

 **GUIDEWIRE**
Analyst Day

Safe Harbor

This presentation is for informational purposes only and is not an offer to sell securities or a solicitation of an offer to buy any securities, and may not be relied upon in connection with the purchase or sale of any security.

This presentation is proprietary and is intended solely for the information of the persons to whom it is presented. It may not be retained, reproduced or distributed, in whole or in part, by any means (including electronic) without the prior written consent of Guidewire Software.

This presentation contains forward-looking statements. All statements other than statements of historical fact contained in this presentation are forward-looking statements, including, among other things, statements related to our financial projections for fiscal year 2020 and our long-term operating model; expectations regarding near- and long-term trends in financial results, operating metrics, and key growth metrics such as ARR, Fully Ramped ARR, and subscription revenue; competitive positioning and future demand and market opportunity for our products and services; continued momentum for our business; expectations regarding financial results of customer expansion and cloud migration; the expected growth of our partner ecosystem; the timing and nature of future product developments, including but not limited to developments related to Guidewire Cloud, self-managed deployment, and data and analytics offerings; and the expected benefits to our customers of current and future products, including but not limited to Guidewire Cloud and data and analytics offerings. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other comparable terminology. These statements are only current predictions and are subject to known and unknown risks, uncertainties and other factors that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from those anticipated by the forward-looking statements. These forward-looking statements are subject to a number of risks, including those described under the heading “Risk Factors” in our periodic reports we have filed with the Securities and Exchange Commission. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by law, we are under no duty to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this presentation.

In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. See the Appendix for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measure. [These non-GAAP financial measures may be different from non-GAAP financial measures used by other companies.](#)

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.

The following is intended to outline our general product direction. It is intended for informational purposes only, and does not, and shall not, constitute binding agreements or contractual obligations of any sort. It is not a commitment to deliver any software or functionality. The development, release, and timing of any features or functionality described remains at the sole discretion of Guidewire.

Agenda

Time	Topic	Speaker
1:00–2:00	Company Update and Vision	Mike Rosenbaum, CEO
2:00–2:30	Product Strategy	Diego Devalle, Global Head of Engineering and Products
2:30–3:00	Discussion: Partner Perspective	Shane Cassidy, EVP, Head of Insurance, Capgemini Christina Colby, GVP, Cloud Customer Experience
3:00–3:15	Break	
3:15–4:00	Panel: Guidewire Cloud customers	Roby Shay, VP and CIO, Grinnell Mutual Gina Schwitzgebel, CEO and General Manager, NCJUA/NCIUA Peter Moreau, SVP and CIO, Amica
4:00–4:30	Financial Highlights	Curtis Smith, CFO
4:30–5:30	Cocktail reception	



Company Update & Vision

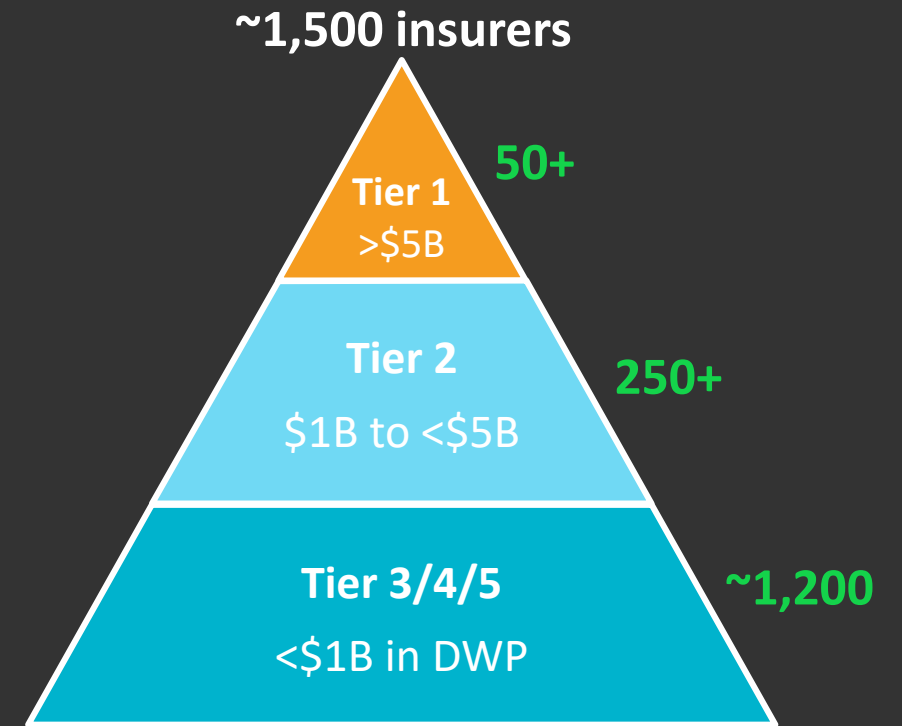
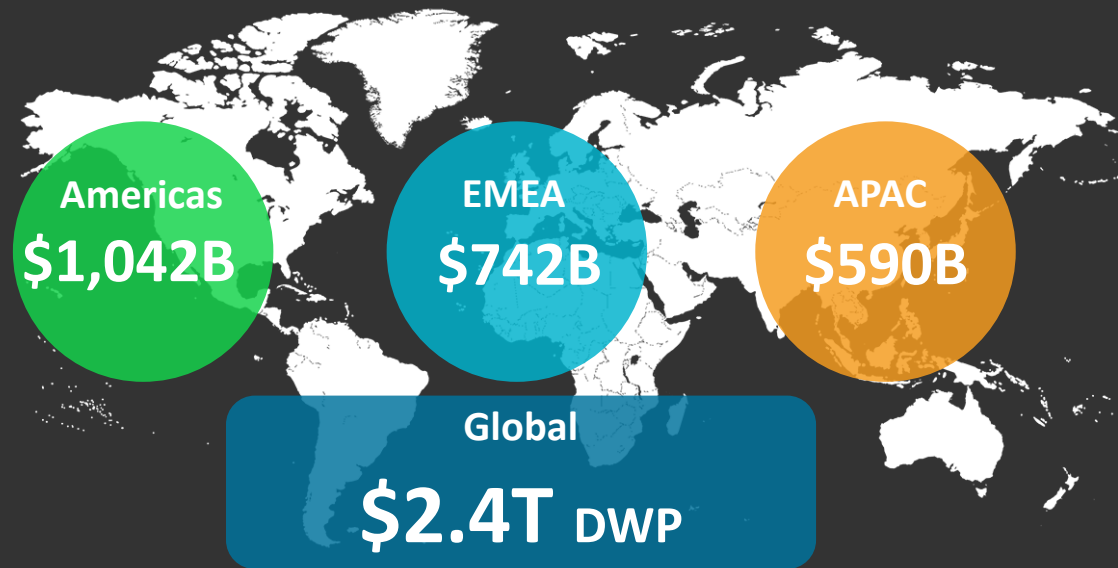
Mike Rosenbaum, CEO
September 26, 2019



A photograph of a destroyed building, likely a house, with a blue semi-transparent overlay. The overlay contains the text "Our chosen domain: the global P&C insurance industry". The background shows a scene of destruction with debris, broken wood, and a person standing near the wreckage. The sky is blue with white clouds.

