

January 12, 2021
Initiation Report

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BigCommerce Holdings, Inc.

Accelerated Shift Online Creates Compelling Growth Setup, but Valuation Reflects This; Initiating With a Market Perform Rating

Leading Next-Gen Midmarket E-commerce Platform Provider. BigCommerce first launched its software-as-a-service (SaaS) e-commerce platform in 2009, targeting the SMB market. In 2015 the company underwent a management and strategy change and started focusing more on the midmarket. BigCommerce's solution provides businesses with the ability to create and manage their e-commerce website, both the front and back end, and is delivered in a SaaS model. Relative to last-gen platforms, BigCommerce can be implemented quickly and is significantly easier to use. Versus other modern e-commerce platforms, BigCommerce has opted to take a more open approach and leverages partners for noncore e-commerce platform functionality, and the platform has the ability to be a more bespoke solution.

Large Market Opportunity With Sizable Tailwinds. The market for e-commerce platforms is large and growing. We believe the U.S. B2C opportunity is roughly \$4 billion to \$5 billion and growing at 15%-plus annually. And when including international and B2B, we believe BigCommerce's addressable market is roughly \$15 billion to \$20 billion.

Accelerating Growth and Well Positioned for 20%-Plus Over Next Several Years. We estimate that 2020 will be the third straight year of ARR growth acceleration for BigCommerce. Although continued ARR acceleration is likely not sustainable, we believe that BigCommerce is well positioned to increase revenue at 20% or greater annually over the next several years given the size of the market opportunity, relatively low penetration of current-gen platforms, and near- and long-term market tailwinds.

Initiating Coverage With a Market Perform Rating. Over the past five years, BigCommerce's management team has done a great job from a product and strategy perspective, which when combined with the company's large market opportunity should position it for 20%-plus revenue growth for the next several years. Still, when we compare BigCommerce with other SaaS companies with similar growth and market opportunities, it trades at a decent premium. Therefore, we view the stock's risk/reward profile as balanced and expect shares to perform in line with the market.

Key Risks. The key risks include: 1) there are a number of large competitors in the e-commerce software market, 2) partner revenue is mostly transactional, 3) the company is not currently free-cash-flow positive, and 4) future growth is predicated on commerce continuing to shift online.

BigCommerce provides a SaaS platform that powers branded e-commerce stores.

Stock Rating: **Market Perform**

Symbol: BIGC (NASDAQ)
Price: \$64.65 (52-Wk.: \$57.26-\$162.50)
Market Value (mil.): \$5,145
Fiscal Year End: December

Estimates	2019A	2020E	2021E
Sales (mil.)	\$112.1	\$147.9	\$174.6

Valuation			
EV/Sales	44.5x	33.7x	28.6x

Trading Data		
Shares Outstanding (mil.)		79.6
Float		38.7%
Average Daily Volume		2,103,652

Financial Data		
Enterprise Value (mil.)		\$4,987

Please refer to important disclosures on pages 26 and 27. Analyst certification is on page 26.

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Investment Summary

Leading Next-Gen Midmarket E-commerce Platform Provider

BigCommerce first launched its SaaS e-commerce platform in 2009, targeting the SMB market. In 2015 the company underwent a management and strategy change and started focusing more on the midmarket, which BigCommerce defines as companies with sales between \$1 million and \$50 million. In our view, this was a key strategic decision since many of the solutions in the mid-market were aging technology-wise, and the SMB market was becoming increasingly competitive with a dominant player in Shopify emerging.

Exhibit 1
BigCommerce Holdings, Inc
Customer Examples




Source: BigCommerce

BigCommerce's solution provides businesses with the ability to create and manage their e-commerce websites, both the front and back end, and is delivered in a SaaS model. BigCommerce's subscription pricing is based on functionality and a customer's sales volume, and partner revenue (26% of 2019 revenue) is transaction or subscription based depending on the functionality.

Unlike last-gen midmarket e-commerce platforms, which could have taken six months to over a year to get up and running, the majority (about 70%) of BigCommerce implementations are completed in under two months, and even larger ones can typically be done in less than six months. Further, BigCommerce is typically significantly easier to use than last-gen platforms, and does not necessarily require the use of developers or agencies to get a site up and running. In exhibit 2 we show some of the key differences between BigCommerce and some of the older providers.

Exhibit 2
BigCommerce Holdings, Inc.
BigCommerce vs. Legacy: Key Differences

 BIGCOMMERCE	VS.	Legacy Providers
<ul style="list-style-type: none"> • 70% of implementations completed in under two months • Cloud-based architecture facilitates easier upgrades and updates without need for extensive internal IT involvement. • Open architecture via APIs and software development kits, which enables variety of third-party applications, legacy integrations, and customization. • Pricing based on gross merchandise value and can be scaled up or down. Support and maintenance costs bundled into subscription price. Pricing is typically lower up front than license. 		<ul style="list-style-type: none"> • Implementation times can be longer, ranging from six to nine months, lasting over one year • License model results in maintenance costs to provide upgrades and updates. Hosting requires IT expertise. • Closed architecture requires more custom-built integrations and could be more costly leading to longer lead times. • Fixed cost based on license and additional professional services often required. Higher upfront pricing and may require capital investment for hosting solution.

Sources: William Blair Equity Research and company filings

Relative to some of the other modern e-commerce platforms, BigCommerce has opted to take a more open approach and leverages partners for noncore e-commerce platform functionality, such as payments and fulfillment. This contrasts to Shopify, which allows third-party apps and integrations through its app store but competes against some of these partners with its own in-house functionality, including payments, fulfillment, shipping, and capital. However, a significant portion of Shopify's customers leverage third-party apps.

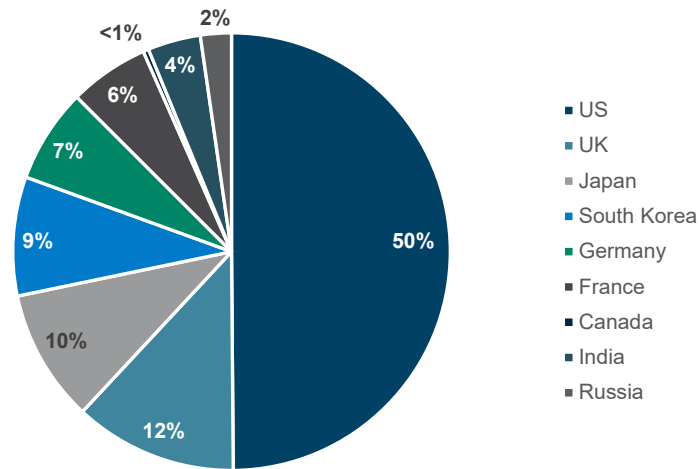
The other major difference between BigCommerce and some of the other modern e-commerce platforms is its ability to be a more bespoke solution. Customers can significantly configure the e-commerce platform, leverage third parties for additional functionality, and use BigCommerce in a headless fashion—which involves using a content management system for the e-commerce front end and BigCommerce for the back end.

Openness and flexibility are much more important e-commerce platform features in the medium to enterprise market than the SMB market, and is why we believe BigCommerce is well positioned in the medium enterprise segment. Further, in the B2B e-commerce platform market, which is very underpenetrated, this functionality is essential. In our view, BigCommerce's primary competitor is Shopify Plus, and although Magento and Demandware (salesforce.com Commerce Cloud) have a significant presence in the midmarket, we view these as more of replacement opportunities.

Large Market Opportunity With Sizable Tailwinds

The market for e-commerce platforms is large and growing. In our view, the best way to look at the market opportunity is based on GMV, especially since many of the e-commerce platforms at least partly monetize based on GMV. For purposes of our market sizing, we focus on U.S. e-commerce GMV, because excluding China, the United States accounts for roughly 50% of the worldwide e-commerce market, and likely a similar or larger portion of BigCommerce's addressable market, in our estimation.

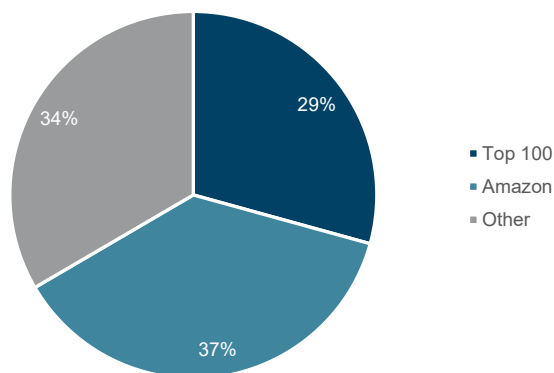
Exhibit 3
BigCommerce Holdings, Inc.
Retail E-commerce Sales 2019 Excluding China



Source: eMarketer

In our view, the U.S. e-commerce market can be broken down into three segments. Amazon accounts for roughly 37% of the U.S. e-commerce market, the top 100 e-commerce retailers (excluding Amazon) account for a bit over 30%, and the remainder is about 30%. We believe BigCommerce's addressable market is the roughly 30% of the U.S. e-commerce market not occupied by Amazon or the top 100 e-commerce retailers. It should be noted that this market includes many large, well-known brands that just may not have a significant e-commerce presence—for example, Frito-Lay, Ben & Jerry's, and Tide. Within this addressable segment, Shopify has about 20% market share (or 6% of total U.S. e-commerce based on 2019 numbers), and we estimate that BigCommerce has less than 5% share, leaving 75% largely occupied by last-gen and in-house platforms based on GMV. We view the 75% using last-gen and in-house platforms as prime targets for both BigCommerce and Shopify.

