

Q1’21 Quarterly Results

May 28, 2020

Safe Harbor and Other Information

This presentation and associated commentary contains forward-looking statements, including statements regarding Veeva's future financial outlook, guidance, and performance and the assumptions underlying those statements, market growth, the 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 May 28, 2020, 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) the impact of the worldwide outbreak of COVID-19 (including impact to the life sciences industry, impact on general economic conditions, and government responses, restrictions and actions related to the pandemic); (ii) breaches in our security measures or unauthorized access to our customers' data; (iii) our expectation that the future growth rate of our revenues will decline; (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) fluctuation of our results, which may make period-to-period comparisons less meaningful; (vii) our ability to integrate Crossix Systems Inc. and Physicians World LLC into our business and achieve the expected benefits of the acquisitions; (viii) loss of one or more customers, particularly any of our large customers; (ix) system unavailability, system performance problems, or loss of data due to disruptions or other problems with our computing infrastructure; (x) our ability to attract and retain highly skilled employees and manage our growth effectively; (xi) failure to sustain the level of profitability we have achieved in the past as our costs increase; (xii) adverse changes in the life sciences industry, including as a result of customer mergers; (xiii) adverse changes in economic, regulatory, or market conditions, including with respect to natural disasters or actual or threatened public health emergencies; (xiv) 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 (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-K for the period ended January 31, 2020. 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.

This presentation includes certain non-GAAP financial measures and the corresponding growth rates as defined by SEC rules. For additional information, see the slide titled "Statement Regarding Use of Non-GAAP Financial Measures." Terms such as "Excess Tax Benefit" and "Calculated Billings" have the meanings set forth in the Appendix.

The comparison period amounts and the related growth rates included in this presentation have been adjusted from previously reported amounts to reflect the impact of the full retrospective adoption of Topic 606.

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Statement Regarding Use of Non-GAAP Financial Measures

We provide the following non-GAAP measures, which we define as financial information that has not been prepared in accordance with generally accepted accounting principles in the United States, or GAAP: Non-GAAP gross margin on subscription services revenues and professional services and other revenues, operating income and margin, non-GAAP net income, and non-GAAP net income per share. In addition to our GAAP measures, we use these non-GAAP financial measures internally for budgeting and resource allocation purposes and in analyzing our financial results. We believe that excluding stock-based compensation expense, amortization of purchased intangibles, deferred compensation associated with our acquisition of the Zinc Ahead business, and income tax effects of the same provides information that is helpful in understanding our operating results, evaluating our future prospects, comparing our financial results across accounting periods, and comparing our financial results to our peers, many of which provide similar non-GAAP financial measures.

We define the term calculated billings for any period to mean revenue for the period plus the change in deferred revenue from the immediately preceding period minus the change in unbilled accounts receivable from the immediately preceding period. There are numerous factors that make year-over-year comparisons of calculated billings highly variable on a quarterly basis—therefore, we do not believe it is a good indicator of the underlying momentum of our business, and we do not manage to it internally. Our subscription revenue guidance and calculated billings guidance for the full fiscal year are the best indicators of our momentum.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. We encourage our investors and others to review our financial information in its entirety, not to rely on any single financial measure to evaluate our business, and to view our non-GAAP financial measures in conjunction with the most directly comparable GAAP financial measures. A reconciliation of GAAP to non-GAAP financial measures has been provided in the Appendix.

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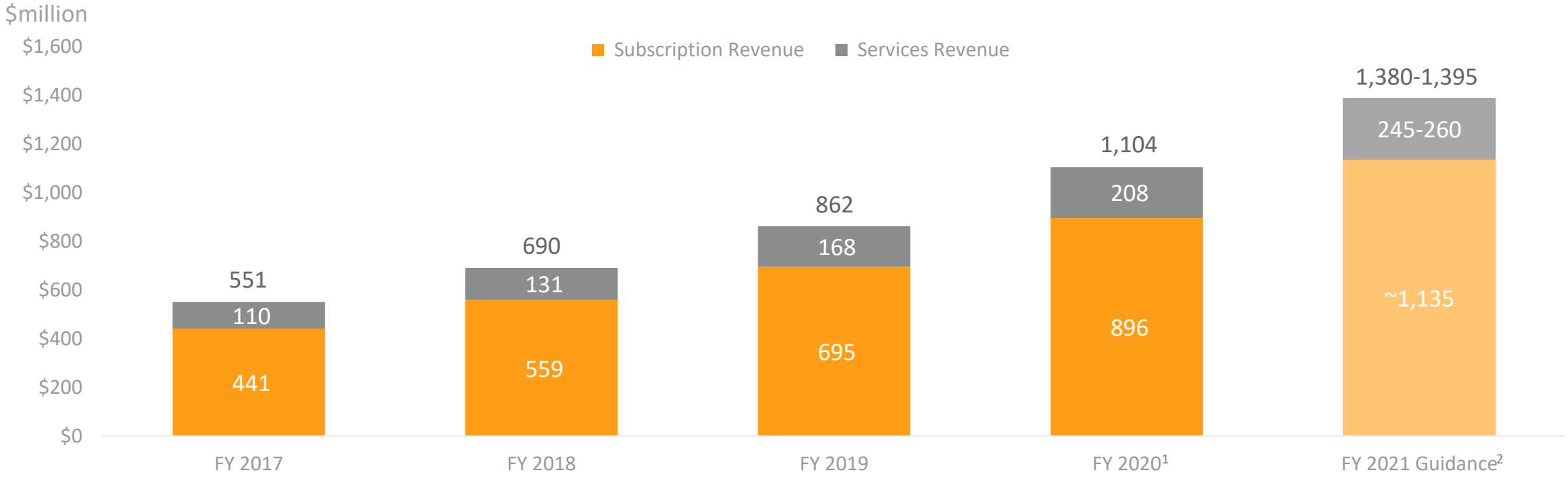
Total Revenue – Annual



Y/Y Growth					
Total	35%	25%	25%	28%[1]	25-26%[2]
% Mix					
Commercial Cloud	67%	61%	53%	49%[1]	-
Vault	33%	39%	47%	51%	-

Fiscal Year Ending January 31

[1] The Crossix and Physicians World acquisitions closed in the quarter ended January 31, 2020 and contributed an aggregate of $19M in total revenue for the year ended January 31, 2020.

[2] Guidance issued on May 28, 2020. Crossix and Physicians World are expected to contribute an aggregate $90-95 million in total revenue for the year ending January 31, 2021.

