



COUP: Coupa Pay Deep Dive – Early Innings of \$500M Payments Opportunity

Vertical Software & FinTech

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- c) Financial Model
- d) SoTP

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- b) Network Effects
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Coupa Pay Opportunity: KBCM believes Coupa is well positioned to monetize a substantial portion of the ~\$0.5T of annual spend taking place on the Coupa platform. Coupa has established a strong foothold across the B2B payments sequence (PR/requisition -> PO/order -> Invoice/match -> Payment) and is uniquely positioned to aggregate a highly fragmented set of systems across purchasing, invoicing, ERP, and payment/banking systems. Currently, we believe Coupa Pay is in a nascent “adoption phase” provided multiyear enterprise ramps, and while we only expect a LSD % of revenue contribution in the NT (perhaps below expectations), we see the potential for a strong DD contribution in the LT (likely above expectations) as the “monetization phase” ensues and product usage rises.

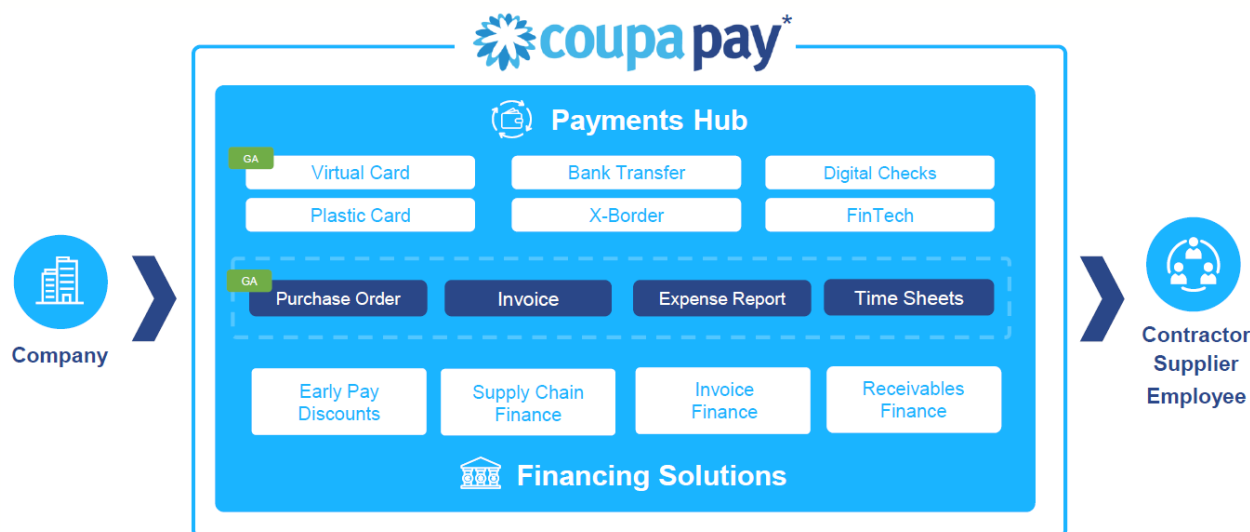
Buy Key Idea COUP: We Believe Coupa Pay Could Approach \$500M of Revenue LT and Add \$100 per Share (~\$7B of Market Cap). Following our Coupa Pay deep dive, we walk away more constructive on Coupa’s LT opportunity to monetize payments provided: 1) the Company’s highly strategic position within B2B payments value chain; 2) positive customer feedback (e.g., Nike, Slack, banking executive channel check); and 3) accelerating momentum (customer adoption accelerated materially in the last six months doubling the pace of net adds). In particular, we outline a scenario where Coupa Pay could generate ~\$500M of revenue by FY25 based upon ~1K customers (>33% adoption), \$200B+ of Coupa Pay TPV, and ~50%+ of revenue being generated from transactional sources (e.g., Virtual Card). On a SoTP basis, we believe Coupa Pay could be worth \$100 per share or ~\$7B of market cap based on a mid-teens P/S multiple. We raise our COUP price target to \$400 based on 37x FY23/CY22 EV/S due to increased confidence in Coupa Pay, which is supported by a DCF that contemplates a high-20s revenue growth rate and EBIT margins at the 30%+ level over the next decade.

Coupa Pay Bottom-Up Model: Based on our B2B and FinTech industry knowledge and conversations with industry contacts, we have built a 100+ line bottom-up Coupa Pay model based on a number of assumptions: customer adoption including attach rate from new customers, TPV per customer, detailed transaction volumes and take rates across invoicing, virtual cards, x-border, detailed financial-related volumes and take rates across accelerated payments, supply chain financing, and invoice financing and software ARR. *Please ask your KBCM representative for a copy of our model.*

B2B Payments Industry: We outline in detail the value chain, network effects, TPV, and revenue TAM for the B2B payments sector.

Coupa Pay

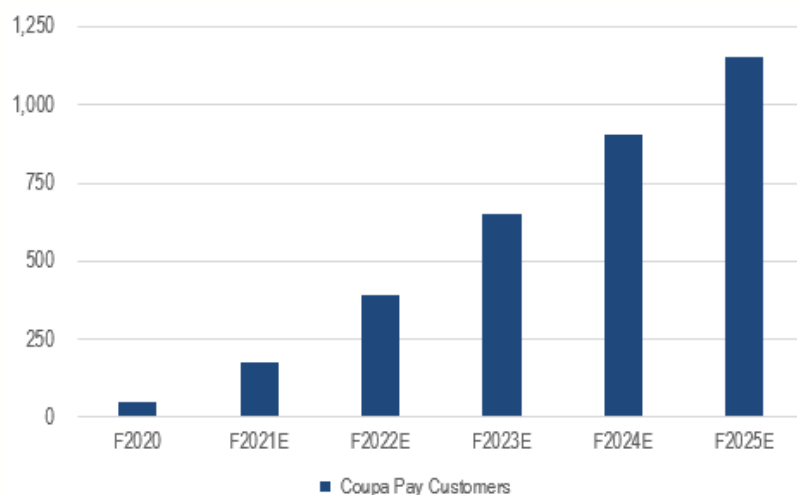
Announced in 2018, Coupa Pay enables customers (i.e., buyers) to manage the end-to-end process from the point that a customer decides to procure goods or services all the way through the remittance of payment to the end supplier, effectively aggregating a high fragmented set of manual process across siloed payment and banking systems into one cloud-based, unified platform. The offering has expanded since launch into a fully featured payments and financing (i.e., accelerated payments) platform building upon Coupa's historic strength and presence procurement, invoicing and expenses that in aggregate see ~\$0.5T of payments flows annually. The benefits of Coupa Pay adoption include automated payments and reconciliation, reduced fraud and errors, labor efficiency, and working capital gains.



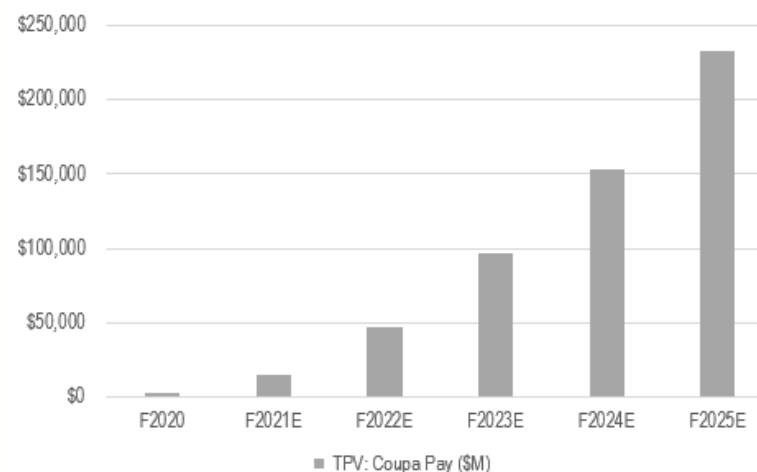
Coupa Pay Model Build

We outline a scenario where Coupa Pay could grow to ~1K customers (>33% adoption) or ~7x the most recently disclosed figure and ~\$200B+ of Coupa Pay TPV.

