Battery

November 2022

State of the OpenCloud 2022

This presentation includes proprietary information of Battery Ventures

Disclaimers

This disclaimer applies to this document and the verbal or written comments of any person presenting it. This document, taken together with such verbal or written comments, is referred to herein as the "presentation." This presentation is being provided for informational purposes only as part of the OpenCloud 2022 conference. Nothing herein is or should be construed as investment, legal or tax advice, a recommendation of any kind or an offer to sell or a solicitation of an offer to buy any security or offer investment advisory services with regard to securities. This presentation does not purport to be complete on any topic addressed. The information in this presentation is provided to you as of November 3, 2022 unless otherwise noted and Battery Ventures does not intend to update the information after its distribution, even in the event the presentation becomes materially inaccurate. Certain information in this presentation has been obtained from third party sources and, although believed to be reliable, has not been independently verified and its accuracy or completeness cannot be guaranteed. Certain logos, tradenames, trademarks and copyrights included in the presentation are strictly for identification and informational purposes only. Such logos, trade names, trademarks and copyrights may be owned by companies or persons not affiliated with Battery Ventures and no claim is made that any such company or person has sponsored or endorsed the use of such logos, trade names, trademarks and copyrights in this presentation. This presentation includes various examples of companies in which Battery Ventures has invested. For a complete list of all companies in which Battery Ventures has invested, please visit here. Past performance is not evidence of future results and there can be no assurance that a particular Battery portfolio company will achieve comparable results to any other company.

The information contained herein is based solely on the opinions of Dharmesh Thakker, Danel Dayan, Jason Mendel, Patrick Hsu and nothing should be construed as investment advice. This presentation and the anecdotal examples throughout are intended for an audience of entrepreneurs in their attempt to build cloud-focused businesses and not recommendations or endorsements of any particular business or an offering of investment advisory services.

Battery

We’re STILL Long
Cloud-Infrastructure
& Open-Source Software

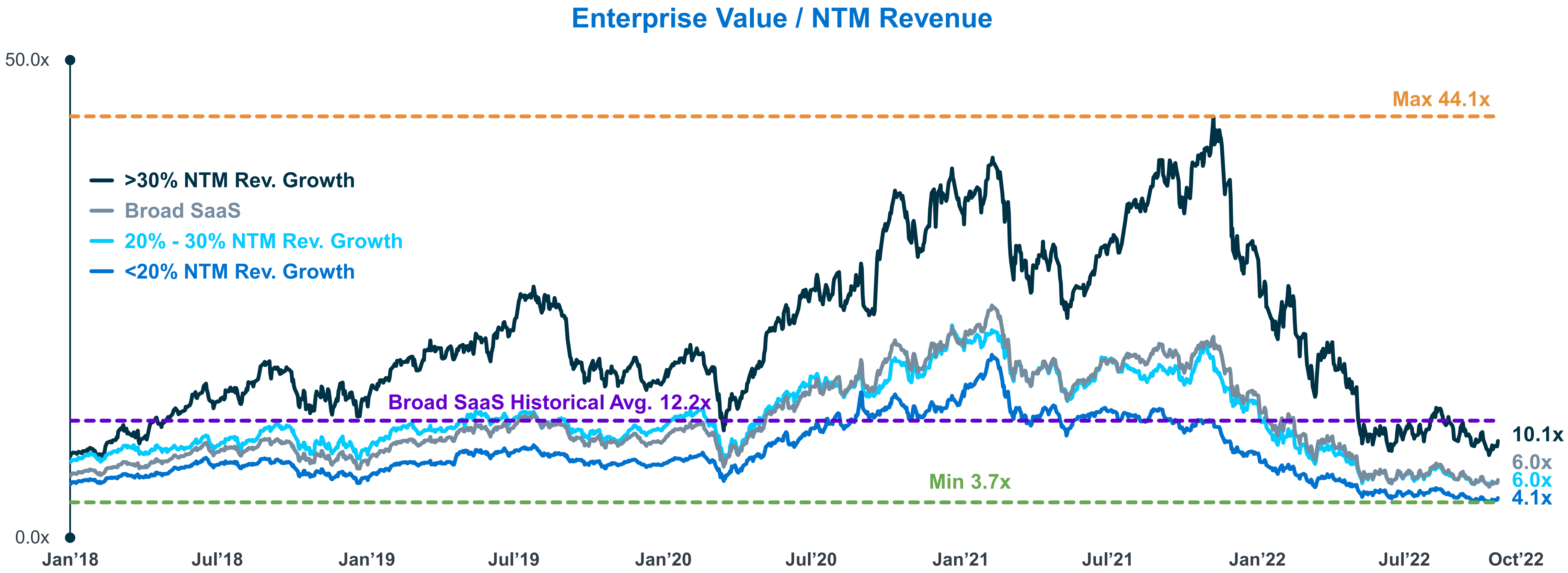
This presentation includes proprietary information of Battery Ventures

We are long cloud-infrastructure & open-source software

1. Infrastructure-software fundamentals remain resilient despite macro outlook
2. Measured growth is being rewarded over growth at all cost
3. Cloud providers continue to exhibit growth durability and profitability
4. Public cloud-native companies are reaching scale and the private backlog is promising
5. Cloud software is the deflationary force enabling productivity in a high inflation environment
6. Cloud-native is not an option, it’s a necessity

This presentation includes proprietary information of Battery Ventures

Software revenue multiples are down across the board



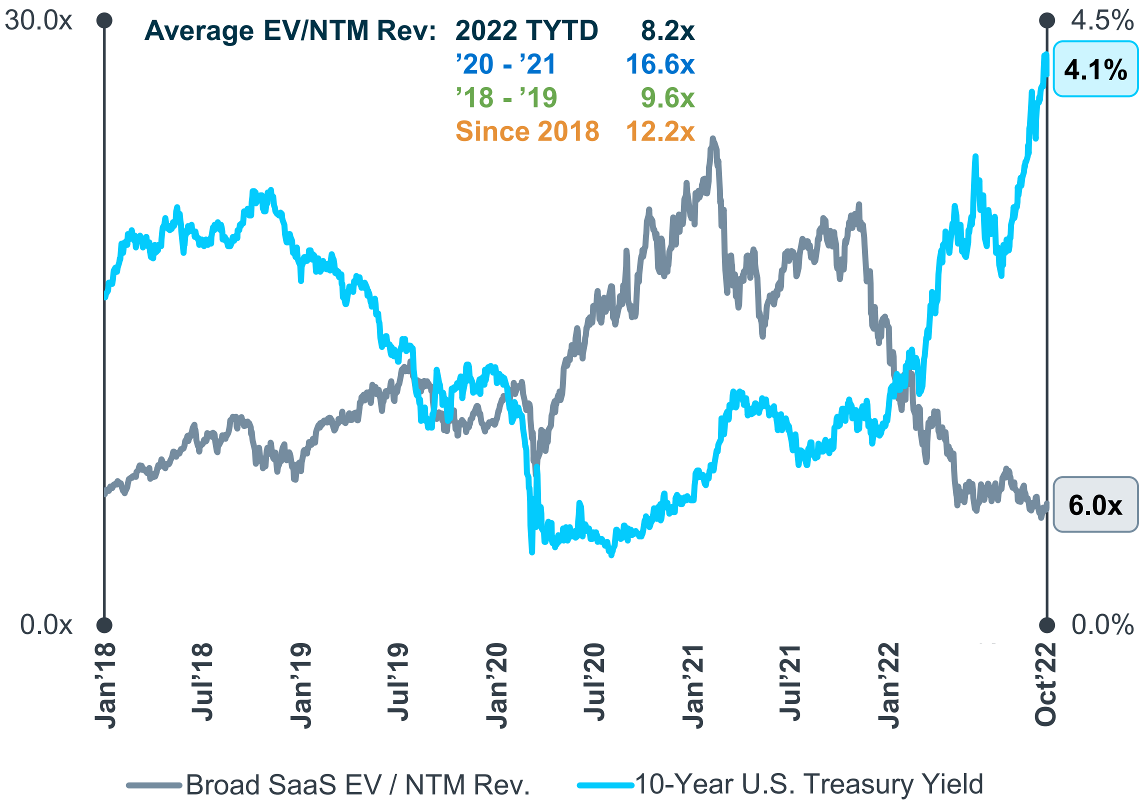
Software revenue multiples have compressed from 2021 highs to below the historical average since 2018.

Source: CapIQ
Note: Market data as of 10/25/22

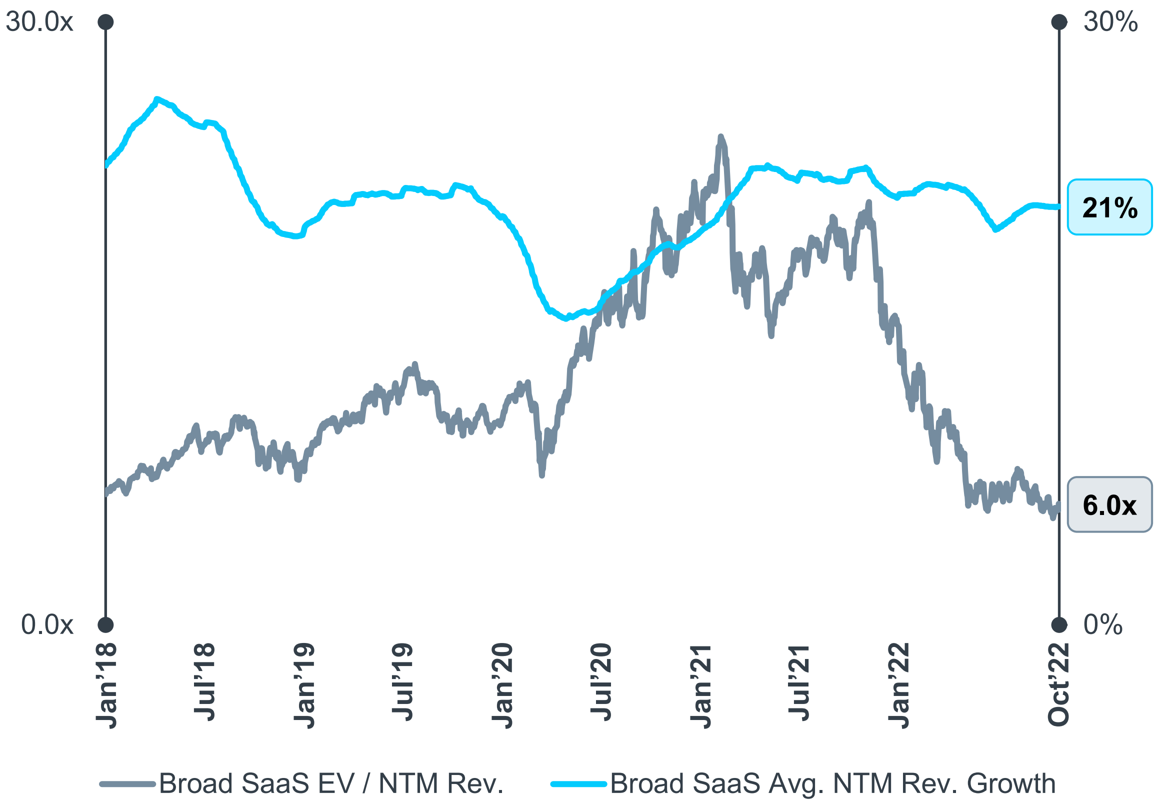
This presentation includes proprietary information of Battery Ventures

Interest rates and macro sentiment are driving the correction despite stable revenue growth

Rising interest rates have resulted in multiple compression



Company growth forecasts remain healthy



While company fundamentals remain strong, software multiples have compressed as a result of ongoing macro pressures, including rising interest rates.

Source: CapIQ
Note: Market data as of 10/25/22

This presentation includes proprietary information of Battery Ventures

The tightening of the economy is causing companies to reevaluate their cost structure

More than 70K positions were eliminated across 400+ companies globally in the last two quarters as companies reevaluate their cost structure in light of macro headwinds.

