

Financial Analyst Day

November 12, 2019



The Intelligent Cloud Contact Center

Safe Harbor

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This presentation contains statistical data that we obtained from industry publications and reports generated by third parties. Although we believe that the publications and reports are reliable, we have not independently verified this statistical data.

Agenda

Time	Topic	Presenter
10:00 – 10:20 AM	Making Customer Service a More Human Experience	Rowan Trollope, CEO
10:20 – 10:40 AM	Product Vision and Roadmap	Anand Chandrasekaran, EVP of Product Management
10:40 – 11:05 AM	Artificial Intelligence Deep Dive	Jonathan Rosenberg, CTO and Head of AI
11:05 – 11:15 AM	Modern and Agile Engineering Engine	David Pickering, EVP of Engineering
11:15 – 11:35 AM	Scaling our Go-to-Market and Service Delivery	Dan Burkland, President
11:35 – 11:50 AM	Break	
11:50 – 12:20 PM	Customer Panel: Delivering Measurable Value	Dan Burkland, President
12:20 – 12:35 PM	Powerful Financial Model	Barry Zwarenstein, CFO
12:35 – 1:00 PM	Q&A and Close	Executive Team
1:00 – 2:00 PM	Lunch Reception	

Five9 Leadership Team



Rowan Trollope

CEO



Dan Burkland

President



Barry Zwarenstein

CFO



Jonathan Rosenberg

CTO and Head of AI



Ryan Kam

CMO



David Pickering

EVP, Engineering



Scott Welch

EVP, Cloud Operations



Anand Chandrasekaran

EVP, Product Management



James Doran

EVP, Strategy & Operations



Tricia Yankovich

SVP, Human Resources



Making Customer Service a More Human Experience

Rowan Trollope, CEO





1 Large Market Opportunity

2 Strong Execution Engine

- Proven leadership team
- Differentiated strategy
- Market-winning product
- Robust cloud platform
- Strong go-to-market machine

3 Delivering Growth and Profitability

Large Market Opportunity

Key trends

Five9 positioning

Addressable
market

The CX Paradox

Companies spend

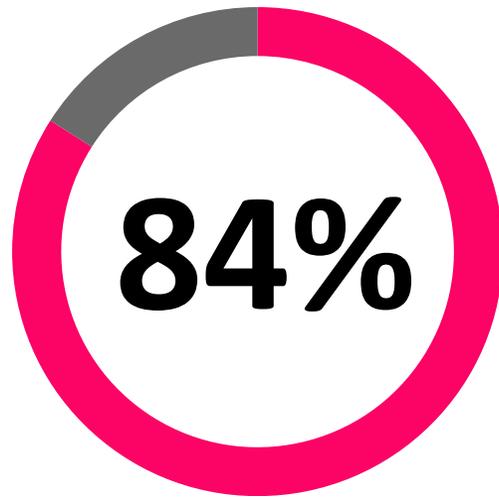
\$230B+

annually on their
contact centers...

...but continually
deliver **poor**
customer
service experiences

The Problem:

Consumers Dislike Customer Service



Of end customers say **being treated like a person**, not a number, is very important to winning their business

- Difficulty speaking to an agent
- Depersonalized and disconnected experiences
- Labyrinthian IVR trees
- Long wait times

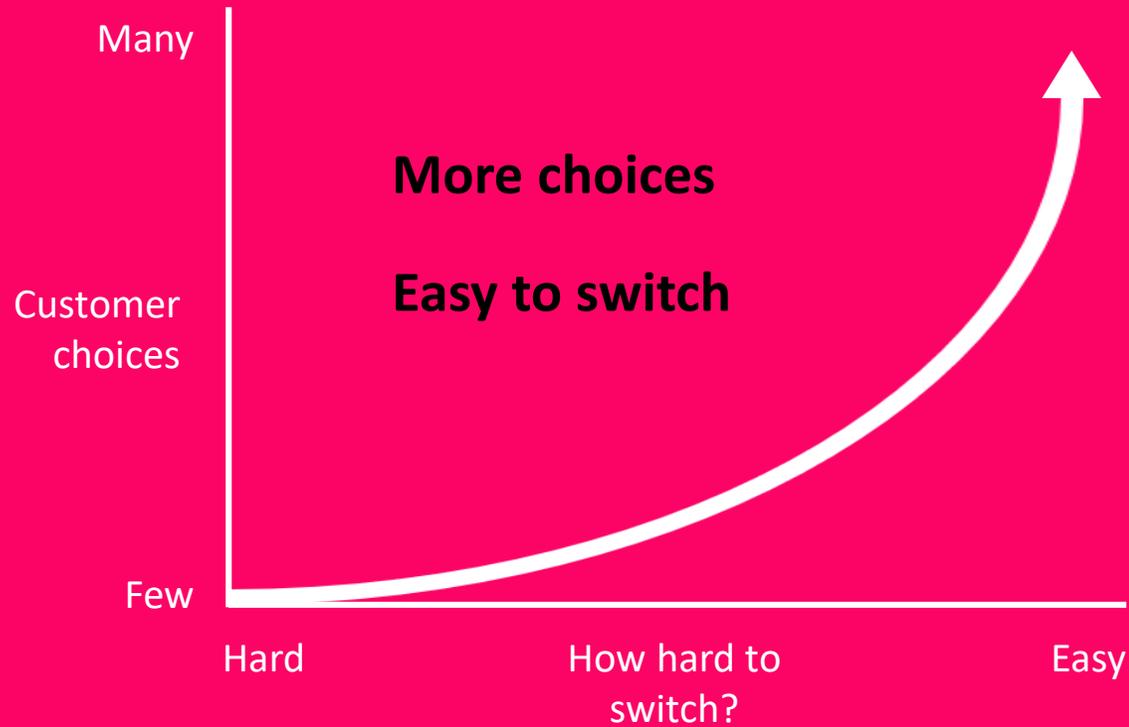
Bad Customer Service is No Longer an Option

World of the Modern Day Consumer

Empowered to:

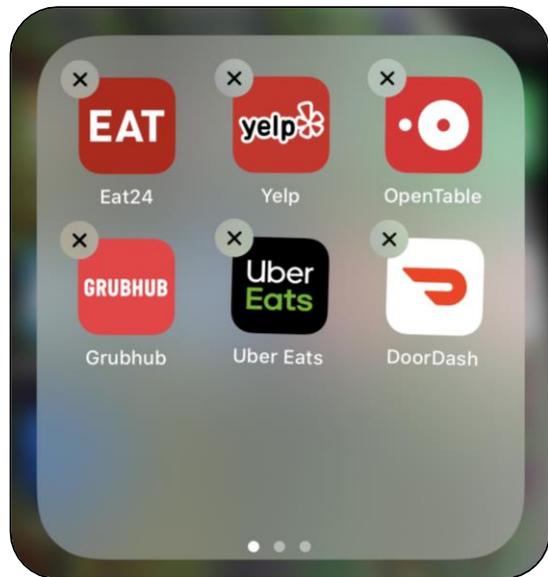
- Review
- Discover
- Speak up
- Compare
- Buy anywhere, anytime



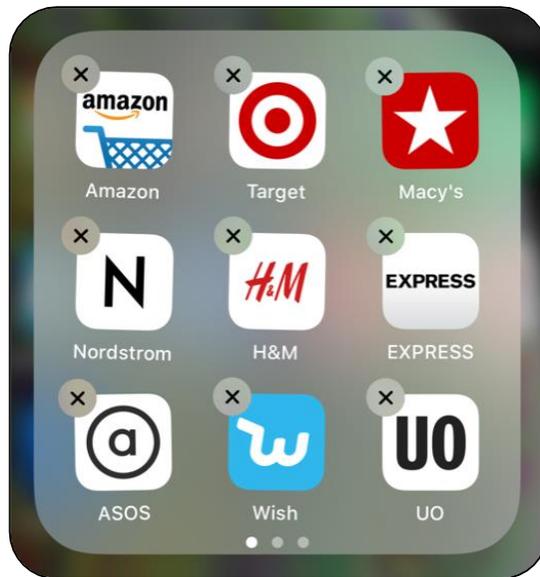


Incentive to deliver
GREAT service is
increasing –
exponentially

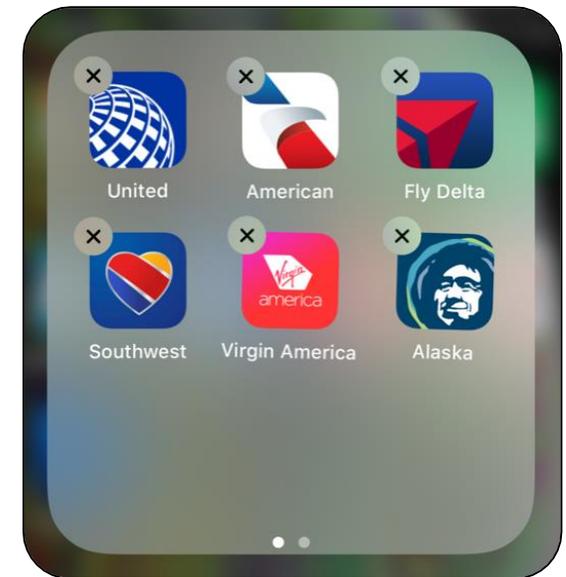
Food Delivery

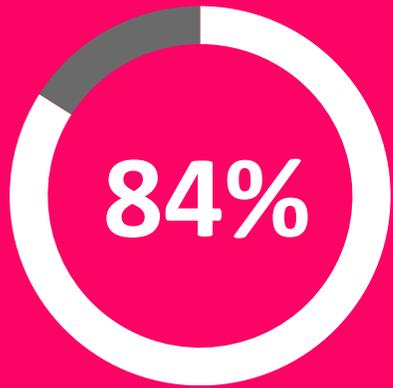


Retail



Travel

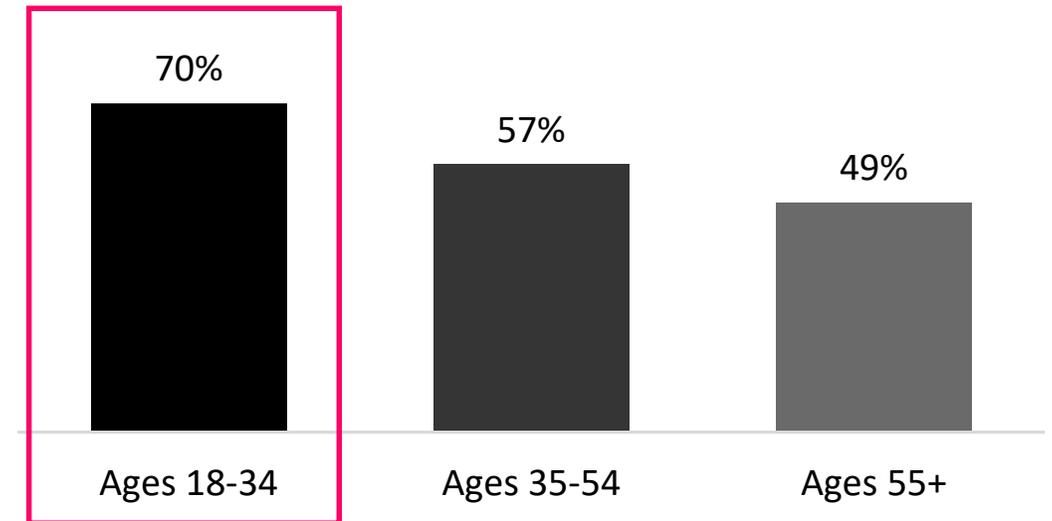




Of customers say the experience a company provides is as important as its products and services

Customer expectations are higher than ever...

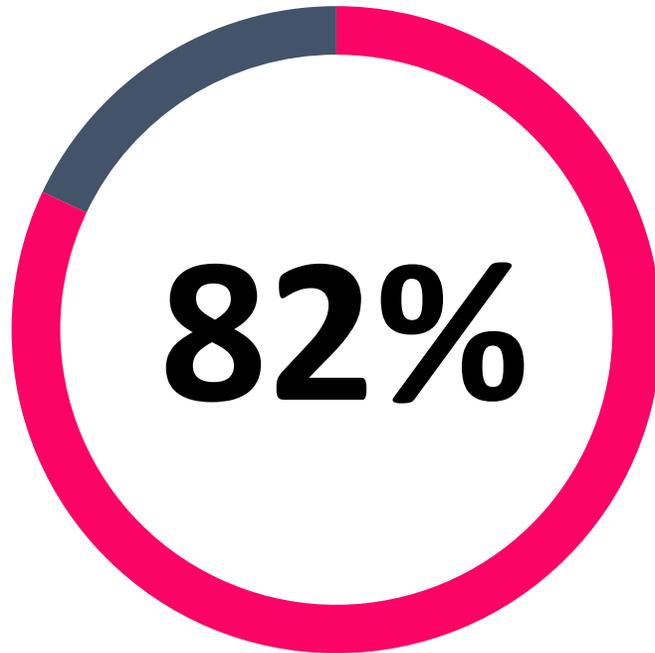
Increasing expectations for customer service



...driven by Millennials and Generation Z

Customer Service Must Transform

(one of the most important parts of Digital Transformation)



Of service decision makers
say their company's **customer
service must transform**
to stay competitive

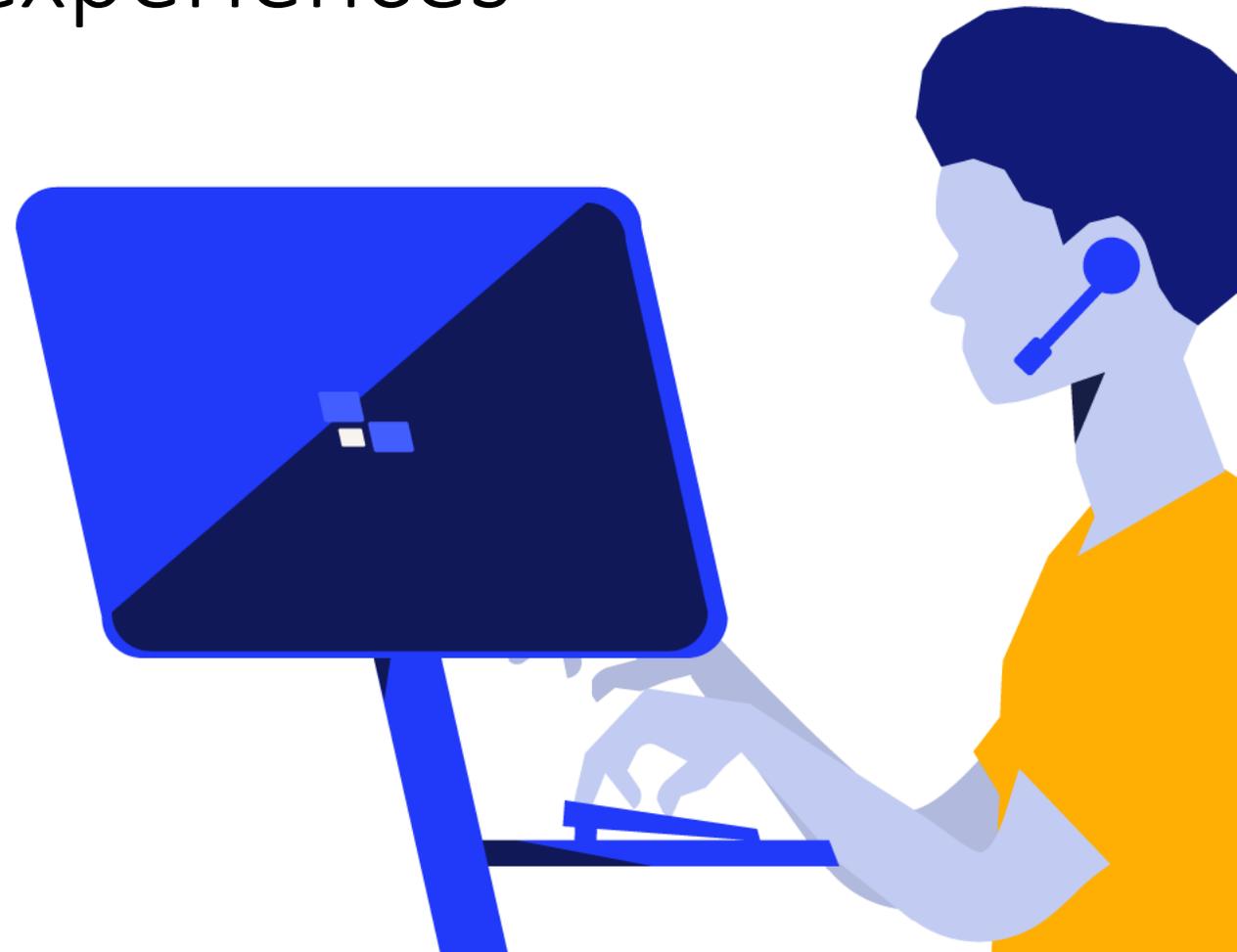
Large Market Opportunity

Key trends

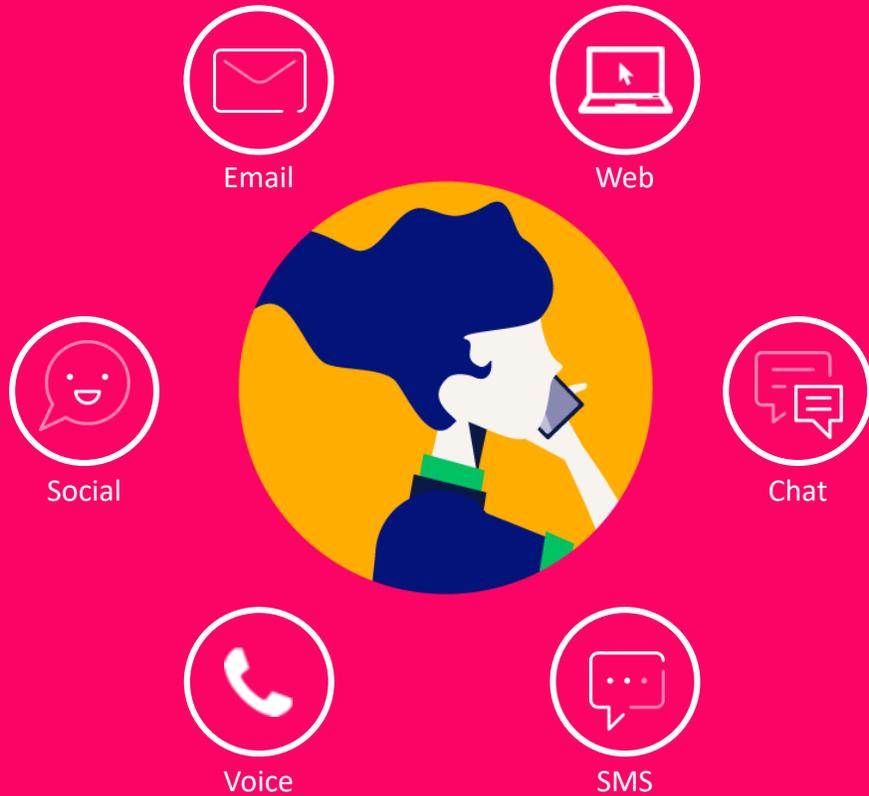
Five9 positioning

Addressable
market

Five9 takes advantage of the CX imperative by enabling companies to transform their service experiences



