



zuora

Investor Presentation
April 2018

DISCLAIMER

This presentation contains "forward-looking" statements that are based on Zuora's beliefs and assumptions and on information currently available to us. Forward-looking statements include all statements other than statements of historical fact contained in this presentation, including information or predictions concerning our future financial performance, business plans and objectives, potential growth opportunities, financing plans, competitive position, technological or market trends, industry environment, and potential market opportunities. Forward-looking statements are subject to known and unknown risks, uncertainties, assumptions, and other factors including, but not limited to, those related to our future financial performance, the growth of the market for subscription products and services and other markets, benefits of our products, our ability to attract new customers and expand sales to existing customers, our ability to develop and release product and service enhancements and new products and services, and our ability to compete effectively. Moreover, we operate in very competitive and rapidly changing environments, and new risks may emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Additional information regarding these and other risks and uncertainties that could cause actual results to differ materially from the company's expectations is included in our final prospectus related to our initial public offering filed with the Securities and Exchange Commission ("SEC") on April 12, 2018, as well as other documents that may be filed by us from time to time with the SEC. Zuora's filings with the SEC are available free of charge on Zuora's Investor Relations website at investor.zuora.com and on the SEC's website www.sec.gov.

The forward-looking statements included in this presentation represent our views as of April 2018. You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee that the future results, performance, or events and circumstances described in the forward-looking statements will be achieved or occur. Moreover, neither we nor any other person assume responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update any forward-looking statements for any reason after the date of this presentation to conform these statements to actual results or to changes in our expectations, except as required by law.

This presentation includes market data and certain other statistical information and estimates that are based on reports and other publications from industry analysts, market research firms, and other independent sources, as well as management's own good faith estimates and analyses. We believe these third-party reports to be reputable, but have not independently verified the underlying data sources, methodologies or assumptions. Information that is based on estimates, forecasts, projections, market research, or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information.

In addition to the U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. The non-GAAP measures have limitations as analytical tools and you should not consider them in isolation or as a substitute for the most directly comparable financial measures prepared in accordance with U.S. GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. First, among other non-GAAP financial measures, non-GAAP gross profit and non-GAAP operating loss are not substitutes for gross profit or operating loss, respectively. Second, other companies, including companies in our industry, may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. We urge you to review the reconciliation of our non-GAAP financial measures to the most directly comparable U.S. GAAP financial measures set forth in the Appendix at the end of this presentation, and not to rely on any single financial measure to evaluate our business.

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ZUORA AT A GLANCE



2007

Started Operations



900+

Employees Worldwide



950+

Customers

**FORTUNE
100**

**15 of
Fortune 100**
Powered by Zuora



\$168M

FY2018 Revenue
(Year End 1/31/18)



~\$7B

Quarterly Invoice
Transaction Volume



Accelerating

Subscription Growth

*All numbers except for "Started Operations" are as of or for the year ended January 31, 2018.

ZUORA SUBSCRIPTION HUB



WE POWER THE SUBSCRIPTION ECONOMY

TECHNOLOGY



MEDIA & TELECOM



IoT: CONSUMER & COMMERCIAL



SERVICES: CONSUMER & BUSINESS



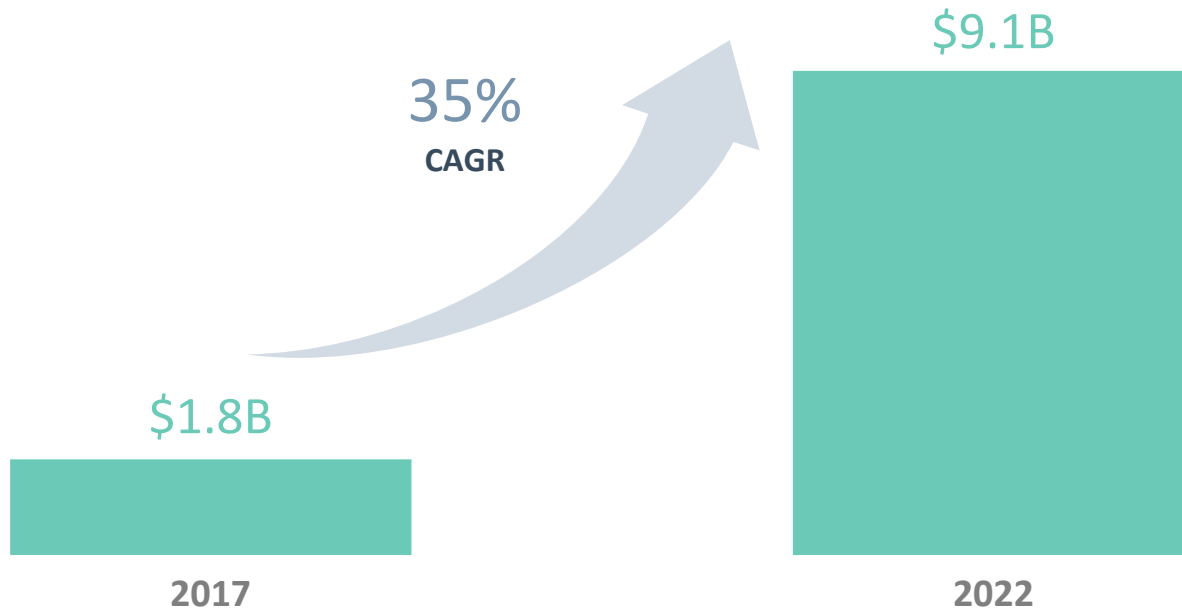
TRANSPORTATION



Note: Logos represent current customers as of January 31, 2018.

ONCE-IN-A-CENTURY SHIFT CREATES SIGNIFICANT OPPORTUNITY

Bottom Up Analysis of Billing and Revenue Recognition Products¹



¹ MGI Research - Agile Monetization Platform (AMP) – Total Addressable Market (TAM) Forecast 2018-2022.

TODAY'S AGENDA



The Opportunity



Zuora Platform

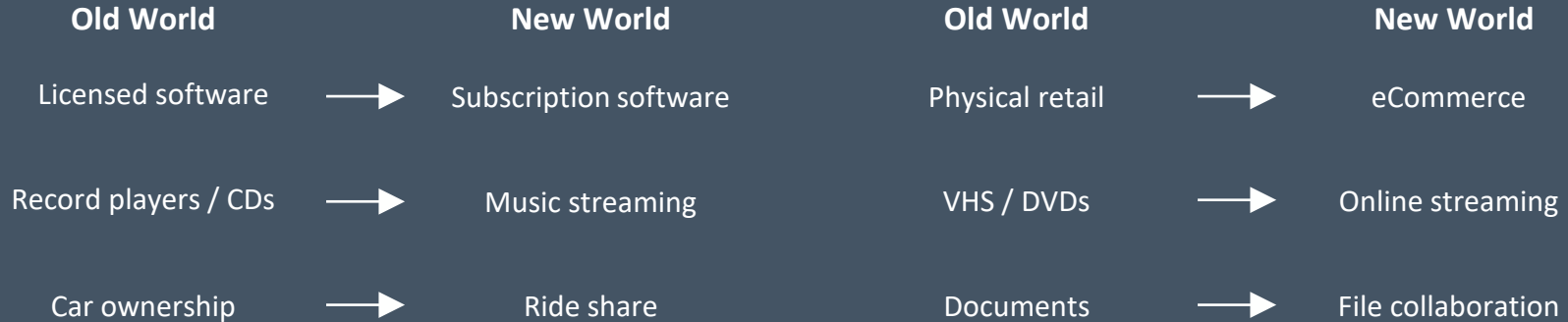
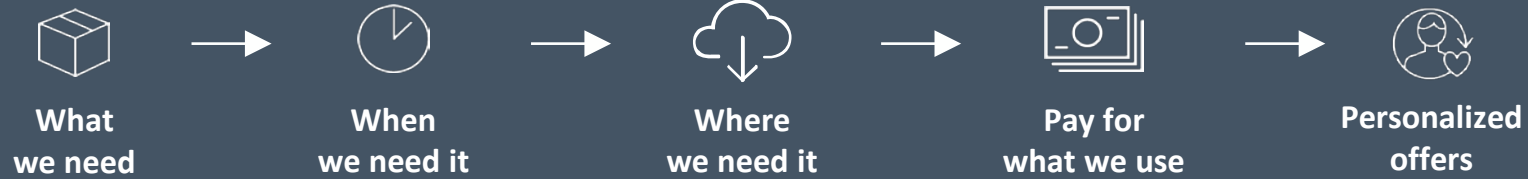


