State of the Cloud 2021

The New Normal

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Agenda

2020

New Normal

Public Cloud

Private Cloud Market Analysis

2021 Predictions

Recap

2020

Prediction 3: The cloud industry will continue to proliferate around the globe
shopify
elastic
adyen
pipedrive
productboard
UiPath
DARKTRACE
INTERCOM
collibra
FRONT
dashlane
Shift Technology
contentful
Wix
monday.com
SISENSE
Lightricks
A ATLASSIAN

Cloud Investment A - Scenario Planning

SCENARIO	EXIT VALUE
Wipe out – failure to launch GTM and compete against incumbents.	**$0**
Downside case – company fails to grow meaningfully beyond a small set of customers.	**$100M**
Base case – company succeeds in capturing meaningful market share.	**$500M**
Upside case – company becomes market leader.	**$1B**
Just goes nuts – company becomes go-to solution owning majority of market.	**$5B+**

Global pandemic?

Prediction 1: The future of work will be remote

ONBOARDING & MANAGEMENT

FELLOW · THE ORG · strongdm · RIPPLING · hronboard · Trainual · Humble Dot · Hone · EVERWISE · ChartHop

CULTURE

donut · sli.do · Peakon · GLINT · Culture Amp

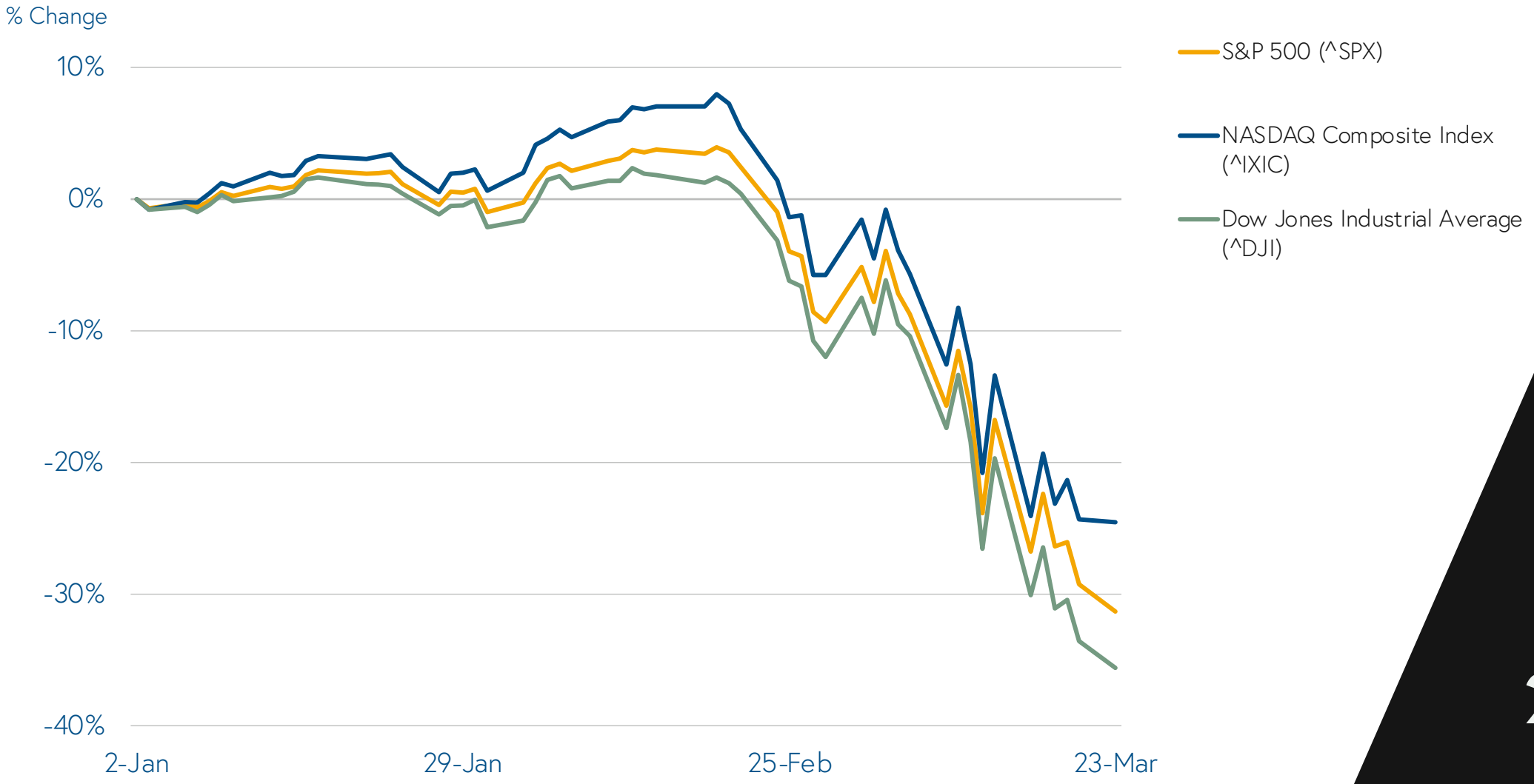
GLOBAL HR & PAYROLL

GLOBALIZATION PARTNERS · Deel · cloudpay · bob · papayaglobal · SafetyWing

KNOWLEDGE SHARING

GURU · slab · miro · loom

Major indices dropped more than 30% over the course of three weeks



2020

THE Cloud100
WHAT MATTERS TO THE NEW GUARD OF TECH
Stephen Curry
CEO, SC30 Inc.
Jennifer Tejada
CEO, PagerDuty
Frank Slootman
CEO, Snowflake
Eric Yuan
CEO, Zoom
Eric Yuan
CEO, ZOOM
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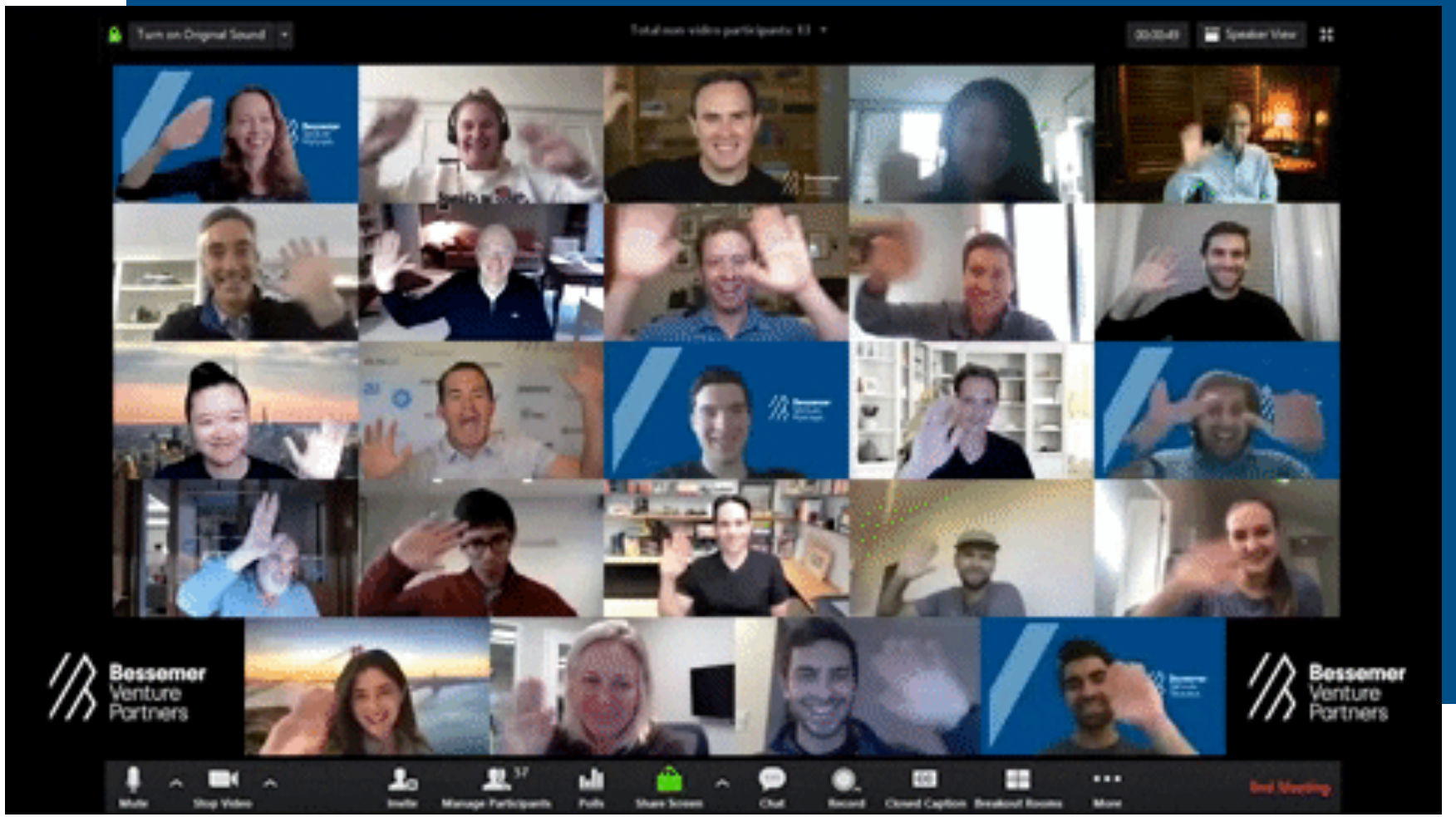
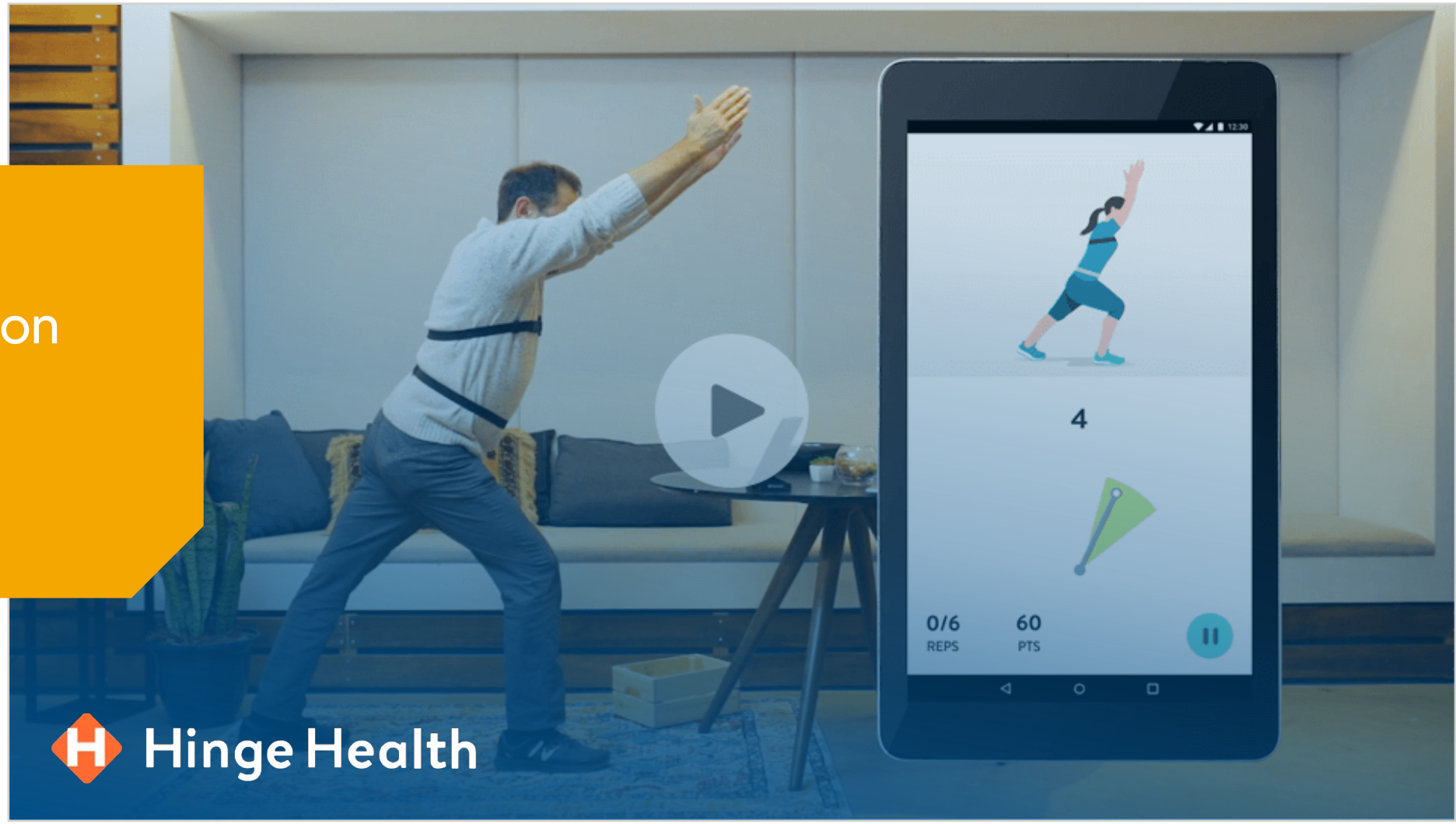

Turn on Original Sound
Speaker View
Bessemer
Venture
Partners
Bessemer
Venture
Partners
Mute
Stop Video
Invite
Manage Participants
Polls
Share Screen
Chat
Record
Closed Caption
Breakout Rooms
More
End Meeting

Welcome to the New Normal

Usage of digitally-enabled care skyrockets

Increase in
telehealth utilization

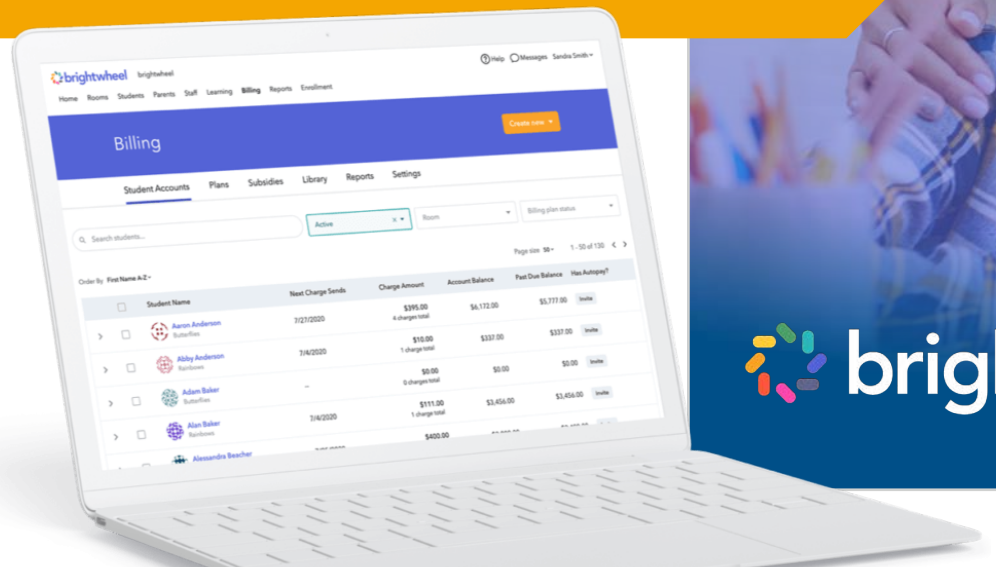
300x



Distance learning becomes the norm

93%

of households with school age children engaged in distance learning



Small and medium businesses evolve and adapt

The restaurant industry is going through massive digital transformation

Industries transition from offline to online

$10T

global construction industry accelerates shift to the cloud

We've seen two years' worth of digital transformation in two months. From remote teamwork and learning, to sales and customer service, to critical cloud infrastructure and security—we are working alongside customers every day to help them adapt and stay open for business in a world of remote everything.

