

A Few Things We Learned

2021

October - November - December

OCTAHEDRON CAPITAL

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Octahedron's mission is to be the best partner
for the world's internet-scale businesses.

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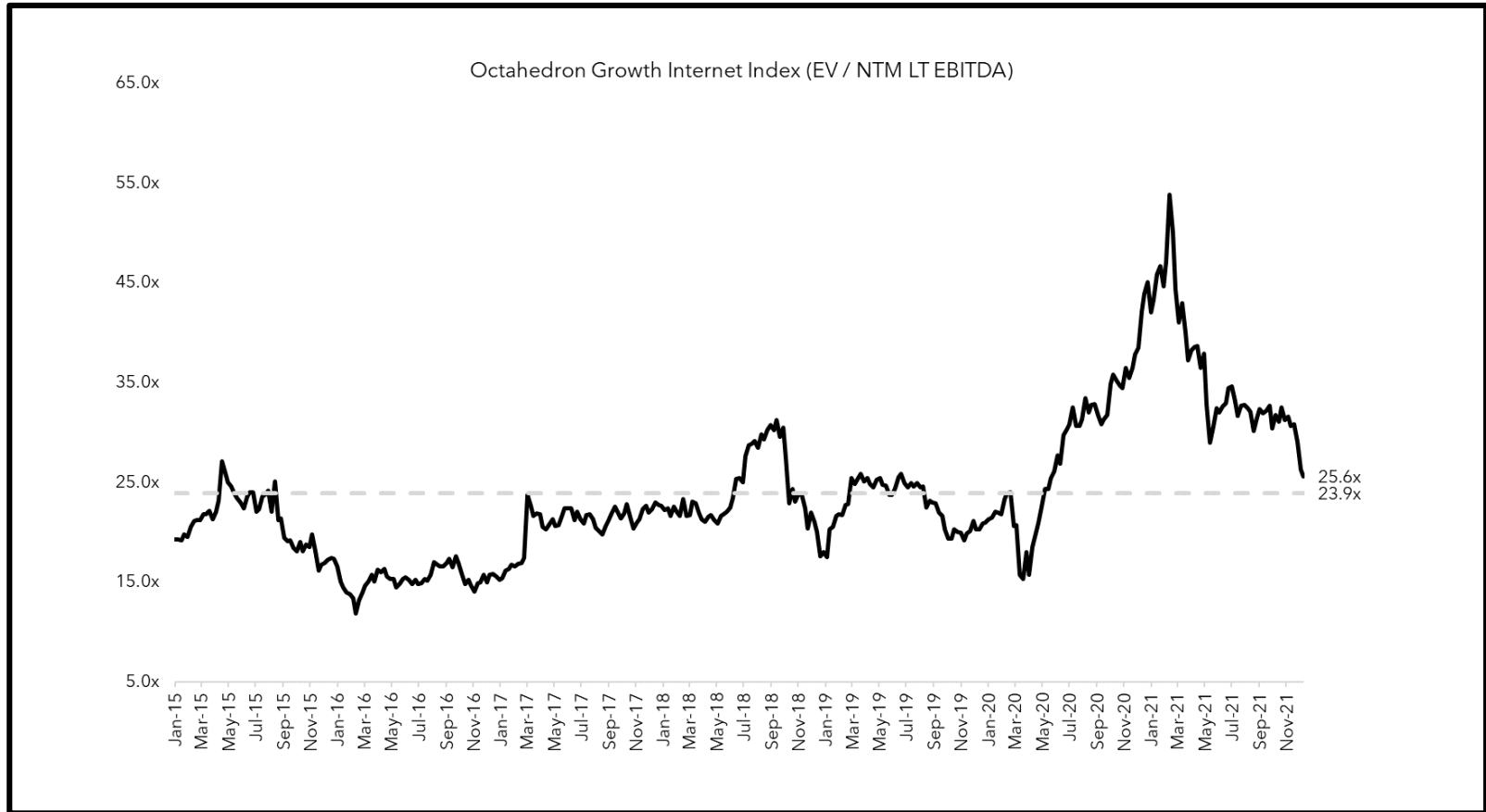
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Contents

1. Digital Advertising
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Valuations - Internet

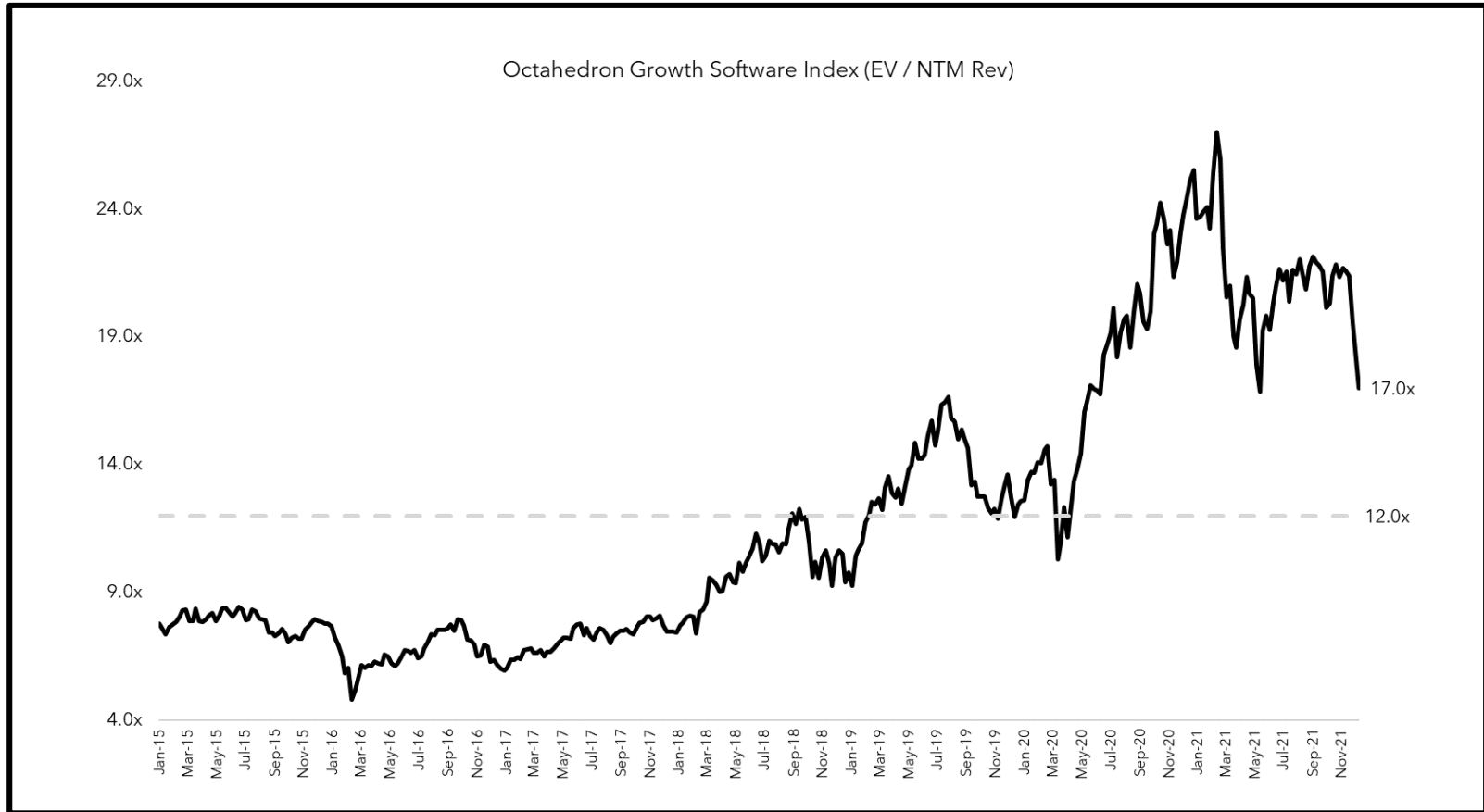
Growth Internet valuations have almost returned to their historical averages...



Source: Bloomberg as of 6-Dec-21, Octahedron estimates

Valuations - Software

... while Growth Software continues to remain elevated



Source: Bloomberg as of 6-Dec-21, Octahedron estimates

Re-opening and Recovery

Supply chain and labor issues are driving cost inflation in 3Q'21 (1/2) ...



"Certainly pricing and cost pressures are a bigger focus over the last few quarters than they had been previously. Last quarter, I think I talked about how **we were seeing roughly a 6% increase year-over-year in the US, we are still seeing that, that is pretty much the level we expect for the full year 2021 over 2020** right around that 6% and that's really to cover both labor cost pressures and commodity cost pressures that we're seeing."



"We are seeing the impact of global supply chain shortages in our merchant base"



"I want to caution that the now well-documented labor and supply chain disruptions that we noted last quarter continue to impact our clients... **We believe the supply chain issues are likely to get worse before they get better. And for many companies, these issues could persist for some time.**"

Source: C3Q'21 earnings

Re-opening and Recovery

Supply chain and labor issues are driving cost inflation in 3Q'21 (2/2) ...



"The **demand for labor has recently coincided with the shortage of available workers, particularly in the United States.** This began in Q2, but it really started to impact our operations and cost structure in Q3. It has led to wage increases and sign-on incentives as companies compete for workers as well as inconsistent staffing levels in our operations.

In addition, disruption to the global supply chains and inflation in the cost of materials such as steel and services such as trucking have also raised our cost of operations. **We estimate the cost of labor, labor-related productivity losses and cost inflation to have added approximately \$2 billion in operating cost in Q3, particularly in August and September. Our Q4 guidance range anticipates that these costs will approach \$4 billion in Q4 as we see a full quarter's impact of these effects...**

In Q3, labor became our primary capacity constraint, not storage space or fulfillment capacity. As a result, **inventory placement was frequently redirected to fulfillment centers that had the labor** to receive the products. This resulted in less optimal placement, which leads to longer and more expensive transportation routes."

Source: \$AMZN 3Q'21 earnings call

Re-opening and Recovery

...and sustained levels of elevated demand have stretched supply chains



"In this latest cycle, the pandemic caused shifts in how customers and members shopped and what they purchased. **The long period of sustained demand for goods has stretched supply chains, resulting in out-of-stocks and inflation.**

Fighting inflation is in our DNA. Sam Walton loved that fight and so do we. I want to thank our truck drivers, merchants, replenishment teams, our associates that move inventory through the supply chain and our suppliers."

Source: C3Q'21 earnings

Re-opening and Recovery

Supply chain challenges are unlikely to ease in the short term...



"We've seen supply chain challenges going all the way to the start of the pandemic, as demand across the U.S. continues to build.... **But we don't expect those supply chain challenges to go away as we go into the start of next year** though I think they will dissipate over time.

So we're doing our fair share to make sure that we're alleviating some of the congestion in the ports and making sure that we're unpacking containers in the off peak hours. We've utilized other ports across the country to try to relieve some of the congestion in LA Long Beach. But ... we know that we're going to still face some supply chain challenges as we go into 2022.

There is still uncertainty as we think about supply from Asia as different factories from time to time were closed and we're just going to have to show great flexibility and agility."

Source: C3Q'21 earnings

Re-opening and Recovery

Supply chain issues even indirectly impacted advertising businesses...



This impact was compounded by the ongoing macroeconomic effects of the global pandemic, with **our advertising partners facing a variety of supply chain interruptions and labor shortages**. This in turn reduces their short-term appetite to generate additional customer demand through advertising at a time when their businesses are already supply-constrained.

The ongoing magnitude and duration of these global supply and labor disruptions are inherently unpredictable, and in the meantime, we are focused on supporting our partners in this uncertain environment.

Source: C3Q'21 earnings

Re-opening and Recovery

... as CPG companies have spent less with their advertising partners



"Pandemic is also impacting our revenue. We achieved strong 43% year-over-year revenue growth in Q3, but **our momentum was slowed by lower demand in one of our largest verticals, Consumer Packaged Goods (CPG).**

We believe this lower demand was largely due to COVID-related issues, including supply-chain disruptions, inventory and labor shortages, and rising commodity prices."

Source: C3Q'21 earnings

Re-opening and Recovery

The market for labor is becoming increasingly competitive, driving up costs...

match

Like many companies, **are seeing a very competitive job market, especially for tech talents especially for engineers**, it varies by market, but there are certainly are markets, where we're seeing a significant amount of pressure and we're having to react to that and want to protect our franchise, want to retain our key talent, and in hiring new talent, either to grow the business or as **replacement for people who may leave has become much more competitive and costs are going up.**

So we've seen that occur throughout 2021. And right now, we don't see any significant shift in that trend, as we head into 2022. So you never know what the future holds, but sitting here today, as we put together our initial outlook for 2022, we're assuming that those trends are going to persist.

Source: C3Q'21 earnings

Re-opening and Recovery

...and consequently, companies are looking for ways to increase labor efficiency



"Restaurants are forced to adapt and drive as much operational efficiency as they can with minimal staff. And much of our product around team management and handhelds allows them to sort of adapt and engage their employees and allow them to offer better service to consumers."



"We continue to invest to help our brands transition to digital, as well as deal with transitory labor challenges. Two tools that address this are the Olo's Switchboard module and the Olo Expo module."

Source: C3Q'21 earnings

Re-opening and Recovery

Travel continued to recover throughout 3Q despite Delta concerns at the beginning...



"Compared with 2019, Q3 room nights were down 18%, which was an improvement from the 22% decline we previously reported for the month of July and the 26% decline in Q2. The improvement since July was primarily driven by stronger room night trends in Europe. In the United States room night growth in Q3 was strong, but lower than Q2. Asian room night declines in Q3 were about in line with Q2 and remain down significantly versus 2019. International travel, which is important to our business drove the overall sequential improvement room night trends from Q2 to Q3, nevertheless our international room night remain significantly depressed versus 2019."



"You know cities are picking up. International has picked up. There are virtually every area has seen growth. I will say that some of the benefit we have seen or talked about mix effects before when cities were forbidden places that obviously hurt us. It has been a great market for us. And as we've seen cities come back now, there's greatly -- they're still greatly lagging major leisure destinations like beaches, but they're coming back and that return benefits us probably disproportionately compared to some other there some other."

Source: C3Q'21 earnings

Re-opening and Recovery

... although rising case counts in Europe threaten the recovery



"Moving into the 4th quarter, we have seen a further improvement in our room night trends in October, including early signs of a pickup in room night trends in Asia. Now look, **recently rising COVID case counts in many countries including several important European countries adds to the uncertainty around how November and December trends will progress.**"

Source: C3Q'21 earnings

Digital Advertising

Digital Advertising

Apple's iOS changes wrecked havoc in 3Q21...



Our advertising business was disrupted by changes to iOS ad tracking that were broadly rolled out by Apple in June and July.

While we anticipated some degree of business disruption, the **new Apple-provided measurement solution** did not scale as we had expected, **making it more difficult for our advertising partners to measure and manage their ad campaigns for iOS.**

We have remained very focused on driving ROI for our advertising partners, and we continue to see strong, consistent performance on our ad platform based on first-party data and conversion lift studies and are working on building flexible first-party tooling and measurement solutions to serve the diverse needs of our advertising partners.

Source: C3Q'21 earnings

Digital Advertising

...as Apple's proprietary measurement solution proved highly unreliable



Apple rolled out SKAdNetwork, or SKAN, as a proprietary solution to allow app-based advertisers to continue measuring their advertising on iOS.

The **initial results** we observed **using SKAN** were **generally aligned with prior industry-standard solutions**, and we were among the first platforms to lean into this solution and push for widespread industry adoption.

However, **over time, we saw SKAN measurement results diverge meaningfully** from the results we observed on other first and third-party measurement solutions, making SKAN unreliable as a standalone measurement solution.

Source: C3Q'21 earnings

Digital Advertising

Advertisers saw significant impact in their measurement ability...



As our advertising partners have explored and tested SKAN's solutions, they have surfaced a variety of concerns about its limitations.

Every advertiser has their own unique, fine-tuned perspective on the optimal parameters to measure ROI for their business, but SKAN requires them to use Apple's fixed definitions of advertiser success. For example, advertisers are no longer able to understand the impact of their unique campaigns based on things like the time between viewing an ad and taking an action or the time spent viewing an ad.

Additionally, **real-time campaign and creative management is hindered by extended reporting delays**, and advertisers are unable to target advertising based on whether or not people have already installed their app.