Business Model

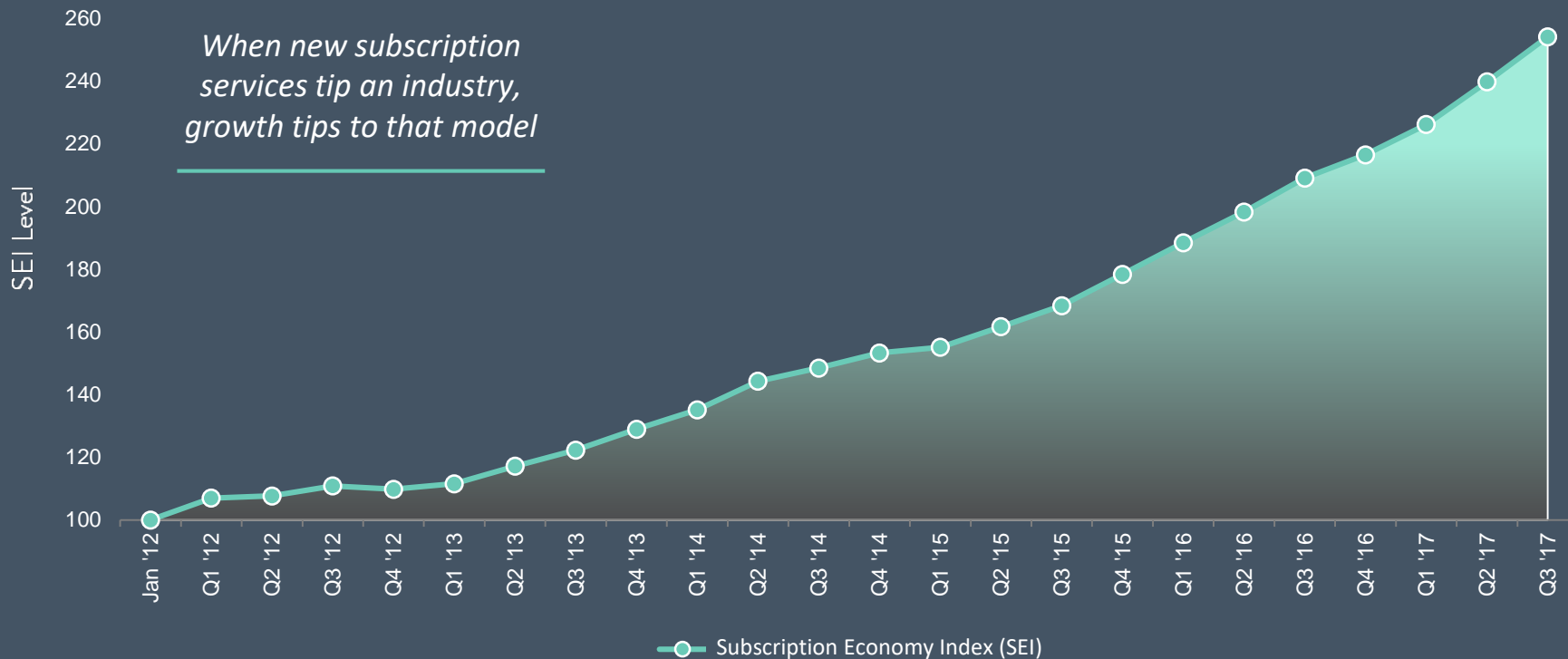


Financial Results

SUBSCRIPTIONS DOMINATE OUR LIVES



SUBSCRIPTIONS DRIVE GROWTH

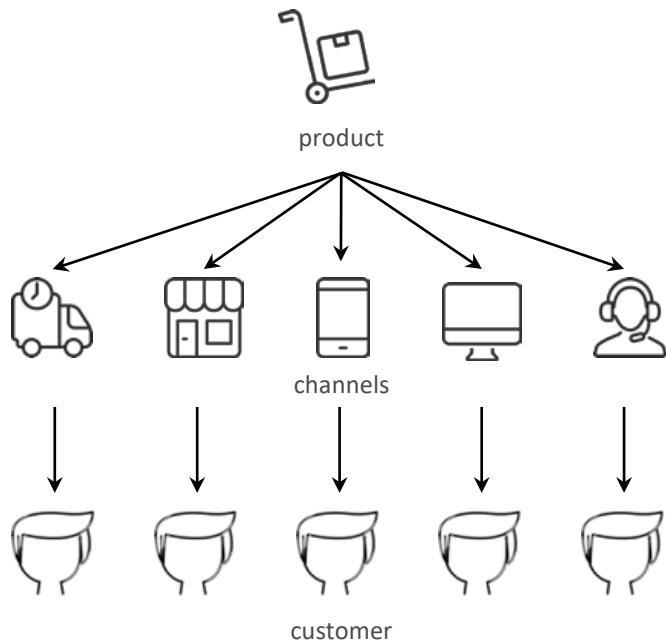


Note: See slide 37, SEI Index Additional Information, for a methodology of the Subscription Economy Index.

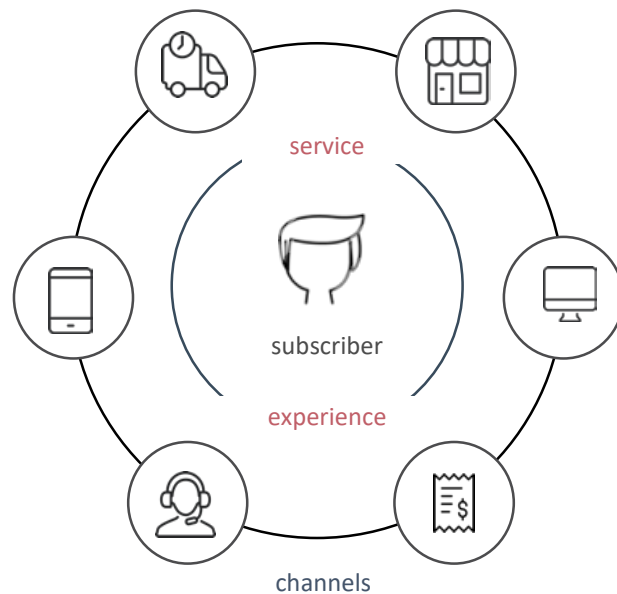
Zuora Proprietary Information. © 2018 Zuora, Inc. Zuora is the registered trademark of Zuora, Inc. All Rights Reserved.