Coupa Pay: Customer Forecast



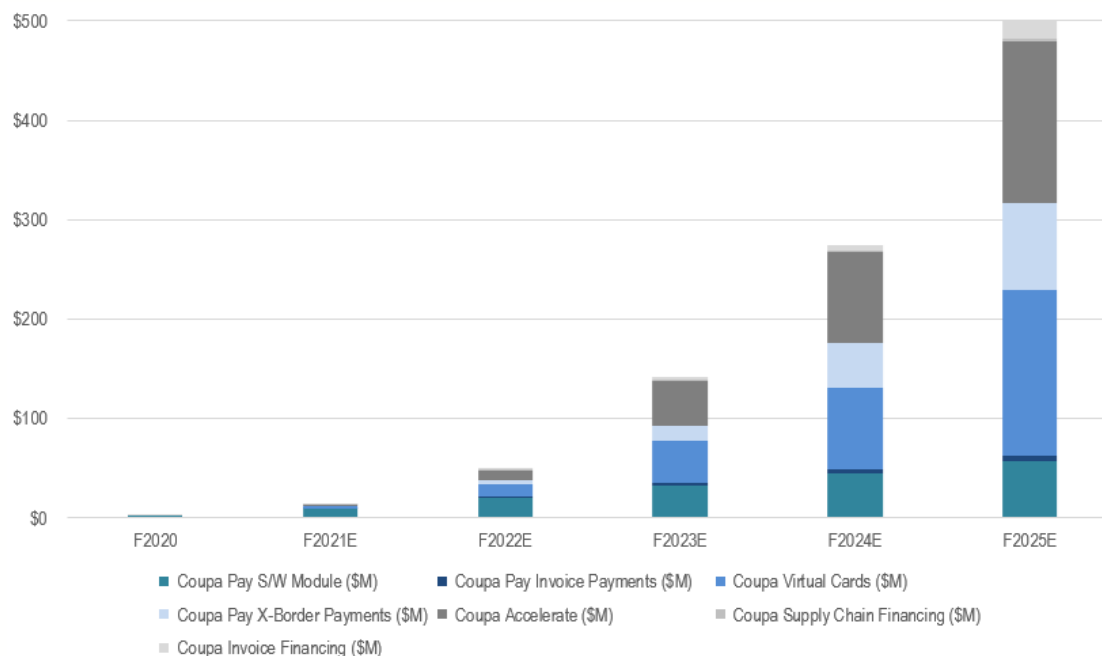
Coupa Pay: TPV (\$M) Forecast



Coupa Pay Model Build

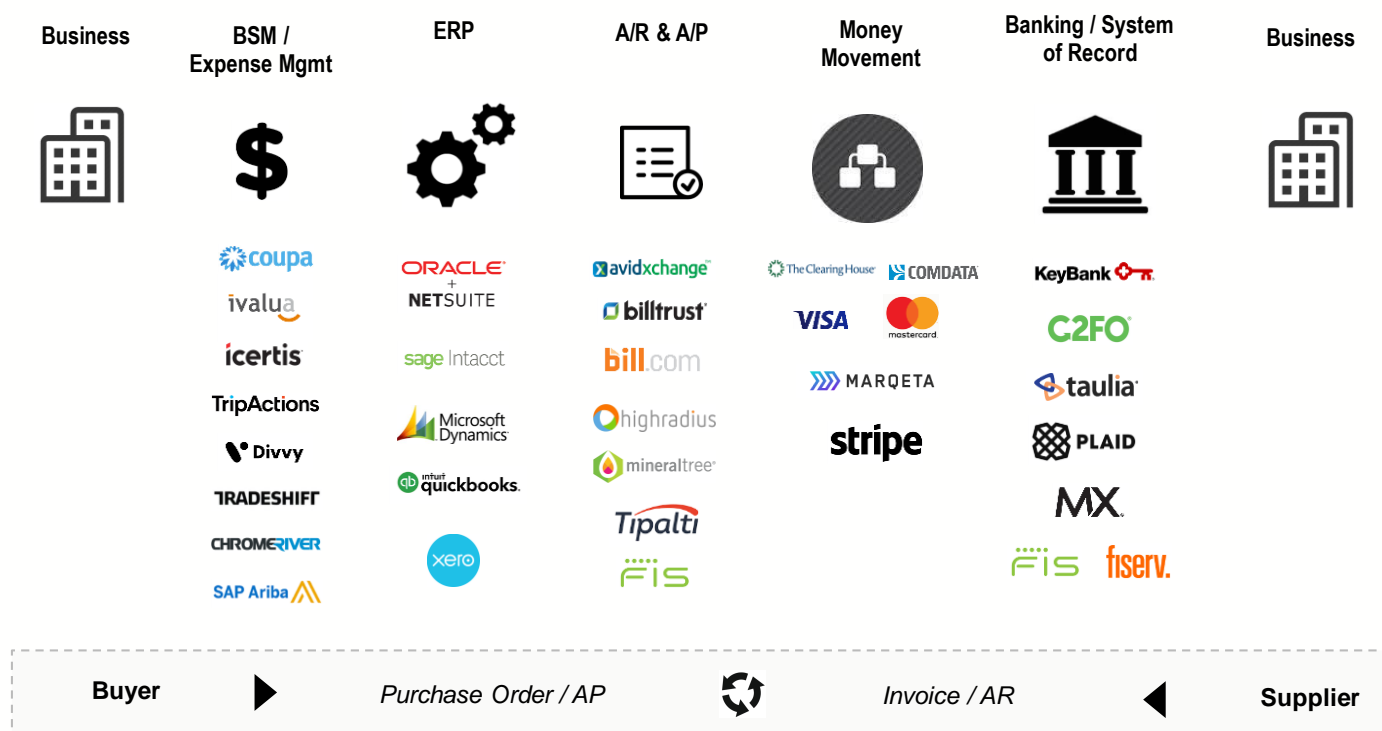
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Coupa Pay: Revenue (\$M) Forecast



Industry Overview

The B2B value chain is reaching a tipping point as software automation is driving increased payments digitization. AP (Procure-to-Pay) and AR (Order-to-Cash) automation are forming sizable virtual closed-loop networks (e.g., COUP 5M+ suppliers). We liken the combined layer consisting of BSM (e.g., COUP), ERP (e.g., INTU), and B2B (e.g., Bill.com) software to the hybrid role ISVs (e.g., GPN) and gateway software providers (e.g., Stripe) have played in driving digitization within the B2C space. Rich remittance data, known parties, and large transaction sizes suggest that ACH/ACH+, virtual cards, and software platforms are key components fueling the digitization of ~50% of cash/check payment volume.



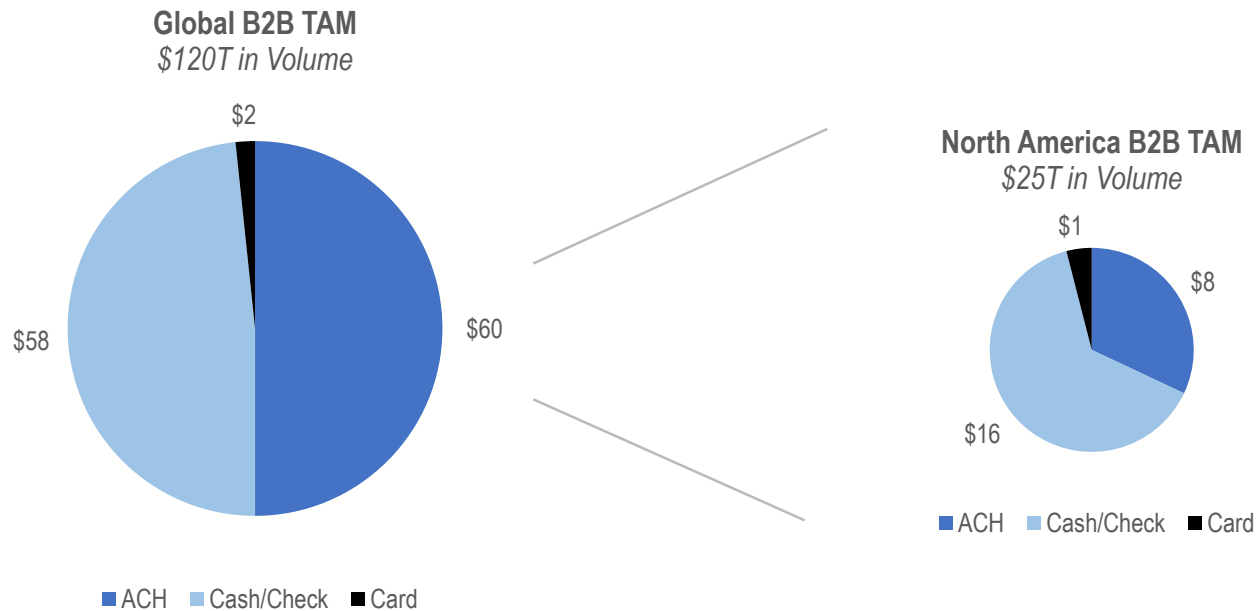
Industry Overview

Buyer adoption is pulling in supplier networks, forming the bookends of virtual closed-loop networks. The key barriers to adoption in these networks are tied to back-office software automation, in our view, a stark contrast from mobile, where consumer ecosystems like Apple drove rapid scaling for Apple Pay.

