

DocuSign®

# Transforming the foundation of doing business

Winter 2020

DocuSign PUBLIC

# 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 all statements that are not historical facts and can be identified by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements in this presentation include, among other things, statements under "FY2021 guidance" below; any other 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 our expectations regarding the benefits of the DocuSign Agreement Cloud and enhancements to it, additions to the Agreement Cloud suite of products, and the anticipated benefits of the acquisition and integration of Seal Software and Liveoak Technologies. They also include statements about our future operating results and financial position, our business strategy and plans, market growth and trends, and our objectives for future operations. These statements are subject to substantial risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.

These risks include, among other things, risks related to the impact of the COVID-19 pandemic on our business, financial condition and results of operations as well as the businesses of our customers and partners and the economy as a whole; our ability to estimate the size of our total addressable market; our ability to effectively 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 and rapid technological change; the effects of increased competition in our market and our ability to compete effectively; our ability to expand use cases within existing customers and vertical solutions; our ability to expand our operations and increase adoption of our platform internationally; our ability to strengthen and foster our relationship with developers; our ability to expand our direct sales force, customer success team and strategic partnerships around the world; our ability to identify targets for, execute on, integrate the operations of and realize the anticipated benefits of potential acquisitions; our ability to maintain, protect and enhance our brand; the sufficiency of our cash and cash equivalents to satisfy our liquidity needs; our failure or the failure of our software to comply with applicable industry standards, laws and regulations; our ability to maintain, protect and enhance our intellectual property; our ability to successfully defend litigation against us; our ability to attract large organizations as users; our ability to maintain our corporate culture; our ability to offer high-quality customer support; our ability to hire, retain and motivate qualified personnel; and our ability to maintain proper and effective internal controls. Additional risks and uncertainties that could affect our financial results are included in the sections 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 fiscal year ended January 31, 2020 filed on March 27, 2020, our quarterly report on Form 10-Q for the quarter ended July 31, 2020 filed on September 4, 2020, and other filings that we make from time to time with the with the Securities and Exchange Commission (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 Financial 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. When evaluating the performance of our business and making operating plans, we do not consider these items (for example, when considering the impact of equity award grants, we place a greater emphasis on overall stockholder dilution rather than the accounting charges associated with such grants). 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 the Appendix and the press release we filed today.

# DocuSign at a Glance

## Market Leadership



World's #1 eSignature Solution

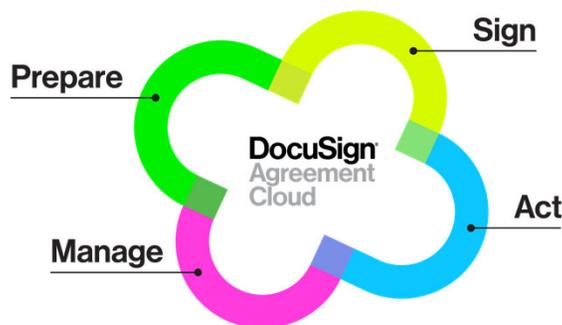
## Customer Base

**822K**<sup>(1)</sup>

Across all industries, segments, and geos

## Large Market Opportunity

**~\$50B**<sub>TAM</sub>



**Broader Agreement Cloud Opportunity**

(before and after Signing)

## Strong Growth & Performance

YTD Q3 FY2021<sup>(2)</sup>

**\$1.0B**

Revenue (19% Int'l)

46% YoY growth

**\$1.2B**

Billings

61% YoY growth

**10%**

Operating Margin

(Non-GAAP)

**122%**

Net dollar retention<sup>(3)</sup>

(1) As of October 31, 2020.

(2) For the nine months ended October 31, 2020. \$ in millions.

(3) Compares the ACV for subscription contracts from a set of enterprise and commercial customers at two period end dates. To calculate our dollar-based net retention rate at the end of a base year (e.g., January 31, 2017), we first identify the set of customers that were customers at the end of the prior year (e.g., January 31, 2016) and then divide the ACV attributed to that set of customers at the end of the base year by the ACV attributed to that same set at the end of the prior year. The quotient obtained from this calculation is the dollar-based net retention rate.

# Agreements are the foundation of doing business

## Sales

- Sales Order Processing
- Customer Account
- Provisioning
- Special Deal Terms
- Referral Agreements
- Reseller Agreements
- Partner Agreements
- Sales Support
- Loan Documents
- Support Agreements and Renewals

## Marketing

- Event Registration
- Customer Communication Approvals
- Mass Mailing/Email Approval
- Event Vendor Agreements
- Rebate Agreements
- Sponsorship Agreements
- Promotion Agreements
- Advertising Contracts
- Press Release Approvals
- Brand Licensing Agreements
- Media Plan Sign-offs

## Services

- Account Change
- Service/Work Orders
- Terms Change
- Self-Service Requests
- Compliance
- Field Service
- New Policy Applications
- Policy Cancellations / Suspensions
- Independent Agency Licensing
- EFT Authorization

## Human Resources

- Offer Letters
- New Hire Paperwork
- Candidate NDA
- On/Off-boarding Checklist
- Employee Policy Distribution and Signature
- Contractor Agreements
- Non-disclosure
- PTO Management
- Performance Appraisal
- Background Checks

## Finance

- Invoice Processing
- Expense Processing
- Capitalization Management
- Audit Sign-off
- Policy Management
- Inventory Sign-off
- Asset Transfer/Retirement
- Grant Applications
- Sales and Use Tax Return
- Consumer Account Opening
- Deposit Products

## IT/Operations

- Asset Tracking
- Change Requests
- Requirements Sign-off
- Access Management
- Incident Reporting
- Production Change Authorization
- Maintenance Authorization
- Authorization
- Real Estate Approval
- Project Budget Approvals

## Legal

- NDAs
- Contract Management
- Internal Compliance
- IP Licensing
- Patent Applications
- Board Minutes
- Affidavits
- Summons
- Engagement Letters
- Memoranda of Understanding

## Facilities

- Front Desk Sign-in
- Work Orders
- Lease Agreements
- Move In/Out Requests
- Parking Permits
- Building Maintenance
- Construction CAD Drawings
- Equipment Loan Agreements
- Change Justification Forms
- Building Permits
- Change Orders

## Product Management

- Change Management
- Release Management
- Code Review Reporting
- Requirements Acceptance
- Release Scope Commitment
- Policy Approval
- Beta/SDK Agreements
- Developer Program Enrollment
- Product Development Methods
- New Product Evaluation
- New Offering Announcement

## Procurement

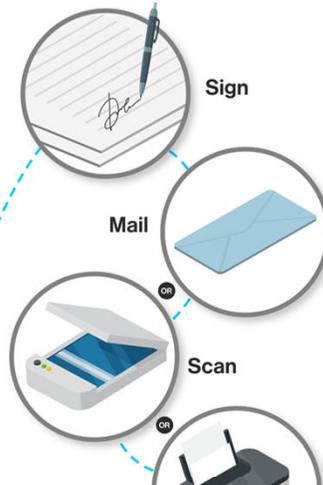
- Purchase Order
- Statement of Work
- Master Services Agreement
- RFP Sign-off
- Supplier Compliance
- Service Level Agreements
- Termination Letters
- Software License Agreements
- Rate Cards
- Invoice Processing
- Subcontractor Agreements
- Vendor Contracts