A COMPLETELY DIFFERENT BUSINESS MODEL

STATIC Product-Centric Business Model

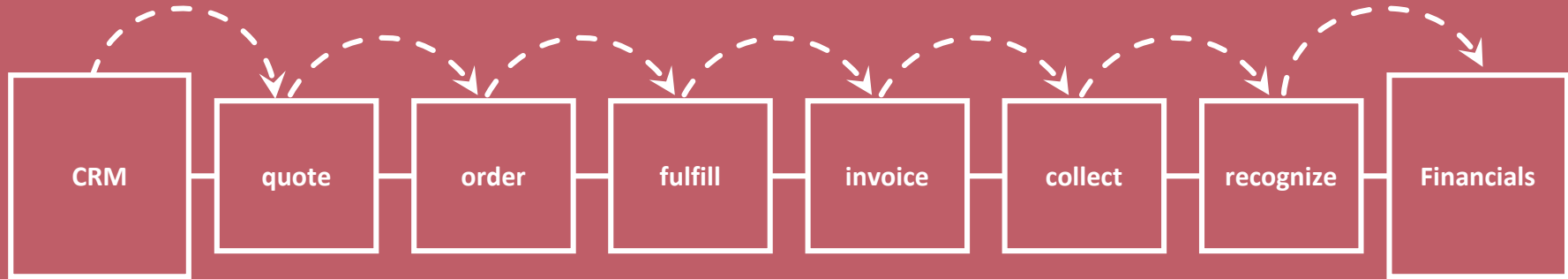


DYNAMIC Subscription Business Model



LEGACY ERP INADEQUATE

Linear, daisy chain model built for one-time sales, not recurring relationships



**No system of record for pricing and packaging,
subscriptions or subscriber lifecycle**

COMPLEXITY WORSENS AS BUSINESSES GROW

| | | | | | | | | | | | | |
|------------|---|--------------|---------|-------|--------------|---------|--------------|-------|--------------|--|--------------------|--|
| Product #1 | CRM Direct Contact CQ360 CSIP ISL | ERP EBS 11.5 | | | ERP EBS 11.5 | | ERP EBS 11.5 | | ERP EBS 11.5 | | ERP R12 | |
| Product #2 | | BASIC | WFM | BASIC | RPM | CORE | WFM | BASIC | BASIC | | | |
| | | BASIC | GRP | BASIC | | | GCP | BASIC | | | | |
| | | BASIC | GRP | BASIC | | | GRP | BASIC | | | | |
| Product #3 | | BASIC | CMS | BASIC | IQ | VARIOUS | CMS | BASIC | BASIC | | | |
| | | BASIC | CRM #2 | BASIC | VARIOUS | | CRM #2 | BASIC | | | | |
| | | BASIC | | BASIC | VARIOUS | | | BASIC | | | | |
| | | BASIC | CSIP | BASIC | CSIP | | CSIP | BASIC | | | | |
| Product #4 | | SOFTTRAX | | | SOFTTRAX | | SOFTTRAX | | SOFTTRAX | | | |
| Product #5 | | BASIC | ISL | BASIC | | | ISL | BASIC | BASIC | | | |
| | | BASIC | ISL | BASIC | DJ | VARIOUS | ISL | BASIC | | | | |
| | | BASIC | VARIOUS | BASIC | VARIOUS | | VARIOUS | BASIC | | | | |

CHALLENGE #1: PRICING AND PACKAGING

Before

In order to compete with disruptive mobility services such as ride-sharing and membership-based airlines, SNCF decided to launch TGVMax package, a subscription service for unlimited travel aimed at 16-27 year olds.

SNCF wanted to offer personalized subscriptions to acquire and retain commuters and needed help with the launch of the service.



After

Zuora helped SNCF launch the TGVMax subscription package successfully. SNCF was able to go-to-market in **just 4 months**. SNCF hit their first month's revenue target in just one day and won 90,000 subscribers in nine months. What started out as a pilot subscription quickly became a flagship service.

SNCF uses Zuora to test and offer multiple products and more than 15 different pricing strategies to its customers. It uses Zuora to experiment with promotions while maintaining a simple product catalogue. For example, the initial launch was 1€ the first month, and 79€ the following months. Using Zuora, SNCF has been able to easily manage over 100,000 subscriptions and process over a million payments and invoices.

“The mobility market is seeing a lot of disruption and changing the way people travel, especially among the youth. We knew we had to change. Zuora helped us understand the emergence and benefits of the Subscription Economy and realize it was the answer we were looking for.”

– Pierre Matuchet, CMO & CIO, SNCF

CHALLENGE #2: CUSTOMER EXPERIENCE

Before

Symantec wanted to transform into a security-as-a-service provider, but it did not have the required infrastructure in place. It was struggling with multiple instances of legacy ERP systems and quote-to-cash systems that didn't easily accommodate subscriptions and multiple ways to license its products. Several years ago, much of Symantec's subscription order-to-cash processing was manual and it often **took days to provision a new customer** on a single product.

After

Symantec consolidated its subscription order-to-cash process on to Zuora and was able to reduce manual processes, speed up innovation, and offer cloud products as a subscription.

Since it started using Zuora, Symantec has been able to offer five new products, offer and test trial to buy conversions, and easily manage subscription amendments. Zuora also helps Symantec easily manage complex subscription amendments (edit and cancel) and reduce the burden on its back-office. 98% of total orders are all provisioned end-to-end **within five minutes**.

“Choosing Zuora has helped us eliminate SKUs, simplify our pricing, and allow our customers and partners to consume our products and services the way that makes the most sense for them. I call Zuora the heart of the platform because it holds all the intelligence around the billing and the subscriptions — it’s the heart that ties it all together.”

— Sheila Jordan, CIO, Symantec



CHALLENGE #3: SUBSCRIPTION METRICS

Before

As a result of several acquisitions over the years, the former Software business unit of Hewlett Packard Enterprise (now part of Micro Focus) had disparate ERP and CRM systems and as a result, data siloes. It used more than 600 IT applications to run the business which made it difficult to have single source of truth for data. Specifically, for billing there were 10 different systems, which made it difficult to have a single view of billing and invoicing for the customers.



After

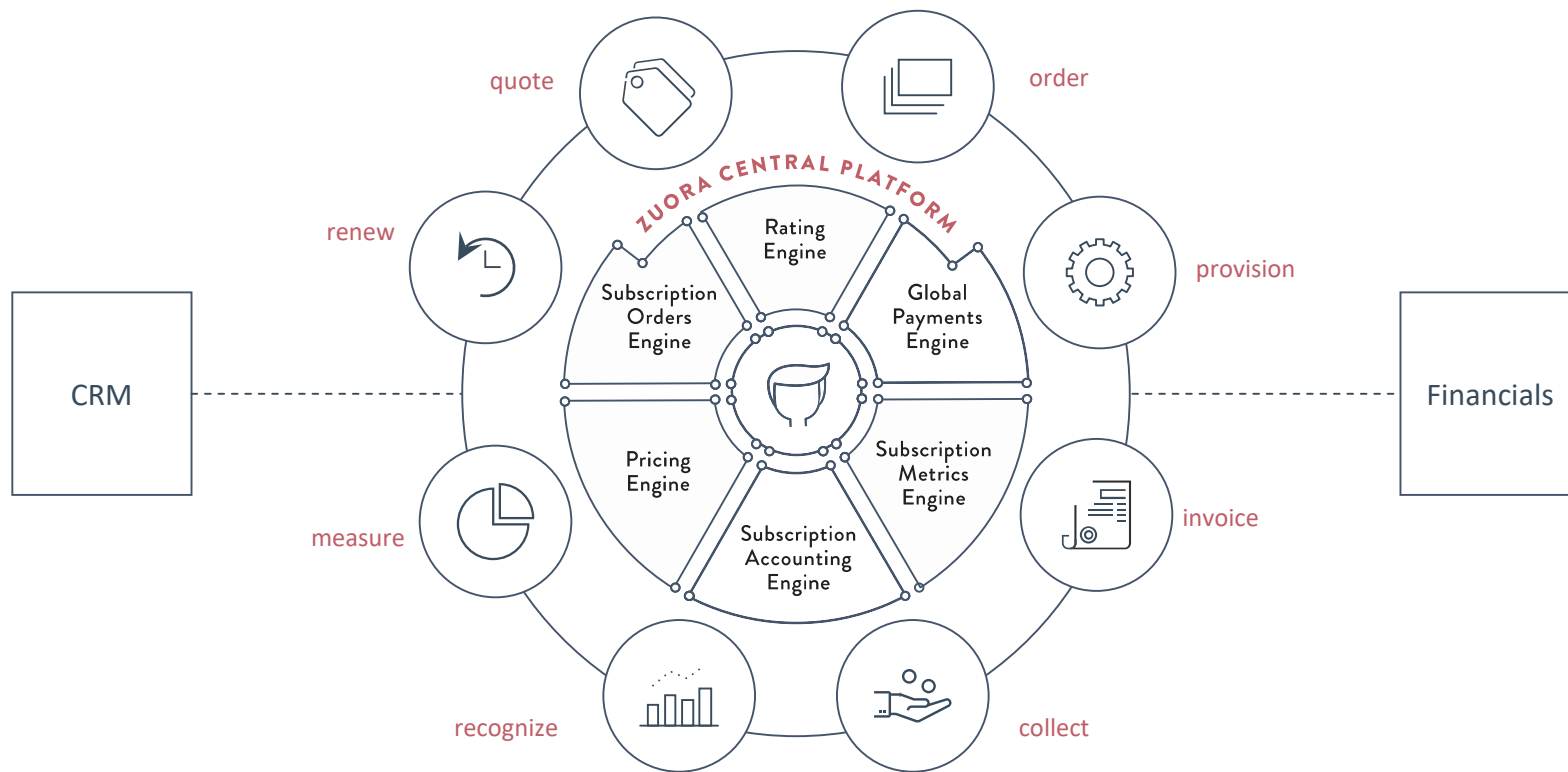
Micro Focus now runs its business (for the former Software business unit of Hewlett Packard Enterprise) on a consolidated Hybrid IT and SaaS-based architecture with ~110 applications, including Zuora.