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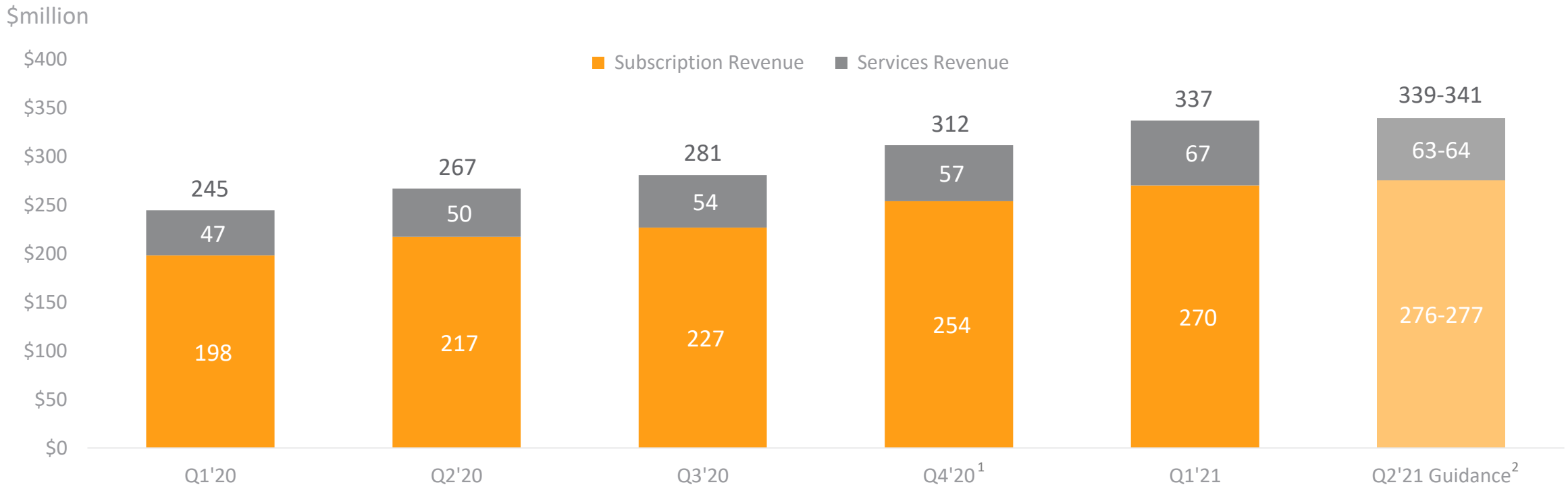
Total Revenue – Quarterly



Y/Y Growth						
Total	25%	27%	25%	34%[1]	38%	27-28%[2]
% Mix						
Commercial Cloud	50%	48%	48%	51%[1]	50%	-
Vault	50%	52%	52%	49%	50%	-

Fiscal Year Ending January 31

[1] The Crossix and Physicians World acquisitions closed and contributed an aggregate of $19M in total revenue for the quarter ended January 31, 2020.

[2] Guidance issued on May 28, 2020.

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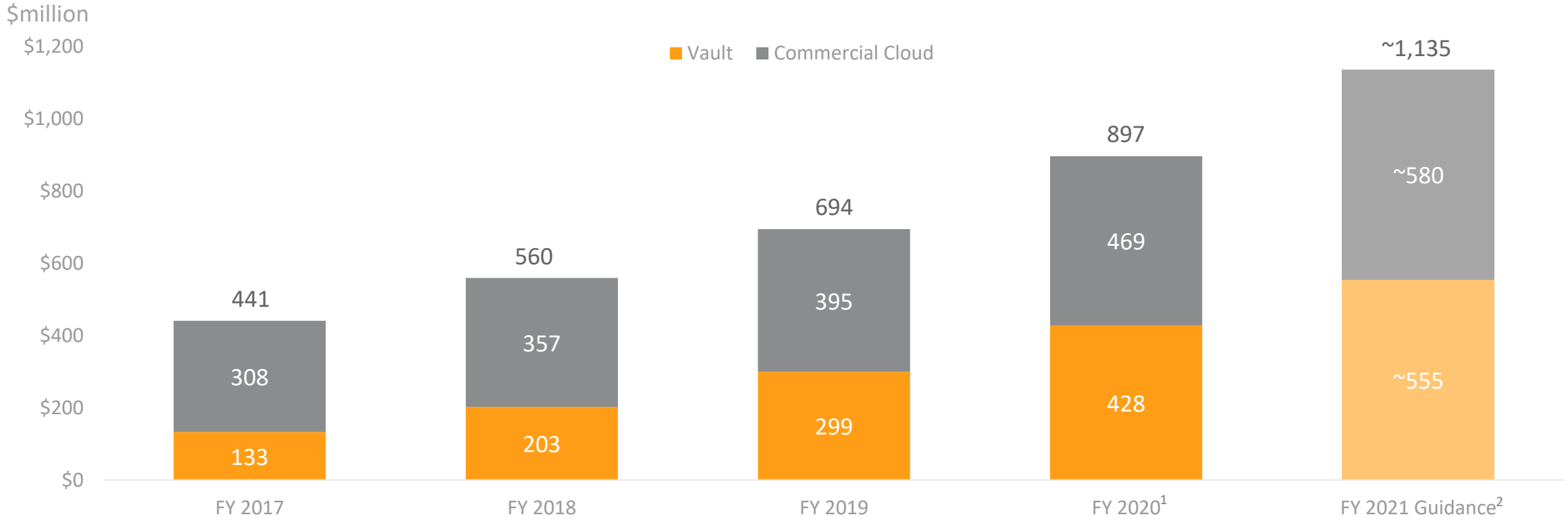
Subscription Revenue – Annual



Y/Y Growth					
Total Subscription	39%	27%	24%	29%[1]	~27%[2]
Commercial Cloud	19%	16%	11%	19%[1]	~24%[2]
Vault	132%	53%	48%	43%	~30%

Fiscal Year Ending January 31

[1] The Crossix acquisition closed in the quarter ended January 31, 2020 and contributed $14M in subscription services revenue for the year ended January 31, 2020.

[2] Guidance issued on May 28, 2020.

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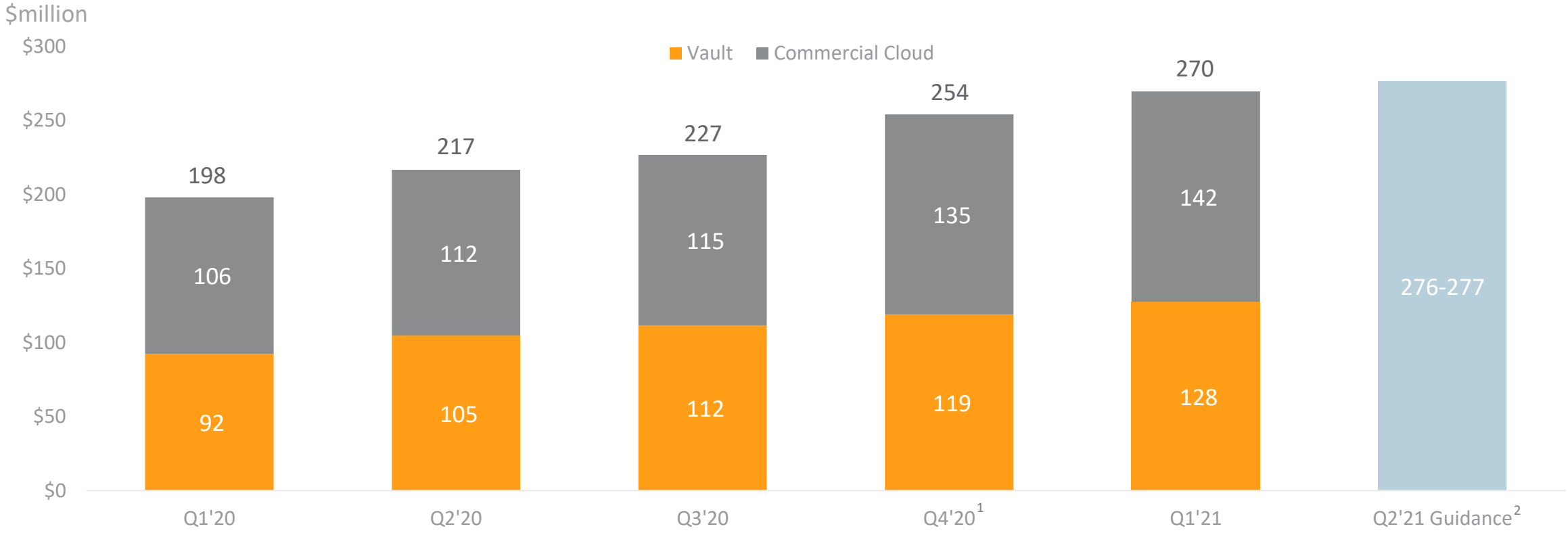
Subscription Revenue – Quarterly



Y/Y Growth						
Total Subscription	27%	28%	27%	33%[1]	36%	~27%[2]
Commercial Cloud	14%	15%	15%	30%[1]	35%	-
Vault	47%	46%	42%	38%	38%	-

Fiscal Year Ending January 31

[1] The Crossix acquisition closed and contributed $14M in subscription services revenue for the quarter ended January 31, 2020.

