

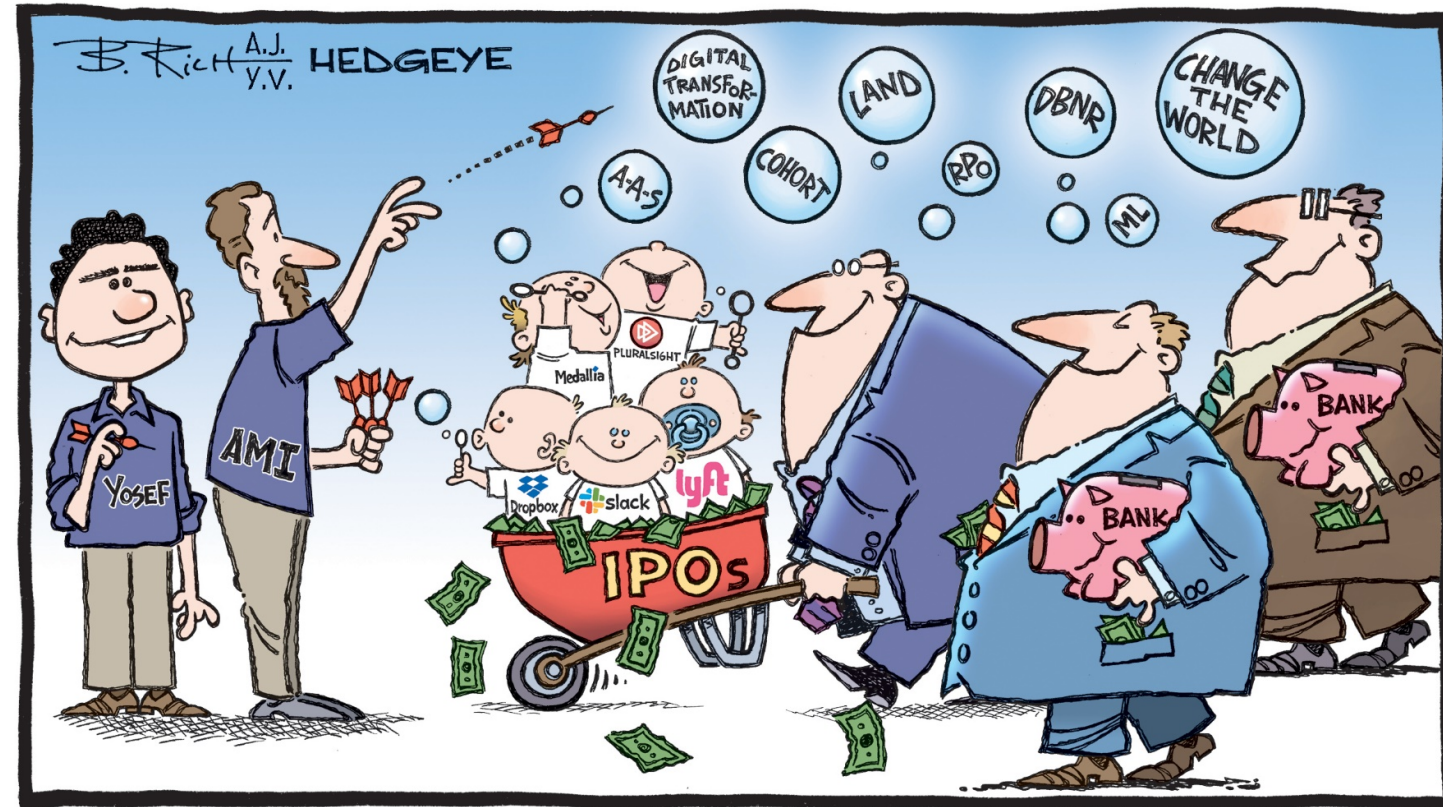
HEDGEYE



HEDGEYE TECHNOLOGY PRO

Product Introduction

March 2021



HEDGEYE TECHNOLOGY

AMI JOSEPH | MANAGING DIRECTOR

YOSEF VAITSBLIT | DIRECTOR

TWITTER: [@HEDGEYETECH](https://twitter.com/HEDGEYETECH)

DISCLAIMER

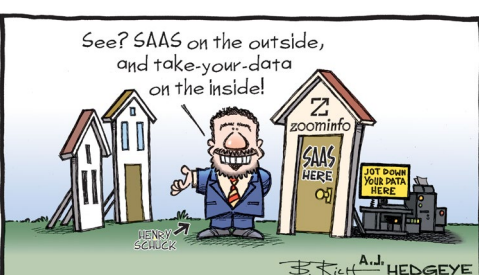
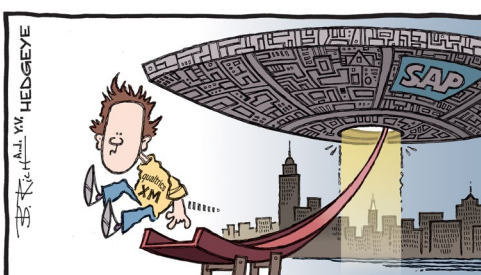
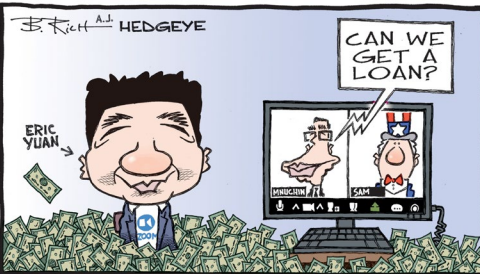
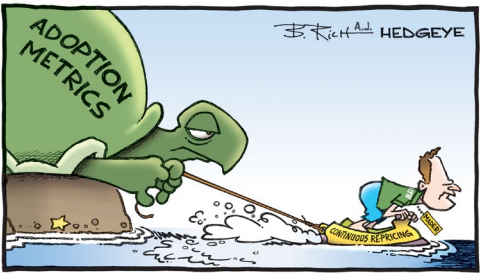
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HEDGEYE TECHNOLOGY