As part of this digital transformation, Micro Focus consolidated 10 billing systems to a single Zuora Central instance. It helped Micro Focus create subscription billing, manage amendments, and generate pro-forma invoices for global operations. Over time, Zuora is expected to help reduce manual processes and processing times, as well as streamline subscription accounting processes.

“We chose Zuora because we wanted to go with nothing but the best in subscription and invoicing applications. For subscription management, we wanted something that was cloud-based, flexible, and scalable. Zuora was a perfect fit with our architecture. “

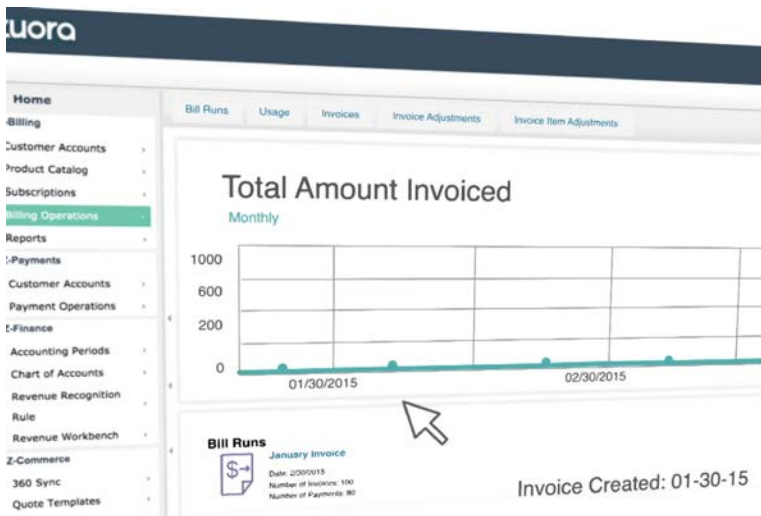
– Lalit Singh, Vice President FAST Program, Micro Focus

ZUORA DELIVERS A DYNAMIC HUB FOR SUBSCRIPTIONS

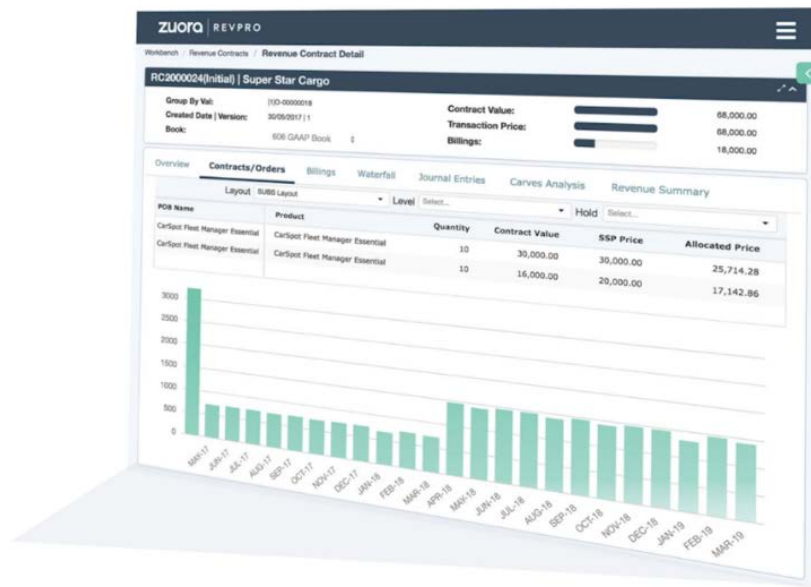


TWO FLAGSHIP PRODUCTS

Zuora Billing

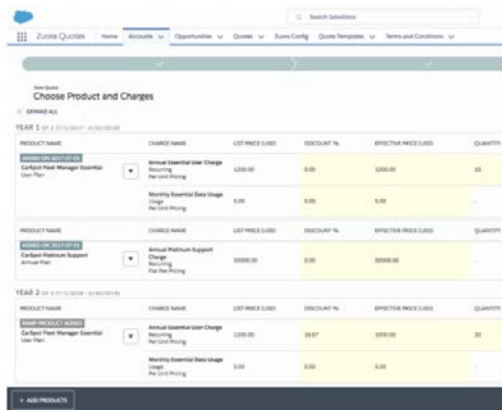


Zuora RevPro

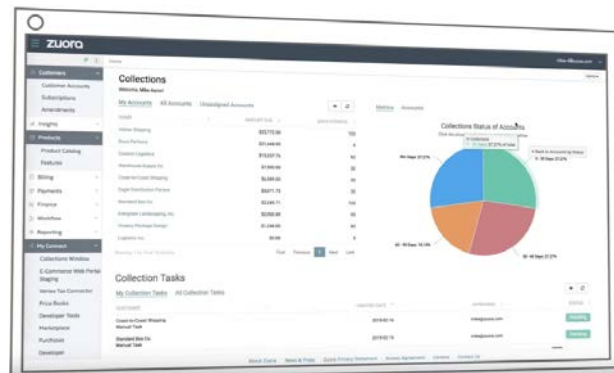


ADD-ON PRODUCTS

Zuora CPQ



Zuora Collect



Zuora Insights



Zuora Connect Marketplace

RECOGNIZED AS A LEADER

2017 Forrester Wave:

A Leader in The Forrester Wave™: Recurring Customer And Billing Management, Q3 2017



“Zuora is targeting incumbent enterprise software companies such as Oracle and SAP” – *The Wall Street Journal*

“Zuora: Powering Netflix-Style Innovation to Conquer Huge Markets” – *Forbes*

“The Spread of Unlimited Use Subscription Services” – *Nikkei*

“As the world goes subscription, Zuora celebrates” – *CNBC*

“Subscription, a Revolution in Services for Industrial Companies” – *Le Figaro*

SEASONED MANAGEMENT TEAM AND BOARD

Management Team



Tien Tzuo

Founder, CEO, & Chairman



Marc Diouane

President



Tyler Sloat

CFO



Tom Krackeler

SVP, Products



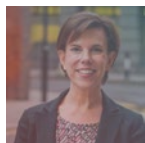
Jagan Reddy

SVP, RevPro



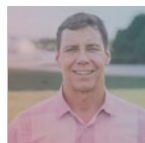
Todd Pearson

SVP, Customer Success



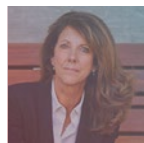
Jennifer Pileggi

SVP, General Counsel



Brent Cromley

SVP, Technology



Karen Gaydon

SVP, ZEO Success

Board of Directors



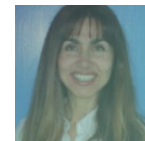
Mike Volpi



Peter Fenton



Tim Haley



Magdalena Yesil



Jason Pressman



Ken Goldman

WE RUN A SUBSCRIPTION BUSINESS MODEL



Recurring Revenue
Streams



Land & Expand Model



Focus on
Customer
Relationships

MISSION CRITICAL DEPLOYMENT

MISSION CRITICAL
SOLUTION



TRUE ENTERPRISE SALE AND
DEPLOYMENT



DEEP INTEGRATION INTO CORE
INFRASTRUCTURE



STICKY PRODUCT

For Deals Closed in the Past **Three** Years, Zuora Has Only Lost **One** Deployed Customer with ACV Greater Than or Equal to \$100K¹

¹ Represents customers who initially contracted with us in FY2016, FY2017 and FY2018 with greater than or equal to \$100,000 annual contract value ("ACV"), that deployed our solution on or before January 31, 2018 and have had contracts up for renewal. This does not include customers acquired through acquisitions of Leeyo Software or Frontleaf.

