
Veeva

Veeva Analyst & Investor Day

October 2, 2019

Veeva

2019 Veeva Analyst & Investor Day

WEDNESDAY, OCTOBER 2	
Veeva Vision	Peter Gassner, Founder & CEO
Financial Update	Tim Cabral, CFO
Veeva Commercial Cloud	Paul Shawah, SVP Commercial Cloud
Veeva Development Cloud	Avril England, GM Vault
Customer Success	Jeff Ketelhut, Atara Biotherapeutics
Q&A	All

Copyright © Veeva Systems 2019

Safe Harbor

Forward-looking Statements

This presentation and associated commentary made by our management contain 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 and associated commentary 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) breaches in our security measures or unauthorized access to our customers' data; (ii) our expectation that the future growth rate of our revenues will decline; (iii) fluctuation of our results, which may make period-to-period comparisons less meaningful; (iv) competitive factors, including but not limited to pricing pressures, consolidation among our competitors, entry of new competitors, the launch of new products and marketing initiatives by our existing competitors, and difficulty securing rights to access, host or integrate with complementary third party products or data used by our customers; (v) the rate of adoption of our newer solutions and the results of our efforts to sustain or expand the use and adoption of our more established applications, like Veeva CRM; (vi) our ability to close the planned acquisition of Crossix Systems Inc., integrate Crossix into our business, and achieve the expected benefits of the planned acquisition; (vii) loss of one or more customers, particularly any of our large customers; (viii) system unavailability, system performance problems, or loss of data due to disruptions or other problems with our computing infrastructure; (ix) our ability to attract and retain highly skilled employees and manage our growth effectively; (x) failure to sustain the level of profitability we have achieved in the past as our costs increase; (xi) adverse changes in economic, regulatory, or market conditions, particularly in the life sciences industry, including as a result of customer mergers; (xii) a decline in new subscriptions that may not be immediately reflected in our operating results due to the ratable recognition of our subscription revenue; and (xiii) 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, 2019. This is available on the company's website at veeva.com under the Investors section and on the SEC's website at 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.

Copyright © Veeva Systems 2019

Veeva Vision

Peter Gassner, Founder & CEO

Veeva

Key Highlights

- Strategic Partner to the Industry
- Business Model Advantage – The Veeva Way
- Market Expansion and Leadership
- Innovation

Copyright © Veeva Systems 2019

Vision

Building the Industry Cloud for Life Sciences

Values

Do the Right Thing

Customer Success

Employee Success

Speed

The Veeva Way



Strong Growth & Profitability



Big Strategic Markets



Innovation & Product Excellence



Customer Success

VALUES • OPERATING MODEL • TRUST

Copyright © Veeva Systems 2019

Our Greatest Asset

3,000 People

- Shared Vision
- Shared Values
- Shared Ways of Working
- The Right Skills
- Generation Veeva

Copyright © Veeva Systems 2019

Veeva in 2025

Building a Multi-Billion Dollar Company

Metric	CY 2019E	CY 2025 Targets
Total Revenue Run Rate	$1B+	**$3B**
Commercial Cloud	$500M+	**~$1B**
Vault	$550M+	**~$2B**
Non-GAAP Op Margin[1]	~38%	**35%+**

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

Copyright © Veeva Systems 2019

Veeva 2025

$3 Billion

Room to Grow

Still Veeva

Copyright © Veeva Systems 2019

Growing the Right Way



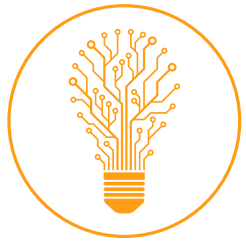
Team

- Talent attraction
- Big goals
- Keep our speed



Autonomy

- For our start-ups
- Creates energy & innovation
- Okay with some inefficiency



Innovation

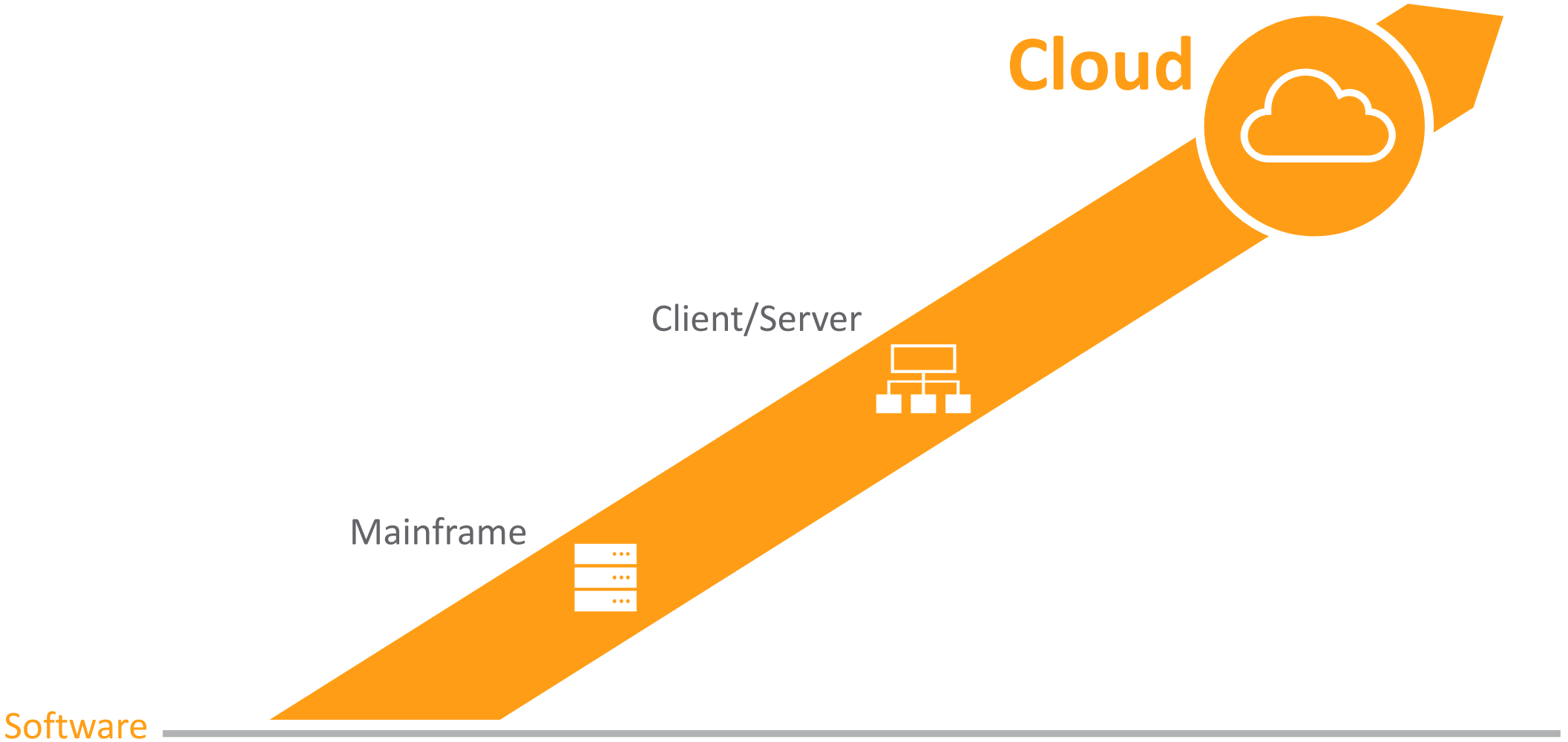
- Technology
- Operating model
- New people & ideas

Copyright © Veeva Systems 2019



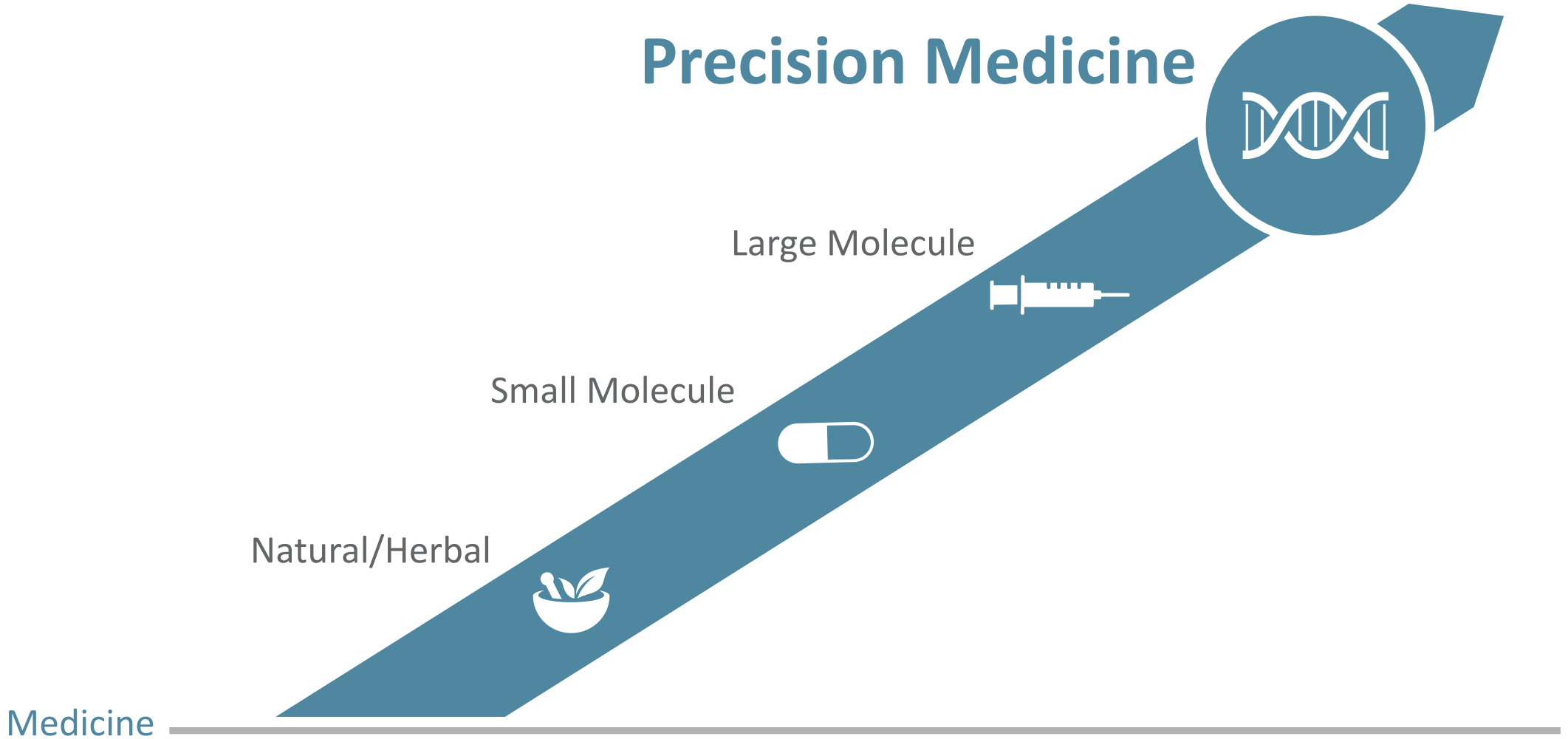
Strategic Partner to the Industry

Evolution of Software



Copyright © Veeva Systems 2019

Evolution of Medicine



Copyright © Veeva Systems 2019

Large and Growing Industry

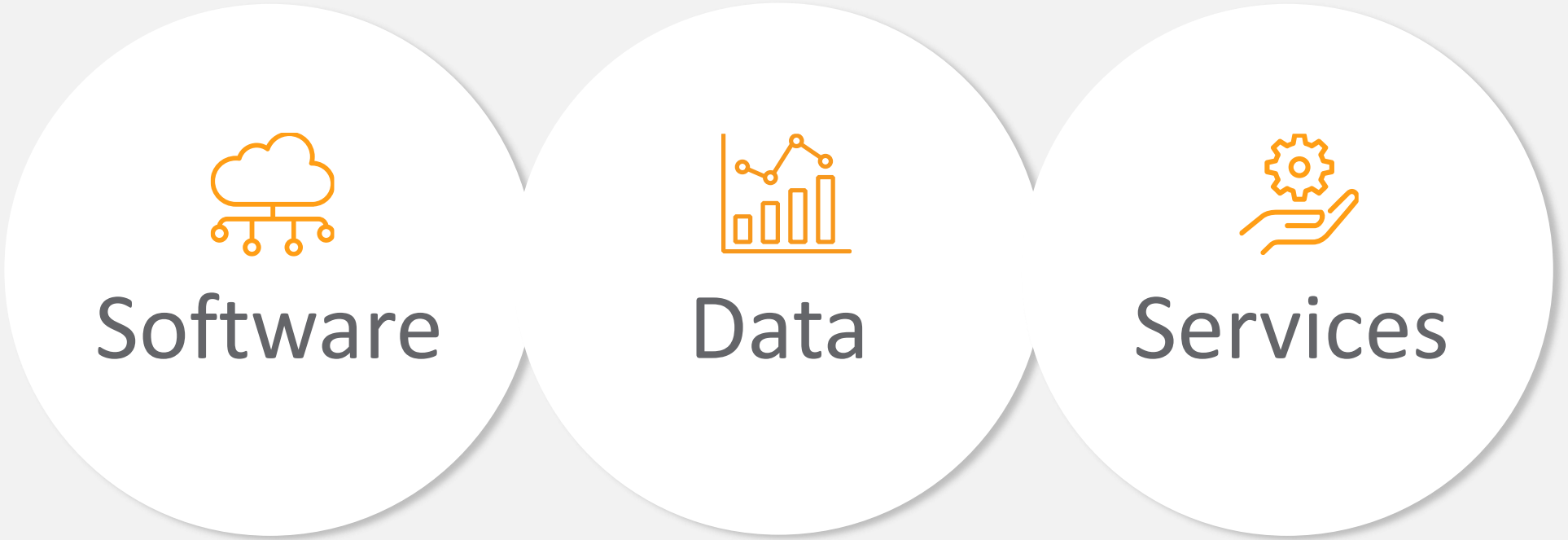
$2.0 Trillion

5% growth

Sources: MarketLine Industry Profile Global Health Care Equipment & Supplies, July 2018, Reference Code: 0199-2067 was published July 2018 (Table 4).
MarketLine Industry Profile Global Pharmaceuticals, March 2019, Reference Code: 0199-0372 was published March 2019 (Table 4).
MarketLine Industry Profile Global Biotechnology, June 2018, Reference Code: 0199-0695 was published June 2018 (Table 4).