Sources: https://layoffs.fyi/

Note: [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

Battery

This presentation includes proprietary information of Battery Ventures

There is pain ahead for private companies

Private Software Companies

1,000+
Global unicorns
in the **last 10 years**

Public Software Companies

200
Public software companies
in the **last 10 years**

Private Software Companies	Public Software Companies
400 $3B average valuation	**70** $1B+ NTM revenue
50 Valuation of $5B+	**60** Valuation of $5B+
15 Valuation of $10B+	**40** Valuation of $10B+

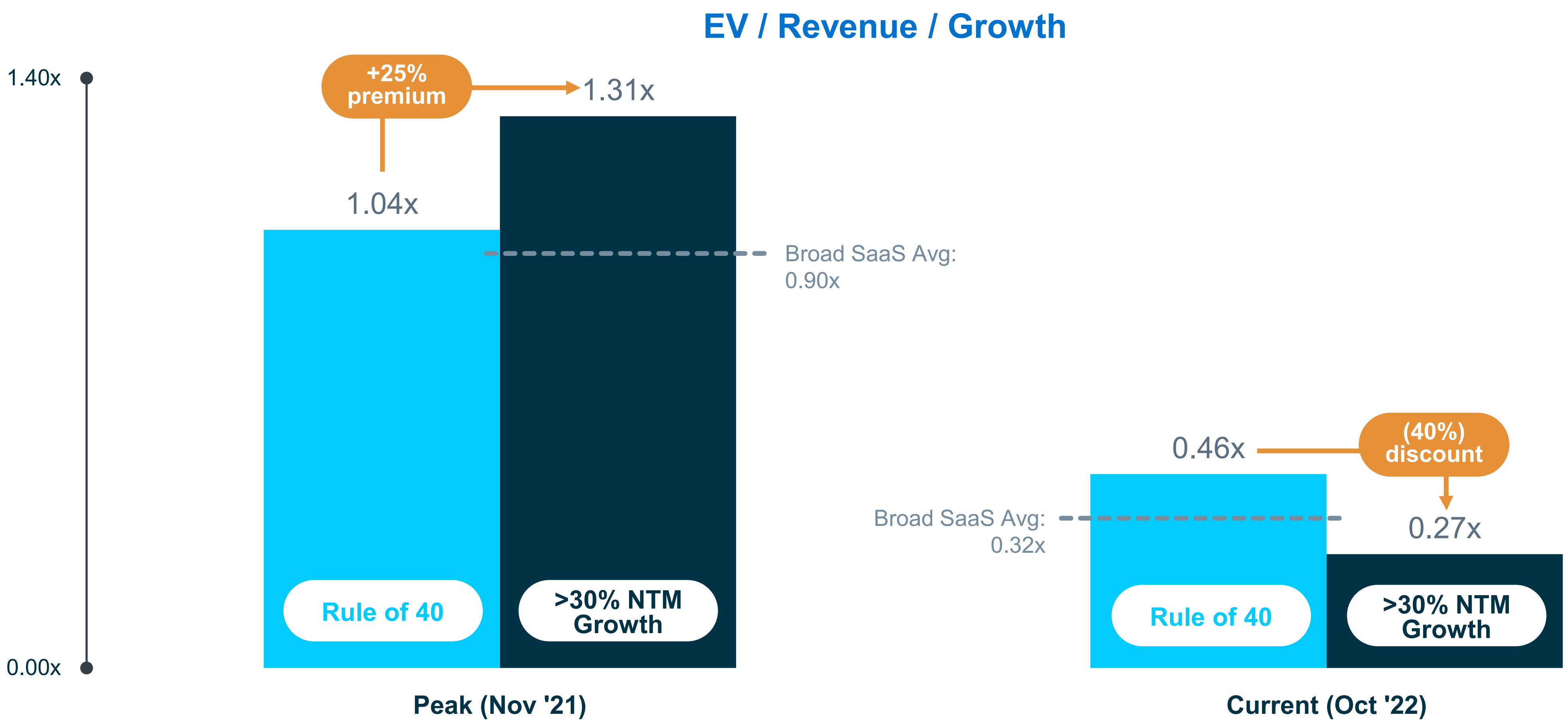
Highly-valued software unicorns have a high bar to meet to transition to successful public companies, often requiring a 10x+ revenue ramp and being mindful about margins early on.

Sources: Pitchbook, CapIQ

Note: [1] Affirm, Akamai, Bob, Cohesity, Collibra, Confluent, Databricks, DataDog, Gong, Nutanix, Pendo, Postman, Sabre, ServiceTitan, Splunk, Workato and 6sense are current or past Battery portfolio companies. For a full list of all Battery investments, please click here. Unicorn indicates a valuation of $1B or more. Public companies considered with a minimum market cap of $500M+. Excludes Figma due to announced Adobe acquisition.

Battery
This presentation includes proprietary information of Battery Ventures

The market is shifting from "growth at all cost" to "measured growth"



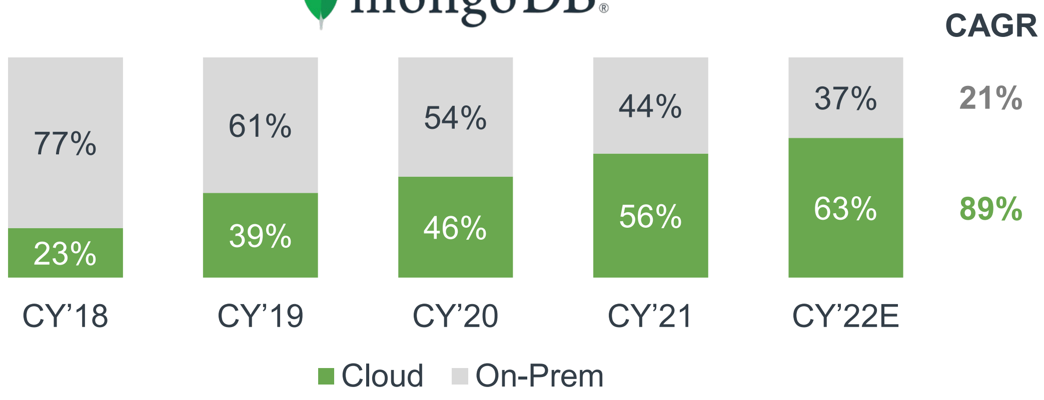
On a growth-adjusted basis, some of the fastest-growing software companies have been disproportionally penalized as the market rewards profitability and measured growth.

Source: CapIQ
Note: Market data as of 10/25/22

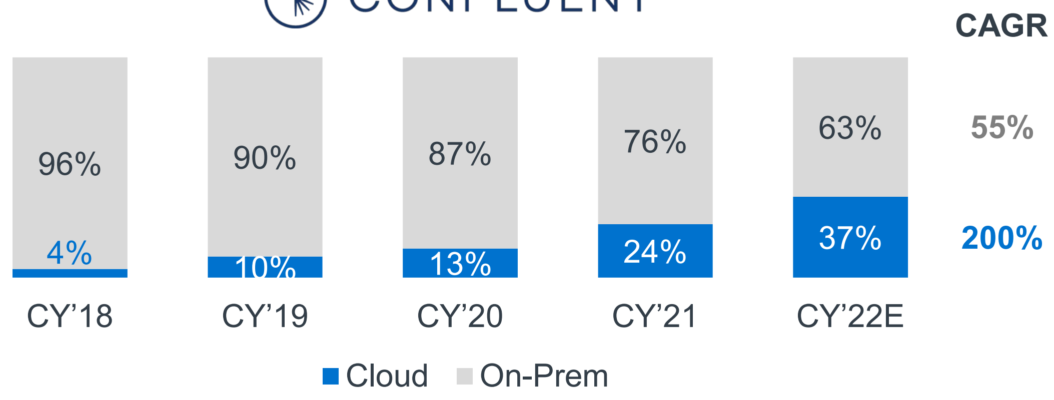
This presentation includes proprietary information of Battery Ventures

Cloud businesses are core to driving market value

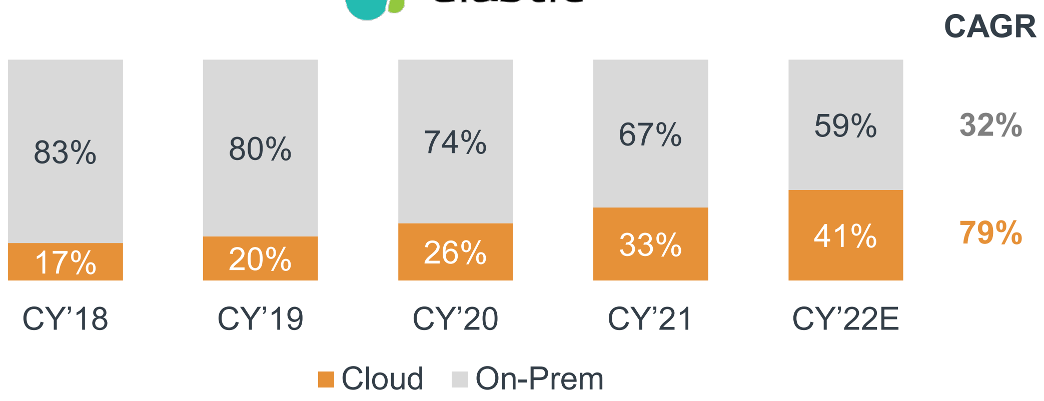
mongoDB



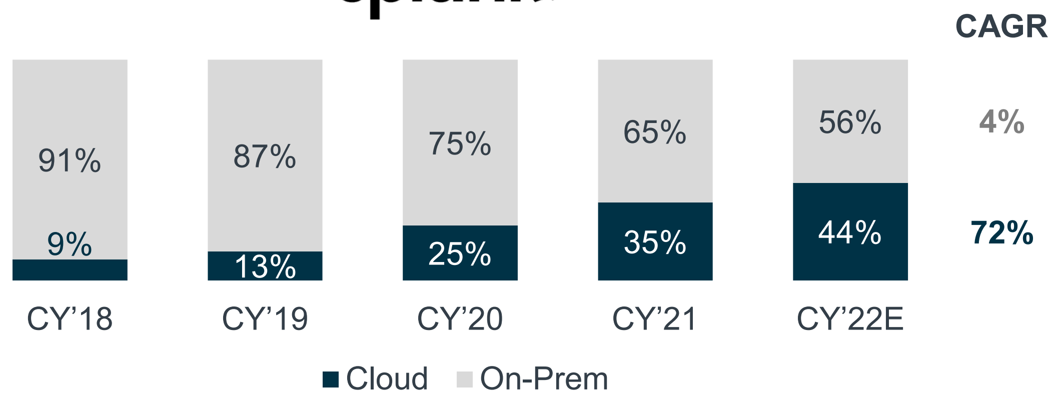
CONFLUENT[1]



elastic



splunk>[1]



Across infrastructure-software companies, cloud revenue growth far outpaces that of on-prem, and cloud serves as the foundation for long-term sustainable growth.

Source: Company filings and Wall Street research

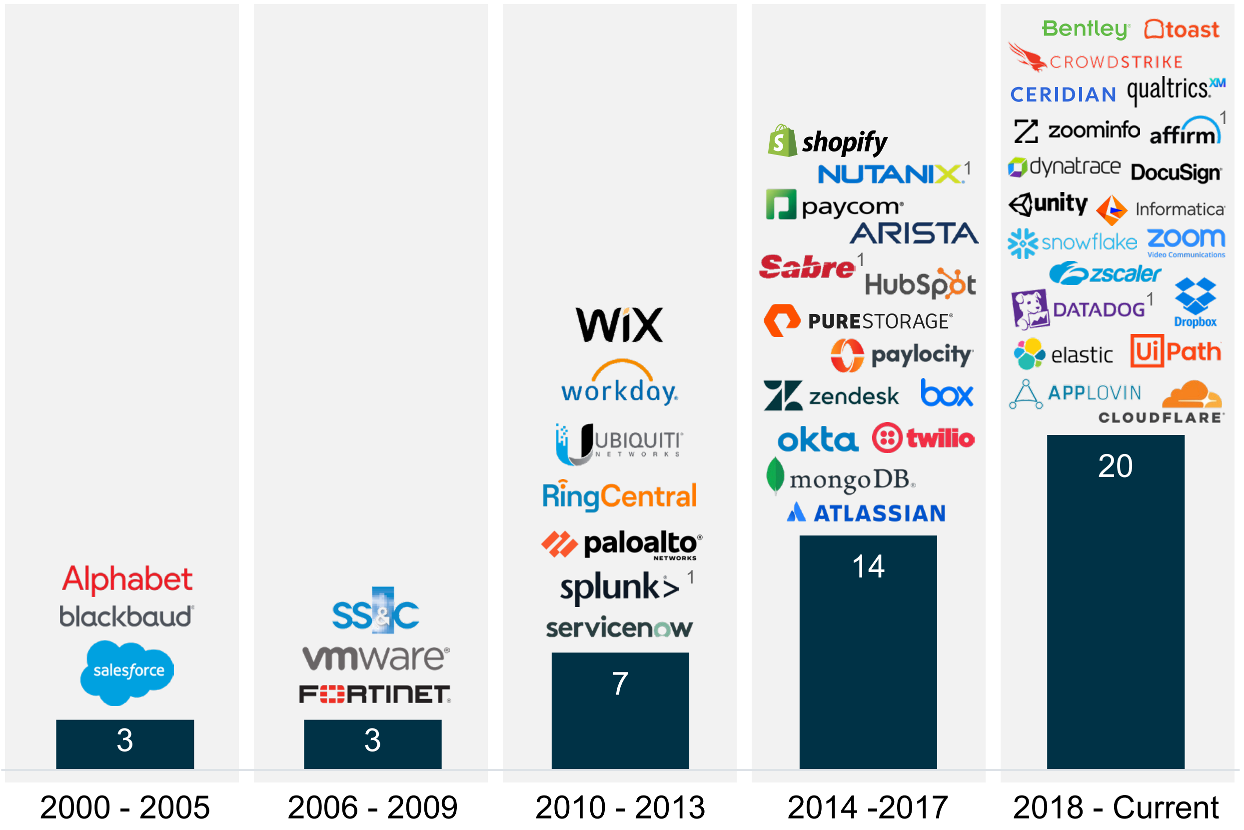
Note: [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

