

 **ATLASSIAN** Summit

# Investor & Financial Analyst Session

September 13, 2017



SCOTT FARQUHAR  
CO-CEO & CO-FOUNDER



MIKE CANNON-BROOKES  
CO-CEO & CO-FOUNDER



JAY SIMONS  
PRESIDENT



SRI VISWANATH  
CTO



MURRAY DEMO  
CFO



IAN LEE  
INVESTOR RELATIONS

# Legal disclosure

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This presentation includes certain non-IFRS financial measures. These non-IFRS financial measures are in addition to, and not a substitute for or superior to measures of financial performance prepared in accordance with IFRS. There are a number of limitations related to the use of these non-IFRS financial measures versus their nearest IFRS equivalents. For example, other companies may calculate non-IFRS financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-IFRS financial measures as tools for comparison. We have provided a reconciliation of those measures to the most directly comparable IFRS measures, which is available in the appendix.

Further information on these and other factors that could affect our financial results is included in filings we make with the Securities and Exchange Commission (“SEC”) from time to time, including the section titled “Risk Factors” in our most recent Forms 20-F and 6-K (reporting our quarterly results). These documents are available on the SEC Filings section of our Investor Relations section of Atlassian's website at: <https://investors.atlassian.com>.

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## **Introduction**

Ian Lee, Investor Relations

## **Go-to-market overview**

Jay Simons, President

## **R&D overview**

Sri Viswanath, CTO

## **Financial summary**

Murray Demo, CFO

## Top takeaways

---

1

2

3

4

5

6

# Go-to-market approach continues to scale

Continue to add a large volume of new  
customers around the globe



## Top takeaways

---

1

2

3

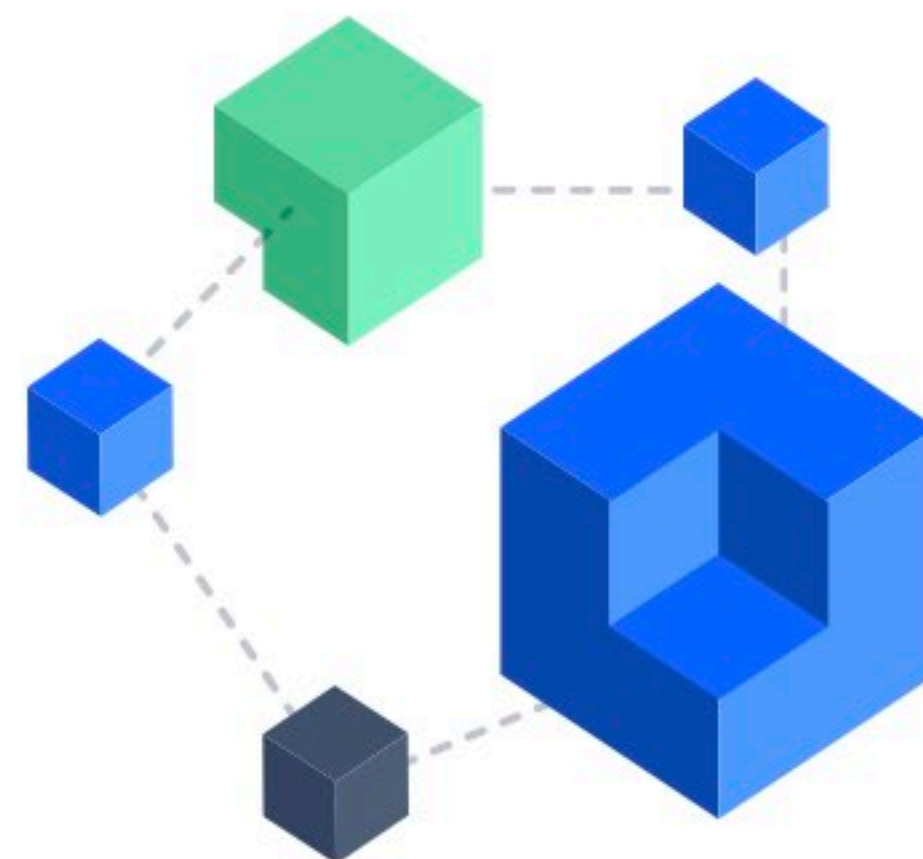
4

5

6

# Expansion paths humming

Growth in both diverse team usage  
and large enterprise scale expansion



## Top takeaways

---

1

2

3

4

5

6

# R&D: the lifeblood of our company

Engineering innovation and excellence  
are central to our model



## Top takeaways

---

1

2

3

4

5

6

# The forecast is cloudy (in a good way)

Set up for cloud at scale



## Top takeaways

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1

2

3

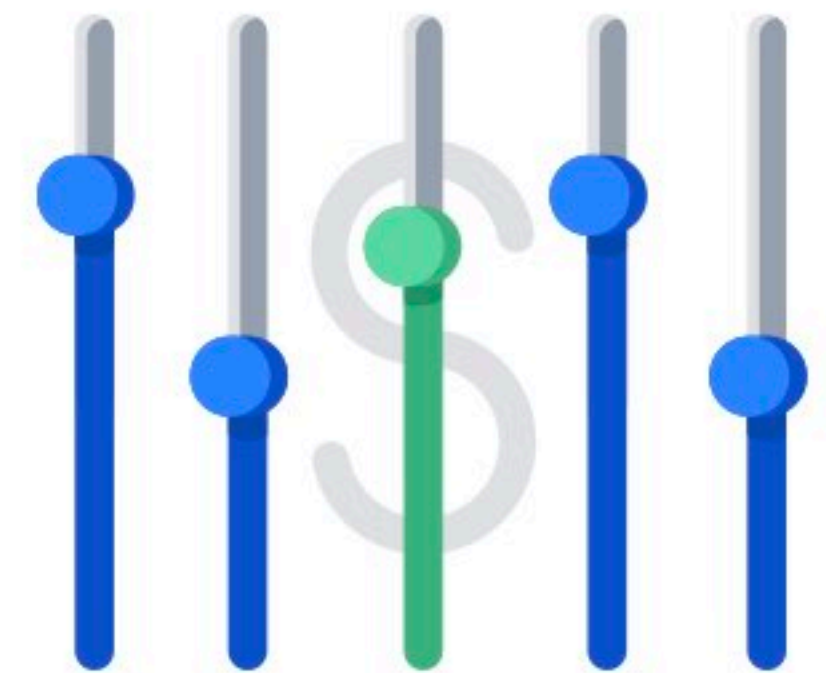
4

5

6

# The price is right!

Taking a strategic, long-term  
approach to pricing



## Top takeaways

---

1

2

3

4

5

6

# A model financial model

Consistent revenue growth *and*  
free cash flow generation





# Go-to-Market Overview

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**JAY SIMONS**  
President

# Agenda

Atlassian Quick Overview

The Atlassian Model

Land-&-Expand Explained

# Key takeaways



## Model is key advantage

Efficient go-to-market approach paired with strong R&D investments

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## GTM approach continues to scale

Continue to add a large volume of new customers around the globe

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## Expansion paths humming

Growth in both diverse team usage and enterprise expansion



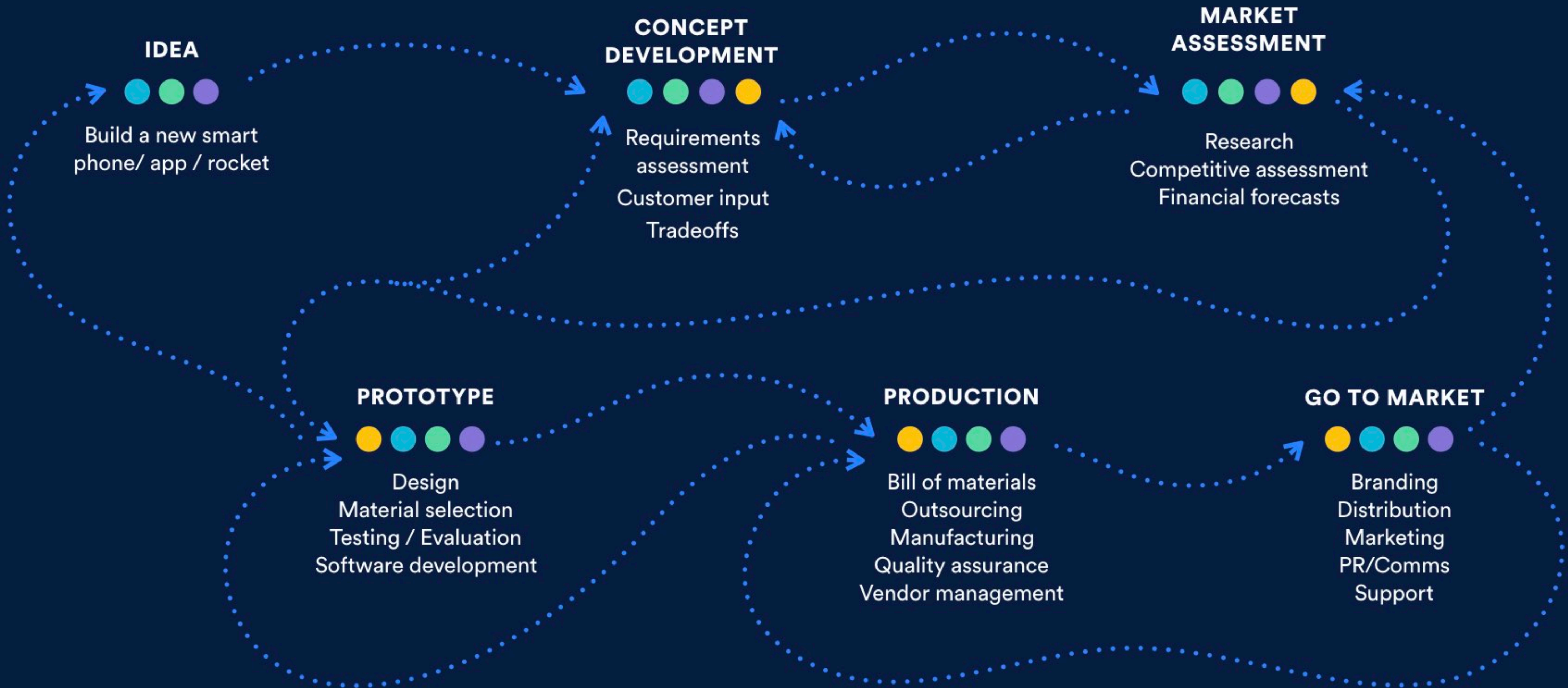
# Atlassian Quick Overview

**We live in an incredible  
time, thanks to the  
work of teams**



# Teamwork is hard

● Create ● Support ● Discuss ● Organize



# And getting harder

## **New challenges**

Trapped knowledge

Product fragmentation

Lack of a shared vision

## **New technology**

AI / Machine learning

AR / VR

Connected devices

## **New ways of working**

Networked organizations

Remote working

Freelance economy

**Our mission is to unleash the potential  
of every team.**

**WE BELIEVE**

**When you open up work, you unleash the  
full potential of every team**

## WE BELIEVE

# When you open up work, you unleash the full potential of every team

### Open Way of Working

Unhindered access to the right context, the bigger picture, and the important information when it's needed most

### Open Way of Thinking

Openness to feedback, debate, and free-flowing conversation in the context of the work being done

### Open Way of Being

Bringing your full, truest self to work, while freely & openly contributing to the bigger picture

### Open Business Model

Enabling open access to our products, making them easy to try, buy, and customize to your need(s)

## WHAT WE DO

---



Team



Organize

Create



Discuss

Support



Work



# TEAMWORK PLATFORM



Software Teams



Marketing Teams



IT Teams



HR Teams



Finance Teams



Reactions



Convos



Mentions



Files



Meetings



Decisions



 Jira Software

Planning & tracking

 Stride

Messaging & communicate

 Trello

Organizing projects

 Confluence

Content collaboration

 Bitbucket

Code collaboration



Jira Software



Jira Service Desk



Jira Core

# ◈ Jira Software

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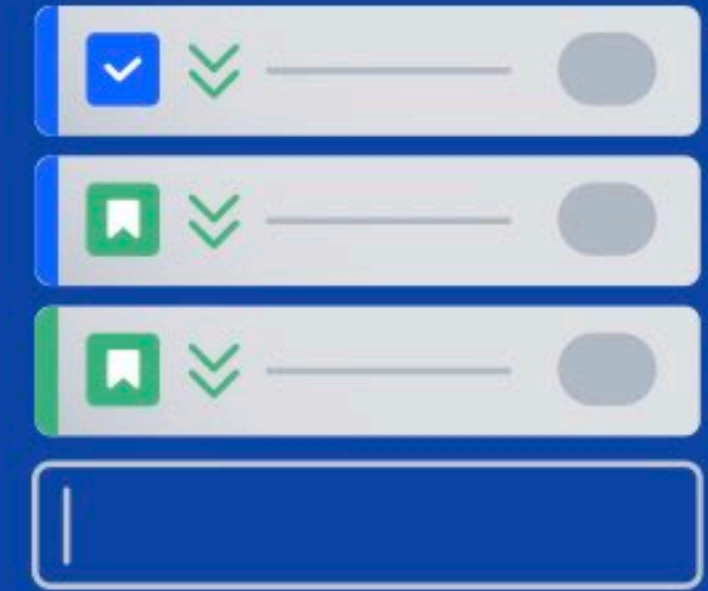
# ⚡ Jira Service Desk

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# ◀ Jira Core

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Confluence



Trello



Bitbucket



Stride



Statuspage

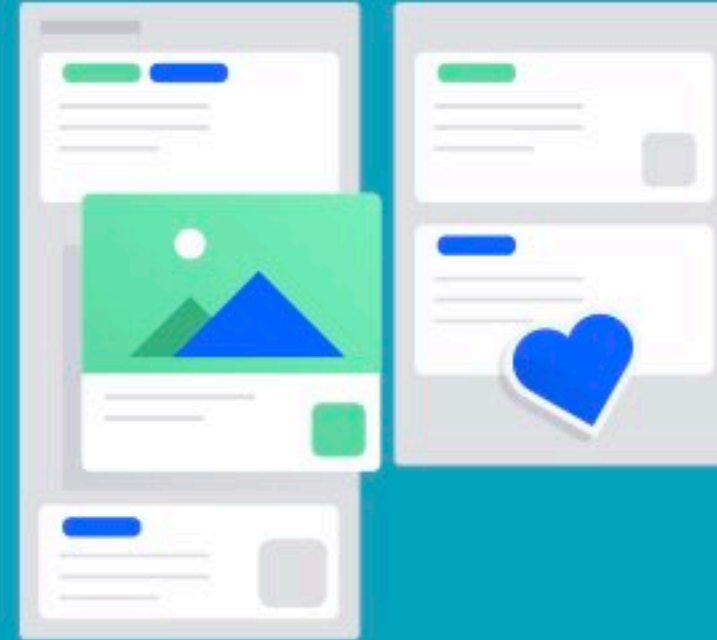
▲ ATlassian

Marketplace

 Confluence



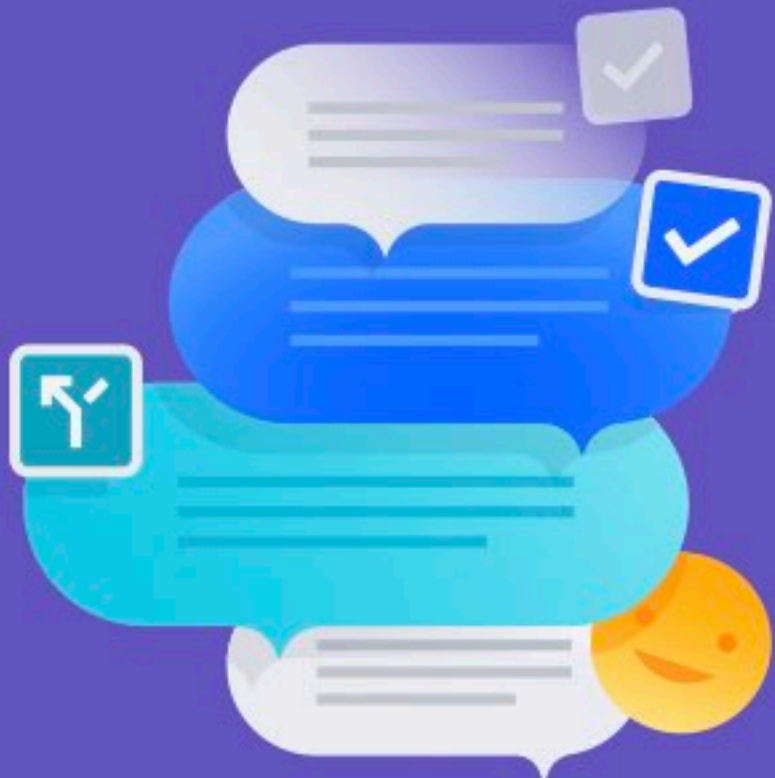
 Trello



 Bitbucket



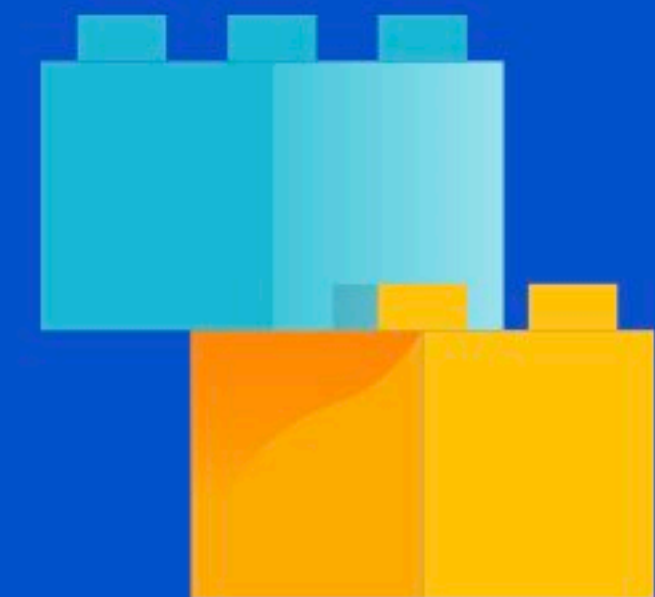
 Stride



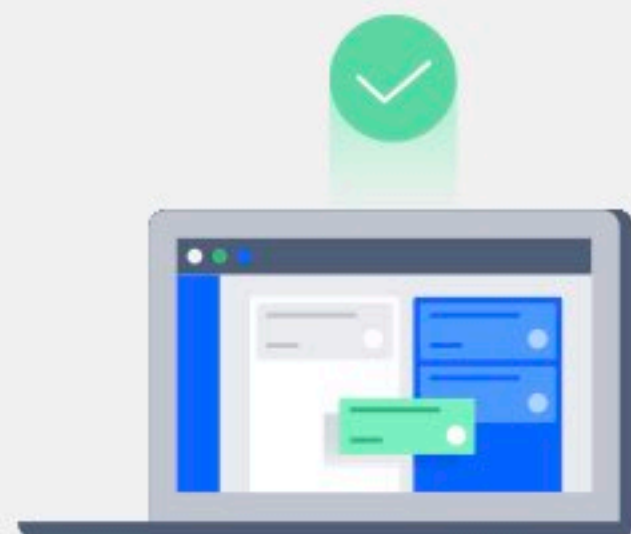
 Statuspage



 **ATLASSIAN** Marketplace



# Our competitive advantage



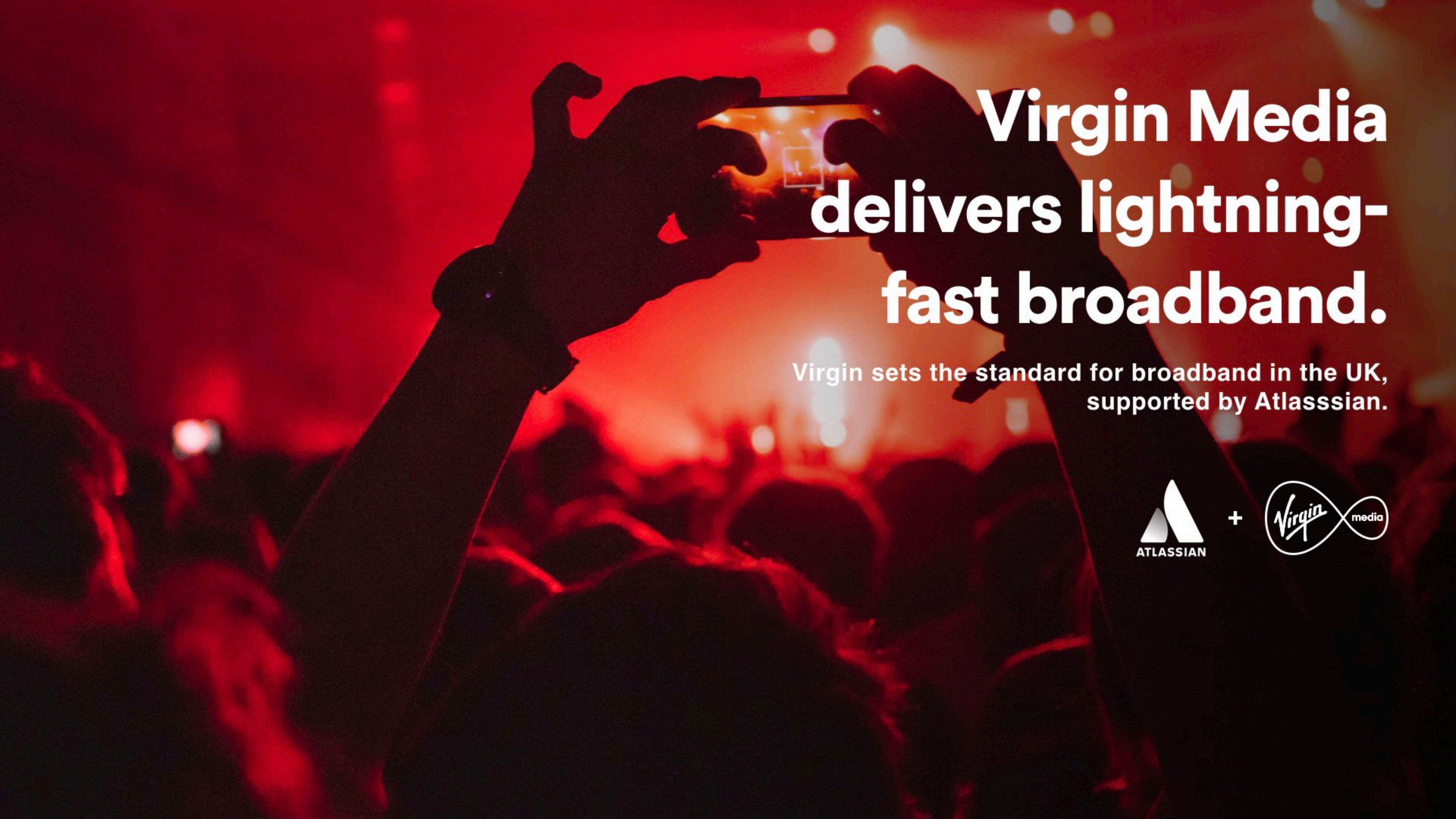
## Why we win

- Great products
- Multiple landing points
- Low-friction
- Disruptive pricing
- Ease-of-use -> viral adoption
- Marketplace -> custom apps



## Who we compete with

- Legacy incumbents
- Pure play / Up-starts
- Open source
- White space:  
docs+spreadsheets+email



# Virgin Media delivers lightning- fast broadband.

Virgin sets the standard for broadband in the UK,  
supported by Atlassian.



+



# #1 in the UK, Daily Telegraph reaches 3M readers a day.

The Daily Telegraph uses Atlassian to keep the presses – and other media channels – running.



+ The Daily Telegraph

# Tesla drives the auto industry into the future.

Atlassian helps Tesla work more efficiently in the name of energy efficiency.