Copyright © Veeva Systems 2019

Veeva: The Industry Cloud for Life Sciences



R&D | MEDICAL | COMMERCIAL

Copyright © Veeva Systems 2019

Strategic Partner to The Industry

Innovation

Product Excellence

Services Excellence

Long-term view

Trust

Benefit to Society

Copyright © Veeva Systems 2019



Commercial Update

Commercial Cloud


HCP


HCO


KOL


Payer


Pharmacy

Intelligent Engagement

CRM	Align	Nitro	Andi

Content

Data

PromoMats	MedComms	OpenData	Network

Copyright © Veeva Systems 2019

IQVIA Monopoly Harming the Industry

- IQVIA is attempting to extend its data monopoly to software
  - Bad for life sciences
  - Bad for patients
  - Bad for healthcare
- History
  - 2014: IQVIA restrictions started
  - 2017: Veeva filed antitrust claim for Veeva Network
  - 2019: Veeva files antitrust claim for Veeva Nitro
  - 2021/2022: Expected trial date
- Effect on Veeva
  - Network, Nitro and Andi are stalled for IQVIA customers
  - Core CRM not directly affected
  - Development Cloud not affected

Copyright © Veeva Systems 2019



Crossix

CROSSIX

Founded in 2005

Leader in Privacy-Safe Patient Data and Analytics

Pioneer in Privacy
& Data Science

DIFA Platform

For Measuring & Optimizing
Marketing Campaigns

Data on 300M U.S. Patients

90% of People
70% of Prescriptions

NYC

200+ Employees

New York City HQ
60+ Data Scientists

~$70M Revenue ~40% Growth

CY19E

~20% Margin

Non-GAAP Operating Margin
CY19E

Copyright © Veeva Systems 2019

Crossix Customers

200+

Pharma Brands

Select Customers

















Copyright © Veeva Systems 2019

Why Crossix?



Data Science

Deep domain expertise in analytics & data science



Patients & Privacy

Leader in privacy-safe patient data



Brands

Trusted partner to more than 200 pharma brands



Culture

Share culture of customer success and innovation

Copyright © Veeva Systems 2019

Crossix: Looking Forward

- Today
  - 200 Brands
  - DIFA is the Flagship Product
  - Patient Optimization and Targeting

- Growth Opportunity
  - More Brands
  - More Products

Copyright © Veeva Systems 2019



R&D Update

Development Cloud

Clinical Data Management	Clinical Operations	Quality	Regulatory	Safety
Coder	eTMF	QualityDocs	Submissions	Safety
EDC	CTMS	QMS	Submissions Archive	SafetyDocs
Data Workbench	Study Startup	Training	Registrations	Safety.AI
	Payments	Station Manager	Publishing	

Vault Platform

Copyright © Veeva Systems 2019

Development Cloud

Bold Vision

Right Product Strategy

Early Days of Big Mission

It’s All About Execution

Copyright © Veeva Systems 2019



Innovation

NEW APPLICATIONS

Safety.AI | Andi

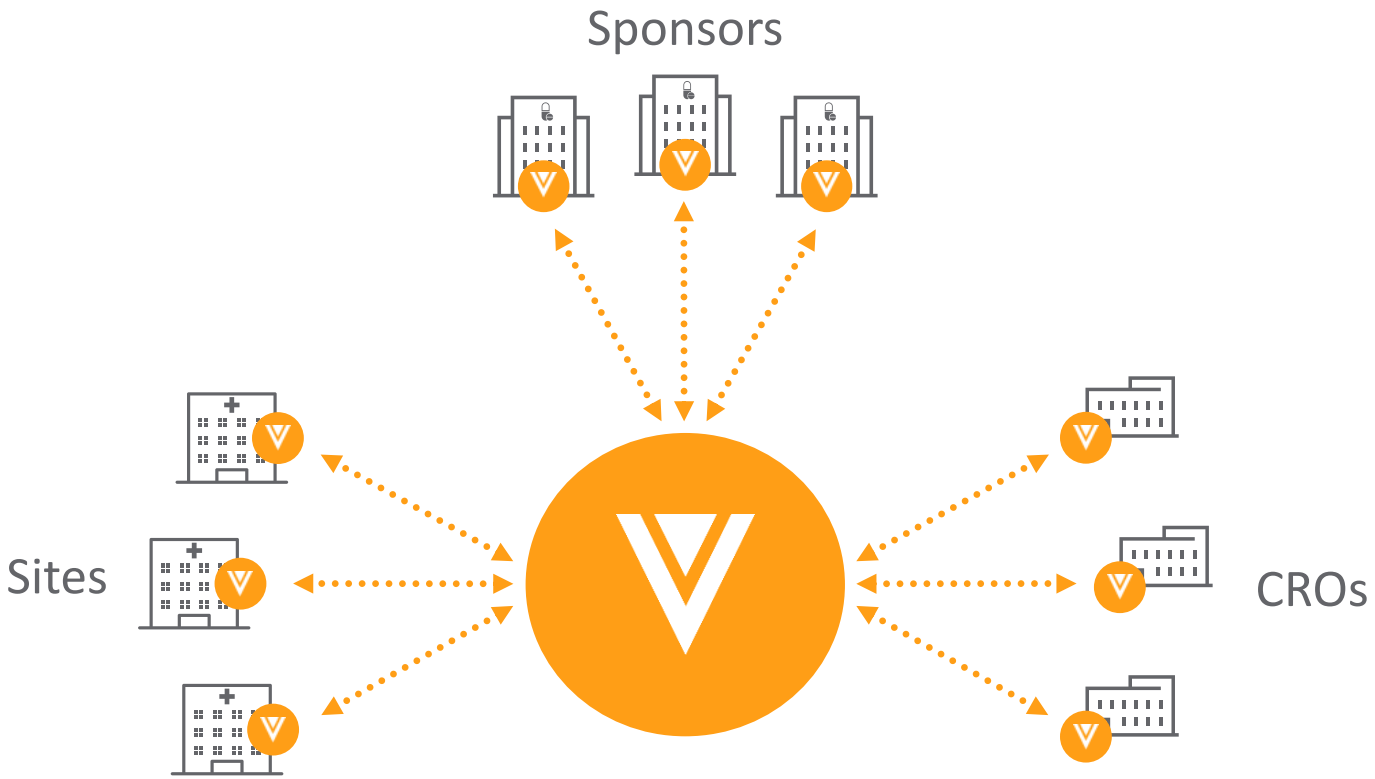
EMBEDDED AI

Claims Linking | Approved Notes

INDUSTRY NETWORKS

Copyright © Veeva Systems 2019

Veeva Clinical Network



Copyright © Veeva Systems 2019

Clinical Data Management

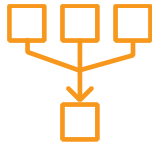
- Patient Data for Clinical Trials
- Veeva Started in 2016
- The Industry Needed Innovation

Copyright © Veeva Systems 2019

Vault CDMS

Coder

Clinical Coding



EDC

Data Capture &
Monitoring



Data Workbench

Cleaning & Reporting
All Trial Data



Vault Platform

Copyright © Veeva Systems 2019

Breakthrough Innovation

Clinical Database
and
Clinical Query Language (CQL)

INCREASED PRODUCTIVITY I IMPROVED QUALITY

Overdue Visits for Active Patients

SAS

SQL & Traditional Programming

280 Lines of Code

```
/*************************************Follow-Up
Visit*********************************************
************************/
/*Calculating visit number in sequence*/
proc sql;
create table vis_fu as
select SUBJID,VISITNUM,
       CASE WHEN VISDATMO NE '-99' AND VISDATDD NE '-99'
              THEN
mdy(INPUT(VISDATMO,BEST.),INPUT(VISDATDD,BEST.),INPUT(VISDATYY,BEST.))
       ELSE .
       END AS VISDAT FORMAT DATE9.,
       CASE WHEN VISITINDEX IS NULL AND VISITNUM IS NULL
              THEN VISITID
       ELSE VISITNUM
       END AS VISITID01,
       VISDATMD
from PRD_LSH.sv1001_h a
where calculated VISITID01 not in (601,701)
and calculated VISITID01>801
order by SUBJID, calculated VISITID01;
quit;
/*visit difference and lag calculation*/
data Vis_Diff_fu;
       set vis_fu;
       by SUBJID VISITID01;
       prv_visdate=lag(VISDAT);
       if missing(VISITID01) then delete;
       if first.SUBJID then prv_visdate=VISDAT;
       format prv_visdate date9.;
       Vis_diff=VISDAT-prv_visdate;
run;
proc sql;
create table ds1001_fu as
SELECT a.*
FROM
(
       SELECT DISTINCT SUBJID,DSDECOD,DSCAT_1,DSSCAT
       FROM PRD_LSH.DS1001_H
       WHERE SUBJID not in
```

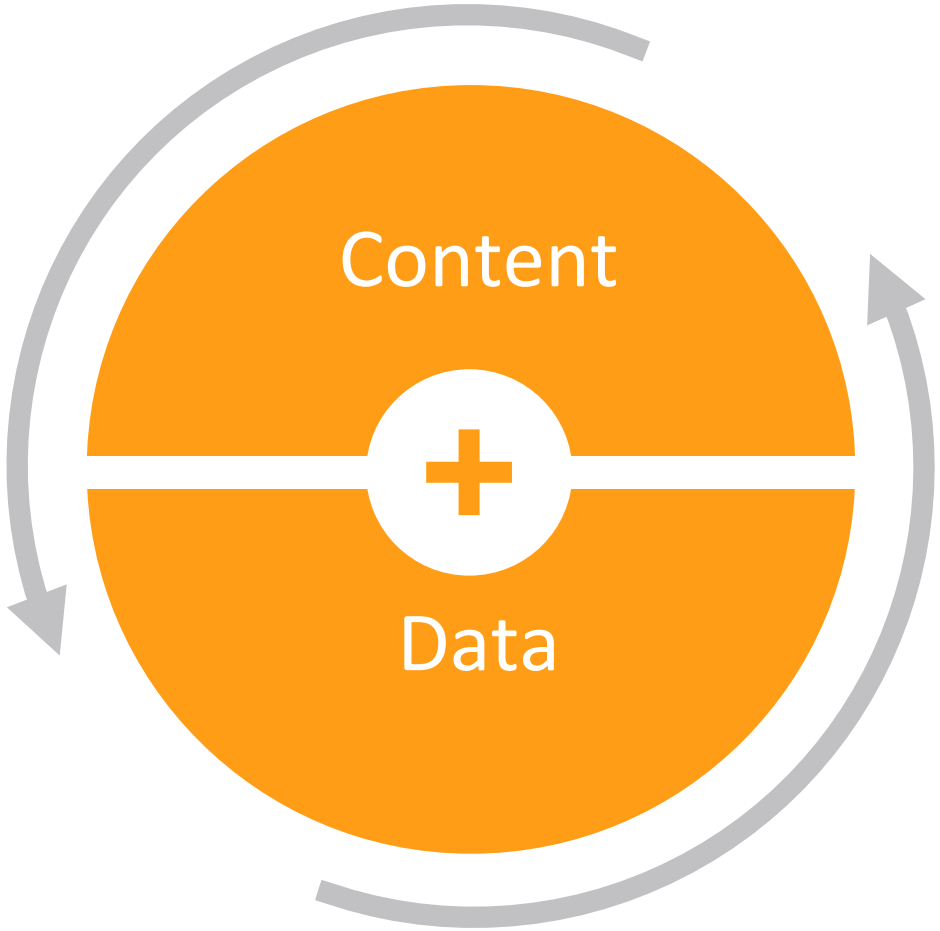
CQL

Clinical Query Language

6 Lines of Code

```
WITH STUDY VEXR_2289
SELECT @HDR, DS.DSCAT, DS.DSSCAT
FROM Disposition_Subject DS
WHERE @HDR.Event.Date > @HDR.Event.Overdue
              AND @HDR.Event.Status !=
'did_not_occur__v'
              AND DS.DSDECOD NOT IN
('DEATH','LOST TO FOLLOW-UP')
```

Vision for the Vault Platform



- Enterprise Cloud Platform
- Rapid Application Development
- Integrated Reporting & Dashboards

Copyright © Veeva Systems 2019

Vault Platform is a Unique Asset



Content & Data



Robust Workflow



Validated



Search Everything



Low Code &
Enables The Last Mile

Copyright © Veeva Systems 2019



Outside Life Sciences

The Basics



CHEMICALS | CONSUMER GOODS | COSMETICS

Copyright © Veeva Systems 2019

Progress

- Early adopter progress
- 40+ customers
- 4 seven-figure customers
- US & Europe

