



Investor Day: June 9, 2022





This presentation contains forward-looking statements that involve substantial risks and uncertainties. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “estimate,” “believe,” “predict,” “potential” or “continue” or the negative terms or other similar expressions intended to identify statements about the future. These statements speak only as of the date of this presentation and involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. We cannot assure you that the forward-looking statements in this presentation will prove to be accurate.

Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. You should, however, review the factors and risks and other information we describe in the reports we file from time to time with the SEC.

This presentation includes statistical and other industry and market data that we obtained from industry publications and research, surveys and studies conducted by third parties, as well as our own estimates of potential market opportunities. While we believe all third party information to be reliable, such information involves a number of assumptions and limitations and you are cautioned not to give undue weight to such data, industry publications and third-party research, surveys and studies and they do not guarantee the accuracy or completeness of such information. Our estimates of the potential market opportunities for our products include several key assumptions. While we believe that our internal assumptions are reasonable, no independent source has verified such assumptions.

In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. The non-GAAP financial measures used by DigitalOcean Holdings, Inc. may differ from the non-GAAP financial measures used by other companies. A reconciliation of these measures to the most directly comparable U.S. GAAP measure is included in our filings with the SEC and at the end of this presentation.

A reconciliation of non-GAAP measures to corresponding GAAP measures is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, expenses that may be incurred in the future. Accordingly, we are unable to assess the probable significance of the unavailable information, although it is important to note that these factors could be material to our results computed in accordance with GAAP.



# Yancey Spruill

Chief Executive Officer

# Agenda

**Yancey Spruill** - Chief Executive Officer

**Gabe Monroy** - Chief Product Officer

**Customer Testimonials** - Atom Learning, BlockSpaces

**Carly Brantz** - Chief Marketing Officer

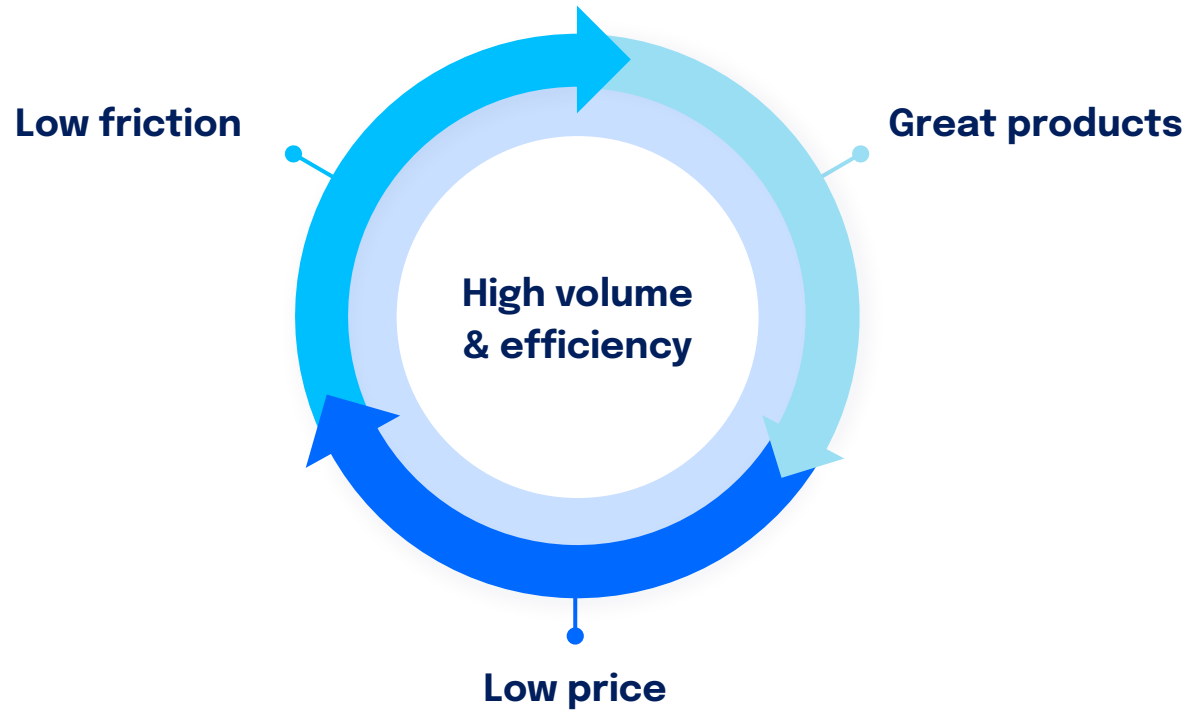
**Customer Testimonials** - Sonar, Qencode

**Jeff Guy** - Chief Operating Officer

**Customer Testimonial** - Datacake GmbH

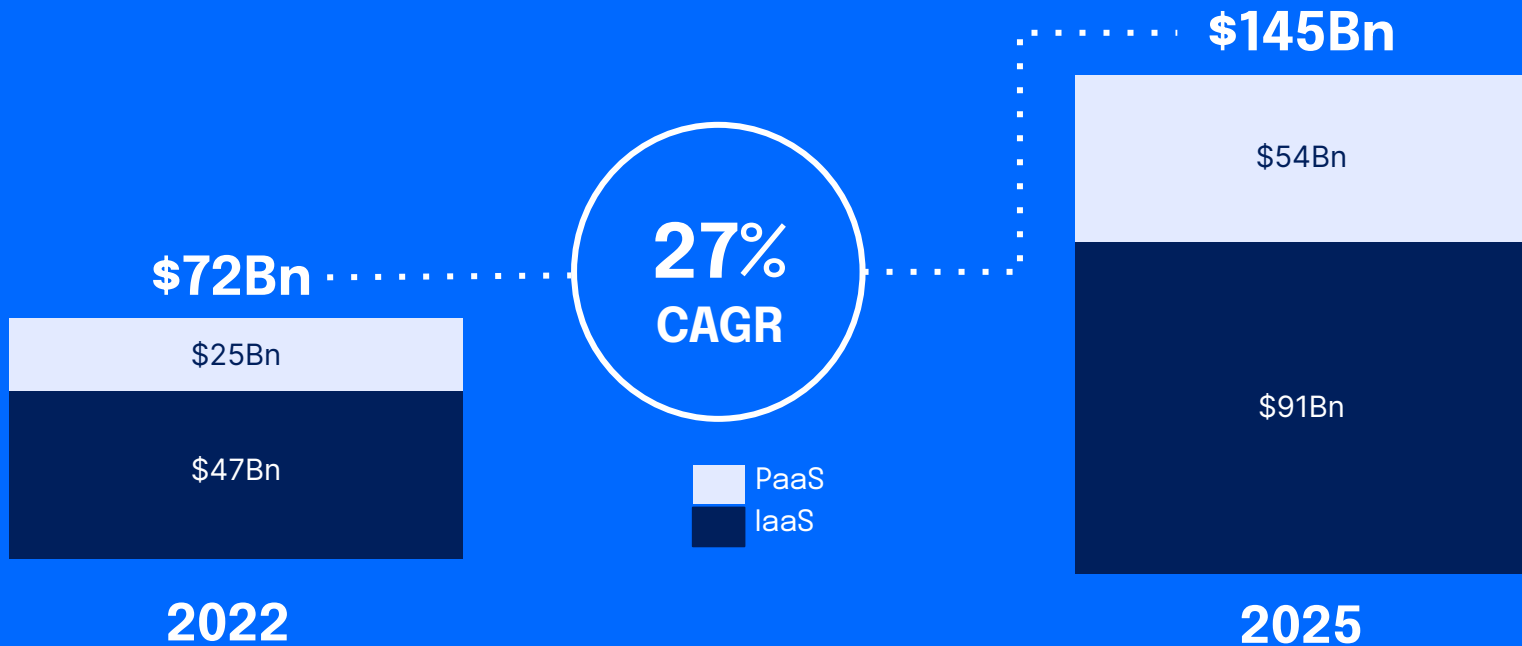
**Bill Sorenson** - Chief Financial Officer

**Q&A**



**Simplify cloud computing so builders  
can spend more time creating software  
that changes the world.**





|                                       | <b>2020</b> | <b>2021</b> |
|---------------------------------------|-------------|-------------|
| <b>Revenue Growth</b>                 | 25%         | 35%         |
| <b>ARPU Growth</b>                    | 19%         | 25%         |
| <b>Net Dollar Retention</b>           | 103%        | 113%        |
| <b>GAAP Gross Profit Margin</b>       | 54%         | 60%         |
| <b>Non-GAAP Operating Margin</b>      | 4%          | 12%         |
| <b>Capex As Percentage of Revenue</b> | 36%         | 25%         |
| <b>Free Cash Flow</b>                 | Negative    | \$24M       |

**New Products**

**Increase Website Traffic**

**Nurture Customers**

**Improve Website Conversions**

**Vertical Targeting**

**Pricing & Packaging Updates**

**New Partnerships**

**Strategic M&A**



# News Details

[VIEW ALL NEWS →](#)

## DigitalOcean Announces New \$300 Million Share Repurchase Program

05/24/2022

NEW YORK--(BUSINESS WIRE)-- DigitalOcean Holdings, Inc. (NYSE: DOCN), the cloud for developers, startups and SMBs, today announced that its board of directors has approved a new plan for the repurchase of up to an aggregate of \$300 million of its common stock. This plan is in addition to the \$300 million program that was announced in February 2022 and completed in May 2022.

