

# Corporate Overview

Third Quarter 2016



# Safe Harbor

This presentation includes forward-looking statements. In this presentation, the words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "predict," "potential" and similar expressions, as they relate to Cornerstone OnDemand, Inc. ("Cornerstone OnDemand" or the "Company"), business and management, are intended to identify forward-looking statements. In light of the risks and uncertainties outlined below, the future events and circumstances discussed in this presentation may not occur, and actual results could differ materially from those anticipated or implied in the forward-looking statements. The Company has based these forward-looking statements largely on its current expectations and projections about future events and financial trends affecting its business. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the date of this presentation and management's good faith belief as of such date with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- The Company's ability to execute its business strategies;
- The Company's ability to accurately forecast revenue and appropriately plan its expenses;
- The accuracy of Company estimates regarding its total addressable market;
- The Company's ability to manage growth, including additional headcount and expansion into new geographies and markets;
- The Company's ability to attract new clients to enter into subscriptions for its solutions;
- The Company's ability to service those clients effectively and induce them to renew and upgrade their deployments of the Company's solutions;
- The timing and success of Company efforts to increase operational efficiency;
- The success of the Company's strategic relationships with third parties;
- The Company's ability to attract and retain qualified employees and key personnel;
- Changes in the competitive environment in the Company's industry and the markets in which the Company operates;
- Continued and/or increased market acceptance of Company solutions and SaaS generally;
- The Company's ability to innovate and introduce new and improved solutions;
- The impact of foreign exchange rates;
- The Company's ability to protect and defend its intellectual property, as well as costs associated with such protection and defense;
- Future regulatory, judicial and legislative changes in the Company's industry;
- Other factors discussed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's periodic reports filed with the Securities and Exchange Commission (the "SEC").

Forward-looking statements speak only as of the date of this presentation. You should not put undue reliance on any forward-looking statement. The Company assumes no obligation to update any forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting future performance or results, except to the extent required by applicable laws. If the Company updates one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.

In considering investing in the Company's securities, you should read the documents the Company has filed with the SEC for more complete information about the Company. You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov).