– Satya Nadella, CEO of Microsoft

Byron Deeter
@bdeeter

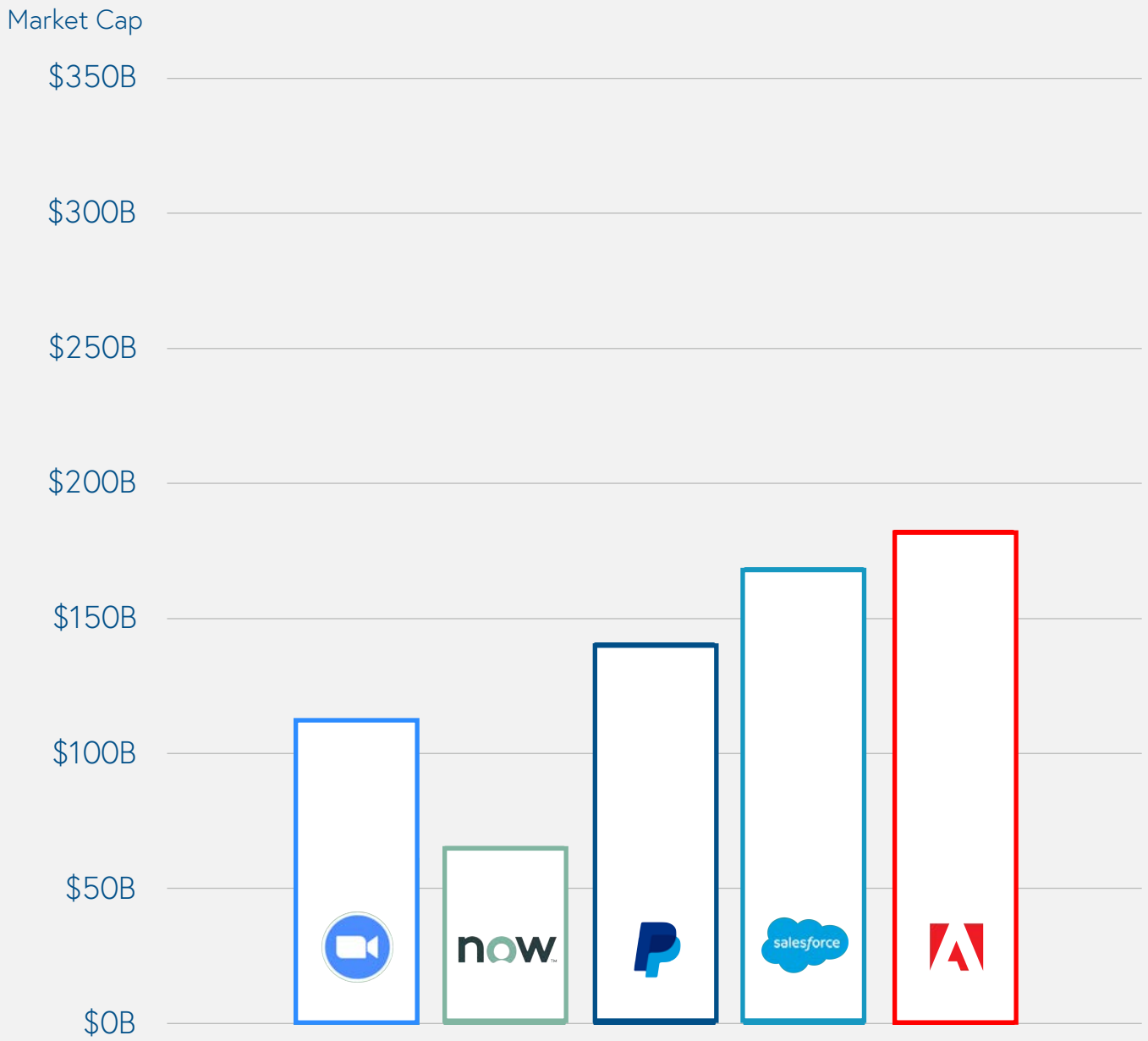
Microsoft picked Satya, the head of their Azure cloud business, to take over as CEO. Amazon just picked Jassy, the head of their AWS cloud business, to take over as CEO.
Current worldwide market cap #1 and #3 making the ultimate statements on the importance of cloud ahead!

10:25 PM · Feb 2, 2021 · Twitter for iPhone

577 Retweets **77** Quote Tweets **3,060** Likes

2020

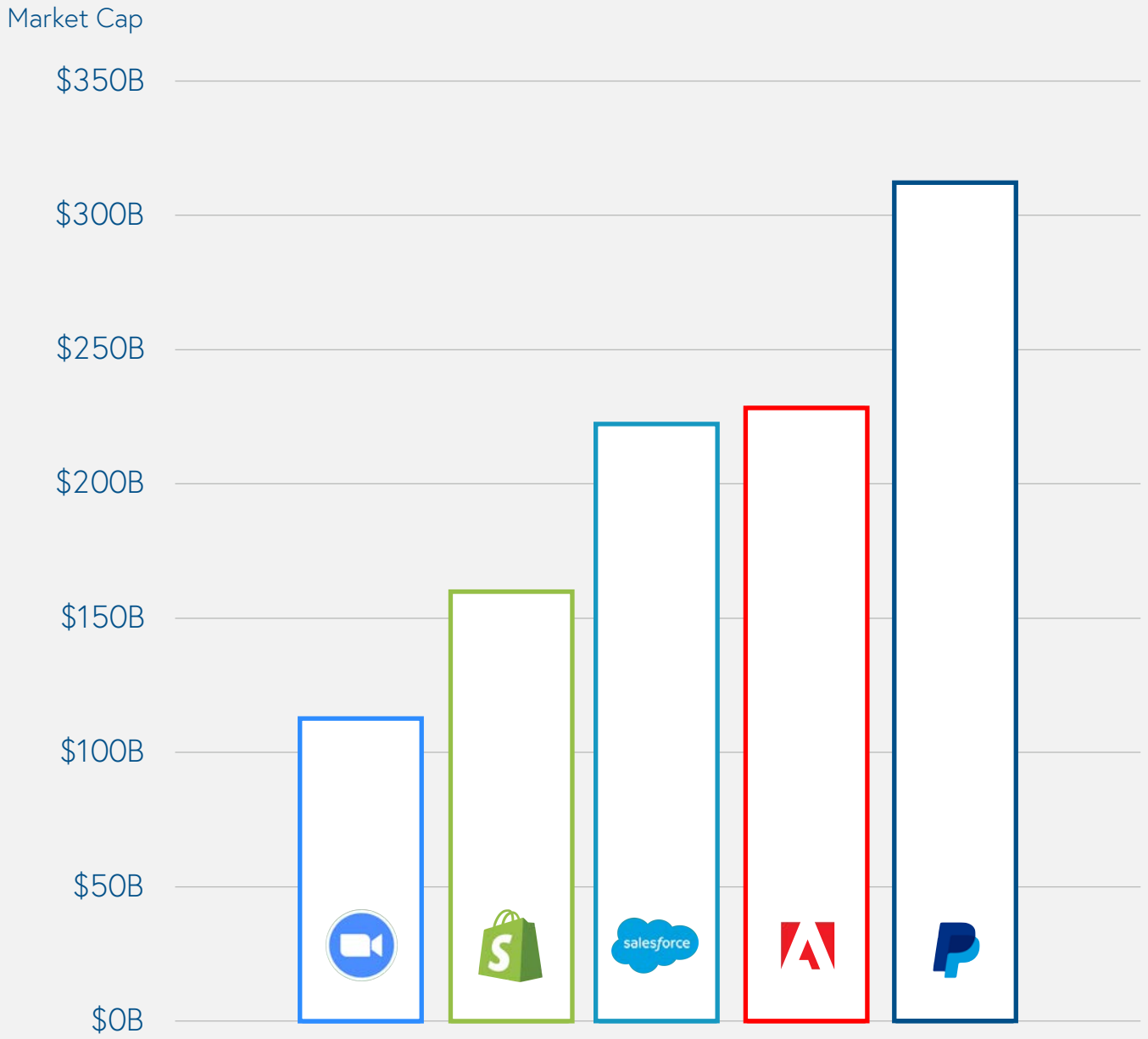
Top 5 public cloud companies by market cap



2021

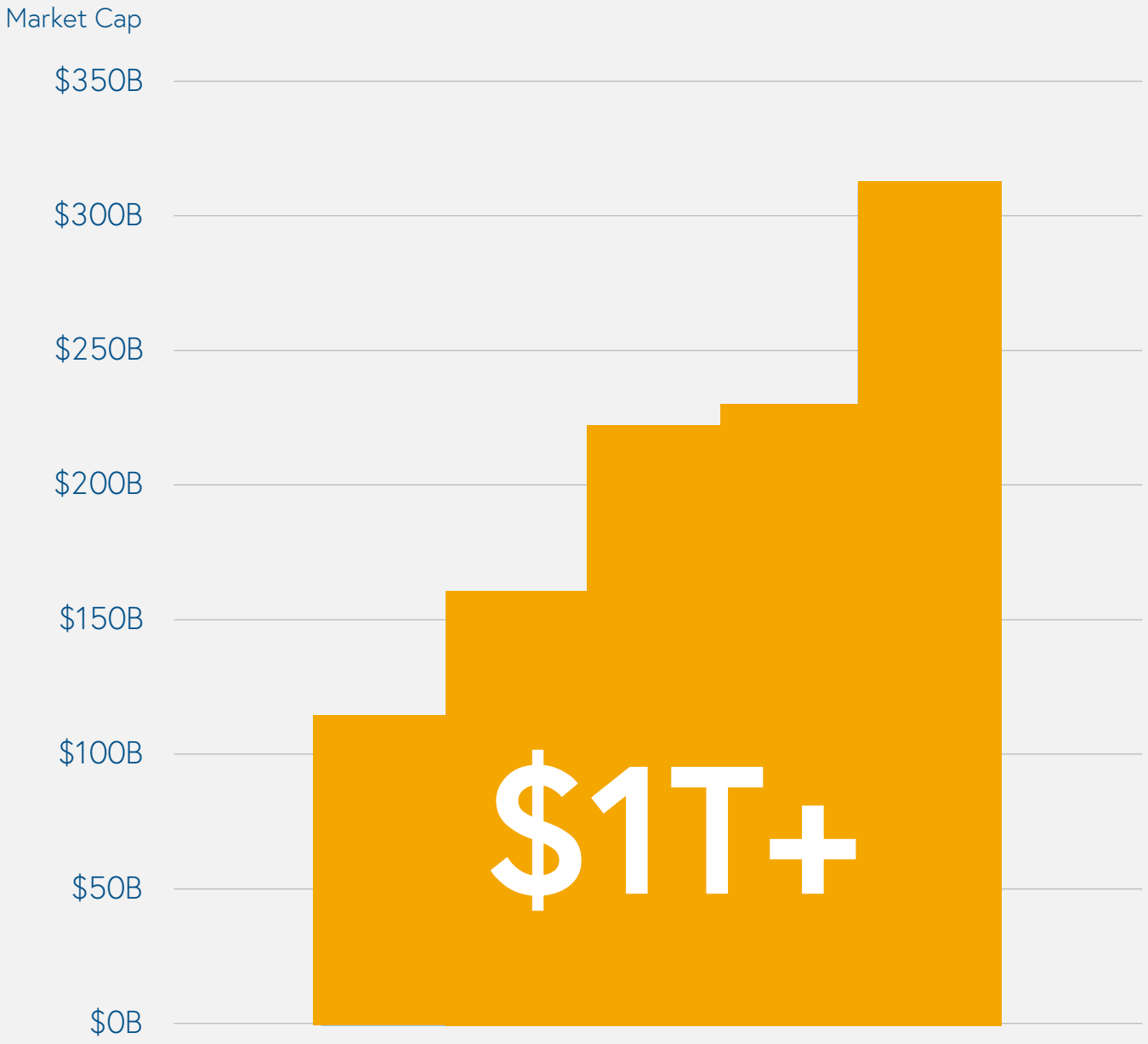
Top 5 public cloud companies by market cap