"We are committed to delivering 30%+ revenue growth with robust free cash flow coupled with an efficient capital structure to deliver compelling returns for our investors," said Yancey Spruill, CEO of DigitalOcean. "This announcement demonstrates the confidence we have in our ability to generate free cash flow while still maintaining a strong balance sheet to support our commitment to invest in our organic and inorganic growth."

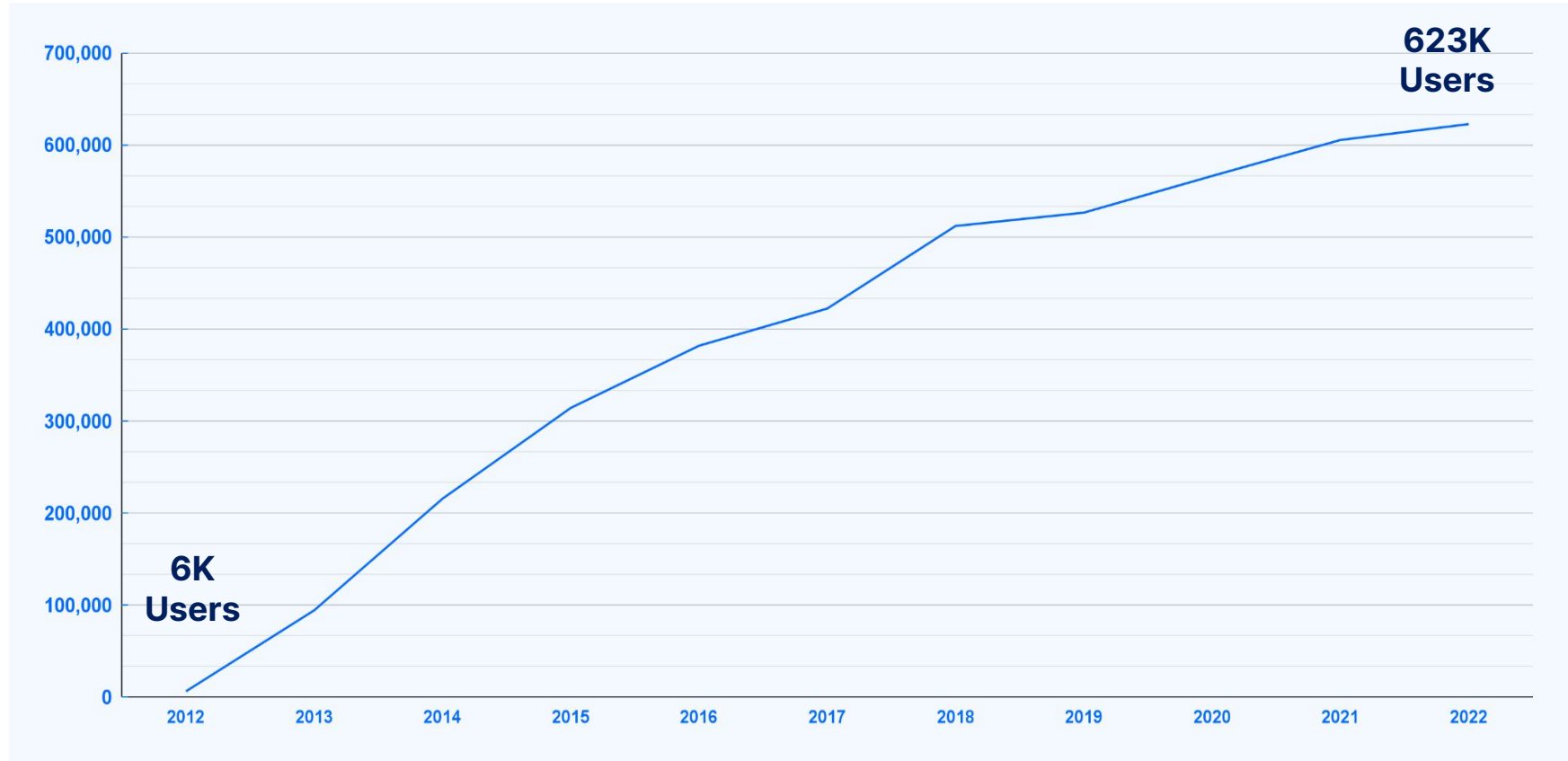
The repurchases will be made from time to time in the open market at prevailing market prices or in negotiated transactions off the market. Open market repurchases will be structured to occur within the pricing and volume requirements of Rule 10b-18. The company may also, from time to time, enter into Rule 10b5-1 plans to facilitate repurchases of its shares under this authorization. This program does not obligate the company to acquire any particular amount of common stock and the program may be extended, modified, suspended or discontinued at any time at the company's discretion.



