

Background

- Global leader in e-signatures
- Mission: simplify and accelerate the way organizations and individuals come to agreement
- Vision is embodied by the “Agreement Cloud”, a suite of services covering the entire life cycle of a digital agreement - prepare, sign, act, and manage
- Founded in 2003, IPO in Apr 2018 with initial valuation of \$4.4B. Current market cap is \$54B, 7x from IPO (3 years) with P/S ratio of 32

Tailwinds

- Use of digital agreements has been increasing as countries around the world enact legislation to enable e-signatures in legally-binding agreements
- The pandemic accelerated the transition to e-signatures and digital agreements as remote working and virtual meetings became the norm
- DocuSign has dubbed this the “Anywhere Economy” - the megatrend of workers having the option to do anything from anywhere
- Digital documents are much easier to store, organise, distribute, and use than paper documents, and allow for improved automation and AI-assisted analysis

Leadership

- Daniel Springer has been CEO since Jan 2017, and was previously CEO of Responsys, a provider of email marketing software which was acquired by Oracle in 2013
- Glassdoor rating of 4.6 out of 5, and CEO approval rating of 98% for Springer
- Low insider ownership with CEO owning 0.8% and other insiders owning an additional 1%
- Headcount increased 40% to 6,000 employees in 2020, possibly reflecting expected growth in the business, may impact the culture

Customers

- Customer count has grown from 54,000 in 2012 to 892,000 by 2020, a CAGR of 42%
- As of Jun 2021, they have over 1M paying customers, with over 1B users in over 180 countries using DocuSign
- Customers include 13 of the top 15 Fortune 500 technology companies, 14 of the top 15 Fortune 500 healthcare companies, and all of the top 15 Fortune 500 financial companies
- Strong network effect where B2B use of DocuSign may bring in more customers as they experience firsthand the speed and convenience of digital agreements

Competitors

- Many competitors in e-signatures including Adobe Sign, HelloSign, signNow, OneSpan Sign, GetAccept, RightSignature and Zoho Sign. Despite this, DocuSign have 70% of this market
- Possibly its biggest competitor in e-signatures, **Adobe** have gone in a different direction and has stated that they do not want to be the system of record for documents
- DocuSign is the leader quadrant of the Gartner Magic Quadrant for Contract Life Cycle Management (May 2021). Other companies in this quadrant are **Icertis**, Conga and Agiloft. Adobe does not feature in the magic quadrant at all

Optionality

- Acquired **Seal Software** in Feb 2020, a provider of AI-powered contract analysis, which is now part of the Agreement Cloud as DocuSign Insight
- Acquired **LiveOak** in July 2020 and announced DocuSign Notary, a service that allows a notary public to act as an in-person witness to the e-signing of a digital agreement
- Acquired **Clause** in May 2021, who they have previously collaborated with to develop digital contract technologies to elevate digital contracts into “living documents” with interactivity and digital functionality
- Member of the Enterprise Ethereum Alliance, a group of industry leaders working together to find blockchain-based solutions

Total Addressable Market

- Market for digital transaction management (DTM) is estimated to be \$50B, roughly \$25B for e-signatures and \$25B for other services around digital agreements
- CEO Dan Springer estimates that DocuSign is well less than 10% penetrated in its markets

Financials

- FY2021 total revenue was \$1.5B, a 49% YoY increase
- FY2022 Q1 total revenue \$469M (+58% YoY), recurring subscription-based revenue was \$452M (+61% YoY). Q1 revenue beat forecasts made in previous quarter by 7.6%
- GAAP gross margin increased to 78% from 75% in the same period last year
- DBNRR was 125% and has been over 110% and trending upwards for the past 8 quarters
- Strong international growth at 84%
- Cash and cash equivalents of \$876M at the end of the quarter
- Q2 revenue projected at \$485M (+3% QoQ and +42% YoY). Guidance for the full year raised to \$2.04B (+40% YoY) from guidance of \$1.97B given in previous quarter