Customer



Desire for great customer service

Business

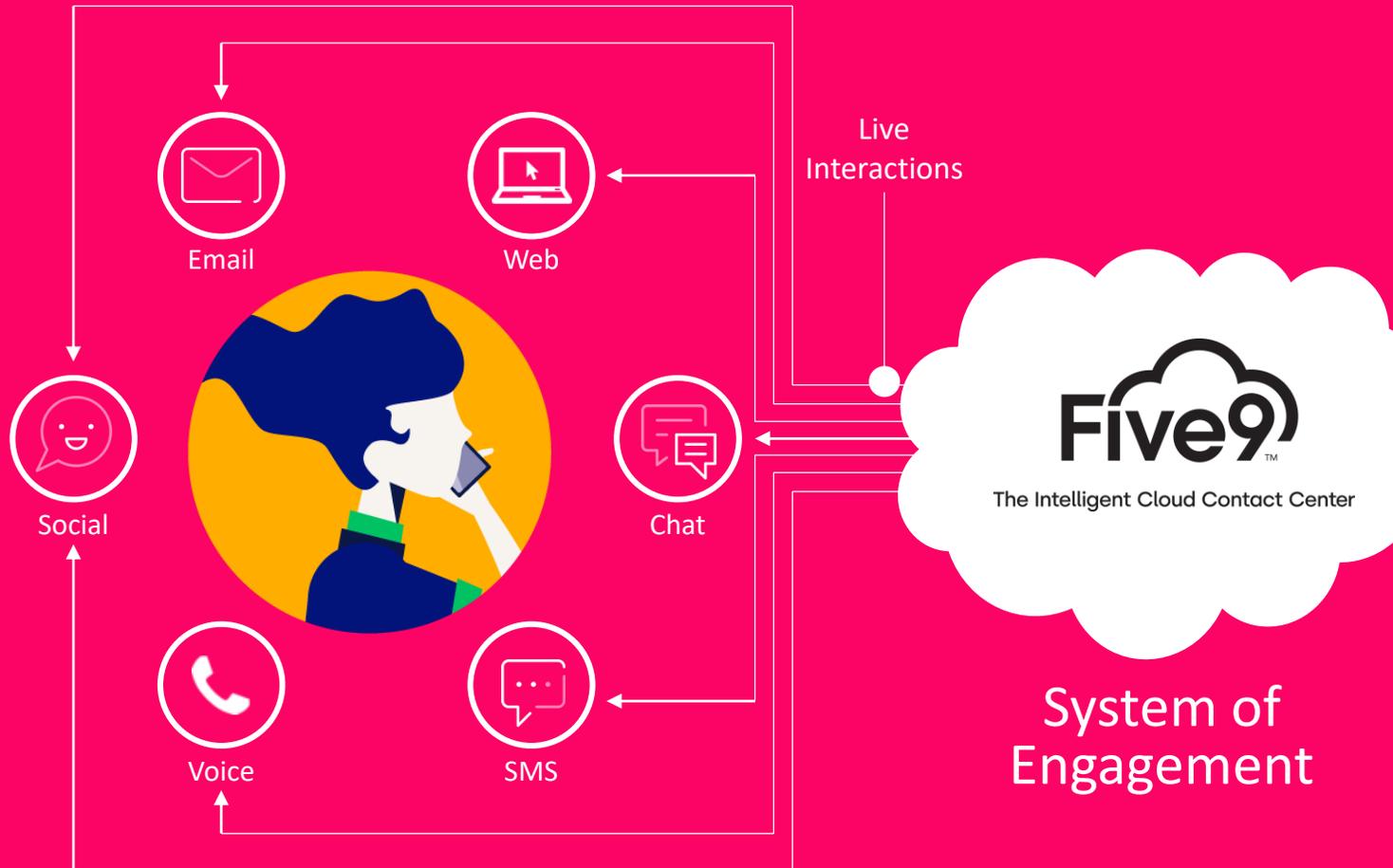


Systems of record with customer data

Five9 Enables Companies to Engage Better

- 1 Serve customers in the channel(s) they prefer**
- 2 Unify customer information into a single view**
- 3 Modern engagement platform**

Customer



1

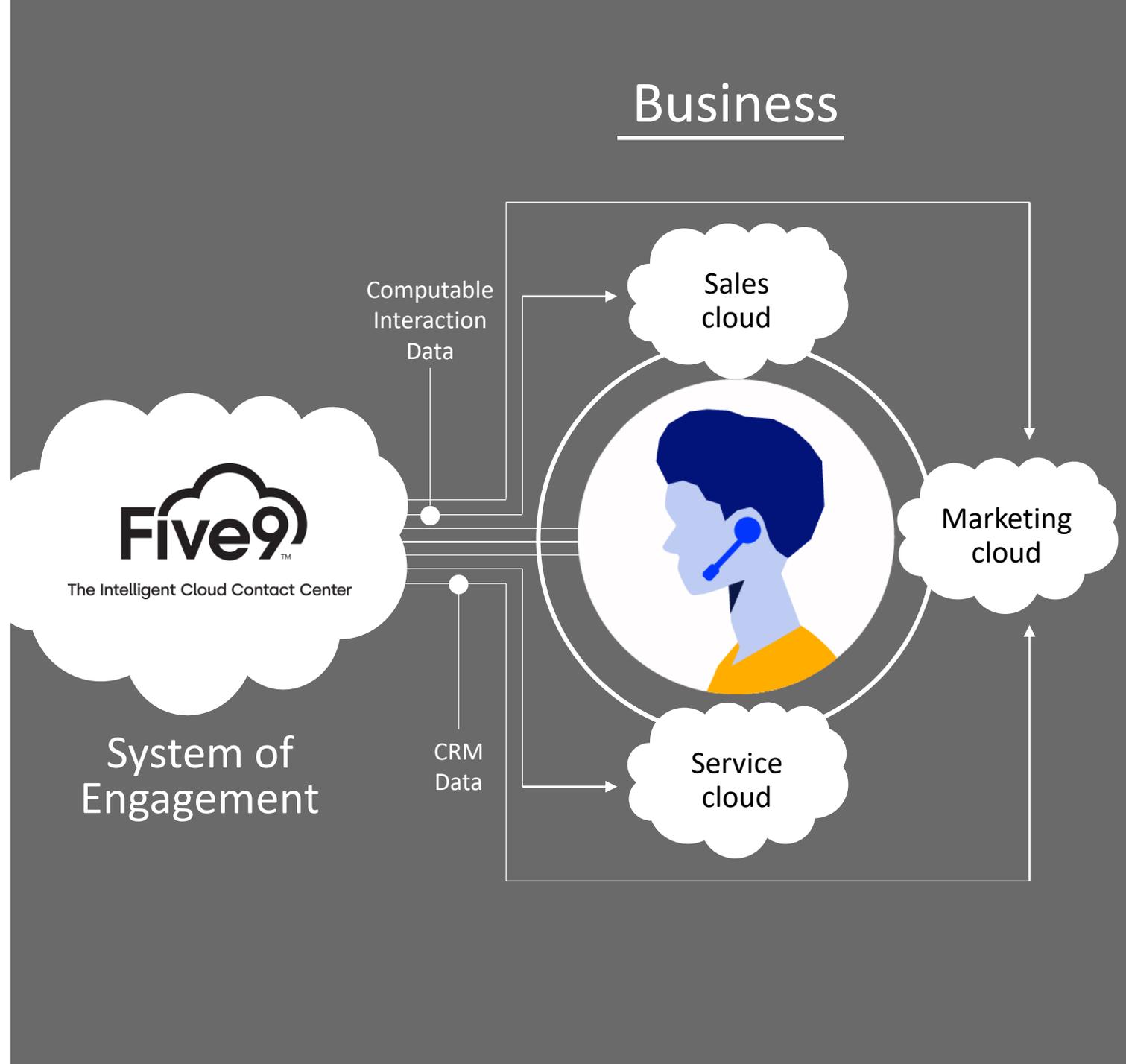
Serve customers in the channel(s) they prefer

- Fully blended, omnichannel platform
- Any channel, voice or digital
- Any interaction, live or live-ish
- Anytime and anywhere

2

Unify customer information into a single view

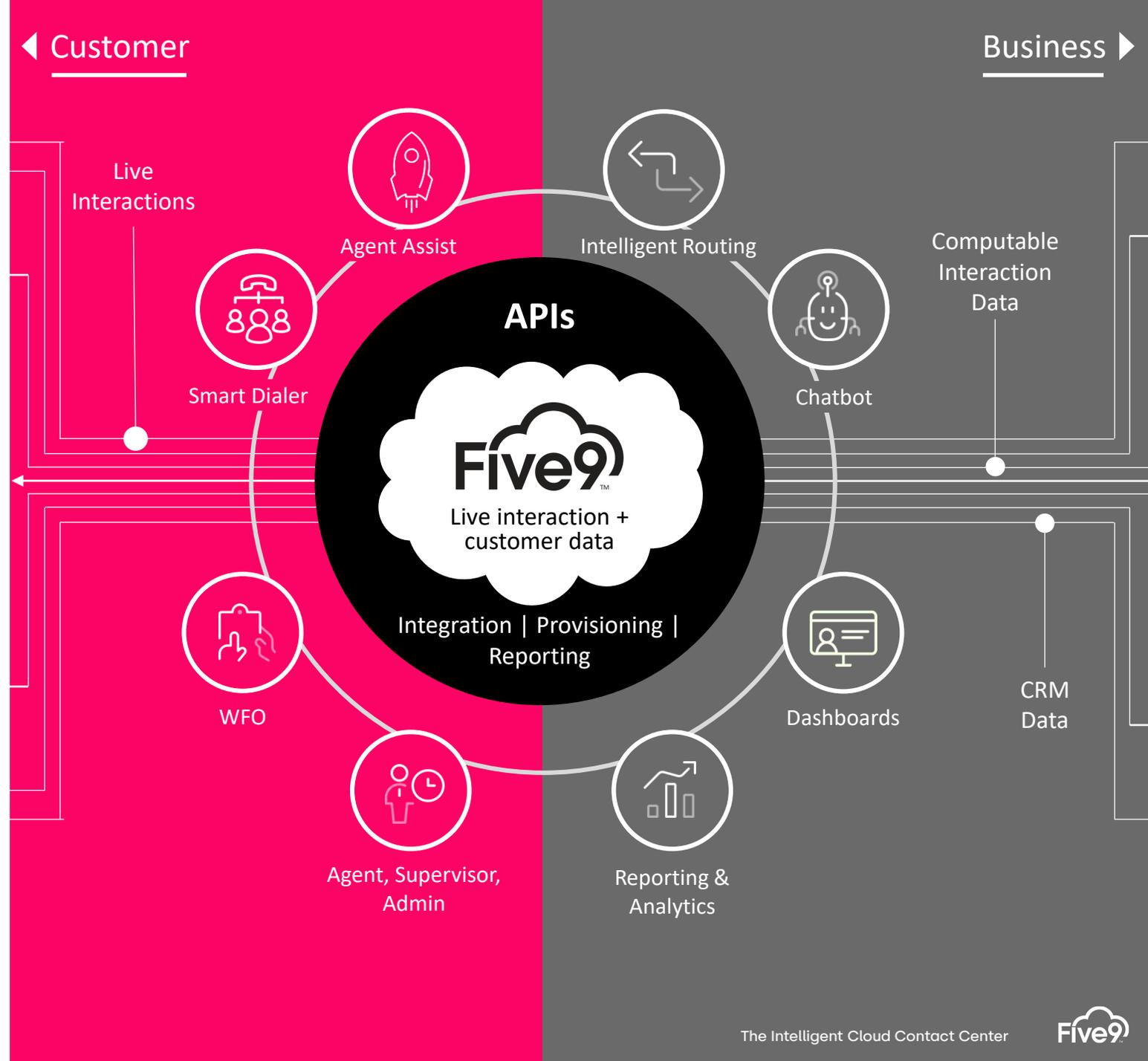
- Hand-in-glove CRM integration
- Enrich CRM insights with Five9's computable interaction data
- Personalize service across the customer journey



3

Modern engagement platform

- Intelligently route customers to agents that best address needs
- Provide best-in-class tools to agents, supervisors and admins
- Turn interaction data into actionable insights



Five9 is a Leader in Cloud Contact Center Software



Five9 Named a Leader for the 5th Year in a Row in Gartner Magic Quadrant Contact Center as a Service

Figure 1. Magic Quadrant for Contact Center as a Service, North America



Source: Gartner (October 2019)



Five9 Named a Leader in The Forrester Wave™: Cloud Contact Center



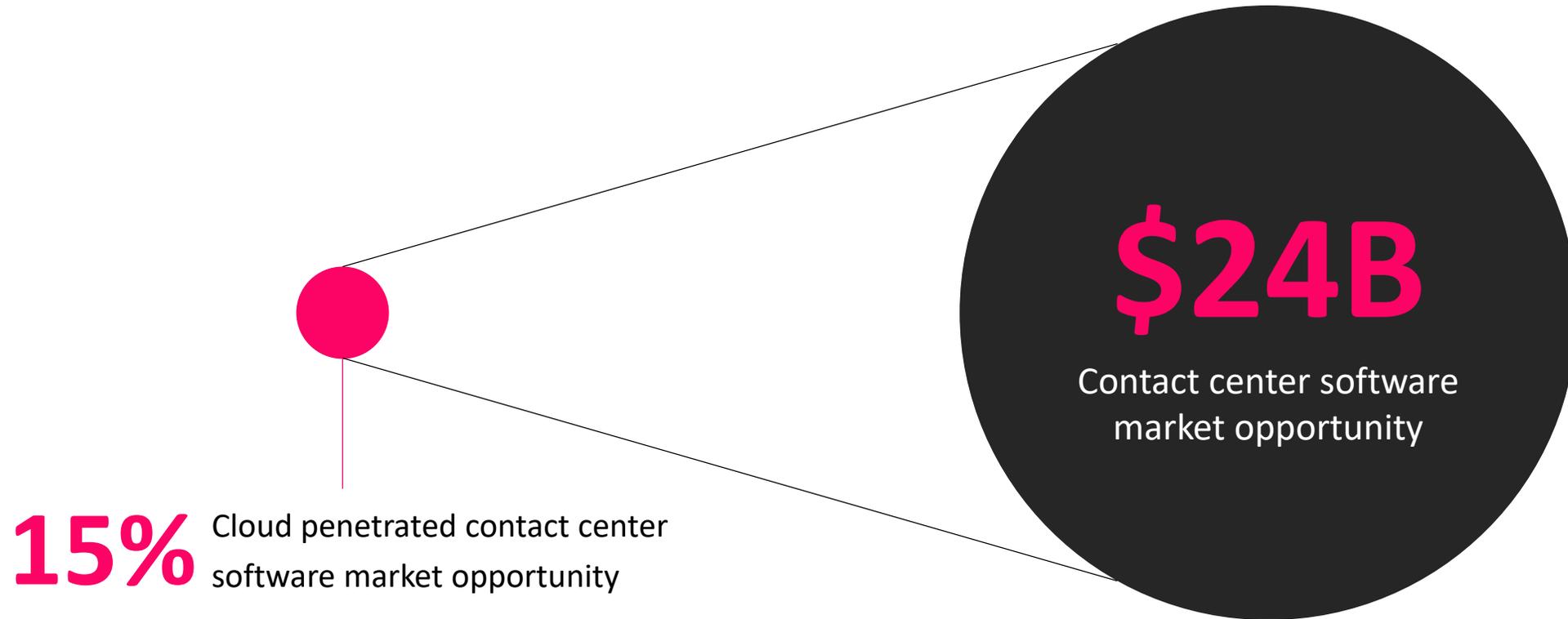
Large Market Opportunity

Key trends

Five9 positioning

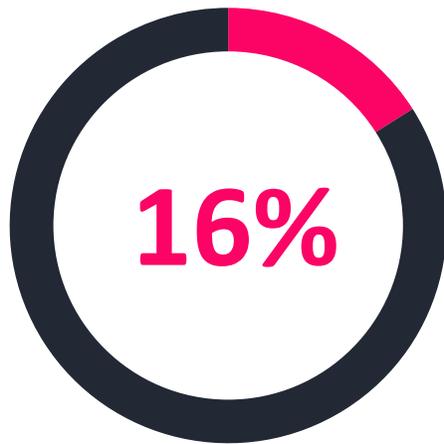
Addressable
market

Large and Underpenetrated Market Opportunity

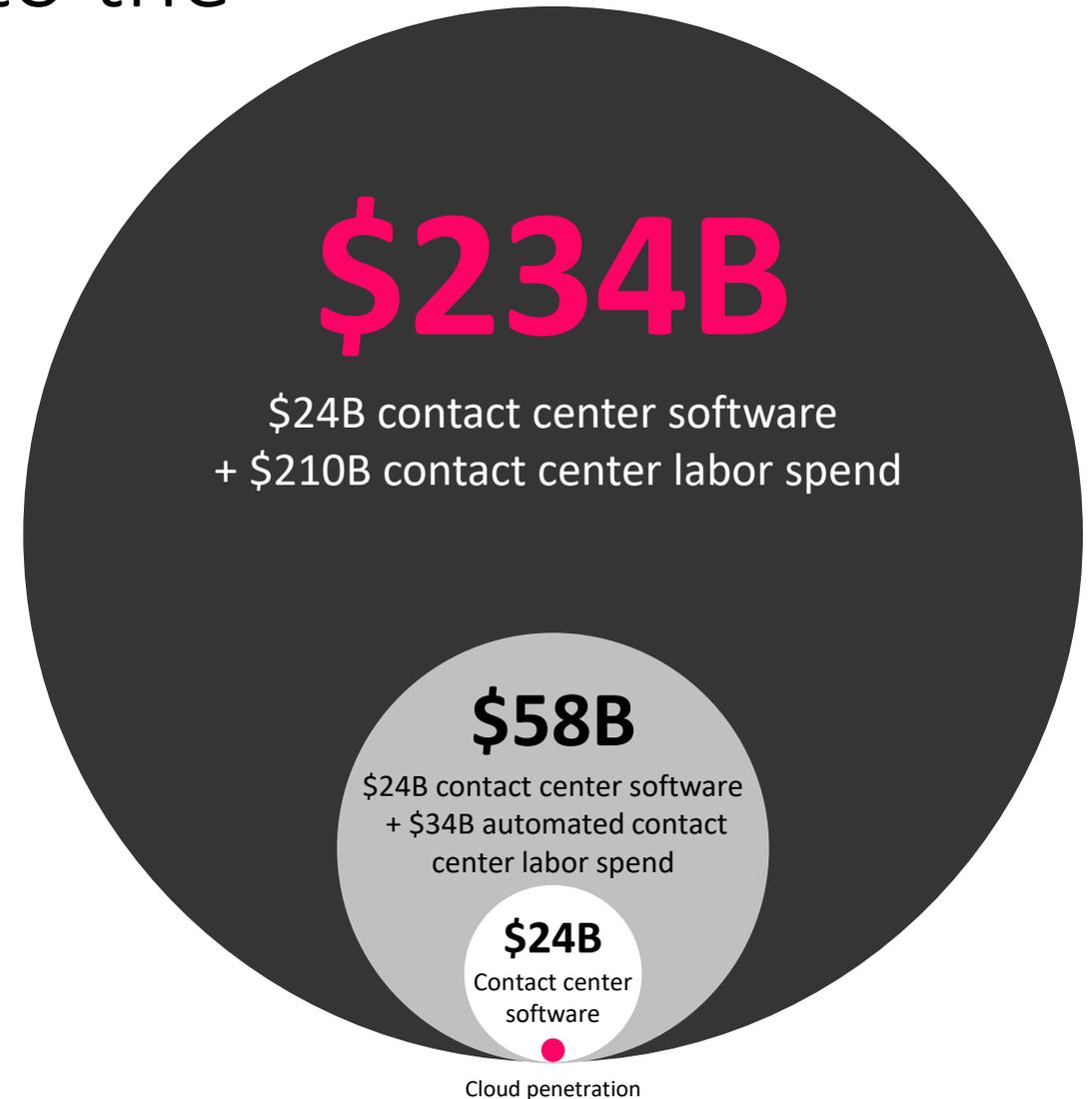


Current addressable market opportunity

Longer-Term Expansion into the Market for Contact Center Labor Spend



Percentage of customer service representatives that will be displaced due to automation by 2030
– McKinsey