# But agreement processes are manual and disconnected

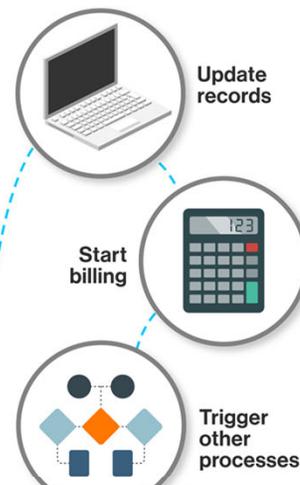
## Prepare



## Sign



## Act

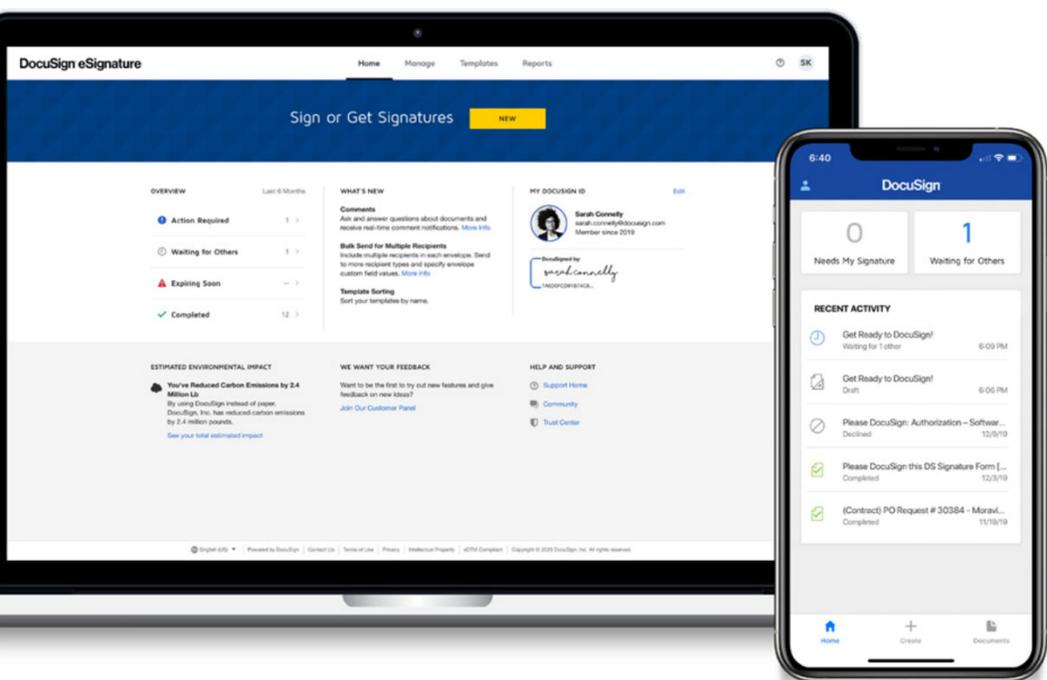


## Manage



**Result: Wasted time, needless costs, more errors, greater risk**

# DocuSign eSignature was the trigger to transformation



## Faster

50% completed in < 15 minutes; 82% in < 1 day<sup>(1)</sup>



## Easier

Send and sign anytime, from practically anywhere



## Cost-Effective

Automate manual processes



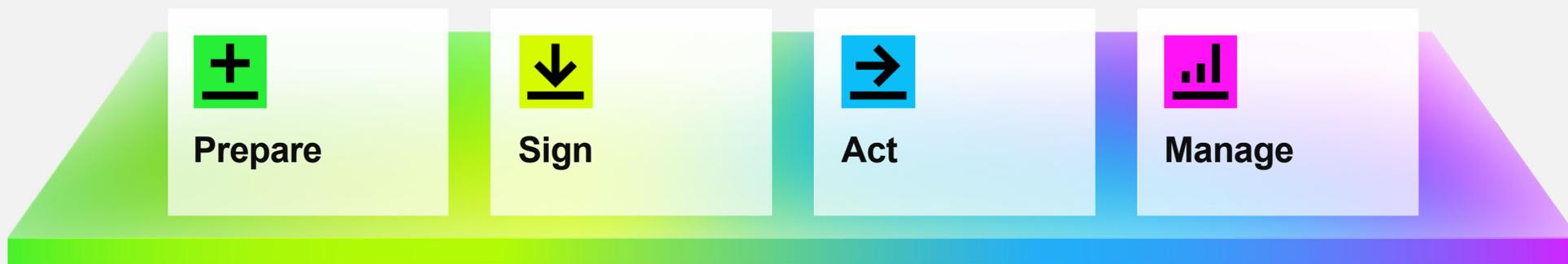
## Risk-Reducing

Standardize processes, generate audit trails

Comparisons are against traditional paper agreement processes.

(1) In fiscal 2020, 82% of all Successful Transactions on our platform were completed in less than 24 hours and 50% within 15 minutes—compared to the days or weeks common to traditional methods.

Now, we're transforming the entire agreement process



# The DocuSign Agreement Cloud



Gen & Negotiate  
Analyzer <sup>NEW</sup>  
Guided Forms

eSignature <sup>LEADER</sup>  
Identify  
Notary <sup>NEW</sup>

CLM <sup>LEADER</sup>  
Payments

Insight <sup>LEADER</sup>  
Monitor

## Integrations

Salesforce | Microsoft | Google | SAP | Workday | Hundreds more

## Industry Solutions

Financial Services | Life Sciences | Government | Real Estate | Mortgage

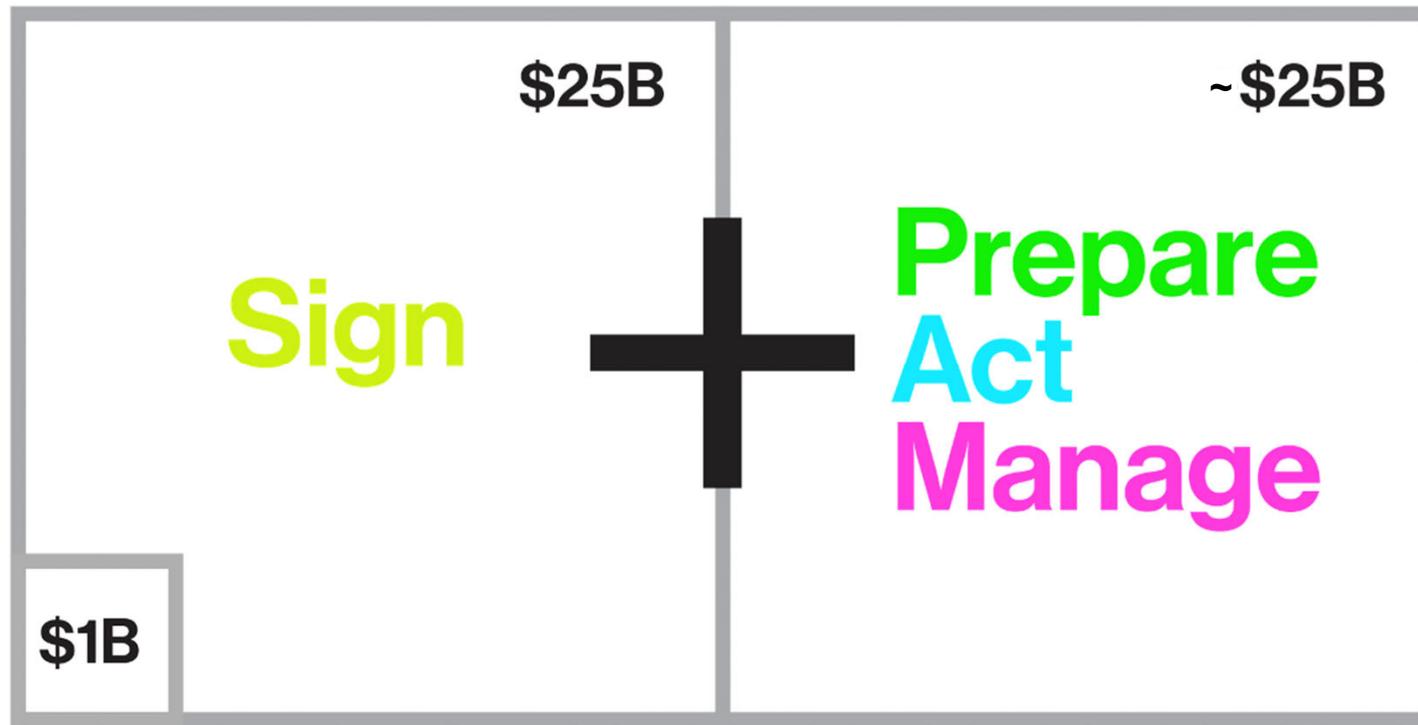
## APIs

REST | Send | Webhooks | Sign | Data Feed | SDK

## Platform

Infrastructure | Administration | Authentication | Security | FedRAMP | Search | 508 Compliance | Storage