Cloud-infrastructure fundamentals remain healthy

Top 10 Highest-Valued Software Companies by Multiple

Company	Cloud Infra?	Market Cap	NTM Rev.	NTM Growth	FCF Margin	Rule of 40	EV / NTM Rev
snowflake	✓	$64,411	$2,517	54%	15%	69	22.5x
CLOUDFLARE	✓	$18,914	$1,136	40%	2%	42	16.1x
zscaler	✓	$22,701	$1,502	38%	23%	61	15.9x
DATADOG[1]	✓	$29,636	$1,899	39%	21%	60	15.6x
ATLASSIAN	✓	$52,533	$3,599	28%	22%	50	15.3x
zoominfo	✗	$18,841	$1,241	34%	36%	70	15.0x
GitLab	✓	$8,189	$495	49%	(8%)	41	14.9x
CROWDSTRIKE	✓	$38,323	$2,640	44%	29%	73	14.6x
bill.com	✗	$14,445	$968	51%	2%	53	14.6x
SentinelOne	✓	$7,355	$542	79%	(15%)	64	12.9x
Top 10 SaaS Avg.				**45%**	**13%**	**58**	**15.7x**
Broad SaaS Avg.				**21%**	**5%**	**26**	**6.0x**

of $1B+ NTM Revenue Software Companies by IPO Date

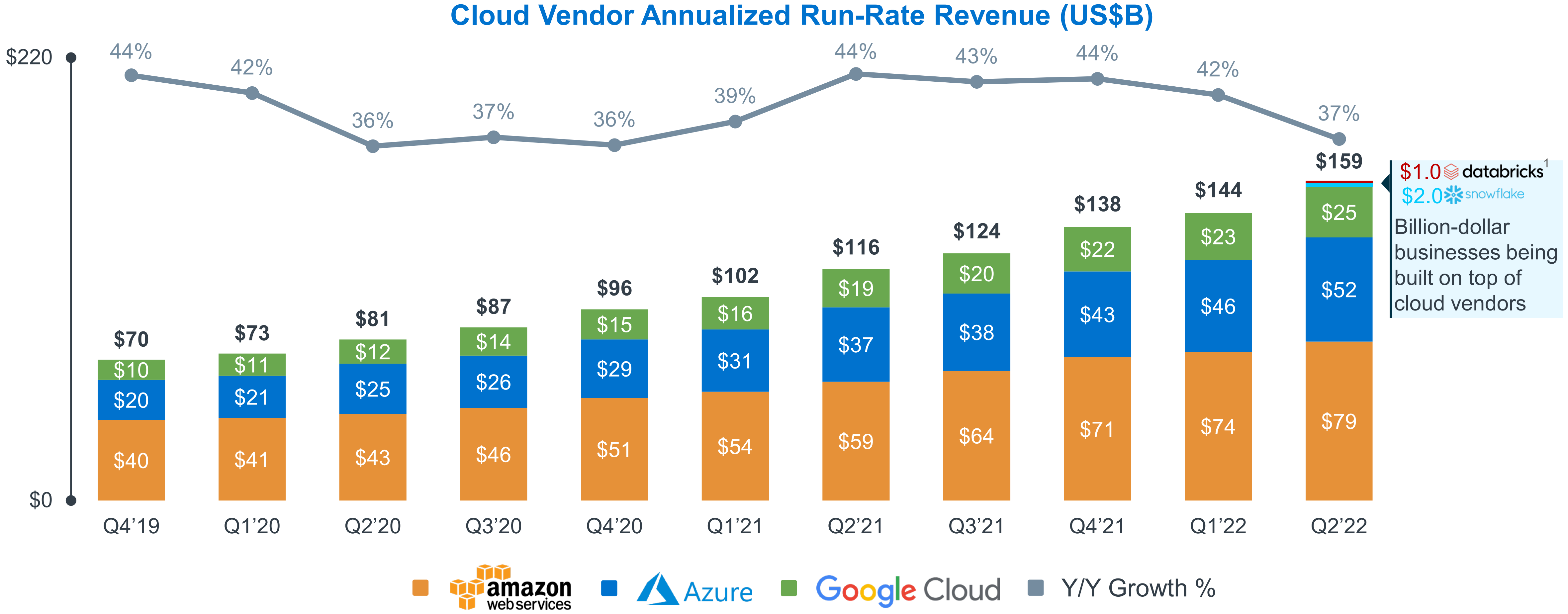


The number of $1B+ revenue software companies continues to expand rapidly, and cloud-infrastructure companies, which exhibit healthy growth and profitability at scale, represent 8 of the top 10 most valuable software companies.

Source: CapIQ
Note: Market data as of 10/25/22. [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

This presentation includes proprietary information of Battery Ventures

Cloud vendors continue to show growth durability at massive scale despite the current macro environment



Cloud giants have continued to benefit as digital transformation accelerates and more workloads shift to the cloud.

Source: Company filings and Wall Street research.

Note: [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

This presentation includes proprietary information of Battery Ventures

Cloud leaders are demonstrating growth with attractive margin profiles

	amazon web services Q2'21		amazon web services Q2'22	Microsoft Azure Q2'21		Microsoft Azure Q2'22	Google Cloud Q2'21		Google Cloud Q2'22
Annualized Cloud Revenue	$59B	*1.3x*	$79B	$37B	*1.4x*	$52B	$19B	*1.4x*	$25B
Illustrative Multiple	8.0x		8.0x	8.0x		8.0x	8.0x		8.0x
Implied Cloud Valuation	$474B	*1.3x*	$632B	$296B	*1.4x*	$414B	$148B	*1.4x*	$201B
Cloud Contribution to Enterprise Value	27%	*1.8x*	48%	15%	*1.5x*	23%	10%	*1.7x*	16%
Cloud GAAP Operating Margin	28%	*1%*	29%	45%	*(3%)*	42%	(13%)	*(1%)*	(14%)

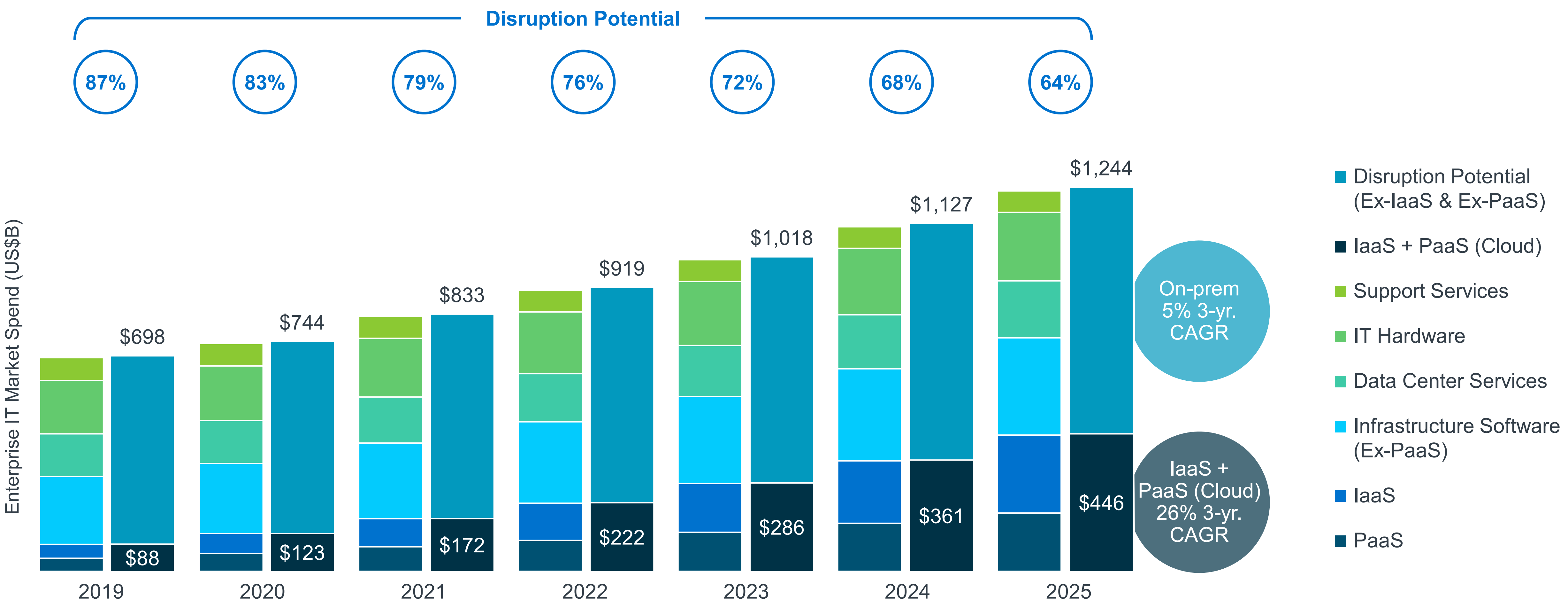
On a combined basis, cloud represents 28% of Amazon, Microsoft and Google's enterprise value, up from 17% in the year prior.

Source: Company filings and Wall Street Research

Note: Market data as of 10/25/22. MSFT cloud revenue represents Azure estimates while cloud GAAP operating margin represents Intelligent Cloud as reported

This presentation includes proprietary information of Battery Ventures

We're in the early innings of cloud adoption



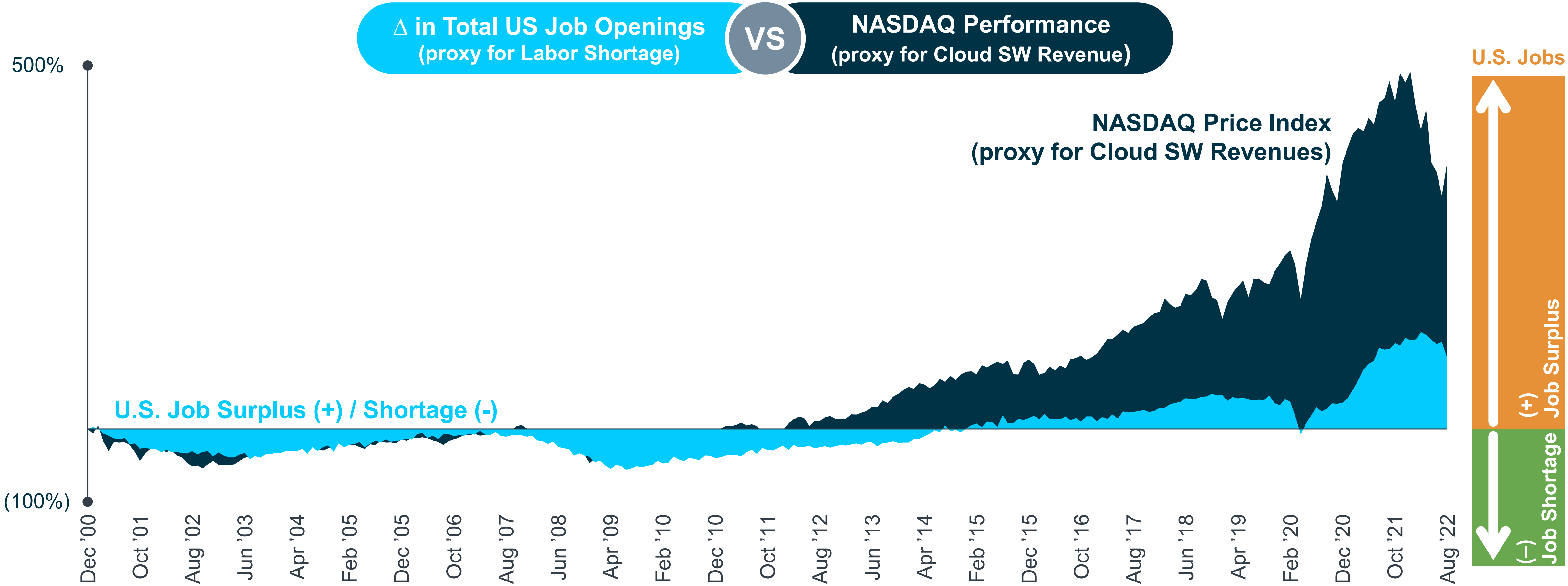
Cloud penetration is rapidly expanding with ample room to grow. In 2022, cloud spend is expected to represent ~25% of the $919B overall infrastructure spend.

Source: Gartner

Note: IaaS + PaaS includes revenue from AWS, Azure, Google Cloud, AliCloud, Salesforce/Heroku, Tencent, Oracle, Digital Ocean, and other cloud companies.