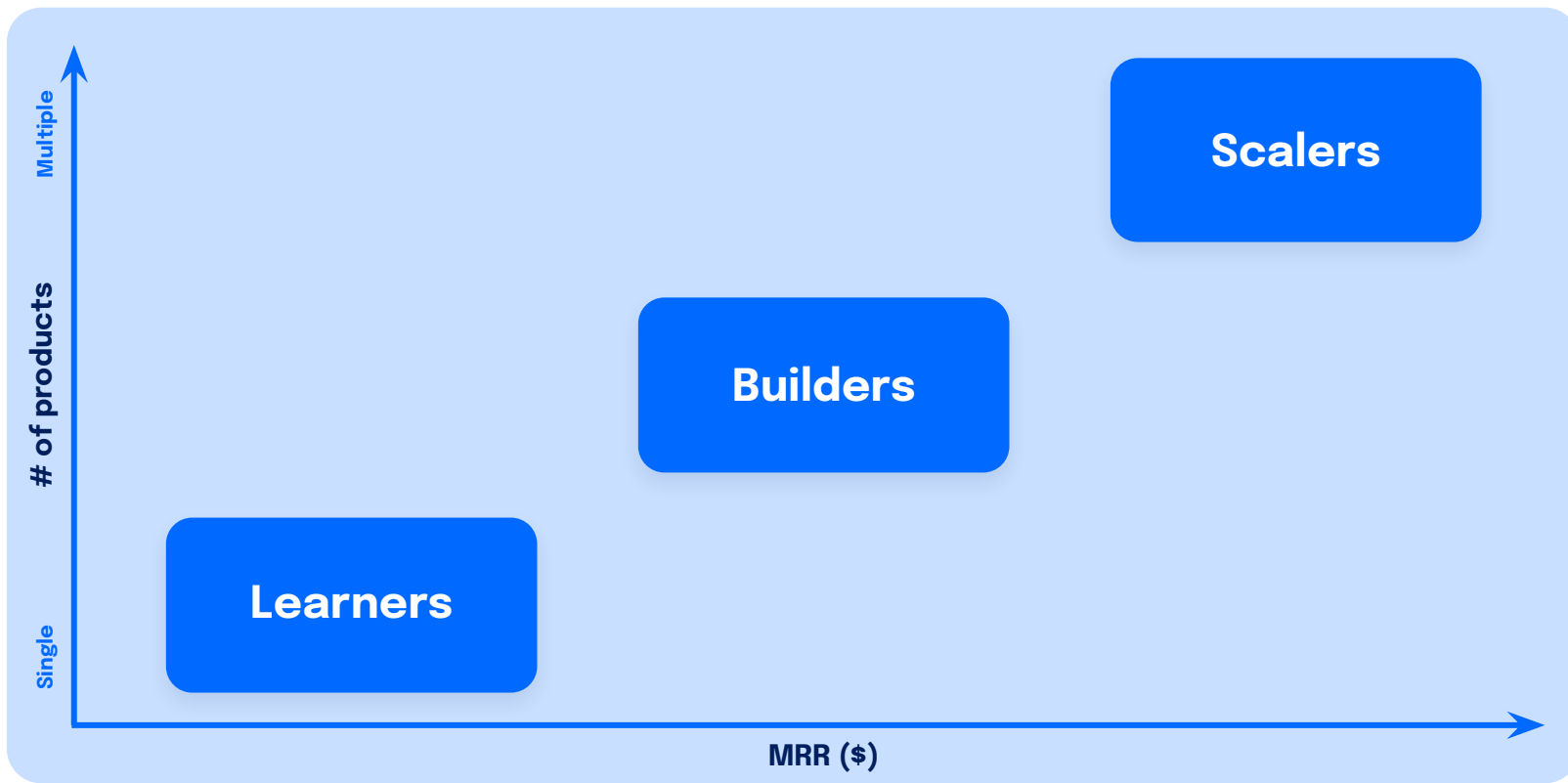
# Gabe Monroy

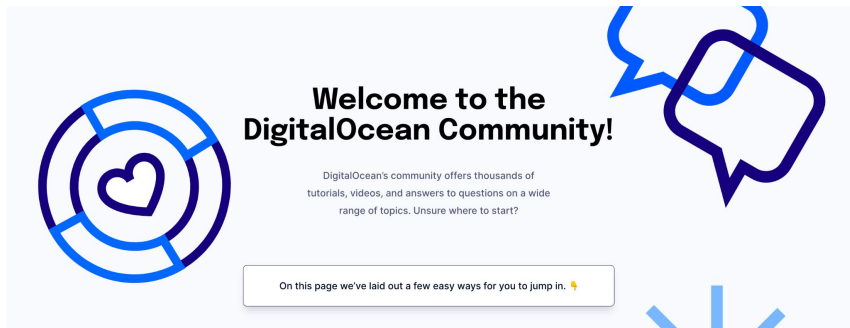
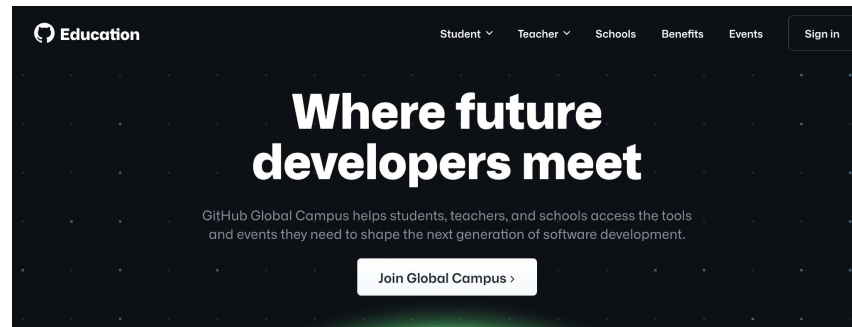
Chief Product Officer

## Customer Growth









# \$4/mo

## All-new Droplet pricing



### Choose a plan [Help me choose](#)

| SHARED CPU | DEDICATED CPU   |               |                  |                   |
|------------|-----------------|---------------|------------------|-------------------|
| Basic      | General Purpose | CPU-Optimized | Memory-Optimized | Storage-Optimized |

Basic virtual machines with a mix of memory and compute resources. Best for small projects that can handle variable levels of CPU performance, like blogs, web apps and dev/test environments.

CPU options: ☒ Regular with SSD ☐ Premium Intel with NVMe SSD **NEW** ☐ Premium AMD with NVMe SSD **NEW**

|                                                     |                                                    |                                                 |                                                  |                                                  |                                                   |
|-----------------------------------------------------|----------------------------------------------------|-------------------------------------------------|--------------------------------------------------|--------------------------------------------------|---------------------------------------------------|
| <b>\$4/mo</b><br>\$0.006/hour                       | <b>\$5/mo</b><br>\$0.007/hour                      | <b>\$10/mo</b><br>\$0.015/hour                  | <b>\$15/mo</b><br>\$0.022/hour                   | <b>\$20/mo</b><br>\$0.030/hour                   | <b>\$40/mo</b><br>\$0.060/hour                    |
| 512 MB / 1 CPU<br>10 GB SSD Disk<br>500 GB transfer | 1 GB / 1 CPU<br>25 GB SSD Disk<br>1000 GB transfer | 2 GB / 1 CPU<br>50 GB SSD Disk<br>2 TB transfer | 2 GB / 2 CPUs<br>60 GB SSD Disk<br>3 TB transfer | 4 GB / 2 CPUs<br>80 GB SSD Disk<br>4 TB transfer | 8 GB / 4 CPUs<br>160 GB SSD Disk<br>5 TB transfer |

[Show all plans](#)



## **Hatch**

DO's global  
startup program.



## **Deploy**

DO's virtual conference  
for startups and  
developers.



## **Marketplace**

Curated pre-configured  
solutions targeted at  
builders.



**95%**

**Revenue growth**  
Managed Databases



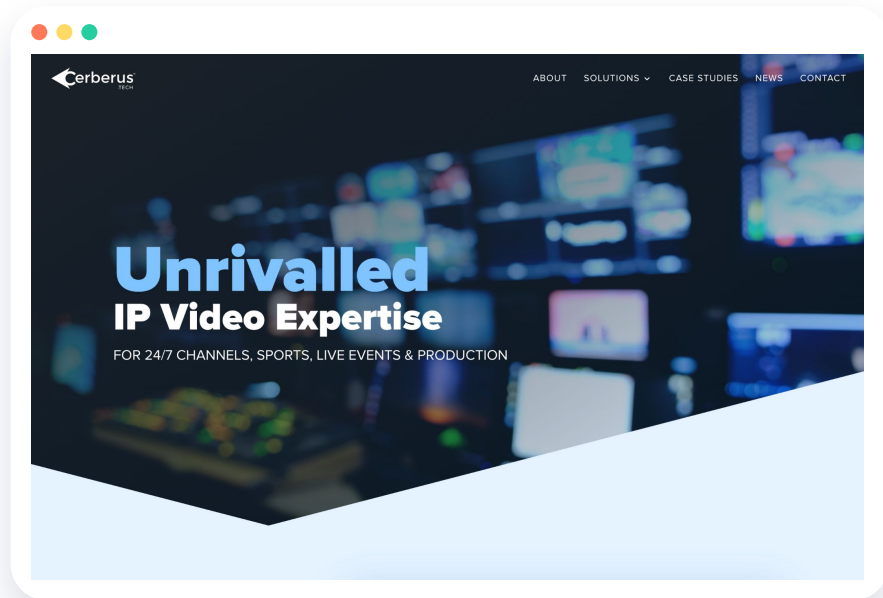
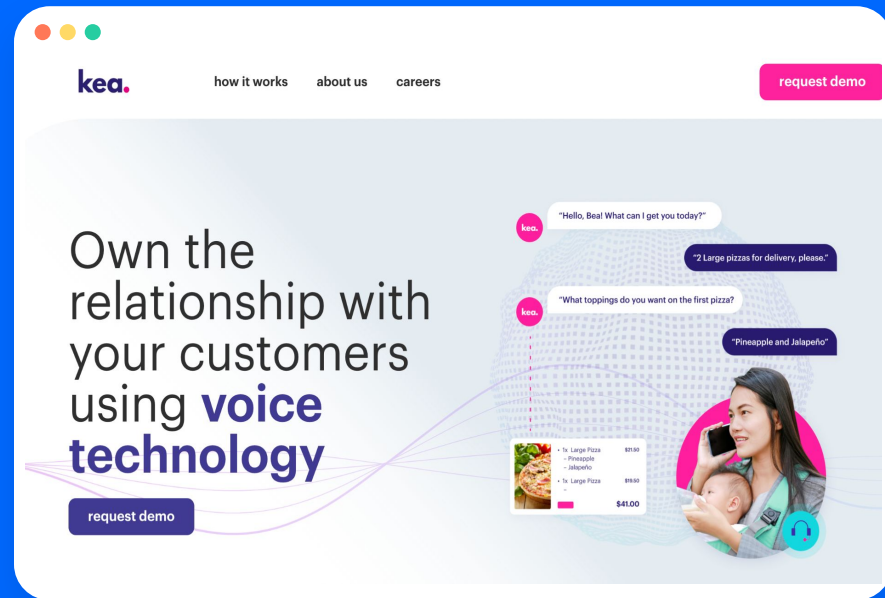
**47%**

**Revenue growth**  
Kubernetes



**120%**

**User growth**  
App Platform





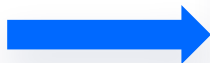
← **Tweet**



**Lydia Leong**  
@cloudpundit

...

APIs are the core of a good developer experience. The inconsistency is what makes AWS feels like a bajillion mildly-cooperating startups who share a food court, rather than a fully integrated platform.