Copyright © Veeva Systems 2019

Case Study: Top 5 CPG Company

Products

QualityOne

RegulatoryOne

Claims

Benefits

Consolidated multiple legacy systems

Reduced compliance risk

Increased responsiveness & speed

Key to enterprise-wide digital transformation

Copyright © Veeva Systems 2019

Case Study: Top 30 Chemicals Company

Products

RegulatoryOne

Benefits

Retired 7 legacy systems

Cost savings

Paperless management of 1.5 million documents

Business agility

Copyright © Veeva Systems 2019

Looking Ahead

- Enterprise Focus
- Expand Reference Customer Base
- Product Excellence

Copyright © Veeva Systems 2019

Financial Update

Tim Cabral, CFO

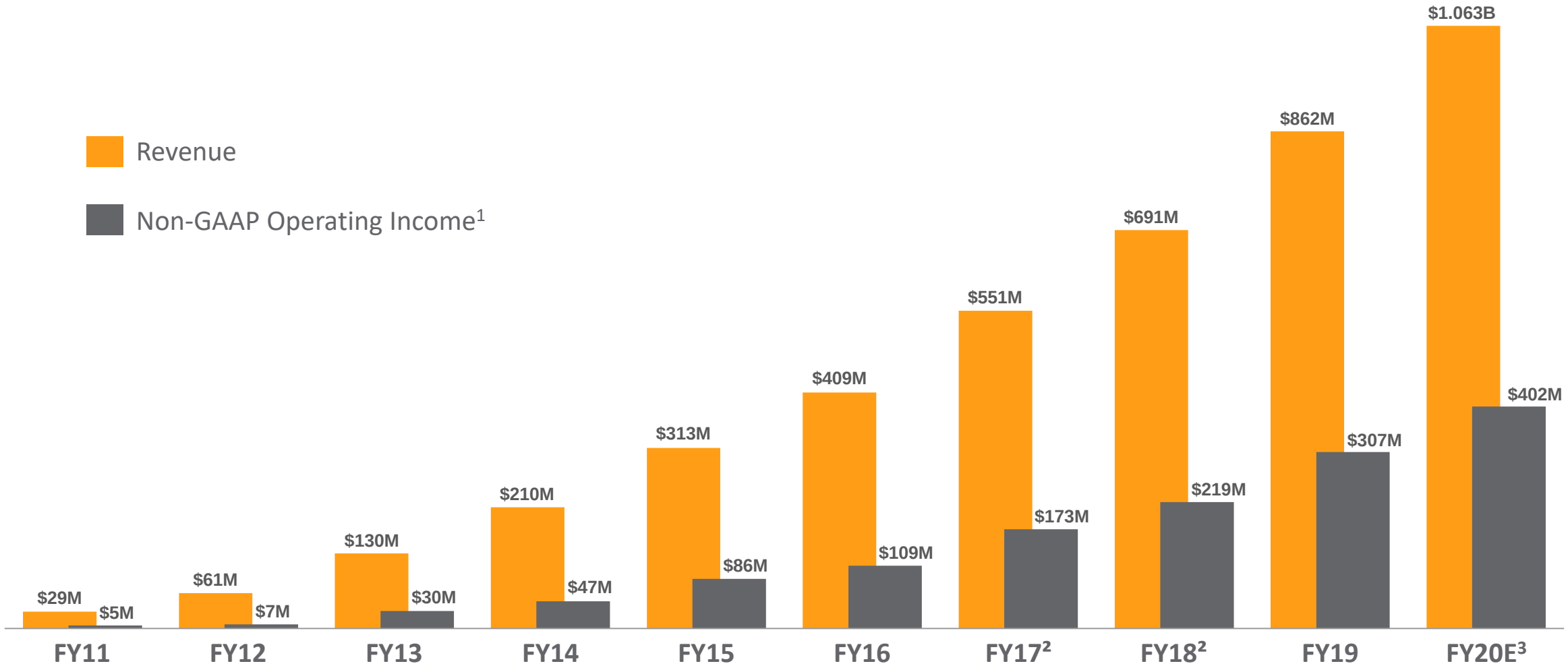
Veeva

Highlights

- Unique Combination of Growth and Profitability
- 2025 Target: $3 Billion in Revenue
- Early Stage in Large Market Opportunities
- Innovation Powering Sustainable Growth

Copyright © Veeva Systems 2019

Consistent Growth and Profitability



Fiscal Year Ending January 31

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

[2] Restated for ASC 606

[3] Based on the midpoint of our guidance issued 8/27/2019

Copyright © Veeva Systems 2019

Operating Model

	FY2016	FY2017[2]	FY2018[2]	FY2019	FY2020E
Non-GAAP Gross Margin[1]	67%	71%	71%	73%	~75%
S&M % of Revenue (Non-GAAP) [1]	18%	17%	16%	15%	14%-15%
R&D % of Revenue (Non-GAAP) [1]	14%	15%	17%	16%	~16%
G&A % of Revenue (Non-GAAP) [1]	9%	7%	7%	7%	~7%
Non-GAAP Operating Margin[1]	27%	31%	32%	36%	~38%[3]

Fiscal Year Ending January 31
[1]A reconciliation of GAAP to non-GAAP measures is set forth at Appendix 1
[2]Restated for ASC 606
[3]Based on guidance provided as of 8/27/2019

Copyright © Veeva Systems 2019

Achieving 2020 Targets Ahead of Schedule

	CY2015	CY2020 Targets	CY19E
Total Revenue Run Rate	~$400M	~$1B+ ✓	$1.06B+
Non-CRM as a % of Total Revenue	20%+	50%+ ✓	~55%
Eight-figure Customers	9	20 ✓	21
Customers	350	500+ ✓	750+

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

Copyright © Veeva Systems 2019

Veeva in 2025

Building a Multi-Billion Dollar Company

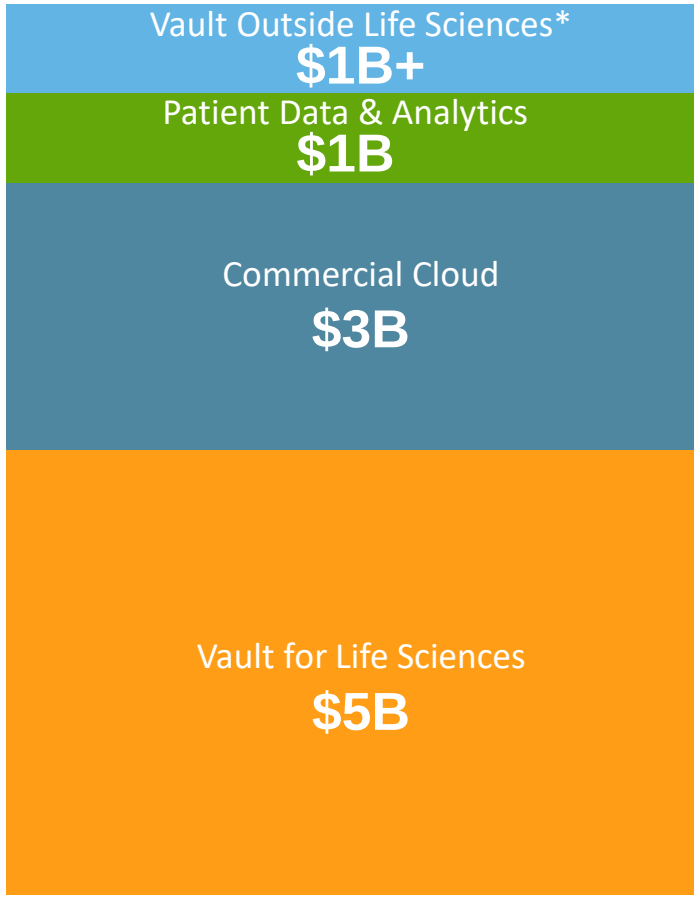
Metric	CY 2019E	CY 2025 Targets
Total Revenue Run Rate	$1B+	**$3B**
Commercial Cloud	$500M+	**~$1B**
Vault	$550M+	**~$2B**
Non-GAAP Op Margin[1]	~38%	**35%+**

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

Copyright © Veeva Systems 2019

Veeva's Growing Market Opportunity

$10B+

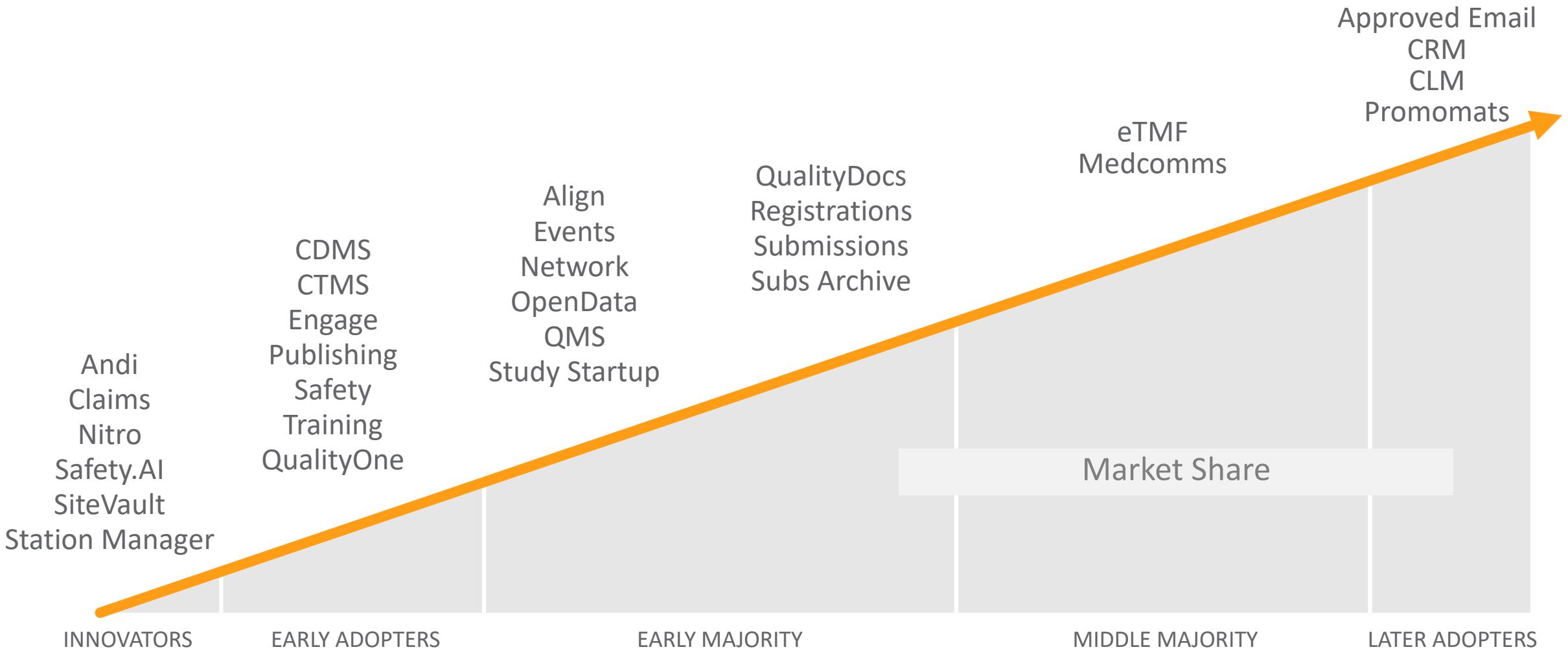


** Vault Outside of Life Sciences includes Vault QualityOne, Vault RegulatoryOne, and Vault Claims for CPG, Cosmetics, and Chemicals*