Source: C3Q'21 earnings

Digital Advertising

... leading to continued challenges in 4Q21 for advertising business models



As we look forward to Q4, **we face a variety of challenges in the operating environment, including the iOS platform changes, as well as macro uncertainty driven by supply chain disruption and labor shortages.**

The fact that these challenges are largely exogenous makes the provision of guidance, particularly challenging and complex. We expect that the **measurement and optimization foundations of the digital advertising economy will continue to experience significant changes in the months ahead, including additional disruptions**, we expect related to the adoption of iOS 15.

Source: C3Q'21 earnings

Digital Advertising

The ultimate long term impact from Apple's changes is still not clear...



We are focused on helping our partners navigate these changes, but we still expect these headwinds to continue to impact our business throughout Q4 as the adoption of new measurement solutions will take time. **It is still not clear what the longer-term impact of the iOS platform changes may be and this may not be clear until at least several months or more** after the ecosystem stabilizes and advertisers are able to fully implement the new solutions we are developing.

In addition, we are hearing from advertising partners across a wide variety of industries that they are facing disruptions in their supply chains, as well as labor shortages.

Unfortunately, these changes are occurring during a season when our advertising partners would normally expect their supply chains to be **operating at peak capacity**, and at a time when we would otherwise expect **peak advertising demand** to drive **peak contestation**, and therefore, **peak pricing** in our auction.

Source: C3Q'21 earnings

Digital Advertising

Meta (ex-Facebook) highlighted continued headwinds from Apple's changes...



"We've been open about the fact that there were headwinds coming and we've experienced that in Q3. **The biggest is the impact of Apple's iOS14 changes, which have created headwinds for others in the industry as well, major challenges for small businesses, and advantaged Apple's own advertising business.**

We started to see that impact in Q2, but adoption on the consumer side ramped up by late June, so it hit critical mass in Q3."

Source: C3Q'21 earnings

Digital Advertising

...which drove sequential revenue growth negative for the quarter



As a result, we've encountered two challenges. **One is that the accuracy of our ads targeting decreased, which increased the cost of driving outcomes for our advertisers. And the other is that measuring those outcomes became more difficult.**

Our plan is to then scale those solutions even more broadly in 2022. **Overall, if it wasn't for Apple's iOS14 changes, we would have seen positive quarter-over-quarter revenue growth.** And while we and our advertisers will continue to feel the effect of these changes in future quarters, we will continue working hard to mitigate them.

Source: C3Q'21 earnings

Digital Advertising

Meta (finally) acknowledged competition to their core audience...



"And during this period, **competition has also gotten more intense, especially with Apple's iMessage growing in popularity and more recently, the rise of TikTok, which is one of the most effective competitors that we have ever faced.**

So, **we are retooling our teams to make serving young adults their North Star**, rather than optimizing for the larger number of older people."

Source: C3Q'21 earnings

Digital Advertising

... and is attempting to diversify their platform into commerce, among other initiatives



"Our next product priority is commerce. Helping people discover new products that they're interested in and reach customers inside our apps is going to unlock a lot of opportunity. **As Apple's changes make e-commerce and customer acquisition less effective on the web,** solutions that allow businesses to set up shop right inside our apps will become increasingly attractive and important to them. We've built solutions like ads that can dynamically point to either a business's website or their Shop on our platforms depending on what will perform better for them, and that will help more businesses navigate this challenging dynamic -- environment. Building a full-fledged commerce platform is a multi-year journey."

Source: C3Q'21 earnings

Digital Advertising

Apple's impacts were more subdued at Twitter...



"Let me also spend a moment on ATT. The revenue impact we experienced from ATT in Q3 increased on a sequential basis, but remains modest.

The impact of ATT is likely to vary across ad platforms, given the unique mix of ad formats, signal and remediations on each, as well as other factors.

The mitigations we put in place and **the speed with which we have adopted new standards, like SKAdNetwork** and resulting changes across our technical stack have contributed to minimizing the impact to us."

Source: C3Q'21 earnings

Digital Advertising

...and Pinterest was impacted by re-opening more acutely than other ad platforms



"During pandemic lockdowns, we had high levels of engagement when many people were stuck in their homes. **As lockdowns eased, people have embraced life outside their homes, a trend that caused a dramatic decline of our year-over-year growth rate of monthly active users (MAUs) in Q2 and Q3**, as consumer preferences shifted away from our core at-home use cases."

Source: C3Q'21 earnings

Digital Advertising

Google was mostly insulated, driven by their philosophy of consumer privacy



In terms of the **iOS 14 changes** specifically, **they had a modest impact on YouTube revenues that was primarily in direct response.** I think as you all know well, focusing on privacy has been core to what we've been doing consistently.

Source: C3Q'21 earnings

Digital Advertising

Advertisers continue to appreciate the unique reach of YouTube...



YouTube's reach is becoming increasingly incremental to TV. We're helping advertisers find audiences they can't find anywhere else. Connected TV is driving part of this growth. It's our fastest-growing screen. The precision of digital, paired with the scale of linear is proving to be an awesome combo, and even more so now with the expansion of video action campaigns for CTV.

Source: C3Q'21 earnings

Digital Advertising

...while the Trade Desk continues to benefit from advertisers needing a standardized data platform



"The total advertising industry is moving rapidly towards that \$1 trillion, the bulk of that will be digital and marketers are embracing data-driven decisioning more aggressively than ever.

Our long-term investments have positioned the company to capture this opportunity in the years ahead. The world's leading advertisers are **standardizing on our platform** and our **retention rate remains over 95%**. It's why the **major holding companies are embracing UID 2**. It's why **Walmart is partnering with us as they unleashed their retail data**. It's why SSPs are working with us to optimize the supply chain. **I could not be more excited about our growth prospects as we close out this year and head into 2022 and beyond."**

Source: C3Q'21 earnings

Digital Advertising

Changes to App Store fees have the potential to re-shape margins of entire industries

match[♥]

"The biggest swing factor in our 2022 EBITDA outlook is what happens with App Store fees, which are increasingly large percent of our revenue, up from 17% in 2022 to estimated 19% in 2021, totaling over \$550 million.

There are numerous actions across the globe scrutinizing App or Google's requirement that we use our payment system and pay a 30% fee. A reduction in these fees would have numerous positive consequences, including enabling us to pass along benefits to consumers. **Google has agreed to reduce fees for subscriptions and from 30% to 15% starting January 1st, 2022.**

The second piece of it is on the marketing front - the market environment has become more competitive and also more challenging, **as a result of changes that Apple has made around idea of it**, so that's the second piece of what's going on."

Source: C3Q'21 earnings

Digital Advertising: China

Regulation of K-12 Tutoring, gaming, and real estate hurt Baidu, Tencent and others



"China's GDP growth has slowed over the last 3 quarters, and sectors in our app businesses, such as Education, Real Estate and Home Furnishing, Travel and Franchising have been negatively impacted. With the resurgence of COVID-19 in many cities recently, local governments are putting in place preventive measures..."

"Turning to Q4 guidance: ...revenue of US\$4.8 bn to \$5.3 bn, a **growth rate of 2% - 12%** year-over-year..."



"a few sectors booked notable declines due to regulatory headwinds, such as Education and Entertainment. Ad budget decline from the Entertainment industry could be temporary due to the cutback on the demand side amid pricing policies in the sector, which gradually [began to] come back following the normalization and gradual release of blockbuster shows. However, it will be a different story with the education sector, as the crack down on the industry's ad demand seems irreversible currently."



"Online advertising revenue growth slowed to 5% year-on-year due to **weakness from the education, insurance and game sectors.** While consumer staples, Internet services and automobile sectors, remained resilient, overall bidding density reduced. We expect **advertising pricing industry-wide may remain soft for several quarters due to macro challenges and regulations** affecting certain key advertising sectors. We believe the advertising industry should adjust and rebase during 2022, then resume growth as secular growth drivers reassert themselves."

Source: Baidu (\$BIDU), Weibo (\$WEBO), Tencent (0700.HK) 3Q'21 earnings

Digital Advertising: China

...while others less exposed to those sectors still saw solid ads growth



"Our ad revenues increased 29% y/y in Q3 despite the deceleration or even cutback of ad spend from certain industries that are facing macro or regulatory headwinds. We are delighted to see resilient growth in key verticals, such as Cosmetics & Personal Care, Food & Beverage, and 3C products, etc., benefiting from improvements in our service capabilities."



"In terms of advertisement verticals, for Q3, you see that **the most affected sectors such as K-12 education and insurance used to have very small percentage points in our advertisement contribution, therefore the impact is very minimal to our business.** ...And we believe that going into the fourth quarter, we will continue to have very nice growth coming out of e-commerce, FMCG, 3C, IT, etc."

"Our content-centric monetization initiatives continue to gain traction, evidenced by a **115% y/y increase in our total revenue** to RMB 823 mn (US\$128 mn). ...In Q3, revenue from Content-Commerce Solutions (native ads) **increased by >500% y/y**, reaching RMB 278 mn (US\$43 mn)."

"Against the backdrop of rapidly changing macroeconomic conditions, our distinctive model vibrant user community and the continuous accumulation of high-quality content serves as not only a moat in the competitive pan-entertainment arena, but as compounding driving forces propelling long-term sustainable growth of our user base and monetization channel."

Source: Baidu (\$BIDU), Weibo (\$WEBO), Tencent (0700.HK) 3Q'21 earnings

Gaming & Content

Content

Netflix' foreign language content is starting to produce global hits...

NETFLIX

"We are now producing local TV and film in approximately 45 countries and have built deep relationships with creative communities around the world. While the goal of our local content executives is always to create locally authentic stories that will resonate in their country ... Netflix is a global, direct-to-consumer service which enables creators to reach broader audiences - and gives our members an even greater choice of stories to enjoy.

There is no better example of this than **Squid Game, a unique Korean story that first captured the zeitgeist in Korea and then globally. Released on September 17, it has become our biggest TV show ever. A mind-boggling 142m member households globally have chosen to watch the title in its first four weeks.** The breadth of Squid Game's popularity is truly amazing; this show has been ranked as our #1 program in 94 countries (including the US). "

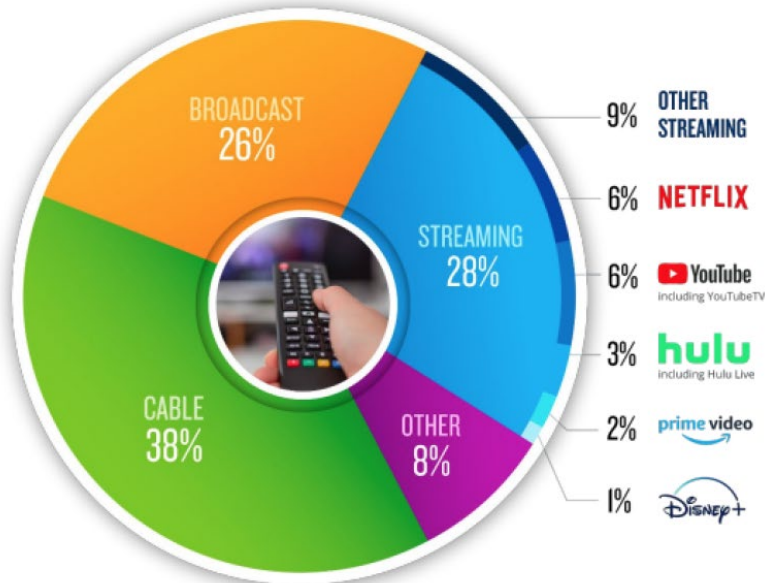
Source: C3Q'21 earnings

Content

...allowing Netflix to continue capturing share of total TV time

NETFLIX

Share of Total US TV Time, September 2021 (Total Day, Persons 2+)



Source: C3Q'21 earnings

Content

Disney believes live sports will be a key differentiator of their subscription package...



"By the way, **this is another reason that Disney Bundle is proving highly appealing to consumers because live sports are key element and a key differentiator of our Disney ecosystem.** The 90% of the most watched telecast last year were sports and they continue to perform extremely well. For example, the NHL's opening night games on ESPN last month mark the highest viewed season opening doubleheader on record with an increase of 54% over the 2019-2020 season opening later."

Source: C3Q'21 earnings

Content

...while HBO Max refocused on developing direct consumer relationships



"As previously announced, domestic subscribers were down due to our proactive decision to shut down the Amazon wholesale platform. This was partially offset by new wholesale relationships. Retail subscriber growth slowed on the timing of new content, but we expect retail subscriber growth to accelerate in the fourth quarter due to the strong content slate. We have new seasons of success in the Curb Your Enthusiasm debuting, the return of Sex and the City, as well as the much anticipated premieres of Dune, King Richard and The Matrix Resurrections **given our upcoming content slate and expanding global footprint, we expect to end the year at the higher end of our year-end global subscriber target."**

Source: C3Q'21 earnings

Content

Spotify is starting to make its way past COVID-related weakness in 1H'21...



"Importantly as I indicated last quarter, we had started to see MAU strengthening in the last half of Q2, and I'm really pleased that this trend continued throughout Q3. I believe the choppiness in the first half of the year was primarily due to COVID and is now largely behind us. All signs show that we're back to consistently delivering against our forecast, but we've also learned from the last two quarters and are responding faster changes, most notably in key markets like India, where we are now seeing a nice recovery."

Source: C3Q'21 earnings

Content

... and is on pace to record over EUR 1B in advertising revenue in 2021



"This I think clearly proves the potential for adds to be the second big revenue driver for the future of our business. **Not only did we have our biggest quarter ever for ads in Q3, but 2021 will mark the first time we will surpass EUR1 billion in ad revenue.** While this is a significant milestone, this business is accelerating with much more room to run. **Excitement from advertisers for the podcast industry has increased substantially over the last year and we are ahead of our plans for podcast monetization.** Audio ads on the internet are now becoming a bigger part of advertisers media mix overall."

Source: C3Q'21 earnings

Content

Peloton found it challenging to forecast the year ahead...



“With reduced backlogs, our visibility into our future performance has become more limited. From forecasting consumer demand to accurately predicting logistics costs, our teams have never seen a more complex operating environment in which to guide our expected results this year.”

“While we continue to see a nearly 100% two-year growth CAGR in both traffic and unit sales in Q1 and into Q2, we've seen a greater-than-anticipated taper of our website traffic levels over the past two months and a slower-than-expected pickup in retail showroom traffic, both of which are important inputs into our forward-looking demand model. **This reduction in traffic has added increased near-term uncertainty into our forecast.**”

Source: C3Q'21 earnings

Content

...but believes the fundamental thesis remains intact



"We track our estimated market share closely. And while sales are currently not meeting our previous forecast, **third-party data suggests that we continue to build on our leading share of the Connected Fitness market.** We firmly believe at-home fitness customers will want one subscription for a comprehensive home fitness platform and we are determined to be that one subscription."

"We remain committed to our goal of winning Connected Fitness and **our long-term thesis of fitness moving into the home is unchanged.**"

Source: C3Q'21 earnings

Content

Apple's paid subscriptions base added ~ 50 million subscribers quarter on quarter



"Also, paid subscriptions continue to show very strong growth. **We now have more than 745 million paid subscriptions across the services on our platform, which is up more than 160 million from last year.** And nearly five times the number of paid subscriptions we had less than five years ago."

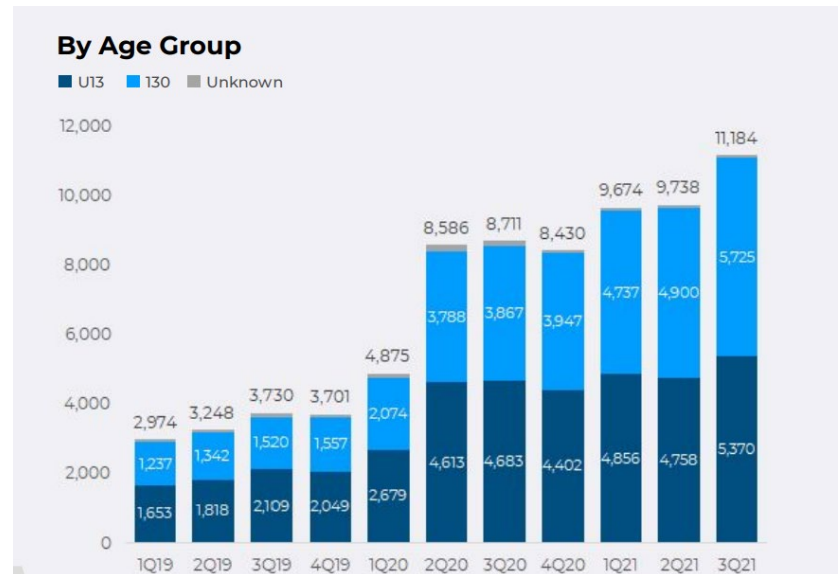
Source: C3Q'21 earnings

Gaming

Roblox's virtual universe now reaches far beyond its core US/UK teen population...



