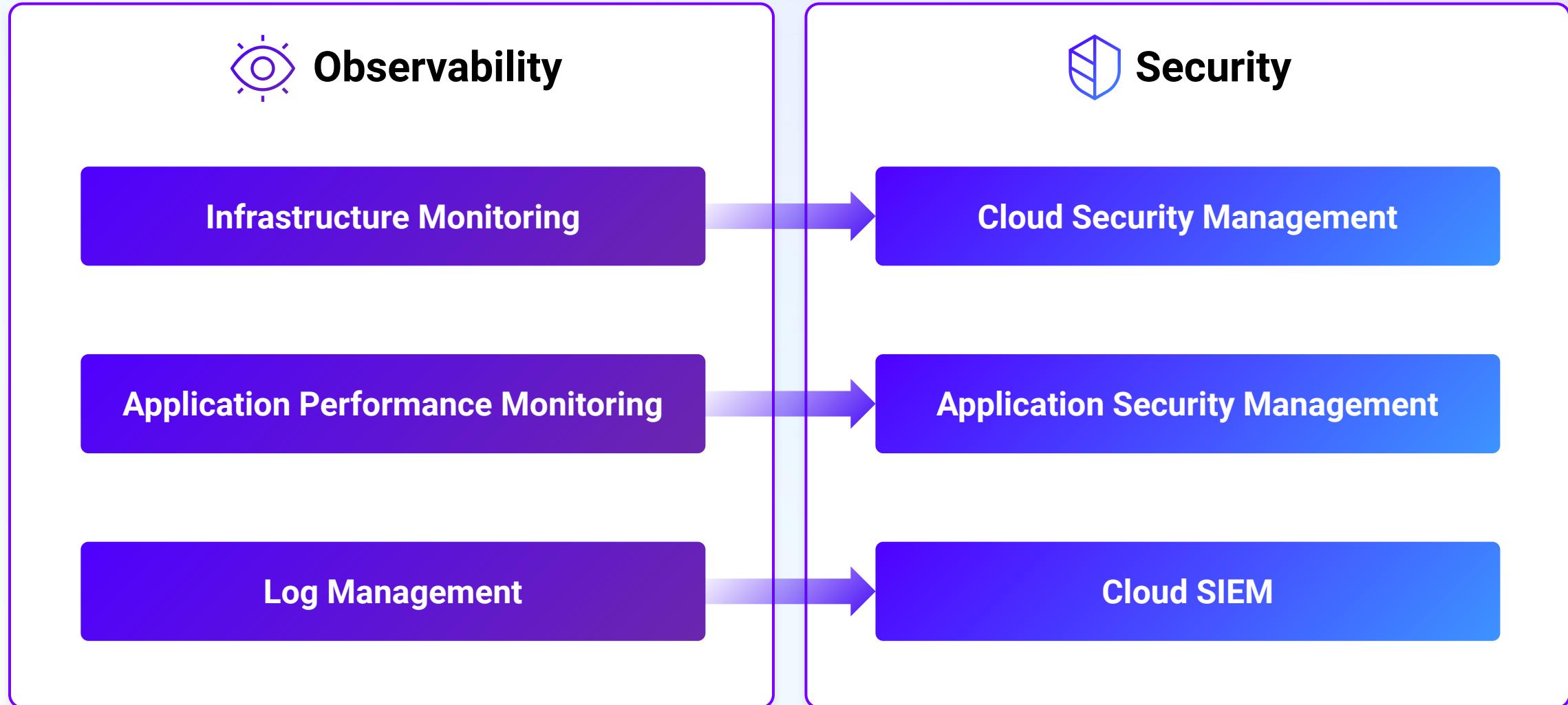
# Cloud Security Management - securing infrastructure



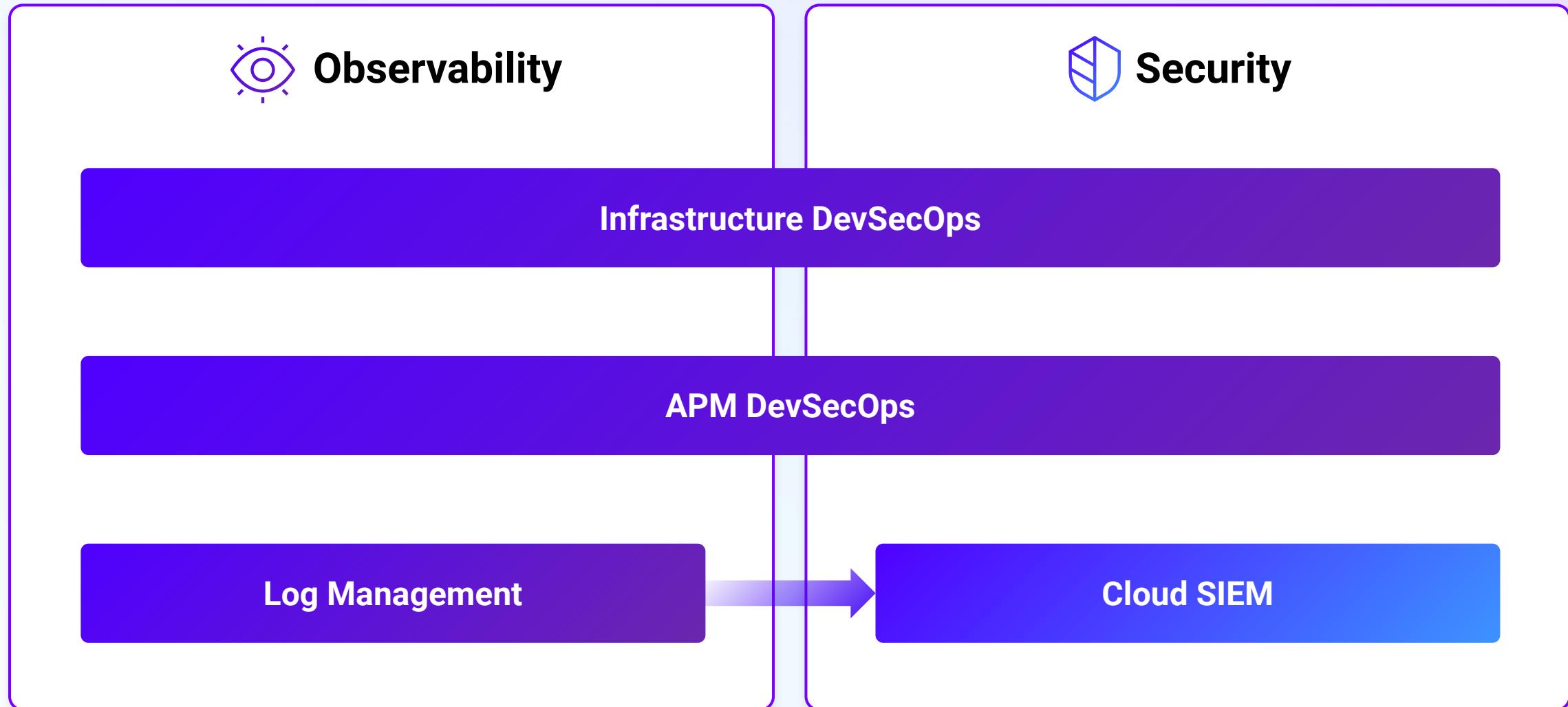
# Cloud SIEM - log-based threat detection



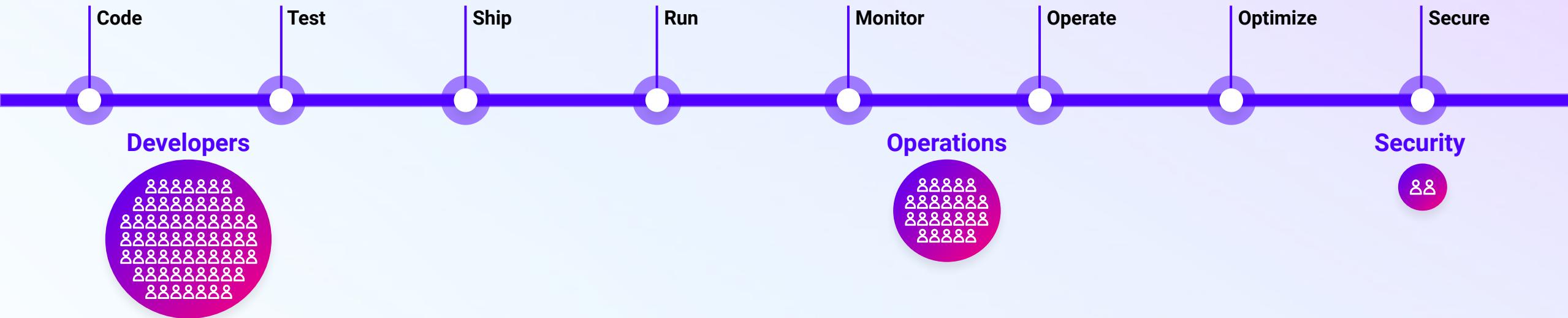
# Datadog Cloud Security



# Datadog Cloud Security



# DevSecOps: a collaborative and efficient approach



## DevSecOps SHARED USE CASES

Cloud Security Management

Application Security Management

Cloud SIEM

## CLOSING THE LOOP

Workflow Automation, App Builder, Incident Management, Case Management, Service Catalog, Resource Catalog

# Why customers choose Datadog for Cloud Security

Datadog enables engineering and security teams to secure their stack without sacrificing speed



## Bring in Security with DevSecOps

Empower larger set of Dev and Ops engineers to secure software they already build and observe using Datadog



## No performance and cost overhead; full context

Unified agent, same integrations, no cost overheads, no performance overheads or coverage gaps. Customers get observability context to focus on attacks and vulnerabilities that matter.

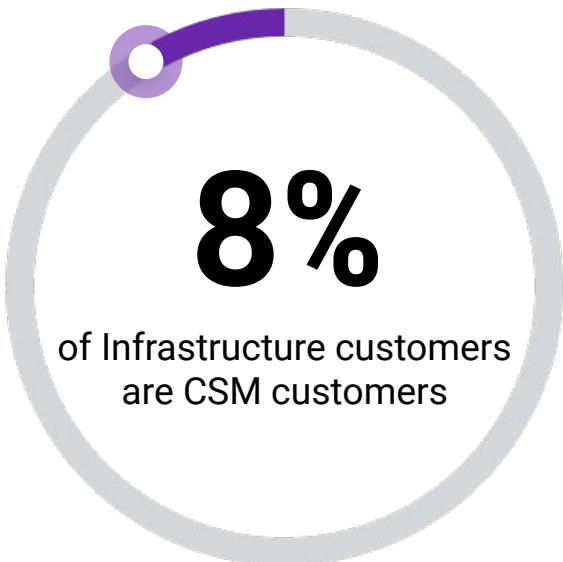


## Operationalize security: Close the Loop

Drive to full remediation with integrations, automation, organizational awareness and prioritization of fixes that actually matter

# Opportunity for growth

## CSM / Infra Penetration



## ASM / APM Penetration



## SIEM / Logs Penetration



# Q&A session

**Olivier Pomel**, CEO & Co-founder

**Alexis Lê-Quôc**, CTO & Co-founder

**Yrieix Garnier**, VP, Product

**Michael Whetten**, VP, Product

**Prashant Prahlad**, VP, Product

**Yuka Broderick**, VP, Investor Relations

# Intermission

We'll be back shortly

# Investor Day 2024

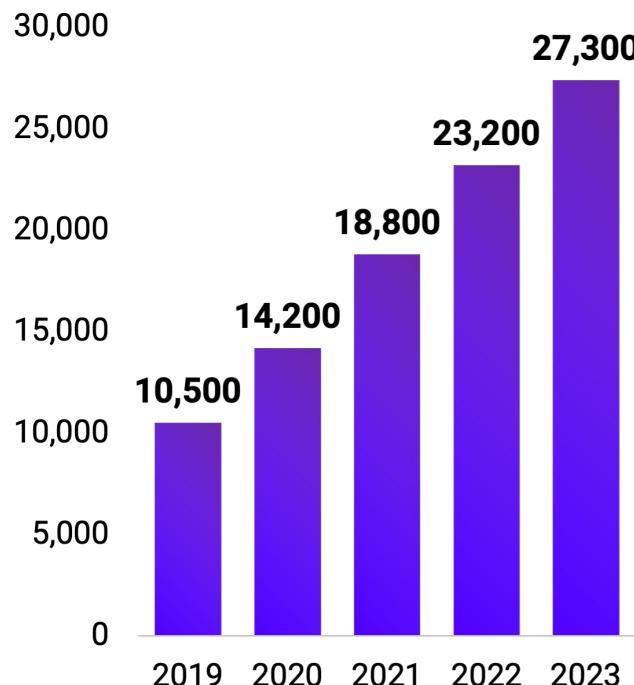
February 15, 2024

# Sean Walters

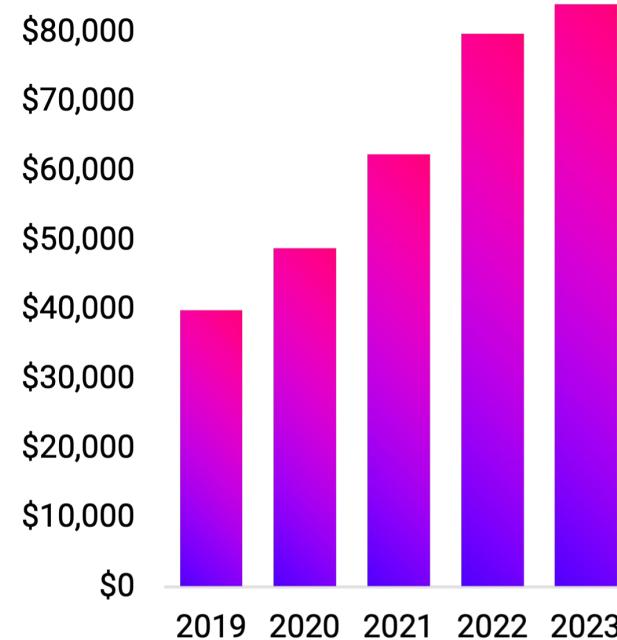
Chief Revenue Officer

# Our key focus is landing new

Datadog customers

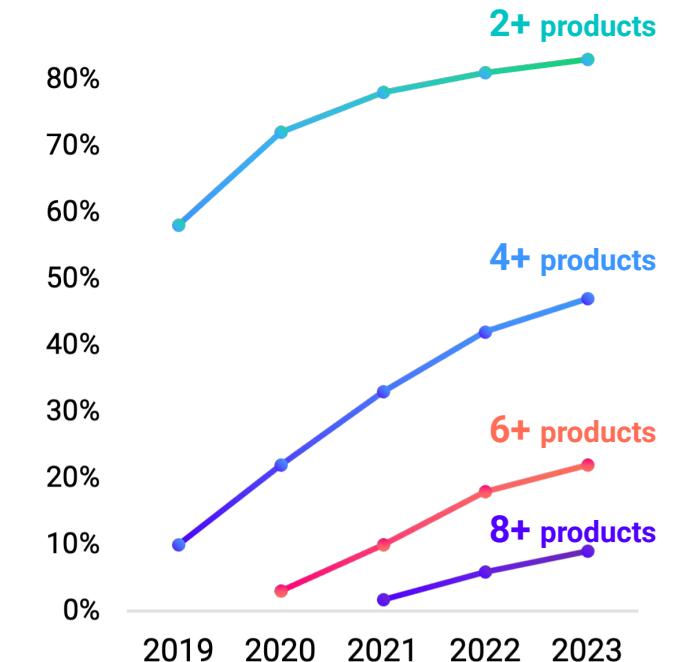


Revenue per customer



Multi-product adoption

% of customers with:



# Go-to-market meets customers where they are



## Larger / more traditional customers

- Proofs-of-concept
- Proofs-of-value
- Requests-for-proposal
- Multi-business unit contract negotiations



## Enterprise sales team

- Pre-sales engineers
- Enterprise Customer Success Managers
- Technical Account Managers
- Technical Enablement Managers
- Business Value Assessment
- Premier Support



## Smaller / younger customers

- Ease of purchase
- Ease of implementation
- Ease of use
- Flexibility preferred over commitment



## Commercial sales teams

- Self-service
- Flexible contracting terms
- Intuitive product design / user interface
- Strong documentation
- Community events

# Common customer value drivers



Accelerate digital transformation



Enable operational scalability and cost reduction



Reduce operational, security and compliance risk



Enhance customer experience

# Our go-to-market strategy



## Enterprise sales team

- More complex customers
- Customer lifecycle management

# Enterprise customer example

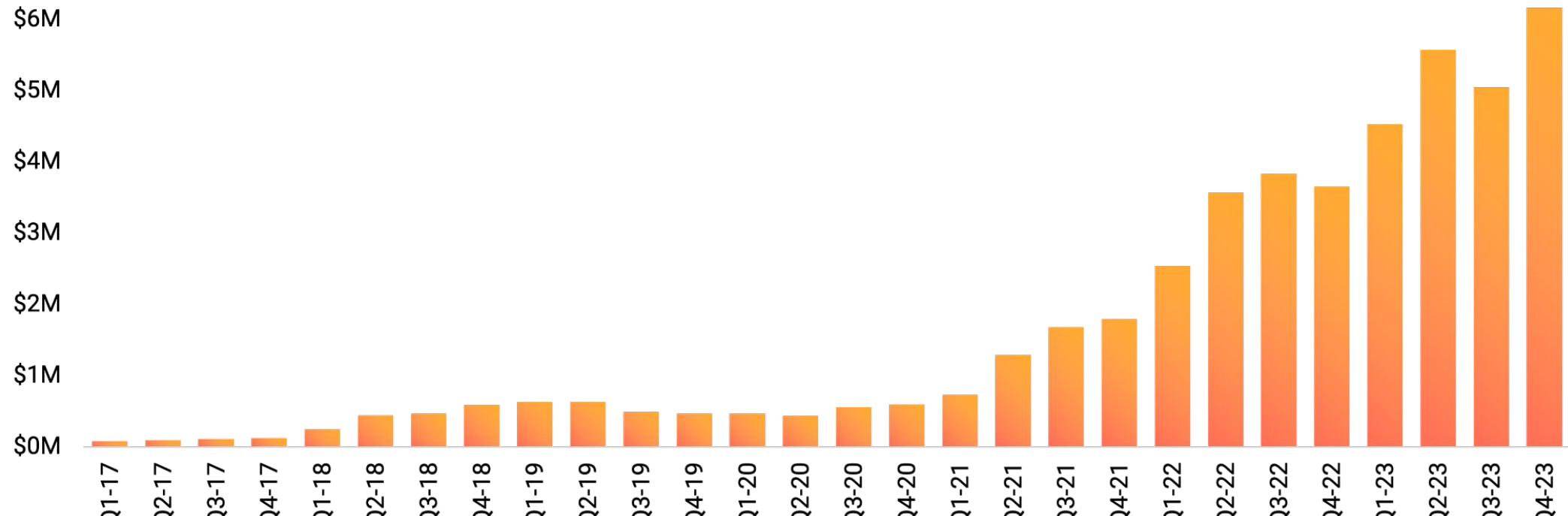
Insurance

Enterprise  
(5K+ FTEs)

~7 yrs  
as customer

~2,700 MAUs

## Annual Recurring Revenue (ARR)



| # of products | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 4 | 5 | 5 | 6 | 6 | 7 | 7 | 9 | 9 | 9 | 9 | 10 | 11 |
|---------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|----|----|
|---------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|----|----|

