

A scenic view of the London skyline across the River Thames. The London Eye is prominent on the left, and Big Ben is visible in the distance. The sky is clear and blue, and the water is calm with a few boats.

Welcome
ZUORA INVESTOR SESSION

June 5, 2019

DISCLOSURES

This presentation contains non-GAAP financial measures. You can find the reconciliation of these measures to the most directly comparable GAAP financial measure in the Appendix at the end of this presentation. The non-GAAP financial measures disclosed by Zuora should not be considered a substitute for, or superior to, the financial measures prepared in accordance with GAAP. Please refer to "Explanation of Non-GAAP Financial Measures" section of Zuora's quarterly earnings release for a detailed explanation of the adjustments made to the comparable GAAP measures, the ways management uses the non-GAAP measures and the reasons why management believes the non-GAAP measures provide investors with useful supplemental information.

Statements in this presentation and the accompanying oral presentation that refer to business outlook, future plans and expectations are forward-looking statements that involve a number of risks and uncertainties. Words such as "anticipates," "expects," "intends," "goals," "plans," "believes," "seeks," "estimates," "continues," "may," "will," "would," "should," "could," and variations of such words and similar expressions are intended to identify such forward-looking statements. Statements that refer to or are based on estimates, forecasts, projections, uncertain events or assumptions, including statements relating to total addressable market (TAM) or market opportunity, future products and the expected availability and benefits of such products, and anticipated trends in our businesses or the markets relevant to them, also identify forward-looking statements. Such statements are based on management's expectations as of June 5, 2019, unless an earlier date is indicated, and involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these forward-looking statements. Additional information regarding these and other risks and uncertainties that could cause actual results to differ materially from the company's expectations is included in Zuora's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on April 18, 2019, as well as other documents that may be filed or furnished by us from time to time with the SEC. Zuora's filings with the SEC are available free of charge on Zuora's Investor relations website at investor.zuora.com and on the SEC's website at www.sec.gov.

This presentation includes market data and certain other statistical information and estimates that are based on reports and other publications from industry analysts, market research firms, and other independent sources, as well as management's own good faith estimates and analyses. We believe these third-party reports to be reputable, but have not independently verified the underlying data sources, methodologies or assumptions. Information that is based on estimates, forecasts, projections, market research, or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information.

The forward-looking statements included in this presentation reflects our views as of June 5, 2019, unless an earlier date is indicated. Zuora does not undertake and express disclaims any obligation to update any statement made in this presentation, whether as a result of new information, new developments or otherwise, except to the extent that disclosure may be required by law.



AGENDA

- ✓ Welcome
- ✓ Evolution of the Subscription Economy
- ✓ Business Model with a Path to Profitability
- ✓ Break
- ✓ Q&A

Zuora

Tien Tzuo, Co-Founder and CEO





We create cloud services that enable any company
in any industry to successfully launch,
manage and transform a subscription business



EVOLUTION OF THE SUBSCRIPTION ECONOMY

THE END OF OWNERSHIP.
THE RISE OF USERSHIP.

A photograph of a garage interior. Three bicycles are hanging from the ceiling. The bicycle in the center is bright green, while the two on either side are silver. The text "OWNERSHIP WAS ABOUT THINGS" is overlaid in white, bold, sans-serif font across the middle of the image. The background shows a white wall, a metal shelving unit on the left with various items, a blue trash bin in the foreground, and a white cabinet on the right. The lighting is somewhat dim, and the overall tone is slightly desaturated.



USERSHIP IS ABOUT TURNING THOSE
THINGS INTO SERVICES

A close-up photograph of a row of smart meters mounted on a wall. The meters are silver with digital displays and are connected to a network of pipes and valves. The background is a textured, light-colored wall. The text "USERSHIP STARTED WITH UTILITIES AND TELCO" is overlaid in white, bold, sans-serif font across the center of the image.

USERSHIP STARTED WITH
UTILITIES AND TELCO

USERSHIP FLOURISHED WITH SAAS

Salesforce, Google, AWS



USERSHIP CAME TO MEDIA

Netflix, Spotify, HBO, The New York Times



A professional video camera is shown from a low angle, focusing on its controls and a small monitor. The monitor displays a woman standing in a library. The camera's control panel features buttons labeled 'IRIS', 'USER MENU', 'FOCUS', 'AUTO-MAN', and 'DISPLAY'. The background is a blurred library with bookshelves. The entire image has a teal color overlay.

WHAT WILL MEDIA COMPANIES DO?



Content Library



Devices



Consumption Data



Content Providers
(Writers, artists, musicians)

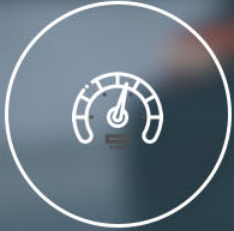
THINGS ARE NO LONGER JUST THINGS



THINGS ARE BECOMING SERVICES

A dark-colored Porsche Panamera is shown from a rear three-quarter view, driving on a road. The car's rear lights are illuminated, and the word 'PORSCHE' is visible on the trunk. The license plate reads 'EVC-911' and 'COOPER'. The background shows a blurred landscape with trees and buildings under a twilight sky. The text 'WHAT WILL AUTO COMPANIES DO?' is overlaid in large, white, sans-serif font across the center of the image.

WHAT WILL AUTO COMPANIES DO?



Miles Driven



Fleet of Vehicles



Car Inventory



Billing



Reservations

A combine harvester is shown in a field during sunset. The machine is yellow and red, with a person visible in the operator's cab. The background features a line of trees and a fence. The overall scene is bathed in a warm, golden light.

WHAT ABOUT HEAVY
EQUIPMENT COMPANIES?



Equipment



Site



Dirt-moved



Billing



Sensors

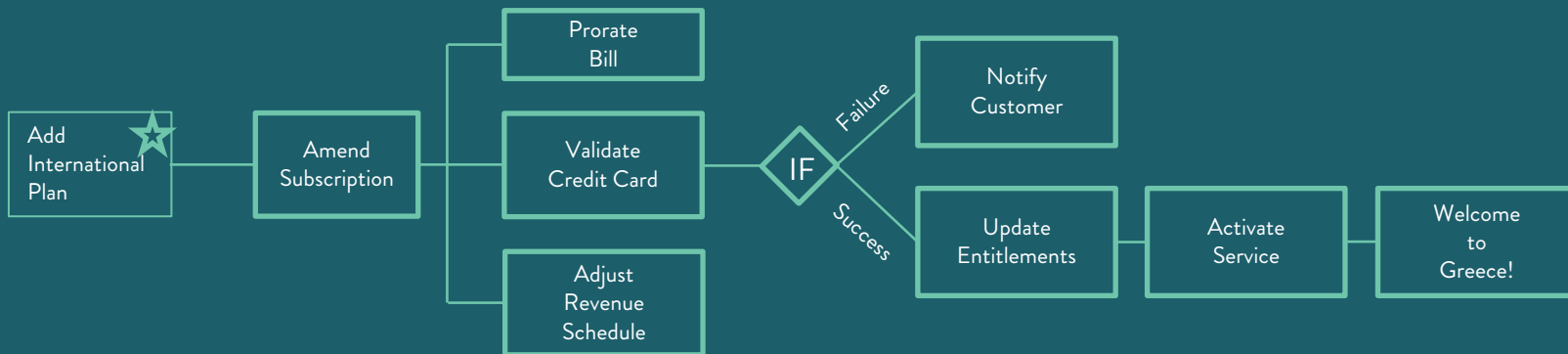



LET'S LOOK AT AN EXAMPLE

An aerial photograph of the Theatre of Dionysus in Athens, Greece. The theatre is a semi-circular structure with numerous tiers of stone seats. The stage area is a semi-circle with a checkered floor. The background shows a cityscape and a hill with a small tower. The sky is overcast with grey clouds. The text "I LAND IN GREECE" is overlaid in white, bold, sans-serif font across the center of the image.

