
Veeva

Veeva Analyst & Investor Day

October 11, 2017

Safe Harbor

Forward-looking Statements

This presentation contains forward-looking statements, including statements regarding Veeva's future financial outlook and financial performance, market growth, the release dates for and benefits from the use of Veeva's solutions, our partnership plans, our strategies, and general business conditions. Any forward-looking statements contained in this presentation are based upon Veeva's historical performance and its current plans, estimates and expectations and are not a representation that such plans, estimates, or expectations will be achieved. These forward-looking statements represent Veeva's expectations as of the date of this presentation. Subsequent events may cause these expectations to change, and Veeva disclaims any obligation to update the forward-looking statements in the future. These forward-looking statements are subject to known and unknown risks and uncertainties that may cause actual results to differ materially, including (i) historical fluctuation of our quarterly results and our limited operating history, which make it difficult to predict future results; (ii) our expectation that the future growth rate of our revenues will decline, and that as our costs increase, we may not be able to generate sufficient revenues to sustain the level of profitability we have achieved in the past or achieve profitability in the future; (iii) breaches in our security measures or unauthorized access to our customers' data; (iv) system unavailability, performance problems, or loss of data due to disruptions or other problems with our data center operations or computing infrastructure; (v) dependence on revenues from our Veeva CRM solution, and the rate of adoption of our new products; (vi) acceptance of our applications and services by customers, including renewals of existing subscriptions and purchases of subscriptions for additional users and solutions; (vii) our ability to retain Zinc Ahead customers and achieve the expected results from our acquisition of Zinc Ahead; (viii) loss of one or more key customers; (ix) adverse changes in general economic or market conditions, particularly in the life sciences industry; (x) delays or reductions in information technology spending, particularly in the life sciences industry, including as a result of mergers in the life sciences industry; (xi) the development of the market for enterprise cloud services, particularly in the life sciences industry; (xii) competitive factors, including but not limited to pricing pressures, industry consolidation, difficulty securing rights to access, host or integrate with complementary third party products or data used by our customers, entry of new competitors and new applications and marketing initiatives by our competitors; (xiii) our ability to manage our growth effectively; (xiv) changes in sales that may not be immediately reflected in our results due to the ratable recognition of our subscription revenue; and (xv) pending, threatened, or future legal proceedings and related expenses.

Additional risks and uncertainties that could affect Veeva's financial results are included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the company's filing on Form 10-Q for the period ended July 31, 2017, which is available on the company's website at www.veeva.com under the Investors section and on the SEC's website at www.sec.gov. Further information on potential risks that could affect actual results will be included in other filings Veeva makes with the SEC from time to time.

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2017 Veeva Analyst & Investor Day

Veeva Vision	Peter Gassner, Founder & CEO
Partner to the Industry	Matt Wallach, Co-founder & President
Customer Success	Michael Louie, Gilead
Unified Clinical	Henry Levy, Chief Strategy Officer
Veeva QualityOne	Peter Gassner, Founder & CEO
Financial Update	Tim Cabral, CFO
Q&A	All

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Veeva Vision

Peter Gassner, Founder & CEO

Vision

Building the Industry Cloud for Life Sciences

Values

Customer Success

Employee Success

Speed

Key Highlights

- Track Record of Technology Innovation and Product Excellence
- Powerful and Unique Cloud Platform
- Long-term Leadership in Strategic Markets
- Business Model Advantage – The Veeva Way

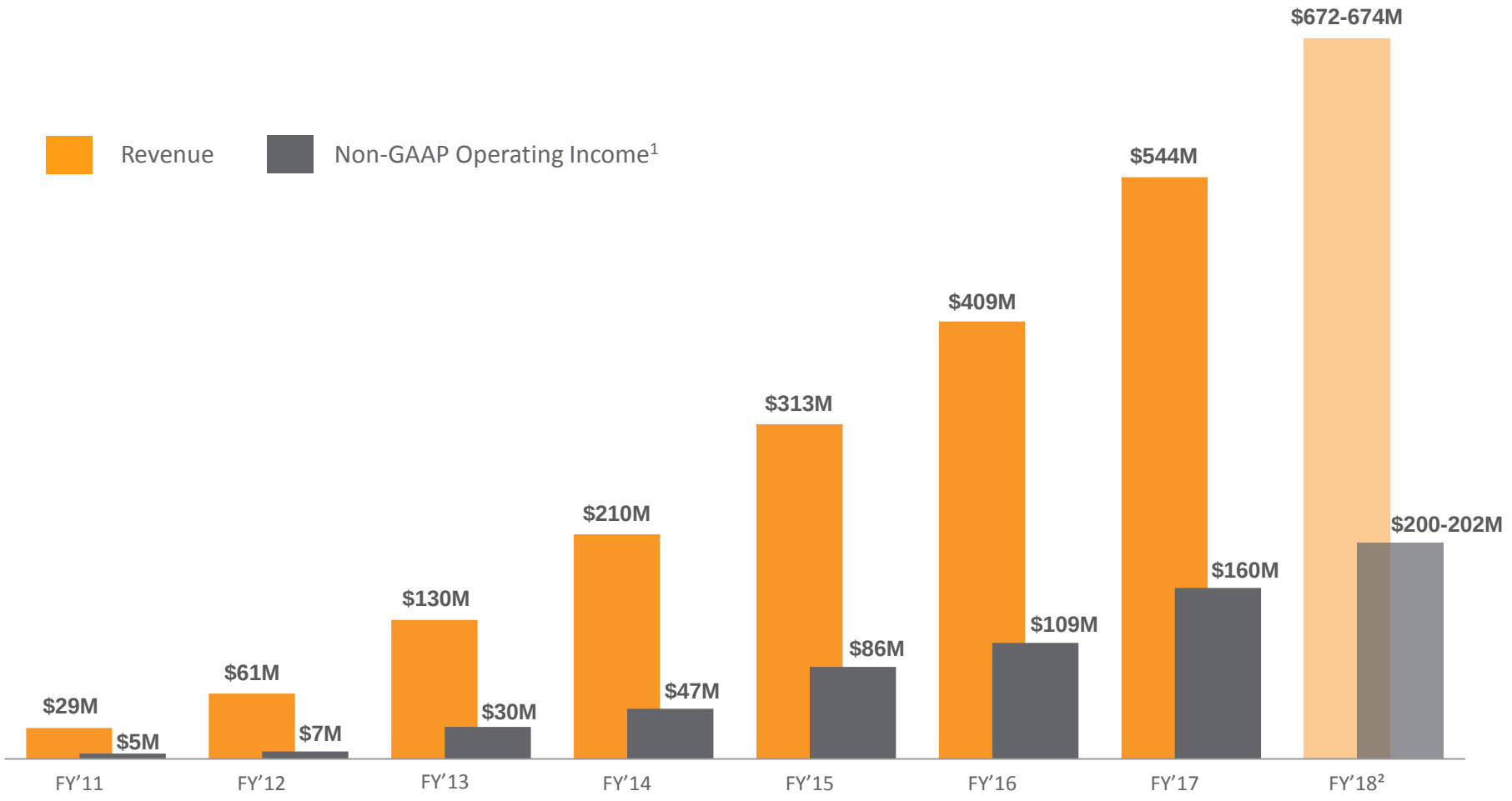
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Business Model Advantage - The Veeva Way



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Unique Combination of Growth and Profitability



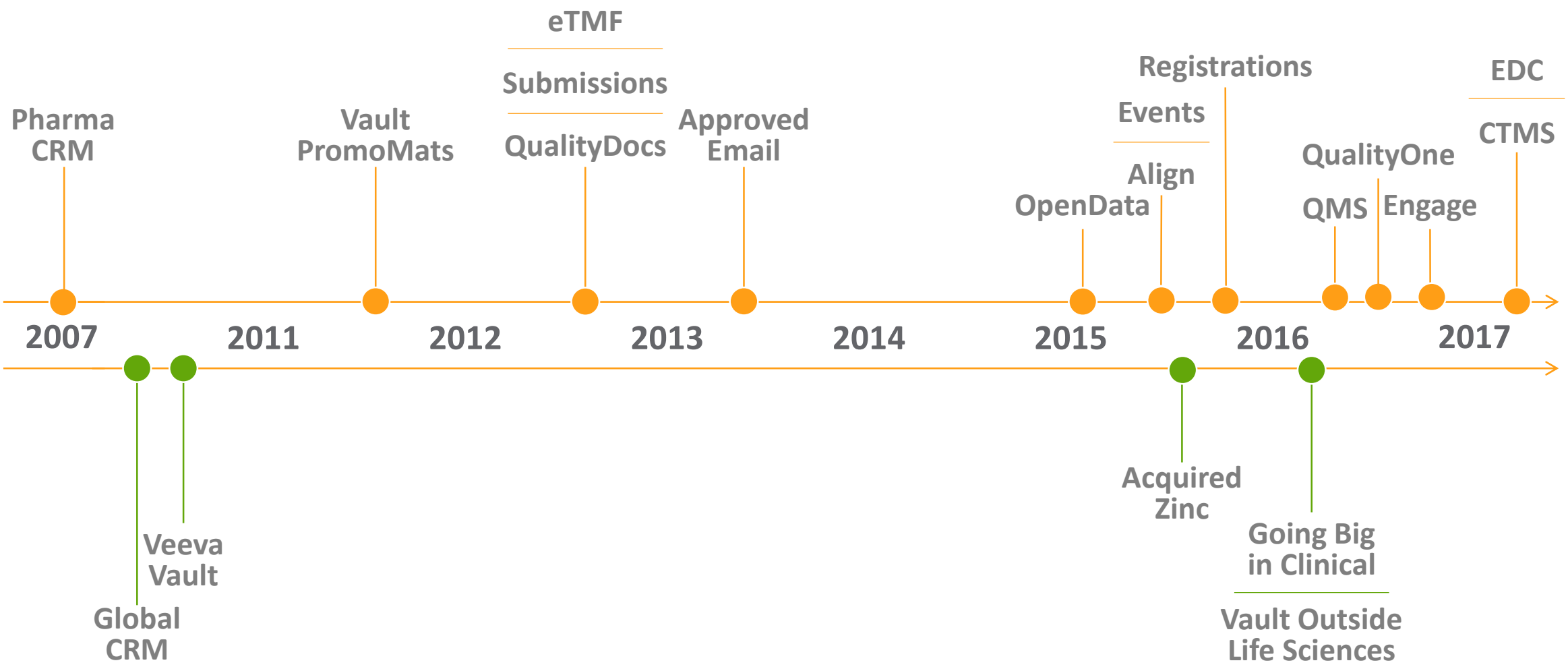
Fiscal Year Ending January 31

[1] A reconciliation of GAAP to non-GAAP measures is set forth in Appendix 1.

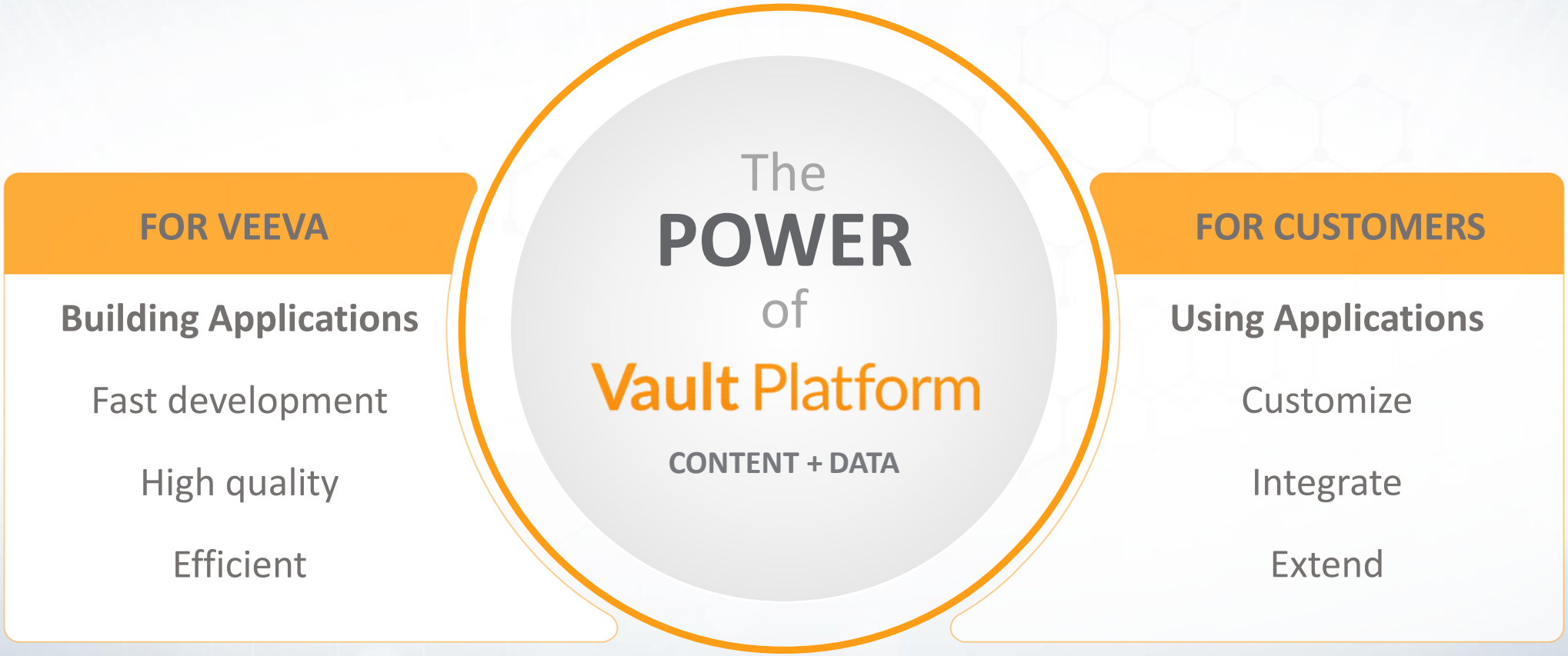
[2] Based on our latest guidance issued 8/24/2017

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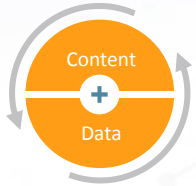
Consistent Track Record of Market Expansion



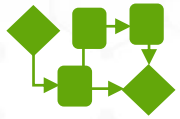
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FOR VEEVA
Building Applications
Fast development
High quality
Efficient
The
POWER
of
Vault Platform
CONTENT + DATA
FOR CUSTOMERS
Using Applications
Customize
Integrate
Extend

