A Few Things We Learned in…

2020 Q4

OCTAHEDRON CAPITAL

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Contents

1. Digital Advertising

2. Gaming & Content

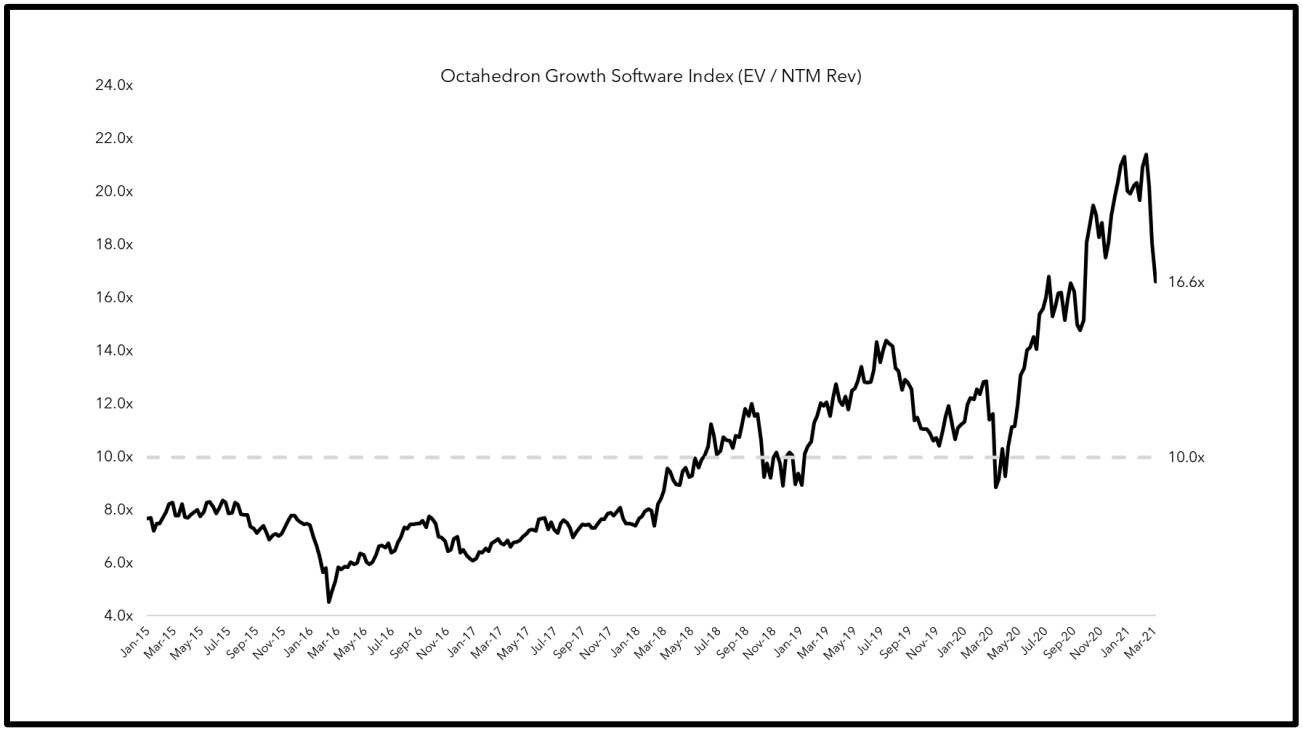
3. Payments & Fintech

4. On-Demand & E-Commerce

5. Software

Valuations - Software

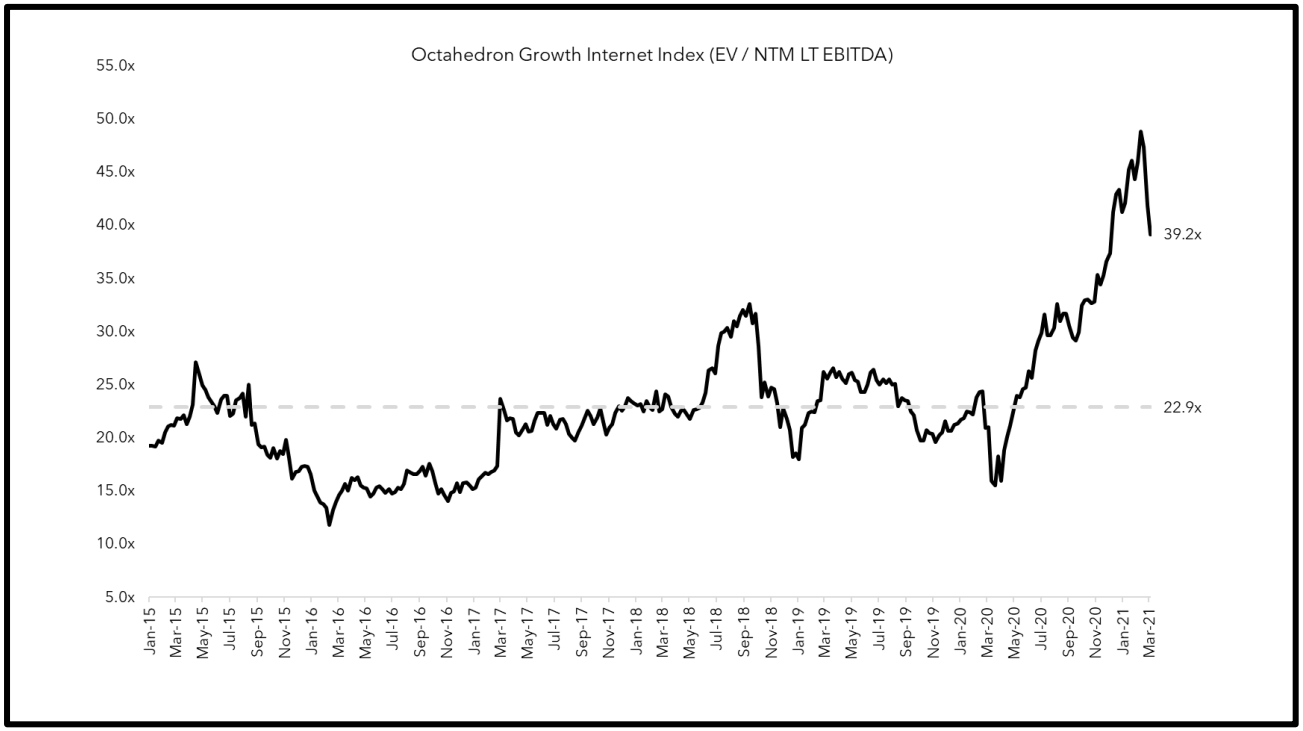
Growth software valuations remain elevated despite the market pullback the last two weeks…



Source: Bloomberg as of 4-Mar-21, Octahedron estimates

Valuations - Internet

…with a similar setup in Internet



Source: Bloomberg as of 4-Mar-21, Octahedron estimates

Re-opening and Recovery

Companies broadly expect a 2H21 re-opening, tracking to vaccine rollout and travel restrictions easing

mastercard

"As we said in the past, progress may not be linear, but **we believe there is significant pent-up demand for travel, and we continue to expect to see improvements in the second half of the year.** In the meantime, we remain focused on building our already strong position in travel positioning us well to capitalize on this opportunity when it occurs.."

shopify

"**Our outlook coming into 2021 assumes that as countries rollout vaccines in 2021 and populations are able to move about more freely**, the overall economic environment will likely improve."

BOOKING HOLDINGS

"As we think ahead about 2021, there is considerable uncertainty regarding the exact shape and timing of the recovery for travel. **The rate of recovery will depend heavily on the rate of new COVID-19 cases**, including new potentially more transmissible and more dangerous variance, **and on the timing of effective and broad-based vaccine distribution**, which we believe will be a key step in helping people feel safe to travel again."

Source: 4Q'20 earnings

Re-opening and Recovery

OTAs starting to see green shoots from summer bookings…and pent-up demand

BOOKING HOLDINGS

"**We are tracking early signs of encouraging summer booking trends** in Western Europe, primarily the UK and Germany, relative to what we're seeing globally.**"**

Tripadvisor

"As challenging as 2020 was for the travel industry, we enter 2021 with optimism due to three main factors. First, the vaccine news since early November has been very positive, and we are encouraged by recent reports highlighting improved vaccine distribution. Second, **signals indicate that pent up travel demand continues to grow**, setting the travel industry up for a potential inflection later in the year. Third, we have executed well on factors within our control, strengthened our offerings for the rebound, and oriented the business towards an exciting future."

trivago

"**Some countries like Australia, China and New Zealand have, through very strict measures, already managed to return to an almost normal daily life**, while countries like Israel, the UK and the US are progressing rapidly with their vaccination programs and should see gradual improvement in the second quarter. Overall, **we believe that by summer, most major markets will have made significant progress to allow for local activities and travel and give their citizens relief and time to relax after a very long and difficult period."**

Source: 4Q'20 earnings

Digital Advertising

Digital Advertising

In a global recovery, Snap believes they have significant pricing power…

"**Overall eCPM in Q4 increased 46%** year-over-year driven by a combination of mix shift towards higher eCPM products such as Commercials, mix shift towards higher eCPM regions with the relatively higher growth in North America, as well as a rapid rise in overall demand sequentially. **Despite this growth in eCPM, we believe our eCPMs remain well below market rates for our audiences and ad units.** The ongoing growth of our community, combined with deep engagement within our app, including deep engagement across platforms we have not yet begun to monetize, gives us ample opportunity to expand inventory and our ARPU opportunity over time."

Source: $SNAP 4Q'20 earnings

Digital Advertising

…a sentiment also echoed by Pinterest

"So what I would say is, we're seeing more balance these days in terms of both impression growth and pricing growth driving volume. So in the past, we've talked a lot about – and most of our revenue, if not all of our revenue growth being driven by impressions as opposed to effective CPMs repricing. What we've seen and saw in the fourth quarter and through the course of 2020 is that what was far more balanced in that, and we've started to see, as we've been telling you over time, **eventually, pricing will start to contribute more to our revenue growth**. And that's exactly what we're seeing."

Source: $PINS 4Q'20 earnings

Digital Advertising

Twitter appears poised to strategy via product innovation (finally?)

"We're not just growing Twitter more every year, but **the portion of that growth that comes directly from causal changes we're making in the product is increasing substantially. With the number of mDAU added in each period that were directly driven by product improvements growing almost 3x over that time.** This gives us confidence that our strategy and execution is working. It's important to underscore that the growth and impact you've seen us deliver over the last few years has primarily come through steady refinements to our existing product areas, like refining the relevance of our Home Timeline. These refinements will continue delivering impact, but **we expect the next few years to be even more shaped by an ambitious strategy that will evolve the Twitter experience much more than our customers have seen over the last few years—and one that will deliver even more daily utility for new and existing customers.**"

Source: $TWTR 2021 Analyst Day

Digital Advertising

YouTube saw accelerating brand spend and strong DR ad demand

"In YouTube, **direct response had a substantial year-on-year growth throughout the entire year including the fourth quarter**. After substantial pullback at the outset of the pandemic, brand spending began to recover in the third quarter. Marketers realized that even if there was a pullback in consumer demand in the short term, they needed to keep their brands in front of people to stay top-of-mind when spending picked back up. **In the fourth quarter, we saw significant acceleration of brand spending on YouTube.**"

Source: $GOOGL 4Q'20 earnings

Digital Advertising

Roku is positioned to continue to capture ad dollars from linear TV

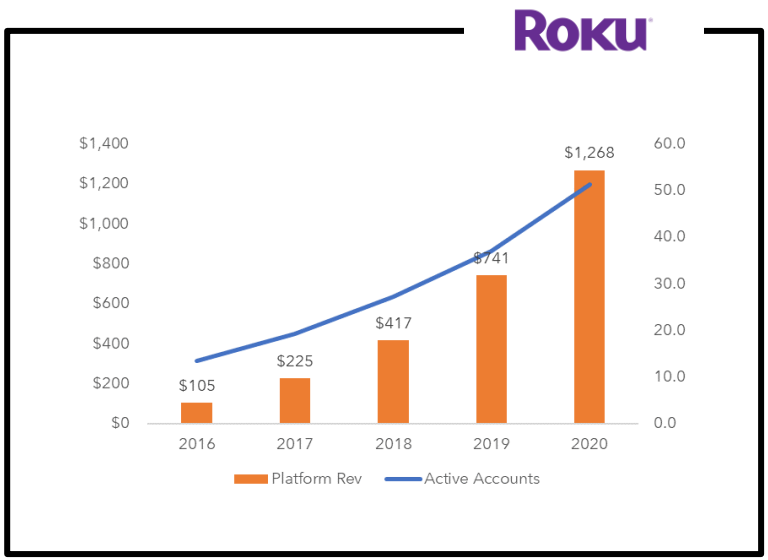
ROKU

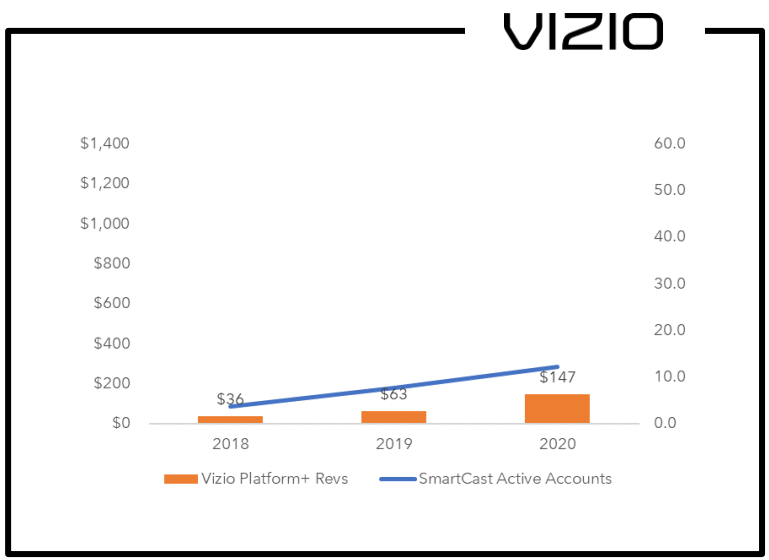
"**There are a lot of other reasons that advertisers invest directly with us. One is we excel at optimizing for performance using data.** I mean, we've been investing for years in our data, in our ad stack and we excel there. We're not in the business, as you know, of selling content. So if you got to buy The Office or you got to buy a specific show, you're going to do that directly with the network. But if you're optimizing for reach and frequency and performance, investing with Roku is a key factor."

