Introduction to Current Cloud Backlog

Part 1
Rationale and Concept

April 2020
EXECUTIVE SUMMARY

- New metric **Current Cloud Backlog (CCB)**
- Replaces **New Cloud Bookings**
- Committed **next 12 months cloud revenue**
- Subcomponent of ‘**Remaining Performance Obligation**’ (RPO)
- Reflects **new and lost/renewed cloud business**
New Business
(New Cloud Bookings)

Current Cloud Backlog
(Key Date)

Lost Business

CONCEPT

Current Cloud Backlog:
- Contractually committed models only
- Leading indicator
- Growth rate is reasonable predictor for revenue growth
- Generally lower volume than actual cloud revenue
- Reflects new and lost/renewed business

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▪ Contractually committed models only
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FREQUENTLY ASKED QUESTIONS

What exactly will be disclosed starting in 2020?

Should we also analyze quarterly CCB expansion?

Are other cloud vendors disclosing similar metrics?
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# SAMPLE CONTRACT

## NEW CLOUD CONTRACT
- **Signing:** SEP 15, 2020
- **Start:** JAN 01, 2021
- **End:** DEC 31, 2022
- **Total Value:** €8.0m
- **Annual Value:** €4.0m

## UPSELL CONTRACT
- **Signing:** SEP 22, 2022
- **Start:** JAN 01, 2023
- **End:** DEC 31, 2023
- **Total Value:** €6.0m
- **Annual Value:** €6.0m

### Cloud Backlog
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### Cloud Revenue
- **LTM:** Last twelve months
- **Quarterly Revenue:** €4.0m

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LTM: Last twelve months
MODELING

**BACKLOG TO BACKLOG**

**CURRENT CLOUD BACKLOG DEC31, YEAR 0**

+ Impact of new contracts and net upsells
- Impact of lost contracts
+ Ramp effects, start-date approach effects
+/- Renewal cycle effects
+/- Other effects (e.g. currency, M&A)

**CURRENT CLOUD BACKLOG DEC31, YEAR 1**

**BACKLOG TO REVENUE**

**CURRENT CLOUD BACKLOG DEC31, YEAR 0**

+ Year 1 cloud revenue from year 1 new contracts/upsells
+ Year 1 cloud revenue from year 1 contract renewals
+ Year 1 cloud revenue from uncommitted cloud models
+/- Other year 1 cloud revenue impacts (e.g. currency, M&A, contract modifications)

**CLOUD REVENUE CALENDAR YEAR 1**