

Q1 F2020 Financial Review

Safe Harbor

This presentation contains “forward-looking” statements that are based on our management’s beliefs and assumptions and on information currently available to management. Forward-looking statements include statements about expected financial metrics, such as revenue, billings, non-GAAP gross margin, non-GAAP diluted weighted-average shares outstanding, and non-financial metrics, such as customer growth, as well as statements related to the benefits of the DocuSign Agreement Cloud, our estimated total addressable market and the impact of DocuSign Agreement Cloud on such market, the potential benefits of our investment in, and partnership with, Seal Software, and our ability to deliver product innovation. They also include statements about our possible or assumed business strategies, potential growth opportunities and potential market opportunities.

Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “believe,” “could,” “potential,” “will,” “would” or similar expressions and the negatives of those terms. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks include, but are not limited to, risks and uncertainties related to: our ability to estimate the size of our total addressable market; our ability to sustain and manage our growth and future expenses, achieve and maintain future profitability, attract new customers and maintain and expand our existing customer base; our ability to scale and update our platform to respond to customers’ needs, rapid technological change and increased competition in our market; our ability to compete effectively, expand our operations and increase adoption of our platform internationally; our ability to successfully integrate SpringCM's operations; our ability to pay off our convertible senior notes when due; our ability to successfully defend assertions by third parties that we violate their intellectual property rights; and our ability to respond to a network or data security incident that allows unauthorized access to our network or data or our customers’ data. Additional risks and uncertainties that could affect our financial results are included in the section titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on Form 10-K for the year ended January 31, 2019, and other filings that we make from time to time with the SEC. In addition, any forward-looking statements contained in this presentation are based on assumptions that we believe to be reasonable as of this date. Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons if actual results differ materially from those anticipated in the forward-looking statements.

Non-GAAP Measures and Other Key Metrics

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use certain non-GAAP financial measures, as described below, to understand and evaluate our core operating performance. These non-GAAP financial measures, which may be different than similarly-titled measures used by other companies, are presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We believe that these non-GAAP financial measures provide useful information about our financial performance, enhance the overall understanding of our past performance and future prospects, and allow for greater transparency with respect to important metrics used by our management for financial and operational decision-making. We are presenting these non-GAAP measures to assist investors in seeing our financial performance using a management view, and because we believe that these measures provide an additional tool for investors to use in comparing our core financial performance over multiple periods with other companies in our industry.