"A year ago, approximately 10% of our top 1,000 experiences had more over 13 players than under. Recently, that number has gone to 28%, so **28% of the top 1,000 experiences are now more 13-plus**. The developer community is responding, creating amazing **content for all ages, for people around the world, for interests**. There are niche pieces of content. There are very broad-spectrum pieces of content. **What we wanted to see happening is happening.**"



Source: \$RBLX 3Q'21 earnings call

Gaming

...but the tech infra underpinning future metaverses poses many difficult problems



"As most of you know, we experienced a **platform-wide outage the afternoon of October 28 that continued through the afternoon of October 31**. In the interest of one of our core values of Respecting the Community, throughout those three days (**approximately 70 hours**) we communicated on Twitter and via our corporate blog. We point you to those sources for background. We are in the process of preparing a more detailed root cause analysis that we will share when complete. We also plan to address the outage next week during our investor day.

Those 70 hours were difficult for our users and for the millions of Roblox creators, many of whom generate their primary source of income from Roblox. We committed to compensating developers for their lost income and credited developer accounts accordingly."

Source: \$RBLX 3Q'21 earnings

Gaming

Unity re-iterated the 10x opportunity ahead of them...



"We believe that we can increase potentially our revenue inside of gaming by on the order of magnitude 10X. **How is that possible when half the world's games or 70% of the world's mobile games are already built in Unity?** And the answer to that question has always been, in large parts, fact is we don't have all the artists on our platform. And this is one of the answers to how we access that marketplace. The artist has the largest audience of creators in the world. And as 3D becomes the norm for consumer-creators, it's going to be a staggeringly large marketplace for users. Now, we don't count all that on our new TAM, because we have to bring those consumer-creators into the world, but that is happening now."

Source: C3Q'21 earnings

Gaming

...while adding a best-in-class toolset via its Weta Digital acquisition...



"We are thrilled to democratize Weta's industry-leading tools and bring the genius of Peter Jackson and Weta's amazing engineering talent to life for artists everywhere, by combining the power of Unity and Weta Digital, the tools and technologies that built characters and scenes from the world's most iconic films such as Avatar, Lord of The Rings, and Wonder Woman. We will be able to **enable an entirely new generation of creators to build, transform and distribute stunning real-time 3D content.**

Now until now Weta's tools were used exclusively in-house at Weta VFX. We plan to take these tools to artists and creators across the Film industry, the Gaming industry from indies to AAA games into other industries such as Automotive, Architecture and E-Commerce. **We plan to offer a cloud-based version of Weta for the millions of consumers who generate content every day on social and gaming platforms and on the web or to use the current vernacular, the metaverse.**

"There's the need for 3D content in every industry, in AR and VR, in virtual world and much more. **Whatever the word metaverse means, it's going to be built by millions of content creators, and we're on a mission to give them the easy to use and high performance tools that will bring their visions to life. Weta Digital accelerates this mission by years, bringing an incredible team to join ours.**"

"We believe the world is a better place with more creators in it."

Source: \$U 3Q'21 earnings call

Gaming

...expanding Unity's appeal to developers in Gaming and in many other industries



"This is an incredible cohesive pipeline powered by dozens of amazing tools. Each of these tools is impressive on its own, but as a consistent pipeline, they represent the most complete tool chain for 3D visualization ever created."

- E.g., "Loki is a simulation engine par excellence, able to perform huge, stable, controllable and predictable simulations with outstanding complexity and results, whether you want to create intense explosions, turbulent oceans, flexing muscles or anything else you can dream up.
- E.g., "CityBuilder procedurally generates worlds and...cityscapes. An artist can drag a river through or along the city and immediately see how that river would impact the layout of markets or buildings and whole sections of the daily lives. **Any change an artist makes changes how the rest of the city behaves.**"
- E.g., "With Barbershop, artists can groom hair and fur...scaled out to hundreds of thousands of individual hairs."



Source: [Unity + Weta Digital acquisition announcement videos](#)

Gaming: China

Self-enforcement of youth gaming regulations hurt China domestic Games revenues...

Tencent 腾讯

"For **Domestic Games**, revenue grew **5% year-on-year** to RMB 34 billion..."

"We believe fostering a healthy gameplay environment for the China domestic market is of paramount importance. Since September 1, we have implemented new measures to fully comply with the latest regulations on restricting minors' game time in China. Subsequently, **users under 18 years old accounted for 0.7% of our Domestic Games time spent** in September, reduced significantly from 6.4% in the same period last year. In addition, these users accounted for 1.1% of our Domestic Games gross receipts in Sept., down from 4.8% in the same period last year.

We continue to lead the industry in combating minors' usage of adult accounts. For example, we upgraded our screening system to identify misused adult accounts around the clock. We also proactively assist authorities in cracking down on illegal account transactions."

bilibili

"Revenue from Mobile Games increased by 9% y/y to RMB 1.4 billion."

"...We are committed to operating responsibly to promote healthy game behavior and protect teenagers from gaming addiction. As early as 2019, we launched anti-addiction measures for teen players and have continued to strengthen control mechanism. By the end of August, all Bilibili-operated games fully complied with the latest regulation on restriction minor game play time in China. We would also like to note that revenue from players under 18 accounted for less than 1% of game revenues in September of 2021."

Source: 0700.HK (Tencent) 3Q'21 earnings

Gaming: China

...but Tencent's multi-year strategy allows it to be a global gaming leader

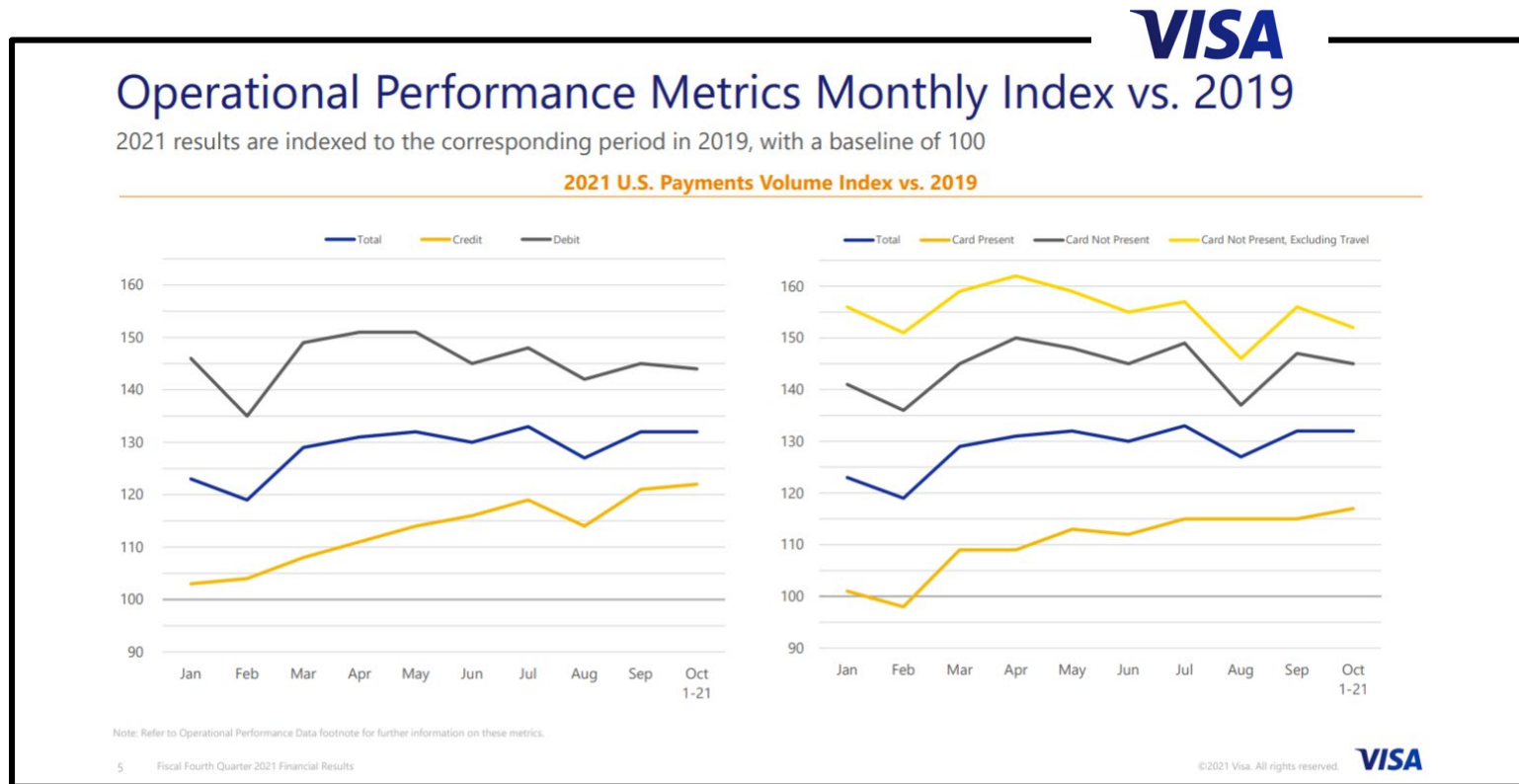


Source: 0700.HK (Tencent) 3Q'21 earnings

Payments, Fintech & Crypto

Payments

Visa reported ongoing strength in e-commerce, and a steady recovery for B&M...



Source: C3Q'21 earnings

Payments

...While Mastercard reported cross-border volumes surpassing pre-COVID levels



Business Update Through October 21st

	2021 vs. 2020 year-over-year growth % ¹						2021 as a percentage of 2019 ^{1,3}					
	Q2	Jul	Aug	Sep	Q3	Oct 21 MTD	Q2	Jul	Aug	Sep	Q3	Oct 21 MTD
Switched volume²	44%	28%	28%	28%	28%	29%	127%	130%	131%	132%	131%	134%
United States	38%	24%	22%	21%	23%	23%	130%	131%	128%	128%	129%	130%
Worldwide less U.S.	49%	32%	33%	33%	33%	35%	125%	129%	134%	134%	132%	138%
Switched transactions	41%	27%	24%	24%	25%	25%	127%	131%	131%	131%	131%	132%
Cross-border volume²	58%	47%	54%	55%	52%	55%	87%	91%	100%	101%	97%	105%
Intra-Europe	48%	40%	48%	52%	47%	51%	97%	104%	116%	116%	112%	121%
Other Cross-Border	71%	59%	62%	58%	60%	59%	79%	78%	83%	87%	83%	91%
XB CNP ex travel	33%	23%	27%	30%	27%	23%	169%	149%	156%	159%	155%	159%
XB Travel (CP + CNP travel)	131%	80%	86%	93%	86%	114%	48%	67%	76%	73%	72%	77%

1. Normalized to eliminate the effects of differing switching and carryover days between periods

2. Mastercard-branded programs only; on a local currency basis

3. Represents 2021 volume or transactions expressed as a percentage of the comparable 2019 amounts, adjusted for currency impacts

Source: C3Q'21 earnings

Payments

"Card present" spending continues to recover...



"For domestic volumes and transactions, we are assuming no disruptions from COVID-related lockdowns. **As such, we assume that the recovery trajectory underway in payments volume and processed transactions stays intact through fiscal year '22.**"



"Card-present volumes continue to improve as **people are getting out and shopping more.**"

Source: C3Q'21 earnings

Payments

...And travel continues to normalize despite some fits and starts



"**For cross-border travel, we assume the recovery underway continues steadily** through fiscal year '22 to reach 2019 levels in the summer of 2023."



"Our cross-border travel improved from 48% of 2019 levels in the second quarter to 72% this quarter with **substantial upside potential still remaining as and when borders open.**"



"Travel volumes strengthened in June and July. This trend then reversed in August and September due to concerns related to the delta variant."

Source: C3Q'21 earnings

Payments

Balance-sheet heavy fintechs in LatAm came under pressure in 3Q'21



"However, as a consequence of these almost 2 years of COVID-19, the Brazilian macroeconomic scenario is changing very rapidly. **Inflation rate went up above 10%, the unemployment rate continues to be above double-digit, and the interest rates are increasing faster than the market expects.**"



"**...interest rates was going up much faster than what we thought in the beginning**, and we decided to accept a little bit lower margins during a short period of time, not to jeopardize the client base, and we are repricing the new sale in a way that we don't decrease level of growth too fast."

Source: C3Q'21 earnings

Payments

Consumers are increasingly using alternative payment methods at retailers...



"...on average, **our PayPal checkout conversion is 34% higher than other checkout options.**"



"We're seeing it drive regular utility for our customers...Cash Card customers are using the card for everyday purchases, for food, for transportation, major retailers, **really signaling that customers want to use Cash Card to manage their everyday expenses.** Boost is a piece of that with the unique rewards and offerings that we have here to drive that utility and awareness around card."



"**For Coinbase users swiping a Marqeta-powered card at the point of sale** and having a transaction funded in fiat currency in real time, based on their cryptocurrency balance, is an exciting application of our technology."

"...this quarter, a range of crypto innovators, Coinbase, Shakepay, Bakkt and Fold chose Marqeta to build great card products."

Source: C3Q'21 earnings

Payments

...as well as new payments technology at the point of sale



"in the third quarter, we launched Cash App Pay in the U.S., a new contactless payment method for online and in-person transactions. **As contactless options and QR codes have become more mainstream, Cash App Pay has become a top requested feature at both Cash App customers and Square Sellers.**"



"Valero and Phillips 66 are adding our QR codes to their thousands of gas stations across the U.S. and United Airlines recently launched PayPal QR payments in-flight."

Source: C3Q'21 earnings

Payments

Alternate payment providers experienced elevated engagement from active users



"In the third quarter, Cash Card actives brought in approximately 70% more inflows each month than non-Cash Card actives."



"Initial results show that the new app has driven a 25 times lift in consumers exploring our deals and offer staff, a 15% increase in first-time users transacting with crypto, and it has also driven a 35% lift in our cash card enrollments. **And the average revenue per account from digital wallet users is twice that of checkout-only users.**"



"We also shipped the first version of our SuperApp. While it's still very early days and many versions will follow this one, **I'm excited to see the meaningful increase in consumer engagement that it has already driven across products, particularly our shopping platform.**"

Source: C3Q'21 earnings

Payments

Consumer fintech apps are partnering with large retail players...



"...for the first time, **we are teaming up with Amazon to enable customers in the U.S. to pay with Venmo at checkout.** Starting next year, customers will be able to make purchases on amazon.com and the Amazon Mobile Shopping app using their Venmo accounts."