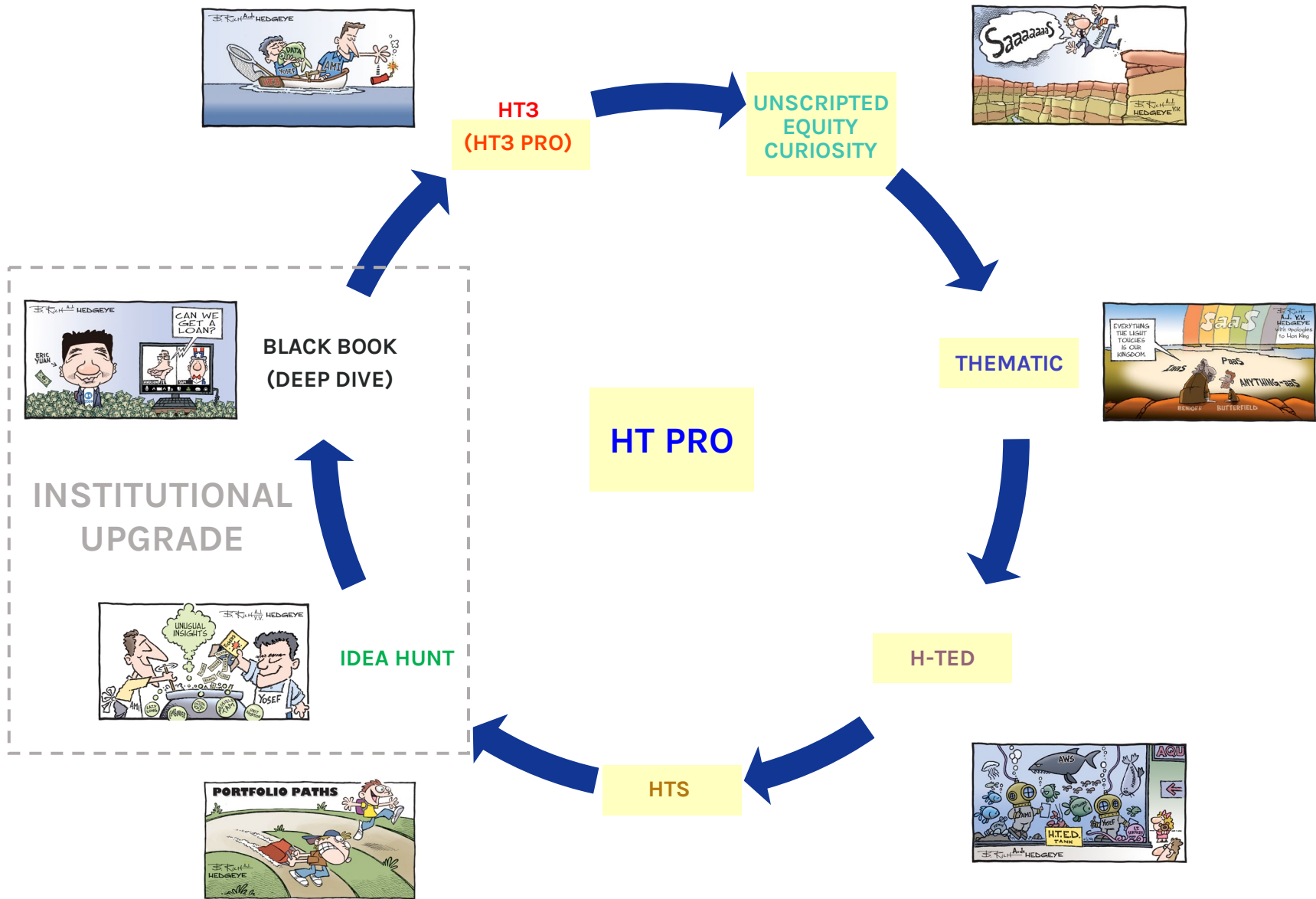
FINDING DIFFERENTIATED LONGS AND SHORTS ACROSS TECH

HEDGEYE

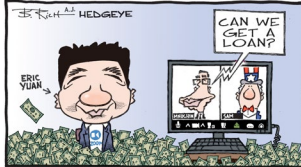
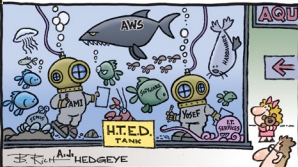
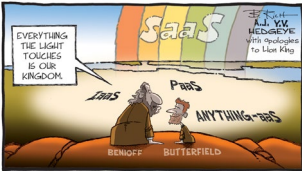
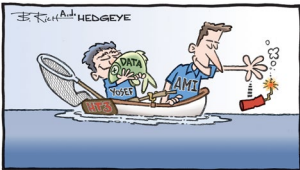
Sample of HedgeyeTech Deep Dive Stocks Over the Last Few Years



HEDGEYETECH PRODUCT SNAPSHOT



PRODUCT DESCRIPTIONS



HEDGEYE TECHNOLOGY PRO

HT3 PRO: HedgeyeTech Ticker Touchpoints. 5-15-minute single stock video roundups featuring intra quarter data, thesis, new analysis, and pushback on a best idea or bench stock. (Weekly)

THEMATIC: Natural equity inquisitiveness focused on ‘How is the world changing, what new tech tools will make our lives better, what old tools will be pushed aside, and who is faking it at either end?’ + Supplemented by internal Hedgeye resources such as Macro Themes Deck, Demography, TMT policy, HedgeyeComms & HedgeyeChina. (Bi-Annually)

H-TED: HedgeyeTech Ecosystem Data. Monthly video overview & slides of proprietary and non-proprietary data across the tech world - highlighting “hot” and “cold” zones for investing. (Monthly)

HTS: HedgeyeTech Snapshot. HTS captures our workflow, news-flow, position monitor updates and ticker wish lists (a long/short curiosity process and a method for generating new ideas). (Weekly)

UNSCRIPTED: Unscripted Equity Curiosity. HedgeyeTech+ HedgeyeCommunications+ HedgeyeChina sit down to discuss investing in TMT/China plus investing strategies (and mistakes!) throughout their careers. (Bi-weekly)

OTHER: Monthly live subscriber Q&A, guest speaker & expert call events, EPS notes, & timely ticker updates via the Morning Brief (3-4x per week)

INSTITUTIONAL UPGRADE:

IDEA HUNT: 80+Tech Stocks Surveyed per Year. Concluding Long or Short Biases on 20-40 new Tech stocks per year backed by discovery / adoption focused Research. (Bi-Annually)

BLACK BOOK: 8-16 single stock Long or Short Deep Dive Recommendations per year, thorough research, unrelenting focus, unique thesis construction, and key value deliverables to clients, including 50-100 slides of analysis, unique KPI, and financial projections.