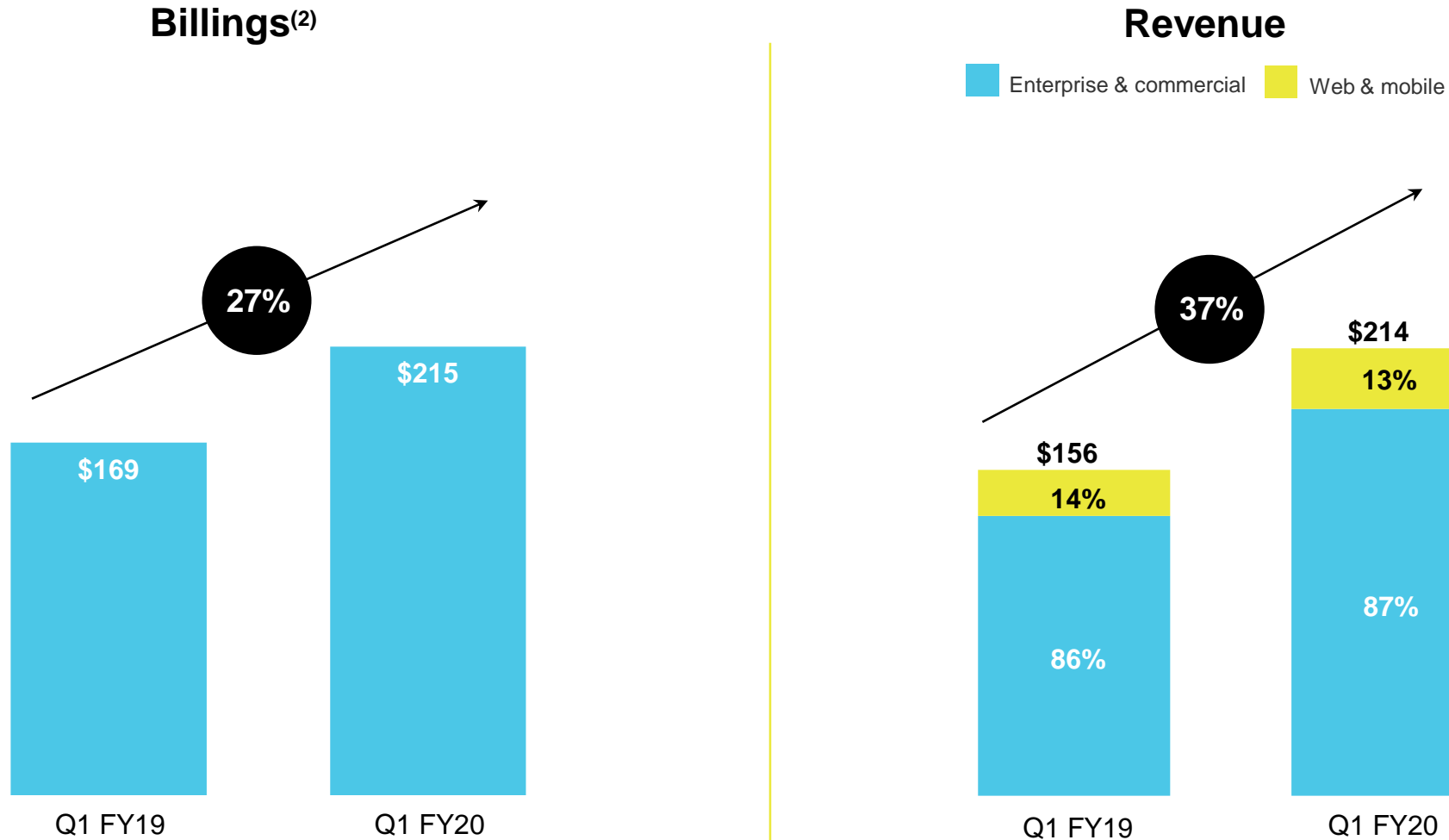
Non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP income (loss) from operations, non-GAAP operating margin, non-GAAP net income (loss) and non-GAAP net income (loss) per share: We define these non-GAAP financial measures as the respective GAAP measures, excluding expenses related to stock-based compensation, employer payroll tax on employee stock transactions, amortization of acquisition-related intangibles, amortization of debt discount and issuance costs from our convertible senior notes issued in September 2018, and, as applicable, other special items. The amount of employer payroll tax-related items on employee stock transactions is dependent on our stock price and other factors that are beyond our control and do not correlate to the operation of the business. We believe it is useful to exclude these expenses in order to better understand the long-term performance of our core business and to facilitate comparison of our results to those of peer companies and over multiple periods.

Free cash flows: We define free cash flow as net cash provided by (used in) operating activities less purchases of property and equipment. We believe free cash flow is an important liquidity measure of the cash (if any) that is available, after purchases of property and equipment, for operational expenses, investment in our business, and to make acquisitions. Free cash flow is useful to investors as a liquidity measure because it measures our ability to generate or use cash in excess of our capital investments in property and equipment. Once our business needs and obligations are met, cash can be used to maintain a strong balance sheet and invest in future growth.

Billings: We define billings as total revenues plus the change in our contract liabilities and refund liability less contract assets and unbilled accounts receivable in a given period. Billings reflects sales to new customers plus subscription renewals and additional sales to existing customers. Only amounts invoiced to a customer in a given period are included in billings. We believe billings is a key metric to measure our periodic performance. Given that most of our customers pay in annual installments one year in advance, but we typically recognize a majority of the related revenue ratably over time, we use billings to measure and monitor our ability to provide our business with the working capital generated by upfront payments from our customers.