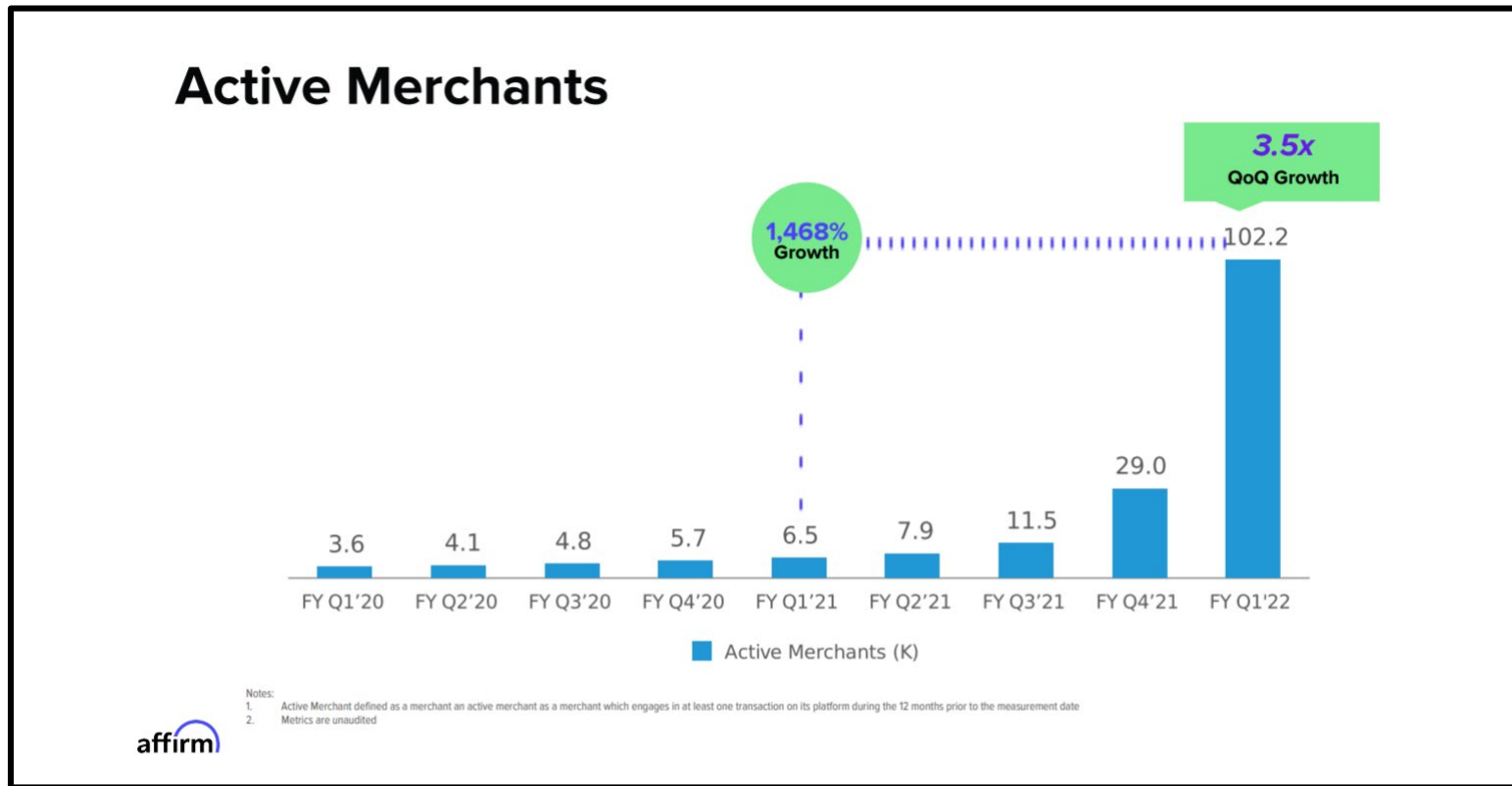
"Affirm will now serve as **Amazon's only credit card alternative in the buy now, pay later space** through the next two holiday seasons in the United States."

"One of the key drivers of the strong Q1 performance was the **ramp of our partnership with Shopify,** which has enabled merchants to provide consumers with a fast, seamless pay-over-time product. After making Shop Pay Installments widely available in June, **we have worked closely with Shopify to drive merchant uptake and consumer adoption.**"

Source: C3Q'21 earnings

Payments

...driving tremendous merchant growth at BNPL businesses, like Affirm



Source: C3Q'21 earnings

E-Commerce

BNPL seems to have gone mainstream...



"We also know, that our guests want flexibility, not just in what they want to buy and how they want to shop, but how to manage their budget as well. **That's why with the help of two new partners, Sezzle and Affirm, we've added new payment solutions, that allow our guests to buy what they need now take advantage of our best deals and pay at a pace that works best for them."**

Source: C3Q'21 earnings

Payments

...as consumers seem to be adopting BNPL at scale...



"Since our buy now, pay later launch, we have processed approximately **\$5.4 billion in TPV with more than \$2 billion of that TPV in Q3 alone.**"

"Approximately **950,000 merchants have customers who use our buy now, pay later capabilities** and more than 65,000 have positioned, buy now, pay later upstream on their product pages."

"...over **9.5 million consumers have transacted more than 33 million times** with our buy now, pay later products."



"The seeds we planted years ago are just beginning to bear fruit. The growth of our network is accelerating and my confidence in Affirm's market position has never been stronger."

"After being put through its paces by hundreds of Affirmers, **our Debit+ card is out in the wild**, being further tested by consumers as we make our way through our waitlist and get it ready for launch in the new year."

Source: C3Q'21 earnings

Payments

...as incumbent networks are turning on ubiquitous BNPL at the POS



"We believe we're currently experiencing BNPL 1.0. Individual fintechs and companies are cutting individual deals merchant by merchant. **Eventually, we believe the business model will evolve to BNPL 2.0, where fintech partners issue Visa credentials to leverage our acceptance and platforms to overcome the difficulty of scaling acceptance globally, merchant by merchant.**"

"...And so what I think is going to happen is that BNPL players will become issuers who will issue Visa credentials.."



"Mastercard Installments enables **banks, lenders, fintechs and wallets to seamlessly bring buy-now-pay-later solutions to consumers and merchants at scale.** With little to no integration for merchants - our solution brings choice at scale, delivered through the Mastercard network."

"...We've seen strong interest from players on all sides of the ecosystem and look forward to growing our partnerships in this area."

Source: C3Q'21 earnings

Payments

Cross-border payments are experiencing strong momentum



"We also assume the **strong growth in cross-border e-commerce continues.**"



"We continue to see strong adoption of our virtual card and **cross-border payment solutions,**"



" We expect this trend to continue as we see new companies emerge and become dominant online much more quickly today than even a few years back. **The new age company is global and is growing across national and regional boundaries, and we enable them to act on consumers anywhere in the world.**"

Source: C3Q'21 earnings

Payments

Complexity of int'l payments create opportunities for PSPs with local expertise...

d·local

1. "...payment methods are local by nature and very diverse in the 32 countries where we serve. The trend of **fragmentation continues as consumers adopt newly available payment methods**. Merchants are keen to access its rapidly growing end market without building the payment rails themselves."
2. "...achieving **healthy conversion rates** while keeping fraud under control is a challenge in emerging markets."
3. "...we make the complex simple for our merchants by enabling our merchants to keep up with the changing **regulatory and tax framework** in emerging markets."

Source: C3Q'21 earnings

Payments

...which seem to benefit from the still under-penetrated international opportunity

d·local

"For this particular merchant, we started with a local-to-local payment flow. We've added payment methods. We've added new countries, and we then added cross-border flow for a few markets."

"We went from 18 to 109 payment methods for this particular merchant. We've expanded to nine countries. **The merchant has seen growth of 30x volume over approximately three years.**"

"New clients continue to feed our industry-agnostic sales funnels. **The rapid expansion and ramp-up of merchants online, the growth of the creator economy, the emphasis our merchants place on digital marketing that, in many cases, have no geographic boundaries.** "

"The viral growth of users that some of our highest growth merchant experience has continued to expand our sales funnel."

Source: C3Q'21 earnings

Payments

Digital transformation of B2B payments also likely early

bill.com

"We continue to believe we are in the early innings of a global digital transformation that is disrupting the legacy methods of managing the financial back-office."

"These trends show no signs of slowing as **small businesses are increasingly embracing the need to evolve from analog, paper-based processes to digital solutions** that simplify and automate their operations."

"Our vision is to be the all-in-one financial operations platform for SMBs."

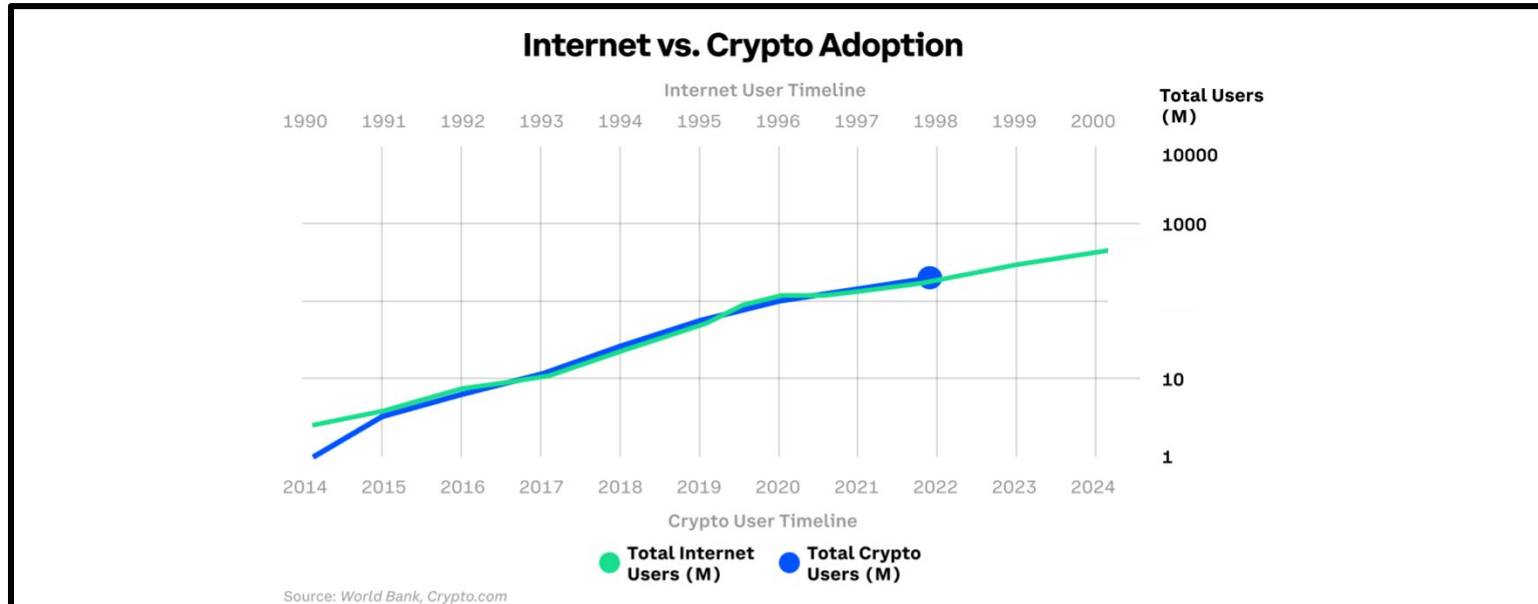
Source: C3Q'21 earnings

Payments

Global consumers are adopting crypto at a rate similar to the early days of the internet...

coinbase

"We think that the next concentric circles **will reach a billion crypto users globally** as possible here, and we want to use both organic, as well as marketing efforts to help reach those users."



Source: C3Q'21 earnings

Payments

...as crypto is going mainstream

coinbase

"I think if you go back really, you know, three, four, five years, a lot of these cycles in crypto were more speculative in nature...people were always asking me back then - when are the use cases going to be here, right? **Luckily, nobody is really asking me that question anymore.**"

 Square

"And our focus is on helping bitcoin to be the native currency for the Internet. So currency aspects of it and of the network are really important to us, and we're going to do more in that space."


mastercard.

"Our crypto program, which is based on principles of engagement, allows consumers to easily buy crypto assets with their Mastercard, **spend their crypto balances wherever Mastercard is accepted, cash out their proceeds with Mastercard Send and earn rewards in the form of crypto or even NFT.**"

Source: C3Q'21 earnings

Payments

Consumers are using crypto to generate yield, independent of crypto volatility...

coinbase

"we're really excited about the growth of blockchain rewards, which is predominantly staking revenues today...we're going to add more proof-of-stake networks and offer staking in more assets on our platform."

"we are continuing to have a waitlist for Ethereum staking and for the existing staking we offer.
And so, we're working continuing to roll that out to bring more users into the staking assets that we provide."

Source: C3Q'21 earnings

Payments

...and NFTs are laying the groundwork for the creator economy / new social networks

coinbase

"I think we can just make, hopefully, NFTs much easier to use. **That's kind of the hallmark of what Coinbase tries to do out there to bring more and more people into the crypto space.**

We want to make sure our NFT platform is interoperable as every other platforms out there...**we'd like to make the Coinbase NFT a little bit more like Instagram** as opposed to say an auction like eBay"

"I think having people that you can follow, you know, your favorite artists or creators, and **having a feed of content that is populated from those people you follow, that could be really powerful.** And in addition, **you can go in there and buy an NFT if you really like it and kind of showcase in your own social profile.**

"...And if your identity and your payment methods and everything are just already connected from your Coinbase account, buying could be a one-click experience. **So I think this is going to be a global phenomenon."**

Source: C3Q'21 earnings

Payments

Crypto is seeing increasing institutional adoption...

coinbase

"...we're continuing to see new types of institutional investors decide to make an allocation to crypto. And what we see there is an adoption curve that starts with Bitcoin, typically then moves to Ethereum but is quickly then picking up to other crypto-assets.

"...we're seeing those investors looking for allocation to DeFi, finding ways that they can make bets in the growing innovation of crypto broadly."

Source: C3Q'21 earnings

Payments

...helping Coinbase build a sustainable, diversified model

coinbase

"our subscription and services revenue was strong at \$145 million. This is up 41% compared to Q2. **We are pleased to see this growth despite the impact of volatility on the transaction revenue.**"

"we're now seeing tons of use cases like NFTs and staking and borrowing and lending and Coinbase Card... **almost half of our active customers are doing something other than trading crypto.**"

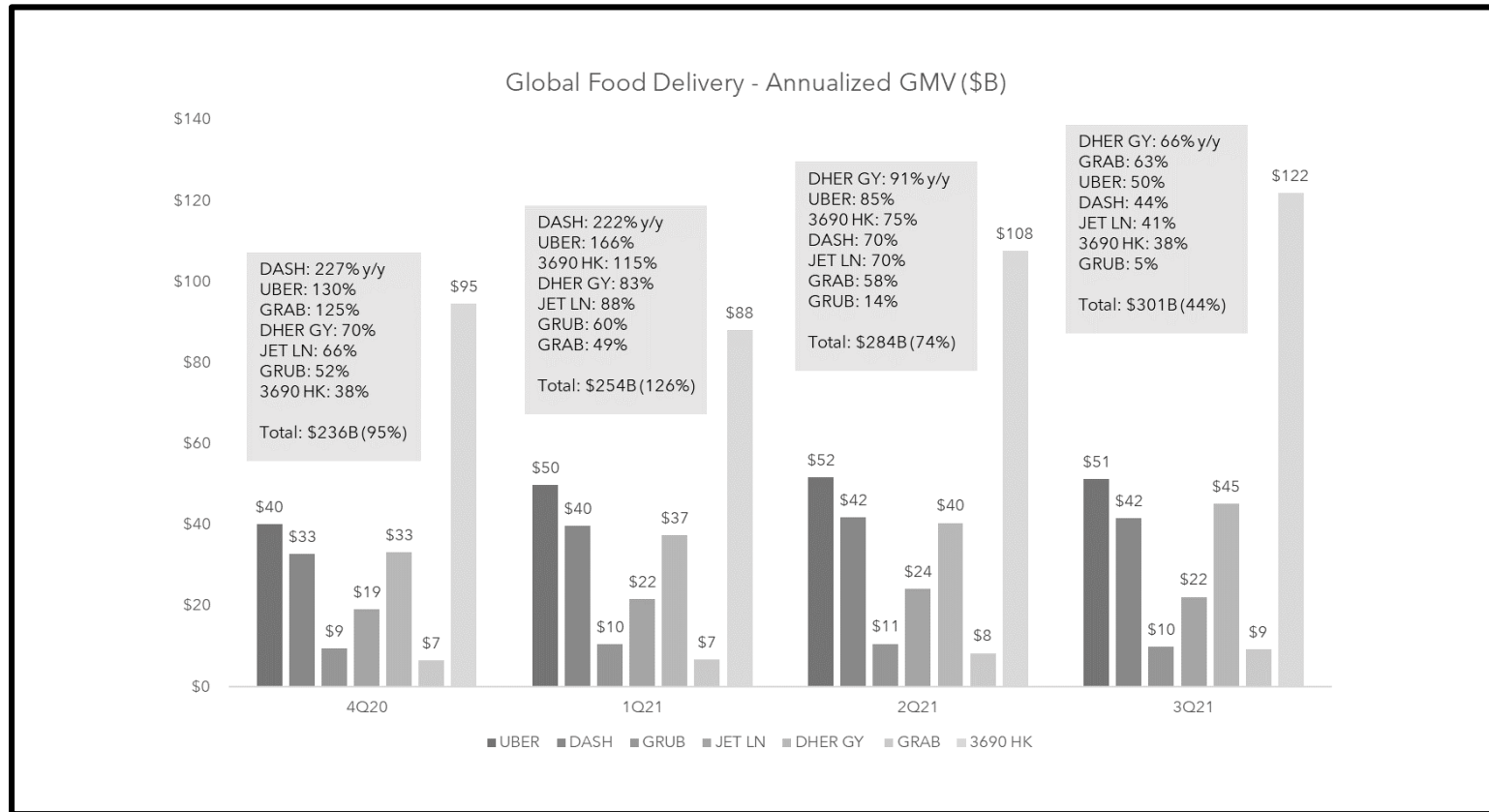
"...this is an encouraging sign that crypto is increasingly moving to utility, particularly with these cases around yield and rewards."