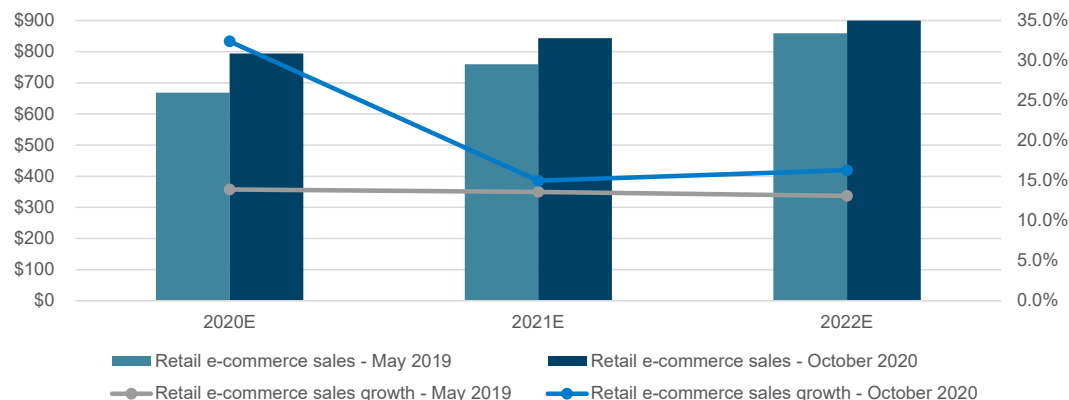
Exhibit 4
BigCommerce Holdings, Inc.
U.S. E-commerce GMV



Source: William Blair Equity Research

In addition, the overall U.S. e-commerce market was growing low- to mid-teens annually pre-COVID, and we expect a faster CAGR over the next several years for BigCommerce's addressable segment as the shift online has been accelerated. This increase is driven by both existing online businesses growing or doing a higher percentage of overall sales online, and new merchants creating an online presence. One key theme for BigCommerce is more brands creating a direct-to-consumer presence to take better control of their distribution and reduce reliance on retailers that may be struggling.

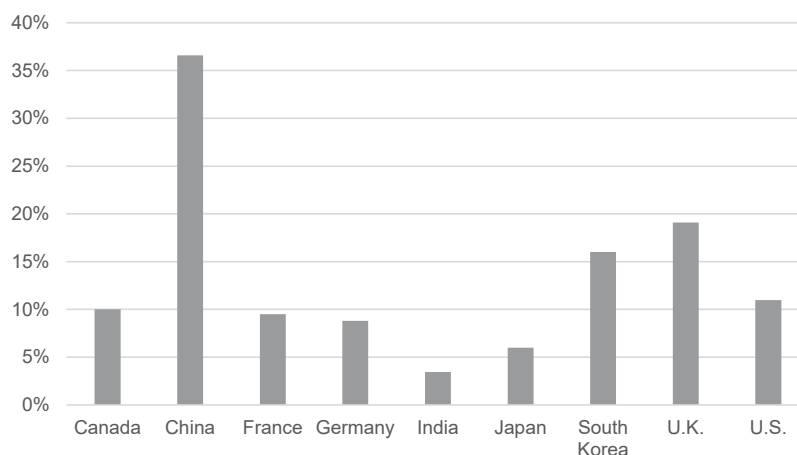
Exhibit 5
BigCommerce Holdings, Inc.
Retail E-commerce Sales Forecasts



Source: eMarketer

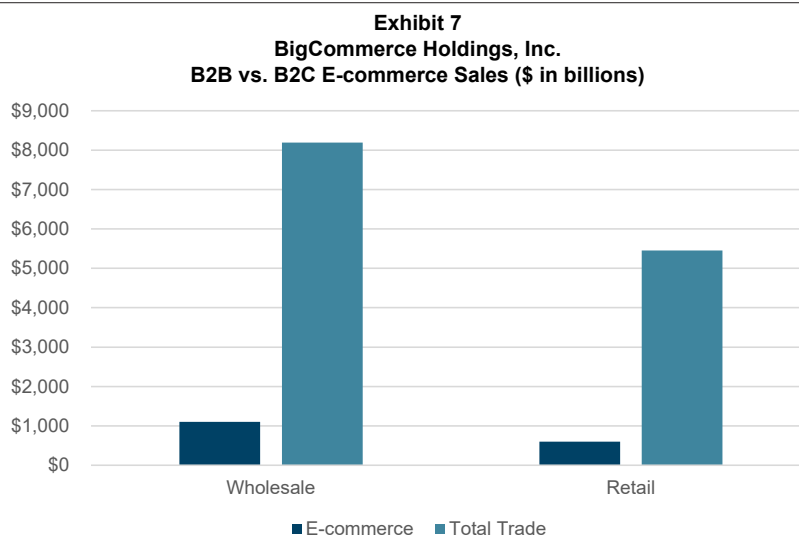
And the increase in online sales is important because BigCommerce's partner revenue is partly driven by volume, so the company benefits from its customers' success. Further, greater online volume can be a catalyst for existing online businesses to upgrade their e-commerce platform, in our opinion. In total, we believe the U.S. B2C opportunity is roughly \$4 billion to \$5 billion and growing at 15%-plus annually. Although the non-U.S. opportunity is much more difficult to size, we believe it is about the same size of the U.S. market.

Exhibit 6
BigCommerce Holdings, Inc.
E-commerce Penetration % by Country



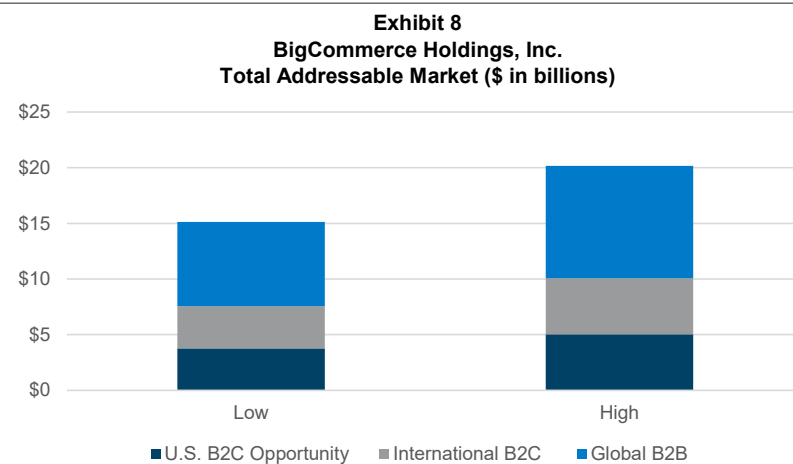
Sources: Emarketer, India Brand Equity Foundation, Trade.gov, UK Office of National Statistics, and Asia Pacific Foundation of Canada

Another significant part of the market opportunity is B2B e-commerce. In the United States, B2B e-commerce is already a larger market than B2C from a GMV perspective. To put some numbers around this, Forrester Research estimated in 2017 that U.S. B2B e-commerce would reach \$1.2 trillion by 2021; the consumer e-commerce market was estimated to be \$602 billion in 2019 by the U.S. Department of Commerce. We also view B2B as a fertile market for BigCommerce as its open, flexible solution fits well with the needs of B2B e-commerce companies, and the B2B e-commerce market is largely occupied by legacy e-commerce platform solutions. Although difficult to determine the exact size of BigCommerce's opportunity in B2B given the nascency of the market, we believe it is safe to say it is at least equivalent to the B2C opportunity, with the potential to be much larger.



Source: U.S. Census Bureau

Putting it all together, we estimate that BigCommerce's market opportunity is roughly \$15 billion to \$20 billion. This is not a static number, and it should increase at least in line with global e-commerce sales, if not faster.

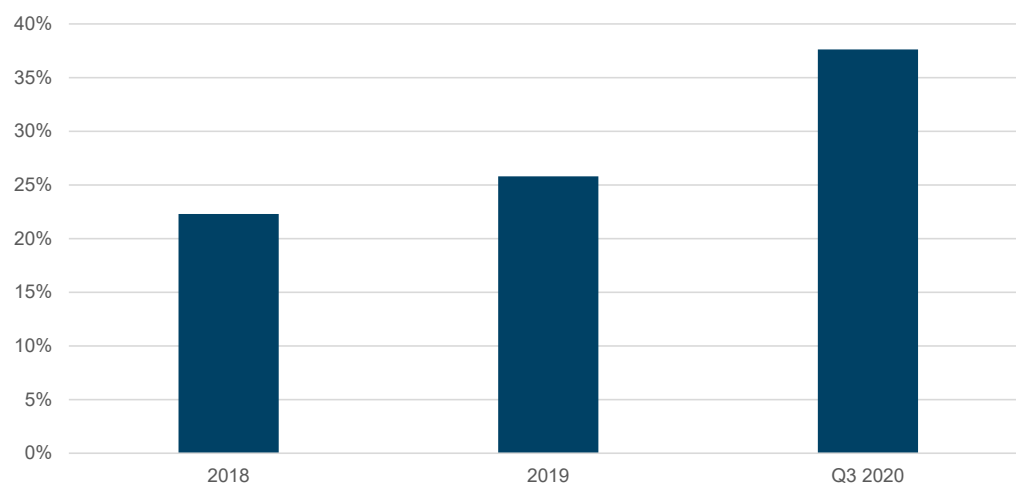


Sources: U.S. Census Bureau and William Blair Equity Research

Accelerating Growth and Well Positioned for 20%-Plus Over Next Several Years

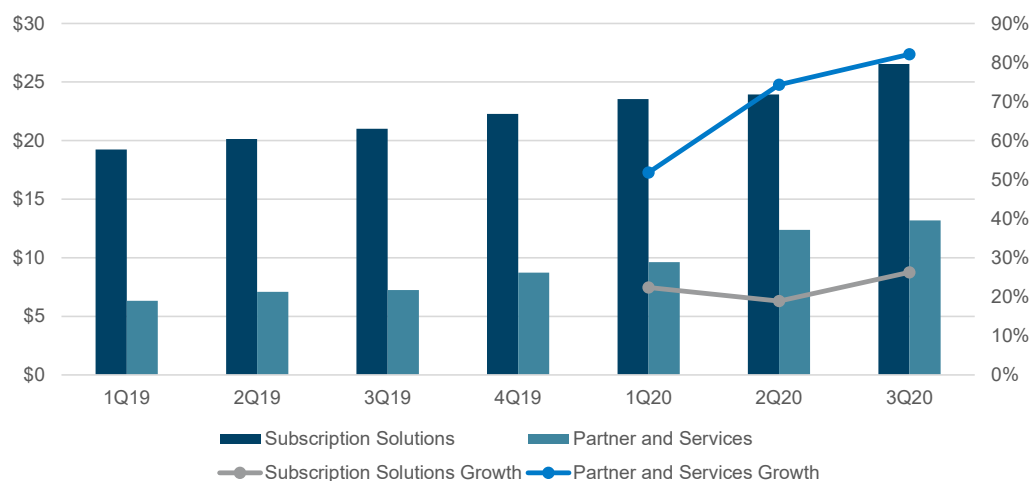
In 2015, BigCommerce changed its strategy to focus more on midmarket e-commerce companies. The change is showing clear success, with 2020 shaping up to be the third consecutive year of ARR growth acceleration. COVID-19 obviously played a part in 2020's acceleration as consumers and businesses were forced online. Yet even before the pandemic, BigCommerce was well positioned to post another year of growth acceleration. Although continued ARR acceleration is likely not sustainable, we believe that BigCommerce is well positioned to increase revenue at 20% or greater annually over the next several years.