Up 70% 2020-2021



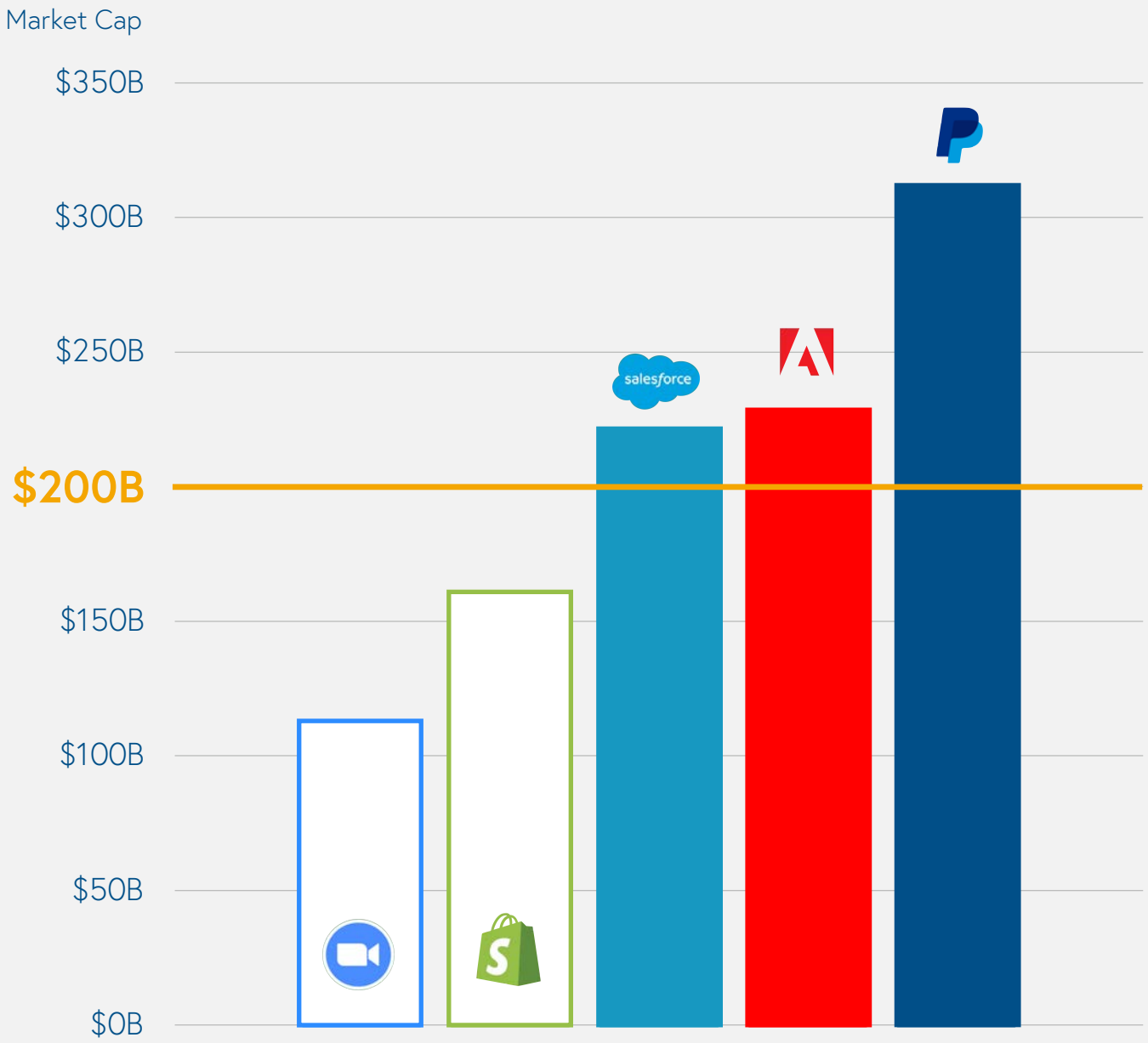
2021

Top 5 public cloud companies comprise $1T+ of market cap



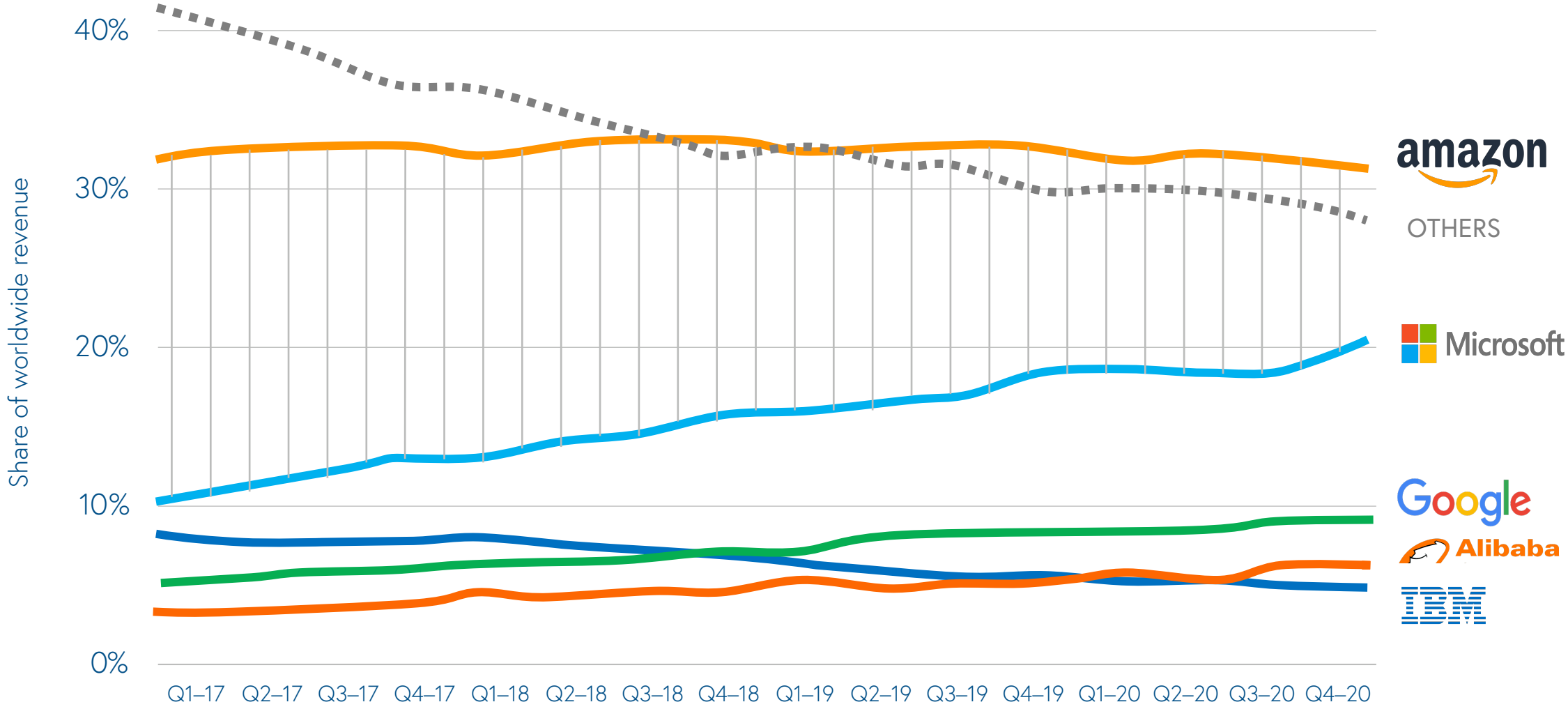
2021

Top 3 public cloud companies each over $200B market cap



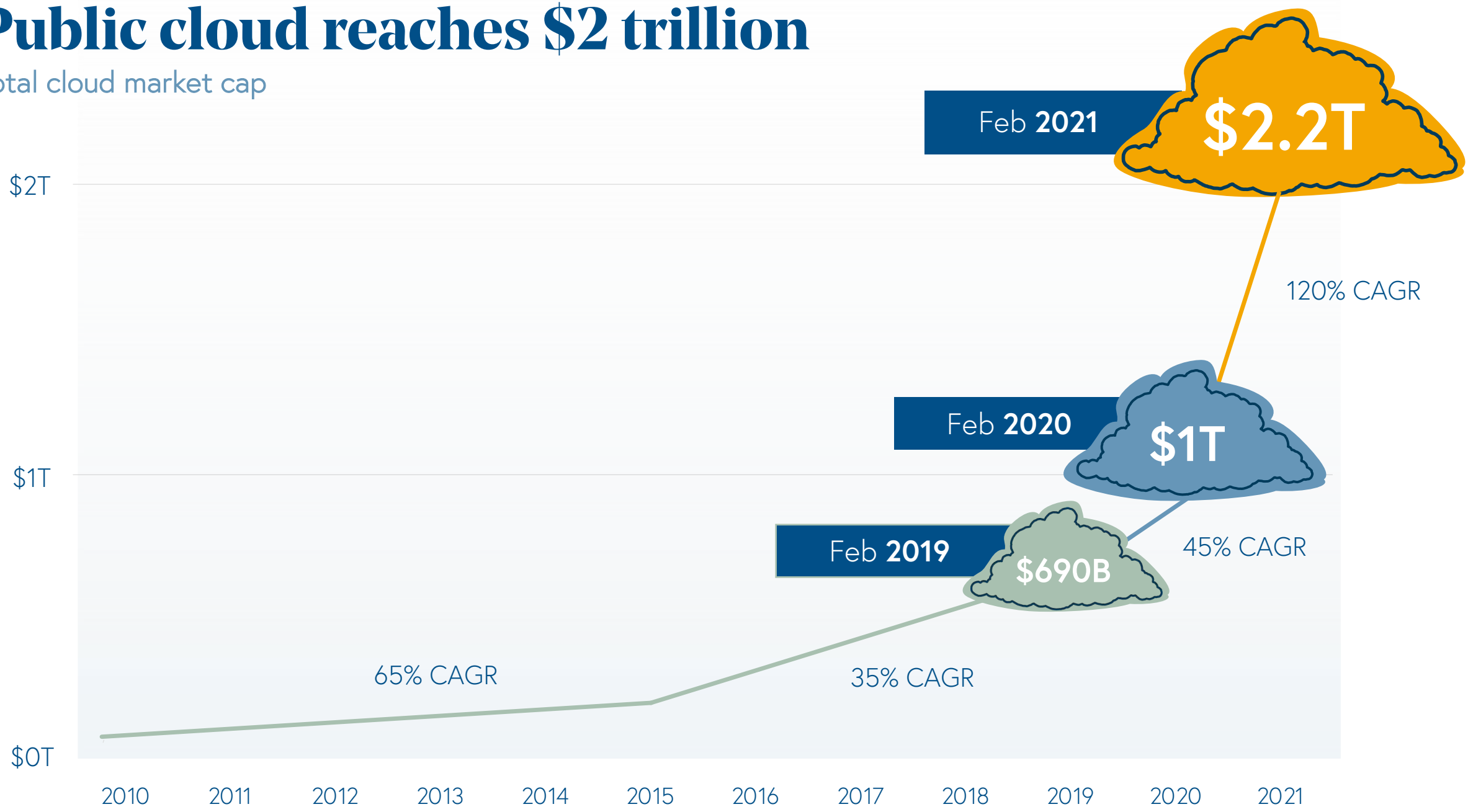
IaaS crosses $150B run rate in 2020

Amazon dominates the public cloud infrastructure market

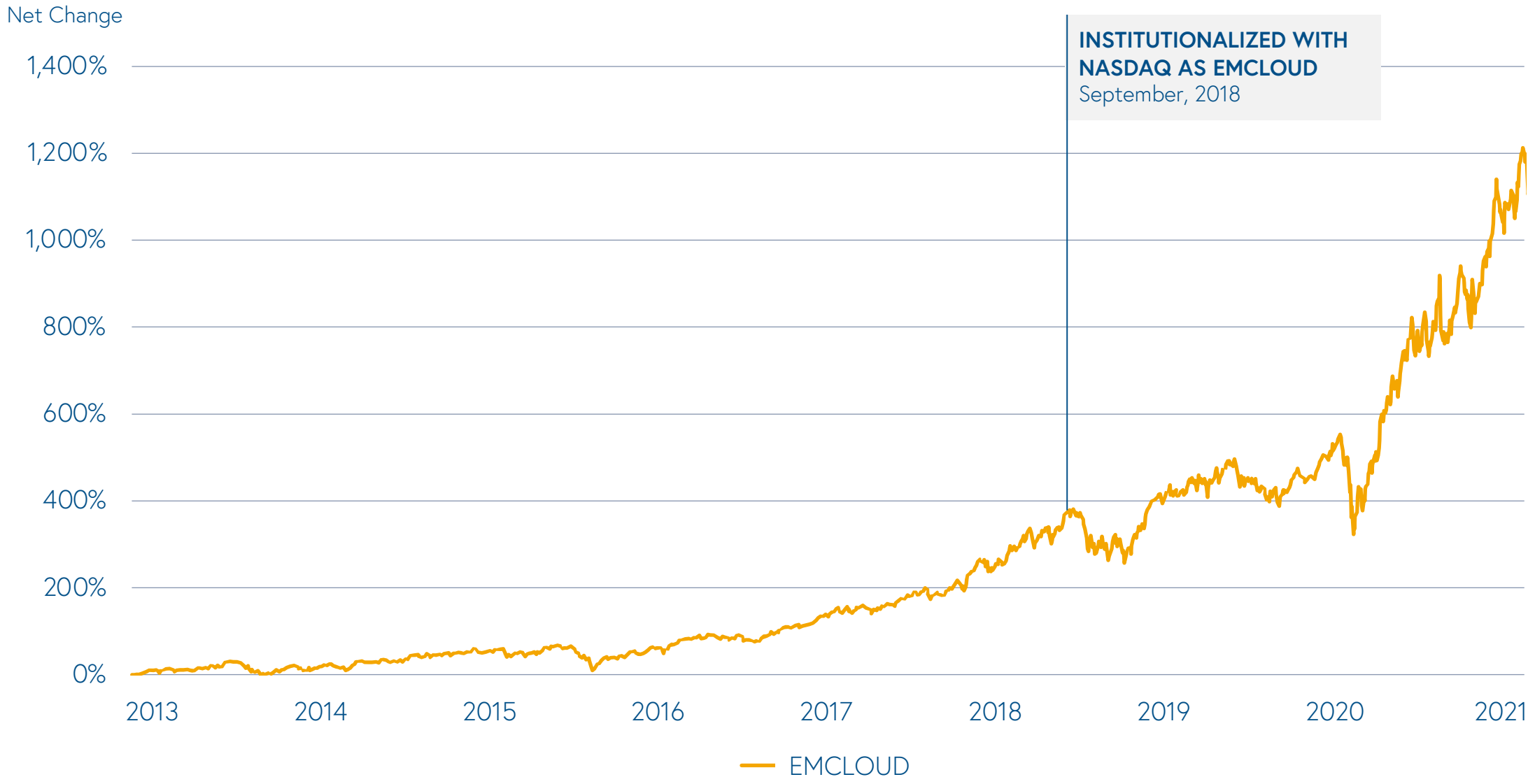


Public cloud reaches $2 trillion

Total cloud market cap



Bessemer Cloud Index since launch



WCLD performance since launch

WisdomTree Licensed the Index for the WCLD ETF

#1 ETF on the NASDAQ for 2020

#2 technology ETF within US technology ETFs for 2020

Introducing our new BVP Cloud Index

2020 was marked by record-breaking IPO & M&A activity

IPOs

snowflake

qualtrics

C3.ai

asana

sumo logic

JFrog

agora

ncino

BIGCOMMERCE

M&A ACTIVITY

slack

Gainsight

VEEAM

pipedrive

Vlocity

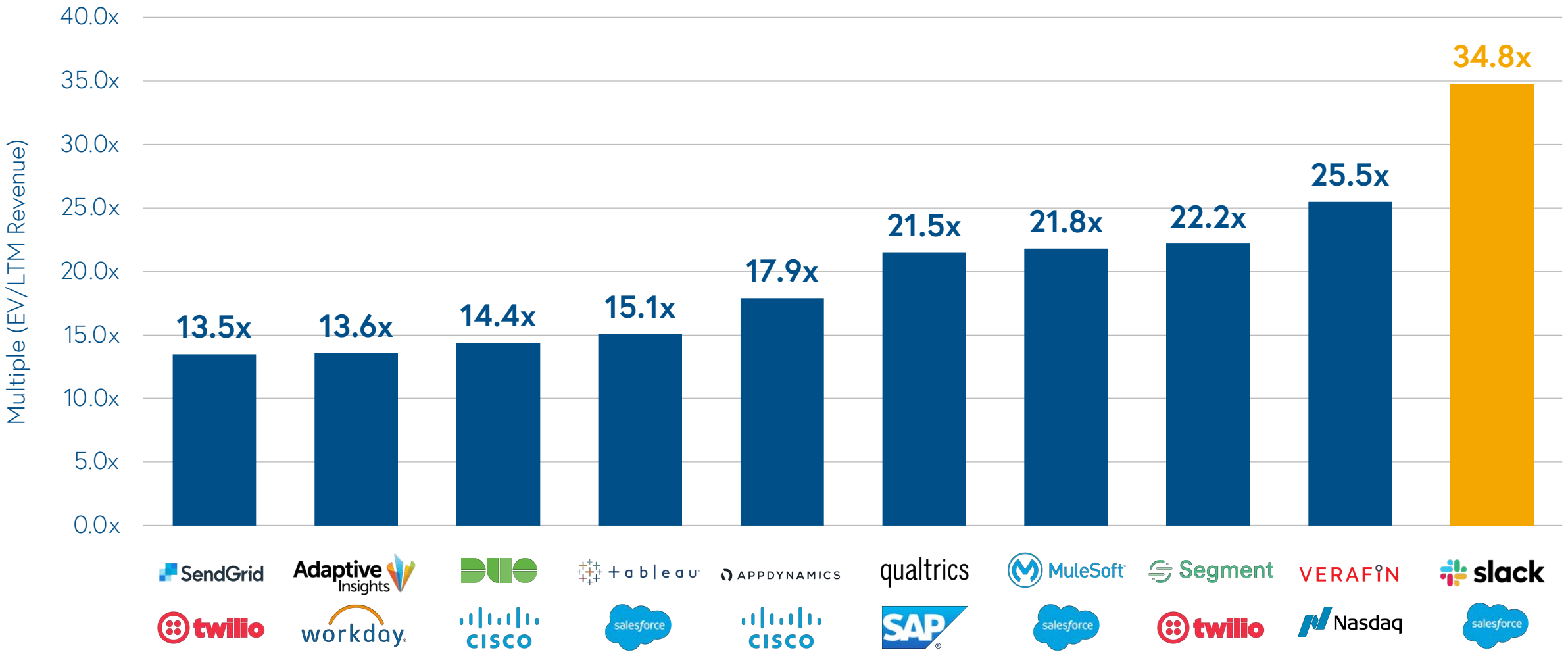
workfront

Kustomer

Segment

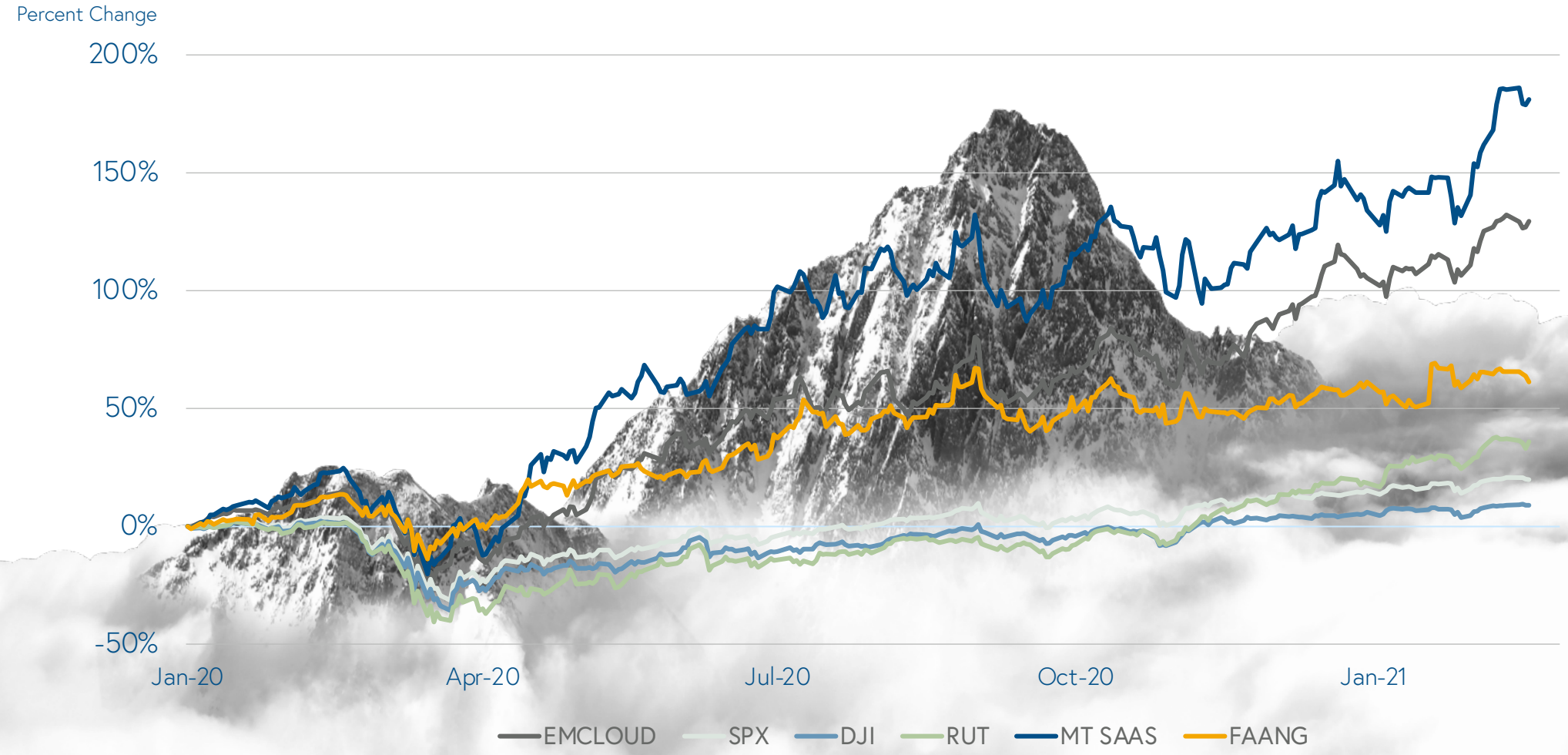
Snowflake massively surpassed VMware's record as largest software IPO in history

Record breaking cloud M&A activity in 2020 with Slack receiving the largest revenue multiple paid in history



Changing of the guard: MT SAAS overtakes FAANG!