Source: C3Q'21 earnings

On-Demand & E-Commerce

On-Demand

On-demand food growth rates started to slow down in 3Q, lapping tough comps...



Source: C3Q'21 earnings; DHER 3Q'21 growth rates normalized for Woowa acquisition

On-Demand

But...absolute on-demand delivery continues to grow despite re-opening

The Uber logo, consisting of the word "Uber" in white text on a black square background.

"Over the past two months delivery gross bookings have grown 8% despite re-openings around the world. While delivery saw some summer seasonality in parts of Europe, transit stabilized and even return to modest growth in those markets. **Even as cities got moving again delivery gross bookings posted yet another best week ever last week.** In fact, we set a new best week ever for weekly totally company gross bookings in seven of the last eight weeks and October was our best month in our 12-year history."

Source: C3Q'21 earnings

On-Demand

DoorDash and Uber are building large subscriber bases...



"We exited Q3 with over 9 million DashPass members and DashPass orders reached an all-time high as a percentage of total Marketplace orders in the quarter. Restaurant deliveries continue to make up the vast majority of DashPass order volume. However, DashPass members are increasingly leveraging the service in new ways and in new verticals."



"Membership now, we got over 6 million members globally, it accounts for more than 6% of our gross bookings, we think all of those numbers can increase pretty significantly"

Source: C3Q'21 earnings

On-Demand

...allowing them to build non-restaurant vertical adjacencies



"Another big opportunity, I would say, is really our work into other categories. We are quickly marching into these other categories. **In the first quarter, we announced single-digit percentages of our monthly active users having shopped in a non-restaurant category. That number is now up to 12% in the third quarter.**"

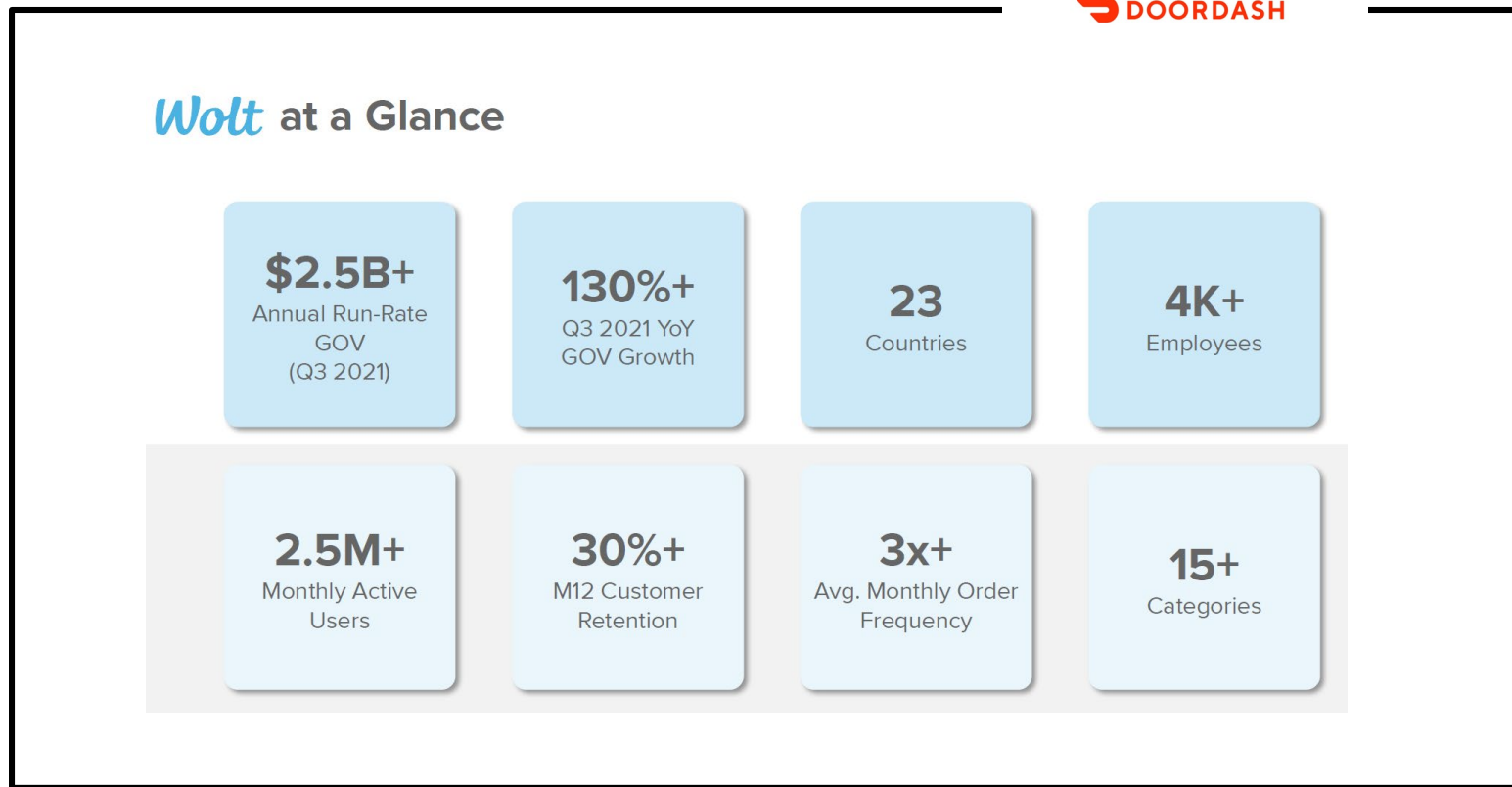


"As far as new verticals as percentage of delivery bookings, it's in the 6% to 7% range at this point. And obviously, we want to break into double digits next year and the years beyond. We are very, very early in the growth curve, we are in investment mode, but I'd say we're in prudent investment mode."

Source: C3Q'21 earnings

On-Demand

DoorDash announced an acquisition of Wolt to accelerate their international expansion...



Source: C3Q'21 earnings

On-Demand

...highlighting cultural alignment as the key aspect for the acquisition



We believe Wolt brings extraordinary talent, a worldclass product, and operational expertise that will accelerate our progress. We've gotten to know Miki and the Wolt team well over the last few months, in fact years and believe that they are truly exceptional. **They share our ambition to build a global platform for all global commerce and they've established a culture based on innovation, intense operational rigor, and a bias for action.** These characteristics match our own and we believe our strategic and cultural alignment make them the best team in the world to lead our international efforts.

Source: C3Q'21 earnings

On-Demand

Delivery Hero accelerated the pace of D-marts opened in the quarter...



"You all know that we are strong believers in quick commerce. **Therefore, we opened a 174 new stores in Q3, following 84 stores in 2Q. Today, we stand at over 900 Dmarts, it makes us the largest global player in the entire industry**, by number of stores but more importantly, orders and GMV."

"A successful rollout results in GMV growth of 200% year-on-year and the **GMV run rate of the EUR1.2 billion**. In combination with other -- the more than 900 stores, we operate today, this clearly marks makes us the largest players in the entire industry worldwide, as our -- on estimate."

Source: C3Q'21 earnings

On-Demand

...while Just Eat Takeaway is starting to add grocery to their delivery platform



"Then regarding the grocery in Germany, but also the business -- let me make a general remark about it, **we're quite enthusiastic that we can add, and I'm going to go ahead and call it meaningful grocery to our network.** And the reason that I say that is because you see globally a lot of companies vouching their way to deliver not and they are two people that are sitting on the couch, that's not something that we would be interested in because you can ask yourself whether that's actual demand if people would have to actually pay for that, but **we do think it's interesting to deliver cartons of milk in our people miss the carton of milk. Because that's I think actually a good use case and that's what we are looking into.**"

Source: C3Q'21 earnings

On-Demand

Lyft is taking a B2B approach in building out a delivery network...



"So we're scaling up the pilots that we're doing with companies like them on nonperishable goods like auto parts. Then we'll also do experiments with a food platform like Olo. But we're not doing consumer delivery. **The focus is not food alone. We think as - there's really only three scaled national driver networks. We are the only one of those three that is not competing directly with the retailer.**

So whether that's a restaurant or whether that's a pharmacy, we are not trying to get in between that store and their customer. What I'm talking about is DoorDash and Uber Eats are -- they're creating that marketplace. But by being the only scaled national network and focused on B2B, we can best serve those retailers in a differentiated way. That's - our main business is consumer transportation. But having this tool in our tool set allows us to maximize utilization of the driver network and of the technology that there's overlap on."

Source: Credit Suisse TMT Conference on 1-Dec-2021

On-Demand

...while Meituan is taking strong measures to improve courier social welfare



Meituan

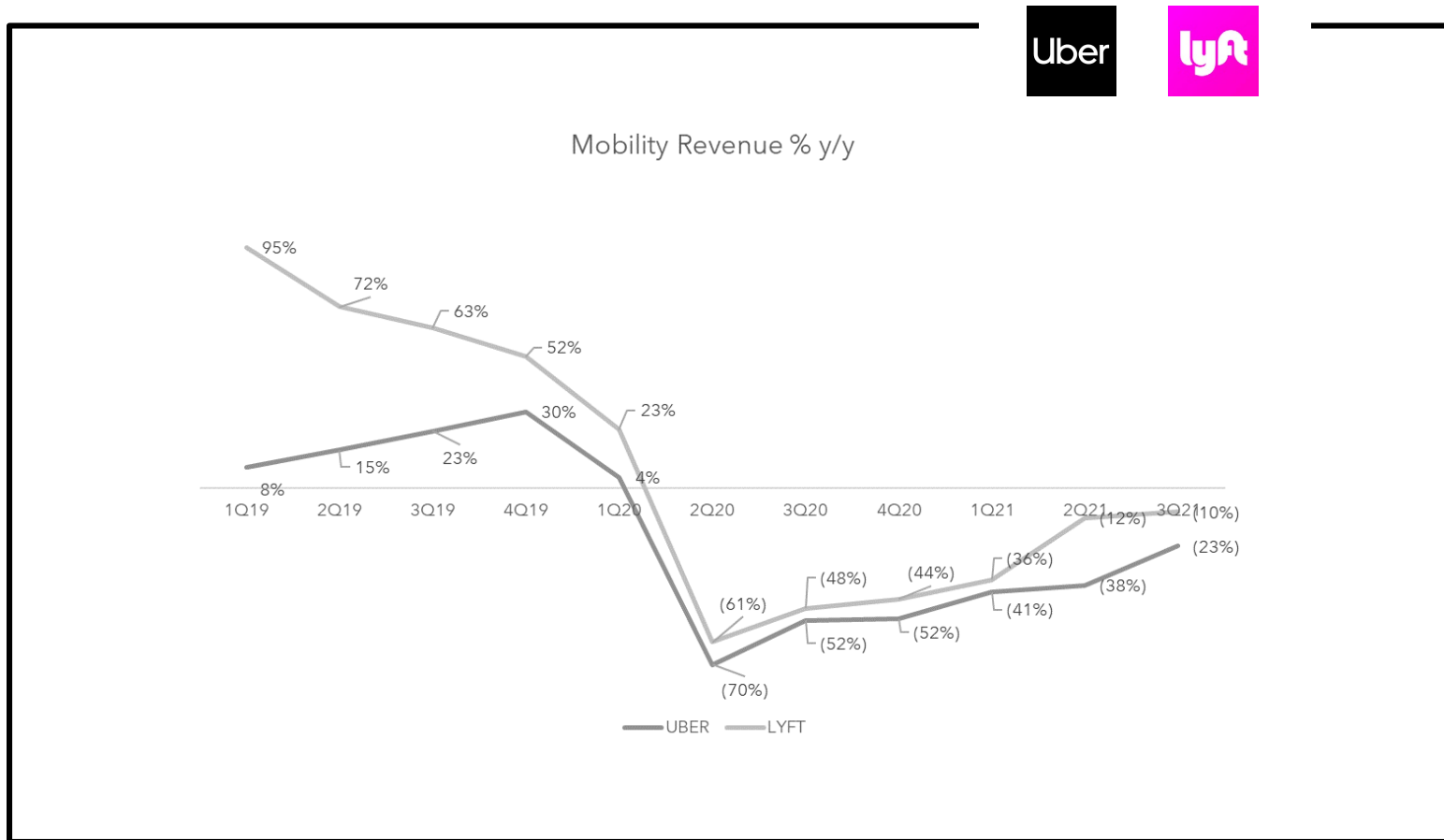
"We will provide further welfare to our couriers from six aspects, including ensuring reasonable income, scientifically establishing standards for work intensity, improving social security benefits, implementing safety and health control, enhancing complaint procedures for our food delivery couriers, and promoting their career development."

"While we have made progress here, we are mindful of the fact that order dispatch system is complex and has many important variables. We will continue to explore and improve the system, as people are the most critical consideration of our operations. We will also make the algorithms and the systems more transparent, taking in feedback from different parties to iterate our process and promote healthy industry development."

Source: C3Q'21 Earnings

On-Demand

Rideshare continues along the path towards a full recovery...



Source: C3Q'21 earnings

Note: Comparing vs. 2 year stack (2019 comparison) starting with 2Q21

On-Demand

...as driver supply had a strong recovery in 3Q21



"Driver supply has materially improved and retention has been strong in Q3, after drivers increased by roughly 45% versus last year. New driver growth was robust, up 60% year-over-year."



"We've seen 10 consecutive weeks of active driver growth in the US, resulting in a far better rider experience. **The number of active drivers is up more than 65% since January and more than 20% since June.** As a result, the incidence of surge pricing has fallen by nearly half, and wait times are now below the magic 5 minute mark on average. We did this while meaningfully reducing incentive levels, and, at the same time, driver earnings remained near all-time highs due to increased utilization."

Source: C3Q'21 earnings

On-Demand

Underlying rideshare demand trends continue to strengthen globally...



"Q3 had strong unit growth. Despite increase in COVID case counts, the sequential growth of Q3 rideshare ride volumes accelerated and jumped by over 80% relative to the Q2 growth rate. This is fueled by broad sequential strength across cities. In terms of specifics, **99 of our top 100 cities generated positive sequential rideshare ride growth in Q3.**"



"After a period of soft demand driven by the Delta variant, **the Mobility recovery has reignited with Mobility Gross Bookings expanding 18% over the September and October period.** While several markets around the world—including the UK, Brazil, Germany, Spain, Taiwan and Hong Kong—are up against 2019"

Source: C3Q'21 earnings

On-Demand

..although Southeast Asia was a notably area of weakness due to Covid-related restrictions



"As the pandemic intensified throughout Q3, we saw several governments in Southeast Asia ratchet up Covid-related restrictions, both in terms of severity and duration. All 8 markets in which we operate were affected, with 6 of them experiencing tighter controls. Vietnam in particular, implemented stricter measures than most other markets, with the government strictly controlling ride-hailing and food delivery operations."

"In Q3, we experienced a further decline in Mobility demand, as a result of tighter lockdowns."

Source: C3Q'21 earnings

On-Demand

Uber saw its first few days of positive bookings growth on a global basis since the pandemic started...

The Uber logo, consisting of the word "Uber" in white sans-serif font on a black square background.

"Our global Mobility business posted its first few days of growth vs. 2019. **In fact, this year's Halloween weekend eclipsed 2019, demonstrating consumers' excitement to get out and move again.** We believe volumes will return to trendline outside of holiday periods, but the underlying trendline continues to get better and better."

Source: C3Q'21 earnings

On-Demand

...and airport rides see a meaningful bounce back in 3Q

Uber

"Notably, airports are beginning to show meaningful activity, with **US airport trips up more than 20%, and business airport trips growing nearly 60% over the past two months.** We are innovating into this demand, with a series of product updates geared towards airports, including the ability to book a car with Uber Reserve up to 30 days in advance, with built-in flight tracking so your ride is ready for you whether you're early, delayed or (hopefully) on time."