ATLASSIAN

+ TESLA

SMART Car

TESLA

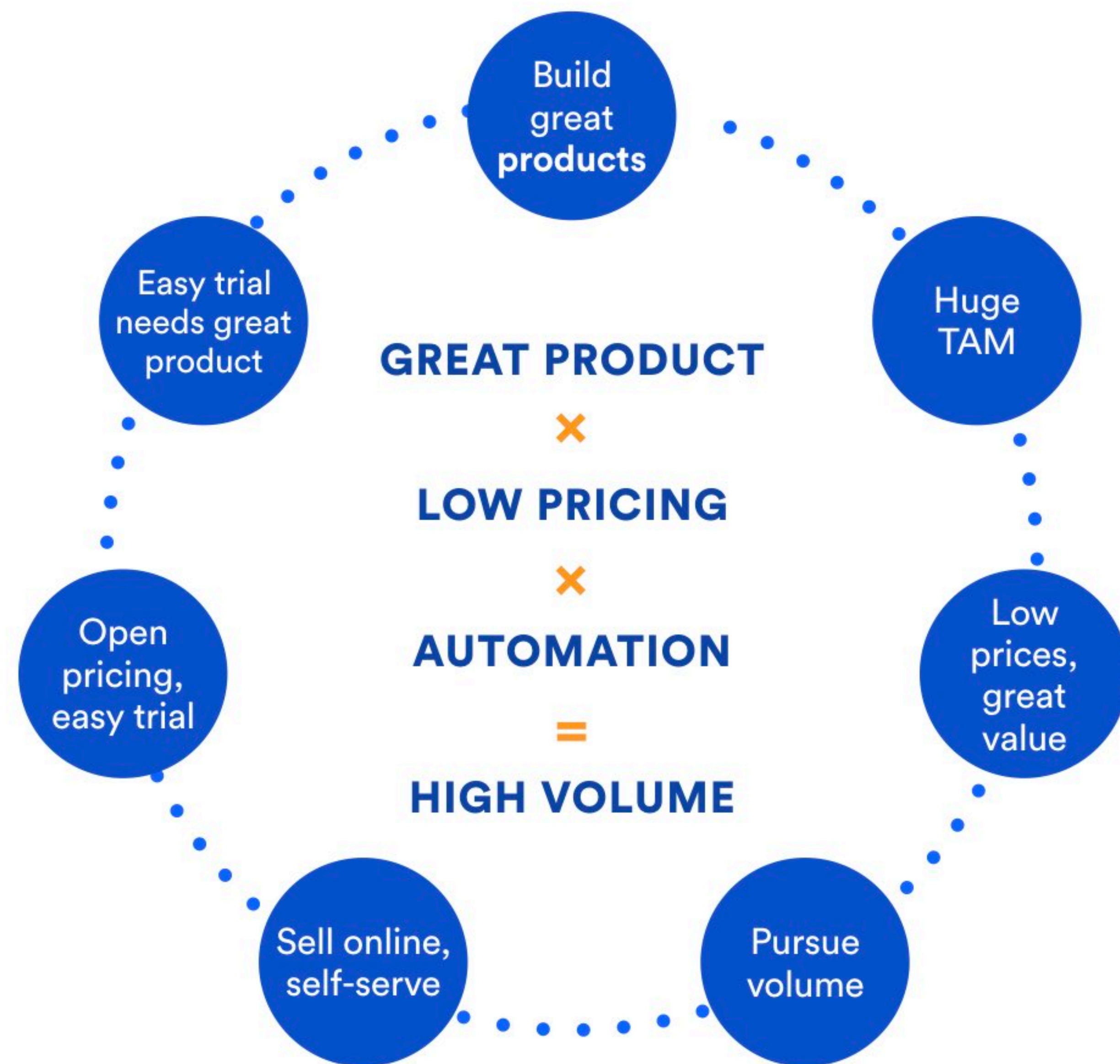


# The Atlassian Model

# MODEL PHILOSOPHY

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Our model focuses  
on quick & efficient  
acquisition of  
customers, at scale



## THE OLD WAY

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Hard to try & deploy  
Expensive to buy  
Heavy discounting  
Top down  
Month cycles  
Offline business model

## THE ATLASSIAN WAY

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Do-it-yourself software  
Fits any budget  
Predictable pricing  
Bottom up  
Day cycles  
E-commerce business model

# WE OPTIMIZE FOR CUSTOMER SELF-SERVICE

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All pricing online

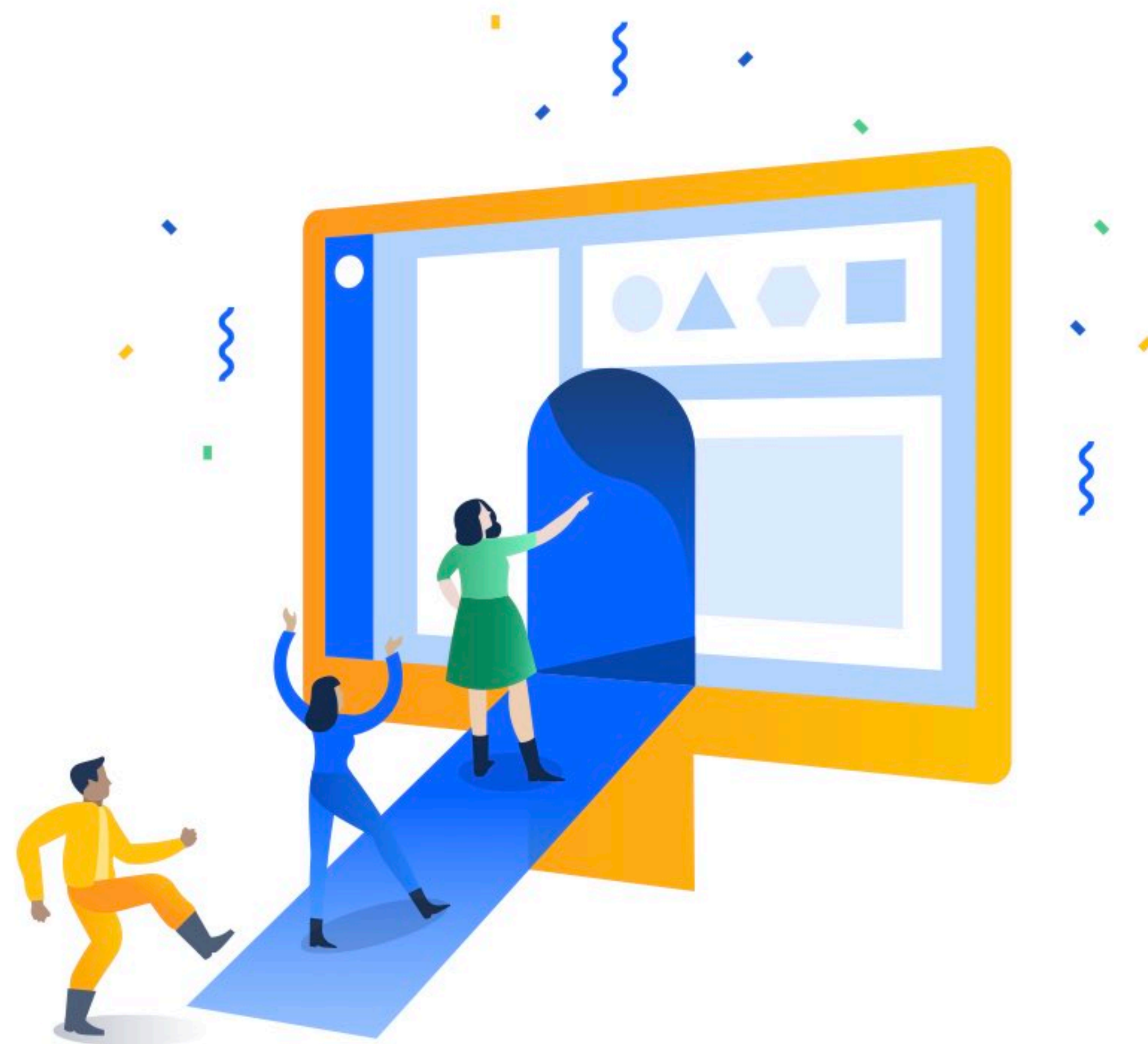
All products free to try

No forms or gates

No custom contracts

No hidden pricing

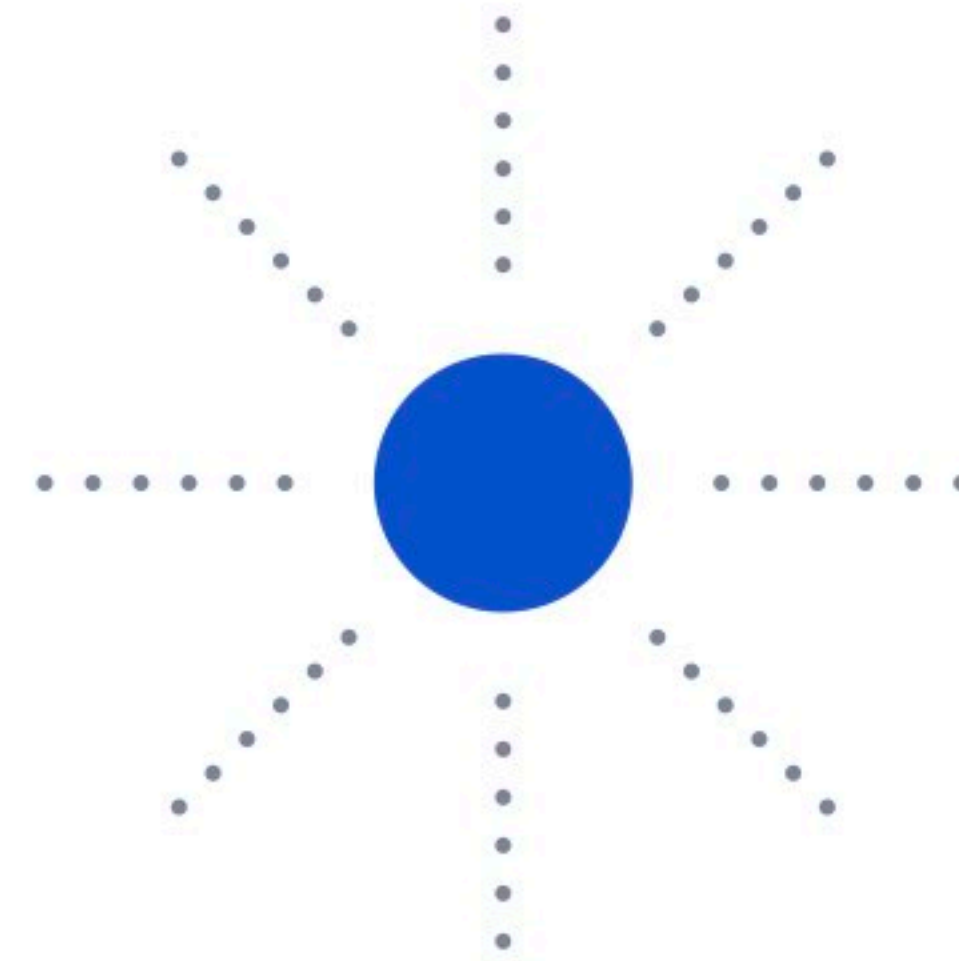
All purchasing is simple



# Our growth is fueled by a powerful land & expand strategy

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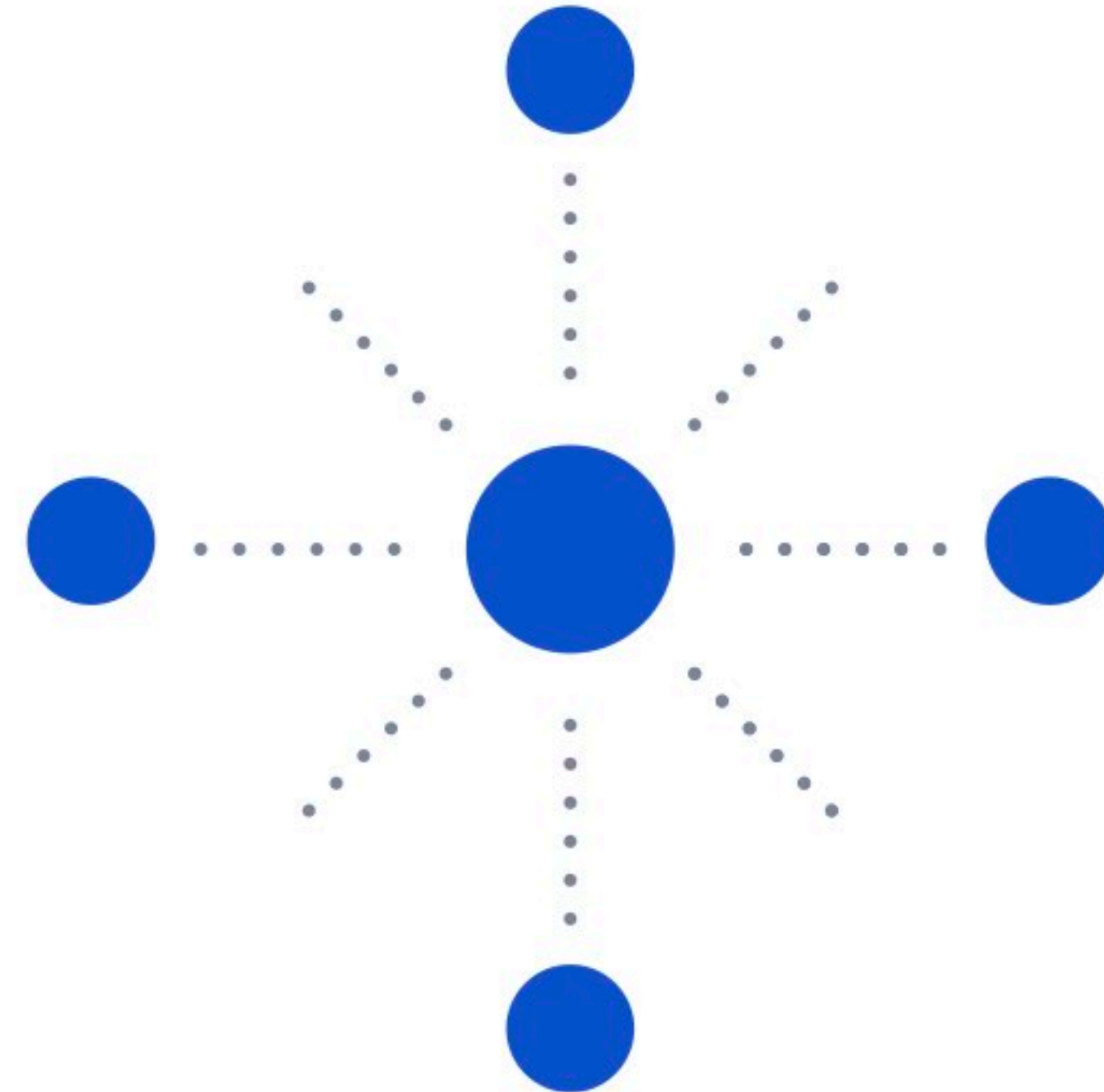
Atlassian champion  
introduces Atlassian  
products to their team or  
a new user discovers us



# Our growth is fueled by a powerful land & expand strategy

---

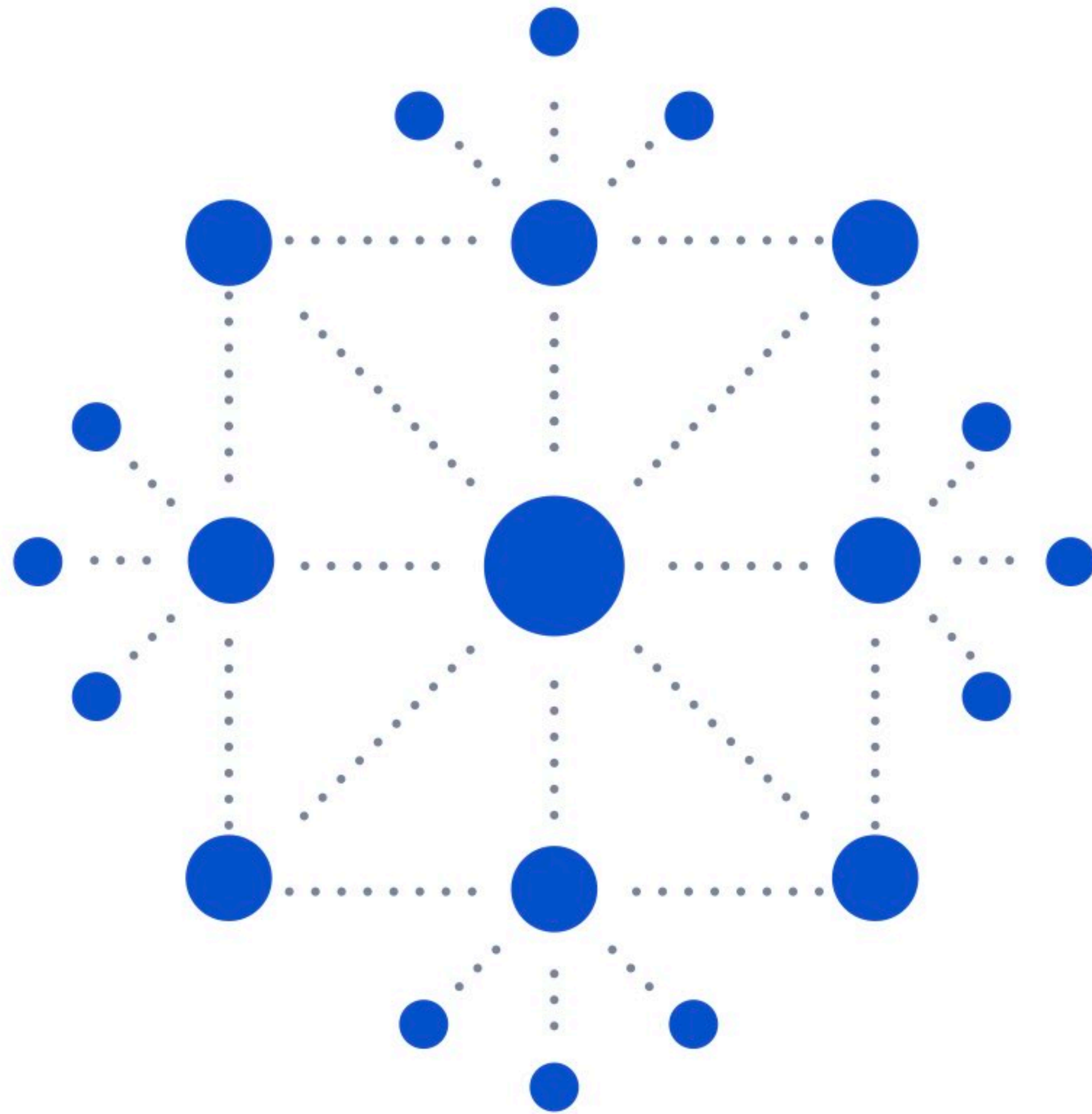
Original team demonstrates  
to other teams better, more  
open ways of working



# Our growth is fueled by a powerful land & expand strategy

---

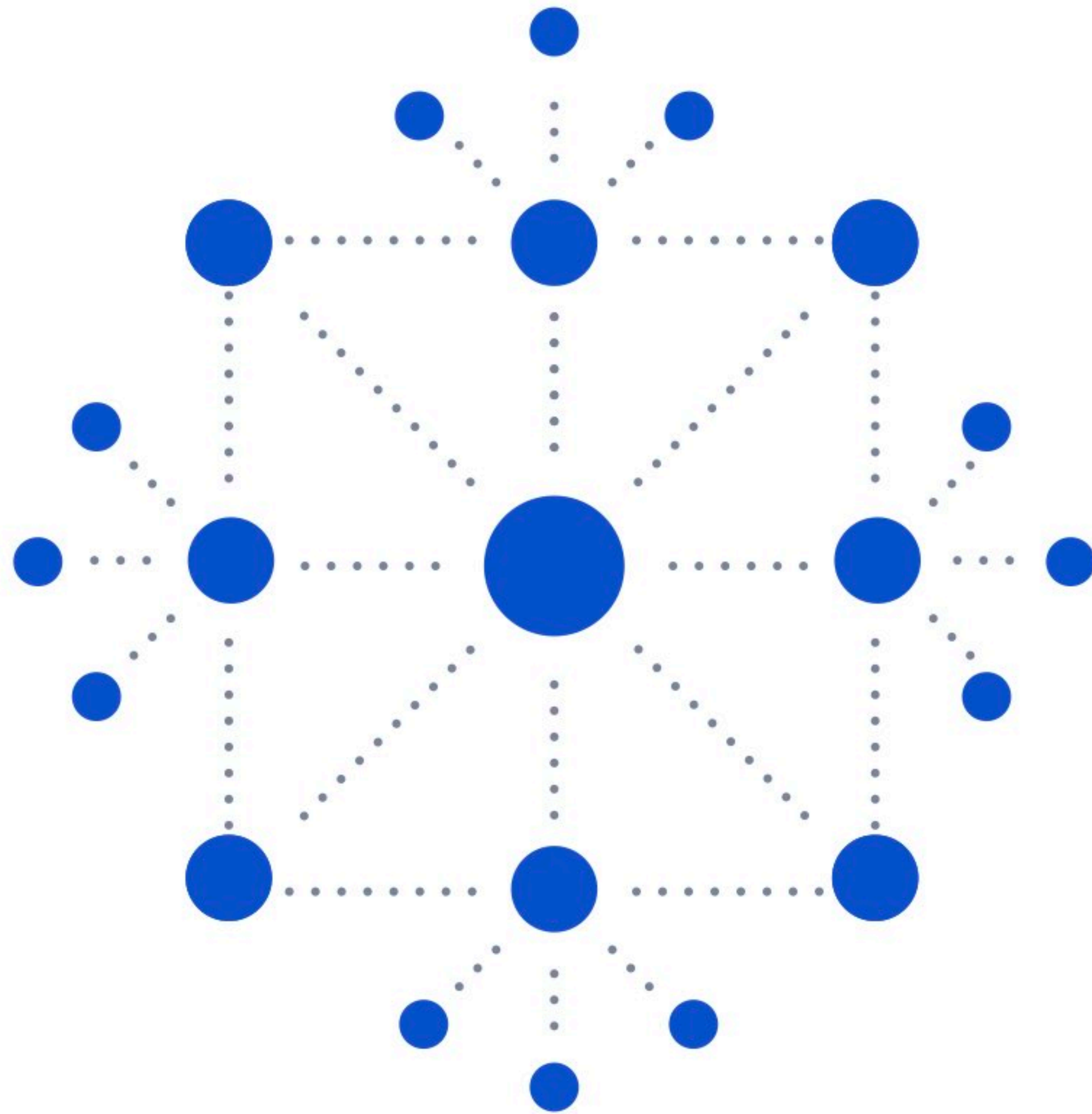
Usage and products spread,  
with many teams using  
multiple Atlassian products



# Our growth is fueled by a powerful land & expand strategy

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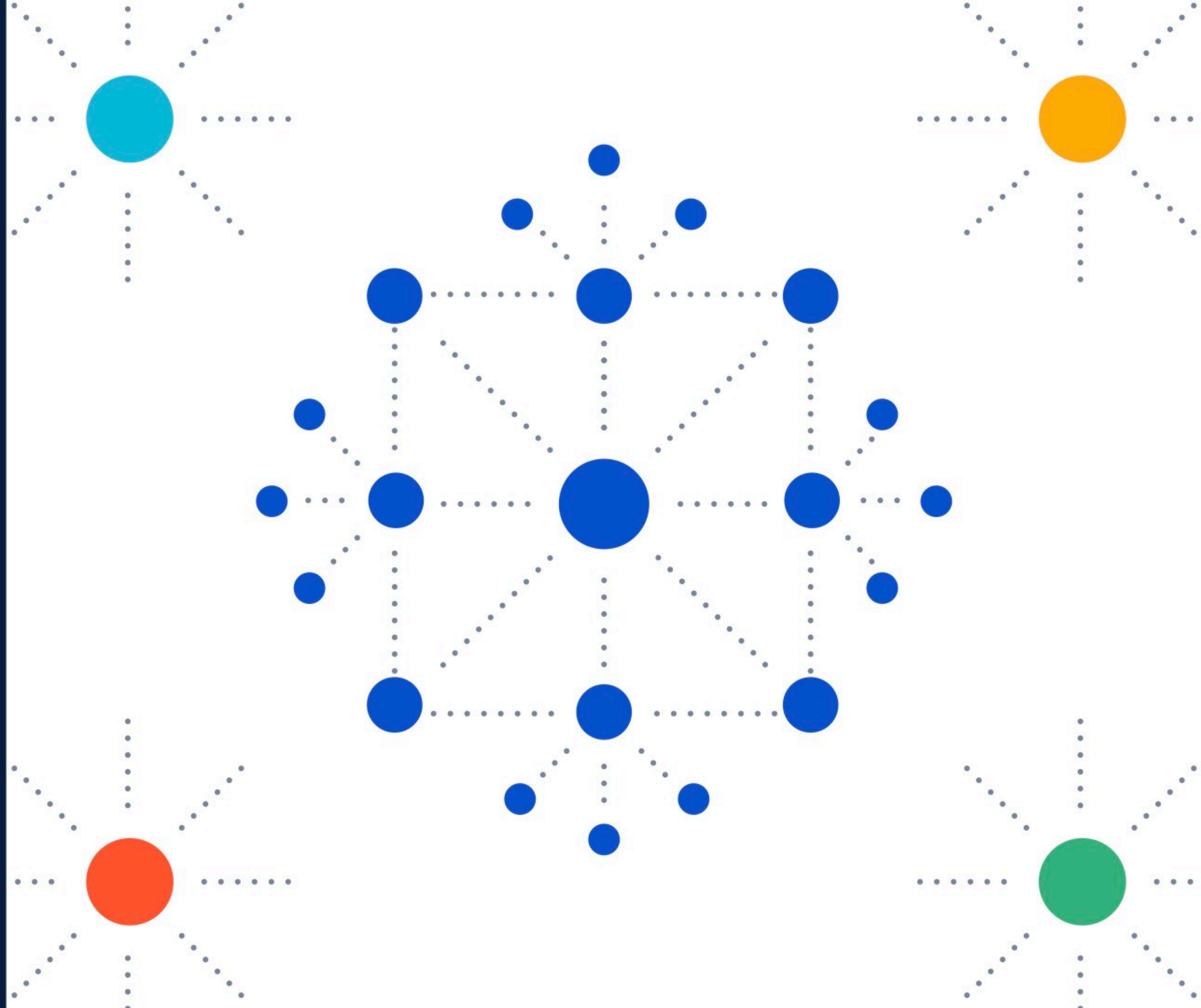
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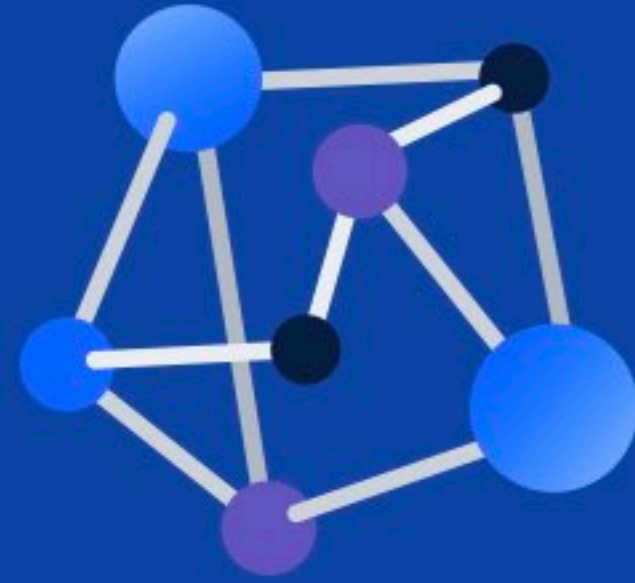


# Our growth is fueled by a powerful land & expand strategy

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New Atlassian champions  
created, who spread the word  
or move to new companies