For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measure, please see Appendix.

Strong growth across the board⁽¹⁾



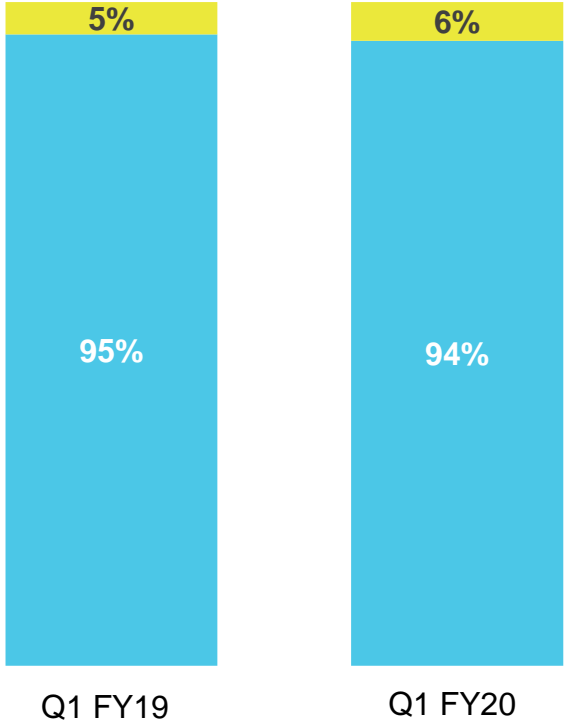
(1) For the first quarters ended April 30, 2018 and 2019. \$ in millions.

(2) Total revenues plus the change in contract liabilities and refund liability less contract assets and unbilled accounts receivable in a given period. Please see Appendix for non-GAAP reconciliation.