Long-term addressable market opportunity

The Market is Strong

Legacy to cloud

Digital
transformation

1

Market Summary

Bad customer service is no longer an option

Customer service must transform

Large and expanding market opportunity

Five9 positioned to capitalize on tailwinds

2

Strong Execution Engine

Proven leadership team

Differentiated strategy

Market-winning product

Robust cloud platform

Strong go-to-market machine



Strategic Pillars Fuel Growth

Build a great
enterprise product
and platform

Execute
against our
AI roadmap

Expand our
go-to-market
engine

Enable our
customers to
succeed

Invest in our
employees and
culture

Product Vision and Roadmap

Anand Chandrasekaran,
EVP of Product Management



My Journey to Five9



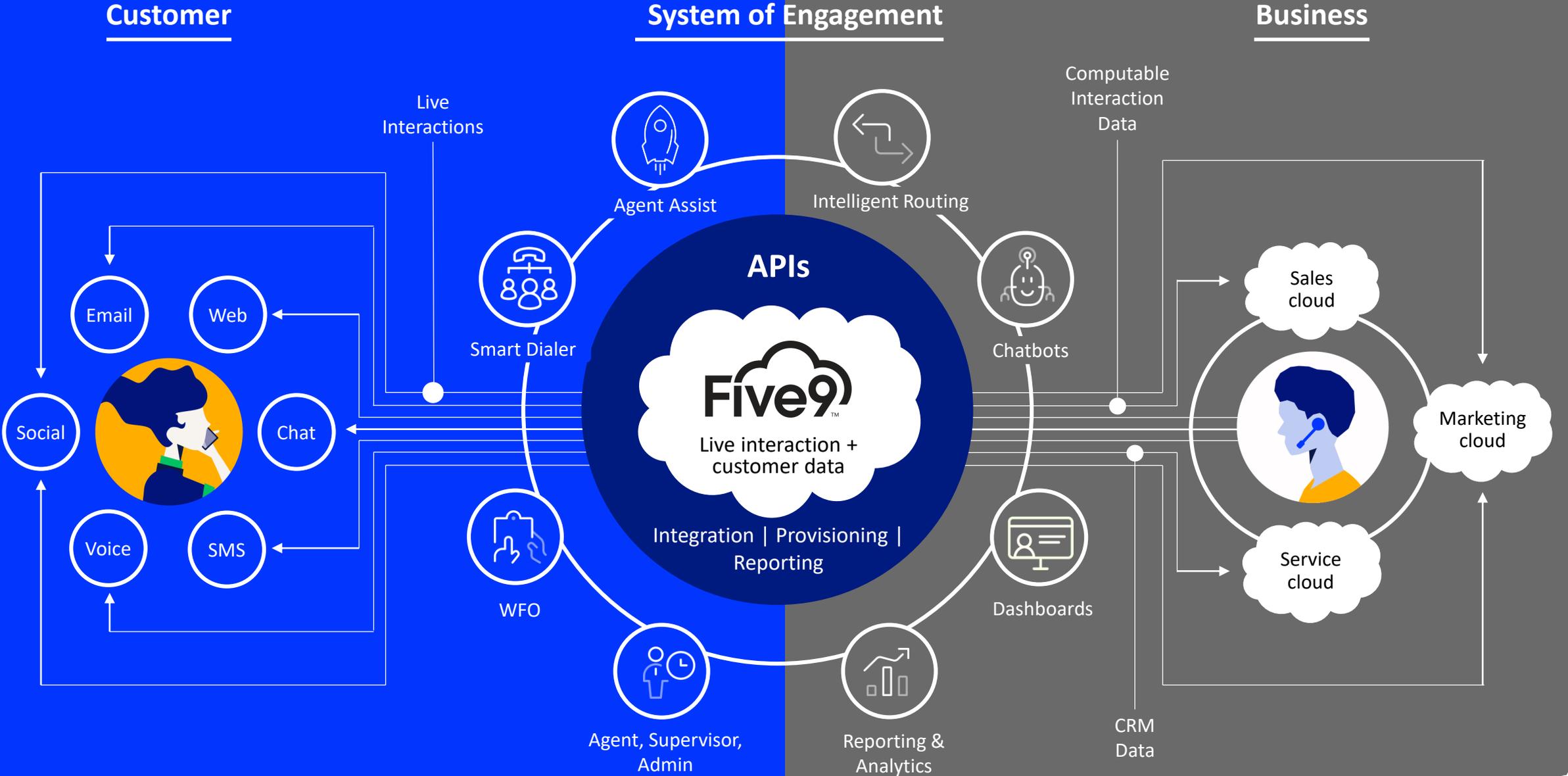
From 150M to **8B+ P2B** messages



Customer care **for 20M+ users**

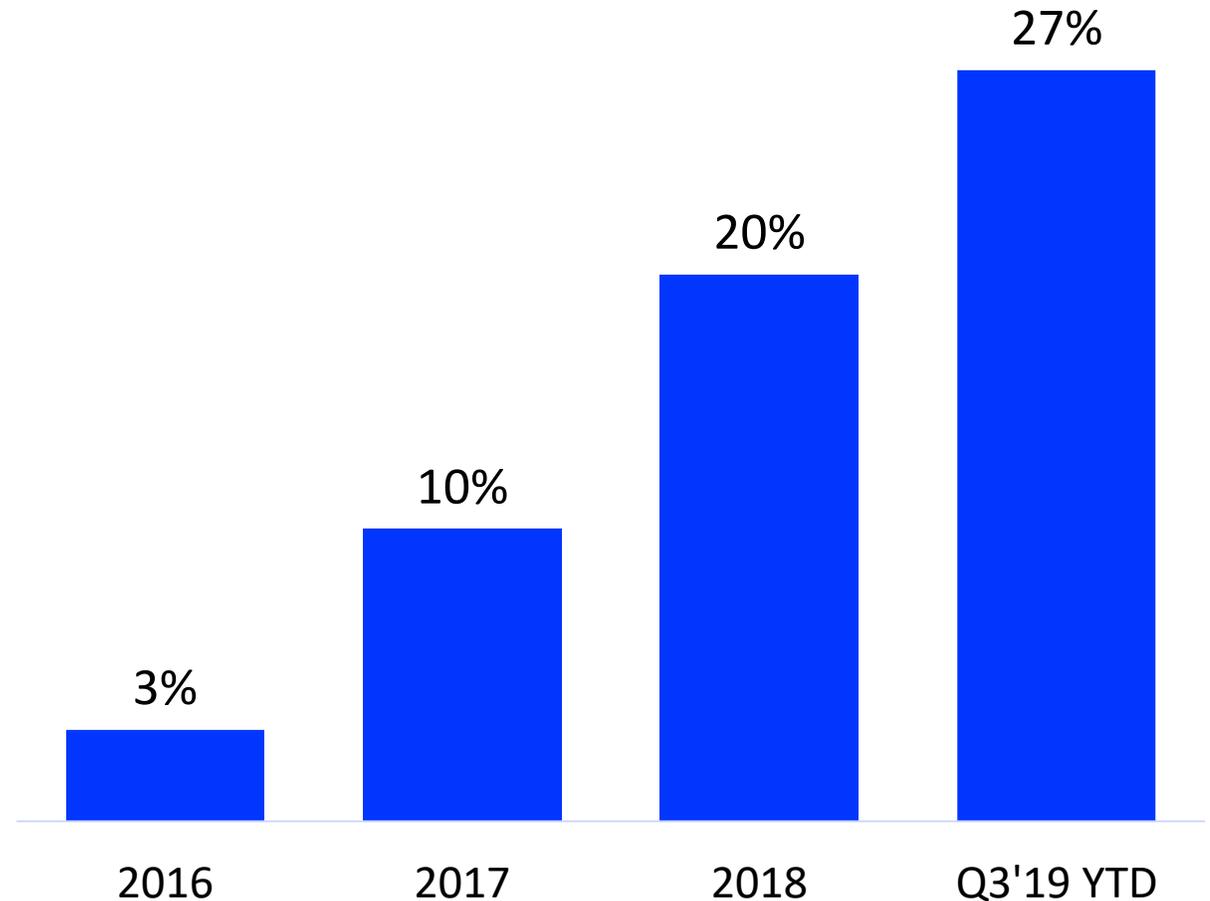


Recap: Serve | Unify | Modernize



We are
accelerating
the pace of
innovation

Non-GAAP R&D Expense % YoY Growth



Product Investment Themes

1. What we've done

Deliver greater enterprise-grade capabilities

2. Where we're going

Accelerate the Large Enterprise cloud transition

Looking Back on 2019: Strong Focus on Large Enterprise

90+ new features; Customer NPS at 58

Enterprise scale

- **Thousands of concurrent agents on a single domain**
- Full application stack

Voice modernization

- **GA of FVS**, a scalable telephony platform for new deployments
- Agent upgrades

Salesforce integration

- **Deeper integration with Salesforce CRM, including Einstein and Lightning**

Open platform

- New APIs and SDKs for UC and CRM (Pegasystems etc. live)
- Integration of external IVR/IVAs

Partner integrations

- **New integrations with CRM products from Oracle, ServiceNow and Microsoft**
- New integrations with UC products from Fuze and TetraVX

User applications

- **Enriched user interface** for both agents and supervisors

Omnichannel

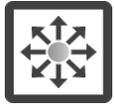
- Enhancements to digital channels, including chat and email

WFO

- **Delivery of several new features with key partners, including Verint**

Enterprise Scale

Scalability Features



Five9 Voice Services (FVS) GA



Engagement Workflow Scale



SIPREC to Verint QM



Omnichannel Scale

Add-On Applications



Performance Dashboard



Gamification



Verint QM



Verint WFM



Verint Speech Analytics

Thousands of concurrent agents

... on a single domain

... with multiple channels

... and with full application stack

Supporting many thousands across multiple domains

Full stack CCaaS solution for large enterprises

“Five9 Genius now offers expanded scalability to support thousands of agents on a single tenant domain” – Gartner

Five9 Global Voice



- Enables customers to have localized voice points of presence (POP) in AWS nodes around the world
- Ensures great quality audio wherever agents are; supports "follows the sun" model
- Future support for new agent and carrier leg connectivity options at the POPs

Platform Availability



<4.0

Minutes / month of
accumulated downtime

Security

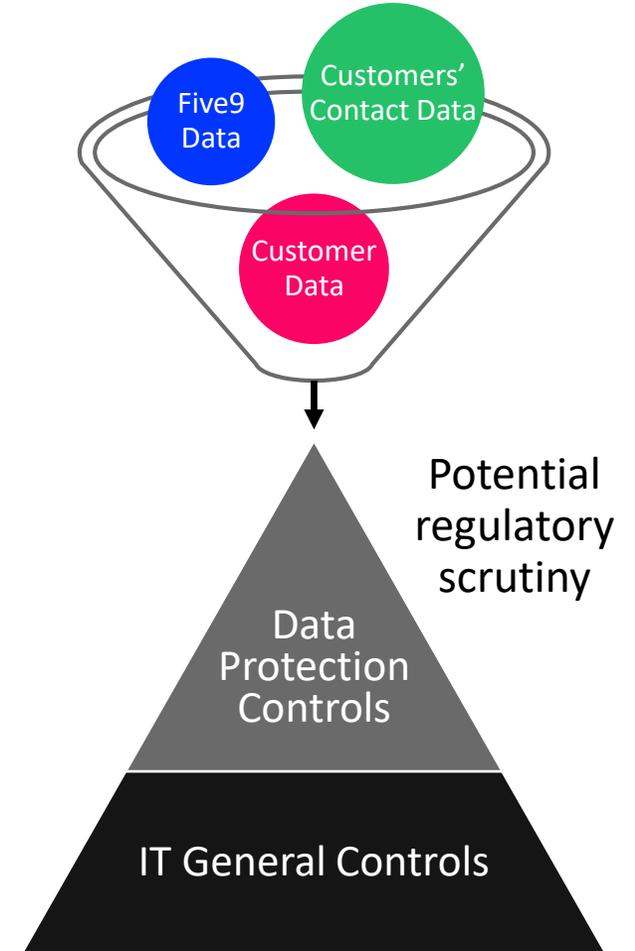
Certifications & Attestations



Regulations



Best Practices



Product Investment Themes

1. What we've done

Deliver greater enterprise-grade capabilities

2. Where we're going

Accelerate the Large Enterprise cloud transition

Accelerating the Large Enterprise Cloud Transition

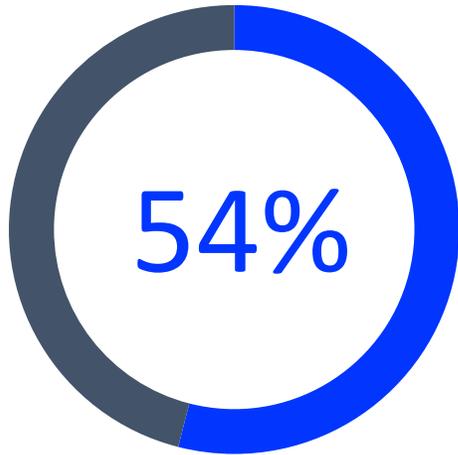
1 Enabling businesses to **be where their customers are**

2 **Playing well** with others

3 Elevating our **platform flexibility**

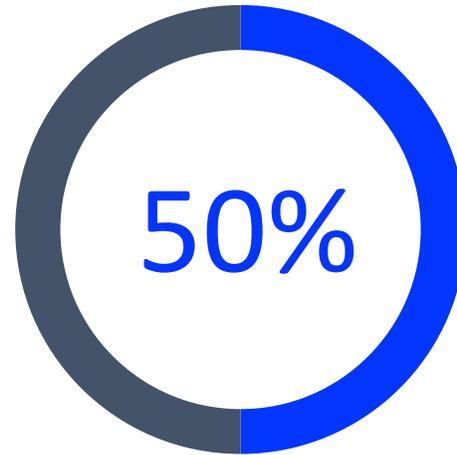
4 Executing our **AI/Agent Assist roadmap**

1 We Live in an Omnichannel World



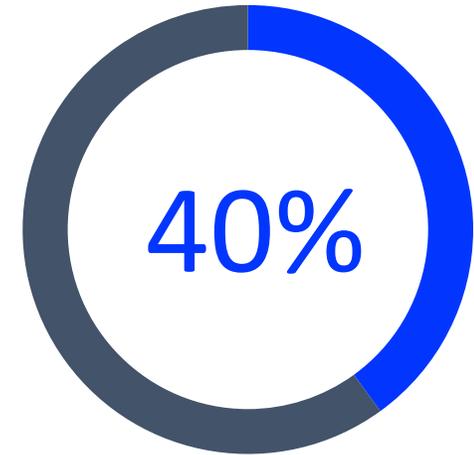
Of customers have used email customer service channels in the last year

- Forrester



Of customers say the most critical issue is "providing a seamless experience across multiple channels"

- Incite Group



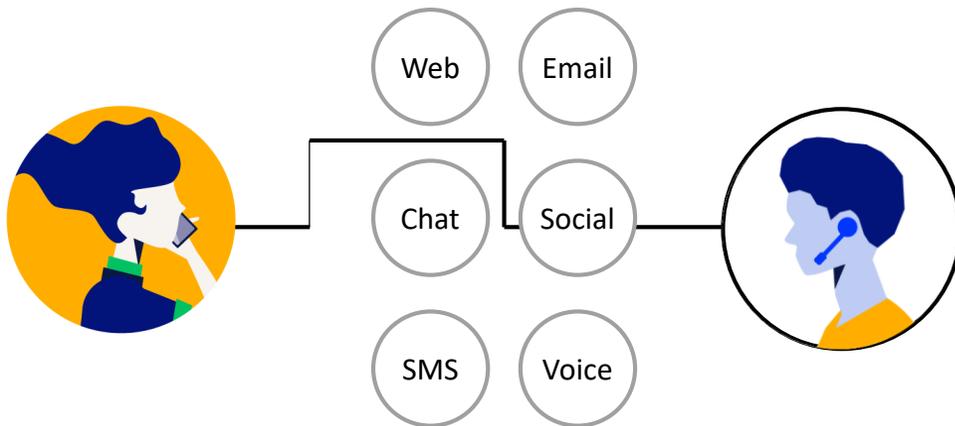
Of customers prefer talking to a real person for complex interactions

- American Express

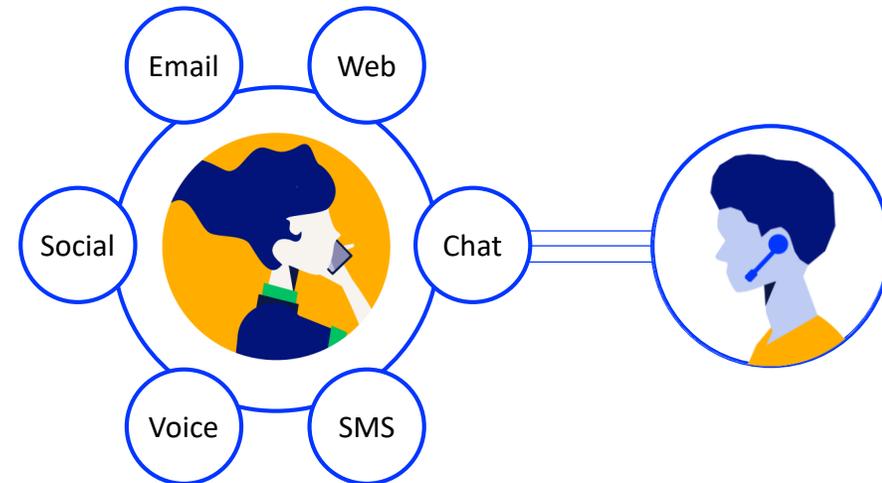
1 Reimagining Omnichannel

Today/Competitors

Route the incident



Comprehensive; 50+ Features



1 Five9 Omnichannel Product Leadership



1 50+ Features to Reimagine Omnichannel

Channels

Chat

SMS

Social

Email

Chatbot

Applications

Supervisor

Reporting

WFO/WEM

Routing

Features

Google Analytics

Encryption at rest

WordPress

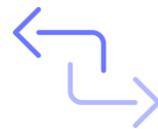
More languages

Platform

More encryption

Worksheets

Integrations



2 Strong Track Record of Playing Well with Others...

ORACLE®

servicenow



VERINT

zoom



zendesk

2 ...and We're Making it Even Easier for our Partners

- Launched **UC and CRM SDKs** to seamlessly build integrations
- Launched new **'App Marketplace'** for ISV partners
- Virtuous cycle for partners to **leverage Five9 incumbency**