 **first-project** DEFAULT  
Update your project information under Settings

→ Move Resources

Resources Activity Settings

DROPLETS (2)

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                |                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   <b>ubuntu-s-4vcpu-8gb-amd-sfo3-01</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 164.92.106.200 |    |
| <div><div> <b>Best Practices for Your Data</b> <a href="#">Don't Show Again</a></div><div>If you store data on this Droplet, we recommend these features:</div><div><div><b>Mount a block storage volume</b><br/>Store more data for less and seamlessly move data between Droplets.</div><div><b>Enable automatic backups</b><br/>Add security with weekly disk images for easy restoration, no configuration required.</div></div></div> |                |                                                                                                                                                                                                                                                             |
|   <b>ubuntu-s-4vcpu-8gb-amd-sfo3-01</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 164.92.106.155 |    |

# Amazon Web Services

Viewing 411 of 411 available instances



< 1 2 3 4 5 6 7 ... 21 >

| Instance name ▲ | On-Demand hourly rate ▼ | vCPU ▼ | Memory ▼ | Storage ▼ | Network performance ▼ |
|-----------------|-------------------------|--------|----------|-----------|-----------------------|
| a1.medium       | \$0.0255                | 1      | 2 GiB    | EBS Only  | Up to 10 Gigabit      |
| a1.large        | \$0.051                 | 2      | 4 GiB    | EBS Only  | Up to 10 Gigabit      |
| a1.xlarge       | \$0.102                 | 4      | 8 GiB    | EBS Only  | Up to 10 Gigabit      |
| a1.2xlarge      | \$0.204                 | 8      | 16 GiB   | EBS Only  | Up to 10 Gigabit      |
| a1.4xlarge      | \$0.408                 | 16     | 32 GiB   | EBS Only  | Up to 10 Gigabit      |
| a1.metal        | \$0.408                 | 16     | 32 GiB   | EBS Only  | Up to 10 Gigabit      |
| t4g.nano        | \$0.0042                | 2      | 0.5 GiB  | EBS Only  | Up to 5 Gigabit       |
| t4g.micro       | \$0.0084                | 2      | 1 GiB    | EBS Only  | Up to 5 Gigabit       |
| t4g.small       | \$0.0168                | 2      | 2 GiB    | EBS Only  | Up to 5 Gigabit       |
| t4g.medium      | \$0.0336                | 2      | 4 GiB    | EBS Only  | Up to 5 Gigabit       |
| t4g.large       | \$0.0672                | 2      | 8 GiB    | EBS Only  | Up to 5 Gigabit       |
| t4g.xlarge      | \$0.1344                | 4      | 16 GiB   | EBS Only  | Up to 5 Gigabit       |
| t4g.2xlarge     | \$0.2688                | 8      | 32 GiB   | EBS Only  | Up to 5 Gigabit       |
| t3.nano         | \$0.0052                | 2      | 0.5 GiB  | EBS Only  | Up to 5 Gigabit       |
| t3.micro        | \$0.0104                | 2      | 1 GiB    | EBS Only  | Up to 5 Gigabit       |
| t3.small        | \$0.0208                | 2      | 2 GiB    | EBS Only  | Up to 5 Gigabit       |
| t3.medium       | \$0.0416                | 2      | 4 GiB    | EBS Only  | Up to 5 Gigabit       |
| t3.large        | \$0.0832                | 2      | 8 GiB    | EBS Only  | Up to 5 Gigabit       |
| t3.xlarge       | \$0.1664                | 4      | 16 GiB   | EBS Only  | Up to 5 Gigabit       |
| t3.2xlarge      | \$0.3328                | 8      | 32 GiB   | EBS Only  | Up to 5 Gigabit       |

411 Instances  
+ Micro-Billing  
+ Hourly Rates  
*Customer Pain*



Get expert guidance and resources to confidently migrate your workloads to DigitalOcean →

We're hiring! Blog Docs Get support Sales

DigitalOcean Products Solutions Marketplace Community Pricing Log in Sign up

# Simple, predictable pricing

Always know what you'll pay with monthly caps and flat pricing.

Sign up with email Sign up with Google Sign up with Github

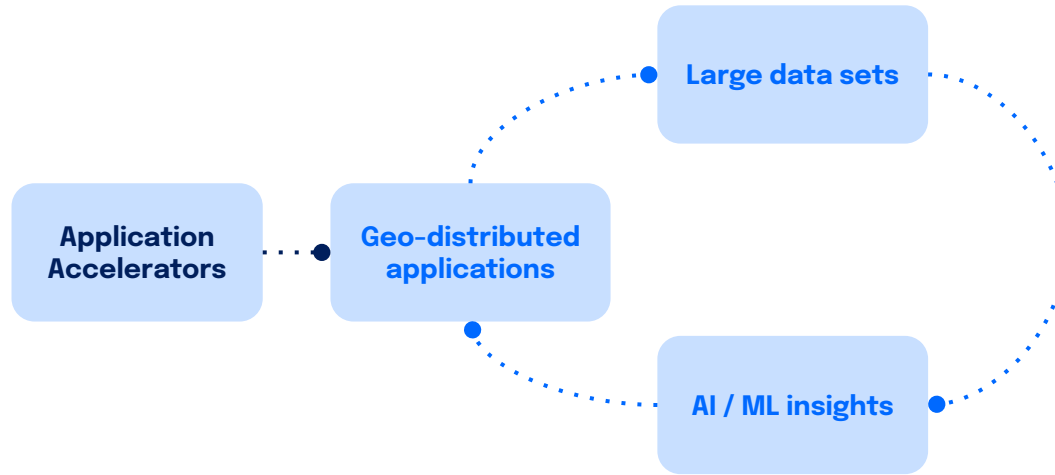
## Choose the cloud solutions you need

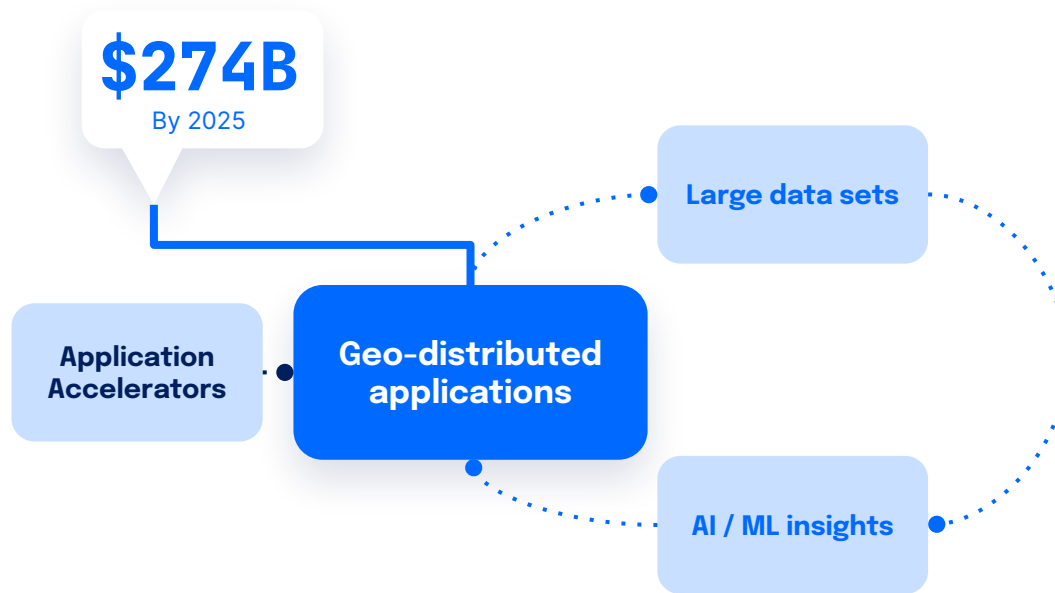
|                                                                                                                                                                               |                                                                                                                                                                |                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Droplets</b><br>Virtual Machines<br><small>Most used</small>                                                                                                               | <b>Kubernetes</b><br>Managed Kubernetes clusters                                                                                                               | <b>App Platform</b><br>Get apps to market faster<br><small>Newly added</small>                                                                                                    |
| <b>\$4/month*</b>                                                                                                                                                             | <b>\$12/month*</b>                                                                                                                                             | <b>\$5/month*</b>                                                                                                                                                                 |
| <ul style="list-style-type: none"><li>✓ Deploy in seconds</li><li>✓ Scale up on demand</li><li>✓ Run any workload - from mission critical apps to low traffic sites</li></ul> | <ul style="list-style-type: none"><li>✓ Simple, managed Kubernetes</li><li>✓ Free control plane</li><li>✓ Scale automatically, increase availability</li></ul> | <ul style="list-style-type: none"><li>✓ Build, deploy and scale apps quickly</li><li>✓ Fully managed solution, zero infrastructure management</li><li>✓ Highly scalable</li></ul> |

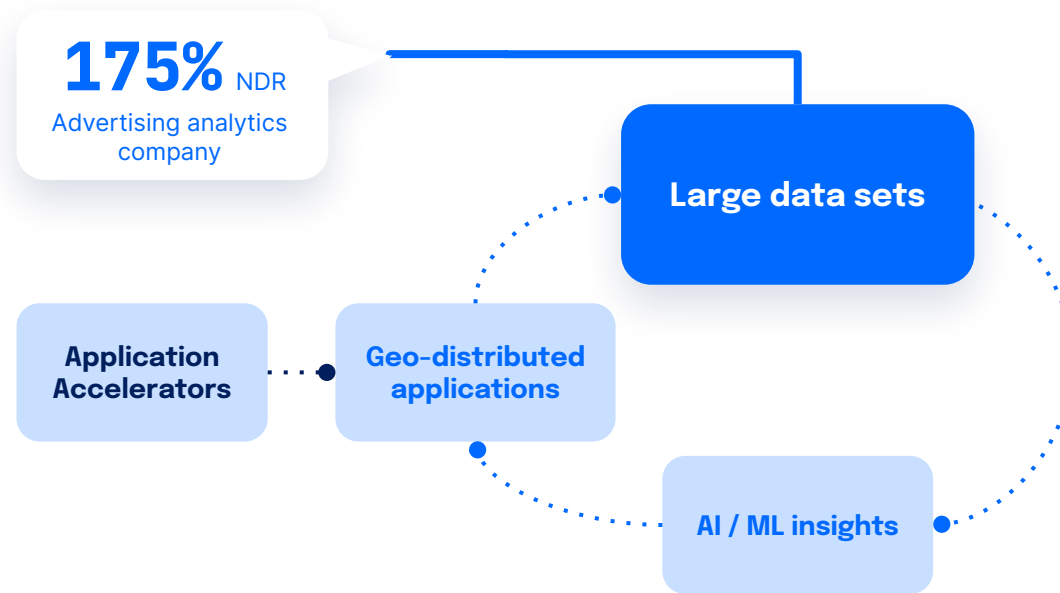
Simple  
+ Predictable  
*Customer Love*