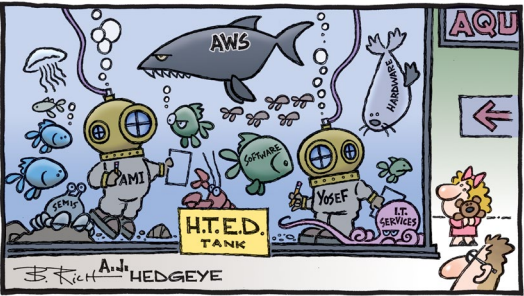
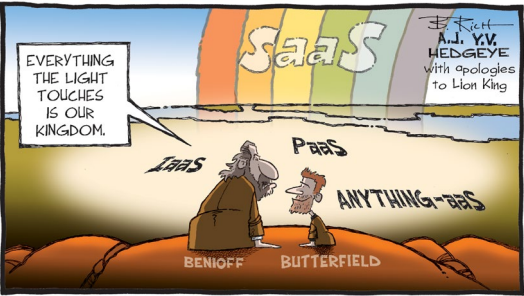
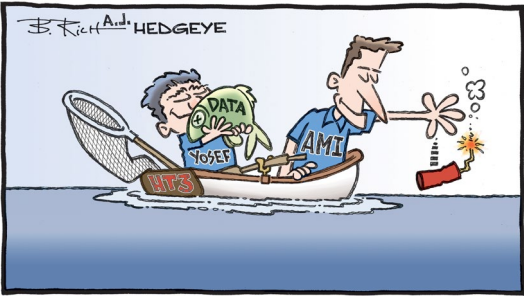
PRODUCT CONTENT EXAMPLES

HT3 PRO

THEMATIC

H-TED

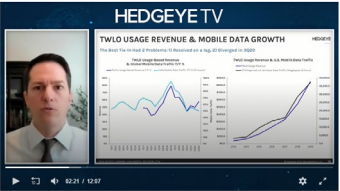
HTS



Best Idea Roundup | Twilio Inc. (TWLO)

Ami Joseph @HedgeyeTech

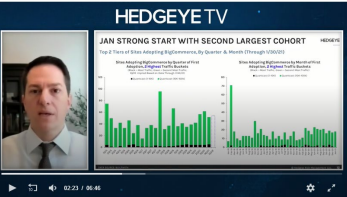
The clip below is from a recent "Best Idea" presentation on Twilio Inc. (TWLO) hosted by Hedgeye Technology analyst Ami Joseph.



Best Idea Roundup | BigCommerce Holdings, Inc. (BIGC)

Ami Joseph @HedgeyeTech

The clip below is from a recent "Best Idea" presentation on BigCommerce Holdings, Inc. (BIGC) hosted by Hedgeye Technology analyst Ami Joseph.



API Accelerant & Seat Map | Call Replay

Ami Joseph @HedgeyeTech

Yosef Vaitsblit

Takeaway: On Friday we hosted our call on 5-year tech themes for your portfolio. Call Replay & Timestamps Below.

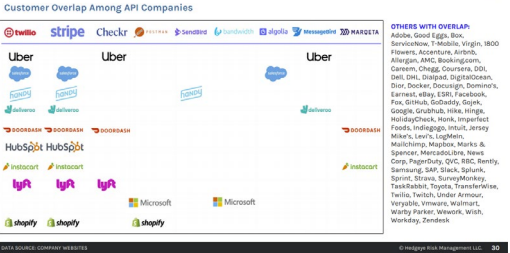
WEBCAST REPLAY & SLIDES: [CLICK HERE](#)

Topic Timestamps:

- HedgeyeTech Process & Industry Trackers (1:20 - 3:30)
- API:
 - What it is & What Got us Excited (3:30 - 8:12)
 - How APIs Create New Value (8:12 - 12:35)
 - Why Now is the Time to Care about APIs (12:35 - 16:52)
 - The Big API-First Cos Coming to Market Next (16:52 - 27:03)
- Enterprise SW Seat TAM:
 - Seat TAM is Key for Adoption Curve Study (27:03 - 31:23)
 - The HedgeyeTech Seat Study: Intro (31:23 - 34:27)
 - SW Seat Relevancy Framework (34:27 - 39:38)
 - Examples: AYX, SMAR, ZI, CRM, TEAM
- SW VC Heatmap (39:38 - 48:48)
- Summary: 2020-2025 Themes We Care About (48:48 - 50:57)

SOME OF THE MOST NON-API FIRST, API USERS

Customer Overlap Among API Companies



H-TED #2 | Feb 2021 | Software Universe Demand Tracker

Ami Joseph @HedgeyeTech

Yosef Vaitsblit

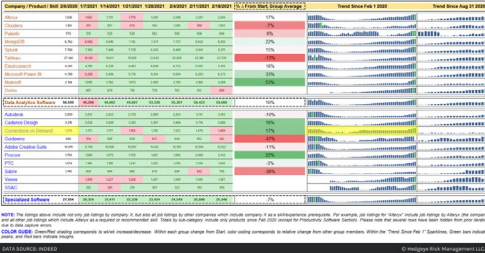
Takeaway: H-TED is a monthly look at industry data for the software universe with read-outs at company-specific levels.