# Cornerstone Today

# Our Evolution

16 Years Ago...



1999



# Our Evolution

## The Last Decade...



# Our Evolution

Today



cornerstone | edge

2016

# Today with Global Reach...

CLIENTS  
**2,700+**

USERS  
**26M+**

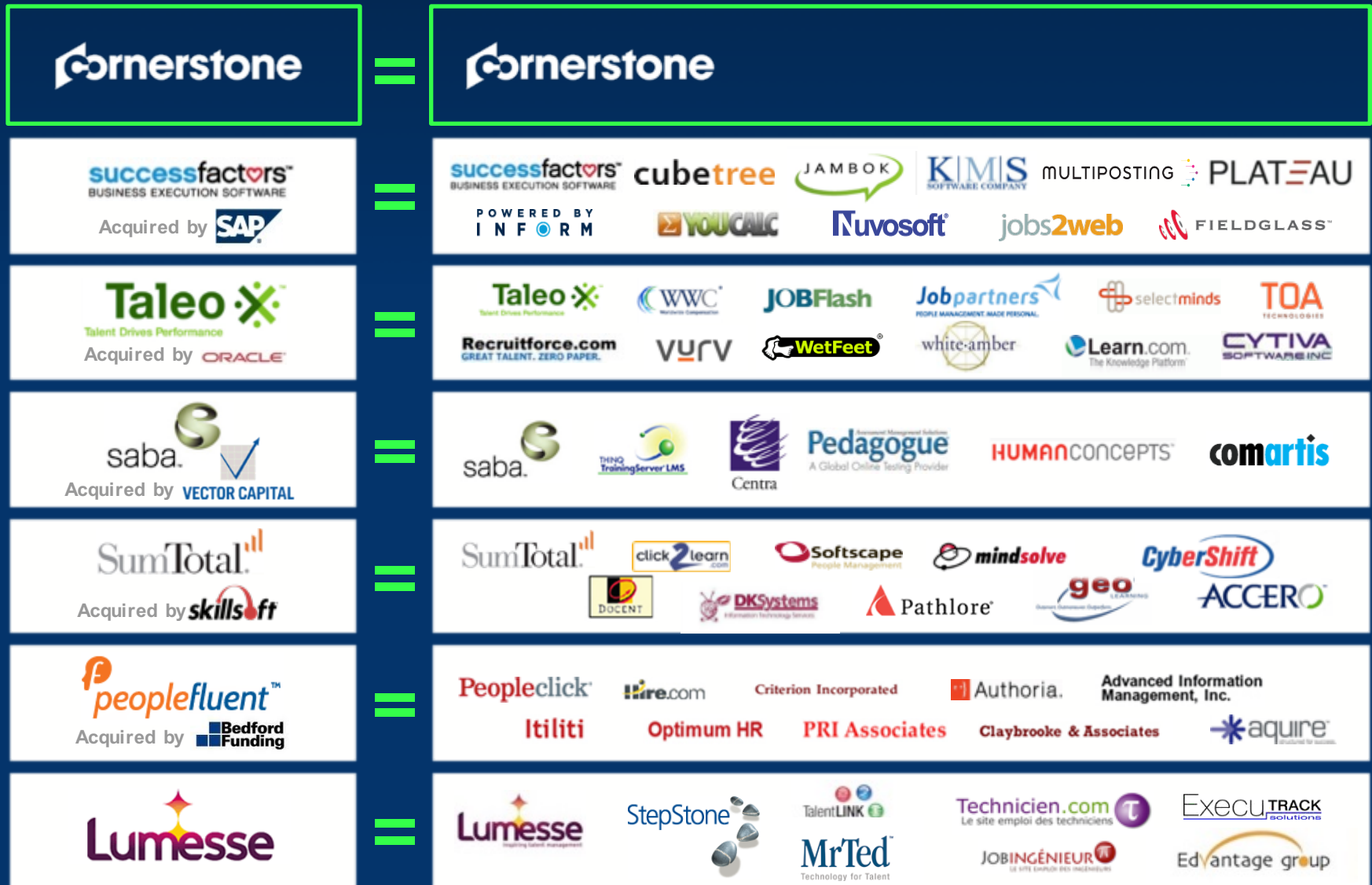
COUNTRIES  
**191**

LANGUAGES  
**42**

OFFICES  
**19**

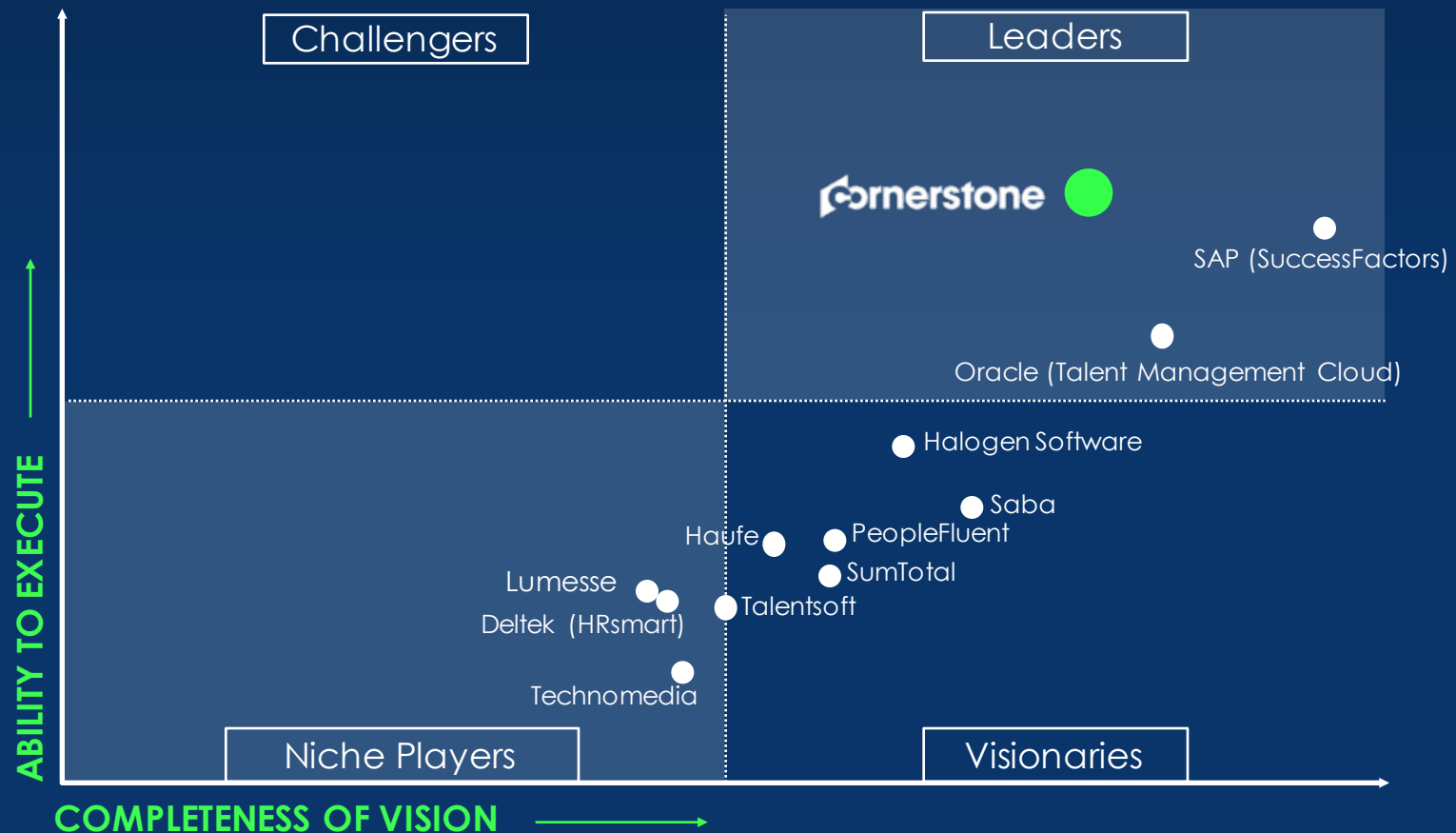


# ...and an Organically-Grown Core Suite



# Cornerstone is the Talent Management Leader

## Magic Quadrant for Talent Management Suites



# Bolstered by Tier One Global Partners

## Select Alliances

accenture

ADP

Aon Hewitt

Deloitte.

IBM

APPIRIO

Bluewater

KRONOS

TRIBRIDGE

xerox