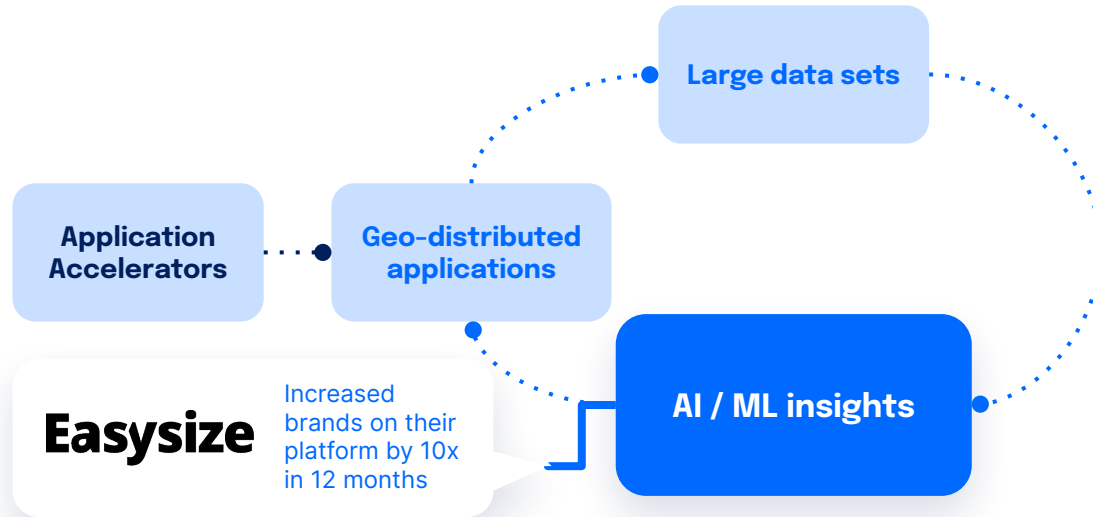
# Future product strategy

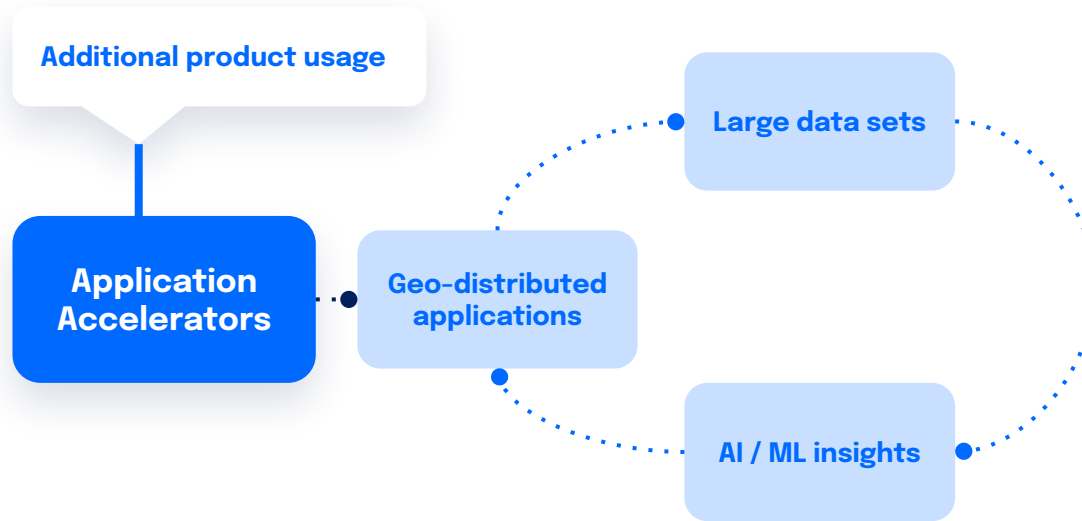


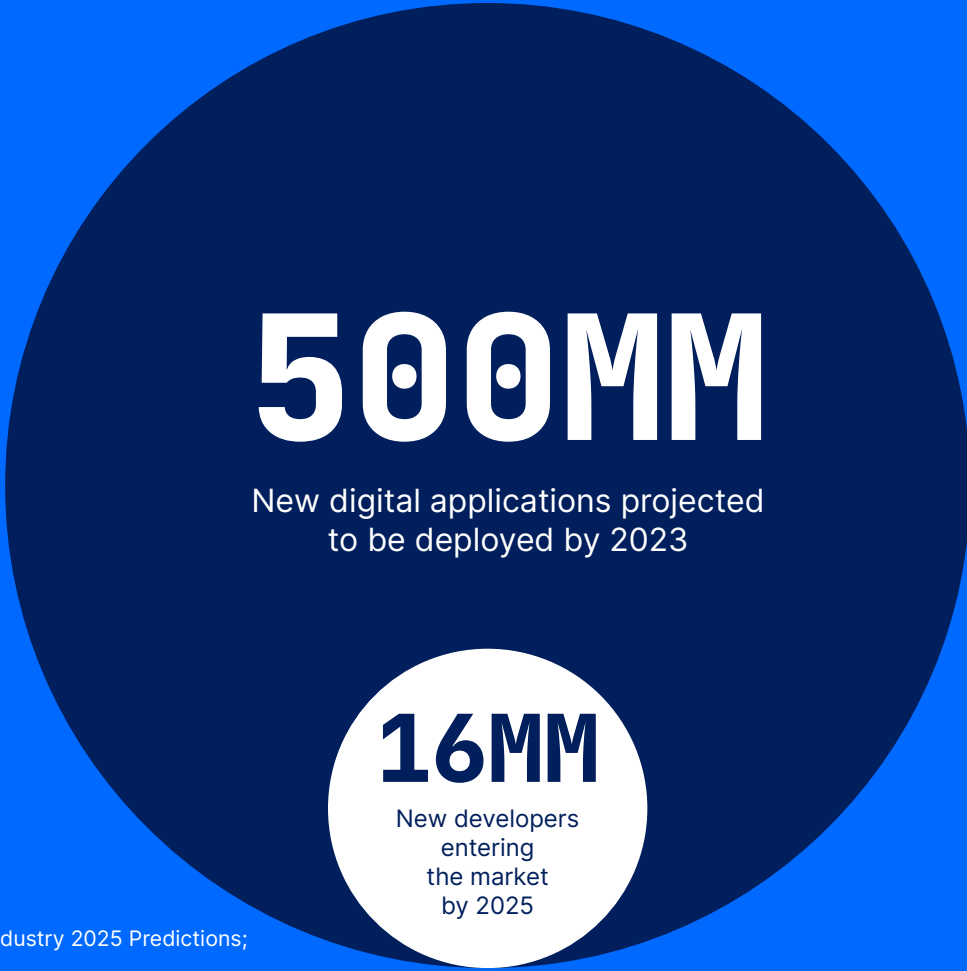












The infographic consists of a large dark blue circle on a blue background. Inside this circle, the text '500MM' is written in large white font. Below it, in smaller white font, is 'New digital applications projected to be deployed by 2023'. At the bottom of the large circle is a smaller white circle. Inside this smaller circle, the text '16MM' is written in large dark blue font. Below it, in smaller dark blue font, is 'New developers entering the market by 2025'.