Exhibit 9
BigCommerce Holdings, Inc.
Annual Recurring Revenue Growth (Year-Over-Year)



Source: Company filings

Exhibit 10
BigCommerce Holdings, Inc.
Revenue by Component (\$ in millions)



Source: Company filings

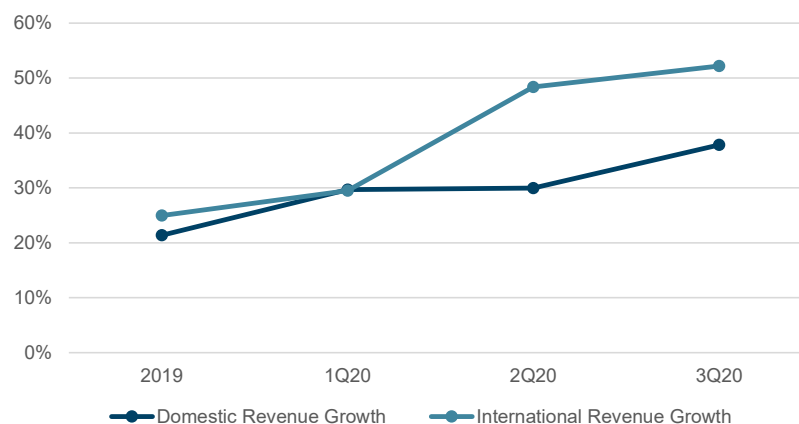
A big reason for this belief is the size of the market opportunity, relatively low penetration of current-gen e-commerce platforms, and near- and long-term market tailwinds. We believe there are several key growth drivers over the next several years.

First, although COVID-19 has driven a number of businesses without an online presence to create one, potentially pulling forward some demand, we believe this impact was less so on midmarket e-commerce businesses and there is the opportunity for a replacement cycle to occur over the next several years. This is because although many midmarket businesses with an existing e-commerce platform could benefit from a more modern system, changing providers during high-volume times is challenging and presents a great deal of risk. This is why merchants will typically not change e-commerce systems during the holiday season. However, we believe that many of these businesses that have not changed their e-commerce platform during the pandemic are prime candidates to do so over the next several years. And BigCommerce should be well positioned to benefit from this upgrade cycle. Within some of BigCommerce's larger customers, there is also the opportunity to add stores, for both more geographies and product lines/brands.

Further, many B2B businesses have yet to create a robust e-commerce presence, and we believe the pandemic could accelerate the need for these companies to create or improve their online presence. Given BigCommerce's open ecosystem and flexible platform approach, we believe the company is well positioned to target this market. At present, about 10% of BigCommerce's customers primarily serve the B2B market, and this segment could account for a much larger portion over time since the B2B e-commerce market is already larger than B2C and should eventually be significantly larger.

There is also a significant opportunity for BigCommerce to expand outside the United States. About 24% of stores built on BigCommerce were outside the United States (as of September 30, 2020), and 19% of 2019 revenue came from international. We believe the market opportunity internationally is about the same size as the United States, and thus could account for a much larger portion of revenue over time (Shopify has about 32% of its revenue from outside the United States). BigCommerce launched a team in Europe in 2018 and in Asia in 2019, resulting in accelerating growth in these regions. Like with the United States, we expect COVID-19 to also provide a tailwind to adoption or upgrades of e-commerce platforms internationally.

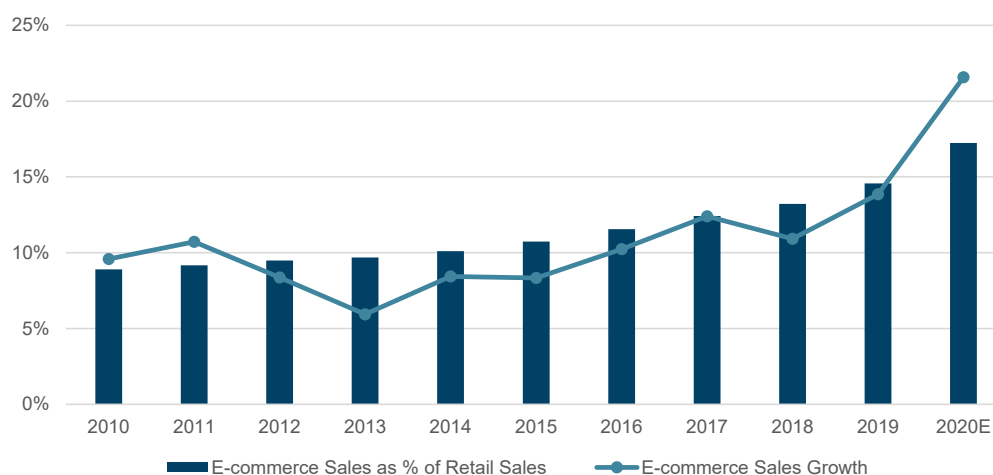
Exhibit 11
BigCommerce Holdings, Inc.
Revenue Growth by Geography Year-Over-Year



Source: Company filings

Lastly, given BigCommerce's business model, the company should benefit directly from both its clients' success and the overall accelerated shift online. We also expect the company to continue to expand its partner ecosystem, which in turn should help improve BigCommerce's ability to monetize sales that occur over its customers' e-commerce sites. Even if BigCommerce did not add any new customers, partner revenue could increase even more than overall e-commerce sales growth, in our view. With additional customers and partners, however, it should grow significantly more than overall e-commerce growth.

Exhibit 12
BigCommerce Holdings, Inc.
E-commerce Growth and E-commerce Sales as % of Total Retail



Source: U.S. Census Bureau

Putting these factors together, we believe BigCommerce is well positioned to continue to increase revenue over 20% annually for the next several years.

Attractive Asset With Scarcity Value

In our view, BigCommerce is one of only a few stand-alone e-commerce platforms that have reached significant scale, which we believe makes it an attractive asset for larger tech companies. Several of the prior-generation e-commerce platforms, such as Demandware, Magento, Hybris, and ATG, were acquired by large tech providers. Although the argument could be made that this eliminates some potential acquirers, given the heightened importance of e-commerce and the age of some of the aforementioned technologies, we believe that BigCommerce would still be an attractive asset for some of these businesses.

Exhibit 13
BigCommerce Holdings, Inc.
Legacy E-commerce Provider Acquisitions



Sources: Company websites

The primary issue from an acquisition perspective is valuation, with e-commerce platforms trading at lofty multiples. Therefore, at these valuation levels, we do not envision an acquisition of BigCommerce as a likely outcome. If the stock were to come under pressure, however, the probability of an acquisition should increase. Further, only two current-gen platforms have reached material scale—BigCommerce and Shopify—and Shopify’s size makes it a highly unlikely acquisition target, in our view, leaving BigCommerce as the only proven, realistic option. There are several private providers that could be acquisition targets, but these are much earlier stage and less proven.

Initiating Coverage With a Market Perform Rating

We are initiating coverage of BigCommerce with a Market Perform rating. Over the past five years, BigCommerce’s management team has done a great job with its product and strategy, which coupled with the large market opportunity should position the company for 20%-plus revenue growth for the next several years. Still, BigCommerce trades at a decent premium to other SaaS companies with similar growth and market opportunities. It is also difficult to predict how investors will react to the company’s next earnings report. While fourth-quarter results should be quite strong, initial 2021 revenue guidance—while likely to be above Street estimates—will represent a meaningful slowdown in growth from 2020, primarily because of difficult partner revenue comps. Therefore, we view the stock’s risk/reward profile as balanced and expect shares to perform in line with the market.

Exhibit 14
BigCommerce Holdings, Inc.
Relative Valuation

Ticker	Sales Growth		EV/Sales	
	CY20	CY21	CY20	CY21
SHOP	81%	33%	45.3x	34.2x
PLAN	29%	24%	25.2x	20.3x
AVLR	28%	26%	28.2x	22.3x
COUP	36%	27%	52.8x	41.5x
DOCU	46%	33%	31.1x	23.4x
NOW	29%	25%	23.2x	18.5x
SMAR	40%	30%	23.7x	18.2x
Mean	41%	28%	32.8x	25.5x
Median	36%	27%	28.2x	22.3x
BIGC	32%	18%	33.7x	28.6x

Sources: FactSet and William Blair Equity Research

Growth Opportunities

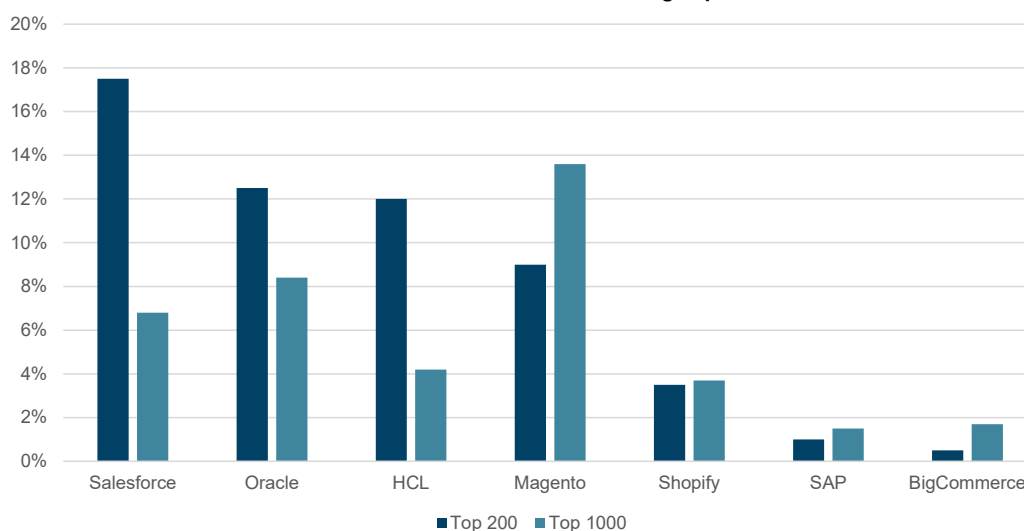
Moving Upmarket

BigCommerce offers its Essentials plans to small and midsize businesses (less than \$1 million in GMV) and its Enterprise plans to medium (\$1 million to \$50 million in GMV) and large enterprise (\$50 million in GMV) customers. As we discussed earlier in the report, in 2015 BigCommerce began its initial efforts to move upmarket to target medium and large enterprises. This strategy has been quite successful; as of third quarter 2020, Enterprise plans accounted for 53% of the company’s ARR. Not only do larger enterprises spend more initially with BigCommerce, but there are also larger expansion opportunities through additional stores and uptake of more partner solutions. Further, enterprises typically have a much lower churn rate than SMBs.