Source: $ROKU 4Q'20 earnings

Digital Advertising

Vizio is 5 years behind Roku in scale, but is tapped into the same opportunity





Source: Company Filings

Digital Advertising

The Trade Desk reiterated why connected TV is highly appealing to advertisers

theTradeDesk

"**CTV was the strongest growth segment of the global ad market last year and the fastest growing channel on our platform as well. And that's because advertisers see their customers moving to streaming platforms and they are learning that CTV offers a new kind of value.** Advertisers can apply data to drive more precision and localized targeting than linear. They can measure performance in real time across platforms. They can pivot campaigns quickly based on performance feedback, and they can experiment with new formats."

Source: $TTD 4Q'20 earnings

Digital Advertising

IDFA is being characterized very differently across the board…

"**We also expect to face more significant ad targeting headwinds in 2021. This includes the impact of platform changes, notably iOS 14**, as well as the evolving regulatory landscape. While the timing of the iOS 14 changes remains uncertain, we would expect to see an impact beginning late in the first quarter."

"Assuming COVID improves and that we see **modest impact from the rollout of changes associated with iOS 14** we expect revenue in 2021 to grow faster than expenses."

"Today, we're also providing our guidance for 2021. We're projecting revenues of $950 million to $970 million for the year. This guidance takes into account multiple factors. I'd like to reference three: one, underlying revenue growth of 30% plus, which is our long-term goal; two, recognition that 2020 had somewhat elevated revenue due to COVID tailwinds; and three, **the recognition that we estimate a one-time hit in 2021, approximately $30 million to revenues or just over 3%, as advertisers become accustomed to the new IDFA approach being implemented by Apple**."

Source: 4Q'20 earnings

Digital Advertising

…But availability of rich first-party data will likely help mitigate the impact

"We've been communicating very well with advertisers, educating them, talking about them deeply about these coming changes, and encouraging them to implement our conversion API and measurement kit to mitigate any of this. And then longer-term, **we're investing in using first-party data from our platform, and providing more opportunities for on-platform conversion, which will really help**. Overall, we feel really well-prepared for these changes, but changes to this ecosystem are usually disruptive and the outcome is uncertain."

"**I would note that what we have is a little different is we have on-platform engagement.** People are searching using text and visual queries. They're clicking and saving and doing board creations that they're naming themselves … **What that means is that we get a lot more complicated or complex signals than the likes and follows that are typical of on-platform engagement on social media and news apps. We're not in danger of losing that on-platform signal as a result of IDFA.** So in the case of search, for example, our users are actually sharing directly with us what they want to see, **so that that from a targeting perspective is useful**."

Source: $SNAP 4Q'20 earnings, $PINS MS TMT conference

Digital Advertising

Facebook contends that small businesses are likely to be impacted by IDFA*

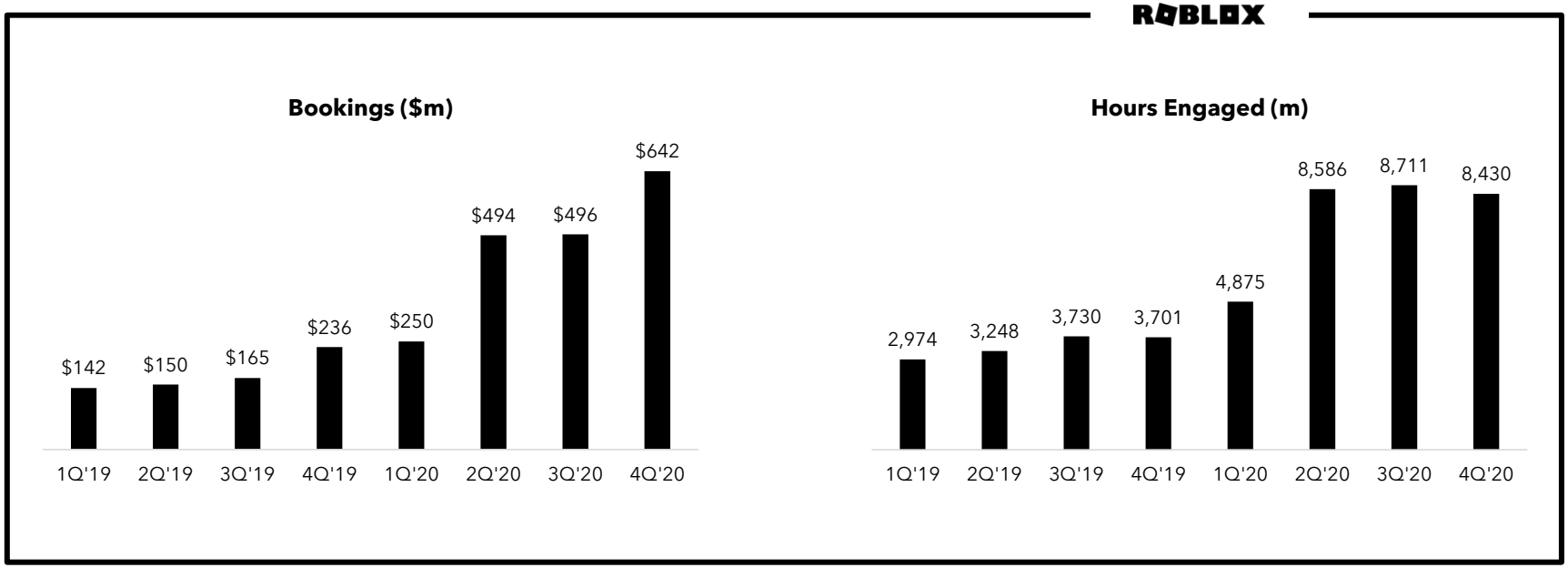
"So Apple has every incentive to use their dominant platform position to interfere with how our apps and other apps work which they regularly do to preference their own. **And this impacts the growth of millions of businesses around the world, including with the upcoming iOS 14 changes, many small businesses will no longer be able to reach their customers with targeted ads.** Now, Apple may say that they're doing this to help people, but the moves clearly track their competitive interests. And I think that this dynamic is important for people to understand because we and others are going to be up against this for the foreseeable future."

Source: $FB 4Q'20 earnings
**Likely posturing [Octahedron commentary]*

Gaming & Content

Gaming

Roblox's 2020 results showed that gaming was a big beneficiary of COVID-19…



Source: $RBLX S-1

Gaming

…while *Free Fire* continues to have global appeal

"Free Fire was once again a key driver of Garena's outperformance. According to App Annie, it continues to be **the highest grossing mobile game in Latin America and Southeast Asia** in the fourth quarter as well as the full year of 2020. It has maintained this top ranking for three consecutive quarters. The strong performance was also evident in India where Free Fire was the highest grossing mobile game for the fourth quarter and for the full year of 2020 based on App Annie.

We're also pleased to share that Free Fire was **once again the most downloaded mobile game in the world in 2020 according to App Annie. This is the second year in a row that Free Fire was ranked first globally.** As we continue to grow the Free Fire user base worldwide and to build even tighter bonds with global gamers, we believe that Free Fire is formally establishing itself as a strong global gaming franchise and platform."

Source: $SE 4Q'20 earnings

Gaming

Social features in gaming drive dramatic increases in consumer engagement…

"In 2020, we introduced even more ways for players to connect and find community, particularly in Call of Duty … **Our approach has made the franchise more social than ever, benefiting both our players and our business performance. Call of Duty players who play in groups with friends spend over three times more hours in the game and invest around three times more on in-game content compared to other players.** And we've only just started to scratch the surface of what's possible for social interaction within our franchises, and we have initiatives underway to enhance the social nature of all of our key franchises."

Source: $ATVI 4Q'20 earnings

Gaming

…as Unity dominated the game engine industry for mobile gaming

unity

"In our shareholder letter, we included some statistics which speak to the growth of our ecosystem, including Unity's market share among the top 1,000 games, the number of monthly downloads of apps built with Unity, and the number of monthly active users that engage with content built with or operated by Unity. **All of these metrics hit record levels, with our market share of the top 1,000 in 58 countries reaching 71%.** Downloads averaged 5 billion times per month in Q4, and MAUs reached an average of 2.7 billion per month in Q4 2020."

Source: $U 4Q'20 earnings

Content

Netflix's hasn't missed a beat to produce content at scale…

NETFLIX

"Our productions are back up and running in most regions - we have learned that flexibility and adaptability are paramount in this fast-changing environment. **With over 500 titles currently in post production or preparing to launch on our service and plans to release at least one new original film every week in 2021** with extraordinary talent, we're confident we'll continue to have a great content offering for our members."

Source: $NFLX 4Q'20 earnings

Content

… and is increasingly a part of the cultural zeitgeist

NETFLIX

Google Year in Search, 2020 (Global)

	TV Shows		Movies
1	*Tiger King* N	1	*Parasite*
2	*Big Brother Brasil*	2	*1917*
3	*Money Heist* N	3	*Black Panther*
4	*Cobra Kai* N	4	*365 Dni* N
5	*The Umbrella Academy* N	5	*Contagion*
6	*Emily in Paris* N	6	*Tenet*
7	*Ozark* N	7	*Enola Holmes* N
8	*The Queen's Gambit* N	8	*Harley Quinn: Birds of Prey*
9	*Outer Banks* N	9	*Mulan*
10	*Locke & Key* N	10	*Jojo Rabbit*

Source: Google. Note: *Cobra Kai* seasons 1 & 2 originally debuted on YouTube Red. Season 3 is a Netflix original.

Source: $NFLX 4Q'20 earnings

Content

Peloton continues to grow fast despite supply challenges…

PELOTON

"The ongoing COVID-19 pandemic continues to present a challenging operating landscape, and **we continue to work to address long order-to-delivery timeframes.** However, our supply chain investments over the last several months are helping us better match our supply and demand going forward.

Our manufacturing output has significantly increased, and we've officially begun ramping up production at our new Shin Ji factory in Taiwan. **Unfortunately, well-publicized West Coast port delays and COVID-related factors continue to present challenges to returning our delivery times to pre-pandemic levels.**

We are making substantial additional investments in the near-term to address our extended delivery times and are hopeful that an acceleration in vaccine distribution and the broader opening of our economy will provide a tailwind to our efforts over the coming months."

Source: $PTON 4Q'20 earnings

Content

… And product release velocity continues at a fast pace

PELOTON

"In Q2, **we proudly announced our Beyoncé partnership with seven Beyoncé-themed classes**. These classes drove over 1 million workouts in the quarter and included our largest live audiences to date for Yoga and Bike Bootcamp.

We're also excited by the early results of our November "Sessions" beta test. **Sessions offers Members the ability to take pre-recorded classes with a synchronized start time**, providing Members with a live leaderboard experience and the ability to more easily schedule shared rides with other Peloton Community Members.

Source: $PTON 4Q'20 earnings

Content

Spotify plans to reach over 1B users with new market openings…

Spotify

"Spotify is embarking on a sweeping expansion that will introduce the world's most popular audio streaming subscription service **available to more than a billion people in 80+ new markets around the world** and add 36 languages to our platform. These moves represent Spotify's broadest market expansion to date. "

Source: $SPOT Stream On Event

Content

…and has significantly grown its podcasts business

Spotify

"In the last year alone, **we tripled the number of podcasts on our platform** moving from about 700,000 in Q4, 2019 to 2.2 million podcasts today.