# 500MM

New digital applications projected  
to be deployed by 2023

# 16MM

New developers  
entering  
the market  
by 2025



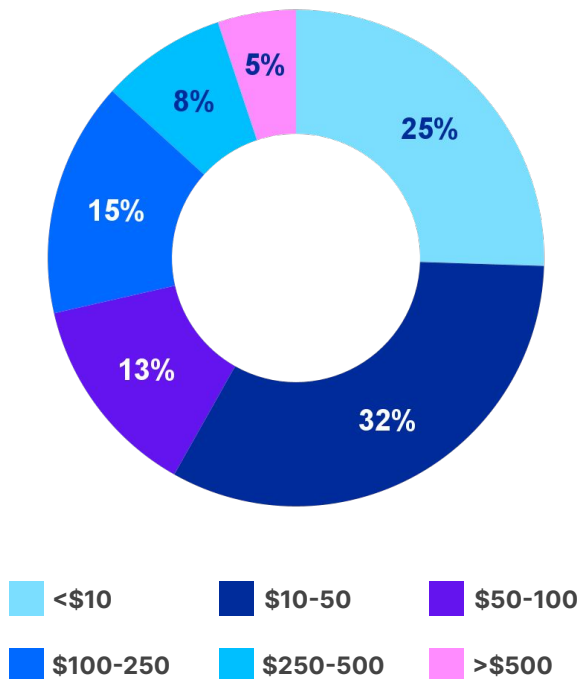
# Carly Brantz

Chief Marketing Officer

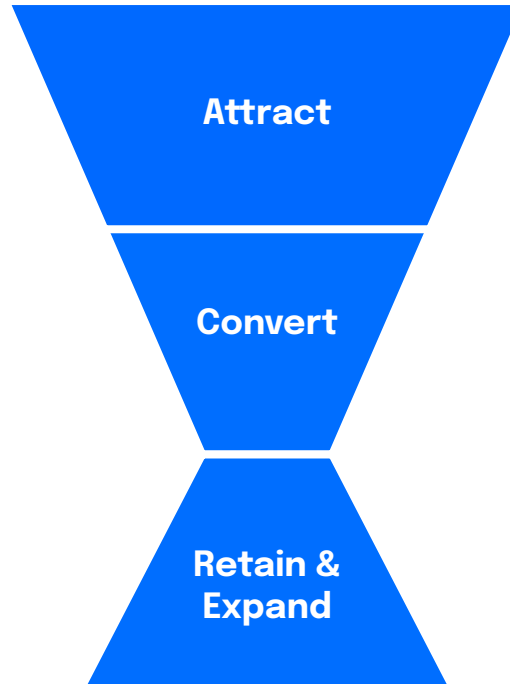
# Customer Outreach and Engagement

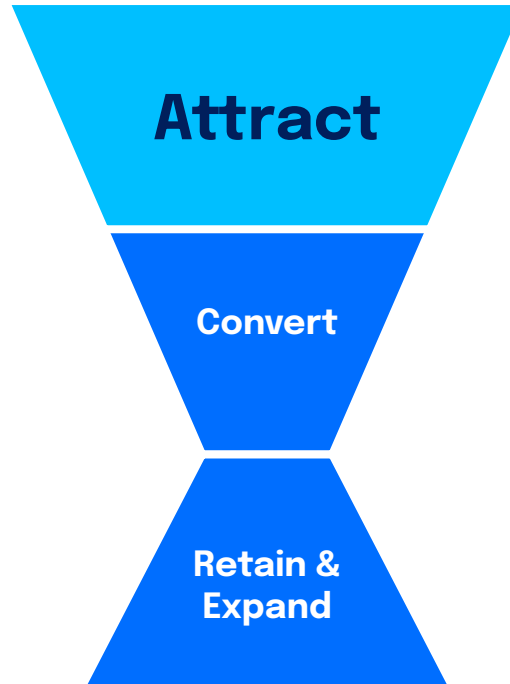


## Starting revenue of our >\$500 customers in their second month

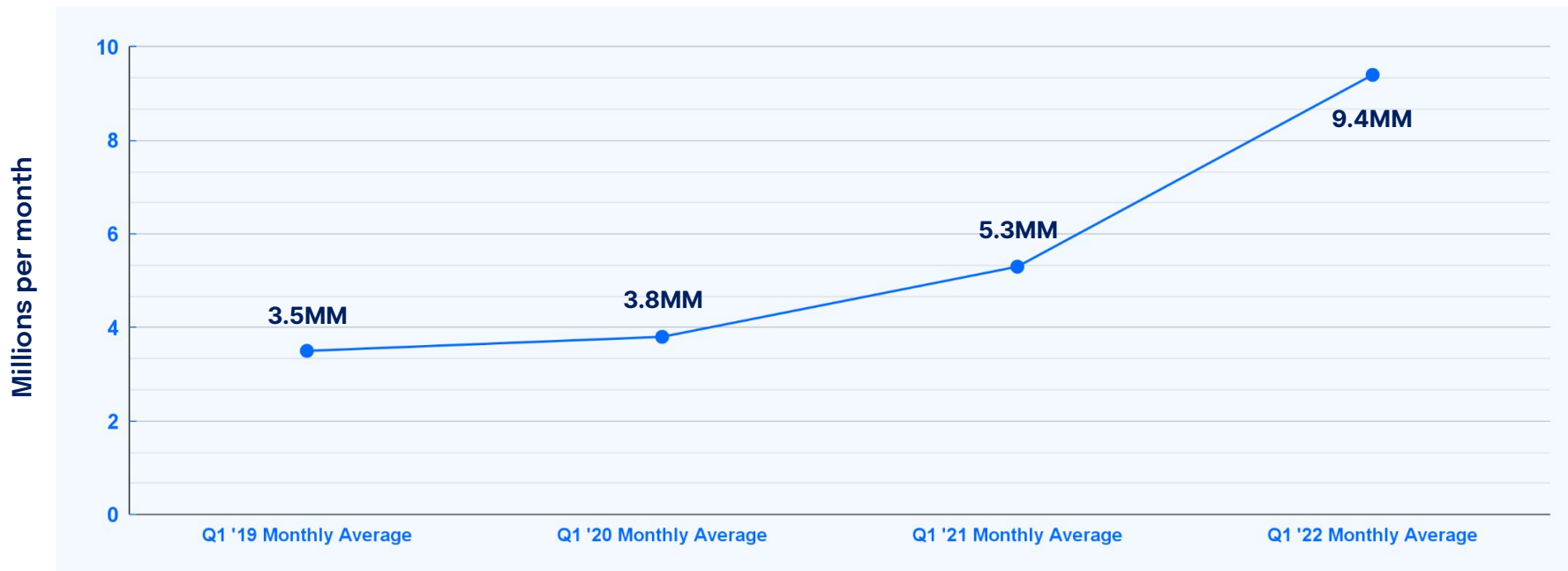


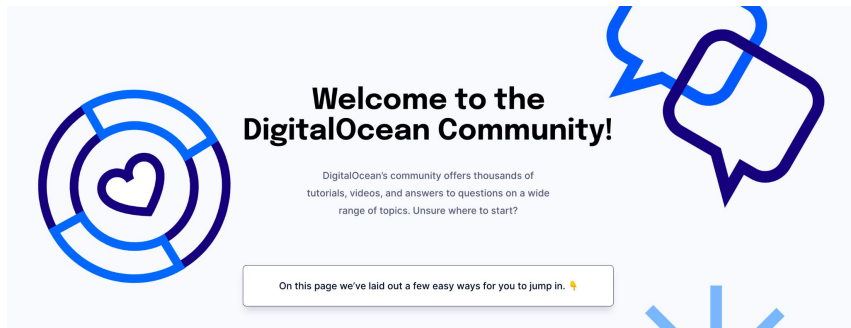
**94% of customers spending  
more than \$500/month  
started small from self  
service moat**





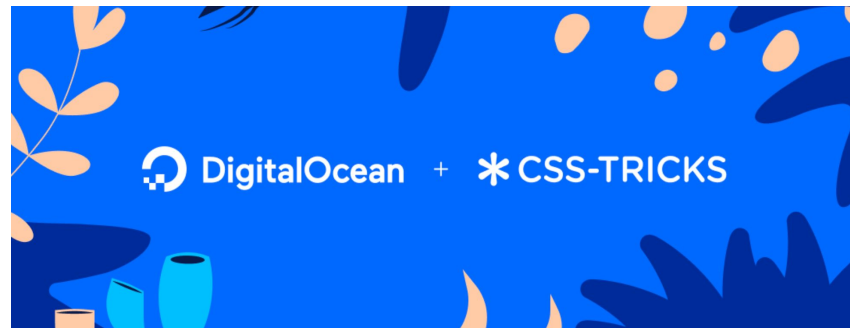
# Unique Visitors Excluding Customers (UVECs)





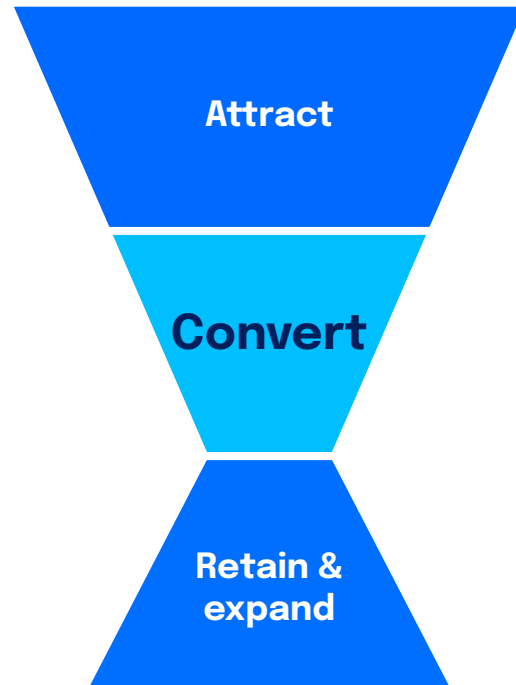
6,000+

Tutorials



7,000+

Tutorials



# Frictionless onboarding

Deploy a Ubuntu server

Select a different framework

My Team

Estimated costs: \$4.09

## Create Droplet

Servers on DigitalOcean are called Droplets. Like a local computer, you need to install the right software on your Droplet to run your project.

