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The Growth Factor: Preview of the 20th Annual Needham Growth Conference ***Needham Funds' Commentary by John Barr***

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Preview of the 20th Annual Needham Growth Conference

It's Needham Growth Conference time. This year's 20th Annual Needham Growth Conference¹ will be held on January 17-18 in New York City. We attend a number of investor and industry conferences throughout the year and the Needham Growth Conference provides a great kickoff for the year and a sense of how companies are viewing 2018.

Management teams of more than 320 public and private companies will present at the conference. A number of our small-cap and mid-cap holdings will present, and we will meet with management teams of about 40 companies during the two-day event. The private companies tend to be within a few years of going public. We like to get to know companies while they are still private in order to make informed decisions about investing in them as newly public companies.

We highlight three of our holdings as of December 31, 2017 that are presenting at this year's Conference: newly public Altair Engineering, Inc. (ALTR), Coupa Software, Inc. (COUP), and CryoPort, Inc. (CYRX). All three are small investments, but were added to the Needham Funds in 2017.

One of the three private companies that we featured in last year's [Growth Factor NGC preview issue](#) was Roku, Inc. (ROKU), which turned out to be a top performing IPO in 2017. Roku is also a small holding of the Needham Funds.

For 2018, we highlight three exciting private companies: Anaplan, Kronos and Zoom. Anaplan is a leader in performance management and planning SaaS. Kronos is a leader in workforce management software that went public in 1992 and was taken private in 2007. Kronos had the opportunity, as a private company, to invest for its next stage of growth. Zoom's founder came out of Cisco's WebEx group and had a vision of an easy to use, high-quality video and audio conferencing service. Zoom has had rapid adoption.

CryoPort, Inc. - Thomas Heinzen, VP Corporate Development ***Wednesday, January 17, 10:40 AM ET***



[Cryoport, Inc.](#) of Irvine, CA, is the leader in cold-chain logistics for bio-pharma, in-vitro fertilization and animal health. It ships biological samples at temperatures as low as -150°C. It is a key enabler for the very new, very exciting CAR-T (chimeric antigen receptors-T cells) anti-cancer therapies that the FDA is giving fast track to market. CryoPort has been selected for most of the CAR-T programs. As of September 30, 2017, CryoPort is part of 195 trials (93 Phase 1, 82 Phase II, and 20 Phase III and 2-3

commercialized), which is a 90% increase versus the 3Q16. As these programs move from Phase 1 trials towards commercialization, the revenue opportunity for CryoPort should increase.

The first two companies expected to go to market with CAR-T therapies are Novartis AG (NOVN) and Gilead Sciences' (GILD) subsidiary, Kite Pharma, Inc. Both are CryoPort customers. In August 2017, Novartis received FDA approval for its CAR-T therapy Kymriah™. Kymriah™ will treat children and young adults with Acute Lymphoblastic Leukemia who have relapsed several times. Kite is expected to begin commercializing its CAR-T product, Yescarta, in 2018. Yescarta will treat aggressive Non-Hodgkin Lymphoma. Juno Therapeutics (JUNO) and bluebird bio, Inc. (BLUE) have also selected CryoPort and are likely candidates for the next Biologics License Applications (BLA) in 2018. CryoPort's barriers to entry include its lead in establishing the logistics to handle these very cold shipments, and its inclusion in the BLA filings with the FDA. The Cyroportal™ Management Platform gathers data about a shipment, which helps understand how therapies react to environmental conditions.

We believe CryoPort could have 2017 revenue of about \$12 million, with \$450,000 from the first few months of commercialization for the first two commercial programs. CryoPort's revenue could increase to \$25 million with \$10 million from commercial programs in 2018. Significant growth could happen again in 2019.

Tom Heinzen, VP of Corporate Development and Investor Relations, will present at the Conference on Wednesday, January 17 at 10:40am.

Coupa Software Inc. - Rob Bernshteyn, CEO, and Todd Ford, CFO
Wednesday, January 17, 8:40 AM ET



Based in San Mateo, CA, [Coupa Software](#) is a leading SaaS-based provider of spend management solutions. Spend management is the process companies use to purchase goods and services. Coupa's market is in the early stages of transformation to SaaS. Co-Founder and CEO Rob Bernshteyn has a vision to transform the spend management market by helping customers quickly realize value. Rob wrote a book, "[Value as a Service](#)," which explains his vision. Coupa went public in September 2016.