# Penetration of top 10 companies by vertical



**10 of top 10**

Telecommunications



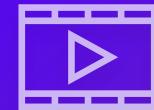
**10 of top 10**

Data & Transaction  
Processors



**9 of top 10**

Software



**9 of top 10**

Entertainment



**8 of top 10**

E-commerce



**8 of top 10**

Hardware &  
Semiconductors



**7 of top 10**

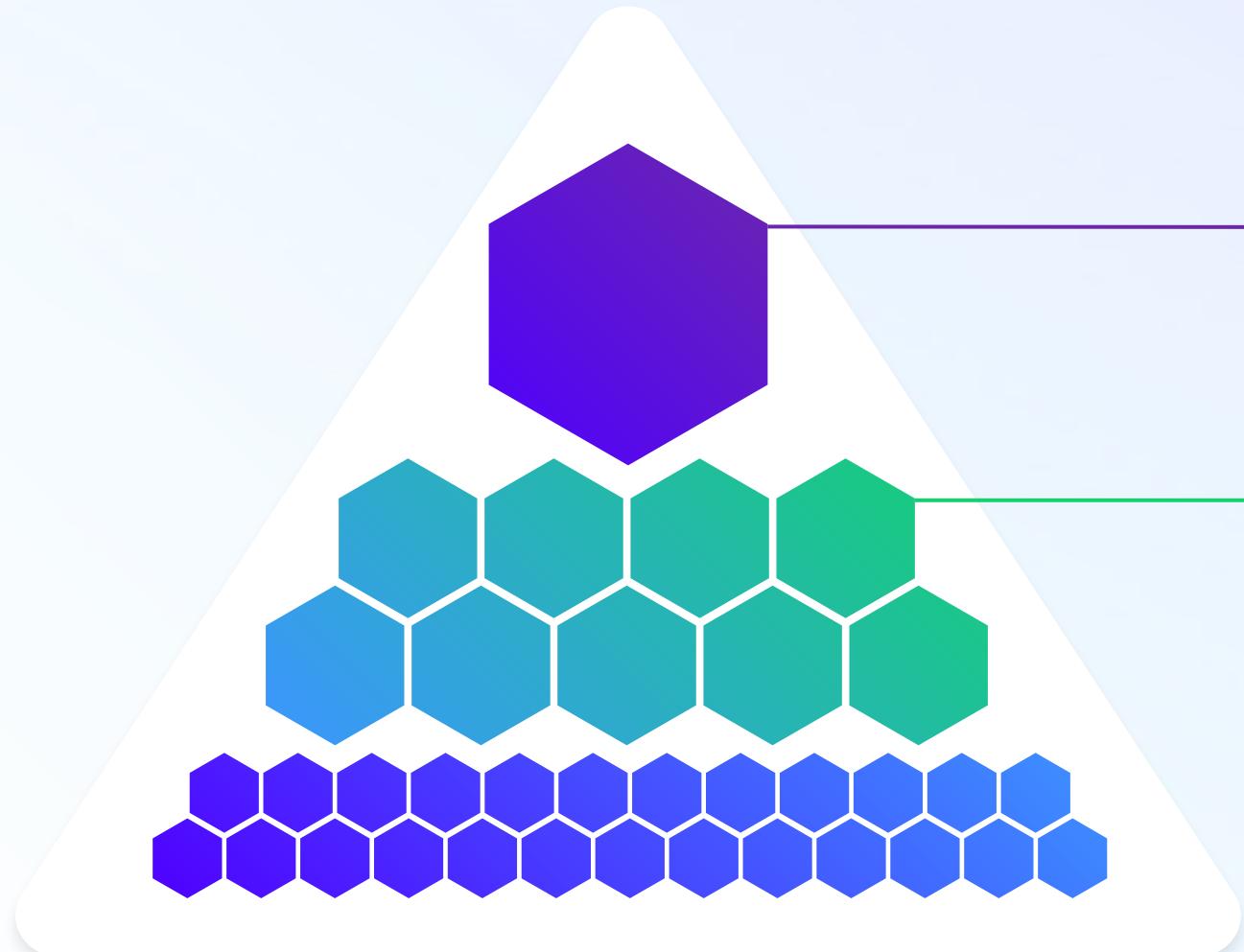
Banks



**7 of top 10**

Healthcare

# Our go-to-market strategy



## Enterprise sales team

- More complex customers
- Customer lifecycle management

## Commercial sales team

- Focused solely on new logos
- Inside sales

# Commercial customer example

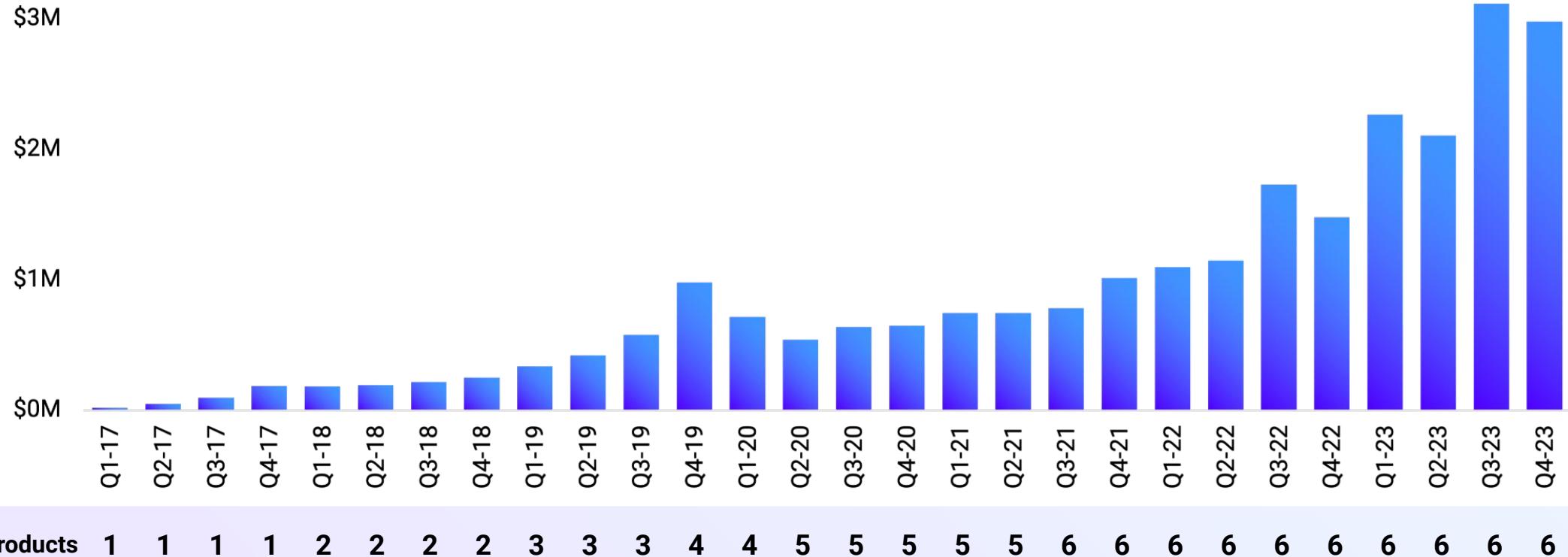
Streaming Media

SMB  
<1K FTEs)

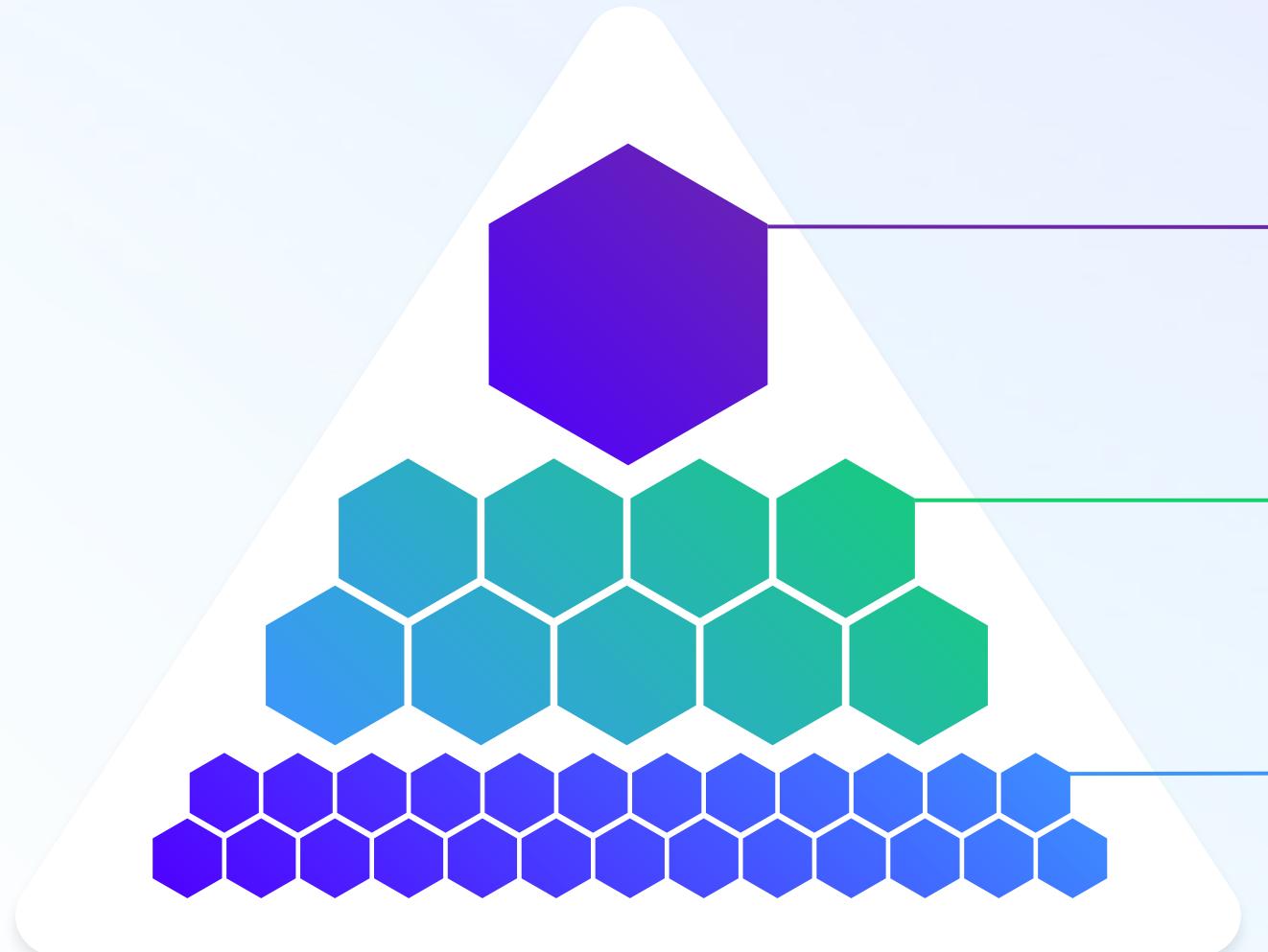
~6 yrs  
as customer

~150 MAUs

## Annual Recurring Revenue (ARR)



# Our go-to-market strategy



## Enterprise sales team

- More complex customers
- Customer lifecycle management

## Commercial sales team

- Focused solely on new logos
- Inside sales

## Self serve

- Month-to-month billing

# Go-to-market growth opportunities



**New or less-penetrated geographic regions**



**Vertical opportunities**



**Partner-assisted / partner-led opportunities**



**Selling our broadening platform**

# Angie Holt

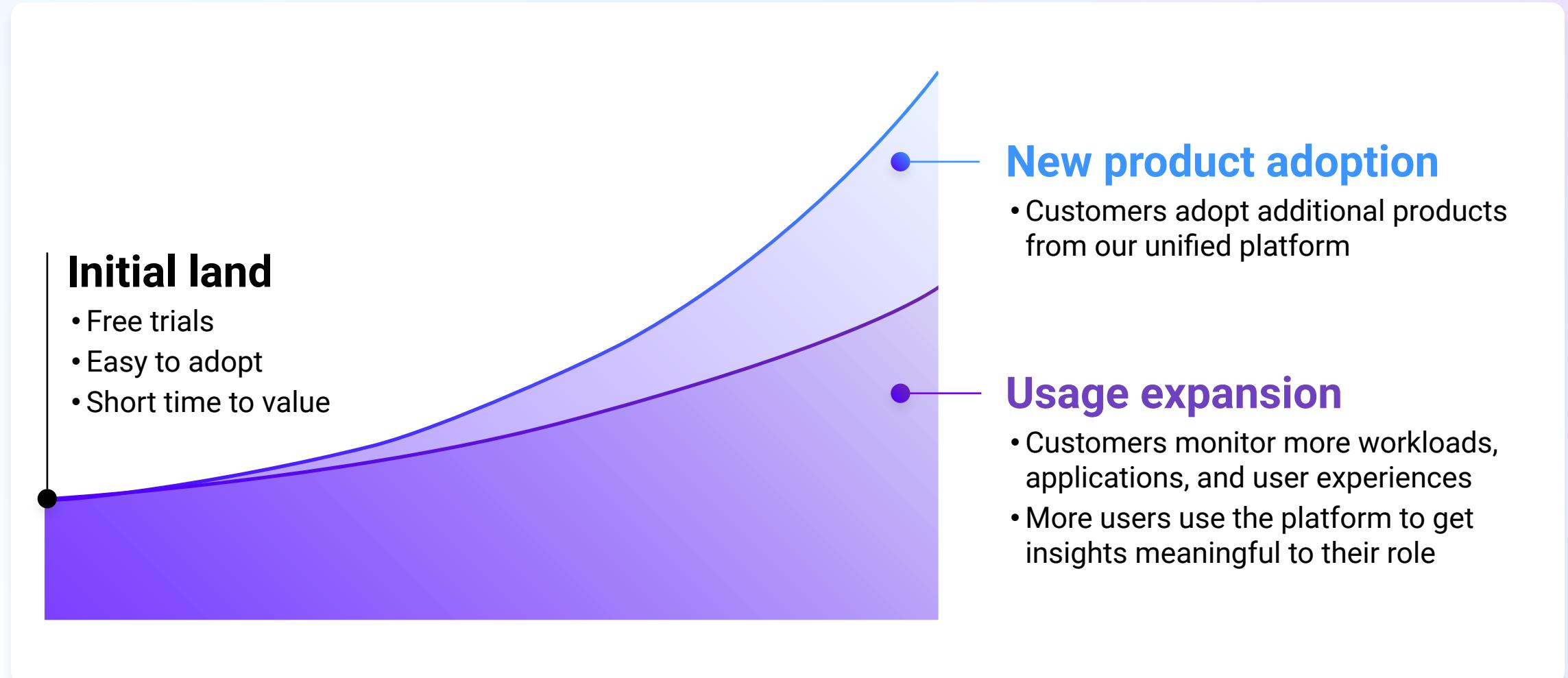
SVP, Global Customer Success

# Customer Success mission



**Deliver Customer Value**

# Typically, our customers grow with us over time

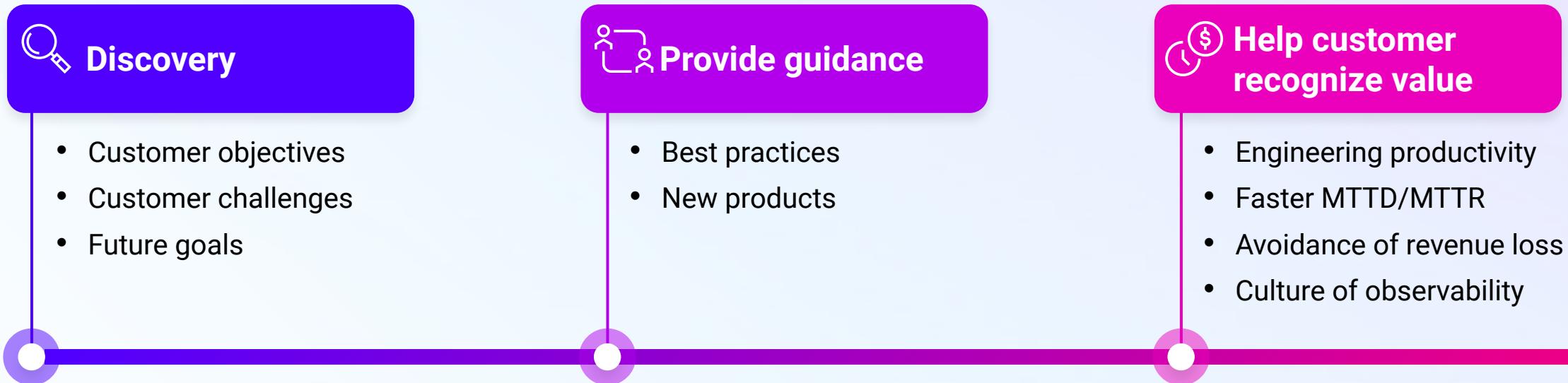


Illustrative example.

# Our unified platform enables frictionless discovery of additional capabilities

The screenshot shows the Datadog Service Catalog interface. On the left, a dark sidebar menu lists various monitoring and management features: Dashboards, Infrastructure, Monitors, Metrics, Integrations, APM, CI, Notebooks, Logs, and Security. The 'Service Catalog' option is selected under 'Service Mgmt'. A sub-menu for 'Service Catalog' includes 'Teams NEW', 'SLOs', 'Event Management', 'Case Management BETA', 'Incidents', 'Declare Incident', 'Introduction', and 'Settings'. The main area is titled 'Service Catalog' and displays a network graph of 105 APM services. Services are represented by colored circles (green, blue, red, yellow) with icons indicating their type (e.g., database, storage, application). Lines connect the nodes, showing dependencies or relationships between services like 'fraud-prevention', 'io.shopist.android', 'sinatra-multivac', 'web-store', 'model-storage', and 'j7mq7fb...'. The top navigation bar includes tabs for 'Explore' (selected), 'Setup & Config', and '...', along with time filters for '1h' and 'Past 1 Hour', and a UTC-05:00 timestamp. Below the search bar, there are buttons for 'List' (disabled), 'Map' (selected), 'Group by', 'Select value', and dropdowns for 'My Teams' and 'env:prod'. The bottom right corner of the graph area has buttons for 'Map layout: Cluster' and 'Flow'.