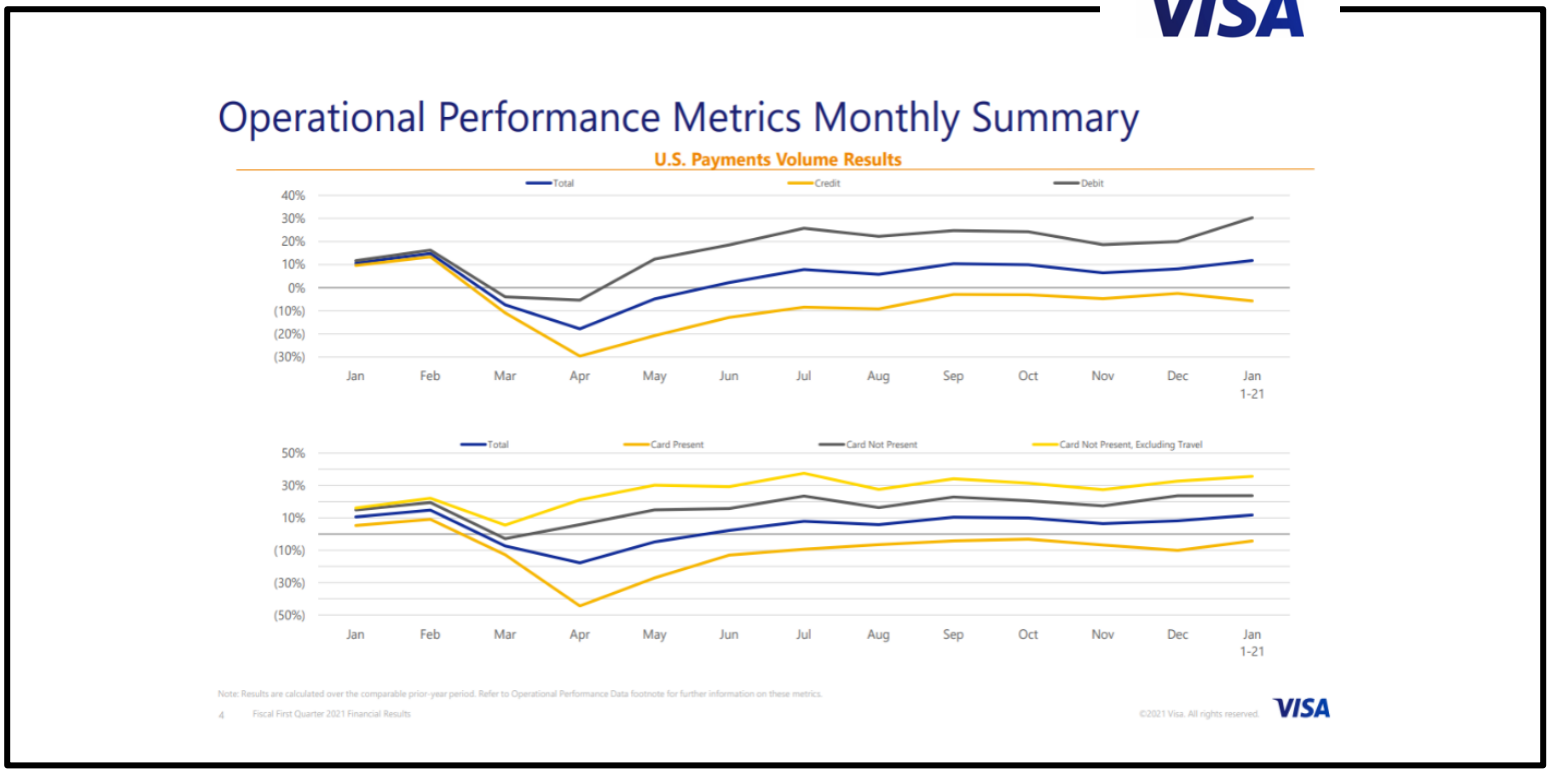
We did mentioned that **we now feel reasonably confident that we can prove out the causality of having podcast** and the benefit of having unusual growth in retention and then having podcast is a positive contributor LTV per subscriber."

Source: $SPOT 4Q'20 earnings

Payments & Fintech

Payments

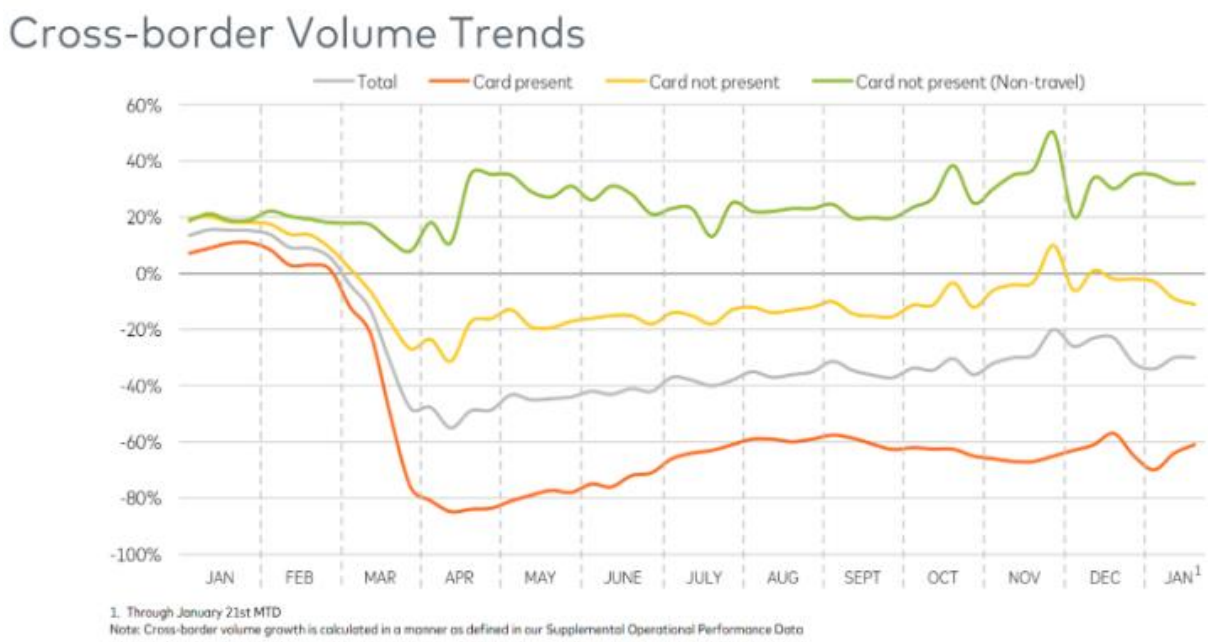
Visa saw broadly stable trends in 4Q'20…



Source: $V 4Q'20 earnings

Payments

…as did Mastercard



Source: $MA 4Q'20 earnings

Payments

Square believes Crypto will become the native currency of the Internet…

Square

"Our thesis around Bitcoin is really quite simple. **We believe the Internet will have a native currency.** The Internet has broken through so many barriers all around the world for industry, and we do think money and currency are a big part of our future and it doesn't take a lot to imagine that certainly that will exist and that it will be Bitcoin. **And the reason why is -- it is completely open. It is driven by consensus. It is something that anyone can see and no particular third-party can actually control and that really speaks to the principles of the Internet. And as more people participate not only in investments, but also through products and through development, it gets even more trusted and more solid and more secure and something that more people can utilize.** And that's our goal is to help people understand what their point is, what it can be used for and make it a whole lot more useful and accessible for anything that they want to do on the Internet."

Source: $SQ 4Q'20 earnings

Payments

…while Visa and Mastercard are building the rails to bring crypto mainstream

VISA

"Stable coins and central bank digital currencies are **an emerging payments innovation that could have the potential to be used for global commerce, much like any other fiat currency**. We think of digital currencies running on public blockchains as additional networks just like RTP or ACH networks, so we see them as part of our network of networks strategy. Across both of these segments, we are the clear leader in this space."

"Today, **35 of the leading digital currency platforms and wallets have already chosen to issue Visa, including coin-based Crypto.com, BlackFi, Fold and BitPanda.** These wallet relationships represent the potential for more than 50 million Visa credentials. And it goes without saying, to the extent a specific digital currency becomes a recognized means of exchange, there's no reason why we cannot add it to our network, which already supports over 160 currencies today."

mastercard

"This year, we plan on adding digital currency directly on our network, enabling our partners to take advantage of our acceptance reach and settlement capabilities. This will give choice and **flexibility for consumers and merchants for what currency they want to use or receive.**"

Source: 4Q'20 earnings

Payments

Coinbase believes that crypto will democratize global financial services…

coinbase

When I first read the Bitcoin whitepaper back in 2010, I realized this computer science breakthrough might be the key to unlock this vision of the future. **Every payment could be as fast, cheap, and global as sending an email.**

Trading and speculation were the first major use cases to take off in cryptocurrency, just like people rushed to buy domain names in the early days of the internet. But we're now seeing cryptocurrency evolve into something much more important. **People are using cryptocurrency to earn, spend, save, borrow, lend, vote, and perform many other types of economic activity**. **Companies are being funded, getting early customers, and will eventually go public, all on the blockchain.** The cryptoeconomy is just getting started. It is not intended to replace the traditional economy, but instead be a compliment to it, much **like email was to paper mail**. The cryptoeconomy offers a more global, free, and fair alternative to traditional economies that is native to the internet.

Source: Coinbase S-1, Founder Letter

Payments

…and has built a fantastic business to take advantage of this secular theme

coinbase

- $456B lifetime trading volume
- $90B assets on platform
- 2.8M monthly transaction users
- 43M registered users
- 7,000 institutions
- 115,000 ecosystem partners in over 100 countries

Source: Coinbase S-1

Payments

Buy Now Pay Later ("BNPL") seems to be a potential competitor to credit…

PayPal

"**I would also highlight the rapid growth of our Buy Now Pay Later functionality.** We saw tremendous and growing demand throughout the quarter, and witnessed the fastest start to any product we have ever launched…Since I've been here, I've never seen a product launch with that kind of scale so quickly. I mean, we talked about moving into the U.S. in October, we announced, and **we had almost 3 million customers using Buy Now Pay Later, hundreds of thousands of merchants**."

shopify

"Shop Pay installments which we began rolling out to US merchants in our third quarter let's merchants offer flexible payment options to their buyers. **Buy now pay later products especially resonate with young consumers who since the start of the pandemic have contributed to the significant shift in online spending.**"

macy's

"The other thing would be Klarna. That also has been a nice accelerant for us in terms of new customers. So when we added that in -- when you think about all the new customers that we've had coming from Klarna, **about 2/3 of those were previously unknown to Macy's, and so new customers**, and they also are predominantly under 40. So 45% of those are under 40 again versus the 27%, 28% for Macy's in total."

Source: 4Q'20 earnings

Payments

…and is a $1T revenue opportunity in the US alone…

affirm

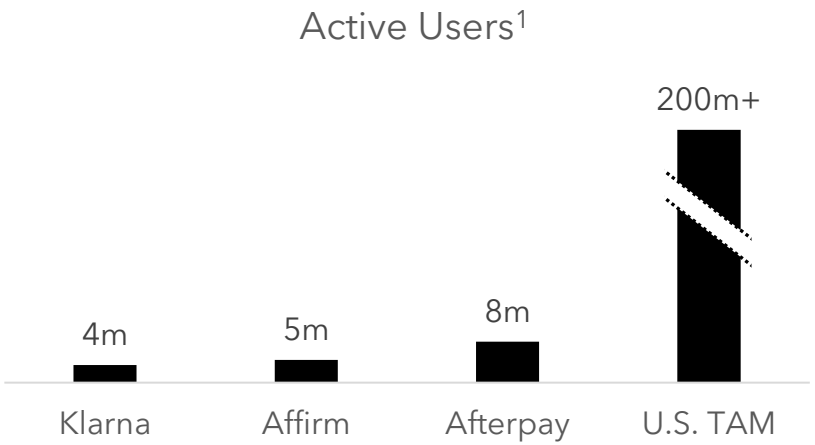
"As we look ahead, we believe we can address not only the $600 billion of e-commerce spent in the US, but the **$7.6 trillion of card spend processed online and offline at merchants in the United States**. Furthermore, by continuing to bring merchants new high quality and loyal customers, we believe **we can address a large portion of the estimated $1 trillion they spend on customer acquisition.**"

We have basically rebuilt major parts of Affirm to act as a service. **So this idea of offering our product as a service that plugs into existing platforms in organic way,** where the partner can offer BNPL transactions, kind of single flip a switch and all of their platform participants benefit, is something that **we intend to bring to market in a really, really big way**. So I think we're doing it already…And this is something that we are very excited about as technologists and also just by way of growing the business in a very different new kind of way.

Source: $AFRM C4Q'20 earnings

Payments

… where we are still in the early innings



Source: Company filings
1: TTM active users as of 4Q'20, TAM - U.S. adult population
2: CY'20 U.S. GMV, Klarna estimated, TAM - U.S. Card spend

Payments

Afterpay driving significant traffic to retailers…

afterpay

"Given the data points that we released in terms of the positive impact that our shop directory can have on a particular retailer at launch, as we put our marketing assets behind the launch and as those assets are growing in impact because our customer base is growing **and these numbers now are very significant to be able to drive traffic to a retailer that, in many instances, is on par with a variety of social media platforms"**

Source: $APT AU 4Q'20 earnings

Payments

… with 17% of transactions originating on Afterpay's app or website

afterpay

"There are now millions of customers starting their shopping journey with Afterpay. And what we can now track in a very precise way is how those customers are then completing their transactions on the merchant website. So **over 17% of all transactions on our platform originate from customers starting their journey on the Afterpay app or website.**"

Source: $APT AU 4Q'20 earnings

Payments

Alipay is an inspiration for companies to create payments-centric super apps…

PayPal

"As we start to build out our digital wallet really into the super app, that transcends across payments, commerce and financial services, all of that on a common platform, all of that leveraging common data elements and machine learning on top of that to give next best recommendations. **I think we are going to see, as I mentioned in my opening remarks, a real bend in the historic rate of engagement**. And it's going to be all around that super app functionality in that digital wallet, **moving well beyond just payments.**

Square

"Our thesis, and what we're driving towards is when you find everything in one place and it's super easy and you can do things because of the connections that you can do on other platforms because they're all in one app. They're all in one service. **That ultimately is the winning service and the winning thing"**

"With Cash App, we've seen a 6x ROI over three years on the back of efficient acquisition **at less than $5 per customer**, again calling upon our network effects – and also very strong gross profit retention at over 130% for each in the last three years as we've maintained the vast majority of our customers and they've grown on our platform"

Source: 4Q'20 earnings

Payments

…while retailers looking for point solutions that bridge offline & online commerce

adyen

"Around the world, we have seen the acceleration of long-term trends as a result of the pandemic -- this includes the shift from cash-to-cashless economies, the increasing share of volumes in the global ecommerce, and the **convergence of the online and offline shopping channels**."