Copyright © Veeva Systems 2019

Innovation Engine Fuels Long Term Growth

Deep pipeline of products on the path to market leadership



Copyright © Veeva Systems 2019

Proven Go-to-Market Approach

Disciplined approach ensures success in new markets



Product Innovation



Partner with Early Adopters



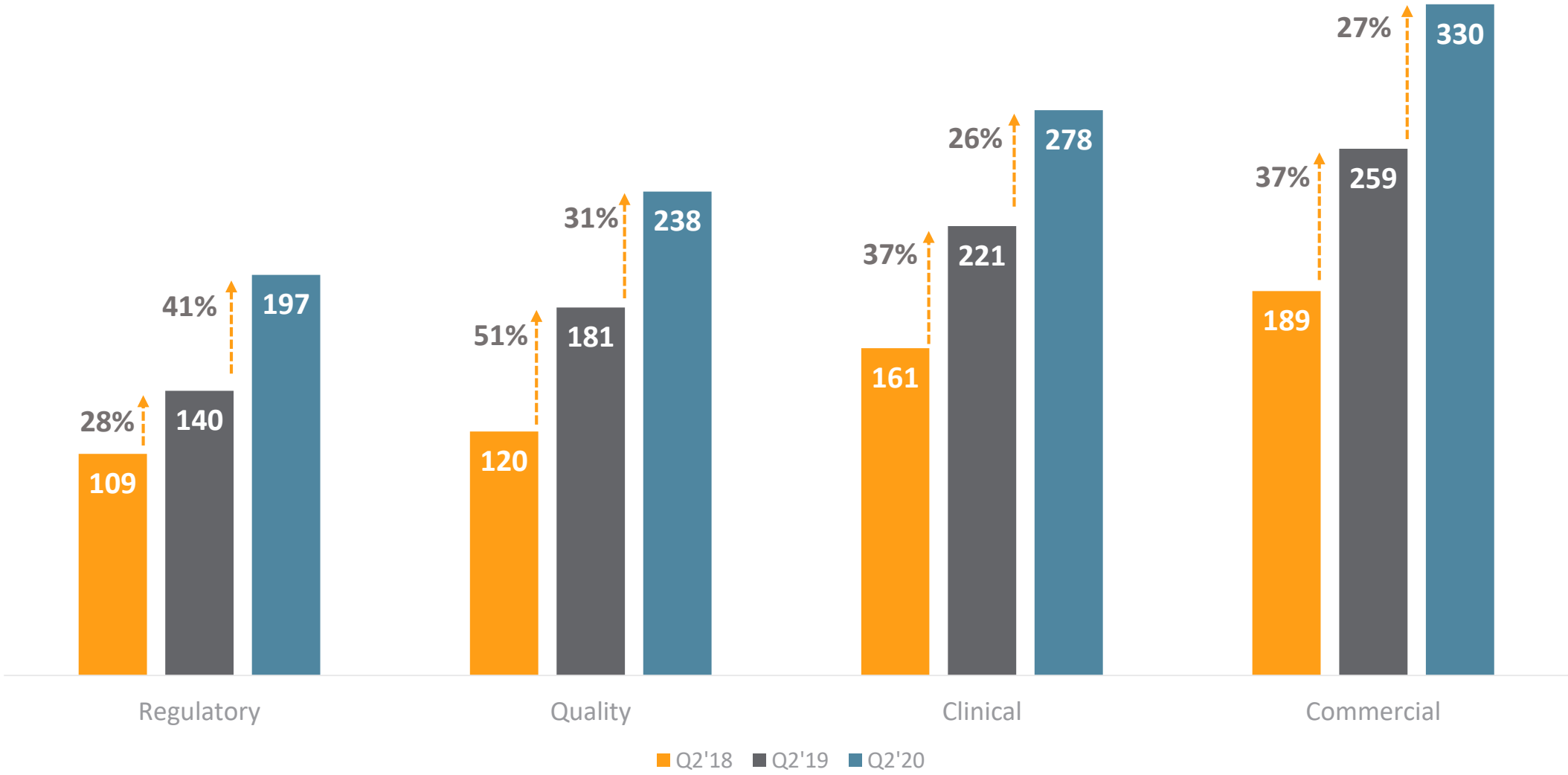
Focus on Early Customer Success



Reference Selling

Copyright © Veeva Systems 2019

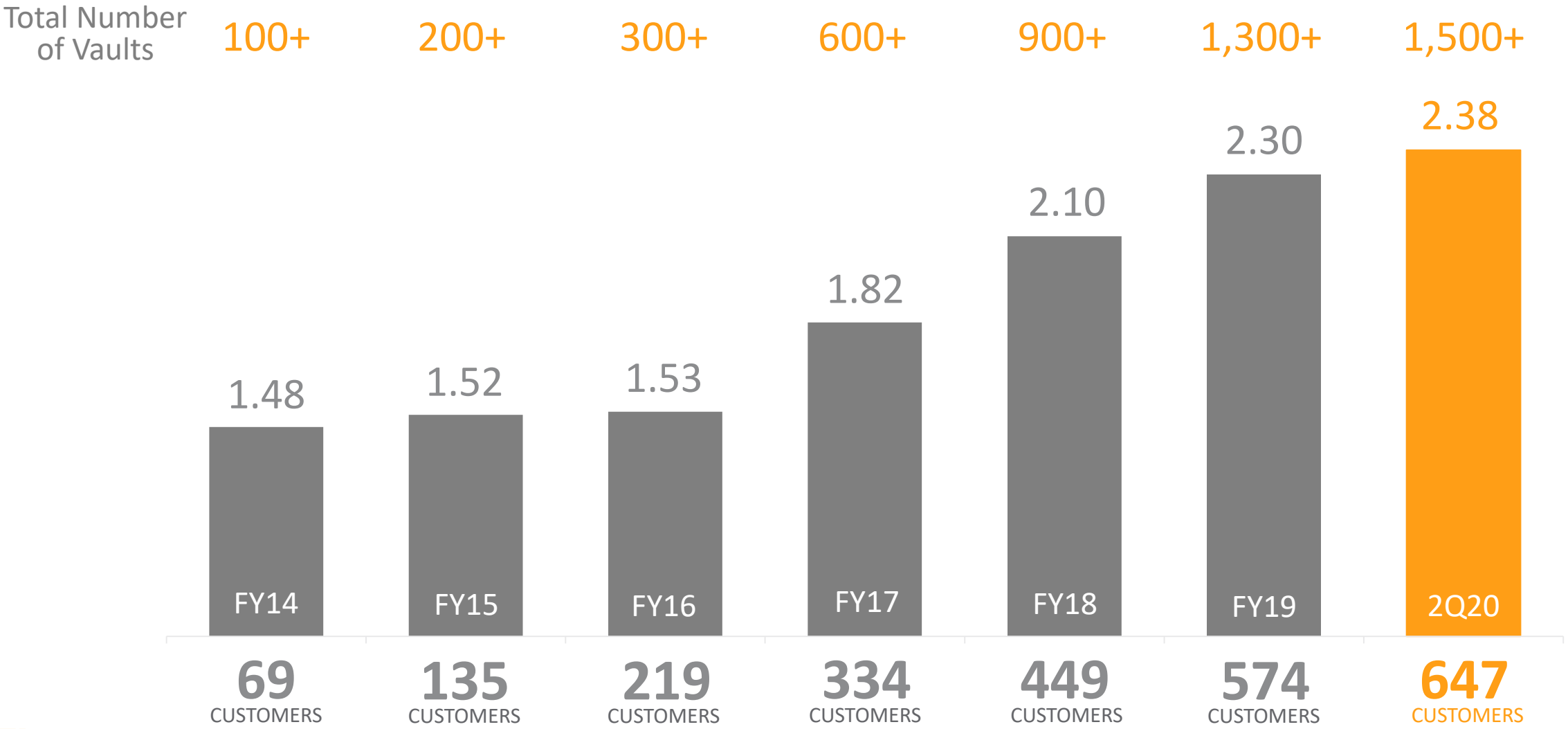
Vault Customer Count Up Across All Areas



Copyright © Veeva Systems 2019

Vault Adoption Accelerating

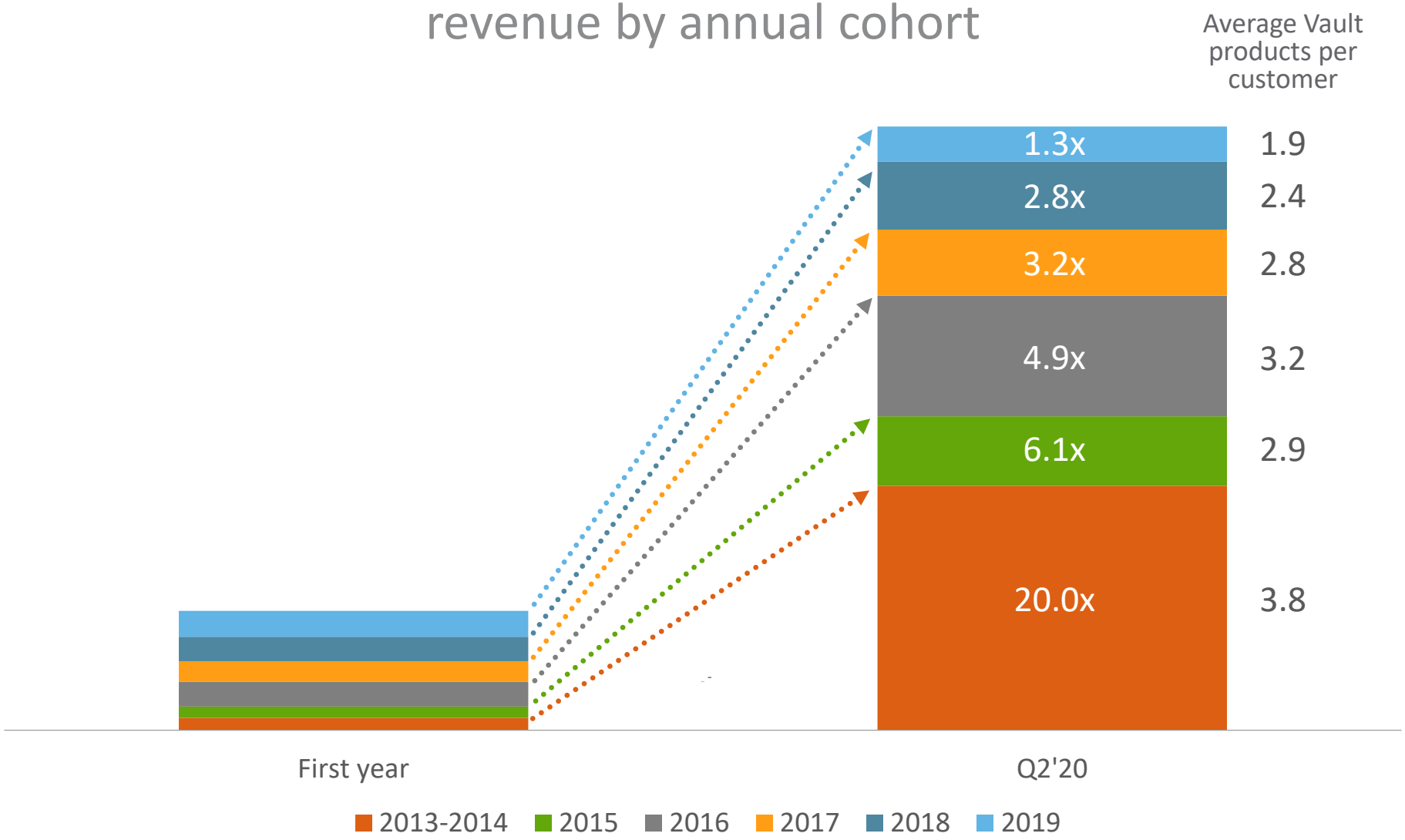
Average Vault products per Vault customer



Copyright © Veeva Systems 2019

Vault Customers Expand Over Time

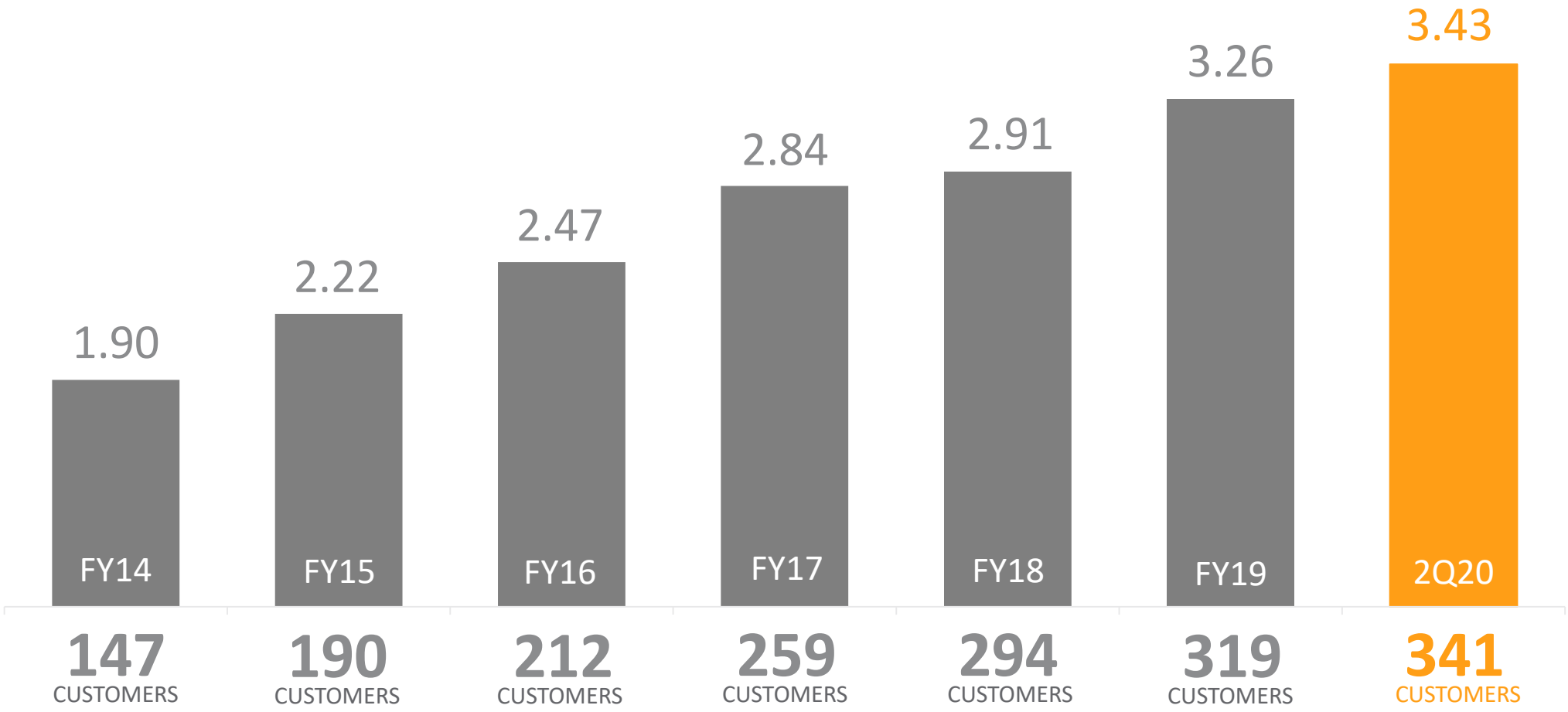
Annualized Vault subscription revenue by annual cohort



Copyright © Veeva Systems 2019

Customers Adopting More Commercial Cloud

Average Commercial Cloud products per customer



Copyright © Veeva Systems 2019

Highlights

- Unique Combination of Growth and Profitability
- 2025 Target: $3 Billion in Revenue
- Early Stage in Large Market Opportunities
- Innovation Powering Sustainable Growth

Copyright © Veeva Systems 2019

Veeva Commercial Cloud

Paul Shawah, SVP, Commercial Cloud

Veeva

Shift to Specialized Medicines

9,500
Drugs in Pipeline[1]

74%
First-in-Class[1]

42%
New Drug Approvals[2]

Accelerating Innovation

[1] Source: The Biopharmaceutical Pipeline: Innovative Therapies in Clinical Development, Analysis Group, Inc. (July 2017)
[2] Source: Personalized Medicine at FDA: 2018 Progress Report , Personalized Medicine Coalition (PMC) (2019)