# Customer Success Managers provide value by serving as strategic advisors



# We serve Commercial and Enterprise customers differently, given their different needs



## Commercial

CSM serves as single point of contact

- Typically **centralized team**, with fewer stakeholders
- **Less complex** procurement processes
- Often **cloud-native** or heavy cloud users



## Enterprise

GTM team services the customer

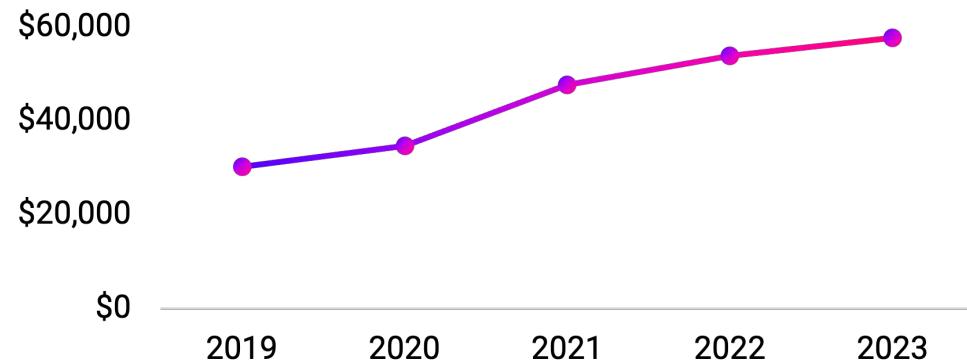
- Typically **numerous stakeholders and business units**, with different P&Ls
- **More lengthy** procurement processes
- Often **earlier in the cloud**, with significant on-premise footprint
- **Professional services and implementation** more likely to be desired or expected

# Enterprise go-to-market team

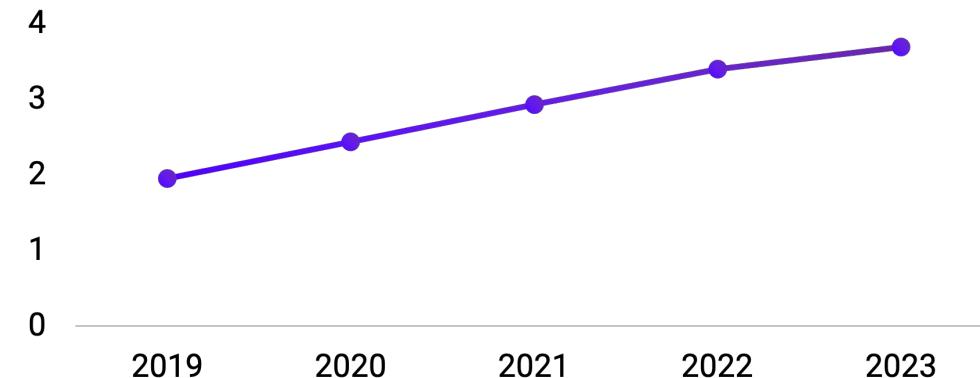


# Customer expansion

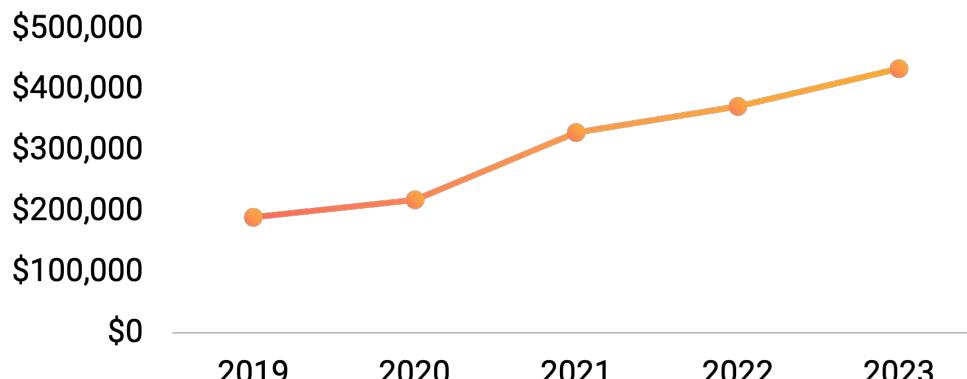
**Commercial \$ average ARR per customer, EoY**



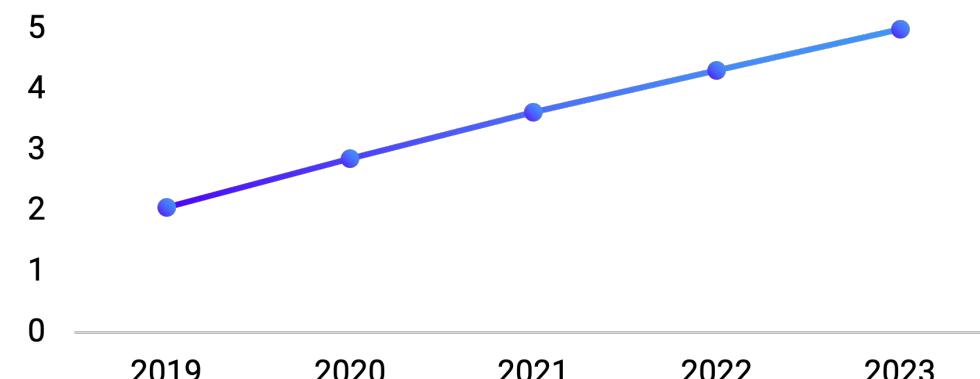
**Average # of products per commercial customer**



**Enterprise \$ average ARR per customer, EoY**



**Average # of products per enterprise customer**



# Commercial customer example

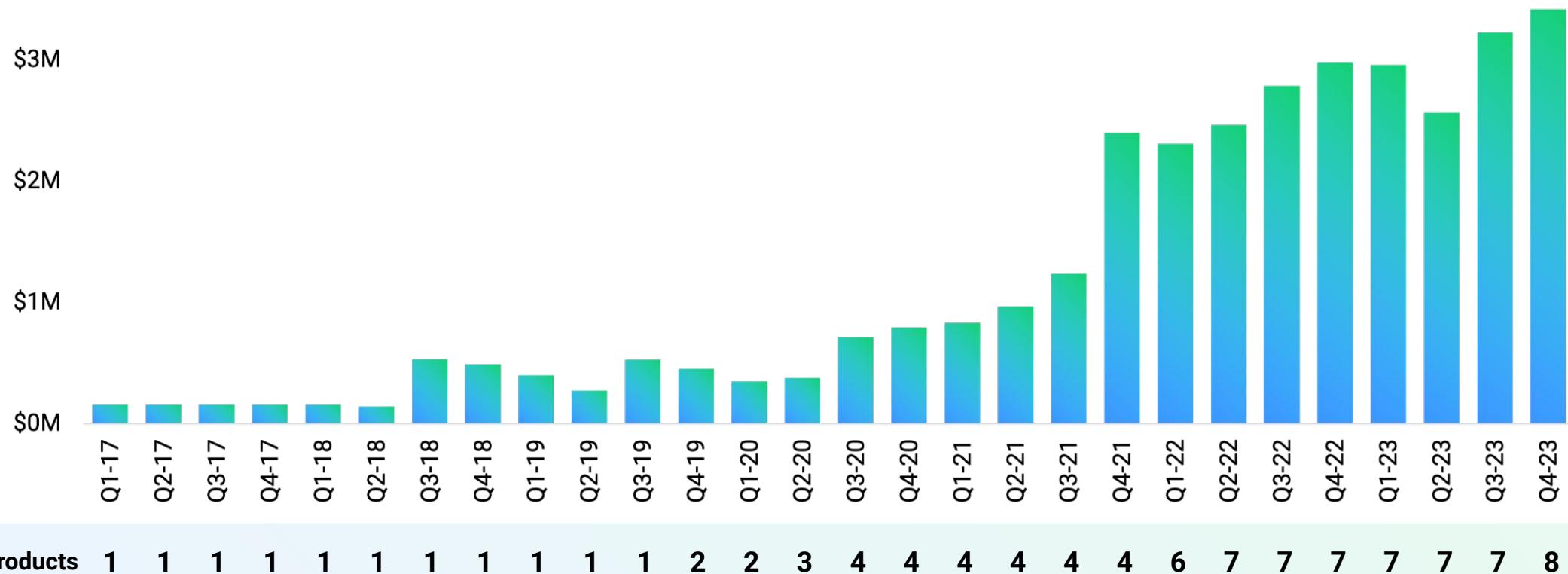
Online betting

Mid-market  
(1-5K FTEs)

~9 yrs  
as customer

~900 MAUs

## Annual Recurring Revenue (ARR)



# Enterprise customer example

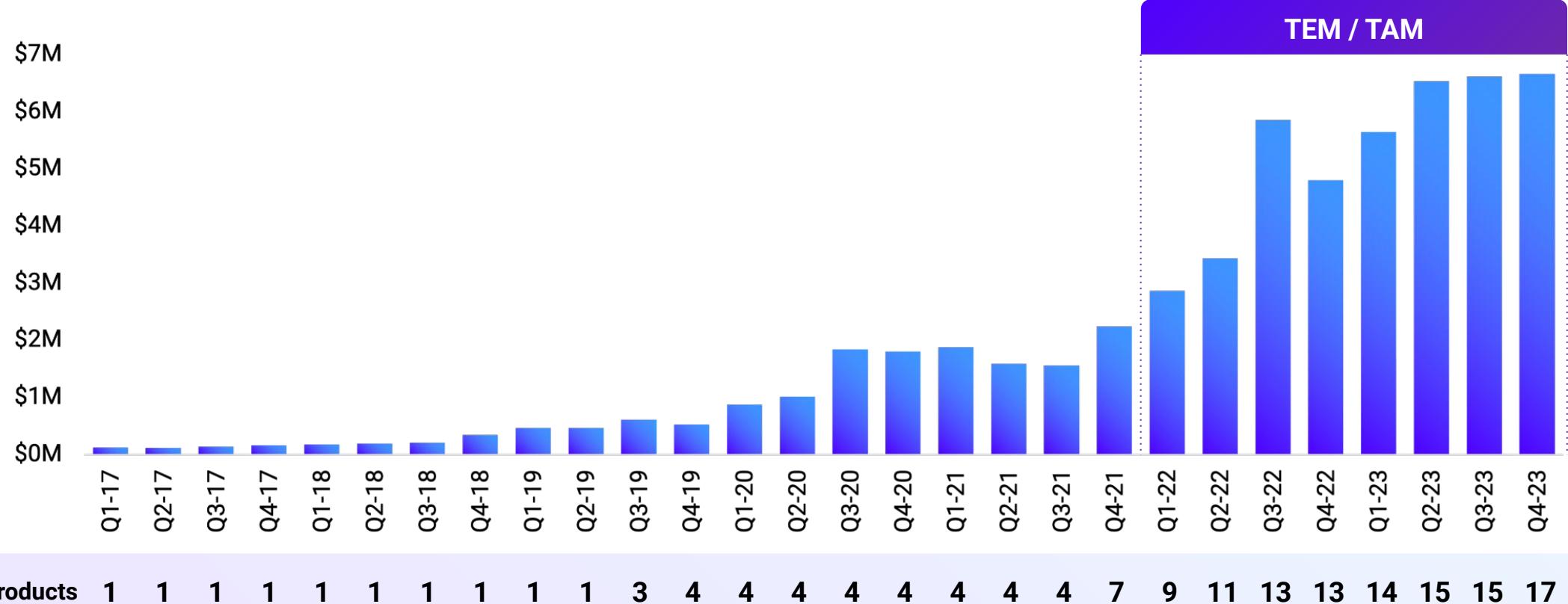
Healthcare

Enterprise  
(5K+ FTEs)

~7 yrs  
as customer

~1,200 MAUs

## Annual Recurring Revenue (ARR)



# Amit Agarwal

President

# Datadog's customer focus



Datadog serves  
customers of all  
sizes and types



Datadog meets  
customers'  
sophisticated needs



Datadog delivers  
value to the  
customer

# Delivering value to the customer



Value through multi-product adoption on the platform

# Value through the platform / multi-product adoption

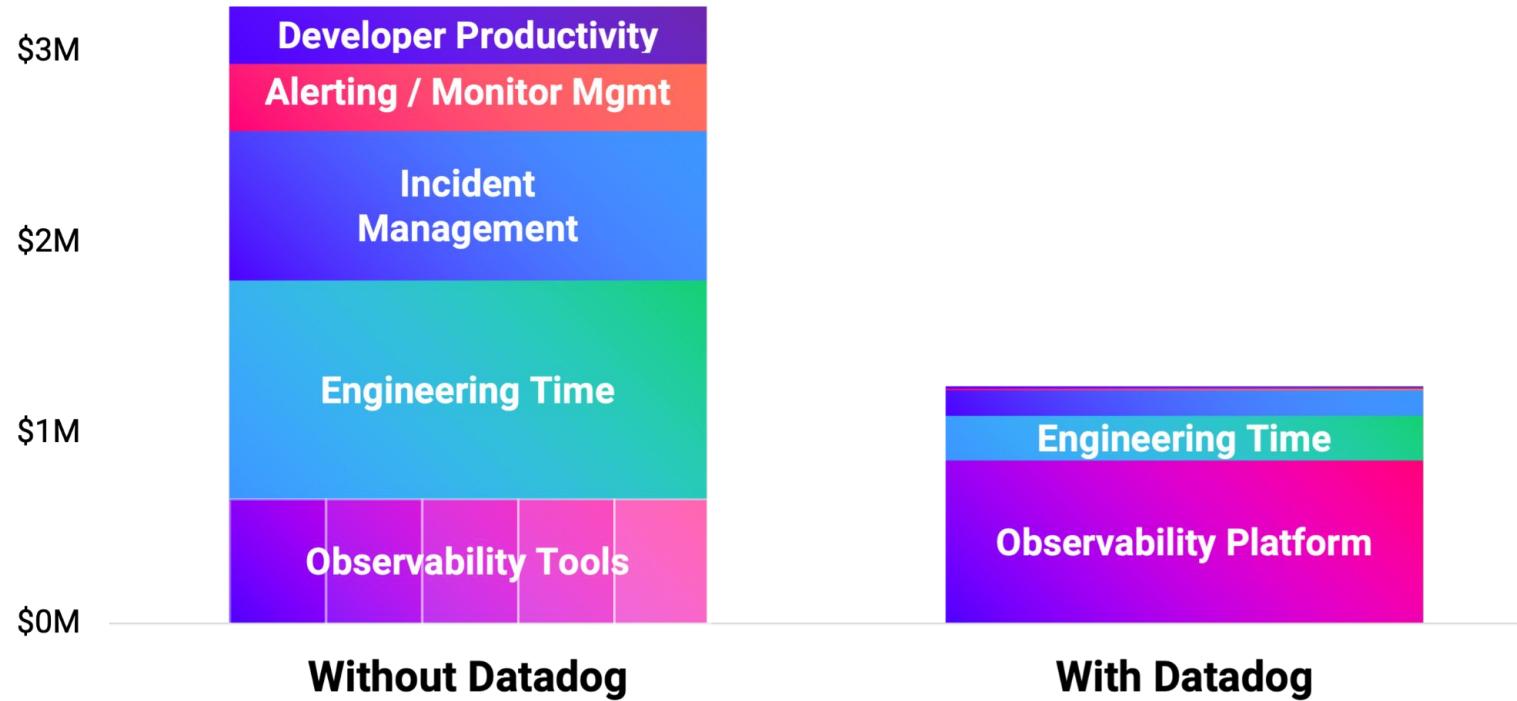
Health services

SMB  
(<1K FTEs)

~4 yrs  
as customer

~240 MAUs

## Customer example: annualized costs



Source: Datadog internal analysis.

# Value through the platform / multi-product adoption

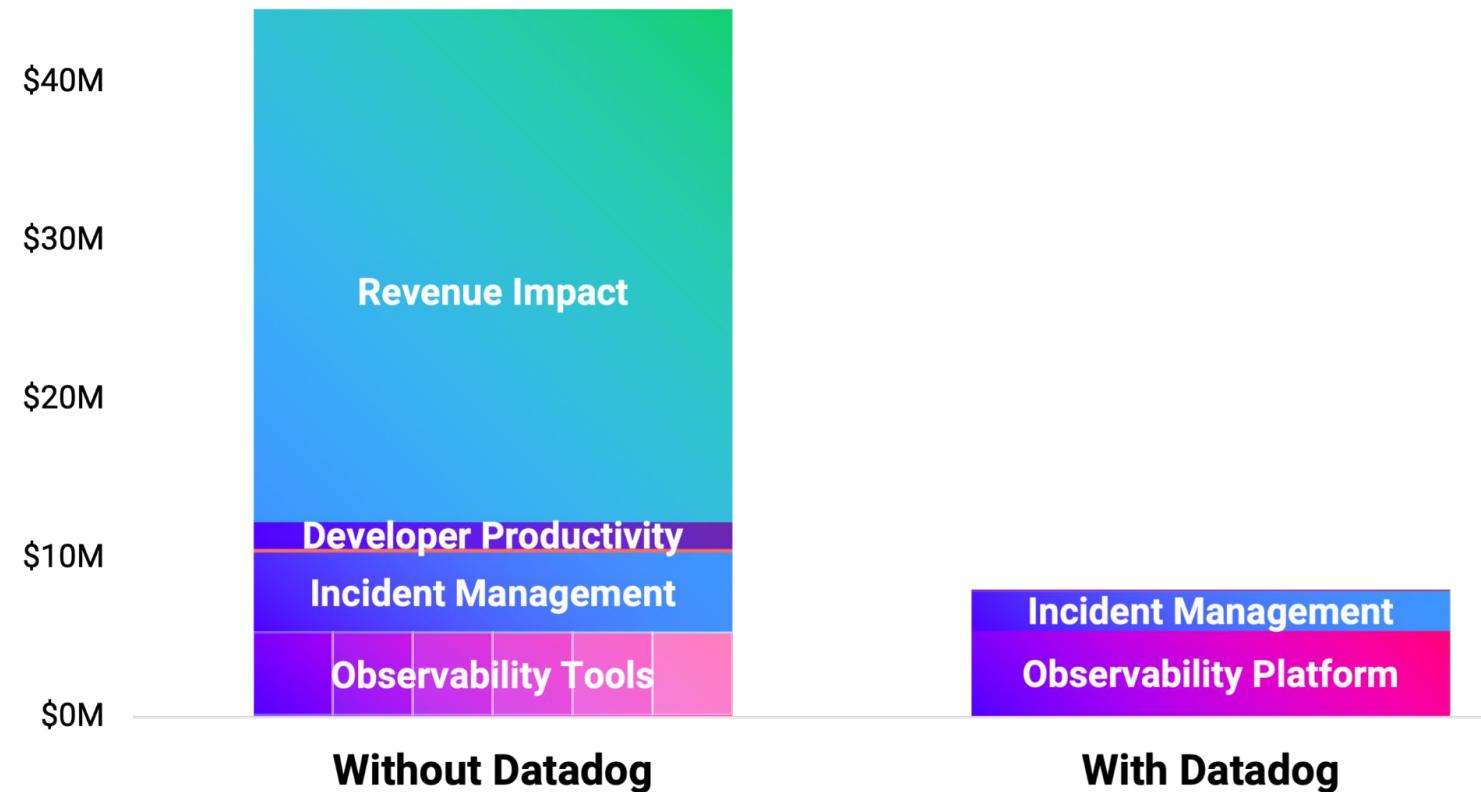
E-commerce

Enterprise  
(5K+ FTEs)

~6 yrs  
as customer

~2,100 MAUs

## Customer example: annualized costs



Source: Datadog internal analysis.

# Delivering value to the customer



Value through multi-product adoption on the platform



Increased DevOps productivity

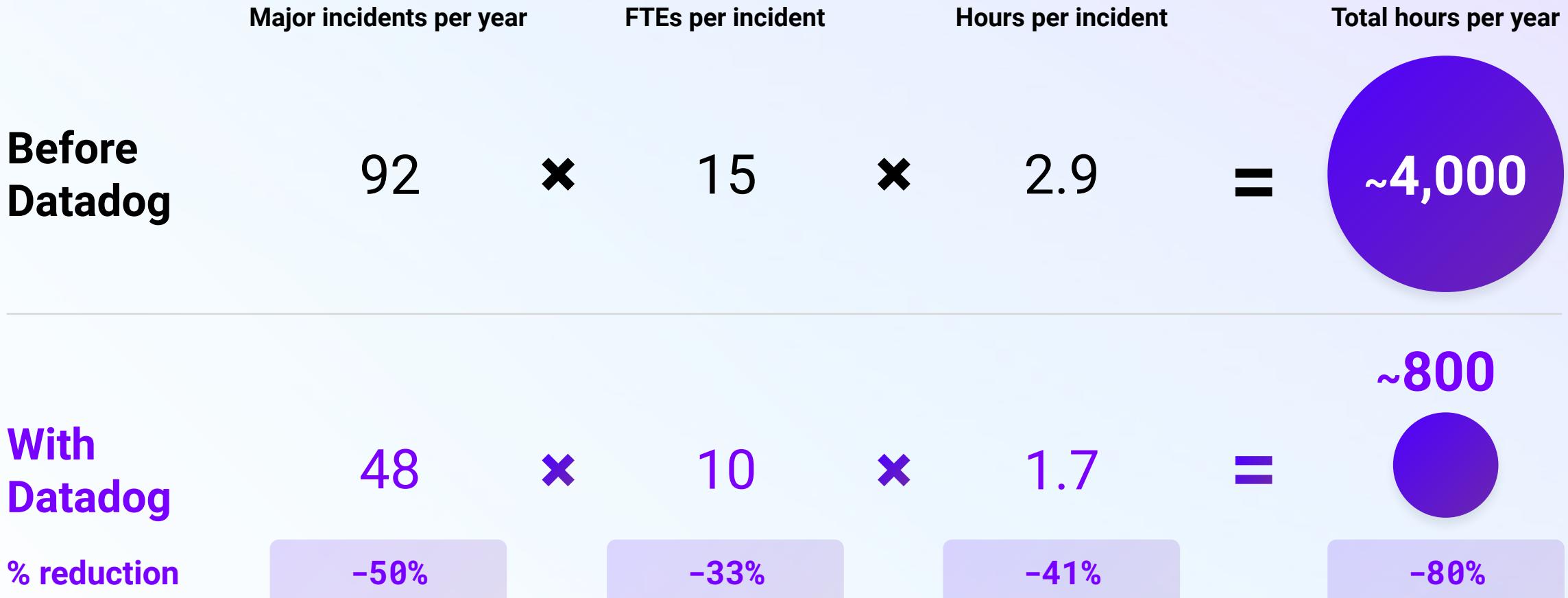
# Increased DevOps productivity - incident response

Beauty

Mid-Market  
(1-5K FTEs)

~2 yrs  
as customer

~140 MAUs



Source: Datadog internal analysis.