Solution	Buyers on Platform	Suppliers in Network	Est. Payment Flows
Coupa	~2K	~5M	~\$0.5T
AvidXchange	~6K	~680K	~\$140B
Bill.com	~80K	~2M	~\$80B
Billtrust	NM	~2K	~\$1T invoice ~\$50B TPV

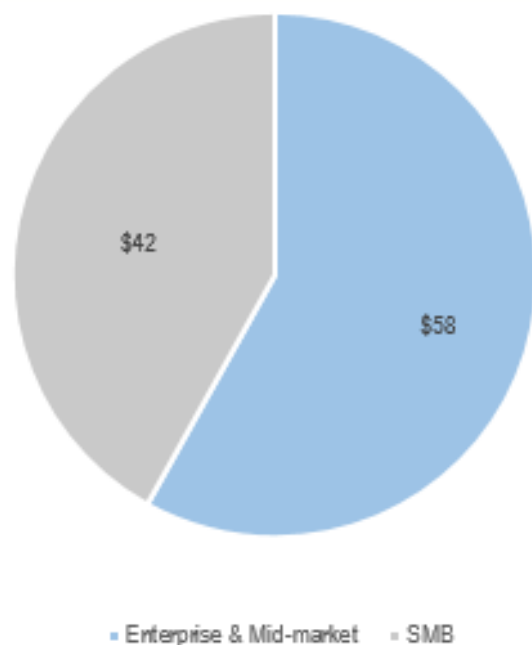
Industry Overview

Cash and check represents the predominant payment mechanism for the \$100T+ global and \$25T N.A. TAM, which represents a significant digitization opportunity over the next decade.



Industry Overview

KBCM sees a ~\$100B U.S. revenue TAM based on a number of assumptions including transactional, software, and finance-related segments across AP and AR automation processes.



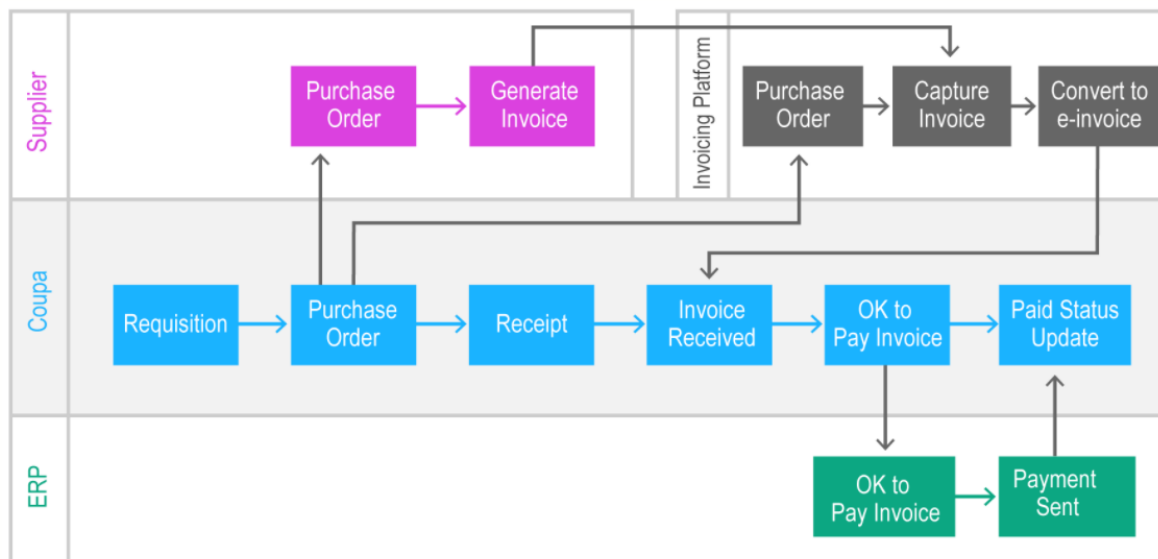
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 - We utilized published rates for virtual payments and wire transfers.
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 - We utilized published software rates for the SMB segment and extrapolated to other segments based on our knowledge of the software universe.
- Financing Fees
 - We assume a portion of the market is eligible for early payment, offering buyers discounted payment terms and providing suppliers with working capital benefits.
- PO/Invoice Unit Estimates
 - We based our purchase order (PO)/Invoice volume assumptions on interviews with industry participants.
- Segmentation
 - We triangulated data from a Visa Commercial Payments study and studies published by the AFP (Association of Financial Professionals) and NAICS to segment number of enterprises and TPV by SMB, mid-market, and enterprise.

Coupa Pay Deep Dive

Procurement-to-Payment Process

Coupa Pay builds upon Coupa's natural procurement, invoicing, and expense strengths by aggregating the highly fragmented B2B payments and banking ecosystem in a unified, cloud-based platform that ultimately improves data cohesion, working capital, and labor/process efficiency across ~\$0.5T of annual spend volume. Procurement originates with a requisition, setting up the following sequence of events: PR (PR, request to purchase goods/services) -> PO (Purchase Order) -> Invoice/PO Matching -> Payment. Within the enterprise segment, we see Coupa in a highly strategic position across the B2B payment sequence given integration with supplier invoicing platforms, ERP systems, and payment/banking systems.





"Before Coupa Pay, there were many time-consuming steps that our team had to take to pay our suppliers. With Coupa Pay, the process is now much simpler and we've gained time back to focus on more strategic projects that are valuable to the business."



[Ability to reduce AP processing and supplier on-boarding while providing customers with a card-rebate is a] "game changer."



Nike went live with early payment discounts and was able to leverage existing supplier entanglements and workflows across both direct and indirect spent.



Couchbase adopted Coupa Pay and now utilizes the platform to make invoice payments, and that provides a seamless experience across its financial organization, increased payments visibility, great data accessibility, and a streamlined approval process. Couchbase said "There's now one source of truth."

Running a customer check with the CIO of a credit union, the customer commented that following initial success rolling out procurement solutions, they planned to adopt Coupa Pay within one year.

Coupa Pay management commentary

- **Product offering**

- September 2018: “Coupa Pay has one early component that’s generally available called Coupa Accelerate. This is our early payment discount solution. It’s generally available.”
- March 2019: “We are excited to launch an early access program for our Coupa Pay invoice payment solution, which, once generally available, will support both domestic and cross-border invoice payments for our customers. Over time, this has the potential to be the most widely deployed Coupa Pay module.”
- June 2019: “Now beyond virtual cards for POs and Coupa Accelerate, we will be showcasing our Coupa invoice payments solutions.”
- September 2019: “Coupa Inspire was the perfect venue for showcasing our latest Coupa Pay capability. We received tremendous early interest in the launch of our newest pay module, invoice payment. We also continue to see strong interest in our other available solutions, Accelerate, and virtual cards for POs. We announced a number of key partnerships with Citibank, Transfermate, Stripe, and PayPal as we continue our focus on being a truly open platform as represented by the letter O in Coupa.”

- **Customer Adoption**

- December 2019: “We do have dozens and dozens of customers that are implementing Coupa Pay, and we should start to see some more meaningful transactional volume, ACV volumes, etc. And once we have a little bit more history, we will start providing more metrics.”
- March 2020: “This is evidenced by the fact that in FY20, on average, annual subscription fees for new business deals that included Coupa Pay were more than 20% higher vs. deals that did not include Coupa Pay.”
- June 2020: “We now support approximately 100 customers using Coupa Pay, with about half of them being new customers and half coming from our installed base. In fact, we have a number of customers who urgently needed Coupa Pay recently.”
- December 2020: “It took nearly two years to reach the 100-customer milestone for Coupa Pay that I shared with you in June. And now that number has grown to over 150 in just the last two quarters. In addition, with new customers, we’re seeing a Coupa Pay attach rate of approximately 30%. This growth comes despite the headwinds of a difficult market environment and the fact that our most recent offering in invoice payments has only been available for a few quarters.”

