Software-driven Growth

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JUNIPER NETWORKS | Engineering Simplicity

Juniper is (becoming) a software company

01

DIFFERENTIATED CUSTOMER OUTCOMES

02

DEEPER ONGOING CUSTOMER RELATIONSHIPS

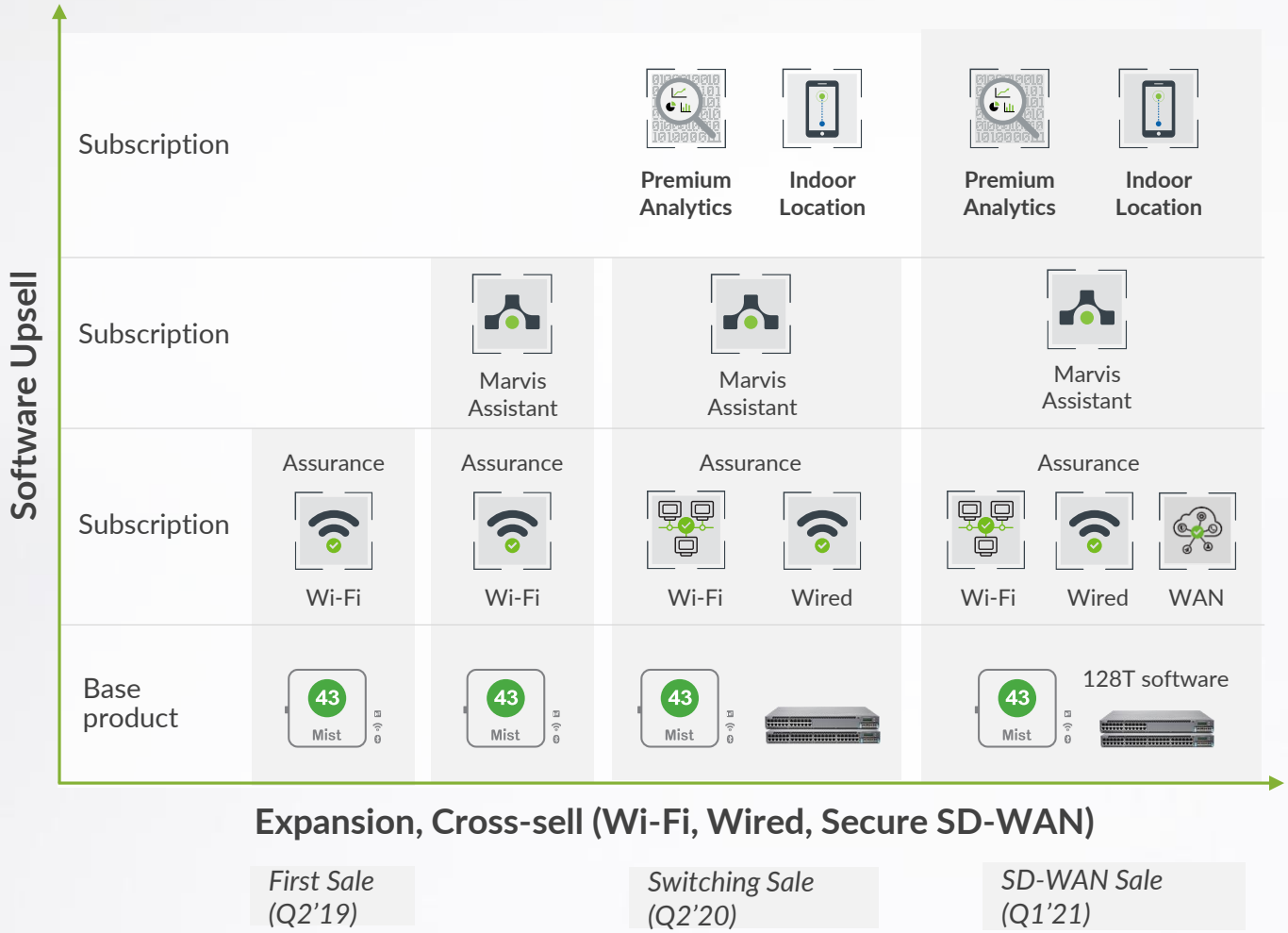
03

SUSTAINABLE, RECURRING & PROFITABLE REVENUE GROWTH

Software enables us to deliver real value to our customers…

Automated WAN Solutions	"By automating our service assurance process, our engineering and operation organizations can guarantee that scheduled changes in our core and access networks do not impact customer experience." — Consolidated Communications
Cloud-Ready Data Center	"Enabled us to gain the day-2 operations efficiency needed to manage and sustain the complex network infrastructure in our cutting-edge facility." — Bloomberg
AI-Driven Enterprise	Reduced trouble tickets in their corporate network by 90%, saving the IT department time & money while optimizing end user experience. — servicenow

Lifetime value to date from a Fortune 10 customer



The Control Point Effect*

- 1,500+ Mist customers
- 50% EX customers or trials
- $1 Wi-Fi = $2-$3 Switching + $0.5 WAN