"The U.S.is clearly the result of our investments over the recent years to be a relevant player in that market. And the reason why we're a relevant player in that market is because we're getting more and more domestic volume sent to us, because we're solving for complexity. **There are lot of retailers that want to solve the unified commerce problem** -- and that's why they like to work with us -- there's something very important happening in U.S., and they see us as a relevant player in that market."

Source: $ADYEN NV 4Q'20 earnings

Payments

In India, COVID-19 drove a structural shift to digital payments…

"On the consumer side too, COVID-related lockdowns and **social distancing needs have really accelerated the consumer shift in favor of digital payments which is here to stay. India is witnessing unprecedented growth in digital payments adoption** and our own transaction volumes reflect this growth. PhonePe (founded 4.5 years ago) now has more than 275 million lifetime registered users, which essentially means that **1 in every 5 Indians now has PhonePe**. Our monthly transaction count is up nearly 100% year-over-year. Our MAU has crossed 110 million monthly users with a very healthy 97% monthly customer repeat rate. Even in terms of monetary value, our annualized TPV run rate has crossed the $300 billion mark."

Source: $WMT 4Q'20 earnings

Payments

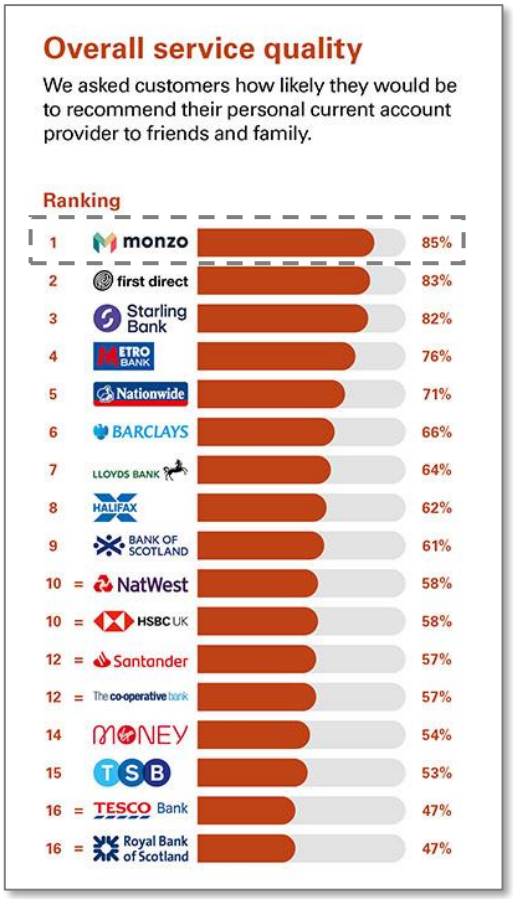
…and globally, consumers are looking for traditional bank replacements

MoneyLion

"We are using transformative technology to bring the private banking experience to everyone – in a single app. Our platform surrounds each customer with the financial tools, content, and actionable advice relevant to their unique situation. **This model is generating high user growth, multiple product engagement, and low cost of acquisition**."

Varo

"We will eventually **offer the full breadth of services that any brick and mortar bank can**, and we'll offer consumers the best of both worlds – the services and security of a real bank and the technology-centric features and benefits of a fintech"



Source: Company Releases, Ipsos

Payments

Like credit cards, rewards drive customer retention for financial applications

Square

"One of the really interesting ways that I think Cash App has to drive that, that sort of **differential product adoption is the Boost aspect of Cash Card**. Boost have been an interesting lever for us, it's been a powerful tool to drive engagement and adoption, not only with Cash Card but also **to graduate our customers to a broader ecosystem of products** so that we can diversify their experience, provide greater daily utility and ultimately build multiple revenue streams within our app."

cardlytics

[On the acquisition of Dosh] "First, Dosh has an easy to integrate technology platform which is a proven solution for neo-banks, fintechs, and non-financial organizations. Second, **Dosh brings partnerships with multiple neo-bank and fintech players including Venmo, Betterment, and Ellevest**. While in the early stages, we believe these partnerships have meaningful long-term potential and **naturally align with millennial and younger consumers who are generally not with our traditional large bank partners**. Third, Dosh's platform also enables new advertising solutions, including a solution for small and medium advertisers and expands our capabilities for advertisers in the travel industry. And finally, Dosh has a DTC app that enables them to implement consumer test and learn strategies. Being able to test new products and features and quickly learn what drives the highest consumer engagement allows advertisers to **increase their return on ad spend**."

Source: Company Releases, Ipsos

Payments

Digital financial services adoption in Brazil still has a long runway for growth

pagseguro UOL

"Remember, in Brazil, **30% of the population don't have bank account**. We have this digitalization trend not only in Brazil, but all over the world. So people get more digital banking. They know it works. They know it's safe.

Looking forward, our opportunities over the next year have never been greater. **There will be more online purchasing; more digital banking, stronger migration from cash to digital transactions and the unique possibility to cross sell a very profitable combination of payments, plus banking for millions of customers**.

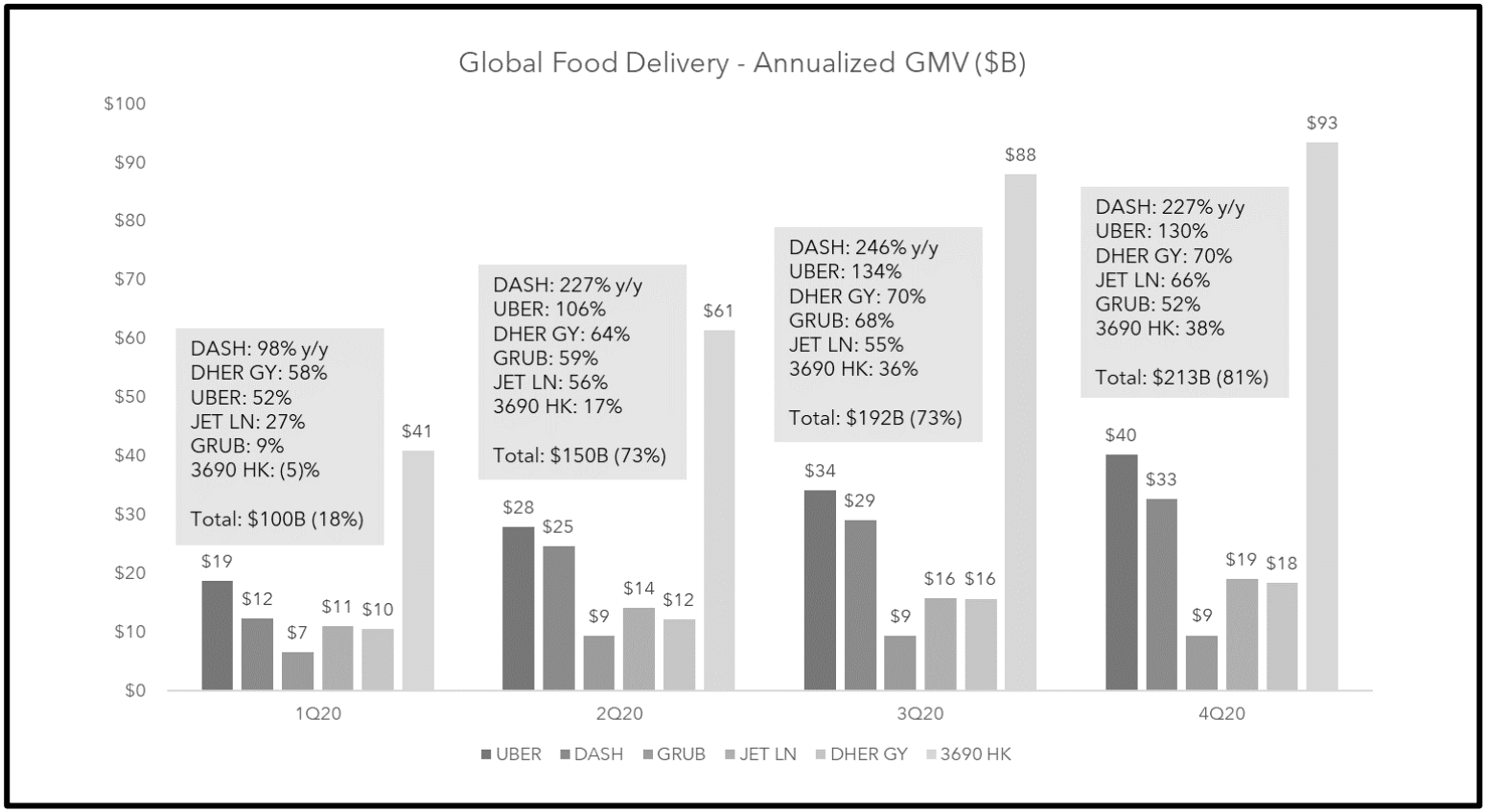
Payments, banking and financial services industries have become very dynamic in the past years, and our company has been moving forward and taking advantage. We are adding millions of users per quarter and experiencing very efficient paybacks and a strong ROI in our investments, both for acquiring and banking. **Our plan is to keep investing to grow and to build one of the most relevant financial digital ecosystems for both consumers and merchants including long tail and SMBs**. Our unique platform combination, composed by payments plus banking services, will allow us to keep exploring these opportunities ahead."

Source: $PAGS 4Q'20 earnings

On-Demand & E-Commerce

On-Demand

Global on-demand delivery > $200B annualized GMV growing 80%+ …



Source: 4Q'20 earnings; consensus for 3690 HK 4Q'20

On-Demand

…With continued acceleration into January

Uber

"**We've seen our business accelerate in January to over 150% year-on-year growth** as delivery continues to provide a natural hedge in lockdowns."

DOORDASH

"So, first, in terms of the first quarter, **we're seeing acceleration in January relative to our order growth in December as well as in Q4.**"

GRUBHUB

"**That said, there was a clear, double-digit acceleration in ordering levels in January as compared to the fourth quarter.** January was easily our best month ever - DAGs, new diners and GFS all accelerated without substantive changes to promotional advertising."

Source: 4Q'20 earnings

On-Demand

Delivery platforms are expanding beyond restaurants and into the broader local economy…

Uber

"**Grocery and New Verticals exited 2020 at over $1.5B in run rate Gross Bookings**"

"**It's become clear that the pandemic has increased consumers' appetite for on-demand delivery of not just food but all goods** and we take a major step to adjust this enormous opportunity. Our acquisition of Cornershop opened up grocery delivery for Uber where we rapidly expanded globally. With Postmates we bolstered our local commerce capability through their delivery as a service offering that already announced Walmart, Apple, and 7-Eleven customers."

DOORDASH

"**For consumers, we accelerated our entry into the convenience and grocery categories.** From September to December, last year, **we observed 95% growth in consumers** who order from these new categories on the DoorDash marketplace."

prosus

"**The last two years have underlined how big the potential is for last-mile, time-critical delivery**… The industry, if you look at what food delivery was 2-3 years ago, it was just a marketplace… now we're in a very different place. The opportunity from here is still so large.

The businesses we're in, **we see them building logistics platforms that specialize in last mile, time critical delivery and can be easily leveraged to other verticals like convenience and grocery.** They become more than food delivery and become [an] on-demand, local, time-critical ecosystem."

Source: 4Q'20 earnings, MS TMT Conference

On-Demand

…With white label delivery becoming an increasingly important part of the business

Uber

"**In December, delivery as a service represented 18% of Postmates orders** and we intend to scale this out further along with our Uber direct product."

DOORDASH

"In Q4, we continued to see strong Merchant adoption of our Drive offering. **Drive stores at the end of the quarter more than doubled compared to the same period a year ago.** The majority of Drive orders to date have been in the restaurant vertical. However, **we have seen much stronger growth in non-restaurant stores than in restaurants over the last year.**

We now support a meaningful number of stores in the grocery and convenience verticals, as well as more recent additions in verticals such as retail, pet supplies, and flowers. We believe the broad adoption of Drive highlights its value as a stand alone logistics service for merchants that are looking to deliver in minutes, not hours or days."

lyft

"**The good part about this is it leverages our existing tech and community of drivers for what we see as the best use case, same day local delivery.** What we're hearing from these businesses is that they want to focus on their organic traffic and customer loyalty, and that **they need a broadly scaled logistics capability that doesn't compete with them for the direct to consumer relationship.**

So in terms of timing for when we're likely to talk more about it, more around mid-year. I think **what COVID taught everyone is that the world is moving obviously even faster to e-commerce and local delivery.** Many of these retailers didn't have time to set up their own systems and form these type of partnerships like the ones that we're forming with them, and instead had to jump on these third-party marketplaces. But once they've had the time to breathe a bit and made their investments on their tech platform, we're quite excited about what this could mean for us and them going forward.