# Broader Agreement Cloud opportunity doubles our TAM



# Agreement Cloud is the next big cloud opportunity interconnecting with CRM, ERP, and HCM

Front Office

Back Office

Marketing  
Clouds

Sales  
Clouds

Service  
Clouds

HR  
Clouds

ERP  
Clouds

IT/OPS  
Clouds

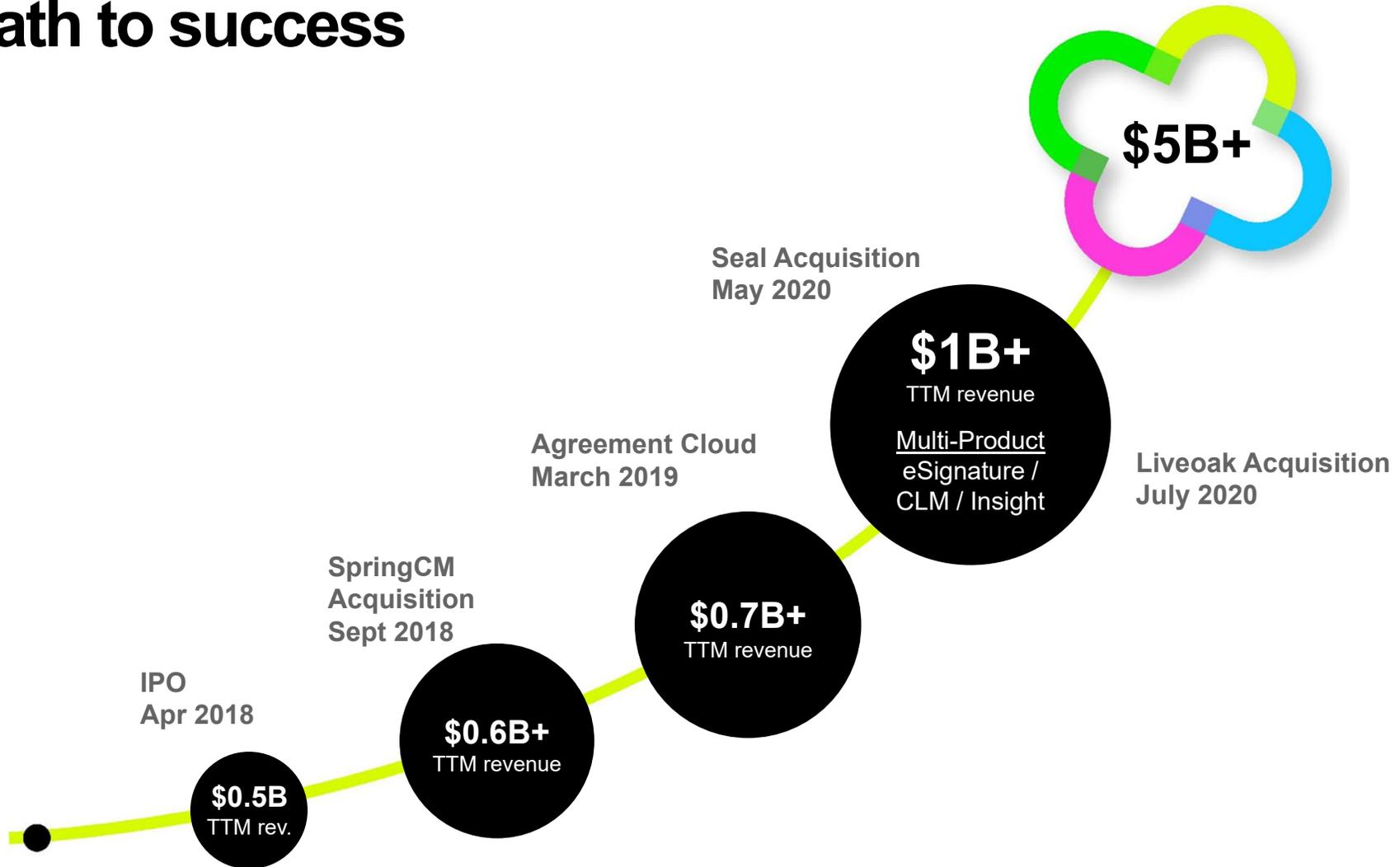
Business Processes

Agreement Processes



Agreement Cloud

# Path to success



# Delivered in waves that build on each other



## eSignature

Digitize and automate signing with electronic signatures



## Agreement Cloud

Broaden automation to cover the end-to-end agreement process



## Smart Agreement Cloud

Deepen automation with AI and smart contracts

# Key Products



## eSignature

World's #1 way to send and sign documents electronically



## CLM

Contract lifecycle management



## Insight / Analyzer

AI-based search, analysis, and risk-scoring of agreements

## Notary

COMING SOON

Remote online notarization via videoconference

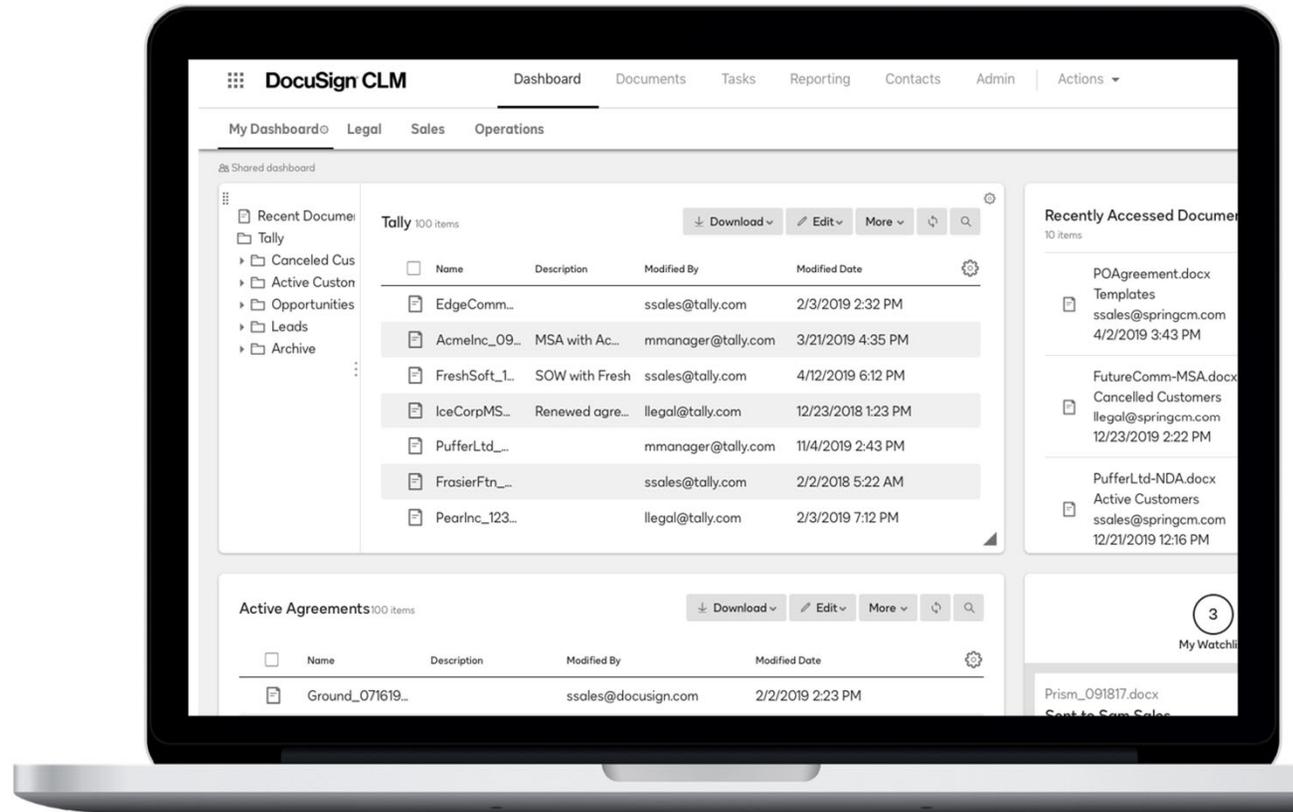
# DocuSign CLM

Automate the contract lifecycle

Generate agreements, facilitate negotiation, track redlines, and ensure version control

Connect and track business processes across contributors, reviewers, approvers and more

Centralize agreements in a secure, searchable repository



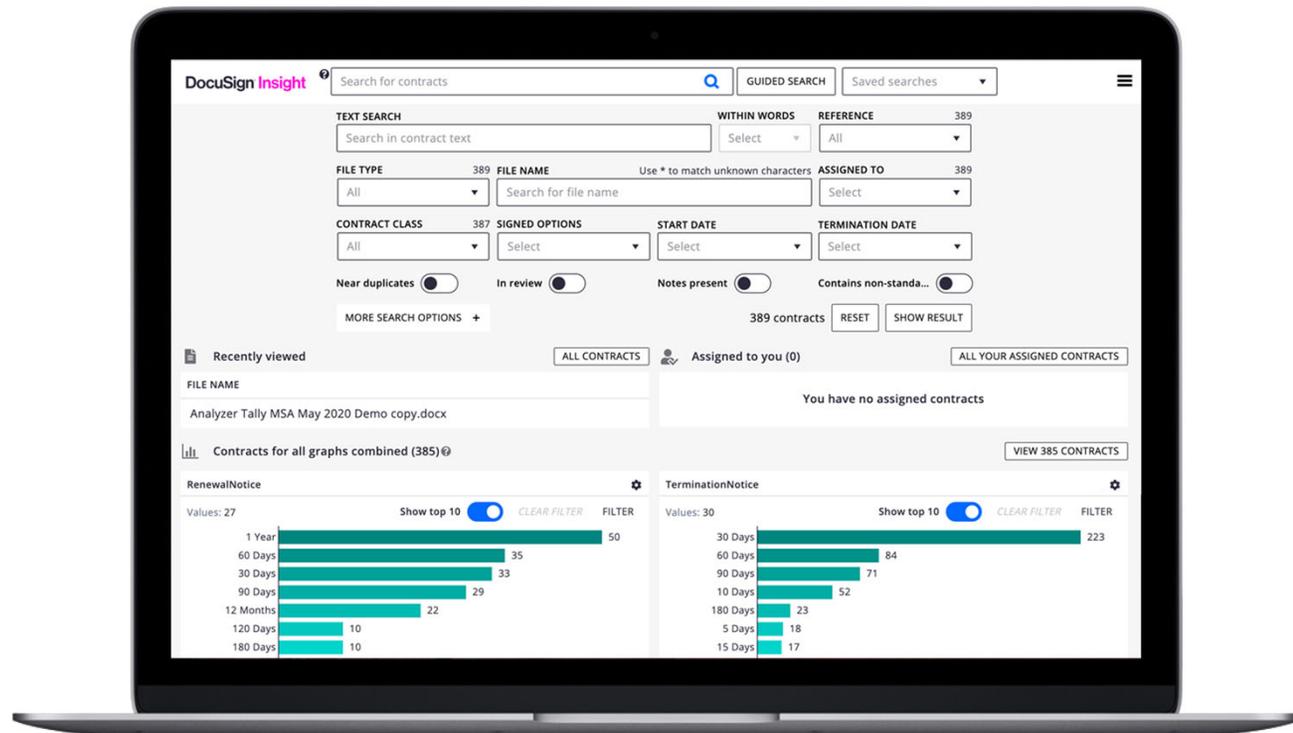
# DocuSign Insight

Understand what's in your contracts

Find, filter and analyze all your existing agreements with purpose-built contract analytics

