



▶ Commvault *Advance* Update

▶ Bob Hammer, CEO | Brian Carolan, CFO



▶ Disclaimer

This presentation may contain forward-looking statements, including statements regarding financial projections, which are subject to risks and uncertainties, such as competitive factors, difficulties and delays inherent in the development, manufacturing, marketing and sale of software products and related services, general economic conditions, outcome of litigation and others. For a discussion of these and other risks and uncertainties affecting Commvault's business, see "Item IA. Risk Factors" in our annual report in Form 10-K and "Item 1A. Risk Factors" in our most recent quarter report in Form 10-Q. Statements regarding Commvault's beliefs, plans, expectations or intentions regarding the future are forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. All such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from anticipated results. Commvault does not undertake to update its forward-looking statements. The development and timing of any product release as well as any of its features or functionality remain at our sole discretion.

▶ Commvault® Advance

A plan for sustainable, long term growth and profitability



Transform the
Core Business:
Predictable,
Sustainable Growth



Establish the
Foundation for
Accelerating Growth



Achieve **25%+**
Operating Margins
in FY'21

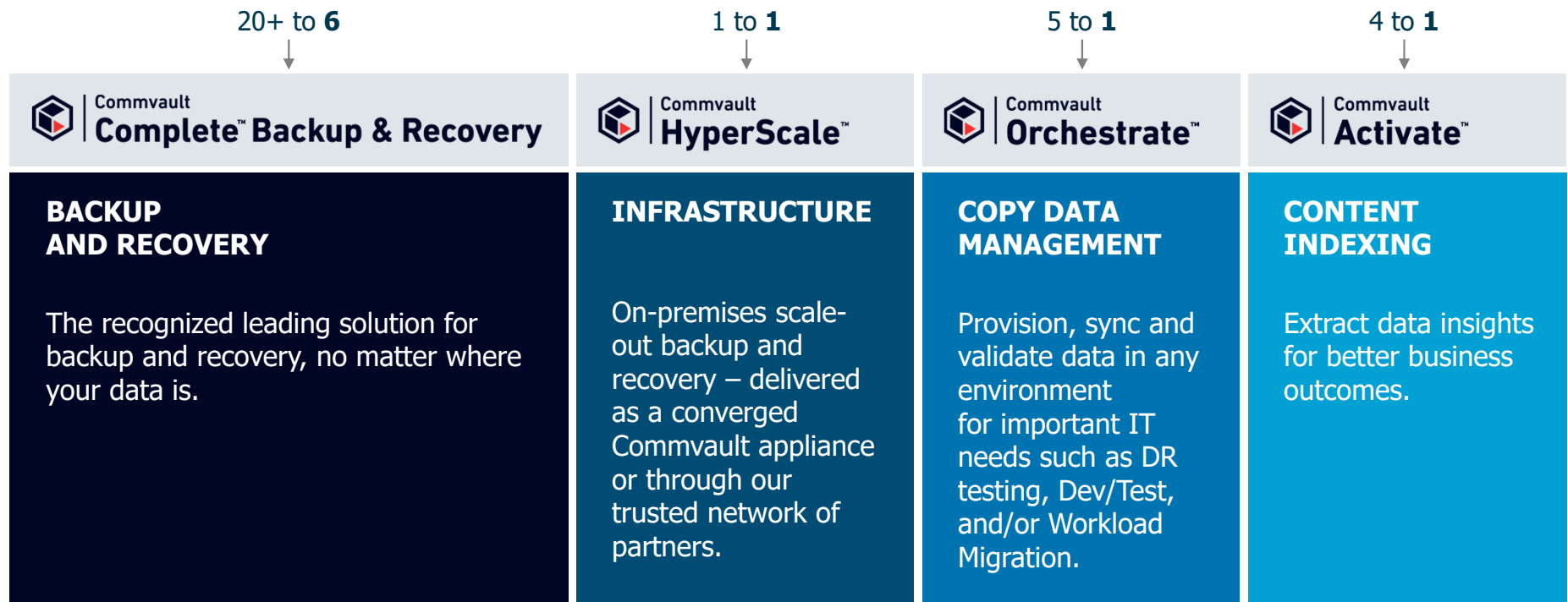
▶ Business model optimization

Driving shareholder value



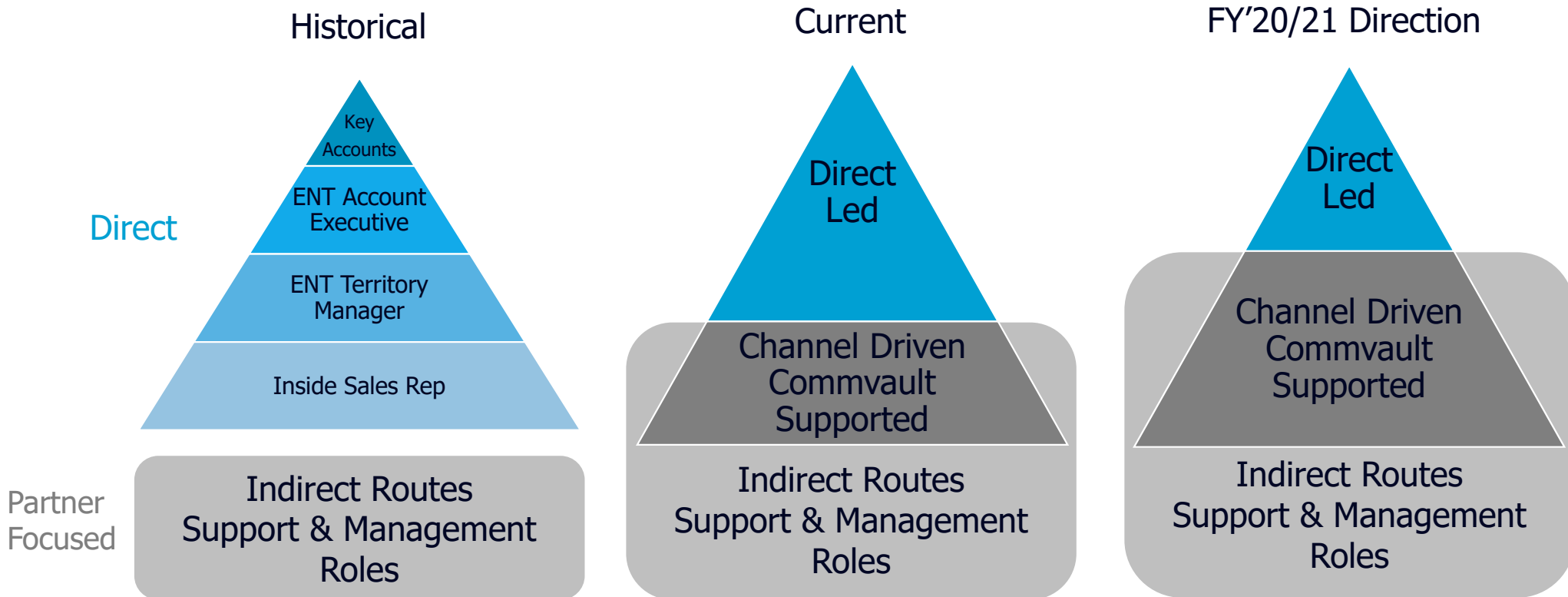
▶ Best-in-class product strategy – Portfolio simplification