Source: 4Q'20 earnings

On-Demand

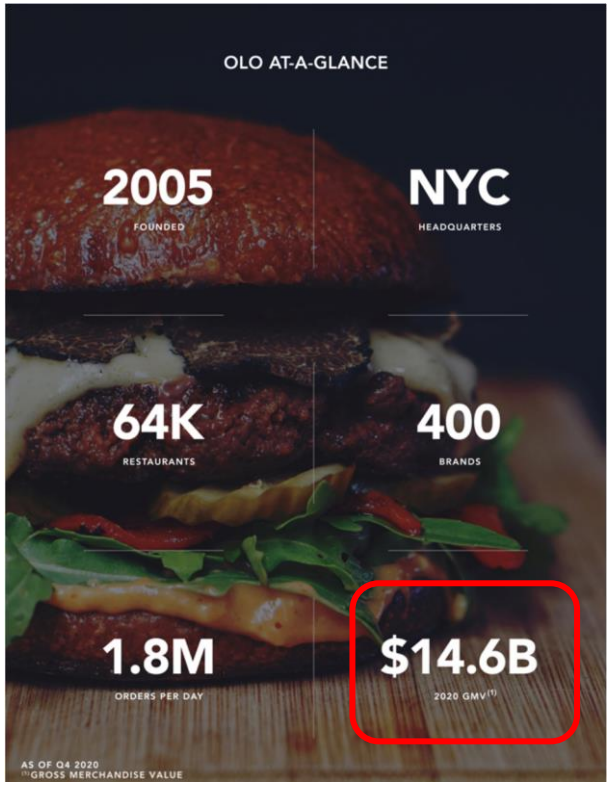
Olo is creating the SaaS platform for restaurants to enable on-demand commerce…

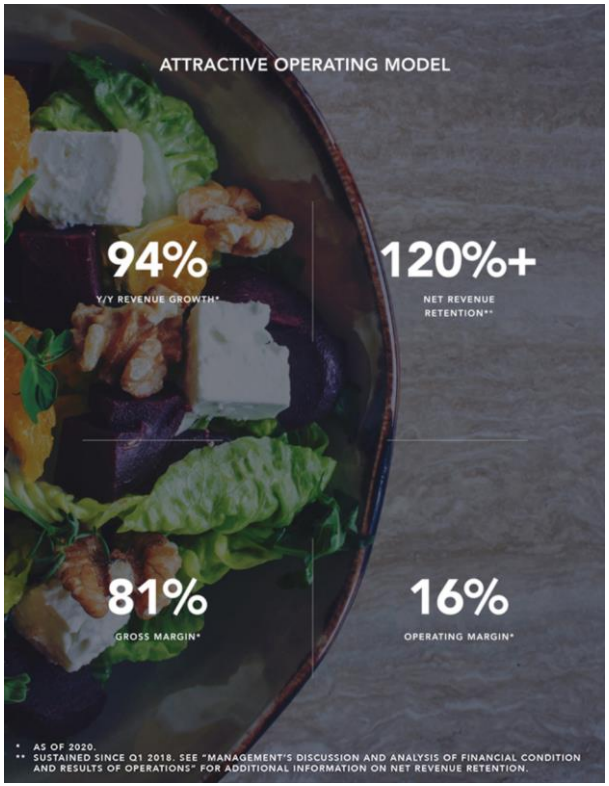
"If you believe that consumers like restaurant food and on-demand commerce, we hope you will also believe in the core tenets of Olo's ongoing success. **We are the restaurant industry's leading open SaaS platform.** Our first-scaler advantage enabled us to build industry wide solutions like Dispatch (nationwide same-hour delivery-as-a-service) and Rails (aggregator channel and revenue management). As of December 31, 2020, 71% of our customers used all three of our modules because these products met their needs and the shifting demands of consumers. However, **as we model our opportunity over 15 years into our journey, we believe there is an incredible opportunity to add more restaurant customers, sales volume, and product offerings.** That's our not-so-secret formula.

Source: $OLO S-1

On-Demand

…And manages significant GMV

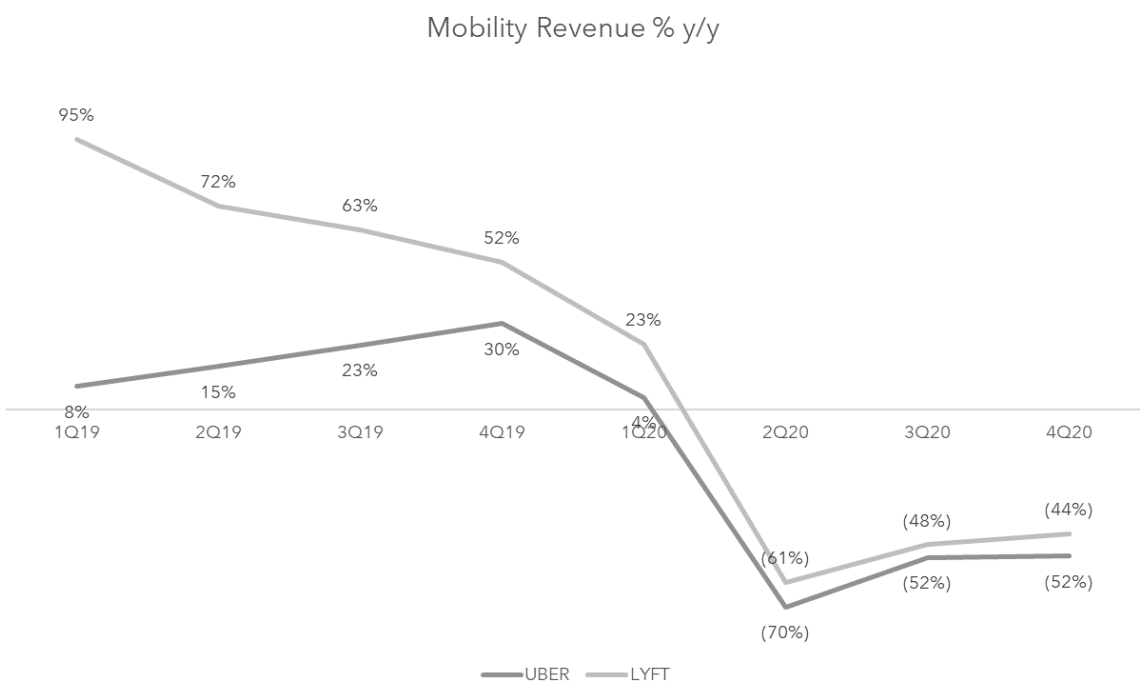




Source: $OLO S-1

On-Demand

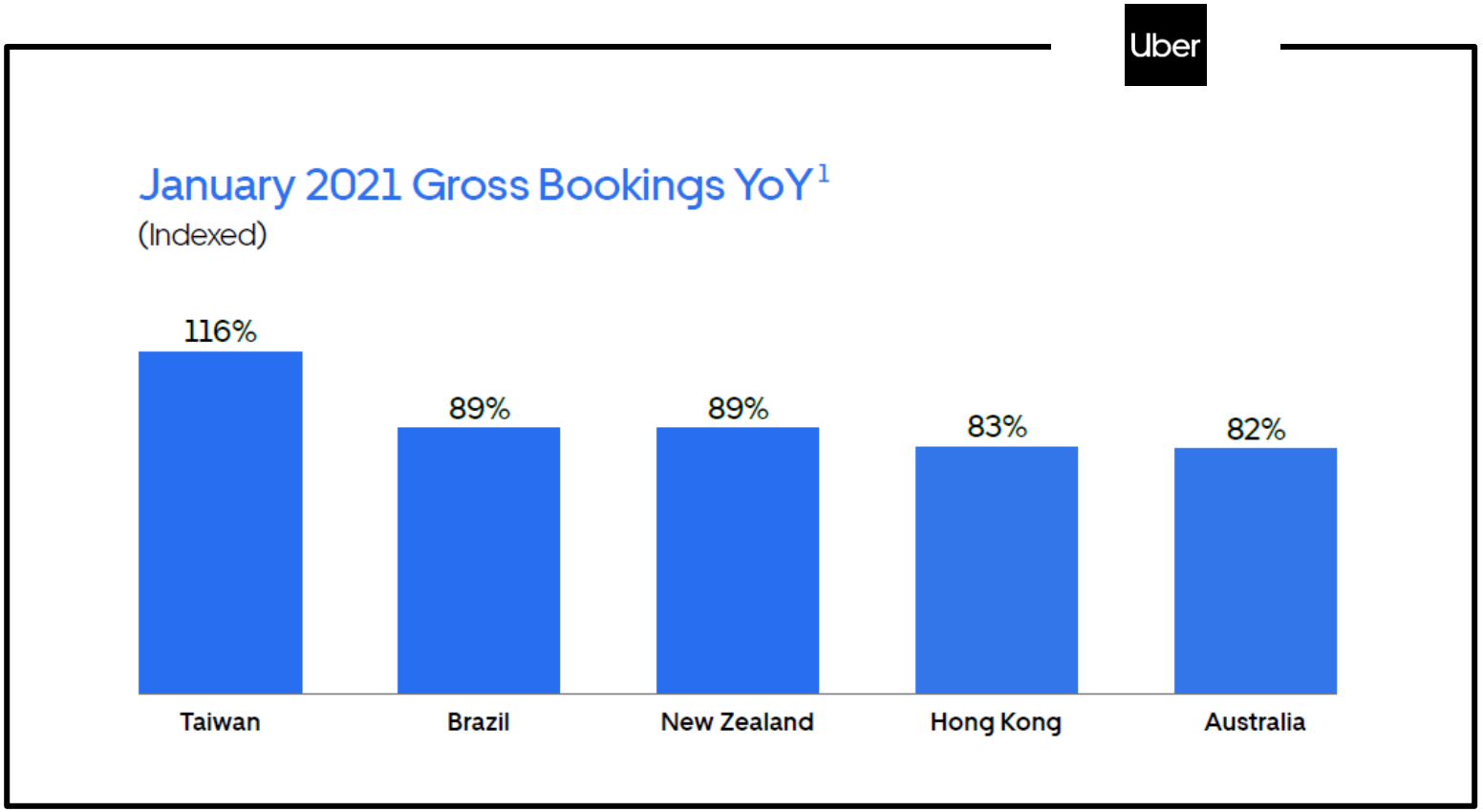
Rideshare recovery stalled in 4Q with reinstated shutdowns



Source: 4Q'20 earnings

On-Demand

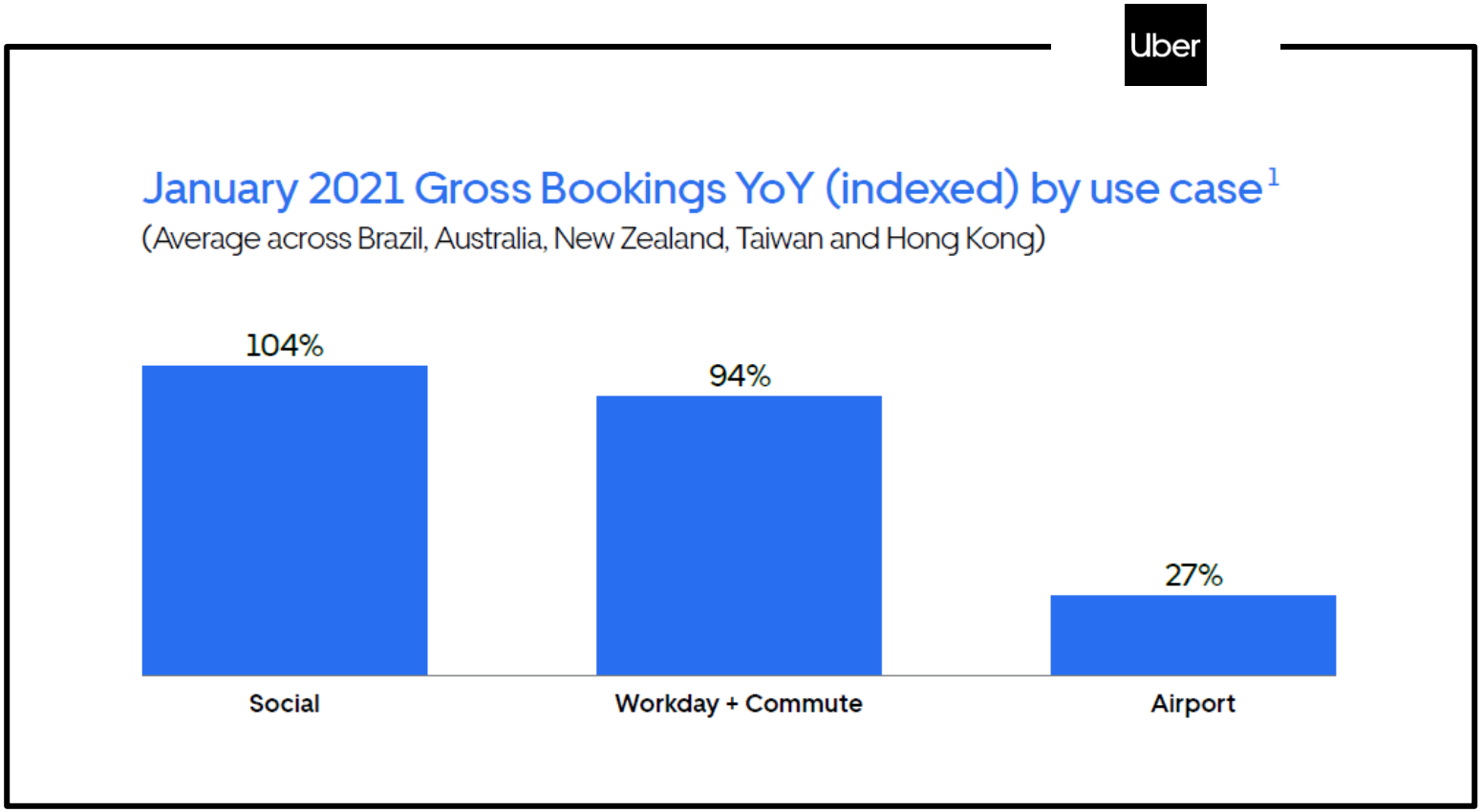
Countries with better control of COVID-19 are back to 2019 levels…



Source: UBER 4Q'20 earnings, represents only Mobility GBV % y/y in cc

On-Demand

… despite anemic airport rides volumes



Source: UBER 4Q'20 earnings, represents only Mobility GBV % y/y in cc

On-Demand

COVID-19 brought new cohorts of customers to Rideshare

Uber

In terms of the user base, I think that it's increasingly become apparent that Uber has a transportation platform is recovering faster than other transportation offerings in most of the markets in which we operate. And I think it reflects the investments that we've made in safety, the technology that we invest in to make sure that drivers are mass stop. And the trust that riders have and the platforms that we're building. So **we see our service come back faster than taxi in many cases, we see our volumes come back faster than transit and it's because the consumer trust and it's because of the investments that we're making.**

So **we are seeing new customer acquisition. It's a customer base that tends to be a bit more price sensitive.** So generally I would tell you that our trips are growing faster than bookings. Generally, if you look at many of these markets and the set of consumers who are lucky enough, who don't need to go to work, that can work remotely, that's the consumer who hasn't come back. And when that consumer comes back, we think it will be enormous tailwind because **we'll have a bunch of new customers who have switched over to from other forms of transportation and then we'll have our loyal base coming back as well.**

Source: UBER 4Q'20 earnings

E-Commerce

Consumers will likely spend more on experiences vs. goods in 2021…

PROLOGIS

"Second, the pandemic accelerated the retail revolution. The e-commerce penetration rate jumped 480 basis points to 20% of goods sold in the US in 2020. Based on early reports, e-commerce holiday sales grew by at least 30%. **While we expect the share of goods purchased online to grow further, a pause later this year would not surprise us as consumers expand spending on services and experiences over goods.** Our customers continue to plan for long-term. Retooling supply chains for increased e-fulfillment should generate cumulative incremental demand of 200 million square feet or more over the next several years."