**Our chosen domain:
the global P&C insurance industry**

P&C Insurance Market Overview



Source: SwissRe Institute "Sigma, No 3/2019"; P&C insurance includes workers compensation, medical insurance and accident & health written by life insurers; Guidewire Analysis

Insurance is Everywhere

Personal Lines



Automotive



Residential



Travel



Mortgage



Earthquake



Pet



Watercraft



Personal Injury



Recreational Vehicle



Unemployment

Commercial Lines



Property



Fleet



Environmental



General Liability



Business Interruption



Ocean Marine



Workers Comp



Crime



Inland Marine



Surety



Professional Liability



Directors and Officers



Machinery



Farm



Cyber



**To deliver the industry platform that P&C
insurers rely upon to adapt and succeed
in a time of accelerating change
and to ensure that every
customer succeeds in the journey.**

• Guidewire InsurancePlatform™



Software



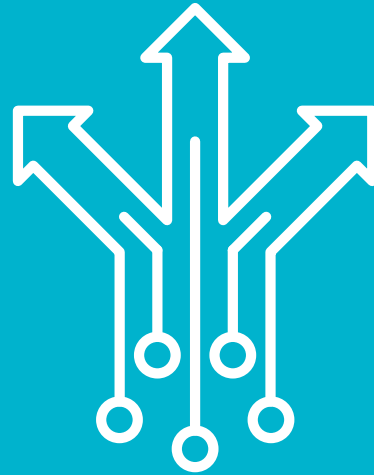
Services



Ecosystem



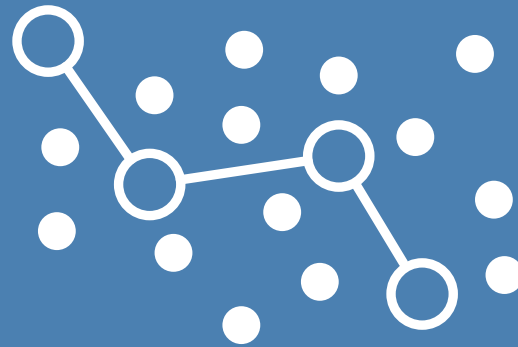
Lower TCO and Complexity



Make Smarter, Faster Decisions



Increase Agility

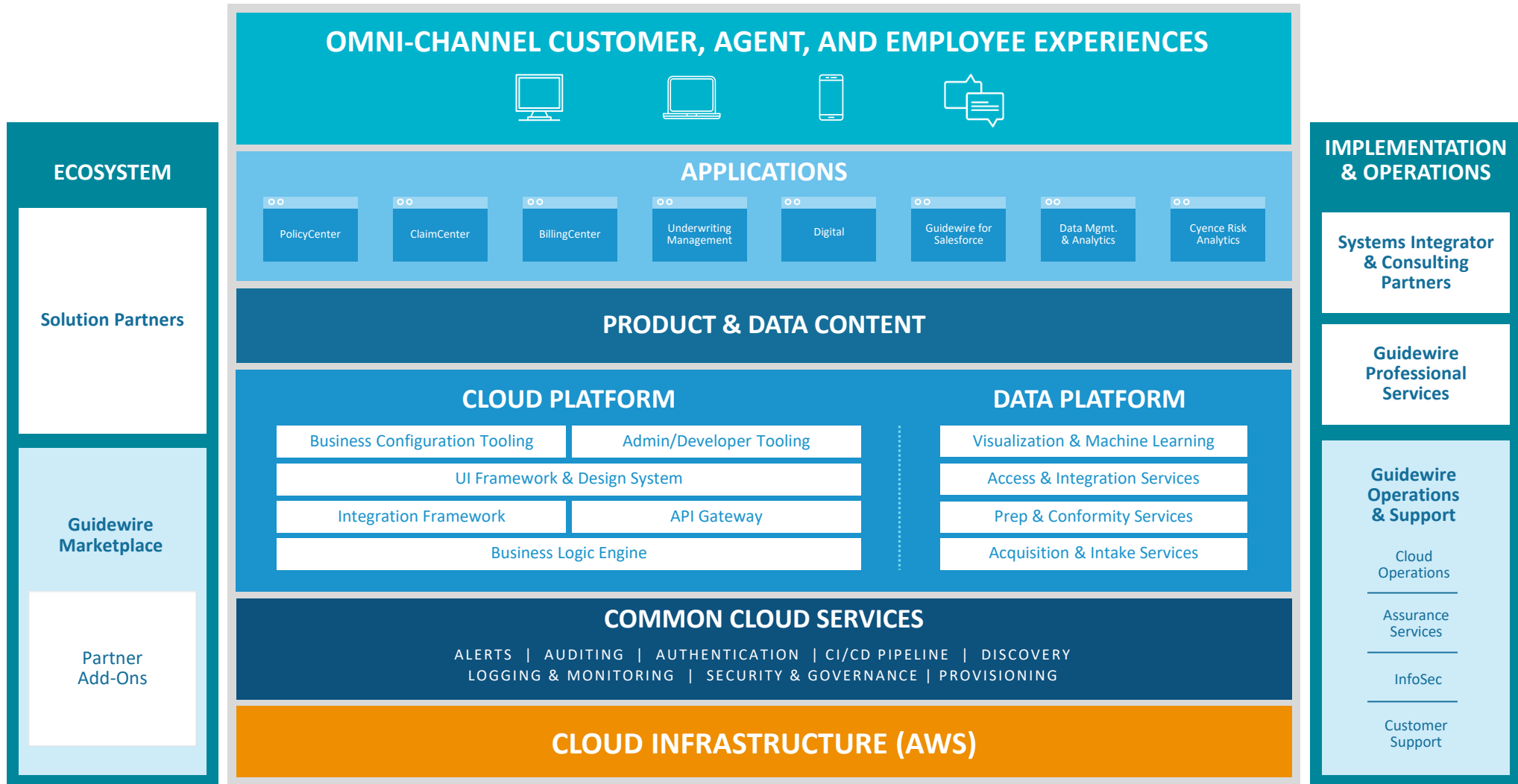


Lower TCO & Complexity



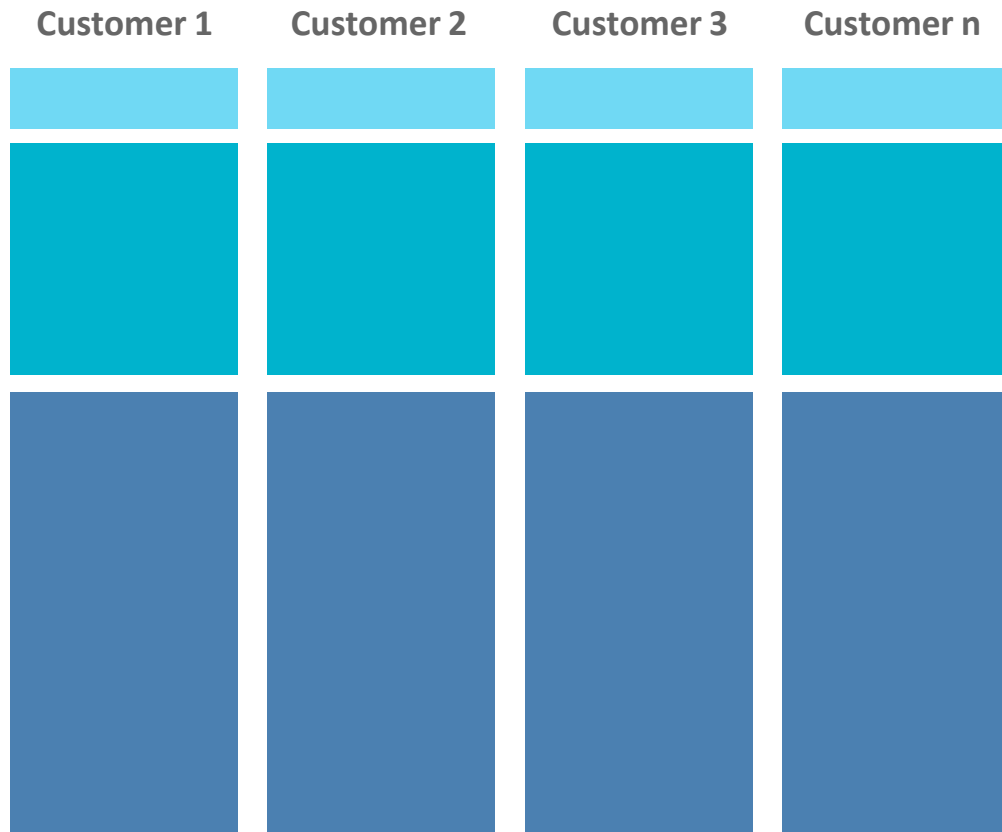
Guidewire Cloud

Guidewire InsurancePlatform™

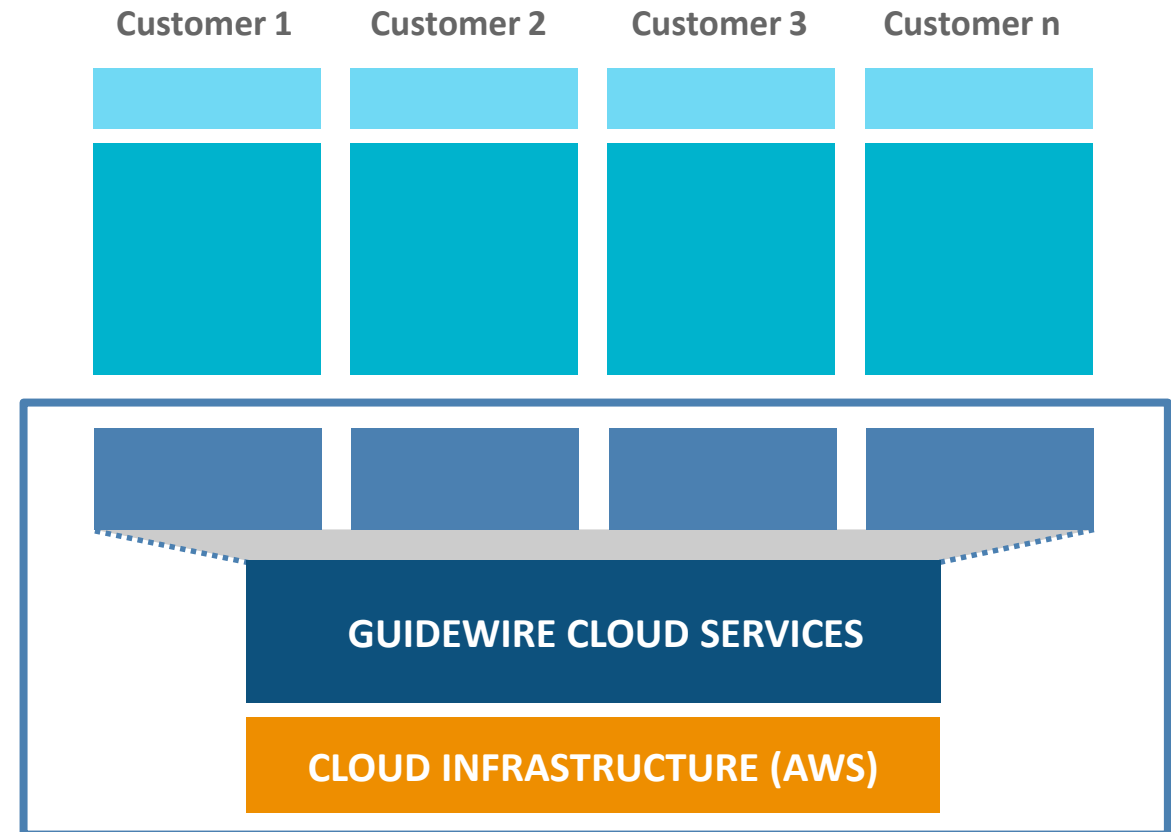


Cloud Centralizes Infrastructure & Operations Expense

Self-Managed



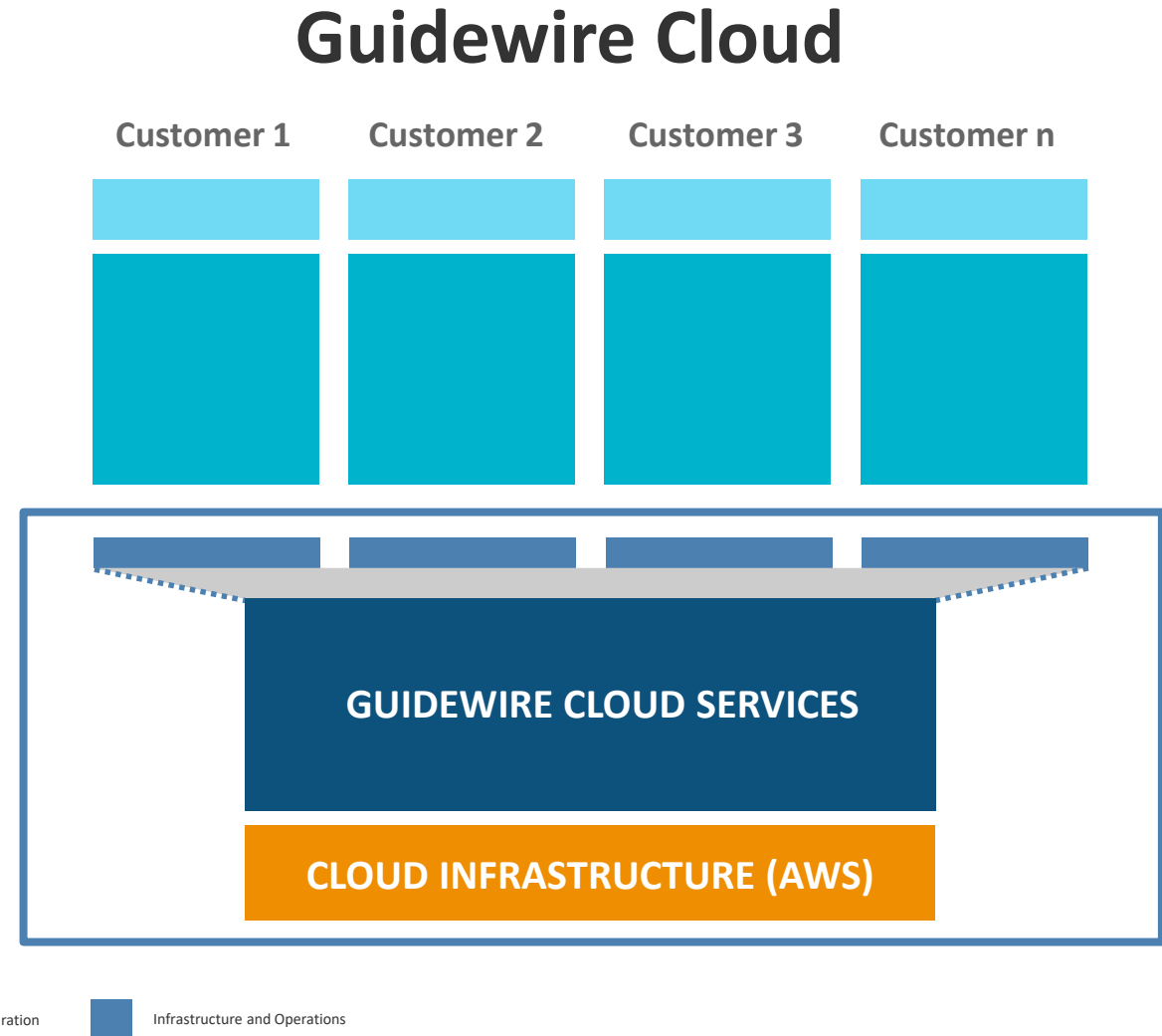
Guidewire Cloud



 Digital Channel Configuration  Application Configuration  Infrastructure and Operations

Evolution of Guidewire Cloud Services Improves Efficiency

- Centralize per customer activities
- Scalable platform built on kubernetes
- Single control plane for more efficient support and observability
- Single delivery model for faster, more efficient upgrades