SKU consolidation drives simplification and platform unification



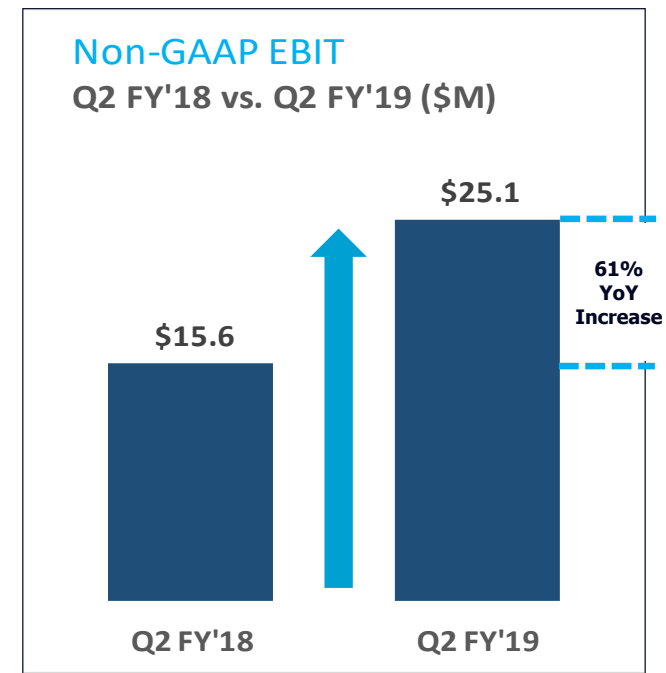
———— **COMPLETE CAN BE EXTENDED** to address customer scale and complexity challenges —————>

▶ Business model optimization – Sales reorganization



► Business model optimization – Update

- Commvault® Advance Phase 1 began during Q1 FY'19
 - Instituted operating expense reductions
 - Reduced workforce by ~200 heads (7% of total) in 1st half 2019
 - Instituted other cost savings working with leading consulting firm
 - Q2 Opex reduction 10% YoY
- Impact in Q2 FY'19
 - Operating margins up **61% YoY**
 - Free cash flow 2x improvement YoY
- Major re-organization of Sales and Marketing implemented in early Q2 FY'19
- Continued cost reductions in 2nd half FY'19



▶ Brian Carolan, CFO



▶ Revenue model transition –
Transition to repeatable revenue streams

	P&L Recognition Impact	
	Upfront/Point in Time	Ratably Over Time
Repeatable ~70% of Revenue	Subscription Software <ul style="list-style-type: none"> • Generally three year committed contracts • Includes appliance offerings • Not hosted 	Maintenance Contracts <ul style="list-style-type: none"> • Generally annual contracts • Vast majority of services revenue Utility Software <ul style="list-style-type: none"> • “Pay As You Go” based on quarterly usage
Non-Repeatable ~30% of Revenue	Perpetual Software <ul style="list-style-type: none"> • Historically the vast majority of software and product revenue Professional Services <ul style="list-style-type: none"> • Primarily consulting and implementation services 	

▶ Transition to repeatable subscription models – Benefits customers and Commvault®

CUSTOMER BENEFITS

- Simplifies the procurement process
- Lower up-front commitment
- Aligns with move to the cloud
- Flexibility to change environment over time based on changes to customer/technology

COMMVault BENEFITS

- Facilitates new customer acquisition
- Increases the lifetime value of a customer
- Drives predictable and repeatable revenue given 90%+ historical support renewal rates
- Aligns with our customer success model

► Transition to repeatable subscription models –
 Perpetual vs. Subscription license comparison - recognized revenue (\$ in 000's)

- Headwind to first year Software and Support recognized revenue but greater lifetime value
- Crossover to accretive value upon the first renewal

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Perpetual Licenses & Maintenance:						
Software and Products Revenue	\$ 245	\$ -	\$ -	\$ -	\$ -	\$ -
Customer Support Revenue	45	45	45	45	45	45
Total Revenue	\$ 290	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45
<i>Cumulative Revenue</i>	<i>\$ 290</i>	<i>\$ 335</i>	<i>\$ 380</i>	<i>\$ 425</i>	<i>\$ 470</i>	<i>\$ 515</i>

Subscription Licenses; paid annually or upfront:						
Annual Contract Value	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Software and Products Revenue	\$ 195	\$ -	\$ -	\$ 195	\$ -	\$ -
Customer Support Revenue	35	35	35	35	35	35
Total Revenue	\$ 230	\$ 35	\$ 35	\$ 230	\$ 35	\$ 35
<i>Cumulative Revenue</i>	<i>\$ 230</i>	<i>\$ 265</i>	<i>\$ 300</i>	<i>\$ 530</i>	<i>\$ 565</i>	<i>\$ 600</i>