Copyright © Veeva Systems 2019

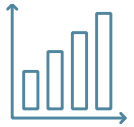
Impact on Commercial Model

Stakeholders	Multiple stakeholders aligned to disease	Multiple stakeholders aligned to patient
Payers	Value and health economics focus	Outcomes and real-world evidence focus
Go-to-market	Focus on stakeholder journey	Focus on patient journey

Copyright © Veeva Systems 2019

Impact on Commercial Model

- Multiple stakeholders aligned to disease
- Multiple stakeholders aligned to patient
- Value and health economics focus
- Outcomes and real-world evidence focus
- Focus on stakeholder journey
- Focus on patient journey



Expanded need for data



Greater speed and agility



Disrupting traditional compliance

Copyright © Veeva Systems 2019

Commercial Cloud


HCP


HCO


KOL


Payer


Pharmacy

Intelligent Engagement

CRM	Align	Nitro	Andi

Content

Data

PromoMats	MedComms	OpenData	Network

Copyright © Veeva Systems 2019

Veeva CRM

LEADING THROUGH INNOVATION

VCRM

Global Expansions



Strength in Emerging Markets

SMBs Going All-in



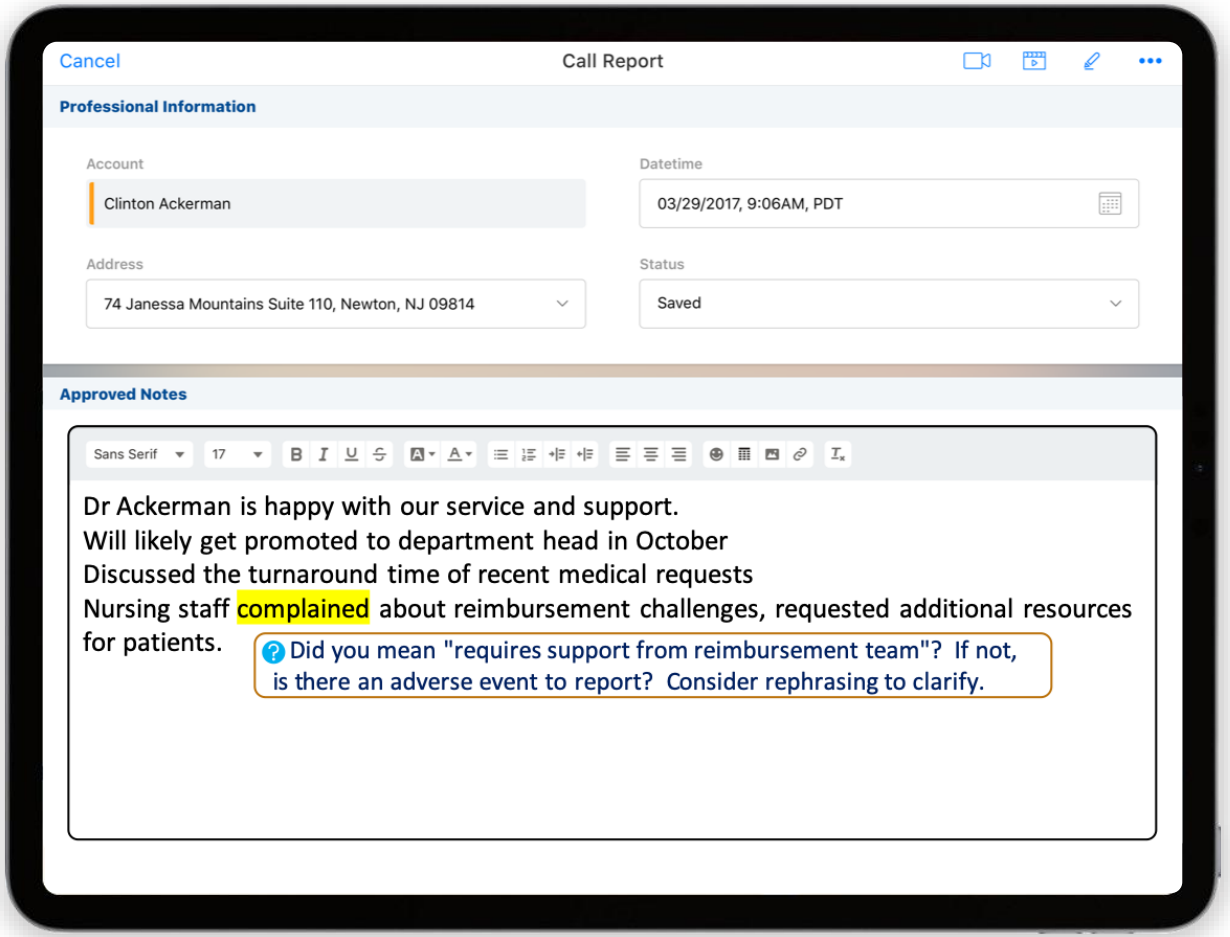
Driving Launch Excellence

Add-on Momentum



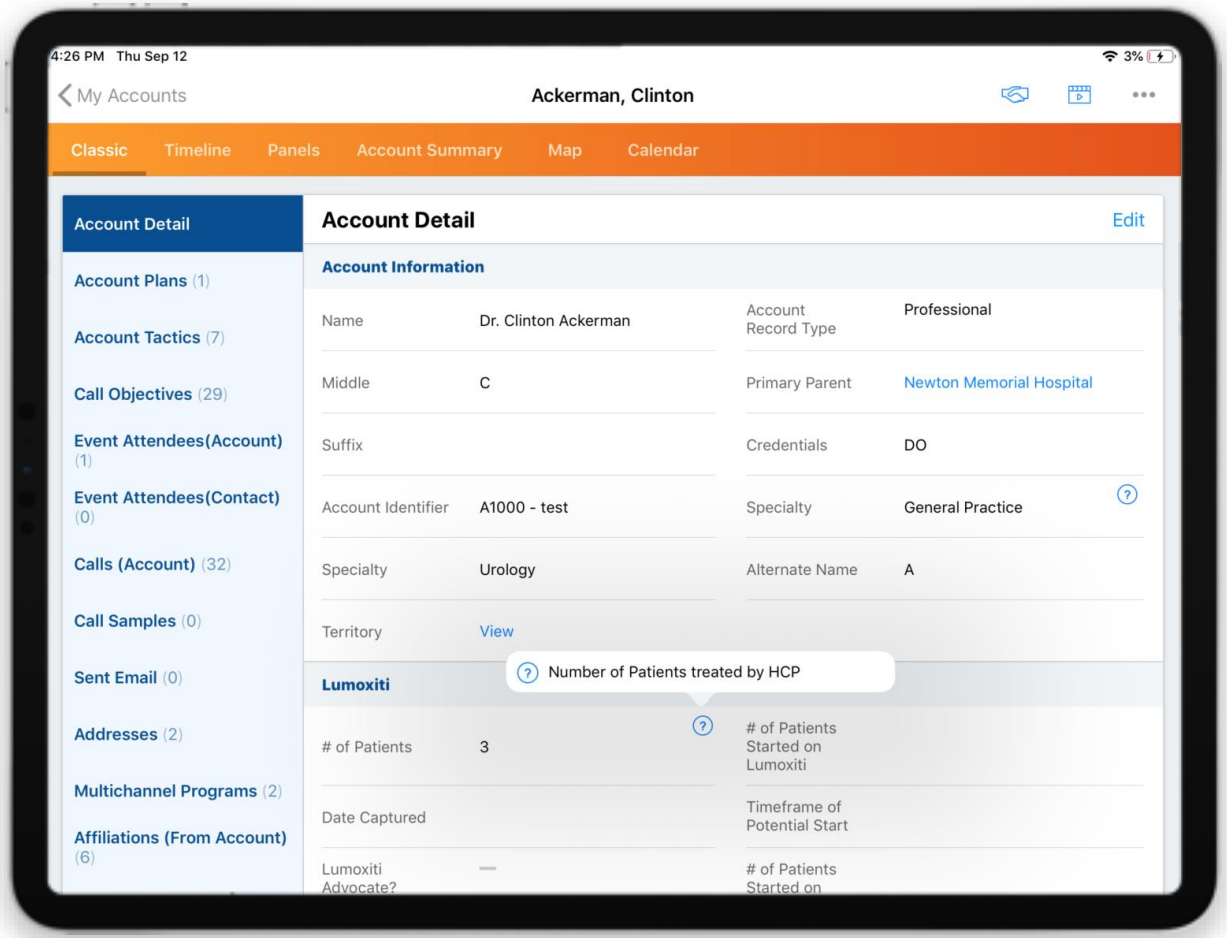
Shift from Regional to Global

Copyright © Veeva Systems 2019



EMBEDDED AI

Approved Notes



Dynamic Attributes



MyInsights Designer

Veeva Vault PromoMats

LEADING THROUGH INNOVATION

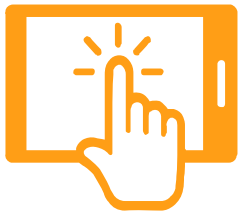
Vault PromoMats

Content Efficiency



DAM and Brand Portal Enabling Reuse

Digital Foundation



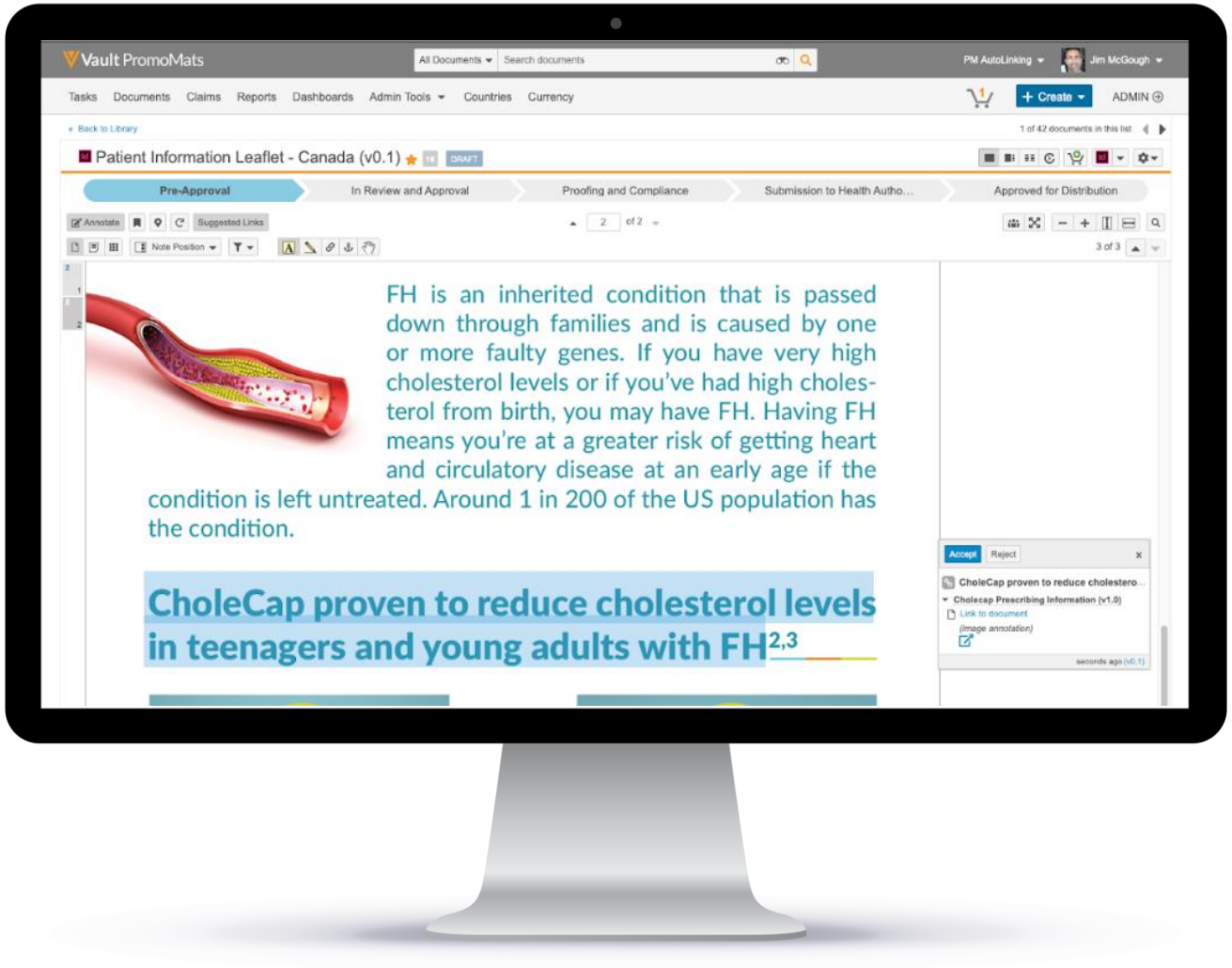
Speeding Time to Market

Expanding Leadership



Global Standardization

Copyright © Veeva Systems 2019



EMBEDDED AI

Auto Claims Linking

New Product Progress

LEADING THROUGH INNOVATION

Nitro Update

EARLY ADOPTER SUCCESS



