



Backoffice SaaS: APIs Unlocking a Cloud Renaissance

*Anaplan (PLAN), BlackLine (BL),
Coupa (COUP)*

Vertical/Backoffice SaaS & FinTech

Josh Beck / 503.821.3878 / jbeck@key.com

Alex Markgraff / 503.821.3935 / alexander.markgraff@key.com

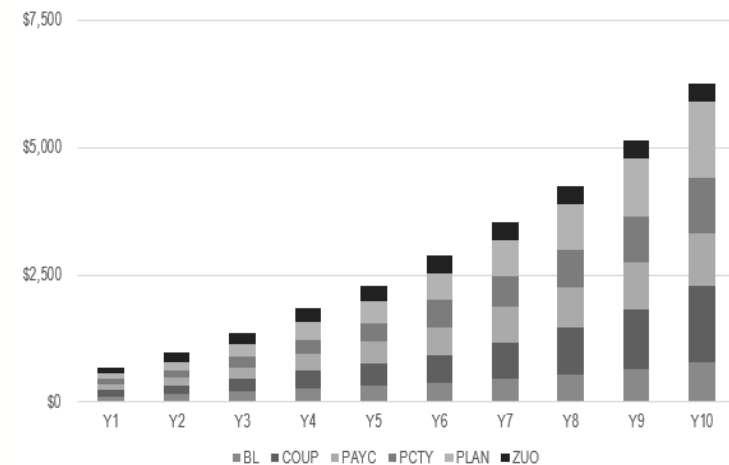
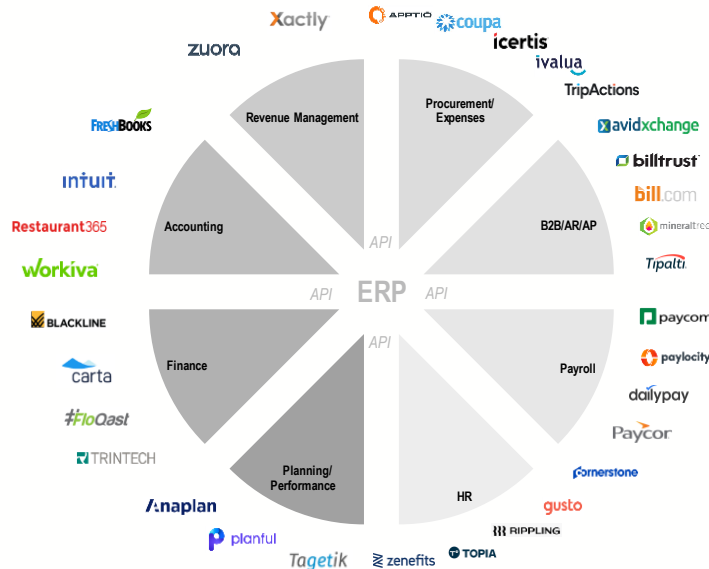
Maddie Schrage / 503.821.4011 / madison.schrage@key.com

Summary	Pages 3-7
Industry Trends	Pages 8-16
Company Snapshots	Pages 17-23
Key Debates & Estimates	Pages 24-34
Valuation & Risk Factors	Pages 35-40
KBCM Events	Pages 41-45
Models	Pages 46-49

Summary

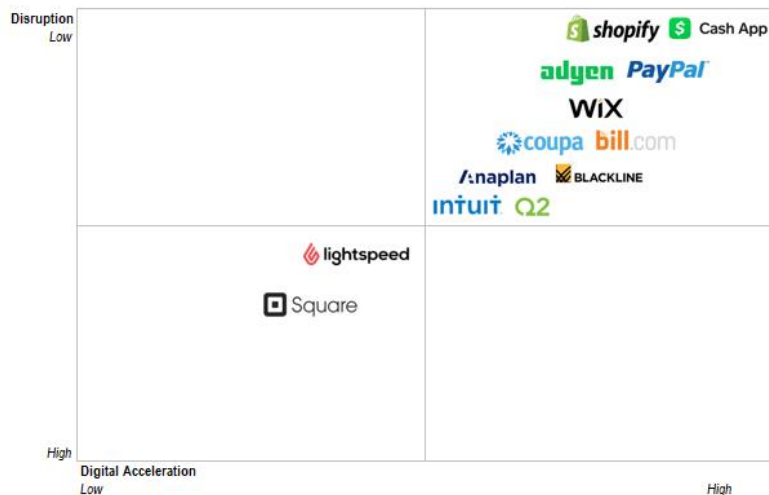
■ Backoffice SaaS: KBCM Industry Thesis

- The number of APIs has doubled over the last five years, which has unlocked financial information trapped in legacy on-premise ERP systems.
- We think backoffice cloud ARR could exceed \$5B within 10 years based on a high-20s CAGR, rivaling the trajectory of horizontal CRM/HR SaaS adoption in the early 2000s and helping close the SaaS penetration gap, which stands at <25% in the backoffice vs. 50%+ in frontoffice apps like CRM/collaboration.



■ Backoffice SaaS: KBCM Digital Acceleration Thesis

- While perhaps a less obvious beneficiary of our [Digital Acceleration thesis](#), we see encouraging signals that WFH trends are exposing limitations in cumbersome on-premise systems that often have broad/shallow capabilities, which lack the focus/depth required to optimize business operations.
- In light of a dynamic macro environment, we believe that cloud-first SaaS solutions with highly iterative release cycles that enable rapid innovation and increased automation are likely to drive more consideration for best-of-breed procurement, finance/accounting, planning and payroll/HCM solutions.



➤ Recent digital acceleration anecdotes

- Anaplan: “We know every business will need to forecast differently and adapt to real-time critical changes related to new demand and supply reality. We are seeing this demand in our pipeline and we are confident in our long-term growth trajectory once budgets reopen.”
- Blackline: “As we think about what that new normal looks like, we believe this climate is a long-term accelerator for digital transformation.” “EY hosted a webinar to prepare companies for their first remote financial close in late March and the event was oversubscribed at more than 19,000 attendees.”
- Coupa: “In fact, we have a number of customers who urgently needed Coupa Pay recently. Paper checks are still highly prevalent...Coupa enabled customers in our community to rapidly implement digital check program. This eliminated the need for many of them to go into their offices and handle paper checks.”

▪ Anaplan (PLAN)

- We are moving to OW with a \$55 PT, based on ~13x FY21E EV/S. Our revenue estimates are generally in line to slightly below the Street, reflecting some degree of caution tied to COVID-19 sales/implementation cycle disruptions, yet could prove conservative if WFH tailwinds, sales productivity and/or expansion ramp ahead of our expectations.
- Anaplan has a unique connected planning platform with rising strategic importance as corporates re-cast a myriad of business operations amidst a highly fluid macro backdrop, which we think will ultimately raise category awareness and contribute to new logos and aid expansion beyond the core finance department use case, which could translate into upside as the macro-driven sales disruptions abate and new sales leadership productivity ramps, thus we recommend an OW position.

▪ Blackline (BL)

- We are moving to OW with a \$95 PT, based on ~14x CY21E EV/S. Our revenue estimates are generally in line to slightly below the Street, reflecting some degree of caution tied to COVID-19 sales/implementation cycle disruptions, yet could prove conservative if WFH tailwinds, partner productivity and/or expansion ramp ahead of our expectations.
- Blackline helps finance/accounting professionals close the books, a critical task that all CFOs watch closely and one that has been disrupted by WFH trends, which we think will ultimately raise awareness and could translate into upside as the macro-driven sales disruptions abate, thus we recommend an OW position.

▪ Coupa (COUP)

- We are moving to OW with a \$320 PT, based on ~38x FY21E EV/S. Our revenue estimates are generally in line with the Street, factoring in some degree of caution tied to COVID-19 sales/implementation cycle disruptions, yet could prove conservative if WFH tailwinds, expansion and/or Coupa Pay materialize ahead of our expectations.
- Coupa has the potential be an industry defining franchise for the “spend” software stack and we see prospects for ~\$1.5B revenue potential (vs. management ambition of ~\$1B) through growing category awareness aided by potential WFH tailwinds translating into an uptick in new logos, platform expansion beyond procurement into natural adjacencies such as expense/inventory/sourcing and a highly strategic position in the B2B payments value chain (please see our earlier 80 pg. [B2B deep dive](#)) that could add hundreds of millions of revenue along with a valuable data asset that helps customers unlock unique insights based on \$Ts of cumulative spending patterns. We recommend looking through potential NT macro disruptions and buying new Key Idea COUP.

Company	Rating	PT	Valuation Multiple	FY21 Rev: KBCM vs. Street
Anaplan (PLAN)	OW	\$55	13x FY21E EV/S	\$537M / \$543M
Blackline (BL)	OW	\$95	14x CY21E EV/S	\$401M / \$402M
Coupa (COUP)	OW	\$320	38x FY21E EV/S	\$617M / \$617M

Summary: Valuation Comparables

7

Valuation Comparables

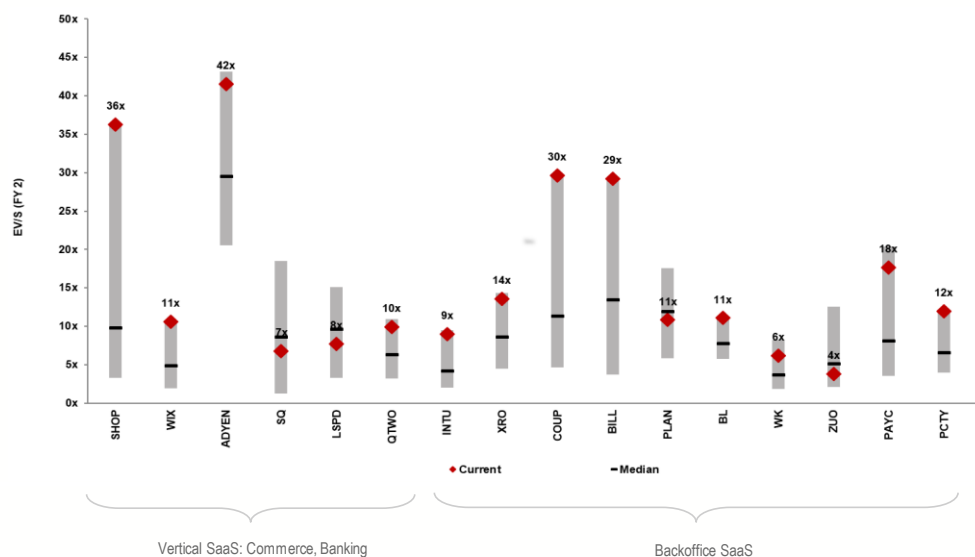
→ While our PTs are based on EV/S, we consider many factors to derive these ratios including CLV-to-ARR based upon enterprise value per MT customer divided MT ARR.

→ For COUP, our high-30s EV/S (equivalent to a ~20x CLV-to-ARR based on 3k MT customer potential and a 35% MT ARR improvement) represents an elite multiple tier alongside other disruptive peers (e.g., BILL, SHOP, ZM), which think is warranted provided the Company's unique position to build an industry defining spend cloud.

→ PLAN is projected to grow in the mid-20s in CY21 and our PT is based on a LDD multiple, a modest discount to similar growth peers (the mid-20s SaaS band trades in the low-teens) to factor in some degree of uncertainty based upon a sales leadership transition.

→ BL is projected to grow in the high-teens in CY21, which drives a LDD multiple, consistent with growth peers approaching ~20% growth.

		Recent Price	Market Cap (B)	Enter. Value (B)	2020E Rev %Y/Y	2021E Rev %Y/Y	2020E FCF / Rev	2021E FCF / Rev	2020E EV / Sales	2021E EV / Sales	2020E EV / S / Growth	2021E EV / S / Growth	Rule of 40	YTD %
Vertical & Backoffice SaaS														
SHOP.K	Shopify	\$949.20	\$107.3	\$105.0	40%	34%	-3%	5%	48x	36x	1.2x	1.0x	36%	139%
INTU.O	Intuit	\$296.19	\$78.2	\$74.6	9%	9%	30%	30%	10x	9x	1.1x	1.0x	39%	13%
SQ	Square	\$104.94	\$48.9	\$47.5	135%	25%	4%	10%	9x	7x	0.1x	0.3x	139%	68%
ADYEN.AS	Adyen	€ 1,295.50	€ 39.7	€ 38.0	26%	43%	44%	45%	61x	42x	2.3x	1.0x	70%	77%
PAYC.K	Paylocity	\$309.73	\$18.1	\$17.9	12%	19%	16%	20%	22x	18x	1.8x	1.0x	29%	17%
COUP.O	Coupa Software	\$277.04	\$19.9	\$19.7	30%	26%	10%	10%	41x	33x	1.3x	1.3x	40%	89%
WIX.O	Wix.Com	\$256.22	\$15.6	\$15.0	26%	24%	17%	17%	16x	13x	0.6x	0.5x	43%	109%
XRO.AX	Xero	A\$90.11	\$12.9	\$12.8	18%	18%	11%	12%	17x	14x	0.9x	0.8x	29%	13%
PCTY.O	Paycom	\$145.89	\$8.1	\$7.9	15%	17%	15%	14%	13x	11x	0.9x	0.7x	30%	21%
BILL.K	Bill.com	\$90.21	\$7.3	\$7.0	28%	24%	-19%	-17%	43x	34x	1.5x	1.5x	9%	137%
PLANK	Anaplan	\$45.31	\$6.0	\$5.7	26%	25%	-7%	-3%	13x	11x	0.5x	0.4x	19%	-14%
CSOD.O	Cornerstone	\$38.56	\$5.1	\$4.9	31%	22%	11%	23%	7x	5x	0.2x	0.2x	42%	-34%
BL.O	Blackline	\$82.91	\$4.9	\$4.7	18%	19%	6%	9%	14x	12x	0.8x	0.6x	24%	61%
QTWO.K	Q2 Holdings	\$85.79	\$4.0	\$4.3	25%	23%	-5%	2%	11x	9x	0.4x	0.4x	20%	6%
LSPD.TO	Lightspeed POS (CAD)	C\$32.43	C\$2.8	C\$2.6	28%	45%	-21%	-17%	13x	9x	0.5x	0.2x	7%	-10%
WK	Workiva	\$53.49	\$2.5	\$2.3	15%	15%	3%	5%	7x	6x	0.5x	0.4x	18%	27%
ZUO	Zuora	\$12.75	\$0.6	\$0.4	8%	12%	-11%	-4%	1x	1x	0.2x	0.1x	-3%	-11%
CDLX.O	Cardlytics	\$69.98	\$2.0	\$1.9	-9%	48%	-8%	2%	10x	7x	NM	0.1x	-17%	11%
Average					27%	25%	5%	9%	20x	15x	0.9x	0.6x	32%	40%



Industry Trends: Backoffice

Software continues to munch away at the world...