# Increased DevOps productivity - versus DIY

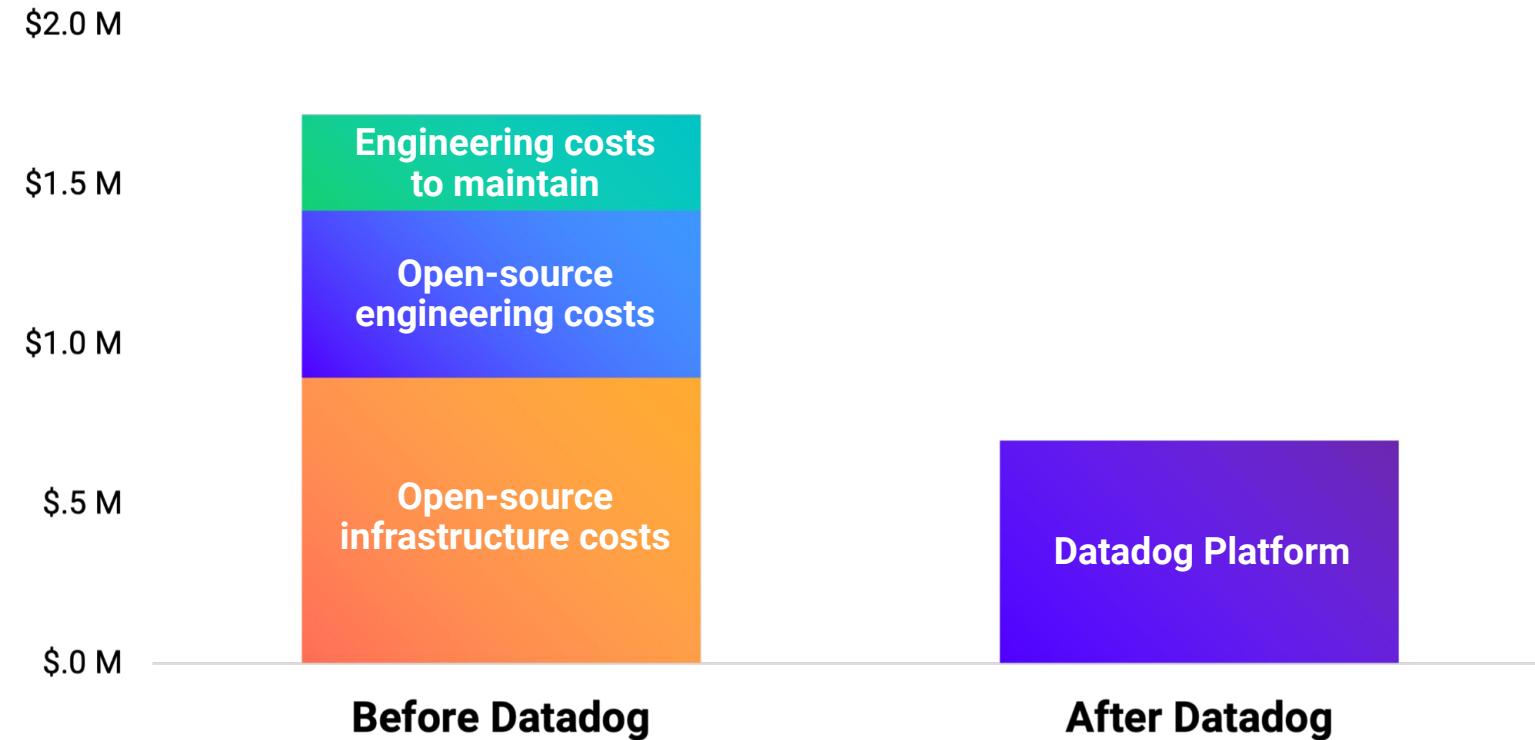
Professional services

Enterprise  
(5K+ FTEs)

~6 yrs  
as customer

~2,900 MAUs

**Customer example: annualized costs, replacing open-source RUM with Datadog**



**Not included:** Savings from faster incident response, avoidance of revenue loss/bad customer experience

Source: Datadog internal analysis.



# Delivering value to the customer



Value through multi-product adoption on the platform

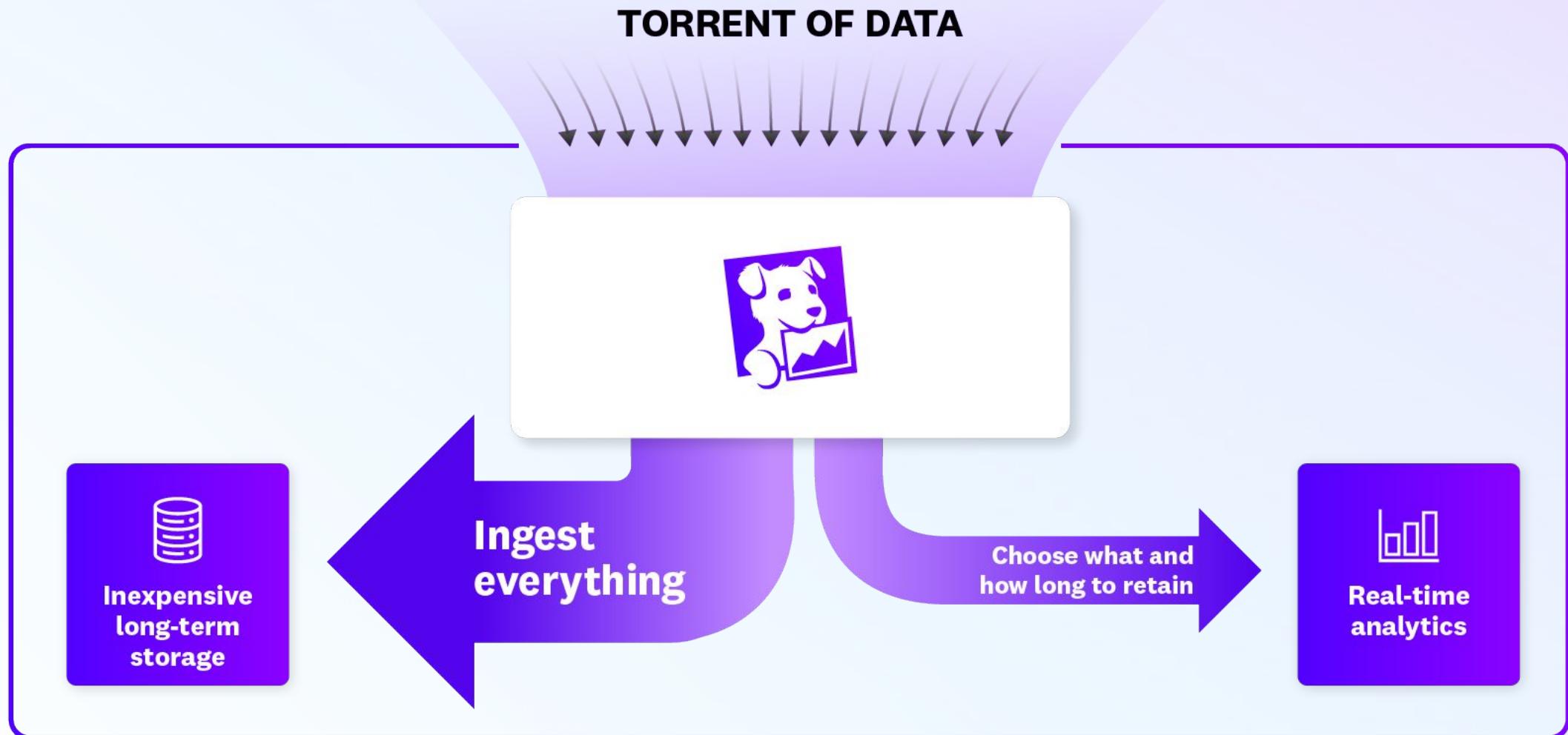


Increased DevOps productivity



Unit economics improve as the customer grows with us

# Our products are priced to give our customers control



# Unit economics improve as the customer grows

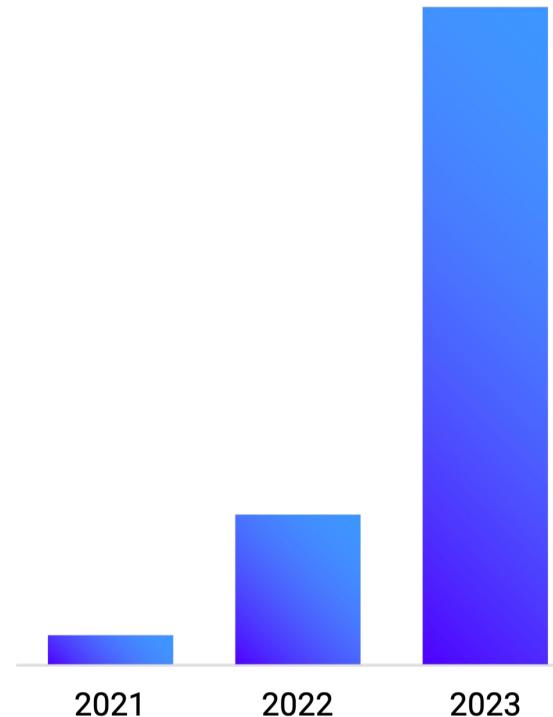
Enterprise  
software

5K+ FTEs

~5 yrs  
as customer

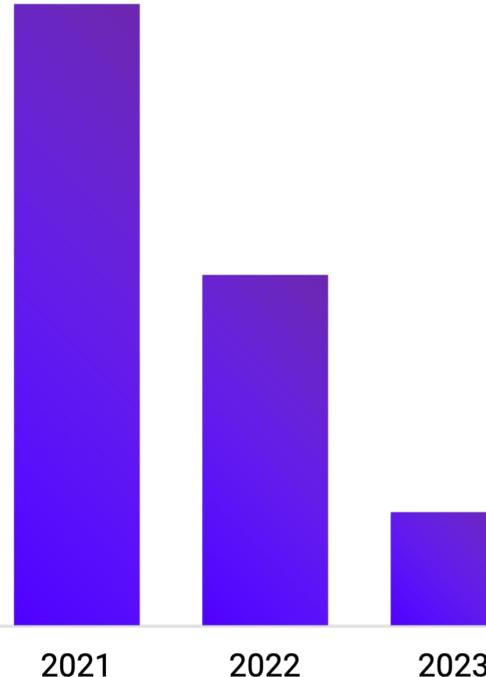
~700 MAUs

Log Management volume



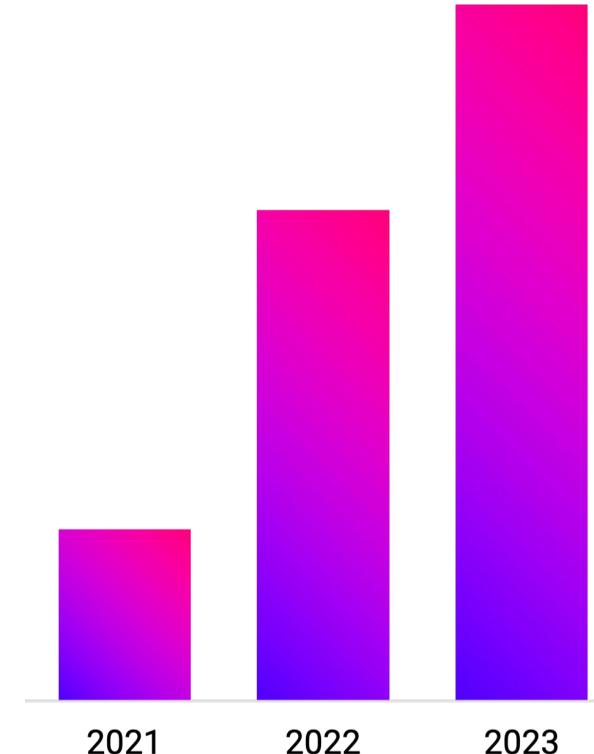
Unit price

×



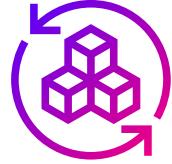
Log Management revenue

=

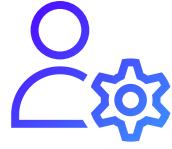


Source: Datadog internal analysis.

# Delivering value to the customer



Value through multi-product adoption on the platform



Increased DevOps productivity

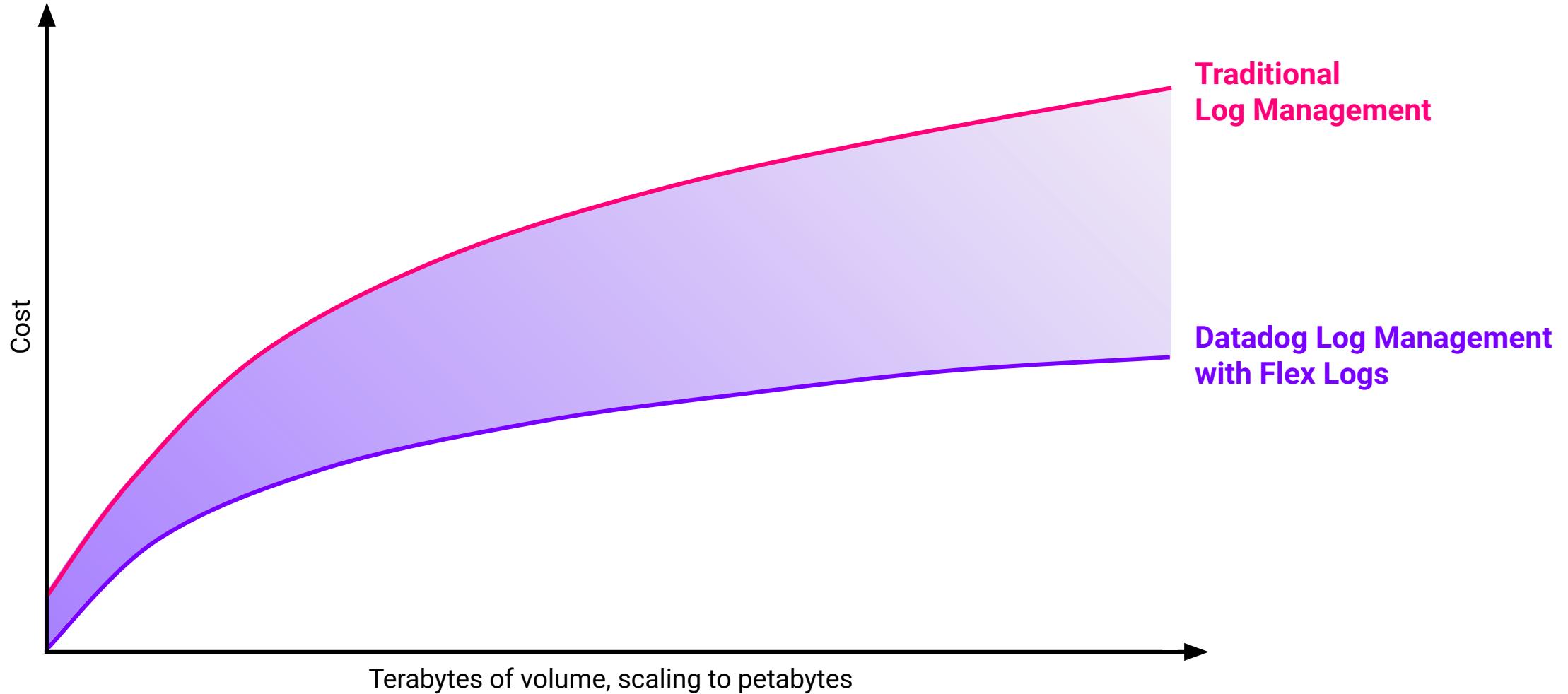


Unit economics improve as the customer grows with us



Innovation-driven cost efficiencies

# Innovation-driven cost efficiencies



Illustrative example.