MT SAAS, EMCLOUD, FAANG, and Major Indexes Performance since 2020



MT SAAS Performance: Approx. +180%

EMCLOUD Performance: Approx. +130%

FAANG Performance: Approx. +60%

Russell 2000 Performance: Approx. +35%

S&P Performance: Approx. +20%

Dow Jones Performance: Approx. +10%

COVID-19 more than doubled the rate of digital transformation across different vertical industries

Bessemer Venture Partners

Private Cloud Market Analysis

Hello Unicorns

	Total cumulative value
527 private unicorns	$1,964B
100 C100 companies	$267B

stripe PROCORE rubrik

Canva CONFLUENT toast

databricks UiPath™ HashiCorp

What is driving the increase in unicorns?

1. Cloud multiples are going up
2. Cloud companies are growing faster than ever
3. There is more demand than supply for cloud assets

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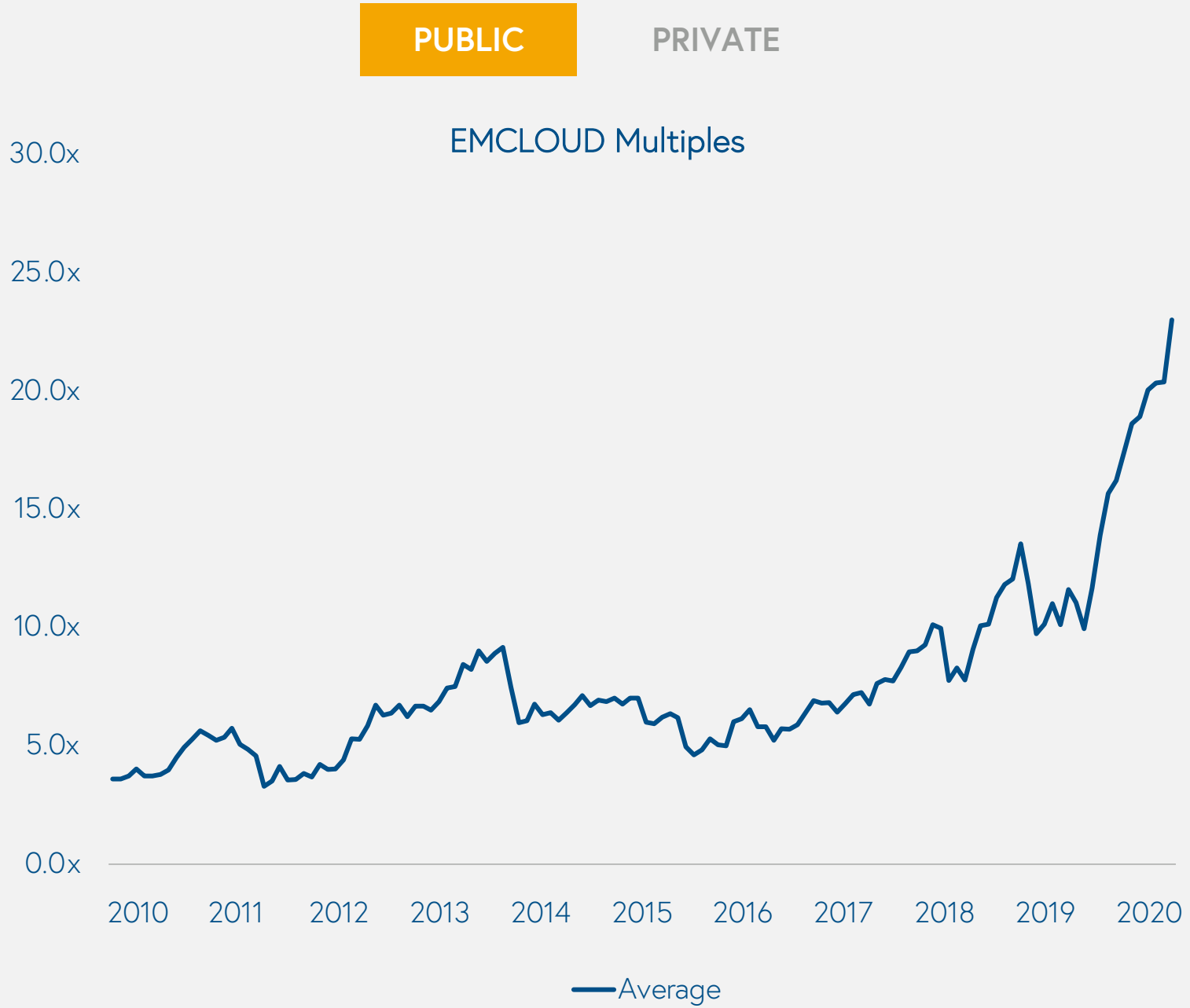

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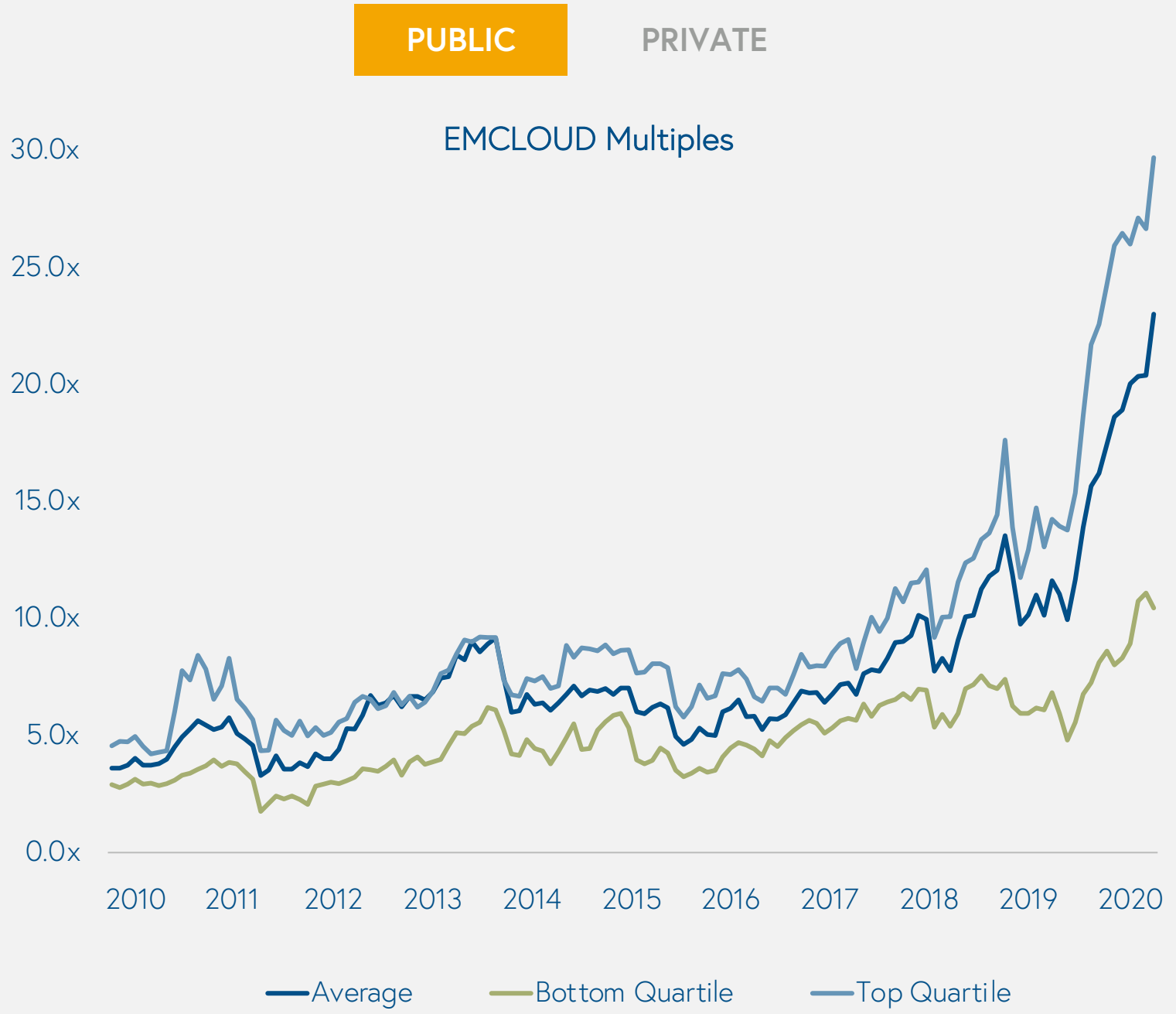

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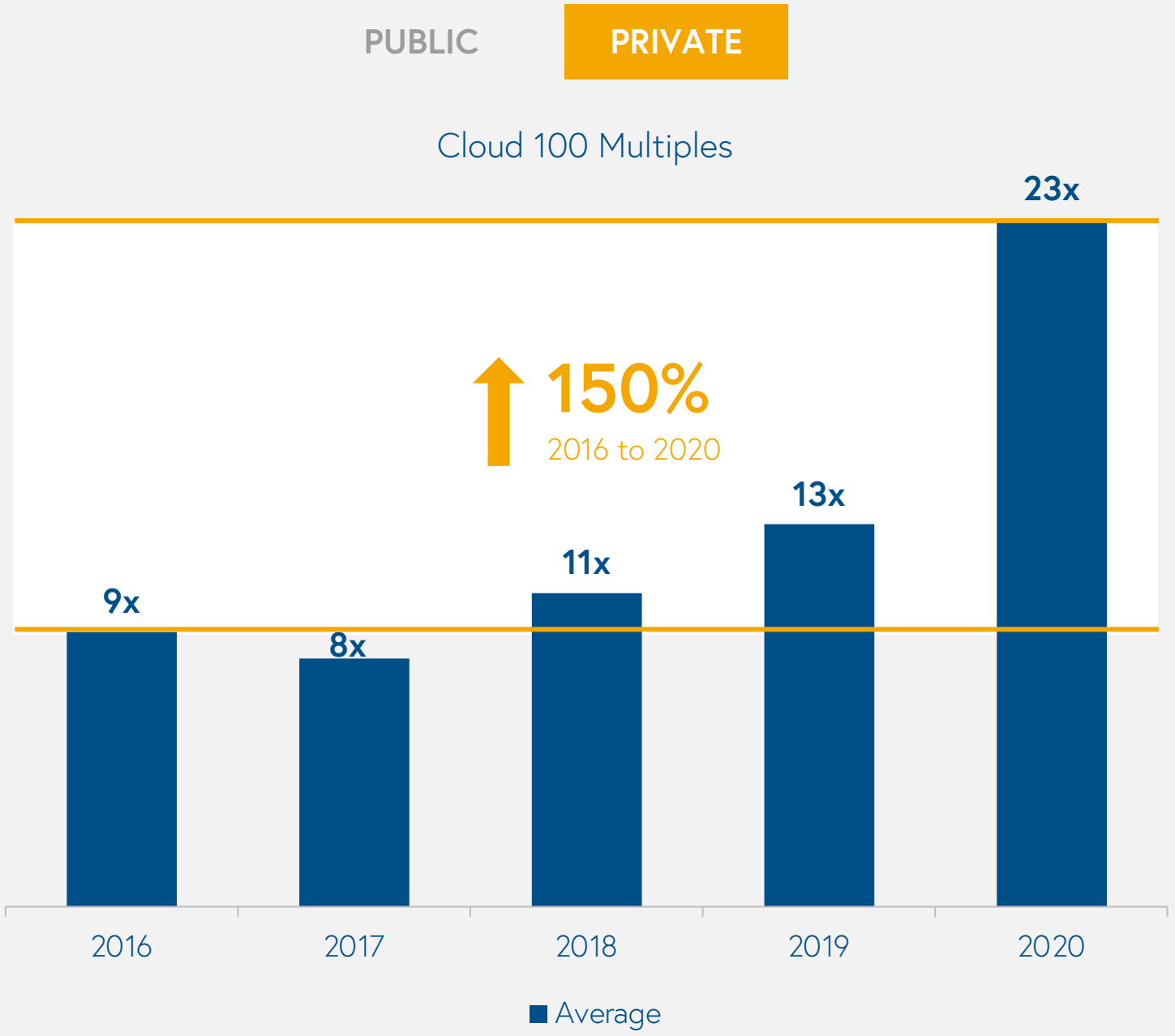
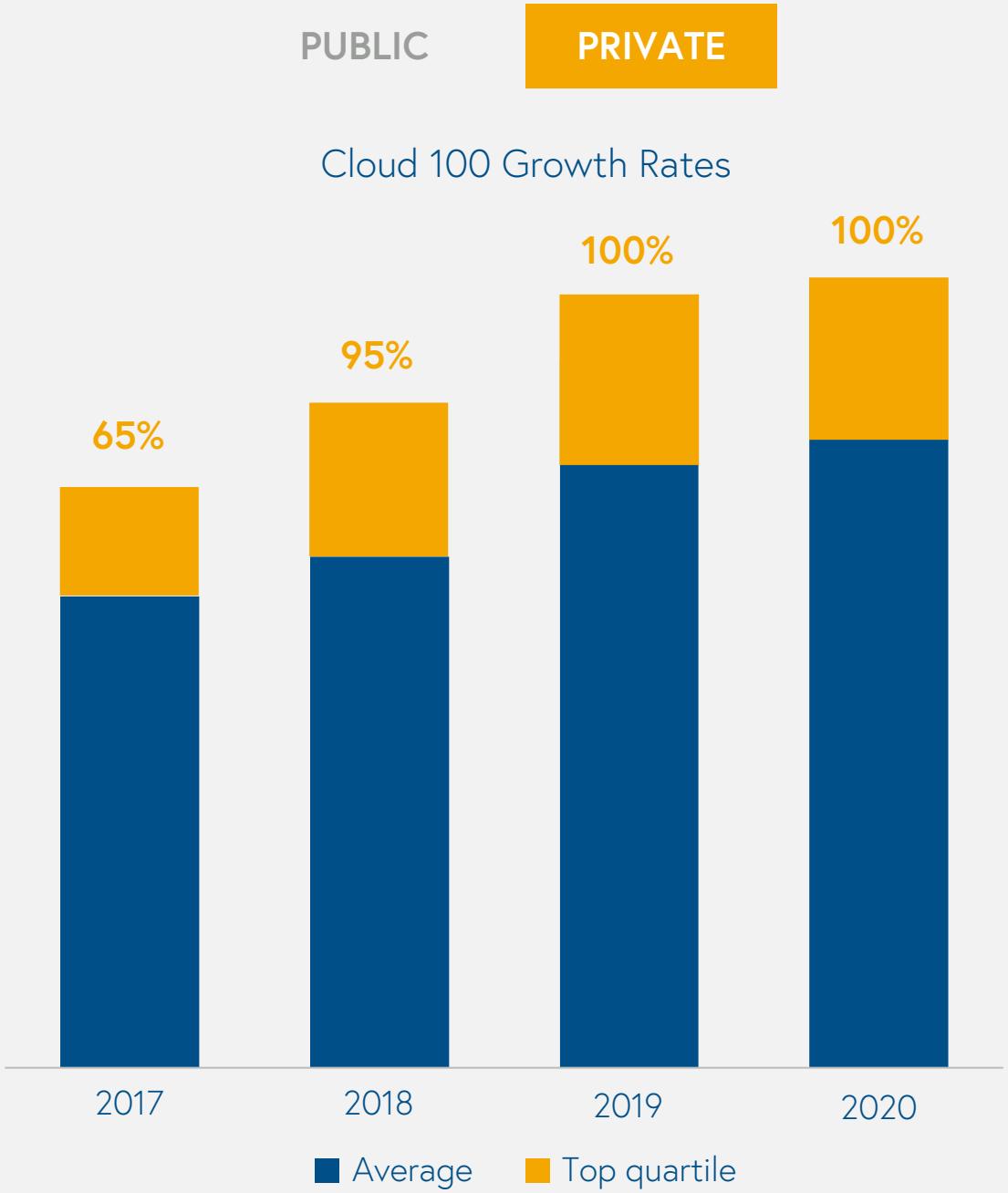