[2] Guidance issued on May 28, 2020.

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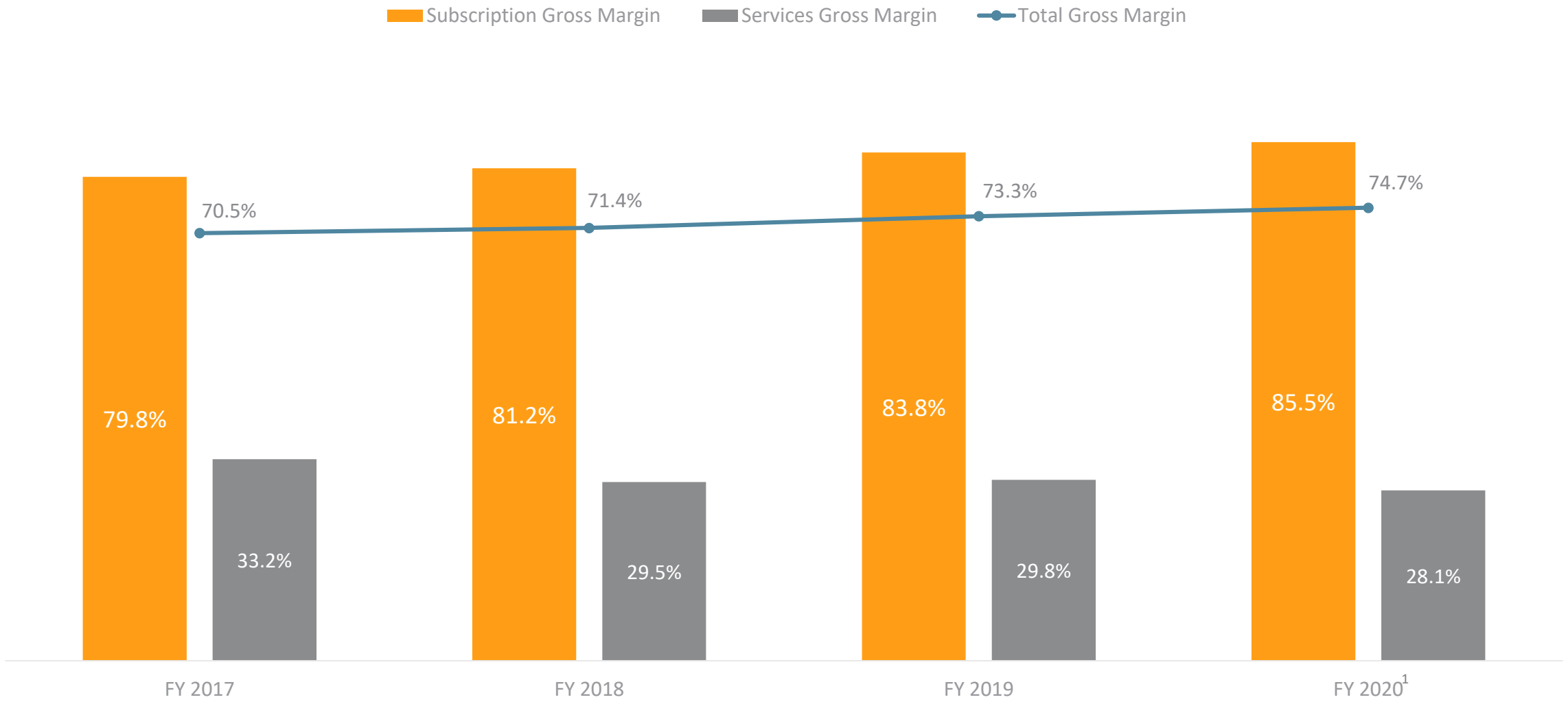
Non-GAAP Gross Margin – Annual



Fiscal Year Ending January 31

A reconciliation of GAAP to non-GAAP measures is set forth in the Appendix.

[1] The Crossix and Physicians World acquisitions closed at the beginning of the quarter ended January 31, 2020. The impact to subscription gross margin included a purchase accounting haircut starting in the quarter ended January 31, 2020.

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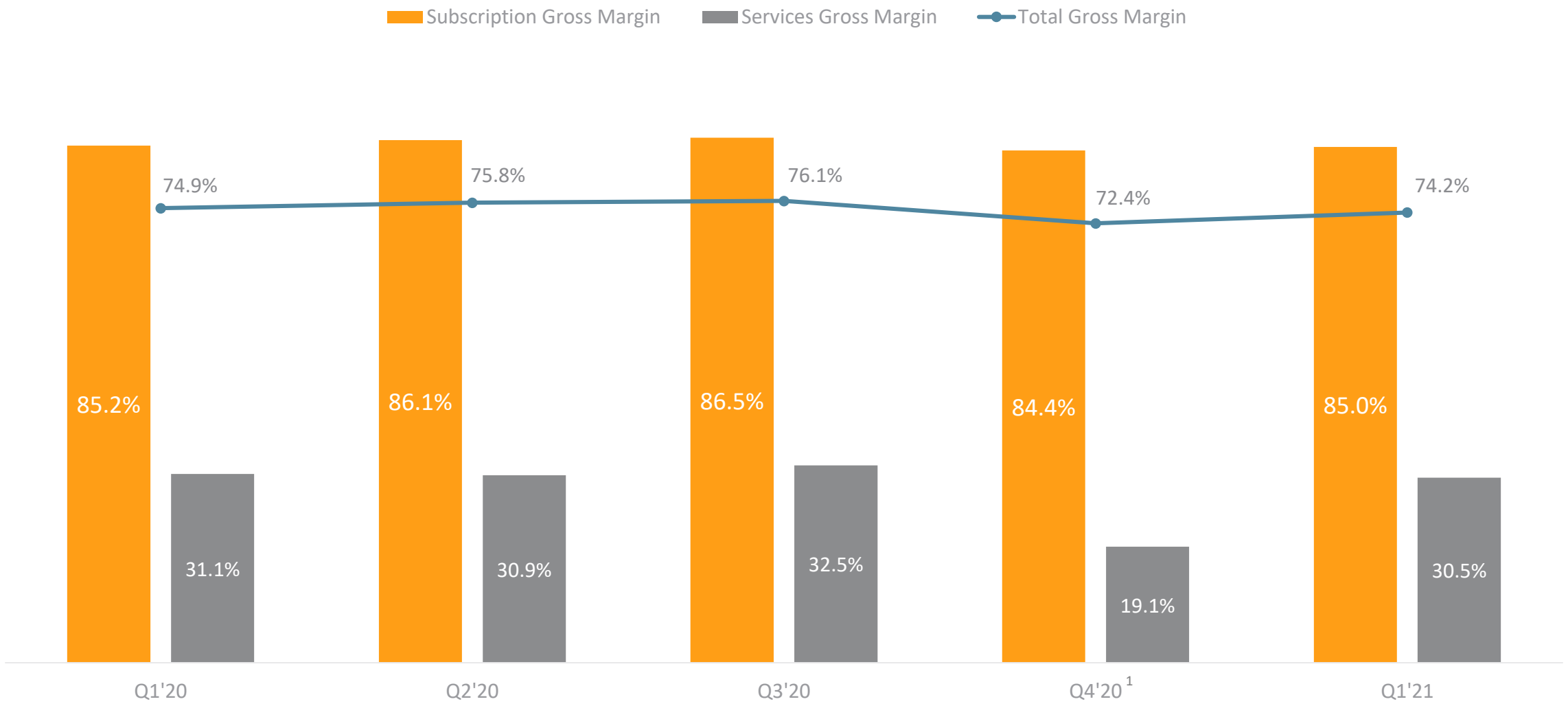
Non-GAAP Gross Margin – Quarterly



Fiscal Year Ending January 31

A reconciliation of GAAP to non-GAAP measures is set forth in the Appendix.