# The Ability to Integrate with Everyone

ORACLE®

PEOPLESOFT

 **Santander**

 **Reckitt  
Benckiser**

  
**CARLSON™**

  
FRUIT OF THE LOOM®

 **UNHCR**  
The UN Refugee Agency

 **GRUPO  
BIMBO**

**SAP**®

 **NOVARTIS**

**HITACHI**

starwood  
Hotels and  
Resorts

**KUEHNE+NAGEL** 

 **FEDERAL  
MOGUL**

**HEIDELBERGCEMENT**

  
**workday.**

**FLEXTRONICS** 

**NISSAN MOTOR COMPANY**

 **USC** University of  
Southern California

**TEACHFORAMERICA**

PENNSTATE



 **MGM RESORTS  
INTERNATIONAL®**

# Now with More People with More to Sell



LEARNING



PERFORMANCE



RECRUITING



ANALYTICS



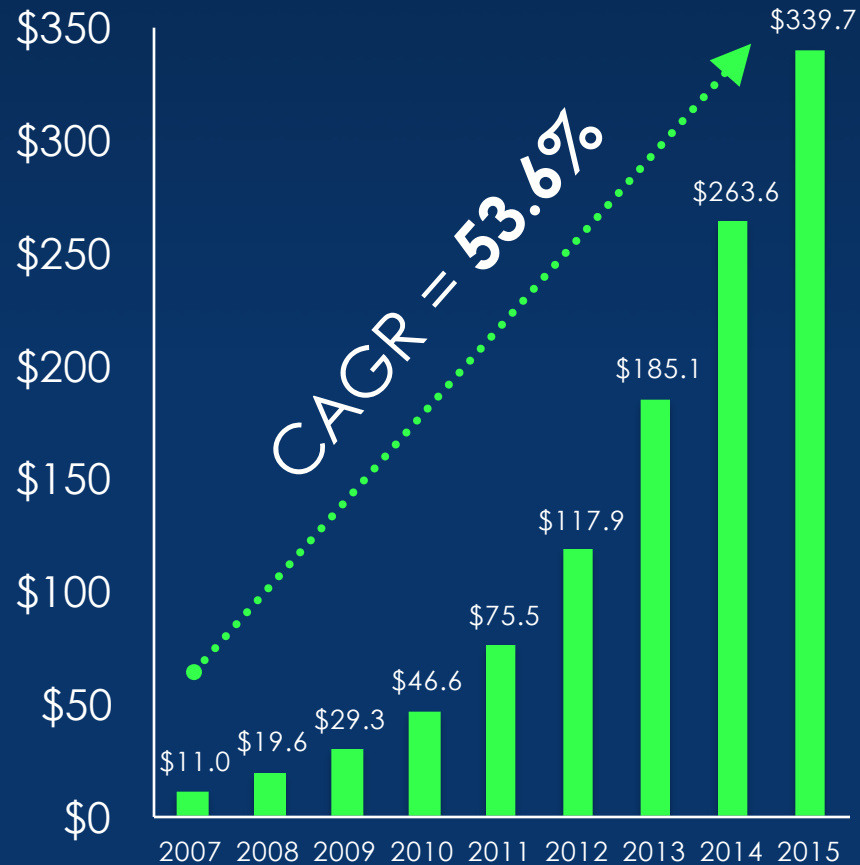
—————> OVER TIME, MORE PEOPLE + MORE TO SELL —————>