Source: $PLD 4Q'20 earnings

E-Commerce

Shopify continues to build an important alternative to Amazon for merchants

shopify

"**At the end of 2020 with more than 1.7 million merchants around the world reaching further economic independence with Shopify**, with merchants from outside our core English speaking geographies continuing to increase as part of our mix. Approximately 3,000 merchants joined Shopify Plus our subscription plan for larger and more complex merchants, bringing the total number of Plus merchants to more than 10,000 at year-end."

Source: $SHOP 4Q'20 earnings

E-Commerce

Tripadvisor is attempting to build a $1b+ subscription business

Tripadvisor

"So TripAdvisor, we serve for -- in pre-COVID days, we're north of 400 million MAUs a month. You could think of it as we serve 1 billion travelers a year. **And if -- I have to say this carefully, but if it's only 10 million that sign up for TripAdvisor Plus, that's still less than 1% of our annual traffic, but 10 million sign-ups times $100, and obviously the math works pretty nicely in a recurring subscription revenue.** So I don't want to get ahead of ourselves, this is not going to happen overnight, we have a lot of supply we want to go sign up, but it is a huge market."

Source: $TRIP 4Q'20 earnings

E-Commerce

Carvana growth is accelerating despite continued inventory constraints…

CARVANA

In Q4 2020, our 2013-2019 cohorts grew retail units sold by 40%, and our oldest cohort of Atlanta grew by 12%, despite a year-over-year reduction in industry-wide used vehicles sales and the absence of a Cyber Monday promotion.

We exited the year growing even faster. In the month of December, our 2013-2019 cohorts **grew by nearly 50%**, and our oldest cohort of Atlanta grew by 24%.

This trend further accelerated in January, with the 2013-2019 cohorts **growing by 75%** and Atlanta by 45%.

Total company retail units sold **grew ~80% in January year-over-year, despite immediately available inventory on our website being ~50% lower than a year prior.**

Source: $CVNA 4Q'20 earnings

E-Commerce

… While creating the building blocks for a platform for the automotive industry

CARVANA

"**I do think that there is also no doubt that we have a lot of really compelling assets.** I think there's probably lots of ways to think about our assets. But I think one way that's maybe useful is to kind of think about any kind of any transaction requires a customer, it requires the transaction itself, and then it requires a vehicle. And I think when you think about the Carvana business through that lens, kind of the customer is our brand, which I think we've built a pretty exceptional customer brand that's known for delivering great customer experiences. And while there's still a ton of room to grow that, and we're investing in it -- it's one of the better known brands now in automotive, and so I think that's exciting. I think when you look at the transaction, I think we've built a lot of technology that takes a very complicated vehicle purchase and makes it simple for a customer by kind of taking all the things that go into purchasing a car and the surrounding transactions and just making that easy. And so that's the tool set that we've built.

And then when you think about the supply side, we've got a supply chain that enables us to deliver a car to a customer's door with a branded hauler and a uniformed Carvana team member to what we hope to be 80% of the US population by the end of this year. **So I do think that those are very, very interesting assets, and I think that as we think about the way that the automotive industry at large evolves over the next decade or so, I think as you think about many of these opportunities, there are many places where those assets or some combination of those assets may be an extremely important and highly differentiated part of various customer value chains.** And so I do think that it doesn't take a ton of creativity to see that. Again, I want to reiterate, the opportunity in front of us is really, really large. And I think that one of the great problems that we face, and I think this is **a very high quality problem as well, is trying to find the balance between being extremely focused on the things that we know really well, but making sure that we're ambitious enough to take full advantage of the position in which we find ourselves.** And I think that our ability to manage that equation and to continue to move fast and continue to put space between us and others that are looking at the same problem set, I think is going to end up being the story of Carvana over the next decade."

Source: $CVNA 4Q'20 earnings

E-Commerce

Lithia Motors is launching a digital end-to-end solution…

LITHIA MOTORS, INC.

"Earlier in the fourth quarter of 2020, **we launched the ability for consumers to shop for our 20,000 high-quality used vehicles, available for delivery anywhere in the United States** with assistance in checkout from our Driveway Care Center. Later that quarter, we achieved our most crucial milestone by providing consumers with the complete end-to end digital shopping solution with consumer-driven fully automated checkout.

But today, **we sell 20% of our cars are "value auto". We sell 58% of our cars are four to seven year old vehicles or "core"**. So for a total of almost 80% of our vehicles are what we would call mid and high demand scarcity vehicles, okay. To keep this in mind with F&I or **value auto vehicle build a 28% gross margin. Core is around 16% gross margin** and certified or one to three year old are only around 13% to 14% gross margin."

Source: $LAD 4Q'20 earnings

E-Commerce

… And believes that new car dealers can cut supply to digital used car competitors

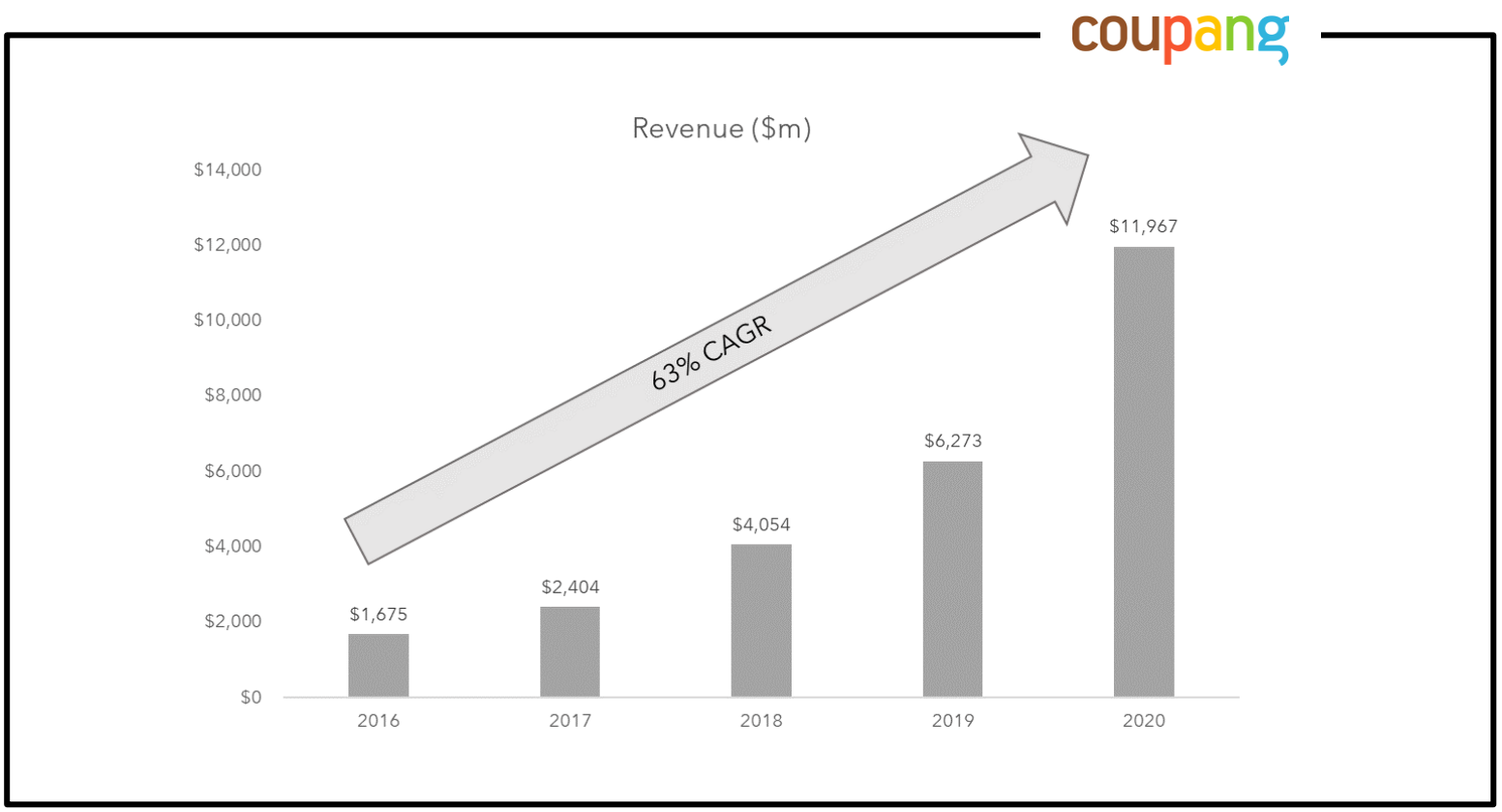
LITHIA MOTORS, INC.

"I do also like the fact that, many of them appear to be replicating some of the strategies that we've been focused on over the last three years and we're pleased to see that. **Because I believe that the new car retailers, if we can cut off the stream of used vehicles to the used-car new entrance in the space and all they can really get is auction cars or late model cars, the margins that we can make in the over three year old cars are massive**, that the new car dealers could have a stronghold on the space for decades to come even if electrification changes thing or connectivity or all the other things that are in the back of all of our minds over the coming quarters, years and decades."

Source: $LAD 4Q'20 earnings

E-Commerce

Coupang has built the premiere e-commerce asset in Korea…



Source: $CPNG IPO

E-Commerce

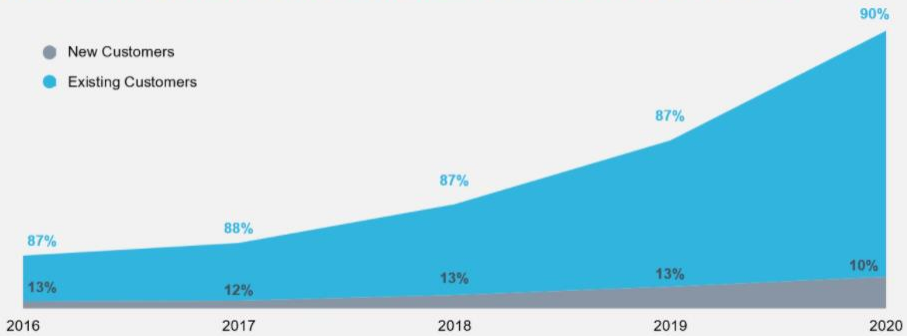
… with cohorts that see significant and accelerating growth, leading to disproportionate spend from existing customers

coupang

Spend by cohort, indexed to year 1

	Year 1	Year 2	Year 3	Year 4	Year 5
2016 Cohort	1.00x	1.37x	1.80x	2.37x	**3.59x**
2017 Cohort	1.00x	1.80x	2.35x	**3.46x**	
2018 Cohort	1.00x	1.98x	**3.06x**		
2019 Cohort	1.00x	**2.19x**			

Total customer spend from new customers and existing customers (% of total)



Source: $CPNG IPO

E-Commerce

… while simultaneously spending little on marketing relative to global peers

coupang

Source: $CPNG IPO

E-Commerce

Etsy accelerated non-mask GMS growth into the triple digits…

Etsy

As expected, mask sales continued to contract as a percent of overall GMS to 4% in Q4, down from 11% in Q3 and 14% in Q2, a trend which we expect to continue. **Following the steady trend of 93% year-over-year growth in Q2 and Q3, non-mask GMS growth accelerated sequentially to 118% in Q4.** In addition, we're seeing very healthy underlying trends from mask buyers. Of the three million of mask-only buyers in Q3, approximately 50% returned in Q4 for a non-mask purchase. This is up 12 percentage points compared to Q3, a great signal but we are retaining and converting buyers who are coming to Etsy for some of their essential purchases.

Source: $ETSY 4Q'20 Earnings

E-Commerce

…like Mercado Libre, which experienced accelerating growth in Q4

"At the country level, **Brazil and Mexico revenues continued to accelerate, reaching 120% and 155% yearover-year growth on an FX neutral basis. For the third consecutive quarter, Argentina revenue grew by over 200% year over year on an FX neutral basis.** Countries such as Chile and Colombia grew by almost 300% and 150% year over year on an FX neutral basis."