[1] The Crossix and Physicians World acquisitions closed at the beginning of the quarter ended January 31, 2020. The impact to subscription gross margin included a purchase accounting haircut starting in the quarter ended January 31, 2020.

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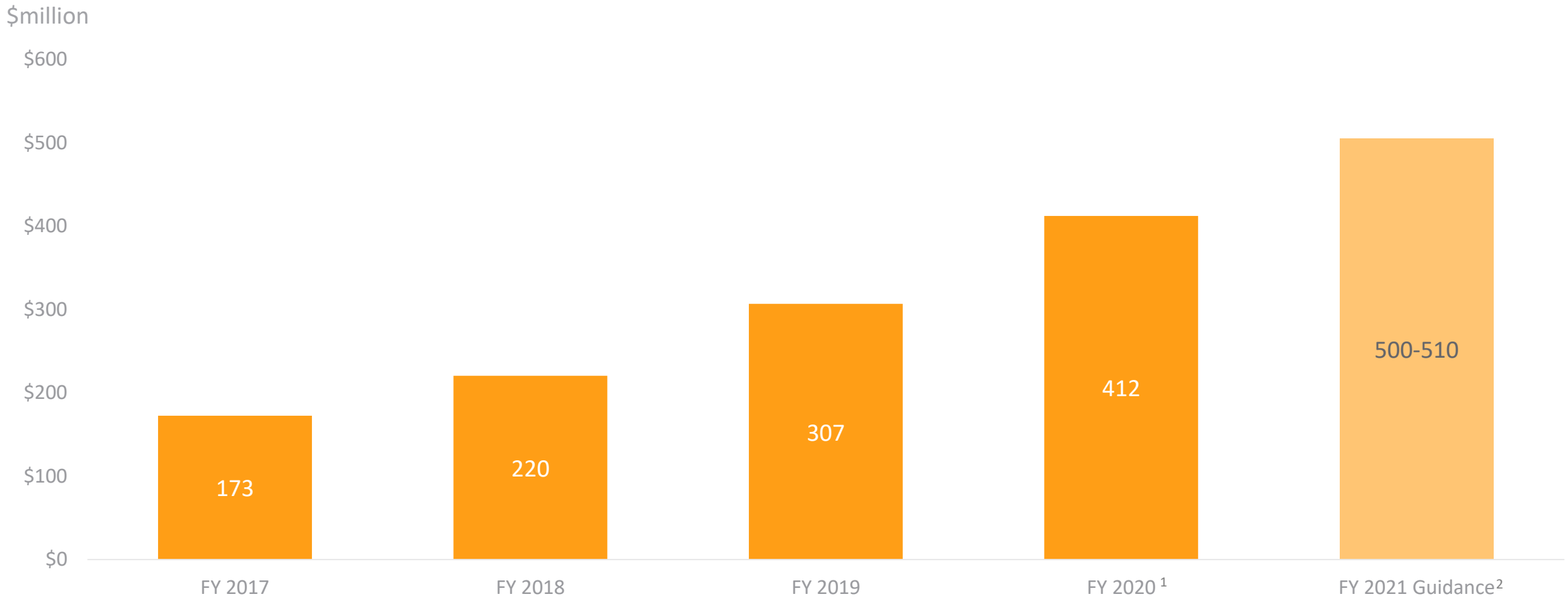
Non-GAAP Operating Income – Annual



	FY 2017	FY 2018	FY 2019	FY 2020[1]	FY 2021 Guidance[2]
Non-GAAP Operating Margin	31.3%	31.9%	35.6%	37.3%[1]	35.8-37.0%[2]

Fiscal Year Ending January 31

A reconciliation of GAAP to non-GAAP measures is set forth in the Appendix.

[1] The Crossix and Physicians World acquisitions closed at the beginning of the quarter ended January 31, 2020. The impact to operating income and operating margin includes a purchase accounting haircut starting in the quarter ended January 31, 2020.

[2] Guidance issued on May 28, 2020.

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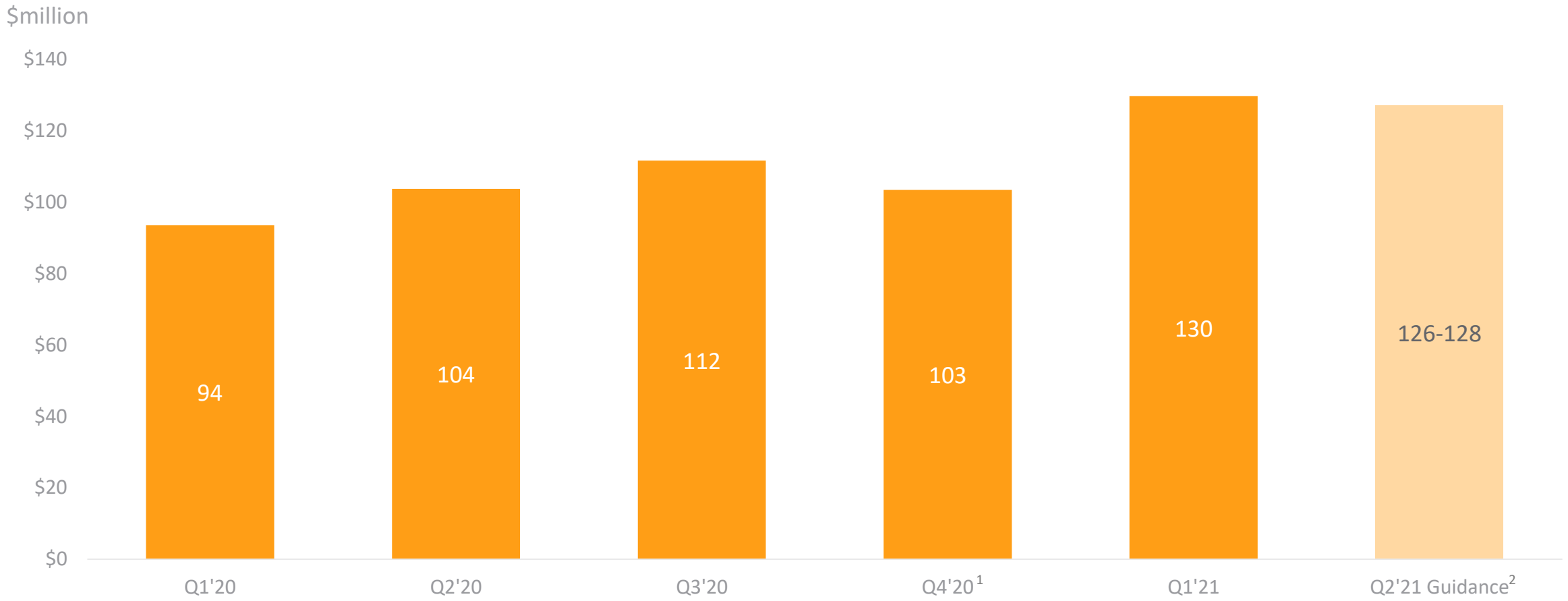
Non-GAAP Operating Income – Quarterly



	Q1'20	Q2'20	Q3'20	Q4'20[1]	Q1'21	Q2'21 Guidance[2]
Non-GAAP Operating Margin	38.2%	38.9%	39.7%	33.2%[1]	38.5%	37.0-37.8%[2]

Fiscal Year Ending January 31

A reconciliation of GAAP to non-GAAP measures is set forth in the Appendix.