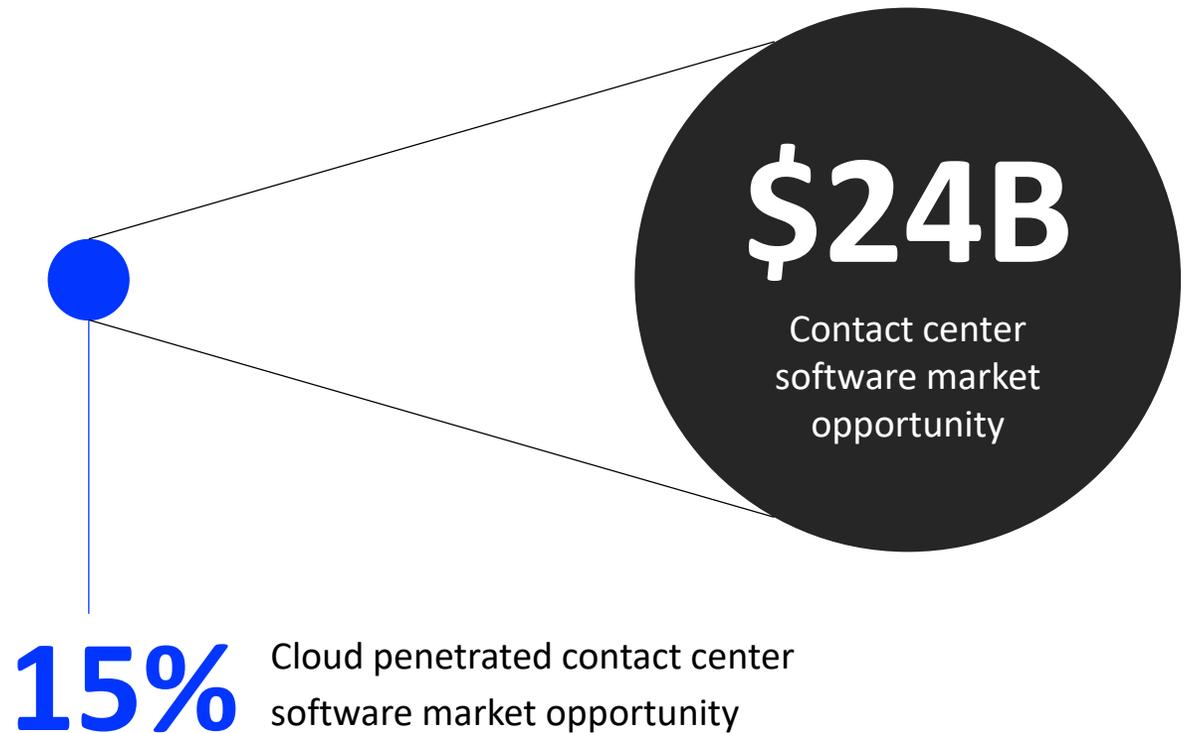
55+
Partner solutions

The image shows a screenshot of the Five9 website. The top navigation bar includes the Five9 logo, links for Products, Solutions, Services, Our Customers, Resources, About Us, Marketplace, Demo, Log In, and ENG. The main content area is titled 'Independent Software Vendors (ISV) Partners' and features a sidebar menu with categories like Billing Solutions, Chat & SMS, Collaboration, Compliance Tools, Gamification, Headset, Hosted PBX, Lead Management Tools, Recording Support, Visualization, Dashboards and Automation, and Workforce Management & Workforce Optimization. Two partner cards are visible: Calabrio and Teleopti. A detailed view of a Zoom integration is shown, featuring the Zoom logo, the text 'Zoom, Inc.', a 'Contact Us' button, and a section titled 'Zoom Meetings and Zoom Phone' with a 'Features/Benefits' table.

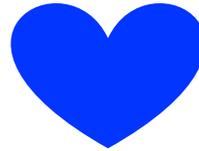
Features/Benefits	
SIP Peering	Zoom Phone connects seamlessly with the Five9 platform via a SIP connection. This connection eliminates any additional toll charges due to transfer between Zoom Phone and Five9.
Simple Zoom Phone to Five9 Transfers	Callers to the Zoom Phone system can be sent to Five9 agents via an automated process or via an agent. Either way, the caller's experience is seamless and smooth.
Create a Unified Communications Environment	The Zoom Five9 integration will connect the contact center to the entire organization, extending the reach of the contact center to the right resources the first time.

3 **Problem:** Large Enterprises Find it Challenging to Migrate to Cloud

- On-premise solutions have **deeply integrated workflow** with in-house information systems
- Current approaches **are not optimal** for migrating to cloud. Either:
 - Low customizability and easy to implement...
 - ...or high customizability and difficult to implement



3 **Announcing:** Five9 Intent to Acquire Whendu



“Five9 Acquires Whendu to Accelerate Enterprise Adoption of Cloud Contact Centers.”

3 **Solution:** Make it Easier than Ever to Transition to Cloud



1. **Migrate** Large Enterprises to the cloud

2. Enable Large Enterprises to **do more** once on the cloud

- Maximize cloud-based contact center investments through **out-of-the-box application adapters**
- Make it easier for organizations to **integrate Five9 with their existing environments** and carry forward customized workflows
- **Empower 'citizen developers' to connect information systems** and act on real-time interactions through Whendy's **no-code, visual application workflow**

3 Solution: How Whendu's 'No-Code' Workflow Works

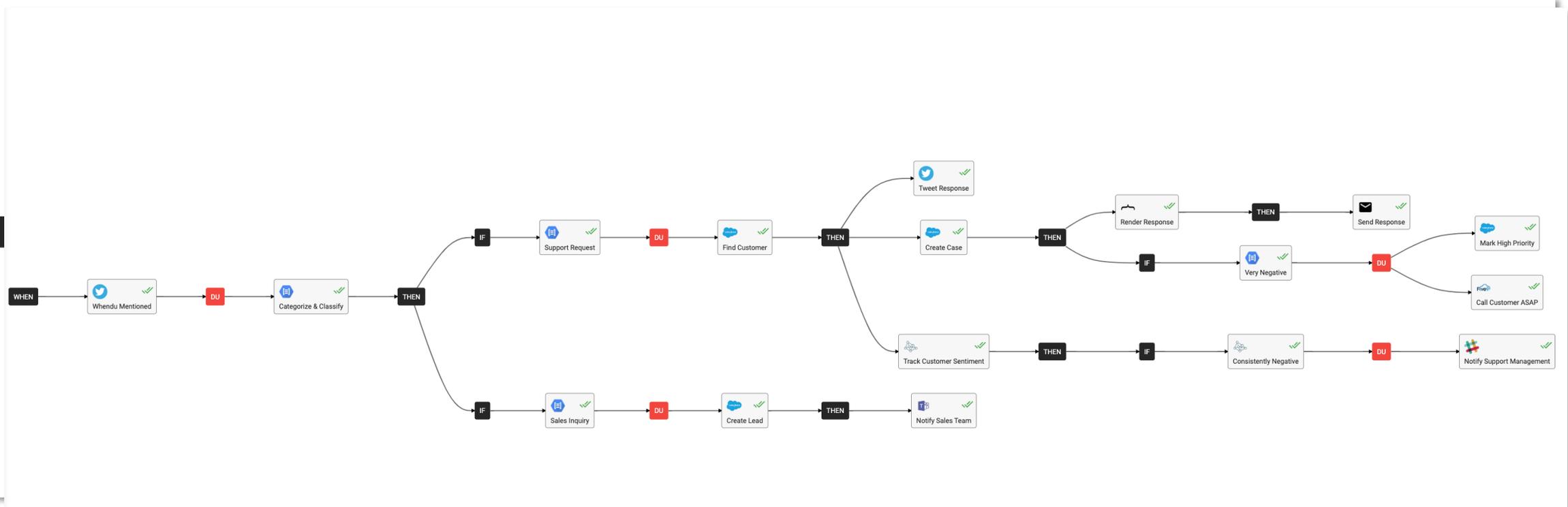
Follow up with leads in moments

Escalate omnichannel support

Monitor SLAs proactively

Add overflow agents during demand spurts

Respond to social mentions



3 Whendu Turbocharges Five9's Partner Ecosystem



55+

Partners

[App Marketplace Live!](#)

Microsoft VERINT servicenow

salesforce ORACLE zendesk zoom

50+

NEW out-of-the-box application connectors

Twitter Gmail Slack MailChimp

PostgreSQL Office 365 PagerDuty

IBM Watson redis MySQL Google Natural Language API

Summary: Product Investment Themes

1. What we've done

Deliver greater enterprise-grade capabilities

2. Where we're going

Accelerate the Large Enterprise cloud transition

Artificial Intelligence Deep Dive

Jonathan Rosenberg,
CTO and Head of AI



My Journey to Five9



CTO Collaboration

AI, Webex Teams, Cloud



Chief Technology Strategist

AI and Cloud



I E T F[®]

Co-Inventor SIP: Industry standard VoIP

3rd most impactful author of internet standards¹



CTO and Head of AI

Five9 Mission

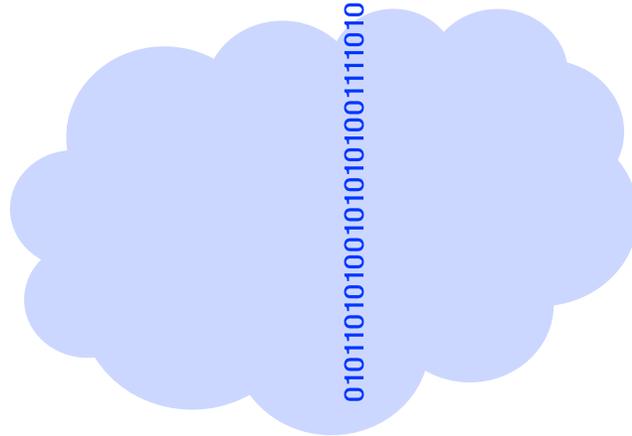
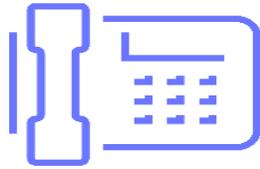
Make Customer Service a
More Human Experience

AI Mission

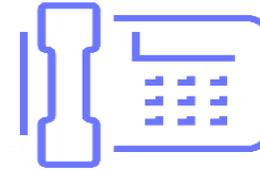
Make Customer Service a
More Human Experience

Technology Opportunity

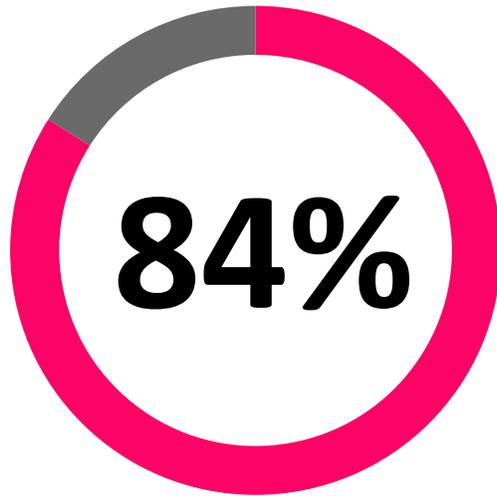
1999-2019
Move the Bits



2019 - ?
Understand the Bits



The Product Opportunity: Consumers Dislike Customer Service



Of end customers say **being treated like a person**, not a number, is very important to winning their business

- Difficulty speaking to an agent
- Depersonalized and disconnected experiences
- Labyrinthian IVR trees
- Long wait times

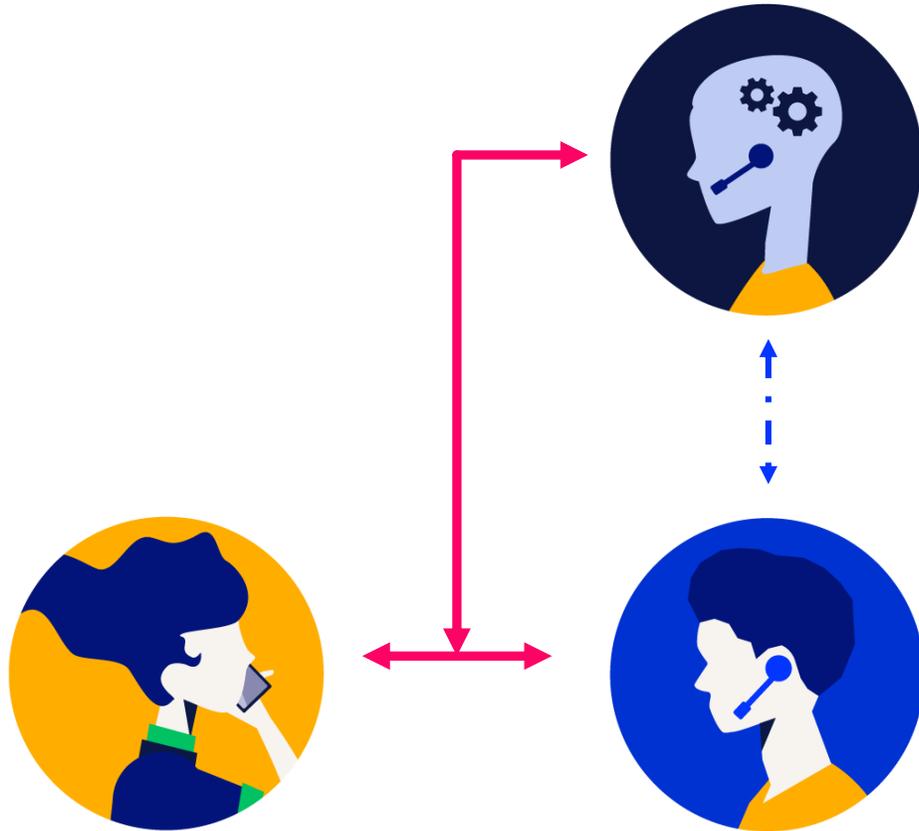
- Why do I have to say who I am – three times?
- Why don't you know why I called – it's obvious?
- Why don't they know what steps I've already taken?
- Why do I need to get put on hold all the time?
- Why do I need to repeat everything?
- Why do I need to wait for the agent to type everything?
- Why can't I get my issue resolved quickly?
- Why wasn't the agent empathetic and friendly?
- Why do I need to call back?

We all know the pain points.

Customers expect better.

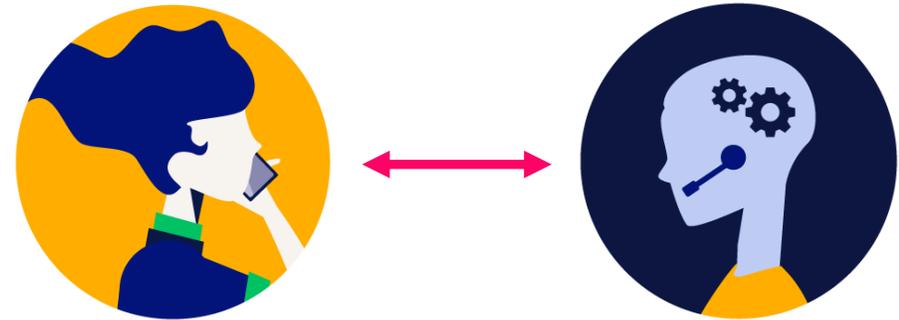
What is our strategy to capitalize on this opportunity?

Two Approaches to AI in the Contact Center



Agent Assistance

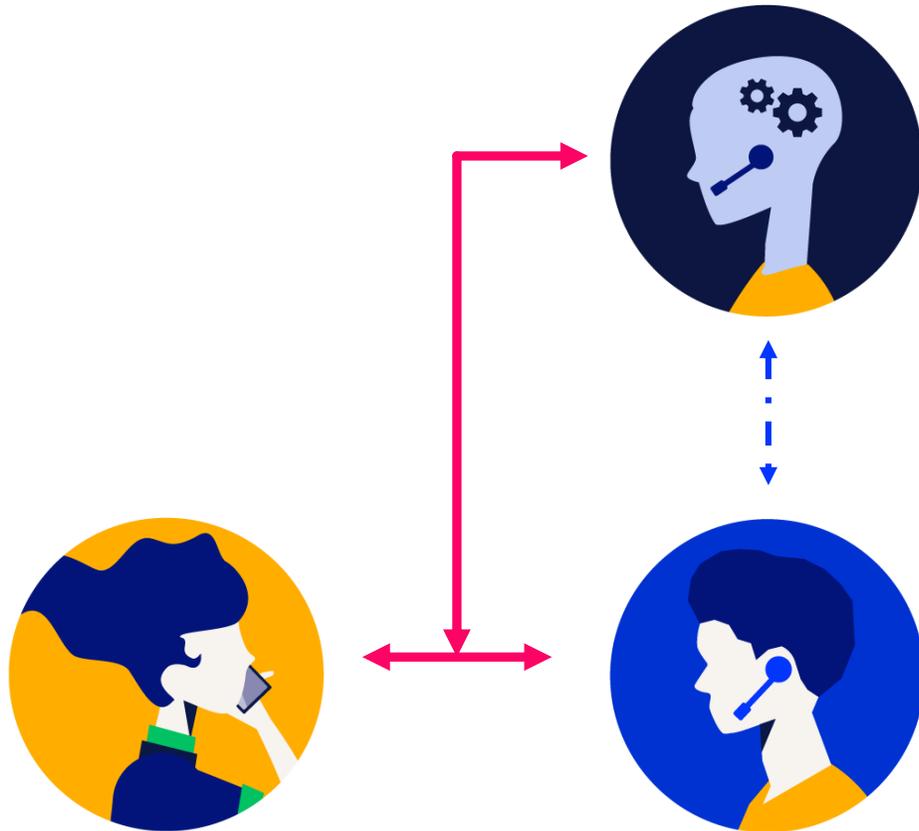
Human to Human
Machine Listens in



Intelligent Voice Assistant (IVA)