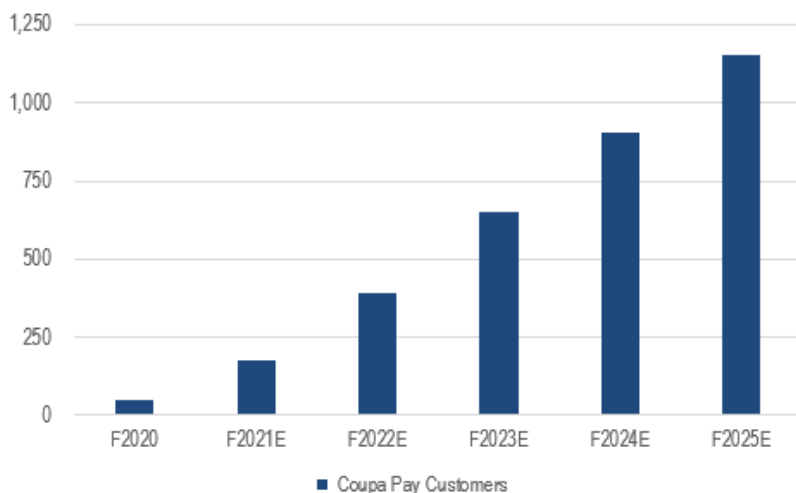
KBCM Key Assumptions

- **Customer adoption**
 - We outline a scenario where Coupa Pay could grow to ~1K customers (>33% adoption) or ~7x the most recently disclosed figure as we'd expect a growing attach rate of new customers (~30% as of F3Q) as the platform has matured with recent offerings such as Coupa Pay invoice payments.
- **TPV**
 - We estimate between \$300K-\$400K of annual spend per Coupa Pay customer, which informs a MT projection of ~\$200B+ of Coupa Pay TPV.
- **Subscription revenue**
 - We assume a Coupa Pay software module ACV of ~\$50K assuming this revenue model may be popular for Coupa's enterprise skew of clients (vs. SMB, for example, where we believe the preference skews toward transactional models due to budget factors).
- **Transaction revenue**
 - We assume a lower nominal fee per ACH payment, though provided an enterprise customer skew, believe the subscription module may be the predominant method for monetizing ACH transactions, a growing revenue share of 2-3% for virtual card transactions and also a %-based fee for x-border transactions. We estimate in the MT that invoice payments represent ~80% of TPV, Virtual Cards a LDD mix of TPV, and X-border a HSD+ % of TPV.
- **Financial-related revenue**
 - We assume that Coupa is able to share in some of the early payment discount savings across buyer, bank, and 3P funding models, leveraging a 2%/10 net 30 framework, which implies a 2% discount if paid within the first 10 days.

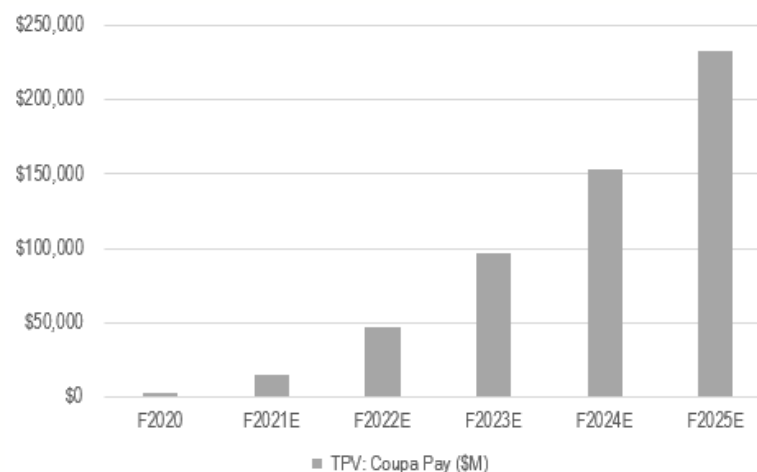
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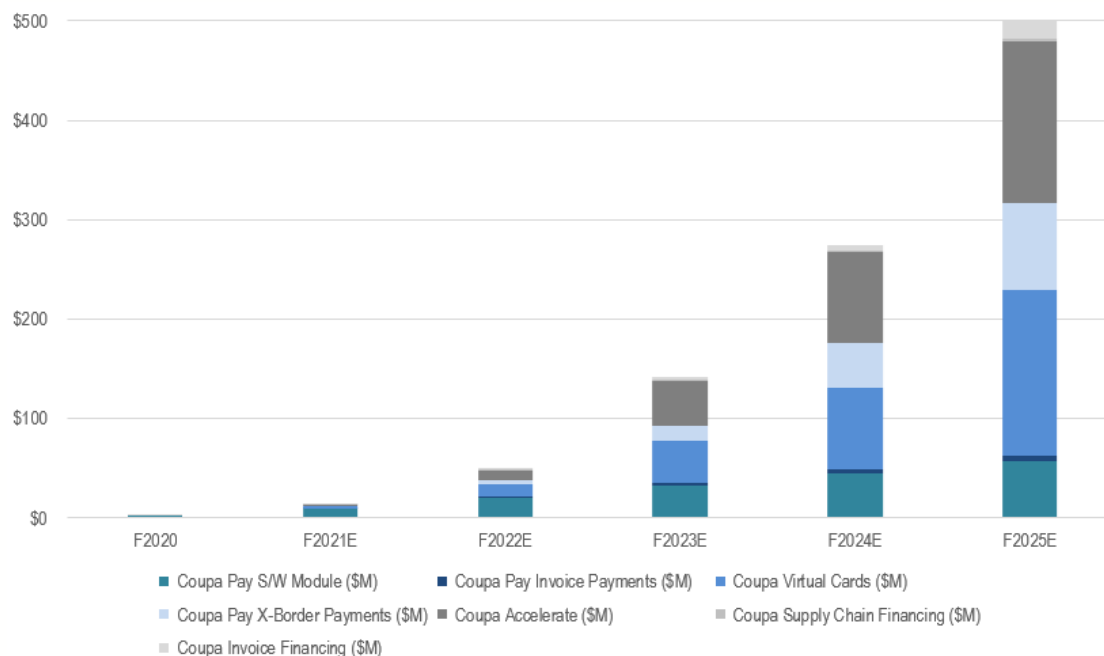
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Coupa Pay: Revenue (\$M) Forecast



Coupa Pay SoTP

On a SoTP basis, we believe Coupa Pay could be worth \$100 per share or ~\$7B of market cap based on a mid-teens EV/S multiple.

SoTP: Potential Coupa Pay Value per Share

	Revenue: Coupa Pay (\$M)				
	\$250	\$375	\$500	\$750	\$1,000
P/S					
8x	\$25	\$38	\$51	\$76	\$102
12x	\$41	\$61	\$81	\$122	\$163
15x	\$50	\$75	\$100	\$150	\$201
16x	\$54	\$81	\$108	\$163	\$217
22x	\$75	\$112	\$150	\$225	\$300

	Bear Case		Base Case		Bull Case	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Subscription Revenue	\$547	\$655	\$579	\$727	\$606	\$825
% yy	19%	20%	26%	26%	32%	36%
Ending customers	2,101	2,465	2,190	2,565	2,262	2,857
% yy	17%	17%	22%	17%	26%	26%
ARR per customer (000s)	\$281,011	\$287,064	\$290,954	\$305,950	\$299,240	\$322,144
% yy	-15%	2%	-12%	5%	-10%	8%
Professional services	\$63	\$70	\$66	\$74	\$67	\$75
Total Revenue	\$609	\$725	\$645	\$801	\$674	\$900
% yy	16%	19%	23%	24%	29%	34%
Gross profit	\$424	\$510	\$456	\$571	\$482	\$650
% gross margin	70%	70%	71%	71%	72%	72%
Total operating expenses	\$410	\$457	\$424	\$493	\$436	\$544
% of revenue	67%	63%	66%	62%	65%	61%
Operating income	\$15	\$53	\$32	\$78	\$46	\$106
% operating margin	2%	7%	5%	10%	7%	12%
Δ yy	-4%	5%	-2%	5%	0%	5%
EV/S Multiple (FY)		25.6x		37.0x		41.1x
Scenario Valuation		\$250		\$400		\$500
<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>	

	FY21		
<i>Figures in M, except per share data</i>	KBCM	Street	% or Δ y/y
Billings	\$583.4	\$588.9	24.4%
<i>Subscription</i>	\$460.4	\$461.0	33.3%
<i>Professional Services</i>	\$63.2	\$63.0	42.2%
Revenue (M)	\$523.6	\$523.8	34.3%
Gross Profit	\$373.2	NM	31.9%
Gross margin	71.3%	NM	-1.3%
Operating income	\$34.5	\$35.6	8.1%
Operating margin	6.6%	NM	-1.6%
Net income	\$34.1	NM	-6.8%
Non-GAAP EPS	\$0.47	\$0.47	-8.4%
Shares outstanding	72.8	NM	2.6%

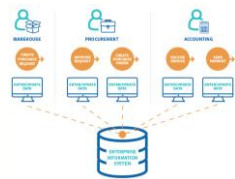
Industry Overview

Cloud + Digital = Rise of Commerce Platforms

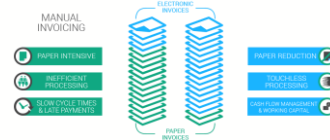
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- The combination of highly automated workflows and API enablers has empowered software companies to bolt on digital transactional elements, giving rise to modern commerce platforms.