Strong revenue visibility

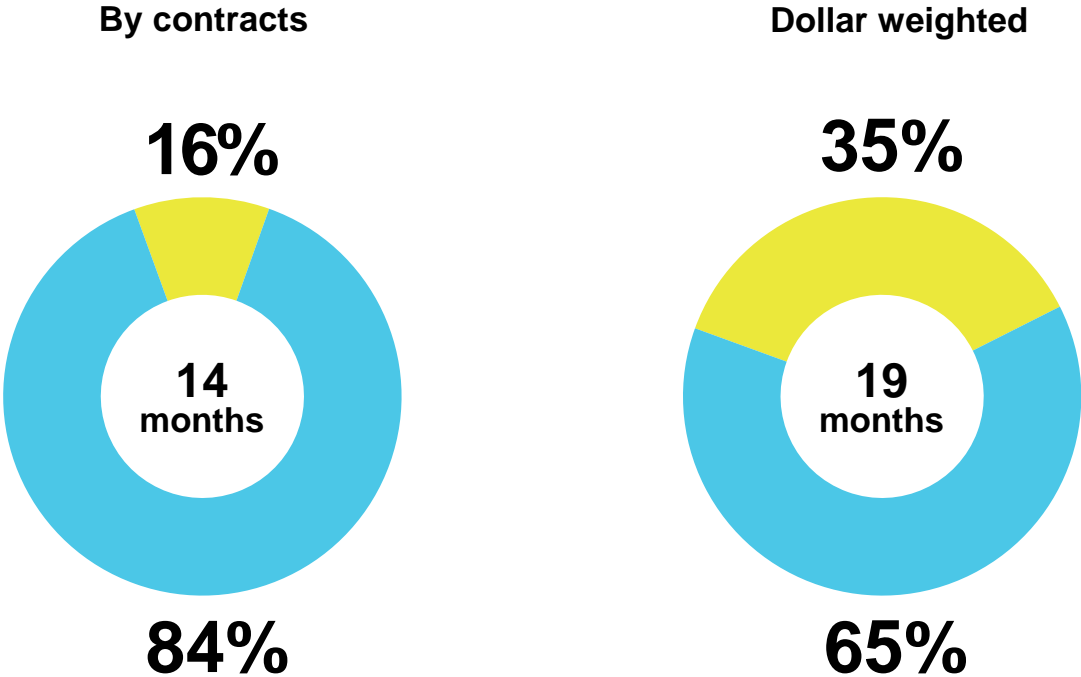
Revenue contribution⁽¹⁾

Subscription Professional services & other