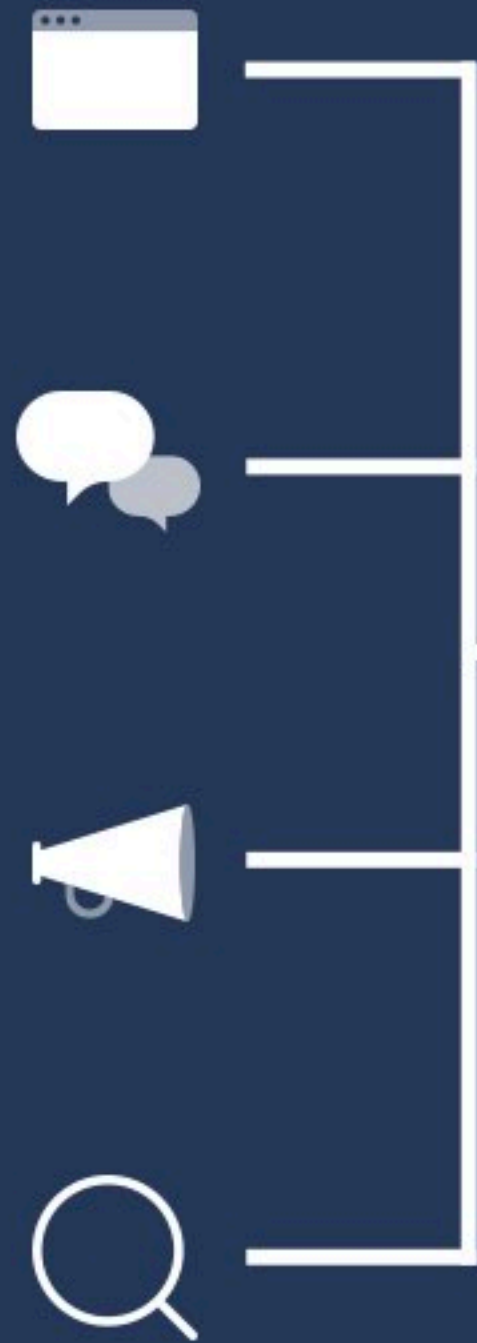
# Land-&-Expand Explained

# The customer lifecycle

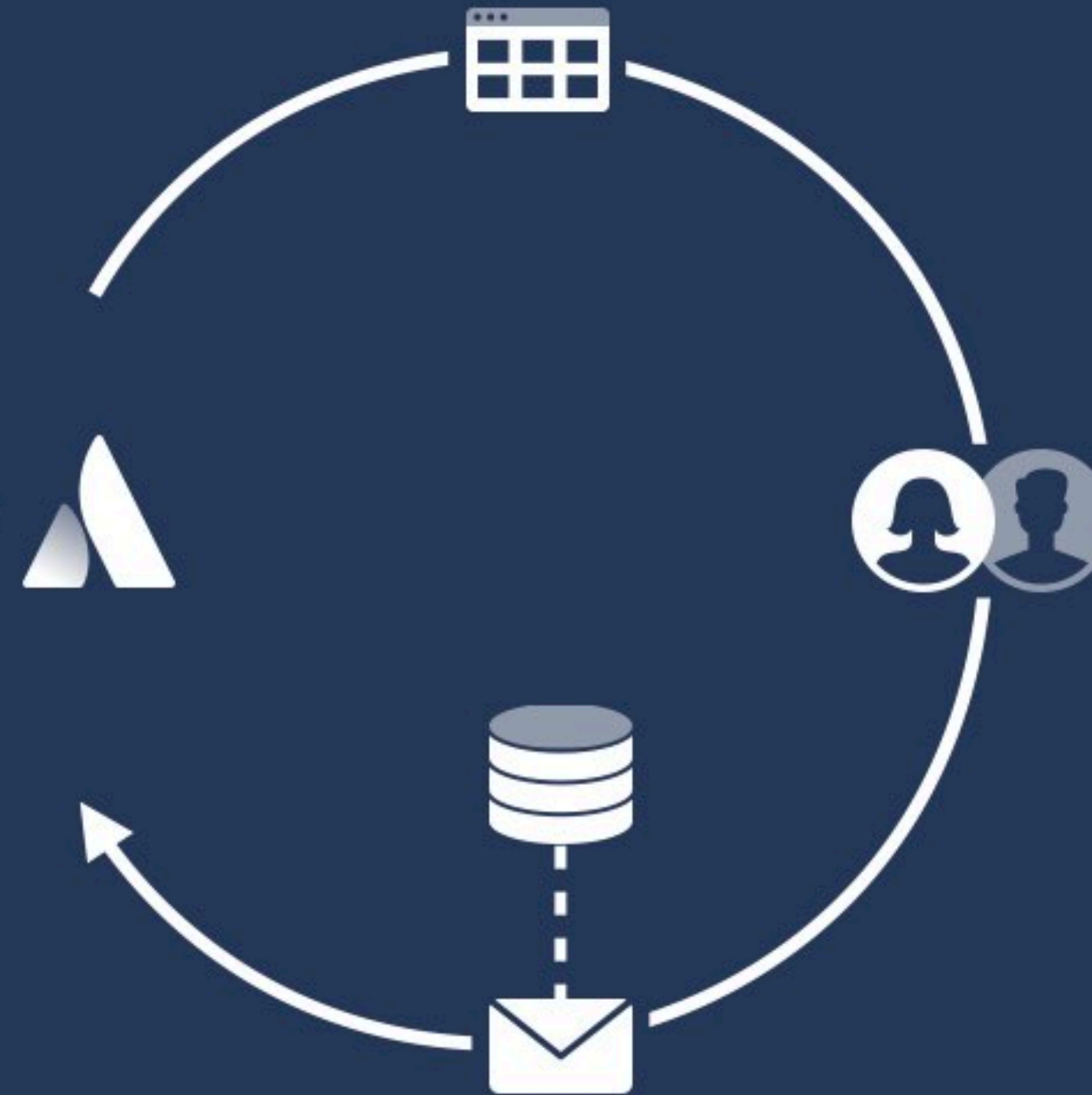


# The customer lifecycle

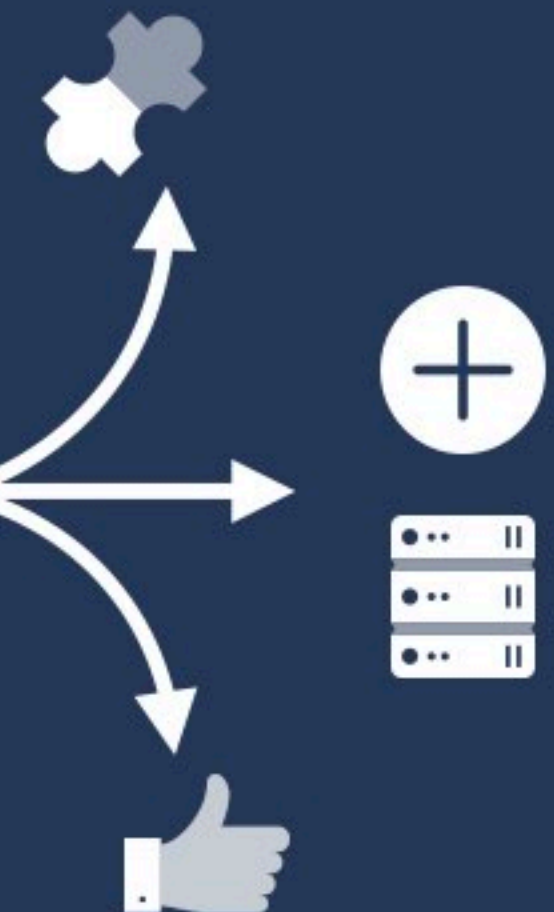
Attract



Convert



Expand



LEARN

⋮

TRY

⋮

BUY

⋮

PROMOTE

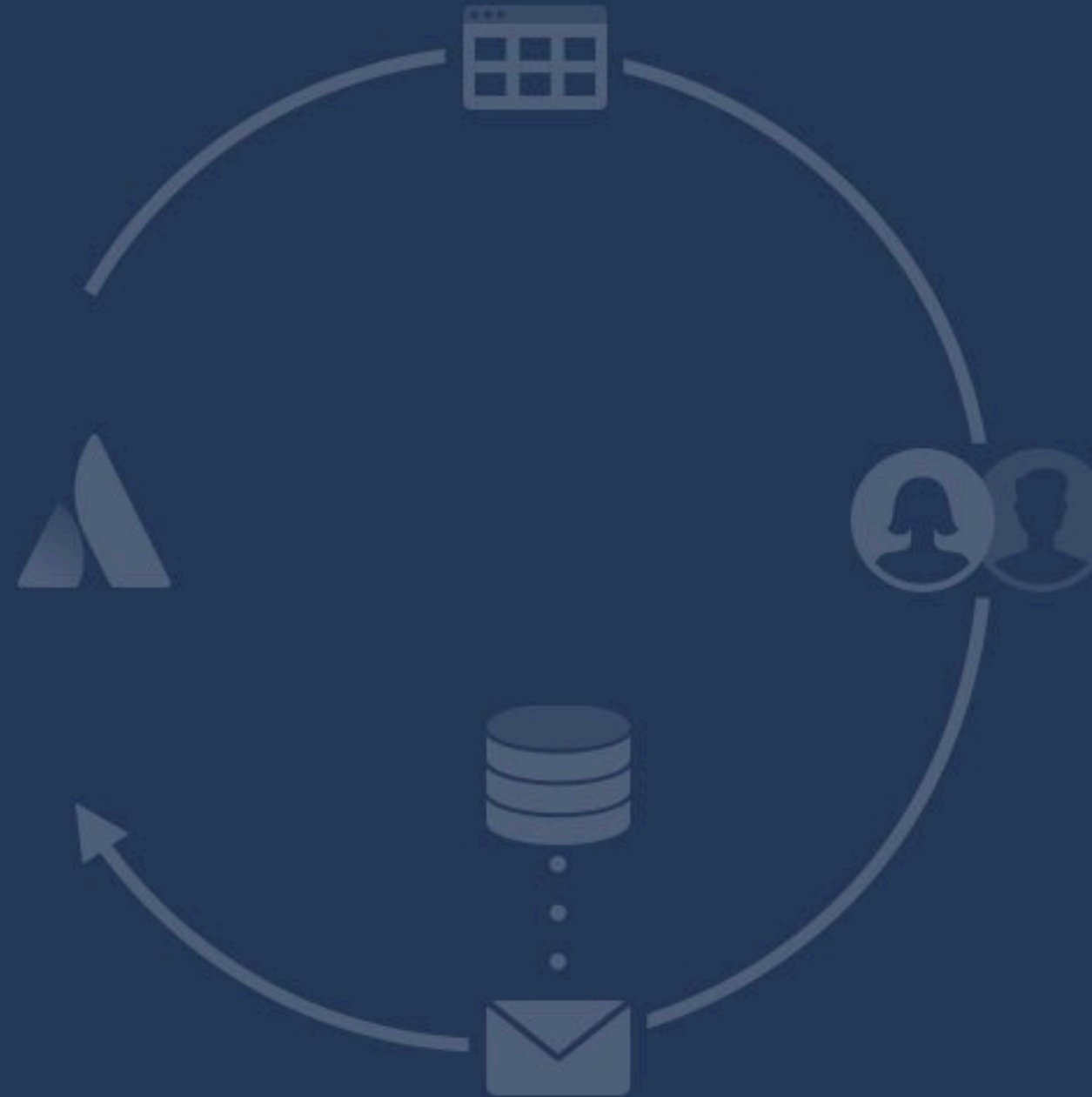
Delight

# The customer lifecycle

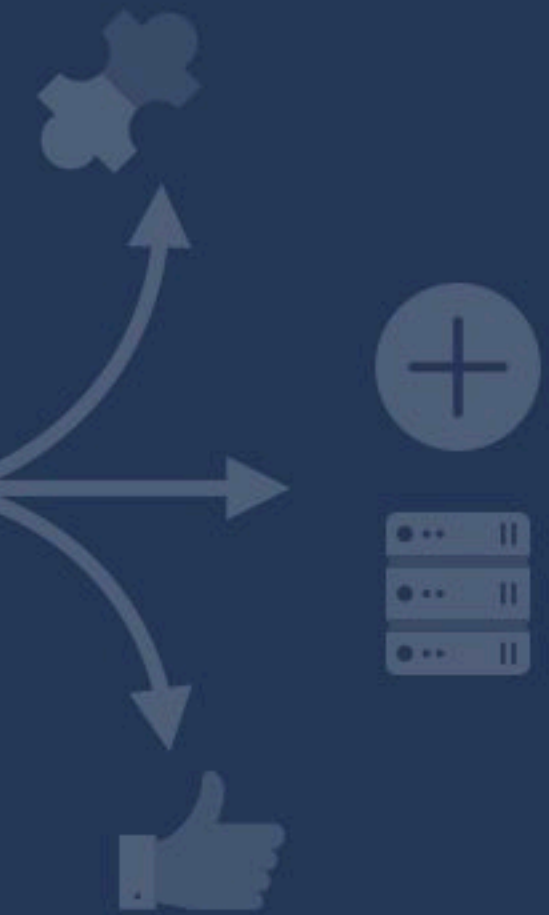
Attract



Convert



Expand



LEARN



TRY



BUY



PROMOTE

Delight



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**ATLASSIAN** Join the 20k+ teams building the new shape of IT. ITSM software starting at \$20/MO [Try it free](#)

**DISRUPT BERLIN** Sign up for our final 2-for-1 ticket release happening tomorrow 9/6 [Sign up now](#)

## Mobile

The apps, platforms and businesses redefining how we use computers

**WhatsApp will charge enterprise businesses**  
*by Josh Constine*



**Xiaomi launches first Android One device**  
*by Jon Russell*



**How the Essential Phone won me over**  
*by Darrell Etherington*



**Alexa and Cortana will play nice**  
*by Natasha Lomas*

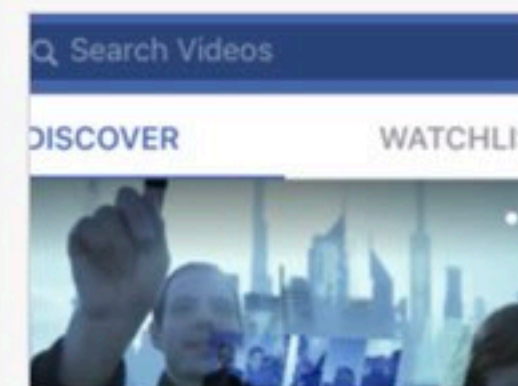
8 hours ago

Apps

### Facebook Watch original video tab launches to all U.S. users

*by Josh Constine*

Today Facebook officially opened its new Watch tab of original video content to everyone in the U.S. after a limited rollout a month ago and expansion to some more users last week. Available on Facebook's native mobile apps, desktop site, and TV apps, Watch lets users subscribe to their favorite series instead of just haphazardly stumbling upon one-off videos in the News Feed. U.S. [Read More](#)



**ATLASSIAN**

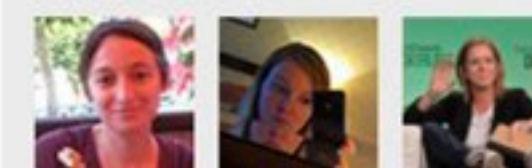
Join the 20,000+ teams building the new shape of IT.

ITSM software, starting at \$20/MO



[Try it free](#)

## Mobile Writers



[Meet the whole staff](#)

What will  
your code do?

Build, test, and deploy  
with Bitbucket.

Atlassian  
**Bitbucket**



4:32 P.M.

2:00 P.M.

2:43 P.M.

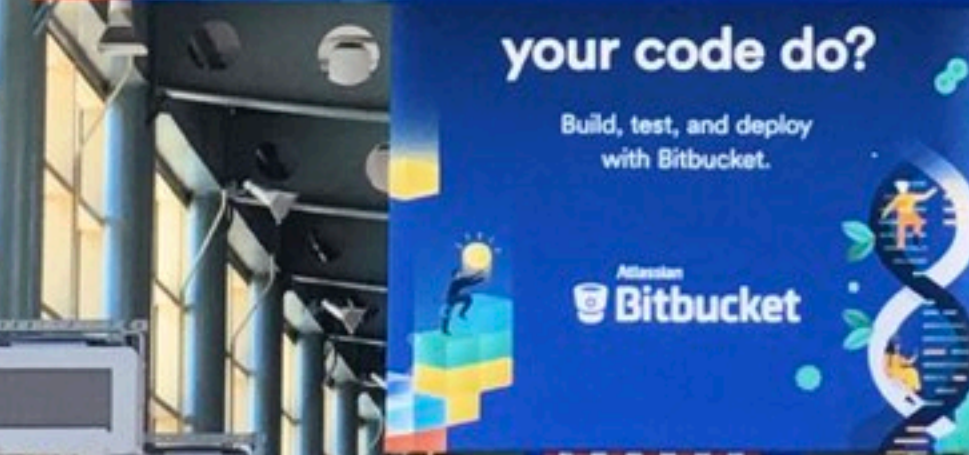
4:12 P.M.

5:16 P.M.

For the code  
that levels you up.

What will your code do?

Atlassian  
**Bitbucket**



3:34 P.M.

5:16 P.M.

4:12 P.M.

2:43 P.M.

2:00 P.M.



Atlassian

JIRA | Confluence | HipChat | Bitbucket

Atlassian

JIRA | Confluence | HipChat | Bitbucket

mobileIron

Atlassian

JIRA | Confluence | HipChat | Bitbucket

Atlassian

Tools for Teams,  
from startup to enterprise.

Atlassian

ANA

Business Teams

DevOps

Enterprise

Atlassian  
Confluence | Jira | HipChat

Projects made better  
by working together

Keep everyone on the same page  
and move work forward

Atlassian  
JIRA Software | Bitbucket | Confluence | HipChat

Ship better  
software, faster.

Atlassian  
JIRA Service Desk | Confluence | Bitbucket

The future of  
ITSM software

Build the new shape of IT



教育ICT  
イノベーション

チームコラボレーション  
情報共有  
ナレッジ管理

アトlassianエキスパート  
(戦略パートナー)

GxP

サービステスク  
ヘルプデスク  
JIRA用アドオン

Confluence

開発の可視化と  
継続的な改善  
JIRA用アドオン

JIRA Portfolio

知らない  
低コストで「情報」

# We operate multiple consumer-scale funnels...

Monthly unique visitors by property



**2.4m**

bitbucket.com



**2.0m**

atlassian.com



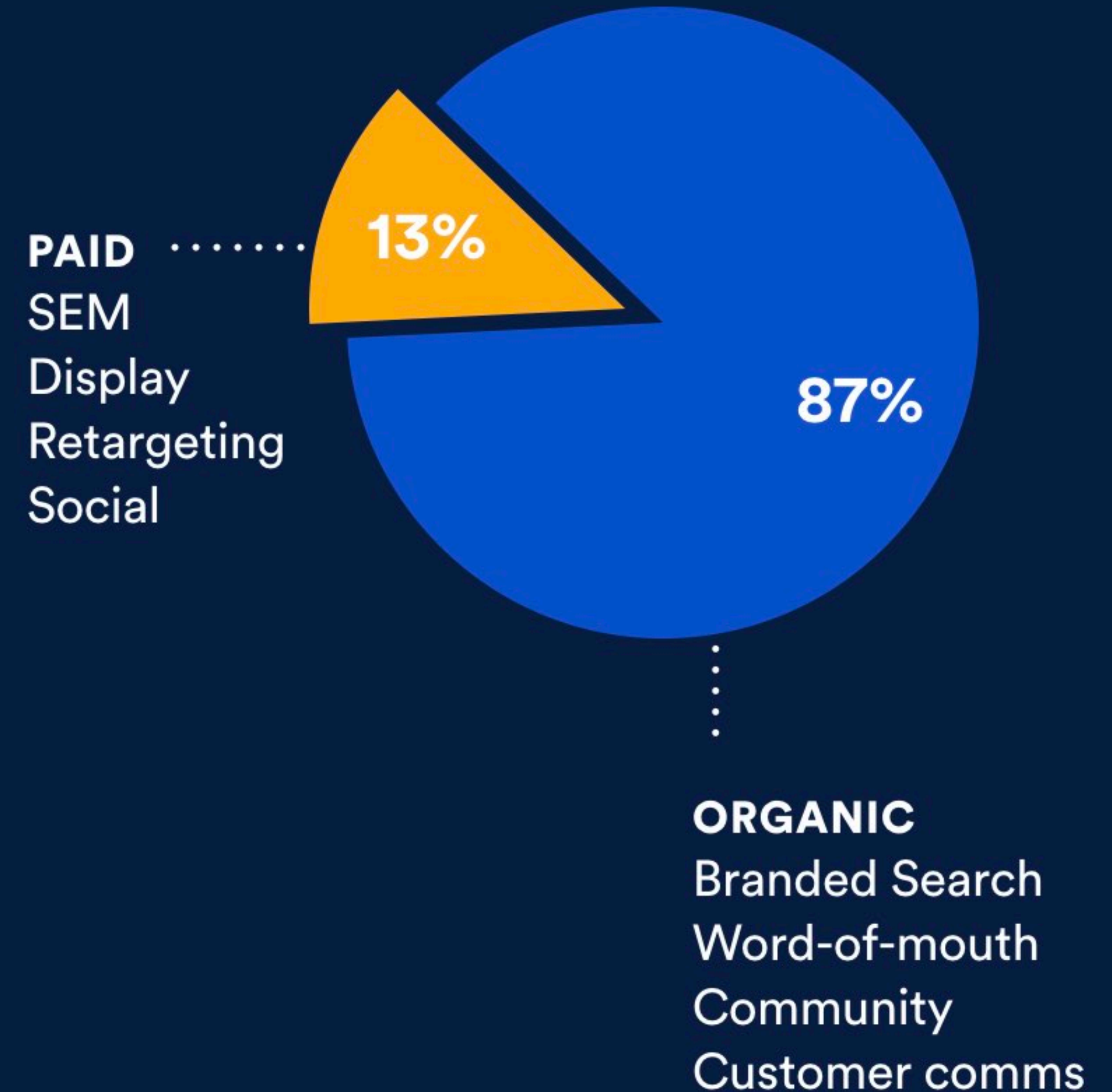
**5.9m**

trello.com

# Word-of-mouth drives interest & traffic

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[www.atlassian.com](http://www.atlassian.com)



6-month average from March -> August 2017

## A TYPICAL DAY (AUGUST 8)

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# Volume is our bread & butter

### SALES

**\$2.8m**

sales

**6,841**

unique domains

### TRIALS

**16,742**

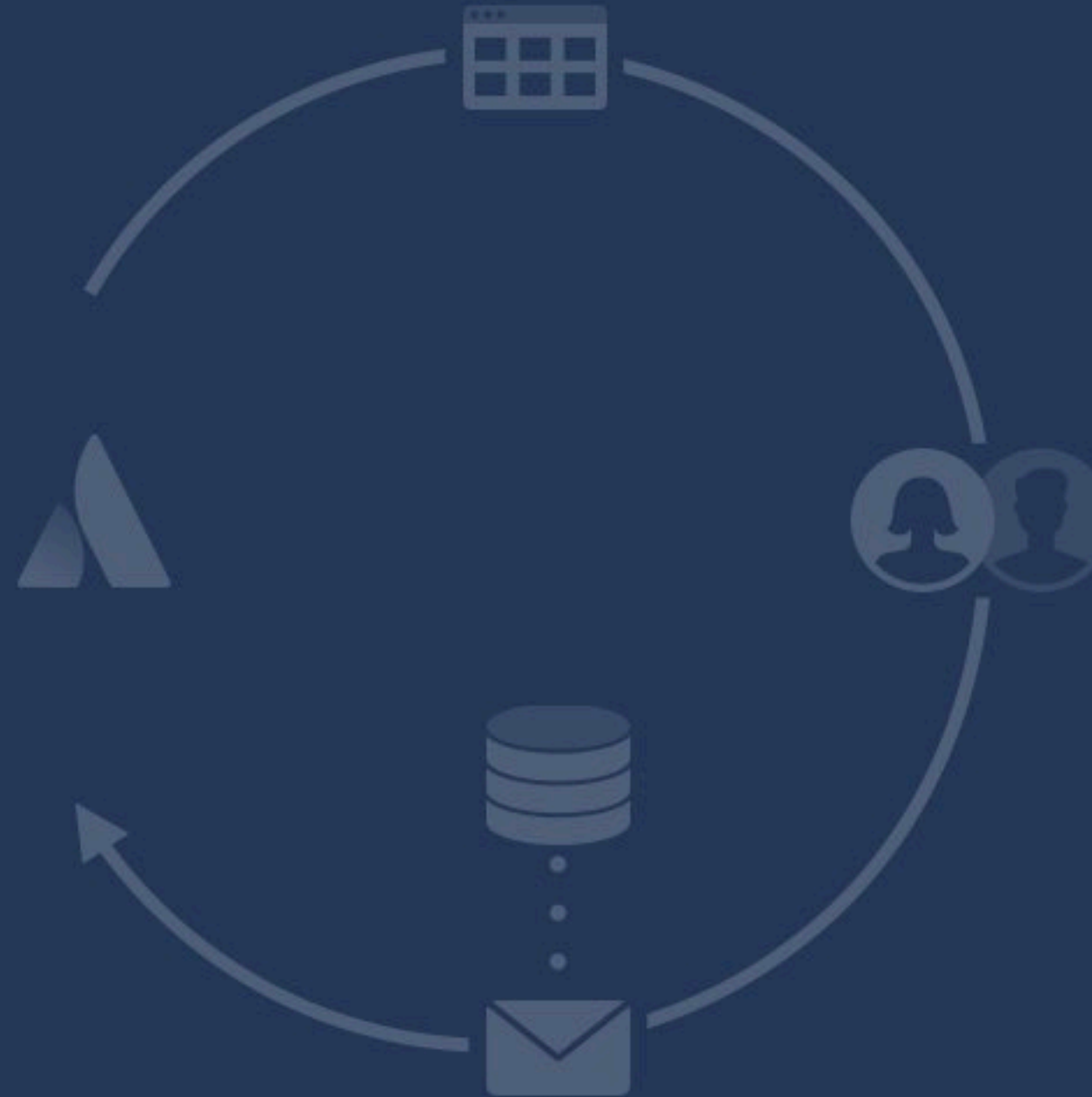
unique domains

# The customer lifecycle

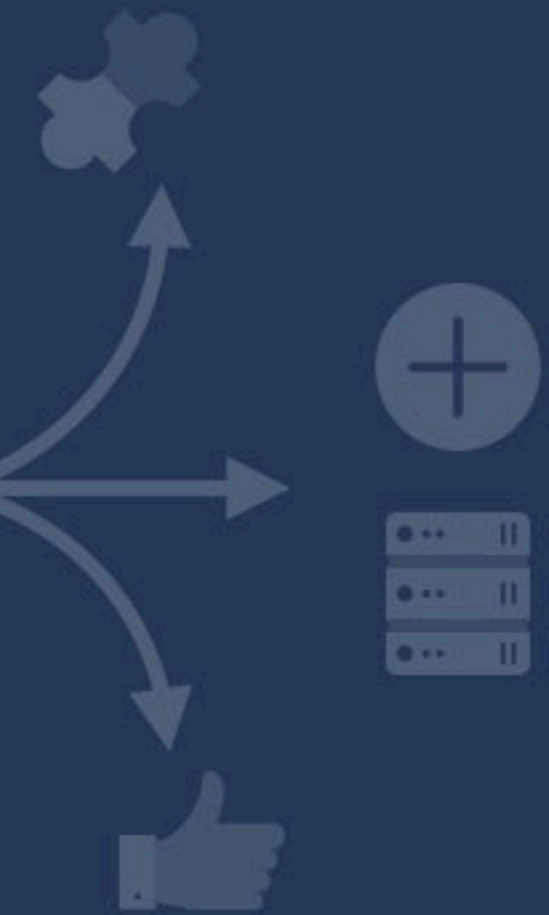
Attract



Convert



Expand



LEARN



TRY



BUY



PROMOTE

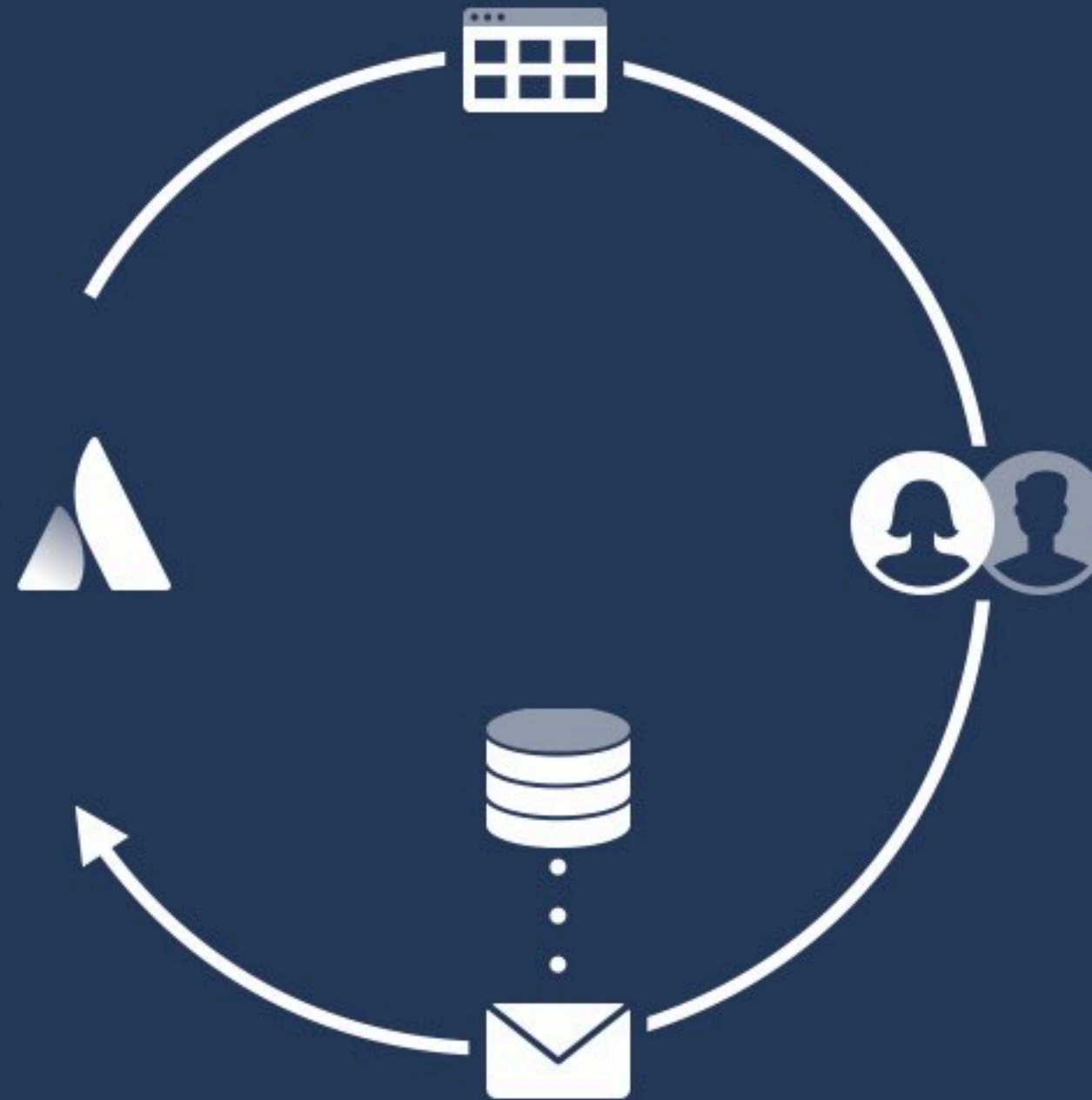
Delight

# The customer lifecycle

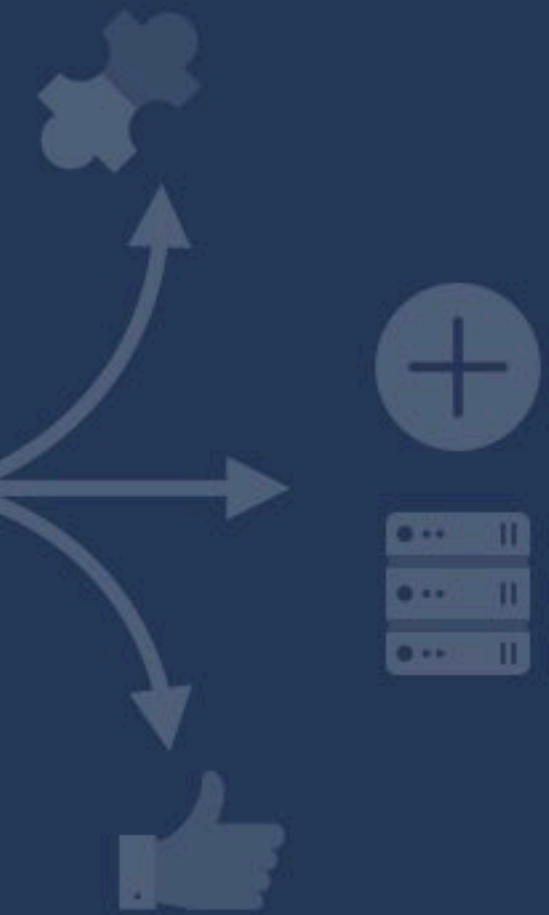
Attract



Convert



Expand



LEARN



TRY



BUY



PROMOTE



# We activate new users across those funnels...

New accounts created daily from new trials



**5k**

bitbucket.com



**3k**

atlassian.com



**24k**

trello.com

# SMART TOUCH AIDS LAND & EXPAND

---



## Advocates

Atlassian  
assistance teams



## Partners

400+ global partner  
network

# SMART TOUCH AIDS LAND & EXPAND

---



**Loyalty**  
Renewal  
assistance



**Customer**  
Billing  
assistance



**Product**  
Tech pre-sales  
assistance



**Enterprise**  
Enterprise scale  
assistance



**Partner**  
Partner  
assistance



**Partners**  
400+ global partner  
network

# Product Advocates

**3% OPT-IN**



“How can I help you?”