PRODUCT EXCELLENCE

Vault Integration Unique

Value Grows Over Time

Shift to AI is Real

Andi Update

US MARKET FOCUS



EARLY PROJECTS STARTING

Surface Reimbursement Issues

Targeting With Claims

Channel Preferences

Global Top 20 Life Sciences Customer



Operating in 80 Countries



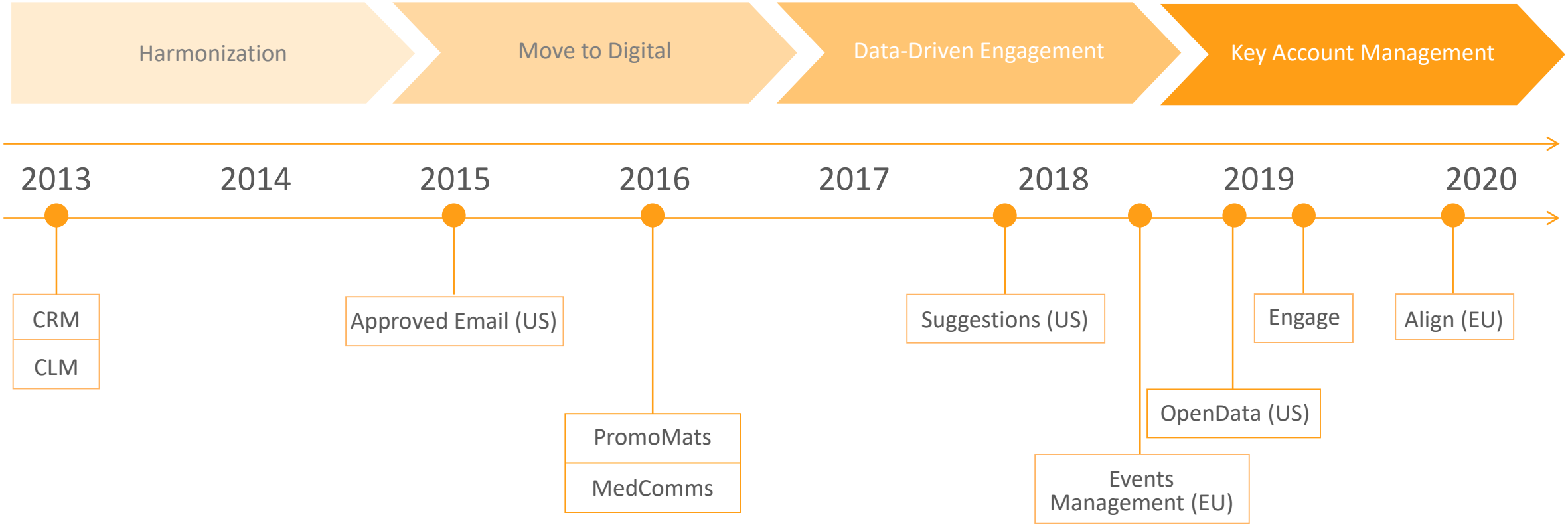
Five Primary Therapeutic Areas, 20+ Products



Customer Since 2013

Copyright © Veeva Systems 2019

Transforming Customer Engagement



Copyright © Veeva Systems 2019

Emerging Growth Oncology Customer

2019

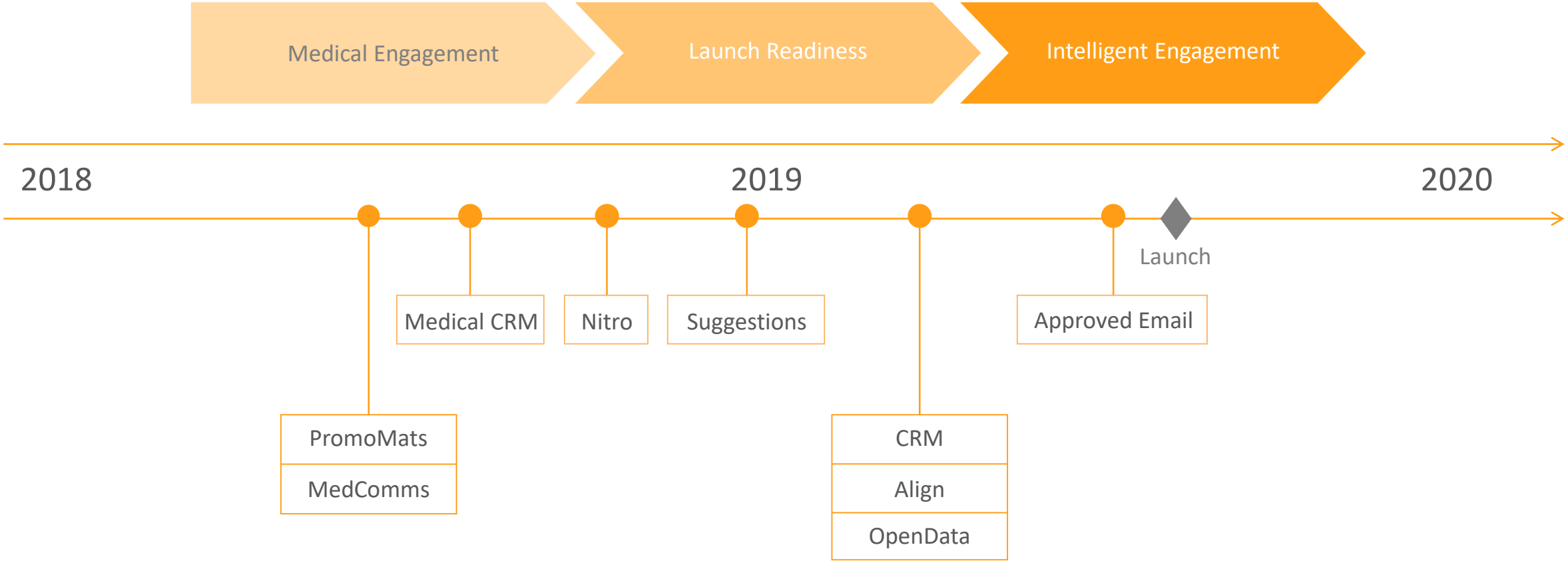
Launched First Cancer Treatment

US Market Launch, Plans to Expand Globally

Customer Since 2015

Copyright © Veeva Systems 2019

Launch Excellence

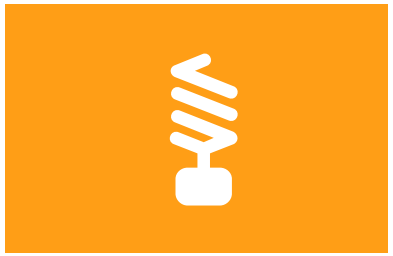


Copyright © Veeva Systems 2019

Summary



Focus on Customer Success



Leading Through Innovation



Putting the Patient at the Center

Copyright © Veeva Systems 2019

Veeva Development Cloud

Avril England, GM Vault



Key R&D Challenges Today



Changing global compliance landscape

Greater complexity and risk in product development



Increasing cross-company partnerships

Increased collaboration requirements

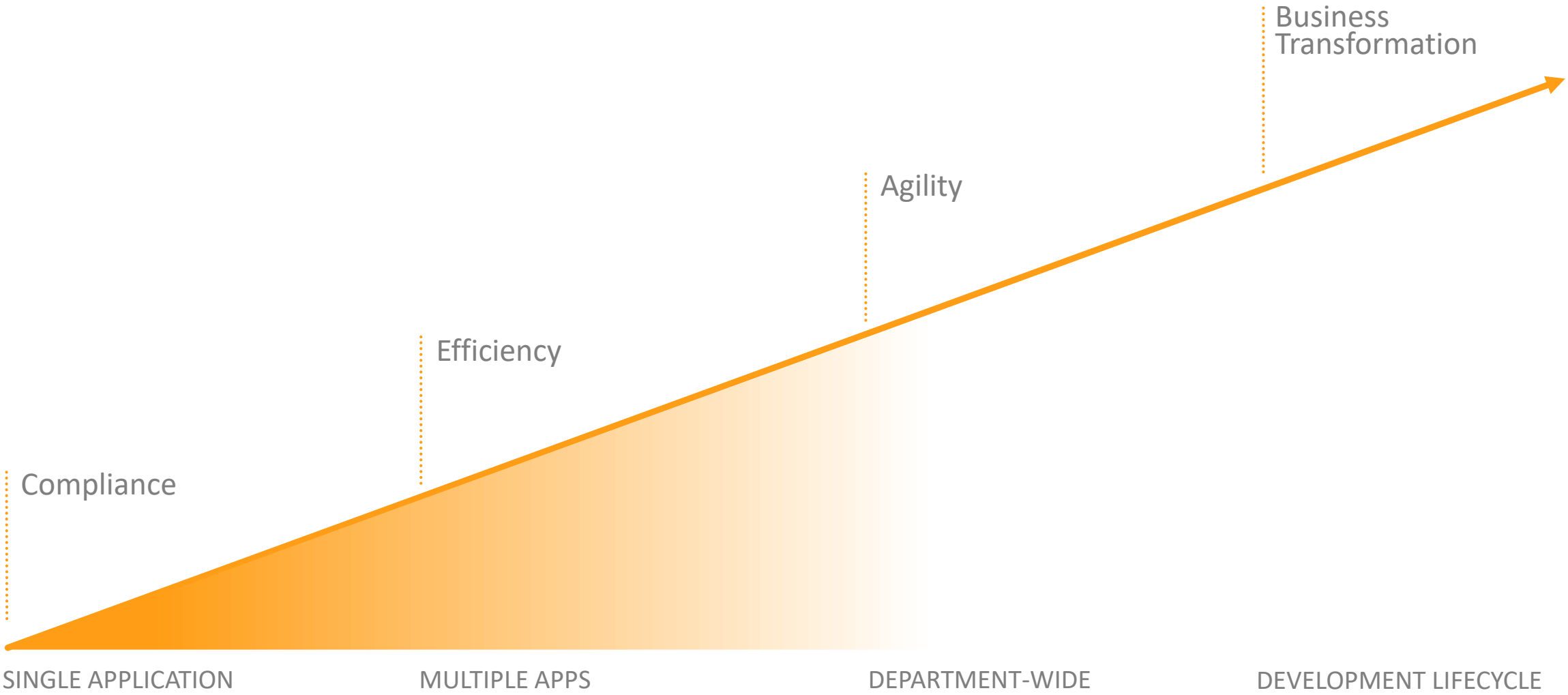


Move to precision medicine

Flexible organizations, processes and technology

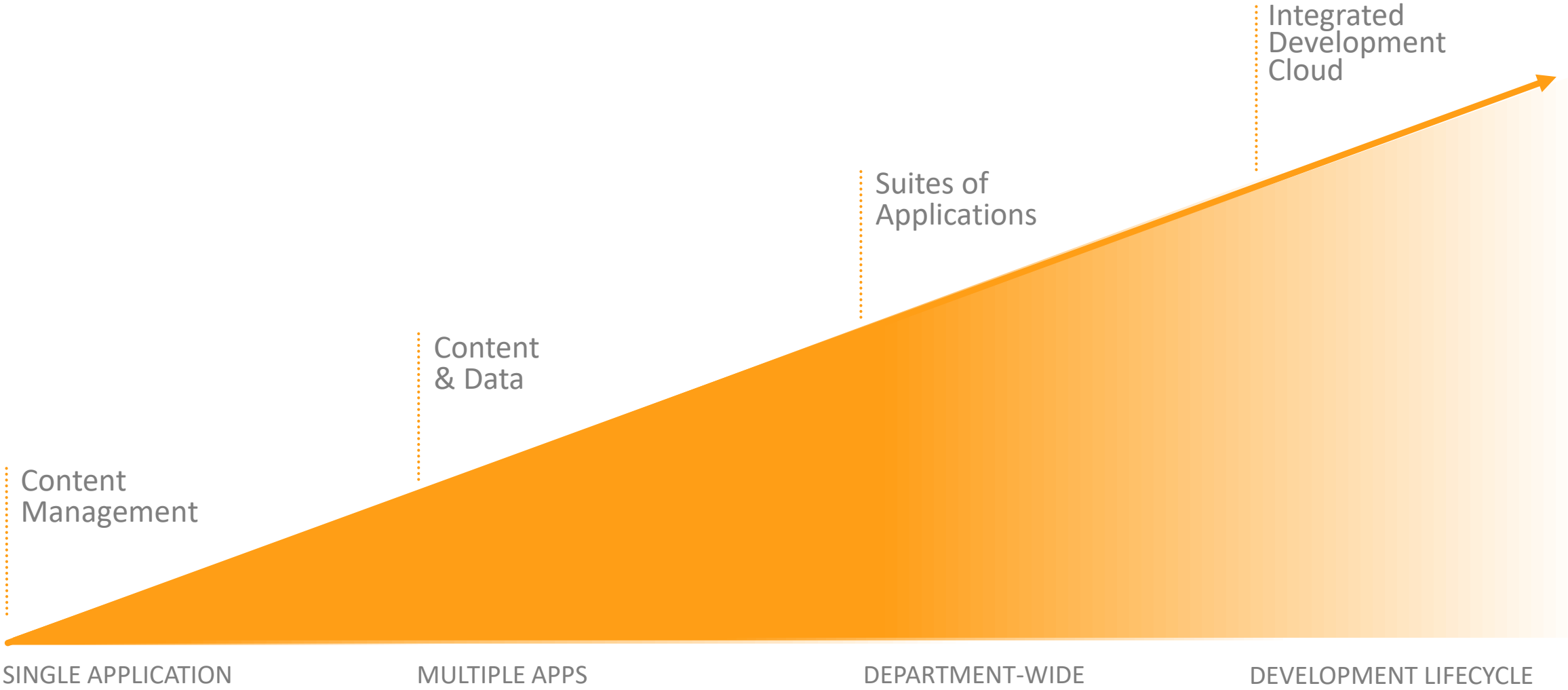
Copyright © Veeva Systems 2019

Customer Maturity



Copyright © Veeva Systems 2019

Vault Maturity



Copyright © Veeva Systems 2019

Development Cloud

Clinical Data Management	Clinical Operations	Quality	Regulatory	Safety
Coder	eTMF	QualityDocs	Submissions	Safety
EDC	CTMS	QMS	Submissions Archive	SafetyDocs
Data Workbench	Study Startup	Training	Registrations	Safety.AI
	Payments	Station Manager	Publishing	