Cumulative	
3 Year	6 Year
\$ 380	\$ 515
\$ 300	\$ 600

3 Year Cumulative Revenue Comparison	-21%
6 Year Cumulative Revenue Comparison	+17%

▶ Two new financial metrics

Introducing two new metrics to supplement our reported results

**Repeatable
vs.
Non-Repeatable Revenue**

**Subscription and
Utility Annual
Contract Value (ACV)**

Will provide additional insight into the progress we are making in our revenue model transition to a repeatable/subscription based model

▶ Repeatable revenue transition – Historical repeatable revenue stratification (in '000s)

- Enhancing our Earnings Release & SEC Filings with new table disclosing reported Repeatable vs non-Repeatable Revenue
- Historical amounts are disclosed in below table (see appendix for additional historical results)

	Full Year FY'18	Q1'19	Q2'19	YTD FY'19
Repeatable Revenue:				
Subscription and Utility Software*	\$ 86,855	\$ 29,070	\$ 34,370	\$ 63,440
Recurring Support and Services**	338,597	87,478	85,969	173,447
Total repeatable revenue	\$ 425,452	\$ 116,548	\$ 120,339	\$ 236,887
<i>% of Total Revenue</i>	61%	66%	71%	69%
<i>YoY Growth %</i>		+17%	+22%	+19%

Non-Repeatable Revenue:				
Perpetual software and product revenue	\$ 234,193	\$ 49,600	\$ 39,766	\$ 89,366
Other professional services	39,748	10,029	8,973	19,002
Total non-repeatable revenue	\$ 273,941	\$ 59,629	\$ 48,739	\$ 108,368
<i>% of Total Revenue</i>	39%	34%	29%	31%
<i>YoY Growth %</i>		-10%	-30%	-20%

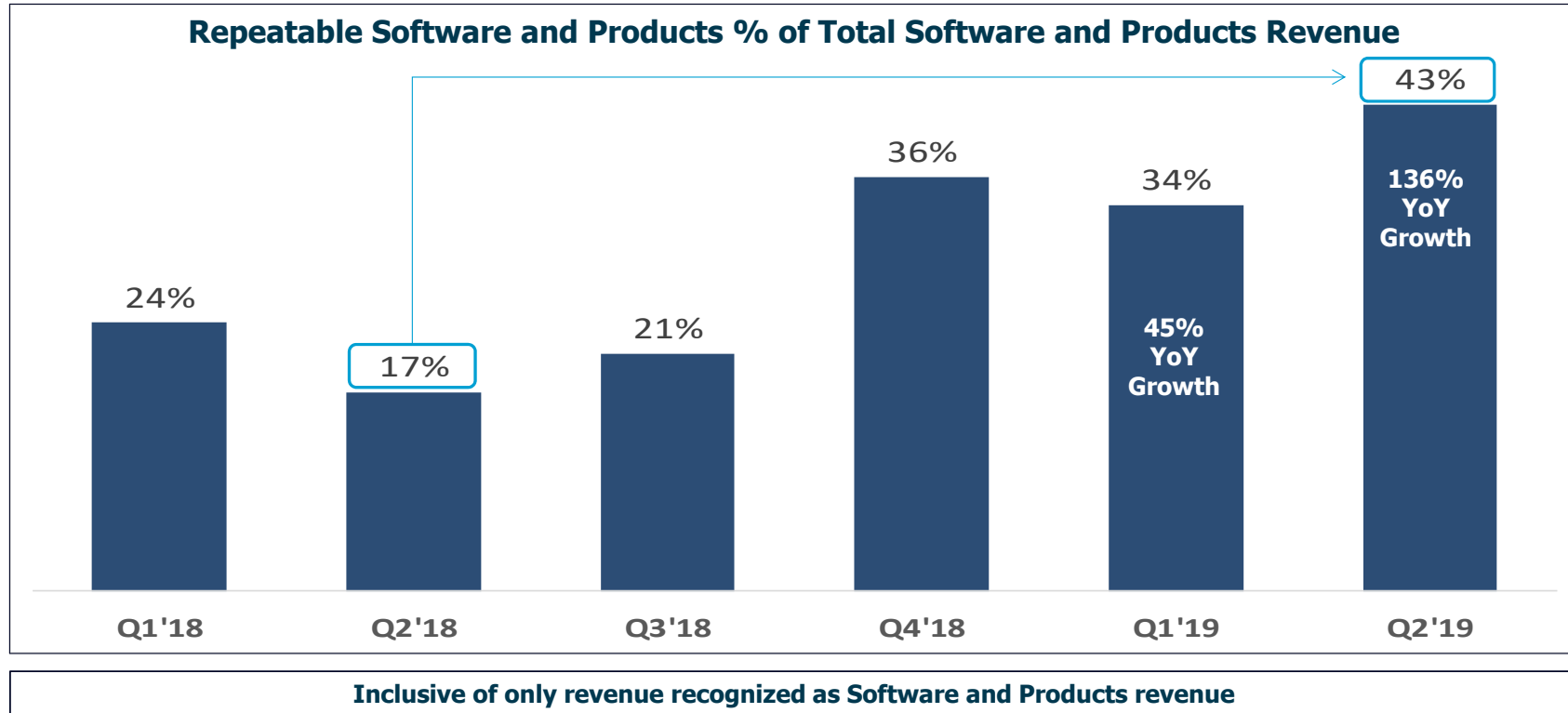
Total Revenue	\$ 699,393	\$ 176,177	\$ 169,078	\$ 345,255
<i>YoY Growth %</i>		+6%	+1%	+3%

* Inclusive of revenue recognized as maintenance and support associated with these transactions

** Primarily maintenance and support on perpetual transactions

▶ Repeatable revenue transition – Repeatable mix of software and products revenue