This presentation includes proprietary information of Battery Ventures

Cloud software is the deflationary force enabling productivity in a high inflation environment



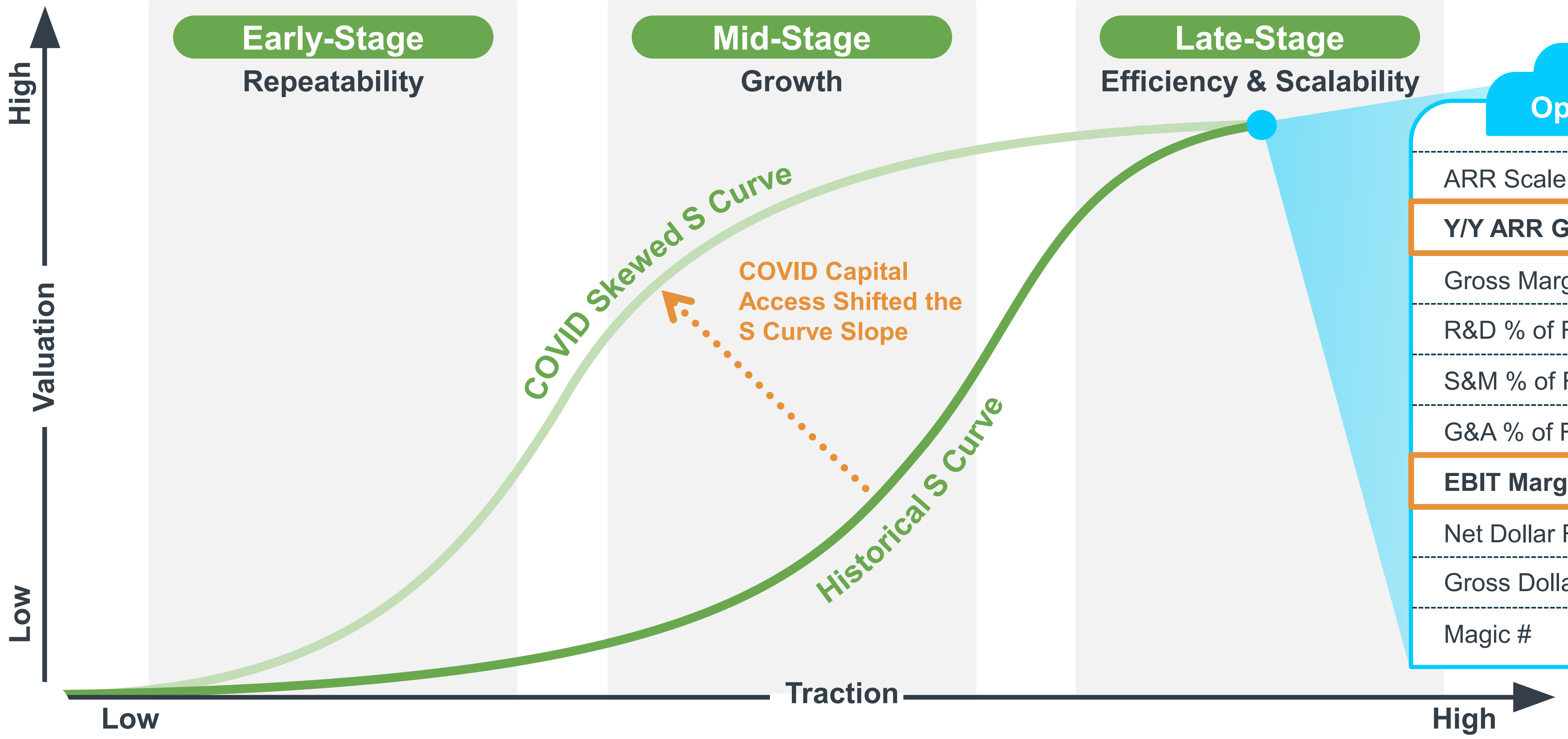
Cloud software is the counterbalance to periods of labor shortages, driving increased productivity from existing resources and acting a source of deflationary pressure.

This presentation includes proprietary information of Battery Ventures

Source: U.S. Bureau of Labor Statistics, CapIQ.

Operational Best Practices for OpenCloud Companies

1 COVID-19 shifted the valuation slope, but the end state for healthy companies remains the same



Long-Term Operating Target

ARR Scale	$100M - $1B
Y/Y ARR Growth	**30%+**
Gross Margin	75%+
R&D % of Rev	15%
S&M % of Rev	25%
G&A % of Rev	10%
EBIT Margin	**25%+**
Net Dollar Retention	130%
Gross Dollar Retention	90%
Magic #	0.8x

COVID-19 and the cheap capital environment shifted the slope of the s-curve and resulting valuations, but the path to a lasting business remains the same.

This presentation includes proprietary information of Battery Ventures

2 Product is playing an outsized role in the buyer journey, but there's no one size fits all

	Product-Led Growth	Product-Assisted Growth	Sales-Influenced Growth
Customer Profile	Individuals	Teams	Organizations
User / Champion	Buyer	Influencer	POC / Limited Role
Customer Acquisition	Organic / Growth-led	Marketing-led	Sales-led
Lead Generation	PQL	PQL / MQL	Named Accounts
Sales Team Involvement	Self-Serve	Inside Sales	Enterprise Rep
Sales Cycle	Days	Months	Quarters
Success Metrics to Track	New Customer Lands	ARR & Expansion	ACV & Contract Duration
Example Companies	Atlassian, Snyk, Postman[1], 1Password	Snowflake, Databricks[1], GitLab, Matillion[1]	Collibra[1], CrowdStrike, ServiceNow, Palo Alto Networks

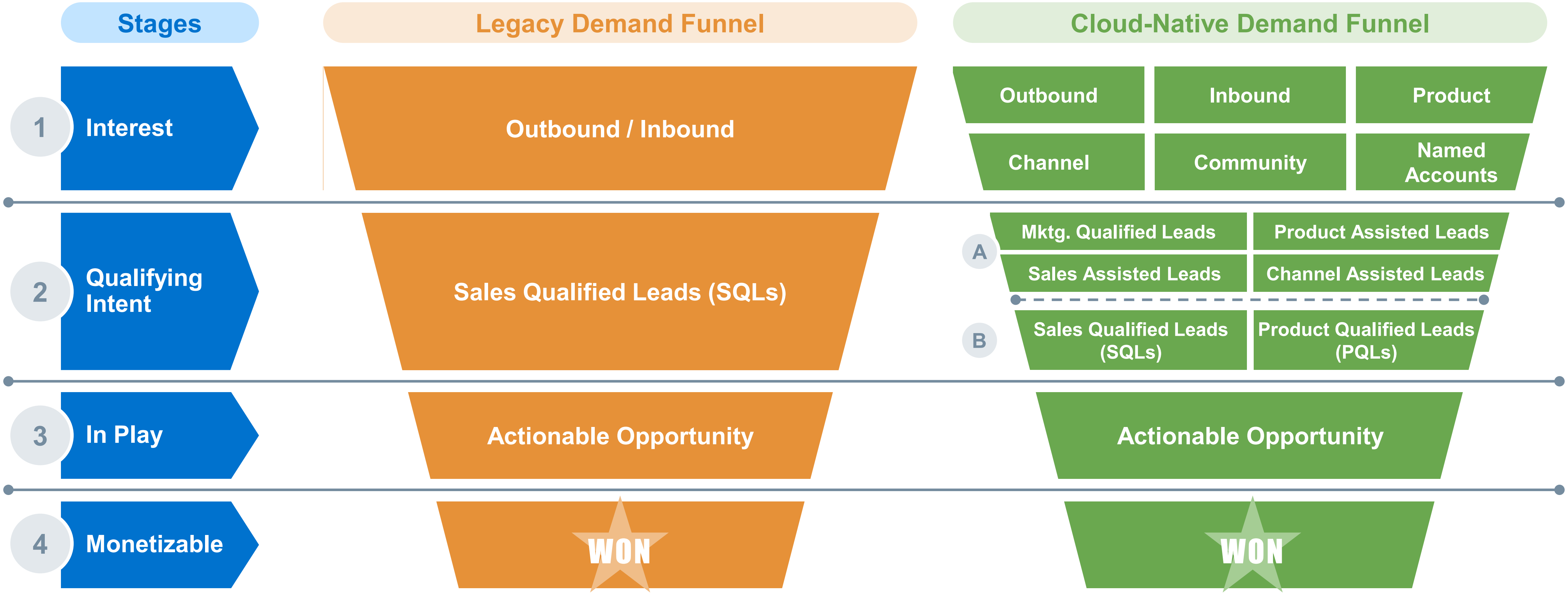
There are different paths to optimizing the first $100M; beyond that, product-assisted and sales-influenced growth can go hand-in-hand.

Source: Company filings

Note: [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

This presentation includes proprietary information of Battery Ventures

3 Rise of go-to-market strategies based on buyer preference



The demand-gen funnel is increasing in complexity with more customer engagement touchpoints than ever before; with complexity comes opportunity.

This presentation includes proprietary information of Battery Ventures

4 Cloud-native demand funnel can be both marketing & product driven

Stages	Marketing-Led Funnel	+	Product-Led Funnel
1 Qualifying Intent	MQL ▶ SQL 8% – 10%		Users ▶ PQL 15% – 20%
2 In Play	SQL ▶ Actionable Opp. 40% – 50%		PQL ▶ Actionable Opp. (ex. DAU / MAU) 50% – 60%
3 Monetizable	Actionable Opp. ▶ Close 20% – 40%		Actionable Opp. ▶ Cust. (ex. DAU / MAU) 40% – 50%
4 End-to-End	MQL ▶ Close 1% - 2%	3.0x	Users ▶ Customer 3% - 6%

Cloud-Native Funnel

Critical Considerations:

- Robust nomenclature of stages matters
- Product-led converts PQLs at 3x higher due to buyer intent and interaction
- Product-led amplifies marketing-led growth when combined
- Measure lead quality by channel

Additional Metrics that Matter:

- End-to-end efficiency
- Sales velocity (ex. closed in qtr.)
- Sales cycle
- Average deal value
- Pipeline generation and aging – logos and dollars

Combining marketing-led and product-led growth is a powerful force multiplier to your GTM engine with the product-led funnel converting 3x faster while being more efficient.

This presentation includes proprietary information of Battery Ventures

5 Product marketing playbooks to match sales qualification and customer LTV

Buyer Segment	Sales Playbook	Next Best Action	Land	Expand & Renew	Example Customers
→ Global 10K	→ Sales-led	→ Product Trial / PoC → Procurement / Business Value Assessment	→ PAYG / Consumption → Annual Commitment	→ Multi Year Exp. Deal → + Prof. Services	The Home Depot, J.P.Morgan, Goldman Sachs, Shell, Toyota, Walmart
→ Mid Market → Enterprise Department	→ Product-assisted → Sales-supported	→ Assisted Product Trial → Paywall	→ Sales-led / PAYG	→ Annual Commitment	Peloton, Zillow, carta, hulu, Urban Outfitters, Stitch Fix
→ SMB / Commercial → Teams, Users	→ Product-led	→ Self-serve Trial → Paywall	→ PAYG Purchase → Cloud Marketplace	→ Expand PAYG	traba, Qualio, PicnicHealth, Rampay, PAVE, BuildOps

Align product marketing with sales playbooks to engage customers through the right product marketing channels.

This presentation includes proprietary information of Battery Ventures

6 Align sales comp plans with customers purchase patterns

Cloud-Native Sales Comp Maturity →

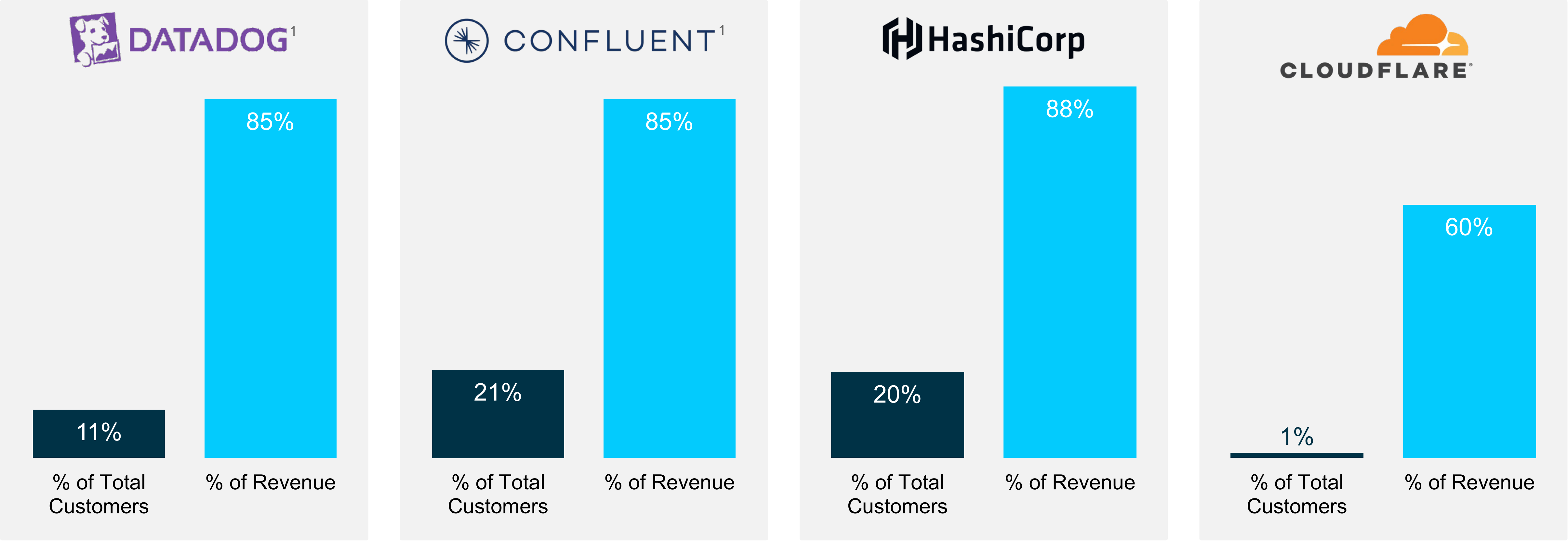
	SaaS 1.0: Named Accounts	SaaS 2.0: Land & Expand	Cloud-Native: PAYG / Consumption
Target	$1.2M ARR	$1.2M ARR	# of logos (ex. New, Ent., Workloads)
Attainment	80% ($1.0M)	80% ($1.0M)	Logo acquisition + ARR
Ramp	9 – 12 Months	9 Months (0%, 50%, 100%)	9 Months (0%, 50%, 100%)
Quota Terms	1 Year (lumpy | Q4 loaded)	Quarterly (AE) or Monthly (ISR)	Quarterly or Monthly (AR and ISR)
Focus	Gross New ARR	Net New ARR (i.e., net of churn)	Land deals + Exp. within 1st yr.
Structure	Multi-year TCV commitments	Hunter / farmer sales separation	PAYG + kicker for commit deals
LTV:CAC:	0.5 – 2.0x	2.0 – 3.0x	5.0x+

Incentivize your sales team to focus on landing and acquiring new customers with flexible deal structures. Product hooks will naturally expand usage with quick time to value.

