Edtech: Transforming Education through Technology

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Global education spend is massive and we are in the early days of Edtech adoption.

- ~US$7.4tn
  - 0.4 PRE-K
  - 4.1 K12
  - 2.9 Higher Ed / Workforce

Education accounts for a large chunk of global DSP:
- 6.6% of 2025F GDP
- 5.5% 2025F digital penetration is very low
Two billion new learners
Over the next 30 years, traditional education will not serve demand

Source: Global Projection, Medium SSP2 - IIASA
Secondary/post-secondary education in high-growth markets will not replicate the institutions of the West

Projected Population Increase for Post-/Secondary Education by Region
(2020-2050, in millions)


Economics and demographics alone mean the physical institutions and education products from the West cannot reasonably be scaled to serve global needs.
Lack of access will fuel a massive talent shortage, especially in tech

Business areas with greatest need to address potential skill gaps

- Data analytics: 43%
- IT, Mobile, and/or web design & mgmt: 26%
- Executive management: 25%
- HR and talent management: 23%
- Sales and marketing operations: 22%
- Product and/or service design: 22%
- R&D: 18%

Source: McKinsey & Company
The foundations of education have been slowly changing as a result

<table>
<thead>
<tr>
<th>Learning model</th>
<th>Economics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theoretical → Practical</td>
<td>Gov’t investment → Private spend</td>
</tr>
<tr>
<td>On-campus → Online</td>
<td>Fixed cost → Variable cost</td>
</tr>
<tr>
<td>Group → Personalised</td>
<td>Luxury good → Mass access</td>
</tr>
<tr>
<td>Instructor-led → Self-paced</td>
<td>Local → Global</td>
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</table>
Workforce education has evolved over the past 20 years to address needs & increase monetisation.

**2000s**

**Workforce Edtech 1.0**
- Basic content provided by universities and corporates
- Add-on to formal education
- Subpar UX and engagement
- No monetisation

**2010s**

**Workforce Edtech 2.0**
- MOOCs and other consumer-facing platforms
- Brand awareness
- Large user base
- More engaging content
- One-off nature
- Transaction monetisation

**2020s**

**Workforce Edtech 3.0**
- Omnichannel platforms for lifelong learning
- B2B EdTech channel growth
- Brand advocacy
- Recurring lifelong learning
- Unique, immersive and curated content
- Subscription-based monetisation
- Delineation payers and learners

Monetisation vs. TAM potential chart.
Companies continue to increase spending in Learning & Development

**How do you expect your Learning & Development budget to change in 2023, relative to 2022?**

- 73% I expect it will increase
- 27% I expect it will remain unchanged
- 0% I expect it will decrease

**How much do you expect your 2023 Learning and Development budget to increase relative to 2022?**

- 59% 1-10%
- 27% 11-20%
- 5% 21-30%
- 9% Over 30%

Source: JefData Proprietary Survey, 8/31/2022
We have built a comprehensive Edtech portfolio, focusing on Workforce and Higher Education

**Workforce/Higher Education**
- slackoverflow
- skillsoft
- udemy
- goodhabitz
- eduMe
- ERUDITUS
- Platzi
- sololearn

**K12 education**
- BYJU’S
- BRAINLY
- GoStudent

US$3.8bn+ invested in a portfolio of 12 companies* across the globe

*Codecademy included in total invested; Codecademy was acquired by Skillsoft in April 2022
Our path to profitability and then healthy margins...

Path to profitability for Stack

Now

Margin ambition

~15% Margin ambition

Peak of losses

Continue to invest in the community development and engagement

Growing revenue profitably

Develop all core products (teams, ads and employer branding)

Trading profit/(loss) (US$m)

1 Adj. EBITDA Margin as percentage of Net Revenue. Long-term and steady state margin ambition.
...which should lead to significant value creation

### Current Stack valuation

Net asset valuation (US$bn)\(^1\)

- **1.5**
  - Nov-22

### 5-year valuation ambition

- **4 - 6x**

#### Fast growth of Teams’ product

- Focus on the developers’ experience boosting productivity and collaboration
- Expand the product outside US
- Enterprise GTM expansion
- Alliances & Partnerships

#### Ads Value Drivers

- Build employer branding on the largest developers’ platform
- Integrate additional value-added content (e.g., key Edtech content)

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\(^1\) The estimated market valuation is based on revenue growth and profitability internal estimations
by the numbers

~100m+
monthly visitors to StackOverflow.com

Top 200
website in the world

14s
every time a new question is asked

52m+
questions and answers to-date

81%
of developers surveyed visit Stack Overflow weekly

50bn+
times Stack Overflow content has been accessed
Our community is based in

179 countries across the world
Today, around 70% of developers learn to code from online resources.
The next generation of technologists are defaulting to real-time online learning.