- Higher Subscription Mix Represents a Headwind to Software and Products Revenue
- Q2 subscription mix higher than expected and the highest mix since the transition began
- Focused on driving greater lifetime value and greater predictability with customers



▶ Subscription and Utility Annual Contract Value (ACV)

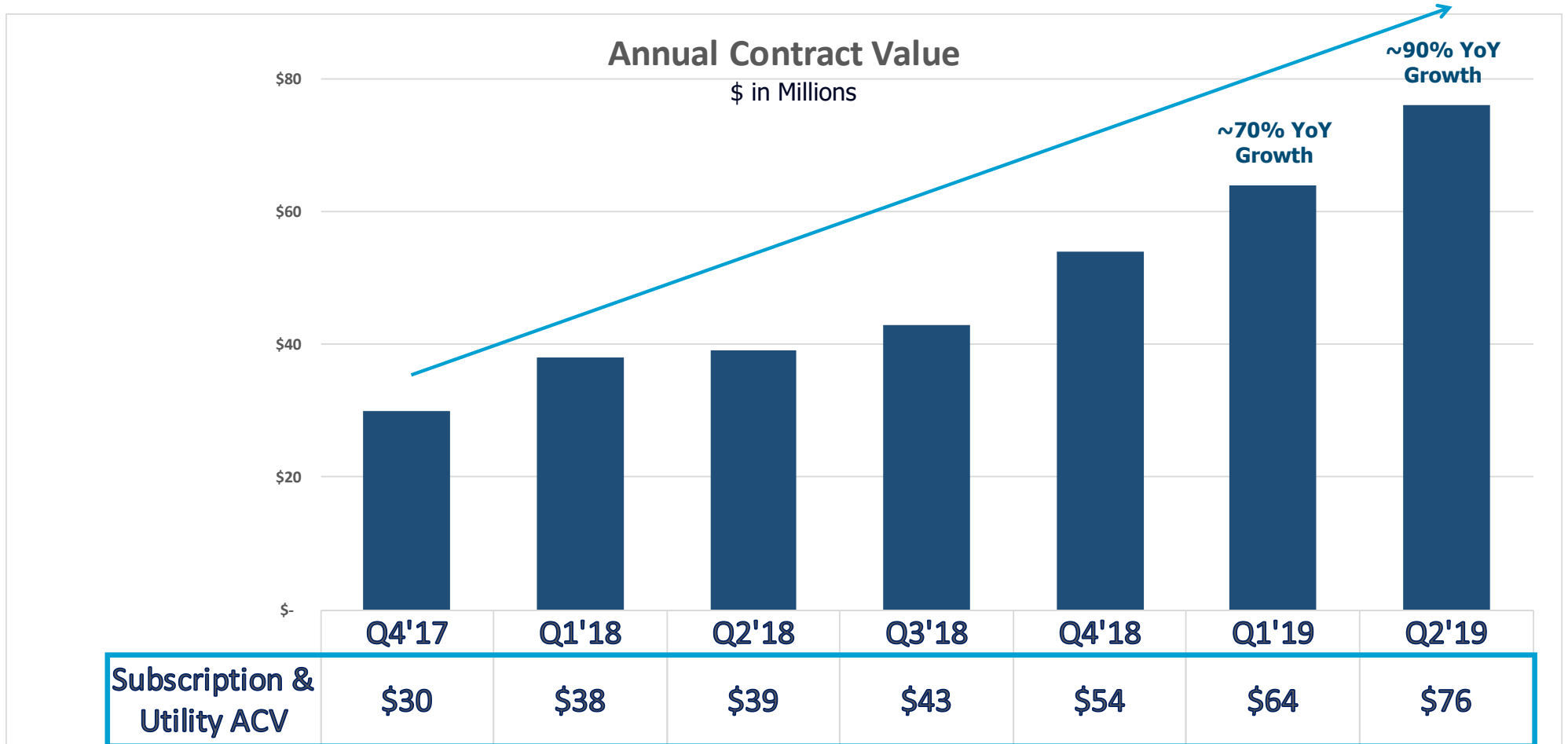
- **How is Subscription and Utility ACV defined in our business model?**


- Annualized equivalent of the total contract value of all subscription and utility transactions, inclusive of revenue recognized as maintenance and support, measured at the end of each fiscal quarter
- Includes i) subscription software transactions based on total contract value and ii) utility transactions annualized based on quarterly usage.
- Normalizes the variations in contractual length among our subscription and utility transactions

- **Why is Annual Contract Value an important financial metric?**

- Demonstrates the growth of our modern subscription and utility based pricing
- Valuable metric to understand evolving customer behaviors, success of new customer acquisition, land-and-expand growth strategies and upsell initiatives
- Drive decision making for sales and marketing strategies and customer success/retention strategies

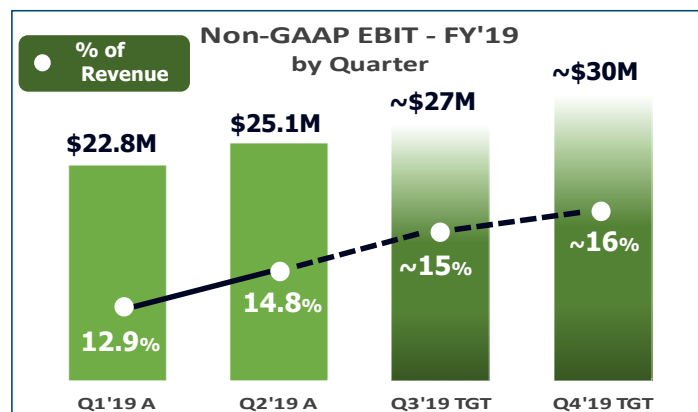
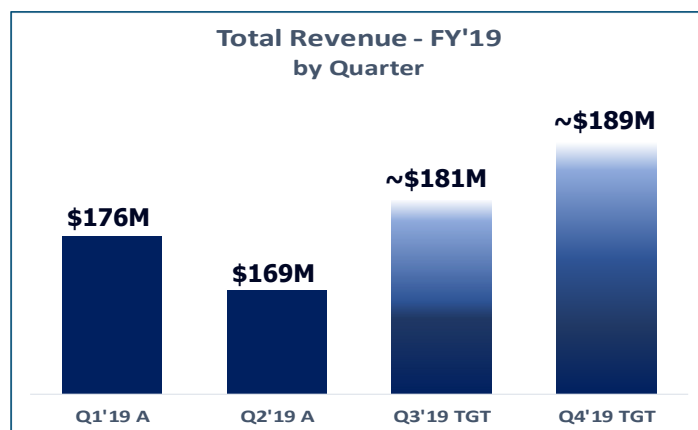
▶ Historical annual contract value – Subscription and Utility ACV