[CLICK HERE TO ACCESS PRE-RECORDED WEBCAST AND SLIDES](#)

Topic Timestamps:

- H-TED Product Introduction (0:15 - 1:41)
- Macro & Software Intersection (1:41 - 2:20)
- Software & Job Postings (2:20 - 9:01)
- 3rd Party IT Services Postings (9:01 - 11:36)
- HubSpot Tracker: General SMB End Market Activity (11:36 - 15:25)

SOFTWARE ECOSYSTEM TRACKER (GROUP 1)



02/27/21 08:00 AM EST

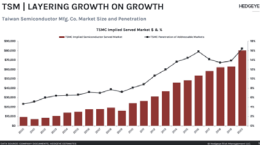
HT-Snapshot | CCX Part II | HT3 on Deck | Plus PM & Callouts

Ami Joseph @HedgeyeTech

Yosef Vaitsblit

Takeaway: The HedgeyeTech Snapshot (HT-S) captures our upcoming events, workflow, newsflow, and curiosity in-process

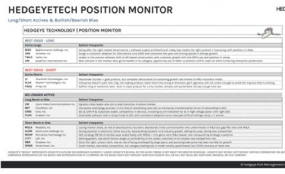
Relevant Ticker: TSMC. Great to see TSMC's business model continuing to layer in growth after growth. TSMC is a study in long term, gradual, market penetration of a massive, growing market. TSMC's approach is still the best way to manufacture electronic components, and is still disrupting the market almost 35 years after it was founded. Amazingly, TSMC is still under-penetrated in the overall semiconductor market with less than 20% market share based on measuring TSMC's \$46B of revenue as a representative of 80-90% of the COGS of their customers in the broader ~\$500B semiconductor market (per Gartner). The super leading edge creates an important growth umbrella for TSMC: leading edge nodes offer customers a chance to add major new functionality or significantly reduce cost per unit (cost per function). Adoption of the leading edge node means TSMC has won sticky business that will mature in volume with TSMC over time. Furthermore, the new nodes are always at a premium price, which creates a weighted average ASP increase for TSMC bolstering the average wafer growth for the year. It is a fantastic business model and generates consistent cash flows and dividends.



POPMEN MONITOR

Snapshot view of our deep dive calls and Salient Viewpoints plus updates from the week:

- Qualtrics (XM) Best Ideas Long. We presented our new Best Idea Black Book on Wednesday (HERE). Key debates since the presentation have centered around the sustainability of the adoption curve and the factors surrounding the company's divorce with SAP.
- Zoominfo (ZI) Best Ideas Short. Please see our post-EPS note: ZI | Henry Takes the Hindmost, Crushes 4Q20.
- BigCommerce (BIGC) Best Ideas Long. Please see our note post-EPS note: BIGC | The Little Engine Keeps Chugging.



TIMELY THESIS/EARNINGS UPDATES IN NOTE FORM

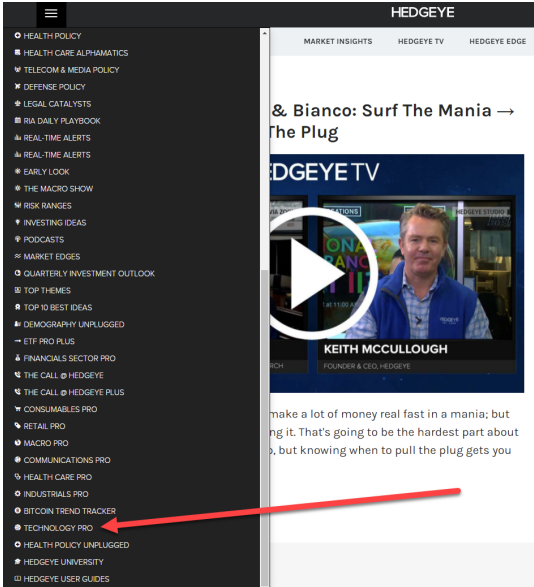
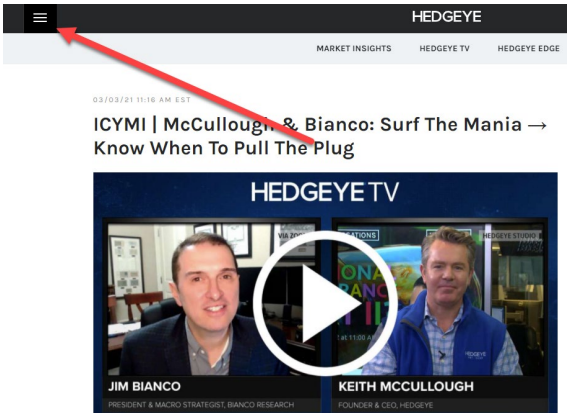
Sample of Recent HedgeyeTech Ticker Notes

- HT-Snapshot | CCX Part II | HT3 on Deck | Plus PM & Callouts (2/28/21)
- **ZI** | Henry Takes The Hindmost, Crushes 4Q20 (2/23/21)
- **BIGC** | The Little Engine Keeps Chugging (2/22/21)
- H-TED #2 | Feb 2021 | Software Universe Demand Tracker (2/21/21)
- HT-Snapshot | L/S Wish List: **AKAM** | Plus PM & Callouts (2/20/21)
- **TWLO** | Acceleration After Acceleration (2/17/21)
- **PLTR** | All Stocked Up On Crazy (2/16/21)
- HT-S | Why ORCL & SAP Should Enter A Divestment Phase (2/13/21)
- **FROG** | (Seemingly) Trapped Go-To-Market = Long Term Killer (2/12/21)
- **NET** | When Great Isn't Enough (2/11/21)
- HT-S | Our Research On An Oft-Discussed SPAC (2/6/21)
- **ZEN** | Better Times Three (2/4/21)
- **NET** & MDLA to the Bench | Plus HT3 Out-Takes On ZI & FROG (2/3/21)
- HT Snapshot | 2 Long Ideas & Shifting Outlook For Shorts (1/30/21)
- A Snapshot Of HedgeyeTech (1/23/21)