[1] The Crossix and Physicians World acquisitions closed at the beginning of the quarter ended January 31, 2020. The impact to operating income and operating margin includes a purchase accounting haircut starting in the quarter ended January 31, 2020.

[2] Guidance issued on May 28, 2020.

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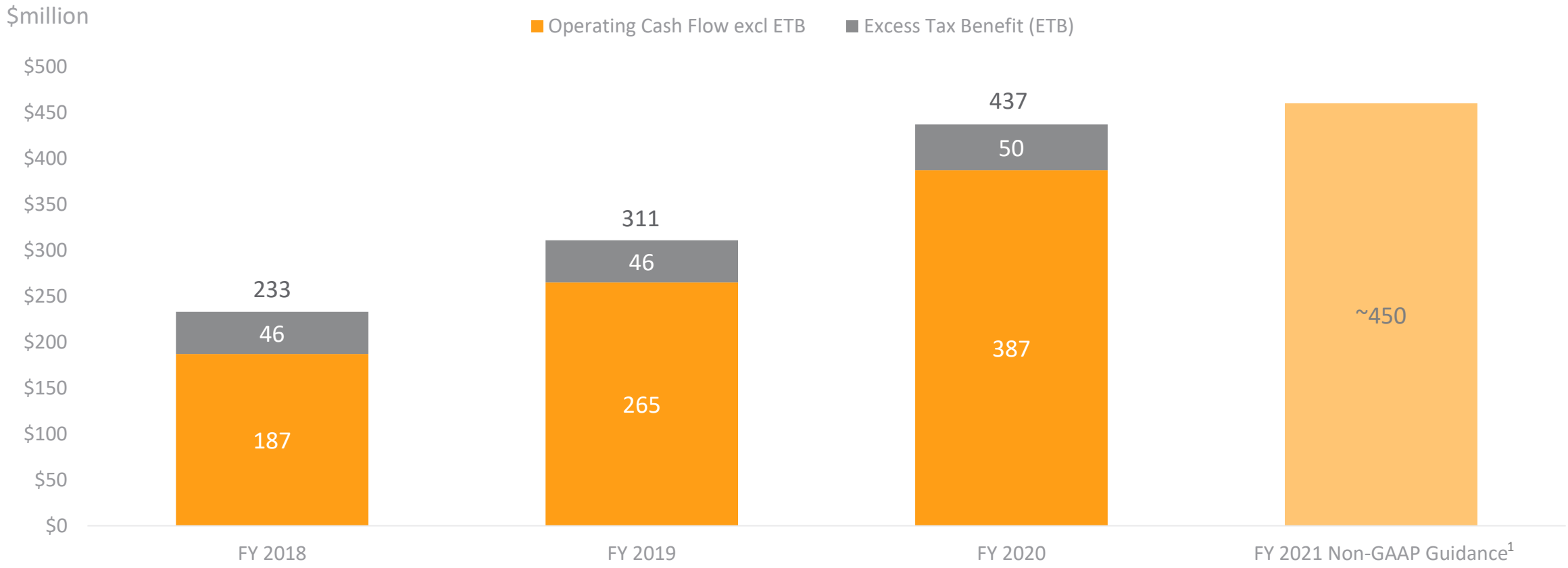
Operating Cash Flow – Annual



	FY 2018	FY 2019	FY 2020	FY 2021 Non-GAAP Guidance[1]
OCF Margin (excl ETB)	27%	31%	35%	~32%[1]

Fiscal Year Ending January 31

[1] Guidance issued on May 28, 2020. Non-GAAP Guidance excludes excess tax benefit, which is defined in the Appendix. We do not guide to cash flow from excess tax benefit because a target for excess tax benefit cannot be reasonably predicted due to the nature of equity compensation activity and related stock-based compensation expense. The effect may be significant.

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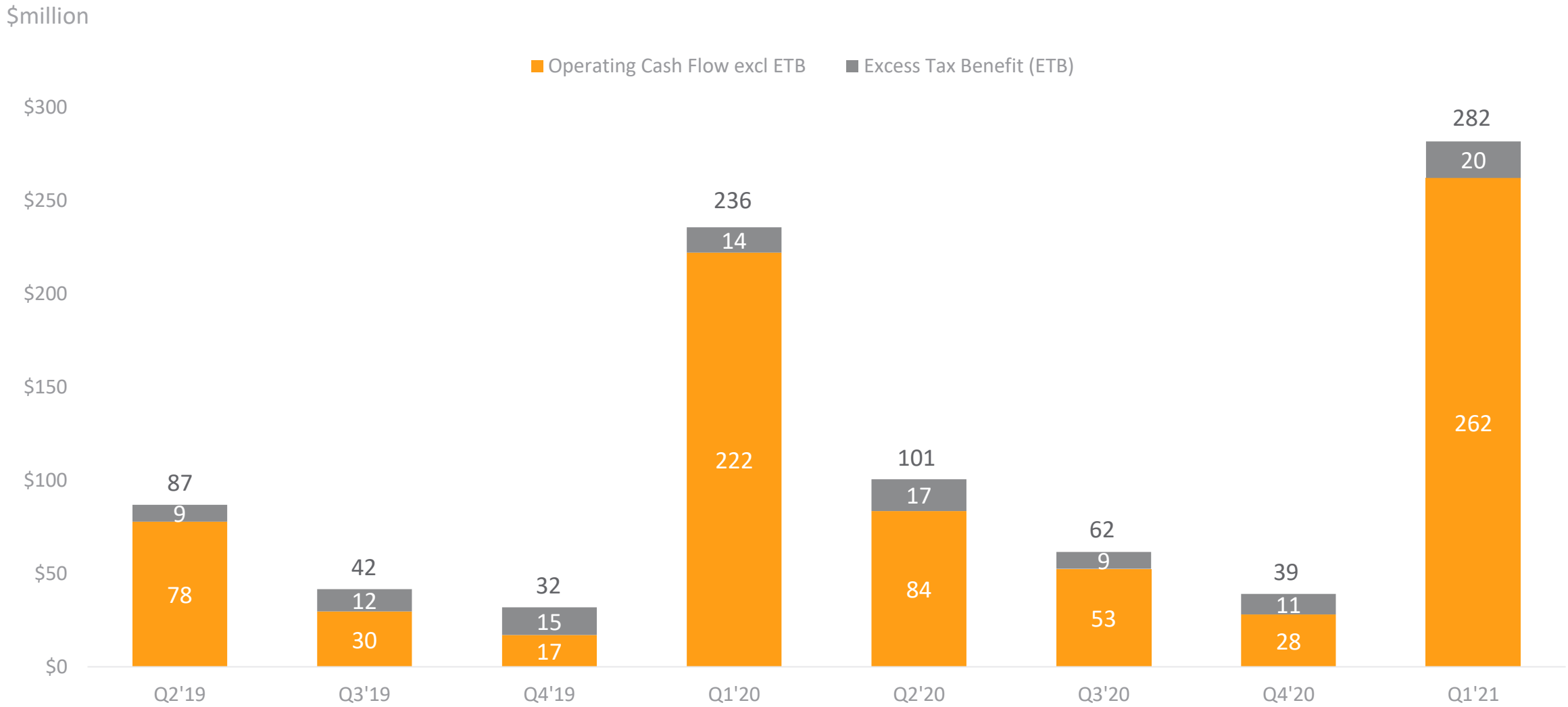
Operating Cash Flow – Quarterly



Fiscal Year Ending January 31
Excess tax benefit is defined in the Appendix.