“I LAND IN GREECE”

THINK OF ALL THE THINGS THAT HAVE TO HAPPEN BEHIND THE SCENES FOR THAT CHOICE



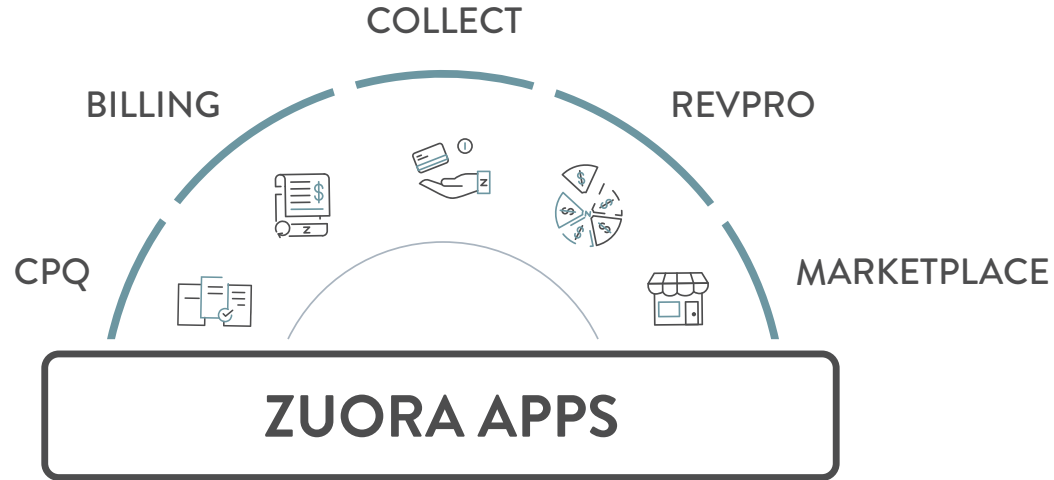


EVERY SUBSCRIBER INTERACTION
LEADS TO AN AVERAGE OF 15
DOWNSTREAM EVENTS ACROSS
MULTIPLE SYSTEMS

Subscription Economy Benchmarks, 2019

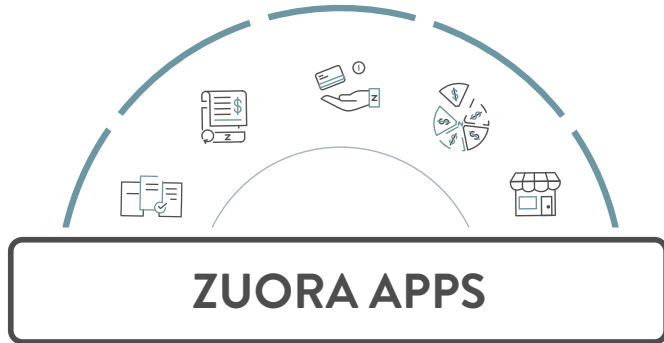
ZUORA APPS

Enabling companies to monetize any subscription services



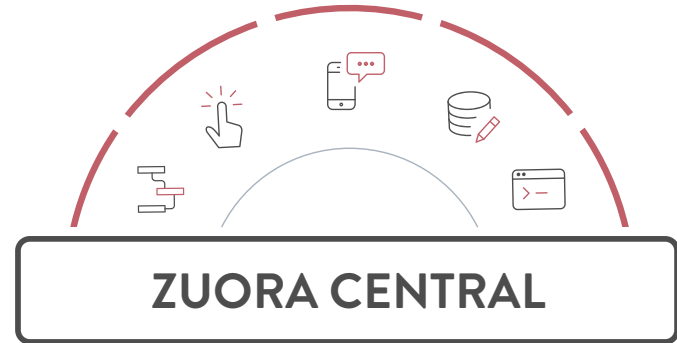
APPLICATIONS

Service Monetization



PLATFORM

Service Orchestration





GENERATION ONE

Enterprise On-Premise Software

ORACLE®



Microsoft



SAP

SIEBEL®

A laptop is open on a desk, displaying a code editor with Java code. The code includes class declarations like 'class Root' and 'class Node', and a 'main' method. To the right of the laptop is a dark-colored coffee cup on a coaster. The background is a blurred office setting with a window and a lamp. The text 'GENERATION TWO Enterprise Cloud Apps' is overlaid in white on the laptop screen.

GENERATION TWO

Enterprise Cloud Apps

salesforce

Marketo

NETSUITE

GENERATION THREE

Enterprise Cloud Services



zuora



A PLATFORM BUILT FOR

Massive
Scalability



Unlimited
Extensibility



Iron clad
security and
reliability



Rapid and
continuous
innovation



APPLICATIONS

Service Monetization

PLATFORM

Service Orchestration

BSS

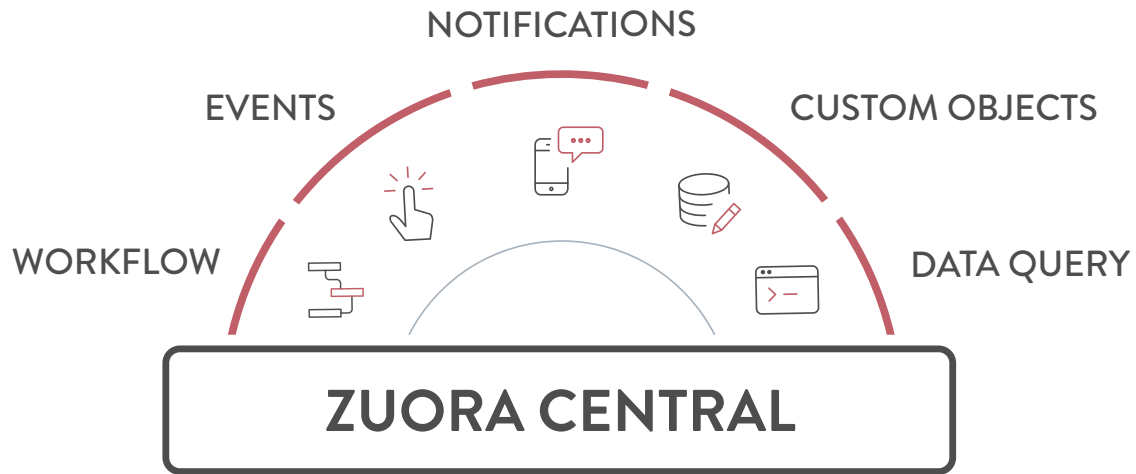
Service Monetization

OSS

Service Orchestration

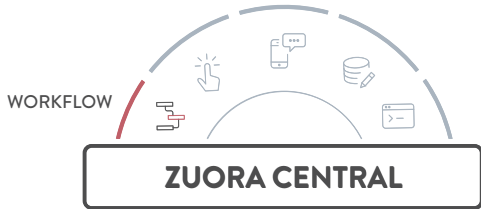
ZUORA CENTRAL

Integrate, extend and orchestrate any subscription service



WORKFLOW

Design business logic and orchestrate operations



Viewing: Labs Subscribed 2019 Zuora Labs - zuora
This tenant has experimental features and is for development purposes only.