### Choose a location for your Droplet

We believe **New York** to be the closest region to you. If we're wrong, feel free to modify the selection.

 New York

NYC1

### Droplet Plan

We've picked the best plan for your selected package

 **\$5.00 Droplet** (\$0.007/hr)  
1 GB / 1 CPU / 25 GB SSD / 1000 GB Transfer

Change

### Choose Processor type

☒ **Standard**  
Effective, reliable hardware fit for most tasks.

☐ **Premium**  
Cutting-edge hardware improves performance. **+ \$1.00/mo**

The following disk image will be installed for you with the following contents

 **Ubuntu**  
V18.04.05 Ubuntu

### Authentication

Create a root password to access this droplet as the root user

**Password**

**Password requirement**

- ✗ Must be at least 8 characters long
- ✗ Must contain 1 uppercase (first and last characters don't count)
- ✗ Must contain 1 number
- ✗ Cannot end with a number or special character

### Recommended additional services

Add services that can be created in conjunction with your Droplet

#### Databases (optional)

 **Store your data on Managed Database** **+ \$15.00/mo**

Our scalable database cluster service includes daily backups with PITR, automated failover, and end-to-end SSL.

[+ Add a Database](#)

#### What are Droplets?

Droplets are virtual machines. A virtual machine acts like a standalone computer, running an operating system which you can log into allowing you to install and run software.

#### Upgrade your CPU

Premium Droplets are modern, lightning-fast NVMe SSDs that give you:

- Enhanced memory to power all workloads
- Lower latency
- Disk performance faster than regular SSDs

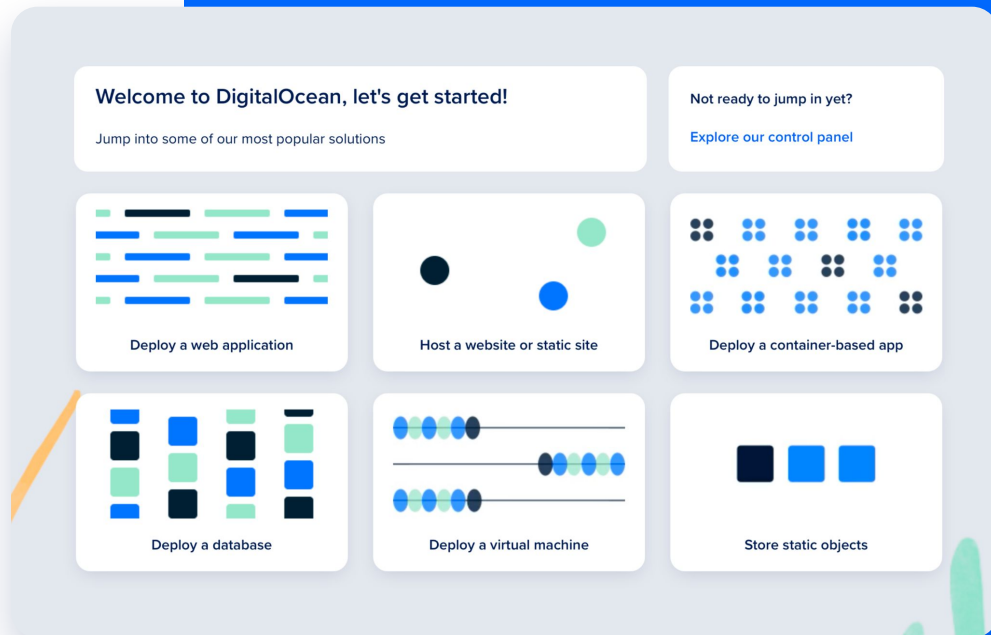
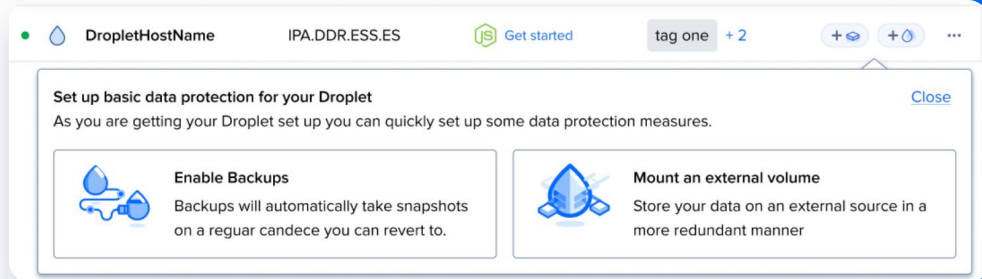
Learn more

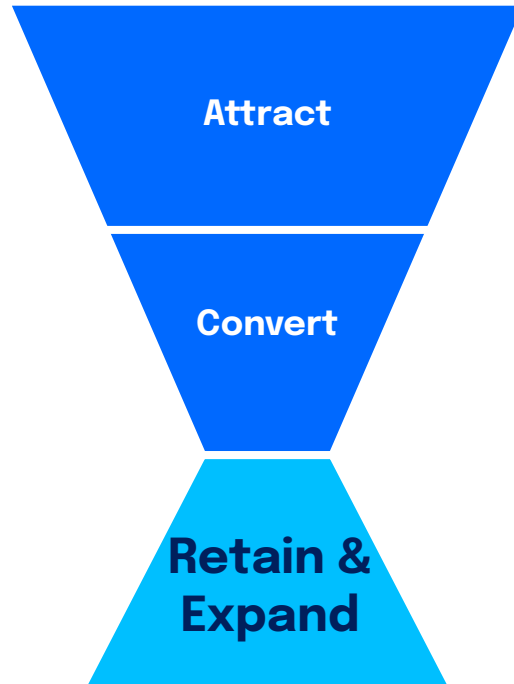
#### No Fuss Managed Databases

Focus on programming, we'll handle the rest. Store your data and take the guesswork out of configuration with a managed database cluster.

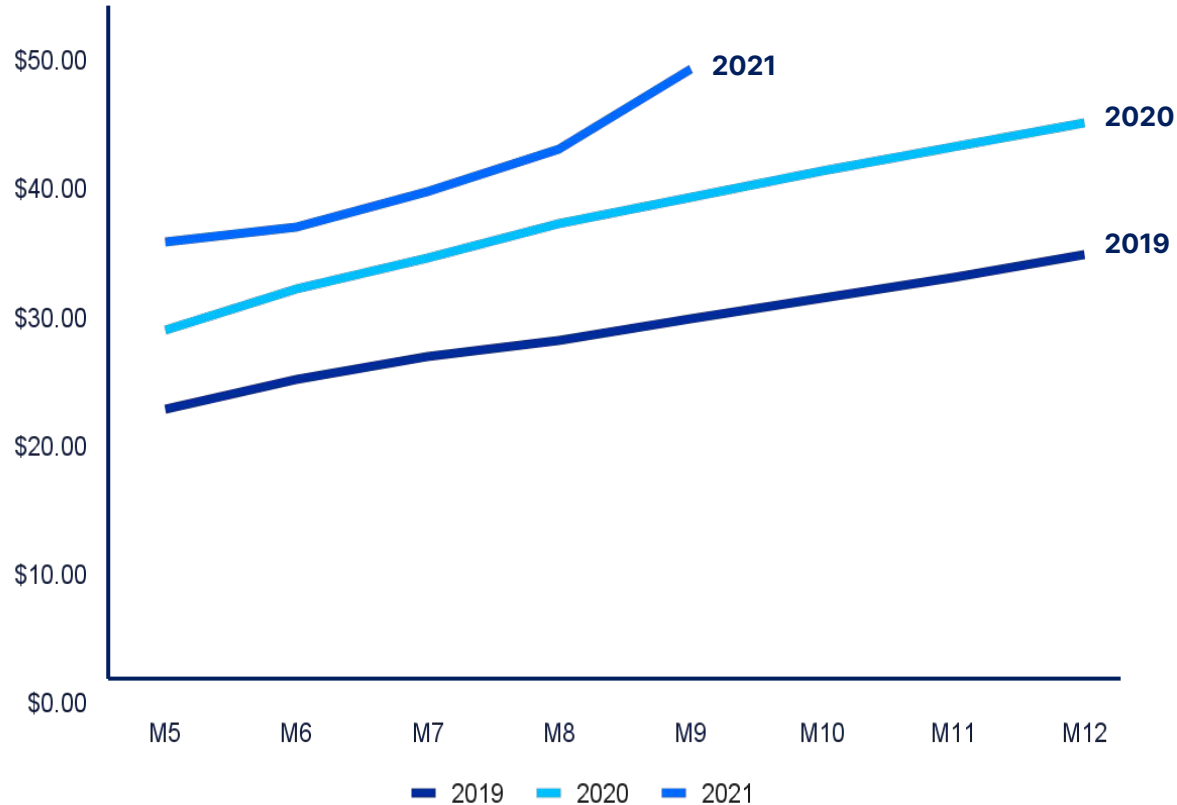
Learn more

# Abundant onboarding resources





# Average Revenue Per User (ARPU)



## Compute

Droplets, DOKS, App  
Platform



## Networking & Storage

Spaces, DBaaS, LBaaS,  
Back-up, Storage, Others



Frequent launches of  
new experiments to  
encourage growth

# Looking forward

- 01 Match use cases to evolving needs
- 02 Target activation and expansion interactions
- 03 Identify and nurture SMBs