Year-over-year Local Currency Revenue Growth Rates by Quarter

Consolidated Net Revenues	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20
Brazil	74 %	55 %	87 %	112 %	120 %
Argentina	133 %	123 %	224 %	260 %	229 %
Mexico	80 %	81 %	138 %	140 %	155 %

Source: $MELI 4Q'20 earnings

E-Commerce

Unsurprisingly, Amazon continues to truck along

amazon

"Our Q4 results also largely reflect the continuation of demand trends we have seen since the early months of the pandemic, particularly as people are staying at home, including for households, staples and other home products. We saw sales growth across our major product categories led by strong Prime member engagement. **Prime members continue to shop with greater frequency and across more categories than before the pandemic began.**

…We're reaching more customers with our grocery offerings. In Q4, we had another strong quarter that largely reflects the continuation of demand trends from Q3, and we saw strong growth in new Prime member sign-ups…

The 2020 holiday season was the best ever for small- and medium-sized businesses selling in our store, with their worldwide sales growing over 50% year-over-year in Q4. Third-party units represented 55% of total paid units during the quarter, the highest 3P unit mix we've ever had since we invited businesses to sell on Amazon more than 20 years ago."

Source: $AMZN 4Q'20 press release

E-Commerce

Grocery e-commerce is on in China

"Pinduoduo **doubled the value of agricultural orders it handled last year**, exceeding the company's earlier estimate as the pandemic pushed more people to order food and groceries online. It recorded more than 270 bn yuan ($42 bn) in agriculture-related GMV in 2020, up from 136 bn yuan in 2019.

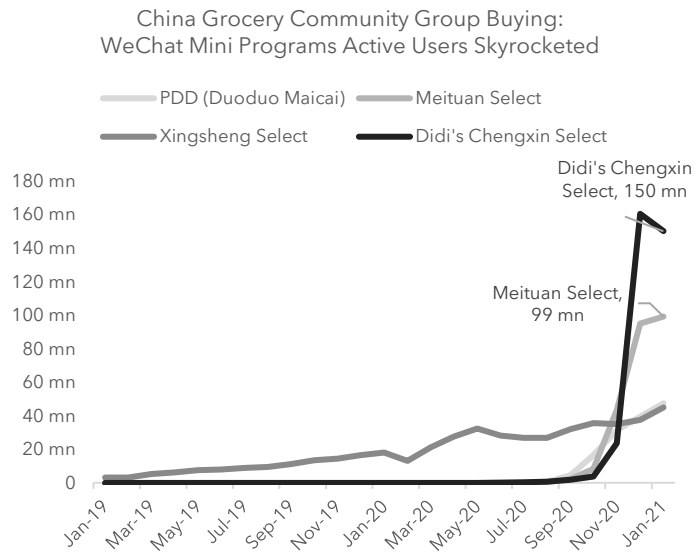
Sales were helped in part by the pandemic, which pushed more producers to seek alternatives to traditional wholesale channels. Lockdown restrictions pushed consumers to embrace digital offerings.

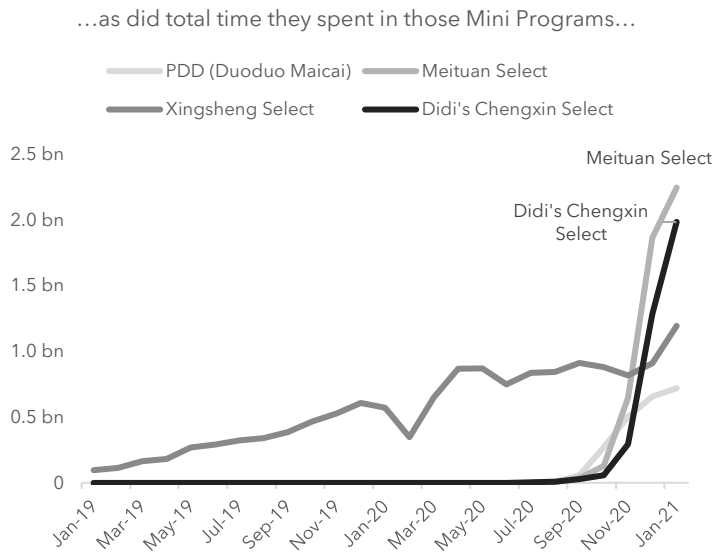
Pinduoduo has focused on agriculture since its establishment in 2015, transforming the way food is grown, transported and sold by connecting more than 12 million farmers directly to a user base of 731 million consumers. The company was recognized earlier this month by the central government for its work alleviating rural poverty. …Last year, as Covid-19 disrupted food supply chains and threatened farmer livelihoods, Pinduoduo held livestreaming sessions with poverty-stricken farming communities to promote their agricultural products and created a dedicated "Help the Farmers" channel..."

Source: $PDD press release, March 2021

E-Commerce

Meituan, PinDuoDuo and Didi have scaled community group buying to 100mn+ actives in Q4 alone





Source: Questmobile data

E-Commerce

In China, regulators continue to keep close watch on internet and fintech platforms

Alibaba Group

"We approach this antimonopoly investigation with a cooperative, receptive and open mindset. **As a China retail marketplace connecting hundreds of millions of consumers and millions of merchants in transactions valued in trillions of RMB, we have a deep appreciation of the significant social and public responsibilities of operating our platform.** Beyond complying with regulatory requirements, we will continue to do our best to fulfill our responsibilities to society and continue to causes, such as consumer protection, digitalization of retail and industrial upgrading."

"Going forward, as a platform economy ever more deeper integrated with the overall economic and social development of the country, we do plan to take on yet more social responsibility… making it part and parcel of everything we do, be it helping to create jobs, to stimulate employment, helping SMEs on every front from product distribution all the way through manufacturing. The key point here is the **social responsibility for Alibaba is not something separate from our operations and our business; rather, it is at the mainstream of everything we're doing.**"

Source: $BABA C4Q'20 earnings

E-Commerce

Real estate tech is seeing a market-wide increase in homebuying urgency, driven by low rates, moving, and limited supply coming out of COVID…

REDFIN

"**The housing market is now like a Soviet-era supermarket with most of the shelves empty**… the stories we heard from our agents were harrowing, juicy and bizarre. A Redfin listing in Dallas had 154 showings and 32 offers… The lines to tour homes in Austin got so long that buyers brought lawn chairs. In our annual survey of nearly 2,000 homebuyers**, 63% reported having bid on a home they hadn't seen in person.**

These migrations are warping the space time continuum of small town economies. The average housing budget for out of towners moving to Nashville in 2020 was $719,000, 48% higher than the $485,000 budget for local buyers. The affordability crisis that flowed like some huge unspent electrical charge from San Francisco to Seattle, to Portland, to Denver, to Boise is now reaching virtually every town in North America, bringing dazzling prosperity but also new anxiety."

Source: $RDFN 4Q'20 earnings

E-Commerce

…and digital platforms are struggling to keep up

REDFIN

"**Our main challenge continues to be keeping pace with demand.** Comparing the fourth quarters of 2020 and 2019, the number of customers seeking service from our agents and our partner agents increased 54%, and **would have been higher if we hadn't made changes to our website and mobile applications that discouraged customers from requesting tours** when an agent was unlikely to be available."

Source: $RDFN 4Q'20 earnings

E-Commerce

Zillow's ubiquity earned it a badge of honor on SNL…

Zillow

"**We saw engagement across our mobile apps and websites in 2020 at levels we would not previously have thought possible. Zillow surfing has broken through to a whole new level of pop culture** given that **Saturday Night Live** did a funny and racy sketch about it this past weekend."

Fantasizing about real estate is not new. Our survey results and traffic have always indicated that people love looking at real estate and want to move. **What has changed is that more of those people now have the freedom to move.** Many Americans, untethered from their commutes and offices, have begun to reevaluate how and where they want to live. This cultural trend, which we have been calling the great reshuffling, along with our continued technology improvements, resulted in 9.6 billion visits to our mobile apps and websites over the course of 2020."

"Our Zillow economists have made bold predictions for an even stronger housing market in 2021 than what we experienced in 2020. They are projecting the number of home sales to grow 21% for the year, as well as double-digit home price appreciation. **A Great Reshuffling is under way as people rethink where they live with a new lens of flexibility and possibility.**"