ZUORA | LABS an.ly+zuora-labs@zuora.com

Home / Workflows / Vehicle Fleet Management Set Up

Vehicle Fleet Management Set Up

WORKFLOW RUN HISTORY TASKS SETTINGS DOCUMENTATION

```
graph LR; Start[Start] --> GetProductRatePlan[Get Product Rate Plan]; GetProductRatePlan -- Success --> CreateVFMSubscription[Create VFM Subscription]; CreateVFMSubscription -- Success --> GetAccountID[Get Account ID]; GetAccountID -- Success --> BuildFleet[Build Fleet Provisioning Custom Object]; BuildFleet -- Success --> PopulateFleet[Populate Fleet Vehicles]; PopulateFleet -- Success --> QueryInvoiceAmount[Query Invoice Amount]; QueryInvoiceAmount -- Success --> PostInvoice[Post Invoice]; PostInvoice -- Success --> GenUsageRecords[Gen Usage Records];
```

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EVENTS

Listen for subscription events and trigger actions

ZUORA | DEVELOPER

EVENT TRIGGERS

Create an event trigger

You can define an event trigger on any of the following objects:

- Account
- AccountingCode
- AccountingPeriod
- Amendment
- BillingRun
- Contact
- CreditBalanceAdjustment
- CreditMemo
- CreditMemoApplication
- CreditMemoApplicationItem
- CreditMemoItem
- DebitMemo
- DebitMemoItem
- Feature
- Invoice
- InvoiceAdjustment
- InvoiceItem
- InvoiceItemAdjustment
- JournalEntry
- JournalEntryItem
- Order
- OrderAction

REQUEST SAMPLES

POST /events/event-triggers

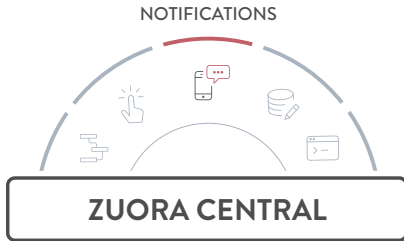
Payload Curl PHP Java Python Ruby C#

```
application/json
{
  "active": true,
  "baseObject": "Invoice",
  "condition": "changeType == 'UPDATE'
  && Invoice.Status == 'Posted' &&
  Invoice.Status_old != 'Posted' &&
  Invoice.Amount > 1000",
  "description": "Trigger an event when
  an invoice is posted with amount over
  1000",
  "eventType": {
    "description": "An invoice is
    posted with amount over 1000",
    "displayName": "Large Invoice
    Posted",
```



NOTIFICATION

Send customer communications or system callouts



Viewing: Labs Subscribed 2019 Zuora Labs - Zuora
This tenant has experimental features and is for development purposes only.

ZUORA | LABS rin-test3-zuora-labs@zuora.com

Zuora Labs - Zuora Home /

Notifications | Email Templates | Callout Options | Notification History

back to Billing Settings

Default Profile

View Profile: Default Profile add new profile

Basic Information edit

Profile Name: Default Profile
Locale: DEFAULT LOCALE
Description:

Notifications add new notification edit

Billing

Active	Name	Delivery Options	Action
✓	AQUA Data Export Completion Completed Status AQUA Data Export is completed.	✓ Callout -	[Edit] [Remove]
✓	AmendmentProcessed Cancellation A subscription cancellation amendment has been submitted and processed.	✓ Email - Default Email Template for Amendment Processed - Subscription Cancellation ✓ Callout -	[Edit] [Remove]
✓	AmendmentProcessed NewProduct An add new product amendment has been submitted and processed.	✓ Email - Default Email Template for Amendment Processed - Add New Product ✓ Callout -	[Edit] [Remove]
✓	AmendmentProcessed Owner Transfer A Owner Transfer amendment has been submitted and processed.	✓ Email - Default Email Template for Amendment Processed - Owner Transfer ✓ Callout -	[Edit] [Remove]
✓	AmendmentProcessed RemoveProduct A remove product amendment has been submitted and processed.	✓ Email - Default Email Template for Amendment Processed - Remove Product ✓ Callout -	[Edit] [Remove]
✓	AmendmentProcessed Renewal A renewal amendment has been submitted and processed.	✓ Email - Default Email Template for Amendment Processed - Renewal	[Edit] [Remove]

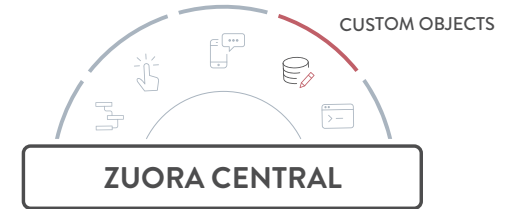
CUSTOM OBJECTS

Extend the data model and capture external data

The screenshot shows the Zuora Labs Data Model interface. The breadcrumb trail is Home / Platform / Data Model. The left sidebar lists various categories: Customers, Products, Billing, Payments, Finance, Reporting, Marketplace, Platform, Data Model, Workflow, Data Query, Events, Notifications, and Settings API. The main content area is titled 'Data Model' and has a sub-tab for 'CUSTOM OBJECTS'. A message states: 'Custom Object Records can only be added using our Custom Objects API. Visit our [API Documentation](#) for more information.' Below this is a table of custom objects.

API NAME	DESCRIPTION	NAMESPACE	NUMBER OF CUSTOM FIELDS
account_activity	Record Home Automation Account Activity	com_zlabs	4
gamer_activity	Record Gamer Use Case Account Activity	com_zlabs	4
fleetprovisioning_8	Tracks add on services for each vehicle	com_zlabs	6
fleetprovisioning_12	Tracks add on services for each vehicle	com_zlabs	6
game_slots	Record Gamer Game Library	com_zlabs	3

At the bottom of the page, there are links for 'About Zuora', 'News & Press', 'Privacy', 'Careers', and 'Contact Us', along with a copyright notice: 'Copyright © 2008-2019, Zuora Inc. All Rights Reserved.'