- *New Product | **H-TED** | Software Universe Demand Tracker (1/17/21)
- HedgeyeTech | Cleaning Up The Position Monitor (1/5/21)
- HedgeyeTech | Most Popular Notes & Calls of 2020 (12/30/20)
- **FROG** SHORT | Distilled Takeaways & Risks Against (12/21/20)
- **SMAR** | Cyclical V + Acq BPS Enough For Reval | Pause On Short (12/8/20)
- **MDLA** | “Customers Are Crying Out For More” (12/3/20)
- **ZM** | Closing The Long (12/1/20)
- **PLTR** | SHORT | Not Really SaaS & Not Succeeding In Enterprise (11/6/20)
- **NET** | EPS First Look | Continues To Impress (11/5/20)
- **ZI** | We Buy Ugly Houses (11/5/20)
- **ZEN** | No Better Exclamation Than A Refreshed Adoption Curve (10/29/20)
- Near-Term: ZEN +, TWLO - | Long-Term: ZEN -, TWLO + (10/19/20)
- **TWLO** | Segment = Good Acquisition (10/12/20)
- **MDLA** | What's Next? If You Said 'MORE M&A' You Are Correct! (9/15/20)
- **ZI** | First EPS | Mess, Con't. (8/10/20)

HOW TO VIEW THE RESEARCH ONCE SIGNED UP

Navigating from Hedgeye.com



LATEST RESEARCH

- 03/01/2021 07:10 PM
ZM | ERIC STILL HAS THE MAGIC, BUT OUR NUMBERS COME DOWN
- 02/27/2021 08:00 AM
HT-SNAPSHOT | CSCX PART II | HT3 ON DECK | PLUS PM & CALLOUTS
- 02/26/2021 01:55 PM
BEST IDEA ROUNDUP | QUALTRICS INTERNATIONAL INC. (XM)
- 02/26/2021 01:55 PM
BEST IDEA ROUNDUP | ZOOMINFO TECHNOLOGIES INC. (ZI)

ZM | Eric Still Has The Magic, But Our Numbers Come Down



Takeaway: Street numbers moving up, our numbers coming down, staying on the bench
Zoom Video Communications (ZM) is a Hedgeye Technology Long Bench Idea.

Note: We presented our latest thoughts and data on ZM during our monthly HT3 data call this morning, to access [CLICK HERE](#) and reference minutes 1:33 - 14:56).

ONTOEPS:

We were looking for Zoom to beat Street estimates on F4Q Billings, Revenue, and FCF. We got all three plus notable beats on OI and FY22 revenue guide (+50% and +8% vs. street, respectively). The company set initial guide for FY22 revenue of 42% revenue growth, which we see them walking up to ~\$4B+ by year end (>50% growth). Despite these strong results, Zoom #s came in below ours on nearly every metric and the net result is that all of our out quarter and out year estimates come down. ZM faces big deceleration throughout the year (initial Q1 topline guide set for +175% Y/Y) and potentially only re-accelerates exiting the year with continued ZM Phone success. Too early to see. On the company itself, we continue to see Zoom as an innovator in the communications arena (and potentially the productivity collaboration market going forward), are excited by the growth curve already demonstrated in Zoom Phone (and the implied adoption ahead), and are curious to see what other new product direction they can bring to the market. The problem? Our revenue estimates for FY22, which have been pretty stable in the \$4.3B+/- zone since the summer, come down on this print, which makes us less excited about short term upside in the stock from current levels despite our admiration for the long term product and market opportunities ahead.

EQUITY RESEARCH | TRADITIONAL VS HEDGEYTECH

HEDGEYE

- ❑ **Technical:** Generate inner curiosity or schadenfreude
- ❑ **Management:** Open ended conversations 1:1 about strategy are best; questions about recent EPS are worst
- ❑ **Sell-side initiations:** Mostly regurgitations of S-1 plus management conversations but still useful as short form S-1
- ❑ **Channel checks:** Useful for understanding demand drivers, competition, & other qualitative elements; not useful for triangulating results & often improperly used that way
- ❑ **Valuation:** Standard
- ❑ **Management Part 2:** Return to management to test thesis, make sure nothing too far out has been signaled

- ❑ **Management:** We listen to hundreds of hours of interviews: everyone from founders, board, CEO, CFO, key product management, CLO/CHRO/CMO, and other key players
- ❑ **KPI:** We extract dozens of data points from interviews that measure the company's growth rate in off-the-radar terms
- ❑ **Bios:** We surface data and KPI from key personnel bios or from reviews of the entire R&D staff of a company
- ❑ **Reviews:** We deep dive on reviews reading hundreds of reviews on product and on company across multiple sites
- ❑ **Data science:** We pursue useful data sets that are prepackaged but sometimes must create our own tracking tools
- ❑ **Field notes:** We like to speak with engineers and professional services personnel who have developed and built the product, or have worked on installation and integration of similar product

Our process from a former lifetime: throw a big meatball at management, an open-ended question that is about the future, and get them talking for 20-40 minutes. Take copious notes. Learn tons about the company. **What we have discovered at Hedgeye:** freedom from that process. Our research takes us everywhere. Management interviews, bios of key people, unique off the radar KPI, detailed reviews, data science, competition, product, pricing, growth drivers, and valuation. Now when we do speak with Management, we hear words like 'the way to think about it', or 'the main competition for us is...', or any kind of delineation that creates a **pre-informed circumference** to the research which can only lead to a positive conclusion of filling in the details of what has been told to you. Like a proverbial snake in our ears shaping the narrative and the research, we prefer to avoid until the end and even then, believe it can be dangerous.

PROCESS EXAMPLE: PS | FROM IDEA HUNT TO BEST IDEA

Our Process Revolves Around Finding Stock-Narrative Dislocations

1Q19 Idea Hunt | DELL, SLAB, FIVN, SMAR, PTC, PS & More | HedgeyeTech First Pass Review



Ami Joseph
@HedgeyeTech



Yosef Vaitsblit

Takeaway: A highlight of the process for finding new best ideas

Every quarter we go looking for new ideas. We screen 15-30 stocks on fundamentals and narrow down to what stand out to us as the best opportunities. The challenge in our approach is that we are, at times, only an inch or two deep on a specific stock. The opportunity is that we are not encumbered by bias or sometimes less relevant information. This is part of our internal quarterly process, last presented to clients in June (HERE). The below is a list of our first pass review on the narrowed down 11 tickers that emerged from this process in the current quarter. As a reminder, our process typically goes from Idea Hunt to Bullish/Bearish Bias to Deep Dive/Best Idea. As an example, UPWK is a name that was born out of our idea hunt process below, and for which we presented our deep dive on 2/11, HERE.