And we believe there is still a significant opportunity for BigCommerce to penetrate the medium and large enterprise market. Many medium and large e-commerce businesses rely on legacy systems or in-house solutions to manage their online presence, providing an opportunity for BigCommerce to displace some of these providers as more retailers embrace cloud-based e-commerce solutions. In particular, a major player in the enterprise market is Magento, which was acquired by Adobe in 2018. In 2015, Magento released a new version of its platform (2.0) and ended support for the Magento 1.0 solution on June 30, 2020. The transition has been messy and created opportunities for both BigCommerce and Shopify. And we believe there are still additional opportunities for both companies to take share from Magento.

Further, there is a significant portion of the market occupied by Oracle, SAP, IBM, and salesforce.com, which could present additional displacement opportunities. Some of these deployments are quite old and not optimized for existing e-commerce experience expectations. BigCommerce provides quick implementation times, which can help ease the pain of implementing a new e-commerce platform and make further expansion easy.

Exhibit 15
BigCommerce Holdings, Inc.
E-commerce Platform Market Share Among Top Retailers



Sources: BuiltWith, Internet Retailer, and company websites

Brands Going Direct to Consumer

According to Digital Commerce 360, 31 of the Internet Retailer Top 500 stores were digitally native brands, or direct-to-consumer stores. Consumer interest in direct-to-consumer stores has risen over the past few years, and eMarketer estimates that the average monthly time spent on select direct-to-consumer retail sites doubled among U.S. internet users from 2016 to 2018. Furthermore, according to the *Internet Retailer* report, digitally native brands (DNBs) stores grew sales at a much faster rate (29.5%) than non-DNBs (17.6%). We expect the direct-to-consumer trend to continue as established brands put more emphasis on direct to consumer and new digitally native brands form. And we believe BigCommerce is well positioned to benefit from this trend.

BigCommerce's platform enables brands to get an e-commerce site up and running in a relatively short amount of time (typically less than three months). The platform can also scale as the brand grows its online presence and can be used to manage multiple online stores across product lines and geographies. And for established brands that may have already made significant technology investments, BigCommerce's open platform can typically work with these existing systems.

Exhibit 16
BigCommerce Holdings, Inc.
Customer Examples



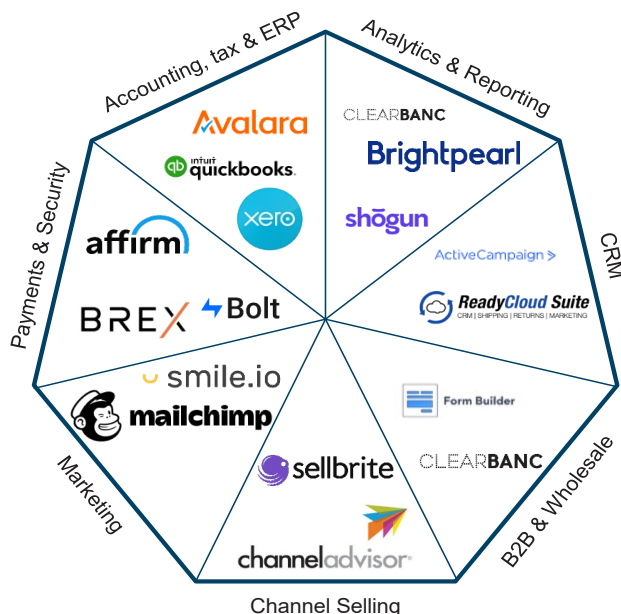
Sources: Company websites

Partner Ecosystem

BigCommerce has built a partnership ecosystem of both agency and technology partners to help source new customers and increase the functionality of the BigCommerce platform. On the agency side, BigCommerce has over 700 partners, which provide development, implementation, and consulting services for BigCommerce customers. Furthermore, agency partners assist BigCommerce's go-to-market strategy, especially in international markets where local employees may not be present. Agency partners provide an effective customer-acquisition channel at lower inbound marketing costs, creating an opportunity for BigCommerce to gain leverage on its sales-and-marketing costs over the longer term. According to the company, about 30% of SMB customers are acquired through the sales team and strategic agency and technology partners, with the remaining 70% being self-serve trials. On the midmarket and large enterprise side, agency partners are the second-largest source of business behind the BigCommerce sales team.

In addition to agency partners, BigCommerce engages with strategic technology partners to develop integrations and expand the product ecosystem. For example, technology partners enable integration to online marketplaces and provide payment, shipping, POS, and fulfillment capabilities, and in total there are more than 750 prebuilt applications and integrations. BigCommerce earns revenue from its technology partners through revenue-sharing agreements, technology integrations, and partner marketing and promotion. The revenue generated from revenue-sharing agreements is recognized on a net basis. The majority of partner and services revenue is generated through payments, but the company has opportunities in expanding the share of revenue generated by shipping, fulfillment, and marketing, among other areas.

Exhibit 17
BigCommerce Holdings, Inc
Technology Partner Opportunities



Source: Company website

International

As of September 2020, 24% of BigCommerce merchants were located outside the United States, and in the third quarter of fiscal 2020, 21% of BigCommerce's revenue was generated by international customers, up from 18% in 2018. Over the past few years, BigCommerce has focused more on growing internationally; the company launched a European business team based in London in July 2018 and an Asian team based in Singapore in January 2019. These investments have spurred growth in both regions. In 2019 the EMEA region increased revenue 20% and Asia-Pacific increased 28%. For the nine months ended September 2020, EMEA revenue rose 62% and Asia-Pacific revenue grew 39%.

We believe that the international addressable opportunity is roughly equivalent to the U.S. addressable market for BigCommerce; therefore, international could eventually account for about half of BigCommerce's revenue. To further penetrate the international opportunity, we believe additional sales-and-marketing investments are required, as well as some country/region-specific product functionality. Still, the openness of BigCommerce's platform and partner approach should be an advantage when expanding into new markets. And some markets, specifically Europe, have more direct-to-consumer e-commerce than the United States, which bodes well for BigCommerce.

Business-to-Business

In addition to targeting the B2C space, we believe BigCommerce's platform is well suited for B2B e-commerce. B2B e-commerce is more nascent than B2C (from a penetration perspective) but should increase rapidly over the next several years and could eventually be significantly larger than B2C, in our view. According to the U.S. Census Bureau, wholesale trade and manufacturing in the United States equaled \$8.2 trillion in 2018, which compares with retail sales of \$5.5 trillion in 2019. Forrester estimates that B2B e-commerce exceeds \$1 trillion in the United States and predicts that 17% of all U.S. B2B sales will occur online in 2023. Furthermore, according to a survey of more than 200 B2B companies from Digital Commerce 360, 50% of businesses had yet to launch a transactional e-commerce site, and of those that had not, 75% planned to have one within two years.

We believe that BigCommerce's platform, with its flexibility and openness, is well suited for the B2B e-commerce market. Unlike B2C sites where all consumers essentially have the same experience, B2B sites can be customized for each customer. We also believe that the ability to use BigCommerce for both B2B and B2C e-commerce sites could be particularly attractive for brands that sell both wholesale and direct to consumer. In 2019, 10% of BigCommerce's customers used the solution primarily for B2B sales. B2B e-commerce could eventually account for up to 50% of BigCommerce's revenue, in our estimation.

Partner Commentary

In this section, we include some commentary from partners with which we have had discussions. The responses in this section are paraphrased.

On BigCommerce's Solution:

The BigCommerce solution is very modern and our developers like working with the technology the best out of the other providers we work with, mainly because it is built on a modern stack. The solution is very extensible with its open SaaS architecture, which we view as its biggest advantage.

The solution can handle prospects with some B2B needs but sometimes more customizable solutions offer more functionality for those types of projects. Additionally, BigCommerce does not yet have multisite functionality, which can be a downside for merchants with multiple URLs. However, this is something they are actively working on.

The development team believes that BigCommerce is its favorite platform to work on. Furthermore, the training and certification program is more open and easier to take advantage of compared to other providers. The solution fills the gap of simple out-of-the-box solutions vs. a fully customized solution and the headless solution is great for multiple brands.

On Competitive Environment:

Typically, we have seen BigCommerce displace Magento implementations. A lot of times, a merchant will have an internal IT team that is fed up managing these implementations or internally built implementations so the merchant will split off a specific business line to see how BigCommerce works on that line.

Our BigCommerce practice has seen a mix of replacement situations. In some cases, it can be a green-field opportunity, but often, a project results from a graduation of a WooCommerce or smaller solution. Furthermore, we have seen some projects as a result of a merchant getting acquired by a larger merchant, which demonstrates the need for a more flexible solution.

We have seen a mix in deal flow during the pandemic, mainly coming from BigCommerce and Shopify, because we believe that these two solutions can be tailored to specific needs, resulting in smaller project sizes and lower costs, versus a larger Magento implementation.

On Partner Program:

The partner program with BigCommerce has been beneficial to us so far because they provide ongoing support and are responsive to questions. In contrast, some other partners have a more transactional relationship with us.

Risks

Competition

BigCommerce competes with many different e-commerce platform providers across the SMB and enterprise segments. In the SMB segment, BigCommerce competes against Shopify and WooCommerce, and in the enterprise segment BigCommerce sees Shopify Plus, salesforce.com, and Adobe, among others. And we expect more companies to focus more on the e-commerce software space given the accelerated shift online driven by the COVID-19 pandemic. However, we believe that BigCommerce's flexibility, ease of use, and openness are differentiators versus competitors.

Partner Revenue Is Mostly Transactional

BigCommerce generated 26% of its revenue from the partner and services segment in 2019; during the second and third quarter of 2020, this line exceeded 30% of revenue. In the first nine months of 2020, partner and services revenue grew 70%. Comparatively, this line grew 38% in 2019. Although there are different revenue-sharing arrangements with technology partners, we believe that most of the partner revenue is transaction based. Therefore, BigCommerce will see difficult comps in this segment in 2021, and a slowdown in e-commerce growth would likely have a more pronounced impact on this revenue line item.