DATA QUERY

Query data fast with SQL operators

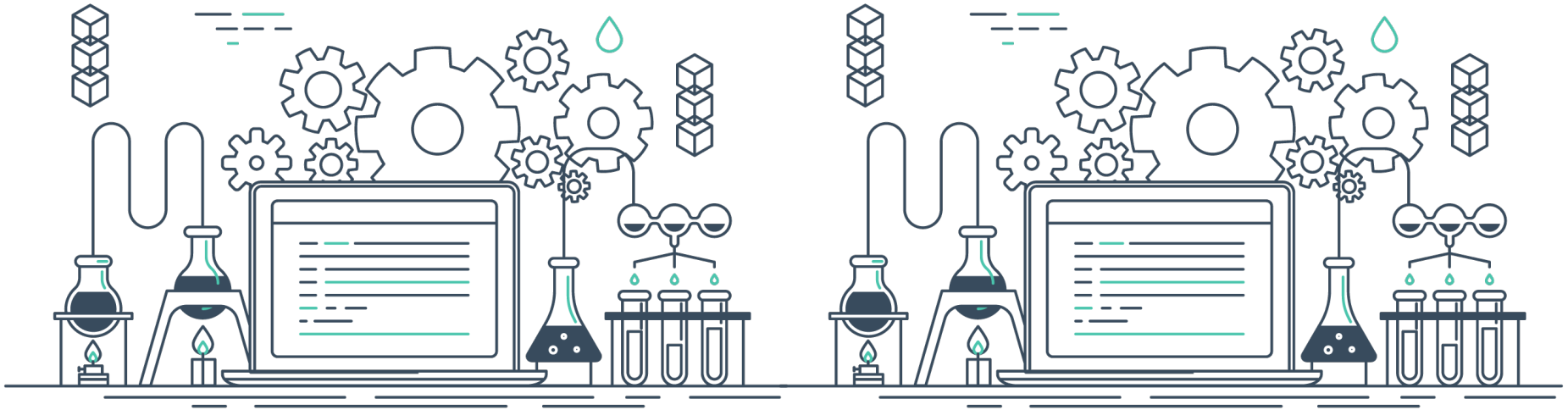


The screenshot shows the Zuora Labs interface for creating a data query. The browser title is "Viewing: Labs Subscribed 2019 Zuora Labs - zuora". The page header includes the Zuora logo and "LABS" on the left, and the user email "an.ly+zuora-labs@zuora.com" on the right. The breadcrumb navigation is "Home / Platform / Data Query". The left sidebar contains a navigation menu with "Platform" selected, showing sub-items: Data Model, Data Query, Workflow, Signals, Notifications, and Settings API. The main content area is titled "Create Data Query" and includes the instruction "Query your data using SQL. View the schema in the Knowledge Center." Below this is a code editor with a SQL query:

```
1 select
2   a.currency as currency,
3   a.accountnumber as accountnumber,
4   sum(rpc.mrr) as mrrsum,
5   '2018-09-01' as pin
6 from
7   account a,
8   subscription s,
9   rateplan rp,
10  rateplancharge rpc
11 where
12  a.id = s.accountid
13  and s.id = rp.subscriptionid
14  and rp.id = rpc.rateplanid
15  and s.status in ('Active', 'Cancelled')
16  and rpc.effectivestartdate < date('2018-09-01')
17  and (
18    rpc.effectiveenddate > date('2018-09-01')
19    or rpc.effectiveenddate is null
20  )
21 group by
22  a.currency,
23  a.accountnumber
24
```

The status bar at the bottom right of the code editor shows "Ln 24, Col 1" and a "Schedule Query" button.

LABS.ZUORA.COM



A blurred high-speed train in a modern station with a white geometric ceiling.

WE'VE BEEN ARCHITECTING THE
PLATFORM FOR THE FUTURE

A wide-angle photograph of a busy Parisian street, likely the Champs-Élysées, leading towards the Arc de Triomphe. The street is filled with cars, taxis, and motorcycles, with their headlights and taillights glowing. The Arc de Triomphe is the central focus in the background, partially obscured by the text. The sky is overcast, and the overall atmosphere is that of a bustling city.