Cloud Platform Innovation



Content & Data



Process Management



Search Everything



Multi-Vault Architecture



Security Model



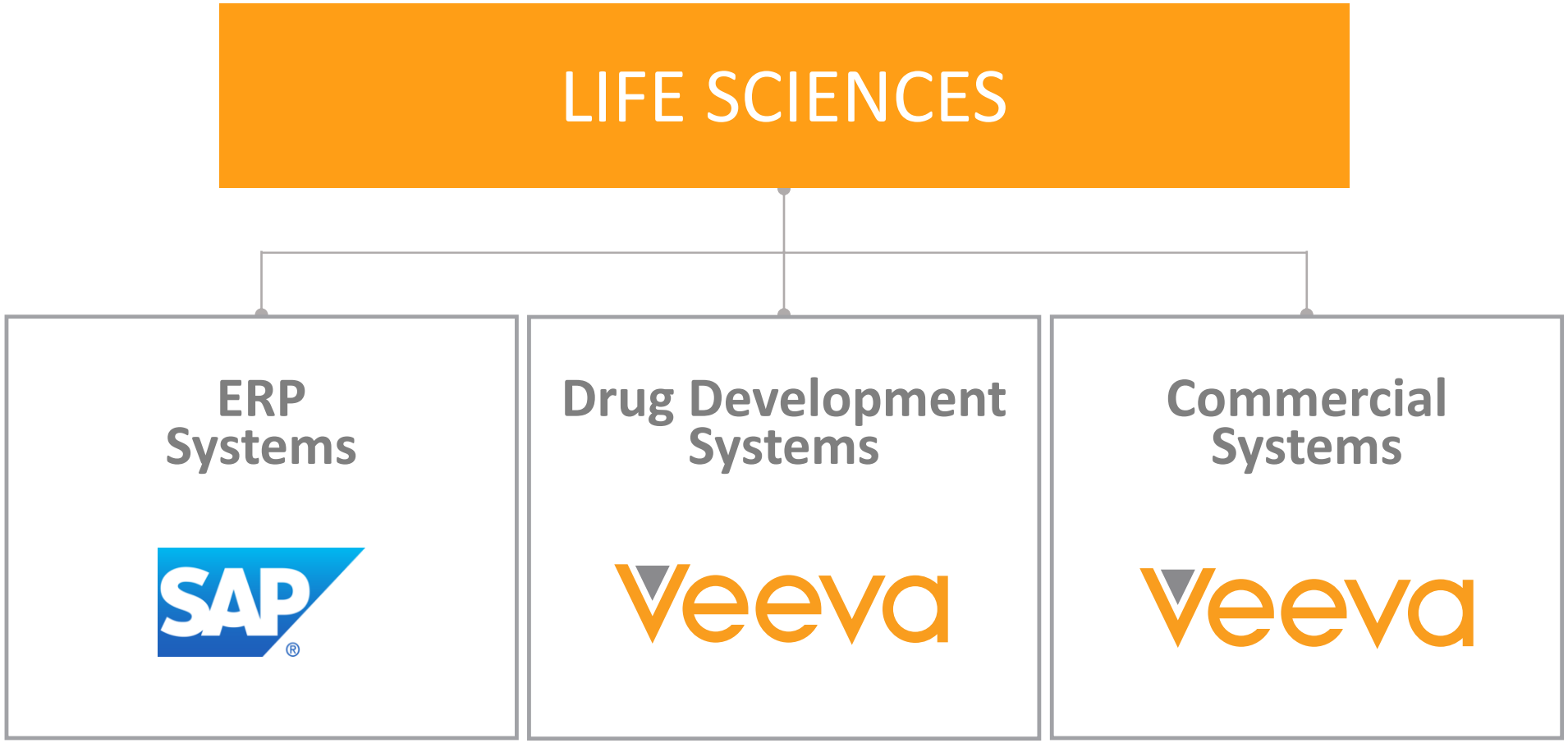
Real Java

ALL IN ON



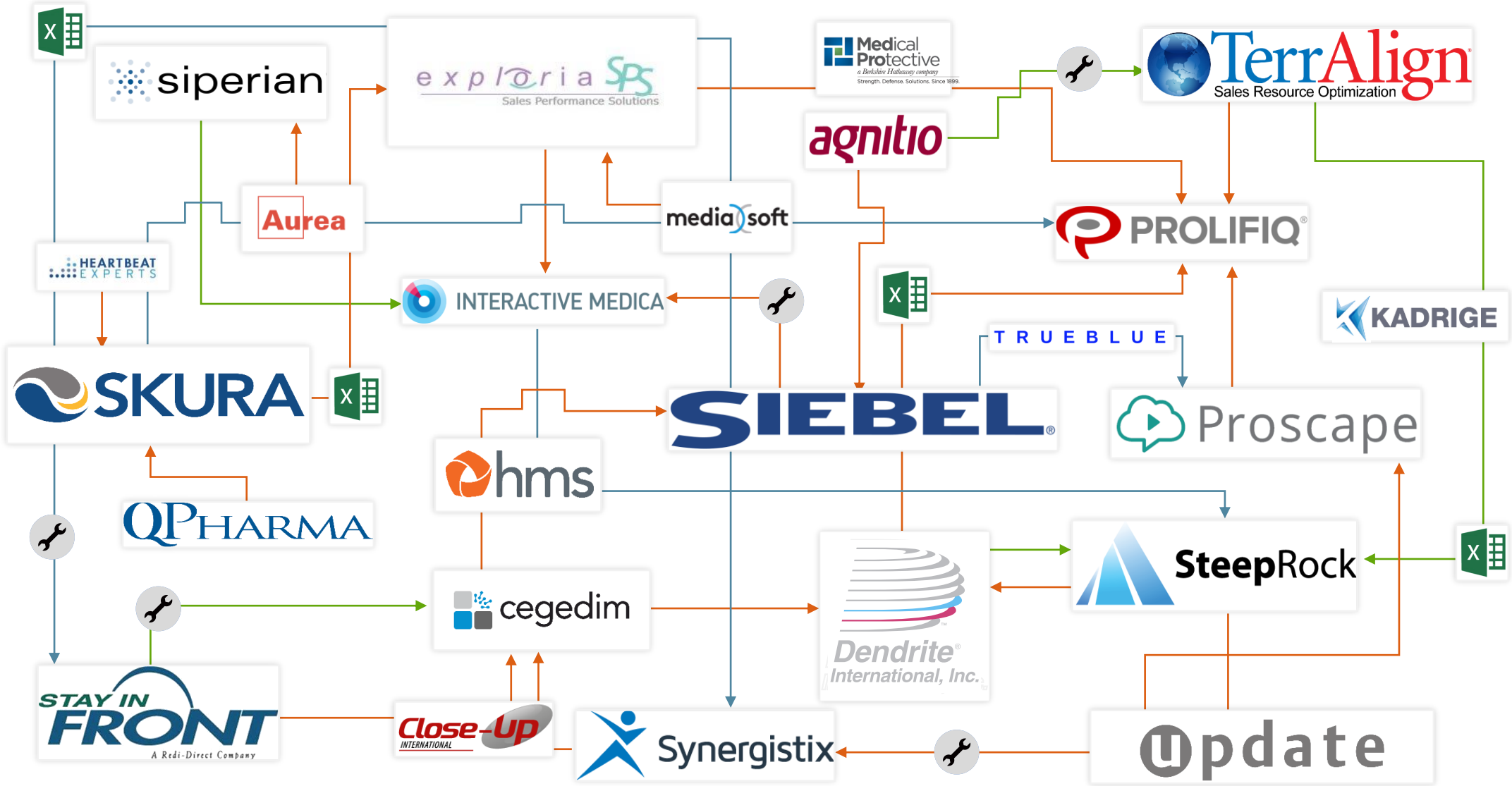
The Industry Cloud for Life Sciences

Life Sciences' Strategic Technology Partner



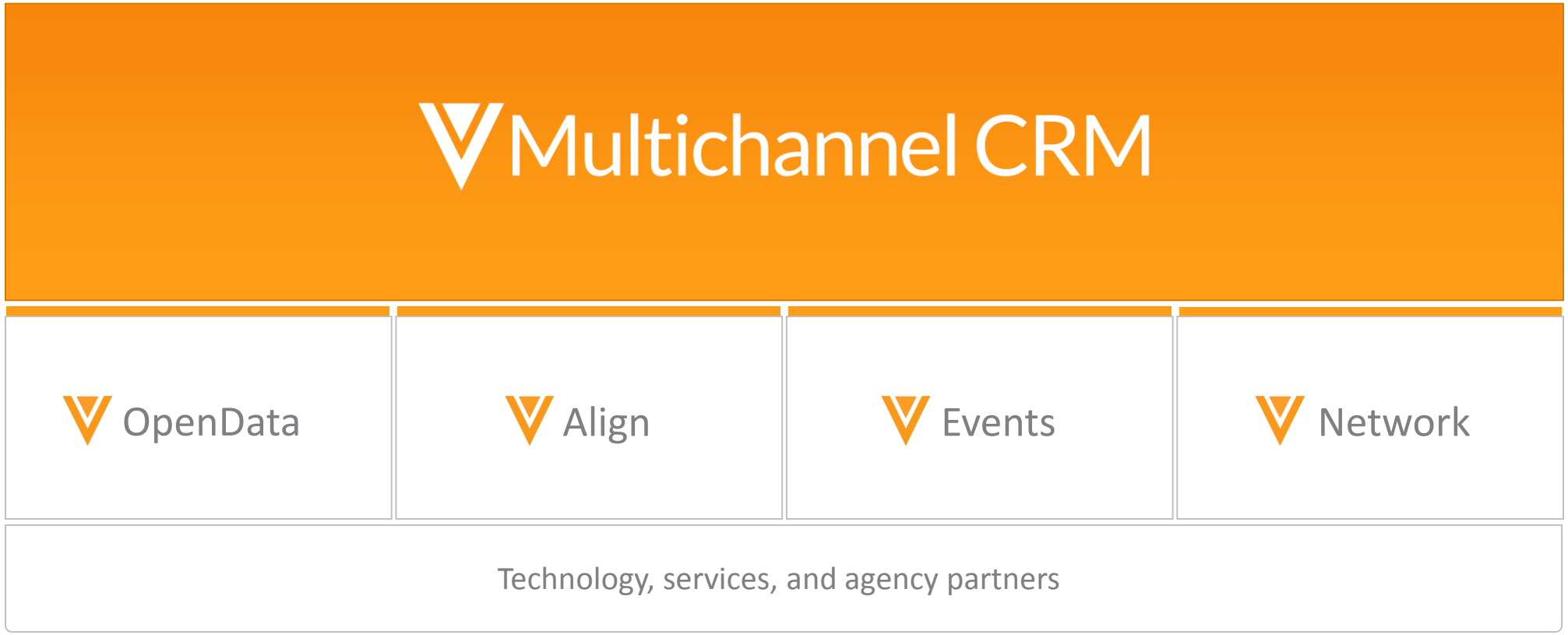
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Life Sciences CRM Before Veeva



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Commercial Cloud



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Development Cloud

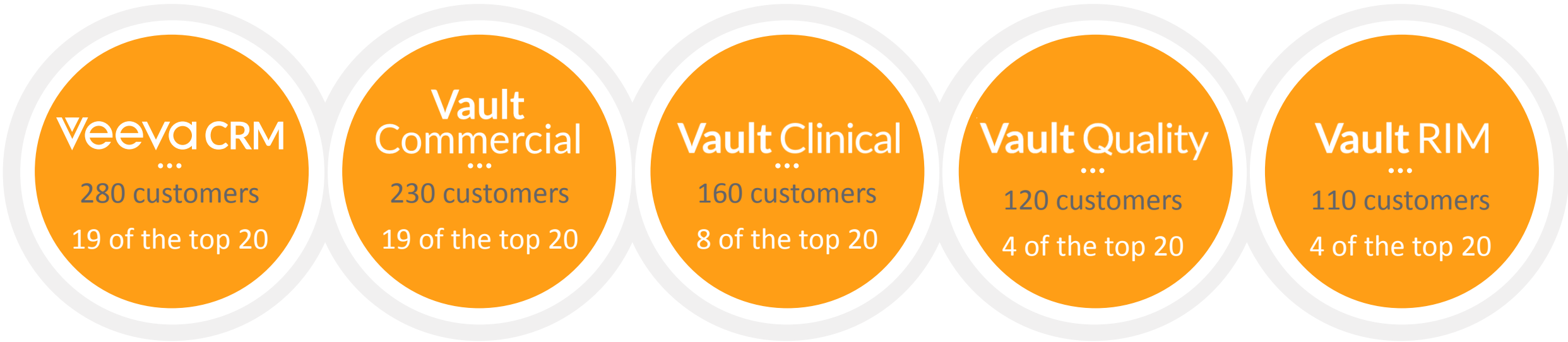
Vault Clinical Data Management	Vault Clinical Operations	Vault Quality	Vault RIM
EDC	eTMF	QualityDocs	Submissions
eSource	StudyStartup	QMS	SubmissionsArchive
	CTMS		Registrations
	SiteExchange		Submissions Publishing

Vault Platform

Technology and services partners

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Becoming the Leader



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Veeva Vault EDC

Next-generation EDC

Early Phase – Now	Late Phase – Fall 2018	eSource – 2019

Veeva Vault Safety

Adverse Event Intake	Adverse Event Management	Health Authority Reporting	Safety Letter Management	Signal Detection

Coming in 2019

Development Cloud

Vault	Vault	Vault	Vault	Vault
Safety	Clinical Data Management	Clinical Operations	Quality	RIM

Vault Platform

Disciplined Execution

Focus

Run to Complexity

Reference Selling

Persistence

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On a Path to Multi-Billion Dollar Cloud Leader

- Track Record of Technology Innovation and Product Excellence
- Powerful and Unique Cloud Platform
- Long-term Leadership in Strategic Markets
- Business Model Advantage – The Veeva Way

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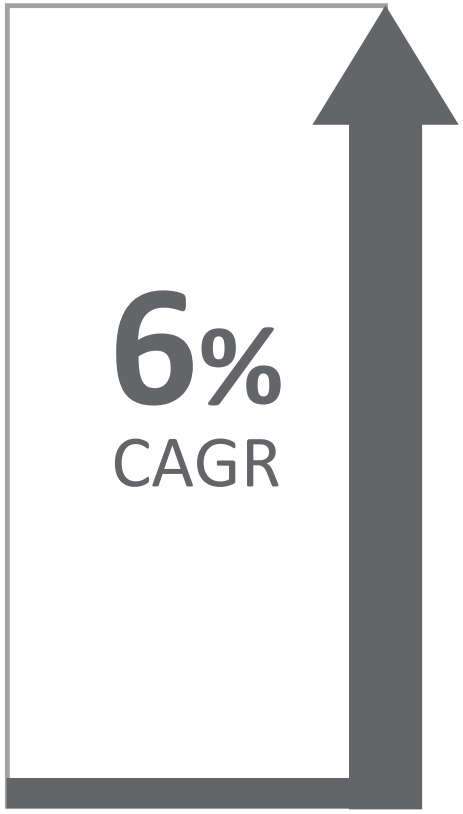
Partner to the Industry

Matt Wallach, President

Market Opportunity

Life Sciences Industry Is Large and Growing

$1.7
TRILLION



- Amazing technological advances
- Continued rich M&A environment
- Political uncertainty lingers, but no major changes yet

Sources: MarketLine Industry Profile Global Health Care Equipment & Supplies, February 2016, Reference Code: 0199-2067 was published February 2016(Table 4). MarketLine Industry Profile Global Pharmaceuticals, December 2015, Reference Code: 0199-0372 was published December 2015 (Table 4). MarketLine Industry Profile Global Biotechnology, January 2016, Reference Code: 0199-0695 was published January 2016 (Table 4).

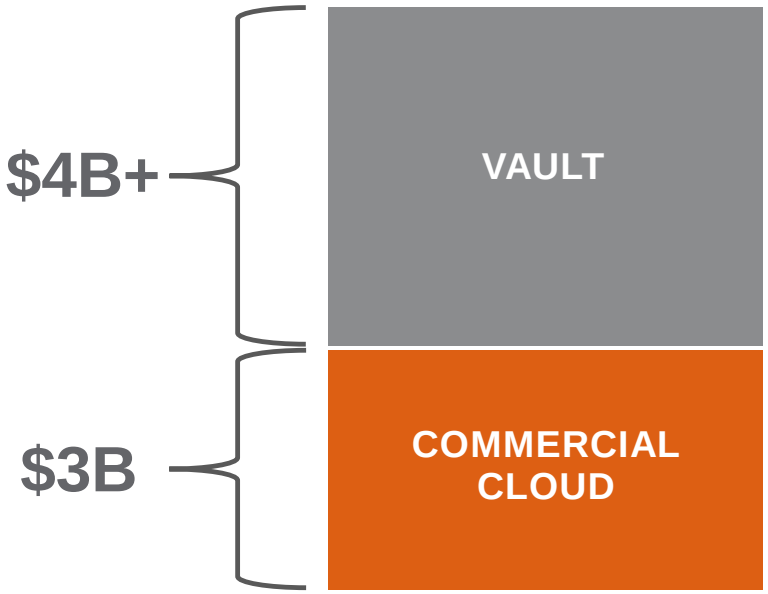
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Expanding TAM



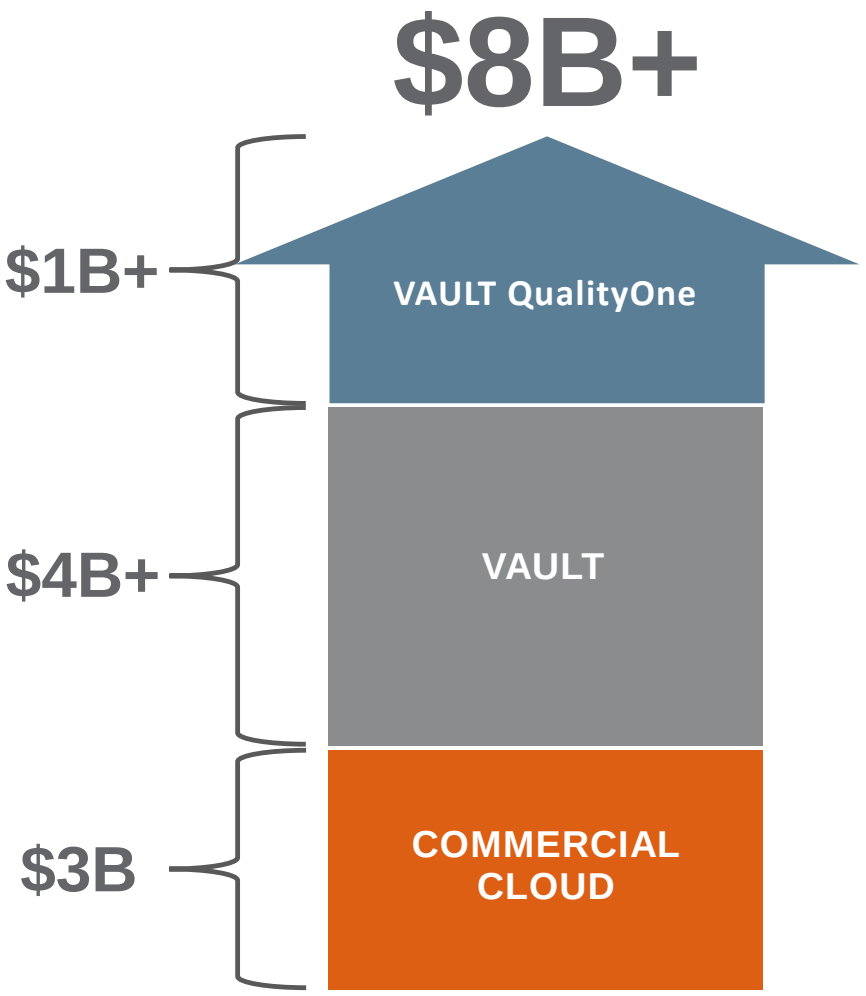
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Expanding TAM



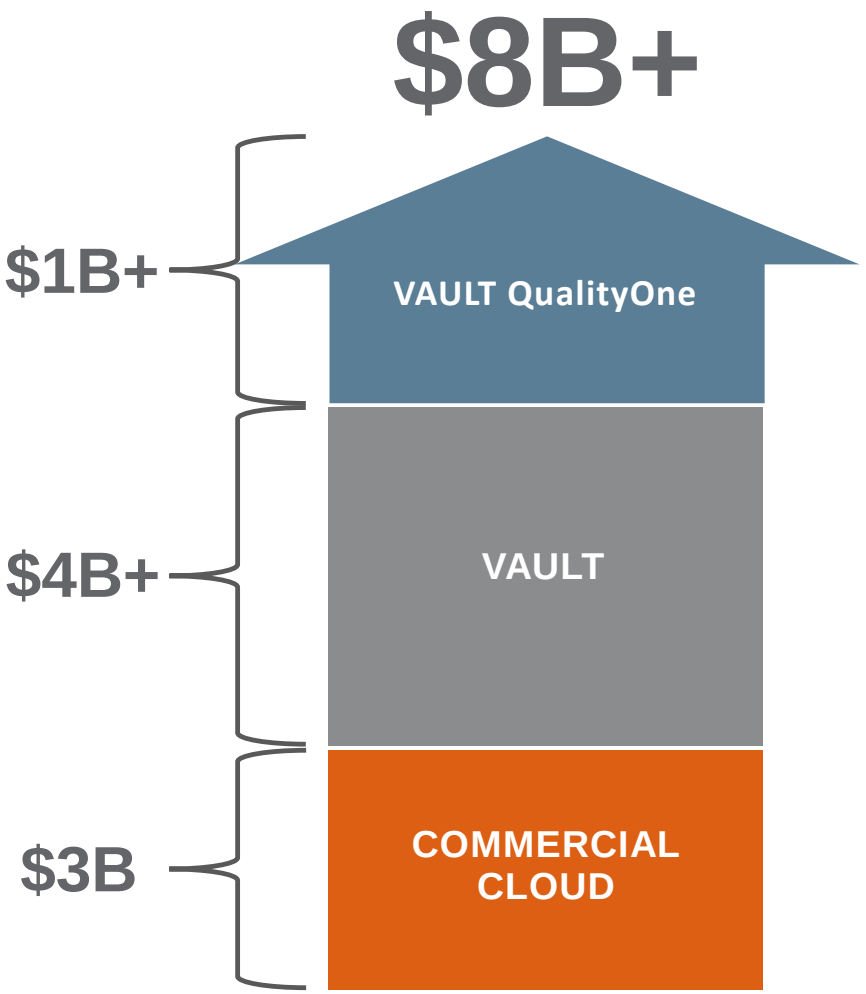
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Expanding TAM



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Expanding TAM…with Lots of Runway