**97% SELF SERVICE**

**LEARN**

**TRY**

**BUY**

For the period from September 2016 - August 2017

# Product Advocates

**3% OPT-IN**



“How can I help you?”

WEBINARS

CONTACT US FORM

EMAIL DRIP

IN-PRODUCT CHAT

**97% SELF SERVICE**

**LEARN**

**TRY**

**BUY**

For the period from September 2016 - August 2017

# ATLASSIAN PARTNER PROGRAM

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A global network of partners with unique expertise, services, and products that complement Atlassian.

# ATLASSIAN PARTNER TYPES

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## **Solution Partner**

Sales, consulting, implementation and customization services



## **Training Partner**

Deliver Atlassian's official courses in a live classroom setting



## **Marketplace Vendor**

Offer apps and integrations to help extend Atlassian products



## **Corp/Gov Reseller**

Additional purchasing interface on a global scale

# SOLUTION PARTNERS

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Platinum  
Solution Partner

**\$250k+**

8 - Certified Technical Professionals  
8 - Trained Sales Professionals



Gold  
Solution Partner

**\$50k-\$249k**

4 - Certified Technical Professionals  
4 - Trained Sales Professionals



Silver  
Solution Partner

**<\$50k**

1 - Certified Technical Professionals  
1 - Trained Sales Professionals



## ATLASSIAN PARTNERS

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### NORTH AMERICA

**91 Partners**

14 Platinums

### EUROPE

**273 Partners**

36 Platinums

### ASIA/PACIFIC

**51 Partners**

5 Platinums

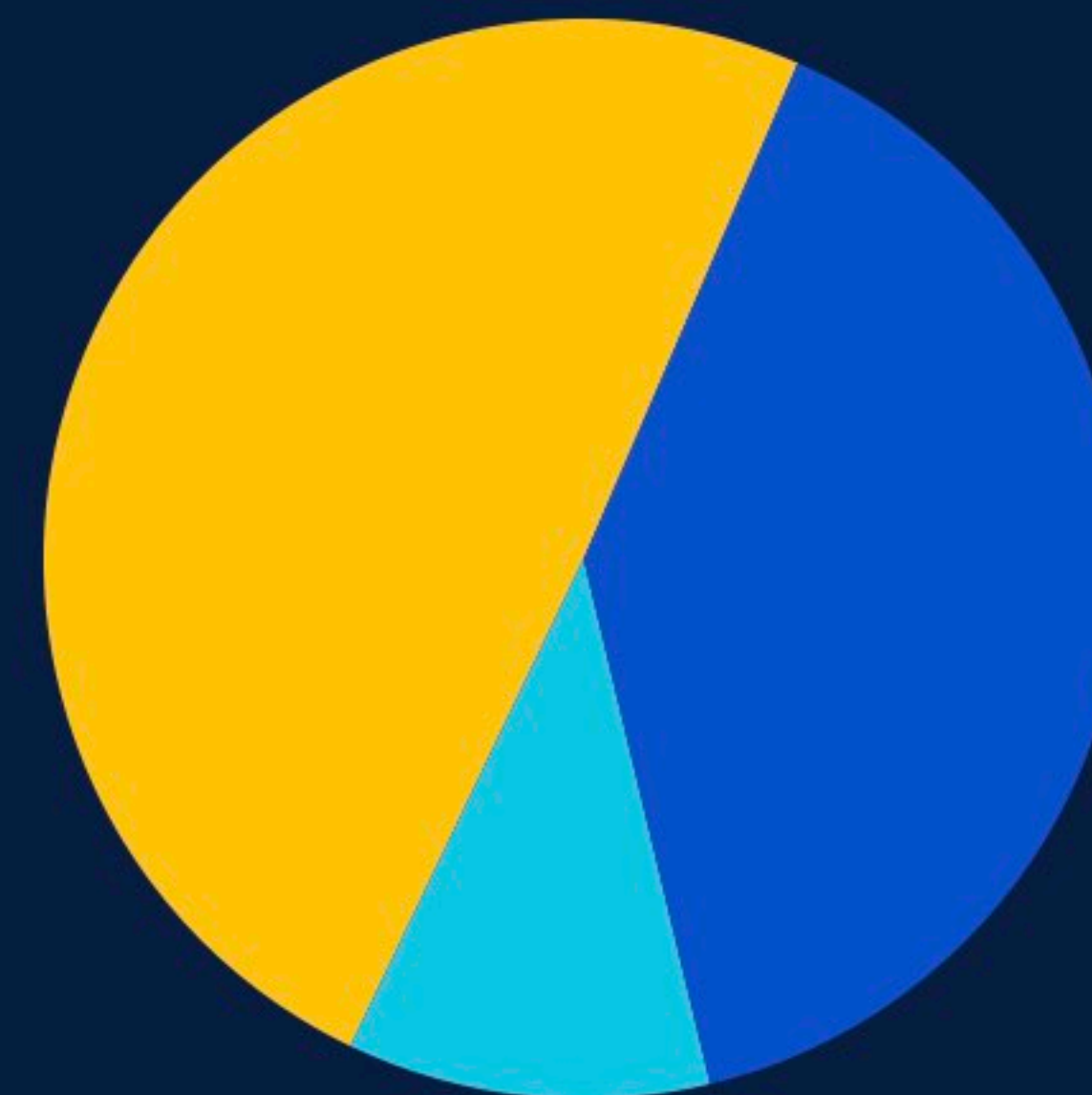
# CHANNEL MIX

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**DIRECT / INDIRECT (FY17)**

● Direct Revenue    ● Channel Revenue



**CHANNEL SALES BY GEO (FY17)**

● Americas    ● APAC    ● EMEA

# We have a diverse mix of channel partners



Partner since Jan 2016 | 70,000 Employees

---

## CUSTOMERS

CGI Internal Project  
Teams, ProAction initiative  
Bank of Montreal  
Bell Canada

---

## MARKETS

Application  
development  
Business  
Process  
Engineering

## TERRITORIES

US - including US  
Federal  
Canada  
EMEA - UK, France,  
Benelux, Nordics



Partner since Oct 2012 | 150 Employees

---

## CUSTOMERS

Oracle  
American Express  
LG  
+ 50+ Fortune 500 Customers

---

## MARKETS

Application  
Services (Agile  
Development)  
ITSM

## TERRITORIES

US - including US  
Federal  
Canada  
EMEA - UK, France,  
Benelux, Nordics



Partner since Oct 2009 | 80 Employees

---

## CUSTOMERS

Amadeus  
Ubisoft  
Orange  
Michelin  
Criteo

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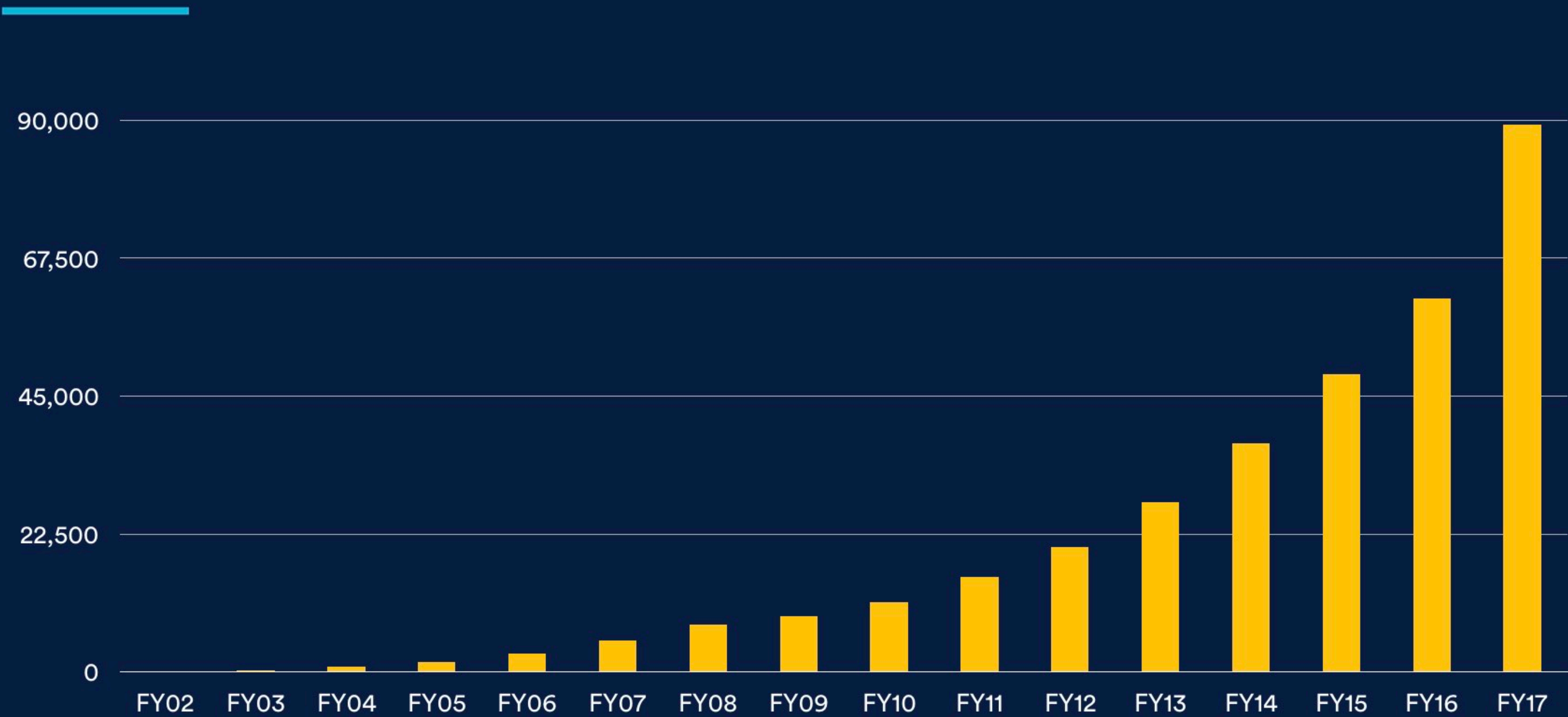
## MARKETS

Business  
collaboration  
ITSM and  
Service Desks

## TERRITORIES

France  
UK  
Switzerland  
BeNeLux  
Canada/US Market

# CONSISTENT GROWTH OF OUR CUSTOMER FRANCHISE

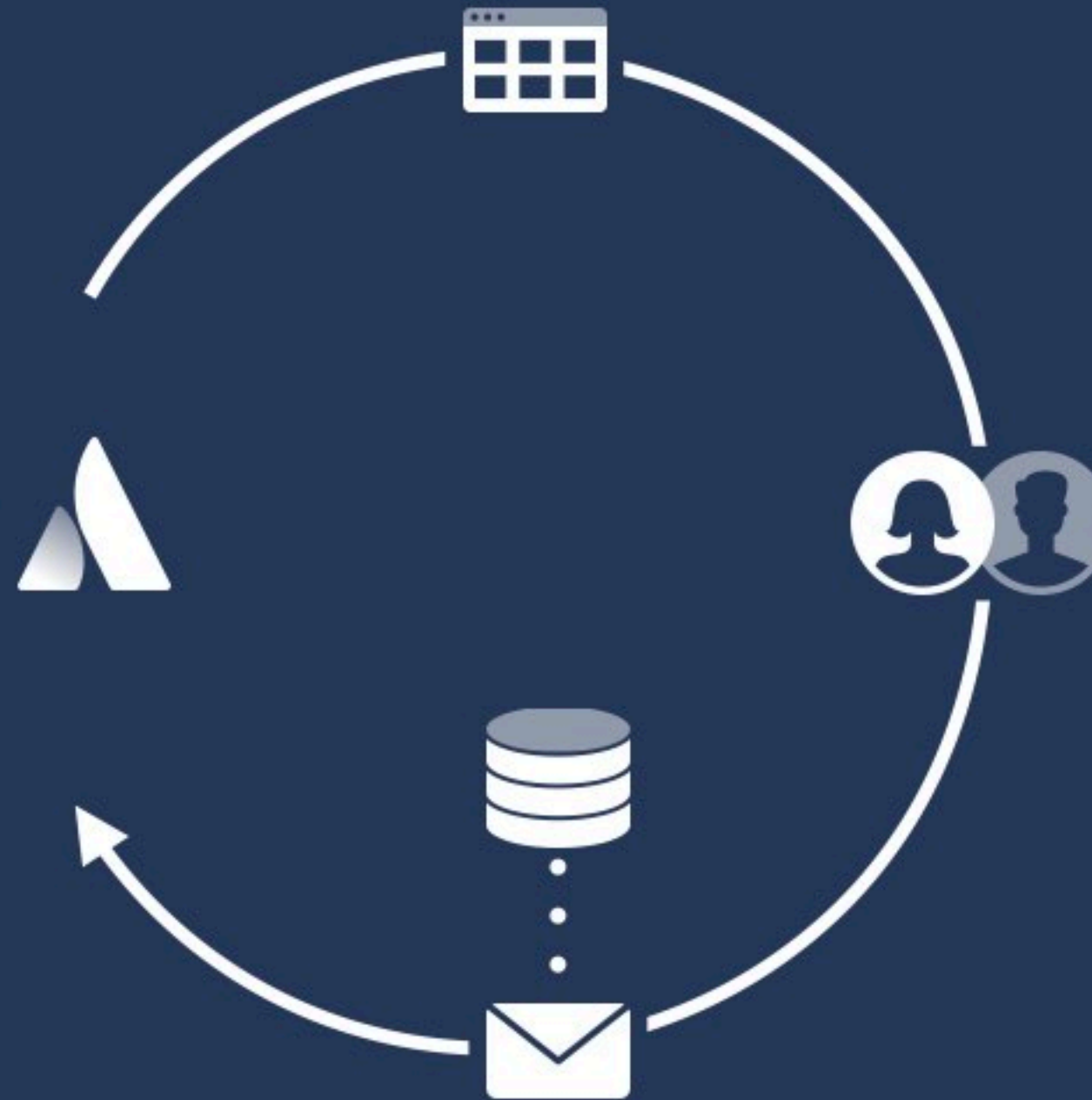


# The customer lifecycle

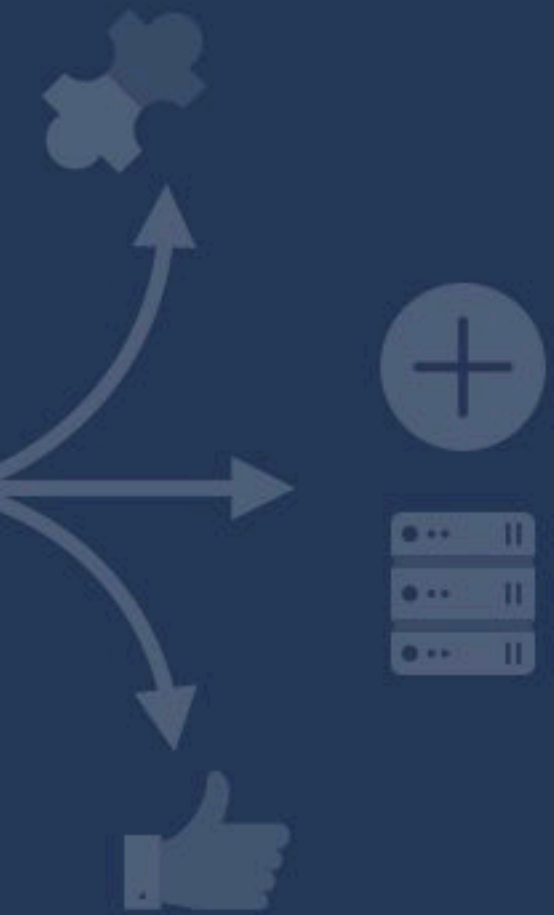
Attract



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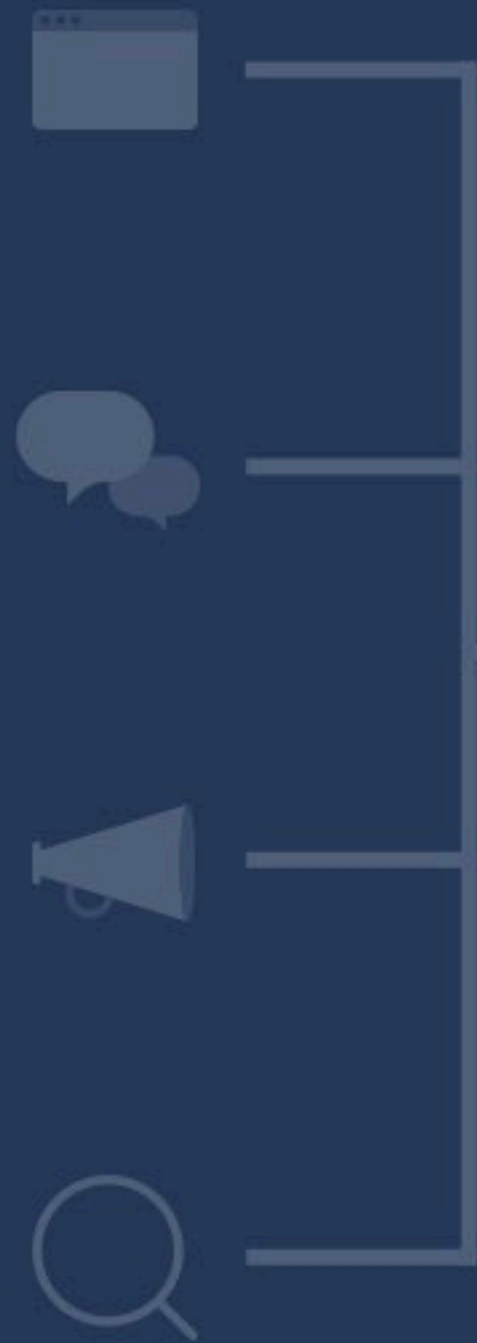