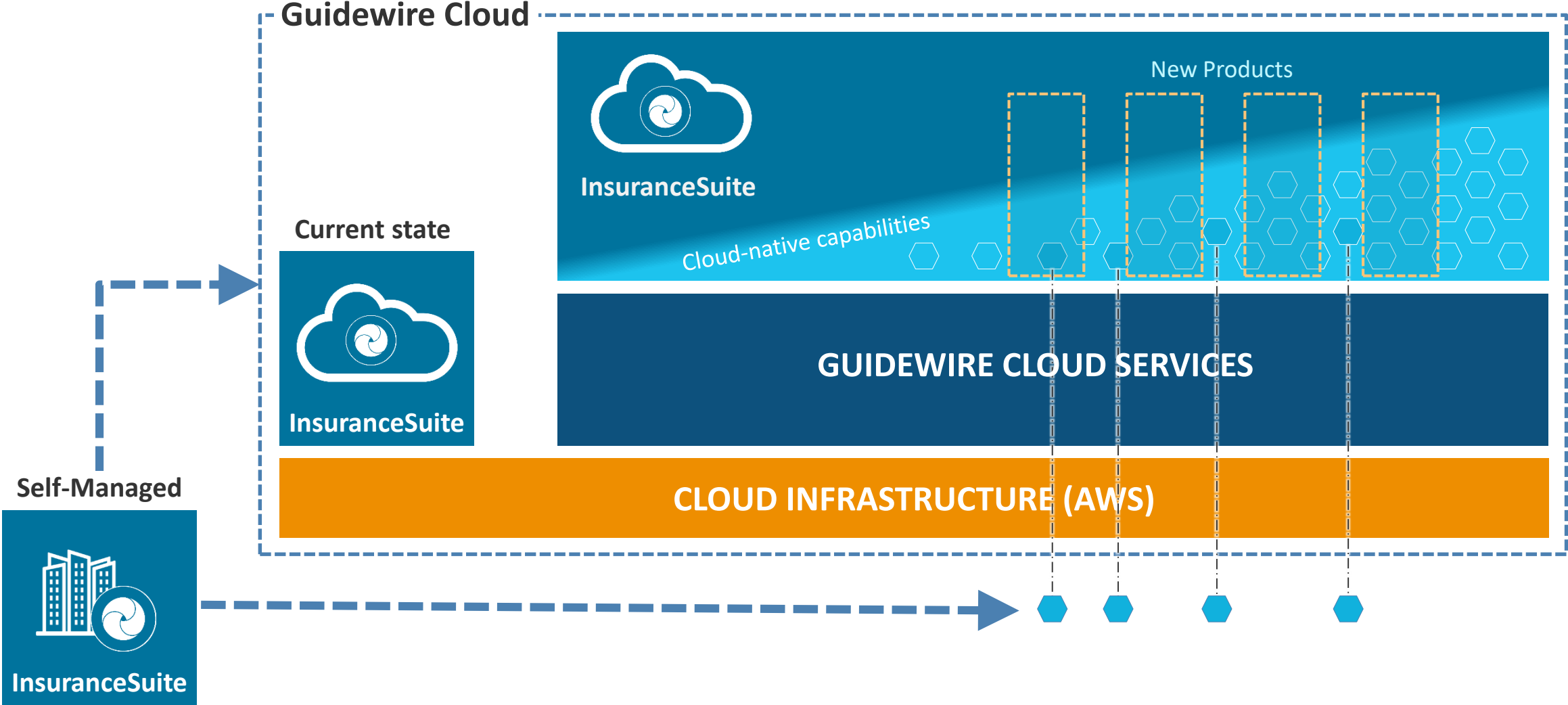


Cloud isn't a different product, it's a deployment option



- **We believe Guidewire Cloud is the optimal way to achieve value**
- **Essential to meet commitments to new and existing Self-Managed customers**
- **Customers decide whether and when to transition**

InsuranceSuite Cloud Evolution



4 New Customers Selected Guidewire Cloud



- \$22B DWP
- Serves US military and their families
- Personal lines
- ClaimCenter, Digital, and Data
- Plan to go live Q4'2020



- \$8.9B DWP
- In 19 mid-west, and west states
- Personal and commercial lines
- New lines
- InsuranceSuite, Digital
- Plan to go live Q3'2020 with PolicyCenter






- \$330M DWP Canadian insurer
- Personal and commercial lines
- ClaimCenter
- Plan to go live Q1'2020

Silicon Valley-Based Insurtech






- Start-up subsidiary of Tier 1 insurer
- Behavior-based premium model
- Starting with personal auto
- ClaimCenter (with plan to expand to suite)
- Plan to go live Q1'2020 in 5 States

9 Existing Customers Selected Guidewire Cloud

Tier 1 Insurer			
<ul style="list-style-type: none">• \$22B DWP• Personal and commercial lines• Replacement of legacy systems, Direct sales for new lines• InsuranceSuite, Digital, Data• Live with InsuranceSuite, Data, Digital	<ul style="list-style-type: none">• \$8.9B DWP• In 19 mid-west, and west states• Personal and commercial lines• New lines, transition from self-managed• InsuranceSuite, Digital• Plan to go live Q3'2020 with PolicyCenter	<ul style="list-style-type: none">• \$3.8B DWP• Commercial, personal, workers comp lines• New market segment• InsuranceSuite, Digital, Data• Live with PolicyCenter, BillingCenter, Digital	<ul style="list-style-type: none">• \$3.7B DWP French insurer• Personal and commercial lines• Legacy replacement, and transition from self-managed• ClaimCenter (with plan to expand to suite)• Plan to go live Q1'2020 with commercial auto

Source: AMBest, Guidewire Analysis
Note: All Go-Live dates are calendar dates

9 Existing Customers Selected Guidewire Cloud (cont.)

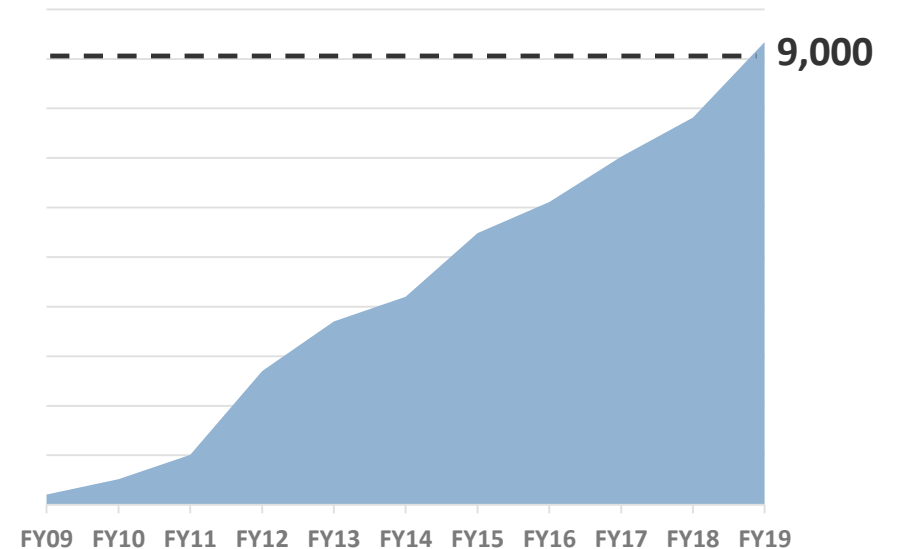
			 AUTO HOME LIFE	
<ul style="list-style-type: none">• \$3B DWP Australian insurer• Workers comp• Replacement of legacy systems, Cloud transition• PolicyCenter, BillingCenter, Digital• Live with ClaimCenter	<ul style="list-style-type: none">• \$2.9B DWP Canadian insurer• Personal lines• Cloud transition• InsuranceSuite, Digital and Data• Plan to go live Q1'2020 with ClaimCenter	<ul style="list-style-type: none">• \$2.9B DWP Canadian insurer• Personal and commercial lines• Cloud transition• InsuranceSuite, Digital• Plan to go live Q4'2020	<ul style="list-style-type: none">• \$2.4B DWP• Personal lines• Cloud transition• InsuranceSuite, Digital and Data• Plan to go live Q1'2020	<ul style="list-style-type: none">• \$550M DWP• Commercial, personal, and workers comp• InsuranceSuite, Digital and Data• Live since February 2019