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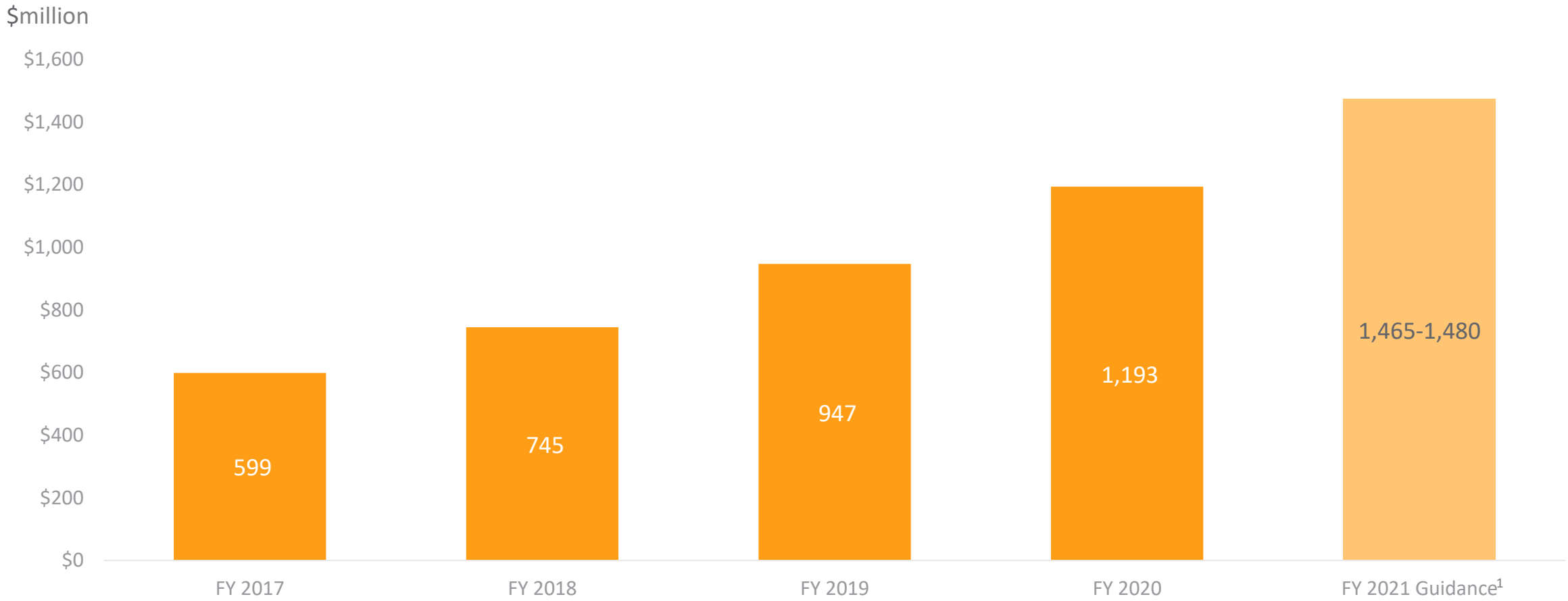
Calculated Billings – Annual



Y/Y Growth	32%	24%	27%	26%	~23%[1]

Fiscal Year Ending January 31
Calculated billings is defined in the Appendix.
[1] Guidance issued on May 28, 2020.

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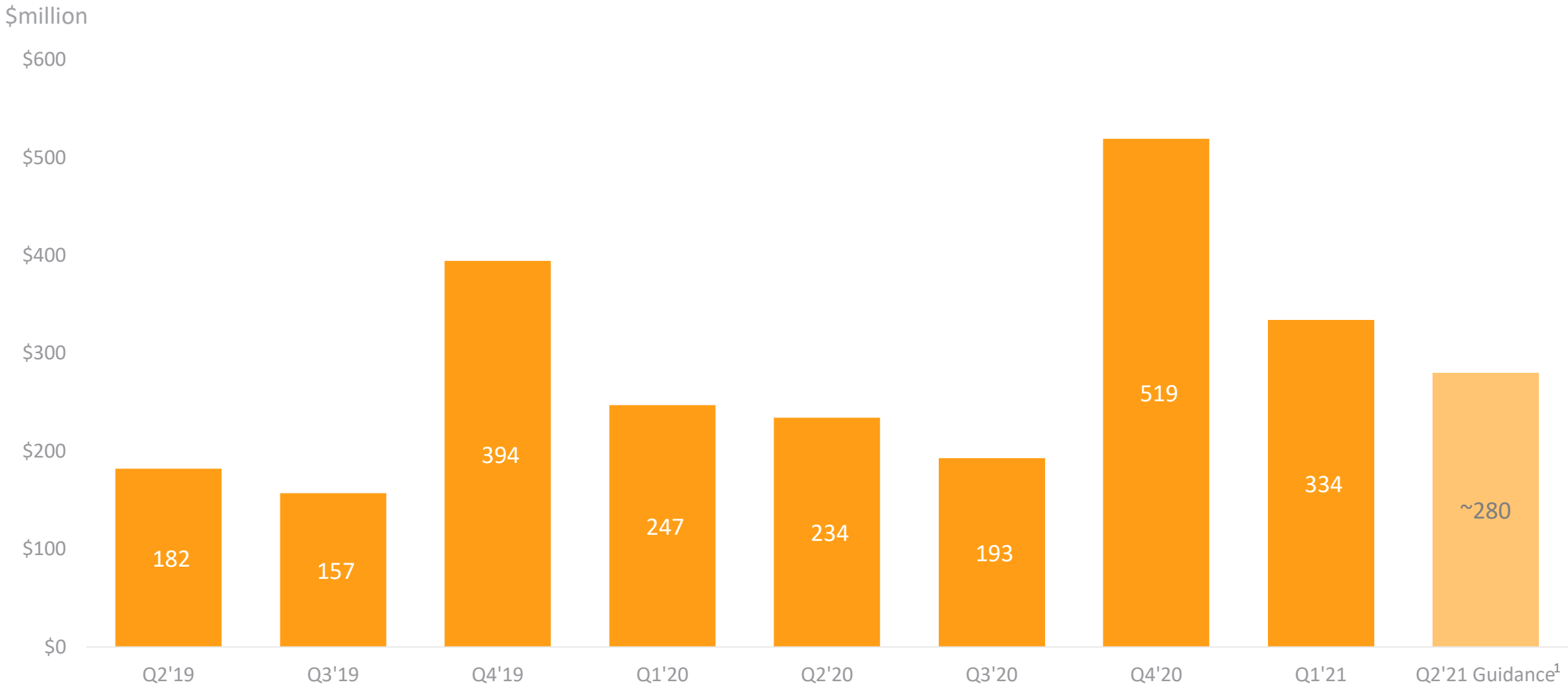
Calculated Billings – Quarterly



Fiscal Year Ending January 31

Calculated billings is defined in the Appendix. There are numerous factors that make year-over-year comparisons of calculated billings highly variable on a quarterly basis—therefore, we do not believe it is a good indicator of the underlying momentum of our business, and we do not manage to it internally. Our subscription revenue guidance and calculated billings guidance for the full fiscal year are the best indicators of our momentum.