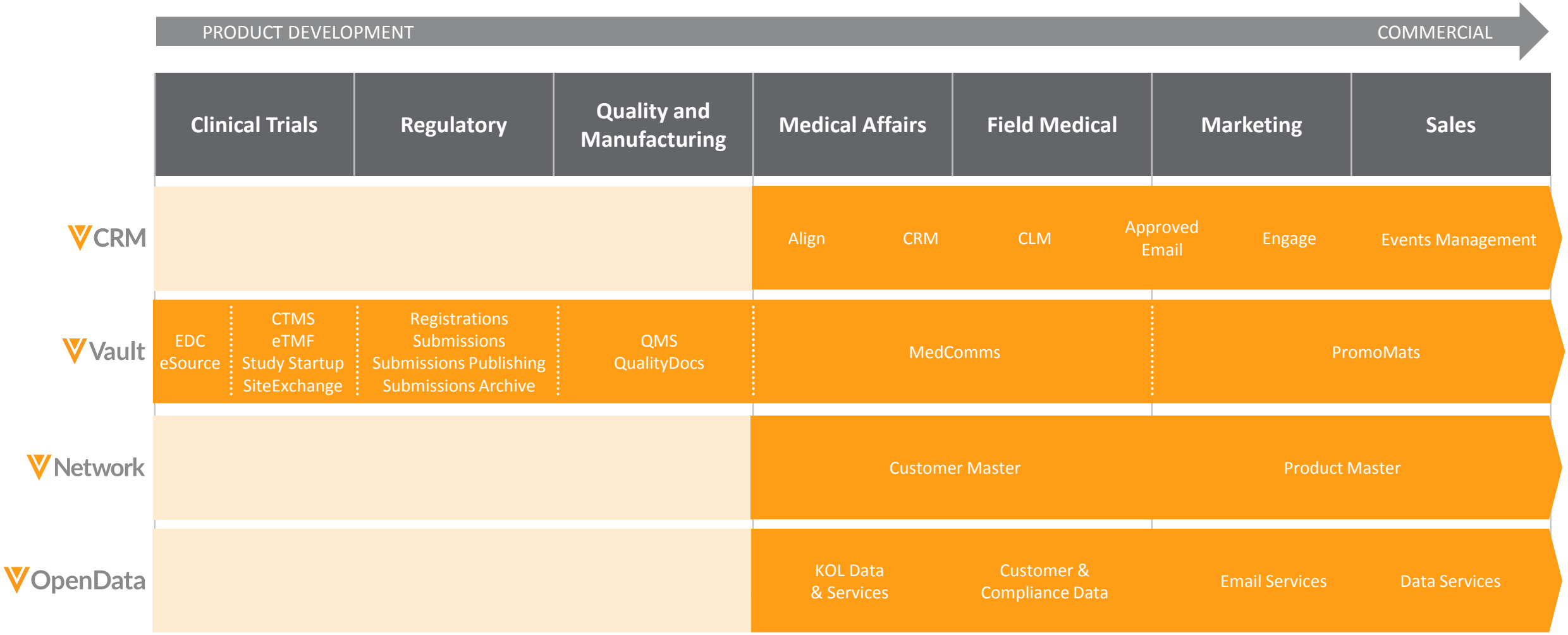
~$670M+*

VEEVA TODAY

**Annual revenue guidance provided as of 8/24/2017 for the fiscal year ending 1/31/2018*

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Veeva Spans an Entire Life Sciences Company



Planned availability: Vault Submissions Publishing early 2018, Vault eSource Dec 2018

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UNIFIED

&



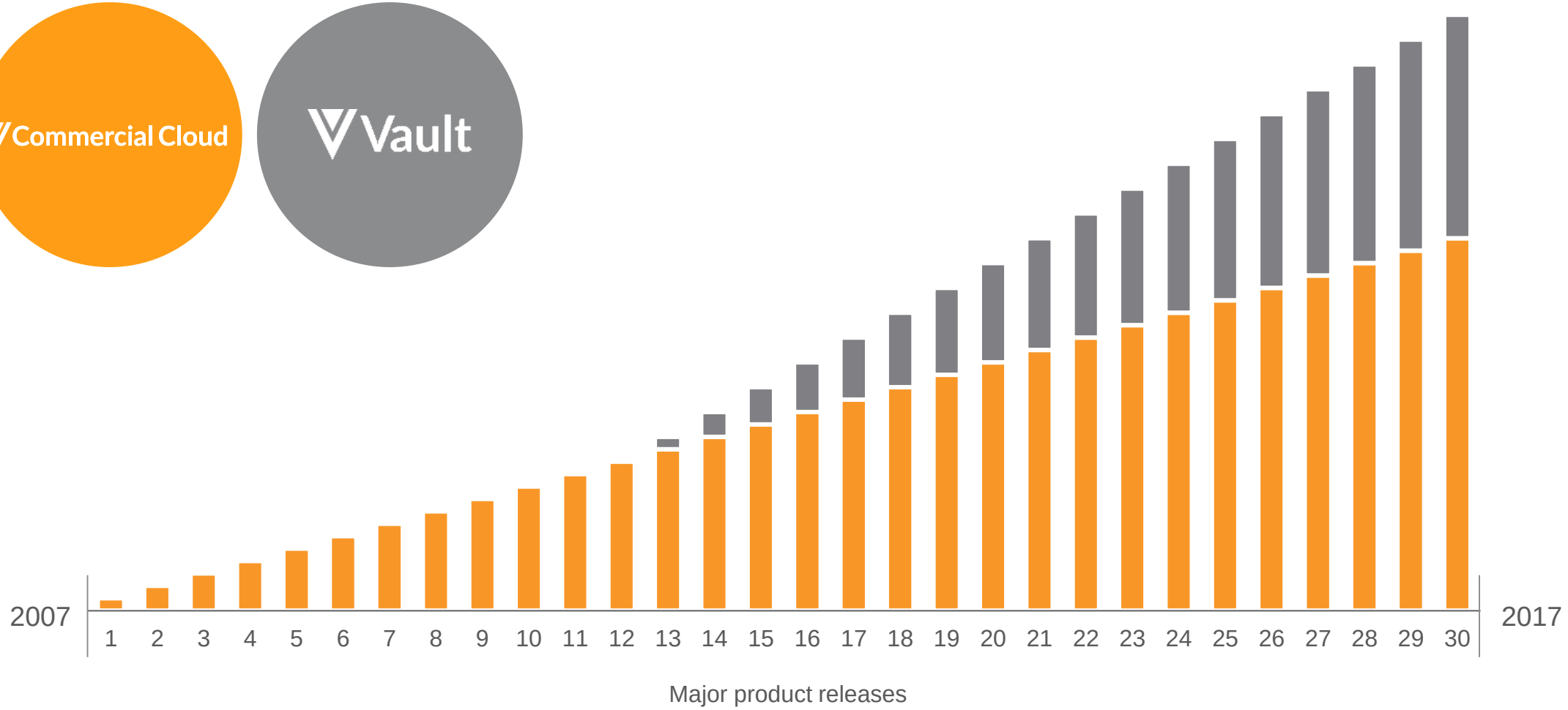
BEST-OF-BREED

Continued Cloud Innovation

Major Veeva product releases

Commercial Cloud

Vault



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Strong Partner Ecosystem

SERVICES

accenture
Cognizant
Deloitte.
Knowledgent
mavens
PARAGON SOLUTIONS
pwc

TECHNOLOGY

AKTANA
CONCUR
salesforce
FGS
Qlik
trifecta
Trustrack
ZS

DATA

aQurance
AXTRIA
liquidhub
PROXIMA
SHC Universal
Symphony HEALTH SOLUTIONS
ZEPHYR HEALTH

AGENCY

DigitasHealth
LifeBrands
RMHMEDIA
McCANN HEALTH
usacd
HAVAS HEALTH
Klick Health
INTOUCH SOLUTIONS
FCBHEALTH

CRO

Advanced Clinical
ARG
CMIC
EXON GROUP
ICON
A Symbol of Excellence
IDDI
inSeption GROUP
inVentiv Health clinical
KCR
NAMSA
pharma START
SGS
Social & Scientific Systems, Inc.
TRI

EVENTS

AHM
the M group
HSE
MedForce
PREMIER Healthcare
PW
Vector Health

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Select Veeva Customers

550+ customers with users in over 130 countries

Enterprise

































Emerging Growth





























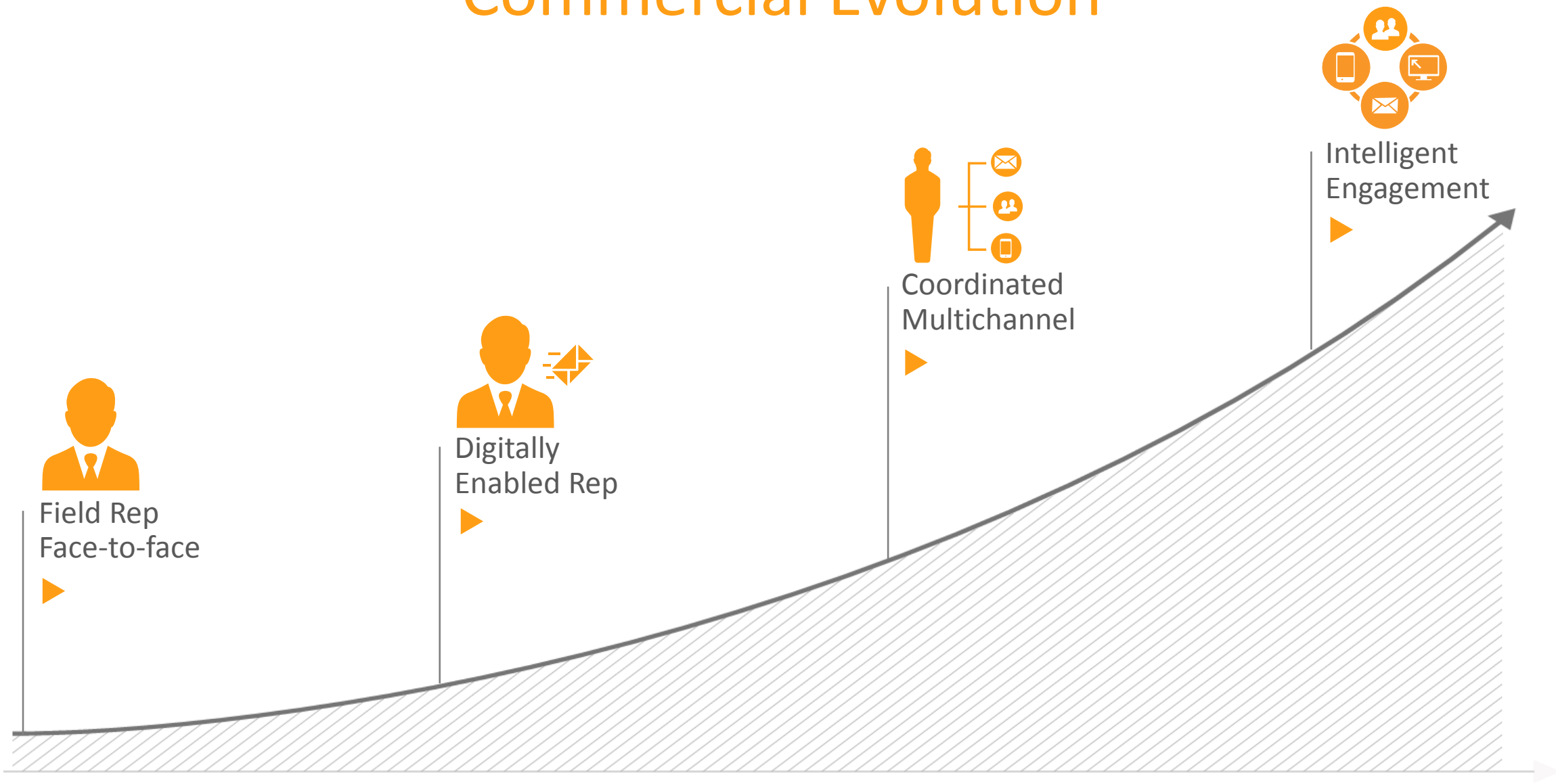




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Commercial Cloud

Commercial Evolution



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Commercial Cloud

CRM

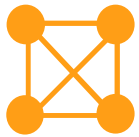





OpenData



Align



Events Management



Network



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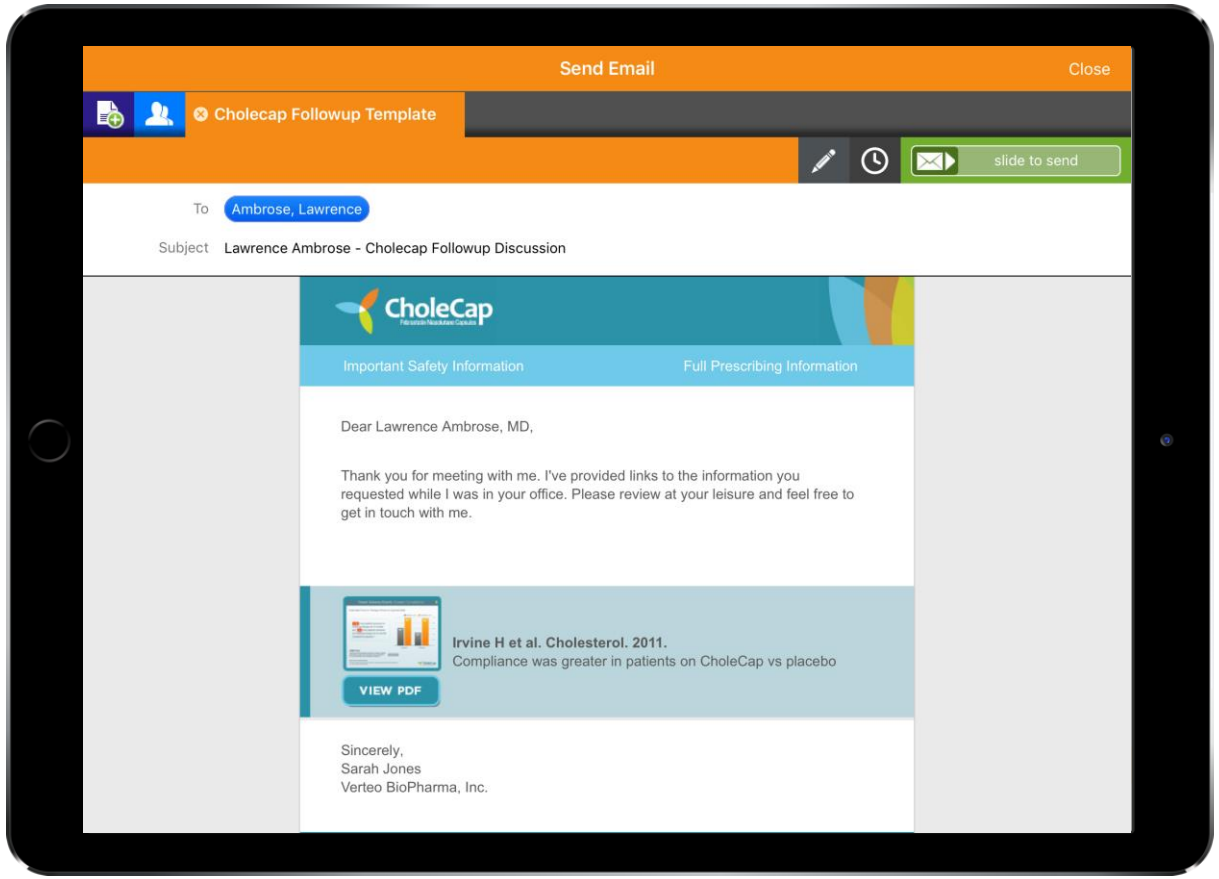
Veeva CRM

Leader and Liked

		
MyInsights	Sunrise UI	Real-time Architecture

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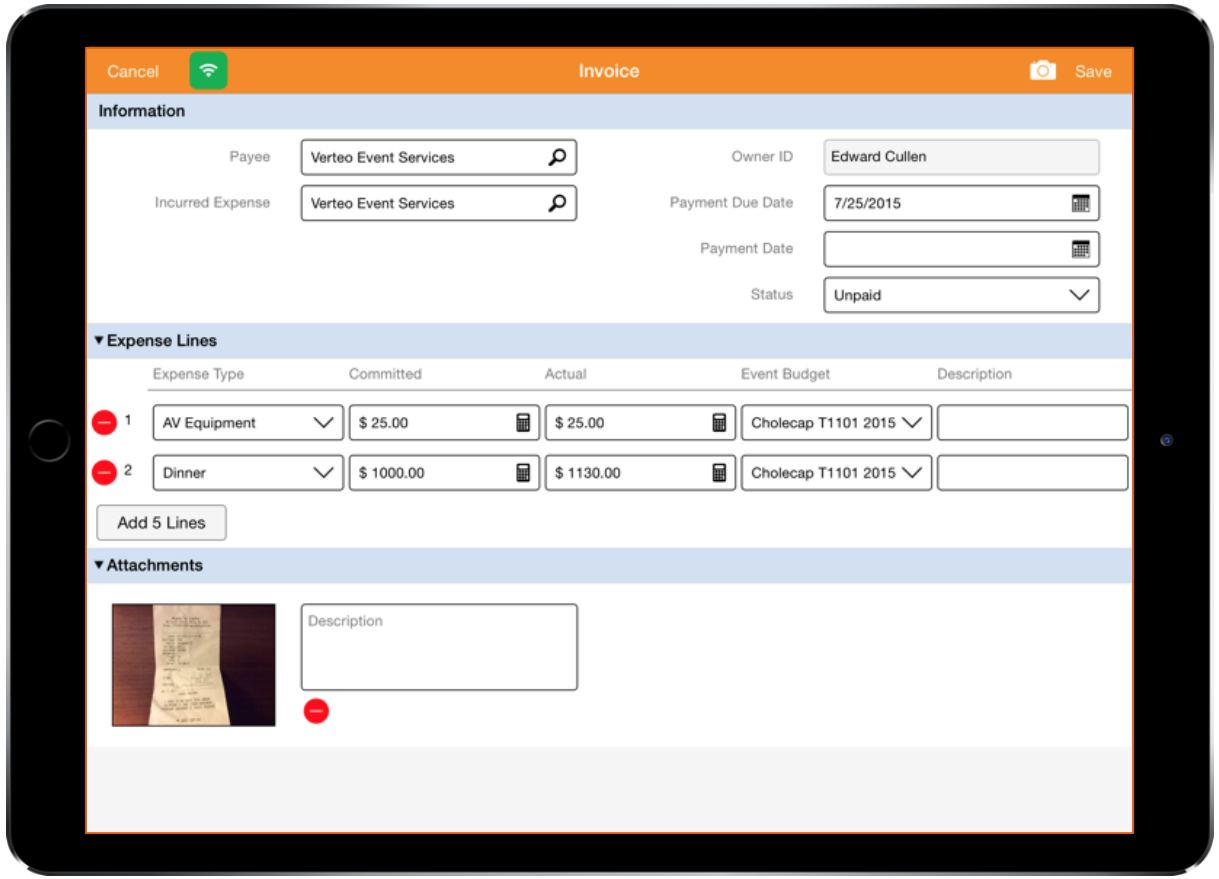
Veeva CRM Approved Email