# Strong Results

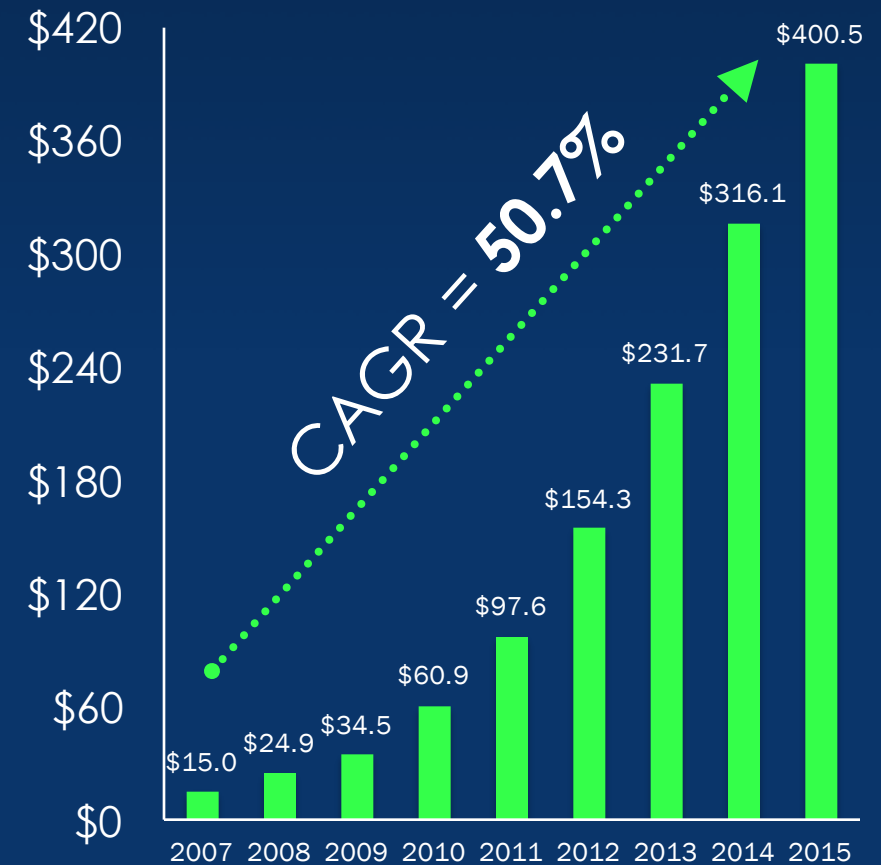
## Revenue

(in millions)



## Bookings

(in millions)



# Growing ASPs Across All Geographies

**North  
America**

**+15%**

**Europe,  
Middle East  
& Africa**

**+48%**

**Asia Pacific**

**+44%**

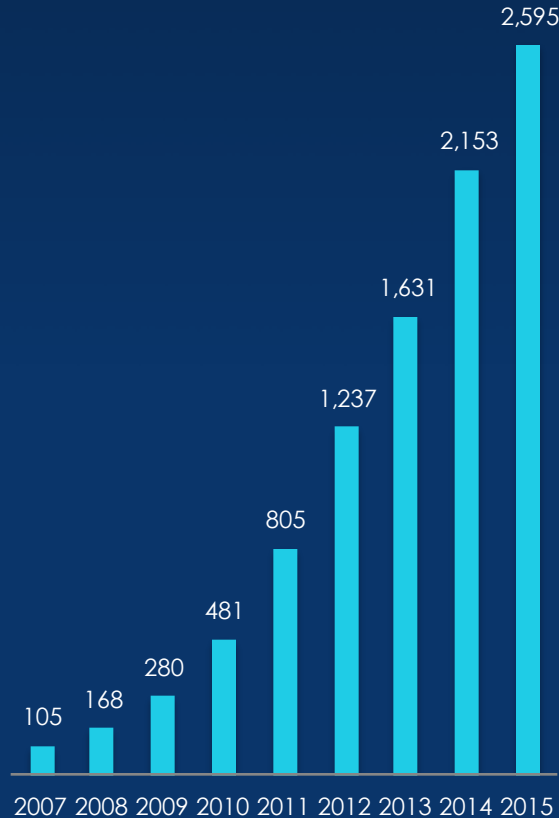
# Growth Across All Metrics

## Revenue Growth

(in millions)