FIRST PASS REVIEW: 1Q19 IDEA HUNT

FIRST-PASS BULLISH

UPWK Upwork
SLAB SILICON LABS
FIVN Five9
TSM TSMC
ROKU Roku

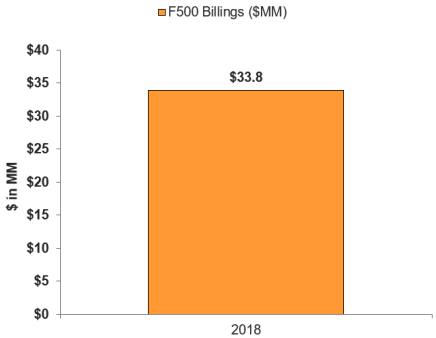
FIRST-PASS BEARISH

SMAR smartsheet
PTC ptc
DELL DELL
PS PLURALSIGHT
PVTI Pivotal
AYI Acuity Brands

ADOPTION CURVE SURPRISES LIKELY

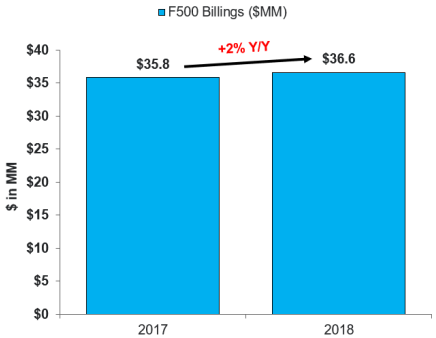
THIS IS THE BULLISH PART

F500 Billings for 40 F500 Customers Acquired in 2018



THIS IS THE BEARISH PART

F500 Billings for 300 F500 Customers Acquired as of End 2017



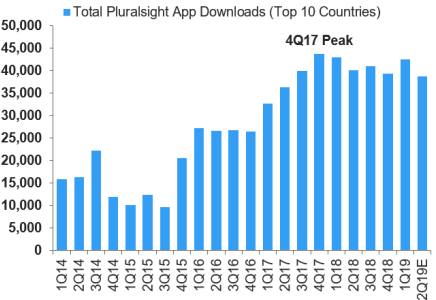
SOURCE: COMPANY DOCUMENTS

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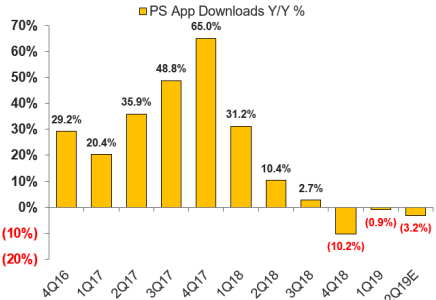
SIGNS OF SLOWING ADOPTION CURVE

PLURALSIGHT APP DOWNLOADS & Y/Y %

Pluralsight Quarterly App Downloads Top 10 Countries



Pluralsight App Downloads Top 10 Countries



NOTES:

*TOP 10 COUNTRIES: US, GB, INDIA, CANADA, AUSTRALIA, NETHERLANDS, SWEDEN, POLAND, IRELAND, DENMARK

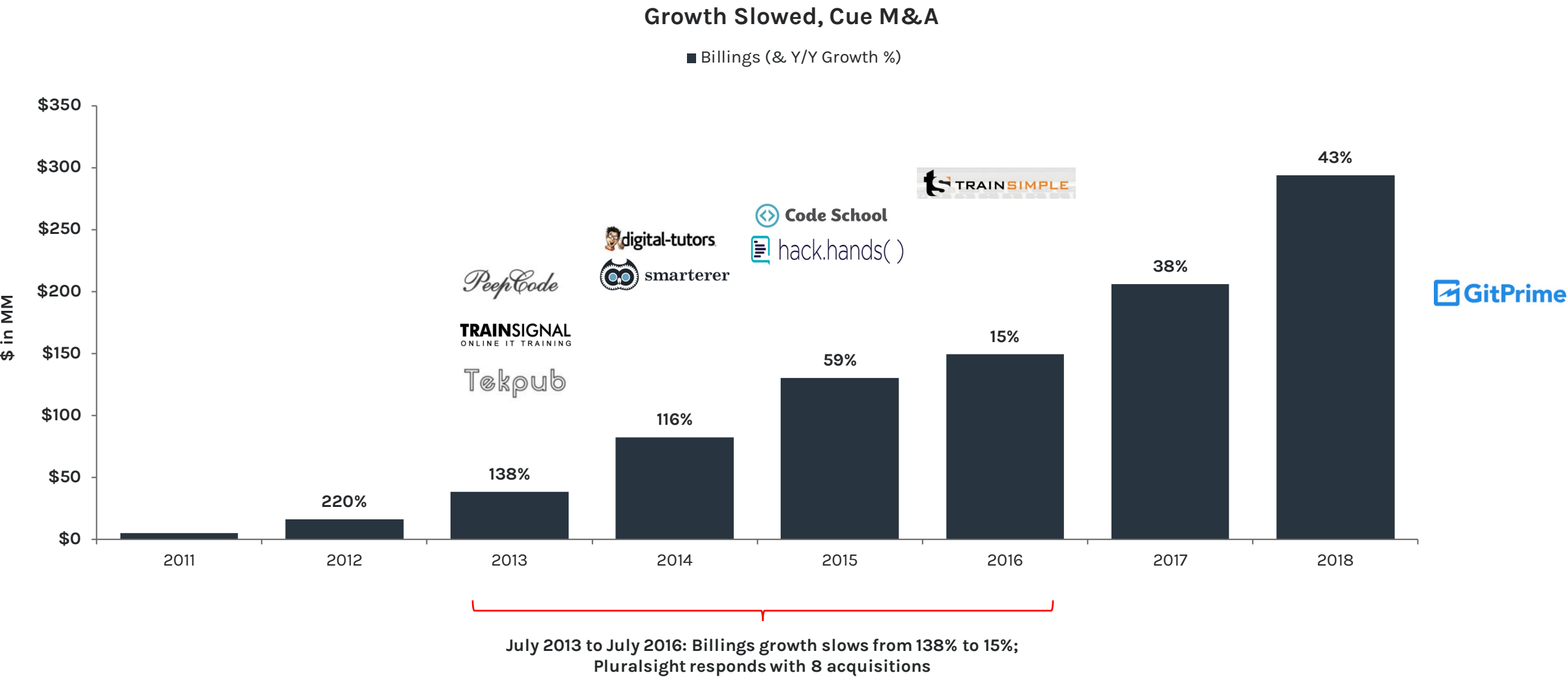
**2Q19 APP DOWNLOADS BASED ON APRIL 2019 & MAY 2019 ACTUALS + L3Y AVERAGE 2ND QUARTER SEASONALITY FOR FIRST TWO MONTHS OF QUARTER