- ▶ FY'19 – FY'21
Revenue & earnings targets

► Multi-year business model transformation – Revenue and earnings targets - FY'19 Quarterly



Overview of Key Initiatives

- Worked with leading consulting firm to define and implement changes to the sales force, go to market channel resource allocation, and pricing strategy
- Acted decisively to implement changes in-quarter to execute our transformation strategy
- Q2 saw higher than anticipated subscription revenue mix and temporary disruption from the implementation of the changes
- Major transformational changes have been completed and the entire organization is focused on go-forward execution
- Key initiatives are now in place; however, Q3 and Q4 guidance reflects continued subscription mix headwind and prudent conservatism given the pace of transformation

▶ Business model optimization –
Multi-year business model transformation

**FY'19: Assessment
and Planning**

Revenue Growth Target
Low single digits

Target Margins
14.5% – 15%

Key Initiatives

- Cost structure analysis
- Distribution model changes
- Product SKU reduction

**FY'20: Efficiency and
Channel Execution**

Revenue Growth Target
At Least 9%

Target Margins
At Least 20%

Key Initiatives

- Full benefit of cost reductions
- Distribution leverage
- Focused product investment

**FY'21: Growth
Acceleration**

Revenue Growth Target
At Least 9%

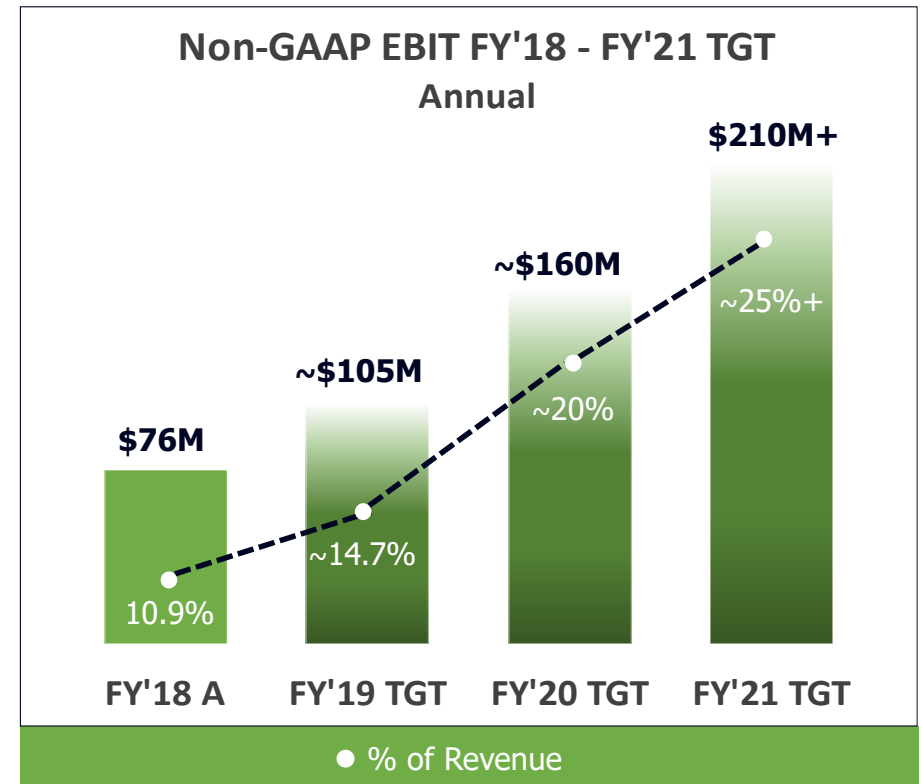
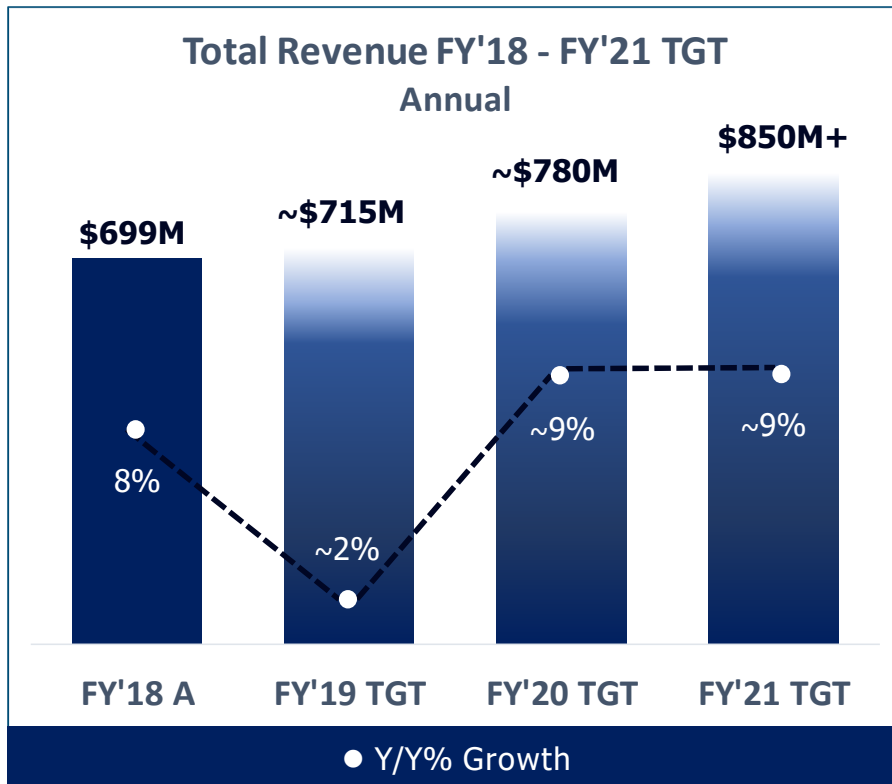
Target Margins
25%+