- Major step towards digital customer engagement
- Huge increases in usage with continued effectiveness

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Veeva CRM Events Management



- Enables customers to manage regulated events within Veeva CRM
- Strong ROI metrics
- Past Early Adopter phase

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Case Study: Events Management Enables Compliance



Customer

- Top 25 Global Pharmaceutical company
- Growing business in South Korea
- Event & engagement information stored in multiple locations
- IT and compliance strategy to establish global platform for engagement tracking



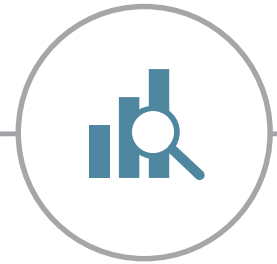
Challenge

- New transparency requirements in South Korean market
- Manual processes broke down as channel scaled for volume
- Challenging visibility at company/mgmt. level
- Duplicate data entry
- Time-consuming, manual reports and audit preparations



Solution

- Adoption of the CRM Events Management application
- Seamless integration with Veeva CRM
- Partner ecosystem and strategy critical to selection
- Engaged team from company and Veeva configuring application to meet South Korean needs

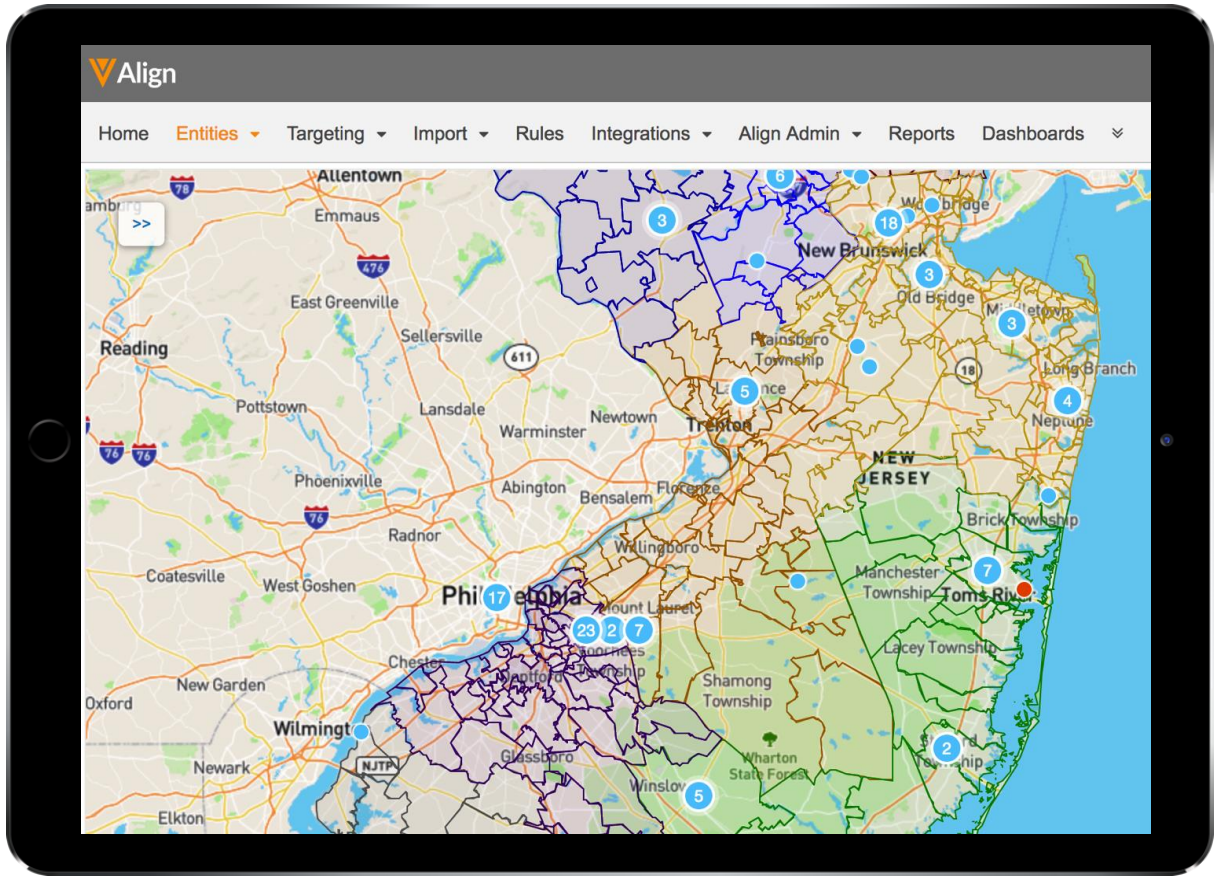


Results

- Achieved direct, real-time access to information about engagements for attendees
- Information and activity traceability / audit trail
- Customer team received internal recognition
- Veeva solution recognized by 3rd party legal team
- South Korean success fueled expansion to other markets

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Veeva Align



- Enables customers to manage territory alignments within Veeva CRM
- Strong customer growth this year
- Past Early Adopter phase

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Case Study: Align Speeds Process & Improves Agility



Customer

- Top 25 Global Pharma company
- Business desired faster alignments to support evolving go to market strategies
- IT desired reduction in effort and improved QA for Alignments



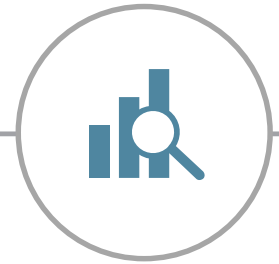
Challenge

- Complex process with many handoffs required 12 weeks for realignment
- Excel as alignment tool required many files and no standardized process
- No ability to analyze changes or test alignments prior to loading to CRM
- Territory sizes too large and inconsistent across territories



Solution

- Align configured and deployed in 2 months
- 5 countries deployed initially, expansion to other markets underway
- Standardization of alignment processes across markets, with local alignment operations ownership

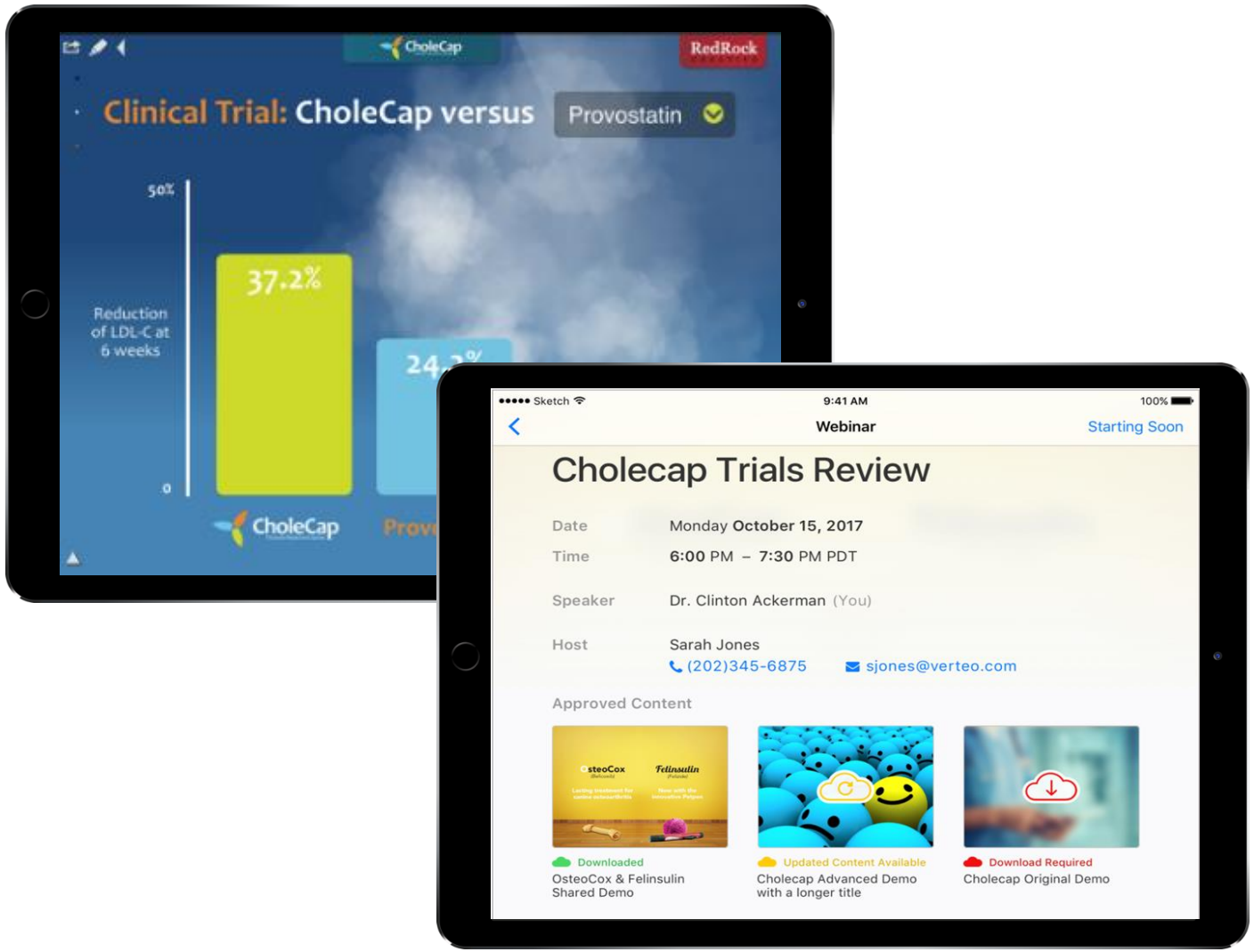


Results

- Major Alignment process reduced from 12 weeks to 2 weeks
- Daily alignment execution is supporting business changes as needed
- Average territory sizes reduced dramatically

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Veeva CRM Engage



- Disruptive new capability to expand digital engagement
- Requires significant business process change
- In Early Adopter phase

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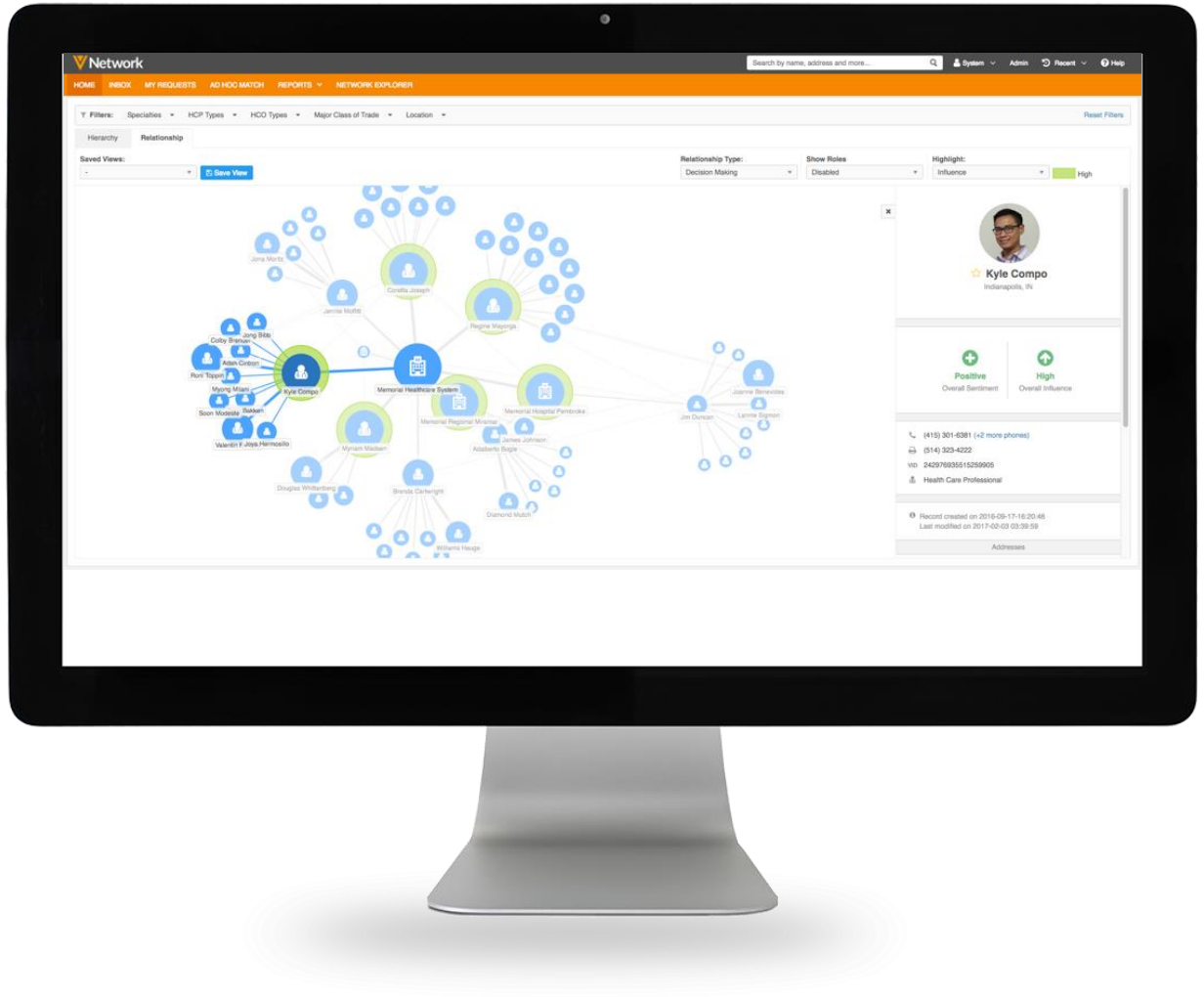
Veeva OpenData – Consistent, Global Quality and Service

16M	42	0.5M	225
HCPs and HCOs	Countries	Resolved DCRs each year	Data stewards 23 languages

100+ customers	6 hour avg DCR resolution
115+ partners	30% DCRs resolved in one hour

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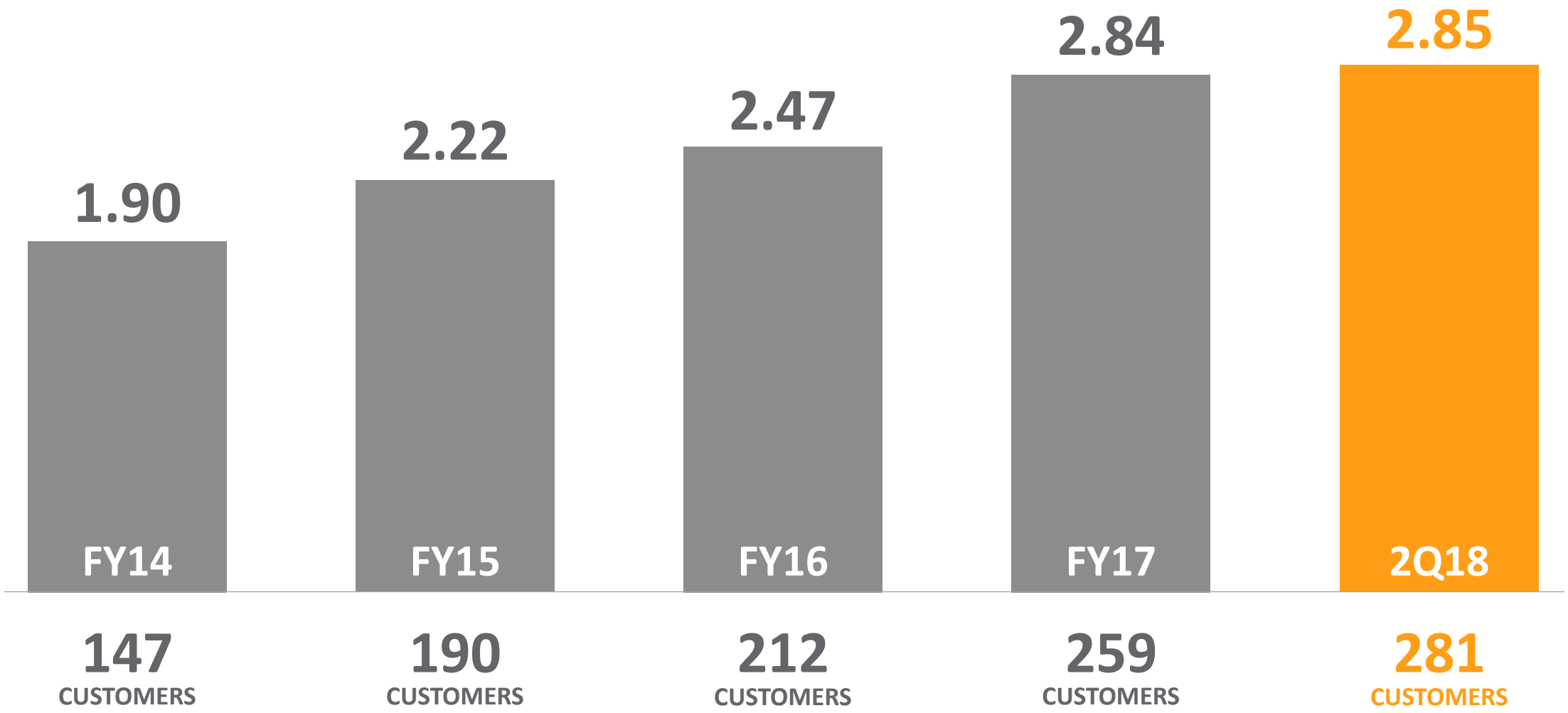
Veeva Network



- Enables admins to better manage customer data
- High customer success
- Investing for the long term

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Average Commercial Cloud Products per CRM Customer



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Align Biopharma

Align Biopharma Mission

Setting technology standards to make it easier for the life sciences industry to work with its customers

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New Technology Standard to Enable Single Sign-on Released on October 10

“It’s difficult keeping track of all the username and password combinations required to access information from biopharma companies. Having a fast and convenient way to log into various digital sites and applications will dramatically simplify how I connect with the life sciences industry and deliver care to patients.”

David S. Wernsing, M.D., FACS, bariatric surgeon at Penn Medicine

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Align Biopharma

Life Sciences

Allergan • AstraZeneca • Bayer • Biogen • GSK • Janssen

Lilly • Merck KGaA Darmstadt, Germany • Merck & Co., Inc.