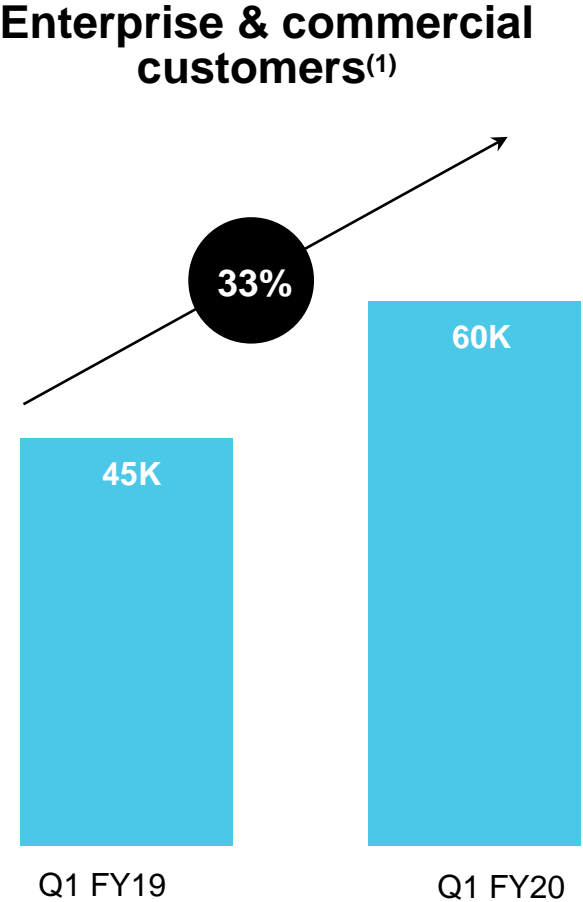
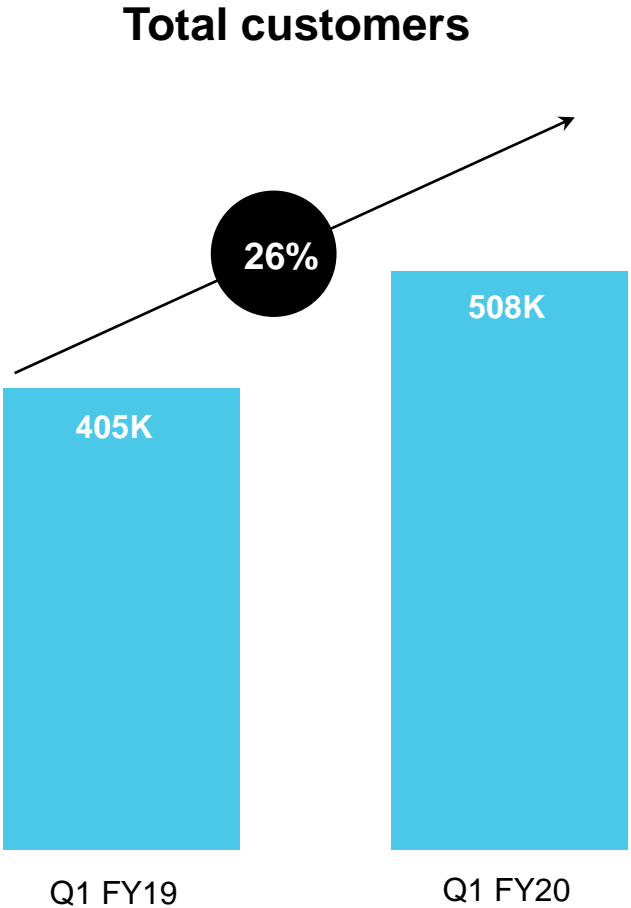
Average contract length⁽²⁾