Vault Platform

Copyright © Veeva Systems 2019

Vault Safety

Early Adopters



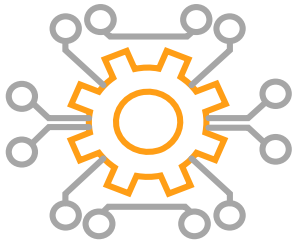
10 Customers

Customer Success



4 Customers Live

Innovation



Vault Safety.AI

Copyright © Veeva Systems 2019



Vault Safety.AI

Automating Case Intake

April 2020



Case for Review

Copyright © Veeva Systems 2019

Vault Regulatory

Single Global Solution



Regulatory Transformation

Unified RIM



Strong Adoption Across Apps

Completing the Suite

400+

Submissions Published to FDA

Copyright © Veeva Systems 2019

Vault Quality

Modernizing Quality

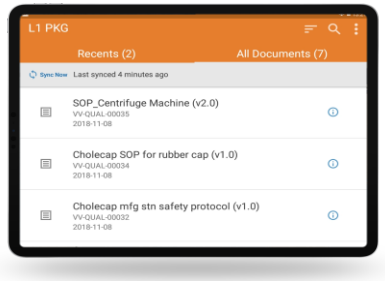
Unified Compliance Solution

Strong Momentum

100+

QMS Customers

Innovation

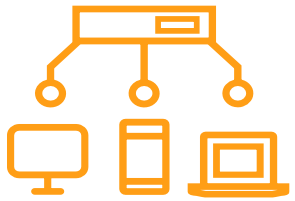


Station Manager & Vault Training

Copyright © Veeva Systems 2019

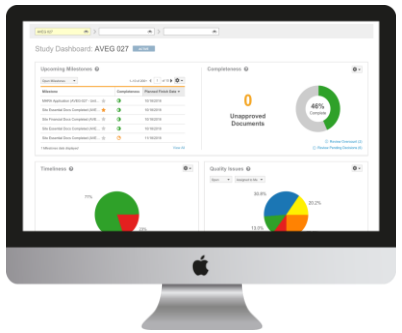
Vault Clinical Operations

Trial Execution



Streamlining Systems & Processes

New App Traction



CTMS & Study Startup

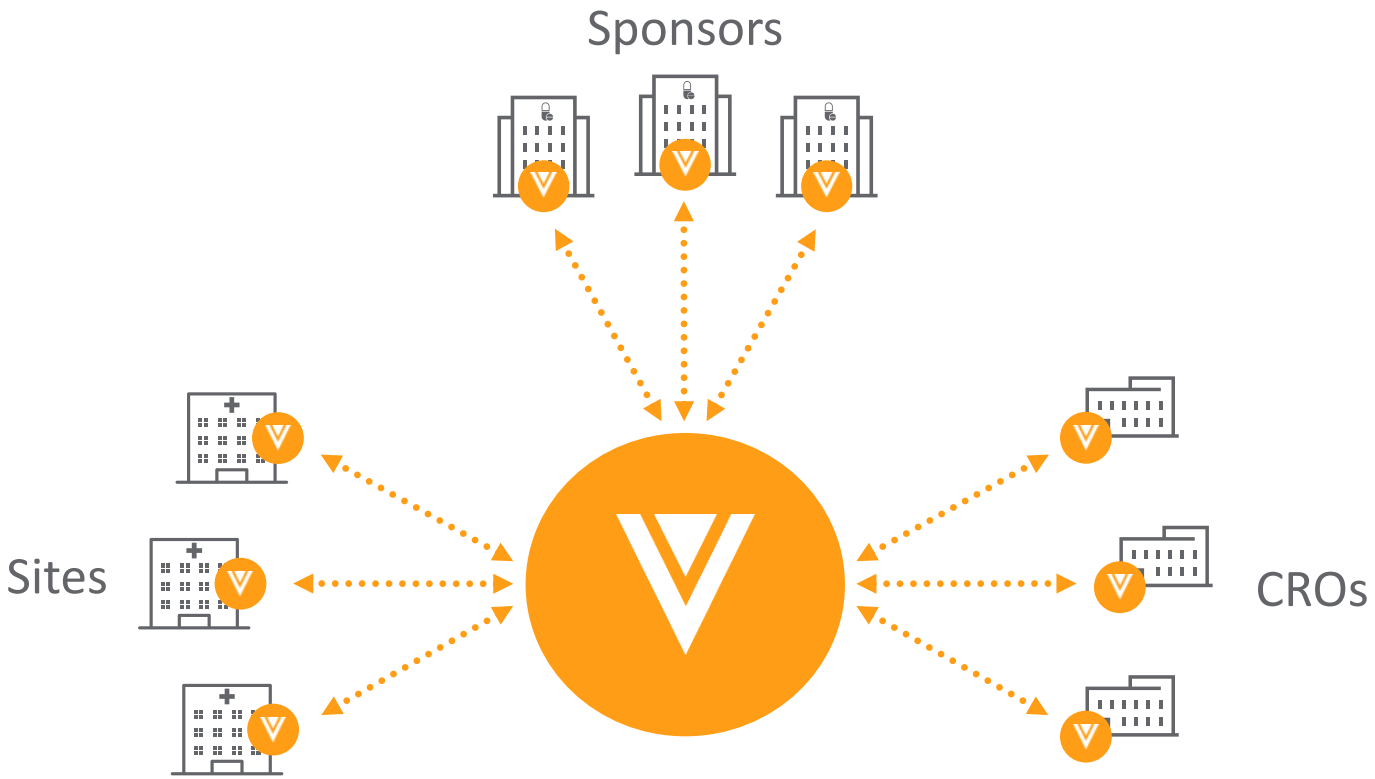
Growing eTMF Base

12 Top 20 Pharma

4 Top 7 CRO

Copyright © Veeva Systems 2019

Veeva Clinical Network



Copyright © Veeva Systems 2019

Vault SiteDocs

Accelerating Clinical Research

SiteVault Enterprise

100s of sites

4 Customers Live

SiteVault Free

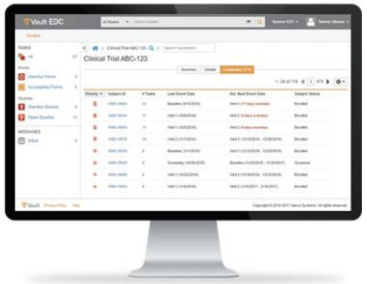
1000s of sites

Coming in **December**

Copyright © Veeva Systems 2019

Vault CDMS

Why Vault CDMS



Modern, Agile & Fast

Momentum

40+

Clinical Trials Live

Innovation

Data Workbench

Copyright © Veeva Systems 2019

Veeva Vault CDMS Demo

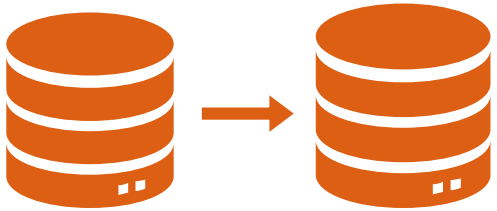
Sharmin Nasrullah, Solution Consultant

Veeva

Tackling Two Major Challenges with Traditional EDC



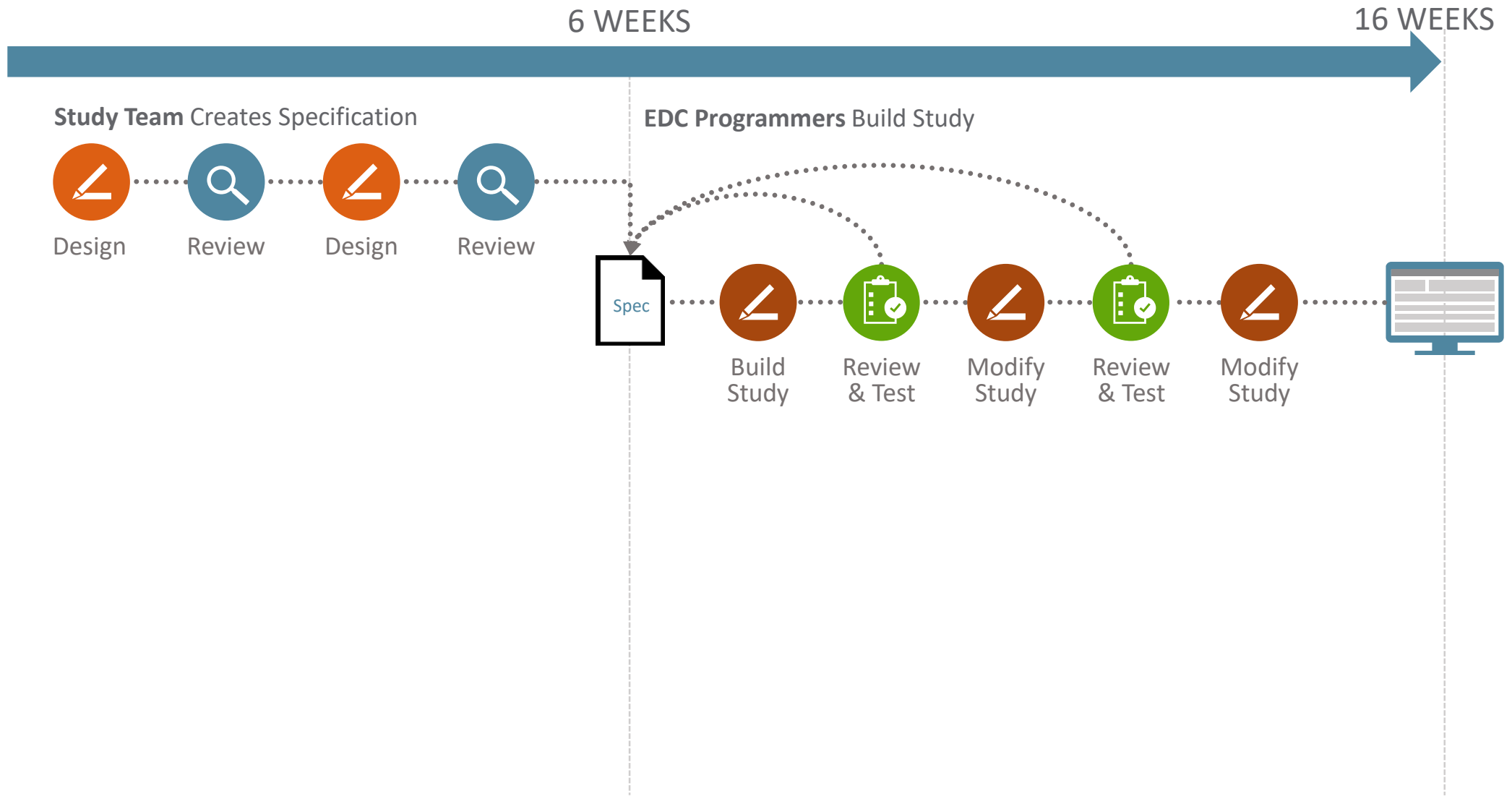
Lengthy Study Builds
12-16 weeks



Downtime and Risk of
Data Migrations

Copyright © Veeva Systems 2019

Study Design



Copyright © Veeva Systems 2019

Study Design

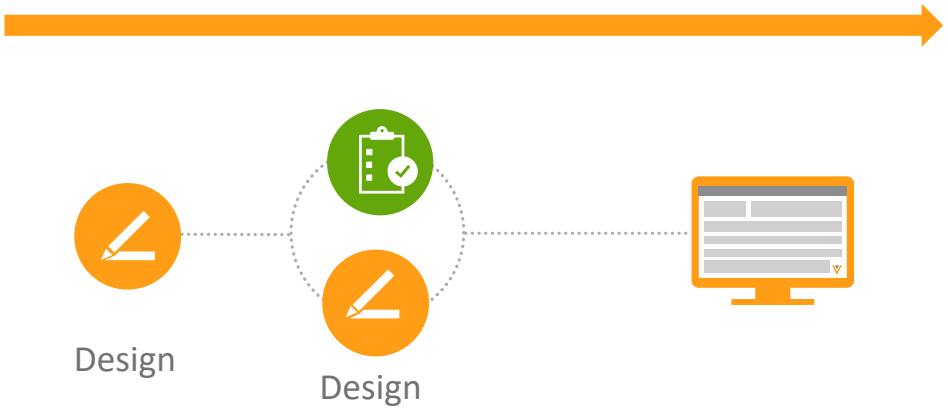


Copyright © Veeva Systems 2019



Copyright © Veeva Systems 2019

Vault EDC



6 Week Study Build

Build what *you* want

No spec required

Agile & parallel process

Copyright © Veeva Systems 2019

Traditional EDC Challenge #2:
Study Amendments Requiring Data Migrations



Most studies have to go through amendments

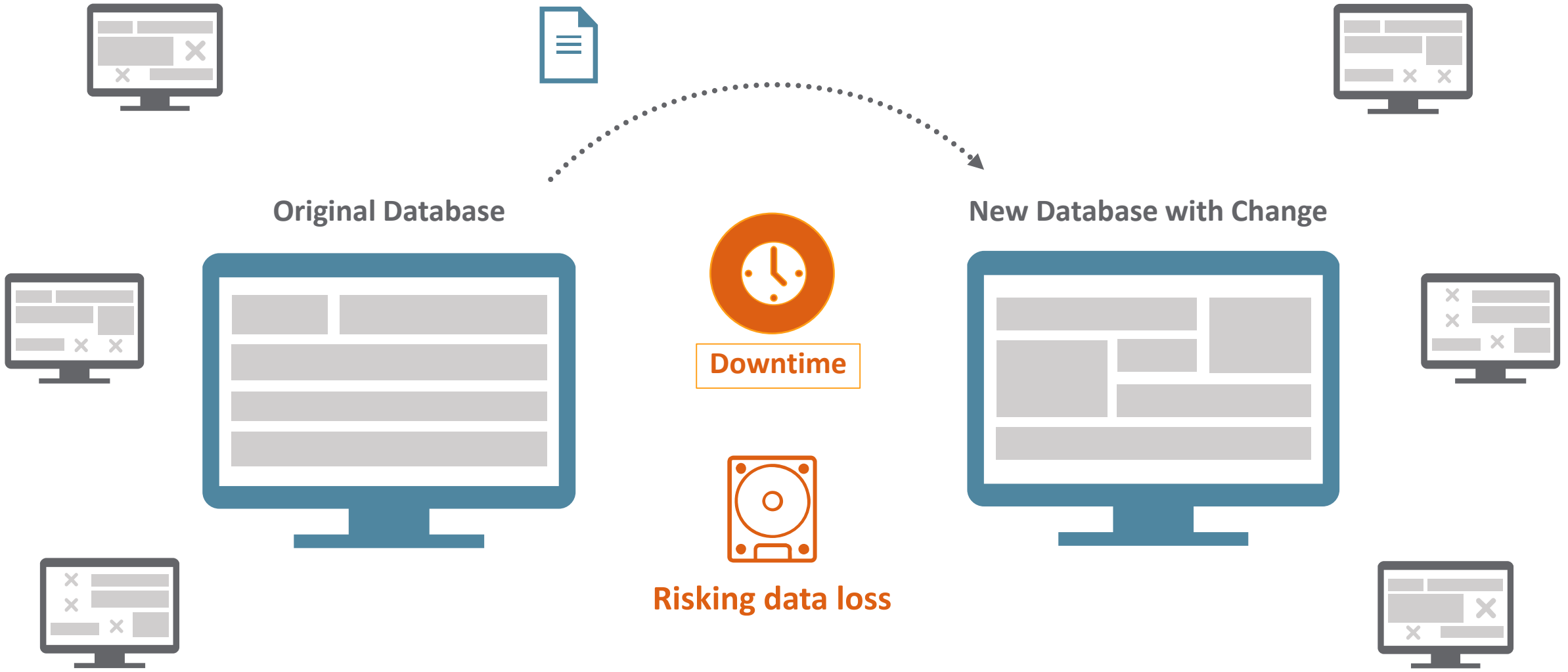
Why?

Science evolves

We learn from the data

Copyright © Veeva Systems 2019

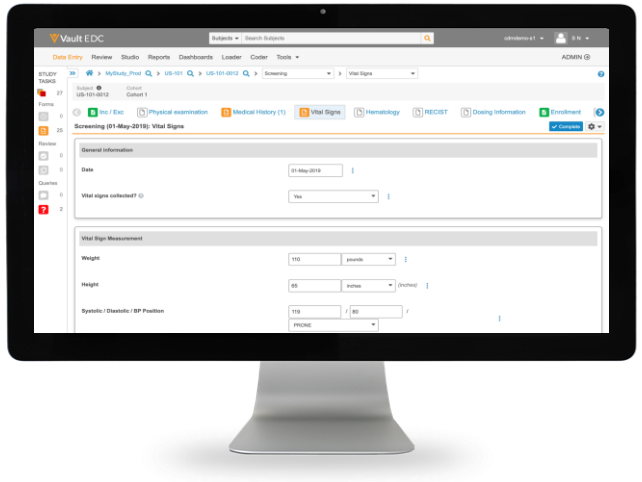
Traditional EDC: Changing the study



Copyright © Veeva Systems 2019

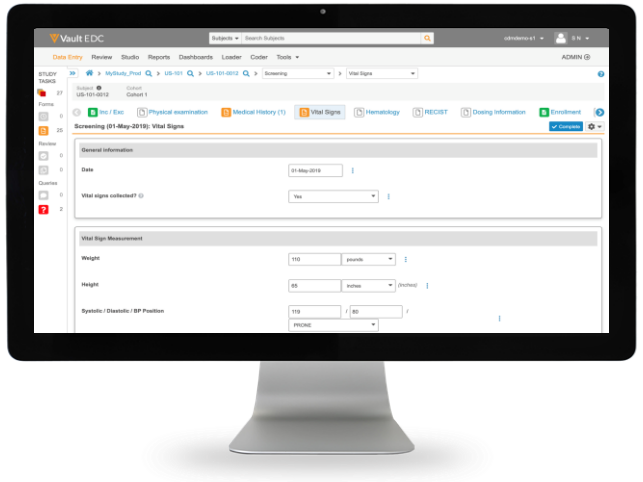
Vault EDC

Study Version 1



Study Data

Study Version 2



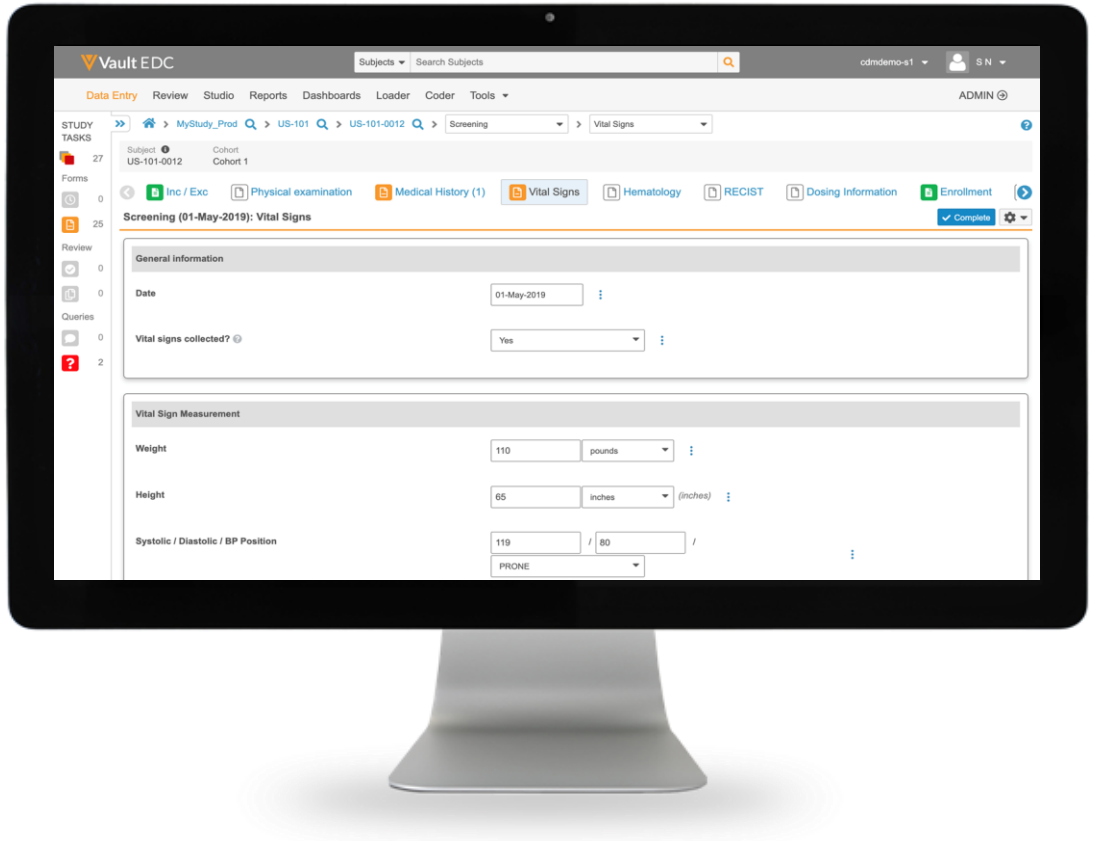
Same database | Data doesn't move

Copyright © Veeva Systems 2019



Copyright © Veeva Systems 2019

Vault EDC



- **No Downtime**
- **No Risk**

Same database | Data doesn't move

Copyright © Veeva Systems 2019

Vault EDC



Shorter Build Times



Amendments
Made Easy

Copyright © Veeva Systems 2019

Development Cloud

Continued Innovation & Expansion

Early Adopter Success

Trusted Platform

Significant Runway for Growth

Copyright © Veeva Systems 2019

Customer Success

Jeff Ketelhut, VP & Head of IT, Atara Biotherapeutics

Veeva

Key Highlights

- Strategic Partner to the Industry
- Business Model Advantage – The Veeva Way
- Market Expansion and Leadership
- Innovation

Copyright © Veeva Systems 2019



Thank you



Appendix

Reconciliation of GAAP to non-GAAP Measures

in millions	FY'11	FY'12	FY'13	FY'14	FY'15	FY'16	FY'17	FY'18	FY'19
Operating income on a GAAP basis	$ 5	$ 7	$ 30	$ 39	$ 70	$ 79	$ 121	$ 158	$ 223
Stock-based compensation expense	—	—	—	7	14	24	41	54	76
Amortization of purchased intangibles	—	—	—	1	2	5	8	8	7
Deferred compensation associated with Zinc Ahead acquisition	—	—	—	—	—	1	3	—	—