Novartis • Pfizer • Shire • Takeda

Technology

Adobe • Exostar • Gigya

Janrain • Okta • Veeva

Services

Accenture • Cognizant

Deloitte • HCL • Mavens

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Veeva Vault

(Highly) Simplified Sample Customer's Landscape

Clinical	Quality	Regulatory	Commercial
eTMF Wingspan Technology, Inc.	Quality Document Management QUMAS	Submission Authoring cara generis	Promotional Materials Zinc COLLABORATE • APPROVE • SHARE
CTMS ORACLE	QMS Sparta Systems	Submission Archive documentum	Medical Document Management Online Business Applications
EDC medidata		Registration Tracking @ris global	
Site Document Exchange DrugDev do more trials		Submission Publishing PAREXEL	

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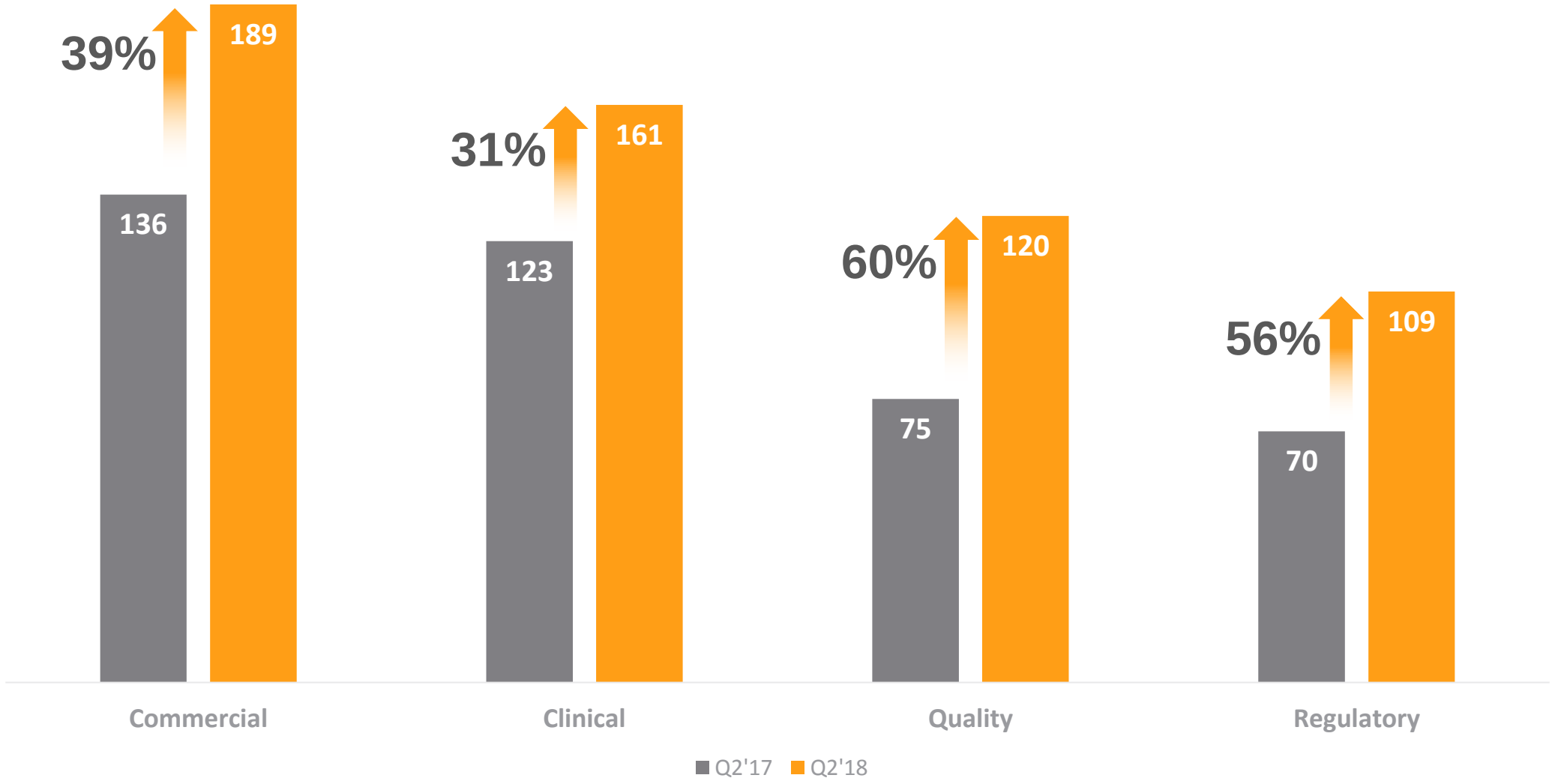
Veeva Vault

Vault Clinical Data Management	**Vault** Clinical Operations	**Vault** Quality	**Vault** RIM	**Vault** Commercial
Vault EDC	Vault eTMF	Vault QualityDocs	Vault Submissions	Vault MedComms
Vault eSource	Vault Study Startup	Vault QMS	Vault Submissions Archive	Vault PromoMats
	Vault CTMS		Vault Registrations	
	Vault SiteExchange		Vault Submissions Publishing	

Vault Platform

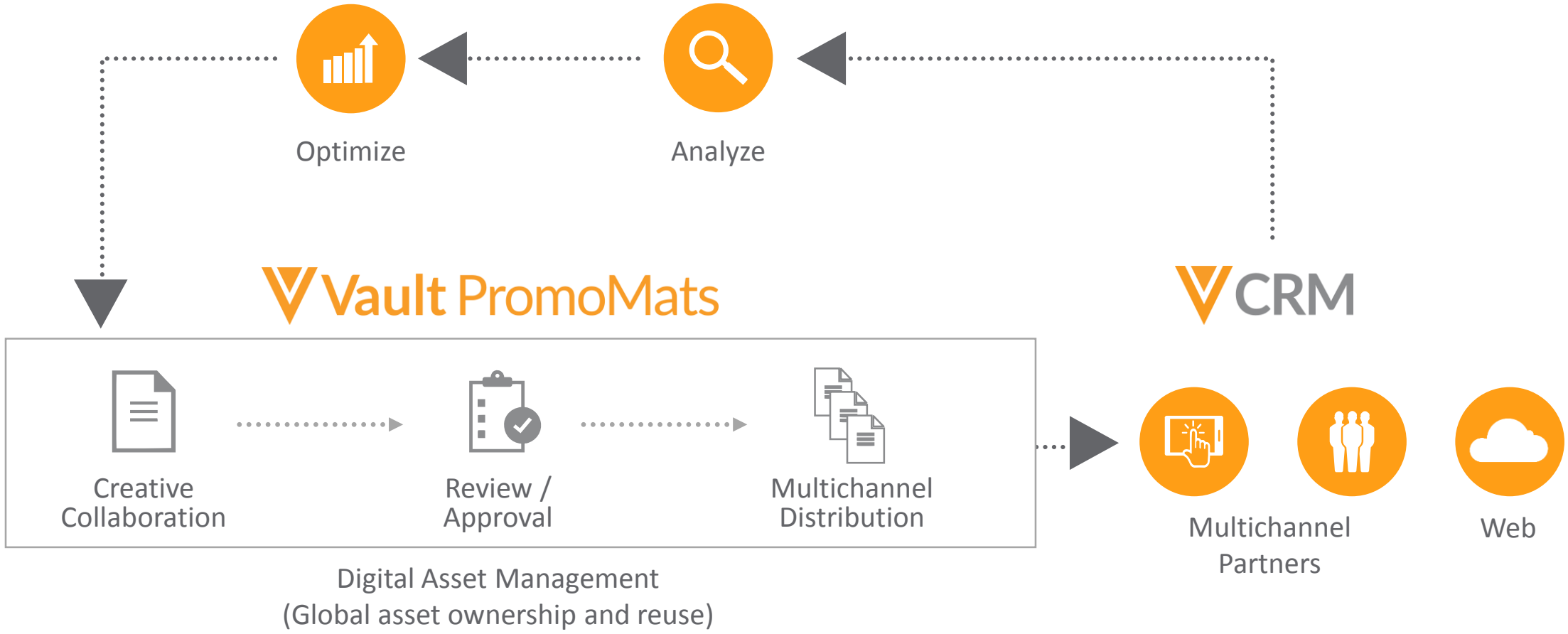
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Vault Customer Count Up Across All Areas



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Move to Digital Supply Chain



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Managing Product Development Information c. 1996



Managing Product Development Information Today



Development Cloud

Vault Clinical Data Management	**Vault** Clinical Operations	**Vault** Quality	**Vault** RIM
EDC	eTMF	QualityDocs	Submissions
eSource	StudyStartup	QMS	SubmissionsArchive
	CTMS		Registrations
	SiteExchange		Submissions Publishing

Vault Platform

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R&D Summit was Outstanding









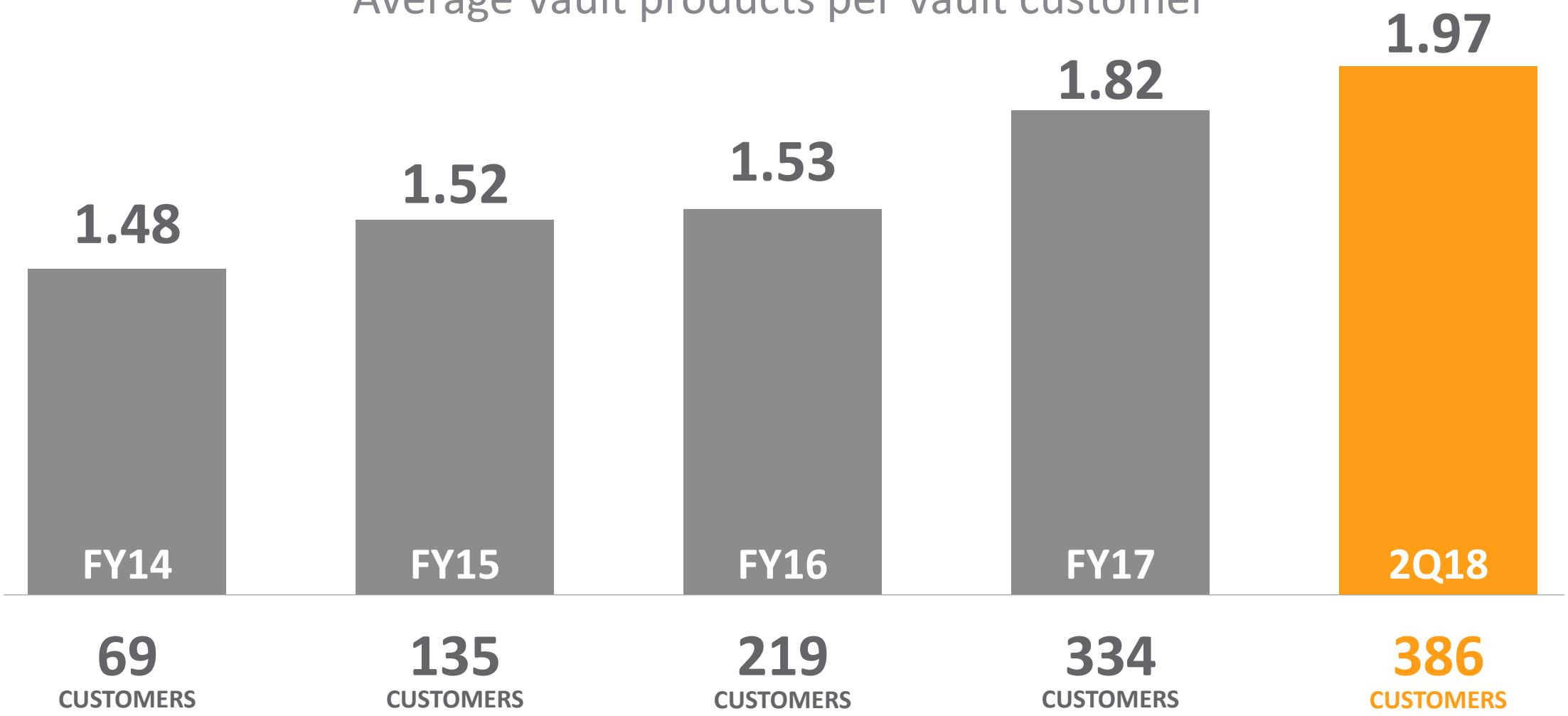






Unified Suite Approach is Resonating

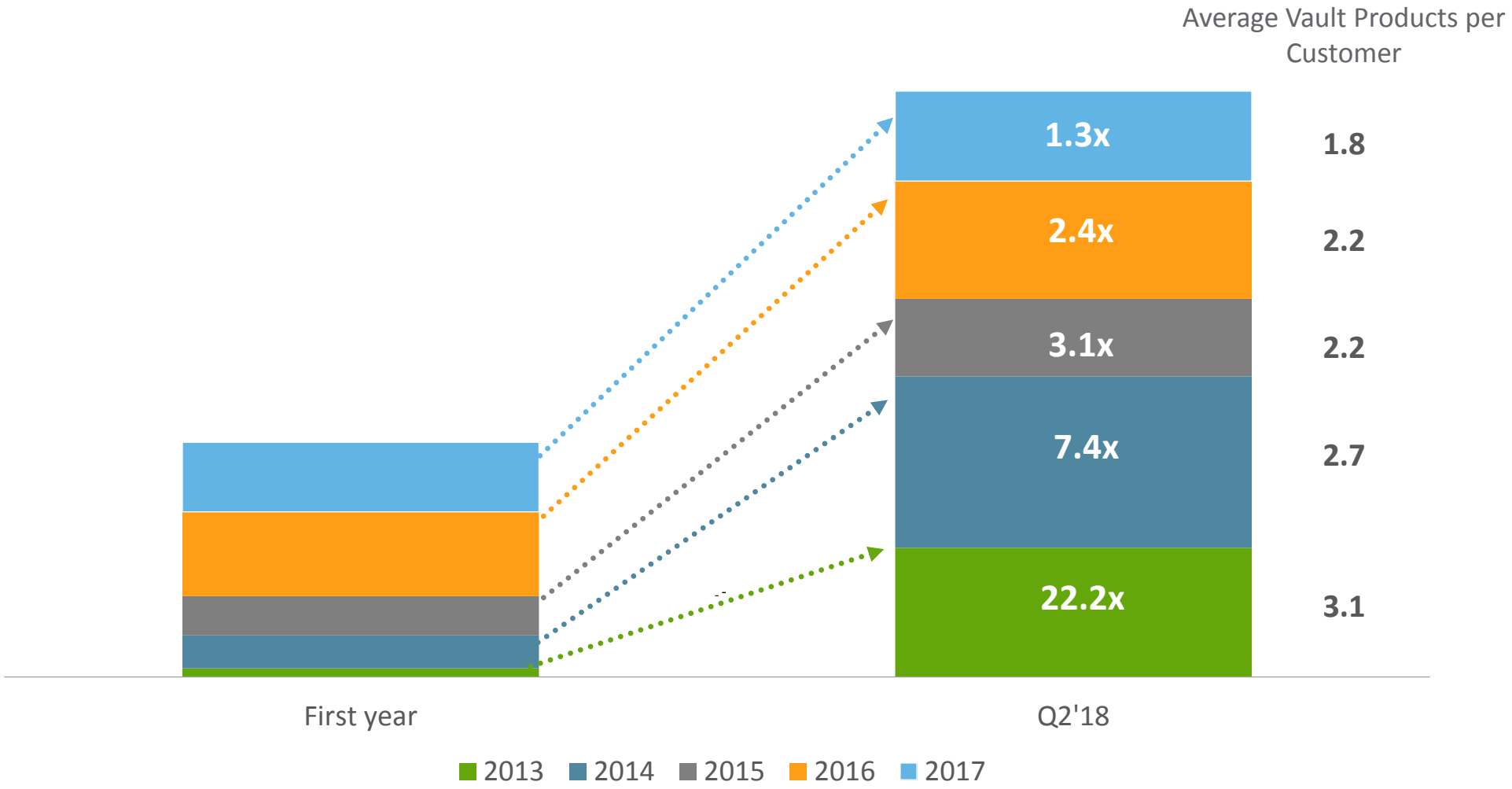
Average Vault products per Vault customer



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Vault Customers Expand Over Time

Annualized Vault subscription revenue by annual cohort



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Development Cloud Demo



Customer Success

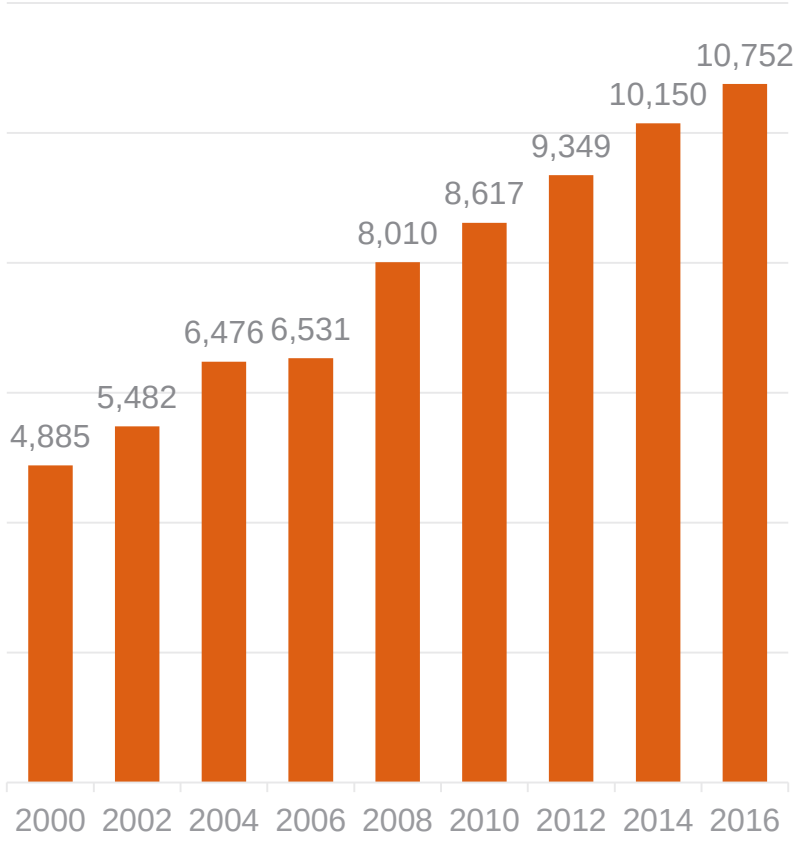
Michael Louie, Pharmaceutical Development & Manufacturing, Gilead