Compare AI-extracted clauses and terms across agreements

Search agreements by concept, not just keyword



# DocuSign Analyzer

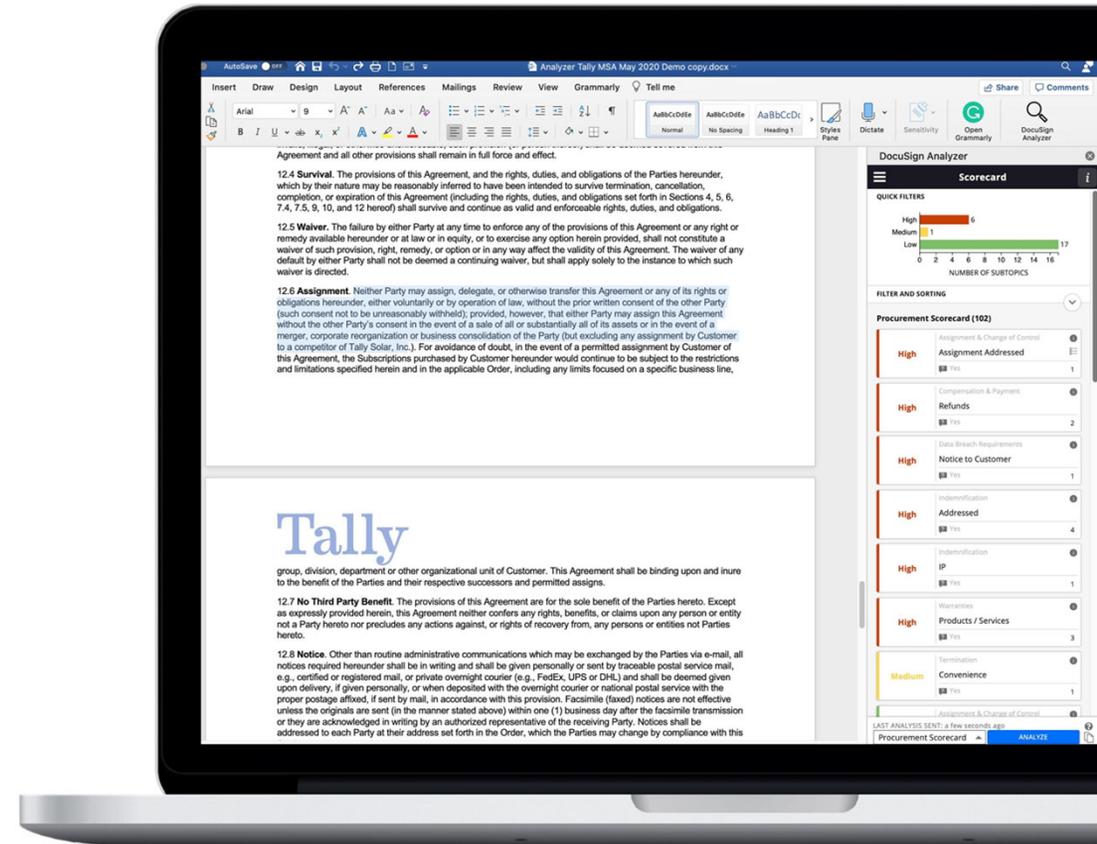
## Negotiate contracts with the power of AI

Automated clause and term analysis for incoming agreements

Risk scoring of contract content to guide faster action

Direct access to your library of pre-approved clauses

Integrates with DocuSign CLM to automatically route work based on clause type and risk



COMING SOON

# DocuSign Notary

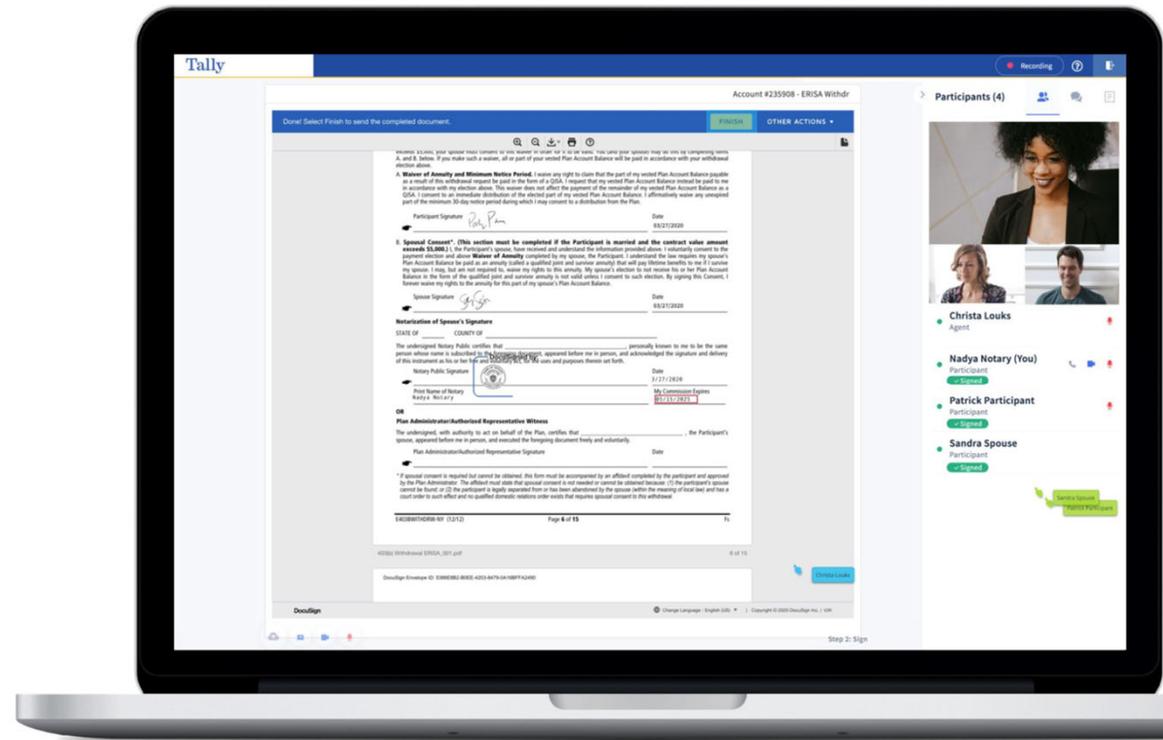
Electronic notarization from virtually anywhere

Secure videoconferencing with notary-specific tools and workflow

Multi-state compliance

Support for customer-supplied notaries

Full audit trail



# The world's leading brands trust DocuSign



# Why DocuSign Wins/Key Differentiators

## Comprehensive

### Most applications

More than a dozen applications span the entire agreement process

### Most integrations

350+ prebuilt integrations with the systems where work gets done

### Award-winning API

Over 1,000+ customer-built integrations

## Innovative

### Track record of “firsts”

eSignature pioneer, with 750+ product innovations delivered

### World-class platform technologies

Leadership in uptime, security, privacy, and global coverage

### Unique mix of scale and focus

The industry’s largest organization for designing, delivering, and supporting agreement technologies

## Trusted

### 822,000 customers

Including many of the world’s largest banking, pharma, and tech companies

### Hundreds of millions of signers

The global standard in eSignature, across 180+ countries

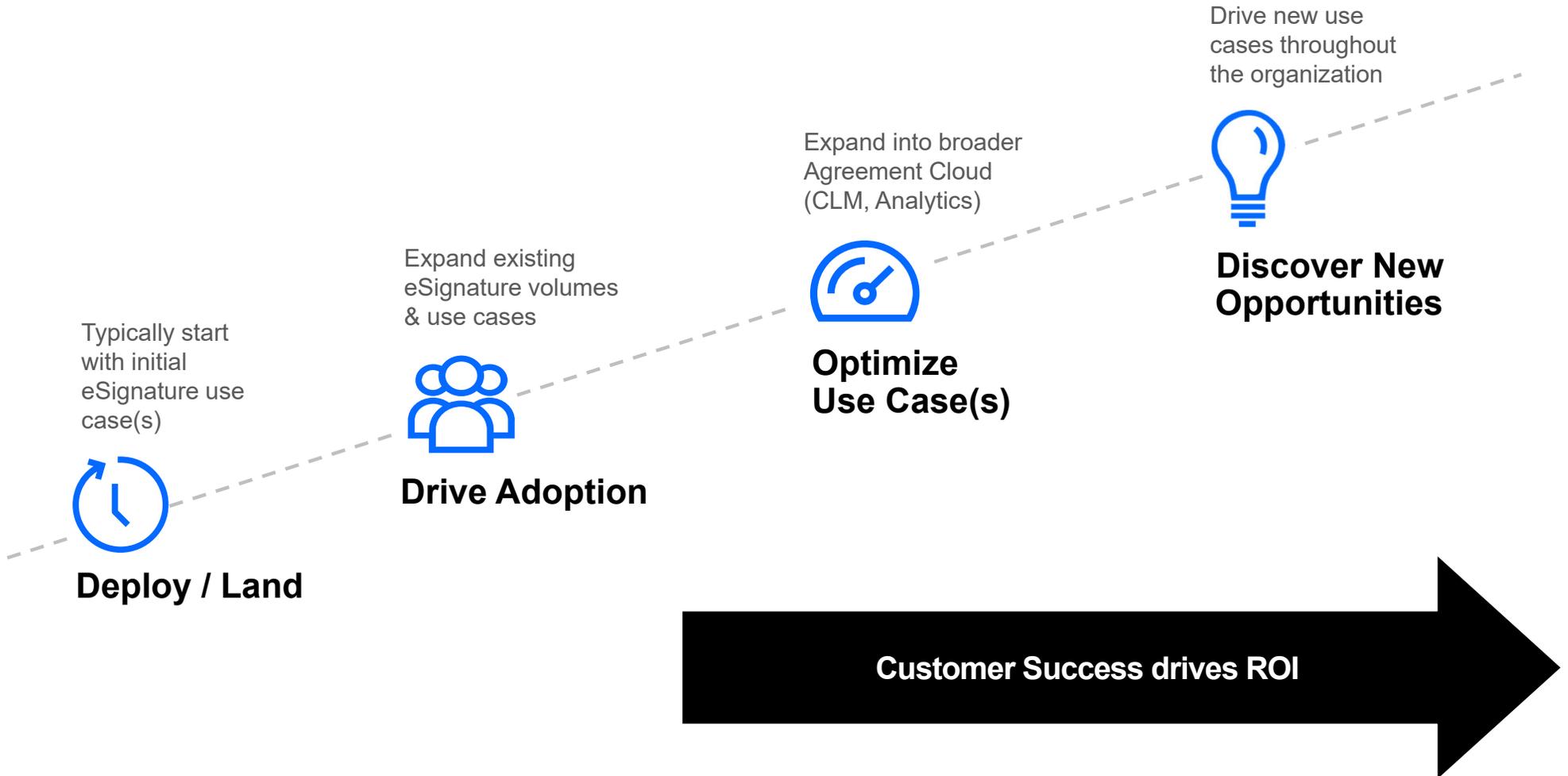
### Net promoter score of 66

Loved like the world’s best brands

# Unique Go-To-Market Strategy

	<b>Direct &amp; Partner Channel</b> ~85% of revenue		<b>eCommerce Channel</b> ~15% of revenue
<b>Sales Channel</b>	<b>Enterprise</b> Companies generally included in the Global 2000	<b>Commercial</b> <u>Mid-Market/Majors</u> >250 employees  <u>Small Business</u> 10-249 employees	<b>Very Small Businesses</b> < 10 employees
<b>Growth Drivers</b>	Land and expand model		Lead generation Brand recognition