Operating income on a non-GAAP basis	$ 5	$ 7	$ 30	$ 47	$ 86	$ 109	$ 173	$ 220	$ 306

Veeva is not able, at this time, to provide GAAP targets for operating income for the fiscal year ending January 31, 2020 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.

Copyright © Veeva Systems 2019

Reconciliation of GAAP to non-GAAP Measures

	Q2 FY'20
Gross margin on total revenues on a GAAP basis	73.7%
Stock-based compensation expense	1.9
Amortization of purchased intangibles	0.3
Gross margin on total revenues on a non-GAAP basis	75.9%

in millions	Q2 FY'20
Operating income on a GAAP basis	$ 73.9
Stock-based compensation expense	28.3
Amortization of purchased intangibles	1.5
Deferred compensation associated with Zinc Ahead acquisition	—
Operating income on a non-GAAP basis	$ 103.7

	Q2 FY'20
Net income on a GAAP basis	$ 79.2
Stock-based compensation expense	28.3
Amortization of purchased intangibles	1.5
Deferred compensation associated with Zinc Ahead acquisition	—
Income tax effect on non-GAAP adjustments	(21.3)
Net income on a non-GAAP basis	$ 87.7

Copyright © Veeva Systems 2019

Reconciliation of GAAP to non-GAAP Measures

	FY'16	FY'17	FY'18	FY'19
Gross margin on total revenues on a GAAP basis	65%	68.5%	69.4%	71.6%
Stock-based compensation expense	1	1	1	1
Amortization of purchased intangibles	1	1	1	—
Deferred compensation associated with Zinc Ahead acquisition	—	—	—	—
Gross margin on total revenues on a non-GAAP basis	67.0%	70.5%	71.4%	72.6%

	FY'16	% of Revenue	FY'17	% of Revenue	FY'18	% of Revenue	FY'19	% of Revenue
Sales and marketing expense on a GAAP basis	$ 81.0	20%	$ 110.6	20%	$ 128.8	19%	$ 148.9	17%
Stock-based compensation expense	(6.9)		(13.3)		(16.3)		(18.4)	
Amortization of purchased intangibles	(1.5)		(3.9)		(3.9)		(3.9)	
Deferred compensation associated with Zinc Ahead acquisition	—		—		—		—	
Sales and marketing expense on a non-GAAP basis	$ 72.6	18%	$ 93.4	17%	$ 108.6	16%	$ 126.6	15%

	FY'16	% of Revenue	FY'17	% of Revenue	FY'18	% of Revenue	FY'19	% of Revenue
Research and development expense on a GAAP basis	$ 66.0	16%	$ 96.7	18%	$ 132.0	19%	$ 158.8	18%
Stock-based compensation expense	(7.2)		(11.9)		(17.8)		(22.1)	
Deferred compensation associated with Zinc Ahead acquisition	(0.1)		(0.4)		(0.4)		(0.3)	
Research and development expense on a non-GAAP basis	$ 59.1	14%	$ 84.9	15%	$ 113.8	16%	$ 136.4	16%

	FY'16	% of Revenue	FY'17	% of Revenue	FY'18	% of Revenue	FY'19	% of Revenue
General and administrative expense on a GAAP basis	$ 41.5	10%	$ 48.8	9%	$ 60.4	9%	$ 86.4	10%
Stock-based compensation expense	(5.7)		(8.5)		(10.0)		(23.8)	
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%	$ 50.4	7.3%	$ 62.6	7.3%

	FY'16	FY'17	FY'18	FY'19
Operating margin on a GAAP basis	19.2%	21.9%	22.9%	25.8%
Stock-based compensation expense	5.9	7.4	7.8	8.9
Amortization of purchased intangibles	1.0	1.5	1.1	0.8
Deferred compensation associated with Zinc Ahead acquisition	0.3	0.5	0.1	—
Operating margin on a non-GAAP basis	26.5%	31.3%	31.7%	35.5%

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, 2020 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.

Copyright © Veeva Systems 2019

Veeva Product Area Definitions

Veeva Commercial Cloud

- Veeva Andi
- Veeva CRM
- Veeva CLM
- Veeva CRM Approved Email
- Veeva CRM Events Management
- Veeva CRM Align
- Veeva CRM Engage Meeting
- Veeva CRM Engage Webinar
- Veeva Network
- Veeva Nitro
- Veeva Oncology Link (KOL Data)
- Veeva OpenData

Veeva Vault

- Vault CDMS
- Vault Claims
- Vault CTMS
- Vault eTMF
- Vault MedComms
- Vault Platform
- Vault PromoMats
- Vault Publishing
- Vault QMS
- Vault QualityDocs
- Vault QualityOne
- Vault Registrations
- Vault Safety
- Vault Safety.AI
- Vault SiteVault
- Vault Station Manager
- Vault Study Startup
- Vault Submissions
- Vault SubmissionsArchive
- Vault Training

Copyright © Veeva Systems 2019