Human to Machine

Two Approaches to AI in the Contact Center



Agent Assistance

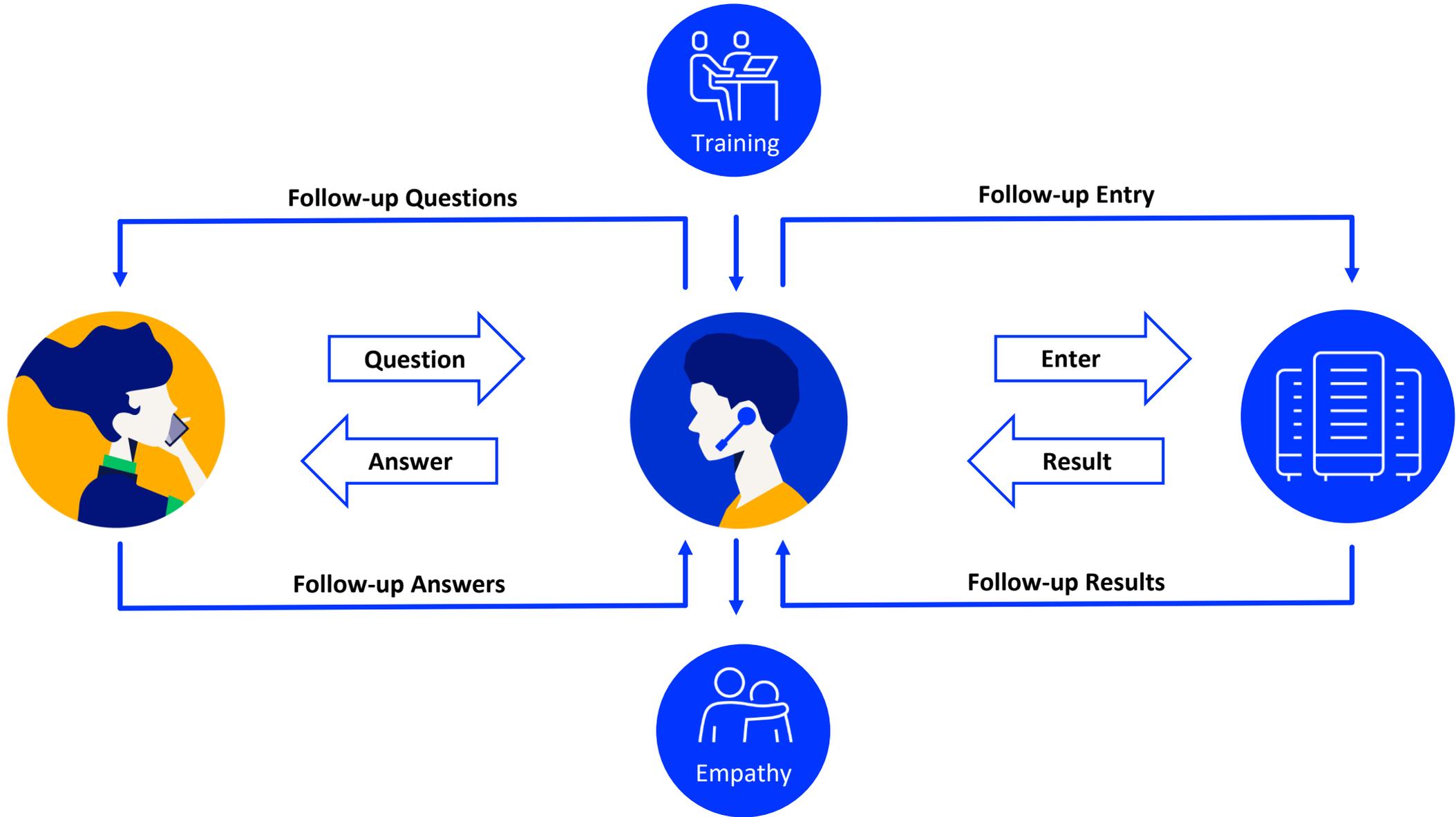
Human to Human
Machine Listens in

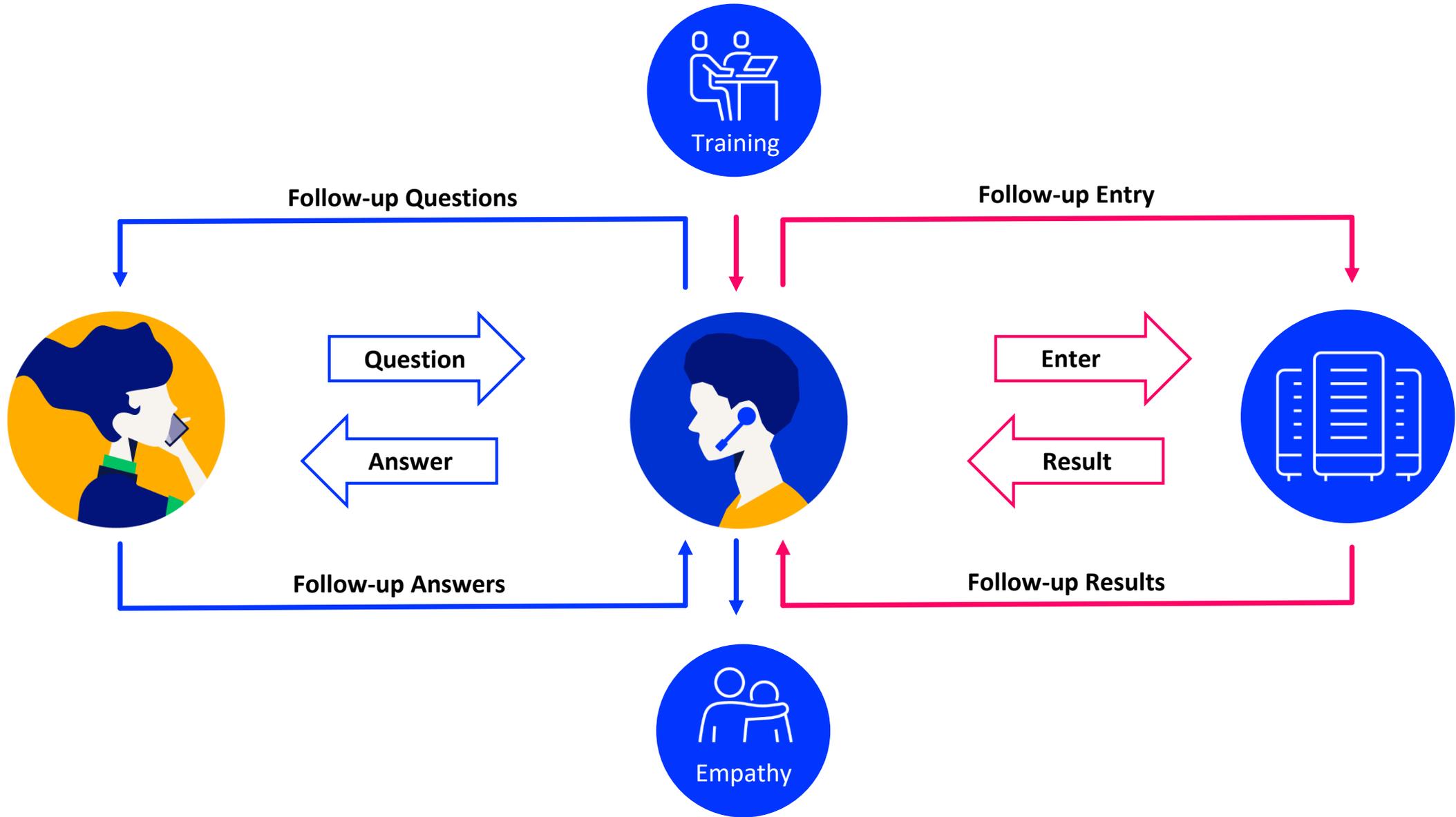
Our Strategy: Focus on Agent Assistance

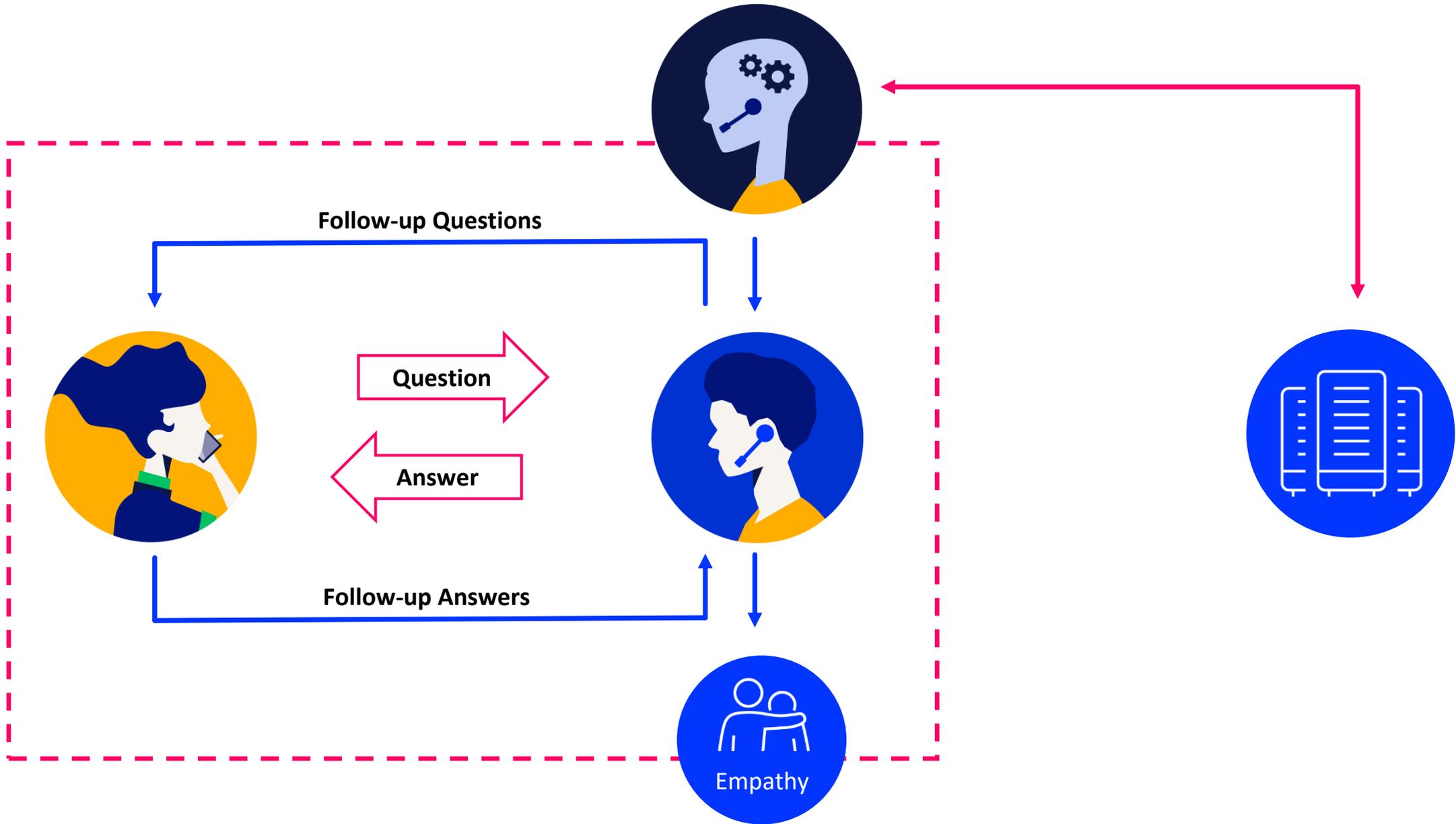
- ✓ No risk to customer experience
- ✓ Saves money by reducing handle time
- ✓ Feedback loop enables self-learning
- ✓ Leverages our services capability

And we won't:

- ✗ Build our own IVA
- ✗ Build our own AI models







Example:

The Call to the Cable Company



Natalie Young

Conversation Transcript 2:31

Show Keywords (5)

I'm having trouble setting up my new DVR.

Natalie 1 min ago

I see you've just rebooted your DVR, and it didn't help. Your firmware is old, lets try an update. I'm going to initiate an update right now, this might take a few seconds. Hang in there! Oh - while we're waiting - did you know about our special on HBO?

now Me



Natalie speaking...



Transcript

Troubleshooting Step 1
Firmware out of date. Update Firmware in DVR.

Reboot NOW | Defer

Customer Context

Customer Context
Customer rebooted DVR 10 minutes ago.

History of other Actions

Agent Assist

Ask the customer about interest in Discount on HBO.

Add HBO | Share offer via Text

Related Suggestions

0

- Troubleshooting Step 1
- HBO Upsell
- Agent Assist

Saved (2)

- Channel Lineups
- DVR Troubleshooting Guide

Not helpful

Great suggestion!

Save for later

MCKESSON

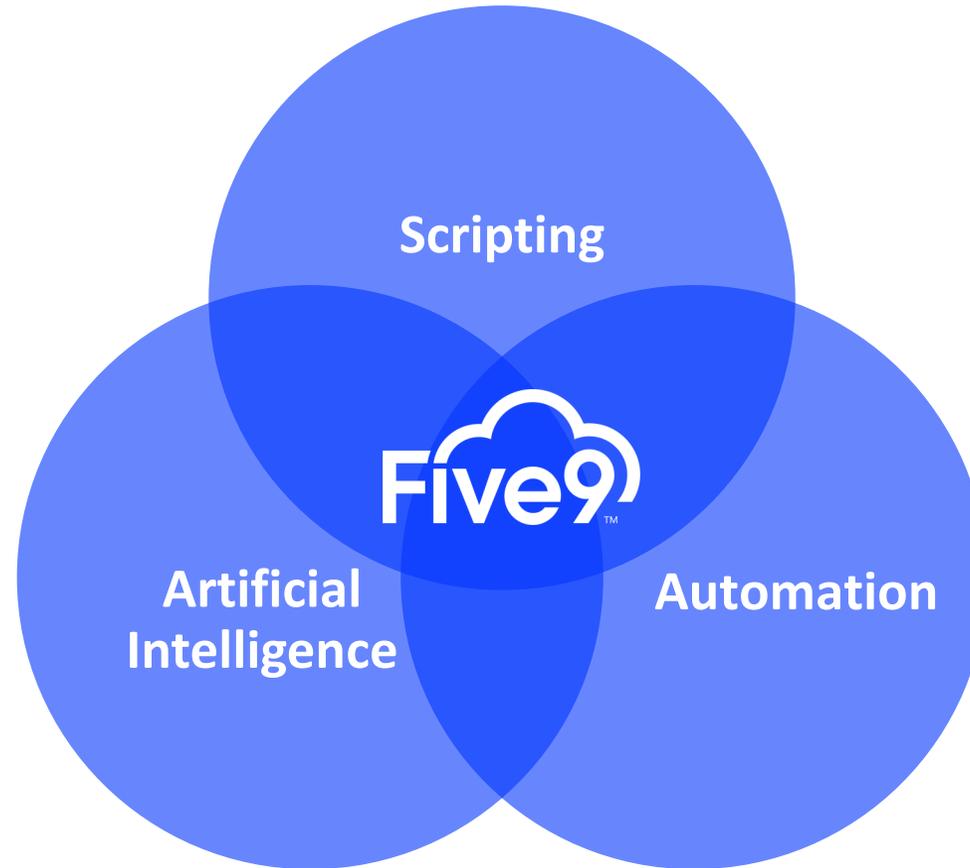
Ed Albrechtsen

Director, Vendor Solutions and Audit



Agent Assist Demo

Three Different Capabilities...



...Create Something New

Status

- ✓ Locked down strategy
- ✓ Validated with analysts and customers
- ✓ Hired team
- ✓ Signed up alpha customers
- ✓ Currently in alpha trials

Modern and Agile Engineering Engine

David Pickering,
EVP of Engineering



My Journey to Five9

intuit.

- Led QuickBooks engineering through 10x growth to 2.6M subscribed businesses
- Transitioned suite to modern SaaS including DevOps, Containers and AWS public cloud

Tapjoy®

- Social and mobile-based advertising and alternative monetization platform with 50M unique visitors daily

ORACLE®

- Launched and led the Oracle Interaction Center Suite with inbound/outbound telephony, email and collaboration



EVP of Engineering

Key Objectives

1 Keep the train running

2 Grow engineering team with world-class talent

3 Deliver new Five9 architecture to accelerate speed of delivery

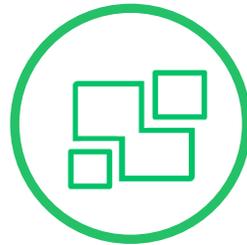
Accelerating SaaS Platform...Delivers Speed and Agility



Public cloud



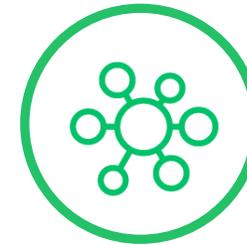
Containers



Decomp



Data



Interfaces
and APIs



Automation

Why it Matters

Deliver more
customer benefit

More efficient teams, more focus and more real world experience drive customer benefit

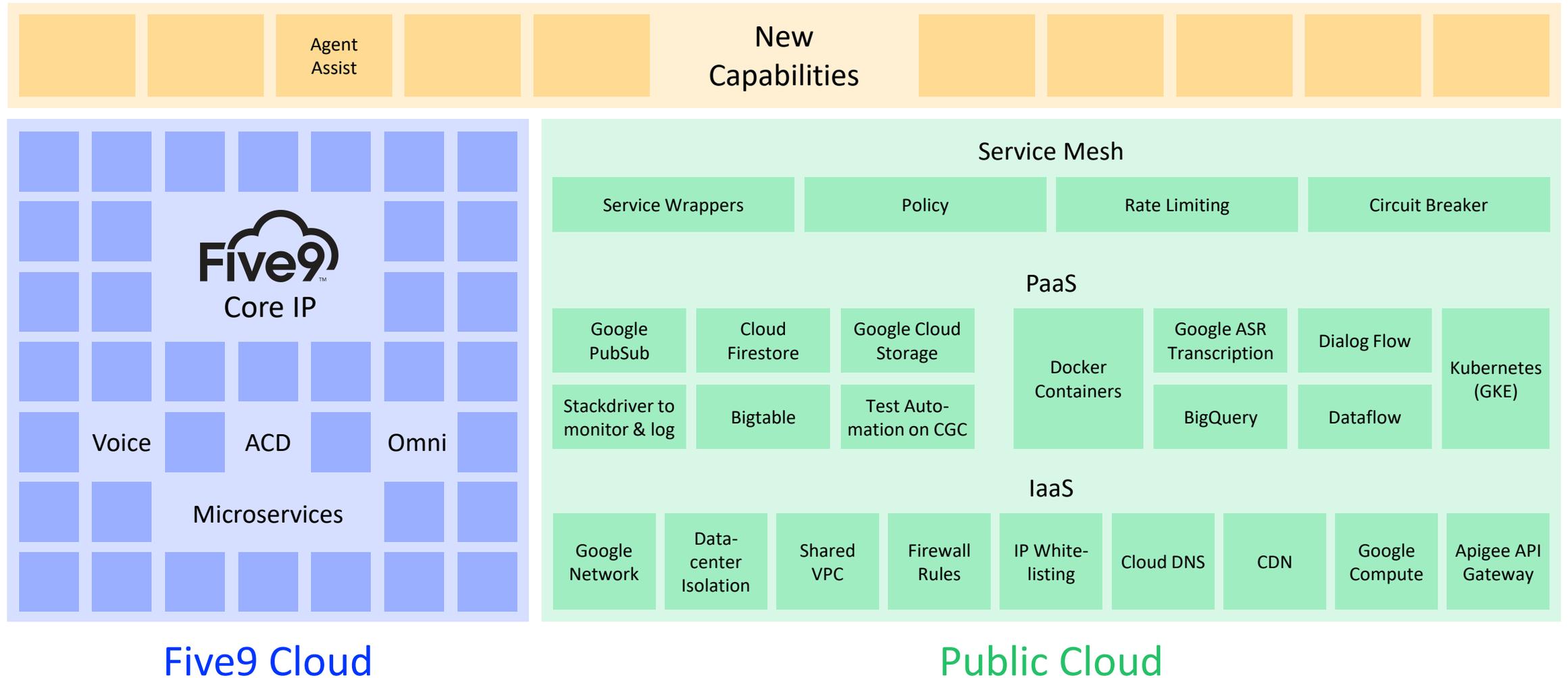
Collaborative and
proven

Be humble. Get our best shot into the real world fast, collaborate with design partners and keep tuning until it's right

Modern
innovation engine

Cloud-only delivery, best-of-breed components, the most modern platform and world-class uptime. Product innovation is the core of Five9 and this engine fuels customer benefit

Five9 Architecture



Result: From Concept to Customer Alpha in 3 Months

The screenshot displays the 'Agent Assistance' interface. At the top, there is a search bar and window controls. The main area shows a conversation transcript for 'Natalie Young'. The customer's message is: 'I would like to check on the status of my home mortgage refinance.' The system's response is: 'Looks like your loan will fund next week. I also wanted to suggest to you an additional flood insurance that covers personal property damage. We noticed that others living in the Russian River area have this coverage and it has saved them thousands of dollars the last few floods in your area. Are you interested?' The system provides three main suggestions: 1. 'Mortgage Application Status' (Scheduled for approval on Tue, Mar 12, 2019) with buttons for 'Show Application' and 'Share Status via Text'. 2. 'Customer Context: Flooding Area' (New home is in a flood prone area near Russian River, CA) with a 'Show Map' button. 3. 'Agent Assist' (Offer a 50% monthly premium for flood insurance that adds additional coverage in case of water damage) with buttons for 'Add Flood Insurance' and 'Share Offer via Text'. On the right, 'Related Suggestions' include 'Home Mortgage Application Status', 'Flood Insurance Upsell Opportuni...', and 'Agent Assist'. Below that, 'Saved (2)' items are listed: 'Mortgage Application' and 'Insurance Payment'. At the bottom, there are feedback options: 'Not helpful', 'Great suggestion!', and 'Save for later'. A 'Transcript' toggle is visible in the bottom left corner.