# Land and Expand Model



# Robust Partner Ecosystem

## Software Vendors



## System Integrators



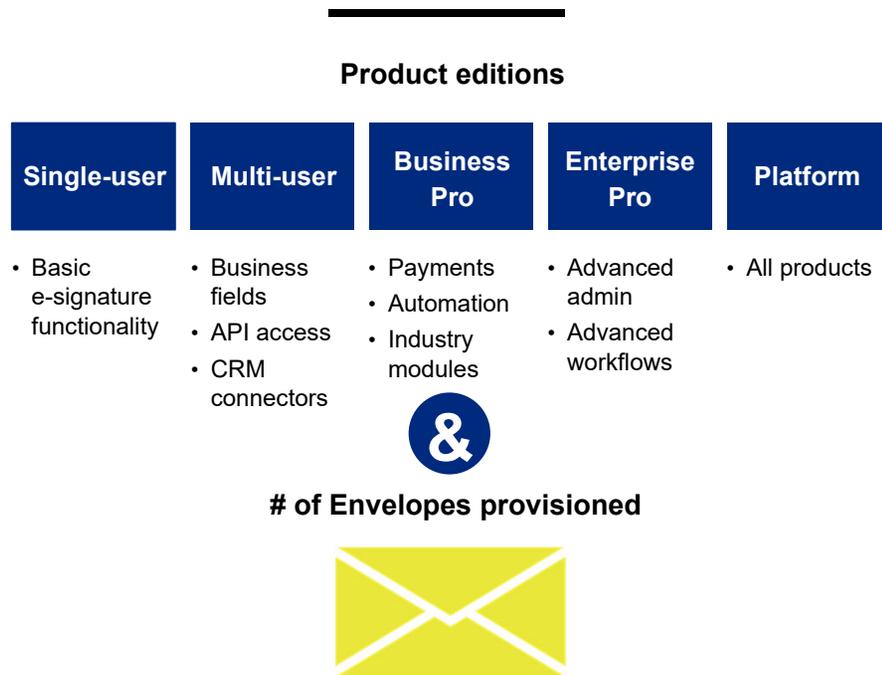
## Resellers



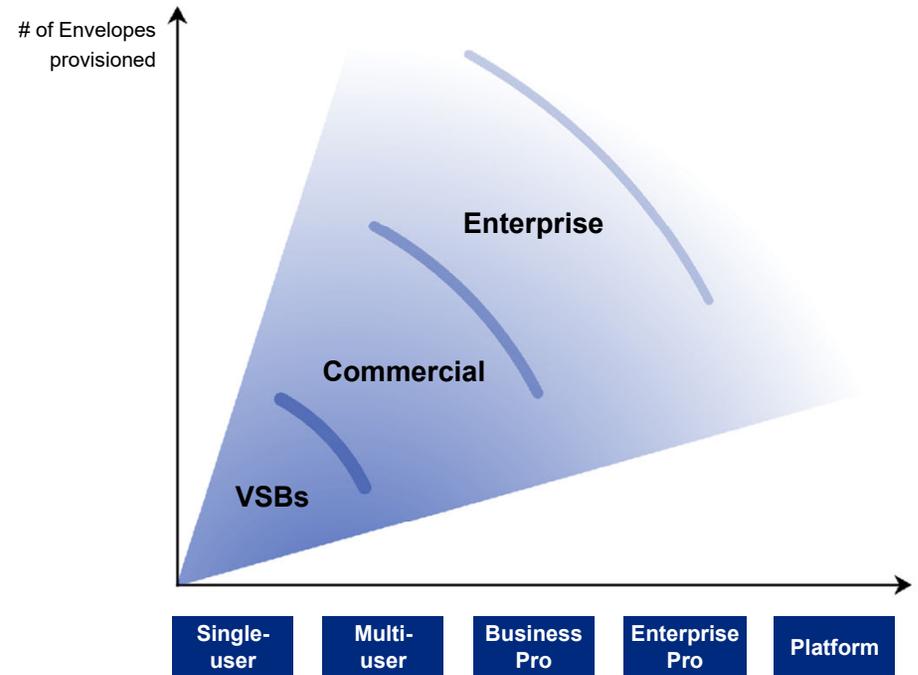
# Financial Review

# Capacity-based Subscription Model

## Pricing by functionality & Envelopes<sup>(1)</sup>

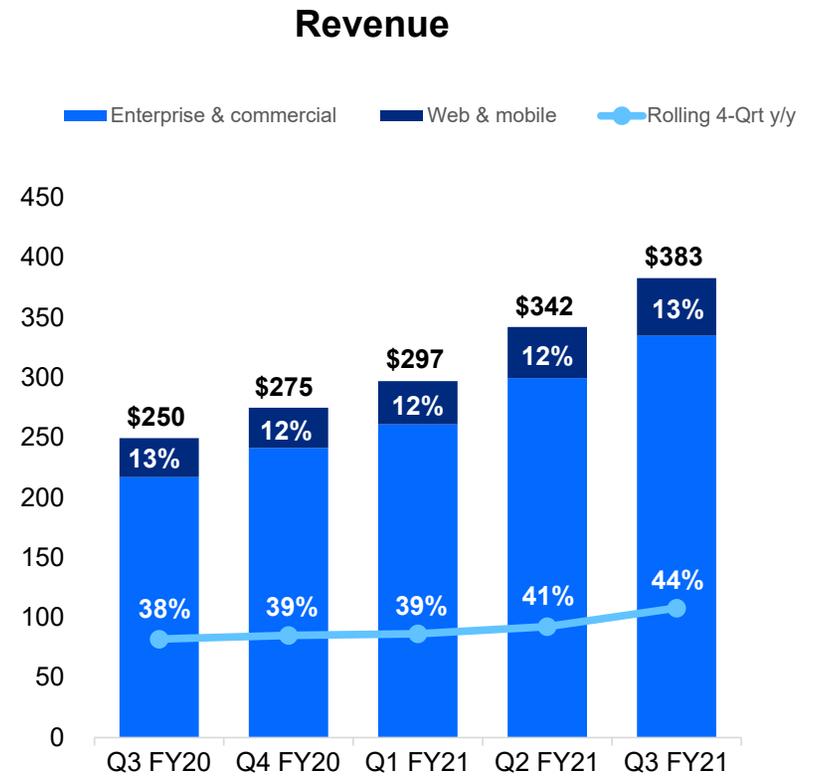
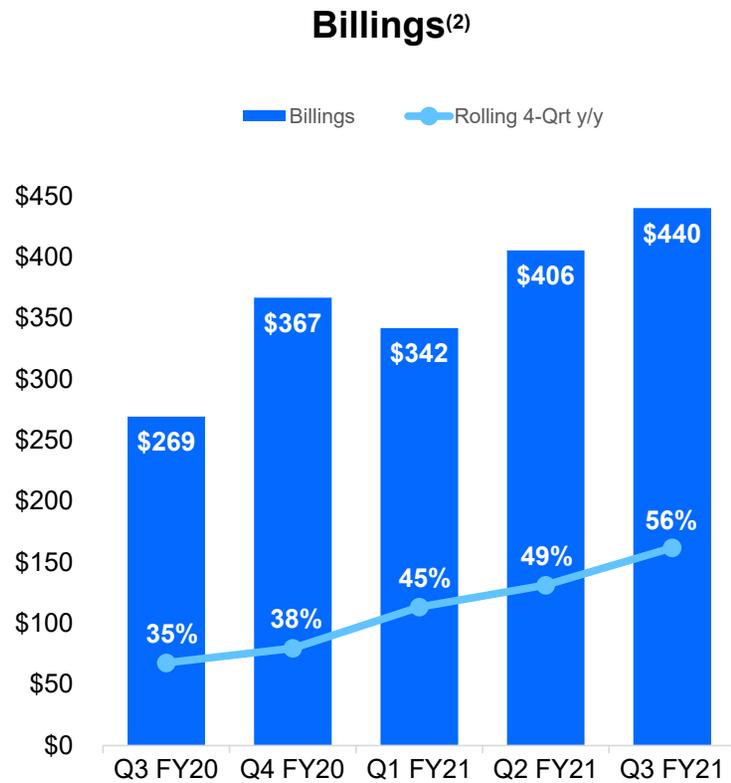


## Wide range of customers & deal sizes



(1) An Envelope is a digital container used to send one or more documents for signature or approval to one or more recipients.