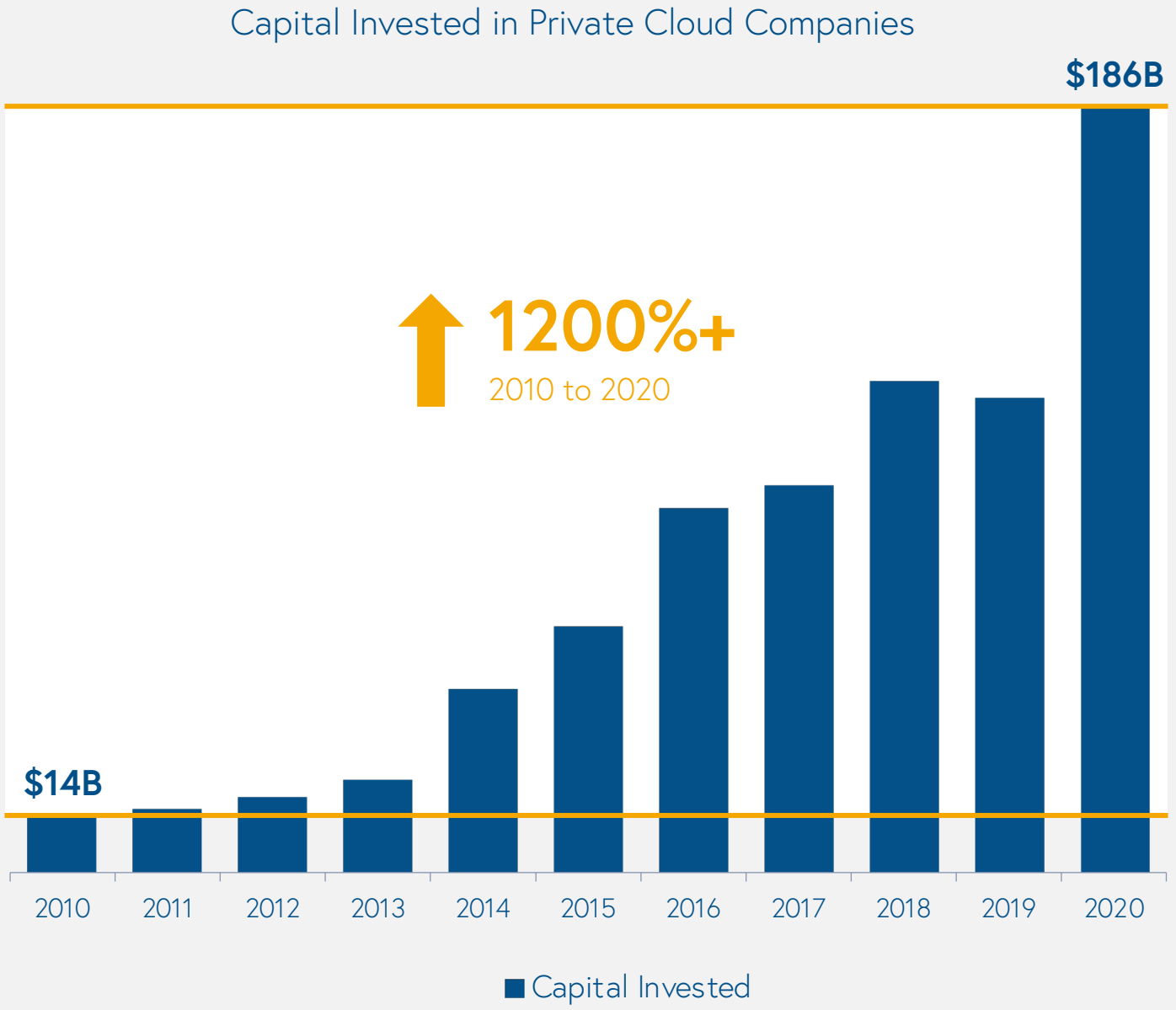
What is driving the increase in unicorns?

2. Cloud growth rates have gone up



What is driving the increase in unicorns?

3. There is more demand than supply for cloud assets



What rationalizes these increased valuations?

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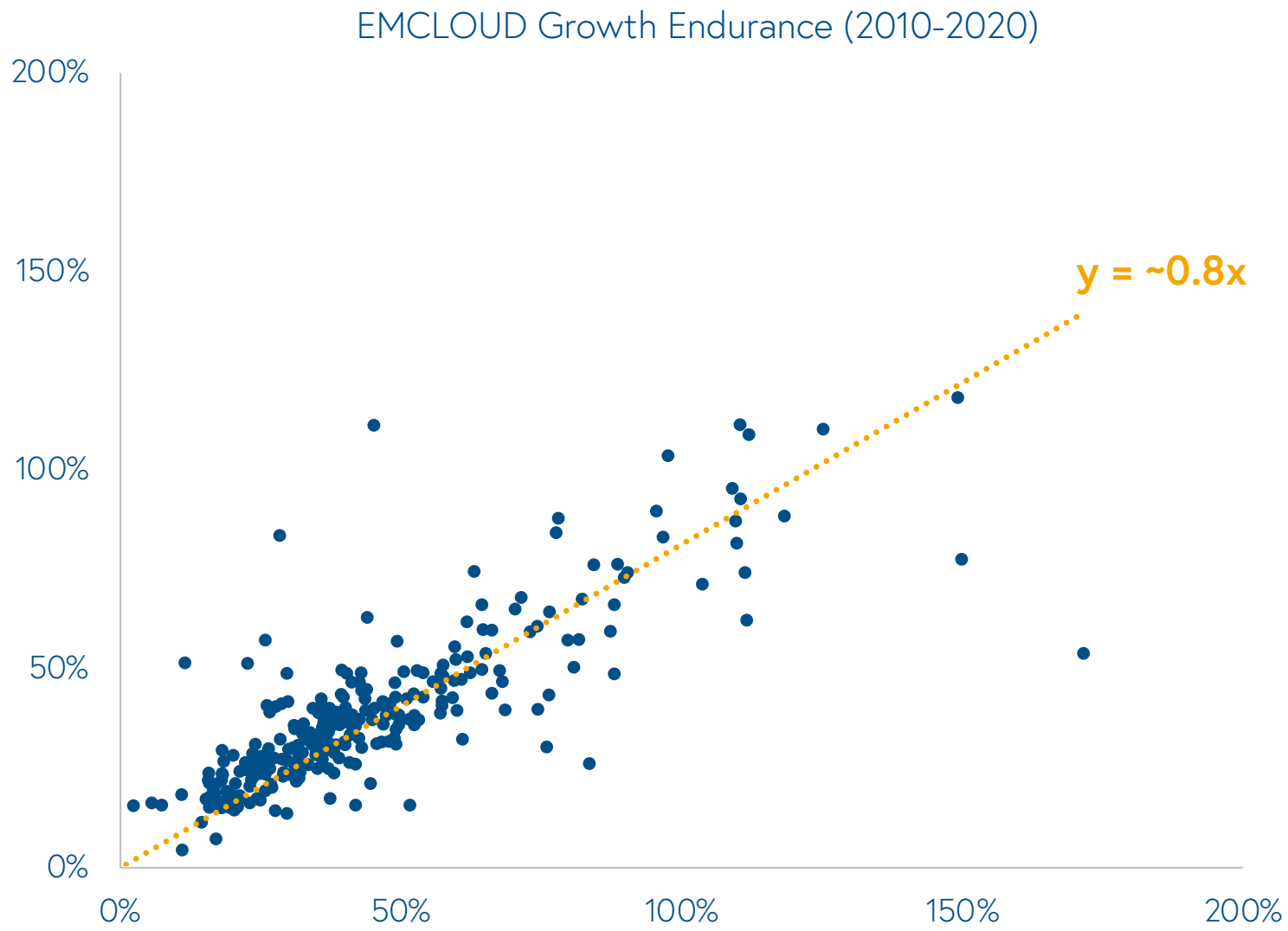
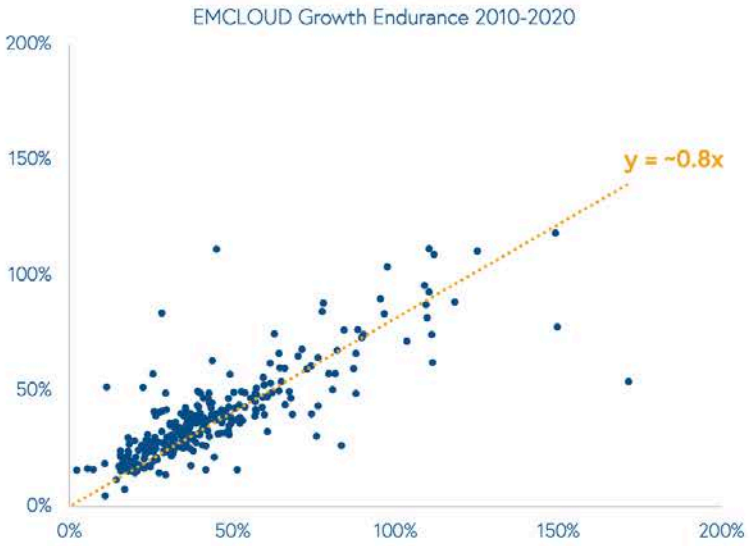
GROWTH ENDURANCE

$$= \frac{\text{Current Year's Growth Rate}}{\text{Last Year's Growth Rate}}$$

Expect public cloud company growth rates this year to be **80%** of what they were last year

PUBLIC PRIVATE





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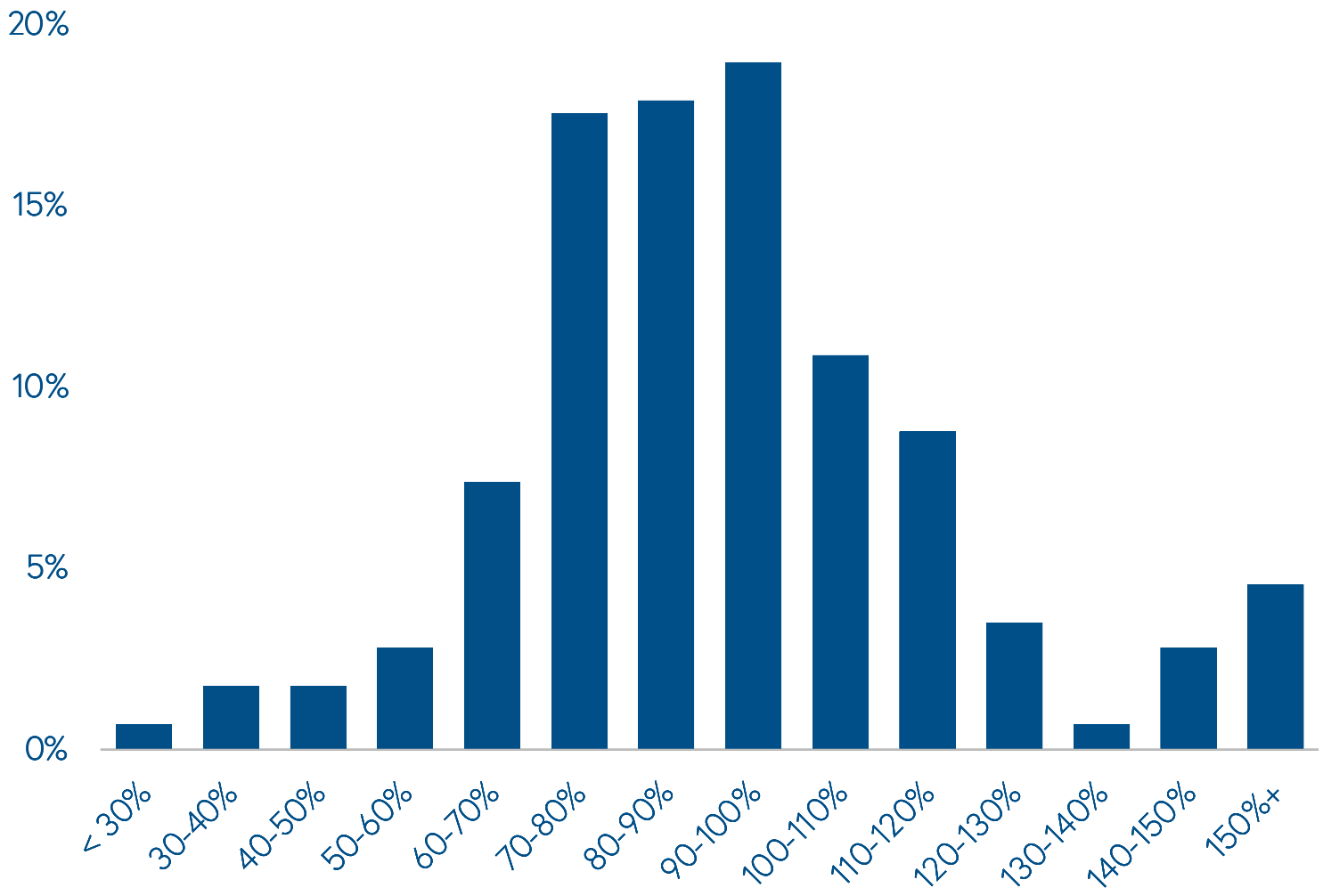
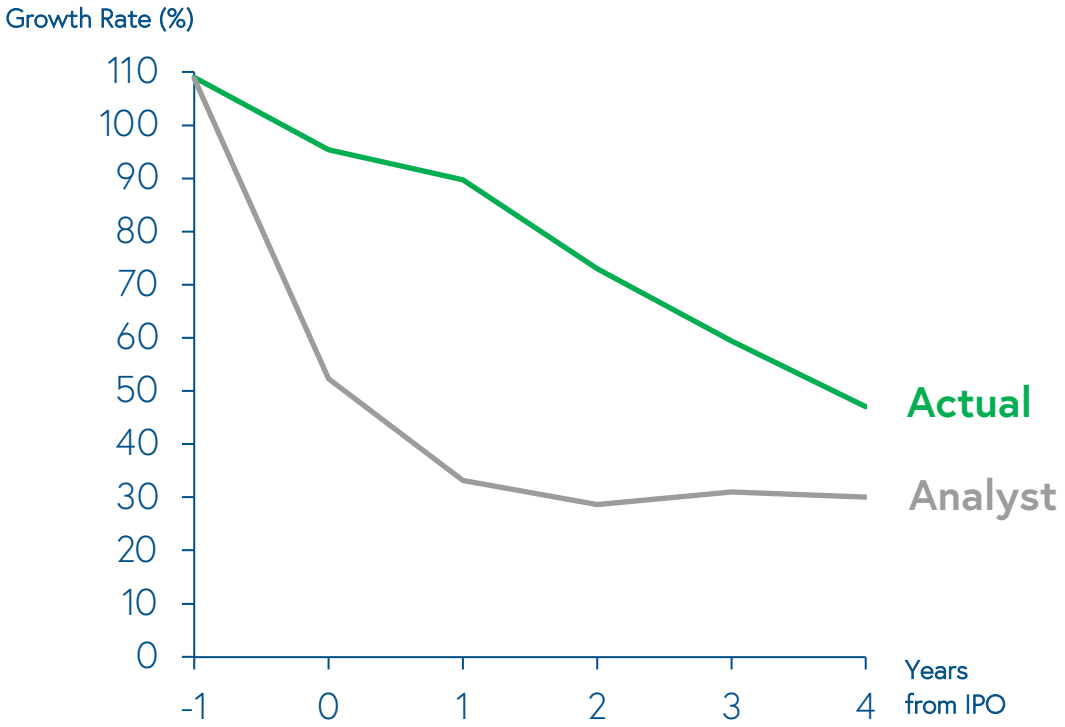
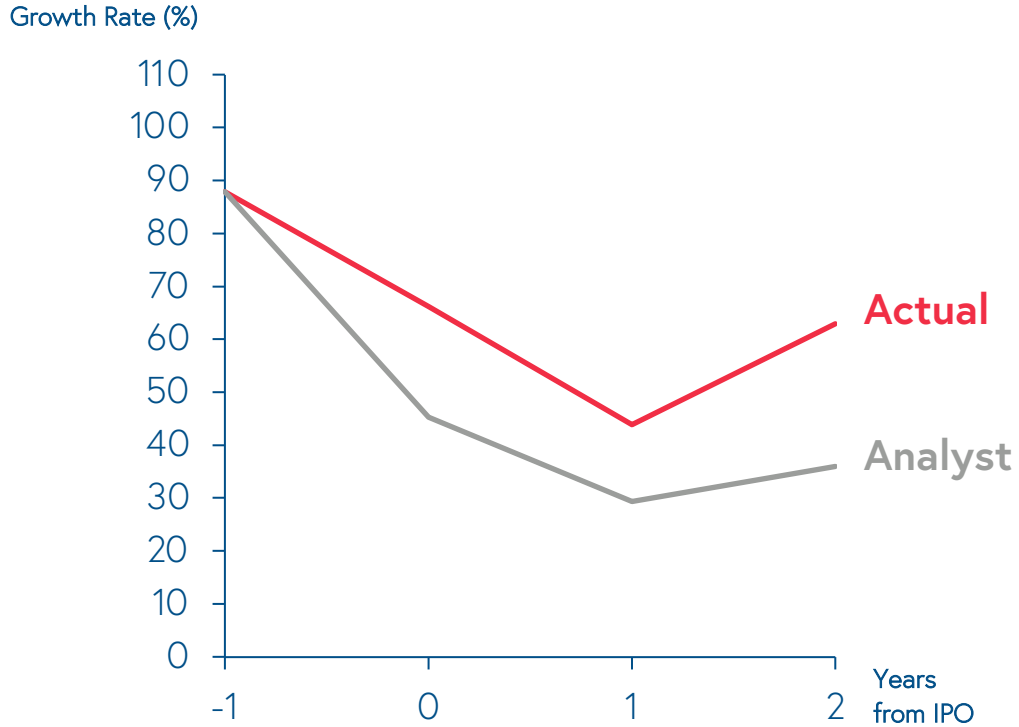