Source: AMBest, Guidewire Analysis
Note: All Go-Live dates are calendar dates

Scaling SI Partner Ecosystem

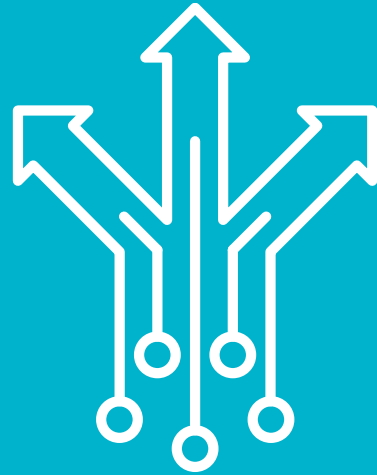


of Guidewire-trained consultants at SI partners



Partners Engaged for Guidewire Cloud and Self-Managed Deployments

Note: Guidewire analysis: tracks total number of consultants who have gone through Guidewire training, self-study, or partner trained programs



Make Smarter, Faster Decisions

Data and Analytics Opportunity

Customer Challenges

- Over-abundance of data sources
- New risks to intermediate
- Data science needed to automate high-volume decisions



Requirements

- Advanced data listening, ML/AI
- P&C models
- Targeted business applications
- Cloud elasticity and scale



InsuranceSuite



InsuranceNow



Legacy system



Public



Open source



Proprietary



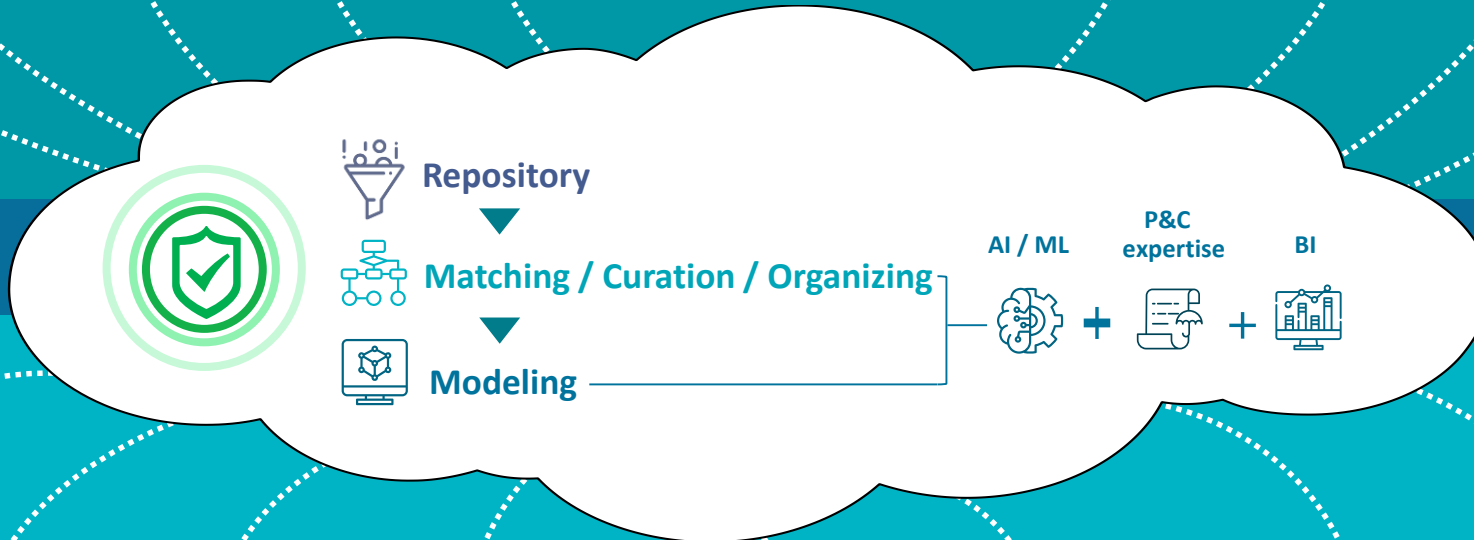
Social



Third party

Internal Data Sources / Core System Data

External Data Sources / Non-Obvious Data



Guidewire Data Platform



Cyence for Cyber Risk Management



Explore



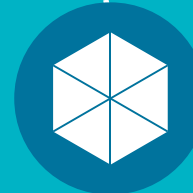
Compare



Predictive Analytics



InsuranceSuite



InsuranceNow



Cyence for Small Business



Cloud Data Access



Data Packages

Analytical Applications

Embedded Insights

APIs

Note: Illustrative example

Cyence Sourced Data Fundamentally Improves Risk Analysis

Conventional



Bob's
Hardware



Thompson
Tools

Revenue	\$2M	\$2.2M
Employees	20	18
% off-prem work	0%	0%
Work done >15 ft	None	None
Seasonal employees	0	0

↓
"Low risk" ✓

↓
"Low risk" ✓

Cyence



Bob's
Hardware



Thompson
Tools

Services	assembly, installation	small engine repair, glass repair
Products	garden supplies, paint, hardware	power tools; large landscape equipment
Social media	"great advice"	"not well trained, clueless"
Nearest hospital	0.5 miles	7 miles

↓
"Low risk" ✓

↓
Medium to
High Risk ✗

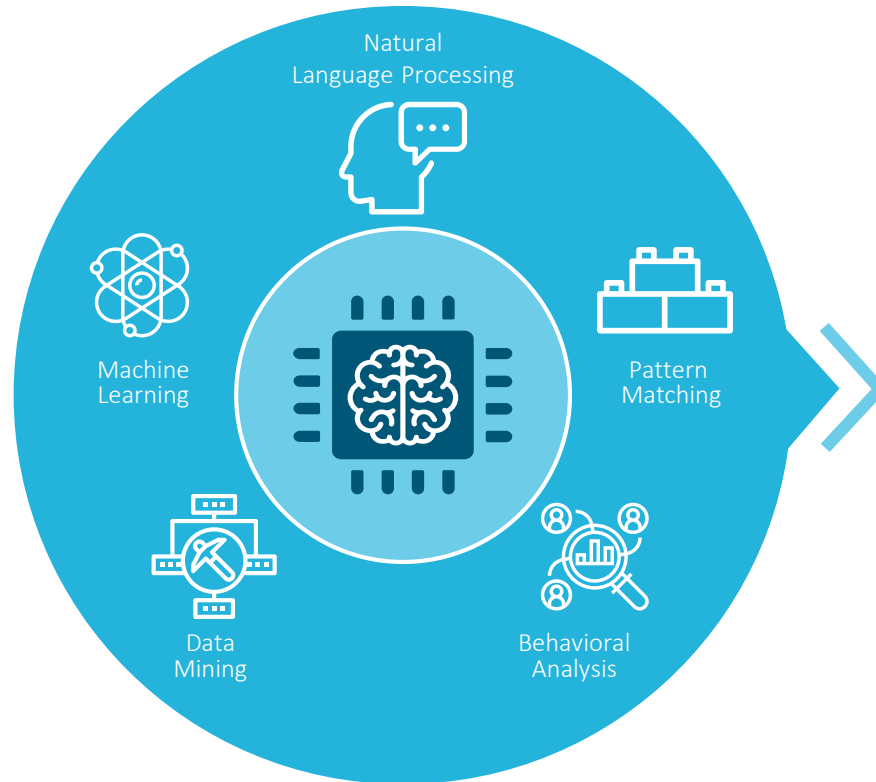
Note: Illustrative example

Cyence Data Listening Engine

COLLECT DATA AT INTERNET SCALE

- Network Structure
Control Systems (ICS)
- Demographics
Crime Rate
- Connected Service Providers
Web / Network Volume
- Lines of Business
Services / Products Offered
- Hiring / Pay Disparity
Employee Sentiment
- News / Media Coverage
Customer Satisfaction
- Building / Property
Business Equipment
- Neighboring Establishments
Proximity to Public Services