# Strong growth in billings and revenue<sup>(1)</sup>

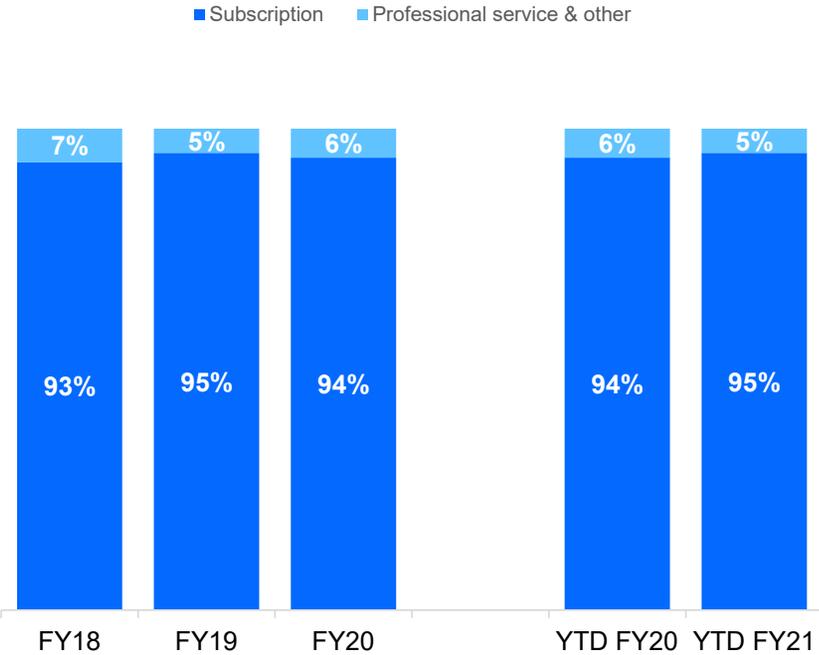


(1) For the fiscal quarter ended October 31, 2020 and the four fiscal quarters prior. \$ in millions.

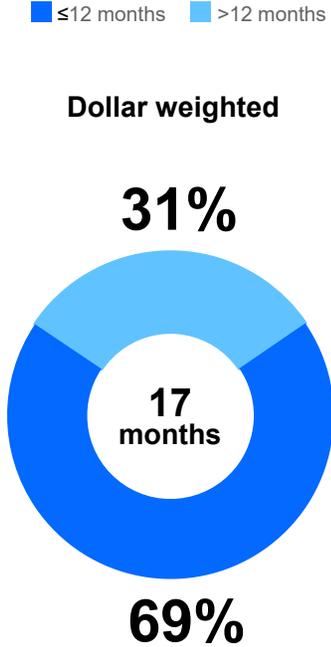
(2) Billings = total revenues plus the change in contract liabilities and refund liability less contract assets and unbilled accounts receivable in a given period. Please see Appendix for non-GAAP reconciliation.

# Strong revenue visibility

Revenue contribution<sup>(1)</sup>



Average contract length<sup>(2)</sup>

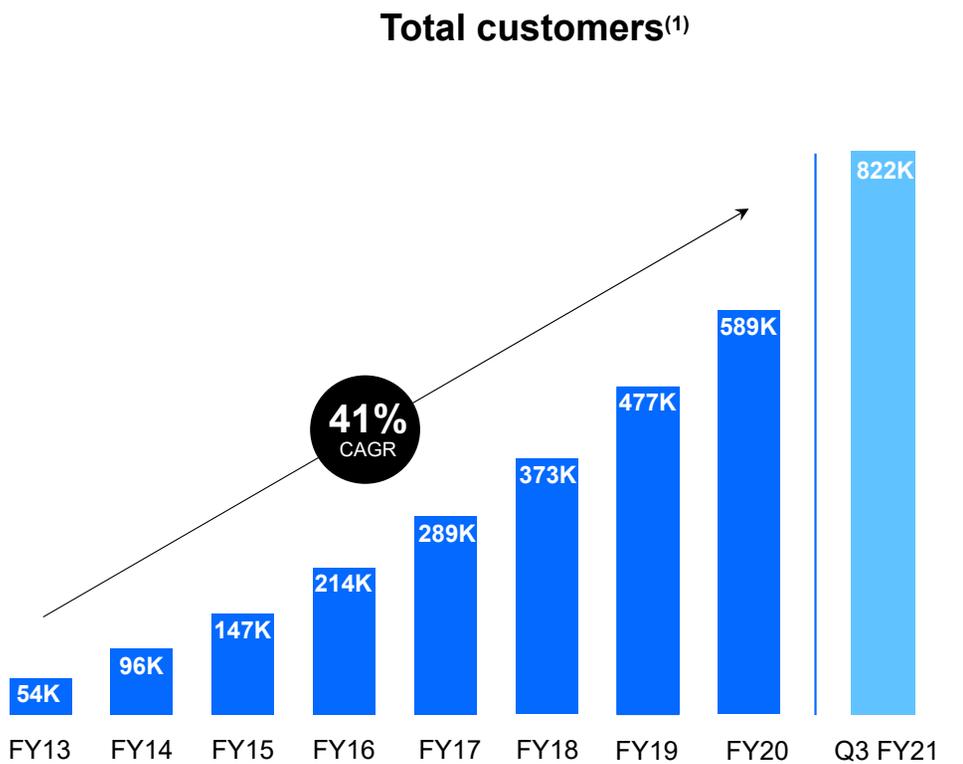


(1) For the fiscal years ended January 31, 2018, 2019, 2020, and for the nine months ended October 31, 2019 and 2020.

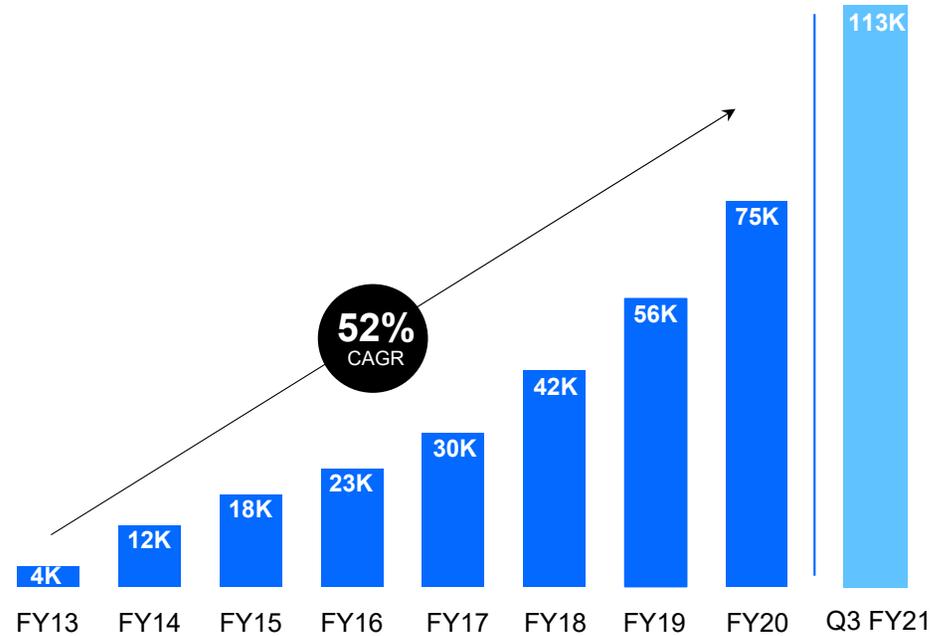
(2) Rolling 4-quarter average through Q3 FY21.

# Large and growing customer base

### Total customers<sup>(1)</sup>



### Enterprise & commercial customers<sup>(2)</sup>

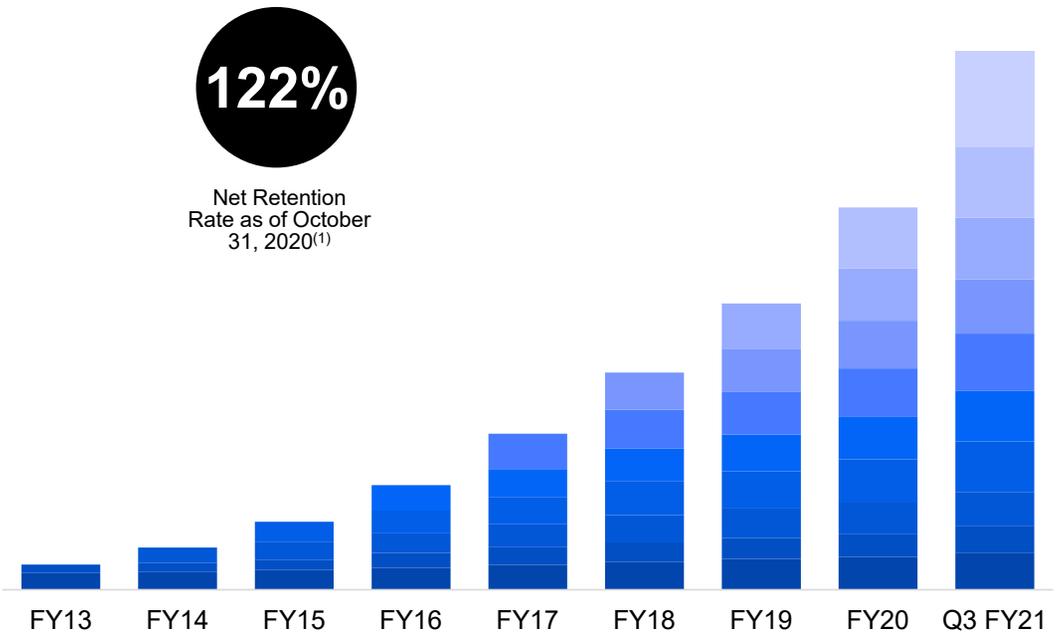


(1) At period end.