# Customer example

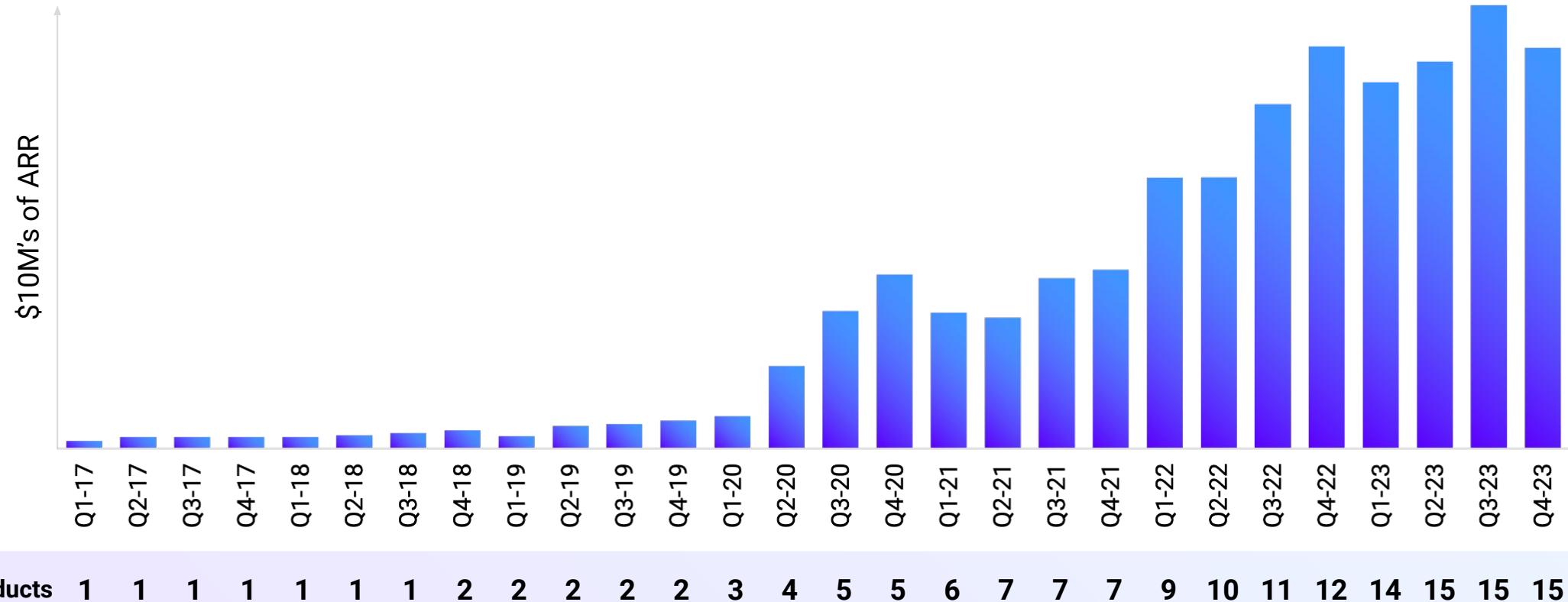
Fintech

5K+ FTEs

~7 yrs  
as customer

~2,700 MAUs

## Annual Recurring Revenue (ARR)



# David Obstler

CFO

# What you've heard today...

Large long-term opportunities

Expanding platform in observability and beyond

Focus on customer problems

Platform and product innovation

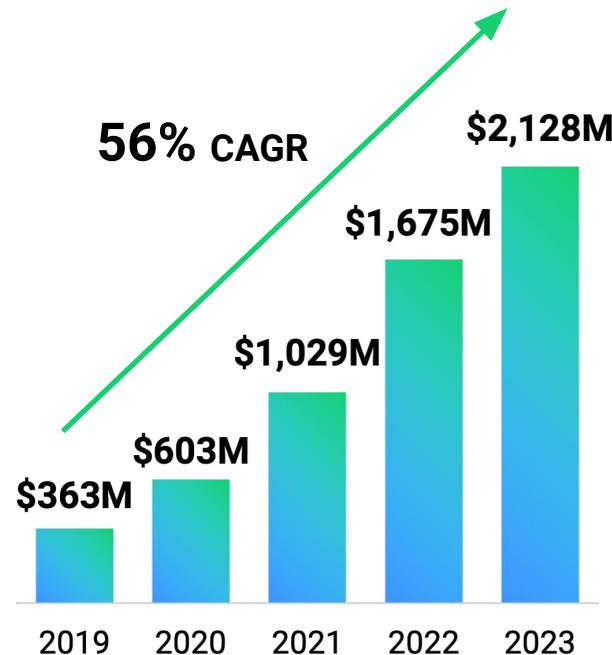
GTM strategy focusing on land

Meeting customers where they are

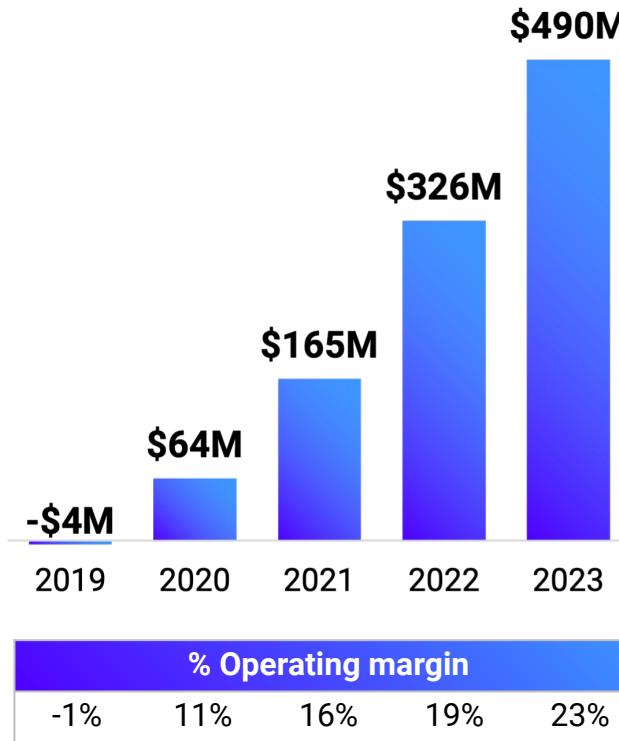
Delivering value to customers

# ...has driven strong financial performance

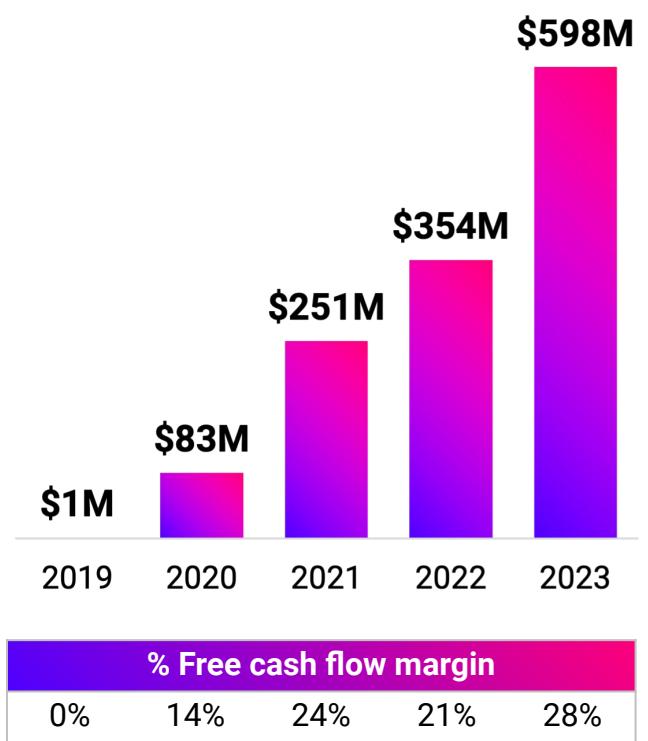
**Revenue**



**Non-GAAP operating profit  
and margin % <sup>(1)</sup>**

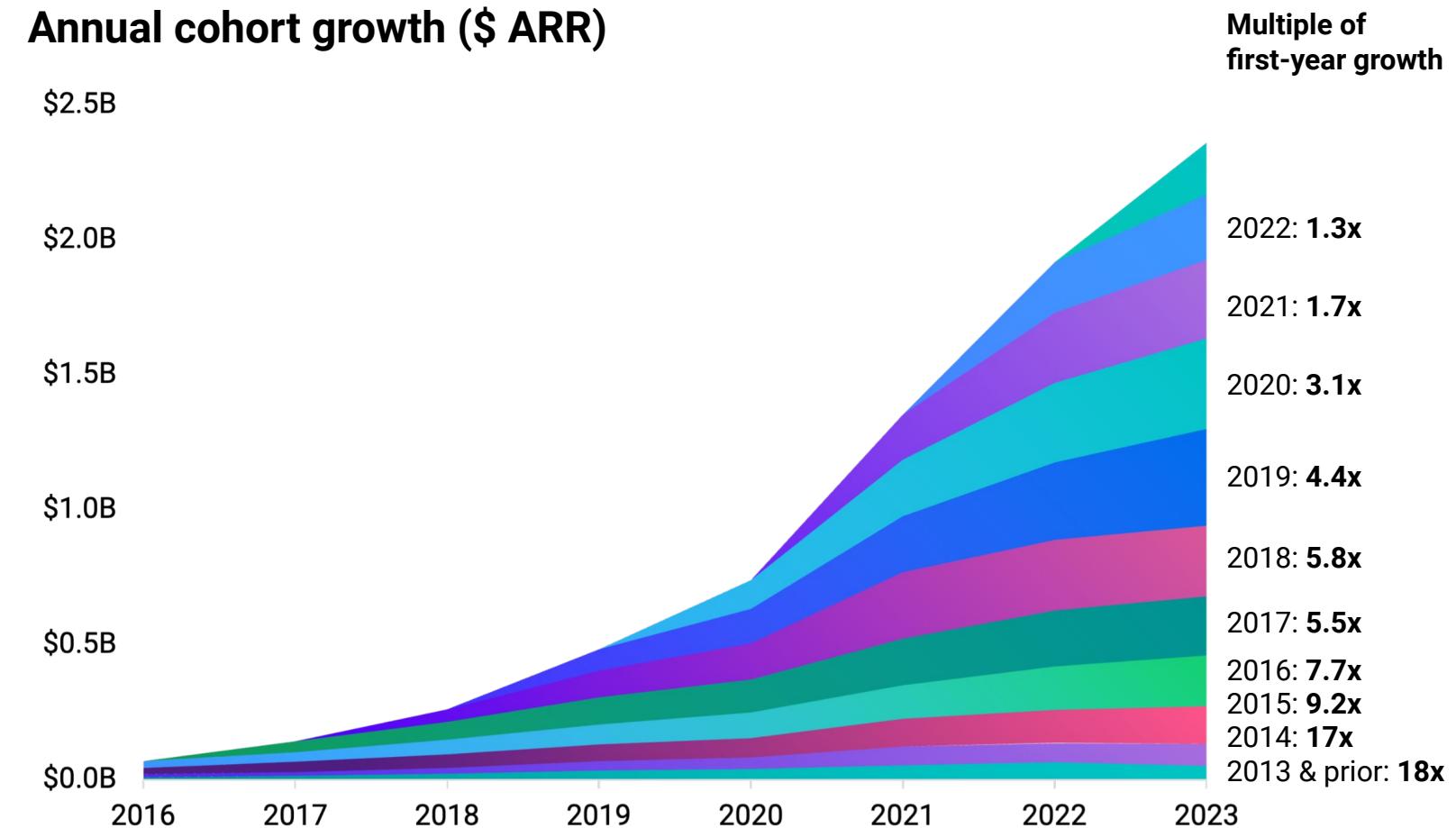


**Datadog free cash flow  
and margin % <sup>(1)</sup>**

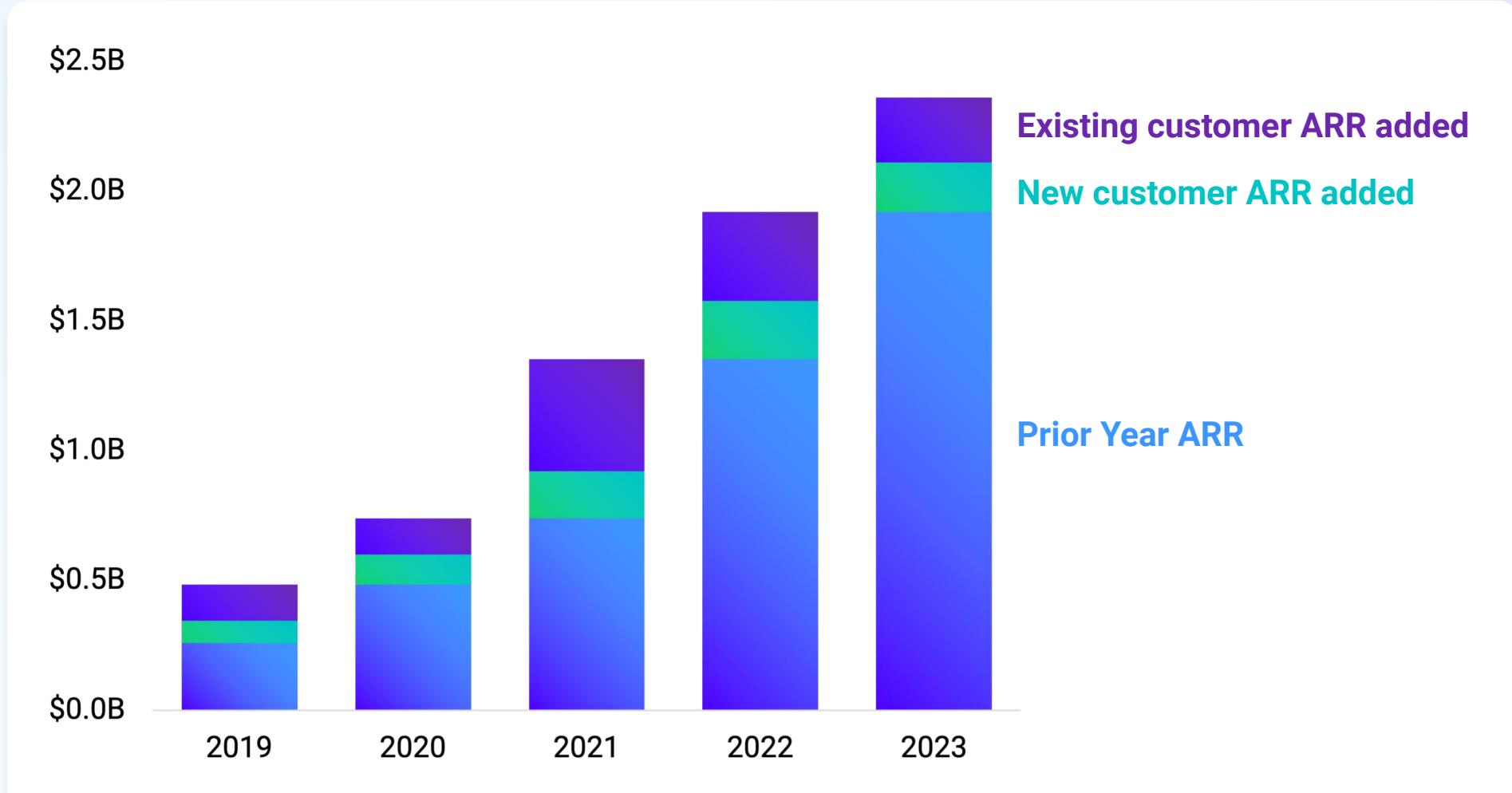


(1) Non-GAAP measures. See Appendix for a reconciliation of these non-GAAP measures to the most directly comparable GAAP measures

# Land-and-expand business model

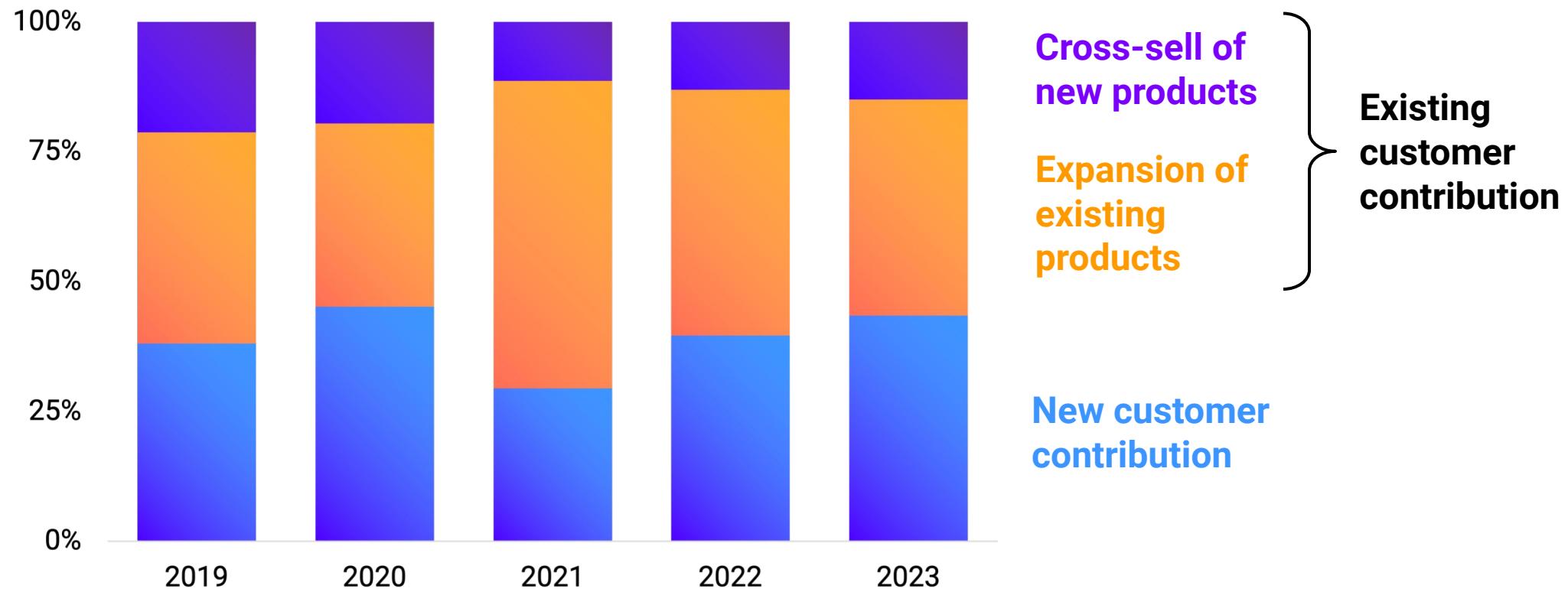


# Land-and-expand business model



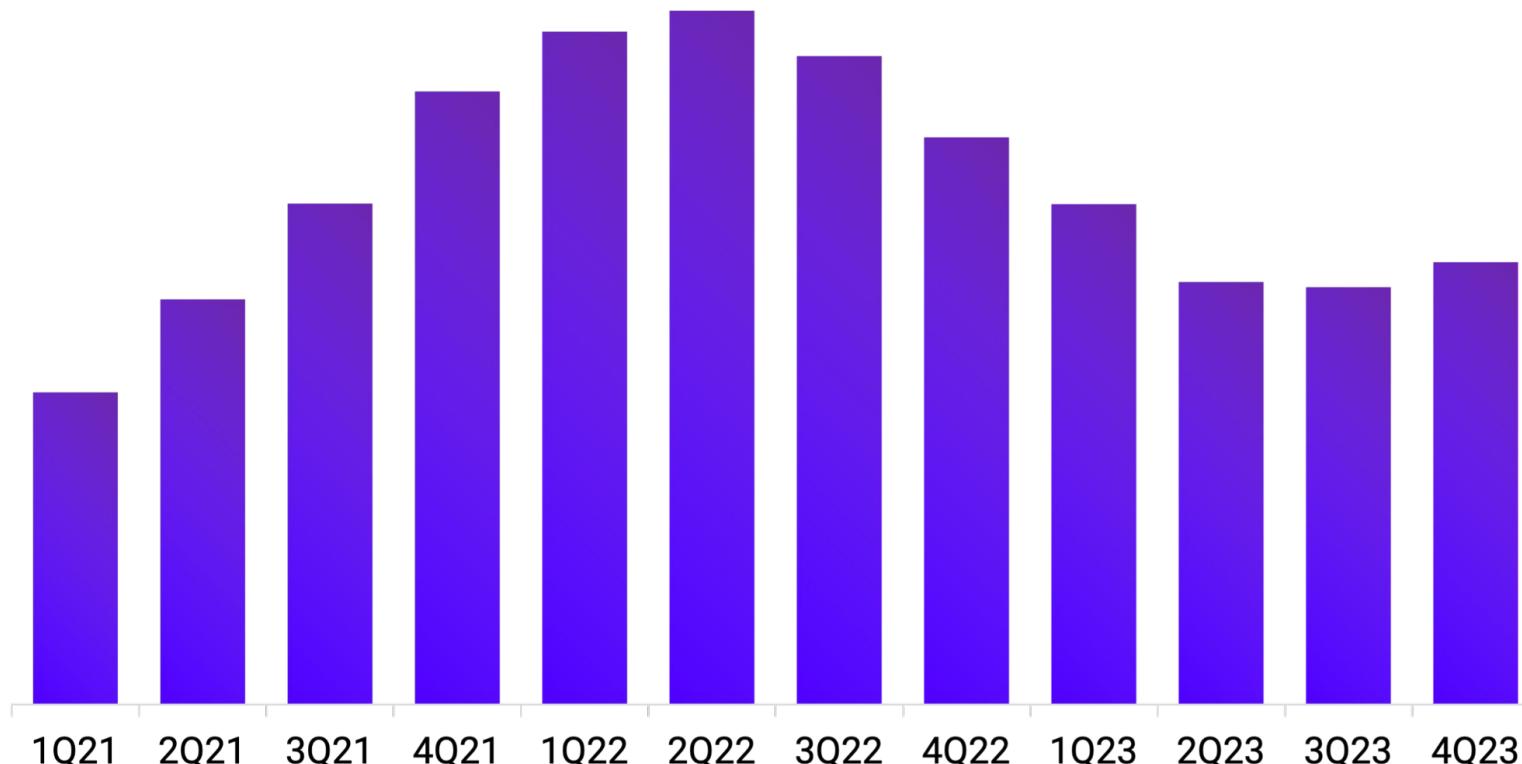
# Drivers of revenue growth

% of ARR added by type



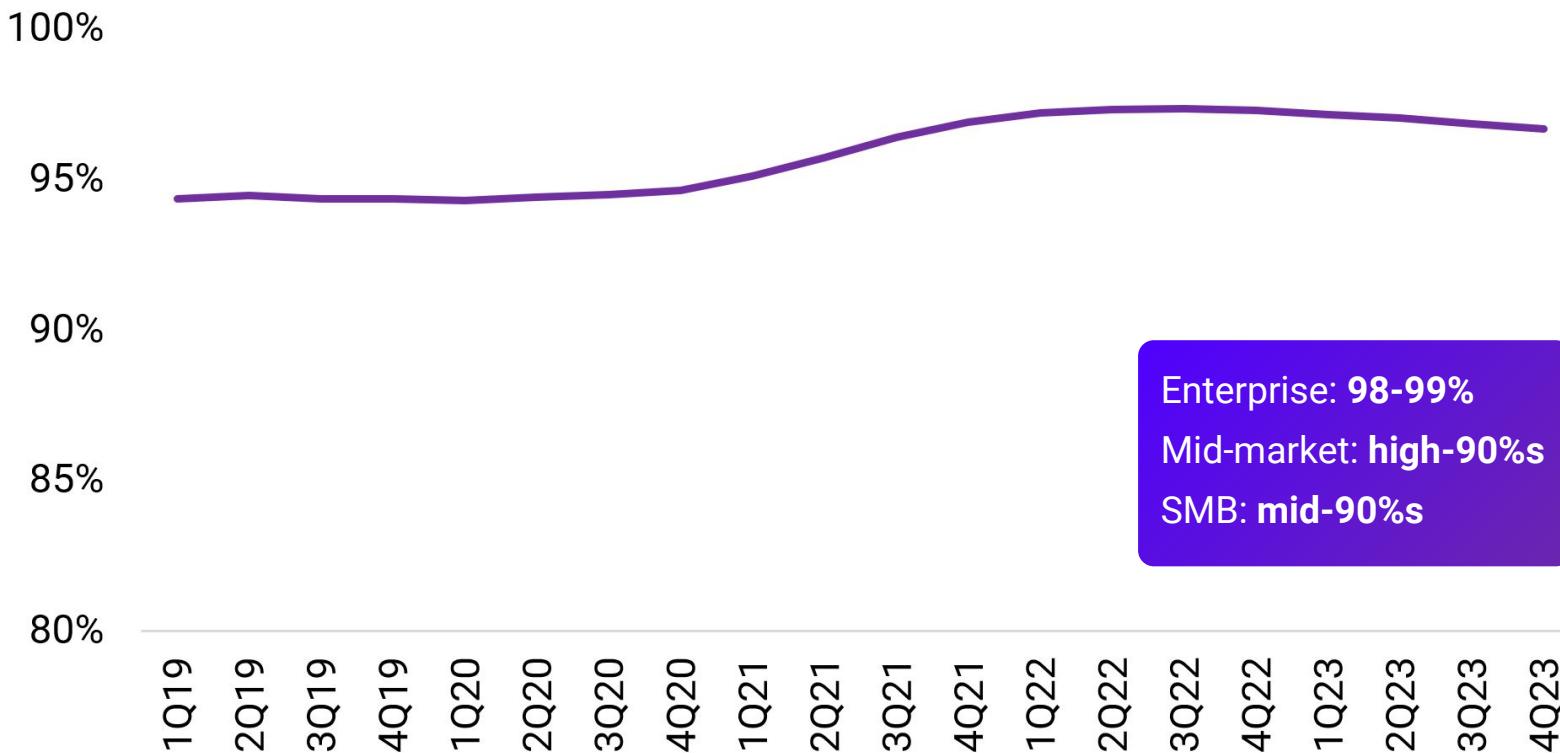
# ARR added stabilized and returned to growth in 4Q23

TMM \$ ARR added



# Gross revenue retention %

## TTM gross revenue retention %



See Appendix for information regarding gross revenue retention.