PROMOTE

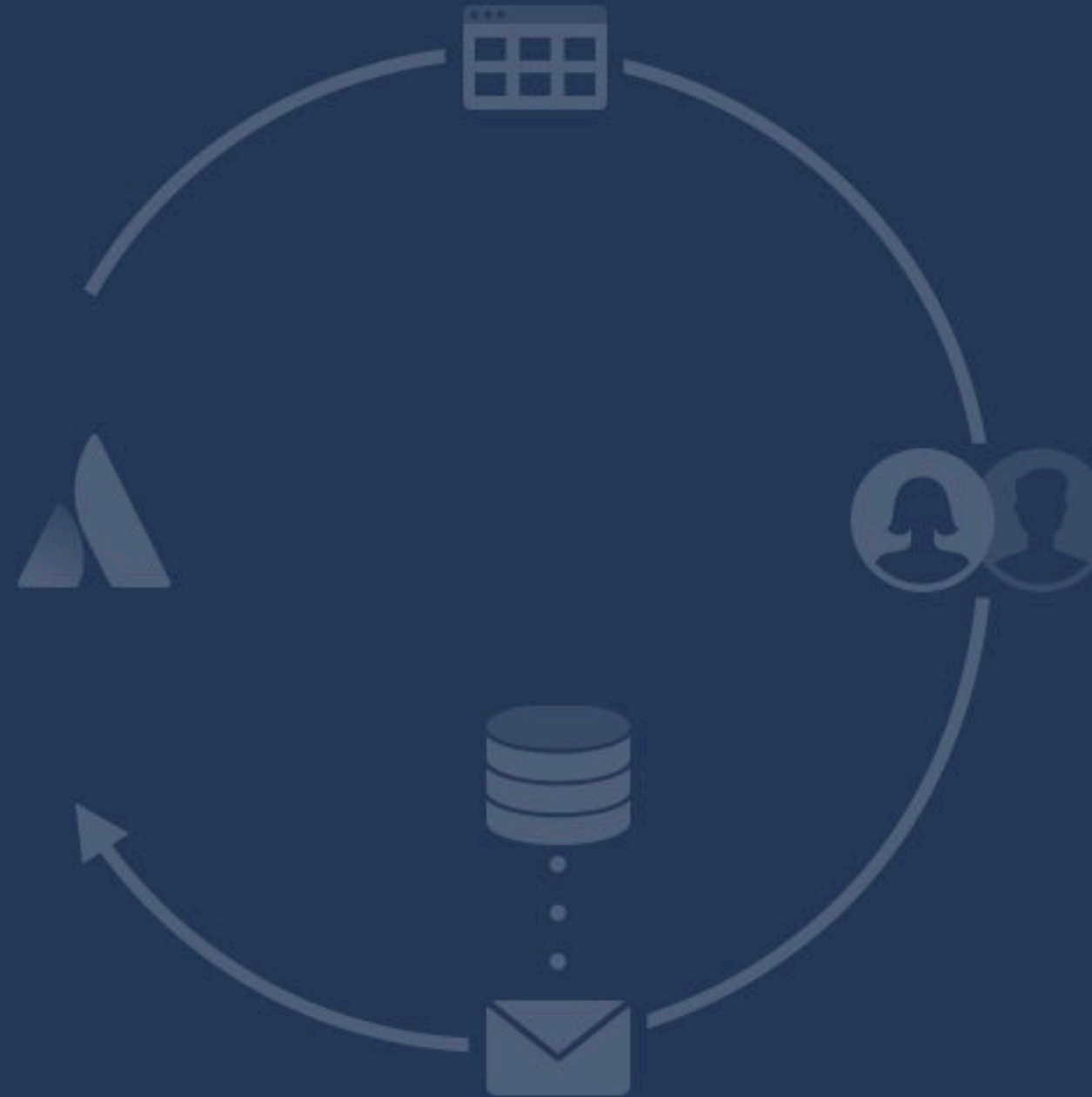
Delight

# The customer lifecycle

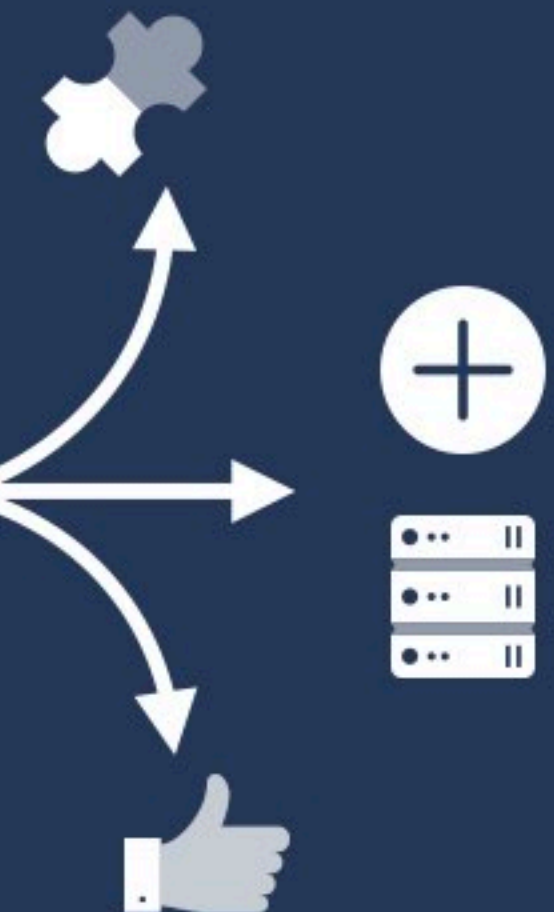
Attract



Convert



Expand



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PROMOTE

Delight



# CUSTOMER JOURNEY

## Land -> Expand

**LAND**



Starting team, one or  
more products

**EXPAND**



Adds teams, products,  
more users

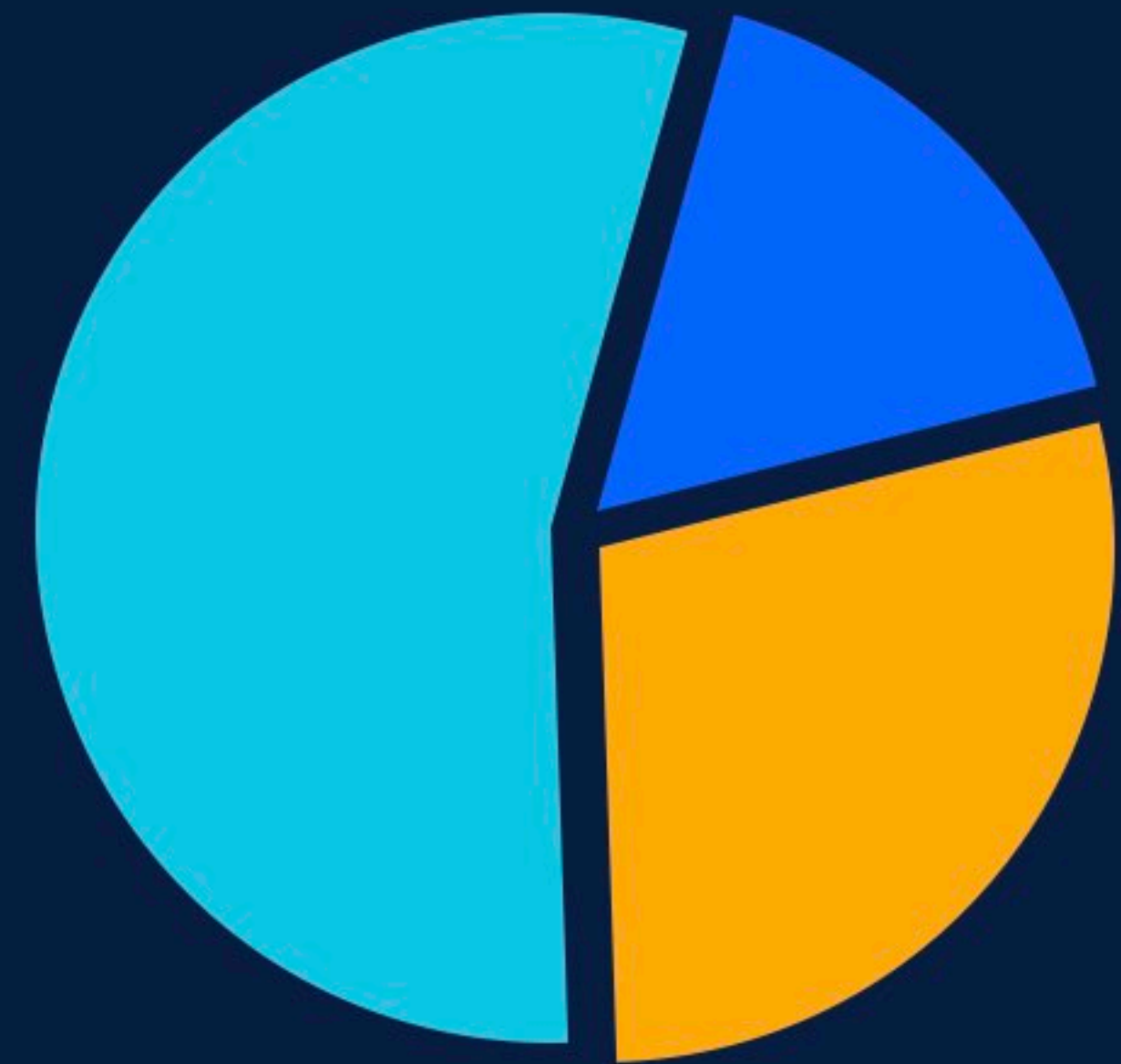
◆ Jira Software

⚡ Jira Service Desk

⬆ Jira Core



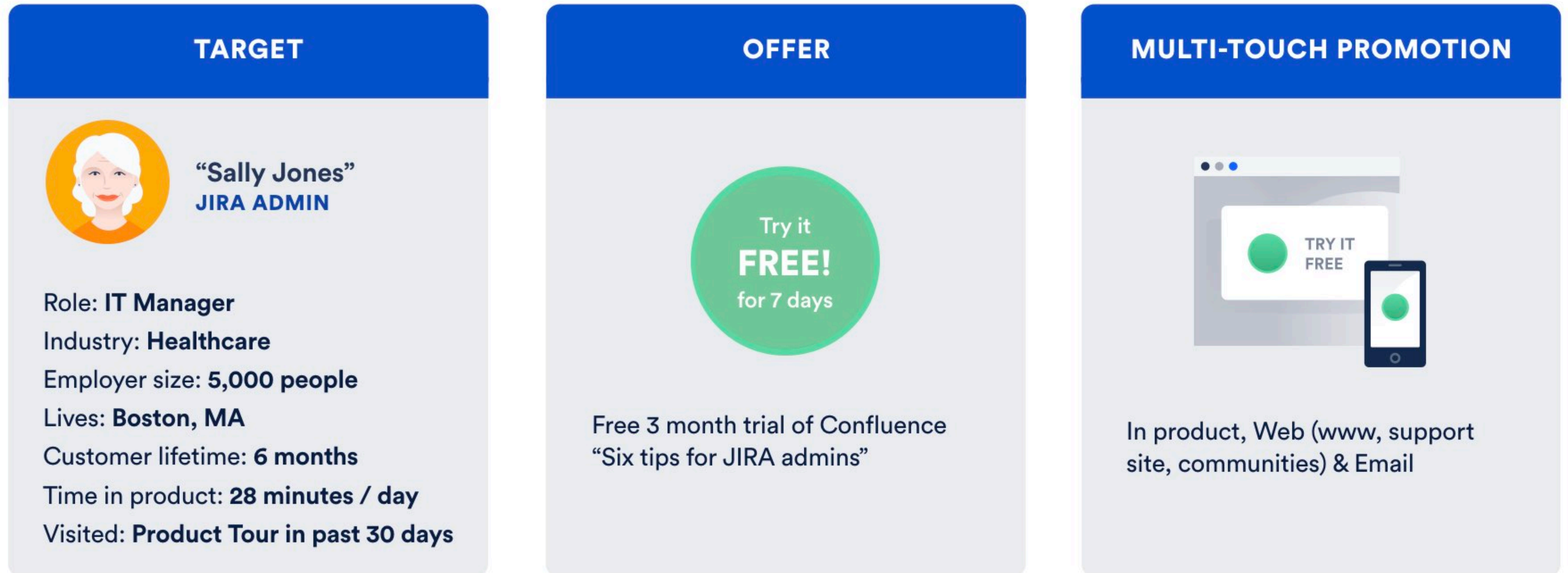
## WHAT TEAM ARE YOU ON?



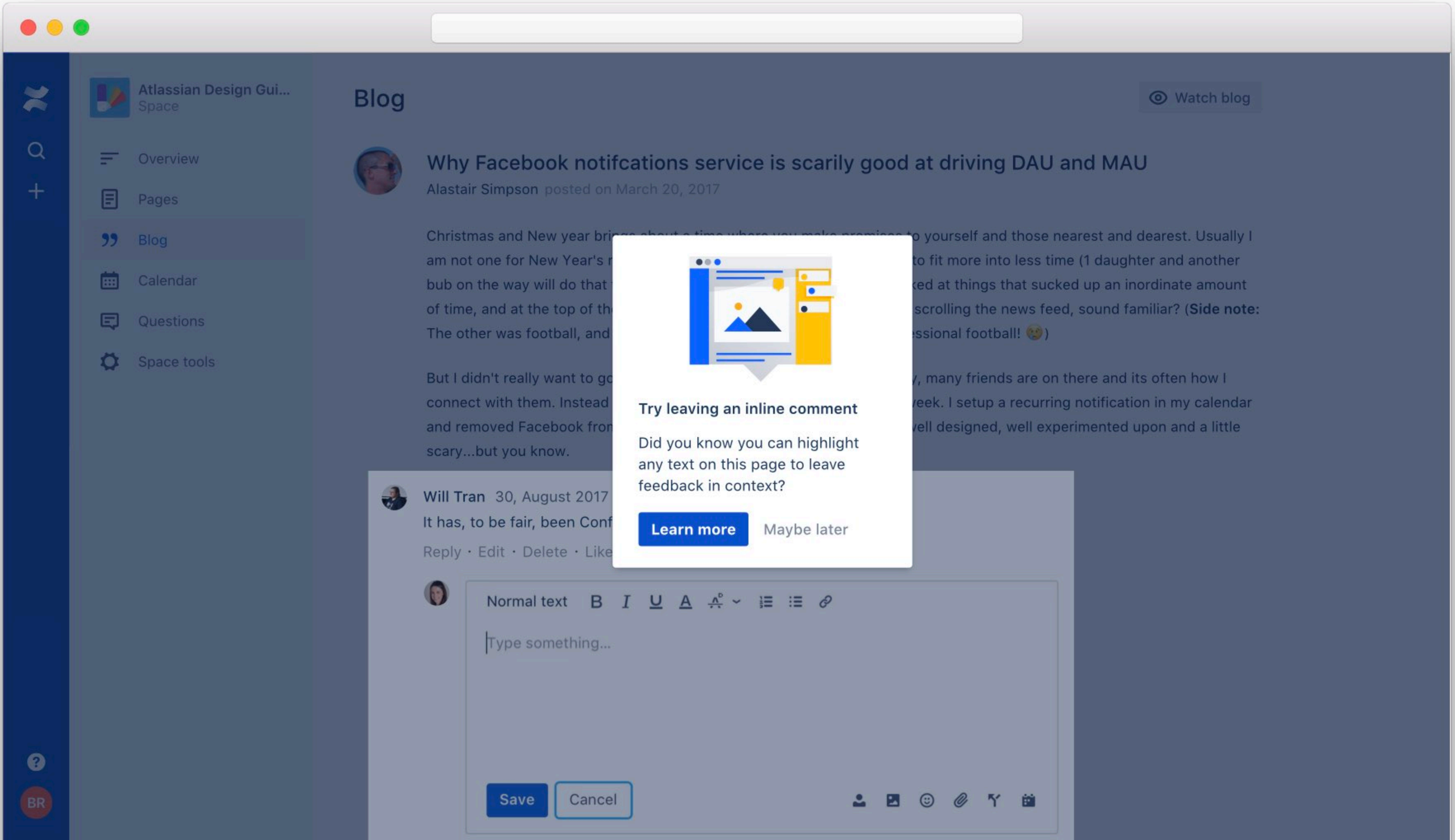
● Software ● IT ● Business

Atlassian survey of approximately 2,000 Cloud users of Jira Software, Jira Core & Jira Service Desk during August 2017 – September 2017

# Amazon-like profiling & targeting drives expand



**BILLIONS OF ROWS OF DATA PER MONTH** | Company, sales, trials, usage, industry, role, location, products, web browsing



## Blog

Watch blog



### Why Facebook notifications service is scarily good at driving DAU and MAU

Alastair Simpson posted on March 20, 2017

Christmas and New year bring about a time where you make promises to yourself and those nearest and dearest. Usually I am not one for New Year's resolutions, but a little push from the community and a little push from the product team will do that for me. At the top of the year, I was looking at things that sucked up an inordinate amount of time, and at the top of the year, I was looking at things that sucked up an inordinate amount of time, and at the top of the year, I was looking at things that sucked up an inordinate amount of time. The other was football, and the other was football, and the other was football. (Side note: professional football! 🙄)

But I didn't really want to go to the gym, many friends are on there and its often how I connect with them. Instead, I setup a recurring notification in my calendar and removed Facebook from my life. Well designed, well experimented upon and a little scary...but you know.



Will Tran 30, August 2017

It has, to be fair, been Conf

Reply · Edit · Delete · Like



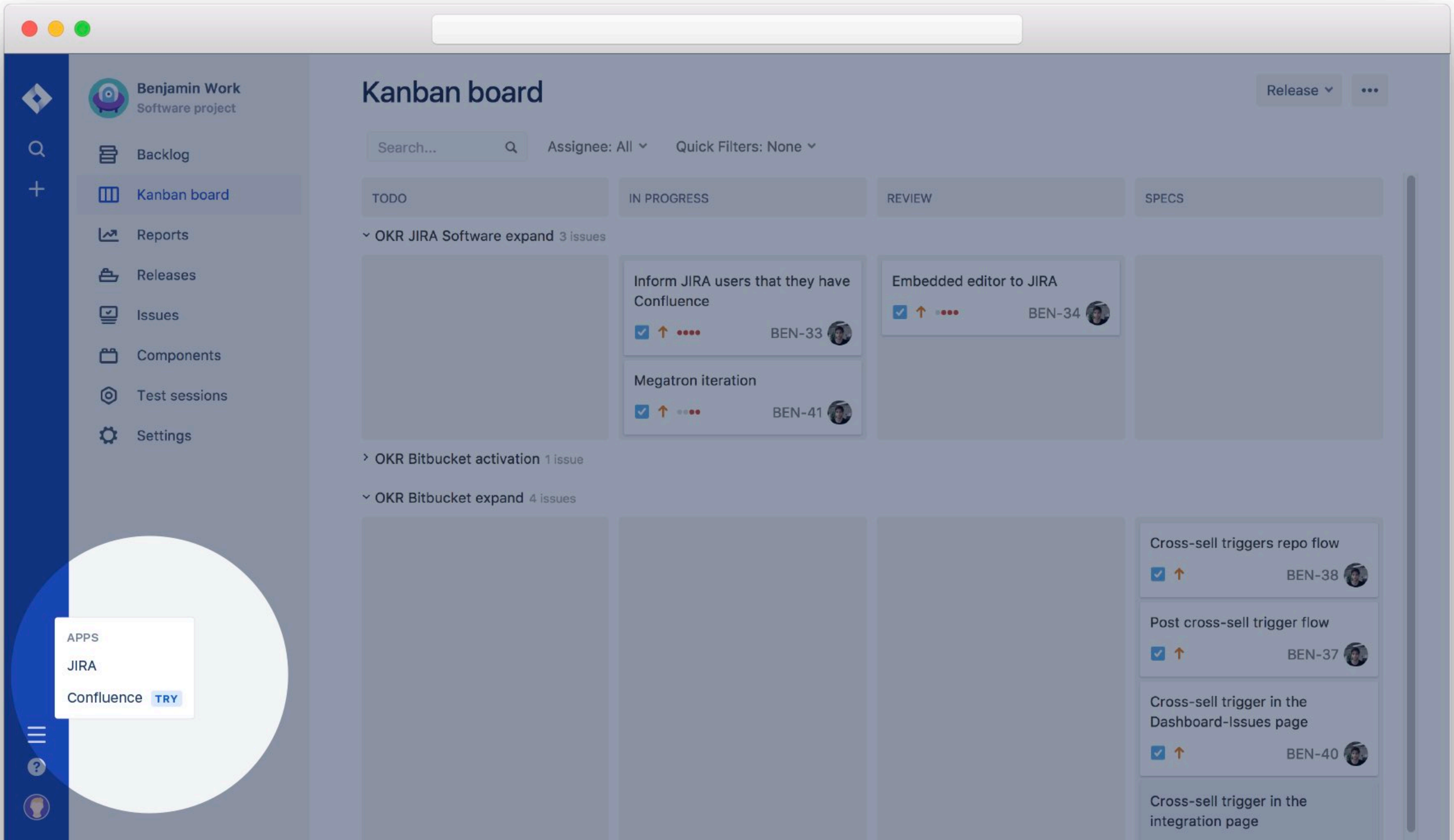
Normal text **B** *I* U A ^ ~ ~ ~ ~ ~

Type something...

Save

Cancel





Benjamin Work  
Software project



Backlog



Kanban board



Reports



Releases



Issues



Components



Test sessions



Settings

# Kanban board

Search...



Assignee: All



Quick Filters: None



TODO

IN PROGRESS

REVIEW

SPECS

OKR JIRA Software expand 3 issues

Inform JIRA users that they have Confluence



BEN-33



Megatron iteration



BEN-41



Embedded editor to JIRA



BEN-34



OKR Bitbucket activation 1 issue

OKR Bitbucket expand 4 issues

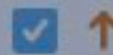
Cross-sell triggers repo flow



BEN-38



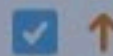
Post cross-sell trigger flow



BEN-37



Cross-sell trigger in the Dashboard-Issues page



BEN-40



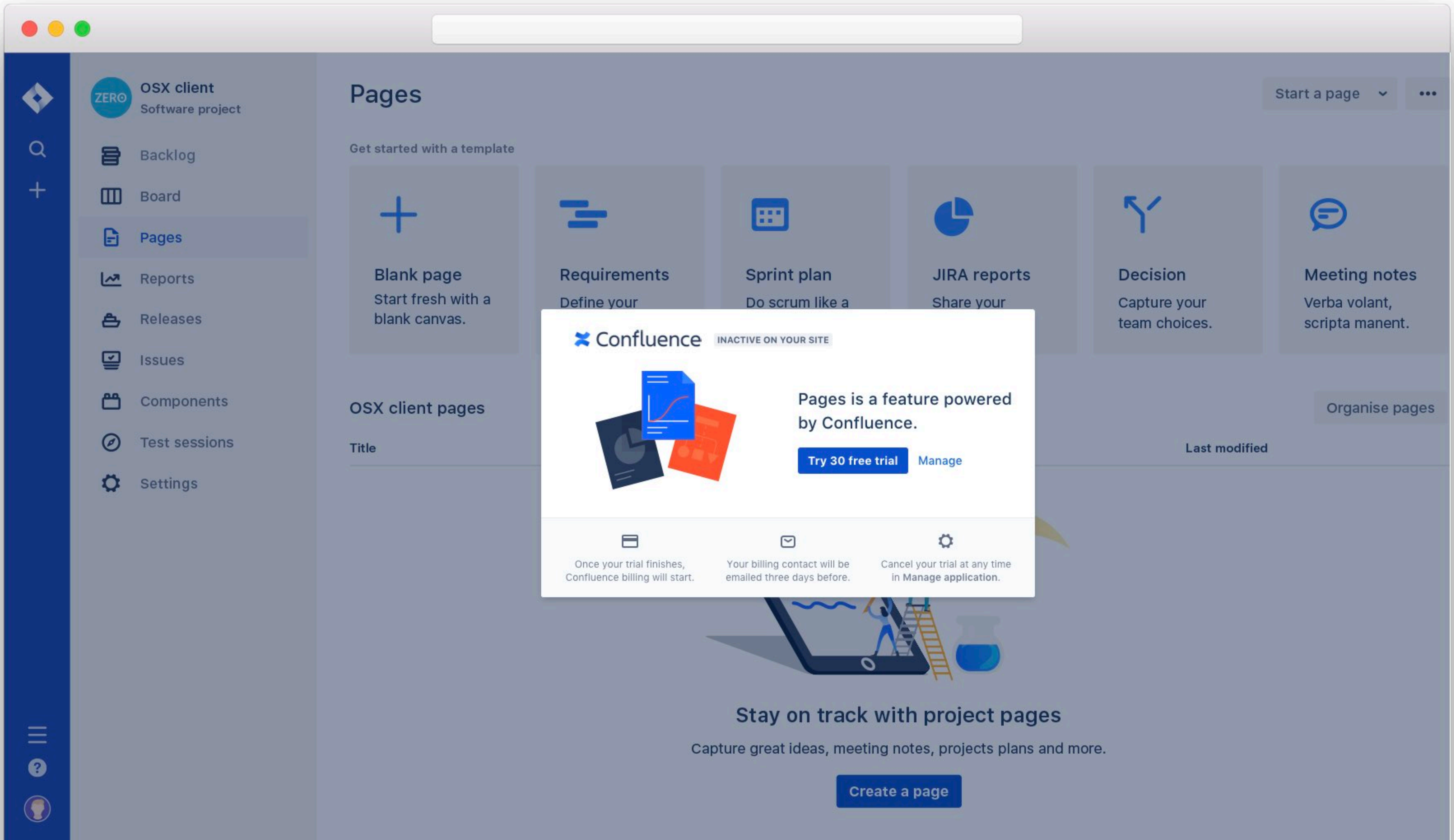
Cross-sell trigger in the integration page

APPS

JIRA

Confluence

TRY



**ZERO** OSX client  
Software project

Backlog

Board

Pages

Reports

Releases

Issues

Components

Test sessions

Settings

## Pages

Start a page ▼ ⋮

Get started with a template



**Blank page**

Start fresh with a blank canvas.



**Requirements**

Define your



**Sprint plan**

Do scrum like a



**JIRA reports**

Share your



**Decision**

Capture your team choices.



**Meeting notes**

Verba volant, scripta manent.

Organise pages

OSX client pages

Title

Last modified

 **Confluence** INACTIVE ON YOUR SITE



Pages is a feature powered by Confluence.

[Try 30 free trial](#)

[Manage](#)



Once your trial finishes, Confluence billing will start.



Your billing contact will be emailed three days before.



Cancel your trial at any time in Manage application.

**Stay on track with project pages**

Capture great ideas, meeting notes, projects plans and more.

[Create a page](#)



The designer of the team has been kept up to date and will provide a new set of mock ups inline with the solution we have discussed when we met during last retrospective.

# CUSTOMER JOURNEY

## Land > Expand

### LAND



Starting team, one or  
more products

### EXPAND



Adds teams, products,  
more users

# CUSTOMER JOURNEY

## Land > Standardize

### LAND



Starting team, one or more products

### EXPAND



Adds teams, products, more users

### SCALE



Enterprise expansion. Many teams and users.  
Introduce TAM, proactive advocates service, Enterprise products/services

### STANDARDIZE



All teams, many different uses  
Growing internal dedicated Atlassian team

# Enterprise expansion

## SERVER



### Data Center Product Family

Clustering for high  
availability, disaster recovery,  
SAML

## CLOUD



### Cloud Identity Manager

Enterprise cloud security,  
admin controls

## SERVICES



### Enterprise Services

Technical Account Manager  
Certification  
Premier Support

# Enterprise Advocates



INVOICE CONSOLIDATION

SOLUTION PARTNER REFERRAL

ENTERPRISE SERVICES  
INTRODUCTION

DATA CENTER INTRODUCTION

LEARN

TRY

BUY

# An expanding enterprise business

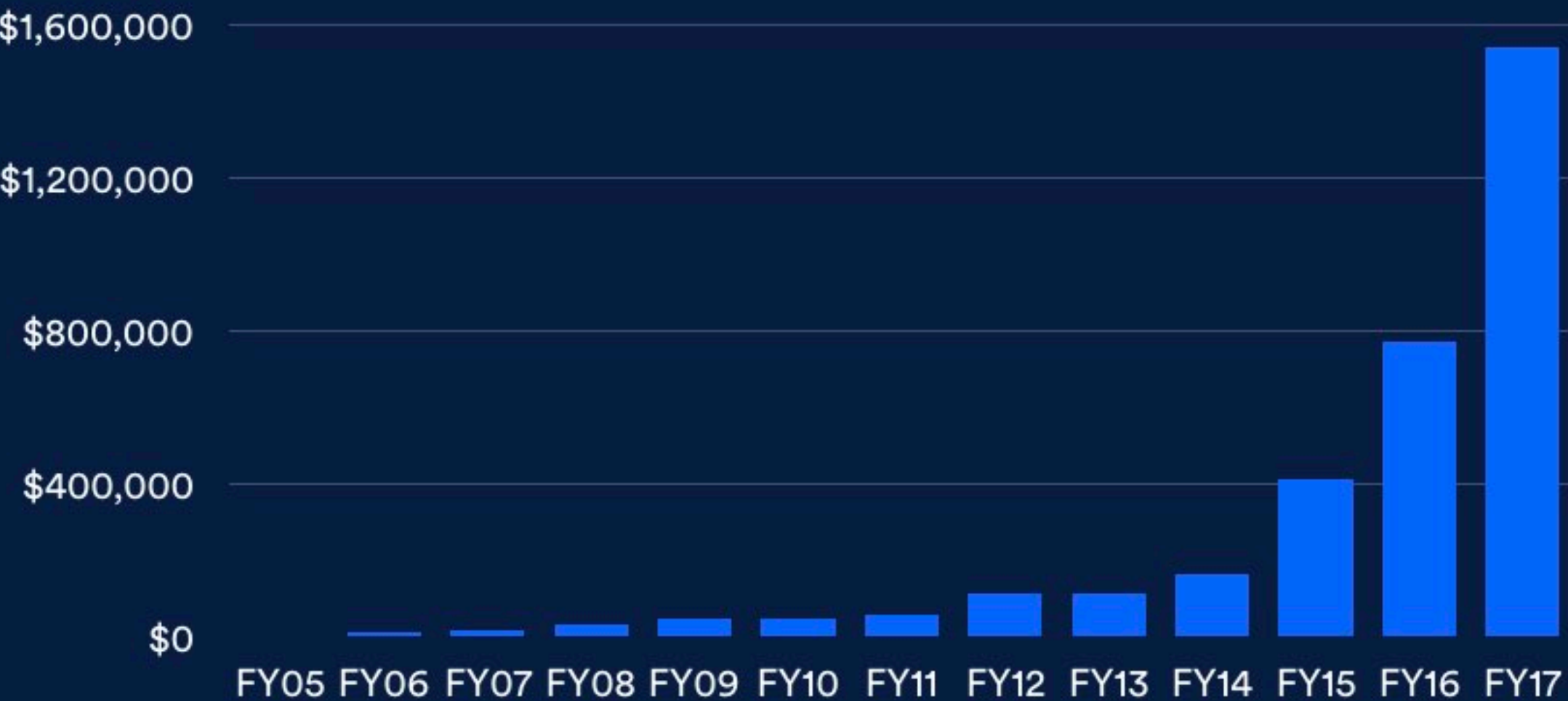
  
**LARGE CUSTOMER  
GROWTH**

| FISCAL YEAR | \$50K+ | \$500K+ |
|-------------|--------|---------|
| FY2015      | 864    | 14      |
| FY2016      | 1,245  | 37      |
| FY2017      | 1,817  | 75      |