PRICING MODEL ALLOWS US TO GROW WITH OUR CLIENTS

Pricing Model

1

ZUORA BILLING

Base Platform Fee

Annual fee \$25K - \$500K+

Committed Volume Fees

Based on posted invoice volumes

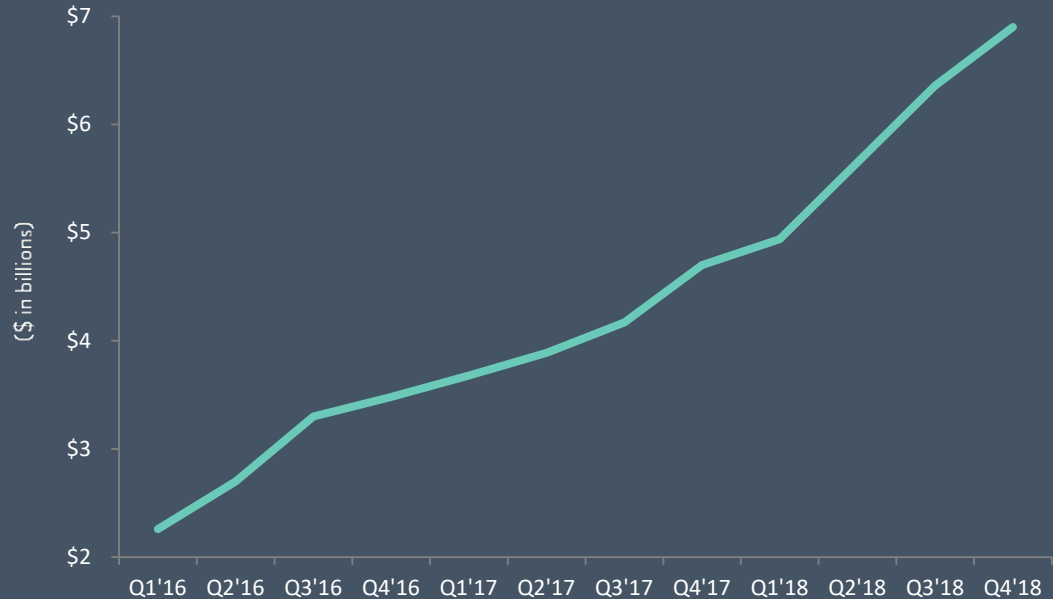
2

ZUORA REVPRO

Committed Volume Fees

Based on revenue volume

Processed Billing Transaction Volume FY 2016-2018¹



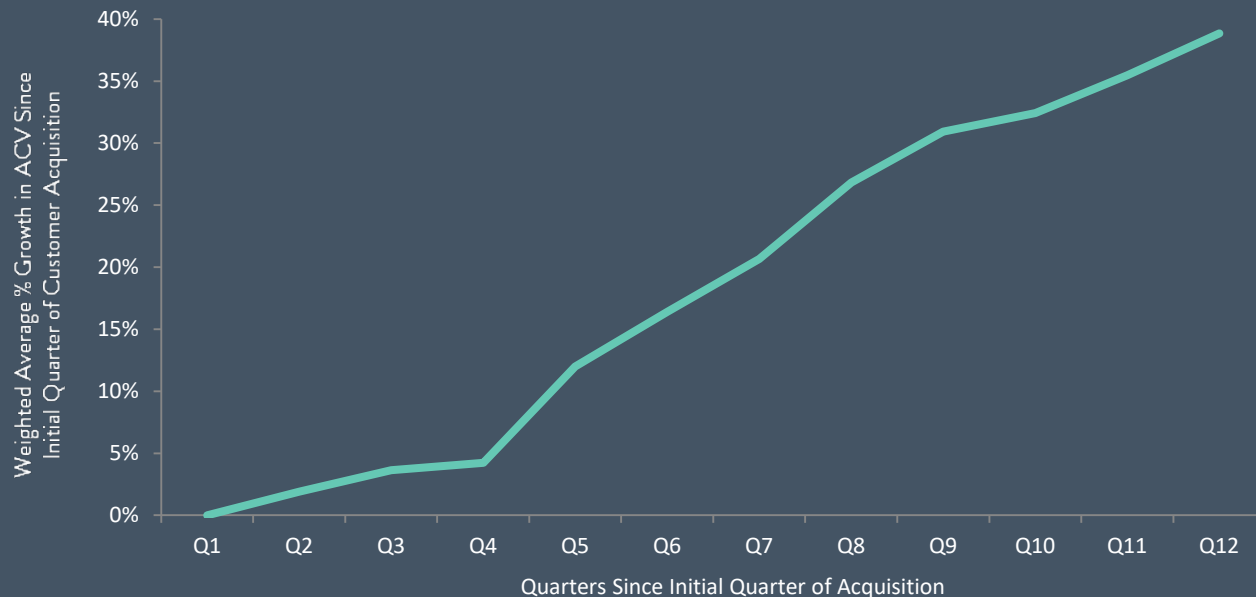
¹ Represents the quarterly posted invoice volume processed by our customers through *Zuora Billing*. Does not include revenue processed by our customers through *Zuora RevPro*.

CUSTOMERS GROW WITH US OVER TIME

Multiple Paths to Expand



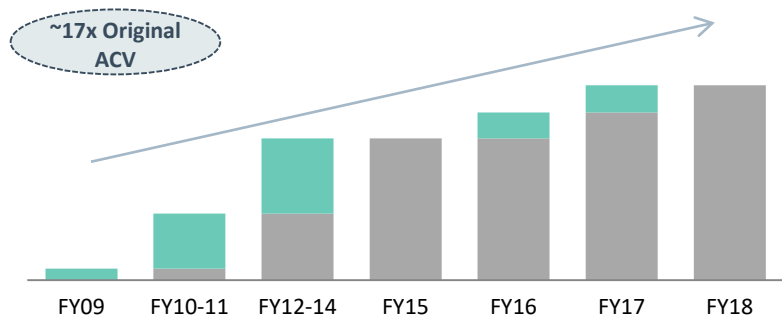
ACV Growth in Cohorts FY 2016-2018¹



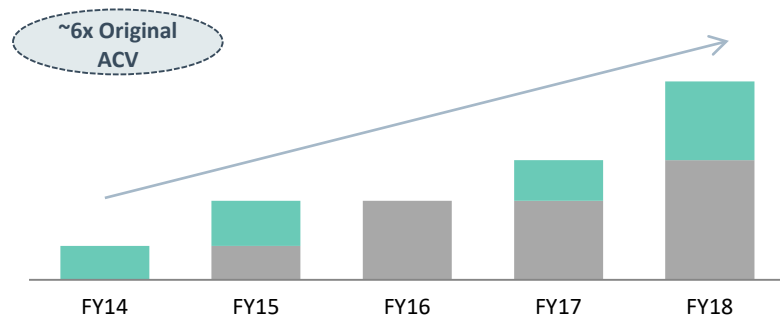
¹ Represents on a dollar weighted-average basis, ACV growth for our customers who initially contracted with us with greater than or equal to \$100,000 in ACV during each of the quarters in FY 2016, FY2017, and FY2018 combined together, and that had deployed our solution as of January 31, 2018. Quarters 1 through 12 in the chart represent the number of quarters since the initial quarter in which the customer entered into a contract with us. This does not include customers acquired through our acquisition of Leeyo Software or Frontleaf. Our cohort of customers from FY2016, FY2017, and FY2018, that had greater than or equal to \$100,000 in ACV combined, grown their ACV, in the aggregate and on a weighted average basis, by 4% by the end of the fiscal year, 27% by the end of the second year, and 39% by the end of the third year.