How people are learning to code:

- Technical documentation: 88%
- Stack Overflow: 86%
- Blogs: 75%
- How-to videos: 60%
- Written tutorials: 58%
- Video-based online courses: 51%
- Online books: 44%
- Online forum: 40%
- Written-based online courses: 34%
- Coding sessions (live or recorded): 29%
- Interactive tutorial: 26%
- Online challenges (e.g. daily or weekly coding challenges): 25%
- Certification videos: 15%
- Programming games: 13%
- Auditory material (e.g. podcasts): 7%

Source: 2022 Stack Overflow Developer Survey. 50,685 respondents to question
The problem.
Core challenges for tech leaders

- Hiring, onboarding, reskilling & retention
- Executing big technology transformations
- Managing distributed team environments
Over 50% of developers say **opportunities to learn** are important to them.

Over 60% of developers say **flexibility** is important when evaluating current and future employers.

Around 50% of developers say **productivity** contributes to happiness at work.
Core challenges for tech leaders

- Hiring, onboarding, reskilling & retention
- Executing big technology transformations
- Managing distributed team environments
Enterprises are executing large, multi-year technology transformations.
Core challenges for tech leaders

- Hiring, onboarding, reskilling & retention
- Executing big technology transformations
- Managing distributed team environments
62% of devs spend over 8 hours a month searching for answers.

46% of devs spend over 8 hours a month answering others’ questions.

Over 50% of devs encounter knowledge silos every week.

Staying in the FLOW STATE...
The answer: focusing on the developer experience

Hiring, onboarding, reskilling & retention

Managing distributed team environments

Executing big technology transformations

Developer experience

FLEXIBILITY

LEARNING

PRODUCTIVITY
Stack Overflow’s products
OUR VISION

To become the most valuable destination for the world's current and next generation of technologists.
Stack Overflow’s products hyper focus on the developer experience

- Hiring, onboarding, reskilling & retention
- Executing big technology transformations
- Managing distributed team environments

Developer experience

- Flexibility
- Learning
- Productivity
Product tiers / Monthly price per seat

**Basic**
- US$6
- Up to 250 users
- SSO* / SAML*
- Live chat & email support

**Business**
- US$12
- Unlimited users
- Premium features

**Premium**
- Unlimited users
- Premium features
- Private instance

**Enterprise**
- Custom
- Unlimited users
- Premium features

**Free**
- Up to 50 users
- Up to 250 users
- SSO* / SAML*
- Live chat & email support

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**Advertising business model**

- Employer branding
- Banner ads
- Direct-to-developers
- Site & tag sponsor
- Collectives™
- Newsletter ads
- Podcast ads
- Blog sponsor
- Spotlight sponsor

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**SaaS business model**

- Business US$12
- Unlimited users
- Premium features
- Private instance

- Free
- Up to 50 users

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*SSO – Single Sign On  *SAML – Security Assertion Markup Language
Sub-communities within the public platform that centralise content around technologies and connect developers directly with the maintainers.

- 186 tags associated
- 308.3k questions in collective
- 8.5k answers recommended
- 111 Google Cloud Recognized Members
- Created May 12, 2021

- Banner advertising
- Direct-to-developers
- Topic tag sponsorships
- Site sponsorships
- Newsletter advertising
- Podcast advertising
- Sponsored podcasts
- Sponsored blog posts

Build a community through company stories

Post links to new content on company pages

Enable users to discover companies to work for
We support and enable the key value drivers for developers and technologists

- Attract, onboard and retain top talent
- Boost team productivity and collaboration
- Accelerate innovation within your teams
The **new tech stack** is enabling big transformations and needs robust knowledge sharing.