This presentation includes proprietary information of Battery Ventures

7 Highly-qualified product lands can drive 10x – 50x expansions over time

$100K+ Customer Contribution



Customer quality matters, even PAYG deals with large customers will compound over time with efficiency.

Source: Company filings

Note: [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

This presentation includes proprietary information of Battery Ventures

8 Expansion is critical to compounding ARR growth

Tier 1 (130%+ NDR)

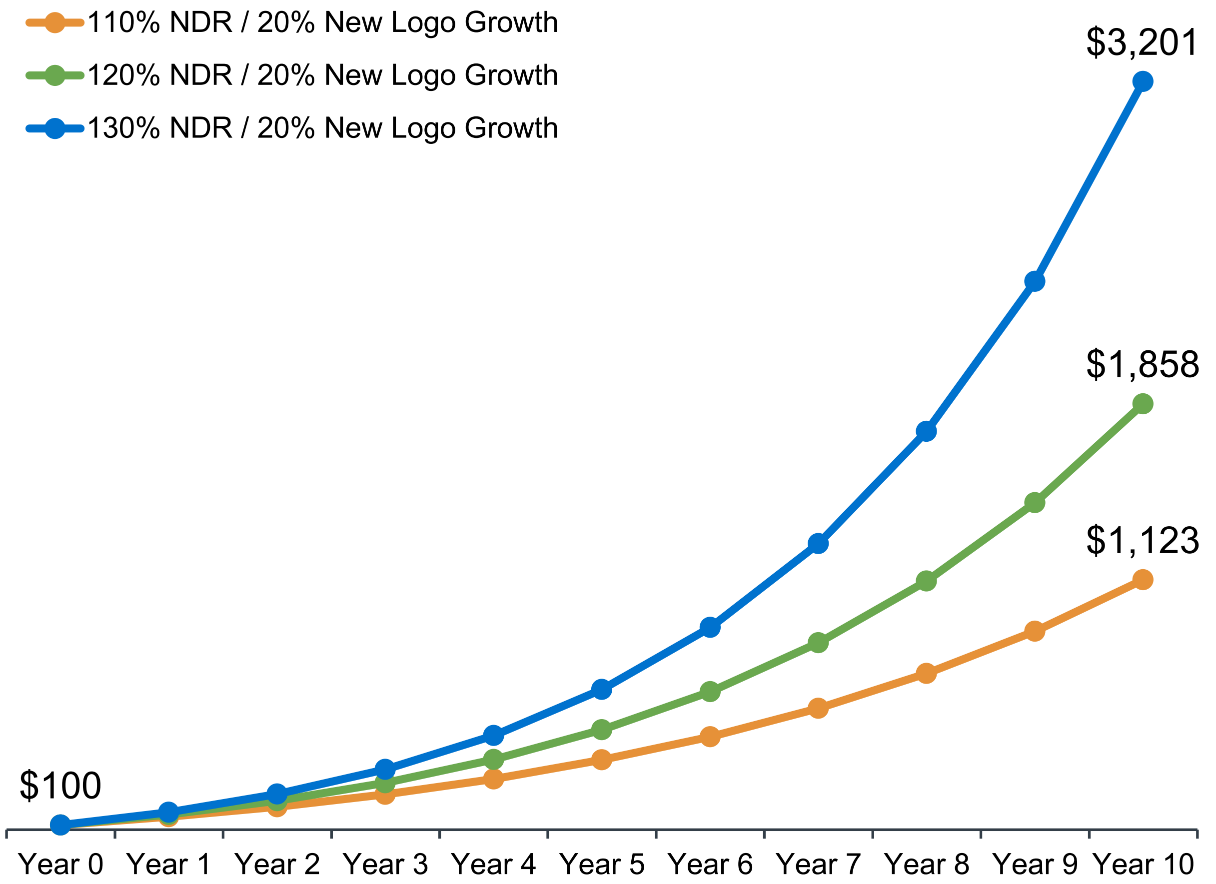
Confluent[1], Snowflake, GitLab, Datadog[1], JFrog[1], UiPath, HashiCorp, SentinelOne

Tier 2 (120% - 130% NDR)

Dynatrace, PagerDuty, New Relic, Elastic, Cloudflare, Okta, Splunk[1], Twilio, Alteryx, Zscaler, CrowdStrike, MongoDB

Tier 3 (110% - 120% NDR)

ZoomInfo, DigitalOcean, Ping Identity, Domo, Fastly[1], Couchbase, Appian, Sumo Logic[1]



High NDR is the cornerstone of efficiency and profitability.

Source: Company filings.

Note: [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

This presentation includes proprietary information of Battery Ventures

9 Align pricing "unit" with customer "perceived" value

	snowflake	CROWDSTRIKE	DATADOG[1]
Pricing model	Consumption-based	Per endpoint	Per host
Perceived ROI	High-quality, data-driven insights / predictions	Enhanced endpoint visibility and breach prevention	Greater visibility into application / infrastructure performance
Net-dollar retention	171%	120%+	130%+
LTM revenue scale / growth	$1,638M / 92%	$1,834M / 61%	$1,366M / 79%
LTM non-GAAP gross margin	71%	77%	80%
ACV	$292K	$103K	$77K

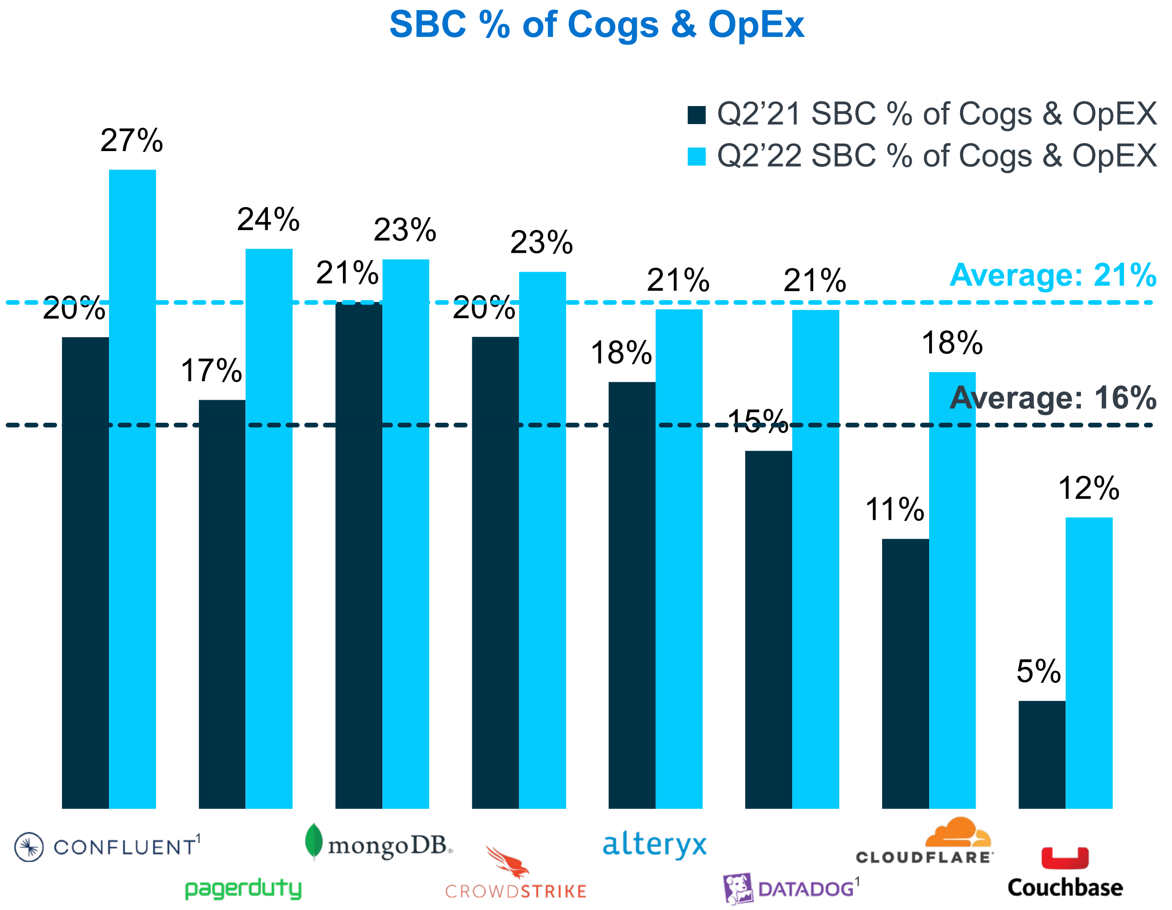
Value-based pricing lowers the barriers to adoption and drives natural expansion.

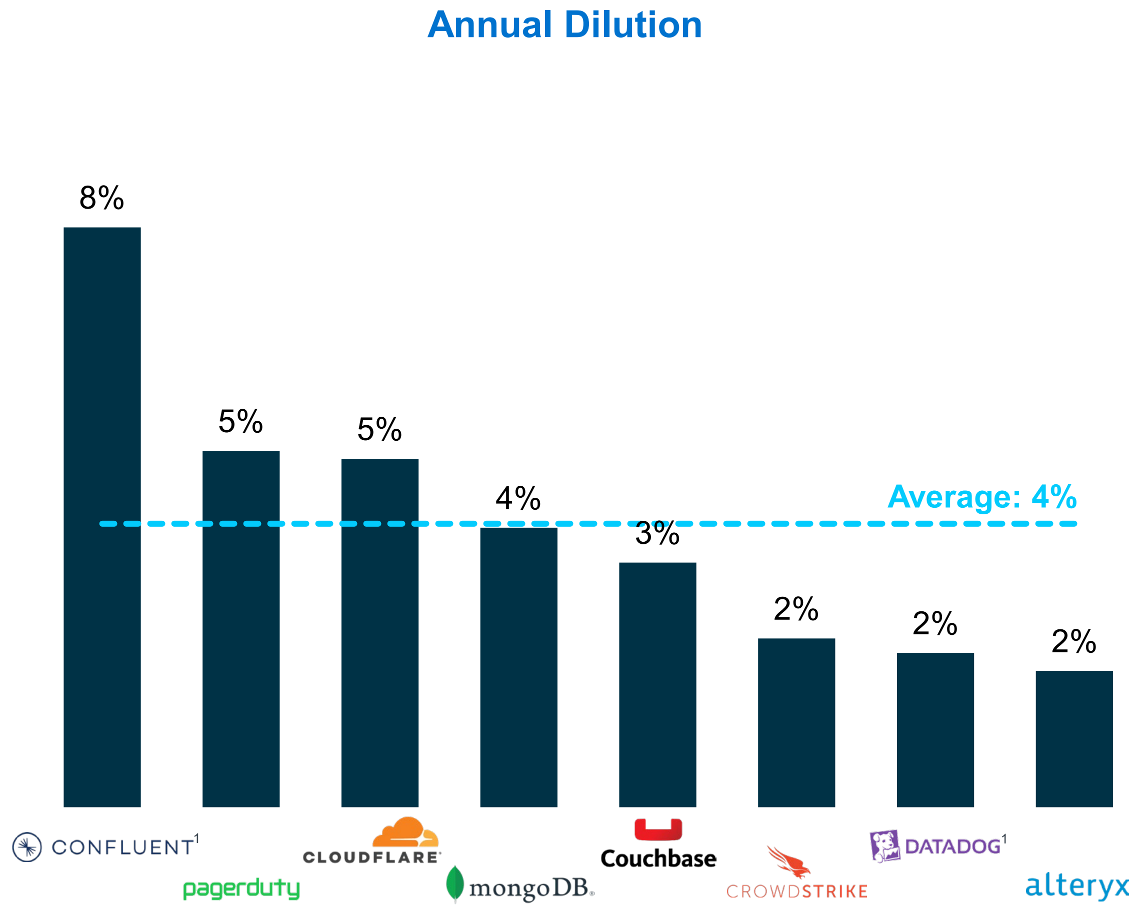
Source: Company filings.