LAND AND EXPAND EXAMPLES

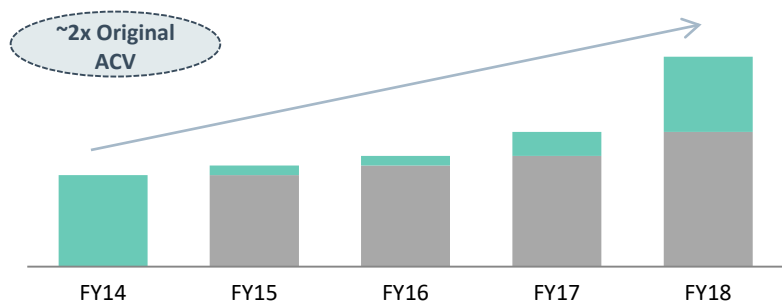
SaaS Company



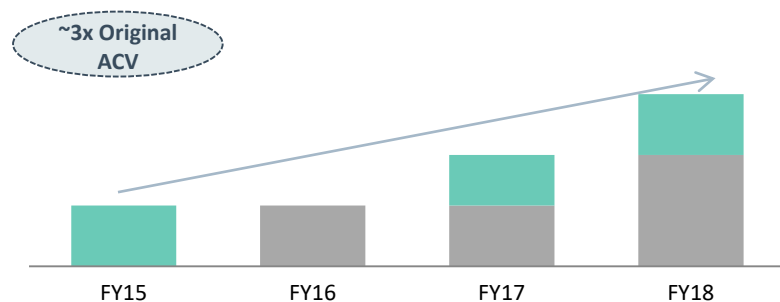
Enterprise Software Company



Media Company



Auto Manufacturer

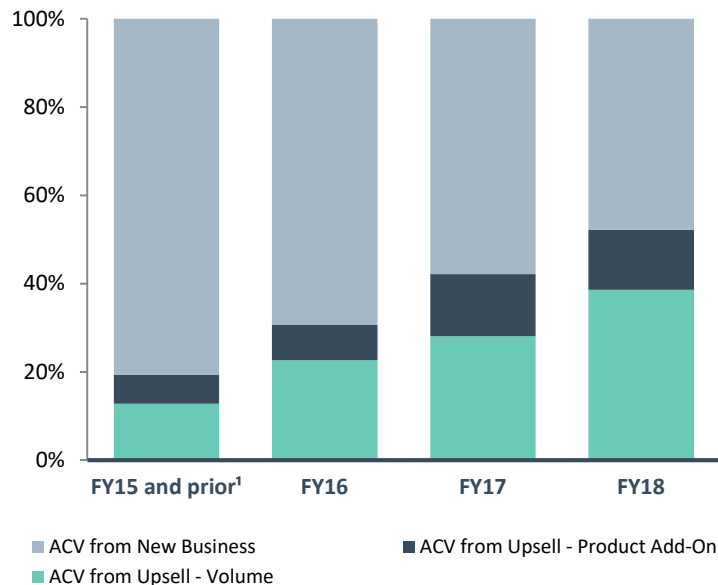


New Bookings

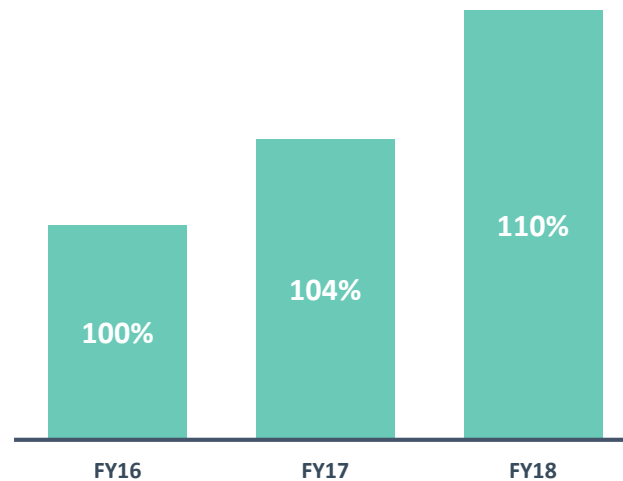
Beginning of Period ACV

EXPANDING REVENUE FROM EXISTING CUSTOMER BASE

Increasing Percentage of ACV from Upsell



Growing Dollar-Based Retention Rate²

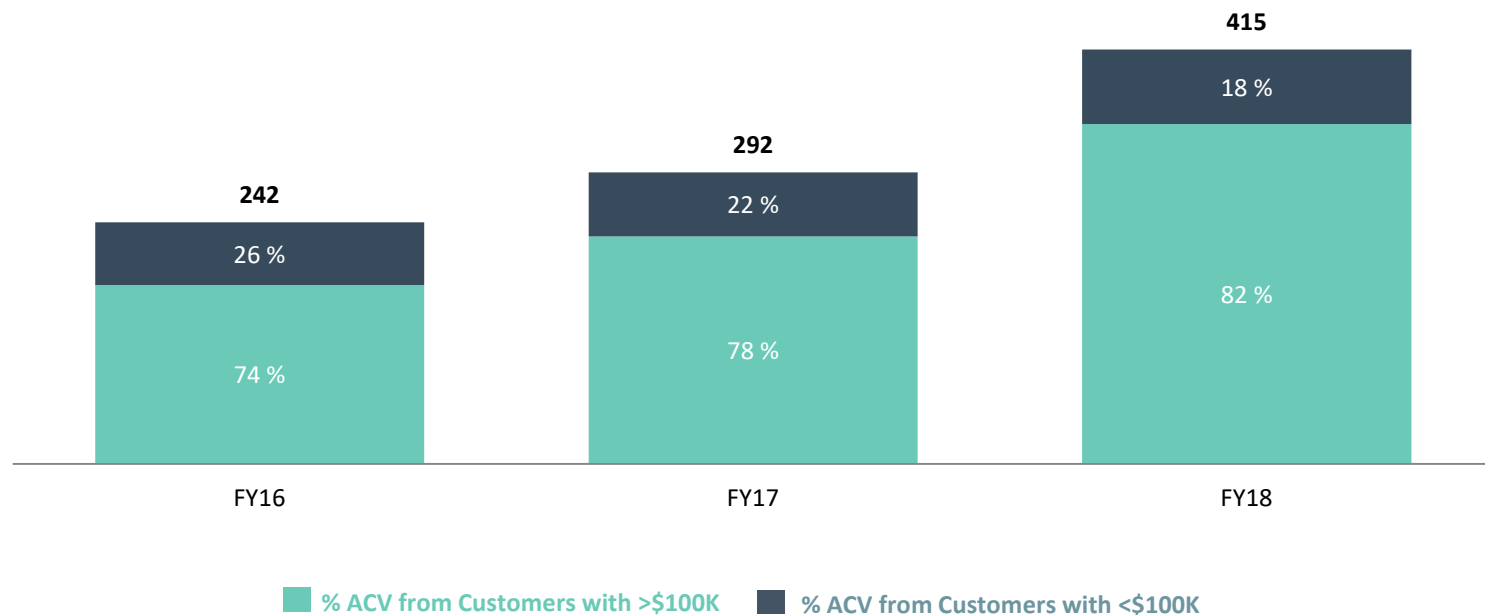


¹ Includes FY2008 through FY2015.

² Dollar-based retention as of period end is calculated as current period ACV divided by prior period ACV. Prior period ACV is defined as the sum of ACV from all customers as of twelve months prior to such period end. Current period ACV calculated as the sum of the ACV from the same customers as of current period (including upsells, contraction, and attrition).