**Happy devs  
make bigger  
waves**



# Jeff Guy

Chief Operating Officer

# High-value customers

Attract, retain, & serve



**Expansion of holistic  
GTM motion**



**Nurture and expand  
existing customers**



**Develop and scale  
partnerships channel**



## Expansion of holistic GTM motion

### Why?

New logos to  
expand our base &  
target additional  
verticals

### What we're doing:

- Lead scoring improvements
- Dedicated Account Executives
- Targeted marketing



**Blockchain**



**Streaming**



**Gaming**



**Ed Tech**



**Web Agencies**



**SaaS Builders**

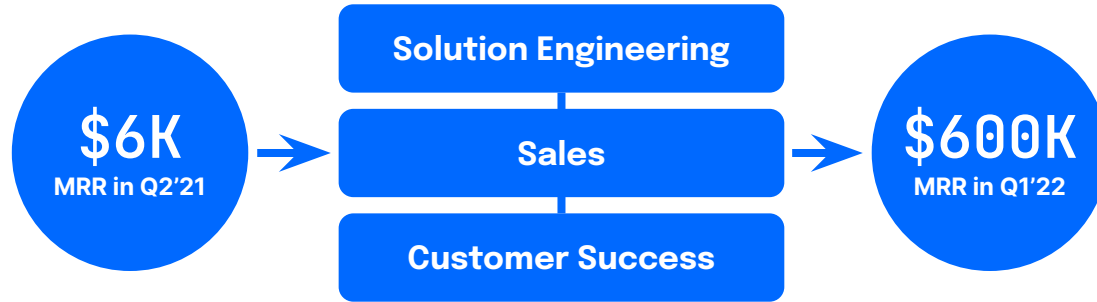


**Video**



**Managed Service  
Providers**

# Customer success in action





## Nurture and expand existing customers

| Why?                                                       | What we're doing:                                                                                                                                                                                                                          |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Large base to pursue, cost-efficient to develop and expand | <ul style="list-style-type: none"><li>• Use-case driven marketing &amp; sales campaigns with nurture orchestration</li><li>• Deeper customer coverage through Customer Care, Technical Account Management &amp; Customer Success</li></ul> |

# Lifecycle stages





## Develop and scale partnerships channel

| Why?                                                           | Examples of what we're doing                                                                                                                                                                   |
|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Drive non-linear growth through enduring, growing partnerships | <ul style="list-style-type: none"><li>Investing in the right mechanics upfront, including targeted Partnerships leadership</li><li>Identifying and targeting 'Ideal Partner Profile'</li></ul> |



**\$4**

**Learners**  
Droplet Pricing



**\$6**

**Builders**  
Droplet Pricing



**\$7**

**Scalers**  
Droplet Pricing

# 'Ideal' Partner Profiles



**Managed hosting providers**



**ISVs and Platform builders**



**Agencies and web development shops**

# Partner Satisfaction & Mutual Growth Drivers



**Single point of contact**



**Dedicated marketing partnership**



**Sales support**



**Next level service**



# Bill Sorenson

Chief Financial Officer

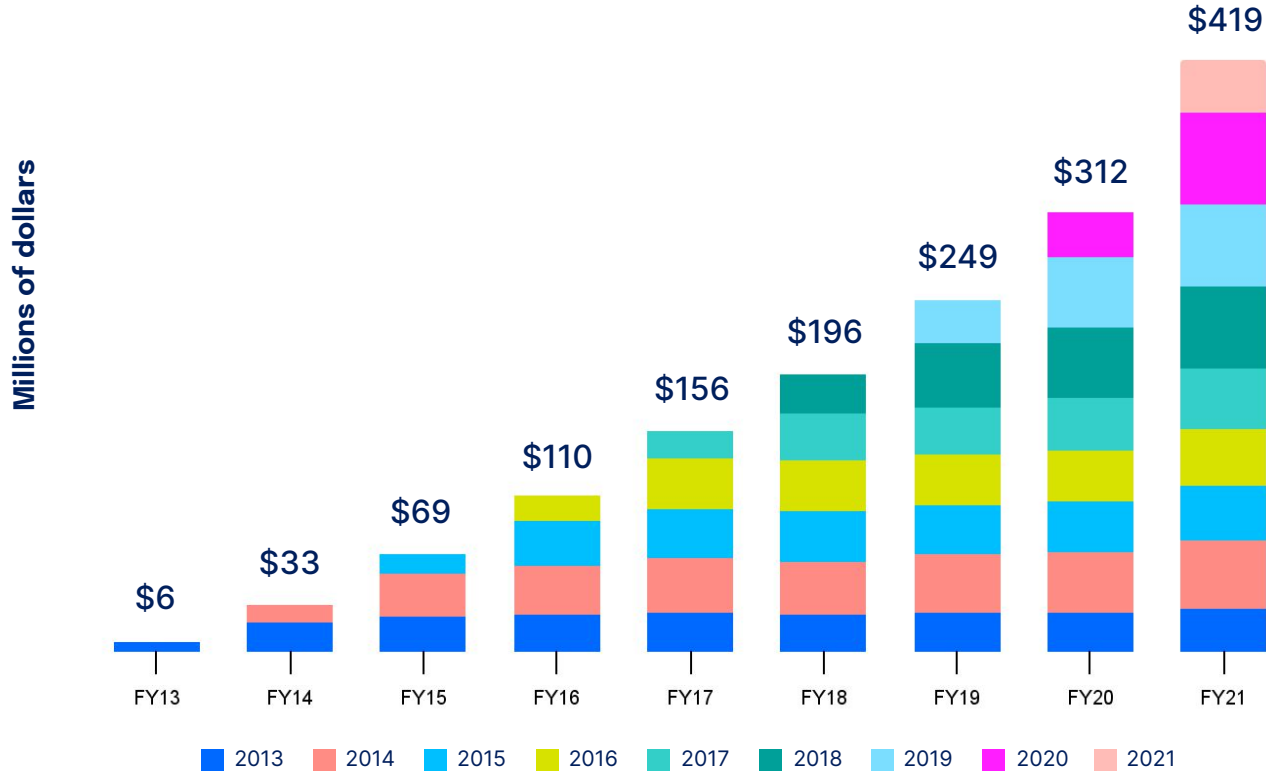
## Net Dollar Retention Rate



## Monthly ARPU



# Cohort groups rapidly scaling





**623K**

Total customers



**102K**

Customers paying  
more than \$50/mo

# Three Year Financial Targets

|                                      | FY'20    | FY'21  | 2024 Target |
|--------------------------------------|----------|--------|-------------|
| <b>Revenue Growth</b>                | 25%      | 35%    | 30%+        |
| <b>Revenue</b>                       | \$318M   | \$429M | \$1B        |
| <b>GAAP Gross Margin</b>             | 54%      | 60%    | 65%+        |
| <b>Non-GAAP Operating Income (%)</b> | 4%       | 12%    | 25%+        |
| <b>Capex as a % of revenue</b>       | 36%      | 25%    | <20%        |
| <b>Free Cash Flow Margin</b>         | Negative | 6%     | 20%         |

# Q&A Session



# Non-GAAP Reconciliations





## Non-GAAP Income from Operations and Non-GAAP Operating Margin

| <i>(In thousands)</i>                  | Year Ended December 31, |             |
|----------------------------------------|-------------------------|-------------|
|                                        | 2021                    | 2020        |
| Loss from operations                   | \$ (11,186)             | \$ (15,791) |
| Adjustments:                           |                         |             |
| Stock-based compensation               | \$ 61,577               | \$ 29,456   |
| Non-GAAP income (loss) from operations | \$ 50,391               | \$ 13,665   |
| Operating margin                       | (3)%                    | (5)%        |
| Non-GAAP operating margin              | 12 %                    | 4 %         |



## Free Cash Flow and Free Cash Flow Margin

### Free Cash Flow and Free Cash Flow Margin

| <i>(In thousands)</i>                                    | Year Ended December 31, |                    |
|----------------------------------------------------------|-------------------------|--------------------|
|                                                          | 2021                    | 2020               |
| Net cash provided by operating activities                | \$ 133,114              | \$ 58,115          |
| Adjustments:                                             |                         |                    |
| Capital expenditures - property and equipment            | (97,072)                | (98,217)           |
| Capital expenditures - internal-use software development | (6,391)                 | (12,328)           |
| Purchase of intangible assets                            | (5,636)                 | (5,118)            |
| Free Cash Flow                                           | <u>\$ 24,015</u>        | <u>\$ (57,548)</u> |
| As a percentage of revenue:                              |                         |                    |
| Net cash provided by operating activities                | 31 %                    | 18 %               |
| Free cash flow margin                                    | 6 %                     | (18)%              |