Leading cloud companies demonstrate unprecedented growth endurance

shopify



twilio



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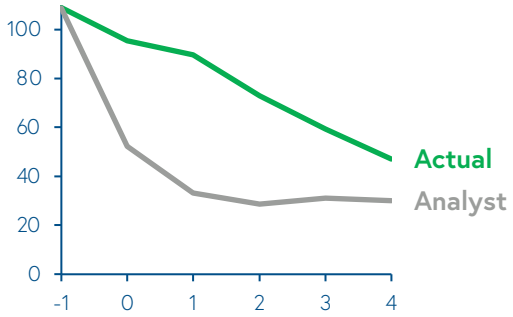
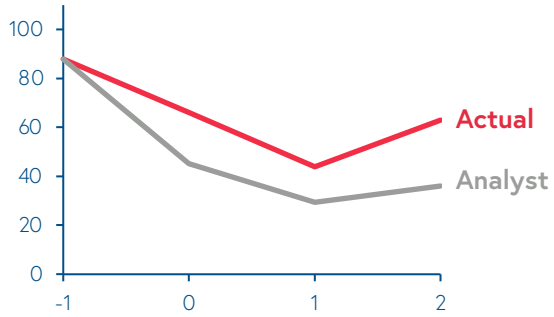
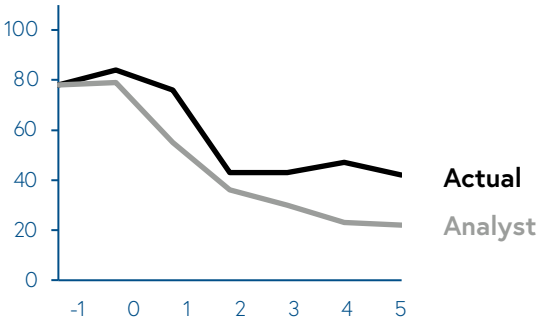


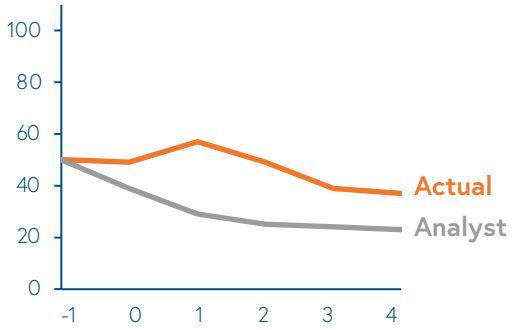
twilio



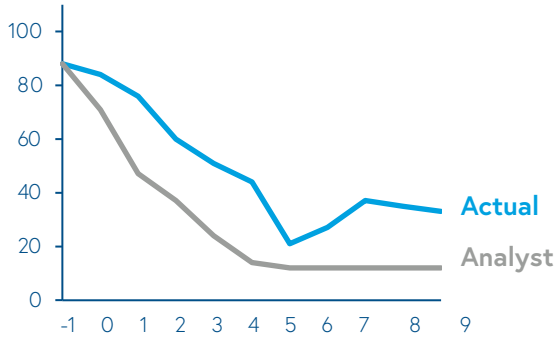
WIX



HubSpot



salesforce



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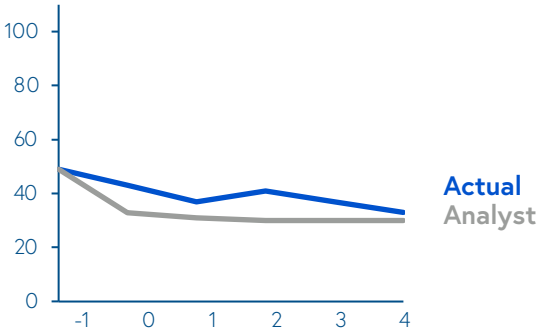

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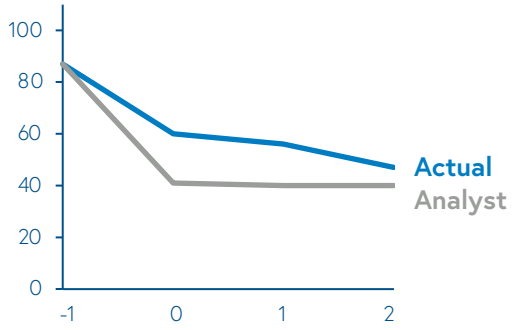
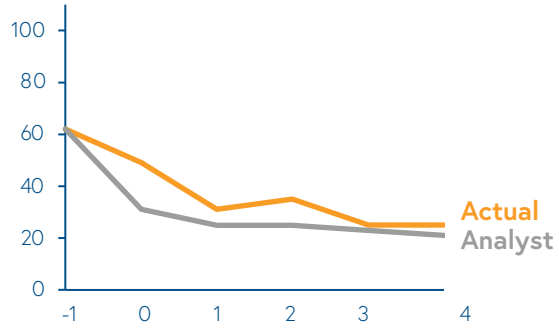
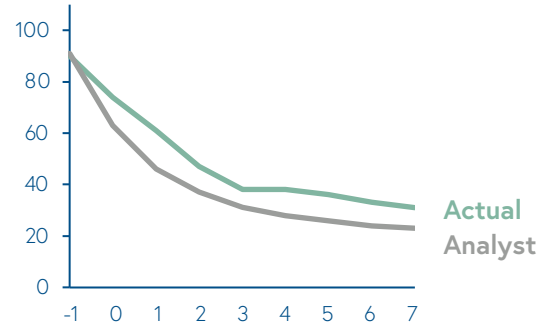


Veeva



servicenow



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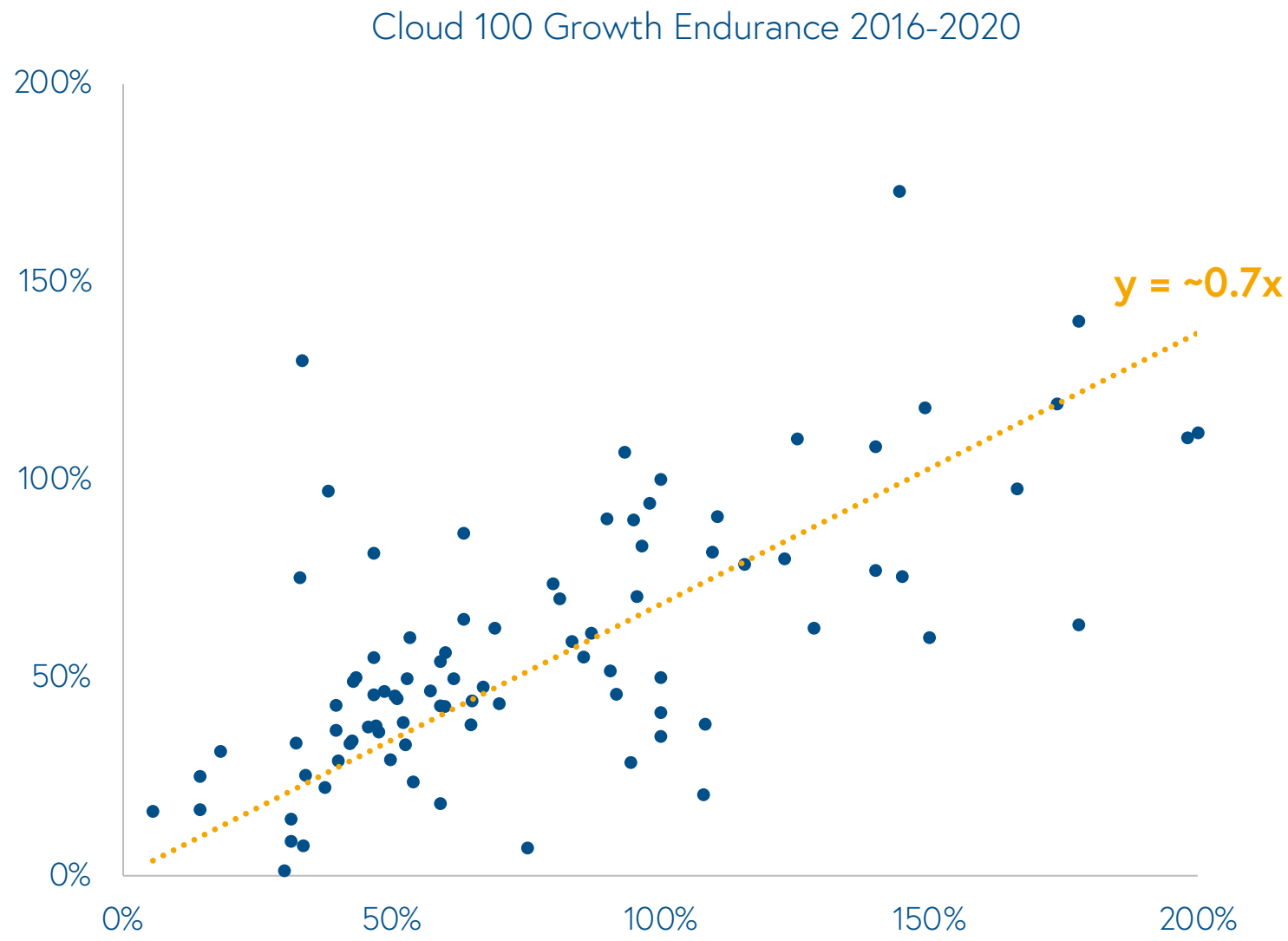
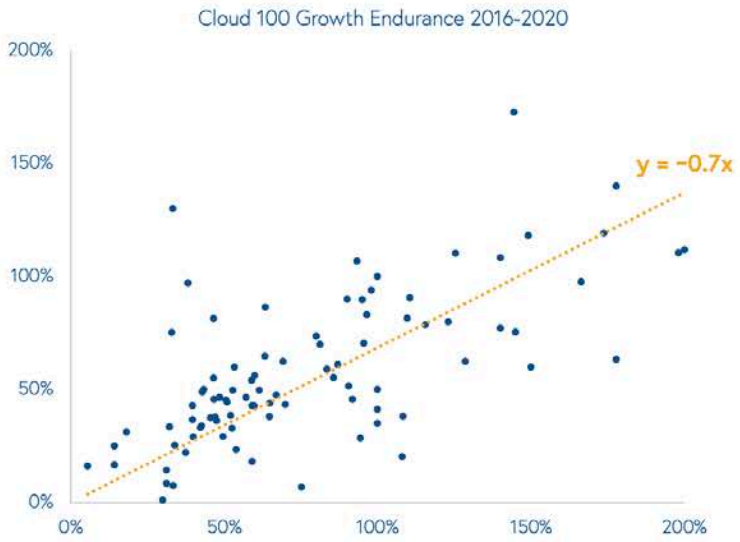
Expect private cloud company growth rates this year to be **70%** of what they were last year