9

~2000s



~2010s



~2020s

SaaS



Horizontal Cloud:

Customer relationship management, accounting, HR

Cloud-based architectures replace client-server based systems

IPOs: CRM (2004), N (2007), WDAY (2012)

+Vertical SaaS



Vertical Cloud:

Healthcare, Banking, Commerce

Vertical-specific SaaS solutions are tailored to specific industries

IPOs: VEEV (2013), QTWO (2014), SHOP (2015)

+Backoffice SaaS



Backoffice Cloud:

Finance/Accounting, B2B/AP/AR, Procurement, Planning, Payroll/HCM

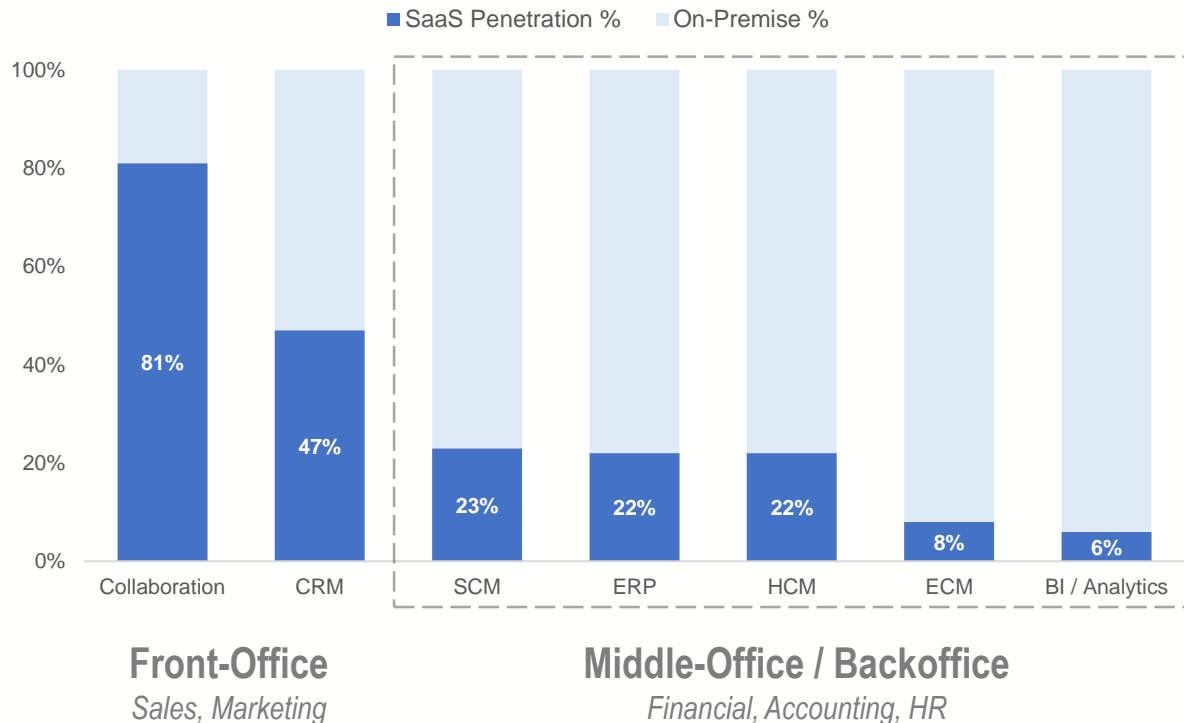
APIs enable middle/backoffice cloud solutions with legacy system backward compatibility

IPOs: PAYC (2014), COUP (2016), PLAN (2018), BILL (2019)

...yet cloud penetration in mid/backoffice remains low...

10

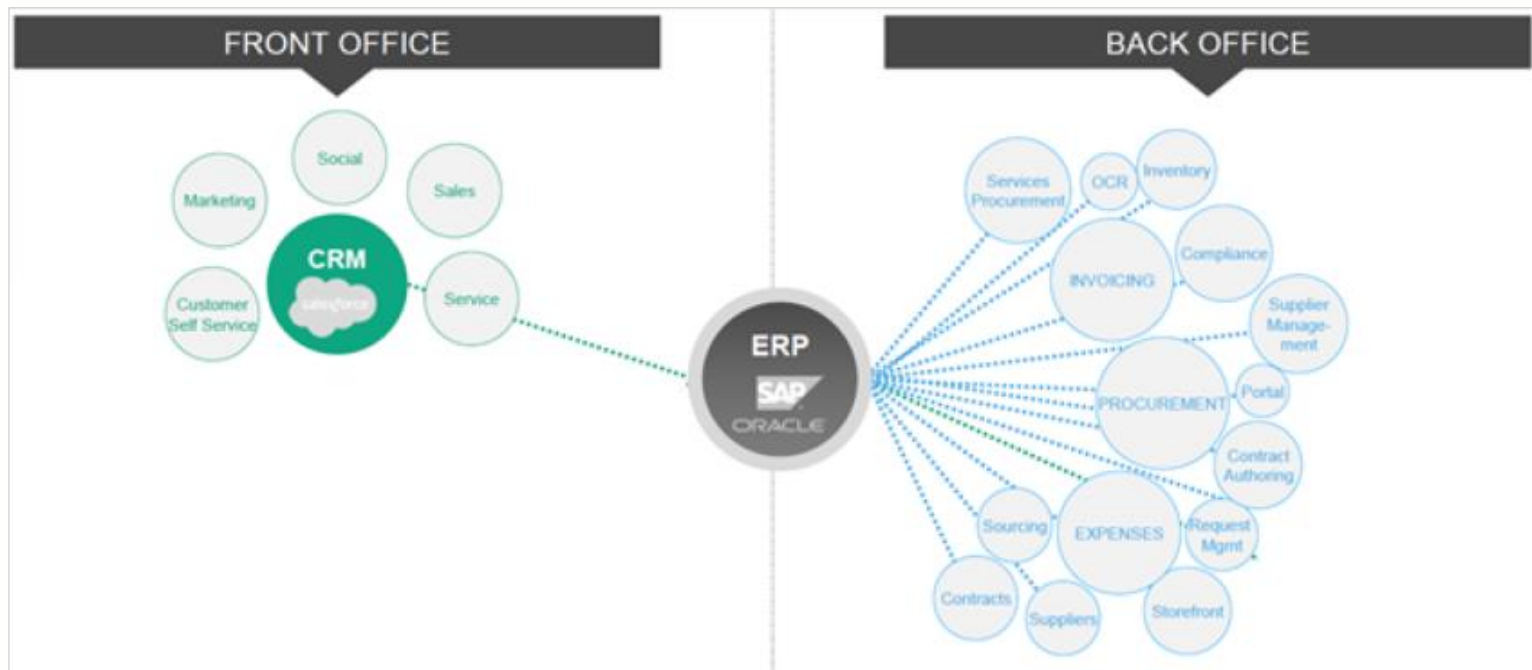
- Highly critical and sensitive backoffice systems have been some of the last to move to the cloud due to inflexible on-premise systems that effectively trapped valuable core data such as financial records and information.



...in an ecosystem with considerable fragmentation

11

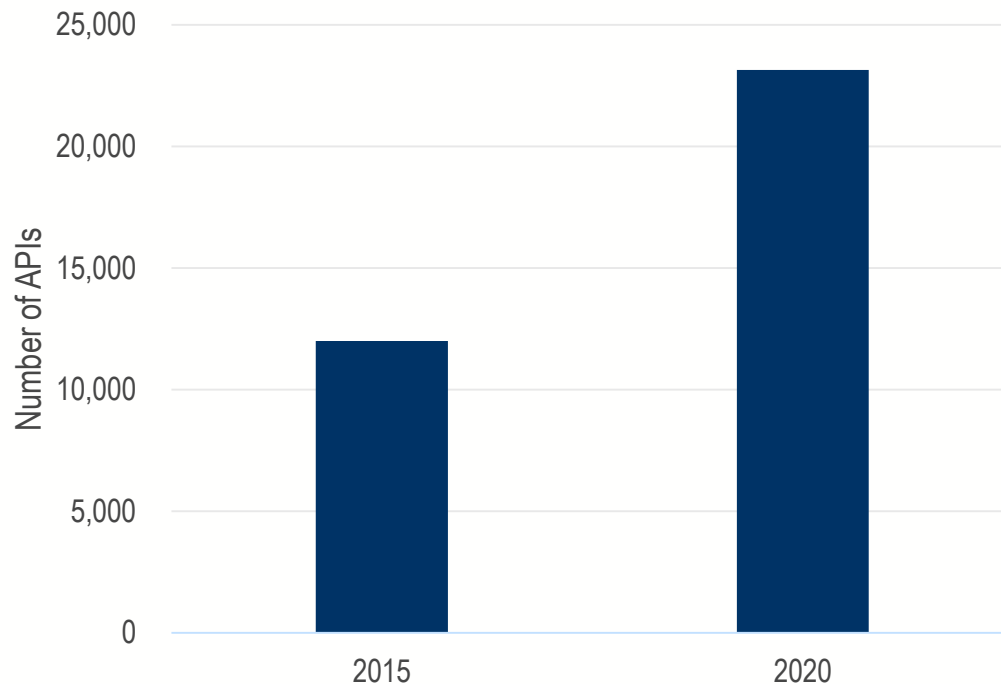
- Front-office systems that have most successfully transitioned to the cloud yet the middle/backoffice ecosystem remains highly fragmented with a large number of disparate systems that generally exhibit low levels of automation and digitization.



The API infrastructure is growing rapidly...

12

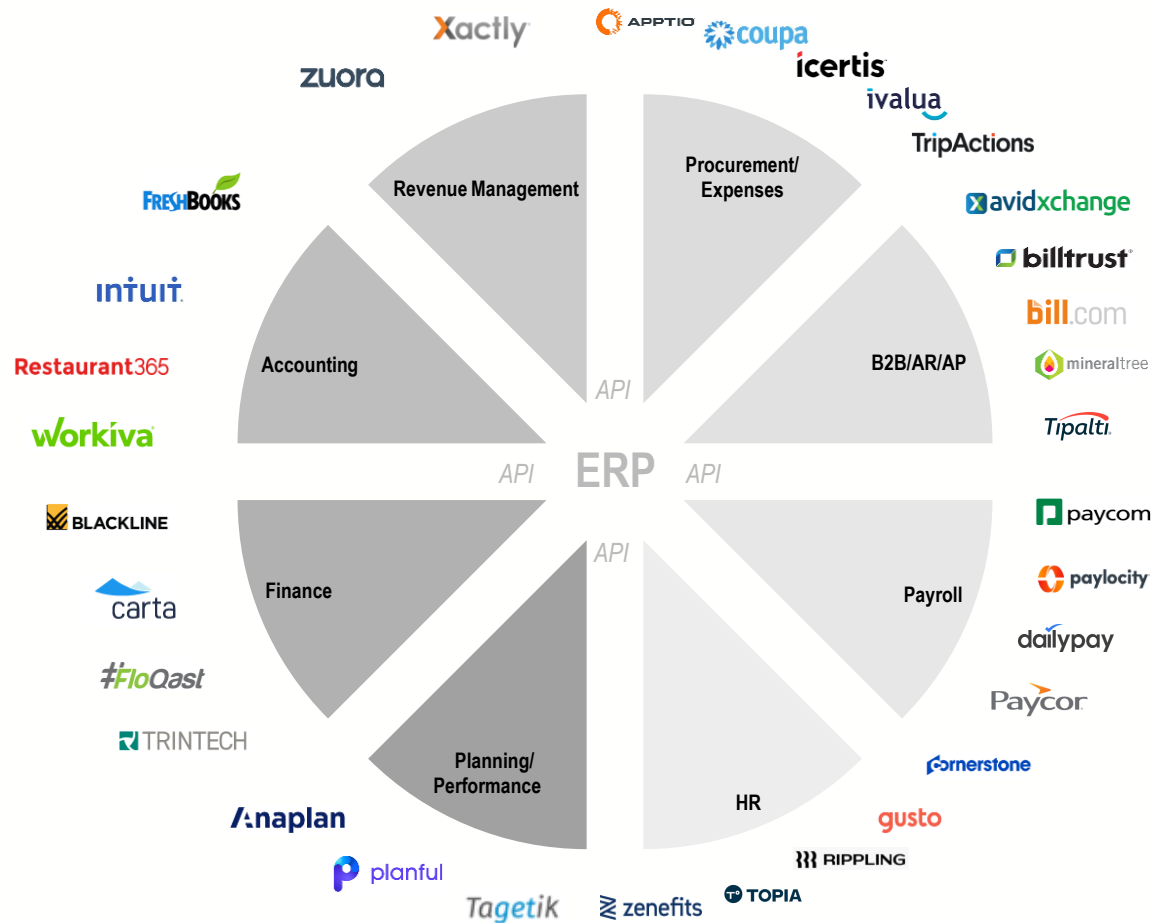
- The API (application programming interface) ecosystem has nearly doubled over the last five years, underscoring the transformative potential of abstracting the underlying architecture complexity by standardizing access to critical corporate data sets.