# Revenue growth and opportunities

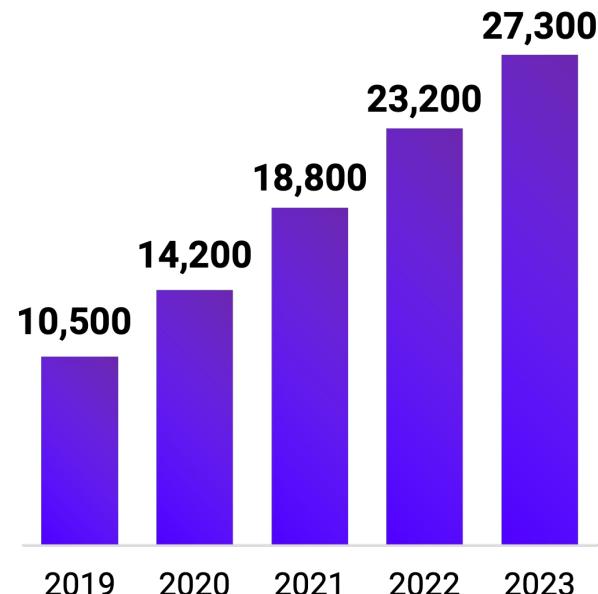
# Opportunities for growth

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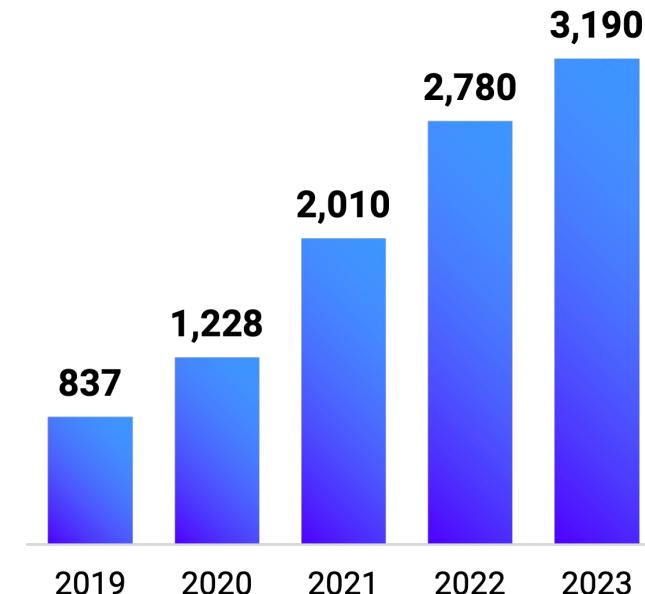
## 1 New logo opportunities

# Strong customer growth

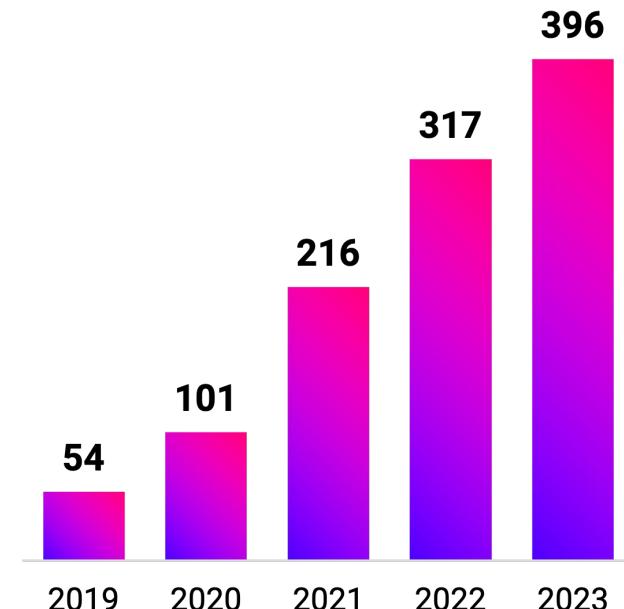
**Total paying customers**



**\$100K+ customers**



**\$1M+ customers**



**% of Total ARR from \$100K+ customers**

|     |     |     |     |     |
|-----|-----|-----|-----|-----|
| 76% | 78% | 83% | 85% | 86% |
|-----|-----|-----|-----|-----|

# New logo opportunities



Source: Datadog internal analysis, HG Insights Data.

Datadog's logo  
penetration is  
**5%**



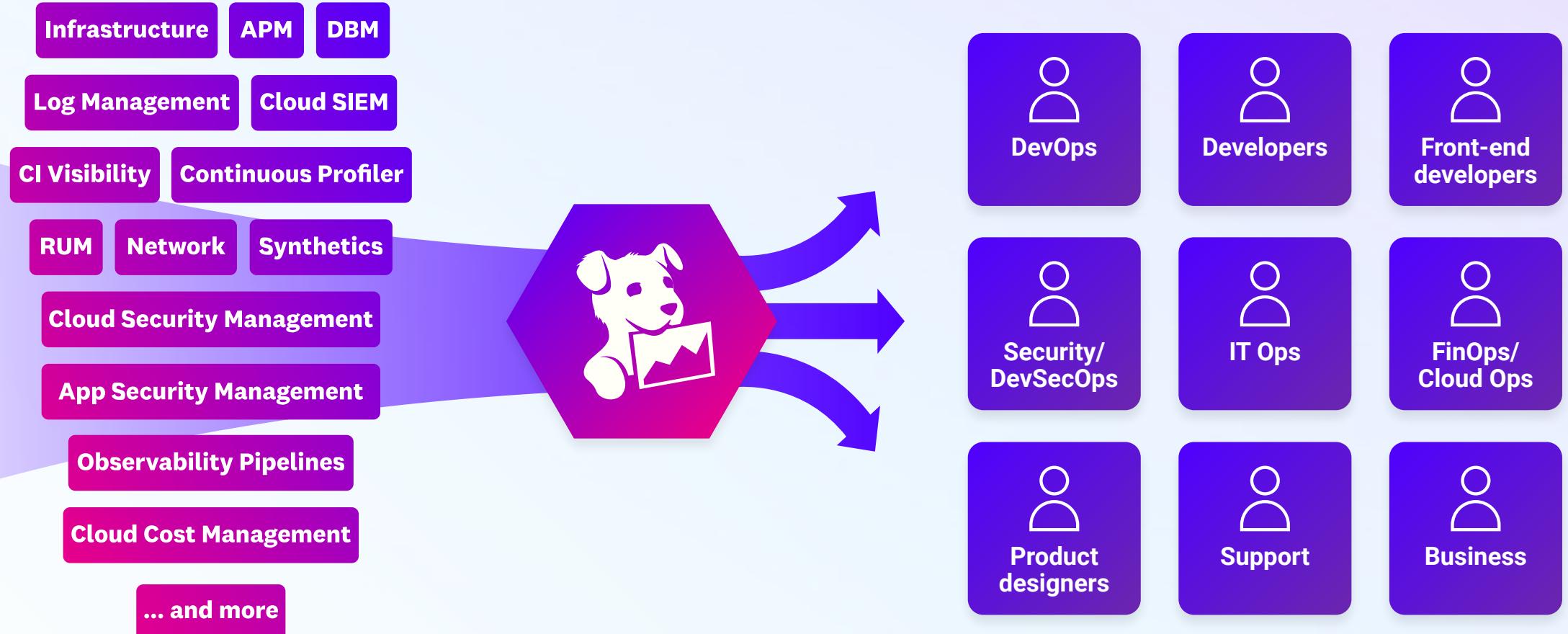
# Opportunities for growth

- 
- 1** New logo opportunities

---

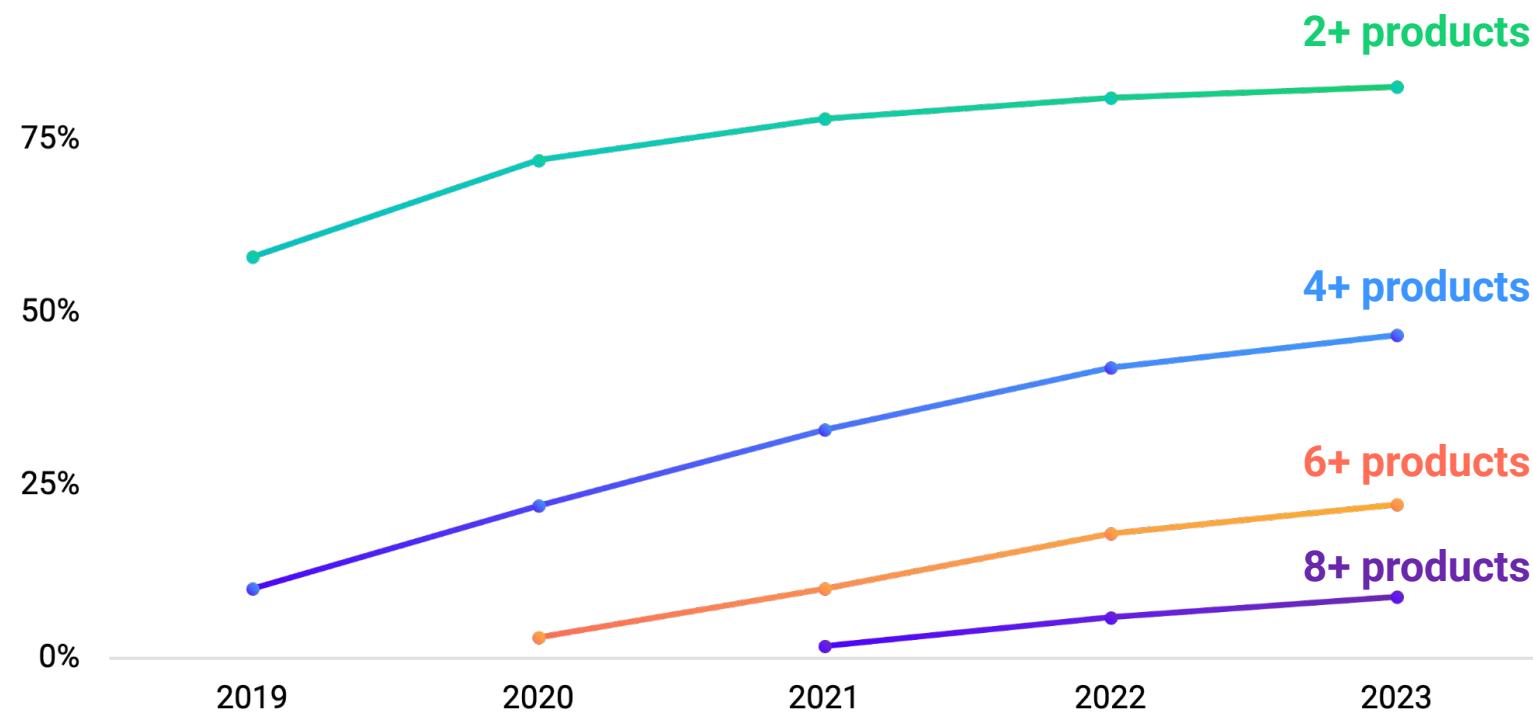
  - 2** Cross-sell of additional products

# New personas to address with new products



# Multi-product adoption

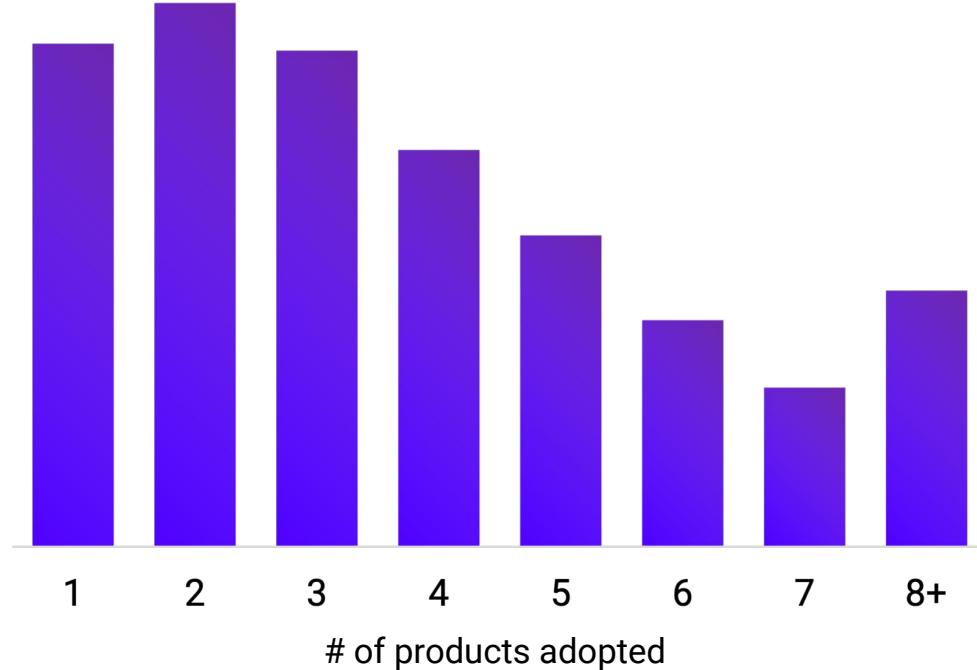
% of customers with:



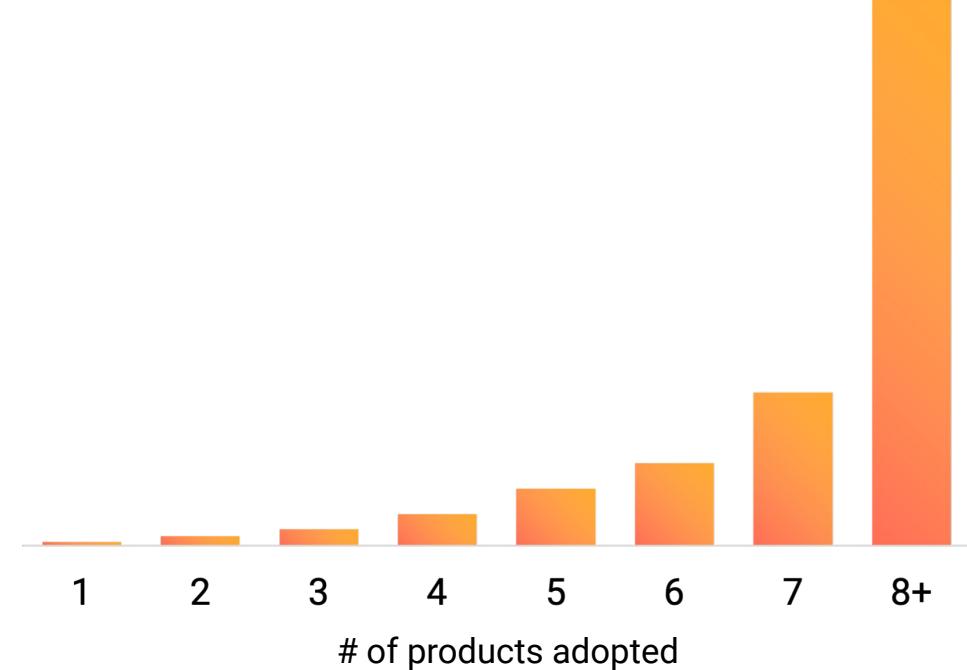
Steady increase  
in multi-product  
adoption

# Multi-product adoption

# of customers taking multiple products



Average ARR per customer taking multiple products

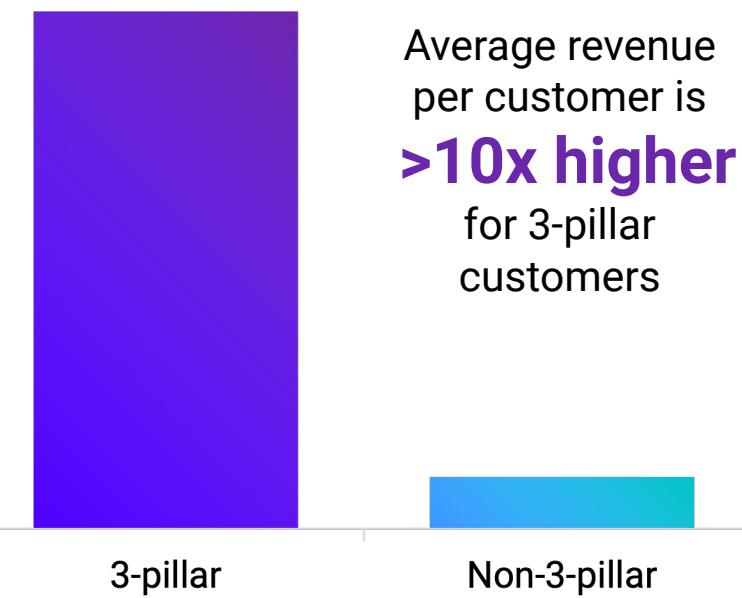


# ~60% of our customers don't have all 3 pillars yet

## 3-pillar customers



## Average revenue per customer: 3-pillar vs non-3-pillar



3-pillar customers use all 3 of core Infrastructure Monitoring, core APM, and Log Management. As of Dec-2023.