PUBLIC **PRIVATE**





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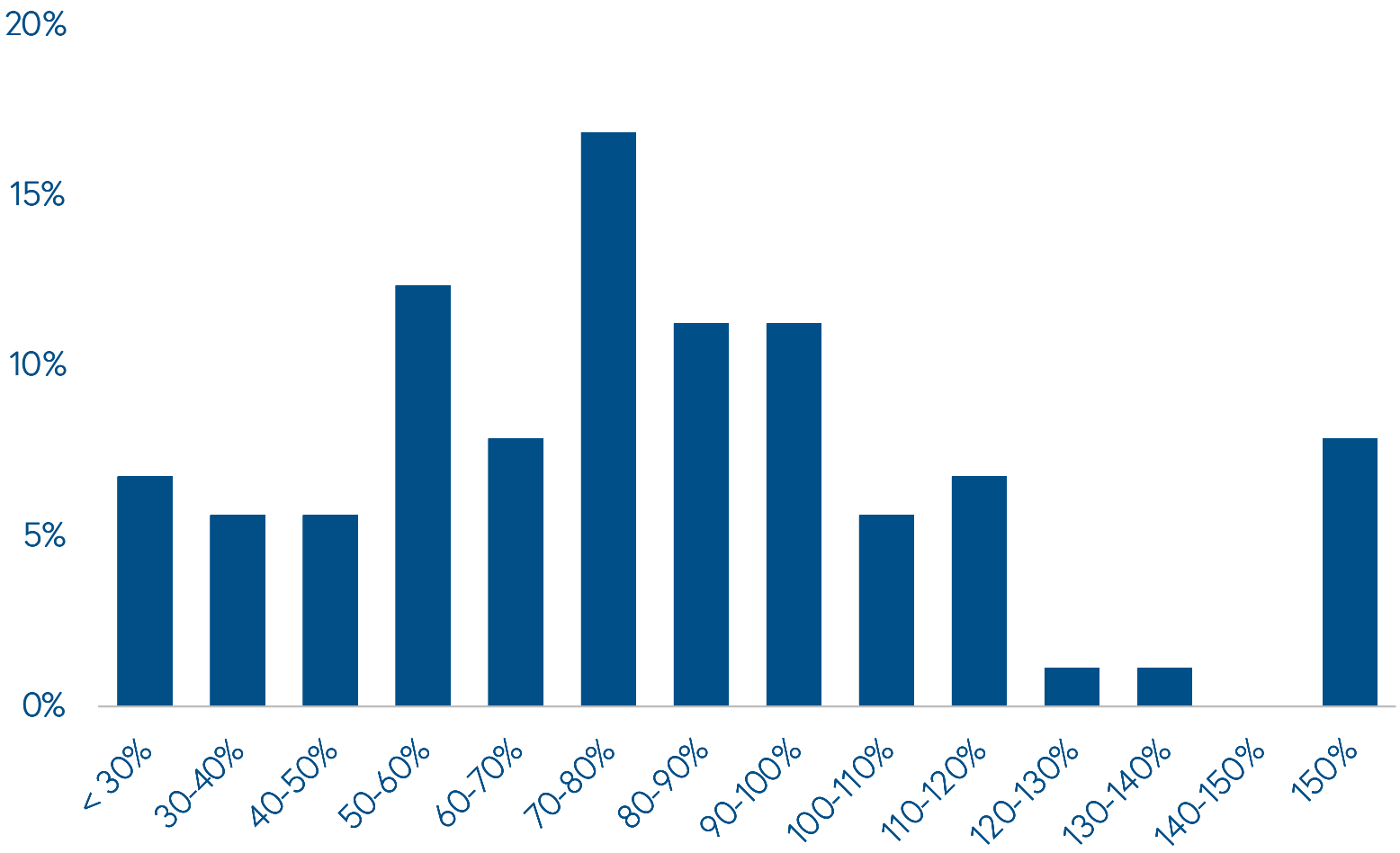
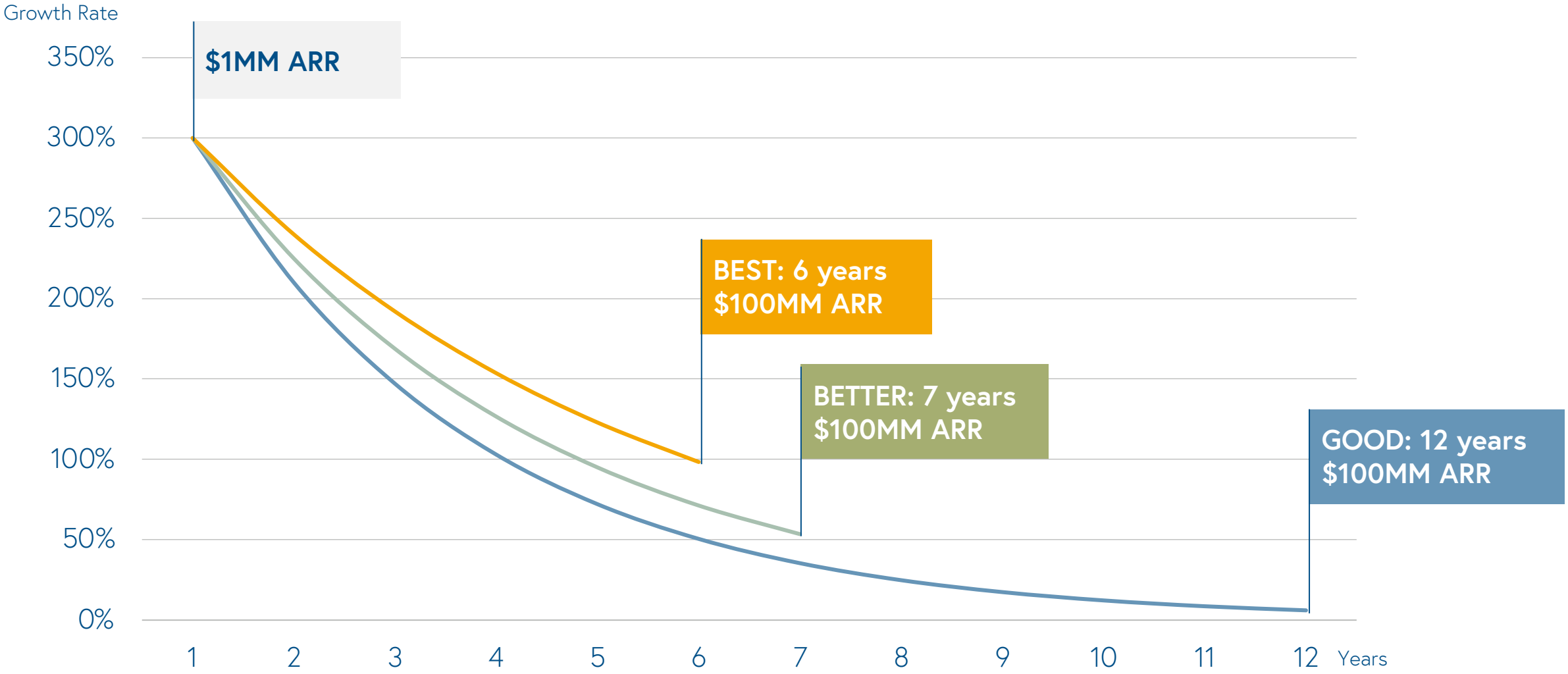


The Good, Better, and Best of Growth Endurance

Implications for growth deceleration



In the New Normal, you really have to nail it before you scale it

Three GTM strategies top cloud companies employ in The New Normal

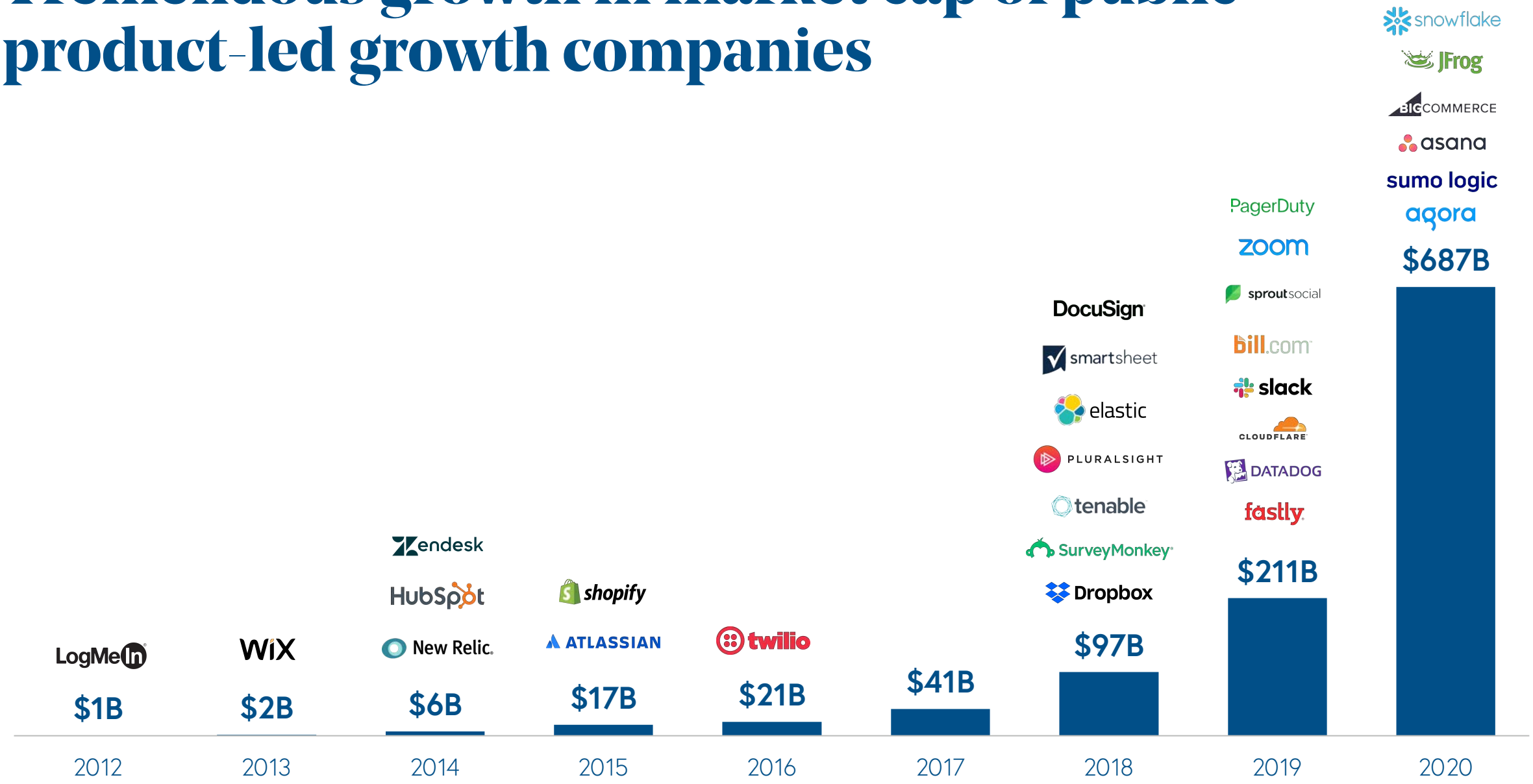
Product-led growth	Usage-based pricing	Cloud Marketplaces
PagerDuty	Courier	SISENSE
productboard	zapier	tackle.io
INTERCOM	YOTPO.	Auth0

1. Product-led growth

Attain market leadership by prioritizing user needs as they grow

> Connecting the product team with customers was a massive unlock for us and helped to scale us to the upmarket company that we are. And the habit of being product-first persists. It's in our DNA.

Tremendous growth in market cap of public product-led growth companies



2. Usage-based pricing

Pick the usage-based value metric that is predictable and communicates product value

“

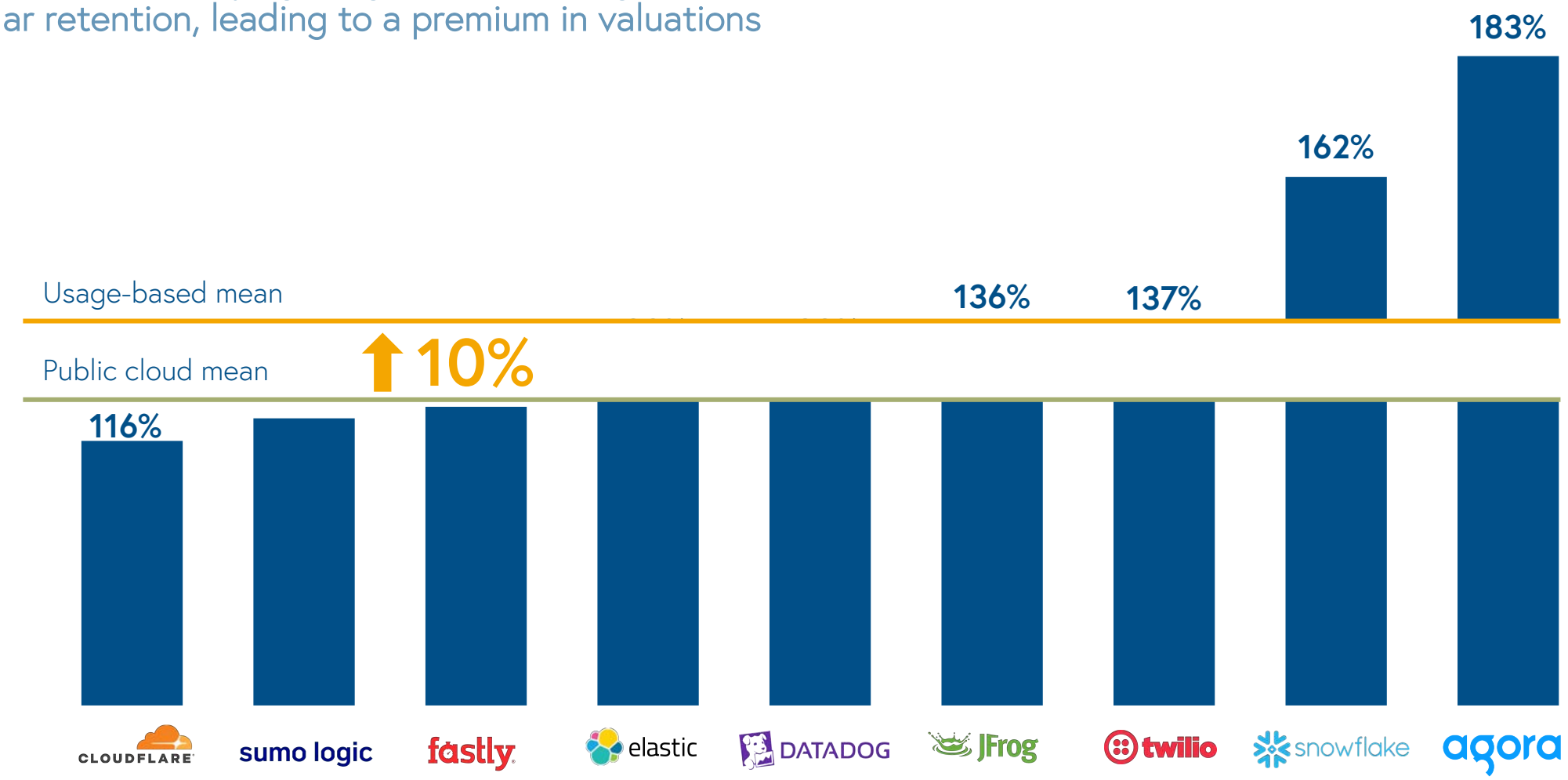
Startups send notifications to customers on demo day, IPO day and beyond. Providing a reliable product also means offering pricing that reflects the value they receive as they grow.

”

Troy Goode, CEO and founder of Courier

Leverage usage-based pricing to grow with your customers

Companies employing usage-based pricing have best-in-class net dollar retention, leading to a premium in valuations



3. Cloud marketplaces

One of many early adopters to see 10x YoY marketplace growth

“Cloud Marketplaces have been a real accelerant for our business as they are helping us close larger deals faster. We have grown the number of deals through marketplace dramatically and are investing more to double down in this exciting channel.”

Eugenio Pace, CEO and co-founder of Auth0

Digital channels provide promise and cloud marketplaces are the natural option

80%

of sales interactions will happen through digital channels by 2025

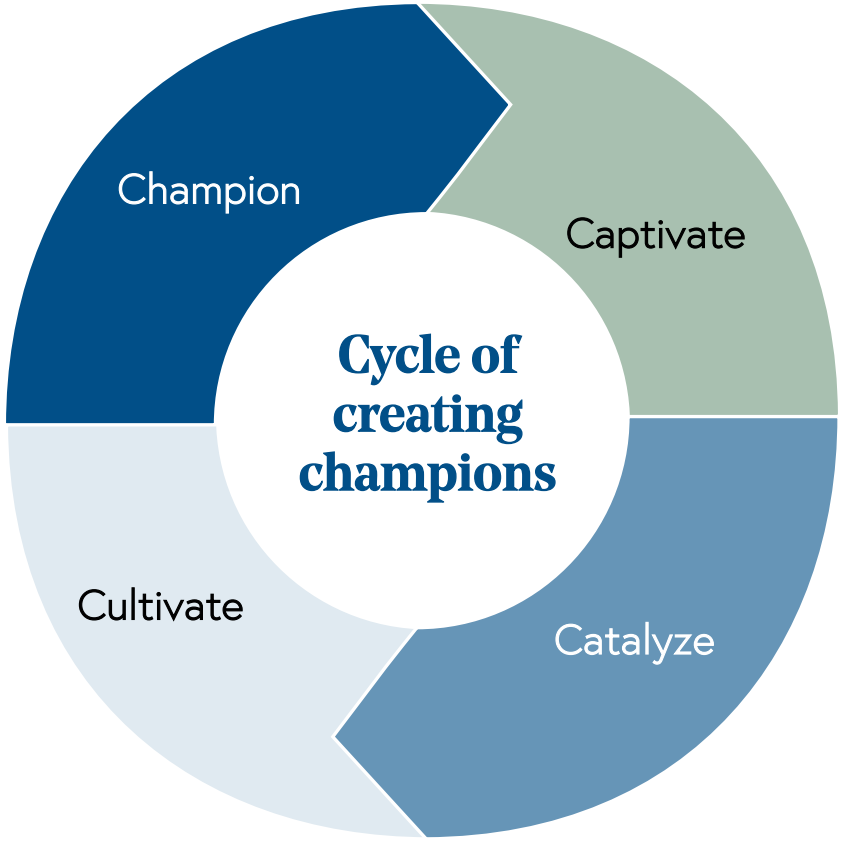
50%

faster sales cycles through cloud marketplaces

$3B

predicted revenue through cloud marketplaces in 2021

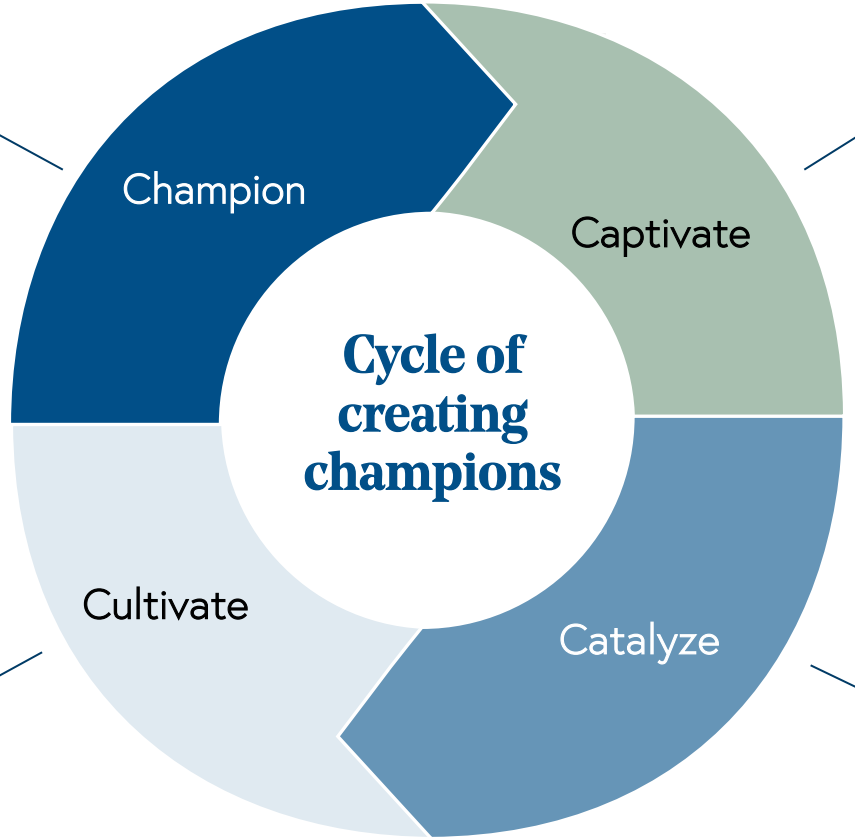
Aim for a GTM flywheel that creates champions, not a static funnel