...unlocking a backoffice Cloud Renaissance...

13

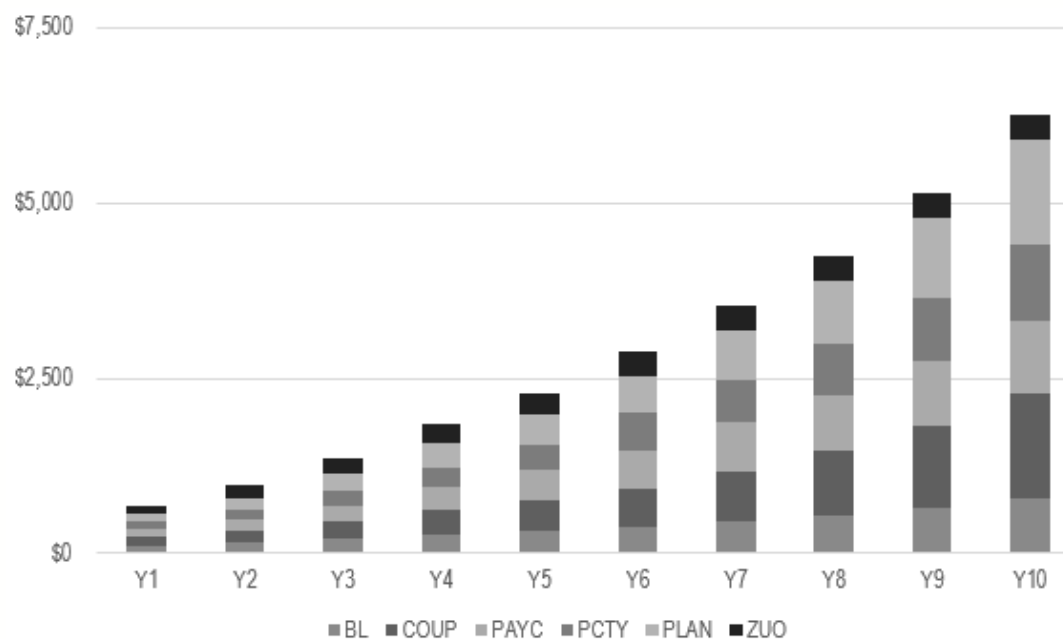
- The rise of APIs has enabled a standardized, abstracted method for SaaS solutions to extract vital financial information/records, ushering in a backoffice renaissance as corporates increasingly adopt cloud-first backoffice solutions.



...backoffice/financials cloud could scale to ~\$5B ARR in <10yrs...

14

- A broadly defined set of backoffice/financials companies have individually grown from a ~\$100M of ARR in year one to ~\$1B of ARR within 8-10 years, roughly 2x as long as it took CRM/HR horizontals to achieve a similar scale. We estimate aggregate backoffice/financials ARR could exceed \$5B in ~10 years, comparable to CRM/HR horizontals, derived from a larger number of companies reflecting the more fragmented nature of backoffice clouds.



■ Anaplan

→“We know every business will need to forecast differently and adapt to real-time critical changes related to new demand and supply reality. We are seeing this demand in our pipeline and we are confident in our long-term growth trajectory once budgets reopen..”

■ Blackline

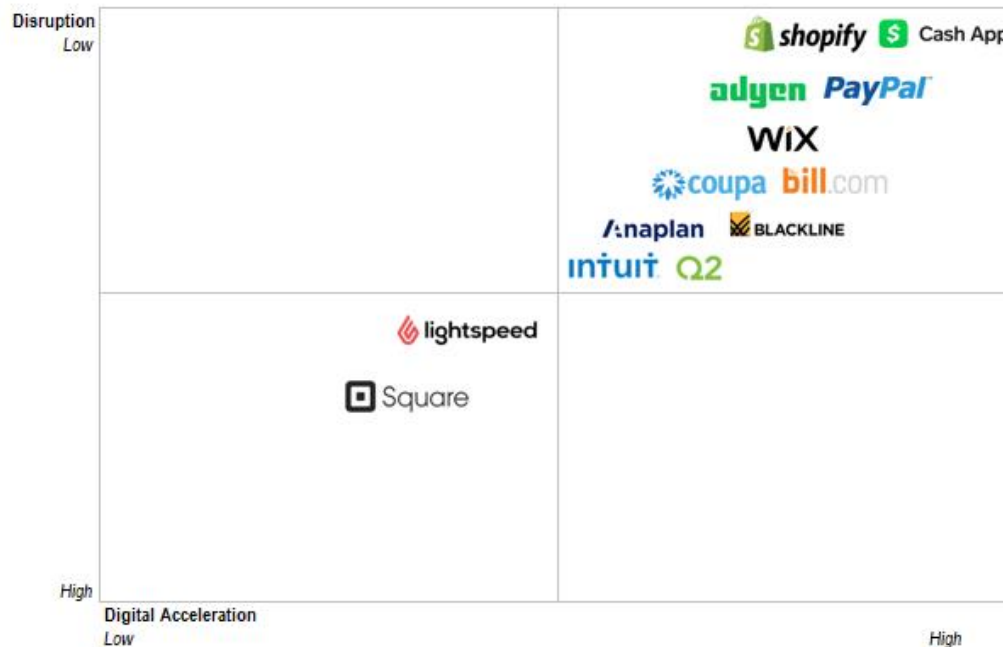
→“As we think about what that new normal looks like, we believe this climate is a long-term accelerator for digital transformation.” “EY hosted a webinar to prepare companies for their first remote financial close in late March and the event was oversubscribed at more than 19,000 attendees.”

■ Coupa

→“In fact, we have a number of customers who urgently needed Coupa Pay recently. Paper checks are still highly prevalent...Coupa enabled customers in our community to rapidly implement digital check program. This eliminated the need for many of them to go into their offices and handle paper checks.”

■ KBCM Digital Acceleration Thesis

→ The dot-com era developed foundational cloud-based technologies that ushered in a multi-decade transition toward digital that could be accelerated as consumers and businesses reinvent basic means of conduct. The ultimate boundary of technology may expand in our view as we expect the impact on digital commerce, banking, and business operations to be profound and durable. Our overarching sector framework distills down to balancing the prospects for Digital Acceleration (DA) vs. NT Disruption (e.g., remote work, brick-and-mortar, liquidity, sales/implementation cycles, etc.). *We are the most constructive on DA prospects within the e-Commerce, digital banking and backoffice sectors.*



Company Snapshots

■ Company and product overview

- Blackline is a pioneer within the financial and accounting software category, focusing on the enterprise and mid-market segment within the broader corporate performance management space. The value proposition includes automation of the resource and data intensive process tied to closing the accounting books. An open platform is able to ingest data from disparate ERP, transactional and bank systems via APIs and ultimately improve the efficiency and accuracy of the close process by providing a cohesive financial view augmented with automation and analytic capabilities.
- Strategic products include transaction matching, smart close and intercompany hub. Adoption of the platform can drive a re-allocation of time spent by the finance function and CFO on relatively routine bookkeeping tasks to take on a more strategic role in optimizing corporate strategy and capital deployment.
- Within the software tech stack, Blackline primarily resides in the backoffice and often interfaces with ERP, tax and bank systems.
- Typical subscription terms are one to three years and customers are generally billed annually with an average subscription duration of ~2 years; contract terms are based on a number of factors including users and the number products purchased. Professional services generally include implementation and consulting services and are recognized as performed.
- The sales motion is direct and also includes a consulting, ERP, BPO and channel partners.

■ KBCM Thesis

- Blackline's financial cloud occupies a critical backoffice function tied to closing the accounting books, a rigorous process that requires ingesting data from a variety of sources to enable an accurate analysis and submission. Successful implementation enables the CFOs to re-allocate increased bandwidth toward value-enhancing strategic/M&A initiatives.
- The singular code base is ERP agnostic and is favorably positioned within a "best-of-breed" software philosophy.
- We see the path for Blackline to achieve a \$0.5B run-rate in the mid-term and see upside opportunity based on potential WFH tailwinds, partnership productivity (e.g., SAP, Deloitte) and/or expansion as the economic environment normalizes.

■ TAM

- Frost and Sullivan defines the financial close TAM as an \$18.5B market based upon ~165k corporates (46k in North America) with revenues >\$50M that employ 13M+ accounting and finance professionals (5.5M in North America).

■ Competition

- Competition is primarily indirect from integrated solutions, home-grown solutions stitched together on cumbersome and highly customized solutions (e.g., Microsoft office) or point solutions. Trintech is a relevant competitor provided the Company's Adra Suite, which is more mid-market focused on the financial close and the Company's Cadency suite, which is focused on large enterprises record to report process.

■ Company and product overview

- Founded in the mid-2000s, Coupa is a leader in the business spend management (BSM) space focused on the enterprise and mid-market space. The value proposition includes enhanced visibility into the highly fragmented backoffice spending environment via digitization, automation and AI/ML, which results in cost savings and efficiency gains.
- The cloud-based platform is anchored on core modules tied to procurement, invoice, expense management and payment with power applications such as strategic sourcing, contract management, supplier management that offer deeper capabilities in addition to data-drive applications that harness \$1T+ of cumulative spend to offer unique purchasing and risk insights.
- Within the software stack, Coupa often resides in the middle/backoffice and interfaces with back-end ERP systems and also offers APIs for integration with independent software vendors (ISVs).
- Typical subscription terms are three years and customers are generally billed at the beginning of the each year with the subscription period in annual installments; professional services are generally recognized as performed.
- The sales motion is heavily influenced by a partner ecosystem with large system integrators such as Deloitte within the enterprise segment and with more specialized partners contributing to mid-market efforts.

■ KBCM Thesis

- Coupa's spend cloud has the potential to develop into a major pillar of SaaS alongside industry-defining sales/HR SaaS peers. Corporate spending patterns are inherently complex and fragmented yet are essential to achieve operational excellence. A significant moat has been established through expansion from core procurement activities to adjacencies in invoice/expense functions along with a rich suite of applications and data analytics buffeted by a powerful network effect achieved by operating at the nexus of 1,400+ customers and 5M+ suppliers that yields a treasure trove of data to uncover unique insights complemented by a vibrant culture and partner ecosystem.
- We believe spend cloud category awareness is approaching an inflection point that could potentially be accented by WFH tailwinds, which creates a compelling upside opportunity tied to new logos in addition to the adoption of incremental modules, apps and analytics solutions as the economic environment normalizes. Enterprise B2B payments initiatives offer meaningful upside potential in the MT.
- We see the path for Coupa to achieve a \$1.5B run-rate in the mid-term based on ~\$1B ARR in core spend subscription software and the potential for another ~\$0.5B in B2B payments revenue, suggesting the Company could achieve a ~\$1.5B run-rate in <10 years after hitting the \$100M ARR milestone, placing Coupa amongst an elite set of industry-defining peers.

■ TAM

- The TAM for business spend management (BSM) is estimated to be \$56B derived from 100k+ customers including roughly a quarter within the enterprise segment and the balance being more mid-market focused. KBCM identifies the B2B payments opportunity as a ~\$100B opportunity, which suggests an aggregate TAM in excess of \$150B.

■ Competition

- Competition is primarily from a variety of solutions across supply chain (e.g., SAP), procurement (Ariba, iValua), contingent workforce (e.g., Fieldglass), contract management (icertis) and B2B payments (e.g., BILL, AvidXchange, Tipalti, MineralTree, Billtrust). Ariba is a relevant competitor provided a focus on enterprise procurement and B2B payments.

■ Company and product overview

- Anaplan is a pioneer within the Connected Planning category, focusing primarily on the enterprise segment within the broader enterprise performance management (EPM) space. The value proposition includes consolidation of a myriad of cross-departmental data into a “singular” version of the truth that rapidly improves business agility with real-time calculations enabled by a proprietary in-memory database.
- Within the software tech stack, Anaplan primarily resides in the middle office and often interfaces with back-end transactional and front-end customer facing systems. Use cases include financials (i.e., ~60% of the business) such as a FP&A and also extend through supply chain and sales corporate functions.
- Typical subscription terms are two to three years and customers are generally billed at the beginning of the each year with the subscription period; professional services generally include implementation and consulting and are recognized as performed.
- The sales motion is primarily direct and also includes a broad network of partners.

■ KBCM Thesis

- Anaplan's connected planning cloud merges disparate systems and offers a unified department view spanning finance, sales, supply chain and strategy, enabling a more rigorous and dynamic approach to business operations and planning, one that we have seen first hand with prior industry experience in corporate FP&A, corporate strategy and corporate development.
- The platform features a unique in-memory database that enables rapid calculation and analytics.
- We see the path for Anaplan to achieve a ~\$1B run-rate in the mid-term and see upside opportunity tied to potential WFH tailwinds that could steepen the category adoption curve, ramping sales productivity following a sales leadership transition, department expansion (i.e., beyond core finance/FP&A) and/or partner contributions (e.g., SIs) as the economic environment normalizes.