Cash Burn

As of the third quarter of fiscal 2020, BigCommerce had \$178.8 million in cash and cash equivalents on its balance sheet and had negative free cash flow of \$24.6 million for the trailing nine months. Since 2018, the company has not generated positive operating cash flow or free cash flow, and considering the current growth trajectory of the business, we believe that the company will continue to burn cash over the next couple of years as it makes significant investments in sales, marketing, and research-and-development activities. In our view, this strategy makes sense given that the market is in a state of rapid adoption, and BigCommerce's payback period on customer-acquisition costs is at a reasonable level. However, the cash burn could put BigCommerce in a situation where funds would need to be raised at an unfavorable time.

Commerce Shifting Online

BigCommerce trades at a premium to its comp group of fast-growing SaaS companies, and we believe that much of the premium can be attributed to the expectation that commerce will continue to shift online and BigCommerce is well positioned to benefit from this. If a significant portion of e-commerce sales reverted back to in-store after COVID, or future online gains are slower than expected, BigCommerce's growth could come in below elevated expectations.

Competition

In BigCommerce's focus market of medium to large enterprises, the company primarily competes against Shopify Plus, Magento, and Salesforce Commerce Cloud. BigCommerce's main competitive advantages are its quick time to market, ease of use, and open ecosystem. In the SMB market, BigCommerce competes against Shopify and WooCommerce. In exhibit 18, we provide details on the various competitors.

Exhibit 18 BigCommerce Holdings, Inc. BigCommerce vs. Competitors

		
<ul style="list-style-type: none">Generated \$112 million in revenue in 20199,090 accounts with ACV >\$2,000 as of 12/31/201960,000 total stores as of 12/31/2019Over 700 partners including technology, agency, and professional services professionals.As of December 2019, merchants could choose from over 750 apps on BigCommerce's app marketplaceOpen architecture via APIs and software development kits, which enables variety of third-party applications, legacy integrations, and customization.Generated \$1,378.15 subscription revenue per store and \$1,868.38 total revenue per store in 2019.	<ul style="list-style-type: none">7,100 Shopify Plus Merchants as of 12/31/20191,069,000 Shopify Merchants as of 12/31/2019Approximately 24,500 active partners referred merchants to Shopify in 2019.As of December 2019, there were approximately 3,700 apps available on the Shopify app storeExtensible API allows for development of Shopify Apps that can be accessed through Shopify app store.Generated \$600.79 subscription revenue per merchant in 2019.Generated \$1,476.31 total subscription revenue per merchant in 2019.	<ul style="list-style-type: none">As of 2017, 250,000 merchants worldwide use Magento as their e-commerce solutionProcesses over \$155 billion in GMV annuallyGlobal network of over 1,150 solution and technology partners supported by more than 300,000 Magento developers.Magento launched its marketplace in April 2016 and currently contains close to 4,000 extensions; Magento's large partner ecosystem supports customization and integration solutionsLaunched Magento 2 in 2015 and ended support for Magento 1 in June 2020.Magento community edition is open source and therefore allows strong customization
Pricing	Pricing	Pricing
<ul style="list-style-type: none">BigCommerce offers its most basic plan—BigCommerce Standard—for \$29.95 per month and can go up to \$299.95 per month (excluding BigCommerce Enterprise)BigCommerce does not charge merchants a transaction fee (aside from standard credit card fees)Sales are limited to \$50,000 on the Standard plan, \$180,000 on the Plus plan, and \$400,000 on the Pro plan (only the enterprise plan offers unlimited sales)	<ul style="list-style-type: none">Shopify's Basic plan starts at \$29 per month and goes up to \$299 for the Advanced Shopify plan (excluding Shopify Plus)Shopify Plus plans start at \$2,000 per month or a variable fee for higher-volume businessesShopify charges merchants a per-transaction fee (aside from standard credit card fees) ranging from 0.5% to 2.0% (waived if merchants use Shopify Payments)	<ul style="list-style-type: none">Pricing starts at \$1,600 per month for the Magento Commerce Starter solution for companies with \$10 million or less in sales.Magento's Commerce Pro plan for stores up to enterprise size is largely negotiated and dependent on the specific needs of the merchant.Magento Open Source is free to download but requires additional support, development, and hosting costs
		
<ul style="list-style-type: none">As of 2019, 900 million shoppers across 4,200 live Salesforce Commerce Cloud SitesGenerated \$590 million in revenue in 2019 and GMV grew 30%Open development environment that allows retailers to customize and extend the platformCommerce Cloud Developer Center contains APIs to build headless commerce experiences and MuleSoft Accelerate provides templates for integration with ERP systems	<ul style="list-style-type: none">Open-source solution built on WordPress and targeted toward small and midsize businessesWooCommerce has approximately 497 extensions that can be used on the platform with 84 of those extensions developed by the WooCommerce team.WooCommerce's open-source solution allows customization by partners, and the company has a WooCommerce Partner program that connects customers with full-service agencies to complete e-commerce projects starting at \$5,000 and up.Freelance developers are also available and these projects typically start at \$500 and can be one-time or ongoing according to WooCommerce	
Pricing	Pricing	
<ul style="list-style-type: none">For B2B solutions, pricing for the Starter, Growth, and Plus editions are based on order volume and pricing is largely negotiated and dependent on the specific needs of the merchant.For B2C solutions, pricing for the Starter, Growth, and Plus editions are based on gross merchandise value and is largely negotiated and dependent on the specific needs of the merchant.Standard customer support is included with licenses and enhanced customer support is billed separately.	<ul style="list-style-type: none">WooCommerce is an open-source solution and customers pay for extensions on an annual basis. The subscription price includes support and updates for the applicable extension and pricing varies.WooCommerce does not monetize transactions and pricing is typically left up to the extension provider.	

Sources: William Blair Equity Research and Company Filings

Management

Brent Bellm has served as CEO of BigCommerce for five years and has 20 years of experience in retail and e-commerce, holding leadership roles at companies like HomeAway, PayPal, and eBay. Since joining BigCommerce, Bellm has transformed the company into an open SaaS platform and put a focus on the enterprise market. We believe the changes implemented by Bellm have been integral to BigCommerce's success.

Exhibit 19
BigCommerce Holdings, Inc.
Management

Name	Role	Tenure	Ownership	Background	Education
Brent Bellm	Chairman, President, CEO	5 years	3.6%	<ul style="list-style-type: none"> • President and COO at HomeAway • VP of Global Product, VP and CEO of Europe at PayPal • Director of Corporate Strategy at eBay • Principal at McKinsey & Co. • COO at BigCommerce • Board Member at Eterneva 	<ul style="list-style-type: none"> • B.S. degree in international relations and economics from Stanford University • M.B.A. from Harvard Business School
Robert Alvarez	CFO	9 years	<1%	<ul style="list-style-type: none"> • CFO at LibreDigital and Augmentix Corporation • VP of Finance at Conformative Systems and Director of Finance at CrossRoads Systems • CTO at Borderfree, Inc. 	<ul style="list-style-type: none"> • B.B.A. in accounting from the University of Texas, Austin
Brian Singh Dhatt	CTO	4 years	<1%	<ul style="list-style-type: none"> • CTO at PopSugar • Chief Architect at BestBuy.com • VP of Product and Engineering at JetSetter, Inc. • CEO and Co-founder of SendMe, Inc. • Co-founder and Chairman of Librify • Executive Vice President of CNET Networks • Executive Vice President-Corporate Development at CBS Interactive, Inc. • Chairman at Flow Non-fiction 	<ul style="list-style-type: none"> • Undergraduate degree from Duke University
Russell Klein	Chief Commercial Officer	2 years	<1%	<ul style="list-style-type: none"> • CEO and Co-founder of Librify • Executive Vice President of CNET Networks • Executive Vice President-Corporate Development at CBS Interactive, Inc. • Chairman at Flow Non-fiction • CMO at Bazaarvoice • CEO at Umbel Corp. • Managing Director at DeVries Public Relations • Vice President of Product at Hootsuite Media Inc. • Head of Product, Magento at eBay 	<ul style="list-style-type: none"> • B.A. in economics and a minor in East Asian studies from University of Pennsylvania • M.B.A. in business and finance from Harvard Business School
Lisa Pearson	CMO	2 years	<1%	<ul style="list-style-type: none"> • CMO at Bazaarvoice • CEO at Umbel Corp. • Managing Director at DeVries Public Relations • Vice President of Product at Hootsuite Media Inc. • Head of Product, Magento at eBay 	<ul style="list-style-type: none"> • B.A. in literature from Tulane University
Jimmy Duvall	Chief Product Officer	4 years	<1%	<ul style="list-style-type: none"> • Vice President of Product at Hootsuite Media Inc. • Head of Product, Magento at eBay 	<ul style="list-style-type: none"> • B.S. in Computer Information Systems from DeVry University

Source: Company filings

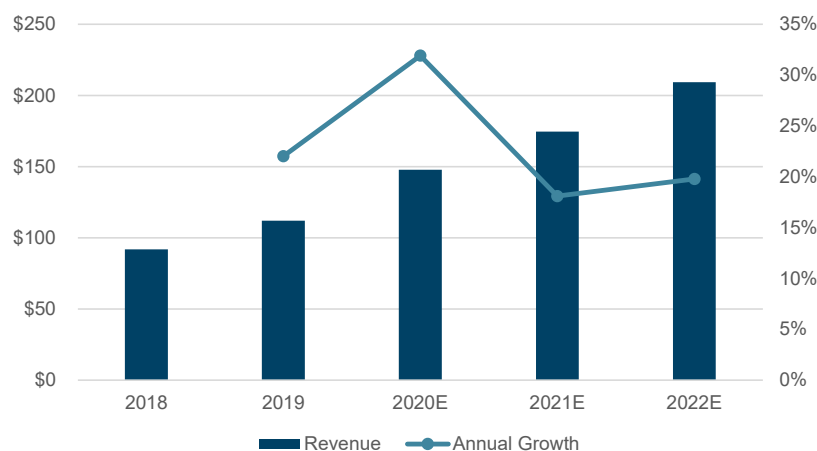
Financials

Revenue

BigCommerce generates revenue from two streams: subscription solutions and partner and services (PSR). Subscription solutions revenue consists of platform subscription fees from all plans and includes recurring professional services and sales of SSL certificates. Subscription solutions are billed monthly, quarterly, or annually, and these solutions are generally charged per online store. The subscription fees are adjusted based on whether a store hits a certain GMV threshold that is above the store's current subscription plan.