Lyft

"I'd say we're beginning to see an uptick in business travel, but it's early and we expect that this will become more pronounced as more companies return to the office. **One interesting data point is that airport rides reached 8.5% of total rideshare rides in Q3.** And if you go back two years ago, airport rides were 9.1% of total rides in Q3 of 2019. So while leisure has been strong, **we believe some of these airport rides is actually the beginning of corporate travel.**"

Source: C3Q'21 earnings

E-Commerce

Etsy is innovating around their search functionality to inspire more purchases...

Etsy

"In the past, Etsy recommendations have often felt like a rear-view mirror based on the things you've recently bought or searched for. **Today, we're investing aggressively in machine learning tools attempting to understand your tastes and preferences, in order to anticipate and inspiring your next purchase.**"

Source: C3Q'21 earnings

E-Commerce

... which has helped drive continued improvement in key customer metrics

Etsy

"We're investing aggressively to strengthen each element of this strategy, all to continue elevating the customer experience, and we've driven significant gains in visits, purchase frequency, and average order value. In fact GMS per active buyer for our etsy.com marketplace was up 20% in the quarter, sustaining momentum over the past year."

Source: C3Q'21 earnings

E-Commerce

Carvana continued to be supply constrained...



"I think the primary driver of constraints was definitely the very significant growth we saw in the entire business, but most notably buying cars from customers in Q2, which then has continued and put additional strain on the business. I think it was accentuated by COVID, especially in the inspection centers. And then when we found ourselves a little bit behind, it was probably a little bit harder to catch up than it might have otherwise been given the unique hiring environment."

"We've been constrained over the last 18 months and yet over the previous two years in terms of total transactions, cars bought and sold to customers, we've grown by three times. And over the last three years, it's eight times. So while we've been constrained relative to the demand that we're seeing, we've also been scaling very quickly."

Source: C3Q'21 earnings

E-Commerce

...as Vroom bought financing in-house

vroom

“First and foremost, **UACC combined with Vroom will allow us to build captive finance capabilities, increasing our product gross profit opportunity as we capture more economics of the transaction.** We also expect scale benefits and an improved conversion rate. Currently, we have significant potential with lower credit score consumers, who make up over half of the credit applications we receive. The acquisition of UACC will allow us to increase our reach across the entire consumer credit spectrum.”

Source: C3Q'21 earnings

E-Commerce

Angi is building multiple \$1b+ businesses within Angi Services...



"So, overall, we're super happy with how Angi Services is going. I think we're still just getting started frankly. I mean, obviously it's a sizable part of the business. **If you flash forward, you think about the major categories within Angi Services, I've said this before, there's probably a dozen categories or so that we could build \$1 billion plus revenue businesses just within that category alone.** The TAM is enormous. We're no longer just going after the -- we're no longer just going after the advertising spend of those small businesses. It is the full TAM of everything that homeowner spends on their home. So we're really, really excited about how that's going and expect to continue to see things progressed well there as we continue to build out the team."

Source: C3Q'21 earnings

E-Commerce

... with the re-branding seeing significant progress...



"In terms of the rebrand, we published in the letter that we are generating more revenue from the Angi brand than ever before. And then the HomeAdvisor brand. If you think about that journey, your flash back a year ago, with the majority of our revenue is coming from the HomeAdvisor brand. **We've worked tirelessly and the team has done an amazing job to rapidly transition our homeowners to that Angi brand. We now have 50-plus percent aided awareness for the new Angi brand,** which for a new brand, I understand its drafting off the old Angi's List brand. But for a new brand less than a year old is phenomenal, especially given the volume of media dollars we've spent on it."

Source: C3Q'21 earnings

E-Commerce

...resulting in impressive growth for Angi Services



"Meanwhile, our fastest growing line of business, **Angi Services grew revenue 127% year-over year and 33% sequentially from Q1**. The "Book Now" feature lets consumers consummate the entire transaction digitally for work that's completed physically, and the **service professionals using this product get paid by Angi instead of paying Angi**. As we've grown this line of business by adding new job categories, we generally contracted margins as each new category begins at a low or negative margin. In this latest quarter, however, we grew substantially and already have **parts of Angi Services with double-digit contribution margins and higher contribution than an equivalent service request** fulfilled through our traditional marketplace."

Source: C3Q'21 earnings

E-Commerce

Consumers are returning to stores, but the shopping journey begins online first



"We've seen explosive growth in digital over the last 20-some months. But as the world begins to reopen, **shoppers are returning to stores, brick-and-mortar isn't dead.**

Instead, omnichannel is in full force. **Searches for *open now near me* are up four times globally versus last year.**

Strong growth in local shop inquiries, means people are researching their visits to stores more often before they go. **As a result, we've seen more advertisers include in-store sales alongside e-commerce goals to drive omnichannel growth.** Adoption has nearly doubled over the past year."

Source: C3Q'21 earnings

E-Commerce

Walmart is pressing their omni-channel advantage



"Our omni model is a substantial competitive advantage as shopping behaviors continue to evolve. Customers want choices on how they shop and our unique set of assets with a network of stores expanding digital capabilities, robust distribution networks and innovative services very effectively serve their evolving needs.

Walmart U.S. comp sales grew 9.2% including nearly 6% growth in transactions with in-store shopping leading the way. **E-commerce sales growth was up 8% in Q3, again strong sales gains last year resulting in an 87% two-year stack.** We continue to see strong market share gains in grocery this year as well as unit share gains on a two-year stack."

Source: C3Q'21 earnings

E-Commerce

Target saw increasing same-day store pick-up as a part of the overall digital fulfillment mix



"Notably digital fulfillment had an approximately neutral impact on gross margin rate in the quarter, as **the cost associated with higher digital volume were offset by the benefit of a shift in fulfillment mix towards our same-day options which have meaningfully lower average unit costs compared with traditional e-commerce.**"

Source: C3Q'21 earnings

E-Commerce

Amazon has finally caught up to the COVID-19 demand spike...but is now constrained by labor



"We've been chasing demand for the last 2 years. We've been doing it, as I said, we're running at about 100% pretty much all of last year. **We are just now getting caught up** on space for inventory and inventories being brought in to support the holiday. And if you look year-over-year, while units growth is, as you say, closer to 8% in Q3, inventory is up closer to 40%, both in North America and internationally. So there's like the second shoe that's dropping of getting the fulfillment centers back in stock, especially for sellers and especially as we head into holiday. So that's, I think that capacity, the amount of space we have for inventory is also going up probably at a higher rate than our units shipped right now.

Your question about whether it pulls forward from next year. We're not forecasting into next year. We do see that we will, I mean, we expect growth. And as I mentioned on the last call, **we think that the growth will be suppressed for the 4 quarters that end middle of Q2 next year**, just as a comp versus 2020 just because of the 40% growth we saw last year. But we expect the long-term trends to be strong in this business. We're investing as such.

...And certainly, **for the foreseeable future, our capacity constraint is actually labor, which is new and not welcome.** And that's what we've tried to articulate here today. And we are hoping that, that rectifies itself through Q4 and into early 2022."

Source: \$AMZN 3Q'21 earnings call

E-Commerce

Shopify has seen e-commerce share come in from 2020 peak, settling still several points higher than 2019



"In the space of just 16 months, our merchants cumulative GMV has doubled, going from \$200 billion in June 2020 to crossing \$400 billion at the beginning of October."

"As the world begins to return to some normalcy, and the extreme levels of online shopping over the past year, make way for more in-person retail and experiences, e-commerce's share of overall retail has reset lower than the peak last year, but still several points higher than it was two years ago and is poised to resume a more normalized rate of growth and continue its share gains of retail over the long term. It is in this new normal that Shopify serves as the essential Internet infrastructure for commerce for a growing base of entrepreneurs around the world where commerce happens online, offline and everywhere in between."

Source: C3Q'21 earnings

E-Commerce

Shopify GMV from social channels is increasing at several times the rate of other online channels



"So, I think it's quite clear at this point that Shopify really believes the future of commerce is going to be everywhere and the demand for more services to conduct commerce will continue to grow. And so as entrepreneurs grow and succeed, they will need multiple channels. **We are seeing more commerce happen through Shopify on social channels that includes Facebook channels, Pinterest, TikTok, Snap as well and actually the GMV contribution from social channels grew year-over-year. GMV attributed to social channels grew at several times that of online channels** and more shops were successful making sales through these channels in Q3 this year versus Q3 of last year."

Source: C3Q'21 earnings

E-commerce

Shopee is expanding markets and flexing its international ambitions...



“Looking ahead. We're prudently and efficiently exploring how to maximize our largest addressable opportunities given our growing market position. **In the recent months, we launched Shopee in Poland, France, Spain and India.** From time to time, we may test the waters in new markets, where we believe there may be an opportunity to use our experience in highly diverse environments to reach underserved buyers and sellers.”

Source: C3Q'21 earnings

E-commerce

...focusing on markets that benefit from Shopee's operational superpowers (mobile native, social commerce driven, focused on long tail categories)



"We believe that we have gained a deep operational experience in operating in different markets, as well as understanding of our business model focusing on mobile native, social commerce driven and long tail high diverse categories that are so especially the local sellers and buyers who might be under served in their existing markets.

However of course, we remain very humble, being humble is one of our core values in fact. And we constantly tell ourselves that we need to carefully evaluate all these market opportunities as we learn. At the same time, **we should develop a localized and tailored solution for each market.** We wouldn't make any assumptions. We believe that well, hopefully, our entrance could add value to the markets and see potential new growth areas that could also further promote the local e-commerce growth together with our peers."

Source: C3Q'21 earnings

E-Commerce

Alibaba core China e-commerce revenue growth was poor at 3% y/y (1/2)...



"In September quarter China's GDP and consumption continued to grow, but slower than the previous quarters... this quarter it came down significantly to single digits y/y. ...Overall retail sales for the quarter increased 5% y/y. Online retail of physical goods rose 8% y/y compared to 19% during the same period last year. Offline retail has only just returned to the same level as two years ago. **These economic headwinds, coupled by intensifying market competition, also affected our core commerce business in China. In line with industry retail trends in China physical goods GMV y/y growth rate moderated to a single digits this quarter,** mainly due to a slowdown in apparel and the general merchandise categories. That said, growth rates of consumer electronics and home furnishing categories remain resilient. In the challenging macro environment, we continued to invest in user acquisition and have seen promising progress in low-tier cities, which I will elaborate on later."

"We see **this may continue through the following quarters as we, in size, are the biggest player right now, accounting for approximately RMB 8 trillion in GMV** vs. China national GMV of RMB 44 to 45 trillion, so the impact will be largely on us."

Source: \$BABA / 9988.HK 3Q'21 earnings call

E-Commerce

Alibaba core China e-commerce revenue growth was poor at 3% y/y (2/2)...



Less-developed areas: "Let me turn to our long-term investment strategies. In less developed areas across China, Taobao Deals has contributed incremental growth to our overall user base, and stimulated more user activity and engagement in our China consumer ecosystem. **Taobao Deals AACs surpassed 240 mn this past quarter. Close to half of Taobao Deals DAUs are unique incremental users in addition to Taobao app DAUs.** Consumers are attracted by the value-for-money products and differentiated user experience offered by Taobao Deals."

For our Community Marketplaces business Taocaicai... Taocaicai has expanded operations to close to 200 cities, and **Taocaicai's GMV growth surpassed 150% Q/Q. More than 50% of Taocaicai users were first-time buyers** of fresh produce on our China Retail Marketplaces."

International: "In Southeast Asia, Lazada produced 82% order growth y/y during the quarter, with **triple-digit growth in Thailand, Vietnam, and Malaysia. Trendyol, the largest e-commerce platform in Turkey, delivered GMV growth of over 80% year-over-year.**"

Source: \$BABA / 9988.HK 3Q'21 earnings call

E-Commerce

Approaching MAU market saturation, PDD is refocusing to find future growth



"Our MAU in Q3 reached 741.5 million. This is up 15% compared to the same quarter in 2020. **Given our current scale, our user growth will inevitably be more moderate going forward.** At the same time, as we serve our larger user base, we also face more diversified and evolving user needs. **Our task has become increasingly difficult. We hope that our younger team leaders could embrace the challenges** and continue to serve users' needs innovatively."

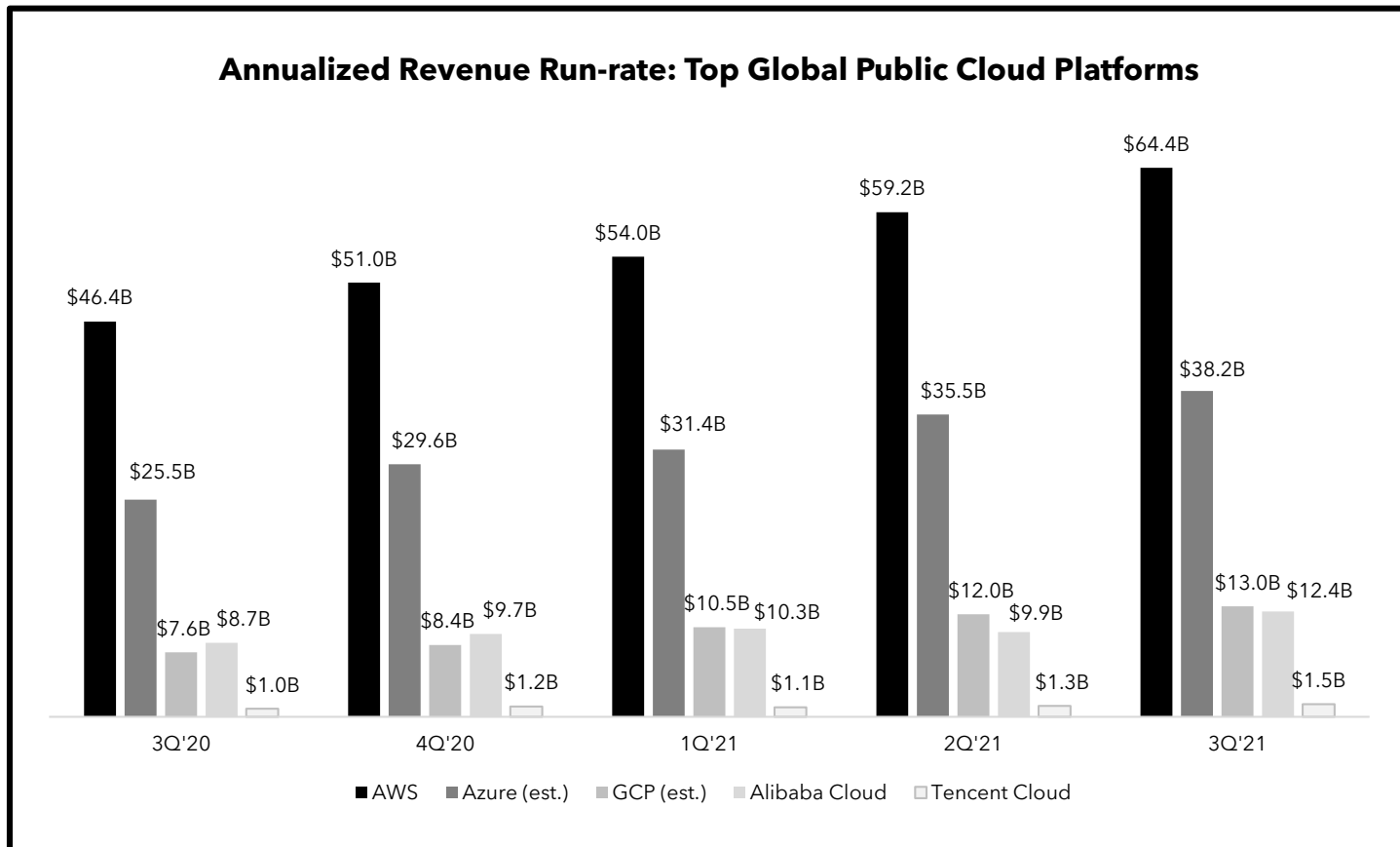
Our total revenues in the quarter end September 30, 2021 were RMB 21.5 billion, up 51% from RMB 14.2 billion in the same quarter last year. ...Online marketing services revenue was RMB 17.9 billion this quarter, up 44% compared to the same period last year, primarily due to the increase in merchant activities."