■ TAM

- IDC defines the performance management TAM as a \$17B market (2018) that spans applications for performance management, customer management, supply chain, operations and workforce. IDC projects the market to grow at a CAGR of ~5% between 2018 and 2021 to \$21B.

■ Competition

- Competition is primarily indirect from home-grown solutions stitched together on cumbersome and highly customized solutions (e.g., Microsoft office), analytic-centric solutions or point solutions that focus on one specific vertical (e.g., sales). Adaptive Insights is a relevant competitor providing a focus on business planning primarily within the finance function that recently expanded in to sales planning; we would note that the Company skews toward the mid-market and SMB and has a vertical focus tied to software companies and non-profits.

Key Debates

■ KBCM estimates vs. the Street

- **PLAN:** Our revenue estimates are generally in line to slightly below the Street, reflecting some degree of caution tied to COVID-19 sales/implementation cycle disruptions, yet could prove conservative if WFH tailwinds, sales productivity and/or expansion ramp ahead of our expectations.
- **BL:** Our revenue estimates are generally in line to below the Street, reflecting some degree of caution tied to COVID-19 sales/implementation cycle disruptions, yet could prove conservative if WFH tailwinds, partner productivity and/or expansion ramp ahead of our expectations.
- **COUP:** Our revenue estimates are generally in line with the Street, factoring in some degree of caution tied to COVID-19 sales/implementation cycle disruptions, yet could prove conservative if WFH tailwinds, expansion and/or Coupa Pay materialize ahead of our expectations.

Company	Ticker	Revenue FY20		Operating Profit ¹ FY20		Revenue FY21		Operating Profit ¹ FY21	
		KBCM	Street	KBCM	Street	KBCM	Street	KBCM	Street
Anaplan	PLAN	\$433	\$433	(\$56)	(\$57)	\$537	\$543	(\$44)	(\$40)
Blackline	BL	\$337	\$338	\$21	\$22	\$401	\$402	\$31	\$30
Coupa	COUP	\$492	\$492	\$30	\$30	\$617	\$617	\$52	\$52

■ Key Debates

→ **No. 1: Does Digital Acceleration elevate the demand for backoffice/financials automation or do disruptive elements subdue demand in the wake of COVID-19?**

- **Bull case:** As finance and accounting teams work-from-home (WFH), inefficiencies and manual processes in the financial close and audit process become more acute at a time when regulatory/tax rules are rapidly changing, resulting in increased consideration of cloud-based backoffice/financial close solutions.
- **Bear case:** Disruptive elements shift IT spending toward mission-critical only software solutions, both limiting the potential for x-sell/up-sell and lead to lower consideration from new buyers, dampening both new bookings and NRR trends. Limited travel policies and industry conference modifications restrict new leads, close rates and implementation cycles, leading to a pro-longed revenue slump.

→ **No. 2: How will the competitive environment evolve?**

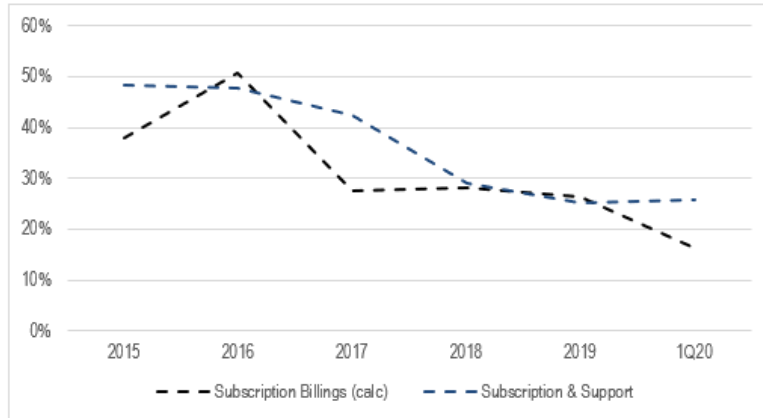
- **Bull case:** Corporate investments continue to prioritize cloud as part of a “best-of-breed” app strategy, taking advantage of an expanding set of APIs to seamlessly exchange data across legacy on-premise and SaaS-based solutions, limiting competitive pressures from on-premise centric fully integrated ERP solutions.
- **Bear case:** Pure play or ERP vendors compete more directly for cloud-based financial close solutions, potentially leading to competitive pressures in terms of sales cycle extension, share loss and/or price compression.

→ **No. 3: Can backoffice/financial cloud apps develop into a meaningful SaaS category a la S&M or HCM?**

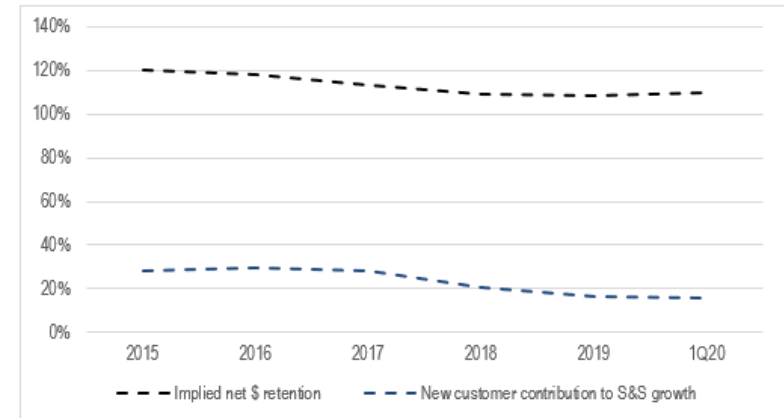
- **Bull case:** A significant uptick in backoffice/financial cloud app adoption is taking place as an improved security/resilience perception along with a clearly defined precedent SaaS ROI and sweeping mega-trends tied to digitization and automation are ushering in a backoffice/financial renaissance.
- **Bear case:** Complexity and some degree of complacency with legacy solutions stalls backoffice/financial cloud adoption, ultimately constraining the TAM and leading to a more niche market opportunity.

	Bear Case		KBCM Case		Bull Case	
	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Subs & Support Revenue	\$310	\$333	\$321	\$386	\$330	\$411
% yy	14%	8%	18%	20%	21%	25%
Ending customers	3,130	3,244	3,206	3,386	3,266	3,515
% yy	4%	4%	6%	6%	8%	8%
ARR per cust (000s, avg)	\$101	\$105	\$103	\$117	\$105	\$121
% yy	4%	4%	6%	13%	8%	15%
Professional services	\$16	\$14	\$17	\$15	\$17	\$15
Total Revenue	\$326	\$347	\$337	\$401	\$348	\$427
% yy	13%	7%	17%	19%	20%	23%
Gross profit	\$268	\$288	\$281	\$337	\$293	\$363
% gross margin	82%	83%	83%	84%	84%	85%
Total operating expenses	\$257	\$272	\$260	\$306	\$261	\$318
% of revenue	79%	78%	77%	76%	75%	74%
Operating income	\$10	\$16	\$21	\$31	\$32	\$45
% operating margin	3%	5%	6%	8%	9%	11%
Δ yy	-2%	1%	1%	1%	4%	1%
EV/S Multiple (FY)		8.0x		13.6x		17.0x
Scenario Valuation		\$50		\$95		\$125
<i>Macro</i>	Sustained macro headwinds		Swoosh based re-bound		Swoosh based re-bound	
<i>TAM</i>	SAM << TAM		SAM ~ TAM		SAM > TAM	
<i>Competition</i>	Intense competition; sales cycle ↑		Benign impact; sales cycle ↔		Benign impact; sales cycle ↓	
<i>Unit economics</i>	Economics deteriorates: LTV:CAC ↓		Stable LTV:CAC		Economics improve; LTV:CAC ↑	

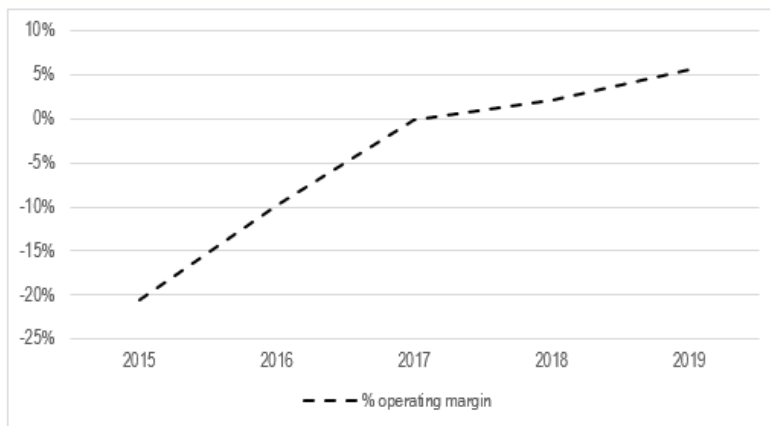
Subscription Billings & Revenue Trends (%y/y)



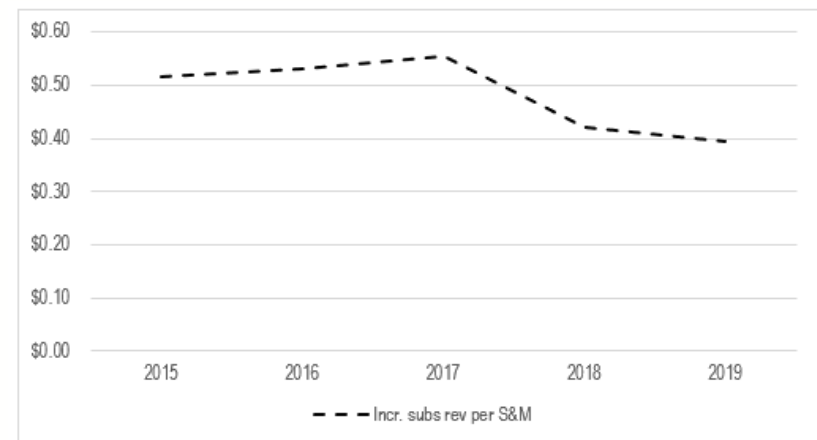
NRR & New Customer Contribution (%)



Operating Margin (%)



Sales Efficiency (\$)



■ Key Debates

→ **No. 1: Does Digital Acceleration elevate the demand for backoffice automation or do disruptive elements subdue demand in the wake of COVID-19?**

- **Bull case:** As finance and accounting teams look to quickly re-balance and optimize spend in a rapidly changing global supply chain, the awareness and consideration of BSM platforms rises. Work-from-home (WFH) leads to an accelerated digitization of B2B payments as paper and manual-based processes become challenged, leading to increased adoption of the Coupa Pay module.
- **Bear case:** Disruptive elements shift IT spending toward mission-critical only software solutions, both limiting the potential for x-sell/up-sell and lead to lower consideration from new buyers, dampening both new bookings and NRR trends. Limited travel policies and industry conference modifications restrict new leads, close rates and implementation cycles, leading to a prolonged revenue slump.

→ **No. 2: Will Coupa Pay develop into a meaningful revenue opportunity?**

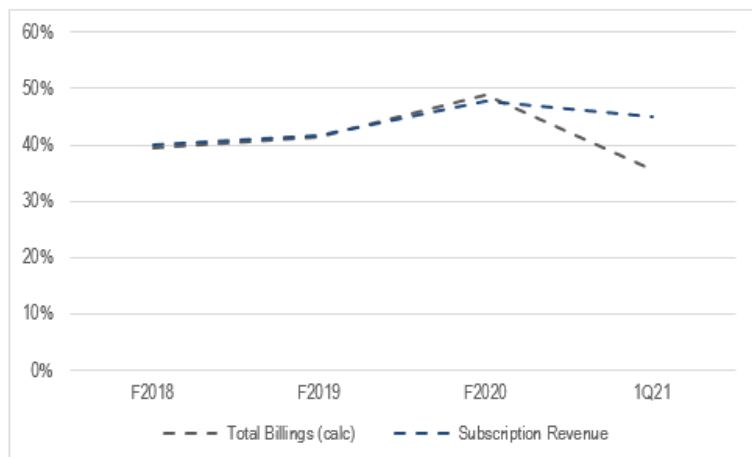
- **Bull case:** Coupa's open, cloud-based platform ingests spend ~\$0.5T of annual spending data across all major ERP systems that is built upon a network composed of 1,400+ customers and 5M+ suppliers places the Company in a highly-strategic position in the B2B value-chain. Consideration amongst existing and new customers is rising as the Coupa Pay product suite is filled out and monetization of a subscription and transactional model is meaningful, potentially translating to a multi-hundred million dollar revenue opportunity in the mid-term, placing Coupa amongst an elite set of peers that have successfully scaled multi-element business models, which boost LTV-to-CAC ratios by simultaneously increasing ARR potential and improving retention.
- **Bear case:** Coupa Pay fails to establish a compelling PMF as competition or execution issues weigh on monetization potential, resulting in diminished investor expectations.