Coupa's Unified Platform is used for sourcing, contracts, procurement, expense management, invoicing and payables, inventory, analytics, supplier management and as a storefront. It helps employees easily purchase under terms that have already been negotiated by their company. It also handles purchase approvals and integrates with accounts payable and accounting systems. From a management perspective, Coupa provides visibility to spending across all of a company's suppliers. Coupa is used primarily for indirect spend, but has opportunity to grow in direct spend. Direct spending goes into a company's products and is reported in cost of goods sold.

Purchasing options inside Coupa include company specific contracts, Amazon Business, which was announced in October 2017, and Coupa Advantage. Coupa Advantage provides discounts offered by vendors looking to reach Coupa users. The more users, the higher the savings. Coupa users benefit from network effects from bringing suppliers onto Advantage and from data gathered across the customer base for benchmarking and analytics. Coupa integrates with ERP systems and partners with system integrators, including KPMG, Deloitte, Accenture, IBM, PwC and Wipro.



Rob Bernshteyn, CEO

At annual user meeting [Coupa Inspire](#), Rob Bernshteyn's keynote speech was a great presentation of his vision. In December, Coupa held an [investor day](#) and announced its acquisition of Simeno Holdings AG, which provides search and advanced catalog management solutions. Simeno's search can be used inside the Coupa system to help users search for goods and services.

Rob Bernshteyn and Todd Ford will present at the Needham Growth Conference on Wednesday, January 17 at 8:40am.

Altair Engineering, Inc. - James Scapa, CEO, Howard Morof, CFO, and David Simon, VP

Wednesday January 17, 2:10 PM ET



[Altair Engineering](#) of Troy, MI, is a leading supplier of engineering software used for analysis of mechanical designs. Altair is used throughout the design process, from concept to changes to be made when a manufactured product is in-service. The company completed its IPO on October 31, 2017. While newly public, Altair has a 32-year history. The company was co-founded by Jim Scapa in 1985 and he remains the CEO.

Altair's vision is to transform product design and organizational decision making by applying simulation, optimization and high-performance computing throughout product lifecycles. Altair's simulation software allows designers to evaluate a design without the cost and time of building and testing physical prototypes. Altair serves most high-end industrial companies, including the top 15 automotive and top 10 aerospace companies.

On its website, the company [has a number of case studies](#) showing some of the very cool products designed with Altair. The [Concept to Reality \(C2R\) magazine](#) also highlights some very interesting use cases.

Jim Scapa, CEO, Co-Founder and Board Member, and Howard Morof, CFO, will present Tuesday, January 17 at 2:10pm.



Jim Scapa, CEO & Co-Founder

Anaplan, Inc. - Anup Singh, CFO and Steven Wu, VP of Finance and Strategy
Wednesday, January 17, 1:50 PM ET



[Anaplan](#) of San Francisco, CA, provides a SaaS-based planning and performance management platform that increases productivity in finance, sales, supply chain, marketing, Information technology and human resources. Anaplan enables users to utilize big data and algorithms.

While the primary applications are in finance and accounting, approximately 15% of the company's sales are for supply-chain management applications. For example, consumer electronics company Sonos uses Anaplan to manage its 200 suppliers across over 2,000 sourced components. Anaplan is replacing spreadsheets in many of its applications.

According to an [April 2017 article](#) written after Anaplan's Hub17 user conference, the company had approximately \$120 million of revenue and grew subscription revenue at over 75% in 2016. Anaplan had 660 customers and over 130,000 users.

Customers include American Airlines, Merck and Anheuser-Busch InBev. Competition includes Oracle Corp. (ORCL), with its Hyperion and NetSuite offerings, Workday (WDAY) with a future tool, and private companies Host Analytics and Adaptive Insights.

CEO Frank Calderoni was previously CFO at Red Hat (RHT) and at Cisco Systems (CSCO). Anaplan's CFO Anup Singh was most recently CFO at Nimble Storage. Anup Singh will present on Wednesday, January 17 at 1:50pm.



Anup Singh, CFO

Kronos Inc. - Mark Julien, CFO
Wednesday, January 17 at 1:30PM ET



Based in Lowell, MA, [Kronos](#) is a leader in workforce management software. The company [was founded by Mark Ain in 1977](#) to better track employee work hours. Mark's brother Aron Ain is now CEO. In 1980, Kronos introduced a microprocessor-based time clock. Kronos went public in 1992 and reached \$500 million in revenue by 2000. With the backing of Hellman & Friedman, Kronos was taken private in 2007 for \$1.8 billion. Going private allowed Kronos to invest in a SaaS solution and add capabilities through small acquisitions, away from the quarterly earnings pressure of being a public company.