[1] Guidance issued on May 28, 2020.

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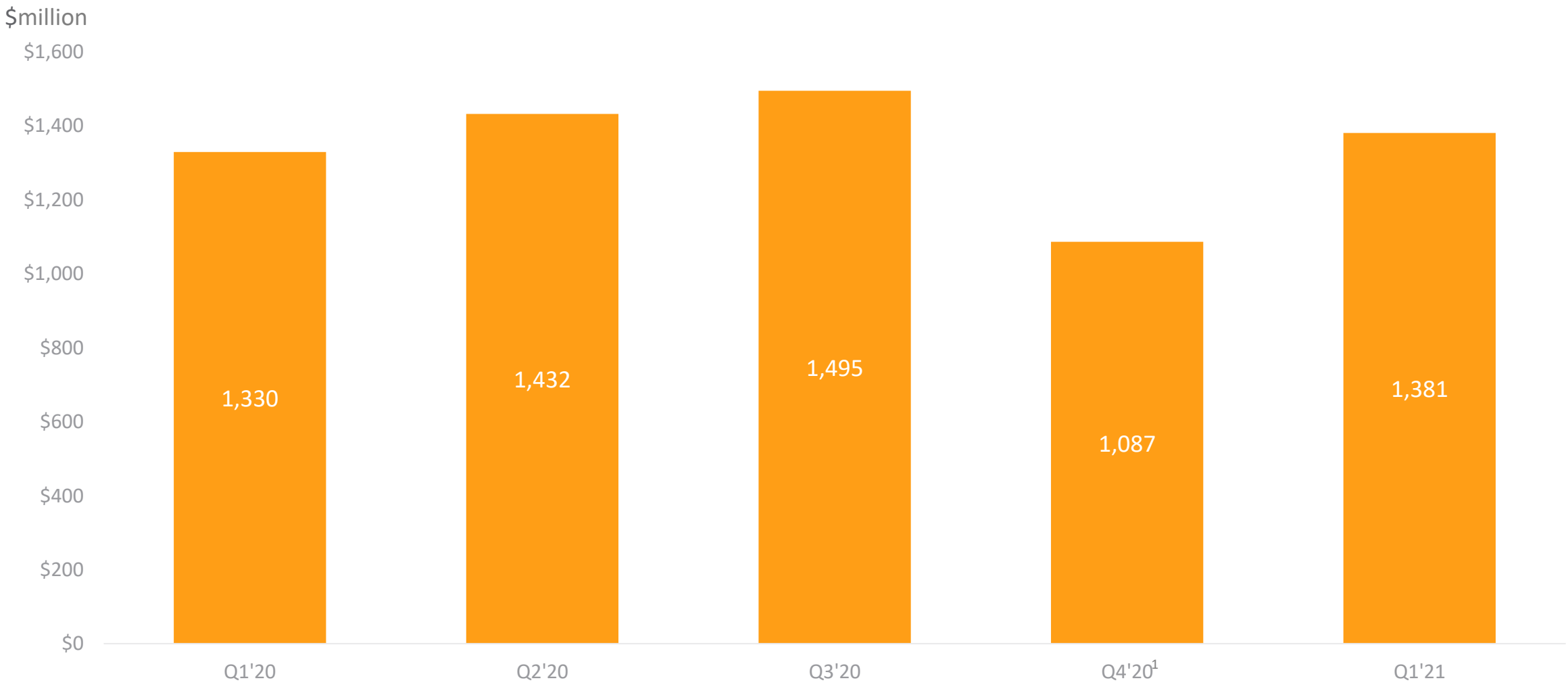
Cash, Cash Equivalents, and ST Investments – Quarterly



Fiscal Year Ending January 31

[1] We acquired Crossix and Physicians World for $427.2M in cash and $41.4M in cash, respectively, in the quarter ended January 31, 2020.

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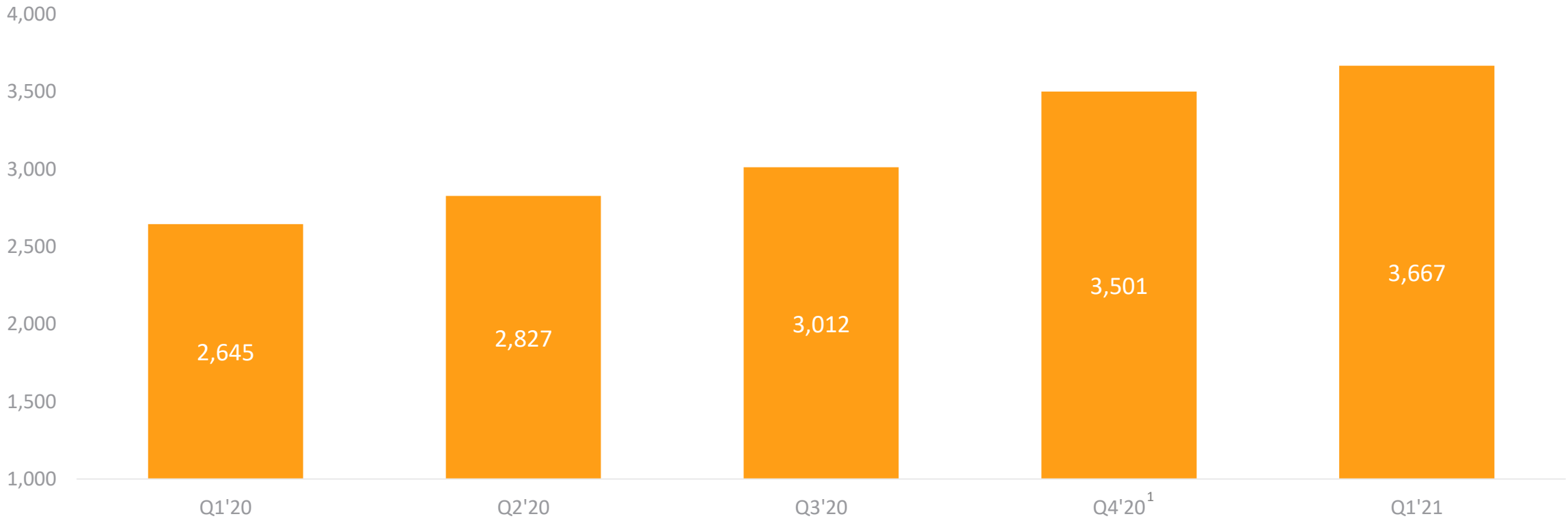
Employee Headcount – Quarterly



	Q1'20	Q2'20	Q3'20	Q4'20[1]	Q1'21
Quarterly Net Additions	92	182	185	489[1]	166
Y/Y Growth	18%	19%	21%	37%[1]	39%

Fiscal Year Ending January 31

[1] Reflects 384 employees added from the Crossix and Physicians World acquisitions in the quarter ended January 31, 2020.

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FY 2021 Guidance

	Guidance
Total Revenue	$1,380-$1,395 million
Crossix and Physicians World Total Revenue	$90-95 million
Subscription Revenue	~$1,135 million
Commercial Cloud Subscription Revenue	~$580 million
Vault Subscription Revenue	~$555 million
Non-GAAP Operating Income	$500-510 million
Non-GAAP Fully Diluted Net Income per Share	$2.50-2.55
Calculated Billings	$1,465-1,480 million
Cash from Operations (excluding ETB)	~$450 million

Guidance issued on May 28, 2020. We are not able, at this time, to provide GAAP targets for operating income and fully diluted net income per share for the fiscal year ending January 31, 2021 because of the difficulty of estimating certain items excluded from non-GAAP operating income and non-GAAP fully diluted net income per share that cannot be reasonably predicted, such as charges related to stock-based compensation expense. The effect of these excluded items may be significant.