→ **No. 3: Can backoffice/financial cloud apps develop into a meaningful SaaS category a la S&M or HCM?**

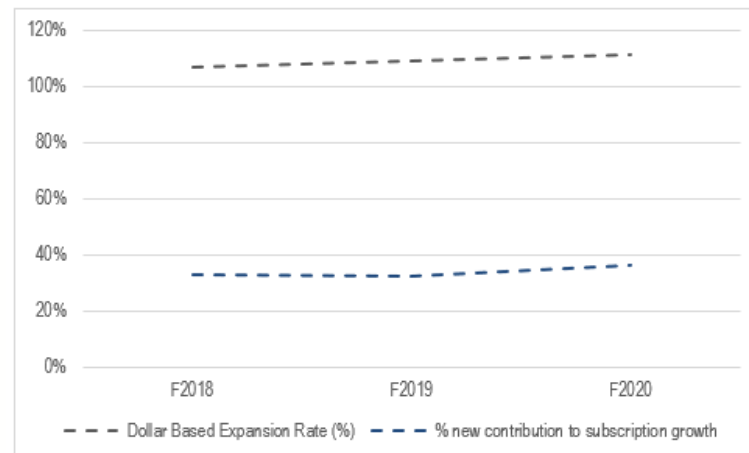
- **Bull case:** A significant uptick in backoffice/financial cloud app adoption is taking place as an improved security/resilience perception along with a clearly defined precedent SaaS ROI and sweeping mega-trends tied to digitization and automation are ushering in a backoffice/financial renaissance.
- **Bear case:** Complexity and some degree of complacency with legacy solutions stalls backoffice/financial cloud adoption, ultimately constraining the TAM and leading to a more niche market opportunity.

	Bear Case		KBCM Case		Bull Case	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Subscription Revenue	\$422	\$486	\$445	\$551	\$473	\$618
% yy	22%	15%	29%	24%	37%	31%
Ending customers	1,621	1,827	1,690	1,990	1,732	2,108
% yy	17%	13%	22%	18%	25%	22%
ARR per customer (000s)	\$280,090	\$282,002	\$288,801	\$299,437	\$303,320	\$322,073
% yy	-4%	1%	-1%	4%	4%	6%
Professional services	\$45	\$63	\$47	\$66	\$48	\$67
Total Revenue	\$466	\$549	\$492	\$617	\$522	\$686
% yy	20%	18%	26%	25%	34%	31%
Gross profit	\$328	\$381	\$351	\$435	\$378	\$490
% gross margin	70%	69%	71%	70%	72%	71%
Total operating expenses	\$311	\$348	\$321	\$382	\$335	\$418
% of revenue	67%	63%	65%	62%	64%	61%
Operating income	\$17	\$33	\$30	\$52	\$43	\$72
% operating margin	4%	6%	6%	9%	8%	11%
Δ yy	-5%	2%	-2%	2%	0%	2%
EV/S Multiple (FY)		20.0x		38.1x		42.8x
Scenario Valuation		\$150		\$320		\$400
<i>Macro</i>	<i>Sustained macro headwinds</i>		<i>Swoosh based re- bound</i>		<i>Swoosh based re- bound</i>	
<i>TAM</i>	<i>SAM << TAM</i>		<i>SAM ~TAM</i>		<i>SAM > TAM</i>	
<i>Coupa Pay</i>	<i>Immaterial benefit</i>		<i>Steady growth</i>		<i>Material contributor</i>	
<i>Unit economics</i>	<i>Economics deteriorates: LTV:CAC ↓</i>		<i>Stable LTV:CAC</i>		<i>Economics improve; LTV:CAC ↑</i>	

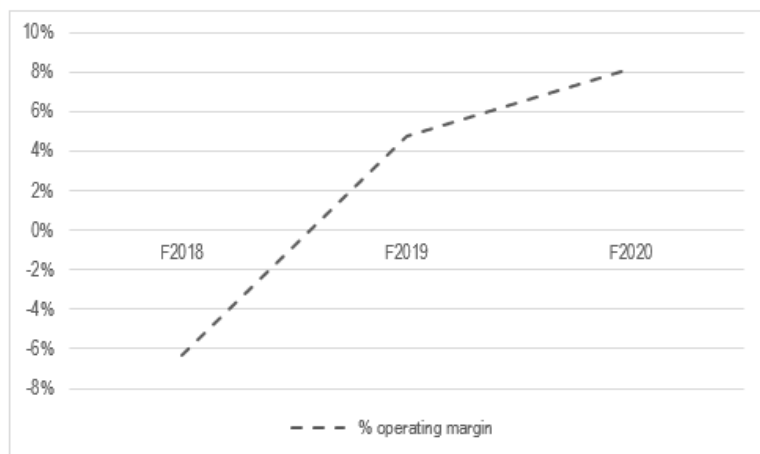
Billings & Subscription Trends (%y/y)



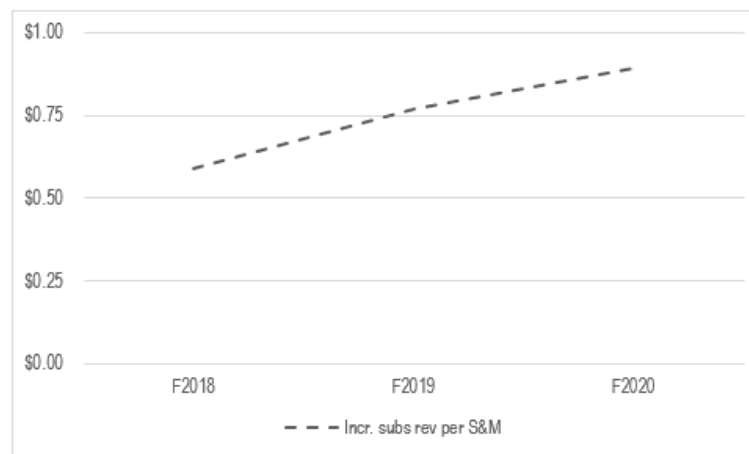
NRR & New Customer Contribution (%)



Operating Margin (%)



Sales Efficiency (\$)

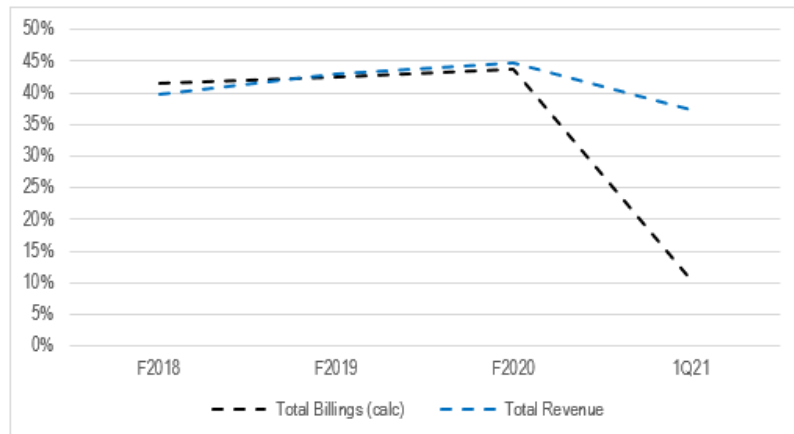


■ Key Debates

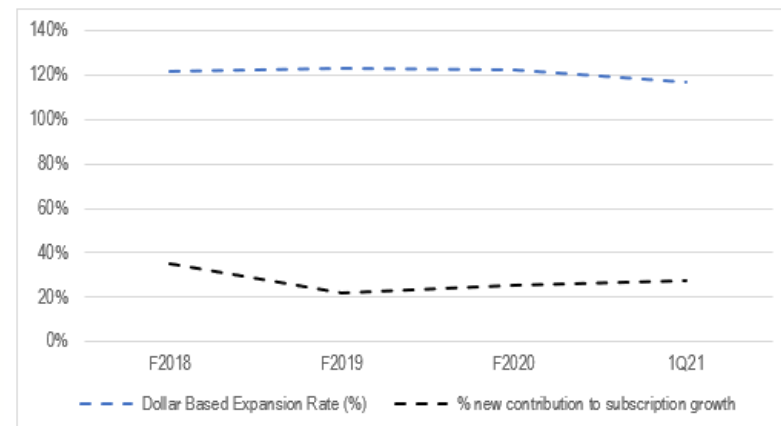
- **No. 1: Does Digital Acceleration elevate the demand for backoffice automation or do disruptive elements subdue demand in the wake of COVID-19?**
 - **Bull case:** As finance and accounting teams look to dynamically update planning and forecasting assumptions, the awareness and consideration of modern, connected cloud-based planning rises.
 - **Bear case:** Disruptive elements shift IT spending toward mission-critical only software solutions, both limiting the potential for x-sell/up-sell and lead to lower consideration from new buyers, dampening both new bookings and NRR trends. Limited travel policies restrict new leads, close rates and implementation cycles, leading to a pro-longed revenue slump.
- **No. 2: Will a re-tuned sales strategy prove successful?**
 - **Bull case:** Sales leadership changes and two clearly defined sub-segments, majors and enterprise, ultimately improves specialization, accountability and sales efficiency.
 - **Bear case:** Sales re-organization can be challenging and lengthy, resulting in a period of diminished productivity, which can negatively impact results and sentiment.
- **No. 3: Can backoffice cloud apps develop into a meaningful SaaS category a la S&M or HCM?**
 - **Bull case:** A significant uptick in backoffice/financial cloud app adoption is taking place as an improved security/resilience perception along with a clearly defined precedent SaaS ROI and sweeping mega-trends tied to digitization and automation are ushering in a backoffice/financial renaissance.
 - **Bear case:** Complexity and some degree of complacency with legacy solutions stalls backoffice/financial cloud adoption, ultimately constraining the TAM and leading to a more niche market opportunity.

	Bear Case		KBCM Case		Bull Case	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Subscription Revenue	\$355	\$383	\$400	\$505	\$411	\$538
% yy	15%	8%	30%	26%	33%	31%
Ending customers	1,405	1,621	1,475	1,775	1,503	1,839
% yy	0%	15%	5%	20%	7%	22%
ARR per customer (000s)	\$253	\$253	\$278	\$311	\$283	\$322
% yy	3%	0%	13%	12%	15%	14%
Professional services	\$32	\$30	\$33	\$32	\$34	\$32
Total Revenue	\$387	\$413	\$433	\$537	\$445	\$571
% yy	11%	7%	24%	24%	28%	28%
Gross profit	\$293	\$318	\$339	\$426	\$355	\$461
% gross margin	76%	77%	78%	79%	80%	81%
Total operating expenses	\$363	\$373	\$395	\$471	\$395	\$486
% of revenue	94%	90%	91%	88%	89%	85%
Operating income	(\$70)	(\$55)	(\$56)	(\$44)	(\$40)	(\$24)
% operating margin	-18%	-13%	-13%	-8%	-9%	-4%
Δ yy	-2%	5%	3%	5%	7%	5%
EV/S Multiple (FY)		7.7x		13.5x		15.1x
Scenario Valuation		\$25		\$55		\$65
Macro	Sustained macro headwinds		Swoosh based re- bound		Swoosh based re- bound	
TAM	SAM << TAM		SAM ~ TAM		SAM > TAM	
Competition	Intense competition; sales cycle ↑		Benign impact; sales cycle ↔		Benign impact; sales cycle ↓	
Unit economics	Economics deteriorates: LTV:CAC		Stable LTV:CAC		Economics improve; LTV:CAC ↑	

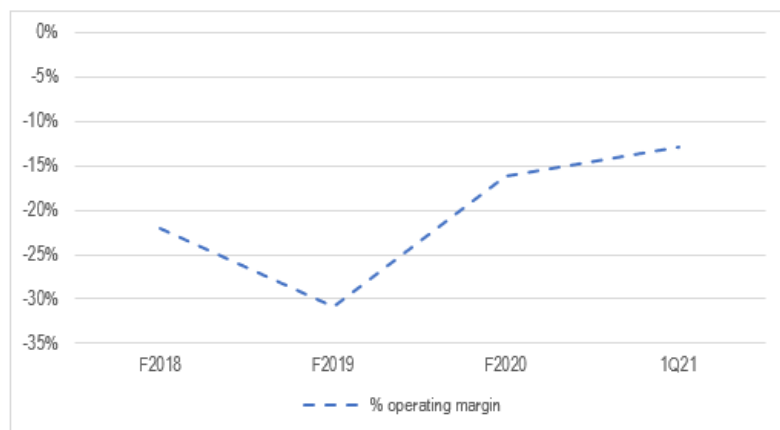
Billings & Revenue Trends (%y/y)



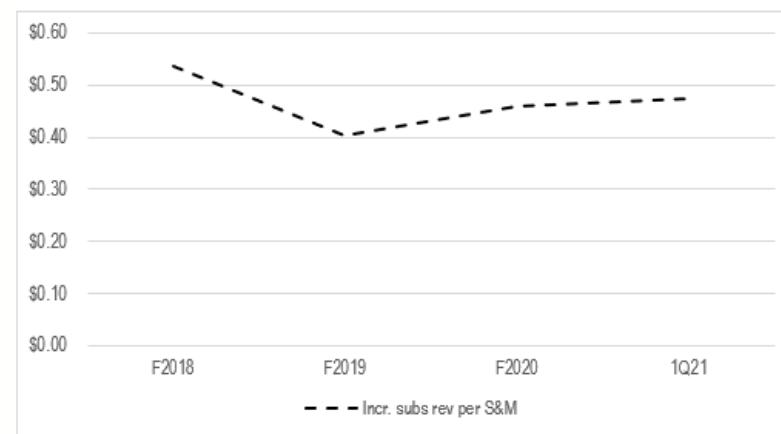
NRR & New Customer Contribution (%)



Operating Margin (%)



Sales Efficiency (\$)