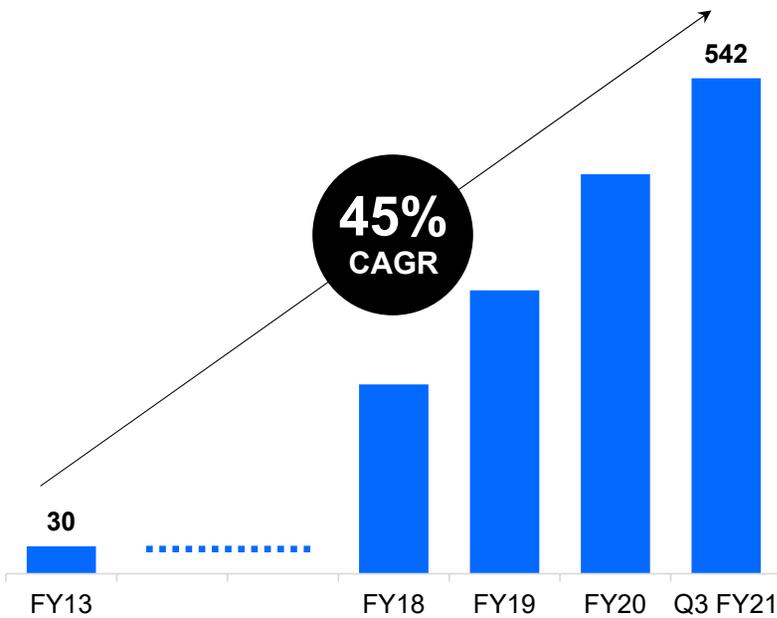
(2) Comprised of customers who were not acquired through our self-service channel.

# Cohort and large customer expansion

Cohort analysis

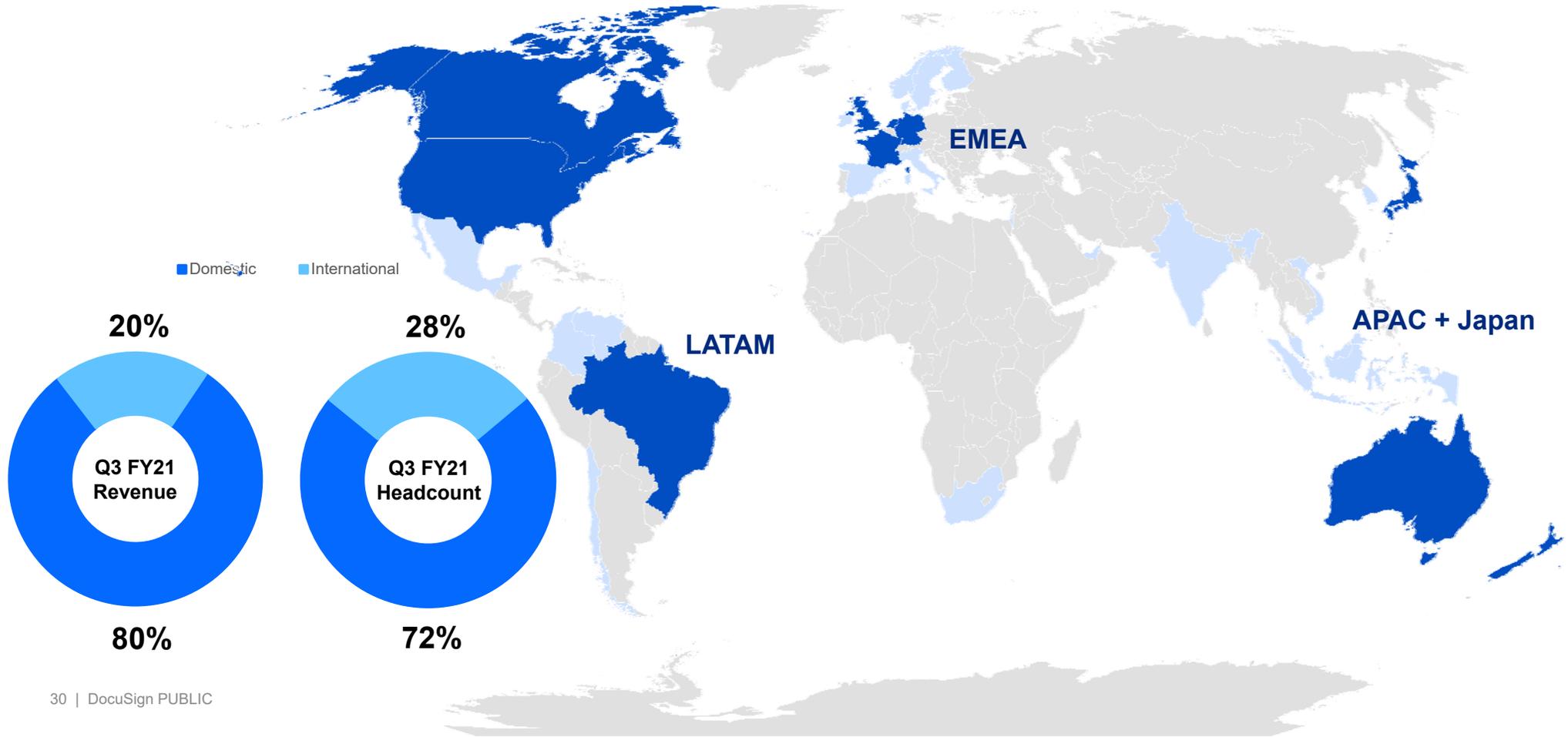


Customers with >\$300K in ACV<sup>(2)</sup>



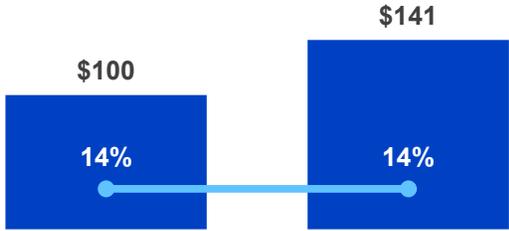
(1) Compares the ACV for subscription contracts from a set of enterprise and commercial customers at two period end dates. To calculate our dollar-based net retention rate at the end of a base year (e.g., January 31, 2017), we first identify the set of customers that were customers at the end of the prior year (e.g., January 31, 2016) and then divide the ACV attributed to that set of customers at the end of the base year by the ACV attributed to that same set at the end of the prior year. The quotient obtained from this calculation is the dollar-based net retention rate.  
 (2) Average Contract Value.

# Rapid International Expansion

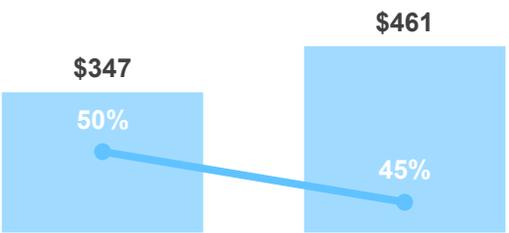
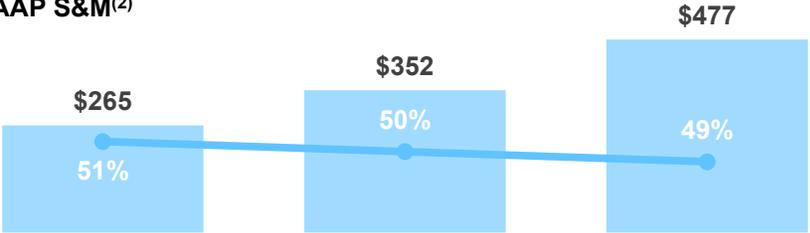