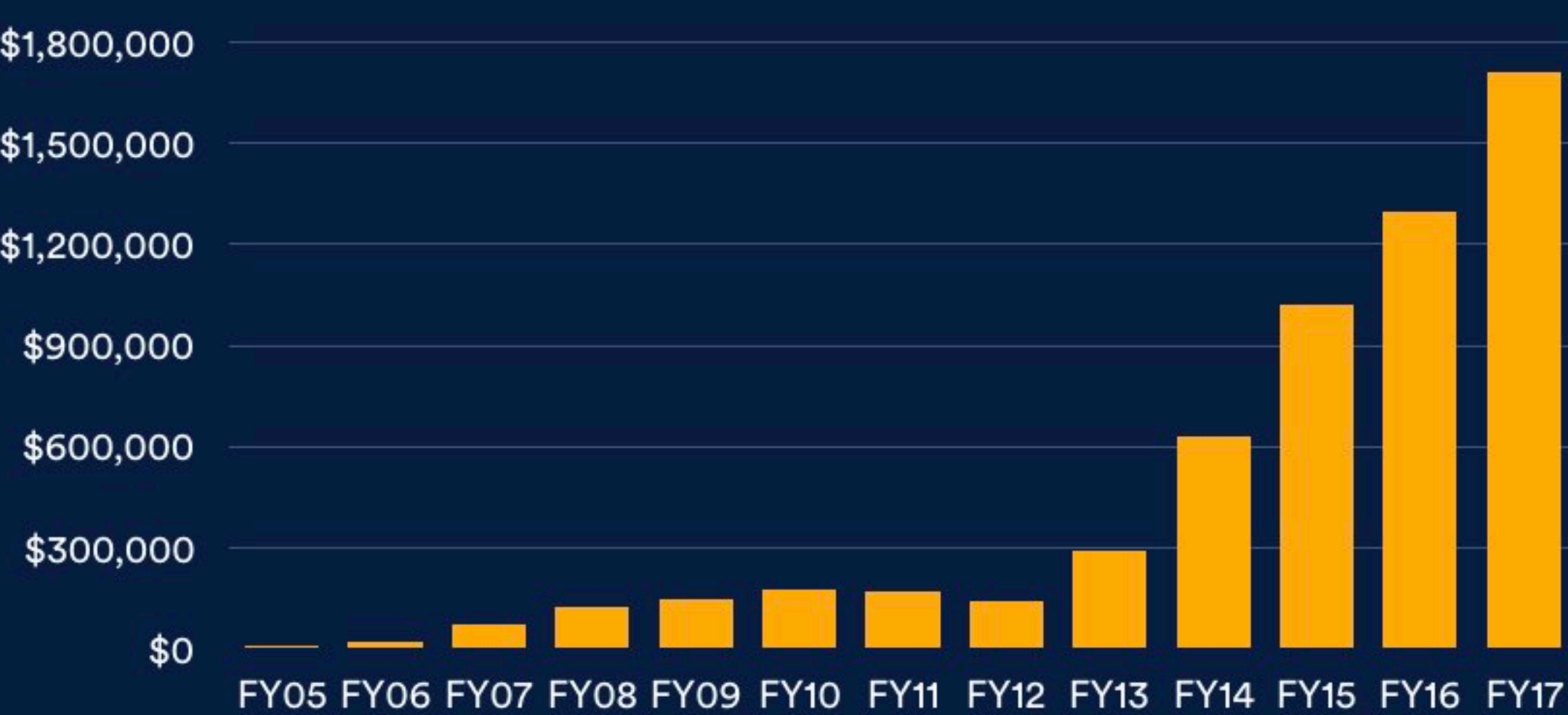
# Land-&-expand in action

  
**LARGE CUSTOMER  
GROWTH**

## GLOBAL CONSULTING FIRM



## LARGE TECHNOLOGY COMPANY



# Strong retention leads to more expansion

---

**CUSTOMERS SPENDING  
>\$50K ANNUALLY**

## Retention rate

Customers who spent >\$50k in the prior fiscal year that were customers in the following year:

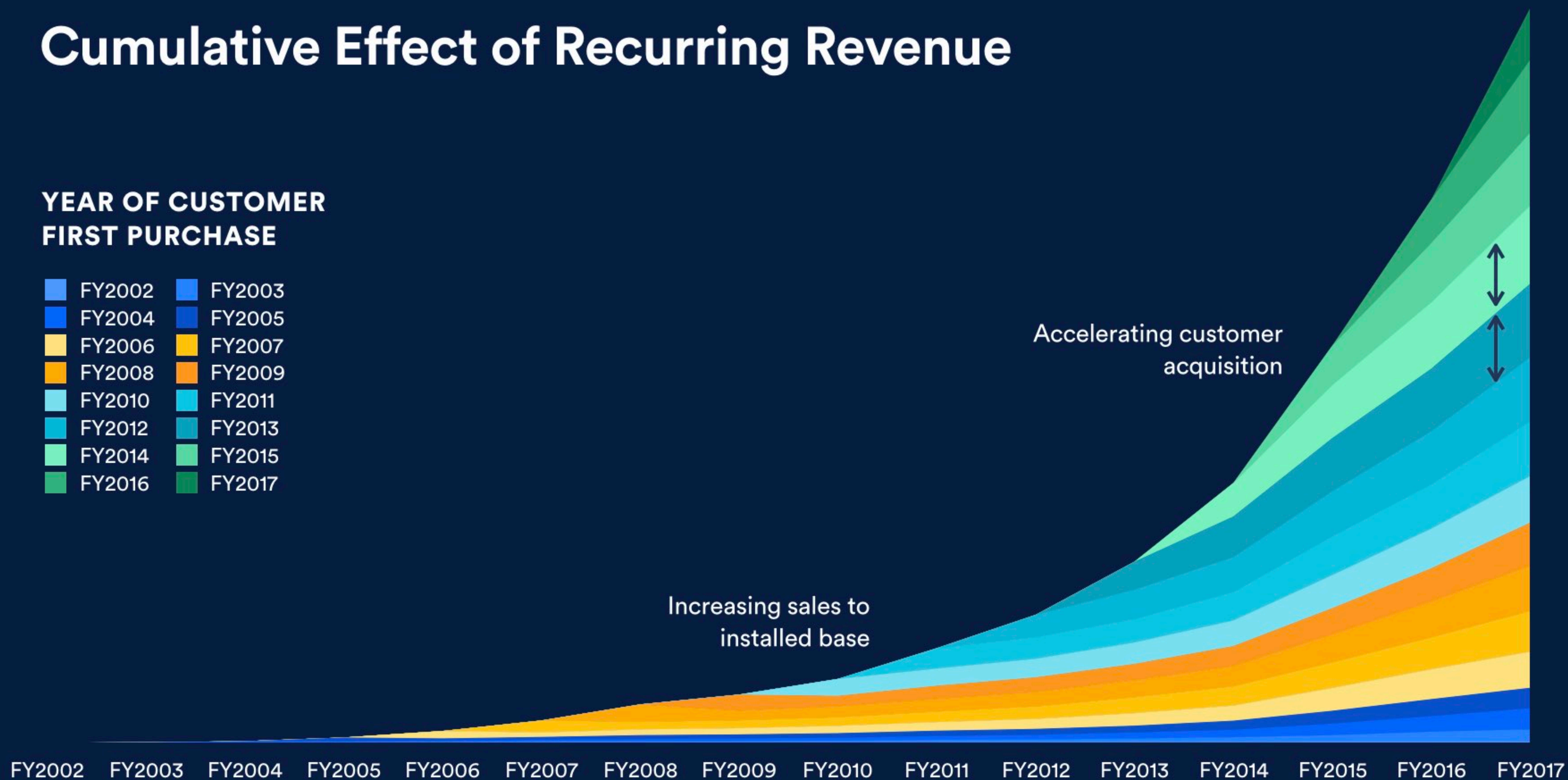
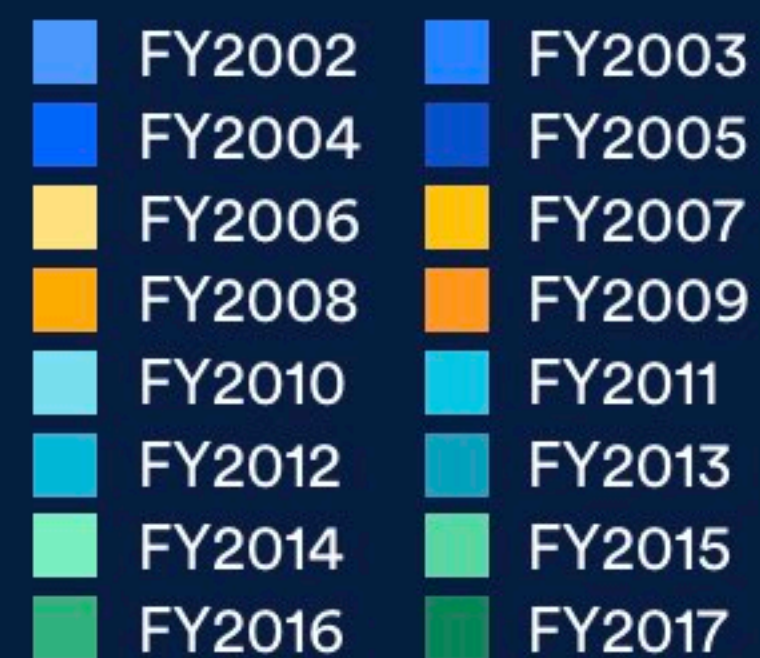
| FY15 | FY16 | FY17 |
|------|------|------|
| 99%  | 98%  | 98%  |

## Number of products

Over 90% of customers who spent >\$50k in FY17 purchased three or more products.

# Cumulative Effect of Recurring Revenue

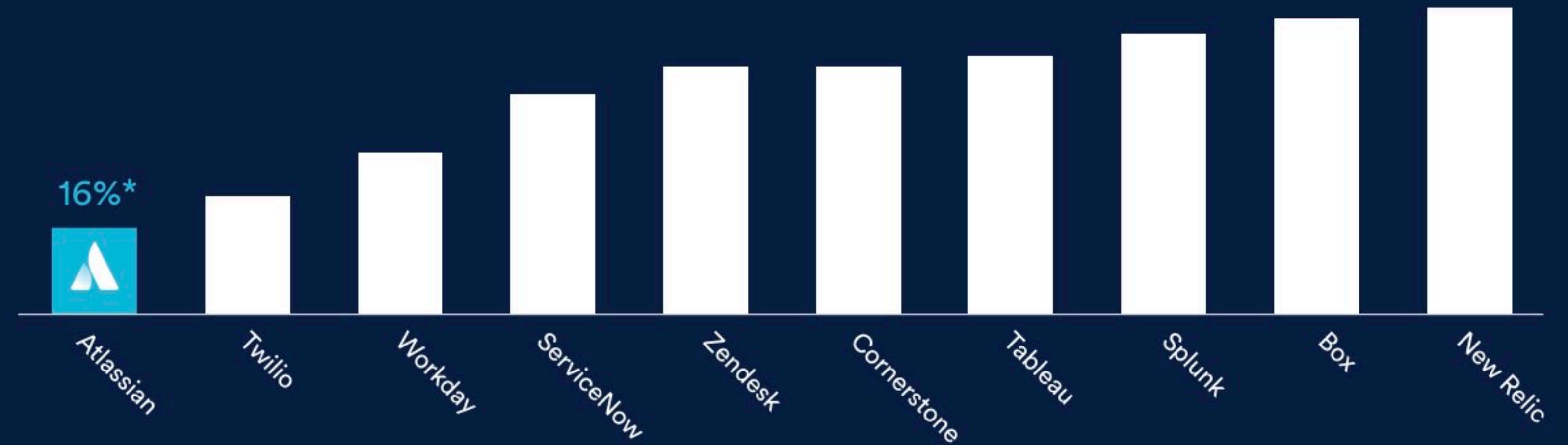
## YEAR OF CUSTOMER FIRST PURCHASE



## BOOKINGS BY YEAR

# Sales and marketing efficiency

**S&M**  
as % of revenue



Note: LTM as of June 30, 2017, excludes stock based compensation and amortization of acquired intangibles.

\* Reconciliation to equivalent IFRS measures is available in Appendix.



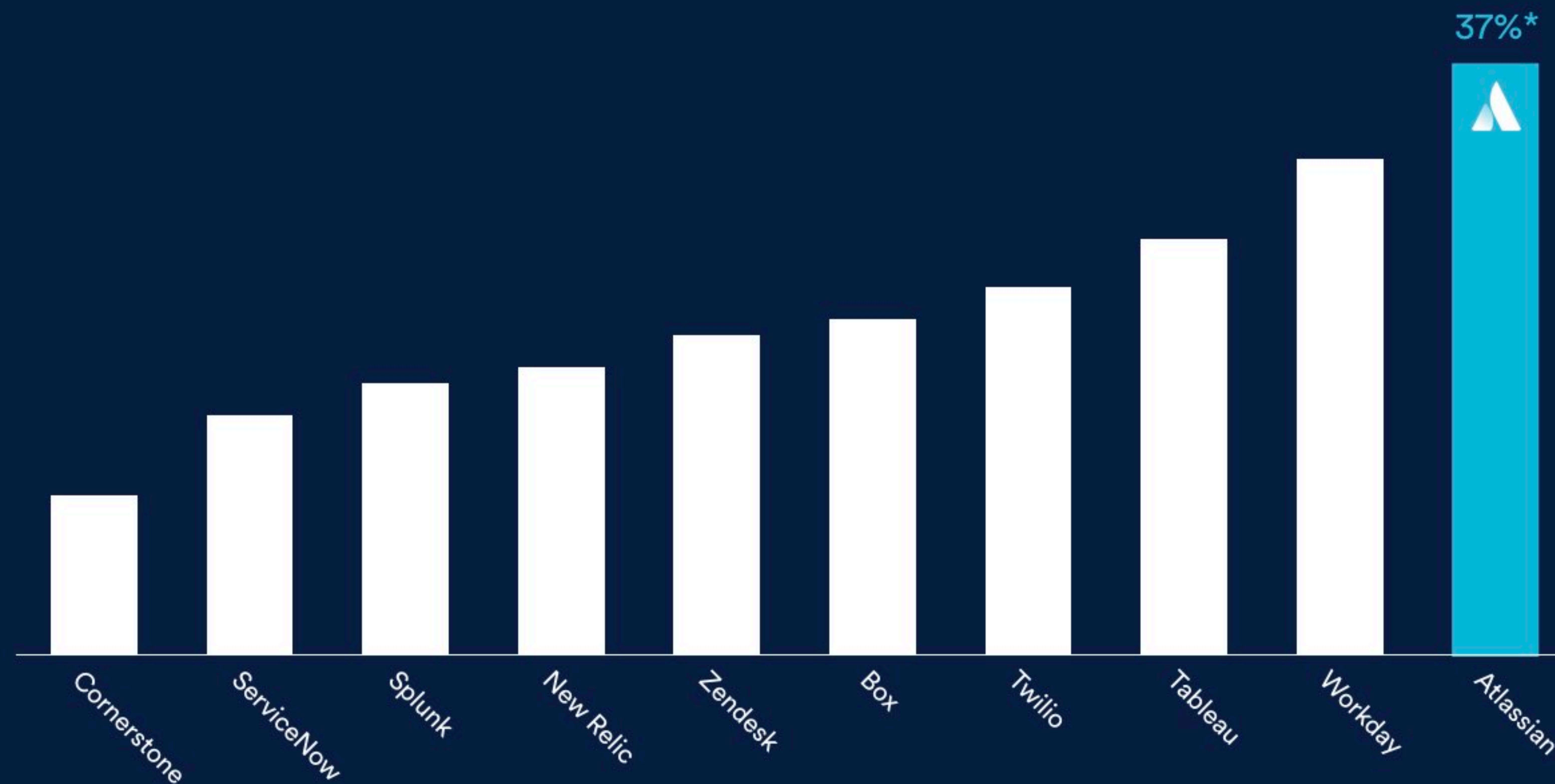
# R&D overview

---

**SRI VISWANATH**  
CTO

# COMPETITIVE DIFFERENTIATOR

R&D  
as % of revenue



Note: LTM as of June 30, 2017, excludes stock based compensation and amortization of acquired intangibles.

\* Reconciliation to equivalent IFRS measures is available in Appendix.

# BREADTH OF R&D IMPACT



**DEPLOYMENT  
MODELS**



**SCALABLE  
PLATFORM**



**PRODUCTS THAT  
SELL THEMSELVES**



Types of teams



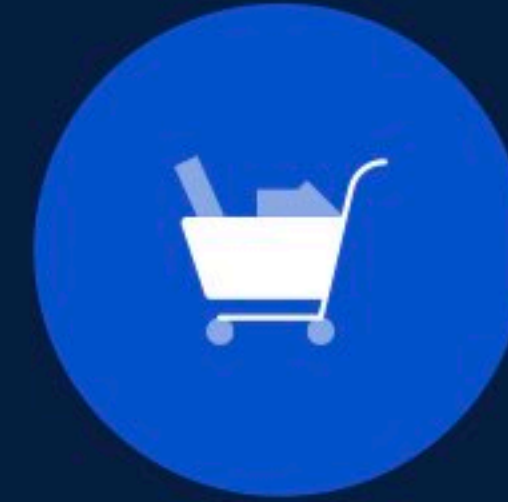
Sophistication of users



Range of customer size



Product customization



**ROBUST  
MARKETPLACE**



**SELF-SERVICE  
GO-TO-MARKET  
TOOLS**

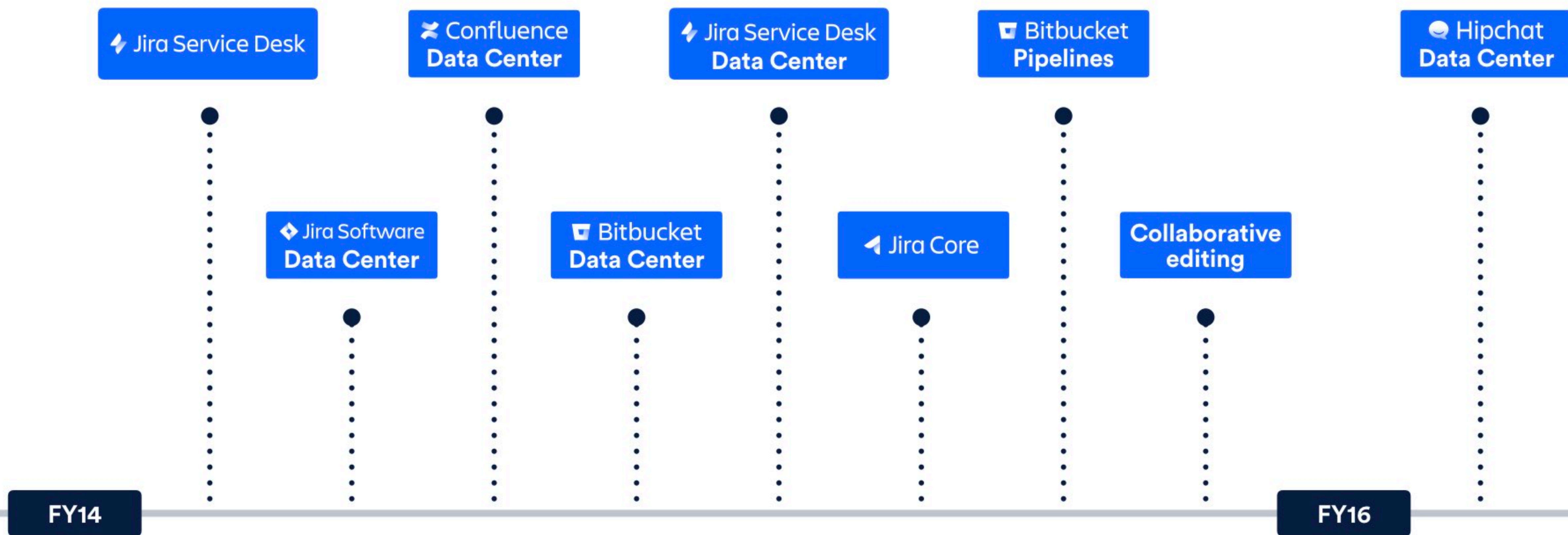
**GEOGRAPHIC DISTRIBUTION**



**We've been busy**

# LOOKING BACK

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# New products & offerings

 Stride

Identity Manager

Atlassian Stack

# Acquisitions

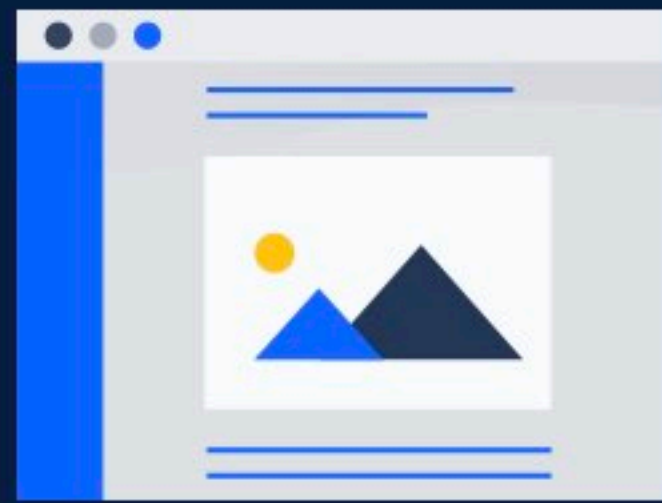
 Statuspage

 Trello

# Transformational projects



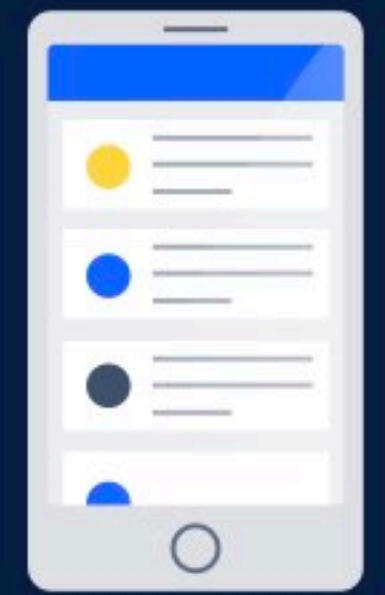
Project Vertigo



ADG3

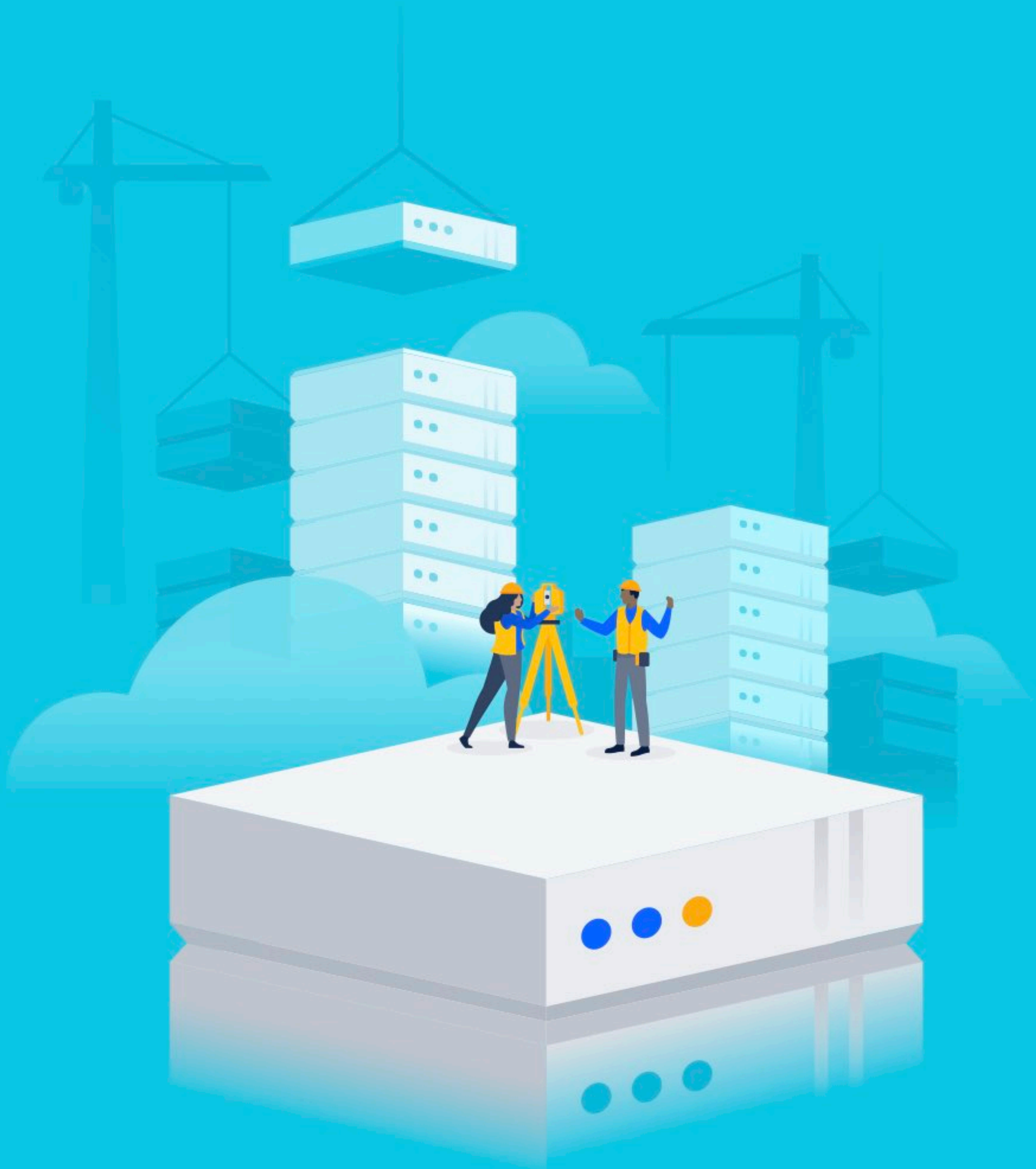


Common identity



Mobile apps

**Vertigo:  
a massively  
transformational  
undertaking**





## Before

Every Jira and Confluence Cloud customer has their own dedicated, individual virtual machine and database - they are single-tenanted



## After

Jira and Confluence Cloud are stateless applications running on AWS

# Key advantages



## Faster dev speed

More frequent deployments and access to AWS services for faster innovation



## Better performance

Spin up Cloud presence where our customers are, for a speedier experience



## Grow with our customers

Be able to break the 2000, user limit and support larger customers



## Lower cost to serve

More cost-efficient hosting structure over the long-term

# Current state of Vertigo

**94% of cloud  
customers migrated**



**Europe datacenter live**

Atlassian's first cloud presence outside of the US is running on Vertigo and announced at Summit Europe