Today, Kronos has over 5,000 employees and over \$1 billion of revenue. Kronos has an installed base of over 12,000 Workforce Management on-premise software customers, and is in the process of transitioning these on-premise customers to SaaS systems. In November 2017, Kronos introduced [Workforce Dimensions](#), an open, real-time and responsive SaaS system. Kronos competes with Automatic Data Processing, Inc. (ADP), Ultimate Software Group, Inc. (ULTI), Ceridian (part of Fidelity National Financial, Inc., FNF), Paychex, Inc. (PAYX), Paylocity Holding Corp.(PCTY), iCIMS and other providers of payroll and human resource management software.

Growth is also coming from selling new human resources and payroll functionality to the installed base and pushing into the small business market with [Workforce Ready](#), a platform that manages employees from pre-hire to retirement for salaried, hourly, full-time or part-time. It integrates human resources, time and attendance for a single employee record that's updated in real time. Workforce Ready is being distributed through payroll service bureaus.

For multi-national customers, Kronos' scale and international presence provides a competitive advantage relative to smaller, domestic competitors.

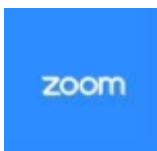
To accommodate its growth, Kronos is in the process of moving from Chelmsford, MA, into the iconic Wang Towers in Lowell. The move started in 2017 and will continue in 2018.

Mark Julien, CFO, will present at the Needham Growth Conference on Wednesday, January 17 at 1:30pm.



Mark Julien, CFO

Zoom Video Communications - Kelly Steckelberg, CFO Thursday, January 18 at 10:40 AM ET



Based in San Jose, CA, [Zoom was founded by CEO Eric Yuan](#) in 2011. He was a part of Cisco's WebEx division and pushed for changes that the larger company was not able to make. Zoom's mission is make video and web conferencing frictionless. The [pricing plans](#) are simple and the setup time is minimal. The Basic plan is free and allows for up to 100 participants in video and voice meetings up to 40 minutes. Pro plans start at \$14.99 per month per meeting host.

Zoom has over 750,000 customers and is particularly favored by technology companies. Illustrating its growth, in August 2017, Zoom delivered an annualized 20 billion minutes of video, up from 7 billion a year earlier. In April 2017, Zoom launched in the Telehealth market with integration into the hospital infrastructure, which has many security and compliance requirements. On its site, Zoom [has a testimonial](#) from Phoenix Children's Hospital about the benefits of using Zoom in Telehealth.

Competitors include Cisco/WebEx, Microsoft (MSFT), Vidyo, BlueJeans Network, LogMeIn (LOGM), Adobe (ADBE), Polycom and Google (GOOGL). It's a daunting list, but Zoom has established its position through the quality of its video and ease of use.

Zoom has top-tier venture backing, including Sequoia Capital, Qualcomm, Jerry Yang of Yahoo fame, Horizons Venture, and Emergence Capital. Zoom raised \$100 million from Sequoia in a January 2017 Series D round.

CFO [Kelly Steckelberg](#) joined from Zoosk, where she was CEO. She was also previously CFO at WebEx. Zoom has a number of employees with experience at WebEx. She will present on Thursday, January 18 at 10:40am.



Kelly Steckelberg, CFO

¹The Needham Growth Conference is hosted by Needham & Company, LLC; an affiliate of Needham Asset Management, LLC, which is the parent company of Needham Investment Management, LLC.

The Needham Funds aggregate ownership as a percentage of net assets in the stated securities as of December 31, 2017: ALTR: 0.07%; COUP: 0.15%; CYRX: 0.33%; ROKU: 0.09%; NOVN: 0.00% ; GILD: 3.89%; JUNO: 0.00%; BLUE: 0.00%; ORCL: 0.00%; WDAY: 0.00%; RHT: 0.58%; CSCO: 0.00%; ADP: 0.00%; ULTI: 0.00%; FNF: 0.00%; PAYX: 0.00%; PCTY: 0.00%; MSFT: 0.00%; LOGM: 0.00%; ADBE: 0.00%; GOOGL: 0.00%.

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