

Investor Day Presentation

November 16th, 2020

Q&A Transcription

Q: Could you please address/quantify as well as you may how 2020 SAAS Hyperintelligence platform changes your end market size and/or % of wallet that your existing customers spend on your products out of total budget on BI?

A: We believe BI in the cloud is the primary driver for market growth (vs. on premise). Hugh will cover this later. We look at the cloud BI market to include enterprise cloud, which we have a robust offering for today, and SaaS cloud. The latter is what we will address with Hyper.Now and then Intel.Now. SaaS products will primarily be targeted towards new prospects and new departmental deployments on existing customers - which is currently an untapped market for MicroStrategy. Both Tim and I will cover more on this.

Q: Is it possible to borrow against the bitcoin treasury reserve asset if the company wants to increase liquidity to invest in a new opportunity and does not want to sell Bitcoin?

A: Yes there is a market to borrow against bitcoin, if we were so inclined, and utilize the proceeds for various purposes

REFER TO RECORDING FOR THE FOLLOWING QUESTIONS:

Q: Do you not fear that quantum computing - which is progressing rapidly - could be an existential threat to bitcoin?

A: Answered Live

Q: Can you elaborate on opportunities you see to develop software for the bitcoin / blockchain ecosystem? potential areas of focus? Technology that you have already developed that might see accelerated growth if it is targeted at the bitcoin network opportunity?

A: Answered Live

Q: Regarding \$10/mo price, is it per seat, per location? and what is the current number of users MicroStrategy has (i.e., number of data scientists) today?

A: Answered Live

Q: Over the past few quarters, how do the subscription billings break down between new logos and existing customers?

A: Answered Live

Q: Is your hyperintelligence approach of \$10/user/month different than before? Do you think this new pricing is the reason why you are projecting higher uptake of the product?

A: Answered Live

Q: What is different in the sales experience done virtually the customer is not receiving? Is this approach sustainable?

A: Answered Live

Q: Are there any plans to focus on the Bitcoin network and glean BI from that information?

A: Answered Live

Q: Curious on the 2021 operating income projection. The range is very wide. What are the biggest factors that would get you to the low or high end?

A: Answered Live

Q: Can you talk about future capital allocation strategies - how much of FCF do you plan to use to buy back shares and/or invest in bitcoin going forward?

A: Answered Live

Q: Can you explain how the bitcoin is held - ie at Fidelity, BNY...

A: Answered Live

Q: Can you share any data (# of deals, % of bookings) on the trend in new logo wins?

A: Answered Live

Q: Does MicroStrategy have resellers or a presence in the Philippines and Southeast Asia?

A: Answered Live

Q: How much will you disclose revenue (or other operating metrics) related to your growth subsegment? Hyperintelligence, cloud, embedded intelligence? What are the key milestones for your transition to cloud based BI company with modern interfaces?

A: Answered Live

Q: Will you simply hold Bitcoins and buy more as the business generate cash, or will you stop buying or even sell some of your bitcoins based on bitcoin's price?

A: Answered Live

Q: Why is net cash the right capital structure for MicroStrategy given highly recurring revenue supporting sustainable and growing annual FCF?

A: Answered Live

Q: Phong, I believe you showed a slide around the cloud transition driving a similar gross margin uplift as you see in revenue? Wouldn't cloud gross margins/profit be dilutive given the lower gross margins today in subscription?

A: Answered Live

Q: How much traction are you getting with Expert Now?

A: Answered Live

Q: What would cause you to change your thinking on using Bitcoin as treasury reserve and the size of the reserve in relation to the core business?

A: Answered Live

Q: are you offering parity pricing for Asia?

A: Answered Live

Q: On execution, obviously very strong results in Q3. Do you think we've reached a turning point where you should consistently see license or total revenue growth going forward? Separately, the 10%+ L/T revenue growth, what gives you the confidence that you can hit that? The company hasn't grown 10% since 2011 and that was when you had over 3K employees vs. the 2,400 you have now.

A: Answered Live

Q: Can you explain your first mover strategy in bitcoin?

A: Answered Live

Q: What's the yield (or conversion rate) from 90 days free trial to revenue generating?

A: Answered Live

Q: What percentage of your engineers will be working on potential bitcoin applications using MicroStrategy technology? How significant will your allocation of resources be relative to your current development resources?

A: Answered Live