Note: ACV calculated as annualized revenue / # of customers. CRWD ACV represents subscription ACV. [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

This presentation includes proprietary information of Battery Ventures

10 SBC is a real business expense





While stock-based compensation is not a cash expense, it is not free and should be managed closely to limit the dilution to existing shareholders

Source: Company filings.

Note: [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

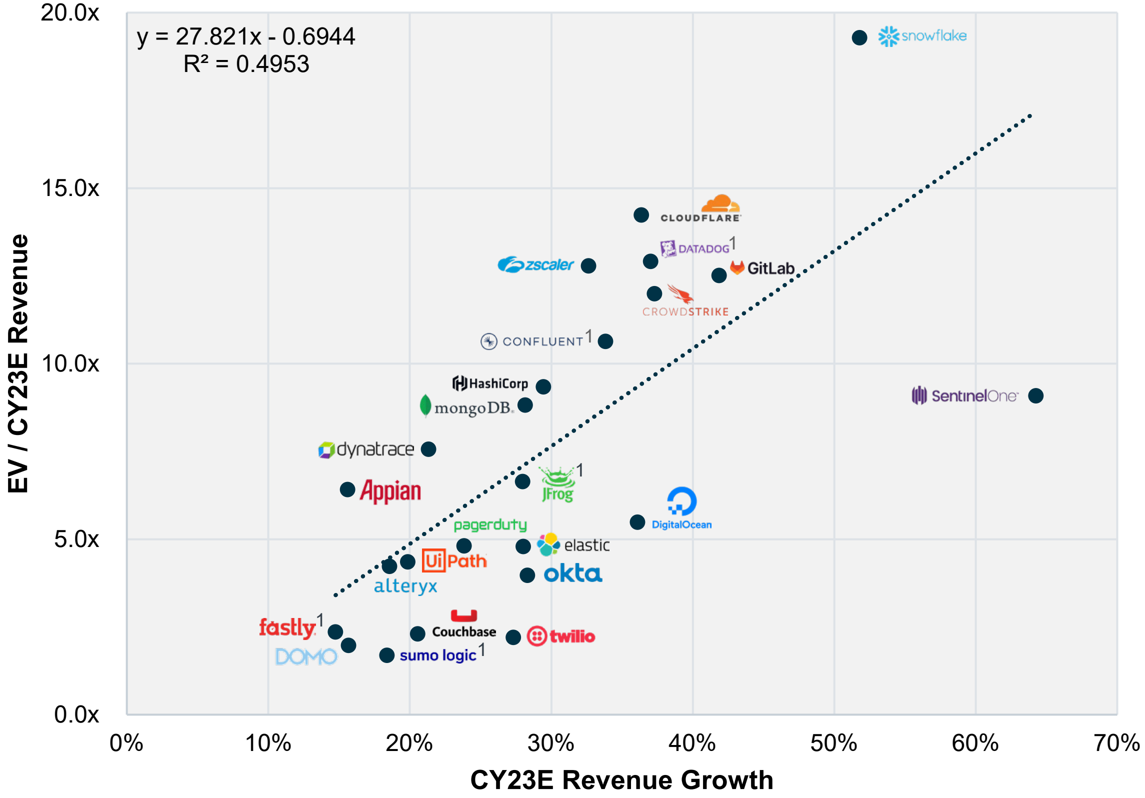
Battery

Building a Lasting Public Company: Focus on KPIs that Matter

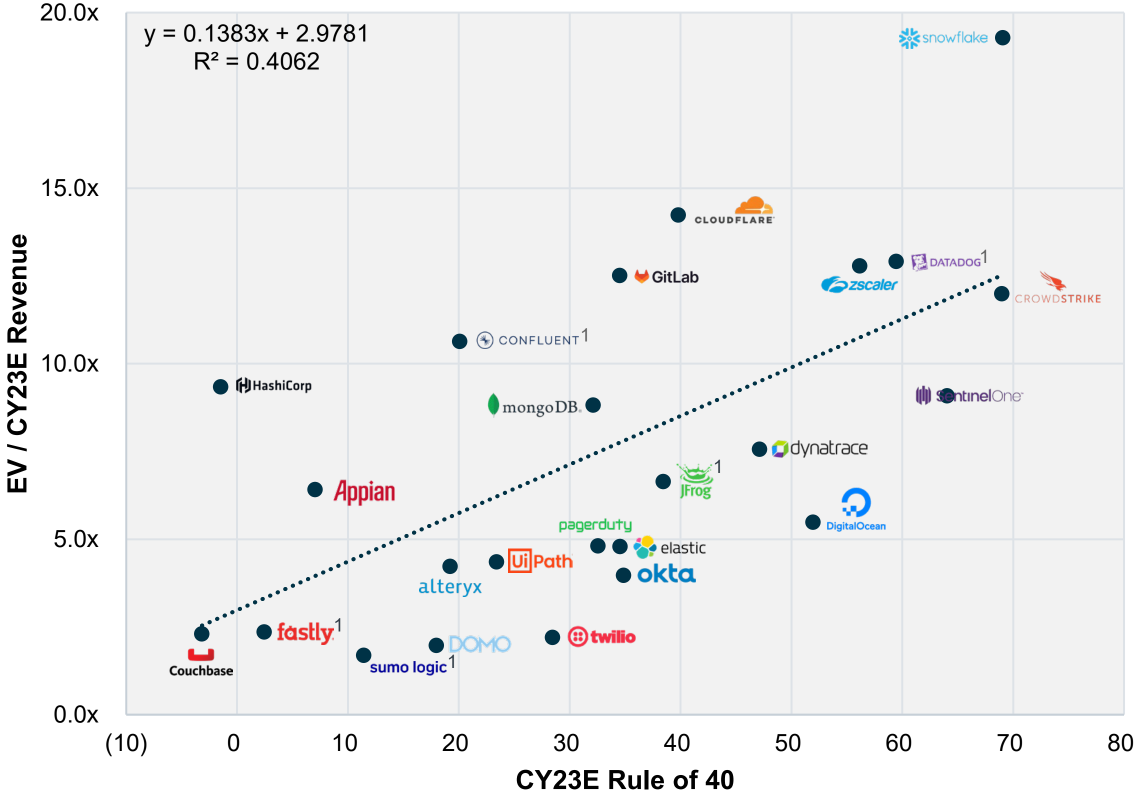
This presentation includes proprietary information of Battery Ventures

Index to the cloud and know your cloud metrics fundamentals

EV / CY23E Revenue vs. CY23E Revenue Growth



EV / CY23E Revenue vs. CY23E Rule of 40



Software valuations are driven by sustainable growth with a path to profitability.

Source: Company filings and CapIQ. Note: Market data as of 10/25/22 and represents select public infrastructure software companies.
Note: [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

This presentation includes proprietary information of Battery Ventures

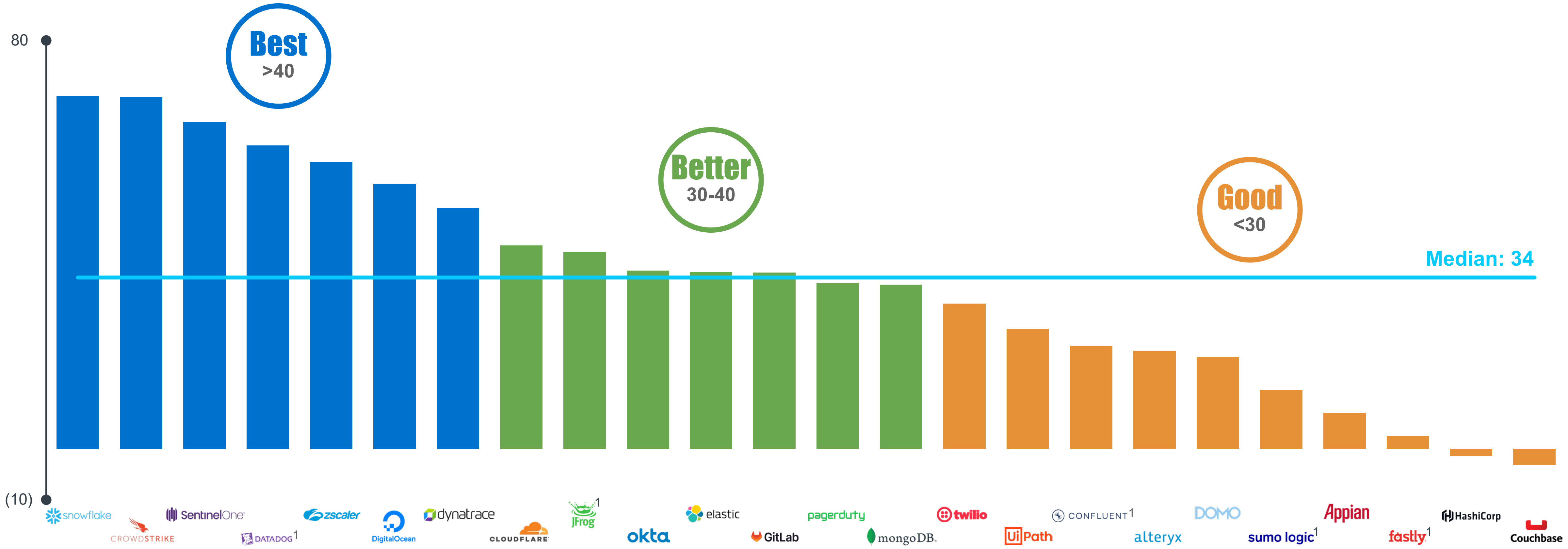
EV / revenue / growth levels the playing field

Adjusting the revenue multiple for growth provides insight into the relative value; however, analysts continue to underestimate the growth potential of cloud-infrastructure businesses.

Source: Company filings and CapIQ. Note: Market data as of 10/25/22 and represents select public infrastructure software companies.
Note: [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

This presentation includes proprietary information of Battery Ventures

Rule of 40 measures efficiency



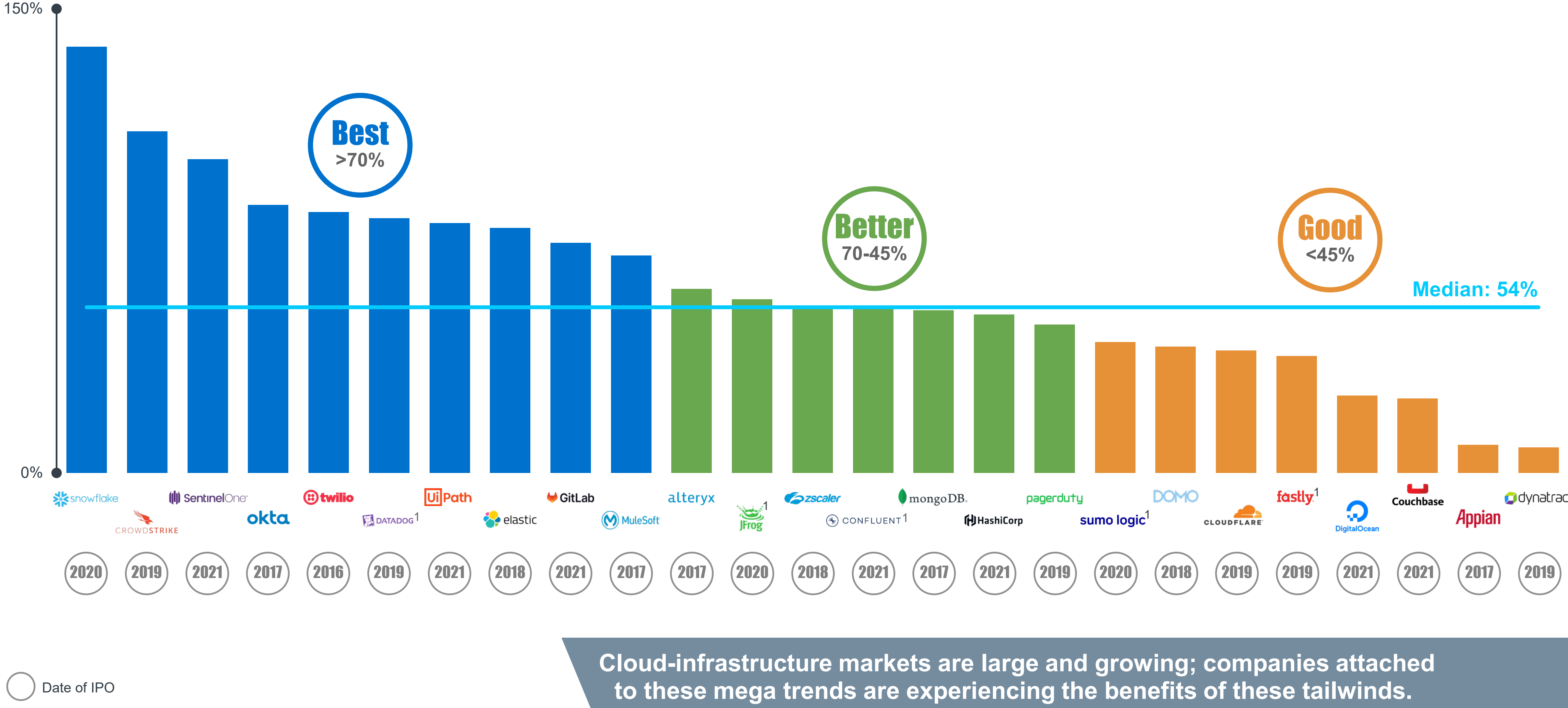
	Snowflake	CrowdStrike	SentinelOne	Datadog[1]	Zscaler	DigitalOcean	Dynatrace	Cloudflare	JFrog[1]	Okta	Elastic	GitLab	PagerDuty	MongoDB	Twilio	UiPath	Confluent[1]	Alteryx	Domo	Sumo Logic[1]	Appian	Fastly[1]	HashiCorp	Couchbase
CY'23 Growth	52%	37%	64%	37%	33%	36%	21%	36%	28%	28%	28%	42%	24%	28%	27%	20%	34%	19%	16%	18%	16%	15%	29%	21%
CY'23 FCF Margin	17%	32%	(0%)	22%	24%	16%	26%	3%	10%	7%	7%	(7%)	9%	4%	1%	4%	(14%)	1%	2%	(7%)	(9%)	(12%)	(31%)	(24%)