Unified Clinical

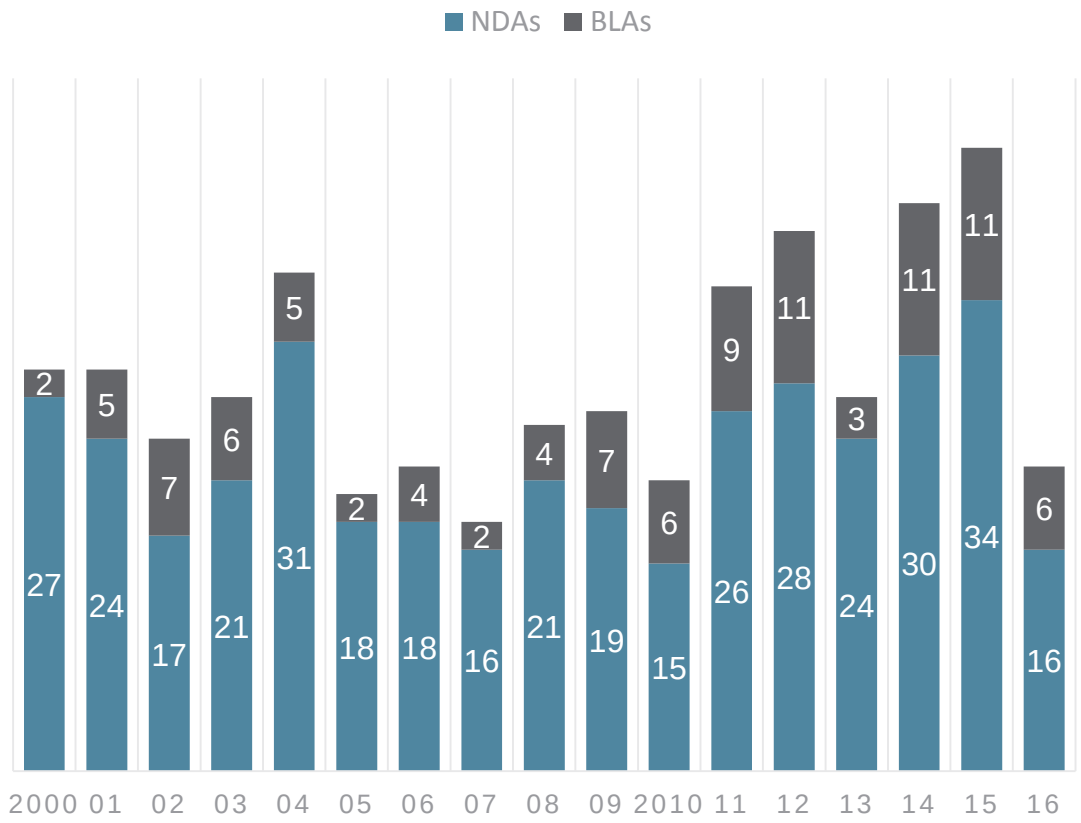
Henry Levy, Chief Strategy Officer

Current State of Clinical - Growing Pipeline of Innovation

Total Drugs in the Global R&D Pipeline



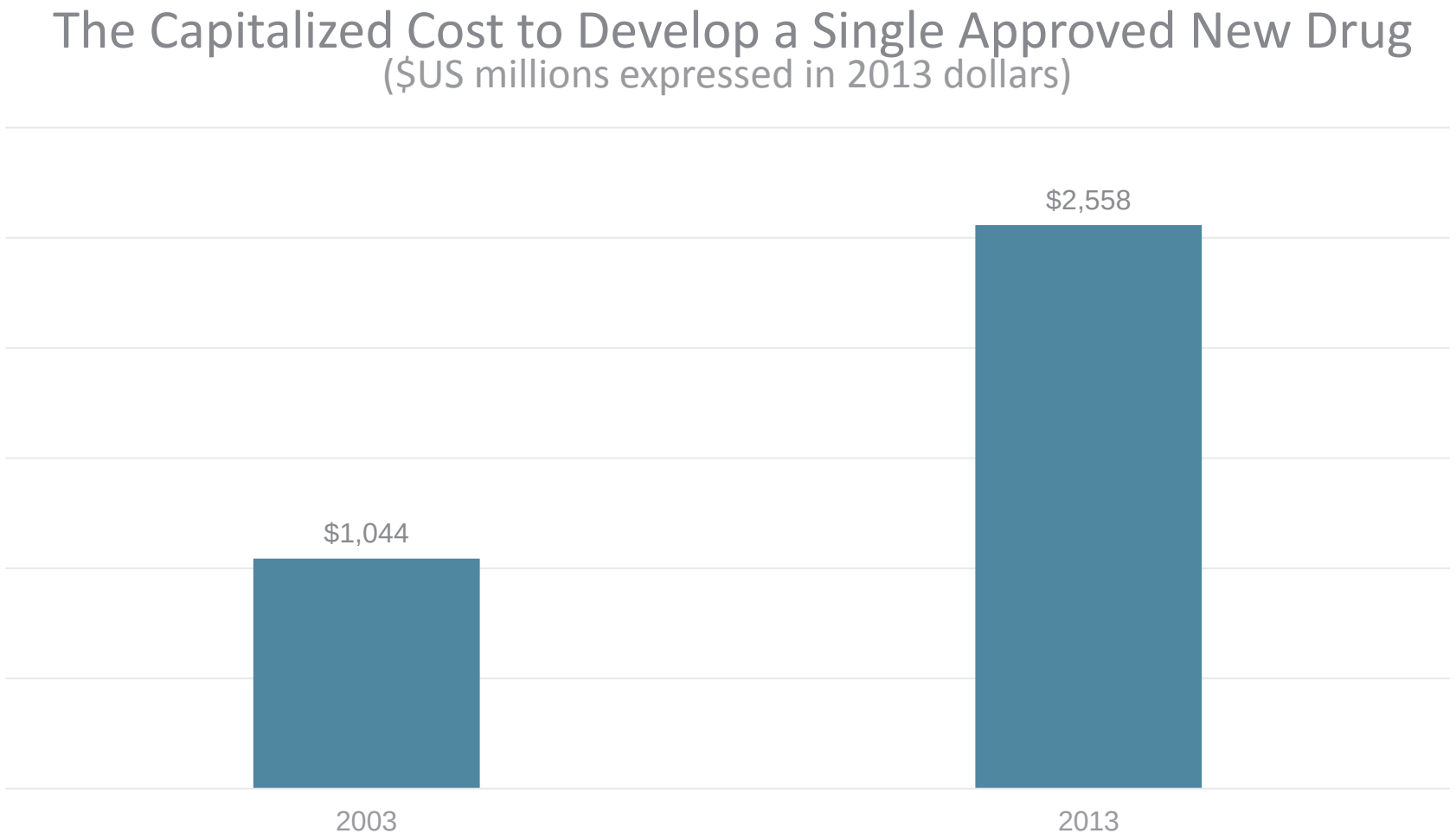
Number of New Drug and Biologics Approvals



Source: FDA

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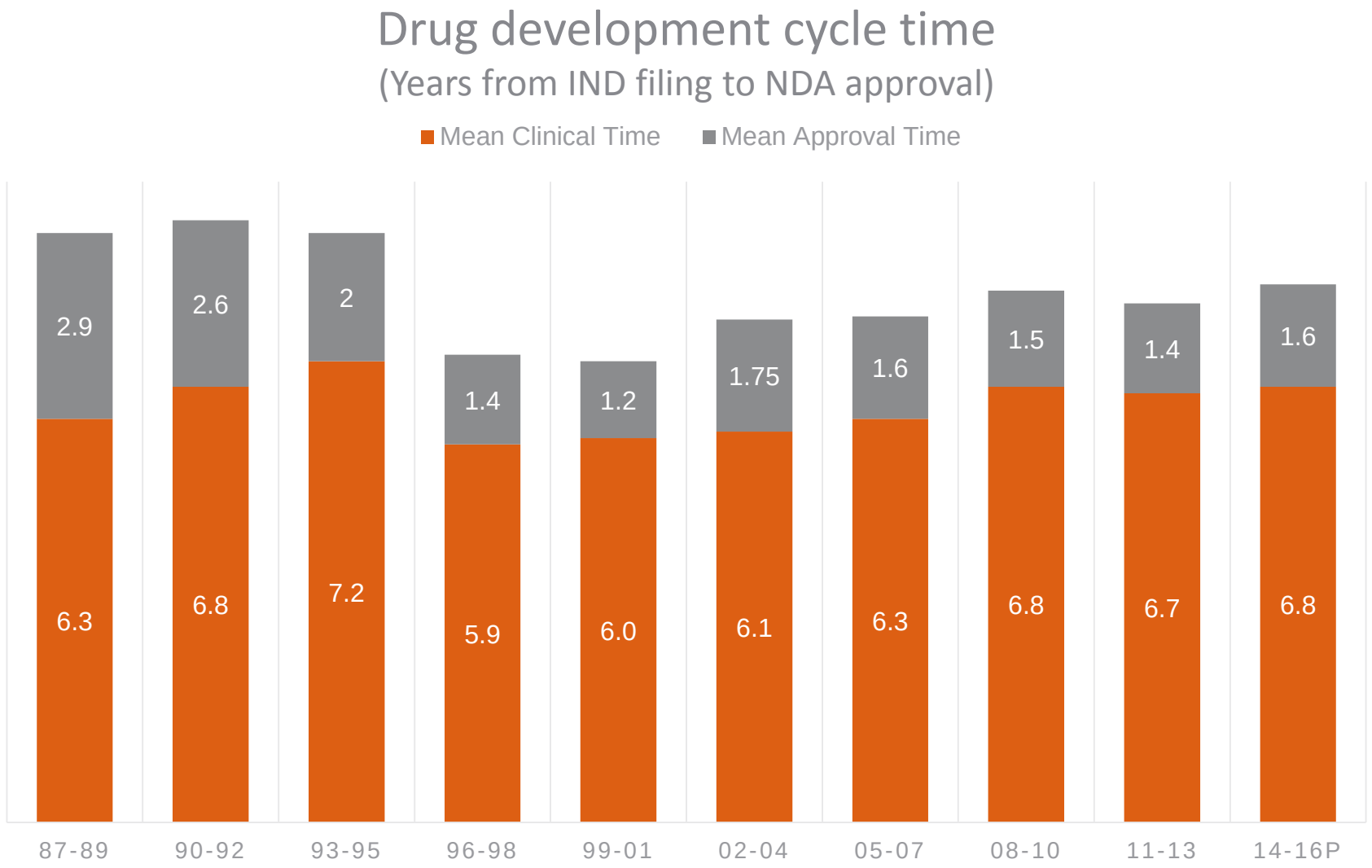
Current State of Clinical – Highly Inefficient Process to Deliver on Innovation



Source: Tufts Center for the Study of Drug Development (CSDD)

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Current State of Clinical - Not Bringing Drugs to Market Faster



Source: Tufts CSDD

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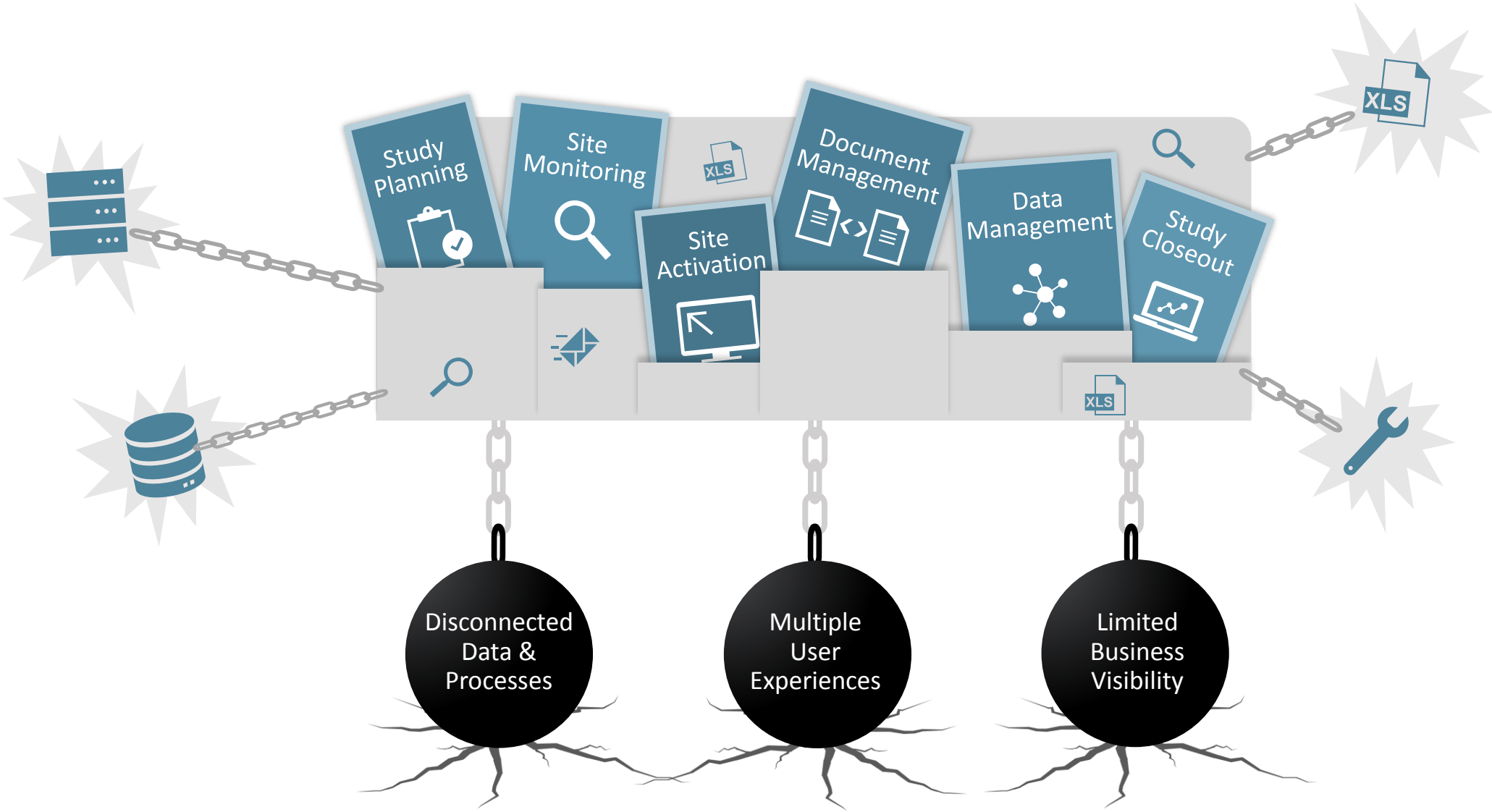
Yet, Operational Metrics Have Also Deteriorated!

A Typical Phase III Protocol (means)	2001–2005	2011–2015
Total Cycle Time from Site Identification to FPI	25.6 weeks	29.1 weeks
Time from Patient Visit to Data Entry	6.9 days	8.1 days
Last Patient Last Visit(LPLV) to Data Base Lock	33.4 days	36.1 days

Source: Tufts CSDD

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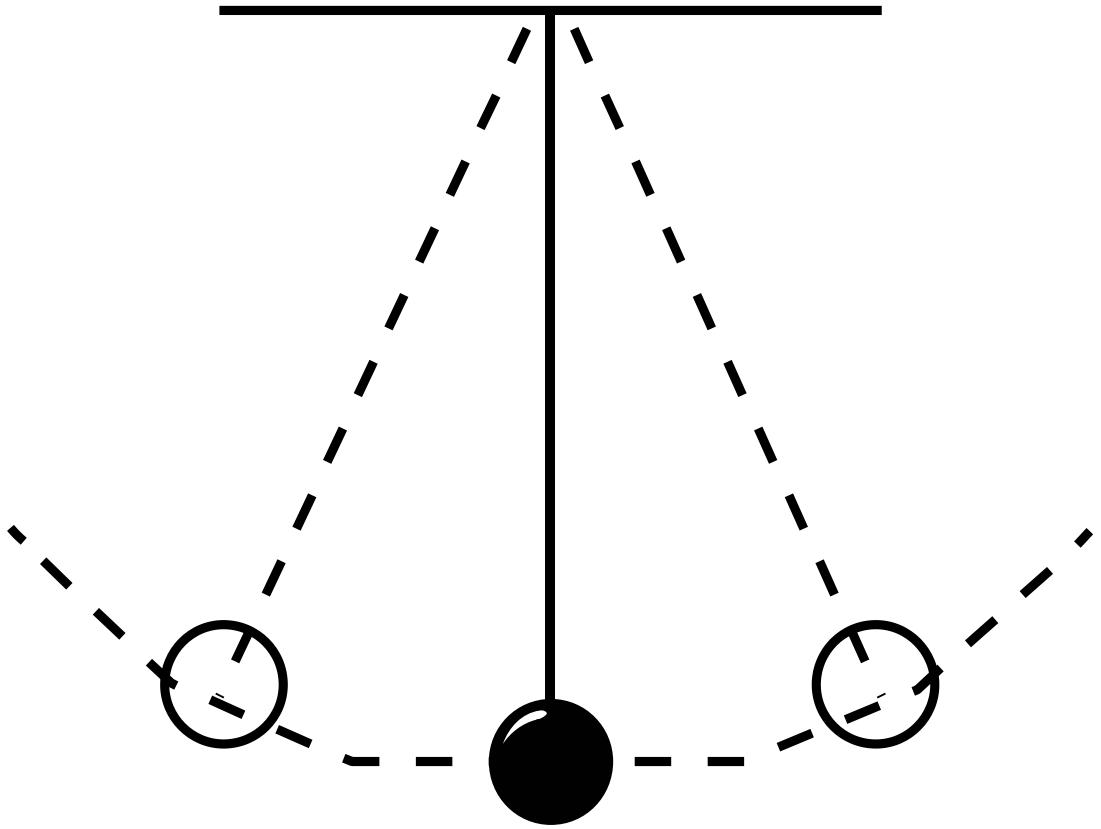
How Solutions Evolved



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Key Trends in Clinical Technology Strategies