Scaling our Go-to-Market and Service Delivery



Dan Burkland, President

Why We're Confident

Executing on our
Enterprise strategy

Accelerating our reach
and market share

Why We're Confident

Executing on our
Enterprise strategy

Land: Landing larger Enterprise customers

Adopt: Maximizing platform value

Expand: Delivering ongoing value

Retain: Nurturing customer success

Land: Landing Larger Enterprise Customers

Scale

Platform
reliability

Security &
data
protection

Feature
parity

Product
innovation

Adopt: Maximizing Platform Value

Onsite delivery

100+

Professionals dedicated to high-touch enterprise implementations

Proven methodology



Five9 Certified

Phased approach designed specifically for a speedy and successful deployment

Custom solutions

500+

Purpose-built integrations that work with customers' systems and applications

Drive effective platform adoption

Expand: Delivering Ongoing Value

Enterprise Expansion

Additional Seats
Additional Departments

Optimization

240+

Project-based optimizations
over three years

Upsell / Cross-Sell

New Applications
New Services

Continuously evaluate customer needs and deliver desired outcomes

Retain: Nurturing Customer Success

Customer Success Managers (CSMs)

100%

Percentage of enterprise accounts covered by CSMs

Technical Account Managers (TAMs)

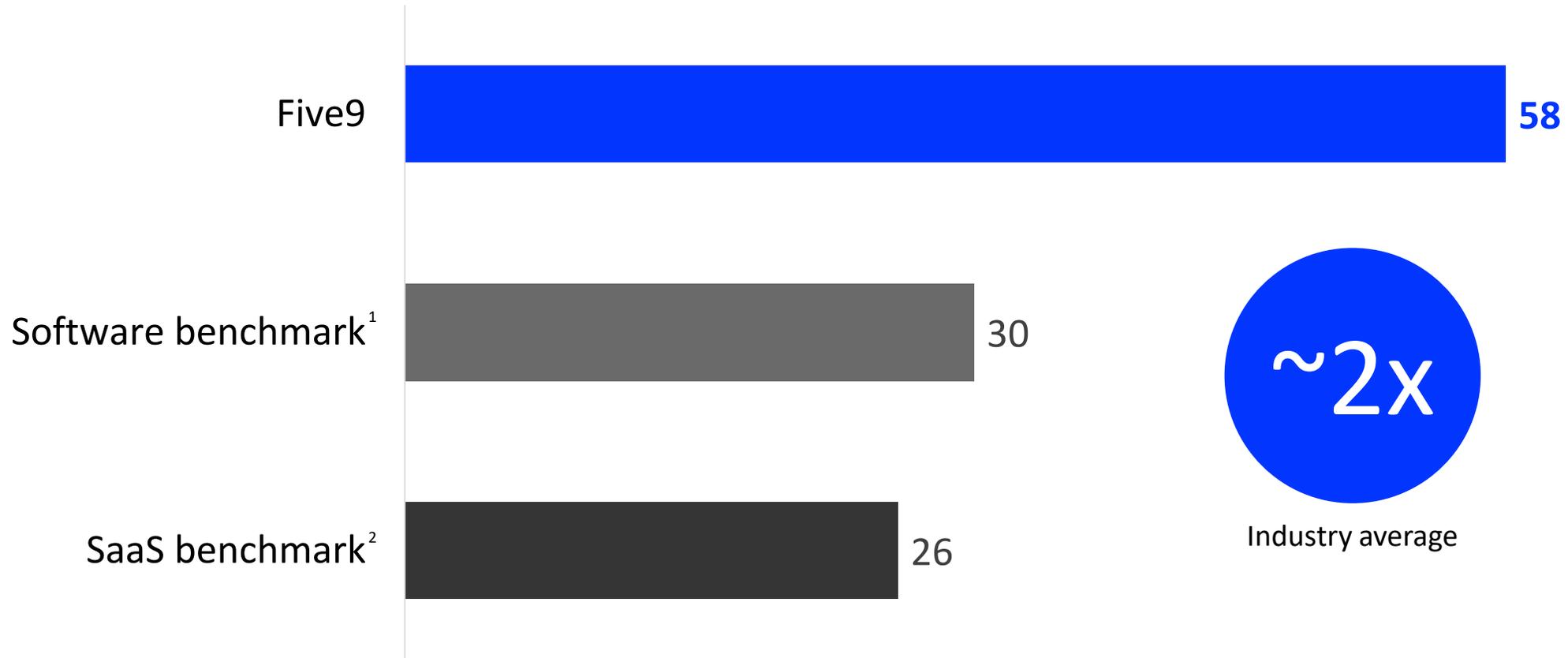
70%

Percentage of enterprise seats with TAM services¹

Foster customer loyalty and retention

Result: Setting the Bar for Customer Loyalty

Net Promotor Score (NPS)



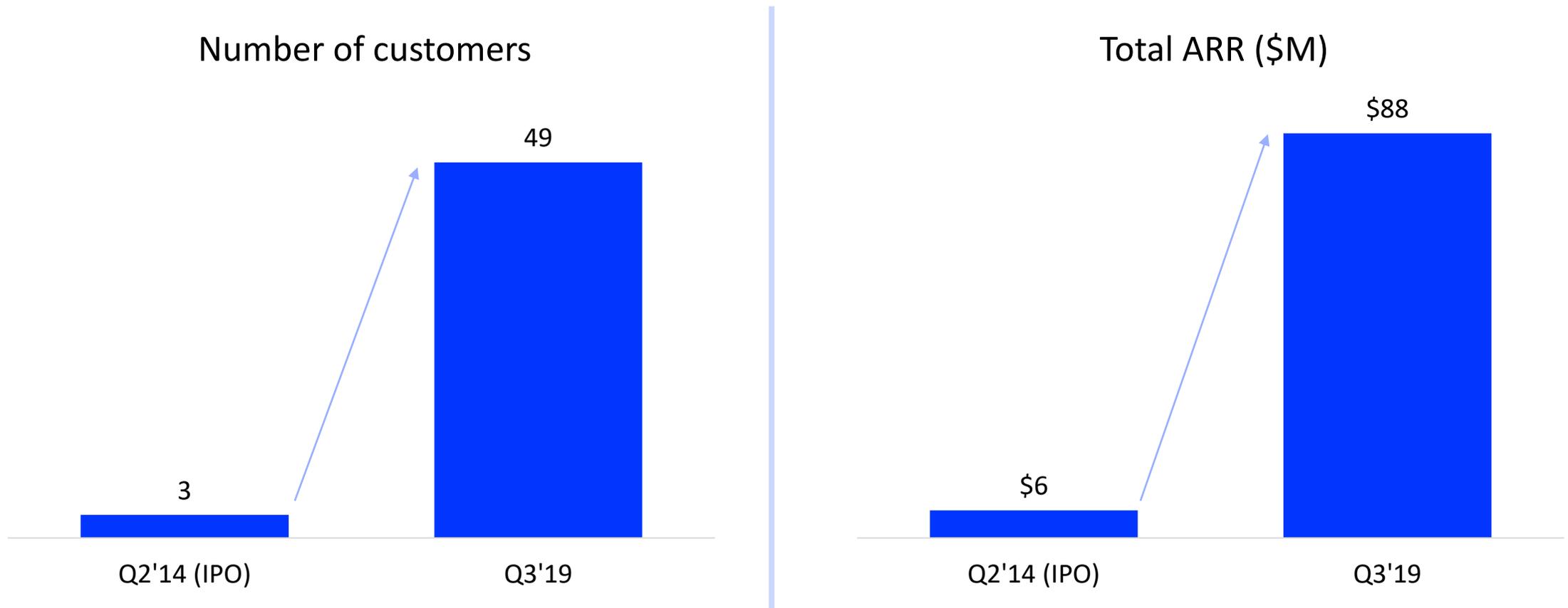
Note: Five9 NPS based on 2019 YTD average

¹ 2019 Consumer Net Promoter Benchmark Study, NICE Satmetrix, 2019

² 2019 NPS Benchmarks, Retently, Jun 2019

Result: Increasing Enterprise Volume + Scale

\$1M+ ARR customers



Why We're Confident

Executing on our
Enterprise strategy

Accelerating our reach
and market share

Why We're Confident

Accelerating our
reach and market
share

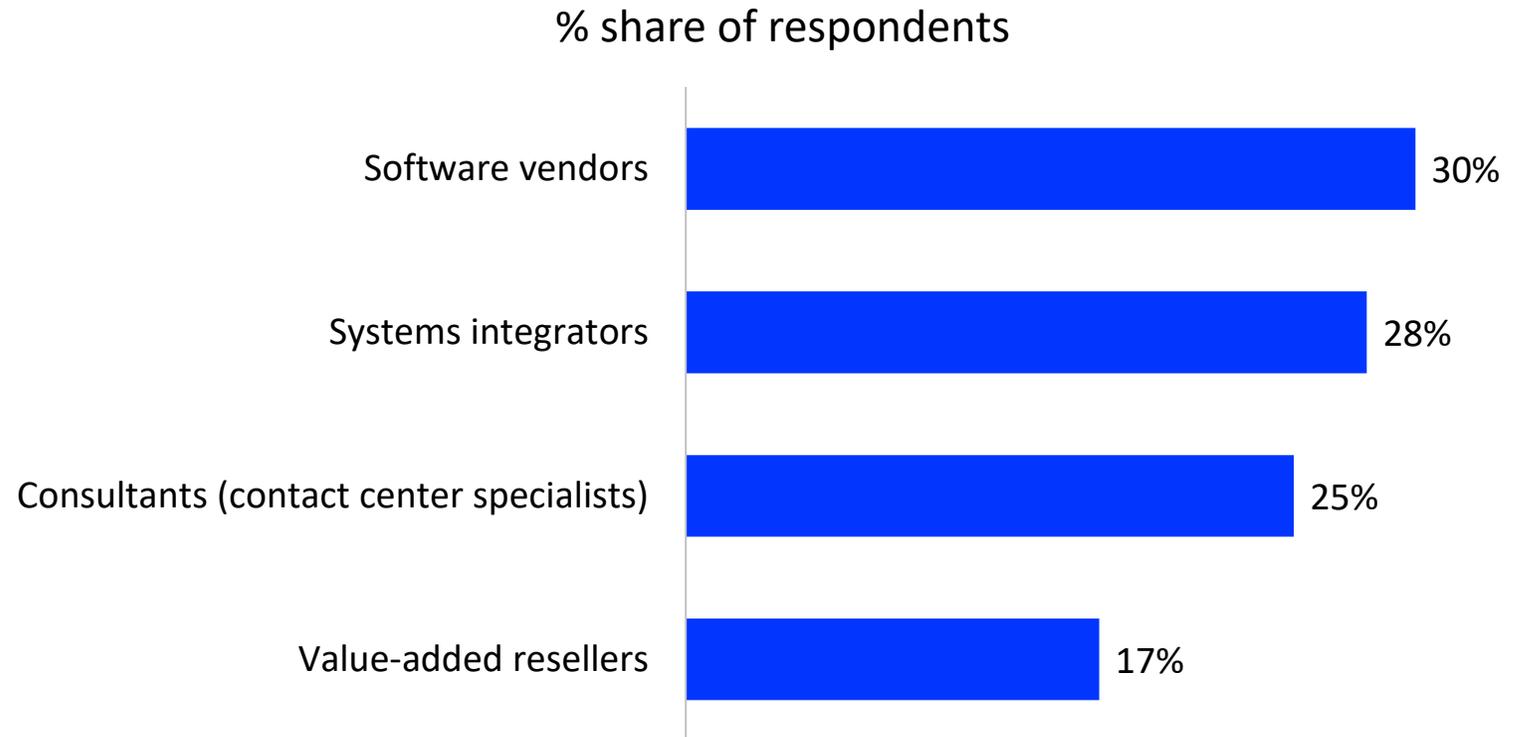
- 1 Structuring GTM model for Large Enterprise
- 2 Expanding technology ecosystem
- 3 Deepening SI partnerships
- 4 Scaling channel leverage
- 5 Increasing international footprint

1 Structuring Go-to-Market Model for Large Enterprise

Type	Strategic >500 concurrent seats >\$1.2M estimated ARR	 Enterprise 50-500 concurrent seats \$120K-\$1.2M estimated ARR	Commercial <50 concurrent seats <\$120K estimated ARR
Pre-Sales Model	Strategic Enterprise Sales Directors	Enterprise Sales Directors	Inside sales
	Enterprise Solution Consultants		Commercial Solution Consultants
Post-Sales Model	High touch implementation and optimization with onsite delivery		Remote implementation
	Strategic Customer Success Managers	Enterprise Customer Success Managers	Commercial Customer Success Managers
	Premium support, including TAMs, Managed Services and HyperCare		Remote support
Partner Ecosystem	Independent software vendors (CRM, WFO, UC, others)		
	Channel partners (master agents, resellers, referral partners, others)		
	Systems integrators		

1 The Go-to-Market Model is Evolving

Stakeholders most likely utilized for next contact center technology decision



1 Strengthening Sales and Services Leadership Team



Andy Dignan

SVP, Global Channels & Services



Jake Butterbaugh

VP, Channel Sales



Brian Atkinson

VP, International Sales



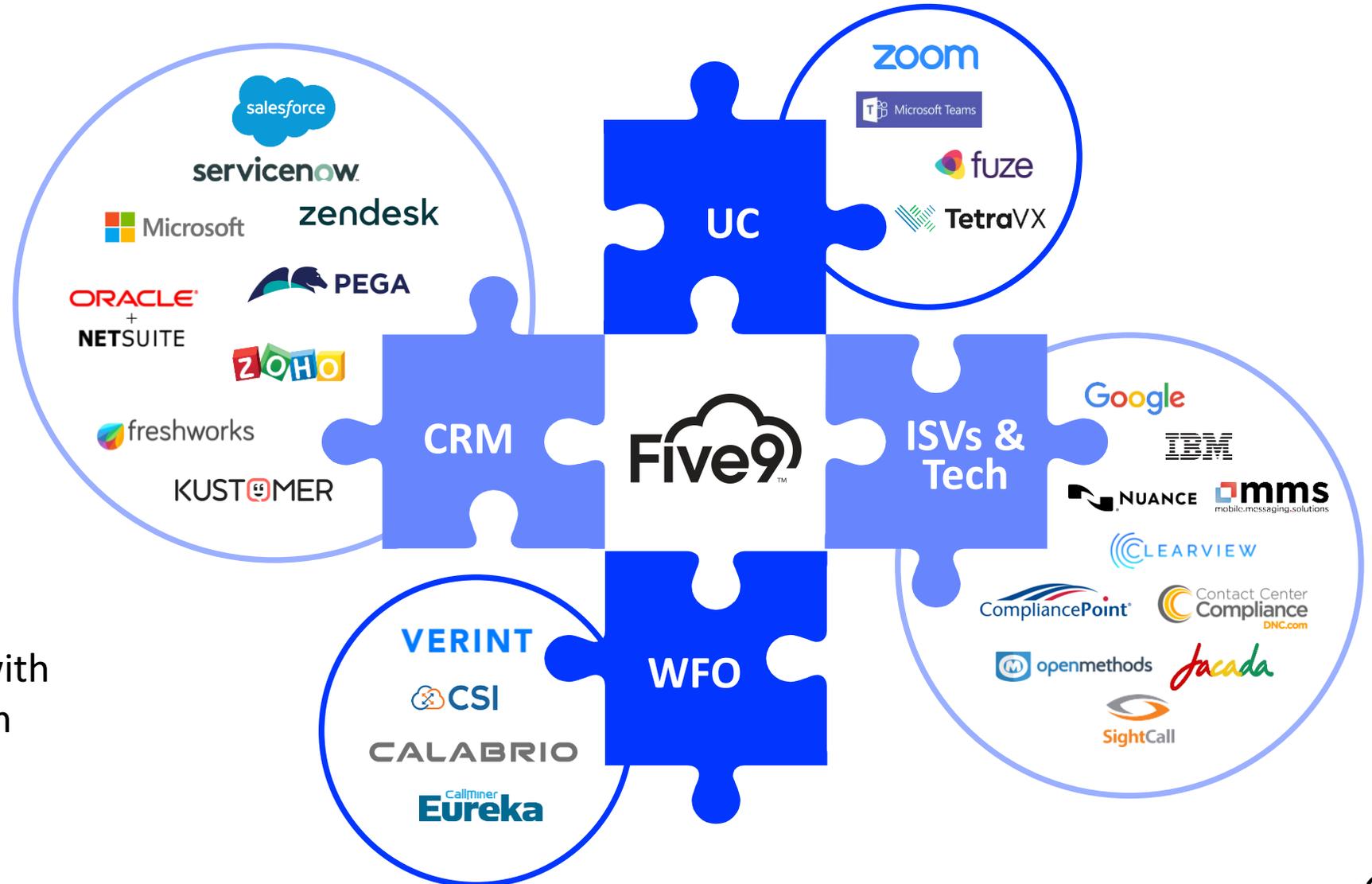
Andy Zazzera

VP, Professional Services



2 Expanding Technology Ecosystem

- Build new partnerships with leading ISVs
- Deepen integrations with existing partners
- Execute on joint GTM and development initiatives, including launch of Five9 app marketplace
- Deliver on recently announced partnerships with Microsoft Teams and Zoom



3 Deepening SI Partnerships

Systems Integrators Bookings

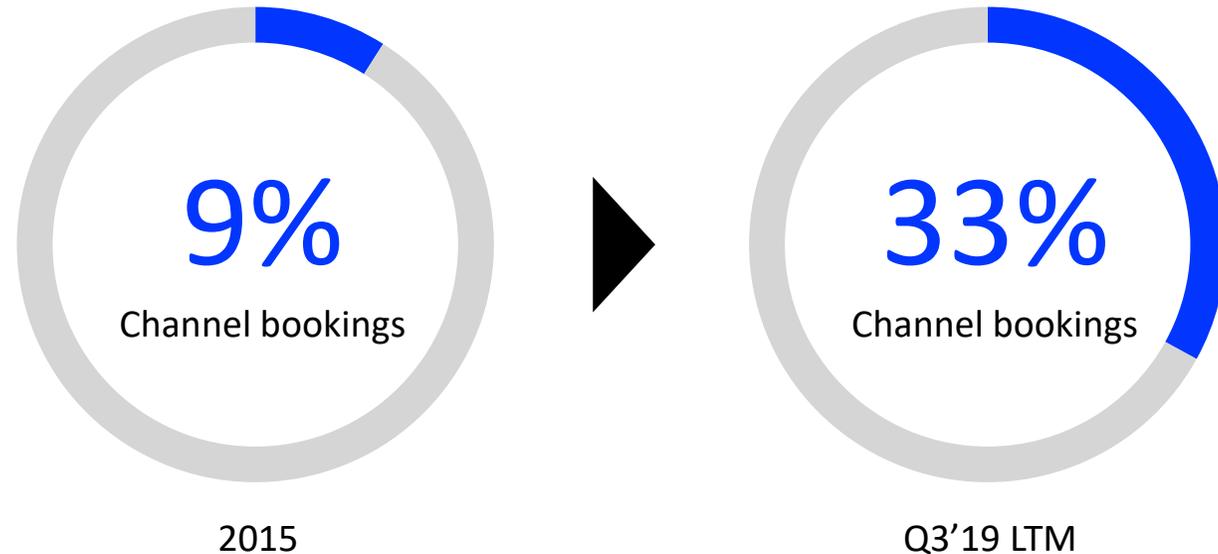
- Engage leading global systems integrators with Enterprise relationships
- Leverage systems integrators' strategic positioning in corporate digital transformation initiatives
- Continue development of onboarding and training programs for partner enablement



4 Scaling Channel Leverage

- Recruit top resellers, referral partners and master agents with enterprise customer relationships and vertical areas of focus
- Continue development of onboarding and training programs for partner enablement

Total bookings mix



Why We're Confident

Executing on our
Enterprise strategy

Accelerating our reach
and market share

Customer Panel: Delivering Measurable Value

Dan Burkland, President



Customer Panel

Ed Albrechtsen

Director,
Vendor Solutions and Audit

MCKESSON

Gina Wiley

Product Manager,
Business Applications

 **DOORDASH**

Teddy Liaw

CEO

 **NexRep**

Powerful Financial Model

Barry Zwarenstein, CFO



Our Financial Commitments



Sustained 30s
Enterprise subscription
revenue growth



Continuity of disciplined
execution with frugality
and pragmatism



Balance of top and
bottom line

Strengthening Metrics...