PSR is generated from the technology application ecosystem, which consists of applications developed by strategic technology partners. Partner contracts, which last between one and three years, generate revenue for BigCommerce through revenue-sharing arrangements, technology arrangements, and partner marketing and promotion. Revenue generated from revenue-sharing arrangements is recognized on a net basis. A smaller portion of revenue is also generated from nonrecurring professional services offered to customers. Although PSR could pull back as a percentage of total revenue over the next year or two as economies reopen, over the longer term we expect PSR to account for a greater percentage of total revenue as the ecosystem grows and customers adopt more third-party solutions.

Exhibit 20
BigCommerce Holdings, Inc.
Revenue Actuals and Estimates (\$ in millions)



Sources: Company filings and William Blair Equity Research

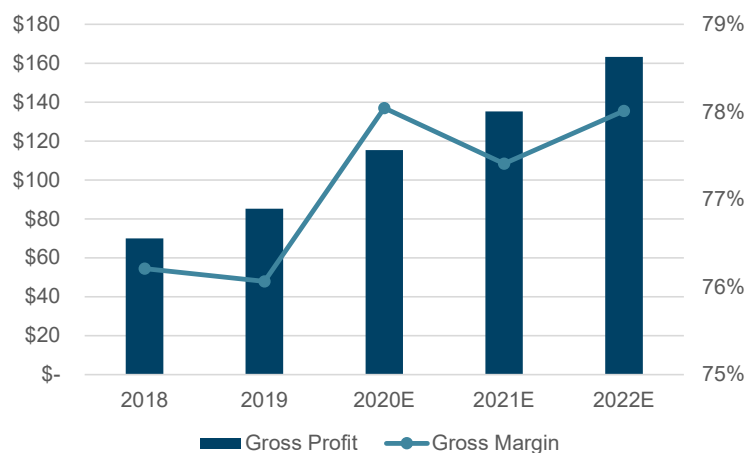
Operating/EBITDA Margin

Although BigCommerce is currently not EBITDA positive or generating positive cash flow, the company believes it can achieve 20% adjusted EBITDA margin over the longer term. Although difficult to say at this point whether or when BigCommerce will achieve this target, there are some data points that should bode well for achieving profitability and meaningful margin expansion. First, the company's gross margin is currently near 80% on a non-GAAP basis, and we see the potential for this to move a bit higher as PSR accounts for a larger portion of revenue over the longer term. Further, BigCommerce has been investing in sales and marketing to take advantage of the state of rapid adoption the e-commerce market is in. And the company should gain leverage on these investments over the longer term since businesses do not change e-commerce platform providers very frequently, and there is the opportunity to get additional revenue from existing customers through additional sites and PSR. And we would also expect R&D and G&A to increase slower than revenue. Still, given the size of the e-commerce platform opportunity and the accelerated shift of consumer spending online, we could see BigCommerce continue to invest significantly to take advantage of the opportunity in the near term and thus would not expect to see a meaningful level of profitability in the next couple of years.

Cost of Revenue

Cost of revenue primarily consists of personnel-related costs, platform hosting and maintenance costs, customer payment processing fees, and allocation of overhead costs. This line item also consists of amortization expense associated with capitalized internal-use software. Since revenue from revenue-sharing arrangements represents a high portion of PSR and is recognized on a net basis, overall PSR margin is close to 100%. This means the majority of cost of revenue is derived from subscription solutions. We expect overall gross margin to increase over time as PSR accounts for a larger percentage of total revenue and subscription gross margin improves with scale.

Exhibit 21
BigCommerce Holdings, Inc.
Gross Margin Actuals and Estimates (\$ in millions)



Sources: Company Filings and William Blair Equity Research

Operating Expenses

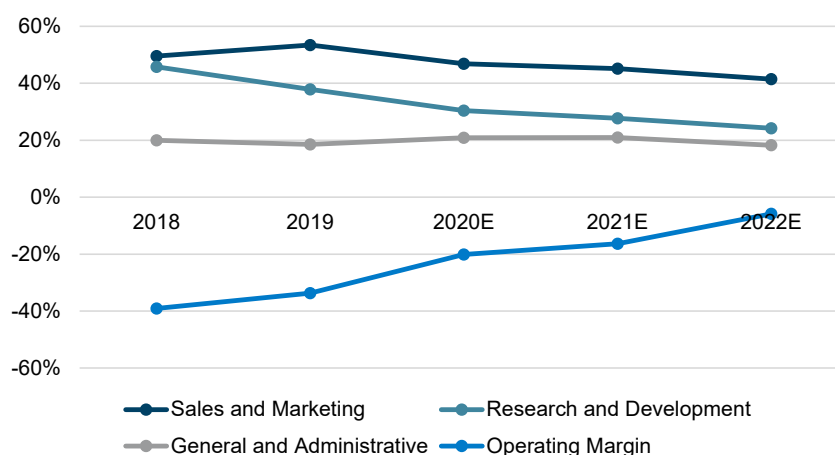
In exhibit 22, we show the operating expense line items as a percentage of revenue.

Sales and marketing. Sales-and-marketing expense includes sales commissions, personnel-related costs, and costs associated with marketing programs, travel, and overhead. We believe there is significant leverage in sales and marketing over the longer term, but in the near term we expect the company to continue to significantly invest in sales and marketing given that the e-commerce platform space is in an upgrade/rapid adoption phase.

Research and development (R&D). R&D expense includes personnel costs related to platform development/enhancement and software development capitalization, which has not been significant to R&D. Leverage in R&D is expected as BigCommerce's lower-cost Kyiv engineering center continues expanding. The company should also get some leverage as the revenue base continues to increase.

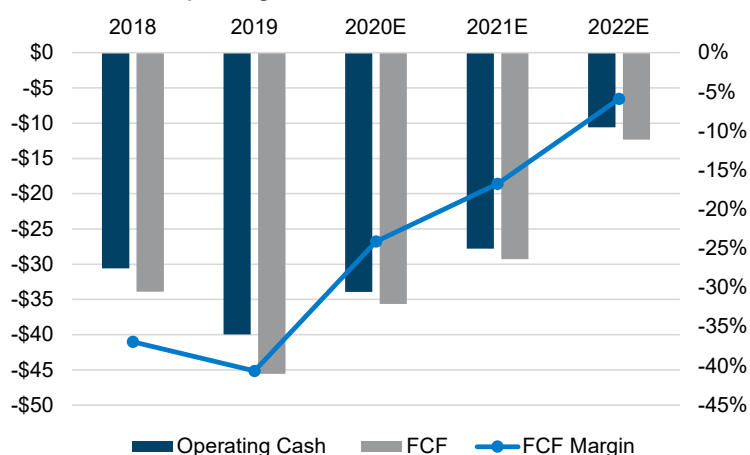
General and administrative (G&A). G&A expense consists of compensation costs associated with finance, legal and compliance, human resources, IT, and external professional services. We expect leverage in G&A as these expenses should grow slower than revenue.

Exhibit 22
BigCommerce Holdings, Inc.
Operating Margin and Operating Expenses as a % of Revenue



Sources: Company filings and William Blair Equity Research

Exhibit 23
BigCommerce Holdings, Inc.
Operating Cash Flow and Free Cash Flow



Sources: Company filings and William Blair Equity Research

ESG Considerations

BigCommerce depends on third-party service providers for data hosting and transmission services. The company handles large amounts of data, including payment information and consumer data, in addition to internal business data from its merchants. Moreover, the company's platform allows the integration of third-party applications that may also collect such data. The collection of this data presents a risk for unauthorized access, through either cyberattacks or access by internal employees. Therefore, data security and privacy are important ESG considerations.

Exhibit 24
BigCommerce Holdings, Inc.
Income Statement

(\$ in millions, except EPS)