*as of December 31st 2020

Software is a significant and growing business

	SOFTWARE & RELATED SERVICES[1]	2020 REVENUE	'20-23 GROWTH RATE*
Automated WAN Solutions	**Automation and Orchestration** netrounds Paragon Automation Flex	~$200M	Low double-digit CAGR Mostly perpetual
Cloud-Ready Data Center	**Intent-based Fabric Management** apstra Contrail Flex *Security*	~$200M	Low double-digit CAGR Mostly Subscription
AI-Driven Enterprise	**AI-driven Support & Operations** Juniper driven by Mist AI 128 TECHNOLOGY Flex *Security*	~$130M	Doubling in 3 years Mostly ratable

*Expected growth rate; range within forecasted mid-point.
1 - Represents all software related revenue including software license revenue, software support and maintenance revenue and software-as-a-service (SaaS) revenue recognized from contracts with customers during the periods presented.

Software and Annual Recurring Revenue

SOFTWARE & RELATED SERVICES[1]

- Ratable, term and perpetual software
- Related maintenance services
- **Excluded**: Professional services

ANNUAL RECURRING REVENUE (ARR)[2]

- Ratable
- Ability to deliver and charge for new services at advantageous margins

Products

- Mist subscriptions
- Security software subscriptions
- As-a-Service components of recent acquisitions
- Cloudification of existing products

Services

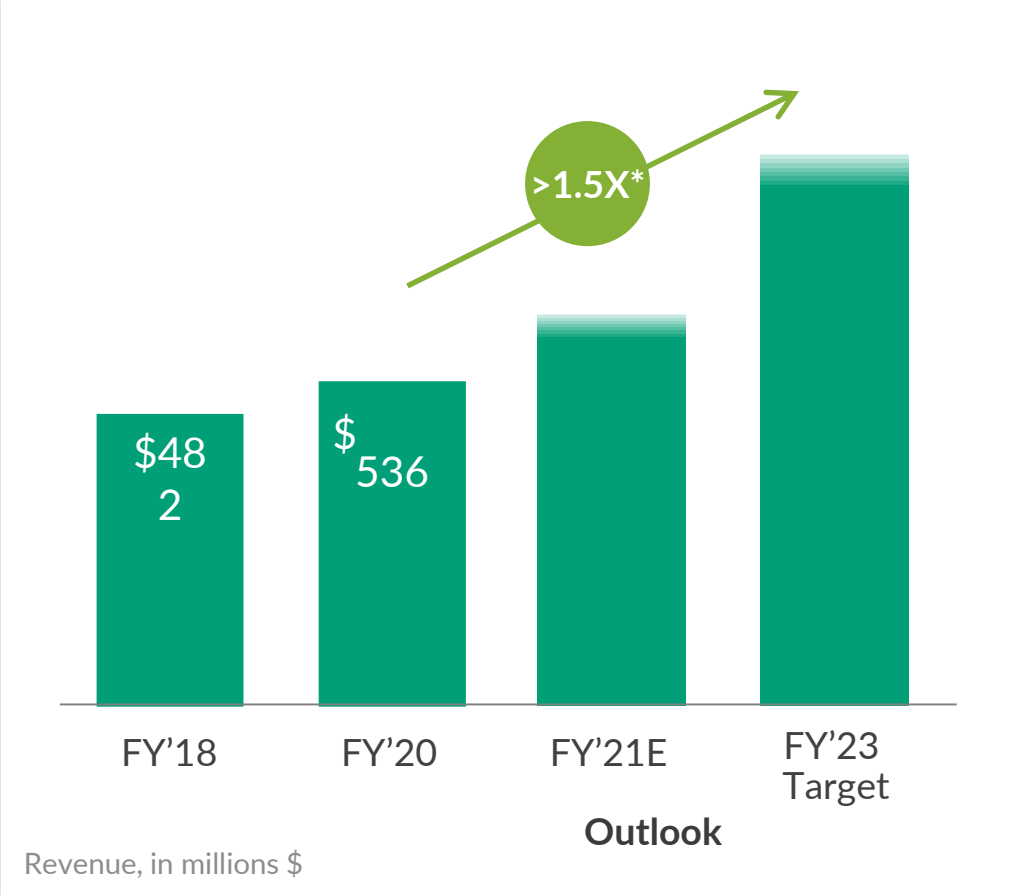
- Upgrades and fixes related to all software products

Our definition of ARR is reliable, repeatable and robust

1 - Represents all software related revenue including software license revenue, software support and maintenance revenue and software-as-a-service (SaaS) revenue recognized from contracts with customers during the periods presented.
2 - ARR Represents recurring revenue from renewable contracts with customers for software licenses, software support and maintenance, and software-as-a service (SaaS) expected to be recognized over an annual period of time. This metric includes the implied annualized billing value of contracts with a duration of one year or greater that are active as of the end of the periods presented. This metric excludes software licenses recognized as revenue at a point in time.