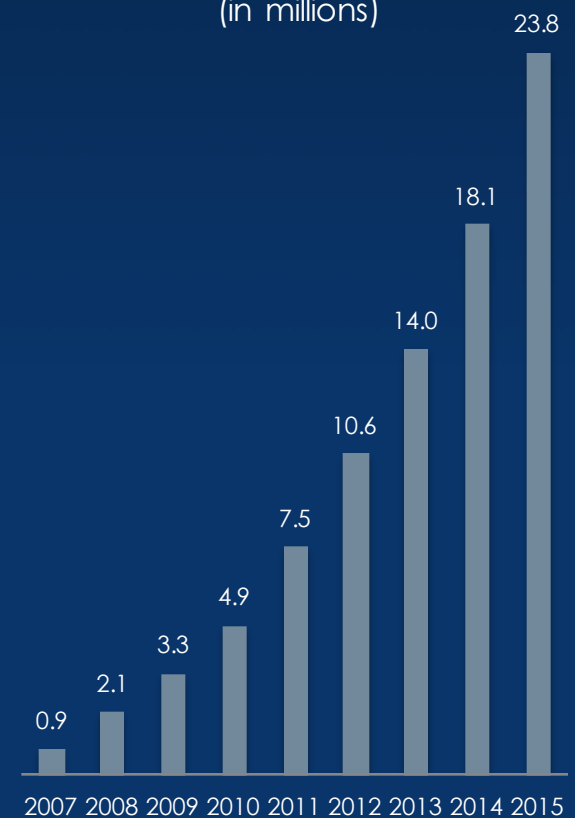


## Client Growth



## User Growth

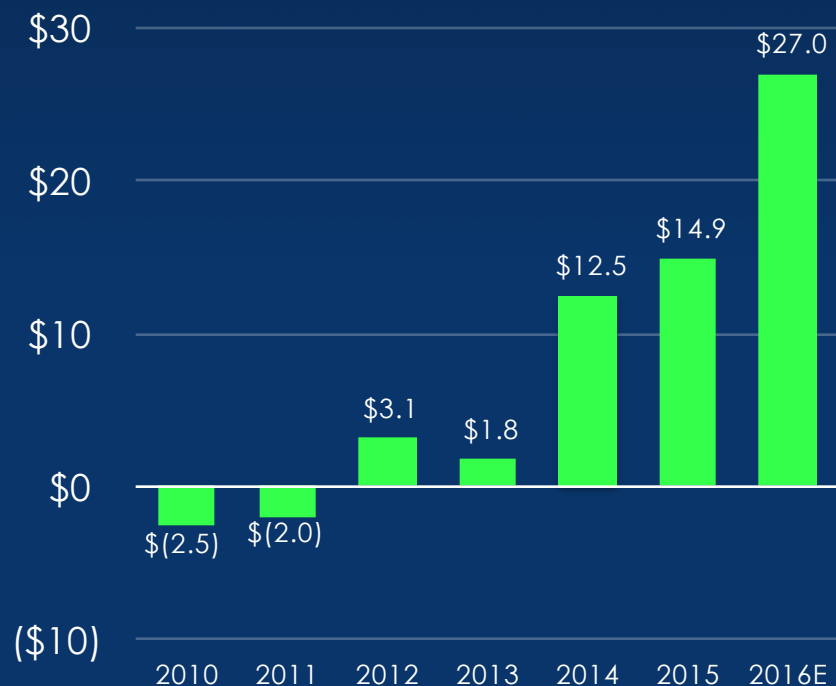
(in millions)