INCREASING ACV FROM LARGER CUSTOMERS

Customers with ACV > \$100K

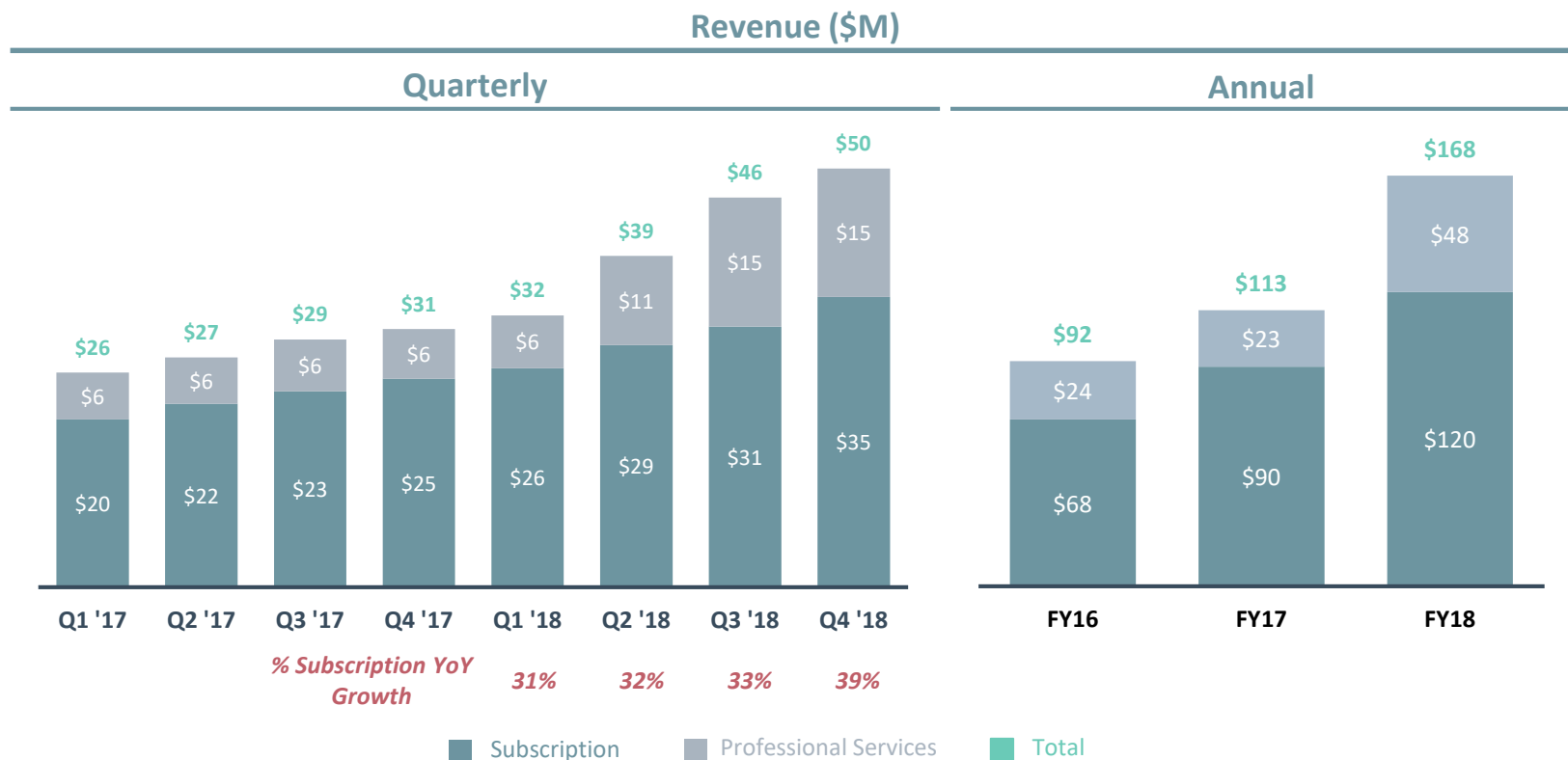


Note: 242, 292, and 415 represent customers with annual contract value ("ACV") equal to or greater than \$100,000, as of January 31, 2016, January 31, 2017, and January 31, 2018, respectively.

GROWTH EFFICIENCY INCREASES OVER TIME

| Revenue Driver | Cost of Sale | Opportunity |
|-----------------|--------------|---|
| Volume | Low | We grow as our customers' usage and subscription businesses grow |
| Add-On Products | Medium | Expand customer footprint through add-on products, cross-sell, or platform upgrades |
| New Business | High | Land new logos and sign new business units |

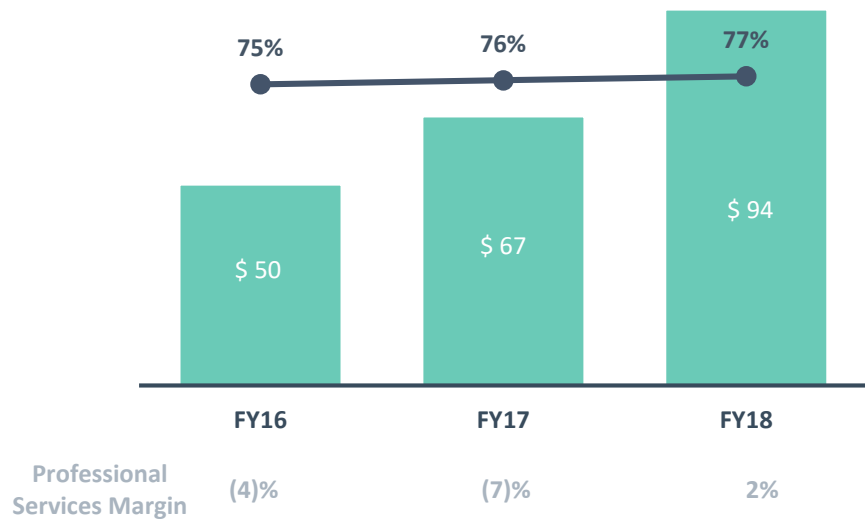
STRONG TRACK RECORD OF GROWTH...



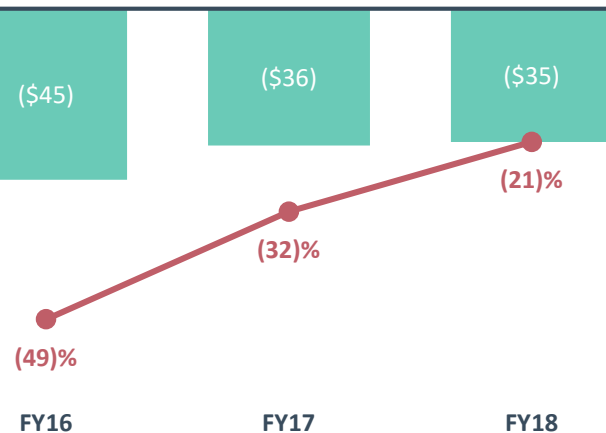
Note: Fiscal year ended January 31. Amounts may not sum due to rounding.

...WITH MARGIN EXPANSION

Non-GAAP Gross Profit (\$M)



Non-GAAP Operating Loss (\$M)



— Subscription Margin — Total Margin

Note: See reconciliation in appendix for non-GAAP measures. Fiscal year ended January 31.

KEY TAKEAWAYS

- Opportunity to capitalize on a once-in-a-century shift to the Subscription Economy
- Zuora is positioned to handle the needs of subscription businesses
- Strong financial discipline with clear path to profitability while delivering sustainable long-term growth

An aerial photograph of the San Francisco skyline, featuring the Transamerica Pyramid prominently in the center. The image is overlaid with a semi-transparent reddish-brown filter. The text "THANK YOU" is displayed in white, sans-serif capital letters on the left side of the image.

THANK YOU

FY16 GAAP TO NON-GAAP RECONCILIATION

| | FY16 | | | | | | |
|--|-----------------|--------------------------|---|---------------------------------------|--------------------------------------|----------------|-----------------|
| (\$ in millions) | GAAP | Stock-based Compensation | Capitalization of Internal-use Software | Amortization of Internal-use Software | Amortization of Purchased Technology | Total | Non-GAAP |
| Cost of Goods Sold | | | | | | | |
| Subscription | \$ 17.8 | \$ 0.2 | \$(0.0) | \$ 0.3 | \$ 0.5 | \$ 1.0 | \$ 16.8 |
| Professional Services | 25.5 | 0.6 | - | - | - | 0.6 | 25.0 |
| Total Cost of Goods Sold | \$ 43.4 | \$ 0.8 | \$(0.0) | \$ 0.3 | \$ 0.5 | \$ 1.6 | \$ 41.8 |
| Gross Profit | | | | | | | |
| Subscription | \$ 50.4 | \$(0.2) | \$ 0.0 | \$(0.3) | \$(0.5) | \$(1.0) | \$ 51.4 |
| Professional Services | (1.6) | (0.6) | - | - | - | (0.6) | (1.0) |
| Total Gross Profit | \$ 48.8 | \$(0.8) | \$ 0.0 | \$(0.3) | \$(0.5) | \$(1.6) | \$ 50.4 |
| <i>Subscription Gross Margin</i> | 74 % | | | | | | 75 % |
| <i>Professional Services Gross Margin</i> | (7)% | | | | | | (4)% |
| <i>Gross Margin</i> | 53 % | | | | | | 55 % |
| Operating Expense | | | | | | | |
| Sales and Marketing | \$ 64.5 | \$ 1.5 | - | - | - | \$ 1.5 | \$ 63.0 |
| Research and Development | 20.5 | 0.8 | (1.1) | - | - | (0.3) | 20.8 |
| General and Administrative | 12.0 | 0.5 | - | - | - | 0.5 | 11.5 |
| Total Operating Expense | \$ 97.0 | \$ 2.9 | \$(1.1) | \$ 0.0 | \$ 0.0 | \$ 1.7 | \$ 95.2 |
| <i>Sales and Marketing as % of Revenues</i> | 70 % | | | | | | 68 % |
| <i>Research and Development as % of Revenues</i> | 22 % | | | | | | 23 % |
| <i>General and Administrative as % of Revenues</i> | 13 % | | | | | | 12 % |
| Operating Loss | | | | | | | |
| Subscription | \$(46.6) | \$(3.1) | \$ 1.1 | \$(0.3) | \$(0.5) | \$(2.7) | \$(43.8) |
| Professional Services | (1.6) | (0.6) | - | - | - | (0.6) | (1.0) |
| Total Operating Loss | \$(48.1) | \$(3.7) | \$ 1.1 | \$(0.3) | \$(0.5) | \$(3.3) | \$(44.9) |
| <i>Operating Margin</i> | (52)% | | | | | | (49)% |