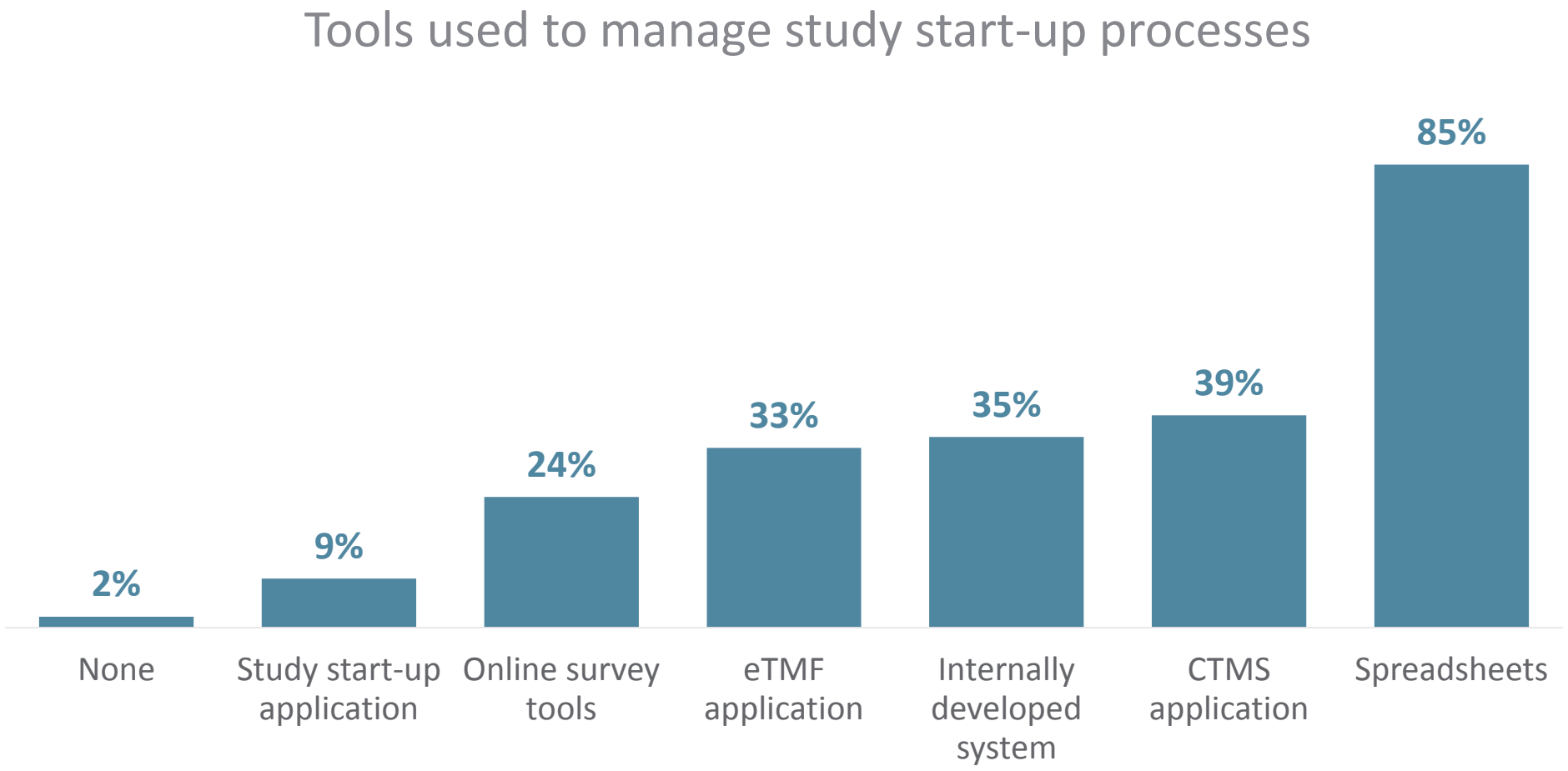
Go with Best of Breed?



Go with one integrated platform?

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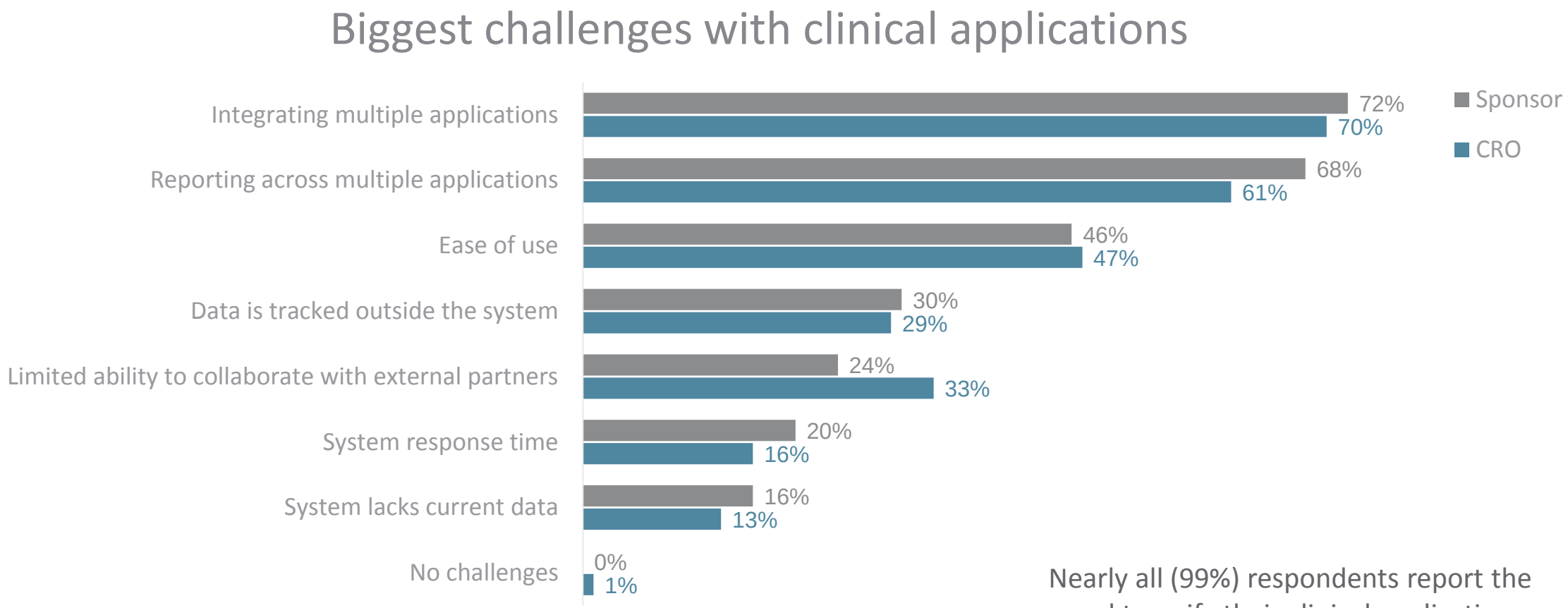
Technology Has Not Impacted Major Processes Despite Claims of Innovation



Source: Veeva 2017 Unified Clinical Operations Survey

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Technology Application Challenges Are Prevalent, With Integration Being at the Top of the List



Nearly all (99%) respondents report the need to unify their clinical applications.

Source: Veeva 2017 Unified Clinical Operations Survey: Annual CRO Report
Veeva 2017 Unified Clinical Operations Survey

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ONE

Unified Solution | Intuitive User Experience | Complete View



Interim Monitoring Visit Today



CRA Prepares IMV

CTMS

1. Logs In to CTMS
2. Check site/enrollment status
3. Reviews open issues from previous visits
4. Logs out of CTMS

EDC

5. Logs In to EDC
6. Checks enrollment status
7. Checks open EDC queries
8. Logs out of EDC

eTMF

9. Logs In to TMF
10. Checks for missing Site Docs
11. Logs out of TMF

Email

12. Request updates/docs/responses from site ahead of visit
13. Prepare/send visit confirmation letter



CRA Conducts and Closes out IMV

Paper

14. CRA Interviews Site Staff
15. Writes down findings

EDC

16. Logs In to EDC
17. Performs SDV
18. Logs out of EDC

CTMS

19. Logs in to CTMS
20. Documents Site Info
21. Creates Visit Record
22. Transcribes Findings
23. Log out of CTMS

Offline

24. Write MVR and Follow Up Letter

Email

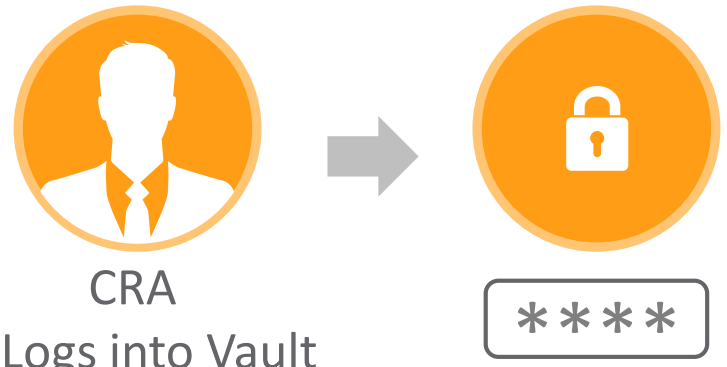
25. Send MVR for Review
26. Trial Manager and CRA resolve comments over email
27. Trial Manager approves

eTMF

27. Logs In to TMF
28. Files IMV Report in TMF
29. Logs out of TMF

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Interim Monitoring Visits with Unified Clinical



2. Prepare for IMV
3. Request updates/docs/ responses
4. Prepare and send visit confirmation letter
5. Conduct visit, including SDV
6. Auto-generate MVR
7. Review and annotate MVR
8. Approve MVR report
9. MVR auto-filed in eTMF

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The Result?

From 29 Steps to

9

Nine Steps

Separate Documents and Data to



Unified Information

From High Compliance Risk to



Low Compliance Risk

From High Cost to



Low Cost

From Low Value Tasks



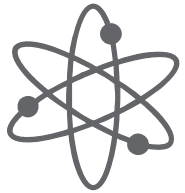
High Value Work

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In Addition to Improvement in Operational Metrics, Unification Enables Transformation



Risk-based trials



Process-driven improvements



Organizational realignment and efficiencies

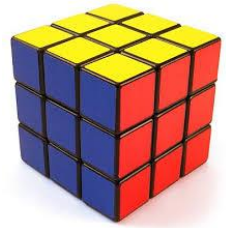
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Solving the CRO Rubik's Cube – Technology Landscape for Outsourcing



- CRO Technology
- Sponsor Technology
- Regulators
- Sites

Vault Clinical Suite



- One platform
- Standardization

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Development Cloud

Vault Clinical Data Management	**Vault** Clinical Operations	**Vault** Quality	**Vault** RIM
EDC	eTMF	QualityDocs	Submissions
eSource	StudyStartup	QMS	SubmissionsArchive
	CTMS		Registrations
	SiteExchange		Submissions Publishing

Vault Platform

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Summary



- Progress over the last 10-15 years is disappointing despite the investment in integration of disparate platforms
- Veeva's applications on one common platform deliver on the promise of unification
  - Cost containment, improved speed.
  - Seamless outsourcing
  - Transformational processes and organizations

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Veeva QualityOne

Peter Gassner, Founder & CEO

QualityOne

Vault QMS Vault QualityDocs

CAPA Mgmt · Document Control · Complaint Mgmt · Change Control

Audit Mgmt · Supplier Quality Mgmt · Doc Training Mgmt · Nonconformance & Investigation

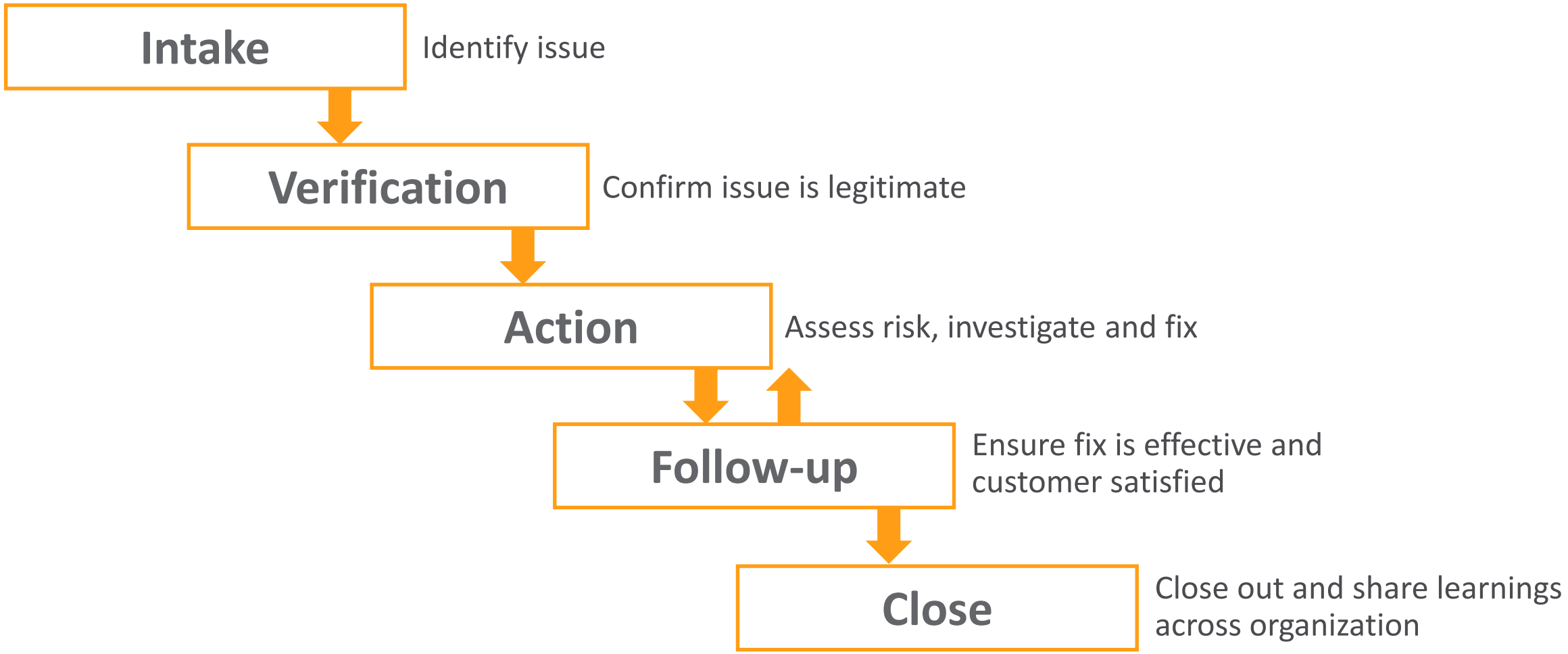
Vault Platform

Target Industries

Chemicals | CPG | Cosmetics | Nutraceuticals | Food & Beverage | Industrial Products | Oil & Gas

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Quality is Complex



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Cost of Poor Quality



Reputation Damage

Loss of consumer & investor trust



Unexpected Costs

Fines, recalls, shut-downs, & investigations



Wasted Time

Cleaning up the mess

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Fragmented Market



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Large Market Opportunity

600

process manufacturers
>$500M in revenue in the U.S.

1,600

process manufacturers
>$100M in revenue in the U.S.

EXPANSION OPPORTUNITIES

+ Discrete manufacturing
+ Adjacent applications
+ Platform opportunities

Source: D&B Hoover's

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Go-to-market Strategy

- Dedicated sales, strategy, and services team
- Small development team for specific features
- Starting North America, Europe next year
- Get early adopters successful
- Why?
  - Customer success
  - Product excellence
  - Path to long-term leadership

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QualityOne
Customer Success

Small Genetic Testing Company



Company

- Small North American genetic testing company
- 150 employees

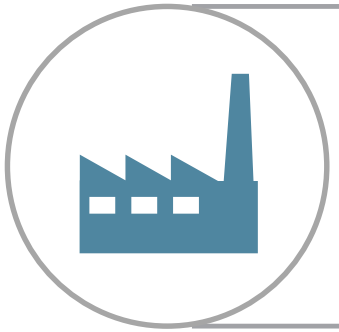


Solution

- **QualityOne** to manage all CAPA, audits, supplier management, document control, etc.
- Replacing manual processes
- Rollout to all employees in the company

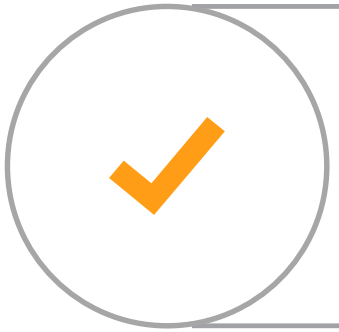
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Mid-Sized Industrial Products Company



Company

- North American industrial products and contract manufacturing firm
- 500 employees



Solution

- **QualityOne** pilot for 50 users for full quality management and document control
- Replacing legacy on-premise system

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Mid-Sized Cosmetics Company



Company

- Fast-growing North American cosmetics provider
- 1,300 employees



Solution

- **QualityOne** for 100 internal and 40 external contract manufacturing users
- Replacing manual processes

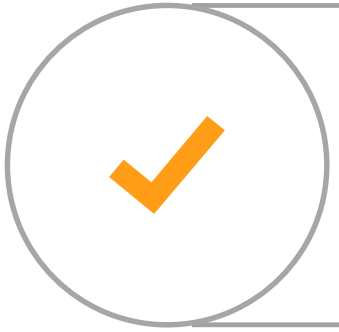
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Global Top 5 CPG Company



Company

- One of the largest global consumer goods companies
- 100,000+ employees



Solution

- **QualityOne** pilot for document control across an initial 1,200 users in four U.S. sites
- **Vault Platform** to manage all suppliers and ingredients for 750 regulatory and safety users worldwide
- Both replace multiple legacy systems

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Looking Ahead

- In It to Win It
- Consistent Execution
- More Customers
- Expansion within Enterprise Customers
- Building Europe