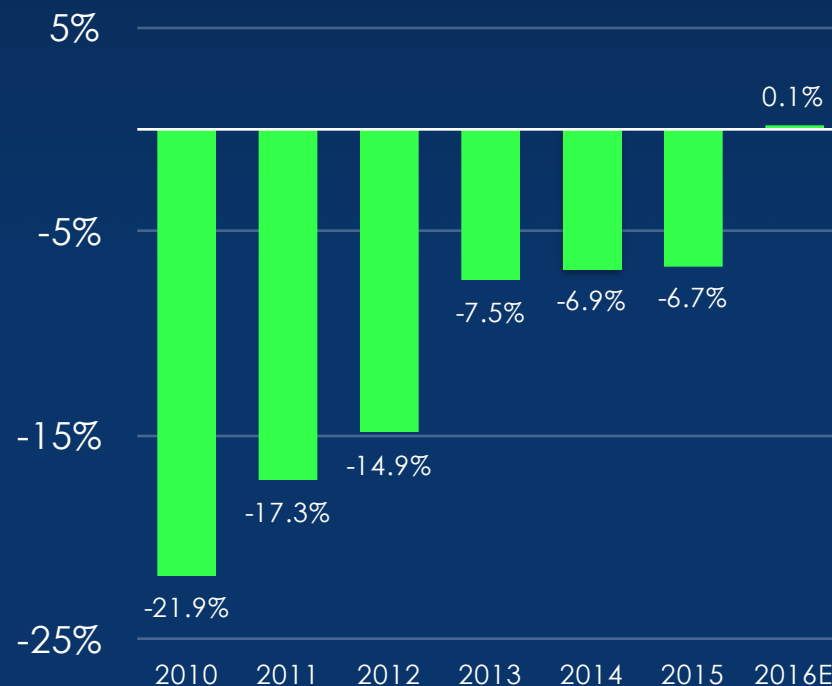
# Clear Path to Profitability

## Free Cash Flow

(in millions)



## Non-GAAP Net Loss Margin



**Note:** Historical values have been restated to reflect updated definitions of recently published SEC guidance. 2016E values reflect the latest issued guidance. 2016E non-GAAP net loss margin uses the midpoint of the revenue guidance range.

# Long-Term Margin Improvement

	2015	Improvement	2018E
Gross Margin	72%	2-3%	74-75%
S&M (% of Rev.)	54%	10-14%	40-44%
R&D (% of Rev.)	10%	-	10%
G&A (% of Rev.)	12%	2%	10%
Operating Margin	<b>-4%</b>	<b>14%+</b>	<b>10%+</b>
Free Cash Flow Margin	<b>4%</b>	<b>12%+</b>	<b>16%+</b>



# Our Opportunity

Marching to **\$1 Billion**

# Work is Changing

**WHO**



**WHERE**



**HOW**



**WHAT**



**WHEN**



# The Market Need is Real

THE  
HUFFINGTON  
POST

Sramana Mitra | July 5, 2016

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**The Future of Work:  
Utopia or Dystopia?**

Entrepreneur<sup>®</sup>  
MAGAZINE

Thuy Sindell & Milo Sindell  
June 15, 2016

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**Why Leadership  
Development Needs to  
Be Updated**



**Harvard  
Business  
Review**

Bruce Pfau | April 17, 2016

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**What Do Millennials Really  
Want at Work? The Same  
Things the Rest of Us Do**

FORTUNE

Heather Clancy | May 11, 2016

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**What Your HR Data Can  
Tell You About Your  
Business**

Forbes

Ian Davies | March 17, 2016

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**Three Ways Technology  
is Transforming Talent  
Management in 2016**



# The Market is **HUGE**

ADDRESSABLE MARKET

**\$31B**

CORNERSTONE

**26M**

USERS

CURRENT MARKET

**91M**

EST. USERS

**400M**

ADDRESSABLE SEATS

# Opportunities Abound

- ✓ Continued Core Market Sales
- ✓ Global Expansion
- ✓ Market Segmentation
- ✓ Vertical Opportunity
- ✓ Installed Base Opportunity
- ✓ Extended Enterprise