<table>
<thead>
<tr>
<th>Cloud</th>
<th>Code hosting</th>
<th>Developer tools + ops</th>
<th>Project management</th>
<th>Real time chat ops</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microsoft Azure</td>
<td>GitHub</td>
<td>CircleCI</td>
<td>Asana</td>
<td>Slack</td>
</tr>
<tr>
<td>AWS</td>
<td>GitLab</td>
<td>Splunk</td>
<td>Jira</td>
<td>Zoom</td>
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<tr>
<td>Google Cloud</td>
<td>ATLASIAN</td>
<td>Jenkins</td>
<td>Trello</td>
<td>Google Hangouts</td>
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<td>Alibaba Cloud</td>
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Collaborative knowledge sharing & internal communities

- Office 365
- Wikis
- Confluence
68% FY22 Bookings growth

115% FY22 enterprise NRR

US$289k Q4 FY22 enterprise ASP

Note: NRR: Net Revenue Retention. ASP: Average Sale Price.
What’s next?
Communities within Stack Overflow for Teams

A home for your guilds, chapters, communities of practice

- Establishes horizontal sub-communities at companies
- Breaks down silos across orgs. and promotes collaboration
- Enables curation of relevant content
- **Drives higher adoption and NRR**
Curating outside content for Teams

Starting with bringing in relevant Stack Overflow content

- Bridges public Stack Overflow and Stack Overflow for Teams
- Drives immediate value to customer by lowering time to build internal Stack community
- **Promotes faster user adoption and ARR**
Topic Collectives

Content created and curated by the community

- Brings together related technologies and users based on a macro tech topic
- Provides additional advertising / sponsorship opportunities
- Drives up engagement, sponsorship ads opportunities and renewal rates
Financials
Stack Overflow is driving the growth of technologists around the world

**US$10bn collaboration market**
According to Grandview Research

**US$9.4bn DevOps market**
According to Allied Market Research by 2023

**2x growth** in workstream collaboration market
Over next 4 years, according to Gartner

**2x growth** in number of worldwide developers
Over next 10 years, according to Slashdata

Massive market opportunity: users
We have <2% of developers on Teams

Sources: Forrester Research and Evans Data
Massive market opportunity: customers
We have <3% of Enterprise on Teams

Stack Overflow is enabling knowledge management at organisations across the world

US$24bn market
Based on current average seat count and ASP

US$2bn+ revenue opportunity
Based on conservative penetration rates

Sources: U.S. census data, number of establishments (2017) with 500+ employees, excluding Fortune 500
Global Multiplier of 2x applied. Penetration rates of 20%, 10%, 5% for Strategic, Enterprise, SMB
Growth in Teams users within key customers exemplifies Land and Expand sales strategy

<table>
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<th>Global financial institution</th>
<th>Global software provider</th>
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<tr>
<td>US$408k ARR 2,000 technologists 3 years &gt;US$2.1m ARR &gt;65,000 technologists (271k employees) NRR: 160%</td>
<td>US$150k ARR 10,000 technologists 3 years &gt;US$1.5m ARR 100,000 technologists (221k employees) NRR: 212%</td>
</tr>
</tbody>
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<thead>
<tr>
<th>Global telecom provider</th>
<th>Consumer financial services</th>
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<tbody>
<tr>
<td>US$400k ARR 1,000 technologists 4 years &gt;US$1.9m ARR &gt;20,000 technologists (203k employees) NRR: 137%</td>
<td>US$450k ARR 2,500 technologists 2 years &gt;US$900k ARR 5,000 technologists (45k employees) NRR: 200%</td>
</tr>
</tbody>
</table>

Note: Average NRR for publicly traded SaaS companies range between 115-120%.
Land & Expand motion from Developers -> Technologists -> Knowledge workers

Initial land deal in a Software Developer team (Year 1)

Expansion to remaining Software Developer teams (Years 2-3)

Further expansion to Technologists & Knowledge worker teams (Years 4+).
Compelling financial model

3x LTV: CAC

Rapid ARR growth (US$m)

Investing for continued growth while planning for sustainable leverage

Note: CAC depicts Customer Acquisition Cost (assumes fully loaded and allocated Sales & Marketing cost). LTV depicts Life Time Value per customer (assumes 4 years). Rule of 40 depicts combined revenue growth rate and profit margin equaling or exceeding 40%.
Strong community of engaged users and B2B monetisation opportunity

A strong community

~100m+
Total Monthly Visitors

We have increasing willingness to pay

450k+ 1k+
Total Teams Users  Total Teams Customers

We have a large opportunity to go after via our Land & Expand GTM motion

US$24bn+ US$2bn+
Market (based on current average seat count and ASP) Revenue (based on conservative penetration rates)
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CEO
@pchandrasekar

All learning starts with one question.

You’re sitting on the answers.

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