# Opportunities for growth

- 
- 1** New logo opportunities

---

  - 2** Cross-sell of additional products

---

  - 3** Opportunities for consolidation

# Consolidation in \$1M+ deals in 2023

**~55%**

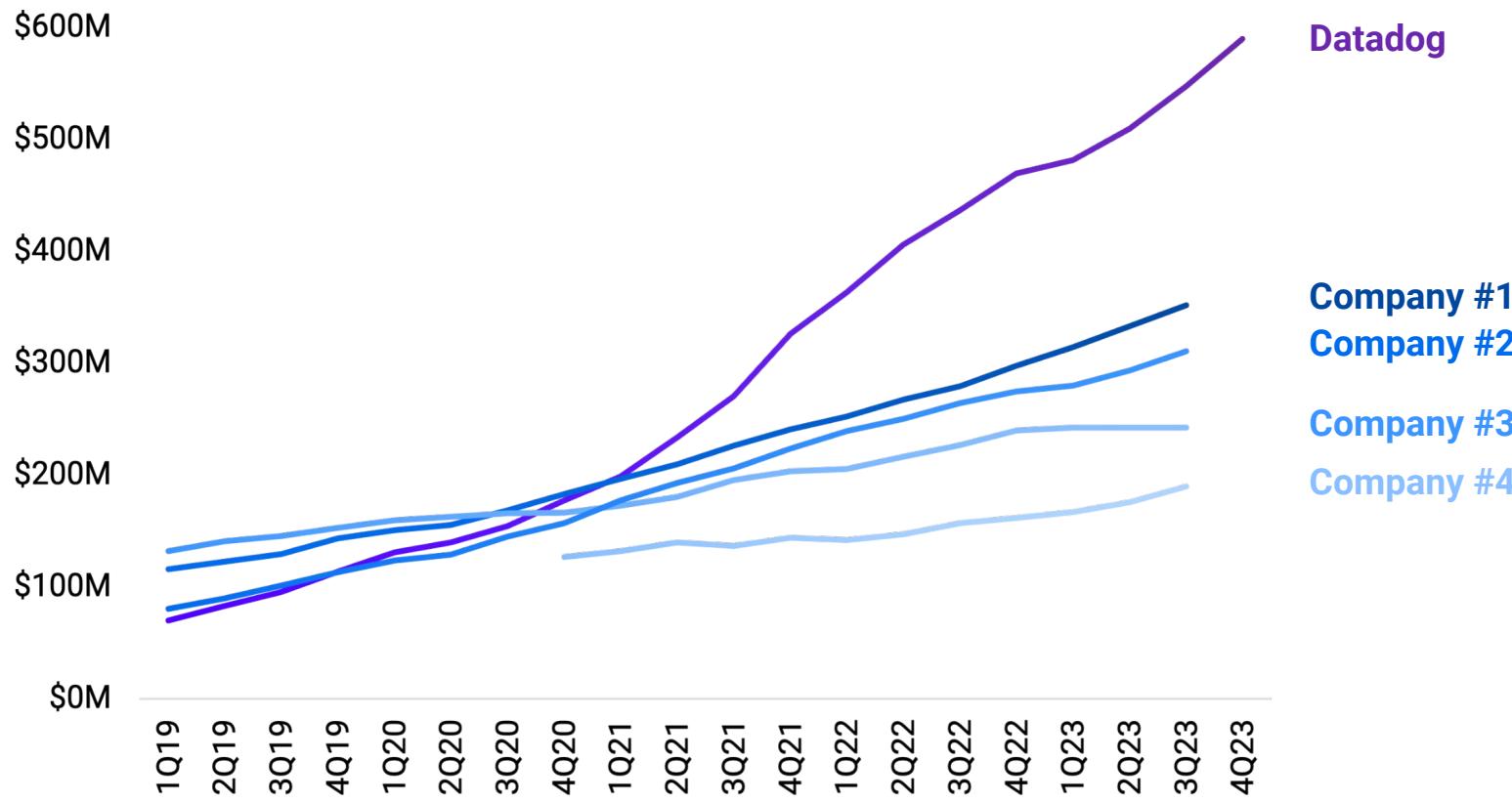
% of deals involve  
consolidation from  
competitors

**~4X**

higher annualized bookings  
growth in deals with  
consolidation versus without

# Strong relative revenue growth

Quarterly revenue, 1Q19-4Q23



# Opportunities for growth

- 
- 1** New logo opportunities

---

  - 2** Cross-sell of additional products

---

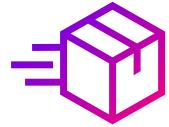
  - 3** Opportunities for consolidation

---

  - 4** Investment in underpenetrated areas

# Increasing penetration in traditional industries

Example industries where our % of revenue from that industry is increasing, from 2019 to 2023:



Airlines  
& Logistics



Energy



Financial  
Services



Healthcare



Industrials



Insurance



Professional  
Services

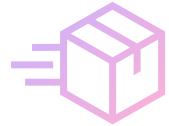


Public Sector

Industries are in alphabetical order.

# Increasing penetration in traditional industries

Example industries where our % of revenue from that industry is increasing, from 2019 to 2023:



Airlines  
& Logistics



Energy



Financial  
Services



Healthcare



Industrials



Insurance



Professional  
Services

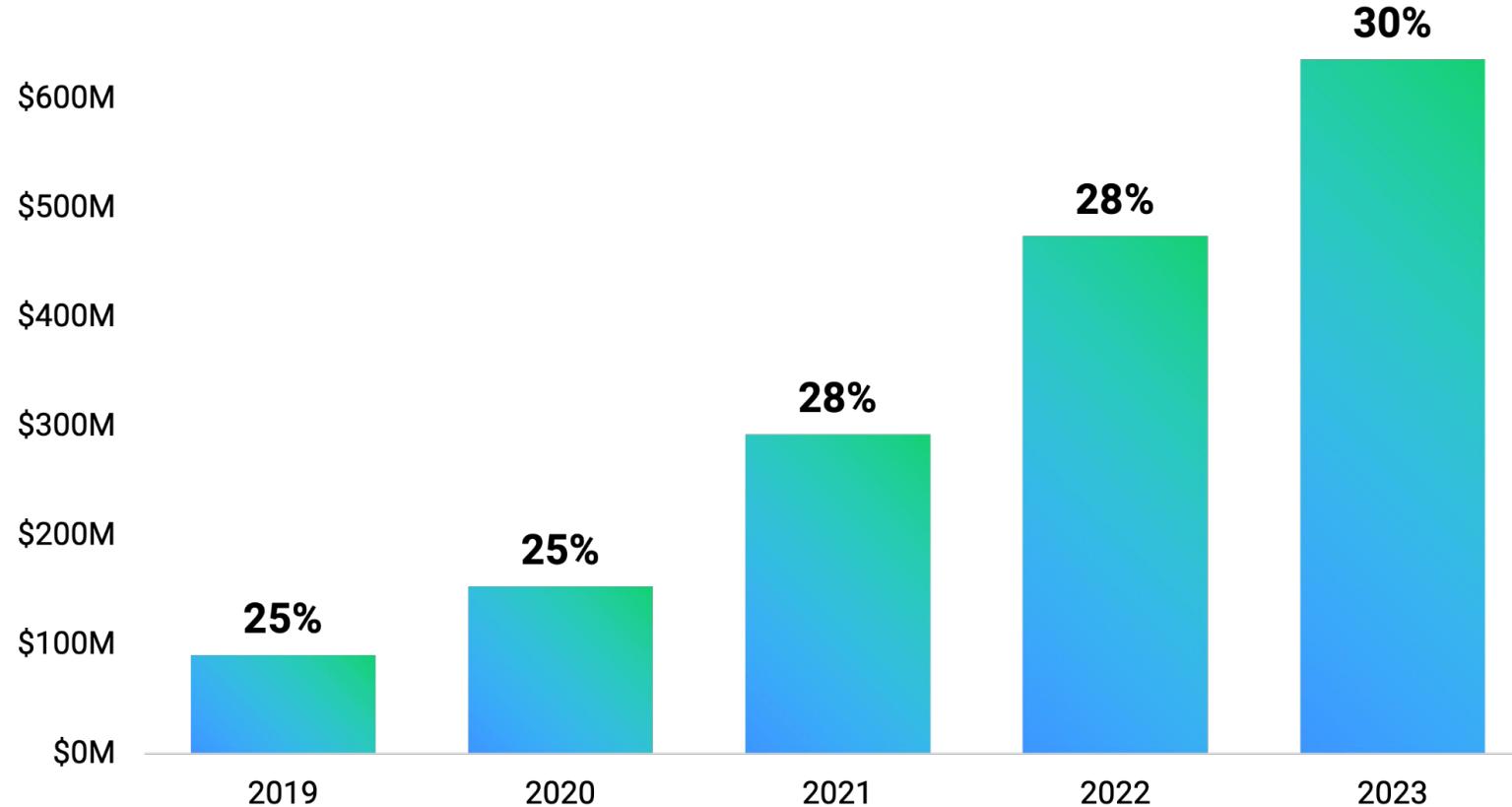


Public Sector

Industries are in alphabetical order.

# Geographic opportunities

\$ Revenue and % of total revenue, international geographies



More international opportunity

# Opportunities for growth

- 
- 1** New logo opportunities

---

  - 2** Cross-sell of additional products

---

  - 3** Opportunities for consolidation

---

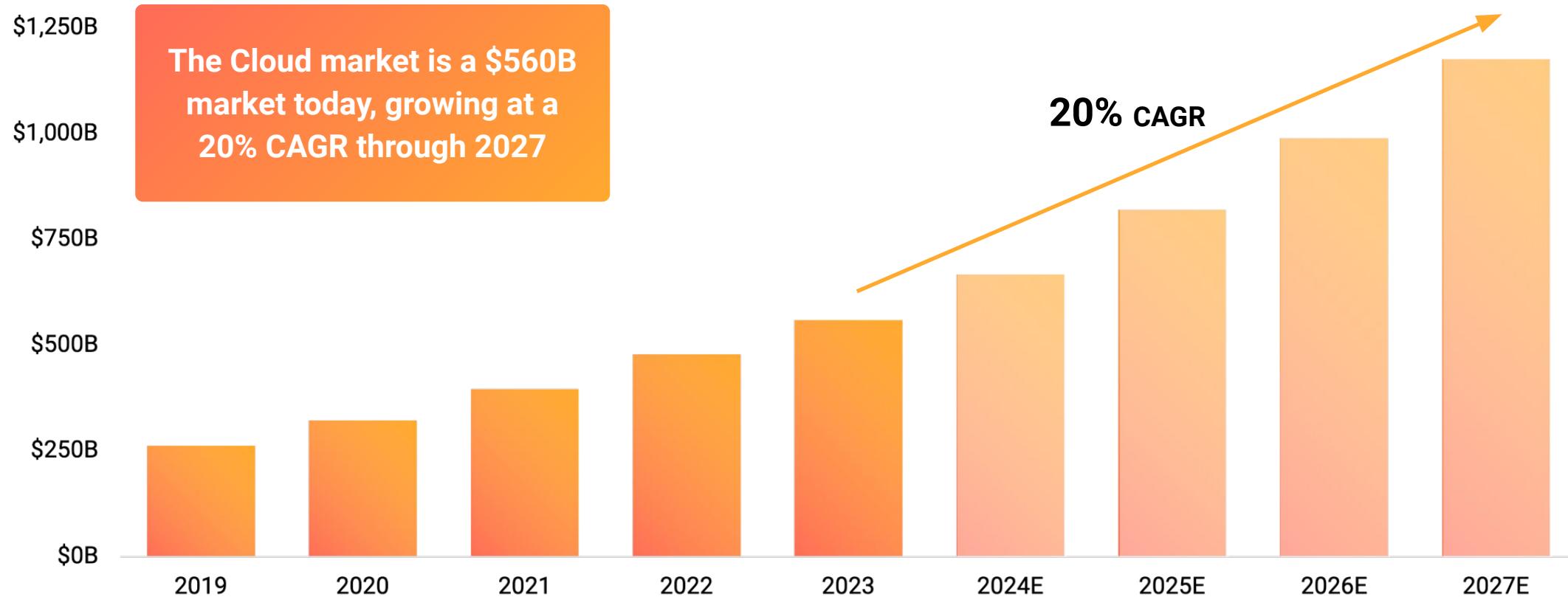
  - 4** Investment in underpenetrated areas

---

  - 5** Growing market with new TAM opportunities

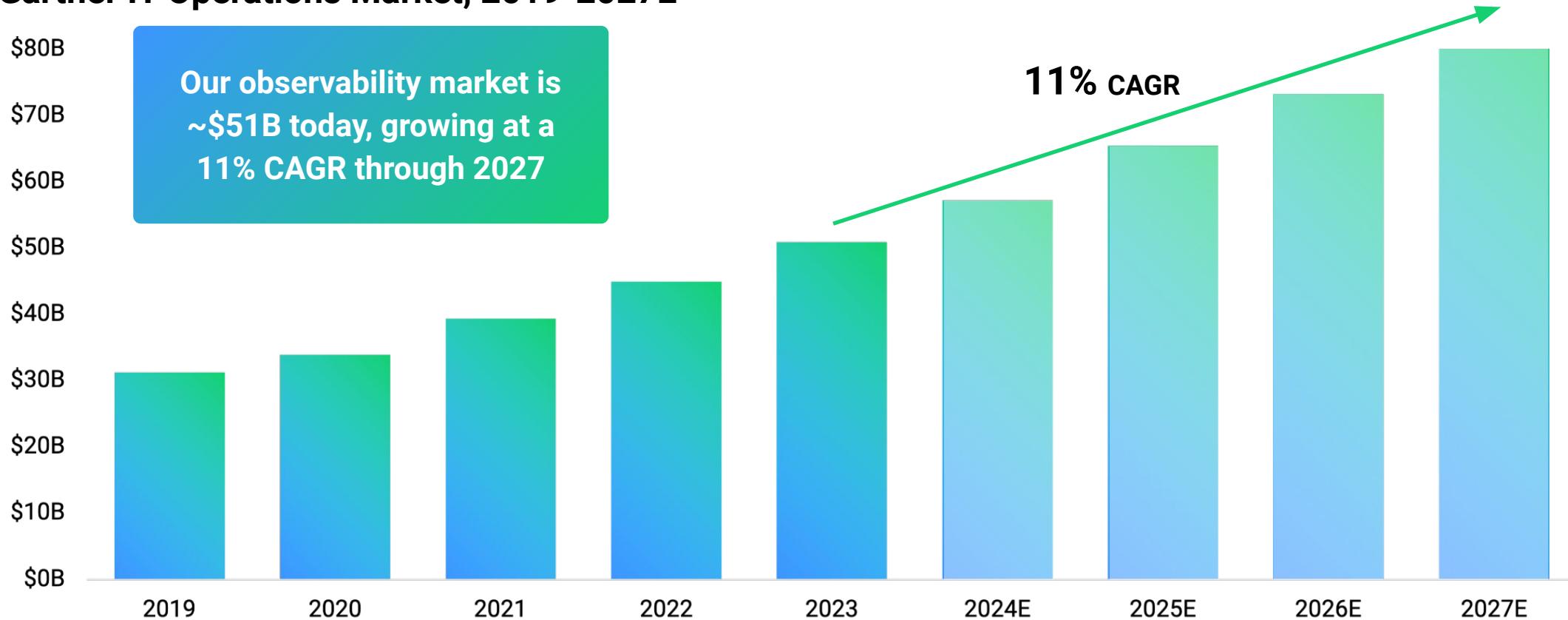
# Secular tailwind of digital transformation and cloud migration

Gartner Public Cloud Services Market, 2019-2027E



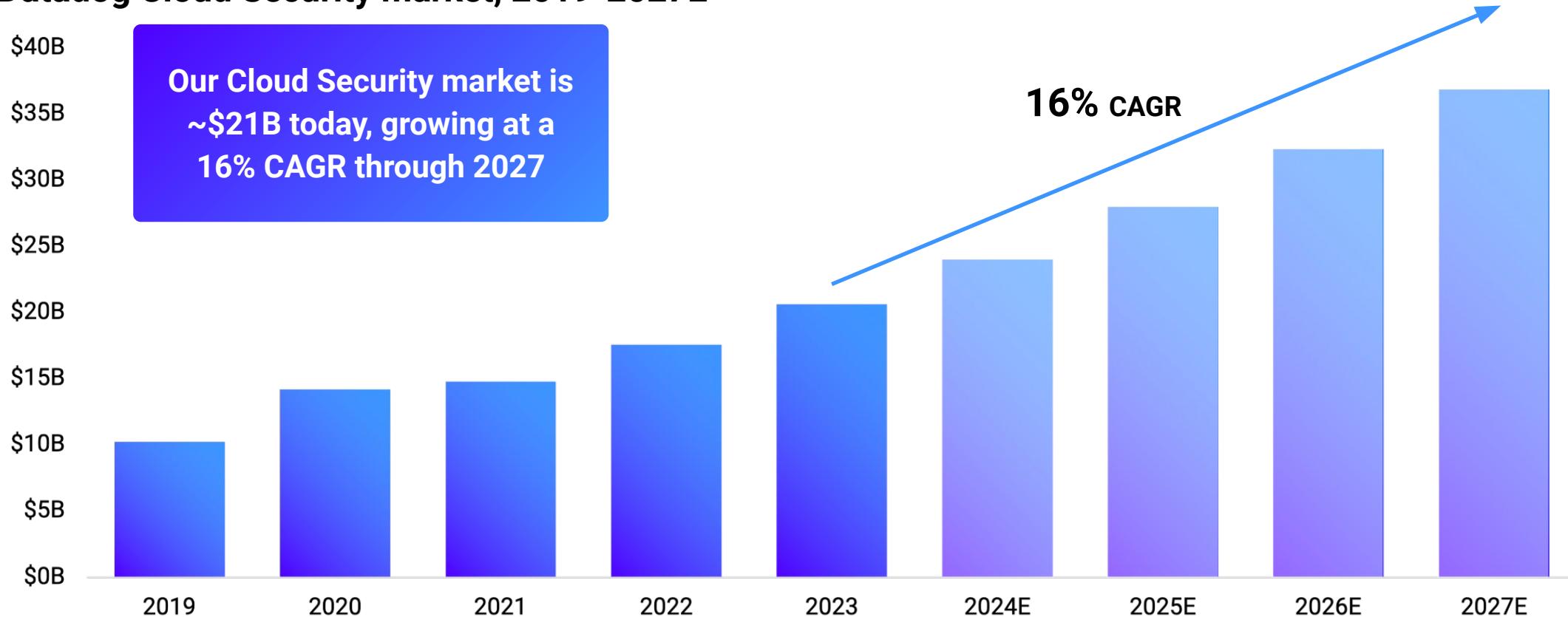
# Large and growing Observability TAM

Gartner IT Operations Market, 2019-2027E



# Cloud Security TAM opportunity

Datadog Cloud Security market, 2019-2027E



Gartner Forecast: Information Security and Risk Management, Worldwide - 2019-2025, 4Q21 Update; 2020-2026, 4Q22 Update; 2021-2027, 4Q23 Update.

Included: Within Application Security: Application Security Testing Software; Vulnerability Assessment Software; Web Application Firewalls Software; within Cloud Security: Cloud Access Security Brokers Software; Cloud Workload Protection Platforms; within Data security: Encryption Software; Enterprise Data Loss Prevention Software, Tokenization Software; within Infrastructure Protection: Security Information and Event Management (SIEM) Software.