# Accelerating Client Traction



## Key Client Additions



# Expanded Global Footprint

## Europe, Middle East & Africa

8

OFFICES

29

LANGUAGES

7M

EST. USERS

## Asia Pacific

7

OFFICES

9

LANGUAGES

2M

EST. USERS

### Select Notable Clients

HEIDELBERGCEMENT

GERMANY

NOVARTIS

SWITZERLAND

BBVA

SPAIN

Reckitt  
Benckiser

UNITED KINGDOM



Alcatel-Lucent

FRANCE



NETHERLANDS

### Select Notable Clients

NISSAN MOTOR COMPANY



JAPAN

LI & FUNG

CHINA

HITACHI

JAPAN

BESTSELLER

CHINA

TATA

INDIA

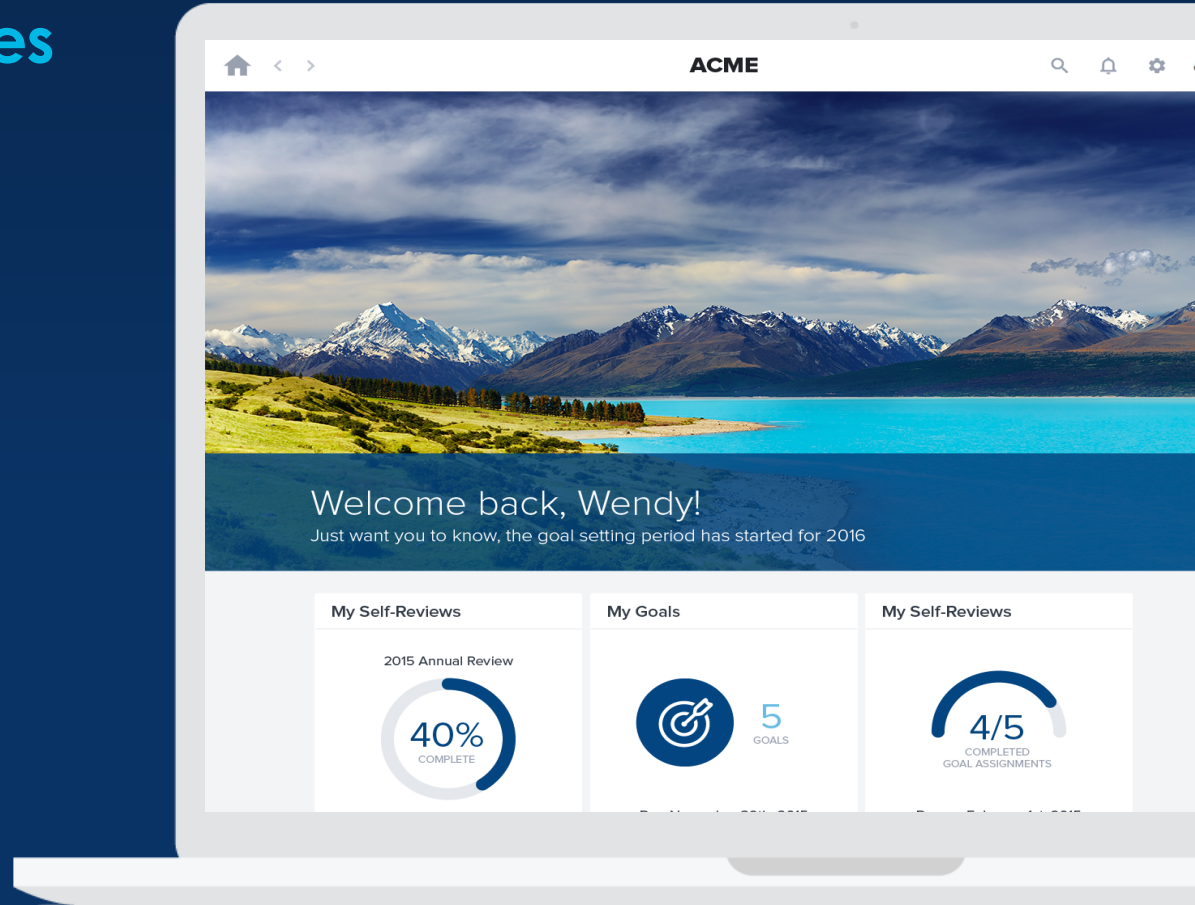
CommonwealthBank

AUSTRALIA

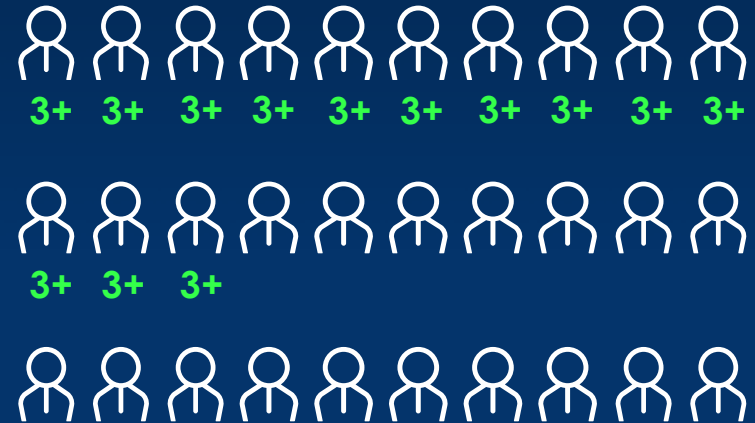
# Growth Edition for Small Business

## Purpose-built talent management solution for Growing Businesses

- Mobile ready
- Self configurable
- 3 hour deployment
- Bundled training



# Installed Base Penetration



Approximately  
**70%** HAVE 2+  
MODULES

Approximately  
**40%** HAVE 3+  
MODULES

# Installed Base Opportunity

Four key pillars, each a suite, and half of it **GREENFIELD**



# Extended Enterprise Opportunity

## Engage & enable the entire ecosystem

- Training for profit
- Partner enablement
- Customer engagement
- Crowdsourcing







# The Future

Beyond 2016

# Cornerstone is Visionary



- ✓ **FIRST** to the Cloud
- ✓ **FIRST** to do Integrated Talent Management
- ✓ **FIRST** to include Social Networking in Talent Management
- ✓ **FIRST** to do client success management
- ✓ **FIRST** to understand consumerization of the enterprise
- ✓ **FIRST** to integrate full machine learning