SUBSCRIPTION BUSINESSES NOW HAVE A PLATFORM TO ORCHESTRATE THEIR SERVICES

To give their customers choice

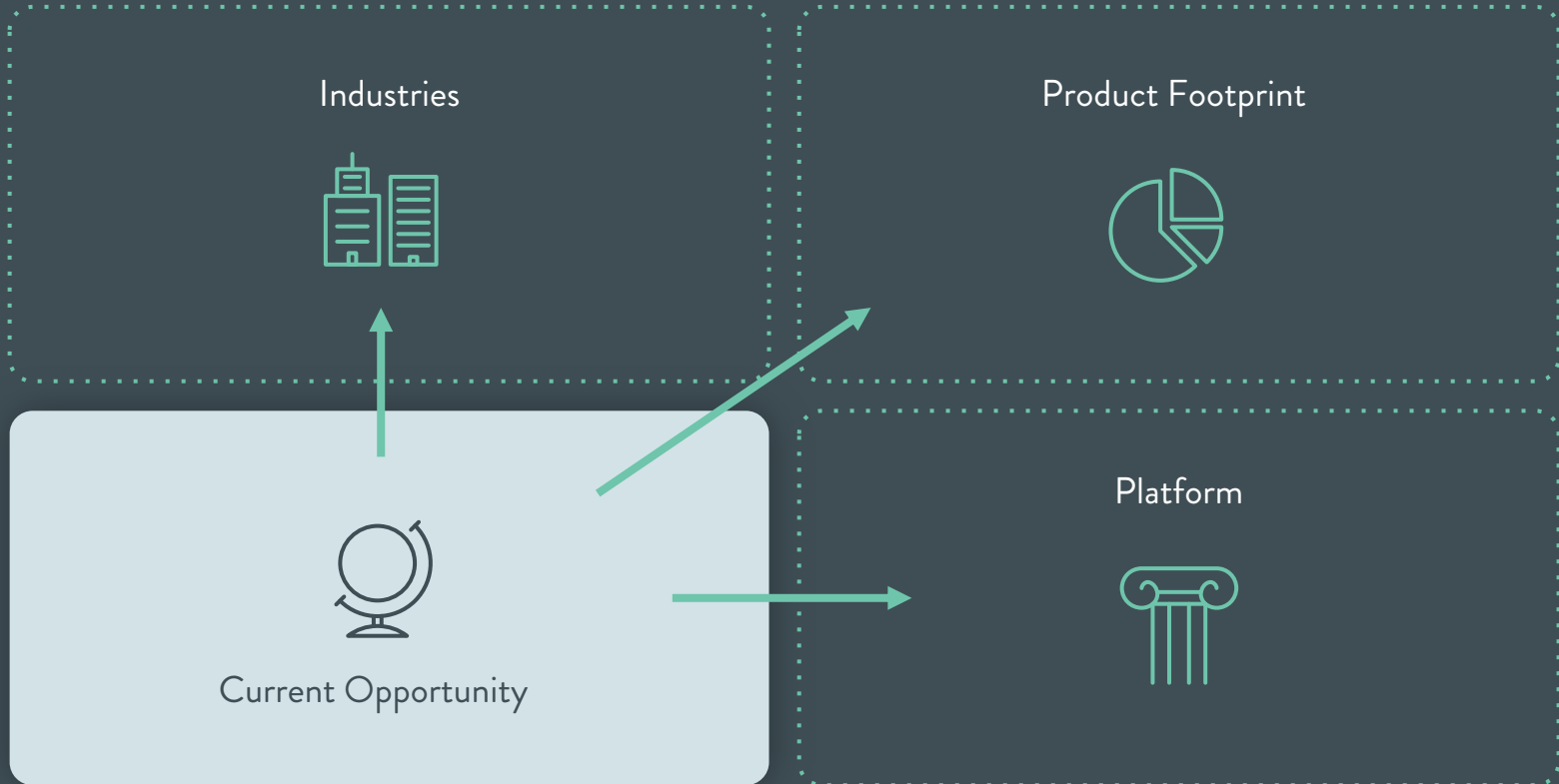




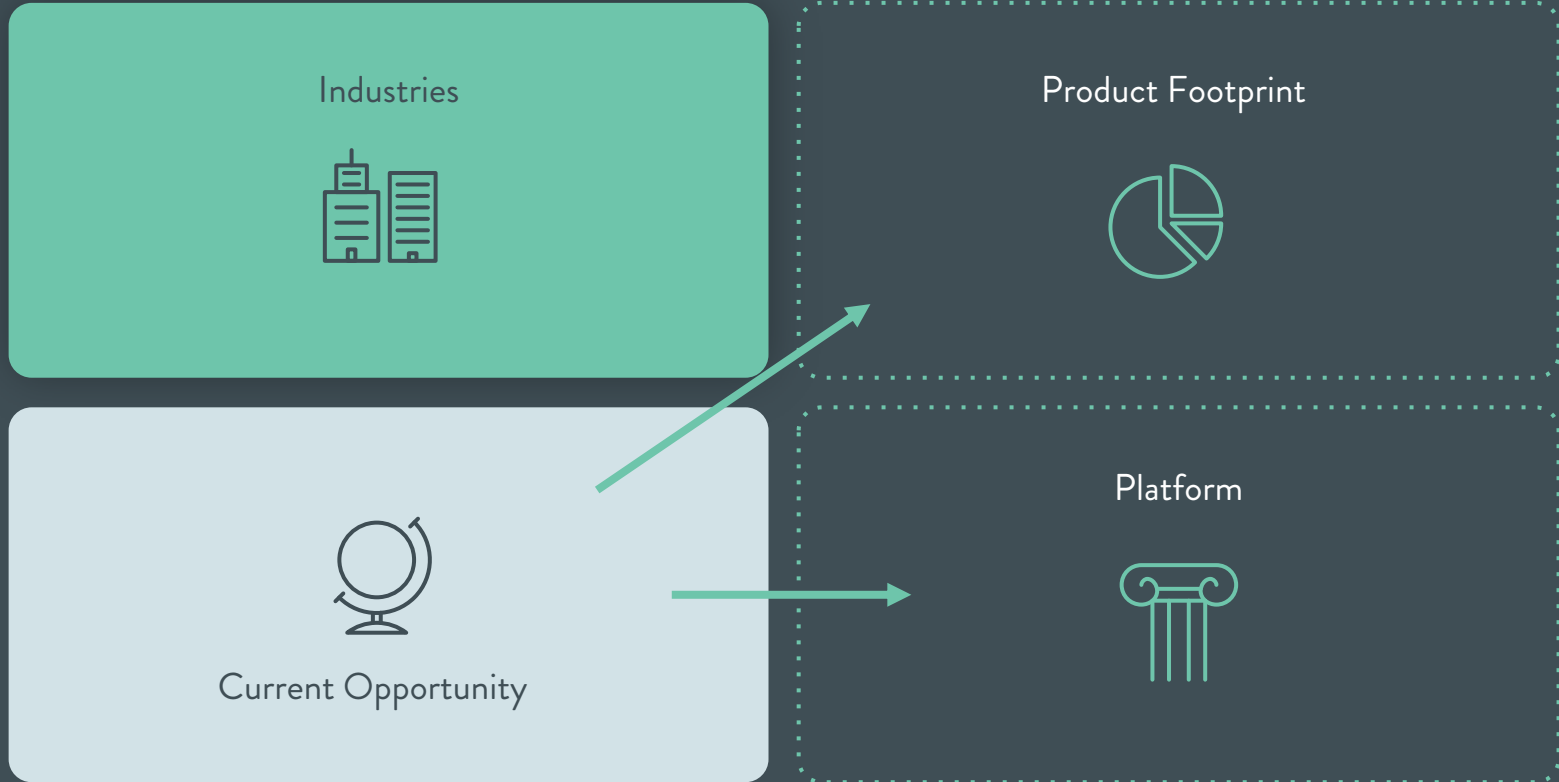
THREE GROWTH VECTORS

zuora

GROWTH VECTORS FOR MARKET EXPANSION



GROWTH VECTORS FOR MARKET EXPANSION



GROWTH VECTORS FOR MARKET EXPANSION

Industries



Product Footprint



Current Opportunity



Platform



GROWTH VECTORS FOR MARKET EXPANSION

Industries



Product Footprint




Current Opportunity

Platform



GROWING CUSTOMERS



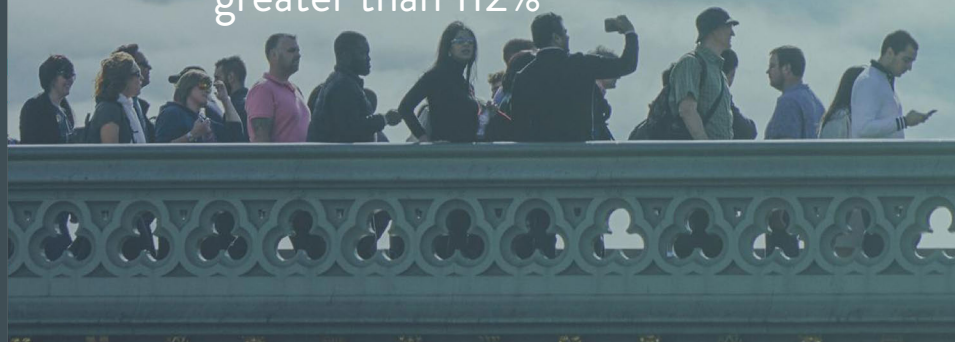
OUR PATH TO \$1 BILLION

Today

- Apps
- 1,000+ total customers
- Avg Subscription ACV per customer: ~\$200K
- Dollar Based Retention: 108 to 112%

Tomorrow

- Apps and Platform
- 2,000+ customers
- Avg Subscription ACV per customer: ~\$500K
- Dollar Based Retention: greater than 112%



Zuora

Tyler Sloat, CFO



A wide-angle photograph of a busy city street in London. The Gherkin building is the central focus in the background, partially obscured by a light blue haze. The street is filled with pedestrians, a red double-decker bus, a white van, and a yellow taxi. In the foreground, there is a colorful abstract sculpture made of blue, yellow, and red metal rings. The overall scene is a vibrant urban environment.