Fire up the flywheel to drive momentum

Established a diverse customer advisory board and doubled the number of champions

Grew alongside customers by developing proprietary dashboards to help them **optimize usage and costs**



Amplified individual user voices through customer-led marketing initiatives (#ThingsCustomersSay series, Inaugural customer survey)

Renewed content marketing with a focus on interactive, educational pieces and thought leadership

Deployed a remote-first playbook for strategic involvement and virtual enablement trainings focused on scalability and self-sufficiency

Provided dedicated support SWAT teams during promotions and upgrades

Shortened time-to-value for customers by 75 days even with a fully-distributed workforce

Developed a culture of project partnership with customer-centric product innovation and cross-functional collaboration

Results from Hyperscience's flywheel

300% YoY ARR growth
10x increase in platform usage
140% overall account growth
170% net ARR retention

Peter Brodsky, CEO and Co-Founder of Hyperscience

Bessemer Venture Partners

2021 Predictions

1. Unbundling of the Office
2. We're bringing S-M-B back with SaaS
3. Diversity, equity, and inclusion software take their rightful place
4. Data and machine learning infrastructure accelerates to new heights
5. The rise of the "citizen" developer and creator
6. Fintech and crypto players are changing financial services forever
7. The vertical SaaS wave becomes a tsunami

Prediction 1: The unbundling of the Office

EMAILS/MESSAGING

Mattermost
SUPERHUMAN
Threads
Front
nuffsaid

PROJECT MANAGEMENT

productboard
unito
PARABOL
Hive
Linear

VIRTUAL OFFICE/TEAM ROOM

PARSEC
teamly
Remotion
Pragli
Focusmate

CALENDARS

calendly
UNDOCK
Mixmax
woven
clockwise

EVENTS

vFAIRS
RUN THE WORLD
hopin
HeySummit

COLLABORATIONS

GURU
slab
MURAL
Notion
miro

Prediction 2: We're bringing S-M-B back with SaaS

SALES & MARKETING

GetAccept
Demostack
SUPERMETRICS
mailchimp
YOTPO.

CUSTOMER

ada
ManyChat
INTERCOM

HR

papayaglobal
bob
bambooHR
gusto

FINANCE/LEGAL

FreshBooks
TaxJar
Contractbook
pilot

IT/OPS

Electric
AISERA
zapier
AbstractOps
monday.com

VERTICAL

ServiceTitan
toast
shopmonkey
SQUIRE
brightwheel
GLOSS GENIUS

Prediction 3: Diversity, equity, and inclusion software take their rightful place

DATA TRACKING/TALENT MANAGEMENT

syndio

Culture Amp

DIVERSIO

PIPELINE

BLENDOOR

DEI CULTURE TRAINING & EDICATION

Hone

unpacking

Kanarys

REPORTING

AllVoices

#NotMe

RECRUITING

JOPWELL

MATHISON

fetcher

Prediction 4: Data and machine learning infrastructure accelerates to new heights

DATA PIPELINE

Fivetran
MATILLION
PREFECT
meroxa
CONFLUENT
hightouch
Census
flatfile

DATA MANAGEMENT/ GOVERNANCE

OKERA
collibra
Alation
MANTA
BigID

DATA ANALYTICS/SCIENCE

databricks
COILED
imply
SISENSE
Starburst
outlier
transform
FISHTOWN ANALYTICS
noteable
DataRobot

DATA VISUALIZATION

Superset
MODE
Streamlit
plotly

AI/ML OPS

ALGORITHMIA
Verta.ai
tecton
OctoML
Labelbox
snorkel

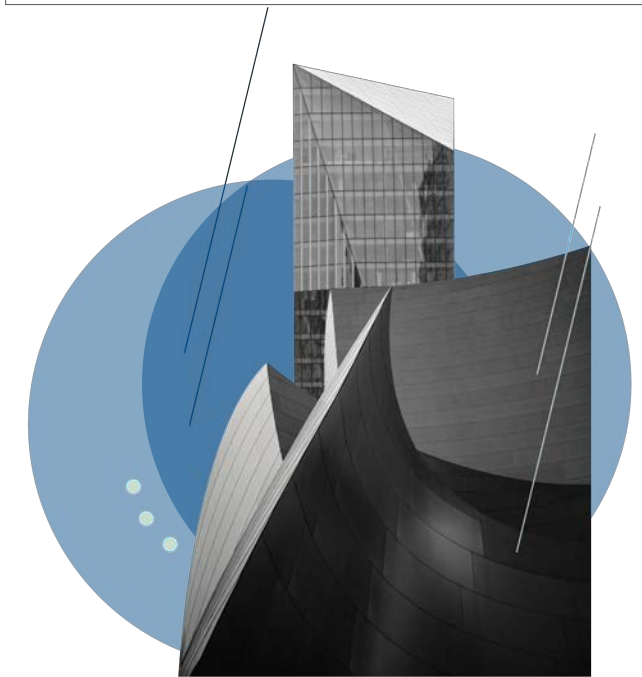
DATA MONITORING

acceldata
MONTE CARLO
unravel
great_expectations
WHYLABS
Bigeye
Databand

Prediction 5: The rise of the "citizen" developer and creator

NO CODE/LOW-CODE APP-BUILDING TOOLS

webflow · bubble · STACKBIT · Retool · dashdash · glide.
airkit · Adalo · Stacker · unqork · TILED · Airtable · zapier



CREATOR EMPOWEREMENT TOOLS

substack · descript · PATREON · mighty networks
splice · Jemi · linktree · Canva · teach:able

Prediction 6: Fintech and crypto players are changing financial services forever

BANKING-AS-A-SERVICE & CARD ISSUANCE

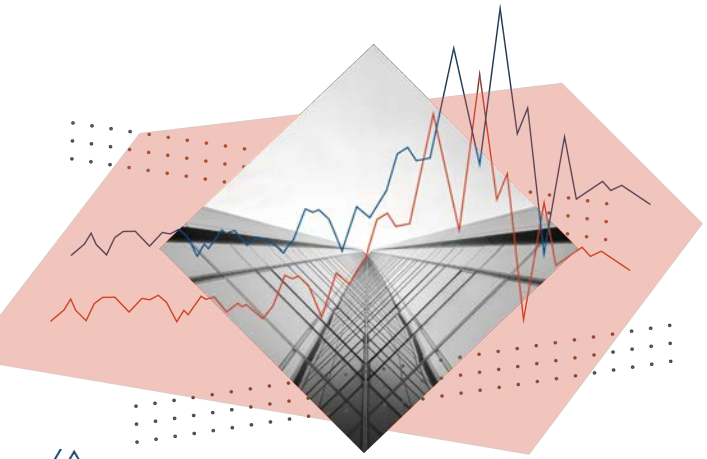
cambr · MARQETA · Railsbank · GALILEO · PRIVACY · MODERN TREASURY · TREASURY PRIME · Synapse · moov · synctera · Unit · BOND

B2C & B2B LENDING

Bread · Klarna · affirm · afterpay · stripe · peach · CLEARBANC · NOVA CREDIT

IDENTITY / FRAUD

alloy · VERY GOOD SECURITY · FORTER · Comply Advantage · SentiLink · Socure · Middesk · feedzai · LAIKA · persona · onfido



B2C & B2B PAYMENTS

melio · Rapyd · stripe · FINIX · Orum · Currencycloud · papaya

BROKERAGE / WEALTH MGMT

DriveWealth · APEX Clearing · Betterment · wealthfront · origin · ZOE FINANCIAL · VISE · smartasset · Alpaca

CRYPTO

NYDIG · TRM · BlockFi · coinbase · TALOS · FalconX

Prediction 7: The vertical SaaS wave becomes a tsunami

shopmonkey
AUTO REPAIR

MAMBU
BANKING

SQUIRE
BARBERSHOP

PROCORE
CONSTRUCTION

WEAVE
DENTAL

GUILD
EDUCATION

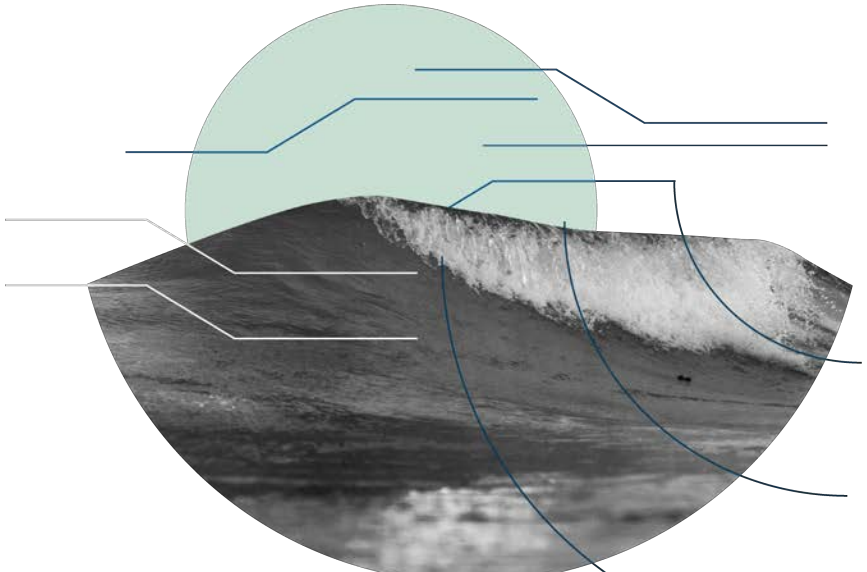
brightwheel
EARLY EDUCATION

ServiceTitan
FIELD SERVICES

DISCO
LEGAL

DRIVENETS
NETWORKING

GetInsured
PUBLIC SECTOR HEALTHCARE



VTS
REAL ESTATE

LUXURY PRESENCE
REAL ESTATE AGENTS

toast
RESTAURANT

GLOSS GENIUS
SALON & SPA

ACV
USED CAR AUCTION

Bessemer Venture Partners

State of the Cloud 2021

Top takeaways

1. Cloud companies have not just reset in the New Normal, but have thrived (record-breaking market cap of $2 trillion)
2. Changing of the guard: MT SAAS has overtaken FAANG
3. Cloud multiples are rising to new heights, with both public and private cloud trading for over 20x
4. Cloud growth rates and access to capital are at all-time highs, with the average Cloud 100 company growing 80% YoY and $186 billion going into private cloud companies in 2020 alone
5. Good-better-best of growth endurance is 70%-75%-80%
6. GTM strategies have adapted to the New Normal; best practices include product-led growth, usage-based pricing, and the adoption of cloud marketplaces

Even in the New Normal, we're living in a cloud first world.

Byron Deeter
PARTNER
@bdeeter

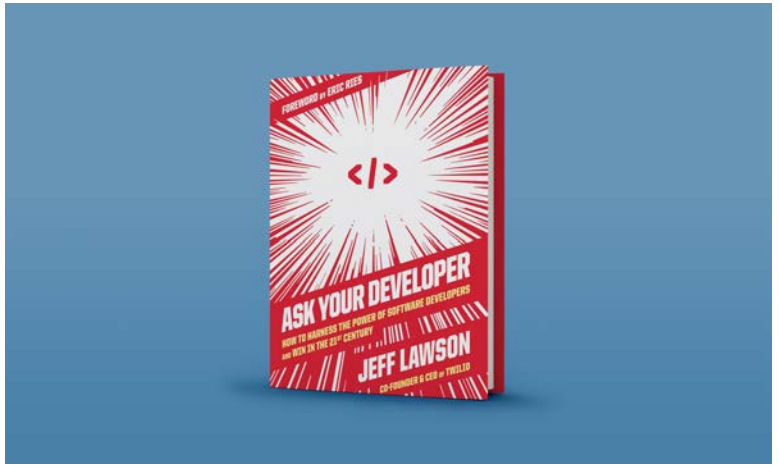
Elliott Robinson
PARTNER
@TheValuesVC

Mary D'Onofrio
PARTNER
@mcadonofrio

Go to bvp.com/cloud

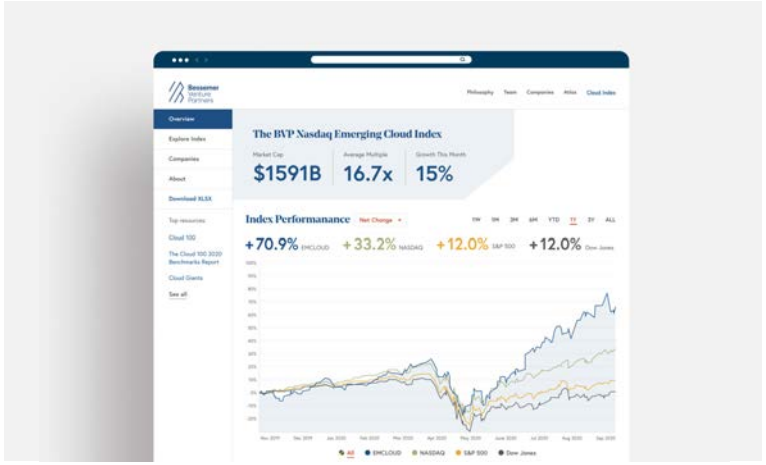
State of the Cloud 2021

Get the full report



Book Giveaway!

1. Read State of the Cloud 2021
2. Share your favorite insight on social and tag @BessemerVP
3. First 100 to sign up at the bottom of the report will get a free copy of **Ask Your Developer**!



The New Cloud Index

bvp.com/cloudindex

Thank You

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Footnotes/sources

Slide 5: CapIQ. Performance measured from January 2020 until March 2020.
Slide 10: Statistics from EHRN.org
Slide 11: US Census
Slide 13: USC Farnham Research
Slide 16: Cap IQ, Feb 2020
Slide 17-19: Cap IQ, Feb 2021
Slide 20: Canalys; SEC Form 10-K Filings
Slide 21: BVP Nasdaq Emerging Cloud Index
Slide 22: BVP Nasdaq Emerging Cloud Index
Slide 23: WisdomTree WCLD
Slide 24: WisdomTree WCLD
Slide 25: BVP Nasdaq Emerging Cloud Index
Slide 27 - 28: CapIQ and Morgan Stanley Data pack
Slide 29: CapIQ, FAANG and MT SAAS equal-weighted to 1/1/2010. Performance measured since January 2020 until February 2021.
Slide 34-35: CapIQ, including all past and present cloud index companies since January 2010 until February 2021.
Slide 36: Forbes Cloud 100 data from 2016-2020.
Slide 37: Forbes Cloud 100 data from 2016-2020.
Slide 38: Pitchbook, includes capital invested in all privately-backed companies tagged with SaaS with deal announced between 1-Jan-2010 and 31-Dec-2020
Slide 40-41: CapIQ, includes all years' growth endurance data for past and present cloud index companies since January 2010 until February 2021.
Slide 42-43: CapIQ, including company filings and reports from Barclays, Credit Suisse, JP Morgan, Canaccord
Slide 44-45: Forbes Cloud 100 data from 2016-2020
Slide 50: CapIQ; Bessemer Venture Partners analysis; logos displayed for year companies went public
Slide 52: SEC Form 10-K Filings for companies that went public in the last five years; Bessemer Venture Partners analysis
Slide 54: Gartner; Crowdstrike quarterly earnings call; Bessemer Venture Partners analysis