CURATE AND MAKE SENSE OF THE DATA



LEVERAGE NON-OBVIOUS DATA AND INSIGHTS

Underwriting

Pricing

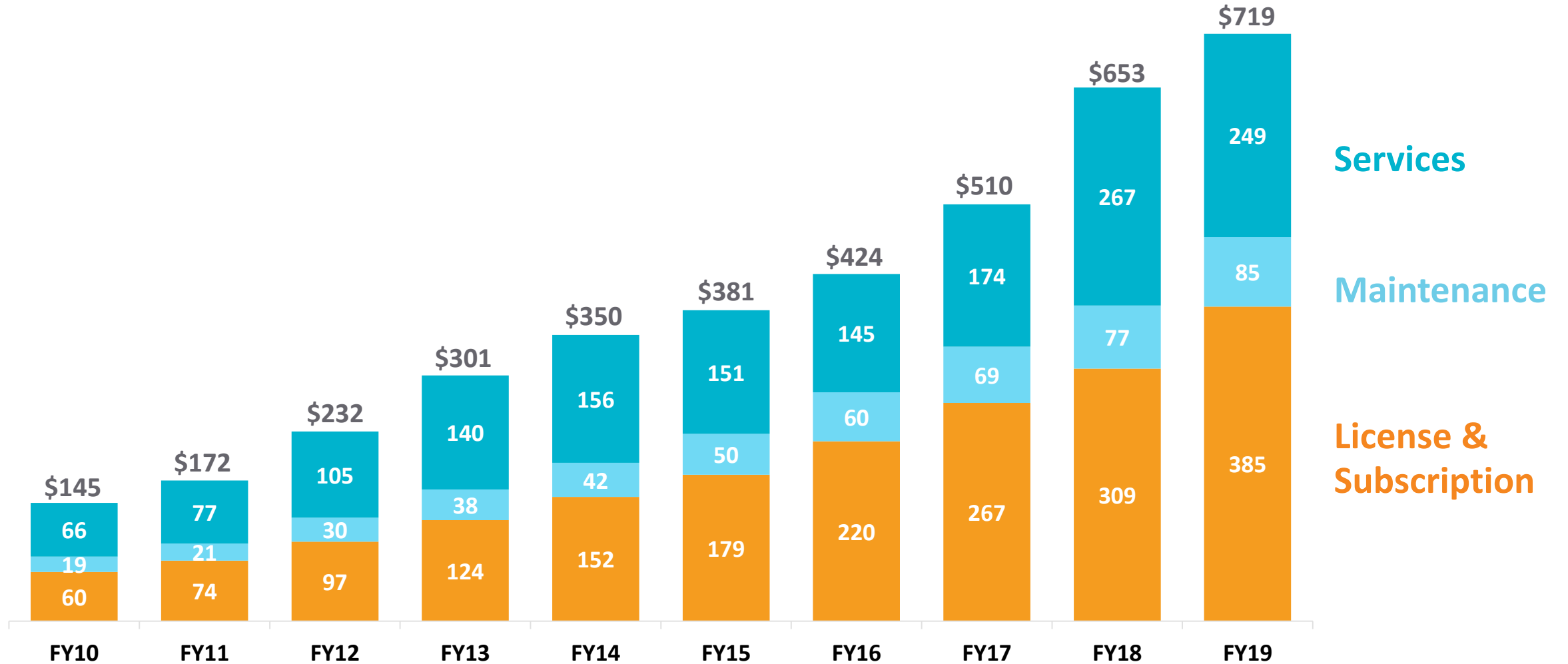
Accumulation

Note: Illustrative example

Winning in Our Market

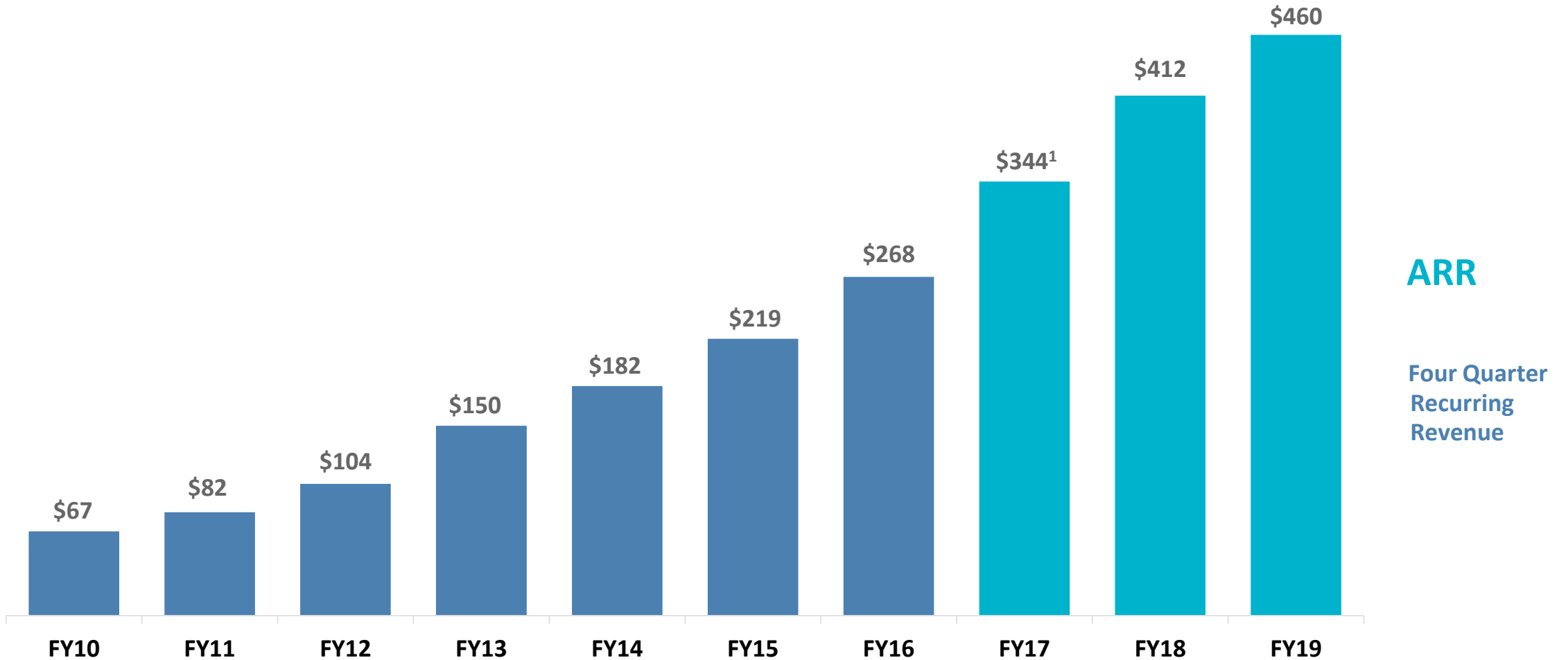
19% Revenue CAGR since 2010

(\$ in millions)



24% ARR CAGR since 2010

(\$ in millions)