BUSINESS MODEL WITH A PATH TO PROFITABILITY

HOW WE GO-TO-MARKET



Global
Franchises



Implementation
Services



System Integrator
Partners



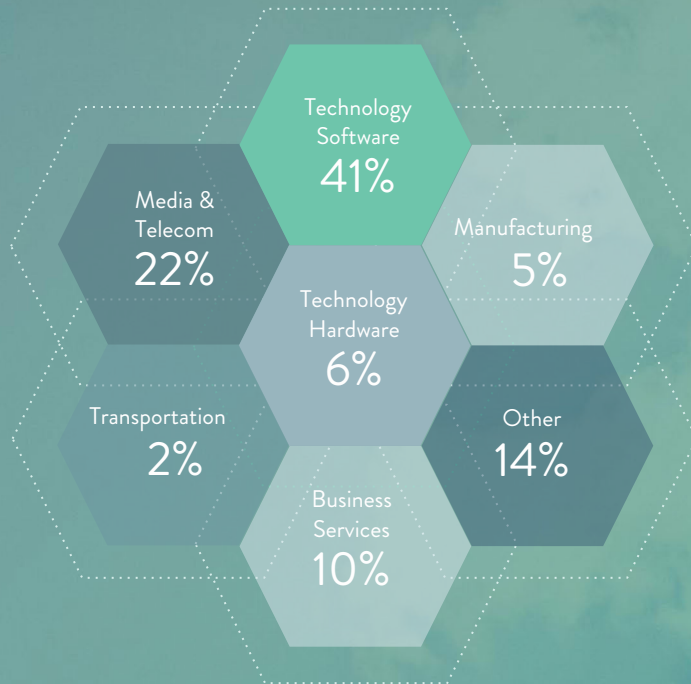
Customer Success
& Engagement

OUR INDUSTRY VERTICALS ARE EXPANDING

Yesterday

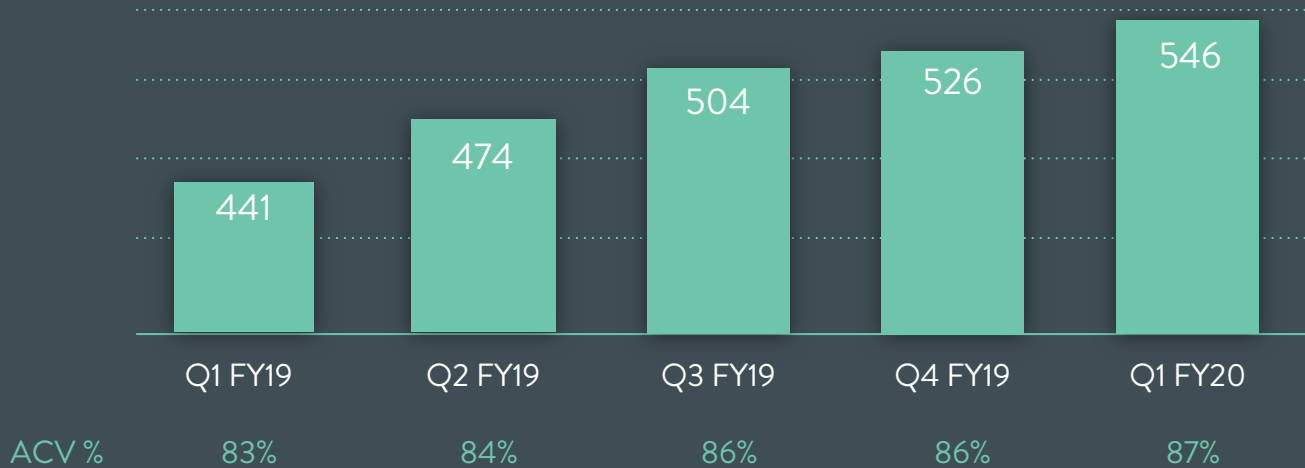


Today



Note: Percentages based on ACV Contribution Q1 FY20

OUR CUSTOMERS OVER \$100K ACV ARE GROWING



GROWING GEOGRAPHIES



GROWING CORPORATE FOOTPRINT



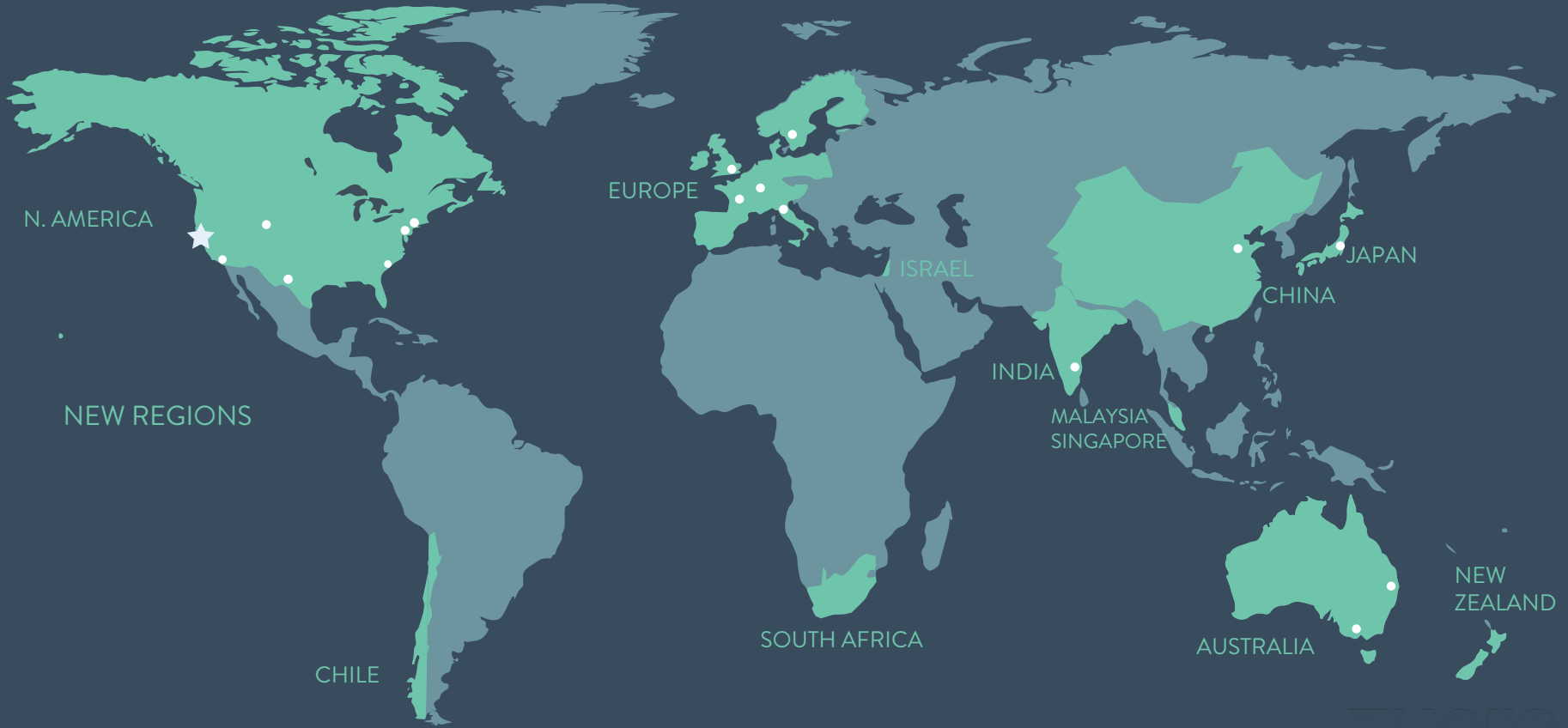
NEW OFFICES

STOCKHOLM

MILAN

MELBOURNE

GROWING CUSTOMER FOOTPRINT



NEW REGIONS

TWO FLAGSHIP PRODUCTS

The screenshot displays the 'Choose Product and Charges' interface in the Zuora Billing system. It is divided into two sections: 'YEAR 1 of 3 | 2018-01-01 - 2018-12-31' and 'YEAR 2 of 3 | 2019-01-01 - 2019-12-31'. Each section contains a table of charges with columns for Product Name, Charge Name, Model, Charge Type, List Price, Discount %, Effective Price, Quantity, and Unit. The first year shows a 'Discount Incentive' and an 'Application Fee'. The second year shows an 'Application Fee' and a 'Setup Fee'. A 'CUSTOMER ACCEPTANCE DATE' field is visible at the bottom of the table.

Zuora | BILLING

The screenshot displays the 'Revenue Contract Detail' interface in the Zuora RevPro system. It shows contract information for 'ACORSEI (Bill) | ACO Corp.' with fields for Contract Value, Transaction Price, Billing, and Revenue To Date. A summary table on the right lists Contract Liability, Unreleased Revenue, and Future Scheduled Revenue. Below this is a detailed table with columns for Item Name, Rate Order Name, Line Item Name, Order Qty, Est List Price, Est Sell Price, Est SGP Price, and Ext Allocated Price. The table includes various items like 'Product Support', 'Subscription', 'Hardware', 'Software', and 'Services'.