# Achieving Increased Leverage<sup>(1)</sup>

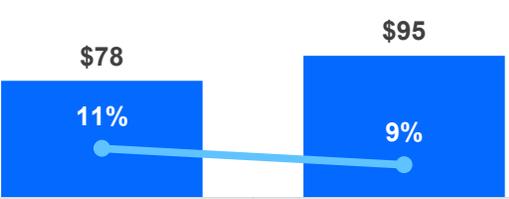
## Non-GAAP R&D<sup>(2)</sup>



## Non-GAAP S&M<sup>(2)</sup>



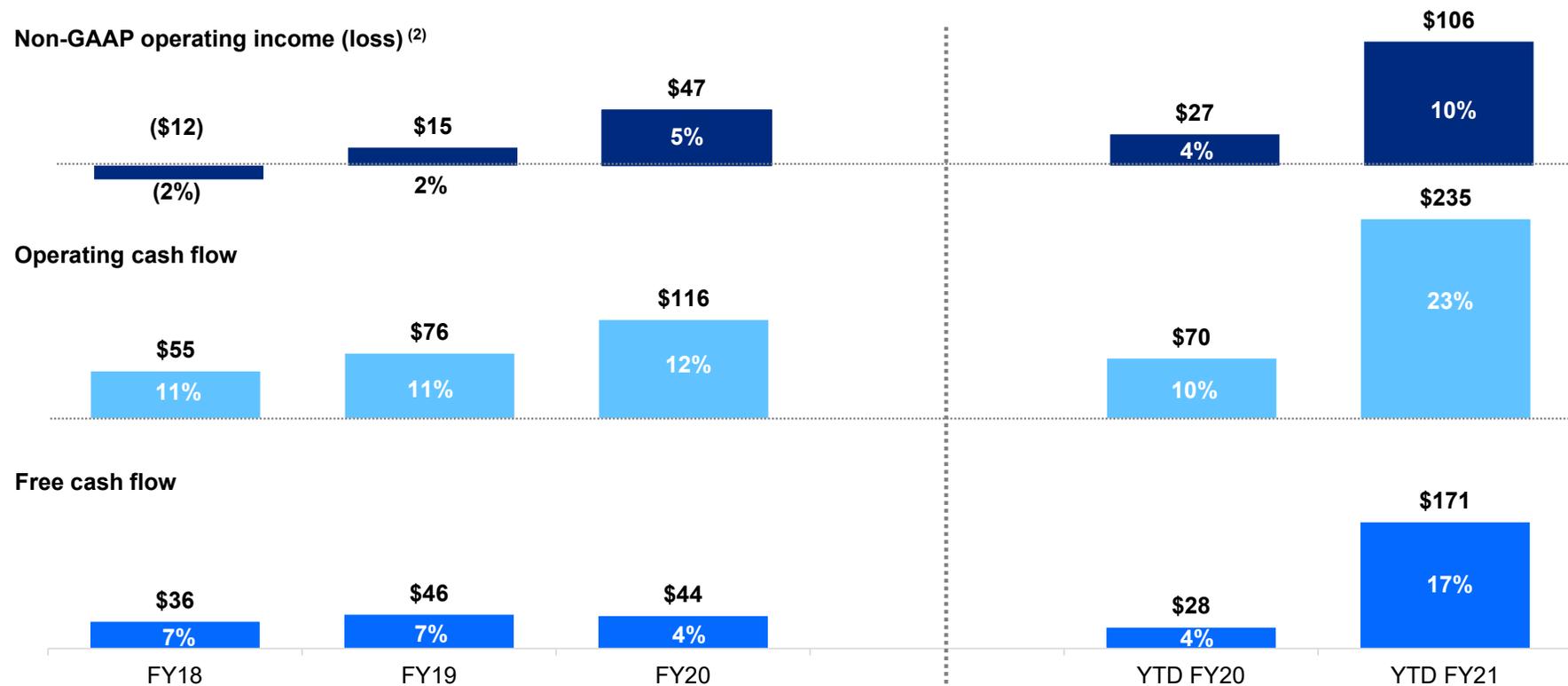
## Non-GAAP G&A<sup>(2)</sup>



(1) For the fiscal years ended January 31, 2018, 2019, 2020, and for the nine months ended October 31, 2019 and 2020. \$ in millions. % of revenue.

(2) Please see Appendix slides for non-GAAP reconciliation.

# Improving profitability and cash flows<sup>(1)</sup>



(1) For the fiscal years ended January 31, 2018, 2019, 2020, and for the nine months ended October 31, 2019 and 2020. \$ in millions. % of revenue.

(2) Please see Appendix slides for non-GAAP reconciliation.

# Appendix

# GAAP to non-GAAP gross profit reconciliation

Gross Profit (in \$K)	Quarter Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
GAAP Gross Profit	285,092	187,538	759,671	523,917
Add: Stock-based Compensation in Cost of Revenue	11,782	7,150	30,010	20,808
Add: Amortization of Acquisition-related Intangibles in Cost of Revenue	3,376	1,348	7,856	4,356
Add: Employer Payroll Tax on Employee Stock Transactions in Cost of Revenue	1,676	715	4,450	1,908
> Non-GAAP Gross Profit	301,926	196,751	801,987	550,989
GAAP Gross Margin	74%	75%	74%	75%
Non-GAAP Gross Margin	79%	79%	78%	79%

Subscription Gross Profit (in \$K)	Quarter Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
GAAP Subscription Revenue	366,617	238,072	971,182	660,341
Less: GAAP Subscription Cost of Revenue	69,905	43,178	186,645	115,769
> GAAP Subscription Gross Profit	296,712	194,894	784,537	544,572
Add: Stock-based Compensation in Subscription Cost of Revenue	5,777	3,534	14,655	8,931
Add: Amortization of Acquisition-related Intangibles in Subscription Cost of Revenue	3,376	1,348	7,856	4,356
Add: Employer Payroll Tax on Employee Stock Transactions in Subscription Cost of Revenue	722	337	2,183	769
> Non-GAAP Subscription Gross Profit	306,587	200,113	809,231	558,628
GAAP Subscription Gross Margin	81%	82%	81%	82%
Non-GAAP Subscription Gross Margin	84%	84%	83%	85%

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

Adjusted Operating Gain / (Loss) (in \$K)	Quarter Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
GAAP Operating Loss	(48,470)	(43,997)	(148,958)	(151,156)
Add: Stock-based Compensation in Cost of Revenue	11,782	7,150	30,010	20,808
Add: Amortization of Intangibles in Cost of Revenue	3,376	1,348	7,856	4,356
Add: Employer Payroll Tax on Employee Stock Transactions in Cost of Revenue	1,676	715	4,450	1,908
Add: Stock-based Compensation in Operating Expenses	69,138	45,586	173,228	129,991
Add: Amortization of Intangibles in Operating Expenses	3,981	2,957	11,176	9,102
Add: Employer Payroll Tax on Employee Stock Transactions in Operating Expenses	7,283	3,129	20,316	11,555
Add: Acquisition-related Operating Expenses	336	-	7,962	-
> Non-GAAP Operating Income	49,102	16,888	106,040	26,564
Operating Margin (GAAP)	(13%)	(18%)	(15%)	(22%)
Operating Margin (non-GAAP)	13%	7%	10%	4%

Free Cash Flow (in \$K)	Quarter Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
Net Cash Provided by Operating Activities	57,443	(1,869)	234,721	70,191
Less: Purchases of Property, Plant, and Equipment	(19,393)	(12,280)	(64,144)	(42,071)
> Free Cash Flow	38,050	(14,149)	170,577	28,120
Free Cash Flow Margin	10%	(6%)	17%	4%
Net Cash Provided by (Used in) Investing Activities	9,691	(19,067)	100,064	(350,795)
Net Cash Provided by (Used in) Financing Activities	(95,203)	(6,186)	(202,435)	39,153

# GAAP to non-GAAP operating expenses reconciliation

Sales & Marketing (in \$K)	Quarter Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
GAAP Sales & Marketing	209,944	149,231	576,729	430,053
Less: Stock-based Compensation in Sales & Marketing	(36,881)	(24,649)	(93,851)	(68,693)
Less: Amortization of Acquisition-related Intangibles in Sales & Marketing	(3,981)	(2,957)	(11,176)	(9,102)
Less: Acquisition-related Expenses in Sales & Marketing	-	-	(186)	-
Less: Employer Payroll Tax on Employee Stock Transactions in Sales & Marketing	(4,125)	(1,682)	(10,992)	(5,610)
> Non-GAAP Sales & Marketing	164,957	119,943	460,524	346,648
Sales & Marketing as % of Revenue (GAAP)	55%	60%	56%	62%
Sales & Marketing as % of Revenue (non-GAAP)	43%	48%	45%	50%

Research & Development (in \$K)	Quarter Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
GAAP Research & Development	73,362	48,758	191,387	133,458
Less: Stock-based Compensation in Research & Development	(18,896)	(11,679)	(45,562)	(30,959)
Less: Employer Payroll Tax on Employee Stock Transactions in Research & Development	(1,752)	(712)	(5,317)	(2,888)
> Non-GAAP Research & Development	52,714	36,367	140,508	99,611
Research & Development as % of Revenue (GAAP)	19%	20%	19%	19%
Research & Development as % of Revenue (non-GAAP)	14%	15%	14%	14%

General & Administrative (in \$K)	Quarter Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
GAAP General & Administrative	50,256	33,546	140,513	111,562
Less: Stock-based Compensation in General & Administrative	(13,361)	(9,258)	(33,815)	(30,339)
Less: Acquisition-related Expenses in General & Administrative	(336)	-	(7,776)	-
Less: Employer Payroll Tax on Employee Stock Transactions in General & Administrative	(1,406)	(735)	(4,007)	(3,057)
> Non-GAAP General & Administrative	35,153	23,553	94,915	78,166
General & Administrative as % of Revenue (GAAP)	13%	13%	14%	16%
General & Administrative as % of Revenue (non-GAAP)	9%	9%	9%	11%

# Computation of billings

## Computation of Billings (in \$K)

	Quarter Ended October 31,		Nine Months Ended October 31,	
	2020	2019	2020	2019
Revenue	382,923	249,502	1,022,149	699,076
Add: Contract Liabilities and Refund Liability, End of Period	702,691	435,898	702,691	435,898
Less: Contract Liabilities and Refund Liability, Beginning of Period	(638,790)	(412,953)	(522,201)	(390,887)
Add: Contract Assets and Unbilled Accounts Receivable, Beginning of Period	20,395	17,757	15,082	13,436
Less: Contract Assets and Unbilled Accounts Receivable, End of Period	(26,808)	(20,805)	(26,808)	(20,805)
Add: Contract Assets and Unbilled Accounts Receivable by Acquisitions	-	-	6,589	-
Less: Contract Liabilities and Refund Liability Contributed by Acquisitions	-	-	(9,344)	-
<b>Billings</b>	<b>440,411</b>	<b>269,399</b>	<b>1,188,158</b>	<b>736,718</b>