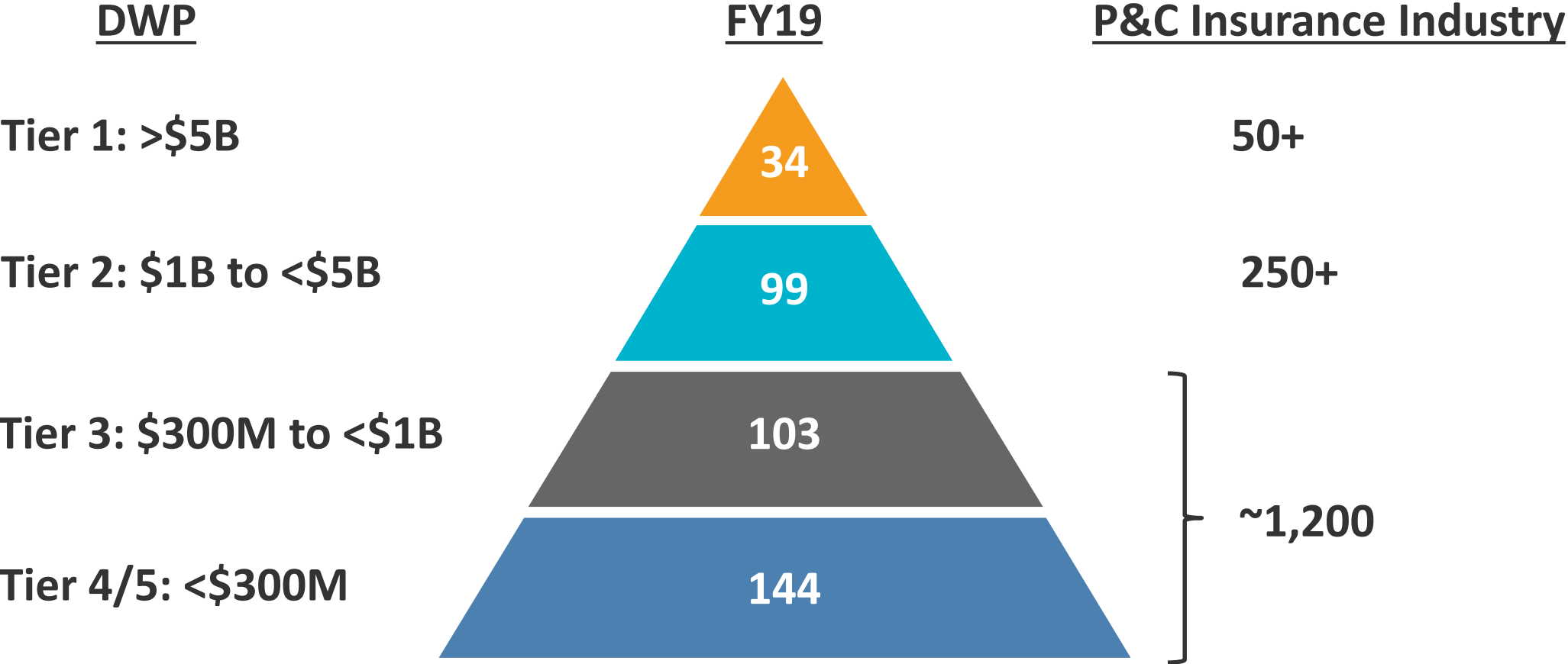
ARR

Four Quarter
Recurring
Revenue

Note: Four Quarter Recurring Revenue was defined as last four quarters of Term License and Maintenance revenue and was a proxy for ARR prior to business model transition and adoption of ASC 606

Note1: FY17 ARR FX rate as of 7/31/2018

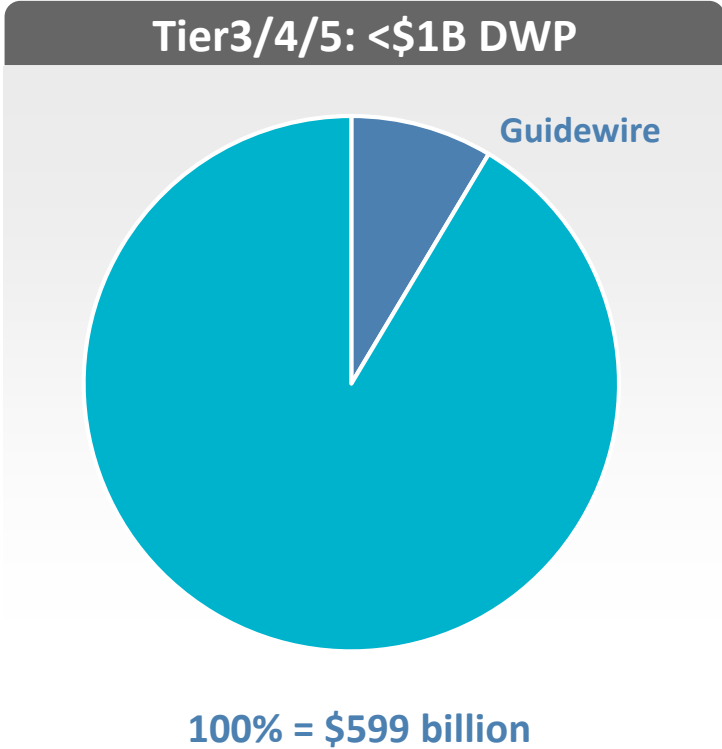
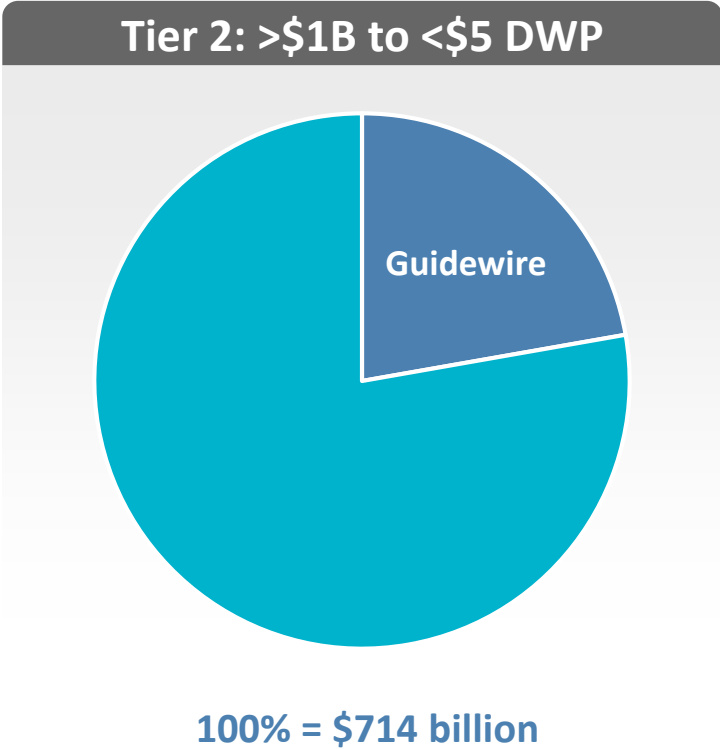
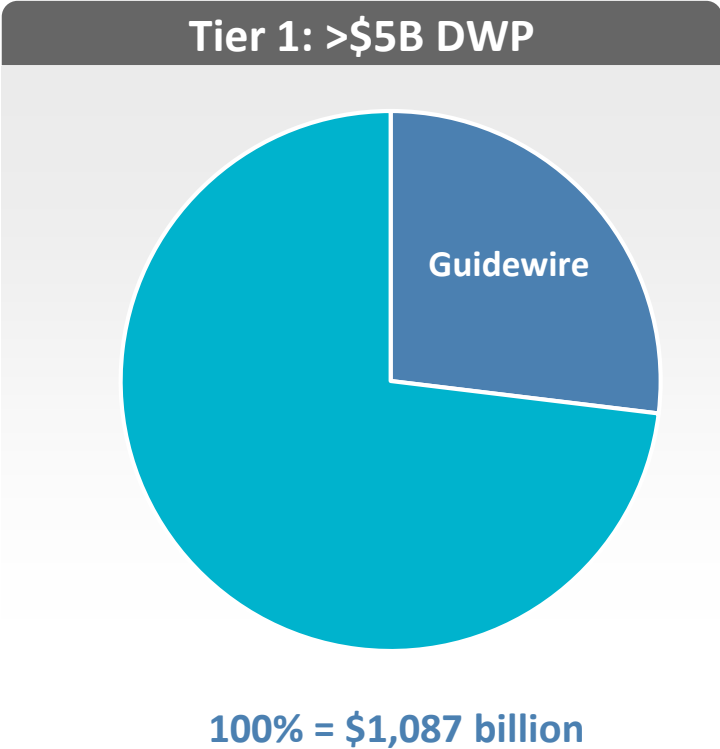
Historic Growth Driven by Success Across Tiers