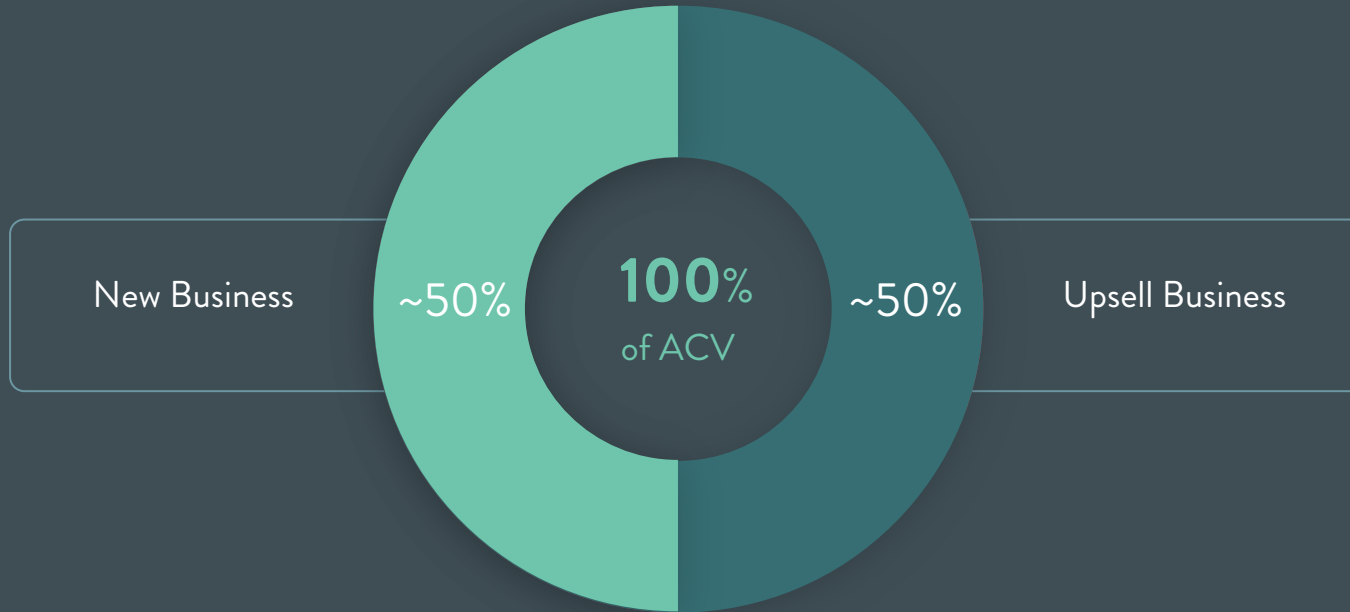
Zuora | REVPRO

DEAL STRUCTURE

INITIAL DEAL

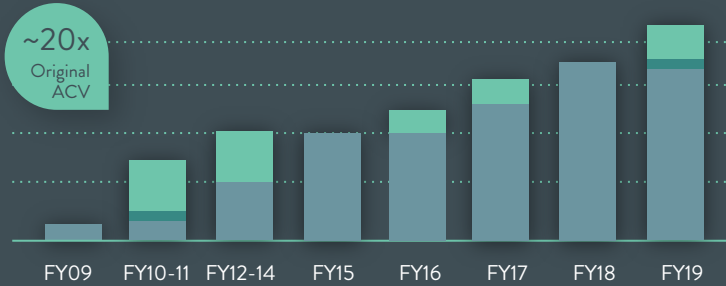


ACV GROWTH DISTRIBUTION

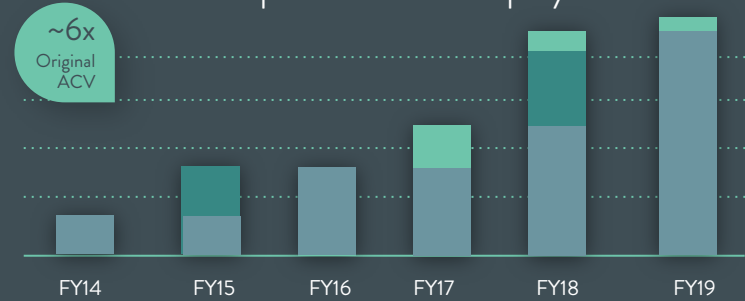


EXPANSION EXAMPLES

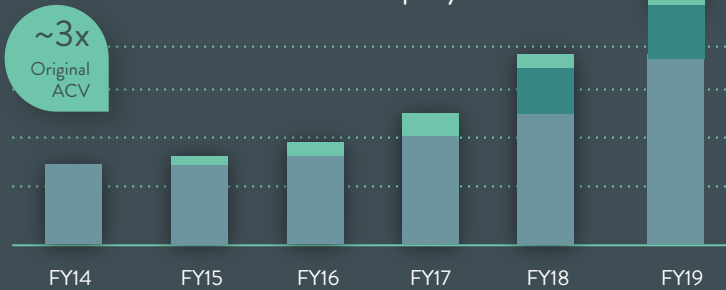
SaaS Company



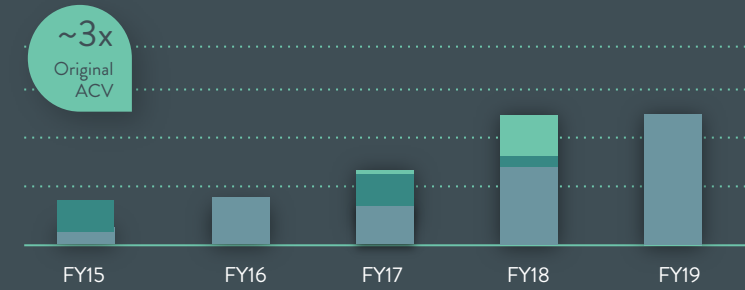
Enterprise Software Company



Media Company

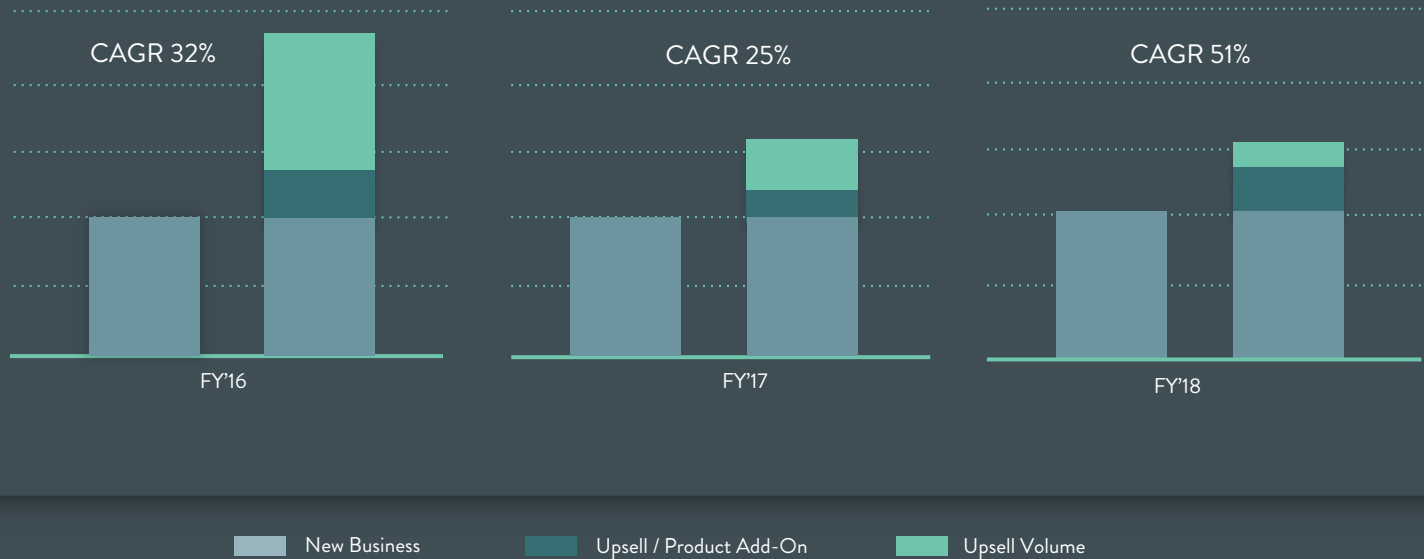


Auto Manufacturer



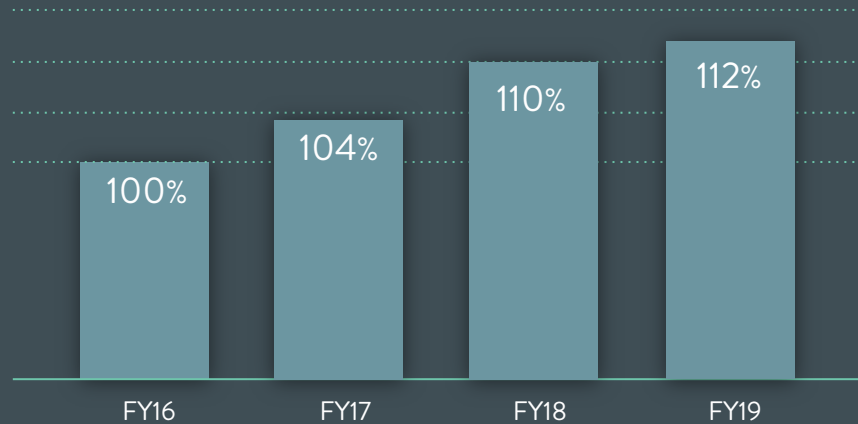
Entering ACV
 Upsell / Product Add-On
 Upsell Volume