SOURCE: SENSOR TOWER

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PROCESS EXAMPLE: PS SHORT | GROWTH SLOWED, CUE M&A

Annual Billings, Y/Y Growth %, Acquisitions By Year



PROCESS EXAMPLE: ZM | FROM IDEA HUNT TO BEST IDEA

Sometimes an Idea Screens One Way, but the Deep Dive Work Takes Us In a Different Direction

TECHNOLOGY

04/16/20 08:00 AM EDT

CALL INVITE | IDEA HUNT | LONG BIAS: OKTA, SHOP | SHORT BIAS: ZM, WDAY, NOW, COUP



Ami Joseph
@HedgeyeTech



Yosef Vaitsblit

HUNTING FOR LONGS & SHORTS: 2Q20






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FIRST-PASS BULLISH

OKTA; \$17.5B 
SHOP; \$58.0B 

Market Capitalization as of 4/15/20

FIRST-PASS BEARISH

COUP; \$10.3B 
NOW; \$56.2B 
ZM; \$42.3B 
WDAY; \$33.9B 
Asana (pre-IPO) 

Market Capitalization as of 4/15/20

DATA SOURCE: COMPANY WEBSITES, FACTSET

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TECHNOLOGY

05/20/20 06:45 AM EDT

CALL TOMORROW | ZM LONG | NOTES ON
REVERSING A BEARISH BIAS



Ami Joseph
@HedgeyeTech



Yosef Vaitsblit

ADDING ZM TO BEST IDEAS LONG | 50+% UPSIDE

Zoom is the best video conferencing product thanks to ease of use, performance in low bandwidth conditions, seamless compatibility across hardware endpoints, audio quality, cost, onboard toolsets, and single pane administration. Another plus is the company's follow-on product, Zoom Phone, which offers an easy offramp from legacy corporate telephony and its allure should help Zoom sustain long term enterprise demand. Our real-time data shows adoption continues to be strong and our work suggests ZM enterprise penetration is still low, plus the company's business model is efficient with high incremental cash margins. During tomorrow's call we will walk through a unique method of tracking real-time Zoom billings, deep product comparisons, enterprise surveys, review of the bull and bear cases, field notes, bottom-up market statistics by participant including conversion to paid seats, and more.

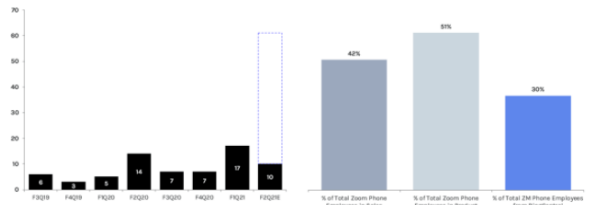
ACCELERATION IN ZM PHONE ORG

HEDGEYE

Mostly in Sales & Product Support, and a High % from RingCentral

ZM Phone Employees Added
Breakdown by Sales & Product Support
F2Q19 Based on Employees Added Through 5/7/20