Valuation: Comparables & Risks

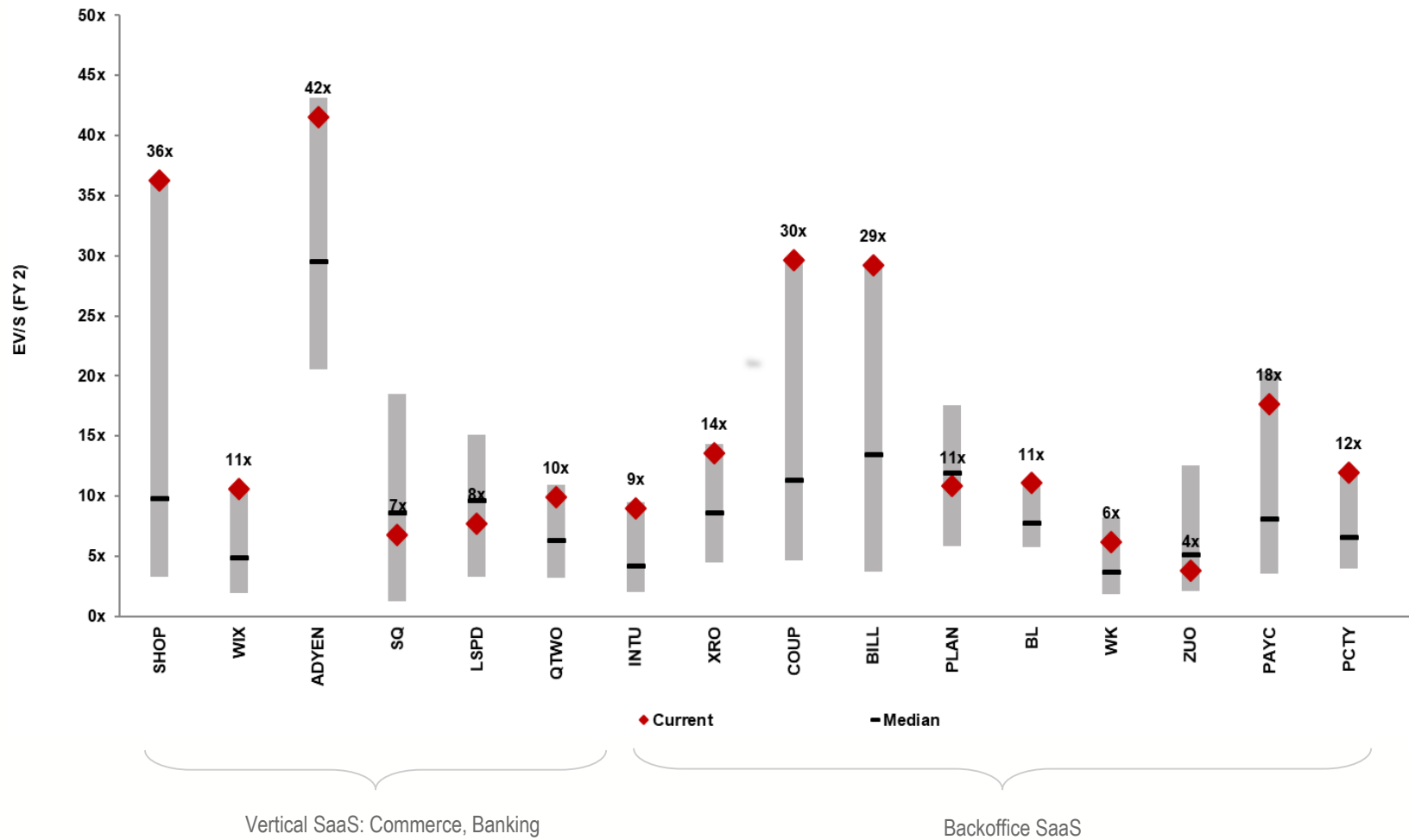
Valuation Comparables: Vertical & Backoffice SaaS

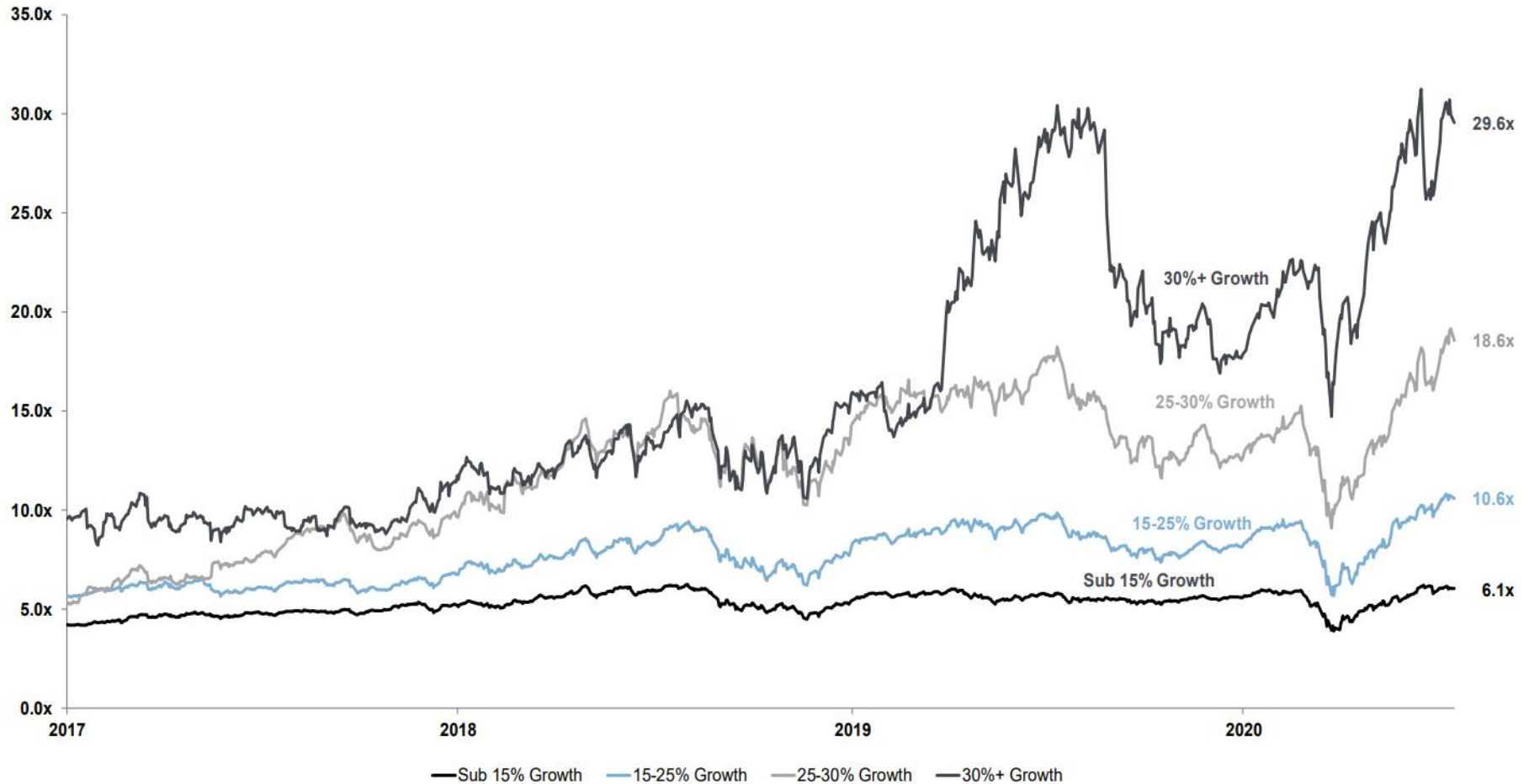
36

		Recent Price	Market Cap (B)	Enter. Value (B)	2020E Rev %/Y/Y	2021E Rev %/Y/Y	2020E FCF / Rev	2021E FCF / Rev	2020E EV / Sales	2021E EV / Sales	2020E EV / S / Growth	2021E EV / S / Growth	Rule of 40	YTD %
Vertical & Backoffice SaaS														
SHOP.K	Shopify	\$949.20	\$107.3	\$105.0	40%	34%	-3%	5%	48x	36x	1.2x	1.0x	36%	139%
INTU.O	Intuit	\$296.19	\$78.2	\$74.6	9%	9%	30%	30%	10x	9x	1.1x	1.0x	39%	13%
SQ	Square	\$104.94	\$48.9	\$47.5	135%	25%	4%	10%	9x	7x	0.1x	0.3x	139%	68%
ADYEN.AS	Adyen	€ 1,295.50	€ 39.7	€ 38.0	26%	43%	44%	45%	61x	42x	2.3x	1.0x	70%	77%
PAYC.K	Paylocity	\$309.73	\$18.1	\$17.9	12%	19%	16%	20%	22x	18x	1.8x	1.0x	29%	17%
COUP.O	Coupa Software	\$277.04	\$19.9	\$19.7	30%	26%	10%	10%	41x	33x	1.3x	1.3x	40%	89%
WIX.O	Wix.Com	\$256.22	\$15.6	\$15.0	26%	24%	17%	17%	16x	13x	0.6x	0.5x	43%	109%
XRO.AX	Xero	A\$90.11	\$12.9	\$12.8	18%	18%	11%	12%	17x	14x	0.9x	0.8x	29%	13%
PCTY.O	Paycom	\$145.89	\$8.1	\$7.9	15%	17%	15%	14%	13x	11x	0.9x	0.7x	30%	21%
BILL.K	Bill.com	\$90.21	\$7.3	\$7.0	28%	24%	-19%	-17%	43x	34x	1.5x	1.5x	9%	137%
PLAN.K	Anaplan	\$45.31	\$6.0	\$5.7	26%	25%	-7%	-3%	13x	11x	0.5x	0.4x	19%	-14%
CSOD.O	Cornerstone	\$38.56	\$5.1	\$4.9	31%	22%	11%	23%	7x	5x	0.2x	0.2x	42%	-34%
BL.O	Blackline	\$82.91	\$4.9	\$4.7	18%	19%	6%	9%	14x	12x	0.8x	0.6x	24%	61%
QTWO.K	Q2 Holdings	\$85.79	\$4.0	\$4.3	25%	23%	-5%	2%	11x	9x	0.4x	0.4x	20%	6%
LSPD.TO	Lightspeed POS (CAD)	C\$32.43	C\$2.8	C\$2.6	28%	45%	-21%	-17%	13x	9x	0.5x	0.2x	7%	-10%
WK	Workiva	\$53.49	\$2.5	\$2.3	15%	15%	3%	5%	7x	6x	0.5x	0.4x	18%	27%
ZUO	Zuora	\$12.75	\$0.6	\$0.4	8%	12%	-11%	-4%	1x	1x	0.2x	0.1x	-3%	-11%
CDLX.O	Cardlytics	\$69.98	\$2.0	\$1.9	-9%	48%	-8%	2%	10x	7x	NM	0.1x	-17%	11%
Average					27%	25%	5%	9%	20x	15x	0.9x	0.6x	32%	40%