# Cornerstone has “Massive Data”

**26.3M USERS | 191 COUNTRIES | DECADE OF DATA**

## User

- ✓ Position
- ✓ Previous Position
- ✓ Education
- ✓ Skills
- ✓ Certifications
- ✓ Accomplishments
- ✓ Languages
- ✓ Organization
- ✓ Preferences

## Collaboration

- ✓ Connections
- ✓ Live Feed (Status)
- ✓ Feedback
- ✓ Actions
- ✓ Snapshot
- ✓ Teams
- ✓ Discussions
- ✓ Badges
- ✓ Likes
- ✓ Comments

## Talent

- ✓ Transcript
- ✓ Performance
- ✓ Skills
- ✓ Goals
- ✓ Assessments
- ✓ Dev Plans
- ✓ Succession
- ✓ Compensation
- ✓ Applicants
- ✓ Applicant Status

## Organization

- ✓ Industry
- ✓ Business Unit
- ✓ Department
- ✓ Division
- ✓ Region
- ✓ Groups
- ✓ Hierarchies
- ✓ Cost Center
- ✓ Grade
- ✓ Location

# Cornerstone Analytics

**REPORT**

**DISCOVER**

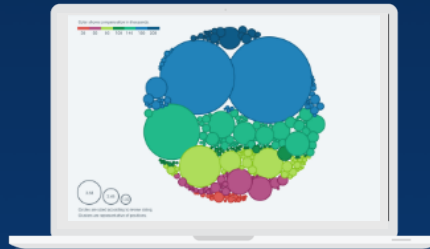
**PLAN**

**PREDICT**



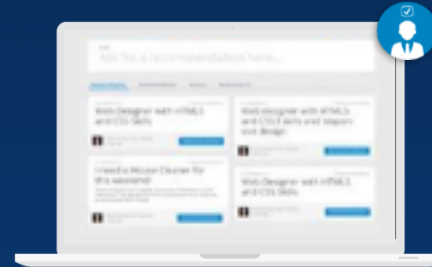
## Cornerstone Reporting

Standard & custom reports embedded with Cornerstone



## Cornerstone View

Highly visual dashboards that can easily slice/ dice talent information



## Cornerstone Planning

Big data solution for workforce planning



## Cornerstone Insights

Predictive analytics for managing talent decisions

## IMPORT

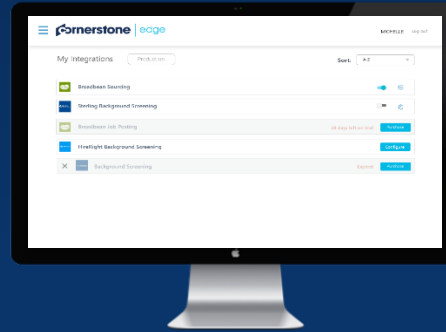
## INTEGRATE

## BUILD



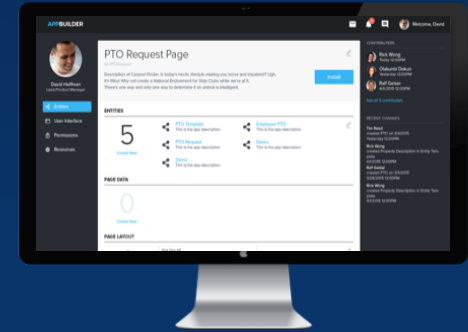
### Edge Import

Easily map and load data into Cornerstone



### Edge Integrate

Easy build & manage integrations with 3rd-party apps



### Edge Build

Create new apps using Edge APIs & developer tools

# The Power of Platform



## Cornerstone Apps

One unified suite to recruit, train, develop, & connect employees



## Partner Apps

Marketplace of apps integrated & embedded within Cornerstone



## Custom Apps

Client-specific applications designed & built by clients or partners



Multi-tenant

REST APIs

Mobile-Ready

# Thank You!