Key Initiatives

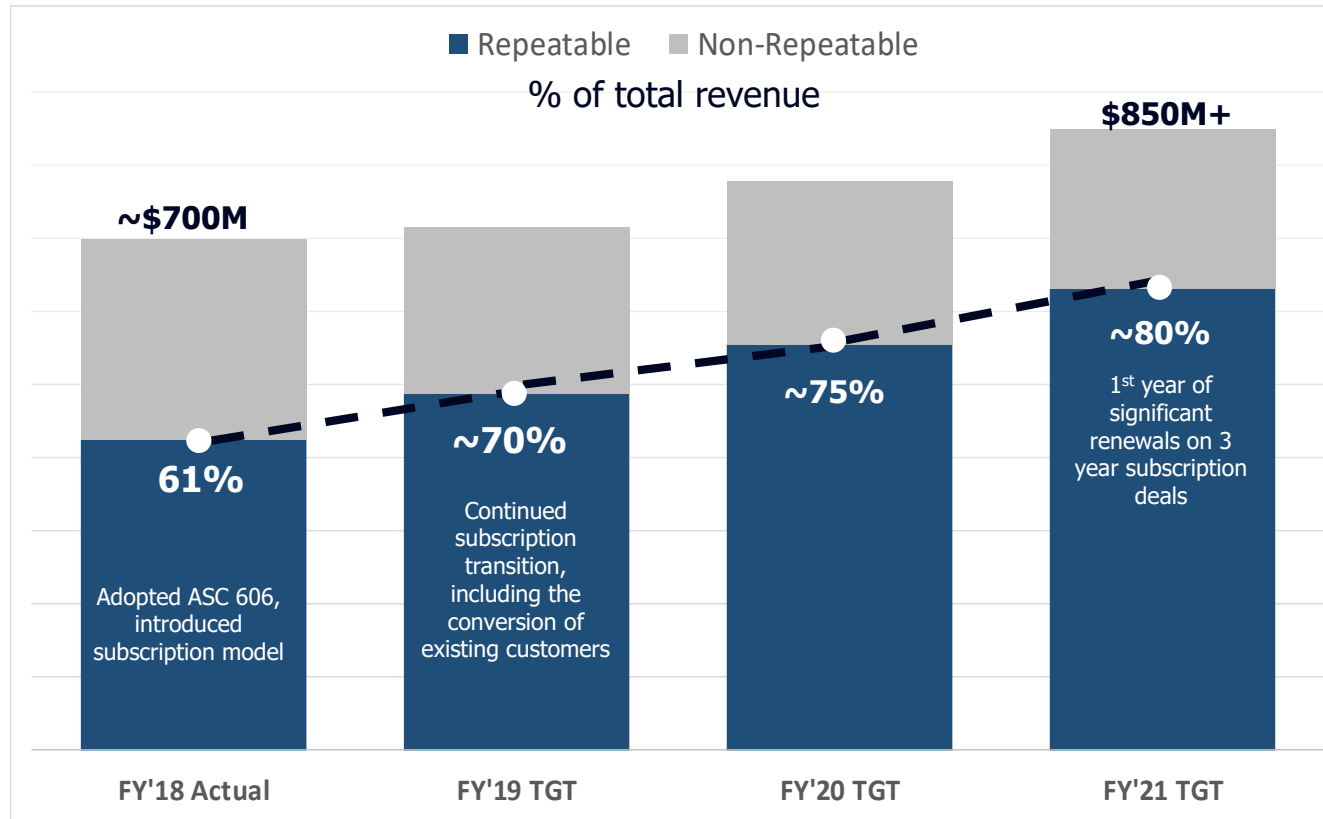
- Operating expense leverage
- Distribution leverage
- Enhance strategic products

► Multi-year business model transformation – Revenue and earnings targets - FY'18 to FY'21

Simplification + Efficiency + Investment = Robust Profit Growth



▶ Revenue model transition – Target revenue stratification
Repeatable vs. Non-repeatable revenue