Historical Performance: Peak vs. Trough

37



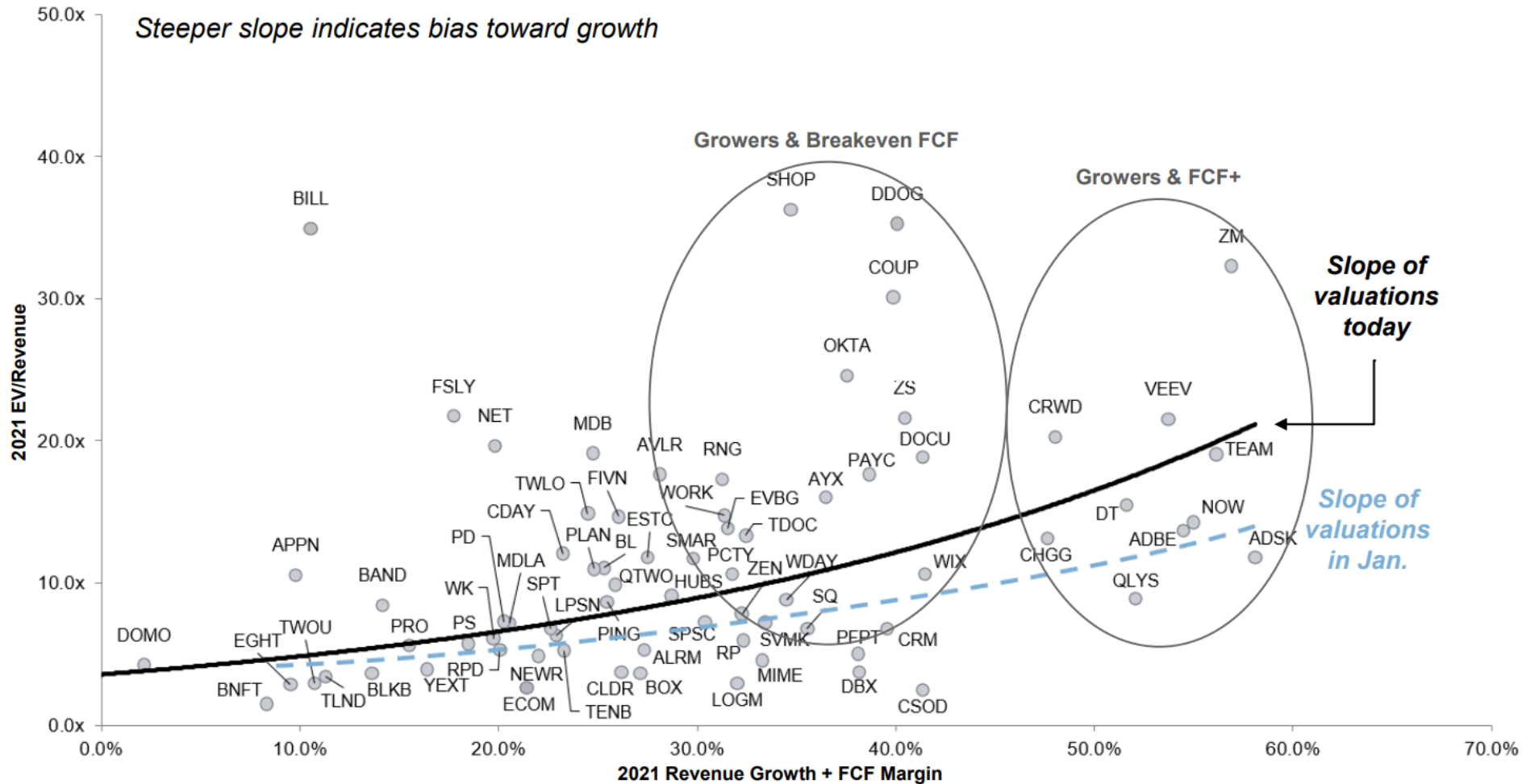


N=120 includes the following tickers: ADBE, ADSK, ALRM, ANSS, APPF, APPN, AVLR, AYX, AZPN, BAND, BILL, BL, BLKB, BNFT, BOX, CDAY, CDNS, CHKP, CLDR, COUP, CRM, CRWD, CSLT, CSOD, CTXS, CVLT, CYBR, DBX, DDOG, DOCU, DOMO, DT, ECOM, EGHT, ESTC, EVBG, FEYE, FFIV, FIVN, FSCT, FSLY, FTNT, GDDY, GWRE, HUBS, INTU, LOGM, LPSN, MANH, MDB, MDLA, MIME, MOBL, MODN, MSFT, MTLN, NET, NEWR, NICE, NLOK, NOW, NTNX, NUAN, OKTA, ORCL, OTEX, PANW, PAYC, PCTY, PD, PEGA, PFPT, PING, PLAN, PRGS, PRO, PS, PTC, QLYS, QWON, RING, RP, RPD, SAIL, SAP, SCWX, SHOP, SMAR, SNPS, SPLK, SPSC, SPT, SQ, SVMK, SWI, TDC, TDOC, TEAM, TENB, TLND, TRMB, TUFN, TWLO, TWOU, TYL, VEEV, VG, VMW, VRNS, VRNT, VRSN, WDAY, WIX, WK, WORK, YEXT, ZEN, ZM, ZS, ZUO

Source: Thomson Reuters

Note: Prices as of close June 29, 2020.

For recent IPOs, some share counts that are pulled from Thomson may lag for a period of time relative to the current fully diluted share count projection



N=75 includes the following tickers: ADBE, ADSK, ALRM, APPN, AVLR, AYX, BAND, BILL, BL, BLKB, BNFT, BOX, CDAY, CHGG, CLDR, COUP, CRM, CRWD, CSLT, CSOD, DBX, DDOG, DOCU, DOMO, DT, ECOM, EGHT, ESTC, EVBG, FIVN, FSLY, HUBS, LOGM, LPSN, MDB, MDLA, MIME, NET, NEWR, NOW, OKTA, PAYC, PCTY, PD, PEPT, PING, PLAN, PRO, PS, QLYS, QTWO, RNG, RP, RPD, SHOP, SMAR, SPSC, SPT, SQ, SVMK, TDOC, TEAM, TENB, TLND, TWLO, TWOU, VEEV, WDAY, WIX, WK, WORK, YEXT, ZEN, ZM, ZS.

■ Risks to Achieving Our Price Target

- BL:** Market and macroeconomic risks, including COVID-19 risks, could interfere with the realization of this price target and our estimates for the Company, as could company-specific risks, including, but not limited to: competition with potential new entrants including ERP vendors; integration of the Runbook acquisition; a delay in the return to profitability and cash generation; a security breach of highly sensitive customer data; and a reduction in potential users without a commensurate rise in revenue potential per user, which would result in a lower TAM.
- COUP:** Market and macroeconomic risks, including COVID-19 risks, could impede the stock from achieving our price target around strong fundamental prospects, as could company-specific risks, including, but not limited to: competition with legacy procurement software, manual paper processes, and specific point solutions across the procure-to-payment; heavy upfront sales and marketing; high exposure to third parties (e.g., software consultants, system integrators, implementation partners, and technology partners); and a security breach could expose customers' information.
- PLAN:** Market and macroeconomic risks, including COVID-19 risks, could impede the stock from achieving our estimates and price target despite strong fundamental prospects, as could company-specific risks, including, but not limited to: competition with manual do-it-yourself solutions, point solutions, and legacy solutions; heavy upfront sales and marketing expenses; a high exposure to third parties (e.g., consultants, system integrators, implementation partners, and technology partners); and a security breach that could expose customer information.

KBCM Events

We are pleased to have hosted the following companies at our conference, field trip, or non-deal roadshow events.



We are excited to announce our inaugural Future of Technology Series. This virtual event will gather leaders from today's most relevant technology names and take a thematic approach toward exploring the market shifts, particularly in light of an increase in digital acceleration, remote work, deglobalization, and changing consumer consumption habits.

Our event will feature ~six weeks of highly differentiated content between August 3 to September 18 designed to identify meaningful secular change and spot major inflection points within the rapidly evolving technology landscape, aiding the II-VCPE investment process. Formats during our event include fireside chats, company and panel presentations, and curated 1:1 and small group meetings. *If you have any questions, please contact your KeyBanc Capital Markets representative.*



The Technology Leadership Forum features two full days of keynotes, presentations, panels, spotlight sessions, and workshops on salient topics across several sectors. The event has attracted a marquee set of investors through 20+ years of tech thought leadership. 100+ public companies and many up and coming private companies participated at our Vail conference with topics including: cloud, DevOps, internet, consumer technologies, FinTech, AI, services, and semiconductors.

Participating Vertical SaaS, Backoffice & FinTech companies included as Betterment, BlueSnap, Brex, Cardlytics (CDLX), Freshbooks, Personal Capital, olo, Restaurant 365, ShopKeep, SumUp, Wix (WIX).



More than 200 public and private companies presented either individually or in one of our over 30 panel discussions, at our 15th Annual KBCM Emerging Technology Summit. Commentary highlighted the expanding role of technology and its growing impact on nearly every industry. The conference featured presentations with days dedicated to SaaS, FinTech, Cloud, Infrastructure, DevOps & Security; Internet, Consumer Technologies, Artificial Intelligence & Services; Healthcare Software; and Industrial Tech.

Participating Vertical SaaS, Backoffice & FinTech companies included Bill.com (BILL), AvidXchange, Tipalti, MineralTree, Kabbage, Betterment, Brex, FreshBooks, Restaurant365, SumUp, Marqeta, Finix, Bond, Ripple, Sphere Commerce.

Models

PLAN Income Statement <i>Figures in \$Ms; FY ends Jan 31</i>	1Q20 Apr	2Q20 Jul	3Q20 Oct	4Q20 Jan	F2020 CY2019	1Q21 Apr	2Q21E Jul	3Q21E Oct	4Q21E Jan	F2021E CY2020E	1Q22E Apr	2Q22E Jul	3Q22E Oct	4Q22E Jan	F2022E CY2021E
KPIs: Customers															
Est. Customers % yy	1,150+ 29%	1,250 28%	1,300+ 30%	1,400+ 27%	1,400 27%	1,400 22%	1,425 14%	1,450 12%	1,475 5%	1,475 5%	1,550 11%	1,625 14%	1,700 17%	1,775 20%	1,775 20%
Billings															
Billings % yy	\$87 57%	\$89 46%	\$114 59%	\$126 25%	\$417 44%	\$96 10%	\$100 12%	\$129 13%	\$142 13%	\$468 12%	\$138 44%	\$133 33%	\$158 23%	\$158 11%	\$588 26%
Revenue															
Total Revenue % yy	\$76 47%	\$85 46%	\$89 44%	\$98 42%	\$348 45%	\$104 37%	\$104 22%	\$108 21%	\$117 19%	\$433 24%	\$125 20%	\$127 23%	\$135 25%	\$149 27%	\$537 24%
Subscription Revenue % yy % mix	\$65 45% 86%	\$74 48% 87%	\$80 47% 89%	\$90 50% 91%	\$308 48% 88%	\$94 44% 90%	\$95 29% 92%	\$101 26% 93%	\$110 23% 94%	\$400 30% 92%	\$116 23% 92%	\$119 26% 94%	\$128 27% 95%	\$143 29% 96%	\$505 26% 94%
Professional services % yy	\$11 62%	\$11 33%	\$10 27%	\$9 -9%	\$40 25%	\$10 -5%	\$9 -22%	\$8 -23%	\$7 -20%	\$33 -17%	\$10 -5%	\$8 -5%	\$7 -5%	\$7 -5%	\$32 -5%
Gross Profit															
Gross profit % gross margin	\$55 72.9%	\$63 75.0%	\$68 76.4%	\$76 77.2%	\$263 75.5%	\$81 77.5%	\$80 77.5%	\$85 78.5%	\$93 79.3%	\$339 78.3%	\$98 77.9%	\$101 79.0%	\$108 79.8%	\$120 80.5%	\$426 79.4%
Subscription gross profit % Subscription GM	\$54 83.7%	\$62 84.4%	\$67 84.6%	\$76 84.5%	\$260 84.3%	\$80 84.9%	\$80 84.0%	\$84 84.0%	\$93 84.0%	\$337 84.2%	\$97 84.0%	\$100 84.0%	\$108 84.0%	\$120 84.0%	\$425 84.0%
Professional Services gross profit % Services GM	\$1 7.0%	\$1 11.8%	\$1 9.2%	\$0 3.1%	\$3 8.0%	\$1 10.0%	\$0 5.0%	\$0 5.0%	\$0 5.0%	\$2 6.5%	\$0 5.0%	\$0 5.0%	\$0 5.0%	\$0 5.0%	\$2 5.0%
Operating Profit															
Total operating expenses % yy % of revenue	\$75 24% 99%	\$80 36% 95%	\$77 21% 86%	\$87 32% 88%	\$319 28% 92%	\$94 25% 90%	\$96 20% 93%	\$100 29% 92%	\$106 22% 90%	\$395 24% 91%	\$110 17% 88%	\$113 17% 88%	\$119 20% 88%	\$129 22% 86%	\$471 19% 88%
EBIT % EBIT margin	(\$20) -26%	(\$17) -20%	(\$9) -10%	(\$11) -11%	(\$57) -16%	(\$13) -13%	(\$16) -15%	(\$15) -14%	(\$13) -11%	(\$56) -13%	(\$12) -10%	(\$12) -9%	(\$11) -8%	(\$9) -6%	(\$44) -8%
EPS															
Non-GAAP EPS	(\$0.16)	(\$0.12)	(\$0.08)	(\$0.07)	(\$0.51)	(\$0.10)	(\$0.12)	(\$0.11)	(\$0.09)	(\$0.43)	(\$0.09)	(\$0.09)	(\$0.08)	(\$0.06)	(\$0.32)

BL Income Statement <i>Figures in \$Ms; FY ends Jan 31</i>	1Q19 Mar	2Q19 Jun	3Q19 Sep	4Q19 Dec	2019	1Q20 Mar	2Q20E Jun	3Q20E Sep	4Q20E Dec	2020E	1Q21E Mar	2Q21E Jun	3Q21E Sep	4Q21E Dec	2021E
KPIs: Customers															
Est. Customers % yy	2,707 18%	2,813 17%	2,871 15%	3,024 15%	3,024 15%	3,056 13%	3,106 10%	3,156 10%	3,206 6%	3,206 6%	3,251 6%	3,296 6%	3,341 6%	3,386 6%	3,386 6%
Billings															
Subscription Billings (calc) % yy	\$65 18%	\$77 30%	\$70 23%	\$93 32%	\$306 26%	\$76 16%	\$91 18%	\$86 23%	\$105 13%	\$358 17%	\$103 36%	\$102 12%	\$107 24%	\$114 9%	\$426 19%
Revenue															
Total Revenue % yy	\$64 25%	\$70 26%	\$75 28%	\$80 29%	\$289 27%	\$83 29%	\$81 16%	\$85 13%	\$89 11%	\$337 17%	\$96 17%	\$96 19%	\$100 18%	\$108 21%	\$401 19%
Subscription & Support % yy % mix	\$61 26% 96%	\$66 25% 95%	\$70 25% 94%	\$75 26% 93%	\$272 25% 94%	\$77 26% 93%	\$77 17% 96%	\$81 15% 96%	\$85 14% 96%	\$321 18% 95%	\$93 20% 96%	\$92 19% 96%	\$97 19% 96%	\$104 23% 97%	\$386 20% 96%
Professional services % yy	\$3 7%	\$4 49%	\$5 80%	\$5 98%	\$17 59%	\$6 95%	\$4 -3%	\$4 -19%	\$4 -27%	\$17 2%	\$4 -33%	\$4 7%	\$4 0%	\$4 -6%	\$15 -11%
Gross Profit															
Gross profit % gross margin	\$53 82.8%	\$58 82.7%	\$62 83.1%	\$67 83.0%	\$240 82.9%	\$68 82.4%	\$68 83.5%	\$71 83.4%	\$74 83.3%	\$281 83.2%	\$81 83.9%	\$81 83.9%	\$84 84.0%	\$91 84.3%	\$337 84.0%
Subscription gross profit % Subscription GM	\$53 86.6%	\$57 86.8%	\$61 87.1%	\$65 87.5%	\$237 87.0%	\$67 87.2%	\$68 87.2%	\$71 87.2%	\$74 87.2%	\$279 87.2%	\$81 87.2%	\$81 87.2%	\$84 87.2%	\$91 87.2%	\$337 87.2%
Professional Services gross profit % Services GM	\$0 2.4%	\$0 6.7%	\$1 21.9%	\$1 22.0%	\$3 15.3%	\$1 15.8%	\$0 2.5%	\$0 2.5%	\$0 2.5%	\$1 6.9%	\$0 2.5%	\$0 2.5%	\$0 2.5%	\$0 2.5%	\$0 2.5%
Operating Profit															
Total operating expenses % yy % of revenue	\$53 25% 82%	\$52 14% 75%	\$58 31% 77%	\$61 21% 76%	\$223 23% 77%	\$64 22% 78%	\$62 18% 76%	\$66 14% 77%	\$69 13% 77%	\$260 16% 77%	\$76 18% 79%	\$73 18% 76%	\$77 18% 77%	\$81 18% 75%	\$306 18% 76%
EBIT % EBIT margin	\$0 0.6%	\$5 7.6%	\$5 6.1%	\$6 7.5%	\$16 5.6%	\$4 4.6%	\$6 7.4%	\$5 6.3%	\$6 6.3%	\$21 6.2%	\$5 5.3%	\$8 8.4%	\$7 7.2%	\$10 9.4%	\$31 7.6%
EPS															
Non-GAAP EPS	\$0.02	\$0.10	\$0.12	\$0.14	\$0.38	\$0.10	\$0.11	\$0.10	\$0.11	\$0.43	\$0.09	\$0.14	\$0.12	\$0.17	\$0.52