	2018	2019	1Q20	2Q20	3Q20	4Q20E	2020E	1Q21E	2Q21E	3Q21E	4Q21E	2021E	1Q22E	2Q22E	3Q22E	4Q22E	2022E
Subscription solutions	70.5	82.7	23.6	23.9	26.5	28.1	102.1	29.4	30.4	32.1	34.0	125.9	35.9	37.4	39.2	41.1	153.6
Partner and services	21.4	29.4	9.6	12.4	13.2	10.6	45.8	10.6	12.4	12.5	13.2	48.7	12.9	13.9	14.0	14.8	55.6
Revenue	91.9	112.1	33.2	36.3	39.7	38.6	147.9	40.0	42.8	44.6	47.2	174.6	48.8	51.3	53.2	55.9	209.2
Cost of Revenue	21.9	26.8	7.4	7.8	8.4	8.9	32.5	9.2	9.6	10.0	10.6	39.5	10.9	11.3	11.7	12.1	46.0
Non-GAAP Gross Profit	70.0	85.3	25.8	28.6	31.3	29.8	115.4	30.9	33.2	34.6	36.6	135.2	37.9	39.9	41.6	43.8	163.2
Gross Profit Margin	76.2%	76.1%	77.7%	78.6%	78.8%	77.0%	78.0%	77.1%	77.5%	77.5%	77.5%	77.4%	77.7%	77.9%	78.1%	78.3%	78.0%
Sales and Marketing	45.5	59.9	15.5	16.5	18.5	18.9	69.3	19.2	19.3	19.6	20.8	78.9	21.0	21.5	21.8	22.4	86.7
Research and Development	42.1	42.5	10.6	11.0	11.5	11.8	45.0	12.0	12.0	12.1	12.3	48.3	12.5	12.6	12.8	12.9	50.6
General and Administrative	18.3	20.7	6.1	7.3	8.5	8.9	30.8	9.0	9.0	9.2	9.4	36.6	9.3	9.5	9.6	9.8	38.1
Operating Expenses	105.9	123.1	32.2	34.8	38.5	39.6	145.1	40.2	40.2	40.9	42.5	163.8	42.7	43.6	44.2	45.0	175.5
Non-GAAP Operating Income	(35.9)	(37.8)	(6.4)	(6.2)	(7.2)	(9.9)	(29.7)	(9.4)	(7.1)	(6.3)	(5.9)	(28.6)	(4.8)	(3.6)	(2.6)	(1.2)	(12.3)
Non-GAAP Operating Margin	-39.1%	-33.7%	-19.4%	-17.2%	-18.1%	-25.5%	-20.1%	-23.4%	-16.5%	-14.0%	-12.5%	-16.4%	-9.8%	-7.1%	-4.9%	-2.2%	-5.9%
Interest Income	0.7	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest Expense	(1.5)	(1.6)	(0.8)	(1.2)	(0.7)	(0.7)	(3.4)	(0.7)	(0.7)	(0.7)	(0.7)	(3.0)	(0.7)	(0.7)	(0.7)	(0.7)	(3.0)
Change in fair value of financial instruments	0.0	0.0	4.4	0.0	0.0	0.0	4.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Income	(0.1)	(0.2)	(0.2)	0.0	(0.1)	0.0	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-GAAP Profit Before Income Taxes	(36.8)	(39.4)	(3.0)	(7.3)	(8.0)	(10.6)	(28.9)	(10.1)	(7.8)	(7.0)	(6.6)	(31.5)	(5.5)	(4.4)	(3.3)	(2.0)	(15.2)
Provision for Income Taxes	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0
Non-GAAP Net Earnings	(36.8)	(39.4)	(3.0)	(7.3)	(8.0)	(10.6)	(28.9)	(10.1)	(7.8)	(7.0)	(6.6)	(31.5)	(5.5)	(4.4)	(3.3)	(2.0)	(15.2)
Non-GAAP Earnings per Share	(\$0.72)	(\$0.72)	(\$0.05)	(\$0.38)	(\$0.16)	(\$0.16)	(\$0.60)	(\$0.28)	(\$0.21)	(\$0.19)	(\$0.18)	(\$0.45)	(\$0.08)	(\$0.06)	(\$0.05)	(\$0.03)	(\$0.21)
Diluted Shares Outstanding	50.9	54.5	56.9	19.1	49.4	77.6	50.7	78.3	79.1	79.9	80.7	79.5	81.5	82.3	83.2	84.0	82.8
Basic Shares Outstanding	50.9	54.5	56.9	19.1	49.4	67.8	48.3	68.5	69.2	69.9	70.6	69.5	71.3	72.0	72.7	73.4	72.3
Stock-based compensation	2.1	3.2	1.0	1.1	2.9	2.8	7.8	2.9	3.1	3.2	3.4	12.6	3.5	3.7	3.8	4.0	15.1
GAAP Operating Loss	(38.0)	(41.0)	(7.5)	(7.4)	(10.1)	(12.6)	(37.5)	(12.3)	(10.1)	(9.5)	(9.3)	(41.2)	(8.3)	(7.3)	(6.4)	(5.3)	(27.4)
GAAP Operating Margin	-41.3%	-36.6%	-22.5%	-20.3%	-25.3%	-32.7%	-25.4%	-30.6%	-23.7%	-21.2%	-19.7%	-23.6%	-17.0%	-14.3%	-12.1%	-9.4%	-13.1%
GAAP Net Loss	(38.9)	(42.6)	(4.0)	(8.5)	(10.9)	(13.4)	(36.7)	(13.0)	(10.9)	(10.2)	(10.0)	(44.1)	(9.1)	(8.1)	(7.2)	(6.0)	(30.3)
Cumulative dividends and accretion of issuance costs on Series F preferred stock	(4.7)	(7.3)	(1.7)	(2.0)	2.7	2.7	1.8	2.7	2.7	2.7	2.7	10.9	2.7	2.7	2.7	2.7	10.9
GAAP Net loss attributable to common stockholders	(43.6)	(49.9)	(5.8)	(10.4)	(8.1)	(10.7)	(35.0)	(10.3)	(8.2)	(7.5)	(7.3)	(33.2)	(6.3)	(5.4)	(4.4)	(3.3)	(19.4)
GAAP EPS	(0.9)	(0.9)	(\$0.10)	(\$0.54)	(\$0.16)	(\$0.16)	(\$0.72)	(0.2)	(0.1)	(0.1)	(0.1)	(0.5)	(0.1)	(0.1)	(0.1)	(0.0)	(0.3)
Depreciation and amortization	1.8	2.6	0.9	0.8	0.7	0.7	3.1	0.7	0.8	0.8	0.8	3.1	0.9	0.9	0.9	1.0	3.7
Interest Income	(0.7)	(0.2)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Interest expense	1.5	1.6	0.8	1.2	0.7	0.7	3.4	0.7	0.7	0.7	0.7	3.0	0.7	0.7	0.7	0.7	3.0
Change in fair value of financial instrument	0.0	0.0	(4.4)	0.0	0.0	0.0	(4.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provision for income taxes	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Adjusted EBITDA	(34.1)	(35.5)	(5.7)	(5.4)	(6.5)	(9.2)	(26.9)	(8.7)	(6.3)	(5.5)	(5.1)	(25.5)	(4.0)	(2.8)	(1.7)	(0.3)	(8.7)
Adj. EBITDA Margin	-37.1%	-31.6%	-17.3%	-14.9%	-16.5%	-23.8%	-18.2%	-21.7%	-14.8%	-12.2%	-10.8%	-14.6%	-8.1%	-5.4%	-3.1%	-0.5%	-4.1%
% of Revenue																	
Subscription solutions	76.7%	73.8%	71.0%	65.9%	66.8%	73%	69.1%	76.2%	78.7%	83.1%	87.9%	72.1%	93%	97%	101%	106%	73.4%
Partner and services	23.3%	26.2%	29.0%	34.1%	33.2%	27%	30.9%	27.4%	32.0%	32.4%	34.2%	27.9%	33%	36%	36%	38%	26.6%
Sales and Marketing	49.6%	53.4%	46.6%	45.3%	46.5%	49.0%	46.9%	48.0%	45.0%	44.0%	44.0%	45.2%	43.0%	42.0%	41.0%	40.0%	41.4%
Research and Development	45.8%	37.9%	32.0%	30.3%	29.0%	30.5%	30.4%	30.0%	28.0%	27.0%	26.0%	27.7%	25.5%	24.5%	24.0%	23.0%	24.2%
General and Administrative	20.0%	18.5%	18.4%	20.2%	21.4%	23.0%	20.9%	22.5%	21.0%	20.5%	20.0%	20.9%	19.0%	18.5%	18.0%	17.5%	18.2%
Stock-Based Compensation	2.3%	2.8%	3.1%	3.2%	7.2%	7.2%	5.3%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%
YOY Growth																	
Subscription Solutions	17.3%	22.4%	18.9%	26.3%	26.0%	23.5%	25.0%	27.0%	21.0%	21.0%	23.3%	22.0%	23.0%	22.0%	21.0%	22.0%	22.0%
Partner and services	37.6%	51.8%	74.3%	82.1%	21.0%	55.6%	10.0%	0.0%	-5.0%	25.0%	6.4%	22.0%	12.0%	12.0%	12.0%	14.2%	14.2%
Revenue	22.0%	29.7%	33.3%	40.6%	40.6%	31.9%	20.7%	17.8%	12.4%	12.4%	18.1%	22.0%	19.8%	19.2%	19.2%	19.8%	19.8%
Non-GAAP Operating Loss	-5.4%	33.8%	36.5%	24.0%	-11.6%	21.5%	-45.7%	-13.1%	13.0%	40.1%	3.8%	48.9%	48.4%	58.3%	79.1%	57.1%	57.1%
Adj. EBITDA	-4.0%	37.8%	41.6%	26.4%	-14.1%	24.1%	-51.9%	-16.5%	16.7%	44.7%	5.0%	54.5%	56.4%	69.4%	94.8%	86.2%	86.2%
Non-GAAP EPS	0.0%	72.0%	34.0%	70.7%	17.2%	17.2%	-42.6%	44.8%	-15.7%	-12.8%	24.2%	71.9%	71.2%	75.5%	84.8%	53.6%	53.6%
Sequential Growth																	
Subscription Solutions			5.7%	1.7%	10.9%	5.8%		4.9%	3.3%	5.6%	5.8%		5.7%	4.1%	4.8%	4.9%	
Partner and services			10.1%	28.6%	6.6%	-19.9%		0.1%	16.9%	1.3%	5.5%		-2.3%	7.3%	1.3%	5.5%	
Revenue			6.9%	9.5%	9.4%	-2.7%	31.9%	3.6%	6.9%	4.4%	5.7%	18.1%	3.5%	5.0%	3.8%	5.0%	19.8%
Income Tax																	
GAAP Income Tax Rate	0.0%		-0.6%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Sources: Company filings and William Blair Equity Research