Cloud
Software



Siloed workflows



Cloud workflows

Commerce
Platforms

B2B



B2C



+

Enablers



=

Digital
FinTech



Paper-based flows



Digital flows

Software continues to munch away at the world...

23

~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)

+Back-office SaaS



Back-office Cloud:

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

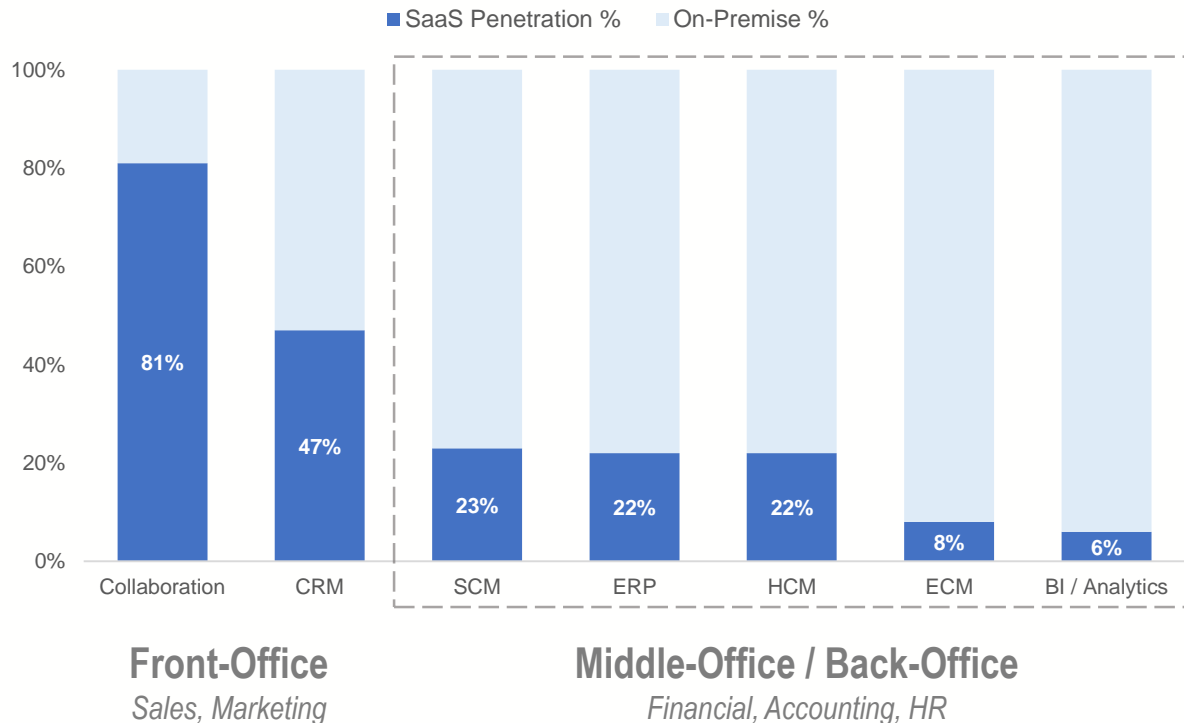
APIs enable middle/back-office cloud solutions with legacy system backward compatibility

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

...yet cloud penetration in mid/back-office remains low...

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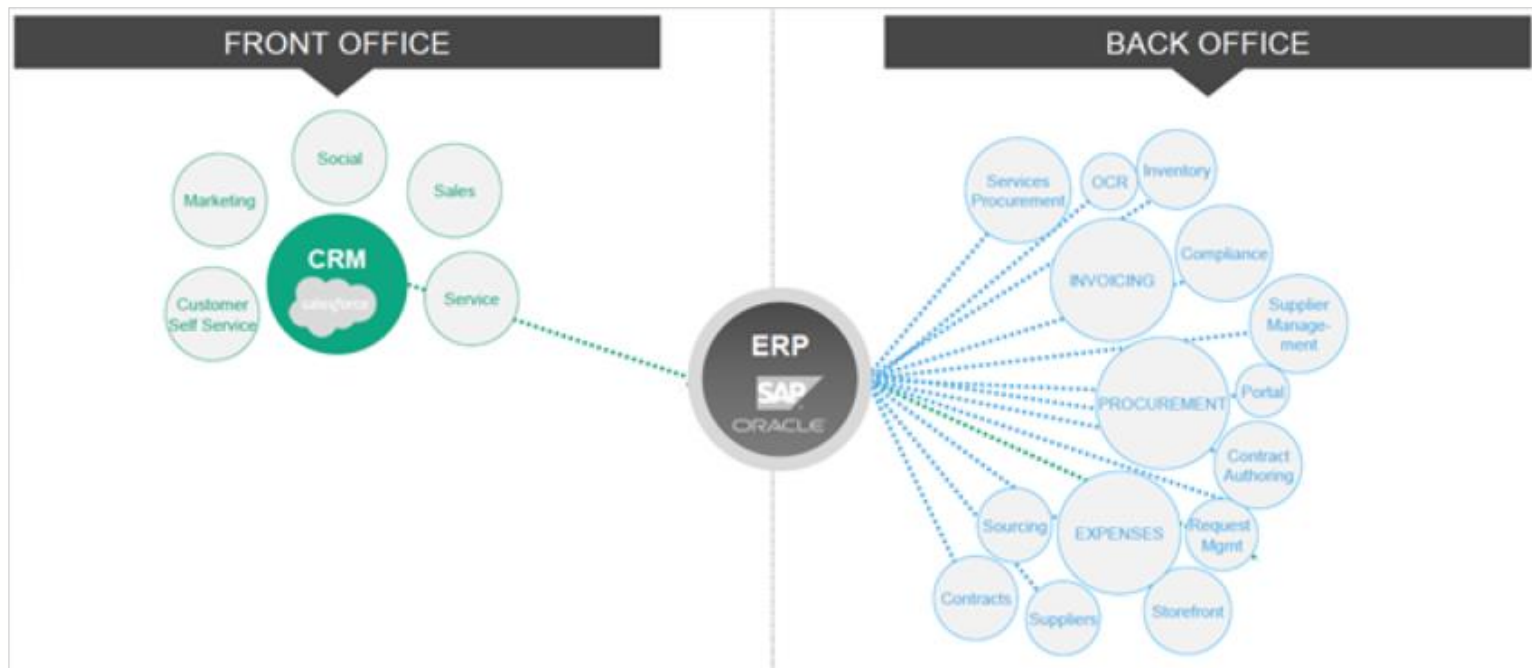
- Highly critical and sensitive back-office systems have been some of the last to move to the cloud due to inflexible on-premise systems that effectively trapped valuable core data such as financial records and information.



...in an ecosystem with considerable fragmentation

25

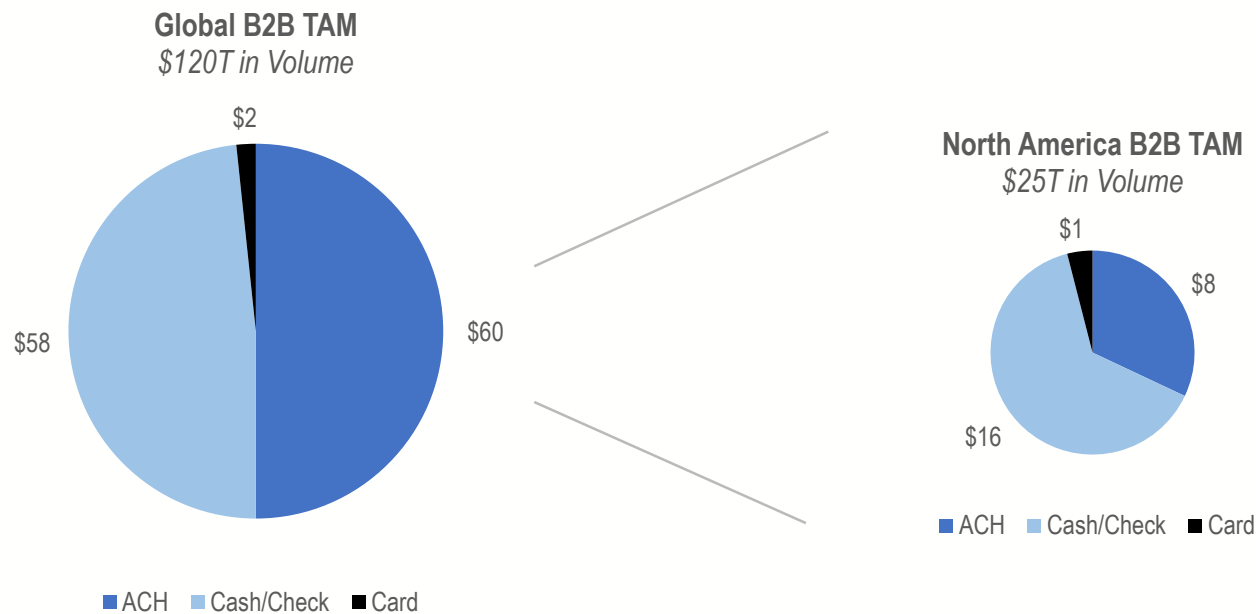
- Front-office systems have most successfully transitioned to the cloud, yet the middle/back-office ecosystem remains highly fragmented with a large number of disparate systems that generally exhibit low levels of automation and digitization.