As software businesses mature and growth naturally slows, improving profit margins is integral to driving free-cashflow generation and sustaining the rule of 40 over time.

Source: Company filings and CapIQ. Note: represents select public infrastructure software companies.
Note: [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

This presentation includes proprietary information of Battery Ventures

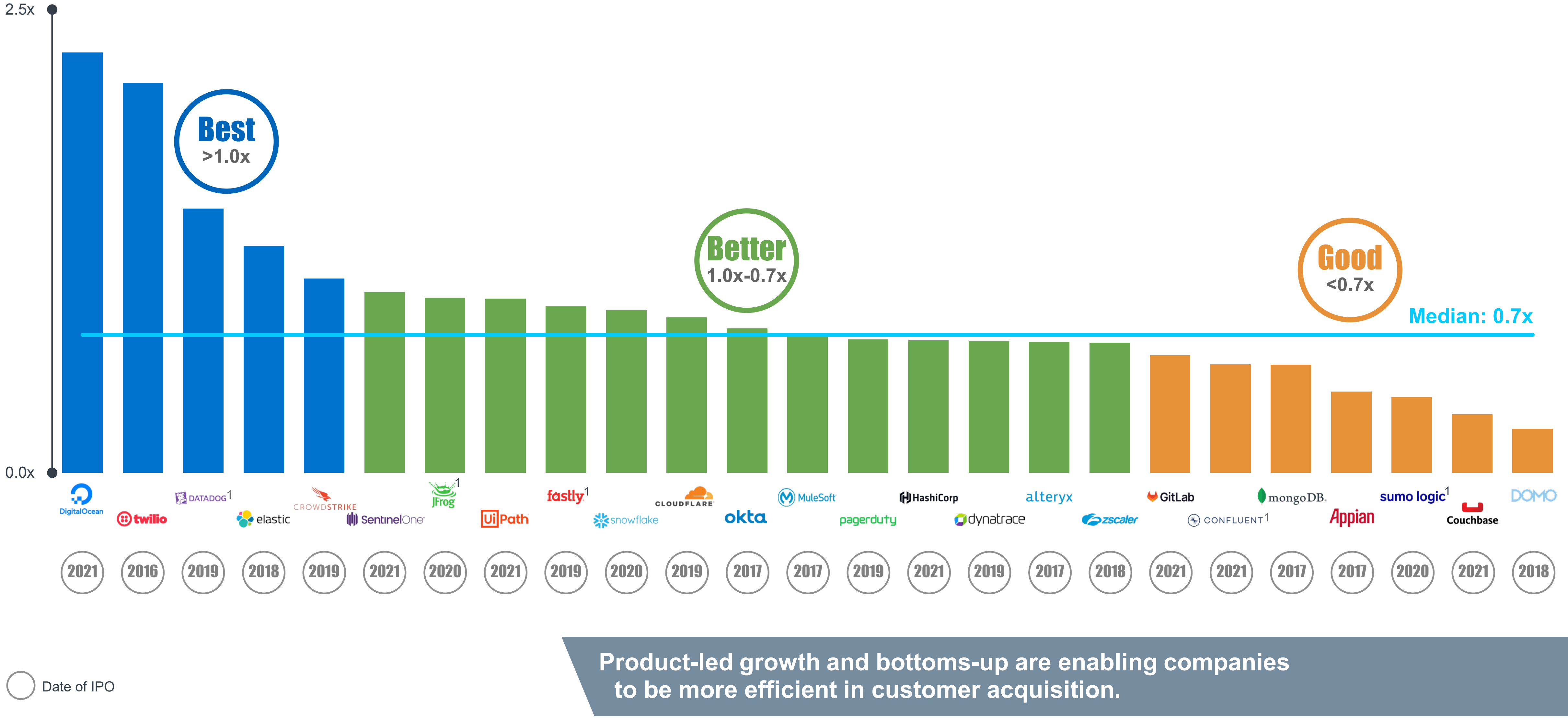
Last twelve months revenue growth at IPO



Cloud-infrastructure markets are large and growing; companies attached to these mega trends are experiencing the benefits of these tailwinds.

[1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here. Source: Company filings. Excludes ForeScout, SailPoint, Carbon Black, and Nutanix[1] due to lack of disclosed metrics. Talend financials based on constant currency.

Average magic number over the last twelve months at IPO



Product-led growth and bottoms-up are enabling companies to be more efficient in customer acquisition.

[1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here. Note: Magic number calculated as ((Q(t) – Q(t-1)) subscription revenue *4)/S&M Q(t-1). ARR used instead of subscription revenue if disclosed. Source: Company filings. Excludes ForeScout, SailPoint, Carbon Black, and Nutanix[1] due to lack of disclosed metrics. Ping Identity, Dynatrace, and SolarWinds exclude amortization/depreciation of acquired assets and restructuring costs. Talend financials based on constant currency.

This presentation includes proprietary information of Battery Ventures

Dollar-based net retention at IPO

Bottoms-up and transaction-based revenue streams have far more consistency and expansion potential than we all anticipated.

[1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here. Source: Company filings. Excludes ForeScout, SailPoint, Carbon Black, and Nutanix[1] and C3 due to lack of disclosed metrics.

This presentation includes proprietary information of Battery Ventures

LTV:CAC at IPO

Efficient customer acquisition while focusing on enterprise-grade customers results in higher expansion potential.

[1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here. Source: Company filings. Excludes ForeScout, SailPoint, Carbon Black, and Nutanix[1] due to lack of disclosed metrics. Ping Identity, Dynatrace, and SolarWinds exclude amortization/depreciation of acquired assets and restructuring costs. Talend financials based on constant currency. LTV calculated as GAAP subscription gross margin / (gross churn (est.) + 11% discount rate). CAC calculated as LTM GAAP S&M exp. / (Qo subscription revenue)*4 – (Q-4 subscription revenue)*4). ARR used instead of subscription revenue if disclosed.

 Battery

This presentation includes proprietary information of Battery Ventures

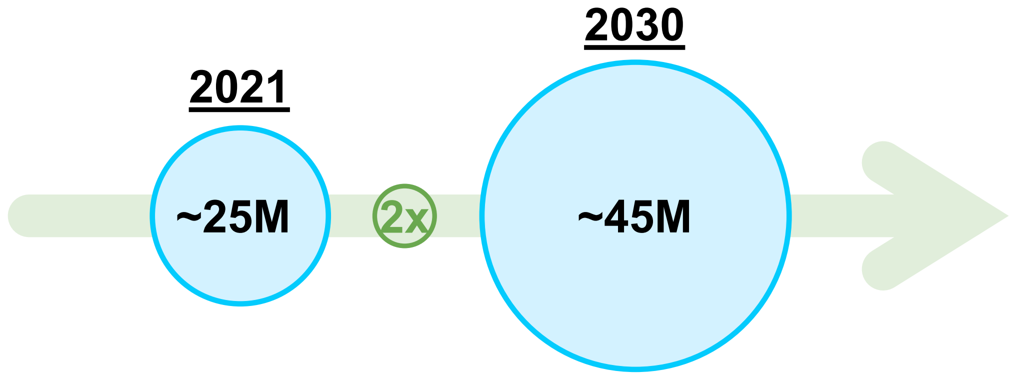
Battery

Themes of Interest

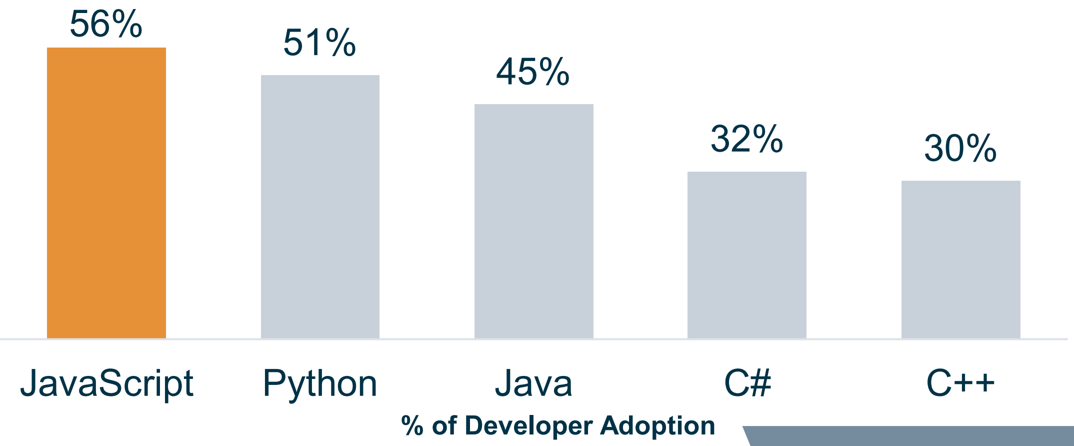
This presentation includes proprietary information of Battery Ventures

A modern web-development ecosystem is emerging to deliver a better developer and end-user experience, shifting the back end to the front end

Global Professional Developer Population



JavaScript is the Most Widely Adopted Language



Web-Development Ecosystem

Front End Framework	SVELTE, Vue.js, React, SOLIDJS, ANGULAR, PREACT
Static Site Generation	astro, SVELTEKIT, Gatsby, HEXO, HUGO, NuxtJS, NEXT.JS
Run-Time	node JS, Deno
Headless CMS	strapi, directus, SANITY, ghost, Payload, contentful
Managed Deployment	Vercel, fastly[1], Gatsby, netlify, Fly.io, CLOUDFLARE
Database Abstraction	convex, CHISELSTRIKE, supabase, HASURA, appwrite, fauna, Prisma, xata, APOLLO

Higher levels of abstraction are allowing wed developers to own more of the end-to-end workflow, enabling front end developers to own more of the development process.

Source: Developer Nation

Note: [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

This presentation includes proprietary information of Battery Ventures

Machine learning is going real time

Analytical → **Operational**

Static Analytics	Offline Machine Learning	Online Machine Learning	Real-Time Machine Learning
Looker, tableau	jupyter	Amazon SageMaker	tecton, Claypot, RASGO, chalk, Fennel AI, featureform

Data Source

snowflake, Azure, aws, Google Cloud Platform, databricks[1], StreamNative, tinybird, CONFLUENT[1]

Batch → **Real-Time**

As ML adoption continues to mature, more companies are deploying models to power mission-critical operational use cases, driving the need for real-time capabilities for greater accuracy / reliability and a shorter feedback loop.

This presentation includes proprietary information of Battery Ventures

Note: [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

ML and AI shifting from predictive to generative, disrupting existing application workflows

Infrastructure

Compute / Hardware

NVIDIA, amazon web services, GRAPHCORE, Google Cloud, Paperspace[1], Azure, SambaNova Systems

Data-Centric AI Tooling

Galileo[1], Heartex, LIGHTLY, Labelbox, scale, snorkel

Fundamental Model Layer

- OpenAI GPT-3
- BLOOM
- stability.ai Stable Diffusion
- OpenAI DALLE-2
- AI21 labs
- DeepMind

Use Cases / Select Companies

Use Cases	Select Companies
Marketing	copy.ai, Jasper, copysmith, WRITER
Sales	LAVENDER, Smartwriter.ai, regie.ai
Support	co:here, CRESTA, Typewise, Forethought
Code & Documentation	tabnine, GitHub Copilot, replit, Stenography, Mintlify
Image & Video	runway, Fliki, synthesia, TAVUS
Voice & Audio	boomy, descript, RESEMBLE.AI, coqui

Generative AI is at an inflection point, and advancements across core infrastructure / models have created an opportunity at the application layer to upend existing workflows.

