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Non-GAAP Financial Measures

To supplement our financial results presented on a GAAP basis, we use non-GAAP measures, which exclude certain business combination accounting entries and expenses related to acquisitions and other significant expenses including stock based compensation, that we believe are helpful in understanding our past financial performance and our future results. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures, and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. Today’s discussion includes certain non-GAAP financial measures, which were included in our earnings releases. A PDF copy of these press releases and financial tables, which include a GAAP to non-GAAP reconciliation, can be viewed and downloaded on the Oracle Investor Relations website at www.oracle.com/investor.
Revenue Opportunity

Software

Hardware

Labor
Revenue Opportunity

Oracle Cloud
Revenue Opportunity

Oracle Cloud

Enterprise (5,000+)

Mid-Market (1,000 - 5,000)

Small Business (100 - 1,000)

Micro Business (<100)

Labor

Hardware

Software
Revenue Opportunity

Oracle Cloud

- Enterprise (5,000+)
- Mid-Market (1,000 - 5,000)

Oracle Cloud

- Small Business (100 - 1,000)
- Micro Business (<100)

Labor

Hardware

Software
Revenue Opportunity

- Oracle Cloud
  - Enterprise (5,000+)
- Oracle Cloud
  - Mid-Market (1,000 - 5,000)
- NetSuite Cloud
  - Small Business (100 - 1,000)

- Labor
- Hardware
- Software
  - Micro Business (<100)
Revenue Model: Cumulative Revenue - On-Premise

Assumes NSL of $100 and support of $20/year thereafter.
Revenue Model: Cumulative Revenue - Cloud Subscription

Assumes that SaaS or PaaS spend is ~2X to ~4X software support spend.
Revenue Model: Cumulative Revenue - Comparison

Assumes that SaaS or PaaS spend is ~2X to ~4X software support spend.
Revenue Model: Cumulative Revenue - Difference

Year 0  Year 1  Year 2  Year 3  Year 4  Year 5  Year 6  Year 7  Year 8  Year 9  Year 10
   0          0          0          0          0          0          0          0          0          0          0
  250         250         250         250         250         250         250         250         250         250         250
  500         500         500         500         500         500         500         500         500         500         500
  750         750         750         750         750         750         750         750         750         750         750
 1000        1000        1000        1000        1000        1000        1000        1000        1000        1000        1000

Difference in Cumulative Revenue
Customer Adoption Curve
What happens when the Customer Adoption Curve meets the Business Model Change?
Trailing 12 Month Non-GAAP results in USD.

On-Premise & Cloud Revenue – Trailing Twelve Months

- Software Support
- New Software License
- SaaS-PaaS
On-Premise & Cloud Revenue – Trailing Twelve Months

Trailing 12 Month Non-GAAP results in USD.

Software Support
New Software License
SaaS-PaaS
Trailing 12 Month Non-GAAP results in USD. Columns represent y/y dollar growth of TTM results, while line represents total of columns.
Gross Profit $ Growth – Trailing Twelve Month

Trailing 12 Month Non-GAAP results in USD. Columns represent y/y dollar growth of TTM results, while line represents total of columns.
Cloud: **Software-as-a-Service**
Cloud: **Software-as-a-Service**

- **Enterprise Performance Mgmt**
- **Enterprise Resource Planning**
- **Supply Chain Management**
- **Human Capital Management**
- **B2B Customer Experience**
- **B2C Customer Experience**
- **Vertical Industry Applications**
- **Governance Risk & Compliance**

*ORACLE*
* Does NOT include ~12,000 NetSuite customers

Content was presented at 2016 Financial Analyst Meeting, September 2016.
ERP/EPM... adding new customers & growing ARR

- 2,800 ERP/EPM SaaS customers with $300K ARR avg
- >15K On-Prem Customers
- >8K Customers in Pipeline
- Market Share Gain
- Up-Sell
- Close Bigger Deals

Number of Customers vs. Average Deal Size

*Does NOT include ~12,000 NetSuite customers* Content was presented at 2016 Financial Analyst Meeting, September 2016.
ERP/EPM . . . adding new customers & growing ARR

Gain Share Organically and Grow the ARR

3,700+ ERP/EPM Customers as of Q3 FY17

* Does NOT include ~12,000 NetSuite customers
Content was presented at 2016 Financial Analyst Meeting, September 2016..
Applications/SaaS Market Size & Players

**Source:** Annualized data from IDC 2016 1H Software Tracker, including pure-play cloud companies.
Applications/SaaS Market Size & Players

Source: Annualized data from IDC 2016 1H Software Tracker, including pure-play cloud companies.
Applications/SaaS Market Size & Players

- ERP: $31B
  - SAP
  - Oracle
  - Microsoft
  - Other

- SCM: $13B
  - SAP
  - Oracle
  - Microsoft
  - Sage

- EPM: $4B
  - SAP
  - Oracle
  - Microsoft
  - Other

- HCM: $16B
  - SAP
  - Oracle
  - Microsoft

- Marketing: $5B
  - Other

- Sales: $8B
  - Salesforce
  - SAP
  - Oracle

- Service: $6B
  - Oracle
  - Microsoft
  - IBM

Source: Annualized data from IDC 2016 1H Software Tracker, including pure-play cloud companies.