FY'19 Transition Year

- Completed product and license simplification
- Transformed distribution model

FY'20 – 21 Acceleration from traditional license model to subscription

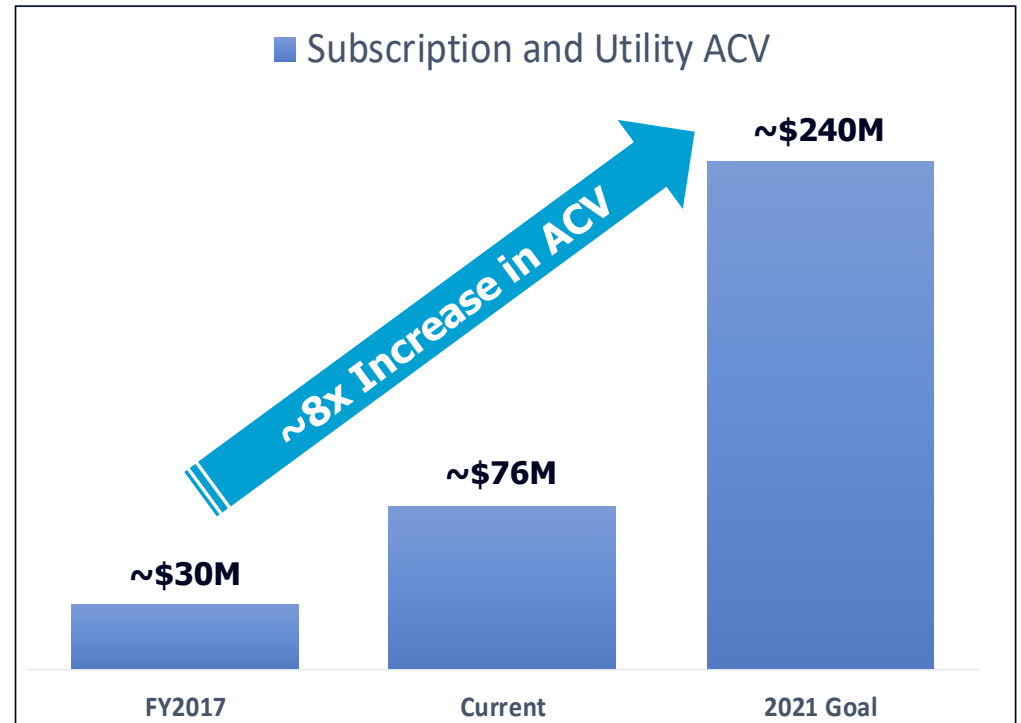
- Represents a modest headwind but results in better long-term value and predictability

Revenue model transition drives superior long-term value and predictability

▶ Target Subscription and Utility ACV

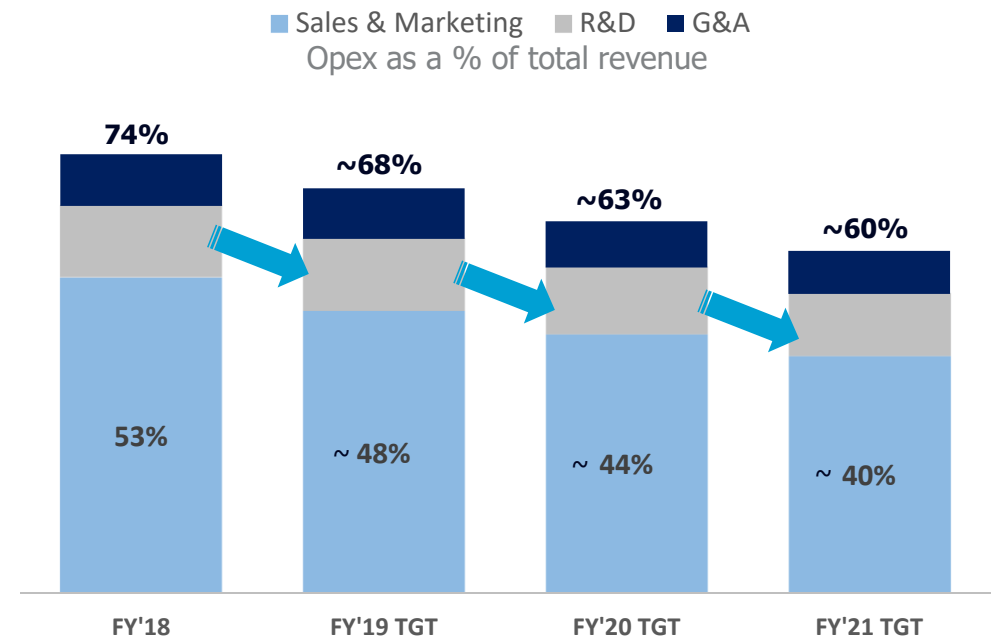
Transition to Subscription Models

- Our goal is to drive an increasing proportion of subscription and utility licenses with the goal of approximately \$240M of ACV by the end of FY2021
- Note that ASC 606 requires us to recognize software and products revenue at a point in time, and not ratably over the contract



▶ Business model optimization – Operating expense targets

- Targeted actions to be completed by end of FY'19
- Cost savings offset by increased core product reinvestment
- Headcount actions:
 - FY'19 YTD reduction of ~200 (or 7%)
 - Focus on non-quota bearing headcount and non-productive sales assets
 - Target best-in-class industry ratios
- Reduction in FY'20 and FY'21 will be driven by operating leverage