IPO | Q2'14

Today | Q3'19

27%

28%

Consistent YoY revenue growth

(25%)

19%

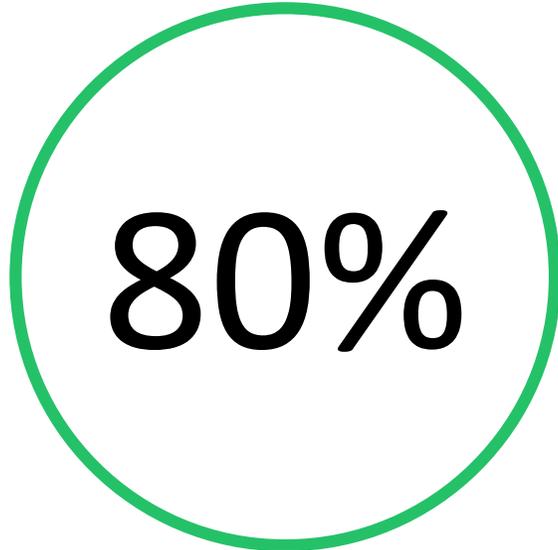
Expanding Adjusted EBITDA margin

(27%)

17%

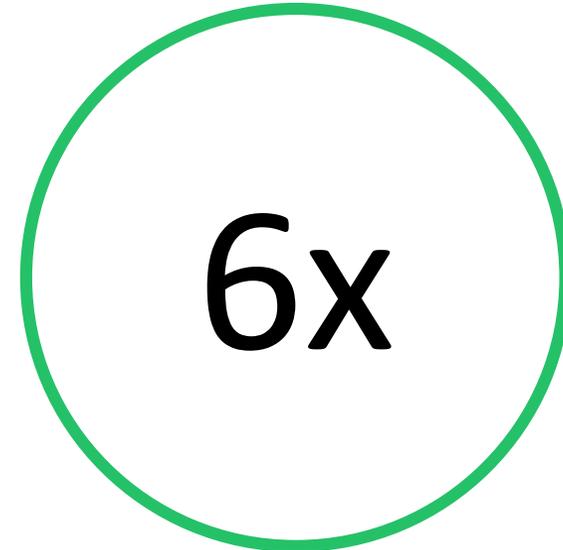
Increasing operating cash flow margin

...Driven by Enterprise



Enterprise

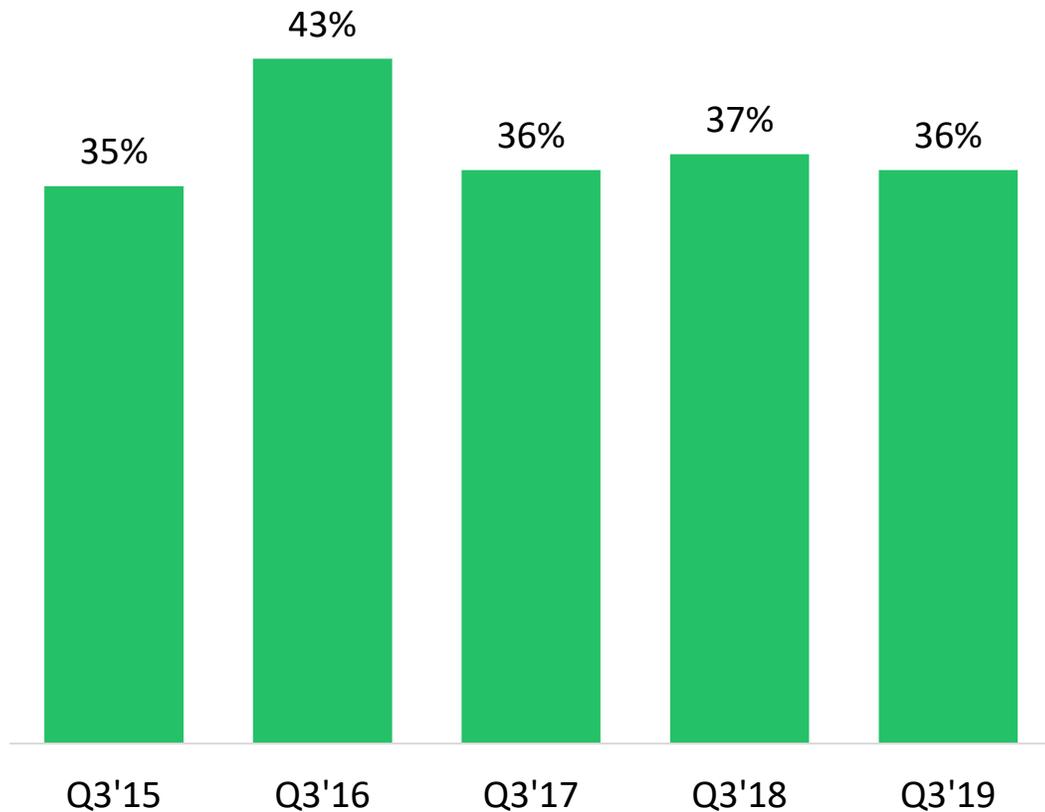
Percent of LTM
Total Revenue



Enterprise

LTV : CAC
Unit Economics

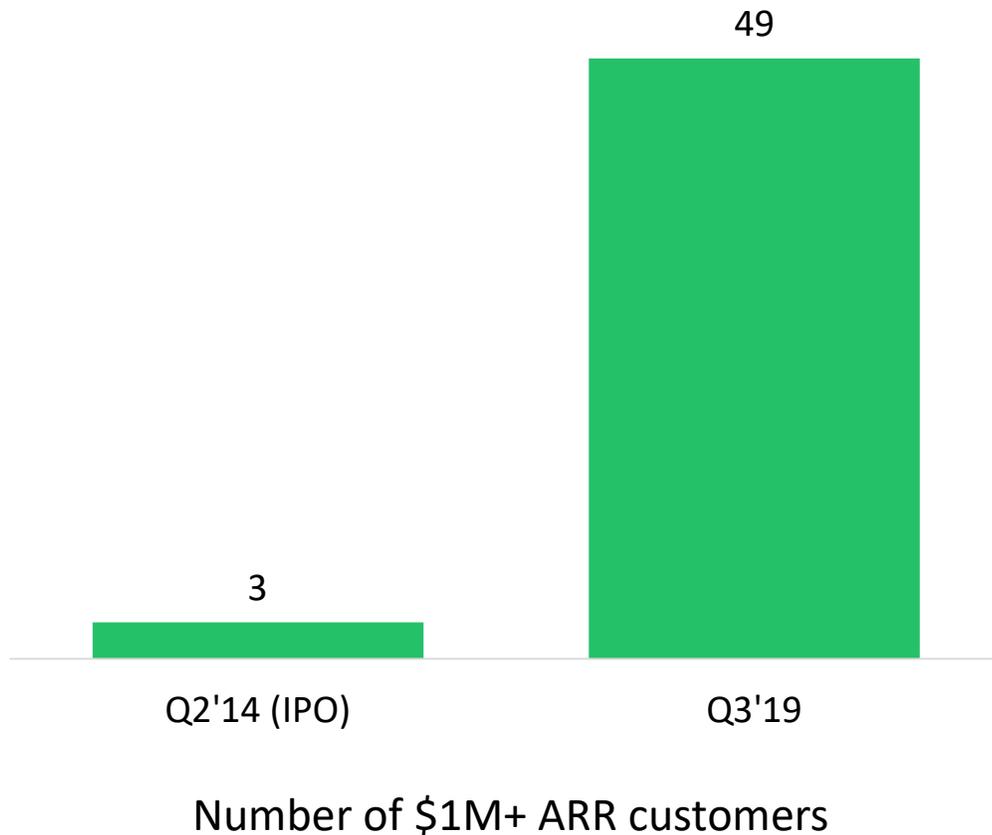
Consistent Enterprise Subscription Growth



Enterprise Subscription Now a Majority of Revenue



Increasing Number of \$1M+ ARR Customers



Average Size of \$1M+ ARR Customers

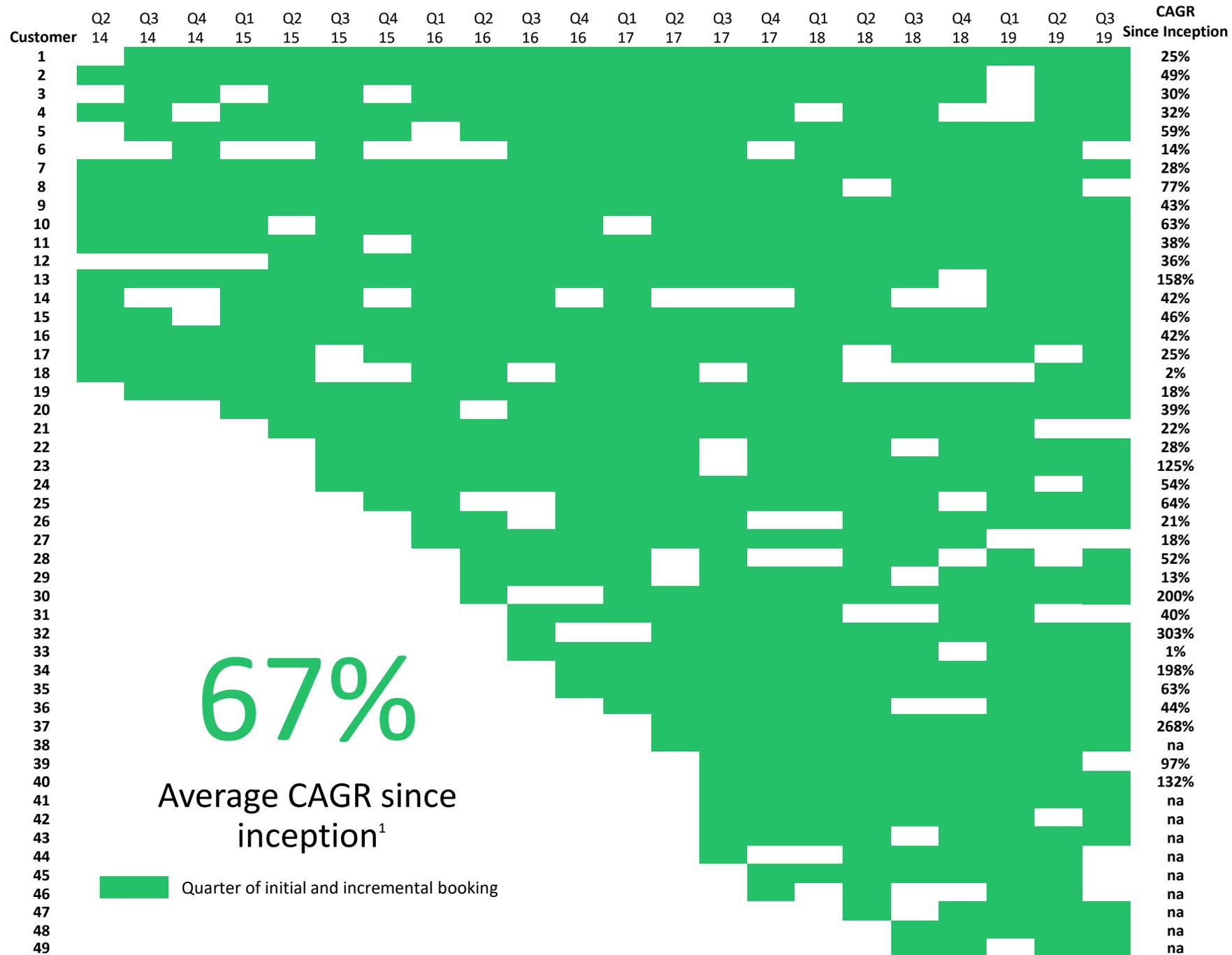
\$10B Annual revenue

12,000 Employees

What About Growth in the Installed Base?

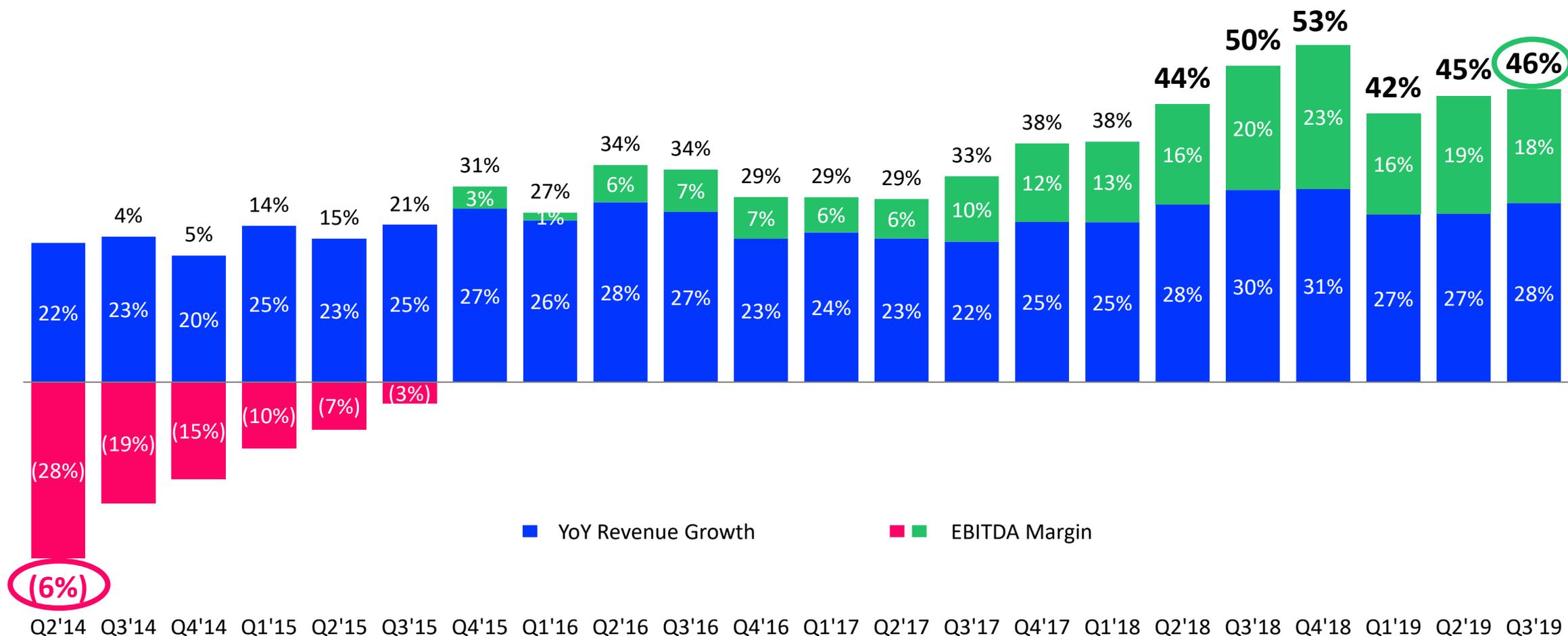
New logo growth still biggest source of revenue, but growth in installed base becoming increasingly important

\$1M+ ARR
customers
expand nearly
every quarter

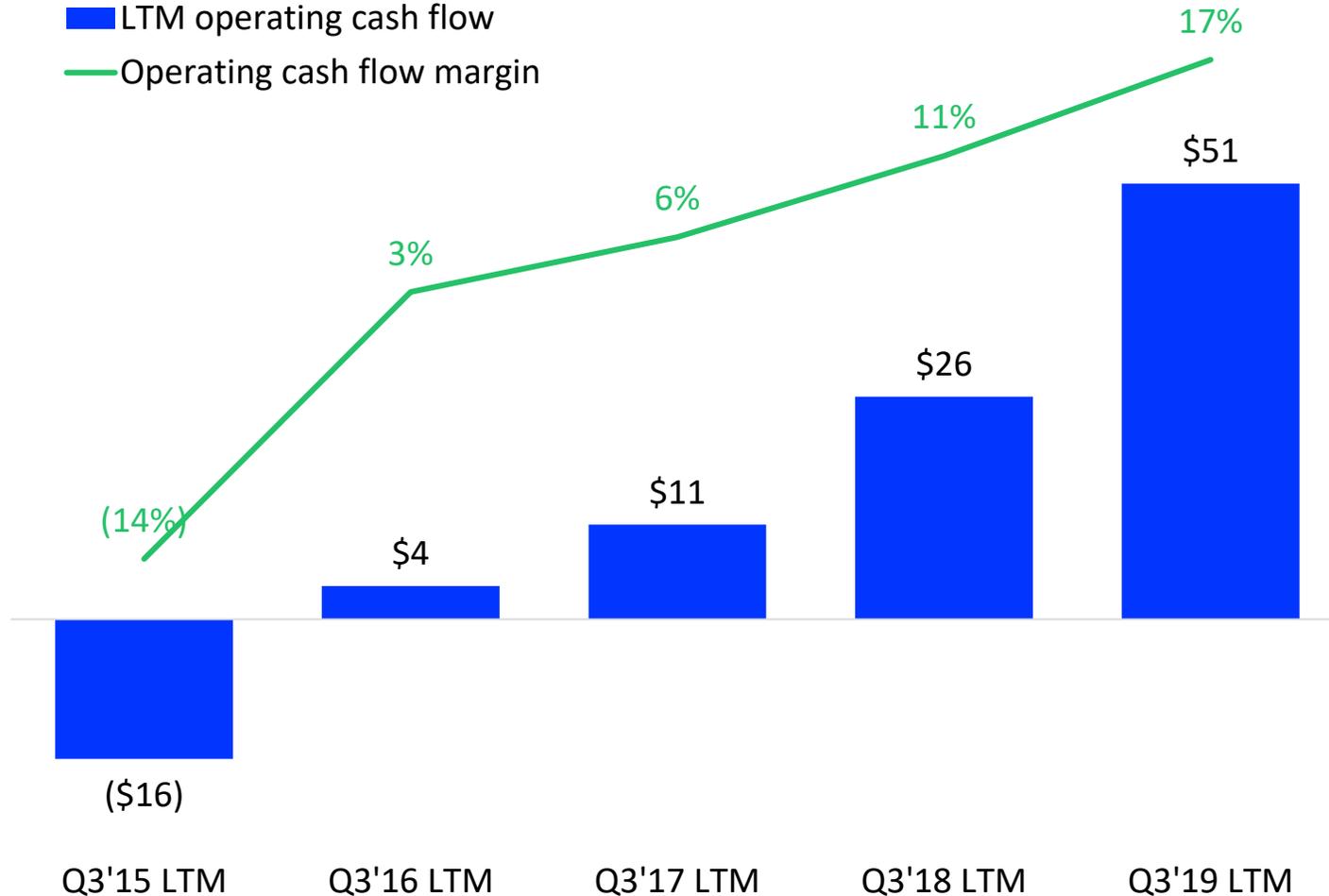


Note: \$1M+ ARR based on Q3'19 annualized recurring revenue; Sorted from oldest to newest customers; CAGR since inception based on net invoicing; "na" CAGR represents customers with net invoicing starting after Q4'17

Exceeding “Rule of 40” Despite Increased Investments



Consistently Generating Strong Operating Cash Flow



15th

Consecutive quarter of positive operating cash flow

31

Days Sales Outstanding

Long-Term Model

Non-GAAP

% of Revenue	2014	2015	2016	2017	2018	Q3'19		Long-term model
Adj. Gross Margin	53%	59%	62%	63%	64%	64%	Subscription / PS margin expansion and increasing subscription mix	70%+
S&M	35%	31%	31%	31%	25%	26%	Continue to invest in GTM in line with revenue growth	26% – 30%
R&D	19%	16%	13%	12%	11%	11%	Current acceleration offset by long-term leverage	8% – 10%
G&A	21%	16%	13%	11%	10%	9%	Economies of scale	5% – 7%
Adj. EBITDA	(22%)	(4%)	5%	9%	18%	18%		27%+

Based on ASC 605
Based on ASC 606



1 Large Market Opportunity

2 Strong Execution Engine

- Proven leadership team
- Differentiated strategy
- Market-winning product
- Robust cloud platform
- Strong go-to-market machine

3 Delivering Growth and Profitability

Five9 Leadership Team



Rowan Trollope

CEO



Dan Burkland

President



Barry Zwarenstein

CFO



Jonathan Rosenberg

CTO and Head of AI



Ryan Kam

CMO



David Pickering

EVP, Engineering



Scott Welch

EVP, Cloud Operations



Anand Chandrasekaran

EVP, Product Management



James Doran

EVP, Strategy & Operations



Tricia Yankovich

SVP, Human Resources



Q&A



Thank you.