COUP Income Statement <i>Figures in \$Ms; FY ends Jan 31</i>	1Q20 Apr	2Q20 Jul	3Q20 Oct	4Q20 Jan	F2020 CY2019	1Q21 Apr	2Q21E Jul	3Q21E Oct	4Q21E Jan	F2021E CY2020E	1Q22E Apr	2Q22E Jul	3Q22E Oct	4Q22E Jan	F2022E CY2021E
KPIs: SUM, Customers															
Cumulative Spend Under Management (\$B)	\$1,198	\$1,300	\$1,450	\$1,655	\$1,655	\$1,800	NM	NM	NM	\$2,361	NM	NM	NM	NM	\$3,168
% yy	61%	55%	54%	53%	53%	50%	NM	NM	NM	43%	NM	NM	NM	NM	34%
Customers	1,000	NM	NM	1,390	1,390	NM	NM	NM	NM	1,690	NM	NM	NM	NM	1,990
% yy	NM	NM	NM	41%	41%	NM	NM	NM	NM	22%	NM	NM	NM	NM	18%
Billings															
Billings	\$75	\$108	\$105	\$181	\$469	\$102	\$115	\$124	\$205	\$546	\$119	\$148	\$156	\$281	\$704
% yy	50%	57%	54%	42%	49%	36%	7%	18%	14%	17%	17%	29%	25%	37%	29%
Revenue															
Total Revenue	\$81	\$95	\$102	\$111	\$390	\$119	\$118	\$122	\$132	\$492	\$141	\$146	\$153	\$176	\$617
% yy	44%	54%	51%	49%	50%	47%	25%	20%	19%	26%	18%	24%	26%	33%	25%
Subscription Revenue	\$73	\$83	\$90	\$99	\$345	\$106	\$107	\$111	\$121	\$445	\$128	\$131	\$136	\$156	\$551
% yy	46%	51%	49%	46%	48%	45%	29%	23%	23%	29%	21%	22%	23%	29%	24%
% mix	90%	88%	89%	89%	89%	89%	91%	91%	91%	90%	90%	89%	89%	89%	89%
Services Revenue	\$8	\$12	\$12	\$13	\$44	\$13	\$11	\$11	\$12	\$47	\$14	\$16	\$18	\$20	\$66
% yy	31%	86%	68%	74%	65%	61%	-6%	-3%	-10%	6%	0%	41%	56%	70%	40%
Gross Profit															
Gross profit	\$59	\$69	\$73	\$81	\$283	\$88	\$83	\$86	\$94	\$351	\$100	\$103	\$108	\$124	\$435
% gross margin	72.6%	72.7%	72.1%	73.0%	72.6%	73.6%	70.5%	70.5%	71.0%	71.4%	71.0%	70.5%	70.1%	70.4%	70.5%
Subscription gross profit	\$59	\$68	\$73	\$80	\$280	\$86	\$84	\$87	\$95	\$351	\$100	\$103	\$107	\$123	\$433
% Subscription GM	81.0%	81.3%	80.9%	81.2%	81.1%	80.9%	78.2%	78.2%	78.2%	78.8%	78.3%	78.5%	78.8%	78.9%	78.6%
Services gross profit	(\$0)	\$1	\$0	\$1	\$3	\$2	(\$1)	(\$1)	(\$1)	\$1	\$0	\$0	\$0	\$0	\$2
% Services GM	-1.1%	10.7%	3.3%	10.4%	6.4%	16.7%	-5.0%	-5.0%	-5.0%	1.2%	2.5%	2.5%	2.5%	2.5%	2.5%
Operating Profit															
Total operating expenses	\$57	\$64	\$62	\$68	\$251	\$73	\$78	\$82	\$88	\$321	\$90	\$92	\$96	\$105	\$382
% yy	40%	53%	42%	31%	41%	28%	21%	33%	29%	28%	23%	18%	17%	19%	19%
% of revenue	70%	68%	61%	61%	64%	61%	66%	67%	66%	65%	64%	63%	63%	59%	62%
Operating income	\$2	\$5	\$12	\$13	\$32	\$15	\$6	\$4	\$6	\$30	\$10	\$11	\$11	\$19	\$52
% operating margin	2.7%	5.1%	11.3%	12.0%	8.2%	12.5%	4.8%	3.1%	4.5%	6.2%	7.4%	7.7%	7.5%	11.0%	8.5%
EPS															
Non-GAAP EPS	\$0.03	\$0.07	\$0.20	\$0.21	\$0.51	\$0.20	\$0.07	\$0.04	\$0.07	\$0.38	\$0.13	\$0.14	\$0.14	\$0.24	\$0.64

Disclosure Appendix

Important Disclosures

Coupa Software Incorporated - COUP

We expect to receive or intend to seek compensation for investment banking services from Coupa Software Incorporated within the next three months.

As of the date of this report, we make a market in Coupa Software Incorporated.

BlackLine, Inc. - BL

We have managed or co-managed a public offering of securities for BlackLine, Inc. within the past 12 months.

BlackLine, Inc. is an investment banking client of ours.

We have received compensation for investment banking services from BlackLine, Inc. during the past 12 months.

We expect to receive or intend to seek compensation for investment banking services from BlackLine, Inc. within the next three months.

As of the date of this report, we make a market in BlackLine, Inc.

Anaplan, Inc. - PLAN

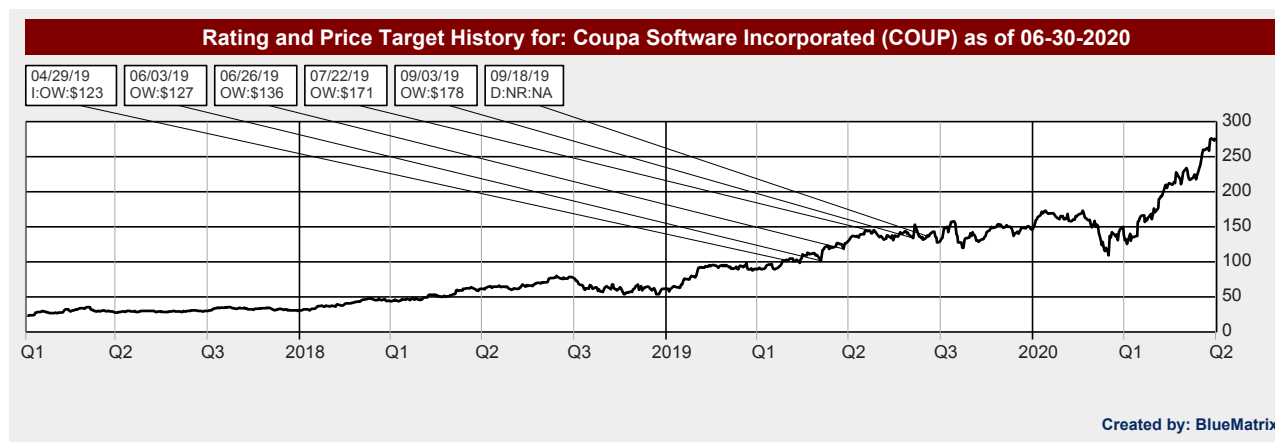
We expect to receive or intend to seek compensation for investment banking services from Anaplan, Inc. within the next three months.

As of the date of this report, we make a market in Anaplan, Inc.

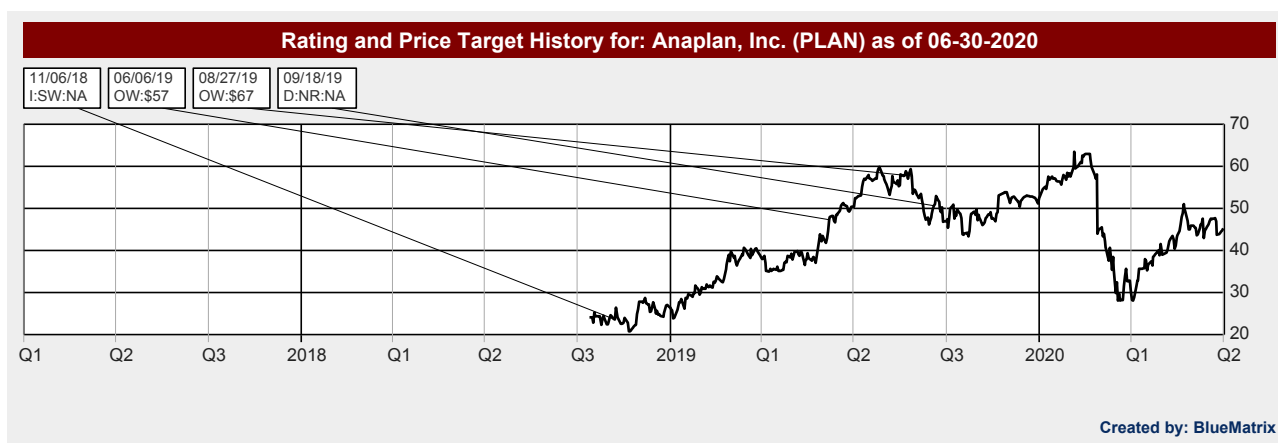
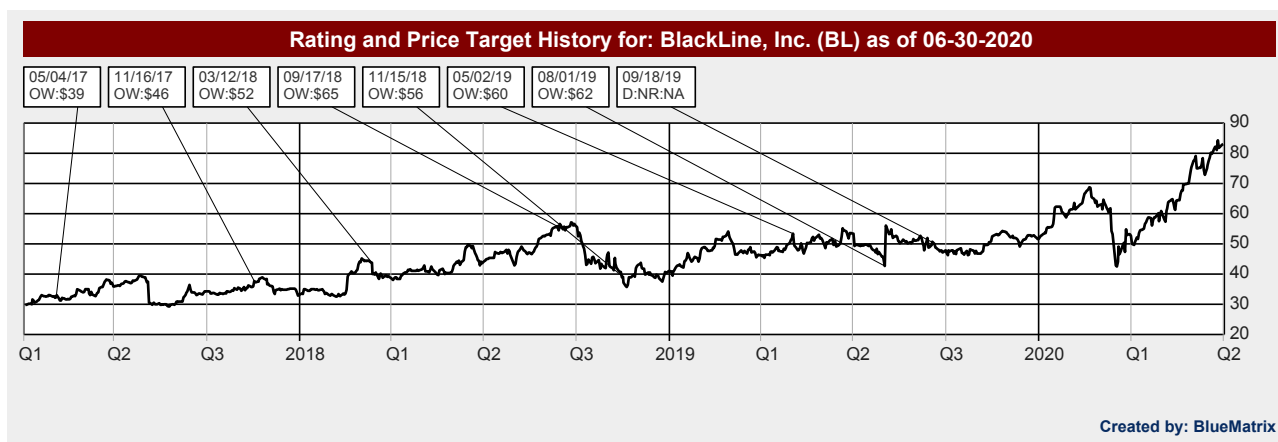
Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that: (1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Three-Year Rating and Price Target History



Disclosure Appendix (cont'd)



Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector									
KeyBanc Capital Markets					Technology				
Rating	Count	Percent	IB Serv/Past 12 Mos.		Rating	Count	Percent	IB Serv/Past 12 Mos.	
			Count	Percent				Count	Percent
Overweight [OW]	245	45.45	58	23.67	Overweight [OW]	76	52.41	18	23.68
Sector Weight [SW]	279	51.76	50	17.92	Sector Weight [SW]	69	47.59	8	11.59
Underweight [UW]	15	2.78	2	13.33	Underweight [UW]	0	0.00	0	0.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at [https://key2.bluematrix.com/sellside/ Disclosures.action](https://key2.bluematrix.com/sellside/Disclosures.action).

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBank Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBank Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBank Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.