# Margins and investment

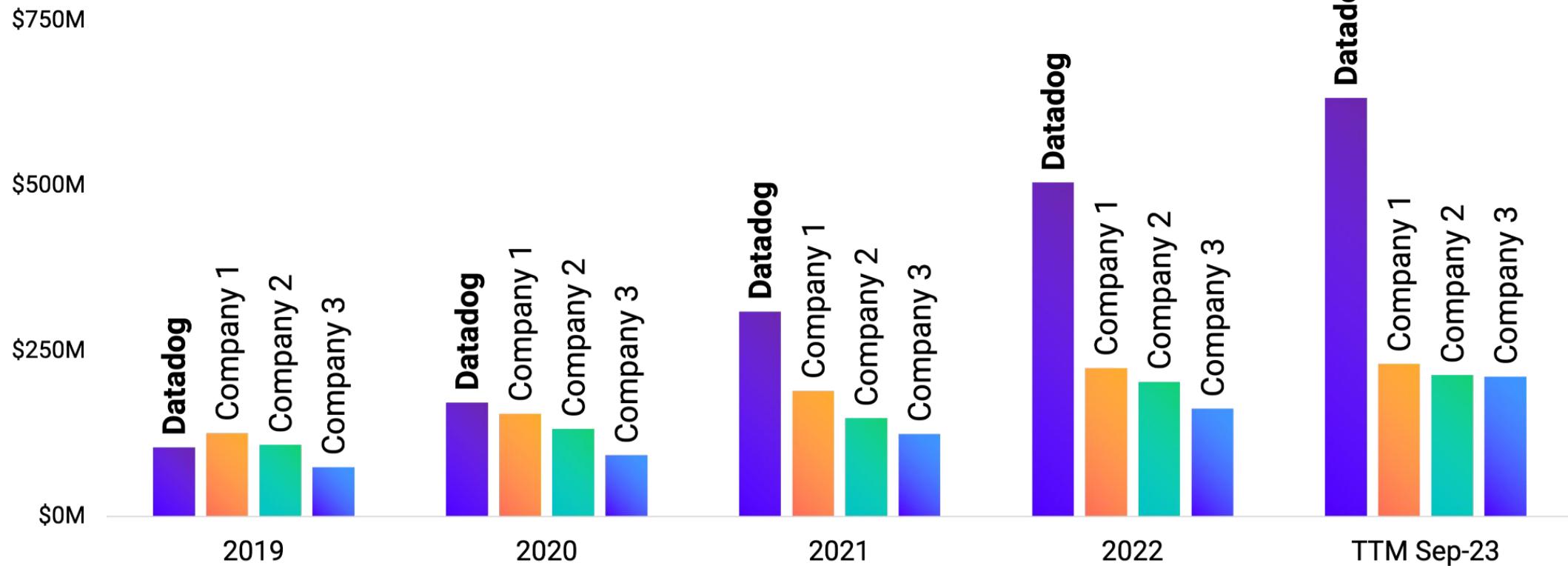
# Margin performance, 2019-2023

| Non-GAAP % <sup>(1)</sup> | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------|------|------|------|------|------|
| <b>Gross Margin</b>       | 76%  | 79%  | 78%  | 80%  | 82%  |
| <b>R&amp;D</b>            | 29%  | 29%  | 30%  | 30%  | 30%  |
| <b>S&amp;M</b>            | 39%  | 31%  | 25%  | 25%  | 24%  |
| <b>G&amp;A</b>            | 9%   | 8%   | 7%   | 6%   | 6%   |
| <b>Operating Margin</b>   | -1%  | 11%  | 16%  | 19%  | 23%  |
| <b>FCF Margin</b>         | 0%   | 14%  | 24%  | 21%  | 28%  |

(1) Non-GAAP measures. See Appendix for a reconciliation of these non-GAAP measures to the most directly comparable GAAP measures

# Investment in R&D

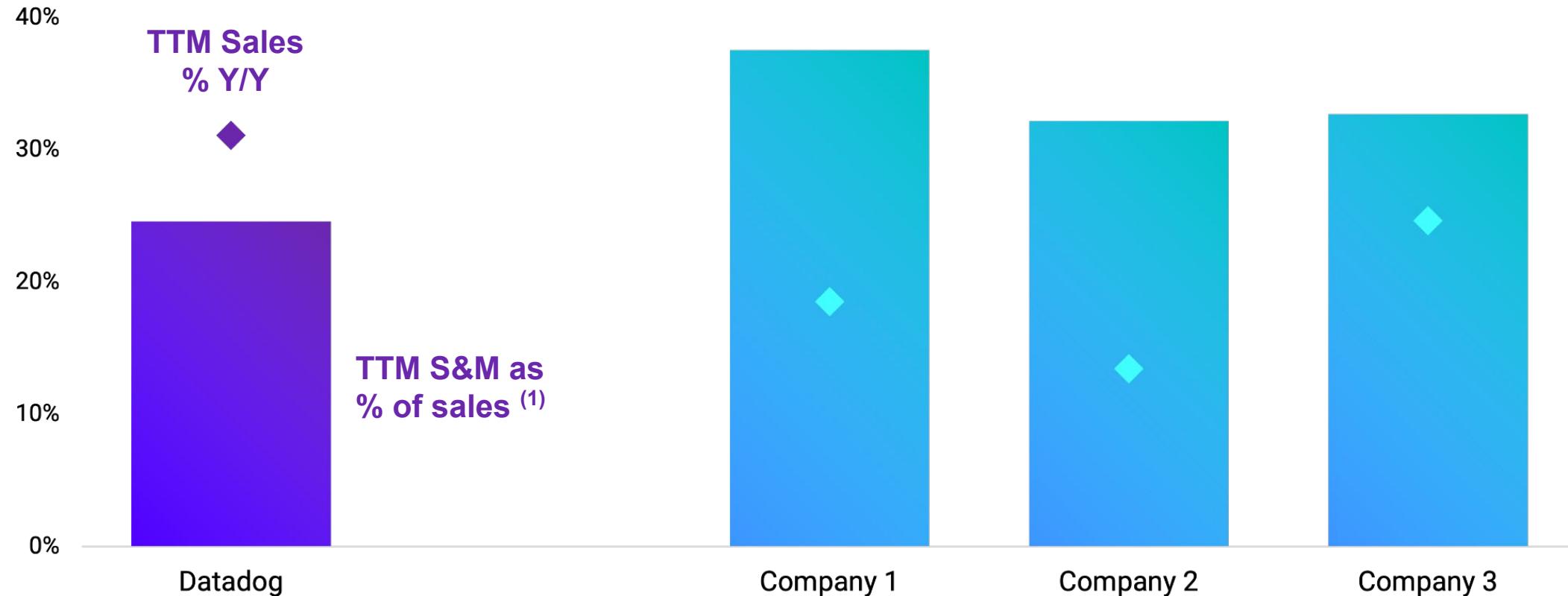
## Non-GAAP Research & Development expenditure<sup>(1)</sup>



(1) Non-GAAP measures. See Appendix for a reconciliation of these non-GAAP measures to the most directly comparable GAAP measures

# S&M efficiency

TTM Sep-23 Non-GAAP S&M as % of sales, % Y/Y Non-GAAP TTM revenue growth <sup>(1)</sup>



(1) Non-GAAP measures. See Appendix for a reconciliation of these non-GAAP measures to the most directly comparable GAAP measures

# Forward-looking financials

This section contains various forward-looking statements regarding financial goals.  
See Safe Harbor for important information regarding forward-looking statements

# Long-term margins vs. goals

Achieved target

| Non-GAAP % <sup>(1)</sup> | 2019 | 2020 | 2021 | 2022 | 2023 | Goal at IPO |
|---------------------------|------|------|------|------|------|-------------|
| <b>Gross Margin</b>       | 76%  | 79%  | 78%  | 80%  | 82%  | 77-78%      |
| <b>R&amp;D</b>            | 29%  | 29%  | 30%  | 30%  | 30%  | 22-26%      |
| <b>S&amp;M</b>            | 39%  | 31%  | 25%  | 25%  | 24%  | 23-27%      |
| <b>G&amp;A</b>            | 9%   | 8%   | 7%   | 6%   | 6%   | 6-8%        |
| <b>Operating Margin</b>   | -1%  | 11%  | 16%  | 19%  | 23%  | 20-25%      |

(1) Non-GAAP measures. See Appendix for a reconciliation of these non-GAAP measures to the most directly comparable GAAP measures

# New long-term margin goal

| Non-GAAP % <sup>(1)</sup>    | 2019 | 2020 | 2021 | 2022 | 2023 | Goal at IPO | New Goal |
|------------------------------|------|------|------|------|------|-------------|----------|
| <b>Operating Margin</b>      | -1%  | 11%  | 16%  | 19%  | 23%  | 20-25%      | 25%+     |
| <b>Free Cash Flow Margin</b> | 0%   | 14%  | 24%  | 21%  | 28%  |             |          |

(1) Non-GAAP measures. See Appendix for a reconciliation of these non-GAAP measures to the most directly comparable GAAP measures

# Capital allocation goals



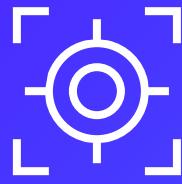
**Generate healthy amounts of FCF**

---



**Ensure our leadership has flexibility and capacity to invest**

---



**Maintain our thoughtful and disciplined acquisition strategy**

## TAX CONSIDERATIONS

Non-GAAP tax rate in 2024 and going forward

21%

*2024 cash tax guided \$20-25M*

Represents an estimated long-term projected tax rate, which is subject to change.



# Stock-based compensation

Target annual dilution related to  
RSUs/PSUs awarded

**2.5 - 3.5%**

|                                       | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------------------|------|------|------|------|------|
| <b>RSU/PSU shares awarded (M's)</b>   | 4.8  | 4.9  | 5.2  | 7.6  | 7.4  |
| <b>% dilution on BoP basic shares</b> |      | 1.7% | 1.7% | 2.4% | 2.3% |

# Q&A session

**Olivier Pomel**, CEO & Co-founder

**Amit Agarwal**, President

**David Obstler**, CFO

**Sean Walters**, CRO

**Angie Holt**, SVP, Global Customer Success

**Yuka Broderick**, VP, Investor Relations

# Investor Day 2024

Thank you for joining us today

A replay of this event will be available at  
[investors.datadoghq.com](https://investors.datadoghq.com)



# Appendix

# Non-GAAP financial measures and other information

The statistical data, estimates and forecasts referenced in this presentation and the accompanying oral presentation are based on independent industry publications or other publicly available information, as well as information based on our internal sources. While we believe the industry and market data included in this presentation and the accompanying oral presentation are reliable and are based on reasonable assumptions, these data involve many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information.

We define the number of customers as the number of accounts with a unique account identifier for which we have an active subscription in the period indicated. Our ability to attract new customers will depend on a number of factors, including the effectiveness and pricing of our products, offerings of our competitors and the effectiveness of our marketing efforts. Users of our free trials or tier are not included in our customer count. A single organization with multiple divisions, segments or subsidiaries is generally counted as a single customer. However, in some cases where they have separate billing terms, we may count separate divisions, segments or subsidiaries as multiple customers. Customers as of December 31, 2022 exclude customers from a then-recent acquisition, which did not contribute meaningful revenue during the fiscal year. Other terms such as annual recurring revenue or ARR and dollar-based net revenue retention rate shall have the meanings set forth in our Annual Report. Dollar-based gross retention rate is calculated by first calculating the point-in-time gross retention as the previous year ARR minus ARR attrition over the last 12 months, divided by the previous year ARR. The ARR attrition for each month is calculated by identifying any customer that has changed their account type to a "free tier," requested a downgrade through customer support or sent a formal termination notice to us during that month, and aggregating the dollars of ARR generated by each such customer in the prior month. We then calculate the dollar-based gross retention rate as the weighted average of the trailing 12-month point-in-time gross retention rates. We believe dollar-based gross retention rate demonstrates the stickiness of the product category we operate in, and of our platform in particular.

# Non-GAAP financial measures and other information

Datadog discloses the following non-GAAP financial measures in this presentation and the accompanying oral presentation: non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses (sales and marketing, research and development, general and administrative), non-GAAP operating income (loss), non-GAAP operating margin, non-GAAP net income (loss), non-GAAP net income (loss) per diluted share, non-GAAP net income (loss) per basic share, free cash flow and free cash flow margin. Datadog uses each of these non-GAAP financial measures internally to understand and compare operating results across accounting periods, for internal budgeting and forecasting purposes, for short- and long-term operating plans, and to evaluate Datadog's financial performance. Datadog believes they are useful to investors, as a supplement to GAAP measures, in evaluating its operational performance, as further discussed below. Datadog's non-GAAP financial measures may not provide information that is directly comparable to that provided by other companies in its industry, as other companies in its industry may calculate non-GAAP financial results differently, particularly related to non-recurring and unusual items. In addition, there are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies and exclude expenses that may have a material impact on Datadog's reported financial results.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. A reconciliation of the historical non-GAAP financial measures to their most directly comparable GAAP measures has been provided in this Appendix.

Datadog defines non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses (sales and marketing, research and development, general and administrative), non-GAAP operating income (loss), non-GAAP operating margin and non-GAAP net income (loss) as the respective GAAP balances, adjusted for, as applicable: (1) stock-based compensation expense; (2) the amortization of acquired intangibles; (3) employer payroll taxes on employee stock transactions; (4) amortization of issuance costs; and (5) an assumed provision for income taxes based on our long-term projected tax rate. Our estimated long-term projected tax rate is subject to change for a variety of reasons, including the rapidly evolving global tax environment, significant changes in Datadog's geographic earnings mix, or other changes to our strategy or business operations. We will re-evaluate our long-term projected tax rate as appropriate. Datadog defines free cash flow as net cash provided by operating activities, minus capital expenditures and minus capitalized software development costs, if any. Investors are encouraged to review the reconciliation of these historical non-GAAP financial measures to their most directly comparable GAAP financial measures.

Datadog has not reconciled its expectations as to non-GAAP margins to their most directly comparable GAAP measure as a result of uncertainty regarding, and the potential variability of, reconciling items such as stock-based compensation and employer payroll taxes on equity incentive plans. Accordingly, reconciliation is not available without unreasonable effort, although it is important to note that these factors could be material to Datadog's results computed in accordance with GAAP.

# GAAP to Non-GAAP reconciliation

## Gross profit margin (\$000's)

|  | FY19        | FY20        | FY21        | FY22        | FY23        |
|--|-------------|-------------|-------------|-------------|-------------|
| Revenue  | \$362,780   | \$603,466   | \$1,028,784 | \$1,675,100 | \$2,128,359 |
| GAAP gross profit  | \$273,831   | \$473,269   | \$794,539   | \$1,328,357 | \$1,718,451 |
| <b>GAAP gross margin</b>                                     | <b>75 %</b> | <b>78 %</b> | <b>77 %</b> | <b>79 %</b> | <b>81 %</b> |
| Add:   |             |             |             |             |             |
| Share-based compensation expense included in cost of revenue | 582         | 1,794       | 4,565       | 10,827      | 17,578      |
| Amortization of acquired intangibles                         | 752         | 943         | 3,792       | 6,750       | 8,041       |
| Employer payroll taxes on employee stock transactions        | —           | 187         | 345         | 266         | 364         |
| Non-GAAP gross profit  | \$275,165   | \$476,193   | \$803,241   | \$1,346,200 | \$1,744,434 |
| <b>Non-GAAP gross margin</b>                                 | <b>76 %</b> | <b>79 %</b> | <b>78 %</b> | <b>80 %</b> | <b>82 %</b> |

# GAAP to Non-GAAP reconciliation

## Operating expenses and operating profit (\$000's)

|  | FY19        | FY20        | FY21        | FY22        | FY23        |
|--|-------------|-------------|-------------|-------------|-------------|
| Revenue  | \$362,780   | \$603,466   | \$1,028,784 | \$1,675,100 | \$2,128,359 |
| <b>RESEARCH &amp; DEVELOPMENT</b>                            |             |             |             |             |             |
| GAAP R&D expense   | \$111,425   | \$210,626   | \$419,769   | \$752,351   | \$962,447   |
| <b>GAAP R&amp;D expense as a % of revenue</b>                | <b>31 %</b> | <b>35 %</b> | <b>41 %</b> | <b>45 %</b> | <b>45 %</b> |
| Less: Share-based compensation expense                       | 7,972       | 38,008      | 101,942     | 237,120     | 313,096     |
| Less: Employer payroll taxes on employee stock transactions  | 1,157       | 2,836       | 8,143       | 10,384      | 21,449      |
| Add: Other Non-GAAP adj.(1)                                  | (2,344)     | (2,729)     | —           | —           | —           |
| Non-GAAP R&D expense   | \$104,640   | \$172,511   | \$309,684   | \$504,847   | \$627,902   |
| <b>Non-GAAP R&amp;D expense as a % of revenue</b>            | <b>29 %</b> | <b>29 %</b> | <b>30 %</b> | <b>30 %</b> | <b>30 %</b> |
| <b>SALES &amp; MARKETING</b>                                 |             |             |             |             |             |
| GAAP S&M expense   | \$146,657   | \$213,660   | \$299,497   | \$495,288   | \$609,276   |
| <b>GAAP S&amp;M expense as a % of revenue</b>                | <b>40 %</b> | <b>35 %</b> | <b>29 %</b> | <b>30 %</b> | <b>29 %</b> |
| Less: Share-based compensation expense                       | 5,538       | 20,467      | 35,035      | 76,735      | 101,937     |
| Less: Amortization of acquired intangibles                   | —           | —           | 600         | 825         | 825         |
| Less: Employer payroll taxes on employee stock transactions  | 284         | 3,756       | 6,349       | 2,766       | 5,917       |
| Add: Other Non-GAAP adj.(1)                                  | (397)       | (449)       | —           | —           | —           |
| Non-GAAP S&M expense   | \$141,232   | \$189,886   | \$257,513   | \$414,962   | \$500,597   |
| <b>Non-GAAP S&amp;M expense as a % of revenue</b>            | <b>39 %</b> | <b>31 %</b> | <b>25 %</b> | <b>25 %</b> | <b>24 %</b> |
| <b>GENERAL &amp; ADMINISTRATIVE</b>                          |             |             |             |             |             |
| GAAP G&A expense   | \$35,889    | \$62,756    | \$94,429    | \$139,413   | \$180,192   |
| <b>GAAP G&amp;A expense as a % of revenue</b>                | <b>10 %</b> | <b>10 %</b> | <b>9 %</b>  | <b>8 %</b>  | <b>8 %</b>  |
| Less: Share-based compensation expense                       | 4,942       | 14,105      | 22,195      | 38,472      | 49,689      |
| Less: Employer payroll taxes on employee stock transactions  | 19          | 839         | 1,248       | 830         | 4,811       |
| Add: Other Non-GAAP adj.(1)                                  | (2,266)     | (2,383)     | —           | —           | —           |
| Non-GAAP G&A expense   | \$33,194    | \$50,195    | \$70,986    | \$100,111   | \$125,692   |
| <b>Non-GAAP G&amp;A expense as a % of revenue</b>            | <b>9 %</b>  | <b>8 %</b>  | <b>7 %</b>  | <b>6 %</b>  | <b>6 %</b>  |
| <b>Reconciliation of operating loss and operating margin</b> |             |             |             |             |             |
| GAAP operating loss  | \$(20,140)  | \$(13,773)  | \$(19,156)  | \$(58,695)  | \$(33,464)  |
| Add: Stock-based compensation expense                        | 19,034      | 74,374      | 163,737     | 363,154     | 482,300     |
| Add: Amortization of acquired intangibles                    | 752         | 943         | 4,392       | 7,575       | 8,866       |
| Add: Employer payroll taxes on employee stock transactions   | 1,460       | 7,618       | 16,085      | 14,246      | 32,541      |
| Less: Other Non-GAAP adj.(1)                                 | (5,007)     | (5,561)     | —           | —           | —           |
| Non-GAAP operating (loss) income                             | \$(3,901)   | \$63,601    | \$165,058   | \$326,280   | \$490,243   |
| <b>GAAP operating margin</b>                                 | <b>(6)%</b> | <b>(2)%</b> | <b>(2)%</b> | <b>(4)%</b> | <b>(2)%</b> |
| <b>Non-GAAP operating margin</b>                             | <b>(1)%</b> | <b>11 %</b> | <b>16 %</b> | <b>19 %</b> | <b>23 %</b> |

(1) Non-cash benefit related to the release of a non-income tax liability

# Free cash flow bridge

Free cash flow (\$000's)

|  | FY19            | FY20             | FY21             | FY22             | FY23             |
|--|-----------------|------------------|------------------|------------------|------------------|
| Revenue                                  | \$362,780       | \$603,466        | \$1,028,784      | \$1,675,100      | \$2,128,359      |
| <b>Cash flow from operations</b>         | <b>\$24,234</b> | <b>\$109,091</b> | <b>\$286,545</b> | <b>\$418,407</b> | <b>\$659,954</b> |
| Capex                                    | (13,315)        | (5,415)          | (9,956)          | (35,261)         | (27,586)         |
| Capitalized software developmental costs | (10,128)        | (20,468)         | (26,069)         | (29,628)         | (34,820)         |
| <b>Free cash flow</b>                    | <b>\$791</b>    | <b>\$83,208</b>  | <b>\$250,520</b> | <b>\$353,518</b> | <b>\$597,548</b> |
| Free cash flow margin                    | 0 %             | 14 %             | 24 %             | 21 %             | 28 %             |