FY17 GAAP TO NON-GAAP RECONCILIATION

| | FY17 | | | | | | |
|---|-----------------|--------------------------|---|---------------------------------------|--------------------------------------|----------------|-----------------|
| (\$ in millions) | GAAP | Stock-based Compensation | Capitalization of Internal-use Software | Amortization of Internal-use Software | Amortization of Purchased Technology | Total | Non-GAAP |
| Cost of Goods Sold | | | | | | | |
| Subscription | \$ 22.8 | \$ 0.3 | \$(0.0) | \$ 0.5 | \$ 0.7 | \$ 1.6 | \$ 21.3 |
| Professional Services | 25.3 | 0.6 | - | - | - | 0.6 | 24.7 |
| Total Cost of Goods Sold | \$ 48.2 | \$ 0.9 | \$(0.0) | \$ 0.5 | \$ 0.7 | \$ 2.1 | \$ 46.0 |
| Gross Profit | | | | | | | |
| Subscription | \$ 67.0 | \$(0.3) | \$ 0.0 | \$(0.5) | \$(0.7) | \$(1.6) | \$ 68.6 |
| Professional Services | (2.2) | (0.6) | - | - | - | (0.6) | (1.6) |
| Total Gross Profit | \$ 64.8 | \$(0.9) | \$ 0.0 | \$(0.5) | \$(0.7) | \$(2.1) | \$ 67.0 |
| Subscription Gross Margin | 75 % | | | | | | 76 % |
| Professional Services Gross Margin | (9)% | | | | | | (7)% |
| Gross Margin | 57 % | | | | | | 59 % |
| Operating Expense | | | | | | | |
| Sales and Marketing | \$ 62.4 | \$ 1.6 | - | - | - | \$ 1.6 | \$ 60.8 |
| Research and Development | 26.4 | 1.1 | (2.3) | - | - | (1.1) | 27.5 |
| General and Administrative | 15.1 | 0.8 | - | - | - | 0.8 | 14.4 |
| Total Operating Expense | \$ 103.9 | \$ 3.5 | \$(2.3) | \$ 0.0 | \$ 0.0 | \$ 1.2 | \$ 102.7 |
| Sales and Marketing as % of Revenues | 55 % | | | | | | 54 % |
| Research and Development as % of Revenues | 23 % | | | | | | 24 % |
| General and Administrative as % of Revenues | 13 % | | | | | | 13 % |
| Operating Loss | | | | | | | |
| Subscription | \$(36.9) | \$(3.8) | \$ 2.3 | \$(0.5) | \$(0.7) | \$(2.8) | \$(34.1) |
| Professional Services | (2.2) | (0.6) | - | - | - | (0.6) | (1.6) |
| Total Operating Loss | \$(39.0) | \$(4.4) | \$ 2.3 | \$(0.5) | \$(0.7) | \$(3.4) | \$(35.7) |
| Operating Margin | (35)% | | | | | | (32)% |

FY18 GAAP TO NON-GAAP RECONCILIATION

| | FY18 | | | | | | |
|--|-----------------|--------------------------|---|---------------------------------------|--------------------------------------|-----------------|-----------------|
| (\$ in millions) | GAAP | Stock-based Compensation | Capitalization of Internal-use Software | Amortization of Internal-use Software | Amortization of Purchased Technology | Total | Non-GAAP |
| Cost of Goods Sold | | | | | | | |
| Subscription | \$ 31.1 | \$ 0.7 | \$(0.0) | \$ 1.1 | \$ 2.1 | \$ 3.9 | \$ 27.1 |
| Professional Services | 48.8 | 2.1 | - | - | - | 2.1 | 46.7 |
| Total Cost of Goods Sold | \$ 79.9 | \$ 2.9 | \$(0.0) | \$ 1.1 | \$ 2.1 | \$ 6.1 | \$ 73.8 |
| Gross Profit | | | | | | | |
| Subscription | \$ 89.3 | \$(0.7) | \$ 0.0 | \$(1.1) | \$(2.1) | \$(3.9) | \$ 93.2 |
| Professional Services | (1.3) | (2.1) | - | - | - | (2.1) | 0.8 |
| Total Gross Profit | \$ 88.0 | \$(2.9) | \$ 0.0 | \$(1.1) | \$(2.1) | \$(6.1) | \$ 94.1 |
| <i>Subscription Gross Margin</i> | 74 % | | | | | | 77 % |
| <i>Professional Services Gross Margin</i> | (3)% | | | | | | 2 % |
| <i>Gross Margin</i> | 52 % | | | | | | 56 % |
| Operating Expense | | | | | | | |
| Sales and Marketing | \$ 73.1 | \$ 2.7 | - | - | - | \$ 2.7 | \$ 70.4 |
| Research and Development | 38.6 | 2.3 | (1.1) | - | - | 1.2 | 37.5 |
| General and Administrative | 22.6 | 1.1 | - | 0 | - | 1.1 | 21.4 |
| Total Operating Expense | \$ 134.3 | \$ 6.1 | \$(1.1) | \$ 0.0 | \$ 0.0 | \$ 5.0 | \$ 129.3 |
| <i>Sales and Marketing as % of Revenues</i> | 44 % | | | | | | 42 % |
| <i>Research and Development as % of Revenues</i> | 23 % | | | | | | 22 % |
| <i>General and Administrative as % of Revenues</i> | 13 % | | | | | | 13 % |
| Operating Loss | | | | | | | |
| Subscription | \$(45.0) | \$(6.9) | \$ 1.2 | \$(1.2) | \$(2.1) | \$(8.9) | \$(36.1) |
| Professional Services | (1.3) | (2.1) | - | - | - | (2.1) | 0.8 |
| Total Operating Loss | \$(46.3) | \$(9.0) | \$ 1.2 | \$(1.2) | \$(2.1) | \$(11.1) | \$(35.2) |
| <i>Operating Margin</i> | (28)% | | | | | | (21)% |

SUBSCRIPTION ECONOMY INDEX

Additional Information

The Subscription Economy Index, or SEI, measures the growth in the volume of business for the subscription-based products and services of our customers. Specifically, it measures total dollar amount invoiced by our customers to their customers for subscriptions and recurring charges through our Zuora Central Platform. We refer to this as subscription invoice volume. Onetime charges that are not subscription-based are excluded from the calculation, as the SEI is intended to reflect the growth in subscription invoice volume. The constituents' growth rate reflected in the SEI is the quarter-overquarter percentage change in trailing twelve-month subscription invoice volume. To measure this growth, we use a weighted average of the growth rates of the constituents who have been on our platform for at least ten quarters, controlling for the effects of constituent attrition and account migration. The weighted average used in the SEI growth calculation is weighted by the total amount of subscription invoice volume each constituent has, so that companies with higher subscription invoice volume have more weight in the average. The SEI includes customers that have been invoicing through our Zuora Central Platform for at least ten quarters, and that are not in the process of importing data from another billing system or migrating off of our platform. The determination of when customers are importing data or migrating off the platform is made manually by analysis of system data combined with communication with affected customers. As of October 1, 2017, 304 customers had been invoicing through our Zuora Central Platform for at least ten quarters and were not in the process of importing data from another billing system or migrating off of our platform, and 300 of those customers were included in the November 2017 SEI. We excluded four customers that were otherwise eligible for inclusion in the SEI for various reasons including non-standard implementations or due to unusual billing or usage patterns. The SEI does not include Zuora RevPro customers. A constituent's subscription invoice volume is calculated every quarter using a trailing twelve month period in order to remove the effect of seasonality, and the growth rate is calculated by comparing the quarter-overquarter percentage change in trailing twelve-month subscription invoice volume. The growth rates of different customers in the SEI varies based on a number of factors, including size of customer, industry, and a customers' specific subscription-based offerings. We do not intend for our disclosure of the SEI to suggest that the SEI reflects the growth rate of every company that uses our products or the Subscription Economy as a whole.

SUBSCRIPTION ECONOMY ECOSYSTEM

SOFTWARE AND PAYMENTS PROVIDERS



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GLOBAL SYSTEMS INTEGRATORS

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