Exhibit 25
BigCommerce Holdings, Inc.
Balance Sheet

(\$ in millions)	4Q18	4Q19	1Q20	2Q20	3Q20	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E	1Q22E	2Q22E	3Q22E	4Q22E
Assets														
Cash and cash equivalents	36.2	7.8	19.5	25.4	178.8	167.8	159.2	150.4	143.5	138.5	134.7	132.2	129.1	126.2
Restricted Cash	1.1	1.4	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Accounts Receivable	10.2	15.5	16.1	20.2	21.5	21.5	20.0	23.8	24.8	26.2	24.4	25.6	26.6	31.1
Prepaid Expenses and Other	3.5	5.3	6.7	7.8	9.3	8.9	9.2	9.8	10.3	10.9	11.2	11.8	12.2	12.9
Deferred Commissions	<u>2.1</u>	<u>1.7</u>	<u>1.8</u>	<u>2.0</u>	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>
Total Current Assets	53.1	31.7	45.0	56.6	212.9	201.5	191.8	187.4	182.0	178.9	173.7	173.0	171.4	173.5
Property and Equipment	5.2	8.2	7.9	7.6	7.2	6.9	6.5	6.1	5.7	5.3	4.8	4.4	3.9	3.4
Right-of-use-asset	0.0	14.1	13.3	12.9	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3
Deferred Commissions, net of current portion	<u>0.8</u>	<u>2.1</u>	<u>2.2</u>	<u>2.6</u>	<u>3.0</u>	<u>1.7</u>	<u>1.9</u>	<u>2.5</u>	<u>3.3</u>	<u>1.9</u>	<u>2.1</u>	<u>2.8</u>	<u>3.5</u>	<u>2.1</u>
Total Assets	59.1	56.1	68.5	79.6	235.5	222.5	212.6	208.4	203.3	198.5	193.0	192.4	191.1	191.3
Liabilities														
Accounts Payable	5.5	3.9	6.0	5.8	5.6	5.9	6.1	6.4	6.7	7.1	7.3	7.6	7.8	8.1
Accrued Liabilities	2.6	5.8	3.0	2.8	2.6	2.5	2.6	2.8	2.9	3.1	3.2	3.3	3.5	3.6
Deferred Revenue	10.4	9.4	9.6	11.3	11.8	12.4	11.9	13.8	14.6	14.9	14.1	16.4	17.3	17.9
Current portion of long term debt	0.9	2.4	1.9	2.2	11.9	11.9	11.9	11.9	11.9	11.9	11.9	11.9	11.9	11.9
Current portion of operating lease liabilities		2.7	2.8	2.9	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Other current liabilities	7.9	9.7	9.4	13.3	17.5	14.7	15.2	16.3	17.0	17.9	18.6	19.5	20.2	21.2
Deferred rent and leasehold incentive obligations	<u>0.2</u>													
Total Current Liabilities	27.6	33.9	32.7	38.3	52.5	50.5	50.8	54.3	56.1	57.9	58.0	61.7	63.7	65.8
Deferred Revenue, net of current portion	2.1	1.5	0.9	1.1	1.1	0.7	0.6	0.7	0.8	0.8	0.7	0.9	0.9	0.9
Long-term debt, net of current portion	23.4	38.5	21.0	69.1	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Operating lease liabilities, net of current portion		15.7	14.8	14.2	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4
Deferred rent and leasehold incentive obligations, net of current portion	<u>0.9</u>		<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Liabilities	54.1	89.6	69.4	122.7	77.0	74.6	74.8	78.4	80.3	82.1	82.2	86.0	88.0	90.2
Stockholders' Equity														
Convertible preferred stock	216.4	223.8	0.0	227.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additional paid-in capital	13.3	17.2	285.7	20.6	457.7	457.7	457.7	457.7	457.7	457.7	457.7	457.7	457.7	457.7
Accumulated deficit	(224.7)	(274.5)	(286.6)	(291.1)	(299.2)	(309.8)	(319.9)	(327.7)	(334.7)	(341.3)	(346.9)	(351.3)	(354.6)	(356.6)
Accumulated other comprehensive loss	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stockholders' Equity	5.0	(33.5)	(0.9)	(43.1)	158.5	147.9	137.8	130.0	123.0	116.4	110.8	106.4	103.1	101.1
Total Deferred Revenue	12.6	10.9	10.6	12.3	13.0	13.1	12.5	14.6	15.3	15.7	14.8	17.3	18.2	18.8
<i>YOY growth</i>		-13.3%	0.0%	N/A	N/A	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
<i>Seq growth</i>			-3.1%	16.7%	5.3%	0.8%	-4.5%	16.7%	5.3%	2.3%	-5.6%	16.7%	5.3%	3.5%
Total Deferred Commissions	2.9	3.8	3.9	4.5	5.2	4.0	4.1	4.8	5.5	4.1	4.4	5.0	5.8	4.4
<i>YOY growth</i>		31.7%	0.0%			5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<i>Seq growth</i>		-4.6%	4.9%			0.1%	4.9%	14.7%	15.2%	-24.3%	4.9%	14.7%	15.2%	-24.3%
Days Sales Outstanding	36.5	45.1	43.6	50.2	48.6	50.0	45.0	50.0	50.0	50.0	45.0	45.0	45.0	50.0
Days Payable	81.0	43.7	73.2	66.7	59.5	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0
% of Revenue														
Prepaid Expenses and Other	13.9%	17.1%	20.1%	21.6%	23.3%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
Accounts Payable	21.6%	12.5%	18.2%	15.8%	14.0%	15.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
Accrued Liabilities	10.4%	18.9%	9.0%	7.8%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Other Liabilities	31.4%	31.3%	28.3%	36.7%	44.1%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%

Sources: Company filings and William Blair Equity Research

Exhibit 26
BigCommerce Holdings, Inc.
Cash Flow Statement

(\$ in millions, except EPS)

	2018	2019	1Q20	2Q20	3Q20	4Q20E	2020E	1Q21E	2Q21E	3Q21E	4Q21E	2021E	1Q22E	2Q22E	3Q22E	4Q22E	2022E
Net Income	(38.9)	(42.6)	(4.0)	(8.5)	(10.9)	(13.4)	(36.7)	(13.0)	(10.9)	(10.2)	(10.0)	(44.1)	(9.1)	(8.1)	(7.2)	(6.0)	(30.3)
Depreciation and Amortization	1.8	2.6	0.9	0.8	0.7	0.7	3.1	0.7	0.8	0.8	0.8	3.1	0.9	0.9	0.9	1.0	3.7
Amortization of discount on debt	0.0	0.1	0.1	0.3	0.1	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stock-Based Compensation	2.1	3.2	1.0	1.1	2.9	2.8	7.8	2.9	3.1	3.2	3.4	12.6	3.5	3.7	3.8	4.0	15.1
Bad debt expense	0.3	1.0	0.6	0.4	0.3	0.0	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accretion on discount to marketable securities	(0.2)	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in fair value of financial instrument		0.0	(4.4)	0.0	0.0	0.0	(4.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts Receivable	(4.6)	(6.3)	(1.5)	(4.5)	(1.5)	(0.0)	(7.5)	1.5	(3.8)	(1.0)	(1.4)	(4.7)	1.8	(1.2)	(1.0)	(4.4)	(4.8)
Prepaid Expenses and Other	(0.3)	(1.8)	(1.1)	(1.2)	(1.4)	0.4	(3.3)	(0.3)	(0.6)	(0.4)	(0.6)	(2.0)	(0.4)	(0.6)	(0.5)	(0.6)	(2.0)
Deferred Commissions	(0.8)	(0.9)	(0.2)	(0.6)	(0.7)	1.3	(0.2)	(0.2)	(0.6)	(0.7)	1.3	(0.2)	(0.2)	(0.6)	(0.8)	1.4	(0.2)
Accounts Payable	0.3	(1.6)	2.1	(0.3)	(0.2)	0.4	2.0	0.2	0.3	0.3	0.4	1.2	0.2	0.3	0.2	0.3	1.0
Accrued and other current liabilities	2.4	8.2	(3.3)	3.7	3.9	(2.9)	1.4	0.6	1.2	0.8	1.1	3.8	0.7	1.1	0.9	1.2	3.9
Deferred Revenue	6.9	(1.7)	(0.3)	1.8	0.7	0.1	2.2	(0.6)	2.1	0.8	0.3	2.6	(0.9)	2.5	0.9	0.6	3.1
Deferred rent and leaseincentive obligations	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash From Operations	(30.6)	(40.0)	(10.0)	(7.0)	(6.2)	(10.7)	(33.9)	(8.3)	(8.4)	(6.5)	(4.6)	(27.8)	(3.4)	(2.1)	(2.6)	(2.5)	(10.6)
Purchase of marketable securities	(33.6)																
Purchase of Property and Equipment	(3.3)	(5.6)	(0.6)	(0.4)	(0.3)	(0.3)	(1.7)	(0.3)	(0.4)	(0.4)	(0.4)	(1.5)	(0.4)	(0.4)	(0.4)	(0.5)	(1.8)
Maturity of marketable securities	10.4	23.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash From Investing Activities	(26.5)	17.9	(0.6)	(0.4)	(0.3)	(0.3)	(1.7)	(0.3)	(0.4)	(0.4)	(0.4)	(1.5)	(0.4)	(0.4)	(0.4)	(0.5)	(1.8)
Proceeds from issuance of preferred stock	63.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payments of dividends	0.0	0.0	0.0	0.0	(12.8)	0.0	(12.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from issuance of common stock	0.0	0.0	0.0	0.0	171.1	0.0	171.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from debt	4.5	18.5	40.7	0.0	1.1	0.0	41.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of debt	(4.5)	(2.1)	(5.6)	(0.6)	(0.5)	0.0	(6.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from Exercise of Stock Options	0.6	0.9	0.4	0.5	1.1	0.0	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash From Financing Activities	64.2	17.4	35.5	(0.1)	160.0	0.0	195.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange Rate Impact	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in Cash	7.1	(4.7)	25.0	(7.6)	153.5	(11.1)	159.8	(8.6)	(8.8)	(6.9)	(5.0)	(29.3)	(3.8)	(2.5)	(3.0)	(3.0)	(12.3)
Beginning Cash	6.8	13.9	9.1	34.1	26.5	180.0	9.1	168.9	160.3	151.5	144.7	168.9	139.6	135.8	133.3	130.3	139.6
Ending Cash	13.9	9.1	34.1	26.5	180.0	168.9	168.9	160.3	151.5	144.7	139.6	139.6	135.8	133.3	130.3	127.3	127.3
Free Cash Flow	(33.9)	(45.5)	(10.6)	(7.5)	(6.5)	(11.1)	(35.6)	(8.6)	(8.8)	(6.9)	(5.0)	(29.3)	(3.8)	(2.5)	(3.0)	(3.0)	(12.3)
% of Revenue																	
Depreciation and Amortization	3.3%	2.3%	2.7%	2.1%	1.8%	1.8%	2.1%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Purchase of Property and Equipment	5.9%	5.0%	1.8%	1.2%	0.8%	0.8%	1.2%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
YOY Growth																	
Free Cash Flow		-34.3%	14.1%	42.3%	41.7%	-21.4%	21.8%	18.8%	-18.0%	-5.2%	54.7%	17.9%	55.3%	71.8%	55.9%	40.7%	57.9%
Sequential Growth																	
Free Cash Flow			-16.2%	29.6%	12.3%	-69.1%		22.3%	-2.3%	21.8%	27.1%		23.3%	35.4%	-22.3%	2.1%	

Sources: Company filings and William Blair Equity Research

The prices of the common stock of other public companies mentioned in this report follow:

Adobe, Inc.	\$485.10
Amazon.com, Inc. (Outperform)	\$3,182.70
International Business Machines Corporation	\$128.53
Oracle Corporation (Market Perform)	\$63.38
SAP SE	€106.18
Salesforce.com, inc. (Outperform)	\$222.04
Shopify, Inc. (Market Perform)	\$1,188.92

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DOW JONES: 31008.70

S&P 500: 3799.61

NASDAQ: 13036.40

BigCommerce Holdings, Inc. Rating History as of 01/08/2021

powered by: BlueMatrix



Closing Price

OP:Outperform Mkt:Market Perform UP:Under Perform NR:Not Rated I:Initiation of Coverage D:Dropped Coverage

Source: FactSet & William Blair

Additional information is available upon request.

Current Rating Distribution (as of January 11, 2021):

Coverage Universe	Percent	Inv. Banking Relationships *	Percent
Outperform (Buy)	73	Outperform (Buy)	23
Market Perform (Hold)	27	Market Perform (Hold)	8
Underperform (Sell)	1	Underperform (Sell)	0

*Percentage of companies in each rating category that are investment banking clients, defined as companies for which William Blair has received compensation for investment banking services within the past 12 months.

The compensation of the research analyst is based on a variety of factors, including performance of his or her stock recommendations; contributions to all of the firm's departments, including asset management, corporate finance, institutional sales, and retail brokerage; firm profitability; and competitive factors.

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