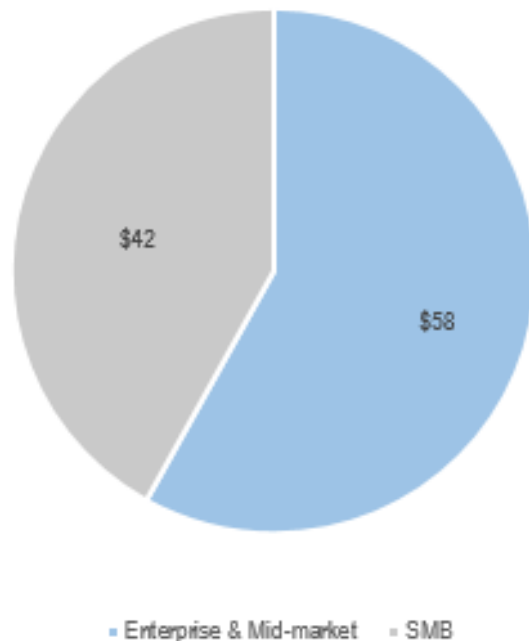


FinTech: B2B Payments is a ~\$120T TPV opportunity...

26

- Cash and check represents the predominant payment mechanism for the \$25T N.A. TAM, which represents a significant digitization opportunity over the next decade.





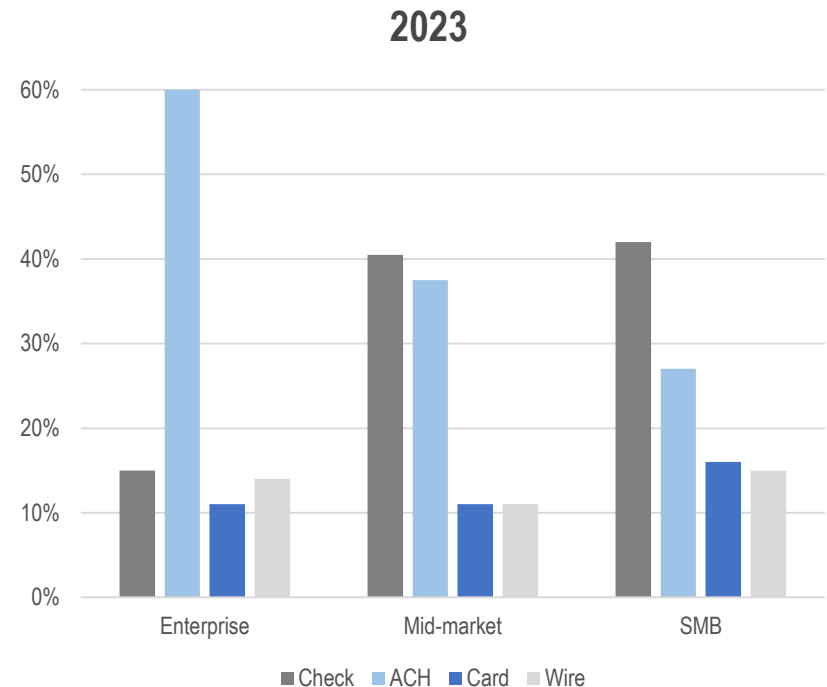
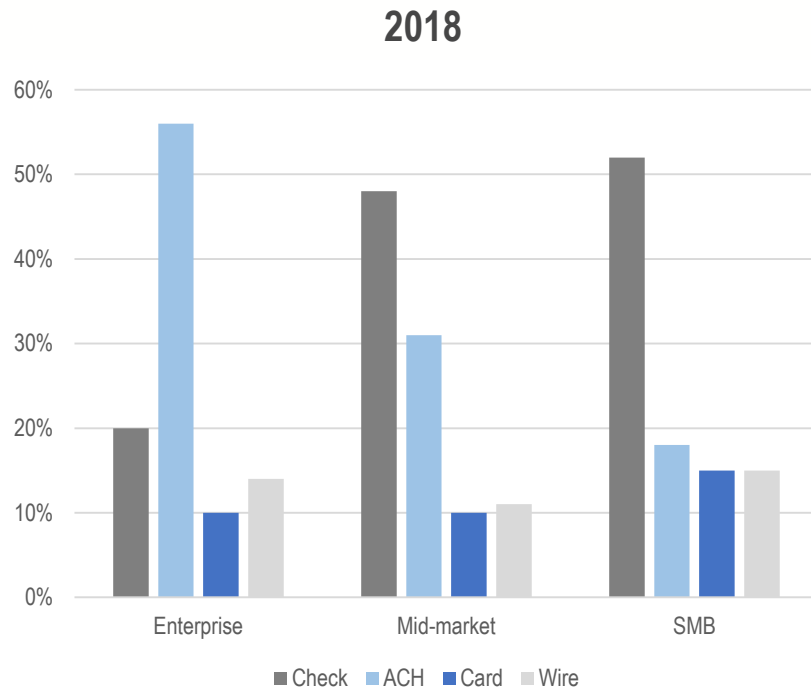
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...with low levels of digital payments

28

- Adoption of digital payments in the SMB segment remains stubbornly below Enterprise and Mid-market tiers, a parallel with cloud adoption trends.



Business



BSM /
Expense Mgmt



coupa

ivalua

icertis

TripActions

Divvy

TRADESHIFT

CHROMERIVER

SAP Ariba

ERP



ORACLE
+
NETSUITE

sage Intacct

Microsoft
Dynamics

intuit
quickbooks.

xero

A/R & A/P



avidxchange™

billtrust™

bill.com

highradius

mineraltree™

Tipalti

FIS

Money
Movement



The Clearing House COMDATA

VISA



MARQETA

stripe

Banking / System
of Record



KeyBank

C2FO™

taulia™

PLAID

MX

FIS fiserv.

Business



Buyer



Purchase Order / AP



Invoice / AR












Supplier

...and accounting software represents a critical element...

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- The importance of accounting/ERP software provider integrations combined with varying levels of business complexity have helped to establish core swim lanes in the enterprise, mid-market, and SMB segments for AP/AR providers.
 - Example: Bill.com native integration with QuickBooks Online.
- Ecosystem partners help to cement AP/AR providers position in a given market, giving advantage to early movers.
 - Example: Bill.com partnership with CPA.com.
- Given the scale of each segment and well-defined “anchor software” providers in each segment (e.g., QuickBooks in SMB), B2B software providers have found defensible PMF at the segment level to date.



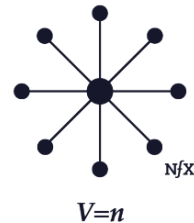
	Est. B2B Volume Market Mix	Illustrative Tech Suppliers	Illustrative Market Focus
Enterprise >\$500M revs 	~50% ~5k firms (U.S.)	<ul style="list-style-type: none">ERP systems like SAP, Oracle, etc.BSM systems like Coupa, Ariba, etc.	  
Mid/SMB <\$500M & >\$5M	~45% ~350k firms	<ul style="list-style-type: none">ERP systems like Netsuite, Intacct, Microsoft Dynamics, Intuit QuickBooks, Xero, etc.BSM systems like Coupa, Ariba, etc.	  
Micro <\$5M 	~5% ~Ms firms	<ul style="list-style-type: none">Likely working with a technology platform like Square, Shopify, BigCommerce, Intuit to replicate many enterprise-level ERP functions	

...exhibiting meaningful network effects...