≤12 months >12 months



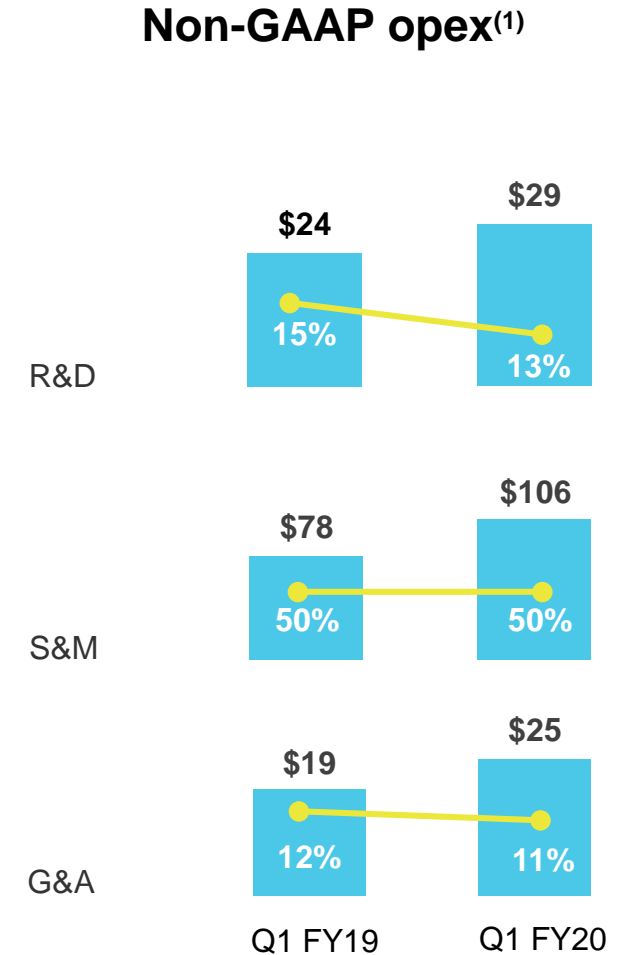
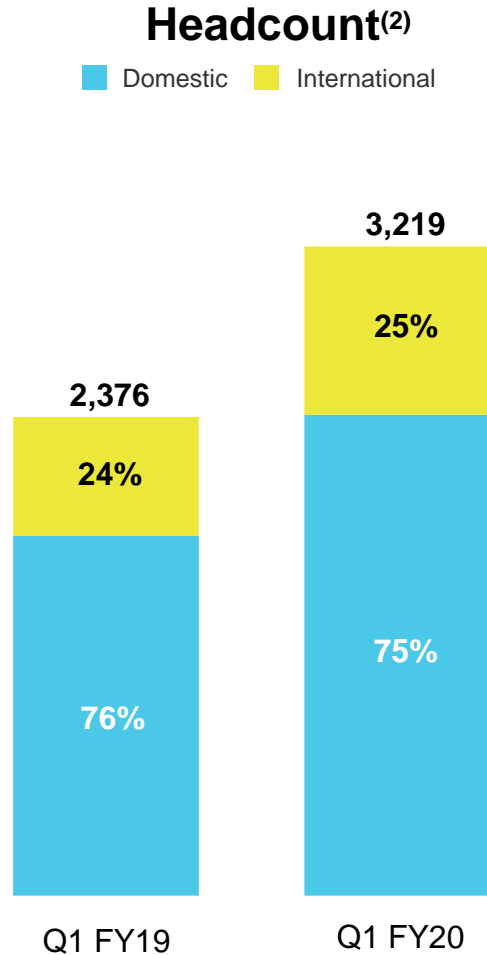
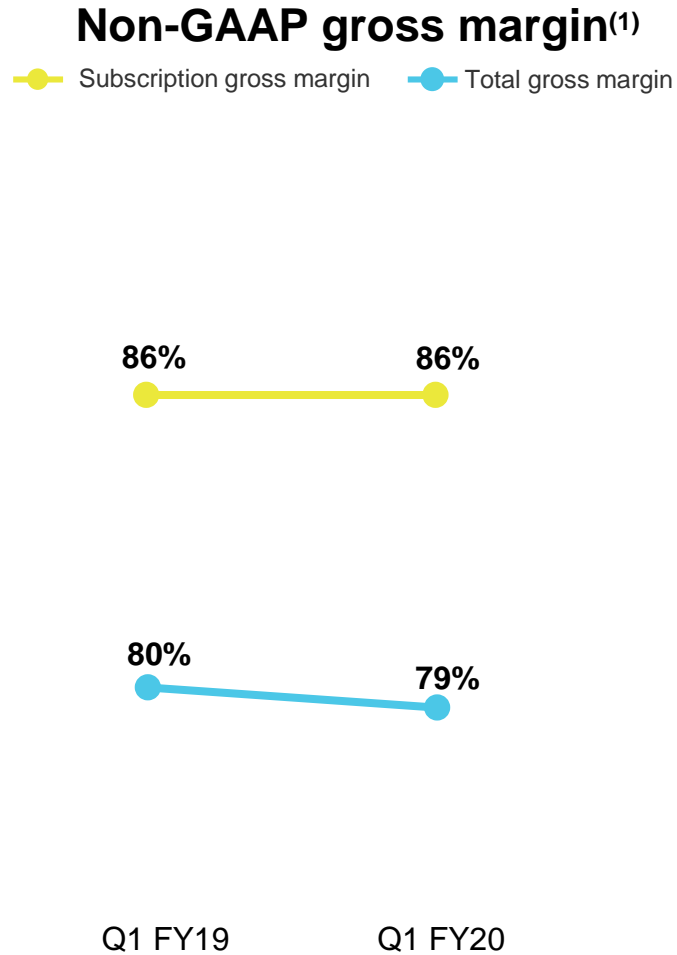
(1) For the first quarters ended April 30, 2018 and 2019.
(2) Rolling 4-quarter basis Q1 FY19 through Q1 FY20.