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Q2’21 Guidance

	Guidance
Total Revenue	$339-341 million
Subscription Revenue	$276-277 million
Services Revenue	$63-64 million
Non-GAAP Operating Income	$126-128 million
Non-GAAP Fully Diluted Net Income per Share	$0.63-0.64
Calculated Billings	~$280 million

Guidance issued on May 28, 2020. We are not able, at this time, to provide GAAP targets for operating income and fully diluted net income per share for the second fiscal quarter ending July 31, 2020 because of the difficulty of estimating certain items excluded from non-GAAP operating income and non-GAAP fully diluted net income per share that cannot be reasonably predicted, such as charges related to stock-based compensation expense. The effect of these excluded items may be significant.

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Appendix

Appendix

- Excess Tax Benefit (ETB) – The realized tax benefit related to employee equity compensation, including the vesting of restricted stock units and the exercising and selling of stock options.
- Calculated Billings – Revenue for the period plus the change in deferred revenue from the immediately preceding period minus the change in unbilled accounts receivable from the immediately preceding period.

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Reconciliation of GAAP to non-GAAP Measures

	FY'17	FY'18	FY'19	FY'20
Gross margin on total revenues on a GAAP basis	68.5%	69.4%	71.6%	72.5%
Stock-based compensation expense	1.3	1.4	1.4	1.8
Amortization of purchased intangibles	0.8	0.6	0.3	0.4
Deferred compensation associated with Zinc Ahead acquisition	—	—	—	—
Gross margin on total revenues on a non-GAAP basis	70.6%	71.4%	73.3%	74.7%

	FY'17	FY'18	FY'19	FY'20
Gross margin on subscription services revenues on a GAAP basis	78.6%	80.3%	83.2%	84.8%
Stock-based compensation expense	0.3	0.3	0.2	0.3
Amortization of purchased intangibles	1.0	0.7	0.4	0.4
Gross margin on subscription services revenues on a non-GAAP basis	79.9%	81.3%	83.8%	85.5%

	FY'17	FY'18	FY'19	FY'20
Gross margin on professional services and other revenues on a GAAP basis	27.7%	23.0%	23.5%	19.6%
Stock-based compensation expense	5.5	6.5	6.3	8.5
Amortization of purchased intangibles	—	—	—	—
Gross margin on professional services and other revenues on a non-GAAP basis	33.2%	29.5%	29.8%	28.1%

	FY'17	FY'18	FY'19	FY'20
Research and development expense on a GAAP basis	$ 96.7	$ 132.0	$ 158.8	$ 209.9
Stock-based compensation expense	(11.9)	(17.8)	(22.1)	(37.0)
Deferred compensation associated with Zinc Ahead acquisition	(0.4)	(0.4)	(0.3)	—
Research and development expense on a non-GAAP basis	$ 84.4	$ 113.8	$ 136.4	$ 172.9

	FY'17	FY'18	FY'19	FY'20
Sales and marketing expense on a GAAP basis	$ 110.6	$ 128.8	$ 148.9	$ 190.3
Stock-based compensation expense	(13.3)	(16.3)	(18.4)	(27.5)
Amortization of purchased intangibles	(3.9)	(3.9)	(3.9)	(6.0)
Sales and marketing expense on a non-GAAP basis	$ 93.4	$ 108.6	$ 126.6	$ 156.8

	FY'17	FY'18	FY'19	FY'20
General and administrative expense on a GAAP basis	$ 48.8	$ 60.4	$ 86.4	$ 114.3
Stock-based compensation expense	(8.5)	(10.0)	(23.8)	(31.2)
Deferred compensation associated with Zinc Ahead acquisition	(2.3)	—	—	(0.1)
General and administrative expense on a non-GAAP basis	$ 38.0	$ 50.4	$ 62.6	$ 83.0

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Reconciliation of GAAP to non-GAAP Measures

	FY'17	FY'18	FY'19	FY'20
Operating income on a GAAP basis	$ 120.7	$ 157.9	$ 222.9	$ 286.2
Stock-based compensation expense	40.8	54.0	76.4	115.9
Amortization of purchased intangibles	8.2	7.8	7.0	10.1
Deferred compensation associated with Zinc Ahead acquisition	2.8	0.5	0.3	—
Operating income on a non-GAAP basis	$ 172.5	$ 220.2	$ 306.6	$ 412.2

	FY'17	FY'18	FY'19	FY'20
Operating margin on a GAAP basis	21.9%	22.9%	25.8%	25.9%
Stock-based compensation expense	7.5	7.7	8.9	10.5
Amortization of purchased intangibles	1.6	1.1	0.9	0.9
Deferred compensation associated with Zinc Ahead acquisition	0.5	0.1	—	—
Operating margin on a non-GAAP basis	31.5%	31.8%	35.6%	37.3%

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Reconciliation of GAAP to non-GAAP Measures

	Q1 FY'20	Q2 FY'20	Q3 FY'20	Q4 FY'20	Q1 FY'21
Gross margin on total revenues on a GAAP basis	73.2%	73.7%	73.9%	69.7%	71.9%
Stock-based compensation expense	1.4	1.9	1.9	2.0	1.8
Amortization of purchased intangibles	0.3	0.3	0.3	0.7	0.5
Gross margin on total revenues on a non-GAAP basis	74.9%	75.9%	76.1%	72.4%	74.2%

	Q1 FY'20	Q2 FY'20	Q3 FY'20	Q4 FY'20	Q1 FY'21
Gross margin on subscription services revenues on a GAAP basis	84.7%	85.5%	85.9%	83.3%	84.0%
Stock-based compensation expense	0.2	0.3	0.2	0.4	0.4
Amortization of purchased intangibles	0.3	0.3	0.4	0.7	0.6
Gross margin on subscription services revenues on a non-GAAP basis	85.2%	86.1%	86.5%	84.4%	85.0%

	Q1 FY'20	Q2 FY'20	Q3 FY'20	Q4 FY'20	Q1 FY'21
Gross margin on professional services and other revenues on a GAAP basis	24.7%	21.9%	23.6%	9.7%	22.7%
Stock-based compensation expense	6.4	9.0	8.9	9.4	7.6
Amortization of purchased intangibles	—	—	—	—	0.2
Gross margin on professional services and other revenues on a non-GAAP basis	31.1%	30.9%	32.5%	19.1%	30.5%

	Q1 FY'20	Q2 FY'20	Q3 FY'20	Q4 FY'20	Q1 FY'21
Operating income on a GAAP basis	$ 71.2	$ 73.8	$ 80.8	$ 60.4	$ 87.6
Stock-based compensation expense	20.7	28.4	29.3	37.5	36.9
Amortization of purchased intangibles	1.6	1.5	1.5	5.5	5.2
Operating income on a non-GAAP basis	$ 93.5	$ 103.7	$ 111.6	$ 103.4	$ 129.7

	Q1 FY'20	Q2 FY'20	Q3 FY'20	Q4 FY'20	Q1 FY'21
Operating margin on a GAAP basis	29.1%	27.6%	28.8%	19.4%	26.0%
Stock-based compensation expense	8.5	10.6	10.4	12.0	11.0
Amortization of purchased intangibles	0.6	0.6	0.5	1.8	1.5
Operating margin on a non-GAAP basis	38.2%	38.8%	39.7%	33.2%	38.5%

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