# R&D FORMULA

---



**Customers**



**Teamwork**

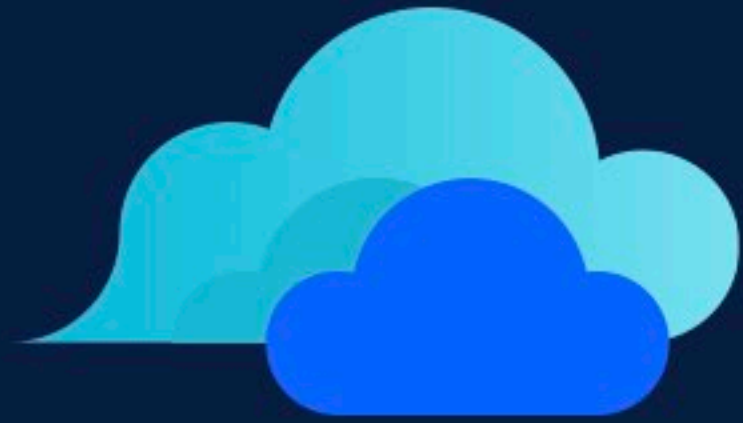


**Innovation**

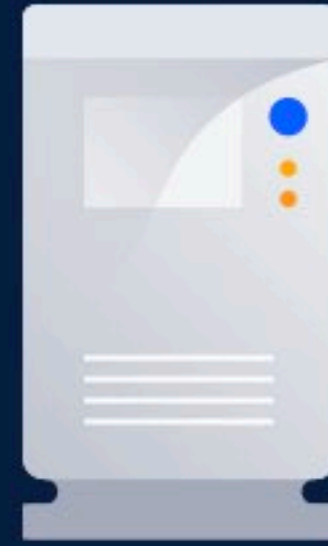


**Ecosystem**

# Customers come first



**Cloud**



**Server**



**Data Center**

# GLOBAL TEAMWORK

---



Sydney



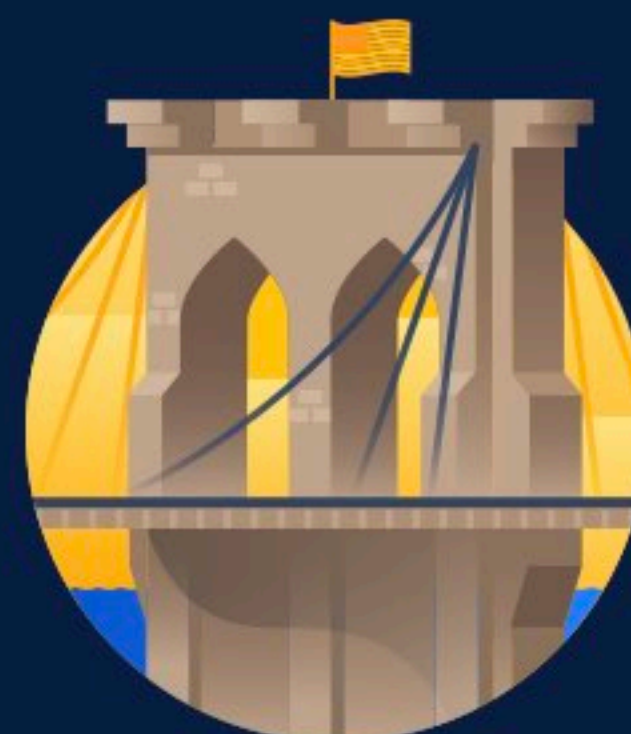
San Francisco



Austin



Mountain View



New York



Remote

INNOVATION

---

24 hours to  
innovate



Jira Service Desk

# We expose the APIs that build our ecosystem

3,000+ APPS

droplr

CloudApp™

DocuSign®

HashiCorp

meisterlabs

Dropbox

TOPDOX

olark

ThinkTilt

APPDYNAMICS

SurveyCake

hackerone

BLACKDUCK

(x) matters®

workato

pagerduty

DocuSign®

moqups

(x) matters®

BetterCloud

BrowserStack

inVISION

OpsGenie

PingPilot

# R&D FORMULA

---



**Customers**



**Teamwork**



**Innovation**



**Ecosystem**



# Long-term initiatives

# Long-term initiatives



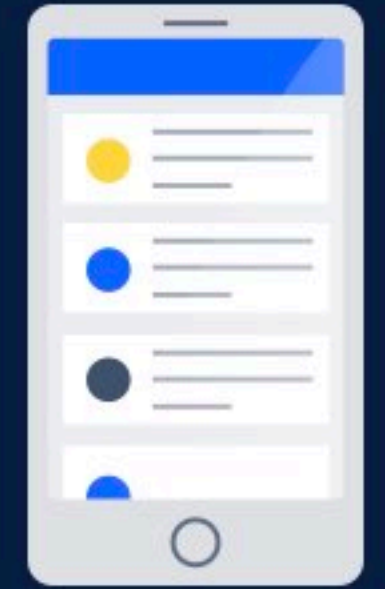
Trust features



Simply powerful



Smarts



Mobile

# Trust features



Security



Reliability



Privacy



Compliance

# Simply powerful



- ☰ Modern UI
- 🕒 Simplified configuration experience
- 🏗️ Streamlined navigation
- ✍️ ADG3

# Smarts

Build personalized products with more signal and less noise



Your work



Notifications



News feed

# TEAMWORK PLATFORM

---



- ◆ Jira Software
- ✂ Confluence
- ▣ Bitbucket
- 📡 Statuspage
- 📅 Trello
- ⤴ Stride
- ⚡ Jira Service Desk

# MOBILE

---



 Hipchat

 Jira

 Confluence

 Stride

 Trello

# R&D powers Atlassian



R&D innovation is  
the lifeblood  
of Atlassian



Cloud platform  
delivers high  
performance and  
scalability



Maniacally focused  
on customers



Delivering value now  
and for the future

# Financial Summary

---

MURRAY DEMO  
CFO



# Key components of our model

1. Large and identifiable market—  
target the Fortune 500,000
2. Value-driven approach to  
pricing
3. Develop and deliver products  
that can sell themselves
4. Predictable, patient, and  
frictionless go-to-market



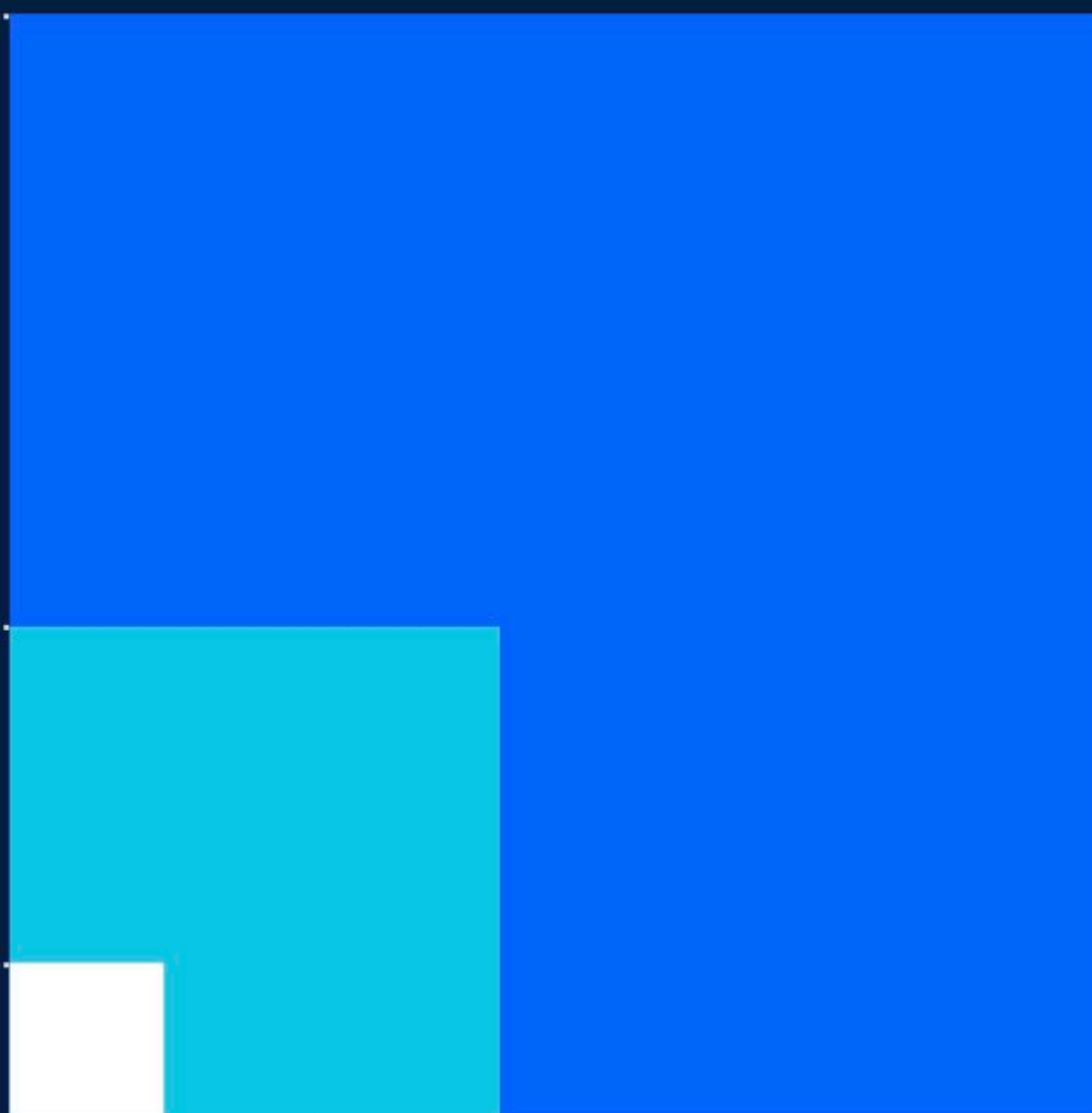
# LARGE OPPORTUNITY

---

**800M+**  
knowledge workers

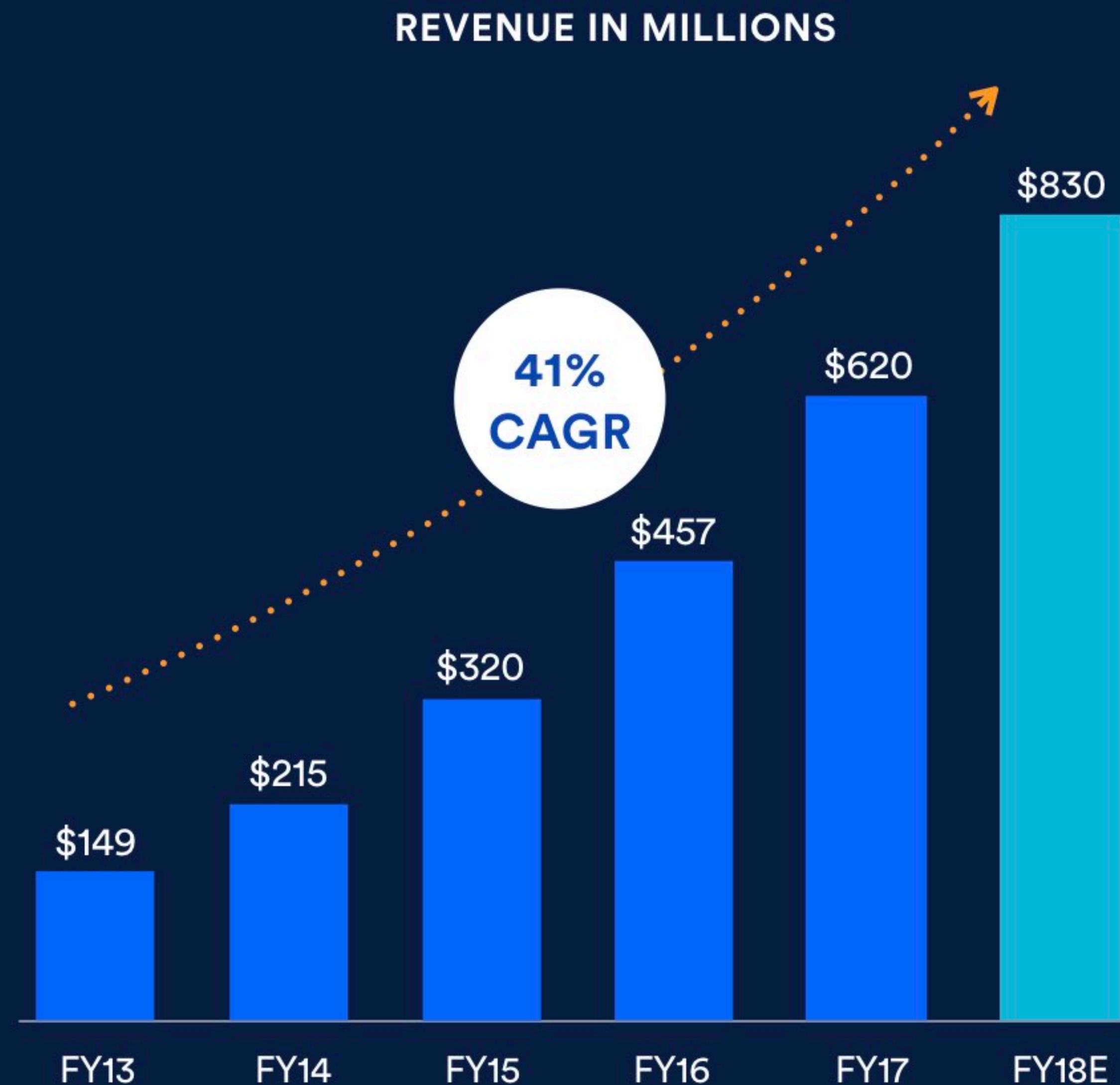
**100M+**  
technical team members

**21M+**  
software developers



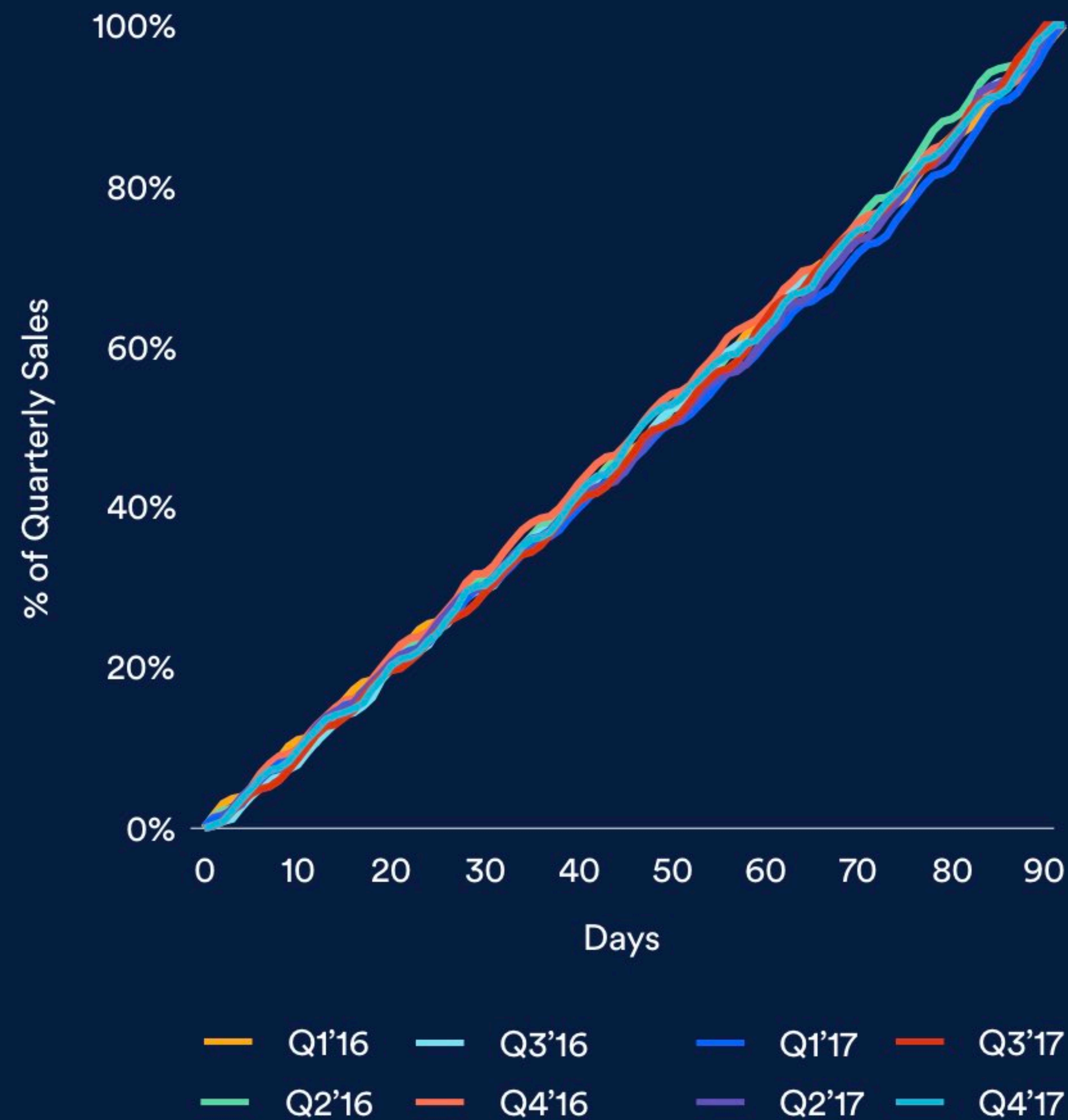
Sources: Knowledge workers as of 2013 (Forrester Research), technical team members as of 2013 (Evans Data), software developers as of 2016 (Evans Data)

# Driving toward \$1B in revenue



Note: FY2018 estimate represents the midpoint of the target range of \$826M-\$834M as of July 27, 2017. CAGR defined as cumulative average growth rate from FY2013 - FY2018.

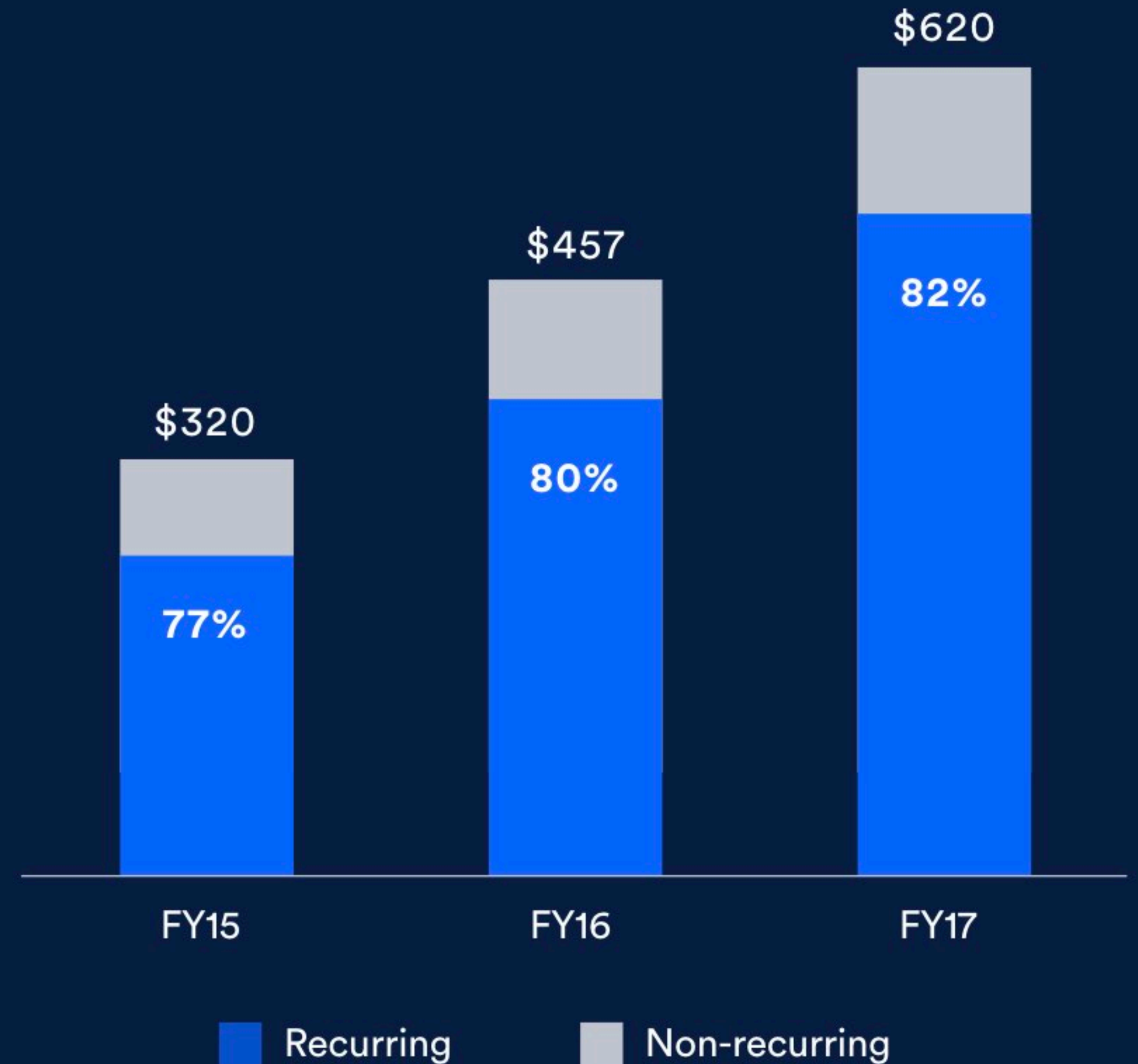
## LINEARITY OF SALES



# Recurring revenue model

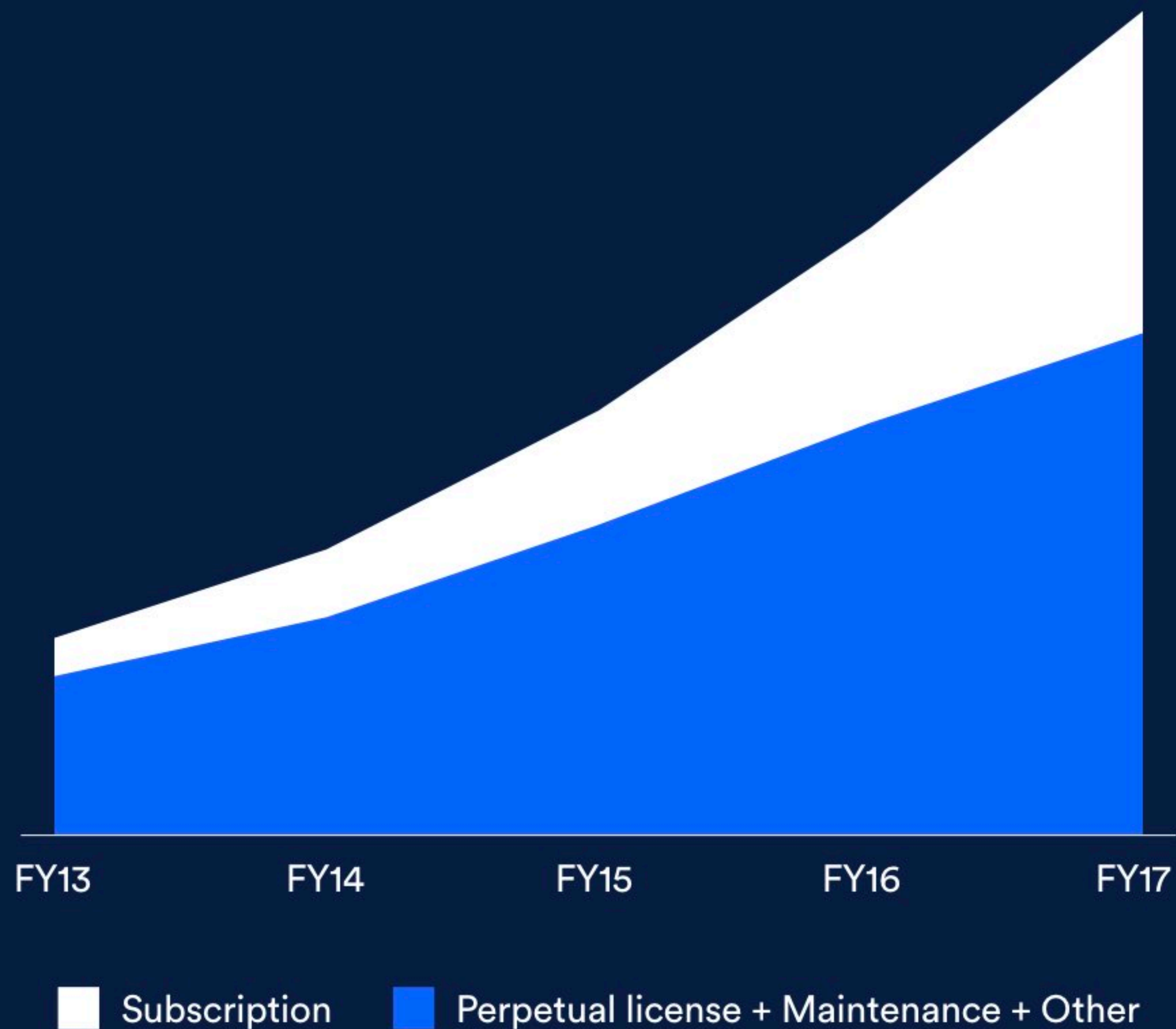


## REVENUE IN MILLIONS



Recurring Revenue = Maintenance, subscription and selected other revenue (excludes Marketplace apps).  
Note: Percentage on bars indicate percentage of revenue that is recurring.

# Revenue mix by deployment



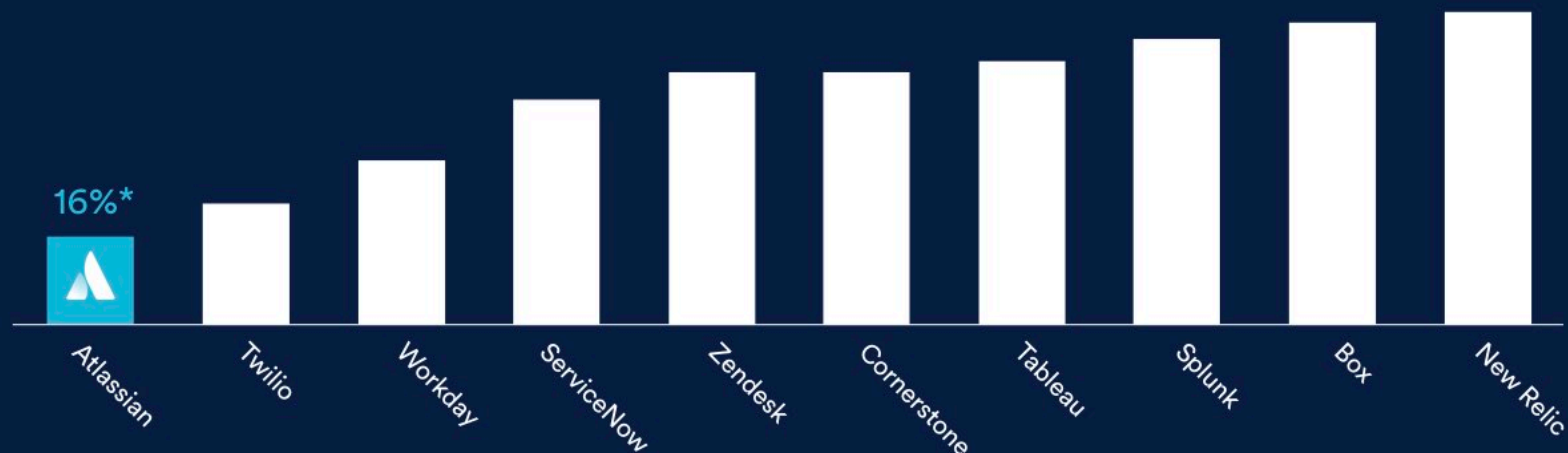


# History of non-IFRS operating profits & free cash flow

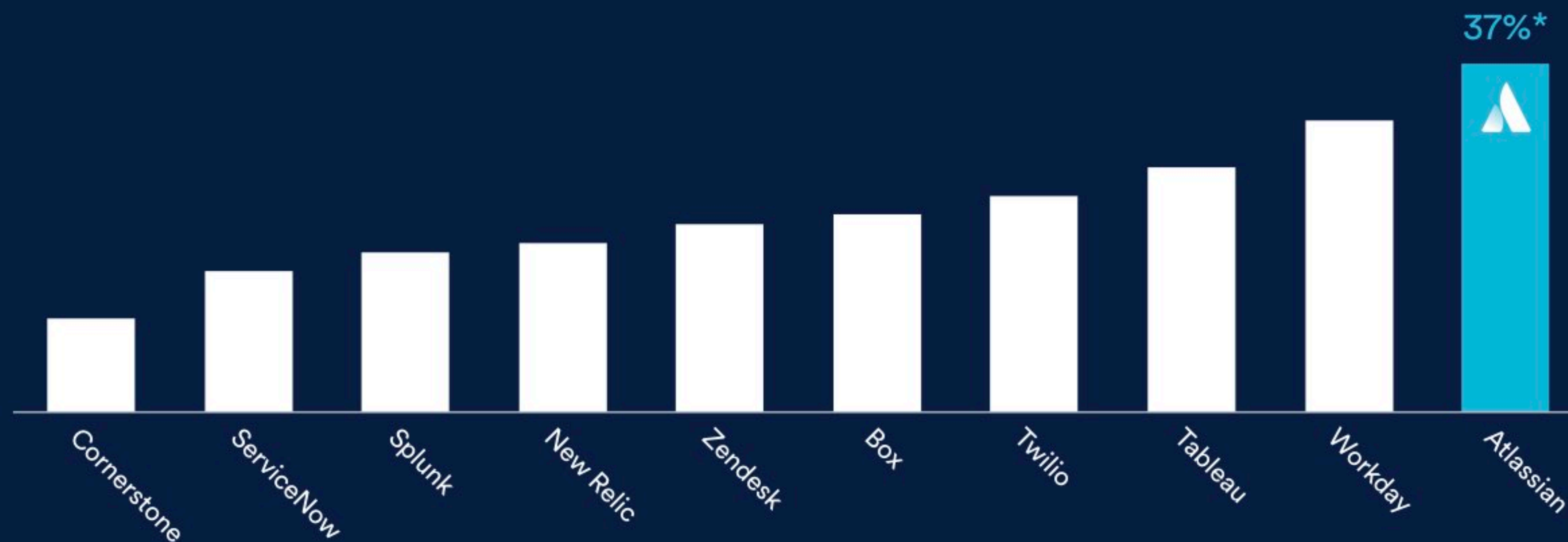
Note: Reconciliation to equivalent IFRS measures is available in Appendix.