Large and growing customer base



(1) Comprised of customers who were not acquired through our self-service channel. We define enterprise customers as companies generally included in the Global 2000. We generally define commercial customers to include both mid-market companies, which includes companies outside the Global 2000 that have greater than 250 employees, and SMBs, which are companies with between 10 and 249 employees, in each case excluding any enterprise customers.

Achieving increased leverage



(1) Please see Appendix for non-GAAP reconciliation. \$ in millions. % of revenue.
 (2) As of April 30, 2019.

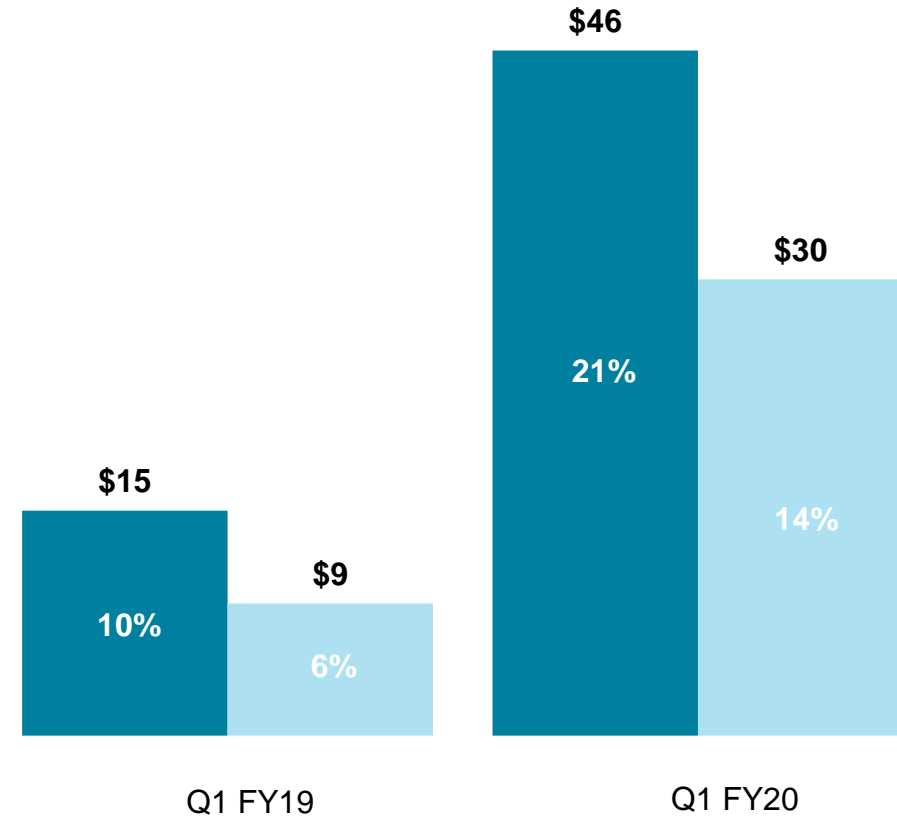
Improving profitability and cash flows⁽¹⁾

Non-GAAP operating income⁽²⁾



Cash flow

OCF FCF



(1) For the first quarters ending April 30, 2018 and 2019. \$ in millions. % of revenue.
(2) Please see Appendix for non-GAAP reconciliation.

Q2 FY2020 guidance

	Q2 Fiscal 2020		
Total Revenue	\$218M	-	\$222M
Billings	\$215M	-	\$225M
Non-GAAP Gross margin	78%	-	80%
Non-GAAP Sales and marketing	48%	-	50%
Non-GAAP Research and development	15%	-	17%
Non-GAAP General and administrative	10%	-	14%
Interest and other income	\$3M	-	\$4M
Provision for income taxes	\$2M	-	\$2.2M
Non-GAAP diluted weighted-average shares o/s	185M	-	190M

FY2020 guidance

	Fiscal 2020		
Total Revenue	\$917M	-	\$922M
Billings	\$1,010M	-	\$1,030M
Non-GAAP Gross margin	78%	-	80%
Non-GAAP Sales and marketing	48%	-	50%
Non-GAAP Research and development	15%	-	17%
Non-GAAP General and administrative	10%	-	13%
Interest and other income	\$12M	-	\$16M
Provision for income taxes	\$8M	-	\$10M
Non-GAAP diluted weighted-average shares o/s	190M	-	195M

Appendix

GAAP to non-GAAP gross profit reconciliation

Gross Profit (in \$K)	Quarter Ended April 30,	
	2018	2019
GAAP Gross Profit	97,514	161,943
Add: Stock-based Compensation in Cost of Revenue	26,000	5,722
Add: Amortization of Acquisition-related Intangibles in Cost of Revenue	1,668	1,627
Add: Employer Payroll Tax on Employee Stock Transactions in Cost of Revenue	-	652
> Non-GAAP Gross Profit	125,182	169,944
GAAP Gross Margin	63%	76%
Non-GAAP Gross Margin	80%	79%

Subscription Gross Profit (in \$K)	Quarter Ended April 30,	
	2018	2019
GAAP Subscription Revenue	148,198	201,458
Less: GAAP Subscription Cost of Revenue	32,438	33,119
GAAP Subscription Gross Profit	115,760	168,339
Add: Stock-based Compensation in Subscription Cost of Revenue	9,955	2,282
Add: Amortization of Acquisition-related Intangibles in Subscription Cost of Revenue	1,668	1,627
Add: Employer Payroll Tax on Employee Stock Transactions in Subscription Cost of Revenue	-	221
> Non-GAAP Subscription Gross Profit	127,383	172,469
GAAP Subscription Gross Margin	78%	84%
Non-GAAP Subscription Gross Margin	86%	86%