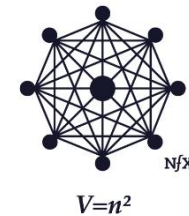
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- While B2B has less “nodes” than other commerce flows, we expect a larger group of smaller networks to take shape, as opposed to the consumer-influenced flows that in essence gravitate toward one large mega network over time.

Sarnoff's Law



Metcalf's Law



B2C

~5T

25B

Quadrillion

P2P

~1T

1K

Quadrillion

B2B

~100M

10

Quadrillion

...with sizable network clusters forming...

33

- Buyer adoption is pulling in supplier networks, forming the bookends of virtual closed-loop networks.
- The key barriers to adoption in these networks are tied to back-office software automation, in our view, a stark contrast from mobile, where consumer ecosystems like Apple drove rapid scaling for Apple Pay.

Solution	Buyers on Platform	Suppliers in Network	Est. Payment Flows
Coupa	~2K	~5M	~\$0.5T
AvidXchange	~6K	~680K	~\$140B
Bill.com	~80K	~2M	~\$80B
Billtrust	NM	~2K	~\$1T invoice ~\$50B TPV

...and multiple software and transactional drivers...

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Software & Processing

Purchase Order / AP

Invoice / AR

Payments

Users

APIs

Payments

ACH / ACH+

Virtual / Cards

X-Border

Wire transfer

Bill services

Financing

Dynamic discounting

Early payment discounting

Factoring

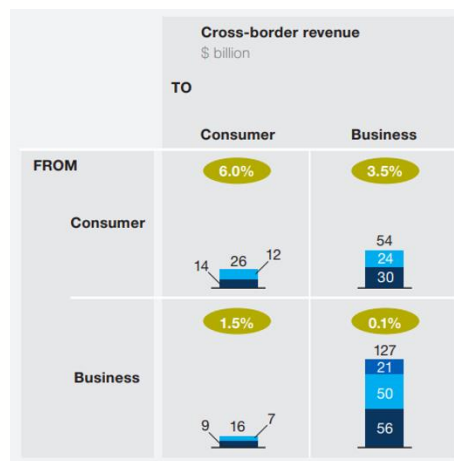
Credit financing

...including cross-border and virtual card elements

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- A McKinsey report on the future of cross-border B2B and B2C payments indicated cross-border payments represent ~16% of global TPV and ~27% of global transaction revenues, representing a sizable, high-yielding segment.
- A Harvard Review Study indicated robust interest in virtual cards, with 13% of those surveyed interested in using the technology in the future for B2B electronic payments.

McKinsey Cross-Border Analysis



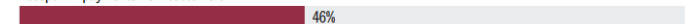
HBR B2B Study

More advanced forms of digital payments, such as via software or web portals, are less popular now but poised to grow. [MULTIPLE ANSWERS PERMITTED.]

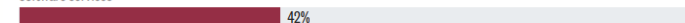
Electronic funds transfer of payments to creditors



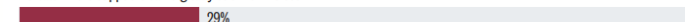
Accept EFT payments from customers



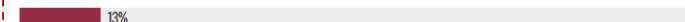
Automated payments of payables via software, either enterprise resource planning or specialized accounts payable software services



Portals where suppliers can digitally submit invoices



Virtual cards



Valuation & Risks

Valuation Comparables

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		KBCM Rating	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	OW	\$1,118.74	\$132.8	\$127.3	83%	32%	9%	11%	45x	34x	0.5x	1.0x	92%	-1%
SQ	Square	OW	\$229.75	\$111.5	\$110.3	318%	39%	1%	5%	12x	8x	0.0x	0.2x	320%	6%
INTU.O	Intuit	OW	\$368.87	\$97.3	\$93.8	14%	18%	29%	27%	12x	10x	0.8x	0.6x	44%	-3%
ADYEN.AS	Adyen	OW	€ 1,829.00	€ 56.1	€ 54.0	36%	42%	57%	51%	80x	56x	2.2x	1.3x	93%	-4%
PAYC.K	Paycom	OW	\$426.88	\$24.9	\$24.8	14%	20%	17%	19%	30x	25x	2.2x	1.2x	31%	-6%
COUP.O	Coupa Software	OW	\$333.28	\$24.6	\$25.3	38%	28%	9%	9%	49x	39x	1.3x	1.4x	48%	-2%
XRO.AX	Xero	NC	A\$152.71	\$21.8	\$21.7	20%	19%	11%	14%	28x	24x	1.4x	1.3x	31%	4%
WIX.O	Wix.Com	OW	\$259.25	\$15.4	\$14.7	28%	29%	13%	14%	15x	12x	0.5x	0.4x	41%	4%
CDAY.K	Ceridian	NC	\$101.12	\$15.0	\$15.5	2%	15%	6%	8%	18x	16x	11.1x	1.1x	8%	-5%
BILL.K	Bill.com	OW	\$139.59	\$12.3	\$12.0	35%	28%	-17%	-17%	69x	54x	2.0x	1.9x	19%	2%
PCTY.O	Paylocity	OW	\$195.99	\$11.0	\$10.8	16%	18%	15%	13%	18x	16x	1.2x	0.9x	31%	-5%
PLAN.K	Anaplan	OW	\$70.89	\$9.8	\$9.5	29%	25%	-7%	-3%	22x	17x	0.7x	0.7x	22%	-1%
NCNO.O	nCino Inc	OW	\$69.33	\$6.9	\$6.6	32%	25%	-9%	-4%	36x	29x	1.1x	1.2x	24%	NM
BL.O	Blackline	OW	\$130.32	\$7.8	\$7.6	21%	18%	12%	11%	22x	19x	1.0x	1.0x	34%	-2%
BIGC.O	BigCommerce	SW	\$62.00	\$4.7	\$4.6	25%	20%	-29%	-18%	33x	27x	1.3x	1.4x	-4%	NM
QTWO.K	Q2 Holdings	OW	\$124.30	\$6.0	\$6.1	27%	21%	-6%	2%	15x	12x	0.6x	0.6x	22%	-2%
LSPD.K	Lightspeed POS	OW	\$66.49	\$6.1	\$5.7	51%	43%	-23%	-10%	34x	24x	0.7x	0.6x	28%	NM
WK	Workiva	NC	\$93.00	\$4.4	\$4.2	19%	16%	9%	7%	12x	10x	0.6x	0.7x	28%	2%
CDLX.O	Cardlytics	SW	\$135.97	\$3.7	\$3.6	-12%	42%	-11%	3%	20x	14x	NM	0.3x	-23%	-5%
Average						42%	26%	5%	8%	30x	23x	1.6x	0.9x	47%	-1%

Price Target: Our \$400 price target is based on 37.0x FY22E EV/S, above peers based on a multitude of growth vectors.

Investment Risks: 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 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.