COHORT BY YEAR ANALYSIS



EXPANDING WITH OUR CUSTOMERS

Dollar-Based Retention Rate

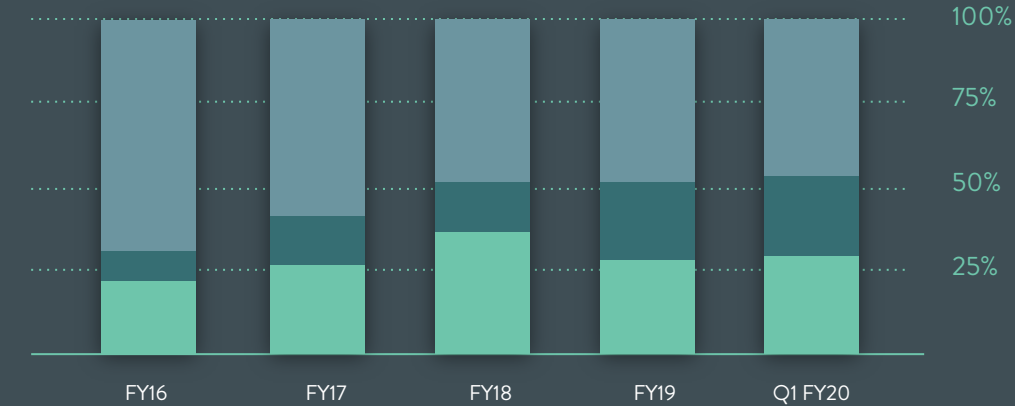


Q1 FY'20 Dollar-Based Retention Rate of 110%

Note: Dollar-based retention as of period end is calculated as current period ACV divided by prior period ACV. Prior period ACV is defined as the sum of ACV from all customers as of twelve months prior to such period end. Current period ACV calculated as the sum of the ACV from the same customers as of current period (including upsells, contraction, and attrition).

ACV GROWTH CONTRIBUTION

Expanding Revenue from Existing Customer Base



Upsell Volume Upsell / Product Add-On New Business

PARTNER ECOSYSTEM



Deloitte.

accenture



FUJITSU



ESTUATE



Over 45 Partner Influenced Deals in FY19

OUR FINANCIAL MODEL



Sustained
Subscription Growth



Strong Subscription
Gross Margins



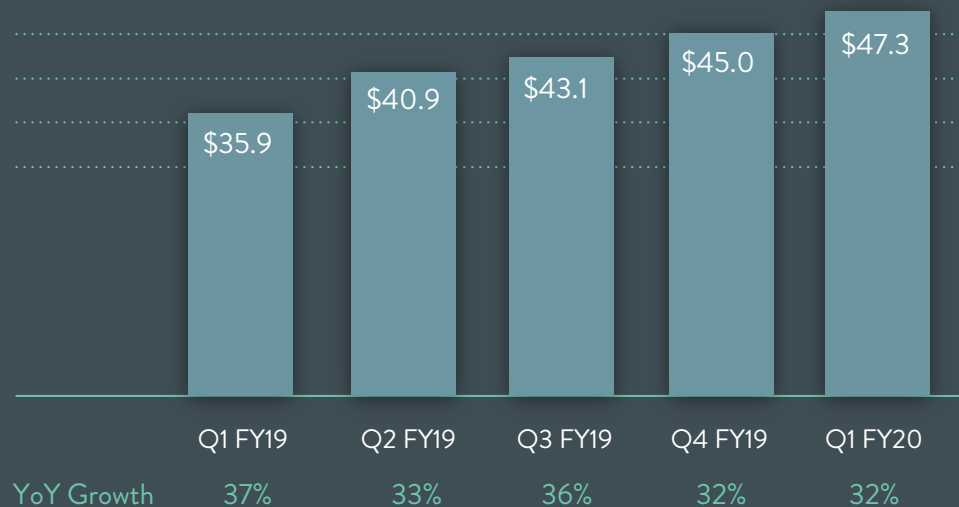
Industry and Company
Expansion Opportunities



Improving
Operating Leverage

SUSTAINED SUBSCRIPTION REVENUE GROWTH

Growing Quarterly Subscription Revenue
(\$ in millions)



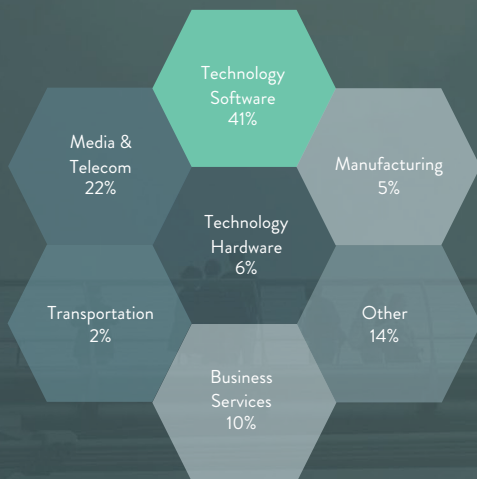
STRONG SUBSCRIPTION GROSS MARGINS

FY19 NON-GAAP
SUBSCRIPTION GROSS MARGIN

77%

INDUSTRY AND COMPANY EXPANSION OPPORTUNITIES

Today



Tomorrow



IMPROVING OPERATING LEVERAGE



OPERATING MARGIN
IMPROVEMENT IN FY20

A busy city street scene featuring a modern glass building with a curved facade and a subway entrance. The subway entrance has a red circular logo with the word "UNDERGROUND" and a blue cross. A crowd of people is walking across the street, and several cars are visible, including a silver Peugeot and a black Porsche. The sky is overcast.

Thank You!

zuora



APPENDIX

NON-GAAP RECONCILIATION

Cost of Revenue	FY 2019
Cost of subscription revenue	
GAAP cost of subscription revenue	\$43.0
Stock-based compensation	2.0
Amortization of acquired intangibles	2.3
Internal-use software	1.3
Non-GAAP cost of subscription revenue	\$37.5
Cost of professional services revenue	
GAAP cost of professional services revenue	\$73.6
Stock-based compensation	6
Internal-use software	-
Non-GAAP cost of professional services revenue	\$67.7
Gross profit	
GAAP gross profit	\$118.4
Stock-based compensation	7.9
Amortization of acquired intangibles	2.3
Internal-use software	1.3
Non-GAAP gross profit	\$129.8
Gross margin	
GAAP gross margin	50%
Non-GAAP gross margin	55%
Subscription gross margin	
GAAP subscription gross margin	74%
Non-GAAP subscription gross margin	77%



Q&A