# UNIQUE MODEL DRIVES COMPETITIVE ADVANTAGE

**S&M**  
as % of revenue



**R&D**  
as % of revenue



Note: LTM as of June 30, 2017, excludes stock based compensation and amortization of acquired intangibles.

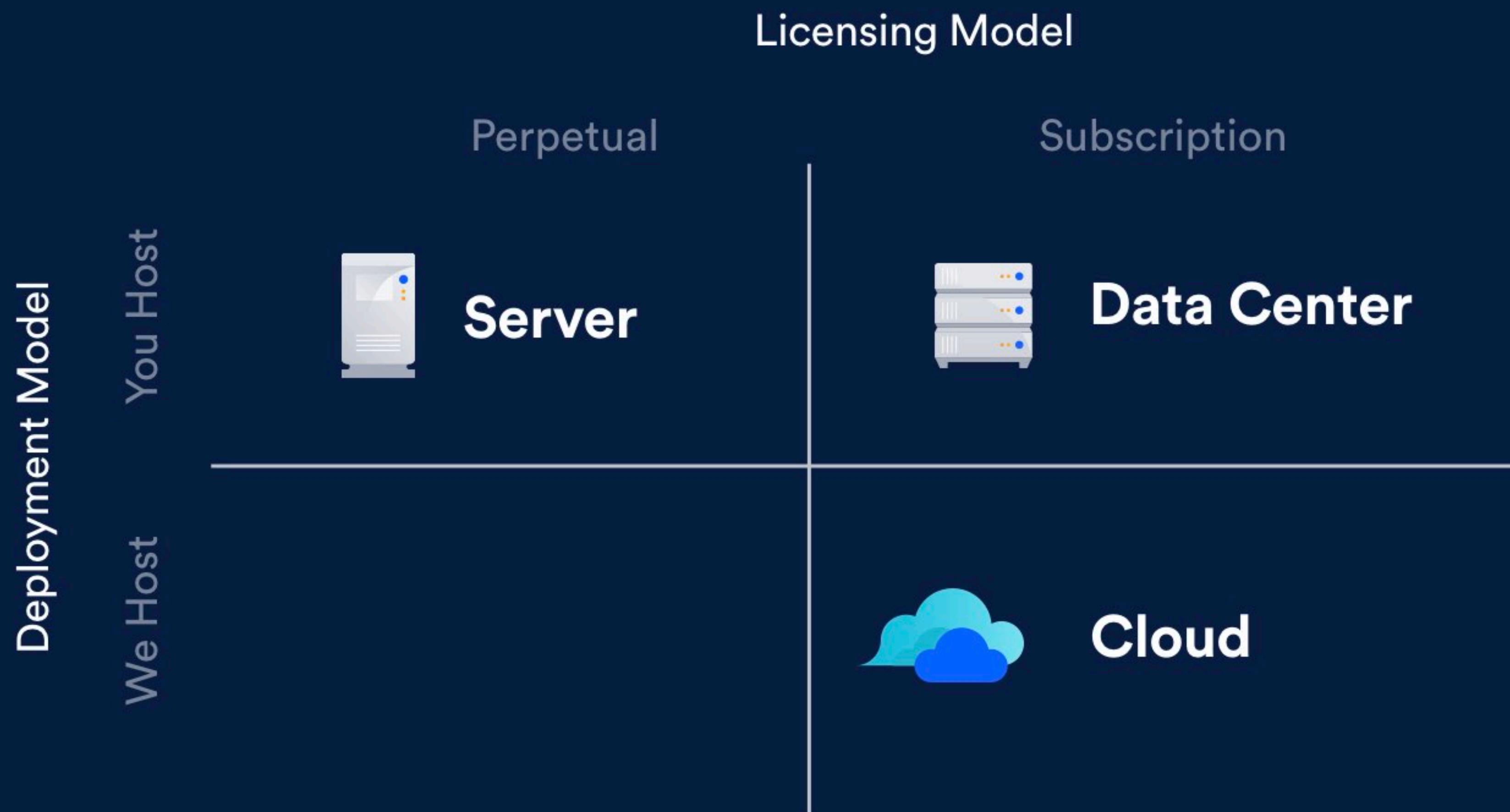
\* Reconciliation to equivalent IFRS measures is available in Appendix.



# Pricing

# PRICING ACROSS DEPLOYMENT MODELS

---



# Per user pricing (PUP) Overview

## Jira & Confluence Cloud

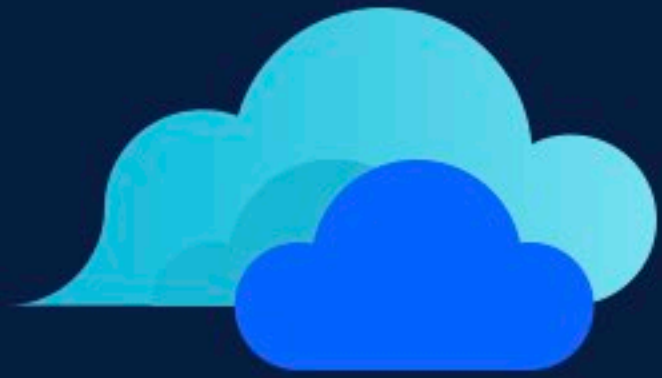


**PUP for Monthly**



**Granular Tiers for  
Annual with Discount**

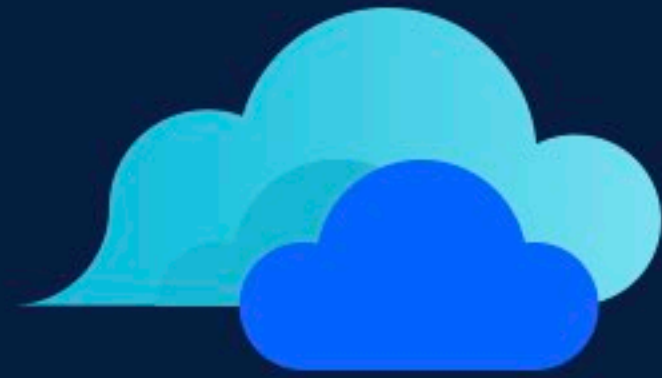
# I have **199** users on Jira Software, how much do I pay in year 1?



## Cloud Monthlies

\$13,152

Priced per-user



## Cloud Annuals

\$11,000

Priced by user tiers



## Server

\$13,200

Priced by user tiers



## Data Center

\$12,000

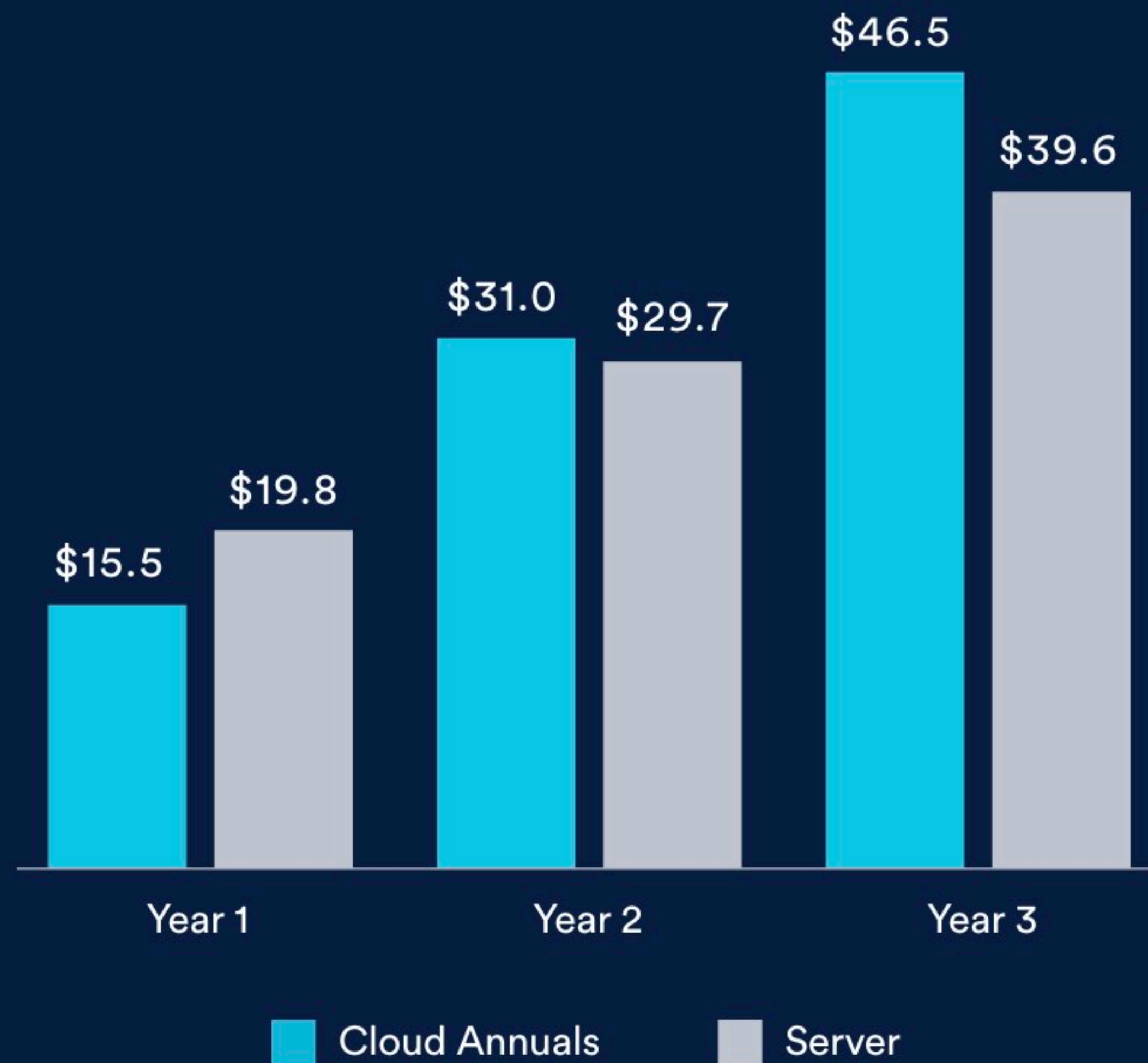
Priced by user tiers

Note: This example applies to a commercial license, and reflects new Server prices which are effective October 2017.

# Jira Software

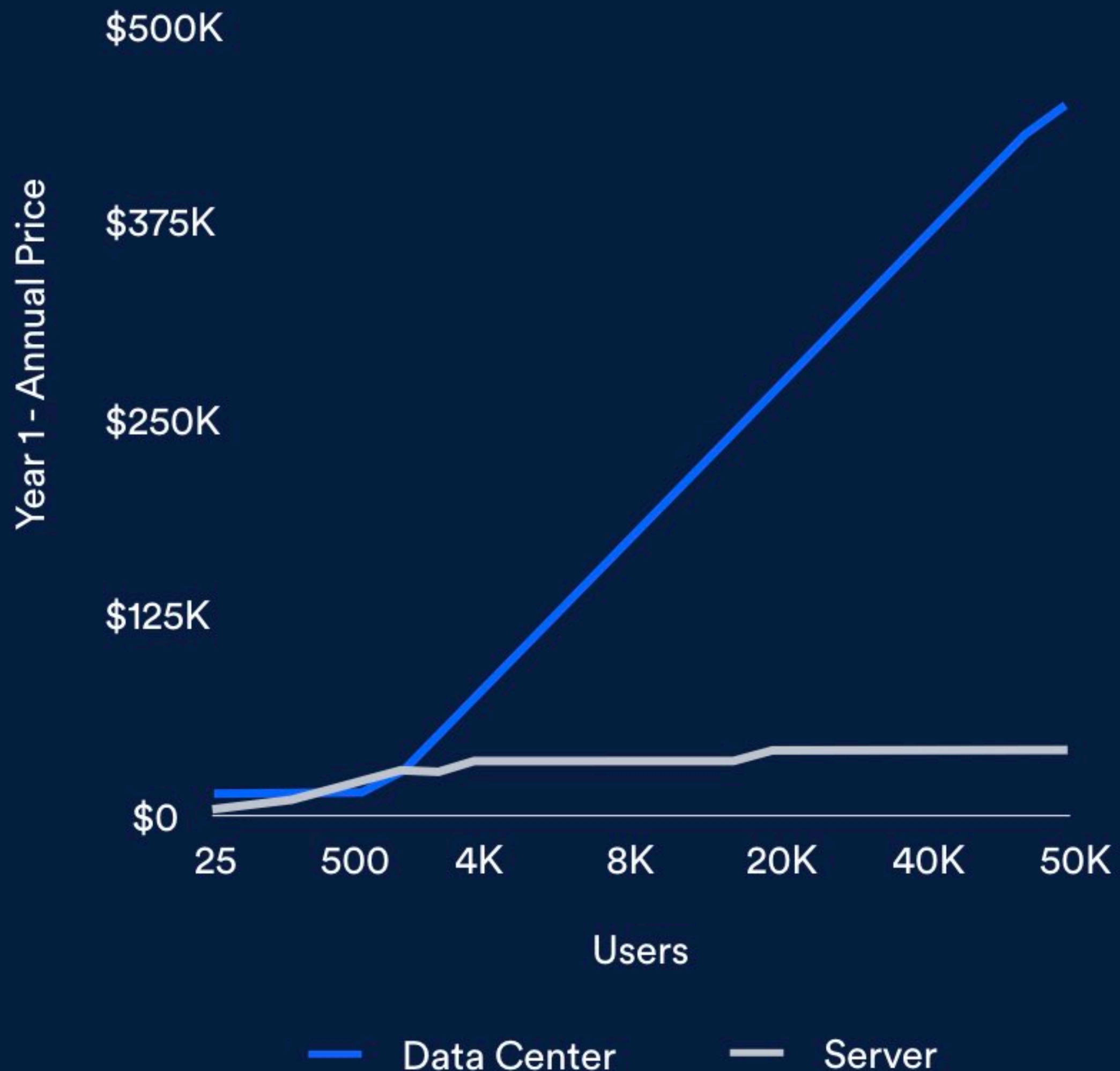
**CUMULATIVE REVENUE FOR  
500 USER TIER**

## REVENUE IN THOUSANDS



Note: This example reflects new Server prices which are effective October 2017.

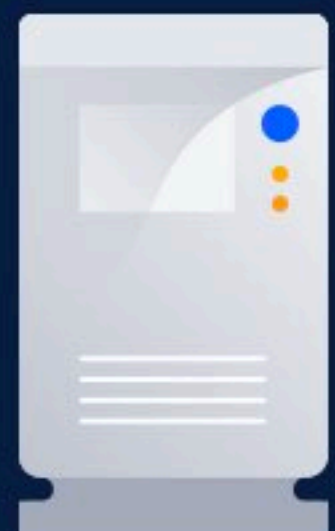
# Jira Software Server and Data Center Prices



Note: This example reflects new Server prices which are effective October 2017

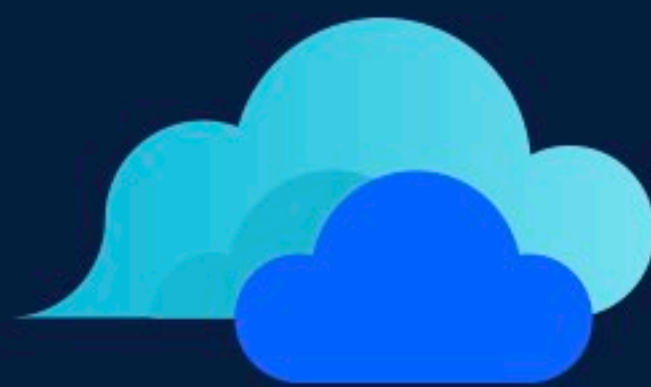
# ANNOUNCED PRICE CHANGES — PAST 12 MONTHS

---



## Server

- All products



## Cloud

- Jira Software
- Jira Core
- Jira Service Desk
- Portfolio for Jira
- Capture for Jira
- Confluence
- Team Calendars
- Questions for Confluence
- Jira & Confluence marketplace apps
- Bitbucket



## Data Center

- Atlassian Stack

# Pricing Strategy



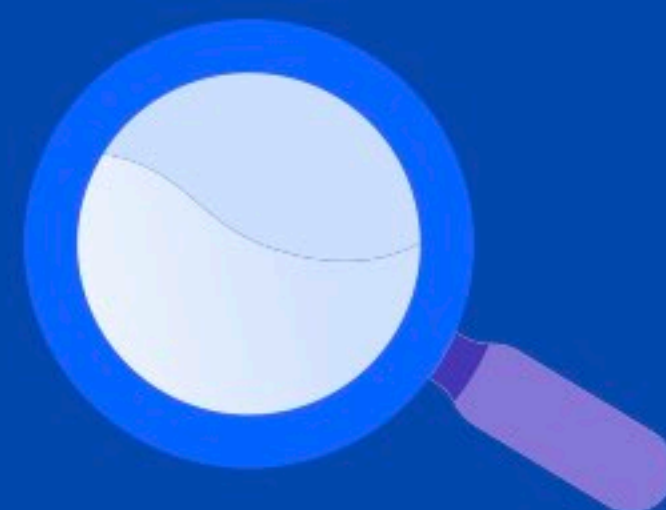
Low price  
high value leader



Optimize pricing



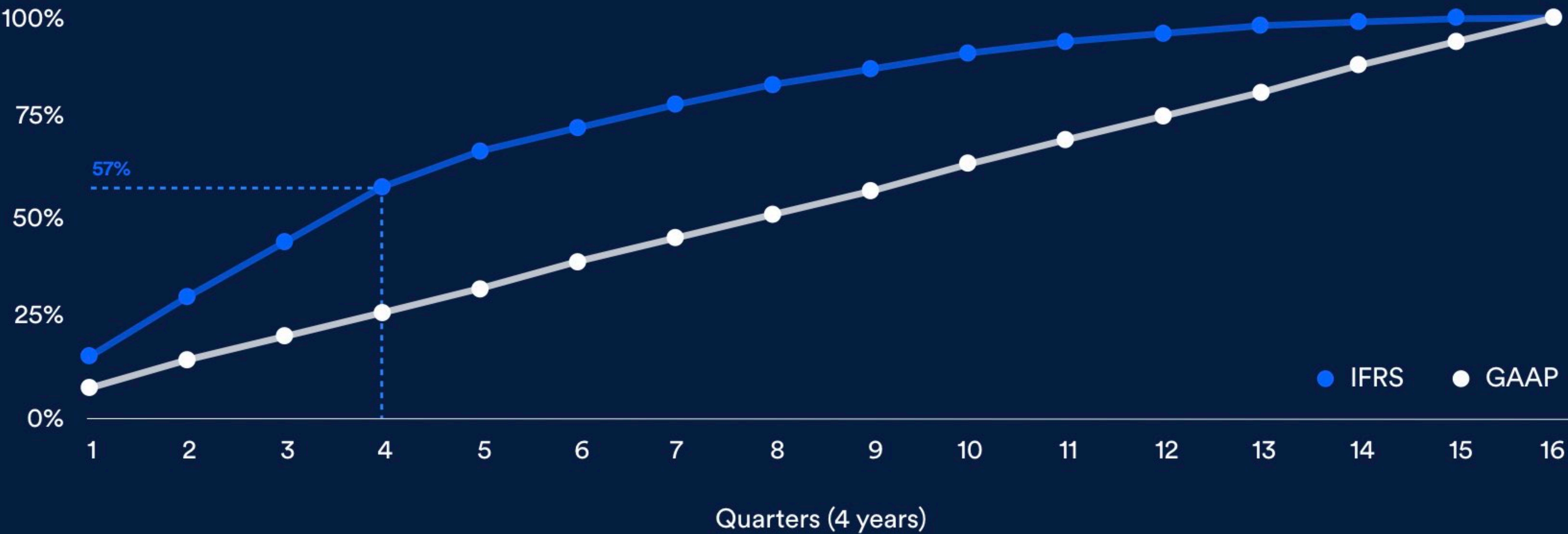
Moving to  
annual increases



# Other topics

# SHARE-BASED COMPENSATION EXPENSE

Accelerated recognition under IFRS



Example of the expense recognition for typical 4-year RSU with 1-year cliff vest and quarterly vesting thereafter.

# **IFRS 15 revenue recognition update**

**(ASC 606  
equivalent)**

Adopt in FY19

Plan to apply the full retrospective method

Revenue impact expected to be insignificant

Primary impact: a portion of our revenue from annual term-based Data Center licenses will be recognized earlier

Due to immateriality, commissions not expected to be capitalized

# CUSTOMER COUNT UPDATE

---

Unique domains with at least one active and paid license of approximately \$10 or more per month

Excludes Cloud and Server starters:

- Licenses for domains spending up to \$10 per month (for Cloud, excluding Trello) and \$10 one-time (for Server)

Bitbucket Cloud price increase will drive approximately 12,000 to 15,000 additional customers at the end of Q1'18

Customer definition may evolve with our business



# Long-term financial considerations

# LONG-TERM FINANCIAL CONSIDERATIONS

---

Assume annual price increases for Cloud & Server

Anticipate slow decline in gross margin as we transition from Server to Cloud

Demonstrate modest leverage in non-IFRS operating margin

- Continue to partially hedge AUD denominated costs

Deliver modest increases in free cash flow margin assuming:

- No material change in annual/monthly bookings mix
- Constant facilities investment

Target approximately 3% share count dilution per year (excludes acquisitions)

Continue to optimize for cash taxes

Note: Non-IFRS operating margin excludes stock based compensation and amortization of intangible assets. Free cash flow is defined as cash flow from operations less capital expenditure and purchases of intangible assets. Long term share count dilution does not reflect the application of the treasury stock method.

# Planning & Control Processes



**Strategic Plan**



**Operating Plan**



**Financial Plan**



**Quarterly Operating  
Review**



**Quarterly Rolling  
Forecast**



**Weekly Outlook**

# Key Takeaways

**1 | Go-to-market approach continues to scale**  
Continue to add a large volume of new customers around the globe

**2 | Expansion paths humming**  
Growth in both diverse team usage and large enterprise scale expansion

**3 | R&D: the lifeblood of our company**  
Engineering innovation and excellence are central to our model

**4 | The forecast is cloudy (in a good way)**  
Set up for cloud at scale

**5 | The price is right!**  
Taking a strategic, long-term approach to pricing

**6 | A model financial model**  
Consistent revenue growth *and* free cash flow generation

# Appendix

I have **199** users on Jira Software - Cloud Monthly,  
how much do I pay in year 1?

10 users or less  
**\$10 flat fee**

More than 10 users  
(11–100 users)  
**\$7/user**

For the next 150 users  
(101-250 users)  
**\$4/user**

For each additional user  
(251+ users)  
**\$1/user**

**\$13,152**

(100 users x \$7 per user + 99 users x \$4 per user) x 12 months

# IFRS OPERATING INCOME RECONCILED TO NON-IFRS OPERATING INCOME

(USD in millions)

FY13

FY14

FY15

FY16

FY17

|                                       |             |             |             |              |               |
|---------------------------------------|-------------|-------------|-------------|--------------|---------------|
| <b>Operating income</b>               | <b>13.1</b> | <b>22.7</b> | <b>1.7</b>  | <b>(5.9)</b> | <b>(63.1)</b> |
| (+) Share-based payment expense       | 3.5         | 11.4        | 41.5        | 75.5         | 137.4         |
| (+) Amortization of intangible assets | 7.8         | 7.7         | 6.5         | 7.5          | 29.9          |
| <b>Non-IFRS operating income</b>      | <b>24.4</b> | <b>41.8</b> | <b>49.7</b> | <b>77.1</b>  | <b>104.2</b>  |
| <i>% of Revenue</i>                   | <i>16%</i>  | <i>19%</i>  | <i>16%</i>  | <i>17%</i>   | <i>17%</i>    |

# NET CASH PROVIDED BY OPERATING ACTIVITIES RECONCILED TO FREE CASH FLOW

| (USD in millions)                                | FY13        | FY14        | FY15        | FY16         | FY17         |
|--------------------------------------------------|-------------|-------------|-------------|--------------|--------------|
| <b>Net cash provided by operating activities</b> | <b>54.3</b> | <b>75.3</b> | <b>98.2</b> | <b>129.5</b> | <b>199.4</b> |
| (-) Purchase of property and equipment           | (7.2)       | (8.1)       | (31.8)      | (34.2)       | (15.1)       |
| (-) Purchase of intangible assets                | -           | (2.1)       | (0.9)       | -            | (0.9)        |
| <b>Free cash flow</b>                            | <b>47.1</b> | <b>65.0</b> | <b>65.5</b> | <b>95.3</b>  | <b>183.3</b> |
| <i>% of Revenue</i>                              | <i>32%</i>  | <i>30%</i>  | <i>21%</i>  | <i>21%</i>   | <i>30%</i>   |

RECONCILIATION OF IFRS TO NON-IFRS:  
RESEARCH AND DEVELOPMENT EXPENSE

| (USD in millions)                 | FY16  | FY17  |
|-----------------------------------|-------|-------|
| Research and development          | 208.3 | 310.2 |
| (+) Share-based payment expense   | 35.7  | 79.4  |
| Non-IFRS research and development | 172.6 | 230.8 |
| % of Revenue                      | 38%   | 37%   |

# RECONCILIATION OF IFRS TO NON-IFRS: MARKETING AND SALES EXPENSE

(USD in millions)

FY16

FY17

|                                       |             |              |
|---------------------------------------|-------------|--------------|
| <b>Marketing and sales</b>            | <b>93.4</b> | <b>134.9</b> |
| (+) Share-based payment expense       | 11.9        | 17.4         |
| (+) Amortization of intangible assets | 0.1         | 15.3         |
| <b>Non-IFRS marketing and sales</b>   | <b>81.4</b> | <b>102.2</b> |
| <i>% of Revenue</i>                   | <i>18%</i>  | <i>16%</i>   |