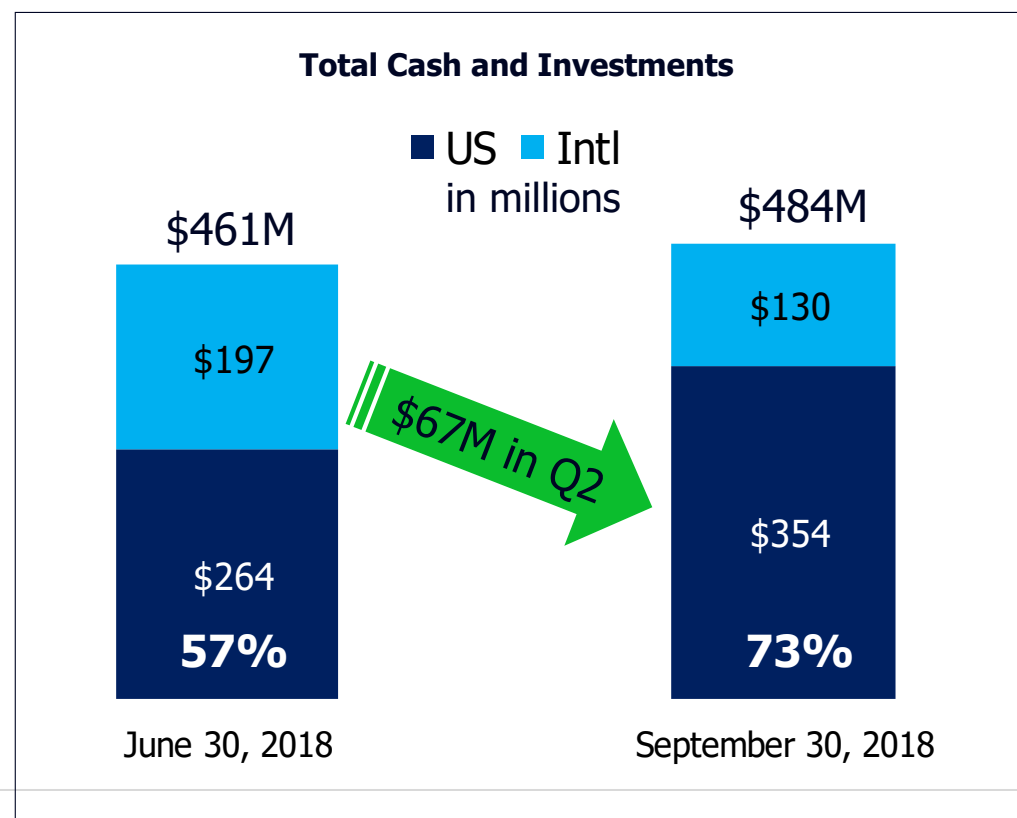


▶ Share Repurchases



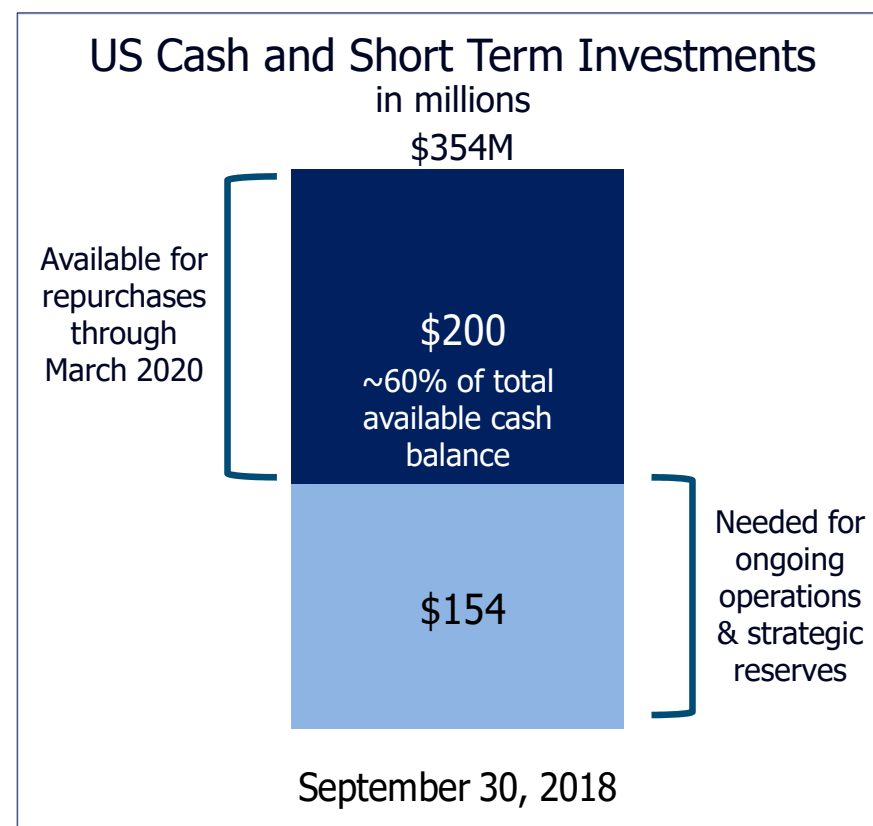
▶ Repatriation of cash

- Will continue to repatriate excess foreign cash to the US
- Repatriation of cash requires compliance with foreign regulations
- Need to maintain liquidity in the 35+ countries we operate
- Approximately 90% of future cash flows available in the US



▶ Share Repurchase Authorization

- Through October 29, 2018, we have repurchased approximately \$47 million of our common stock in fiscal 2019.
- On October 18, 2018, our Board of Directors extended the expiration date of the share repurchase program to March 31, 2020 and authorized an increase to the repurchase program so that \$200 million was available.





▶ Thank you.

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▶ Appendix



Repeatable revenue transition –
Historical repeatable revenue stratification (in '000s)

	Q1'18	Q2'18	Q3'18	Q4'18	Full Year FY'18	Q1'19	Q2'19	YTD FY'19
Repeatable Revenue:								
Subscription and Utility Software*	\$ 20,308	\$ 14,396	\$ 19,021	\$ 33,130	\$ 86,855	\$ 29,070	\$ 34,370	\$ 63,440
Recurring Support and Services**	79,497	84,384	86,333	88,383	338,597	87,478	85,969	173,447
Total repeatable revenue	\$ 99,805	\$ 98,780	\$ 105,354	\$ 121,513	\$ 425,452	\$ 116,548	\$ 120,339	\$ 236,887
<i>% of Total Revenue</i>	60%	59%	58%	66%	61%	66%	71%	69%
<i>YoY Growth %</i>						+17%	+22%	+19%

Non-Repeatable Revenue:								
Perpetual software and product revenue	\$ 57,156	\$ 59,440	\$ 64,489	\$ 53,108	\$ 234,193	\$ 49,600	\$ 39,766	\$ 89,366
Other professional services	9,011	9,920	10,523	10,294	39,748	10,029	8,973	19,002
Total non-repeatable revenue	\$ 66,167	\$ 69,360	\$ 75,012	\$ 63,402	\$ 273,941	\$ 59,629	\$ 48,739	\$ 108,368
<i>% of Total Revenue</i>	40%	41%	42%	34%	39%	34%	29%	31%
<i>YoY Growth %</i>						-10%	-30%	-20%

Total Revenue	\$ 165,972	\$ 168,140	\$ 180,366	\$ 184,915	\$ 699,393	\$ 176,177	\$ 169,078	\$ 345,255
<i>YoY Growth %</i>						+6%	+1%	+3%

* Inclusive of revenue recognized as maintenance and support associated with these transactions

** Primarily maintenance and support on perpetual transactions