Source: \$PDD 3Q'21 earnings call

Software

Software

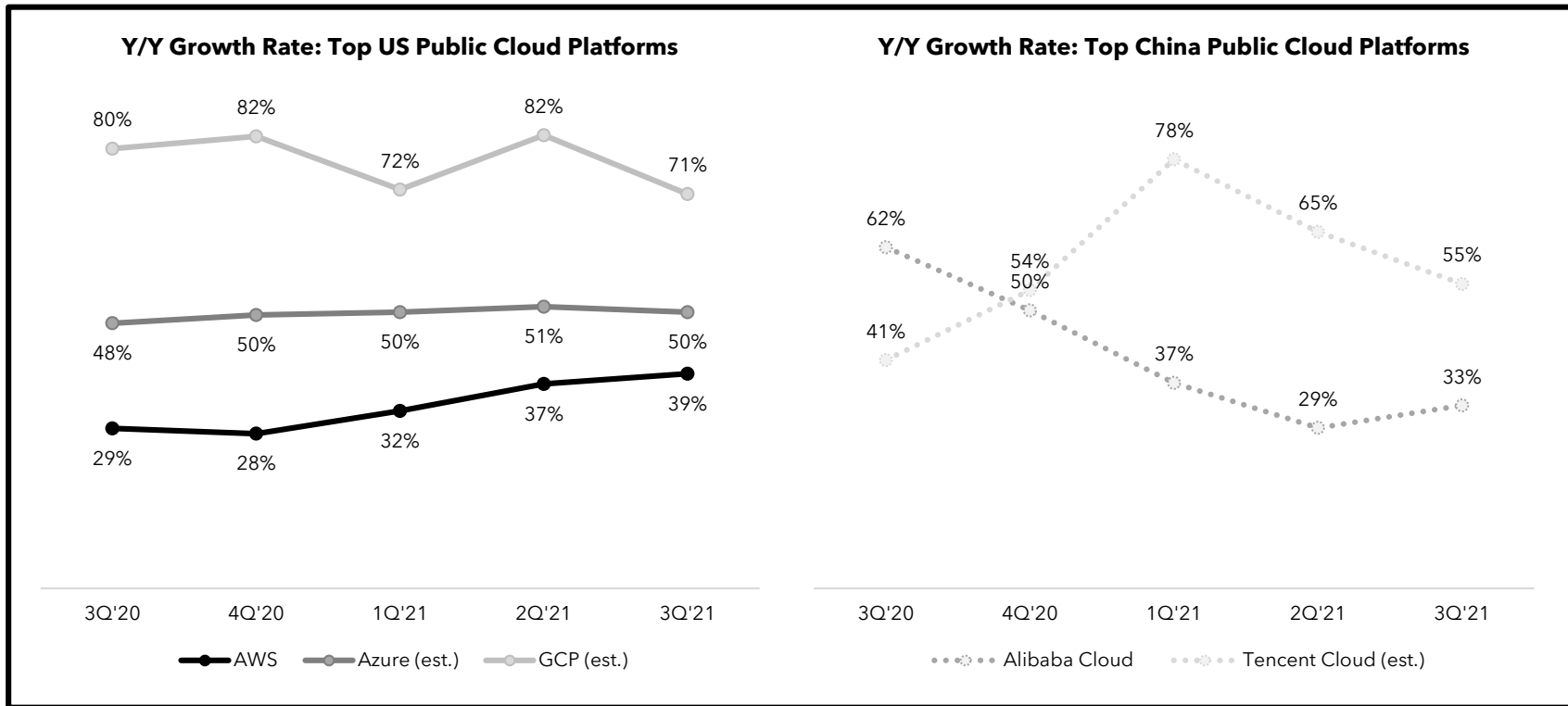
Cloud spend continues to increase



Source: Company filings, Octahedron estimates

Software

AWS growth continued to re-accelerate in 3Q'21, though its cRPOs growth slowed



Source: Company filings, Octahedron estimates

Software

Microsoft continues to execute in spectacular fashion...



"We are off to a fast start in fiscal 2022 with Microsoft Cloud quarterly revenue surpassing \$20 billion for the first time, up 36% year-over-year.

The case for digital transformation has never been more urgent or more clear. Digital technology is a deflationary force in an inflationary economy.

Businesses small and large can improve productivity and the affordability of their products and services by building tech intensity."

Source: C3Q'21 earnings

Software

... with GitHub enabling businesses to increase the velocity of software releases



"GitHub is now home to 73 million developers up 2x since our acquisition three years ago. **More and more businesses are choosing GitHub Enterprise to provide their developer teams, the most advanced platform to build, ship and maintain software.** This quarter alone we introduced more than 70 enterprise features, 84% of the Fortune 100 use GitHub and we are seeing growing usage from digital native companies and the world's most established firms from Pinterest to Procter & Gamble from Stripe to Societe Generale."

Source: C3Q'21 earnings

Software

Twilio is building the first party data platform that will help businesses reduce their reliance upon the large ad platforms...



"Digital personalization ... is a tremendous opportunity and that opportunity is actually accelerated by the privacy changes going on in the world of IDFA tags and third-party cookies."

"And so what Twilio is providing is the antidote to all those changes, which is **a personalization and marketing system that starts with first-party data**, that starts with a company understanding, making sense of some of the first-party signals they get from their customer and the data of approach they're going to then use that signal, **use that first-party data to then go personalized and build great relationships with their customers across all these touch points, whether it's marketing, contact center, sales, you name it, or whether it is across all these different channels, your messaging, voice, email, in an app, on the web, et cetera, that's the heart of how companies are going to win the hearts, minds and wallets of their customers.**"

Source: C3Q'21 earnings

Software

...enabling B2C companies to understand and act upon the vast troves of data they are collecting



"So we're really excited about Segment, which is obviously the number one CDP in the market. We're really excited about Twilio Engage, which is built on top of it. And it's interesting, **when I look at the market, I just see a huge hole in the market for a platform that is helping B2C companies really understand their customers and then execute on that understanding by personalizing every part of their journey and empowering their employees with great engagement apps.**

B2B CRM really starts with salespeople entering notes, which is just a completely different starting point than what B2C companies need. And so **the opportunity that we're going after and what our customers are looking for is how do B2C customers with volumes of data, how do they take that data, understand it and act on it across all the different applications and all the touch points that they have.** And that's a fundamentally different market that nobody has really cracked, and that's the opportunity for Twilio's Customer Engagement Platform, and that's the opportunity that customers are pulling us towards because no one has solved it."

Source: C3Q'21 earnings

Software

RingCentral is still in the early innings of capturing its \$100B+ market...



"This strong results speak to our continued success in capturing the \$100 billion plus market opportunity or on-premise PBX user migrating to the cloud. This massive opportunity does not include the near adjacency of cloud contact center another successful RingCentral solution which adds an additional tens of billions of dollars in total addressable market. Today, industry research estimate the addressable market cloud penetration is still at less than 10%. This means there are hundreds of millions of employees as the cost of the generational transformation to the cloud. The RingCentral is at the forefront of this ways of digital transformation and is a well-established leader in this market."

Source: C3Q'21 earnings

Software

...while Zoom continues to grow their mix of large customers



"We saw 94% year-over-year growth in the up-market as we ended the quarter with 2,507 customers generating more than \$100,000 dollars in trailing twelve months revenue. These customers represented 22% of revenue, up from 18% in Q3 of last year.

From a product perspective, we saw strong demand for Zoom Video Webinars, Zoom Rooms, and Zoom Phone. Zoom Phone had year-over-year revenue growth in the triple-digits and reached 30 customers with over 10k paid seats."

Source: C2Q'21 earnings

Software

Salesforce has individual segments that are larger and faster growing than independent cloud companies...



"Wasn't that just awesome. And **our sales and service clouds, well, they become massive individual businesses at this point and generating more than \$6 billion each**, I mean that's bigger than a lot of cloud companies that I know quite itself. And they're continuing to grow in the double digits. It's amazing. I mean, Sales Cloud is amazing this quarter."

Source: C3Q'21 earnings

Software

... with Slack continues to innovate at a fast pace even after acquisition



"So Slack outperformed our expectations in the first full quarter as a part of the Salesforce family. **The number of customers on Slack who spent over \$100,000 was up 44% year-over-year.** And adoption of Slack Connect was up an astonishing 176% year-over-year. Slack is not just a product. Slack is a network. And it's just incredible to see that growth. Slack also continues to innovate at an unbelievable pace. **Slack Huddles which is Slack's new real time audio capability is already used weekly by over a third of Slack users. And Slack Clips, the new asynchronous video capability, are being played nearly 1 million times a week.** And this month at Slack Frontiers, which I hope all of you who watched and if you haven't, you can watch it online, Stewart and the team announced the next generation of Slack platform and it's going to truly transform the way companies think about workflows and automation.

Well, just in -- Slack has already transformed the way we work at Salesforce. **Since we have deployed Slack internally, we have sent 46% fewer emails.** And in the last 30 days alone, our employee had sent nearly 60 million Slack messages and conducted 500,000 Slack Huddles. We run Salesforce on Slack. And every CEO and every Board I talk to is focused on how they can succeed in this zero [ph] flexible work. According to Slack's research, 93% of the workers are looking for flexibility when they work and 76% are looking for flexibility where they work. Companies need to connect their employees, their partners, their customers from anywhere because we all know we are not going to be in the office five days a week."

Source: C3Q'21 earnings

Software

Datadog customers continue to use multiple Datadog products...



"Next, our platform strategy continues to resonate in the market. As of the end of Q3, 77% of customers are using two or more products, up from 71% a year ago. Additionally, 31% of customers are now using four or more products, which is up from 20% last year. And this quarter about 70% of new logos landed with two or more products. Most strikingly, our whole platform saw strong growth in the third quarter. I'll point out in particular that all of our major products added a record amount of ARR during the quarter. But also that the year-over-year growth of infrastructure monitoring ARR, on its own accelerated this quarter."

Source: C3Q'21 earnings

Software

...with impressive shipping velocity adding more legs to the stool



"Two main factors really are the resumption of cloud migration to the speed it had before the pandemic. That's number one. And this one we don't fully control, right? I mean, that's something that is highly dependent on the business environment around us. **The second factor is the success of our new products and the fact that we are -- we mentioned on the call, our APM and log products together reached more than \$500 million in ARR.** So not only are they growing very fast like the same type of growth, but also they contribute quite a bit to the revenue of the company. And **we have more products coming up after that, that are also growing very fast.** So, this is the second factor. **The third factor is that on the back of that like with all the demand environment being there and we're just solving a larger and larger problem,** we've successfully scaled the go to market teams. So we can actually go after these opportunity. So combine all those three, that's how you get the direction of revenue growth."

Source: C3Q'21 earnings

Software

Snowflake continues to play an key role to help enterprises build digital data-driven infrastructure



"The overarching backdrop for Snowflake is the inexorable march towards direct-to-consumer operations and full-blown digital transformation. Enterprises and institutions have grown acutely aware, how much they will end up relying on data operations, data analytics and data science. Data is becoming the beating heart of the modern enterprise. So **the race is on to lay the foundation for a digital data-driven infrastructure. Snowflake is and will be a critical enabler of this journey.**

Now that really mitigates the sticker shock in which people can make investment decisions as they go along, and as it warms it. **We're seeing with some of our large banking customers, they went from recomputing loan rates on a monthly basis to doing it every night,** while they had a business case for it, those cost money? Yes, it is costs money. So, in other words, we -- what's really happening is, in the beginning, people have sticker shock? Yes, because there[ph] goes from x to 2x to 10x whatever it is. But **we're really resetting what is normal and what is appropriate spent for this class of computing. It is very different than what it historically has been,** because of, A, what we're now capable of, and also the necessity. Given the comments that we made earlier about directed to -- the trend of direct-to-consumer and full-on digital transformation. I mean, you can choose to sit on your heels and wait it out, but I won't recommend that."

Source: C3Q'21 earnings

Software

Databricks achieved best-in-world performance on their new data warehouses...





"Today, we are proud to announce that **Databricks SQL has set a new world record in 100TB TPC-DS**, the gold standard performance benchmark for data warehousing. Databricks SQL outperformed the previous record by 2.2x. ...this result has been formally audited and reviewed by the TPC council.

These results were **corroborated by research from Barcelona Supercomputing Center**, which frequently runs TPC-DS on popular data warehouses. Their latest research **benchmarked Databricks and Snowflake, and found that Databricks was 2.7x faster and 12x better in terms of price performance."**

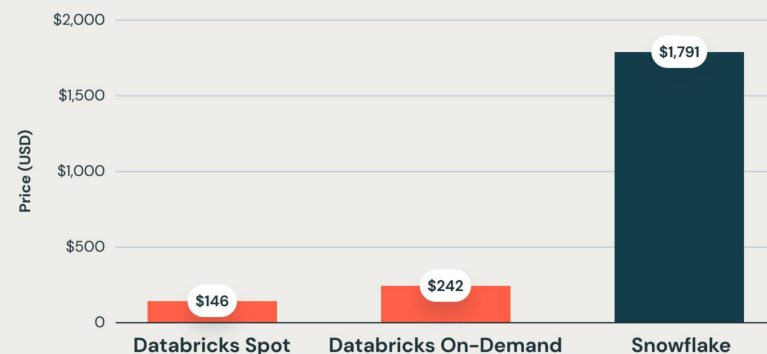
TPC-DS V3 Top Performance Results

Version 3 Results As of 10-Dec-2021 at 5:26 PM [GMT]

100,000 GB Results

Rank	Company	System	QphDS	Price/kQphDS
1	 databricks	Databricks SQL 8.3	32,941,245	157.57 USD
2	 Alibaba.com	Alibaba Cloud E-MapReduce	14,861,137	175.23 USD

Barcelona Supercomputing Center Price/Performance for test derived from TPC-DS 100TB Power run (lower is better)



Source: [TPC-DS audited results](#); [Databricks](#); Barcelona Supercomputing Center

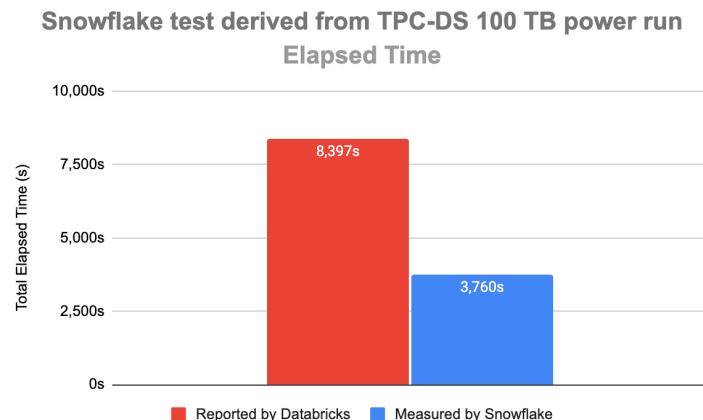
Software

...while Snowflake pushed back against over-emphasis on benchmarks



"Twenty years ago, the game of leapfrogging benchmark results every few months was a priority for the database industry... Most in the industry started adding configuration knobs, special settings, and very specific optimizations... Unfortunately, many such changes translated into additional complexity for customers... had little or even negative impact on customers' day-to-day workloads... development teams are distracted... and **users are left underserved**..."