Driving profitable growth

By increasing software and related services[1]



Acceleration across all businesses driven by:

- FLEX model
- Targeted acquired assets
- Cloud connected capabilities across portfolio
- Margin >80%

Progress toward goal to be shared quarterly

*Expected growth
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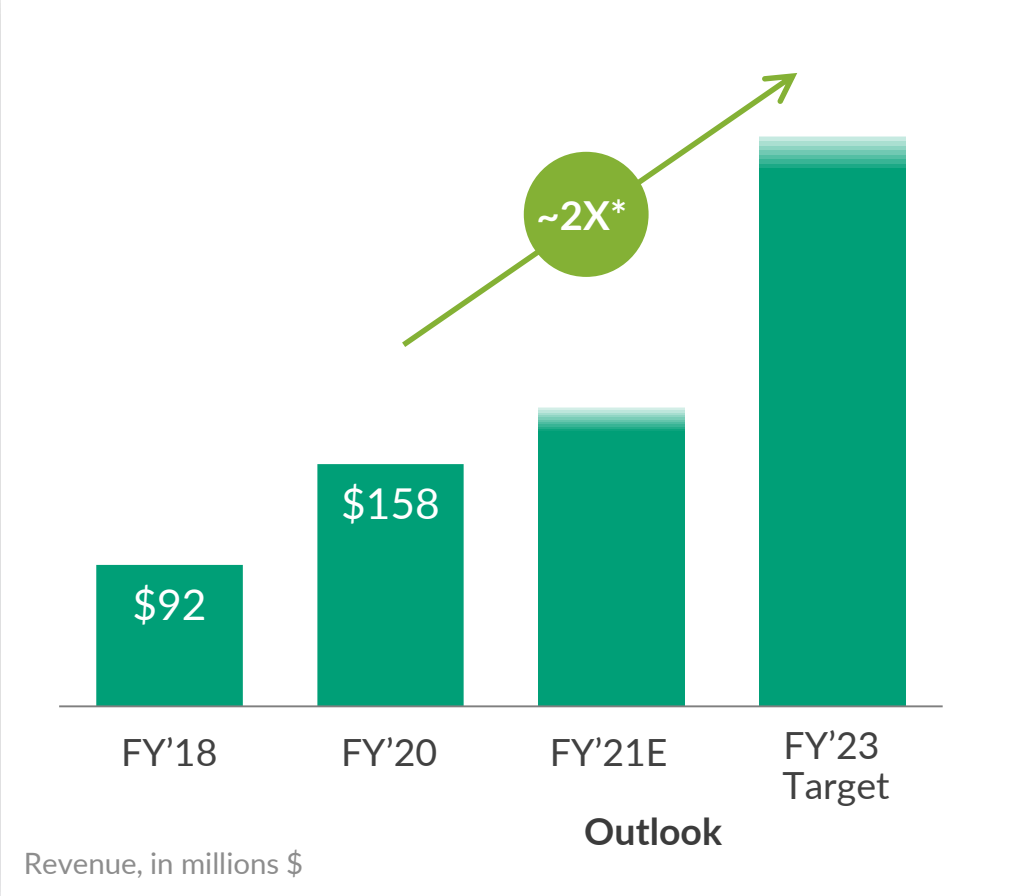
Driving predictable growth

With recurring revenue



~100% ARR[1] growth driven by:

- Continued momentum from AI-driven Enterprise
  - Wired, Wireless, 128T & WAN Assurance
  - Advanced and premium subscriptions
- Security Subscriptions
- Cloudification of other Applications
  - Apstra & Paragon
- Cloudification of support capabilities
- Margin >80%

Progress to be reported periodically

*Expected growth

1 - ARR Represents recurring revenue from renewable contracts with customers for software licenses, software support and maintenance, and software-as-a service (SaaS) expected to be recognized over an annual period of time. This metric includes the implied annualized billing value of contracts with a duration of one year or greater that are active as of the end of the periods presented. This metric excludes software licenses recognized as revenue at a point in time.

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We have already built the capabilities to succeed

PRODUCT

- Flexification to maximize software revenue
- Cloudification of AIDE portfolio & support offerings to maximize cross-sell offerings
- Enterprise Agreements (EA) and Capacity Activation Licensing (PAYG) offers

GTM

- Identified partners to drive recurring business
- Ensuring pricing/incentive models attractive to GTM ecosystem

OPERATIONS

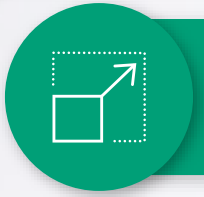
- Continue investing in customer success function
- Updating IT stack to match needs of SW business

Summary: Juniper's Software Journey

Significant and profitable: $536M Rev, $158M recurring, **>80% Gross Margin**

Critical for high-growth markets: Allowing us to compete and win where growth is

Leading products in each segment: Real customer advantage and differentiation



Portfolio selling: Low customer acquisition cost and expanded relationships

1.5X growth in software revenue and **~2X ARR growth** over next 3 years

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