Zoom Phone Employee Breakdown



DATA SOURCE: LINKEDIN, HEDGEYE ESTIMATES

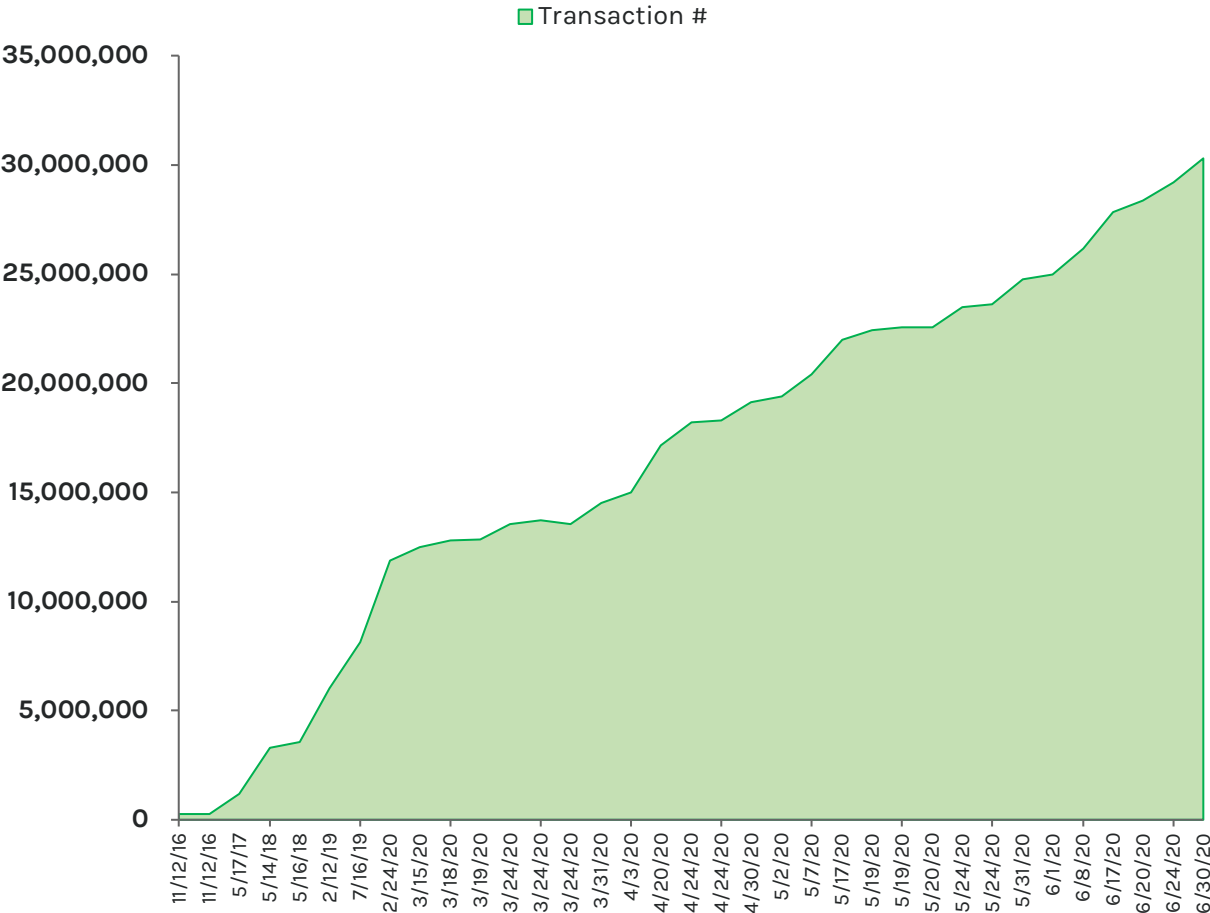
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PROCESS EXAMPLE: ZM LONG | TRACKING STRONG BILLINGS RUN-RATE

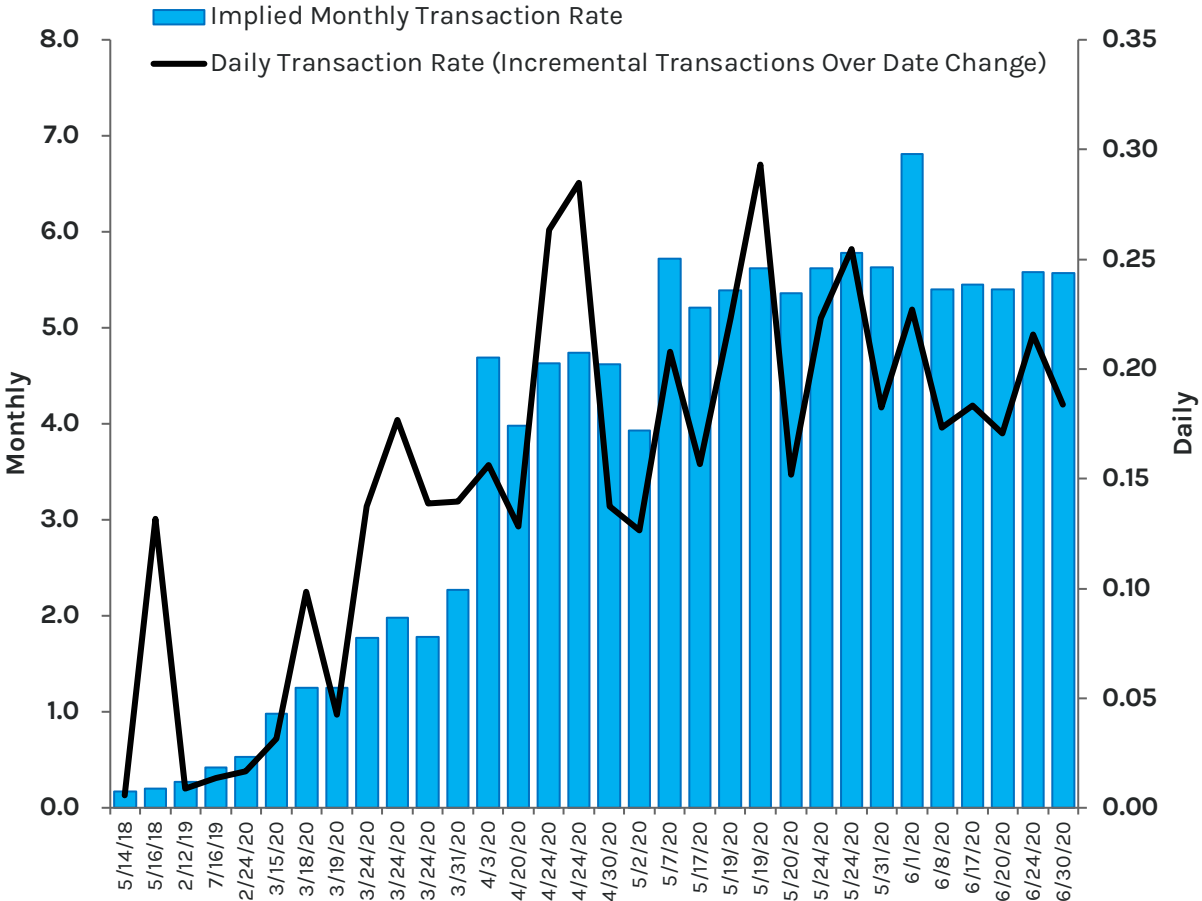
ZM Tracking To 2x Invoices Shipped In 2Q vs 1Q

Zoom Cumulative Transactions

(x-axis denotes date of invoices, can include multiple invoices per date)



ZM Daily Transaction Rate (MM) & Implied Monthly (MM)



FOR MORE INFORMATION, VISIT:

https://accounts.hedgeye.com/products/technology_pro/629!630