Financial Model

COUP Income Statement <i>Figures in \$Ms; FY ends Jan 31</i>	1Q20 Apr	2Q20 Jul	3Q20 Oct	4Q20 Jan	F2020 CY2019	1Q21 Apr	2Q21 Jul	3Q21 Oct	4Q21E Jan	F2021E CY2020E	1Q22E Apr	2Q22E Jul	3Q22E Oct	4Q22E Jan	F2022E CY2021E	F2023E CY2022E
KPIs: SUM, Customers																
Est. Cumulative Spend Under Management (\$B)	\$1,198	\$1,300	\$1,450	\$1,655	\$1,655	\$1,800	\$2,000	\$2,100	NM	\$2,361	NM	NM	NM	NM	\$3,168	\$4,033
% yy	61%	55%	54%	53%	53%	50%	54%	45%	NM	43%	NM	NM	NM	NM	34%	27%
Customers	1,000	NM	NM	1,390	1,390	NM	NM	NM	NM	1,790	NM	NM	NM	NM	2,190	2,565
% yy	NM	NM	NM	41%	41%	NM	NM	NM	NM	29%	NM	NM	NM	NM	22%	17%
Billings																
Billings	\$75	\$108	\$105	\$181	\$469	\$102	\$130	\$140	\$211	\$583	\$120	\$159	\$171	\$255	\$705	\$862
% yy	50%	57%	54%	42%	49%	36%	21%	33%	17%	24%	18%	22%	23%	21%	21%	22%
Revenue																
Total Revenue	\$81	\$95	\$102	\$111	\$390	\$119	\$126	\$133	\$145	\$524	\$145	\$154	\$166	\$180	\$645	\$801
% yy	44%	54%	51%	49%	50%	47%	32%	31%	31%	34%	22%	22%	25%	24%	23%	24%
Subscription Revenue	\$73	\$83	\$90	\$99	\$345	\$106	\$112	\$118	\$125	\$460	\$130	\$138	\$149	\$162	\$579	\$727
% yy	46%	51%	49%	46%	48%	45%	34%	31%	27%	33%	23%	24%	26%	29%	26%	26%
% mix	90%	88%	89%	89%	89%	89%	89%	89%	86%	88%	90%	90%	90%	90%	90%	91%
Services Revenue	\$8	\$12	\$12	\$13	\$44	\$13	\$14	\$15	\$21	\$63	\$15	\$16	\$17	\$18	\$66	\$74
% yy	31%	86%	68%	74%	65%	61%	23%	28%	60%	42%	11%	12%	14%	-12%	4%	12%
Gross Profit																
Gross profit	\$59	\$69	\$73	\$81	\$283	\$88	\$91	\$96	\$98	\$373	\$100	\$108	\$118	\$130	\$456	\$571
% gross margin	72.6%	72.7%	72.1%	73.0%	72.6%	73.6%	72.1%	72.5%	67.5%	71.3%	68.8%	69.9%	71.2%	72.2%	70.6%	71.3%
Subscription gross profit	\$59	\$68	\$73	\$80	\$280	\$86	\$88	\$93	\$94	\$360	\$97	\$105	\$115	\$126	\$443	\$567
% Subscription GM	81.0%	81.3%	80.9%	81.2%	81.1%	80.9%	78.8%	78.4%	75.3%	78.2%	75.0%	76.0%	77.0%	78.0%	76.6%	78.0%
Services gross profit	(\$0)	\$1	\$0	\$1	\$3	\$2	\$3	\$4	\$4	\$13	\$2	\$3	\$3	\$4	\$12	\$4
% Services GM	-1.1%	10.7%	3.3%	10.4%	6.4%	16.7%	19.9%	25.3%	20.0%	20.5%	15.0%	17.5%	20.0%	20.0%	18.3%	5.0%
Operating Profit																
Total operating expenses	\$57	\$64	\$62	\$68	\$251	\$73	\$79	\$82	\$105	\$339	\$103	\$105	\$107	\$110	\$424	\$493
% yy	40%	53%	42%	31%	41%	28%	22%	33%	55%	35%	41%	33%	30%	5%	25%	16%
% of revenue	70%	68%	61%	61%	64%	61%	62%	62%	72%	65%	71%	68%	64%	61%	66%	62%
Operating income	\$2	\$5	\$12	\$13	\$32	\$15	\$12	\$14	(\$7.0)	\$34.5	(\$2.8)	\$3.2	\$11.3	\$19.7	\$31.5	\$78.3
% operating margin	2.7%	5.1%	11.3%	12.0%	8.2%	12.5%	9.8%	10.7%	-4.8%	6.6%	-1.9%	2.1%	6.8%	11.0%	4.9%	9.8%
EPS																
Non-GAAP EPS	\$0.03	\$0.07	\$0.20	\$0.21	\$0.51	\$0.20	\$0.21	\$0.18	(\$0.12)	\$0.47	(\$0.08)	\$0.00	\$0.11	\$0.22	\$0.25	\$0.94

Appendix: KBCM Events

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



**EMERGING
TECHNOLOGY SUMMIT:
VIRTUAL**

SAVE
THE DATE
**TUE.2/23
– FRI.2/26
2021**

#KBCMTech

Invitation with complete virtual event
and registration details to follow



KeyBanc Capital Markets  | **MOSAIC.**

After a tumultuous 2020 in which technology outperformed during a year of multiple crises—health, economic, and social—the virtual Summit will focus on what's next for the sector. We'll bring together executives and founders from top private and public companies, investors, and other thought leaders to discuss the role and opportunities for technology as we progress toward the "new" normal.

The cornerstone of the virtual event will be a unique collection of high value keynotes, topical panels, fireside chats, and company presentations, complemented by curated meetings to drive dialog that delivers perspectives based on each participant's priorities.

Please contact your KBCM representative if would like to participate.

#KBCMTech



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.

Participating Vertical SaaS, Back-office & FinTech companies included Q2 (Q TWO), Lightspeed (LSPD), Olo, KBCM, Bill.com (BILL), Coupa (COUP), Blackline (BL), AvidxChange, Square (SQ), Shopify (SHOP), FIS (FIS), Visa (V), Cardlytics (CDLX), PagSeguro (PAGS), SumUp, Bluesnap, and Paysafe.

Source: KeyBanc Capital Markets Inc., company websites



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, Back-office & FinTech companies included Betterment, BlueSnap, Brex, Cardlytics (CDLX), Freshbooks, Personal Capital, olo, Restaurant 365, ShopKeep, SumUp, Wix (WIX).

Source: KeyBanc Capital Markets Inc., company websites



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, Back-office & FinTech companies included Bill.com (BILL), AvidXchange, Tipalti, MineralTree, Kabbage, Betterment, Brex, FreshBooks, Restaurant365, SumUp, Marqeta, Finix, Bond, Ripple, Sphere Commerce.

Appendix: Analyst Bios



Vertical Software & FinTech

Josh Beck | 503.821.3878
jbeck@key.com

Commerce/ Banking

BIGC
SHOP
PYPL
WIX
LSPD
SQ
PAGS
NCNO
QTWO

Back-office

BILL
COUP
BL
INTU
PLAN
PAYC
PCTY

Payments

V	GPN
MA	ADYEN
FIS	IIIV
FISV	IMXI

Josh Beck is a Managing Director, Equity Research Analyst with KeyBanc Capital Markets Inc., and focuses on the convergence of software across the broadly defined FinTech, Commerce, and Back-office ecosystem. Josh joined KeyBanc Capital Markets Inc. through its acquisition of Pacific Crest Securities. Prior to joining the firm in 2011, he worked in the corporate finance, strategy, and development groups at T-Mobile.

Josh was voted #1 stock picker by *Thomson Reuters* in 2018 and recognized as a “Rising Star” by *Institutional Investor* magazine in 2016. He has been quoted by *The Wall Street Journal*, *New York Times*, *Barron’s*, and *CNBC*.

Josh holds an M.B.A. from Carnegie Mellon University’s Tepper School of Business and a B.S. in engineering from Virginia Tech.

Disclosure Appendix

Important Disclosures

Coupa Software Incorporated - COUP

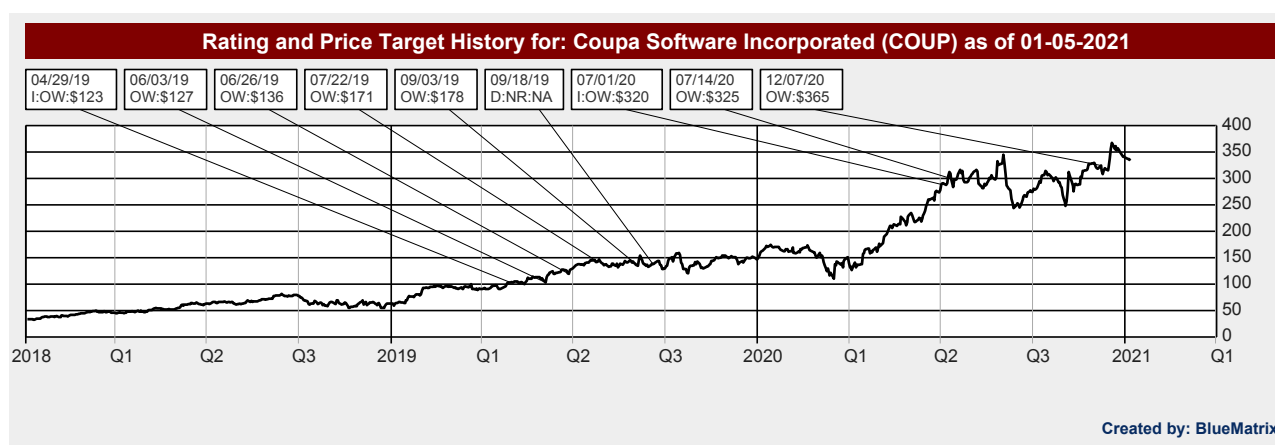
We expect to receive or intend to seek compensation for investment banking services from Coupa Software Incorporated within the next three months.

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

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



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]	312	50.40	64	20.51	Overweight [OW]	107	55.15	17	15.89
Sector Weight [SW]	298	48.14	57	19.13	Sector Weight [SW]	85	43.81	10	11.76
Underweight [UW]	9	1.45	0	0.00	Underweight [UW]	2	1.03	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

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