Source: $ZG 4Q'20 earnings

E-Commerce

Saturday Night Live (SNL) Parody: Zillow

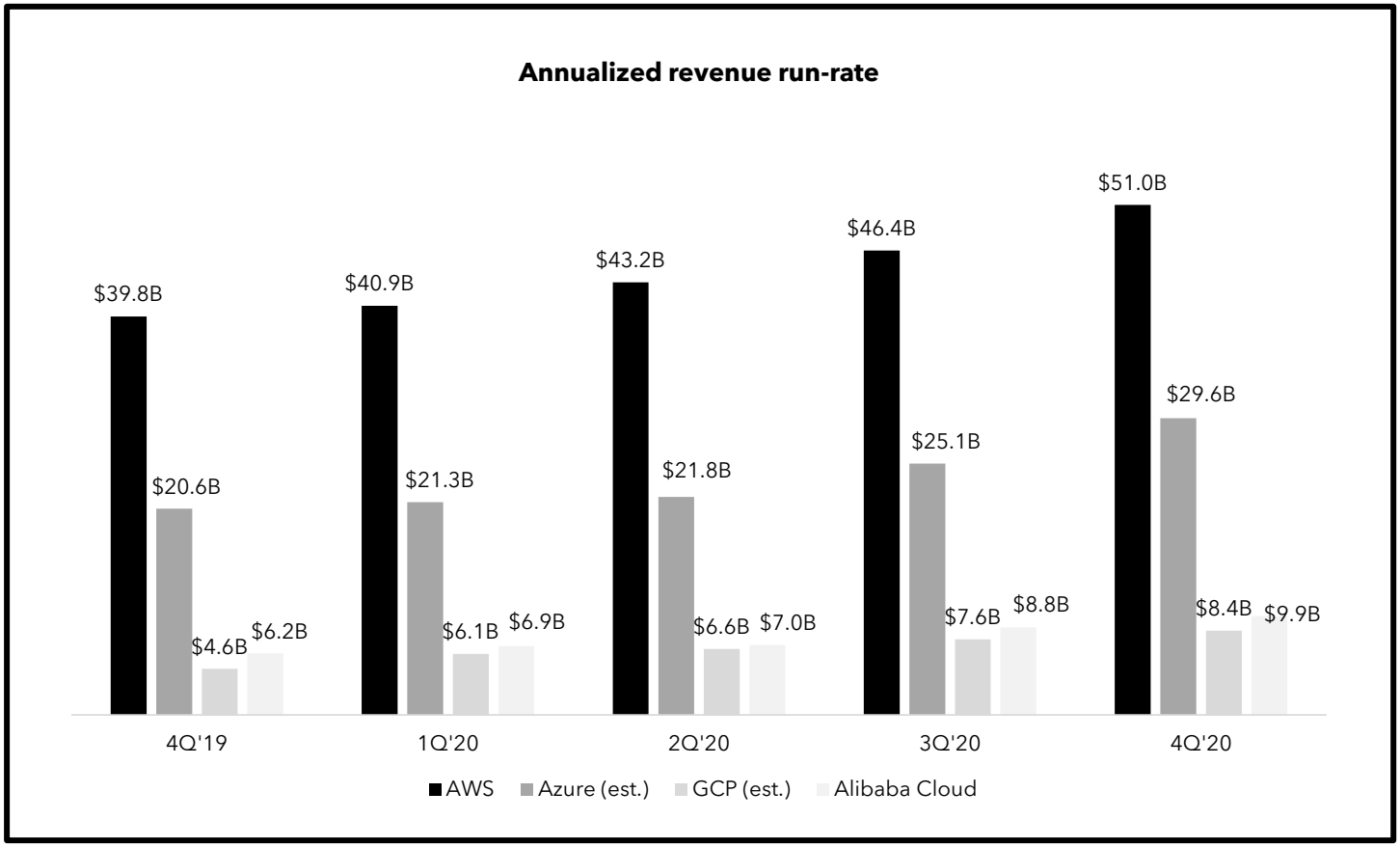
Zillow

Source: Saturday Night Live (SNL), Feb. 2021

Software

Software

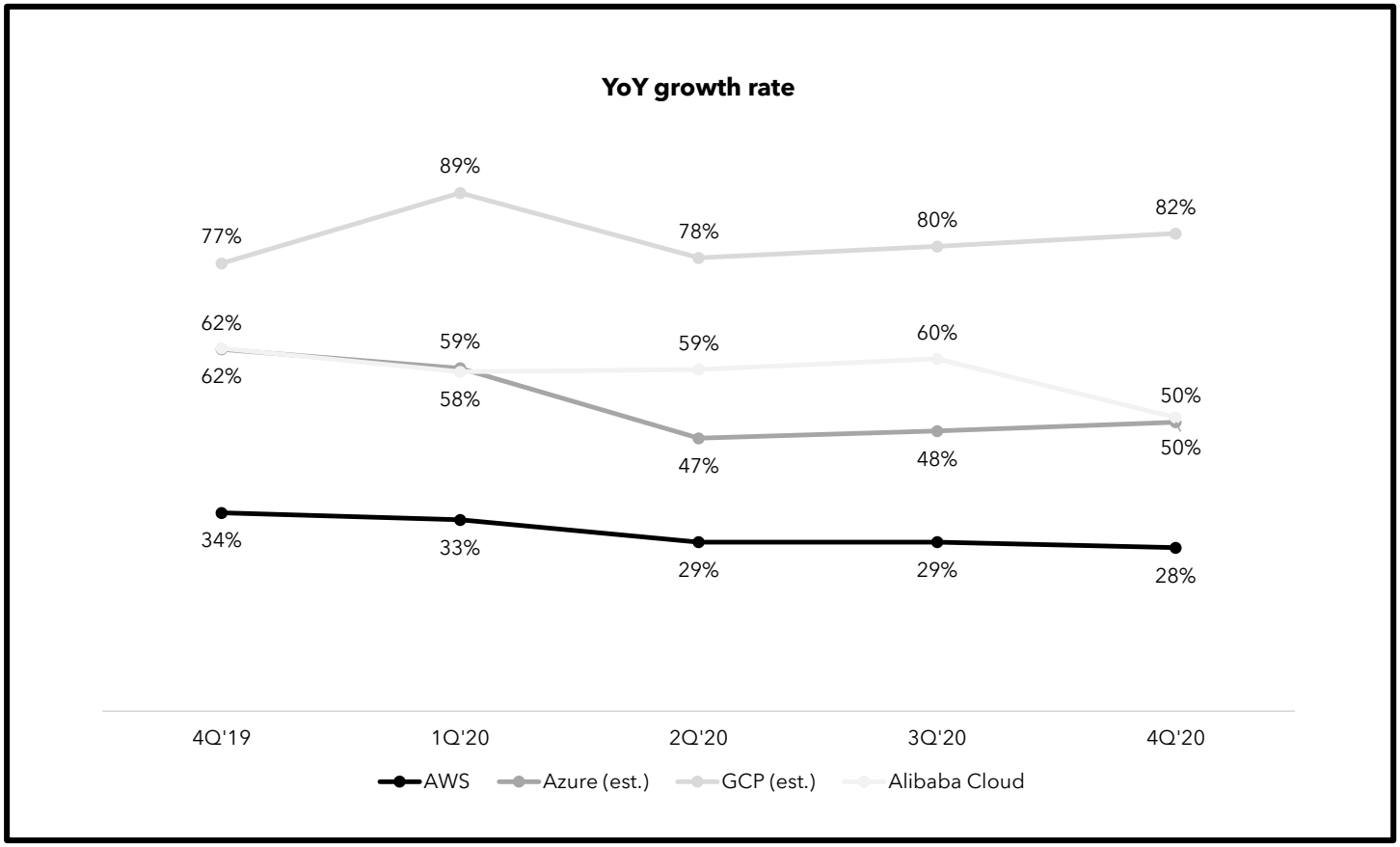
Cloud adoption grows unabated



Source: Company filings, Octahedron estimates

Software

Google Cloud growth stands out amongst peers



Source: Company filings, Octahedron estimates

Software

Migration to the cloud remained strong, helped by COVID-inspired urgency among customers and CIOs…

amazon

"In Q4, AWS saw a continuation of strong usage and revenue growth. **AWS added more revenue quarter-over-quarter and year-over-year in any quarter in its history and is now a $51 billion annualized run rate business supporting millions of active AWS customers**."

Source: $AMZN 4Q'20 press release

Software

…and China is still in the early innings of migrating to the cloud

Alibaba Group

"We celebrated another milestone with Alibaba Cloud, which achieved its **first profitable quarter with positive adjusted EBITDA**. These business trends are all quite encouraging and are supported by a China economy that has recovered rapidly from the pandemic.... This is the result of years of investment in pursuit of long-term value creation.

Alibaba Cloud continues to grow at a rapid rate with 50% revenue growth year-over-year in December quarter, reflecting the massive potential of China's cloud computing market**. We believe the market is still at an early stage as data intelligence applications and the demand for computing power will become universal across all industry sectors.** We will leverage Alibaba's unique advantage in technology and data intelligence applications while continuing to invest for growth."

Source: $BABA C4Q'20 earnings

Software

Snowflake is rapidly building the data ops platform for enterprises…

snowflake

"With the onslaught of digital transformation, **data operations become the beating heart** of the modern enterprise. Customers realize that to survive and thrive they need to step up their data again, given what is now possible with technology… Physical boundaries between datasets dictated by technology legacies have no meaning or significance in data science. **Science sees the world's data as a single universe** and is easily, seamlessly and frictionlessly traversed as if it's one giant database."

"The big change in paradigm is that historically, in on-premise data centers, people have to manage capacity. And now **they don't manage capacity anymore, but they need to manage consumption** and that's a new thing, not for everybody, but for most… We've been bottled up literally for generations and now there's a situation where there is **no upper limit to how much you can do**, and that's intoxicating, quite honestly."

"Because data is a driver of digital transformation, it is really the signals that fuel digital processes. It's just a **very, very core component to how enterprises are evolving**… we've been told by a number of our customers that we're the second-largest line item in their budget behind the public cloud and that may come as a shock to some. **But I'm telling you that that's not going to be out of the ordinary going forward** based on what we're seeing."

Source: $SNOW 4Q'20 earnings

Software

…and top-line likely to accelerate with increased sales hiring

snowflake

"We've really stepped up our staffing [of sales representatives] and that organization really hiring the absolute best people available in the marketplace for those roles… We are **very aggressively verticalizing our selling motions** and our general posture in accounts. We find it very important that when we interact with customers, there's **always an industry context** to the conversation. We're much more outcome-oriented. Customers are sometimes interested in architecture and things of that sort and comparing workloads and all of that. But increasingly, when you get higher up in larger enterprises, they just want to know **what it means to their business and what are other people doing**."

"We're going to add 1,200 people next year. [Q1] will be probably the largest quarter of the year because we're **onboarding a lot of people in the sales and marketing organization** in advance of our sales kickoff that we just had. We are investing as quickly while being efficient in our business as we can."

Source: $SNOW 4Q'20 earnings

Software

Databricks talked about its secret sauce…(it is impressive!)

databricks

"Our secret sauce at Databricks is: We've cracked the code on how to take an enterprise problem, solve it, create an open-source project around it, and then through our developer relations organization **get massive momentum around that open-source project.**

And that's kind of interesting because **we're a B2B company, but these open-source projects that we created have an almost B2C adoption rate, with millions and millions of people adopting them.** So they each have a large developer community around them. Our business model is: we operate the cloud version of that, and companies rent that from us. And that Databricks version is much more robust, much more scalable, much more secure, and it's way faster… So that way our go-to-market team can monetize a lot of that community spread.

And we've done this now with 5 [major open-source projects: Spark, Delta Lake, MLflow, redash, Koalas], and we continue to do that. So that's the **secret sauce of Databricks: this innovation factory that keeps building and open sourcing these projects, building the communities around them, and then monetizing their enterprise versions**."

Source: Databricks CEO Ali Ghodsi, March 2021

Software

Enterprise IT consumption and churn seemed to return to pre-pandemic levels…

"New logo generation was very strong including a new record of new logo ARR added that was significantly above last year's number, very strong performance across the board from commercial and enterprise sales channels as well as a record number of million-dollar-plus new logo customers. **Growth of existing customers was robust as customers of all sizes continue to grow their usage of Datadog to both increase consumption and cross-selling, and Q4's growth of existing customers was broadly in line with pre-COVID trends.** Lastly, churn remains very low and consistent with pre-pandemic historical rates."

Source: $DDOG 4Q'20 earnings

Software

…Resulting in (certain) enterprise-grade software businesses experiencing a rare *lengthening* of contract durations

workday.

"**we saw a lengthening of overall contract duration, providing more predictability in our future revenue** while also adding to total backlog growth during FY21. I think that the fact that customers are signing longer and longer contracts, which sometimes can be five to seven years longer, **I think it's rare in the enterprise software and really speaks to the strategic nature of Workday and the trust that customers place on us."**

Source: $WDAY 4Q'20 earnings

Software

However, smaller companies still seem challenged

alteryx

"In Q4, we saw enterprise customers spending improve as **larger, more stable companies appear to resume spending, especially on digital transformation initiatives, while smaller companies continue to be cautious**. We continue to see big deals getting bigger, including multimillion-dollar deals.

Our net new customer adds for the quarter were 128, which is lower than historical levels, as our sales teams focused on expansion in our larger customers, particularly in our Global 2000 customers. Additionally, **we continue to see higher logo churn in smaller companies**."

Source: $AYX 4Q'20 earnings

Software

DevOps seeing a healthy pace of adoption…

"As a demonstration of demand for end-to-end solution like the JFrog Platform, our customers' entry point also grew with new customers often joining JFrog at our higher-level subscription. This signals how mission-critical DevOps has become to the software industry.

In Q4, JFrog's revenue climbed to $42.7 million, a growth of 39% over the same period last year. **Our multi-cloud business achieved substantial growth of 69% due to the increased demand of our consumption-based DevOps services**. This growth and demonstrated customer retention supports our belief that DevOps solutions and more specifically software packages are driving the next wave of digital transformation and innovation for modern businesses."

Source: $FROG 4Q'20 earnings

Software

…alongside adoption for multi-cloud & microservice architectures

dynatrace

"Long-term market trends continue to be in our favor. Our companies around the globe and in every industry are undergoing digital transformations at an accelerated pace, and **these transformations are happening in dynamic multi-clouds, which leverage continuously changing container and micro-service architectures**."

Source: $DT 4Q'20 earnings

Software

Identity rapidly becoming a “primary cloud” of its own

okta

"It's worth repeating that the three mega trends that have been driving our business for the past several years, **the adoption of cloud and hybrid IT, digital transformation and zero trust security**, are being accelerated by both the pandemic and periodic security events."

“We view a world where cloud adoption continues to proliferate and that 5-plus years from now, there **will be just a few primary clouds that really matter inside an organization**. These clouds might be for collaboration, CRM, infrastructure and ERP, for example. **We firmly believe that identity will be one of these primary clouds.** Identity is the connected tissue to all of the other primary clouds as it facilitates choice and flexibility while enhancing security and reducing risk in all other technologies.”

Source: $OKTA 4Q’20 earnings

Software

Developer focused firms likely to build "internet-scale" businesses

okta

"As applications scale and security risks grow, companies can turn to us to better secure their digital footprint and **free up one of their most valuable and scarce resources: their developers**."

"We **cannot hire enough developers anywhere** in every industry. And software, there's no company in the planet that can survive without software… We **give developers the building blocks they need to secure their applications today** without having to become security experts themselves, while we prepare them for the challenges and opportunities of the future. **Developers can focus on** what truly matters to their business, which is **innovation, better customer engagement and loyalty and a superior user experience**, all of which translate into larger revenue-generating opportunities and growth."

Source: $OKTA 4Q'20 earnings

Software

Businesses are unlikely to revert to pre-COVID behaviors

twilio

"**As the world seeks to find a new semblance of normal, businesses are not going back**. Given the increased importance of digital engagement to company's success moving forward, **nearly all business leaders surveyed, 95% expect to increase or maintain their organization's investment in customer engagement after the pandemic.** This is why we've been building out our customer engagement platform that truly serves the end-to-end lifecycle of all customer engagement in the enterprise."

Source: $TWLO 4Q'20 earnings

Software

Zoom Phone is likely the beginning of building the ultimate remote work platform

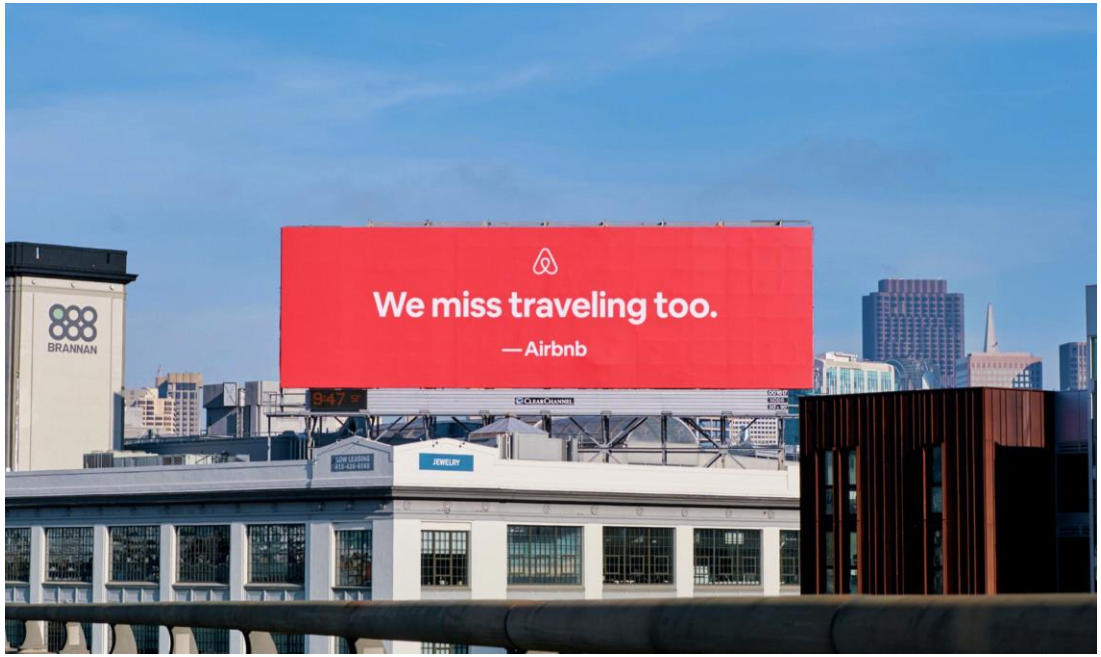
"Bolstering the growth of our product portfolio is Zoom Phone, which has grown incredibly and turned two last quarter. **We believe the opportunity ahead is significant as the TAM for telephony is forecasted to grow to $23 billion by 2024.** We have seen wins from legacy on-prem providers as well as other cloud PBX vendors. Here are a few milestones to mark the Anniversary: **Illustrating the ability of Zoom Phone to meet the needs for large-scale enterprise rollouts, Zoom Phone finished FY '21 with 18 customers each with over 10,000 paid seats."**

Source: $ZM 4Q'20 earnings

What's ahead of us?

We look forward to a promising 2021, with renewed opportunity in some sectors (Travel) to counterweigh much tougher comps in many others (E-commerce)…

airbnb



Source: $ABNB (Brian Chesky)

Questions?

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