Five9 Financial Analyst Day 2019

Appendix

GAAP to Adjusted Gross Profit Reconciliation

Q2'14 – Q3'19

	Quarter Ended																					
	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
GAAP gross profit	11,216	12,365	13,734	15,496	16,004	17,475	20,398	21,405	22,122	23,192	28,437	27,043	27,454	29,584	33,040	34,203	36,306	39,125	43,996	43,687	46,188	49,297
<i>% GAAP gross margin</i>	45.4%	47.8%	48.6%	51.2%	52.9%	54.1%	56.6%	56.3%	56.9%	56.6%	64.3%	57.5%	57.5%	59.1%	59.6%	58.1%	59.4%	59.9%	60.8%	58.6%	59.6%	58.8%
Depreciation & amortization	1,373	1,272	1,291	1,439	1,558	1,470	1,483	1,680	1,616	1,668	1,608	1,576	1,716	1,397	1,611	1,794	1,864	2,021	2,129	2,366	2,504	2,602
Stock-based compensation	121	158	176	188	218	233	227	265	329	357	424	434	575	599	594	678	853	860	942	1,229	1,658	1,702
Reversal of accrued federal fees	—	—	—	—	—	—	—	—	—	—	(3,114)	—	—	—	—	—	—	—	—	—	—	—
Out of period adj. for accrued federal fees	—	—	235	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjusted gross profit	12,710	13,795	15,436	17,123	17,780	19,178	22,108	23,350	24,067	25,217	27,355	29,053	29,745	31,580	35,245	36,675	39,023	42,006	47,067	47,282	50,350	53,601
<i>% adjusted gross margin</i>	51.5%	53.3%	54.6%	56.6%	58.7%	59.4%	61.4%	61.4%	61.9%	61.5%	61.9%	61.8%	62.3%	63.1%	63.6%	62.3%	63.8%	64.3%	65.1%	63.4%	65.0%	64.0%

GAAP to Adjusted Gross Profit Reconciliation

2014 – 2018

	Year Ended				
	2014	2015	2016	2017	2018
GAAP gross profit	48,441	69,373	95,156	117,121	153,630
<i>% GAAP gross margin</i>	<i>47.0%</i>	<i>53.8%</i>	<i>58.7%</i>	<i>58.5%</i>	<i>59.6%</i>
Depreciation & amortization	5,138	5,950	6,573	6,300	7,808
Stock-based compensation	542	866	1,375	2,202	3,333
Reversal of accrued federal fees	—	—	(3,114)	—	—
Out of period adj. for accrued federal fees	235	—	—	—	—
Adjusted gross profit	54,356	76,189	99,990	125,623	164,771
<i>% adjusted gross margin</i>	<i>52.7%</i>	<i>59.1%</i>	<i>61.7%</i>	<i>62.7%</i>	<i>63.9%</i>

GAAP Net Inc. (Loss) to Adj. EBITDA Reconciliation

Q3'13 – Q3'19

	Quarter Ended																								
	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
GAAP net income (loss)	(7,735)	(8,632)	(8,320)	(8,659)	(11,435)	(9,372)	(8,903)	(7,369)	(6,048)	(3,518)	(4,911)	(3,468)	(3,890)	409	(5,255)	(4,007)	924	(631)	(607)	(2,042)	(1,305)	3,733	(1,924)	(1,860)	(1,604)
Non-GAAP adjustments:																									
Depreciation and amortization	1,063	1,513	1,592	1,699	1,567	1,605	1,775	1,910	1,840	1,863	2,103	2,060	2,140	2,086	2,095	2,270	1,881	2,068	2,320	2,449	2,667	2,838	3,192	3,361	3,497
Stock-based compensation	458	923	1,196	1,723	1,877	1,957	2,235	1,830	1,945	1,720	1,994	2,414	2,519	2,716	3,129	3,854	3,720	4,640	5,325	6,797	8,869	7,493	8,686	10,436	11,075
Interest expense	273	414	778	1,092	1,116	1,175	1,139	1,155	1,235	1,198	1,199	1,197	961	869	882	888	865	836	810	2,378	3,595	3,462	3,396	3,406	3,486
Interest income and other	15	(10)	(32)	28	(95)	(146)	(2)	49	(119)	(28)	45	33	(12)	(54)	(118)	(90)	(118)	(164)	(398)	(206)	(1,352)	(1,359)	(1,745)	(1,490)	(1,460)
Provision for (benefit from) income taxes	45	1	27	12	13	33	18	(20)	50	13	28	42	(2)	(14)	49	50	43	126	45	64	41	150	(49)	29	50
Extinguishment of debt	—	—	—	—	—	—	—	—	—	—	—	—	1,026	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of accrued federal fees	—	—	—	—	—	—	—	—	—	—	—	—	—	(3,114)	—	—	—	—	—	—	—	—	—	—	—
Legal settlement	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,700	—	—	—	—	—	—	—	—	420	—
Legal and indemnification fees related to settlement	—	—	—	—	—	—	—	—	—	—	—	—	—	—	135	—	—	—	—	241	258	93	292	64	—
Change in fair value of convertible preferred and common stock warrant liabilities	622	694	(1,745)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of contingent sales tax liability (G&A)	—	—	—	(2,766)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of interest and penalties on accrued federal fees (G&A)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,133)	—	—	—	—	—	—	—	—
Accrued FCC charge (G&A)	—	—	—	—	2,000	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Out of period adj. for accrued federal fees (COR)	—	—	—	—	—	235	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Out of period adj. for sales tax liability (G&A)	—	—	—	—	—	183	575	190	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjusted EBITDA	(5,259)	(5,097)	(6,504)	(6,871)	(4,957)	(4,330)	(3,163)	(2,255)	(1,097)	1,248	458	2,278	2,742	2,898	2,617	2,965	5,182	6,875	7,495	9,681	12,773	16,410	11,848	14,366	15,044
% adjusted EBITDA margin	(24.9%)	(21.6%)	(26.8%)	(27.8%)	(19.2%)	(15.3%)	(10.4%)	(7.4%)	(3.4%)	3.5%	1.2%	5.9%	6.7%	6.6%	5.6%	6.2%	10.3%	12.4%	12.7%	15.8%	19.6%	22.7%	15.9%	18.6%	18.0%

GAAP Net Loss to Adjusted EBITDA Reconciliation

2014 – 2018

	Year Ended				
	2014	2015	2016	2017	2018
GAAP net income (loss)	(\$37,786)	(\$25,838)	(\$11,860)	(\$8,969)	(\$221)
Non-GAAP adjustments:					
Depreciation and amortization	6,463	7,388	8,390	8,314	10,274
Stock-based compensation	6,753	7,730	9,643	15,343	28,484
Interest expense	4,161	4,727	4,226	3,471	10,245
Interest income and other	(245)	(100)	13	(490)	(3,315)
Provision for (benefit from) income taxes	85	61	54	268	300
Extinguishment of debt	—	—	1,026	—	—
Reversal of accrued federal fees	—	—	(3,114)	—	—
Legal settlement	—	—	—	1,700	—
Legal and indemnification fees related to settlement	—	—	—	135	592
Change in fair value of convertible preferred and common stock warrant liabilities	(1,745)	—	—	—	—
Reversal of contingent sales tax liability (G&A)	(2,766)	—	—	—	—
Reversal of interest and penalties on accrued federal fees (G&A)	—	—	—	(2,133)	—
Accrued FCC charge (G&A)	2,000	—	—	—	—
Out of period adj. for accrued federal fees (COR)	235	—	—	—	—
Out of period adj. for sales tax liability (G&A)	183	765	—	—	—
Adjusted EBITDA	(\$22,662)	(\$5,267)	\$8,378	\$17,639	\$46,359
<i>% adjusted EBITDA margin</i>	<i>(22.0%)</i>	<i>(4.1%)</i>	<i>5.2%</i>	<i>8.8%</i>	<i>18.0%</i>

GAAP to Non-GAAP COR and OpEx Reconciliation

Q2'14 – Q3'19

	Quarter Ended																					
	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
GAAP COR	13,469	13,504	14,540	14,778	14,270	14,812	15,635	16,610	16,764	17,790	15,770	19,971	20,273	20,497	22,363	24,702	24,814	26,179	28,339	30,851	31,248	34,472
<i>% of revenue</i>	54.6%	52.2%	51.4%	48.8%	47.1%	45.9%	43.4%	43.7%	43.1%	43.4%	35.7%	42.5%	42.5%	40.9%	40.4%	41.9%	40.6%	40.1%	39.2%	41.4%	40.4%	41.2%
Depreciation & amortization	(1,373)	(1,272)	(1,291)	(1,439)	(1,558)	(1,470)	(1,483)	(1,680)	(1,616)	(1,668)	(1,608)	(1,576)	(1,716)	(1,397)	(1,611)	(1,794)	(1,864)	(2,021)	(2,129)	(2,366)	(2,504)	(2,602)
Stock-based compensation	(121)	(158)	(176)	(188)	(218)	(233)	(227)	(265)	(329)	(357)	(424)	(434)	(575)	(599)	(594)	(678)	(853)	(860)	(942)	(1,229)	(1,658)	(1,702)
Reversal of accrued federal fees	—	—	—	—	—	—	—	—	—	—	3,114	—	—	—	—	—	—	—	—	—	—	—
Out of period adj. for accrued federal fees	—	—	(235)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP COR	11,975	12,074	12,838	13,151	12,494	13,109	13,925	14,665	14,819	15,765	16,852	17,961	17,982	18,501	20,158	22,230	22,097	23,298	25,268	27,256	27,086	30,168
<i>% of revenue</i>	48.5%	46.7%	45.4%	43.4%	41.3%	40.6%	38.6%	38.6%	38.1%	38.5%	38.1%	38.2%	37.7%	36.9%	36.4%	37.7%	36.2%	35.7%	34.9%	36.6%	35.0%	36.0%
GAAP R&D	5,554	5,503	5,828	6,038	5,568	5,473	5,580	5,802	5,799	6,041	6,236	6,847	6,836	6,689	6,748	7,772	8,367	9,582	8,451	10,546	10,811	11,665
<i>% of revenue</i>	22.5%	21.3%	20.6%	19.9%	18.4%	17.0%	15.5%	15.3%	14.9%	14.7%	14.1%	14.6%	14.3%	13.4%	12.2%	13.2%	13.7%	14.7%	11.7%	14.1%	14.0%	13.9%
Depreciation & amortization	(50)	(58)	(75)	(87)	(102)	(126)	(140)	(148)	(161)	(204)	(224)	(206)	(237)	(182)	(170)	(194)	(233)	(278)	(331)	(440)	(450)	(450)
Stock-based compensation	(471)	(583)	(527)	(574)	(340)	(475)	(401)	(435)	(528)	(547)	(549)	(637)	(801)	(797)	(807)	(877)	(1,064)	(2,352)	(1,010)	(1,470)	(1,907)	(2,022)
Non-GAAP R&D	5,033	4,862	5,226	5,377	5,126	4,872	5,039	5,219	5,110	5,290	5,463	6,004	5,798	5,710	5,771	6,701	7,070	6,952	7,110	8,636	8,454	9,193
<i>% of revenue</i>	20.4%	18.8%	18.5%	17.8%	16.9%	15.1%	14.0%	13.7%	13.1%	12.9%	12.4%	12.8%	12.1%	11.4%	10.4%	11.4%	11.6%	10.6%	9.8%	11.6%	10.9%	11.0%
GAAP S&M	9,674	9,296	9,453	9,931	10,594	10,797	10,720	12,706	12,637	12,925	14,480	15,778	16,932	16,502	17,358	17,478	17,912	17,818	18,793	21,701	23,250	25,014
<i>% of revenue</i>	39.2%	35.9%	33.4%	32.8%	35.0%	33.4%	29.8%	33.4%	32.5%	31.5%	32.8%	33.6%	35.5%	33.0%	31.3%	29.7%	29.3%	27.3%	26.0%	29.1%	30.0%	29.9%
Depreciation & amortization	(48)	(50)	(50)	(49)	(51)	(52)	(54)	(53)	(54)	(56)	(58)	(30)	(30)	(30)	(30)	(29)	(30)	(30)	(6)	(1)	(1)	(2)
Stock-based compensation	(368)	(361)	(455)	(524)	(458)	(448)	(370)	(434)	(544)	(626)	(759)	(928)	(1,224)	(1,084)	(1,128)	(1,362)	(1,585)	(1,613)	(1,747)	(2,249)	(2,749)	(3,017)
Non-GAAP S&M	9,258	8,885	8,948	9,358	10,085	10,297	10,296	12,219	12,039	12,243	13,663	14,820	15,678	15,388	16,200	16,087	16,297	16,175	17,040	19,451	20,500	21,995
<i>% of revenue</i>	37.5%	34.3%	31.6%	30.9%	33.3%	31.9%	28.6%	32.1%	31.0%	29.9%	30.9%	31.5%	32.8%	30.7%	29.2%	27.3%	26.7%	24.8%	23.6%	26.1%	26.5%	26.3%
GAAP G&A	3,515	7,967	6,763	7,275	6,027	6,087	6,433	6,536	5,882	6,143	6,511	8,860	6,845	4,679	8,767	9,103	9,833	10,746	10,766	11,762	12,042	12,146
<i>% of revenue</i>	14.2%	30.8%	23.9%	24.0%	19.9%	18.9%	17.9%	17.2%	15.1%	15.0%	14.7%	18.8%	14.3%	9.3%	15.8%	15.5%	16.1%	16.5%	14.9%	15.8%	15.6%	14.5%
Depreciation & amortization	(228)	(187)	(189)	(200)	(199)	(192)	(186)	(222)	(229)	(212)	(196)	(283)	(287)	(272)	(257)	(303)	(322)	(338)	(372)	(385)	(406)	(443)
Stock-based compensation	(763)	(775)	(799)	(949)	(814)	(789)	(722)	(860)	(1,013)	(989)	(984)	(1,130)	(1,254)	(1,240)	(2,111)	(2,408)	(3,295)	(4,044)	(3,794)	(3,738)	(4,122)	(4,334)
Legal settlement	—	—	—	—	—	—	—	—	—	—	—	(1,700)	—	—	—	—	—	—	—	—	(420)	—
Legal and indemnification fees related to settlement	—	—	—	—	—	—	—	—	—	—	—	(135)	—	—	—	—	(241)	(258)	(93)	(292)	(64)	—
Reversal of contingent sales tax liability	2,766	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of interest & penalties on accrued federal fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Accrued FCC charge	—	(2,000)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Out of period adj. for sales tax liability	—	—	(183)	(575)	(190)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP G&A	5,290	5,005	5,592	5,551	4,824	5,106	5,525	5,454	4,640	4,942	5,331	5,612	5,304	5,300	6,399	6,392	5,975	6,106	6,507	7,347	7,030	7,369
<i>% of revenue</i>	21.4%	19.3%	19.8%	18.3%	15.9%	15.8%	15.3%	14.3%	11.9%	12.1%	12.1%	11.9%	11.1%	10.6%	11.5%	10.9%	9.8%	9.4%	9.0%	9.9%	9.1%	8.8%

GAAP to Non-GAAP COR and OpEx Reconciliation

2014 – 2018

	Year Ended				
	2014	2015	2016	2017	2018
GAAP COR	\$54,661	\$59,495	\$66,934	\$83,104	\$104,034
<i>% of revenue</i>	53.0%	46.2%	41.3%	41.5%	40.4%
Depreciation & amortization	(5,138)	(5,950)	(6,573)	(6,300)	(7,808)
Stock-based compensation	(542)	(866)	(1,375)	(2,202)	(3,333)
Reversal of accrued federal fees	—	—	3,114	—	—
Out of period adj. for accrued federal fees	(235)	—	—	—	—
Non-GAAP COR	\$48,746	\$52,679	\$62,100	\$74,602	\$92,893
<i>% of revenue</i>	47.3%	40.9%	38.3%	37.3%	36.1%
GAAP R&D	\$22,110	\$22,659	\$23,878	\$27,120	\$34,172
<i>% of revenue</i>	21.4%	17.6%	14.7%	13.5%	13.3%
Depreciation & amortization	(229)	(455)	(737)	(795)	(1,036)
Stock-based compensation	(1,931)	(1,790)	(2,059)	(3,042)	(5,303)
Non-GAAP R&D	\$19,950	\$20,414	\$21,082	\$23,283	\$27,833
<i>% of revenue</i>	19.3%	15.8%	13.0%	11.6%	10.8%
GAAP S&M	\$37,445	\$42,042	\$52,748	\$66,570	\$72,001
<i>% of revenue</i>	36.3%	32.6%	32.5%	33.2%	27.9%
Depreciation & amortization	(196)	(206)	(221)	(120)	(95)
Stock-based compensation	(1,510)	(1,800)	(2,363)	(4,364)	(6,307)
Non-GAAP S&M	\$35,739	\$40,036	\$50,164	\$62,086	\$65,599
<i>% of revenue</i>	34.7%	31.1%	30.9%	31.0%	25.5%
GAAP G&A	\$24,416	\$25,822	\$25,072	\$29,151	\$40,448
<i>% of revenue</i>	23.7%	20.0%	15.5%	14.6%	15.7%
Depreciation & amortization	(900)	(777)	(859)	(1,099)	(1,335)
Stock-based compensation	(2,770)	(3,274)	(3,846)	(5,735)	(13,541)
Legal settlement	—	—	—	(1,700)	—
Legal and indemnification fees related to settlement	—	—	—	(135)	(592)
Reversal of contingent sales tax liability	2,766	—	—	—	—
Reversal of interest & penalties on accrued federal fees	—	—	—	2,133	—
Accrued FCC charge	(2,000)	—	—	—	—
Out of period adj. for sales tax liability	(183)	(765)	—	—	—
Non-GAAP G&A	\$21,329	\$21,006	\$20,367	\$22,615	\$24,980
<i>% of revenue</i>	20.7%	16.3%	12.6%	11.3%	9.7%