GAAP to non-GAAP operating gain / (loss) and free cash flow reconciliation

Adjusted Operating Gain / (Loss) (in \$K)	Quarter Ended April 30,	
	2018	2019
GAAP Operating Loss	(267,558)	(42,437)
Add: Stock-based Compensation in Cost of Revenue	26,000	5,722
Add: Amortization of Acquisition-related Intangibles in Cost of Revenue	1,668	1,627
Add: Employer payroll tax on employee stock transactions in Cost of Revenue	-	652
Add: Stock-based Compensation in Operating Expenses	243,794	36,549
Add: Amortization of Acquisition-related Intangibles in Operating Expenses	765	3,106
Add: Employer payroll tax on employee stock transactions in Operating Expenses	-	5,103
> Non-GAAP Operating Income (Loss)	4,669	10,322
Operating Margin (GAAP)	(172%)	(20%)
Operating Margin (non-GAAP)	3%	5%

Free Cash Flow (in \$K)	Quarter Ended April 30,	
	2018	2019
Net Cash Provided by Operating Activities	14,992	45,655
Less: Purchases of Property, Plant, and Equipment	(6,184)	(15,237)
> Free Cash Flow	8,808	30,418
Free Cash Flow Margin	6%	14%
Net Cash Used in Investing Activities	(6,184)	(313,491)
Net Cash Provided by (Used in) Financing Activities	5,621	(13,320)

GAAP to non-GAAP operating expenses reconciliation

Sales & Marketing (in \$K)	Quarter Ended April 30,	
	2018	2019
GAAP Sales & Marketing	191,085	129,936
Less: Stock-based Compensation in Sales & Marketing	(112,481)	(18,102)
Less: Amortization of Acquisition-related Intangibles in Sales & Marketing	(765)	(3,106)
Less: Employer payroll tax on employee stock transactions in Sales & Marketing	-	(2,351)
> Non-GAAP Sales & Marketing	77,839	106,377
Sales & Marketing as % of Revenue (GAAP)	123%	61%
Sales & Marketing as % of Revenue (non-GAAP)	50%	50%

Research & Development (in \$K)	Quarter Ended April 30,	
	2018	2019
GAAP Research & Development	70,870	37,183
Less: Stock-based Compensation in Research & Development	(47,268)	(7,317)
Less: Employer payroll tax on employee stock transactions in Research & Development	-	(1,150)
> Non-GAAP Research & Development	23,602	28,716
Research & Development as % of Revenue (GAAP)	45%	17%
Research & Development as % of Revenue (non-GAAP)	15%	13%

General & Administrative (in \$K)	Quarter Ended April 30,	
	2018	2019
GAAP General & Administrative	103,117	37,261
Less: Stock-based Compensation in General & Administrative	(84,045)	(11,130)
Less: Employer payroll tax on employee stock transactions in General & Administrative	-	(1,602)
> Non-GAAP General & Administrative	19,072	24,529
General & Administrative as % of Revenue (GAAP)	67%	18%
General & Administrative as % of Revenue (non-GAAP)	12%	11%

Computation of billings

Computation of Billings (in \$K)

	Quarter Ended April 30,	
	2018	2019
Revenue	155,808	213,962
Add: Contract Liabilities and Refund Liability, End of Period	293,667	395,254
Less: Contract Liabilities and Refund Liability, Beginning of Period	(282,943)	(390,887)
Add: Contract Assets and Unbilled Accounts Receivable, Beginning of Period	16,899	13,436
Less: Contract Assets and Unbilled Accounts Receivable, End of Period	(14,555)	(16,810)
Billings	168,876	214,955