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Financial Update

Tim Cabral, CFO

Agenda

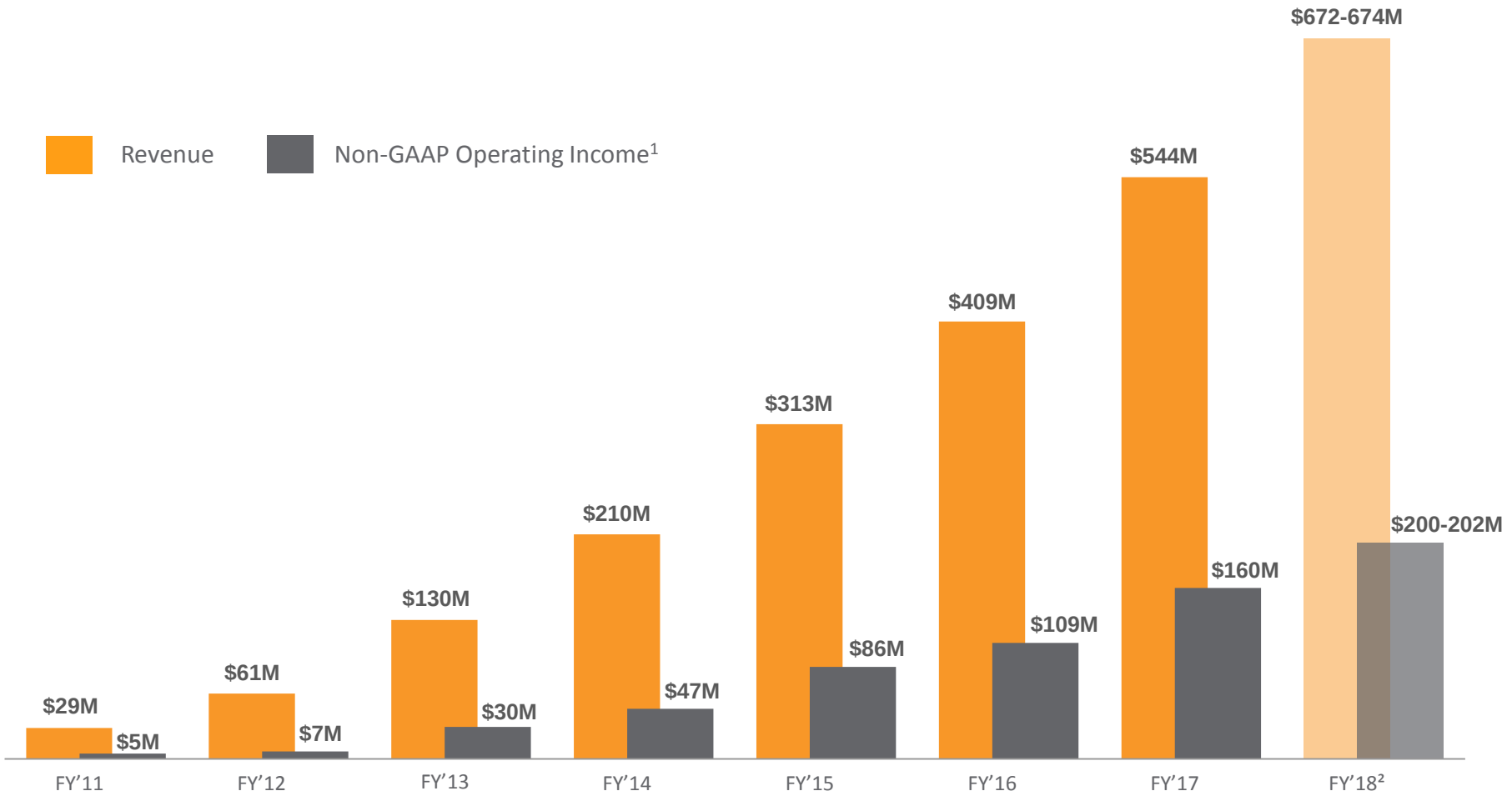
1. Consistent execution

2. ASC 606

3. 2020 update

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Unique Combination of Growth and Profitability



Fiscal Year Ending January 31
[1] A reconciliation of GAAP to non-GAAP measures is set forth in Appendix 1.
[2] Based on our latest guidance issued 8/24/2017

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Our Industry Cloud Business Model



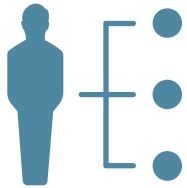
Strategic Partner



Focused R&D Spend



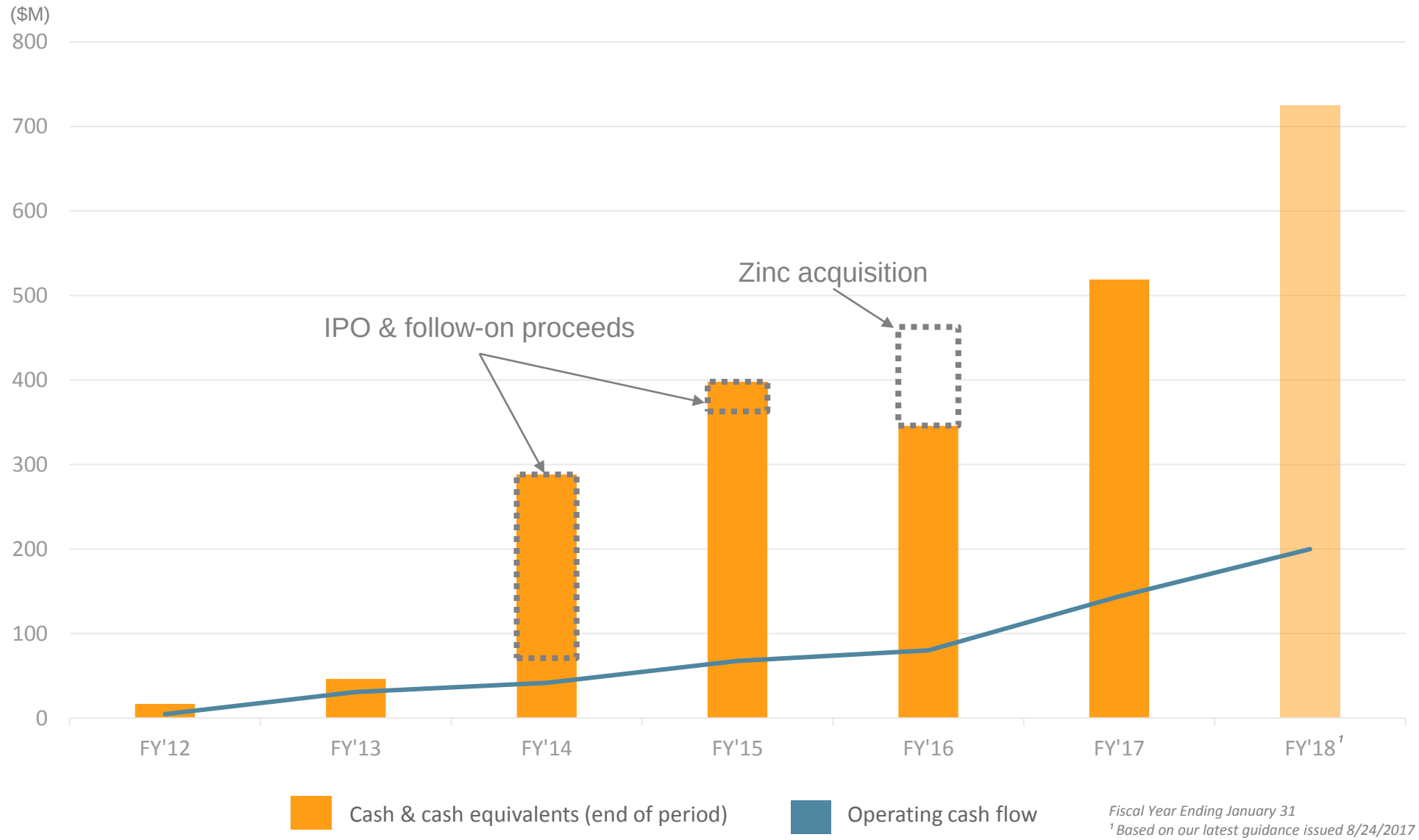
Higher Customer Lifetime Value



Reference Selling

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Growing Cash Balance



Fiscal Year Ending January 31
¹ Based on our latest guidance issued 8/24/2017

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Q2’18 Snapshot – Continued Execution

Year-over-year growth

27%
$166.6m
Total revenue

28%
$134.3m
Total subscription revenue

174 bp
72.0%
Gross margin (non-GAAP)

42%
$52.3m
Operating income (non-GAAP)

61%
$35.9m
Net income (non-GAAP)

54%
$222.7m
LTM cash flow from operations

Note: A reconciliation of GAAP to non-GAAP measures is set forth in Appendix 1.

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ASC 606 Adoption Overview

Primary Impacts from New Accounting Standard

- Multi-year contracts with ramping fees
- Capitalized commissions

New Disclosure Requirements

- Unbilled receivables
- Revenue recognized from beginning deferred revenue
- Backlog

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Multi-year Contracts Example

- Scenario: Three-year non-cancelable service contract where customer is obligated to pay $2 million in Year 1, $4 million in Year 2, $6 million in Year 3 and renews annually thereafter

- Billings:

	Year 1	Year 2	Year 3	Renewal Year
Invoice to customer	$2M	$4M	$6M	$6M

- Revenue recognition under current and new revenue guidance:

	Year 1	Year 2	Year 3	Renewal Year
Current GAAP (ASC 605)	$2M	$4M	$6M	$6M
ASC 606	$4M	$4M	$4M	$6M

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Income Statement Impact FY17

Multi-year ramping fees

FY17 estimated revenue increase:
$6M to 7M

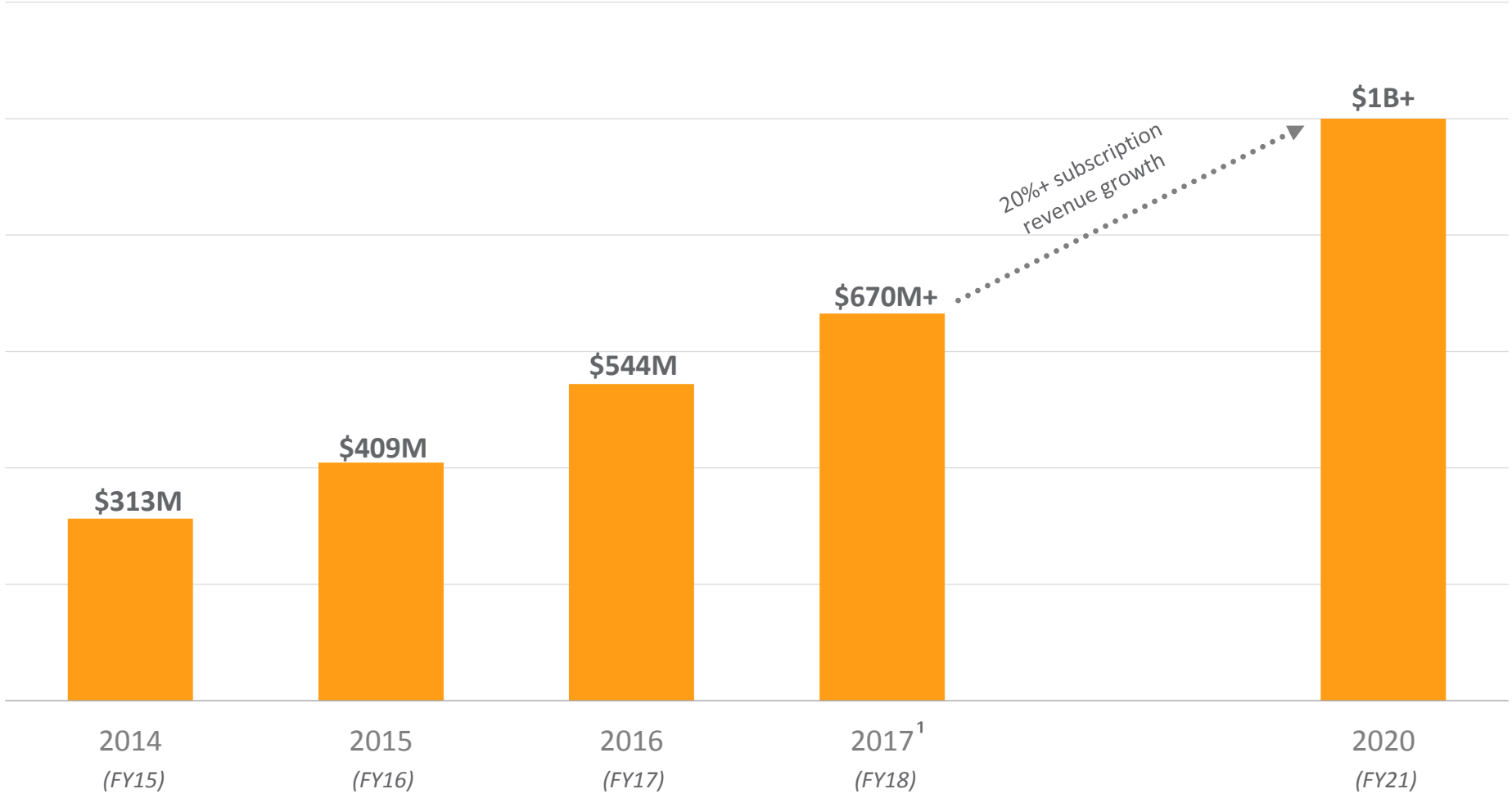
Capitalized commissions

FY17 estimated operating expense decrease:
$6M to 7M

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Ahead of $1B Revenue Run Rate Target in 2020

Targeting 20%+ subscription revenue growth through 2020



Fiscal Year Ending January 31

[1] Based on our latest guidance issued 8/24/2017 for $672-674m of total revenue

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Progress Toward $1B Revenue Run Rate Target

	FY'16 Q2	FY'17 Q2	FY'18 Q2	CY'20e
Total Revenue Run Rate	~$400M	~$525M	~$665M	$1B+
Non-CRM as a % of Total Revenue	20%+	~35%	40%+	50%+
Eight-figure Customers	9	13	17	20
Customers	350	450+	550+	50[illegible]+

Note: Eight-figure customers are defined as those whose, at the parent company level, annualized value of subscription revenue as of the end of the period and the annualized value of professional services revenue in the last quarter of the period is at least $10m; the Q2'16 customer count is adjusted to include Zinc customers

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Veeva Market Entry Strategy

A multi-year process



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Veeva Operating Model in CY'20

	2015 (FY'16)	2016 (FY'17)	2017 (FY'18)[2]		2020 (FY'21)
Non-GAAP Gross Margin[1]	67%	70%	~72%	Improved revenue mix Greater Vault contribution to revenue	74–75%
S&M % of Revenue (Non-GAAP)[1]	18%	18%	~17%	Continued scaling of sales team & support Building the outside-life-sciences team	17–18%
R&D % of Revenue (Non-GAAP)[1]	14%	16%	~17%	Product innovation Investment for future products	17–18%
G&A % of Revenue (Non-GAAP)[1]	8.5%	7%	~7%		7–8%
Non-GAAP Operating Margin[1]	26.5%	29%	~30%		30–32%

Fiscal Year Ending January 31
[1]A reconciliation of GAAP to non-GAAP measures is set forth at Appendix 1.
[2]Guidance provided as of 8/24/2017.

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On a Path to Multi-Billion Dollar Cloud Leader

- Track Record of Technology Innovation and Product Excellence
- Powerful and Unique Cloud Platform
- Long-term Leadership in Strategic Markets
- Business Model Advantage – The Veeva Way

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Questions

Appendix 1

Reconciliation of GAAP to non-GAAP Measures

in millions	FY'11	FY'12	FY'13	FY'14	FY'15	FY'16	FY'17
Operating income on a GAAP basis	$ 5	$ 7	$ 30	$ 39	$ 70	$ 79	$ 108
Stock-based compensation expense	—	—	—	7	14	24	41
Amortization of purchased intangibles	—	—	—	1	2	5	8
Capitalization of internal-use software	—	—	—	(1)	—	—	—
Amortization of internal-use software	—	—	—	1	—	—	—
Deferred compensation associated with Zinc Ahead acquisition	—	—	—	—	—	1	3
Operating income on a non-GAAP basis	$ 5	$ 7	$ 30	$ 47	$ 86	$ 109	$ 160

Veeva is not able, at this time, to provide GAAP targets for operating income for the fiscal year ending January 31, 2018 because of the difficulty of estimating certain items excluded from non-GAAP operating income that cannot be reasonably predicted, such as charges related to stock-based compensation expense, capitalization of internal-use software development expenses and the subsequent amortization of the capitalized expenses, and deferred compensation associated with the Zinc Ahead acquisition. The effect of these excluded items may be significant.

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Reconciliation of GAAP to non-GAAP Measures

	Q2 FY'18
Gross margin on total revenues on a GAAP basis	69.7%
Stock-based compensation expense	1.5
Amortization of purchased intangibles	0.6
Amortization of internal-use software	0.2
Gross margin on total revenues on a non-GAAP basis	72.0%

in millions	Q2 FY'18
Operating income on a GAAP basis	$ 36.9
Stock-based compensation expense	13.4
Amortization of purchased intangibles	2.0
Capitalization of internal-use software	(0.2)
Amortization of internal-use software	0.1
Deferred compensation associated with Zinc Ahead acquisition	0.1
Operating income on a non-GAAP basis	$ 52.3

	Q2 FY'18
Net income on a GAAP basis	$ 37.8
Stock-based compensation expense	13.4
Amortization of purchased intangibles	2.0
Capitalization of internal-use software	(0.2)
Amortization of internal-use software	0.1
Deferred compensation associated with Zinc Ahead acquisition	0.1
Income tax effect on non-GAAP adjustments	(17.4)
Net income on a non-GAAP basis	$ 35.8

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Reconciliation of GAAP to non-GAAP Measures

	FY'16	FY'17
Gross margin on total revenues on a GAAP basis	65%	68%
Stock-based compensation expense	1	1
Amortization of purchased intangibles	1	1
Amortization of internal-use software	—	—
Deferred compensation associated with Zinc Ahead acquisition	—	—
Gross margin on total revenues on a non-GAAP basis	67.0%	70.0%

	FY'16	% of Revenue	FY'17	% of Revenue
Sales and marketing expense on a GAAP basis	$ 81.0	20%	$ 116.8	21%
Stock-based compensation expense	(6.9)		(13.3)	
Amortization of purchased intangibles	(1.5)		(3.9)	
Deferred compensation associated with Zinc Ahead acquisition	—		—	
Sales and marketing expense on a non-GAAP basis	$ 72.6	18%	$ 99.6	18%

	FY'16	% of Revenue	FY'17	% of Revenue
Research and development expense on a GAAP basis	$ 66.0	16%	$ 96.8	18%
Stock-based compensation expense	(7.2)		(11.9)	
Capitalization of internal-use software	0.4		0.5	
Deferred compensation associated with Zinc Ahead acquisition	(0.1)		(0.4)	
Research and development expense on a non-GAAP basis	$ 59.1	14%	$ 85.0	16%

	FY'16	% of Revenue	FY'17	% of Revenue
General and administrative expense on a GAAP basis	$ 41.5	10%	$ 48.8	9%
Stock-based compensation expense	(5.7)		(8.5)	
Deferred compensation associated with Zinc Ahead acquisition	(1.0)		(2.3)	
General and administrative expense on a non-GAAP basis	$ 34.8	8.5%	$ 38.0	7%

	FY'16	FY'17
Operating margin on a GAAP basis	19.2%	19.8%
Stock-based compensation expense	5.9	7.5
Amortization of purchased intangibles	1.0	1.6
Capitalization of internal-use software	(1.0)	(0.1)
Amortization of internal-use software	0.2	0.1
Deferred compensation associated with Zinc Ahead acquisition	0.3	0.5
Operating margin on a non-GAAP basis	26.5%	29.4%

Veeva is not able, at this time, to provide GAAP targets for gross margin, operating expenses or operating margin for the fiscal years ending January 31, 2018 and January 31, 2021 because of the difficulty of estimating certain items excluded from non-GAAP gross margin, operating expenses and operating margin that cannot be reasonably predicted, such as charges related to stock-based compensation expense, capitalization of internal-use software development expenses and the subsequent amortization of the capitalized expenses, and deferred compensation associated with the Zinc Ahead acquisition. The effect of these excluded items may be significant.

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