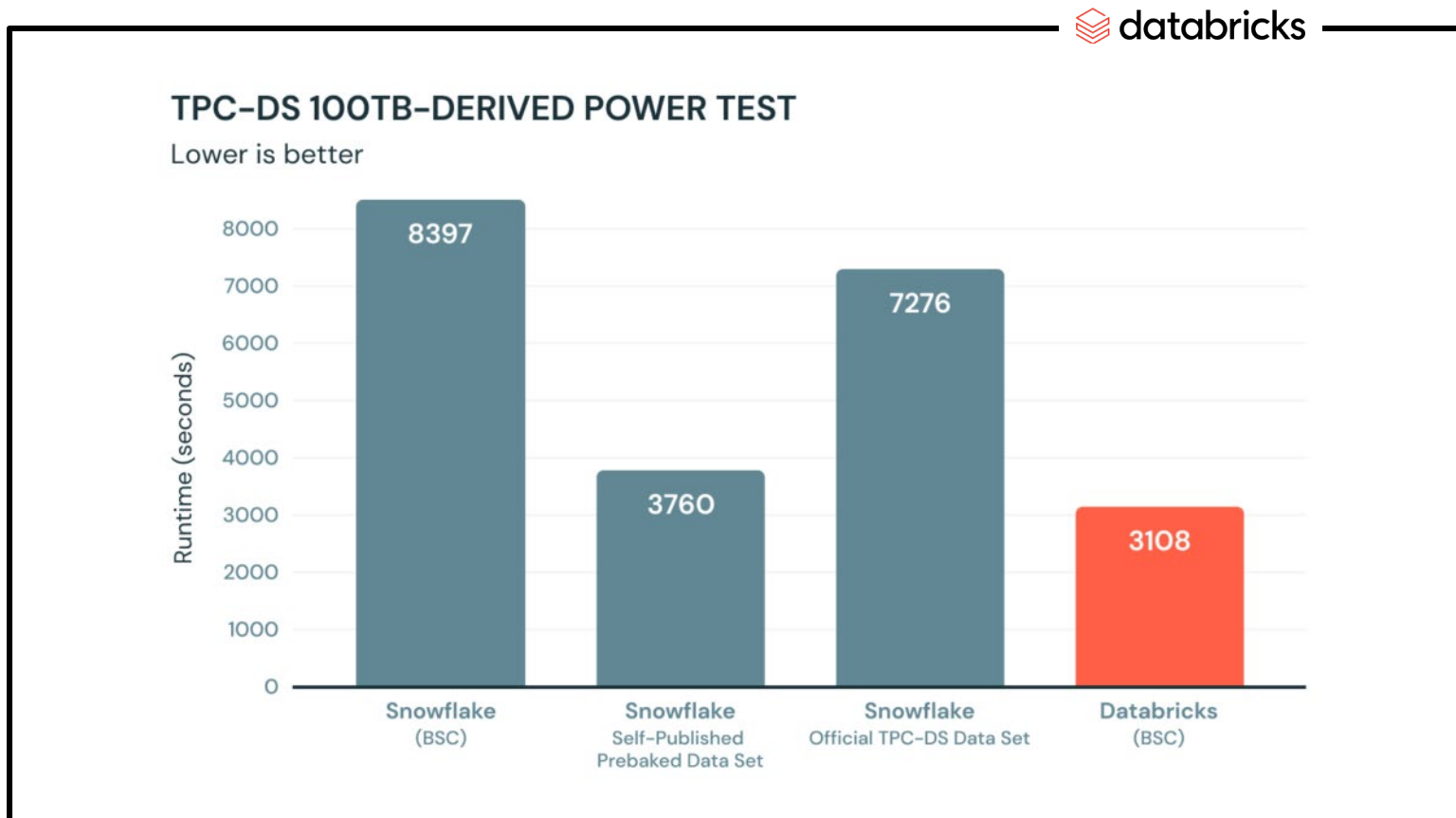
Since founding Snowflake, we have focused on our customers and their workloads, not on synthetic benchmarks. We're reiterating this philosophy today due to a recent benchmark published by Databricks that included comparisons to Snowflake. Though Databricks' results are under audit as part of the TPC submission process, it's turned the communication of a technical accomplishment into a marketing stunt... those results are wildly **incongruent with our internal benchmarks and our customers' experiences.**"



Source: [Snowflake](#)

Software

The point still stands - Databricks proved that their lakehouse setup outperform the best data warehouses (while also giving you the flexibility of data lakes)



Source: [Databricks Blog](#)

Software

Confluent/Kafka is the “central nervous system” that governs real-time data...



“At the core of all the software that drives this is data. Data management has traditionally been about storage, that is, data at rest. ...But now the explosion of software and data means that there are more databases, applications, analytics, platforms, and SaaS layers. And increasingly, all of these systems need to work together in **real-time** to help operate the business.

Confluent's role is extending support in the infrastructure layer to cover the other half of data management, **the management of data in motion**. The databases have traditionally been ignored. This problem is very different from a world with data at rest. It isn't about storing piles of data for individual disconnected applications.

Data in motion requires a platform that helps support the real-time flow and processing of data between applications as it is generated to help drive the operations of the business. This new platform forms a key component of the emerging next-gen data architecture, which **we think, over time, will be a requirement for every company**. By using data in this way, companies can make it far easier to tap into data from any part of the company and operate on it in real time. The streams of data both trigger custom applications to take action, as well as enabling real-time processing and enrichment of the data and integration into other data systems.

In this sense, the rise of data in motion is right at the heart of digital transformation. This kind of real-time architecture has long been desirable, but was long believed to be too difficult for all but the most critical applications. However, our platform makes real-time easy. Indeed, **our goal is to make processing real-time data streams as easy and ubiquitous as the infrastructure around storage and batch process.**”

Source: \$CFLT 3Q'21

Software

...and is seeing >200% y/y growth of Confluent Cloud



"Our third quarter results exceeded our expectation and our guidance on all metrics. The outperformance we've seen is a result of great product market fit and secular tailwinds driving the adoption of **data in motion** and cloud and a lot of hard work by our team.

...Revenue in Q3 totaled \$103 mn. This is significant for two reasons. First, this is **our first quarter ever, achieving over \$100 mn in quarterly revenue, and we've managed to hit this milestone in less than 7 years.** And second, revenue growth of 67% year over year represents a further acceleration from the growth we saw last quarter. **Growth in Confluent Cloud revenue also accelerated, coming in at 245% y/y,** while outpacing the growth of the overall business. Confluent Cloud represents 26% of total revenue in the quarter. Our team has continued to execute well, and we feel very good about our position heading into the fourth quarter, which is reflected in our increased guidance for the balance of 2021."

Source: \$CFLT 3Q'21

Software

GitLab is building an integrated DevOps and DevSecOps platform...



"In a world where software defines the speed of innovation, we believe every company has to be great at developing, securing an operating software. ...This represents a **dramatically different approach to software development and operations, known as DevOps**. DevOps is a set of practices that allow development, security and operation teams to collaborate and work together to **shorten the software development life cycle, typically from months to hours**.

GitLab, as The DevOps platform allows teams to collaboratively and efficiently plan, build, secure and deploy software in 1 application. With 1 user interface and a unified data model, teams across development, security and operations can use GitLab for every stage of the software development life cycle. ...We believe our single application helps companies to deliver software faster, improve organizational efficiency and reduce security and compliance risks. The DevOps platform also enables our customers to manage and secure their entire DevOps workflow **across any hybrid or multi-cloud environment**. This ...allows our customers to avoid cloud vendor lock-in..."

On Security (DevSecOps): "In today's threat landscape, we need to secure 100% of your applications and 100% of the time. We believe that **the only practical way to do that is to integrate security into the platform**. And GitLab's DevOps platform does this."

Source: \$GTLB 3Q'21 earnings call

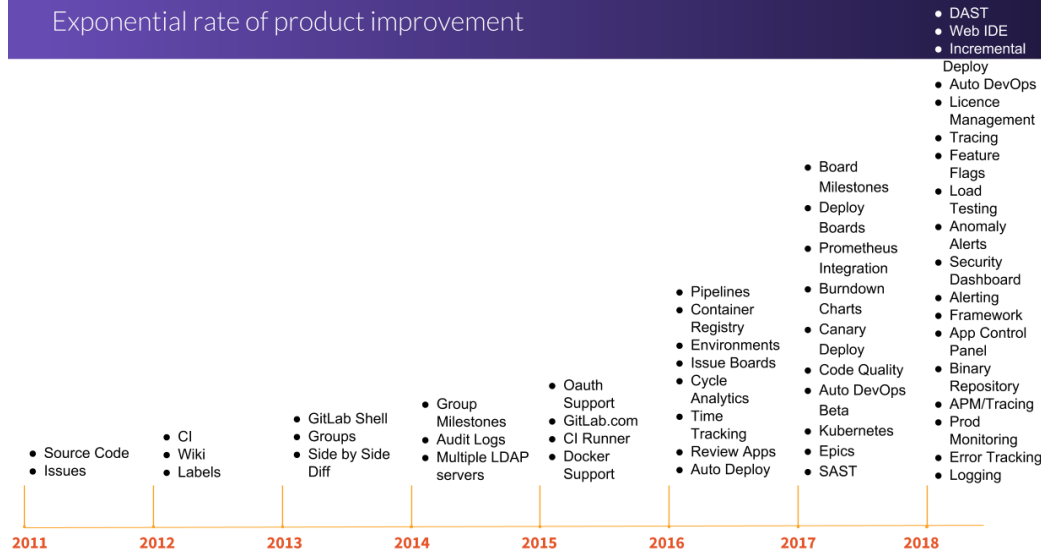
Software

...with unprecedented shipping velocity



"At GitLab, **we prioritize and are extremely effective in improving the platform**. We have a **dual flywheel development strategy that leverages both our R&D group and our open core community**. By leveraging the power of each, we create a cycle where more contributions lead to more features, which leads to more users, leading back to more contributions. As an example of this innovation, **in Q3, we introduced over 100 new features.**"

Exponential rate of product improvement



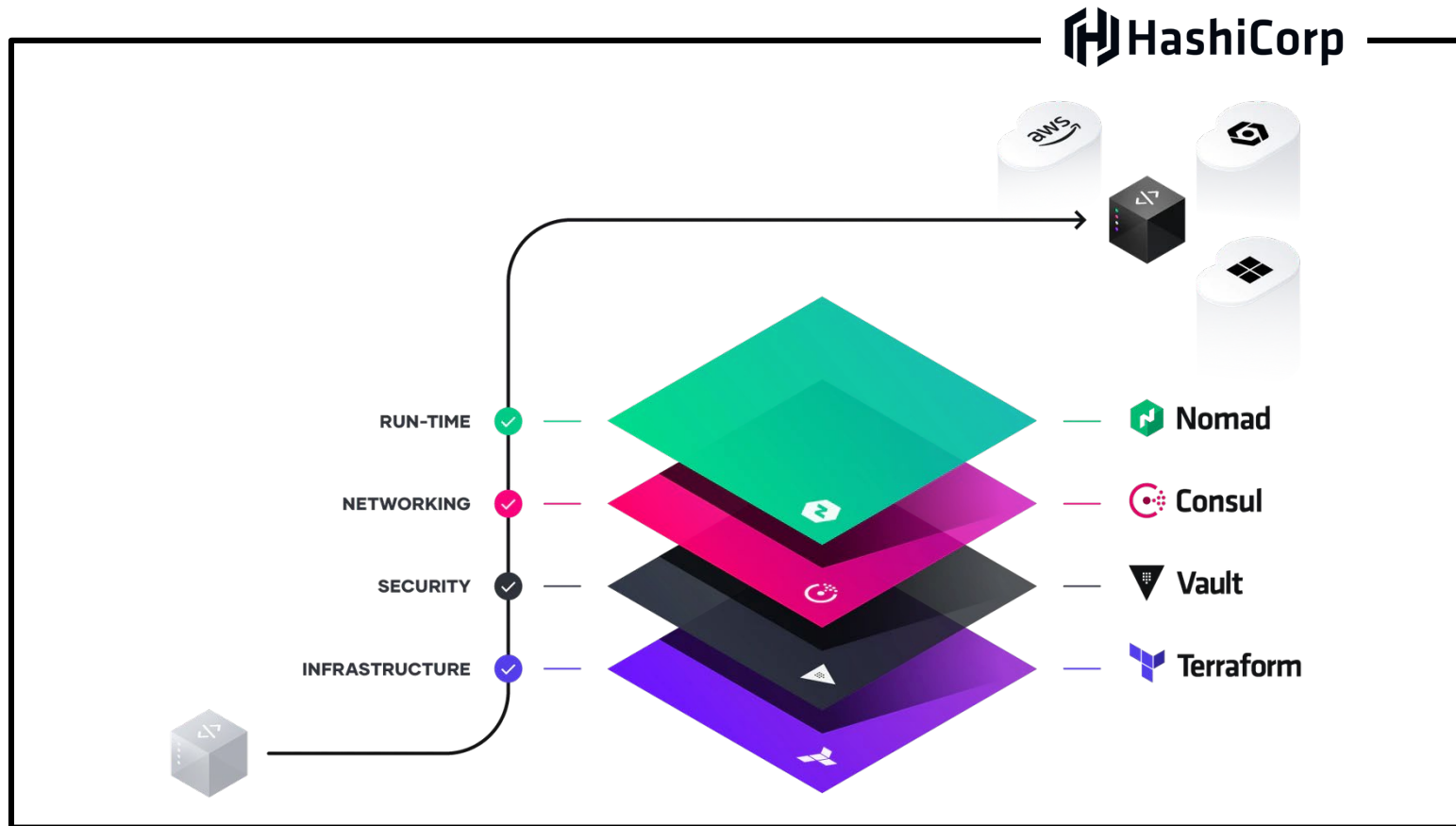
Source: \$GTLB 3Q'21 earnings and [public documentation](#)

[about.gitlab.com/direction](#)

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Software

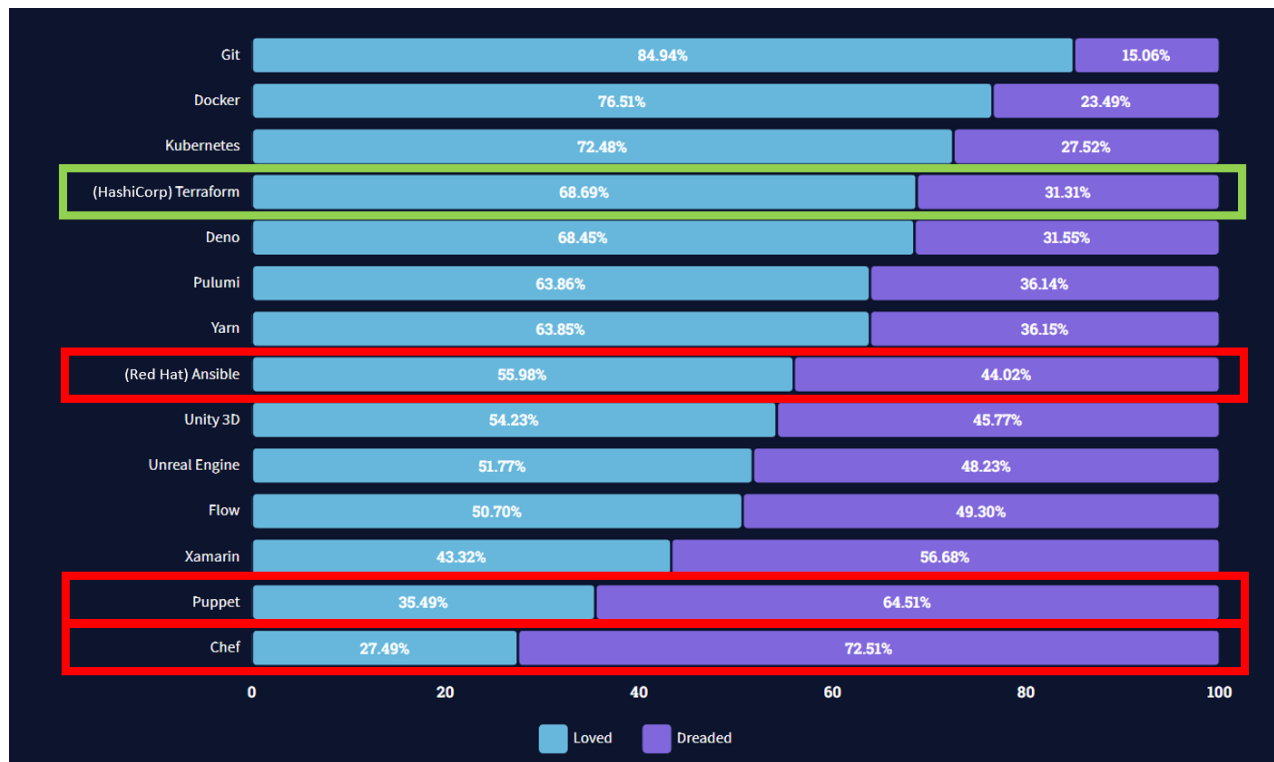
HashiCorp is automating software development for a microservices-centric world...



Source: HashiCorp (\$HCP)

Software

...and enjoys developer love once it surpasses tougher initial sales hurdles



Source: [Stack Overflow 2021 Developer Survey](#) (n=75,793)

Questions?

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