This presentation includes proprietary information of Battery Ventures

Note: [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

The cloud is upending the security stack

Infrastructure

- Wiz
- Lacework
- Orca Security
- bridgecrew[1] / Prisma by Palo Alto Networks
- aqua
- SentinelOne
- sysdig
- CrowdStrike
- Datadog[1]
- panther

Identity & Network

- Auth0
- okta
- zscaler
- netskope
- ForgeRock
- axis security
- Stytch
- styra[1]
- Cato Networks
- transmit security

Applications

- snyk
- Contrast Security[1]
- Checkmarx
- cycode
- Veracode
- Chainguard
- Semgrep
- Bionic[1]
- noname
- Salt

Data

- Normalyze[1]
- Polar
- Laminar
- sentra
- eureka
- Dig
- proofpoint.
- Piiano
- Material Security
- Abnormal Security

Governance & Compliance

- Axonius
- resmo
- JupiterOne
- CloudQuery
- Drata
- Vanta
- secureframe
- AuditBoard[1]

The cloud is shifting security closer to core software development primitives - infrastructure, applications, people, and data.

This presentation includes proprietary information of Battery Ventures

Note: [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

The new wave of Web3 tooling is shifting from building the network and protocol infrastructure to reading and acting on it

Building networks / protocols → Understanding and acting on insights

Protocols
- ethereum
- polygon
- OPTIMISM
- Avalanche
- SOLANA
- APTOS

Node Providers
- alchemy
- BLOCKDAEMON
- Ankr
- QuickNode
- INFURA

Developer Toolkit
- Hardhat
- TRUFFLE
- REMIX
- TATUM
- moralis

Security & Identity
- Spruce
- Fireblocks
- Forta
- argent
- METAMASK
- Wallet Labs

Simulation & Testing
- zoltar
- Waffle
- KURTOSIS
- CHAOS LABS
- blocknative

Monitoring & Alerts
- tenderly
- METRIKA
- EPNS Subscribe. Notify. Earn.
- Blocktorch
- Dialect

Data & Analytics
- nansen
- TRM
- Chainalysis
- Dune Analytics
- merlin

Growing interest and adoption of Web3 has made it critical to continuously monitor and interpret what is happening on the blockchain and act on it in near real time.

This presentation includes proprietary information of Battery Ventures

Note: ¹ Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

Battery

Future of OpenCloud

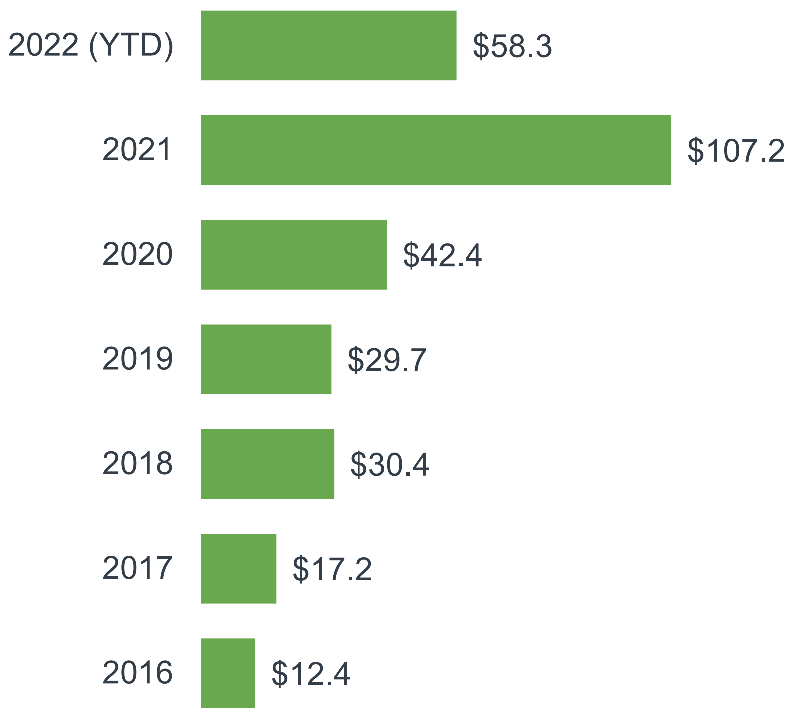
This presentation includes proprietary information of Battery Ventures

The emerging set of open-source and cloud-native companies are promising

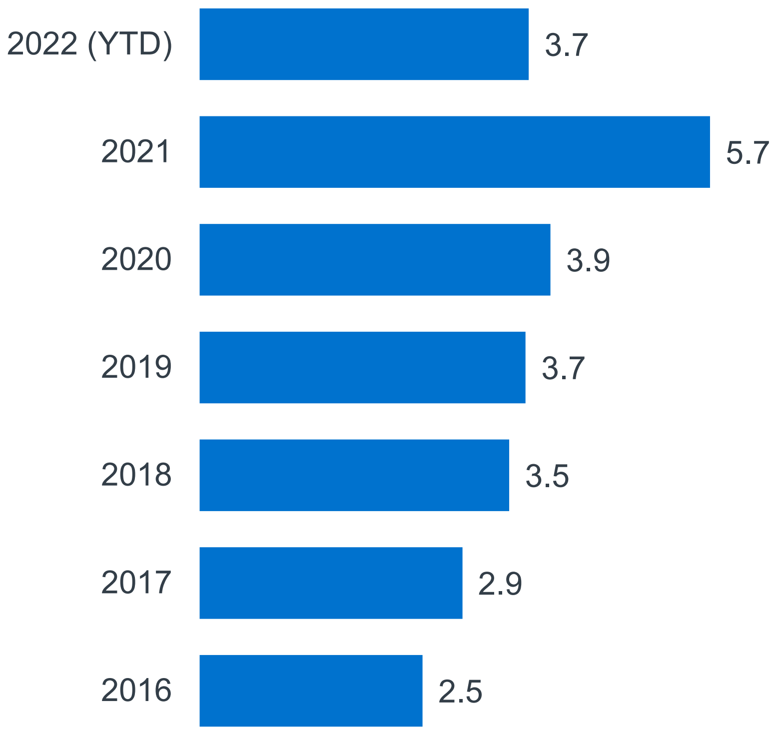
Select Private Unicorns
Last Disclosed Valuation

databricks[1]	$38.0
celonis	$13.0
TANIUM	$9.0
snyk	$8.6
Chainalysis	$8.6
LACEWORK	$8.3
Fireblocks	$8.0
netskope	$7.5
scale	$7.3
GONG[1]	$7.3
1Password	$6.8
WIZ	$6.0
Grafana	$6.0
workato[1]	$5.7
Fivetran	$5.6
POSTMAN[1]	$5.6
Collibra[1]	$5.3
dataiku[1]	$4.7

Financing Deal Value
$ in Billions



Financing Deal Volume
Volume in Thousands



Open-source and cloud financings have continued to accelerate, and there is a healthy backlog of private company unicorns gearing up for IPO.

Source: Pitchbook data as of 10/11/2022. Select Private Unicorns based on private companies that are enterprise infrastructure-focused with valuations of $4.0B or greater as of October 2022.

Note: [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

This presentation includes proprietary information of Battery Ventures

Open-source and cloud-native companies continue to grow at healthy rates

Aggregate Traction: IPO $3.0B → 6x → Current $16.5B → 2x → CY23E $25.2B

Date of IPO	Company	Run-Rate Revenue ($M) IPO	Current	CY23E	IPO to CY23E CAGR
2016	twilio	237	3,773	5,534	50%
2020	snowflake	533	1,989	3,548	74%
2019	CROWDSTRIKE	322	2,141	3,414	62%
2017	okta	195	1,807	2,506	45%
2019	DATADOG[1]	333	1,625	2,431	50%
2018	zscaler	180	1,272	1,878	49%

Date of IPO	Company	Run-Rate Revenue ($M) IPO	Current	CY23E	IPO to CY23E CAGR
2017	mongoDB	142	1,215	1,697	47%
2018	elastic	195	1,000	1,458	45%
2021	CONFLUENT[1]	308	558	863	45%
2021	SentinelOne	150	410	793	87%
2021	GitLab	233	404	664	54%
2020	JFrog[1]	146	271	397	33%

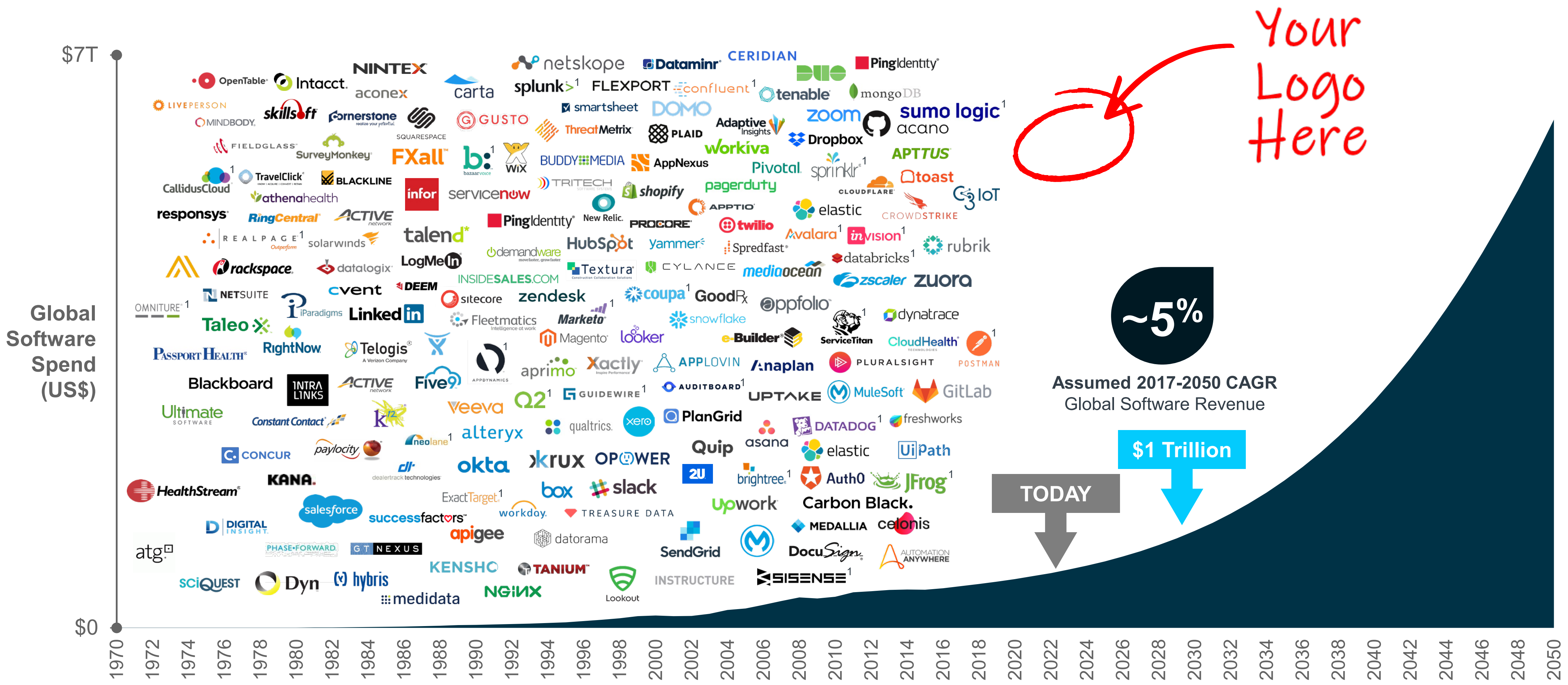
Date of IPO

The last few years have created multiple open-source and cloud-native companies that have grown rapidly since IPO and are expected to double Y/Y to $25B in cumulative revenue run rate by 2023.

Source: CapIQ, company filings.
Note: Representative companies include cloud infrastructure and software companies that have gone public since 2016. [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

This presentation includes proprietary information of Battery Ventures

We’re still in the early innings for OpenCloud



Source: Battery Ventures; Forrester; Gartner; the Yankee Group; BEA.gov; Input Research.
Note: [1] Denotes a past or current Battery company. For a full list of all Battery investments, please click here.

This presentation includes proprietary information of Battery Ventures

The Battery team

Dharmesh Thakker
dharmesh@battery.com

Danel Dayan
ddayan@battery.com

Jason Mendel
jmendel@battery.com

Patrick Hsu
phsu@battery.com

Download slides here: https://www.battery.com/blog-author/dharmesh-thakker/