Particularly Successful in Tier 1 & Tier 2 Segments

Note: Guidewire analysis; Customers may include non-P&C Insurers and reinsurers

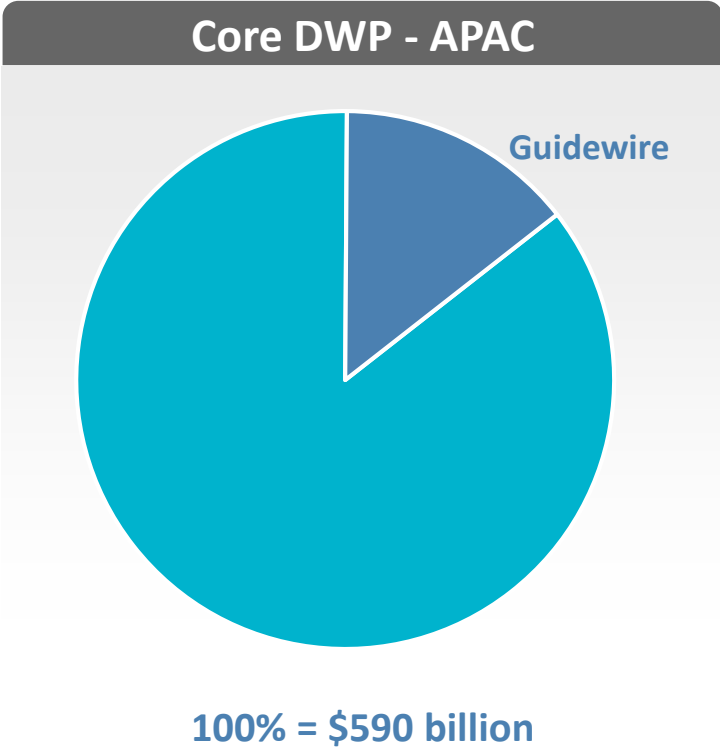
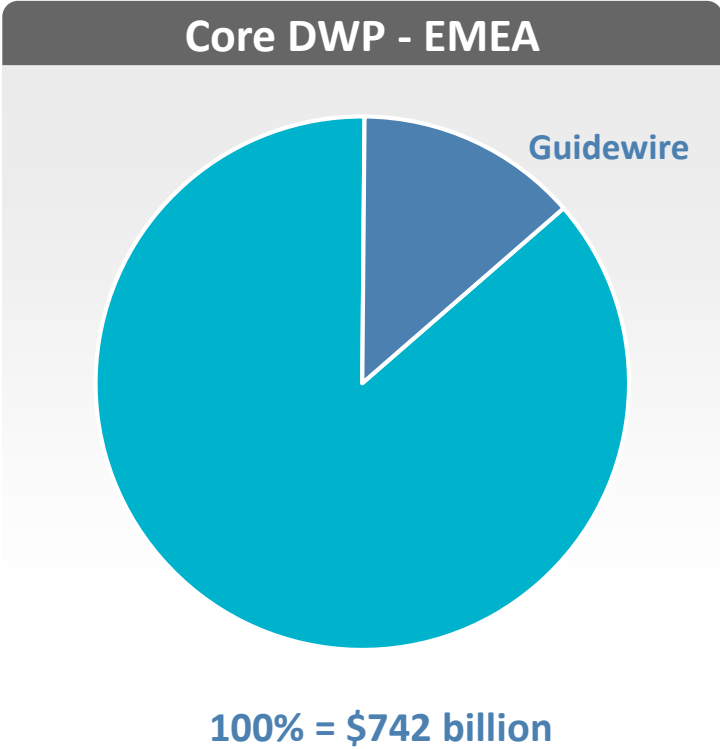
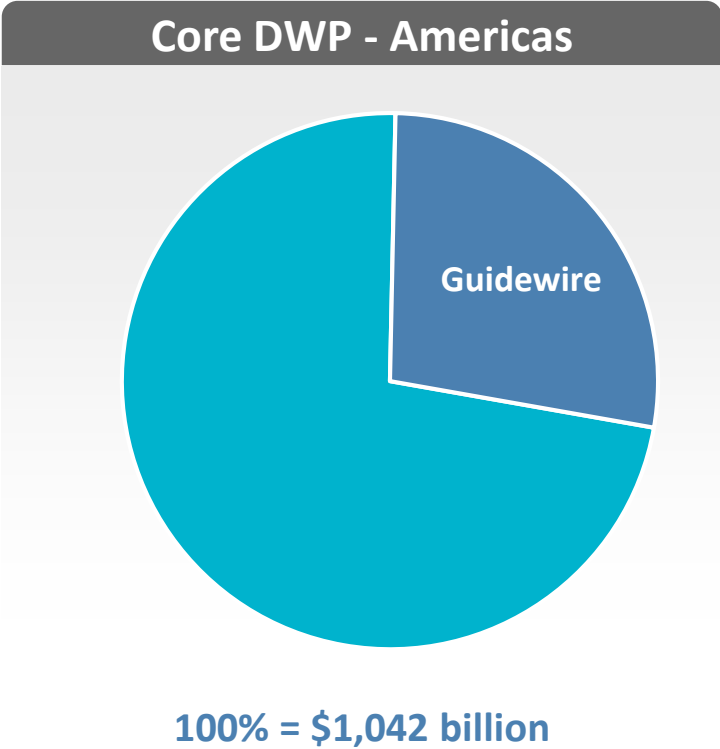
Majority of Core DWP Opportunity Remains Untapped



DWP Penetration by Tier

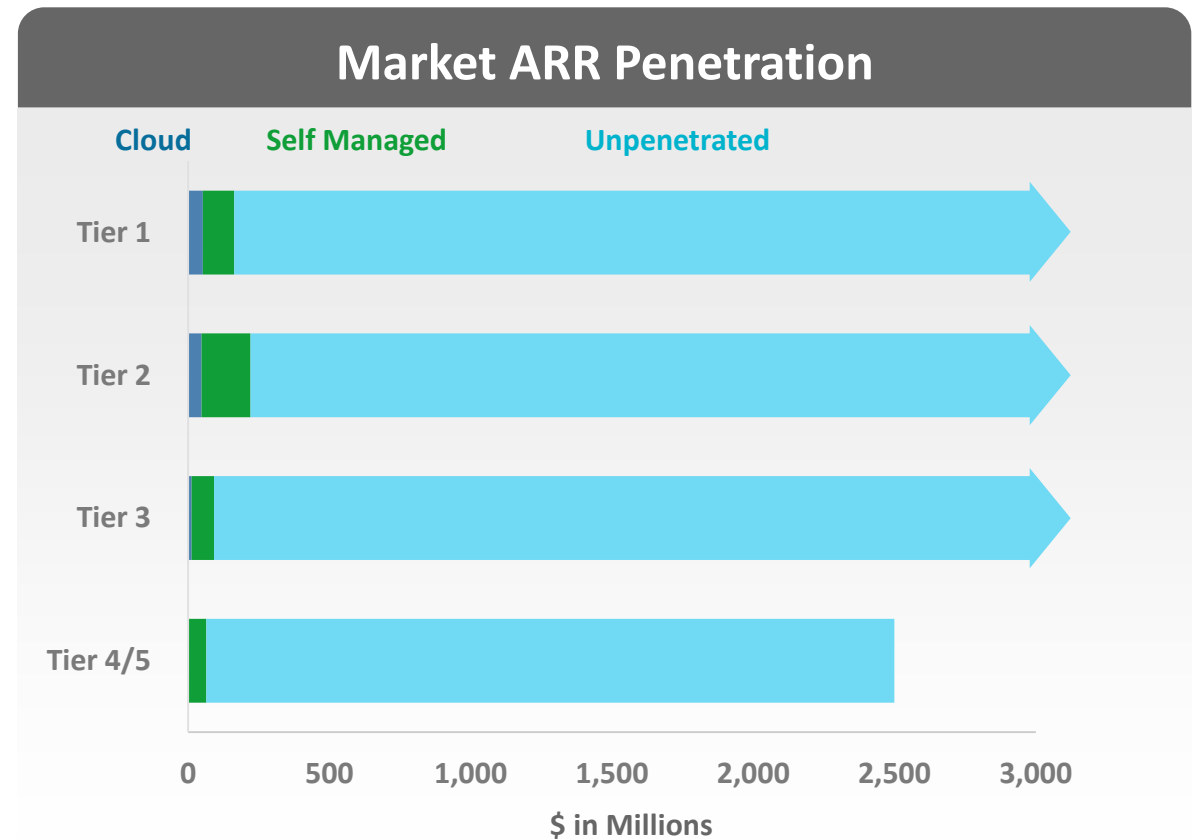
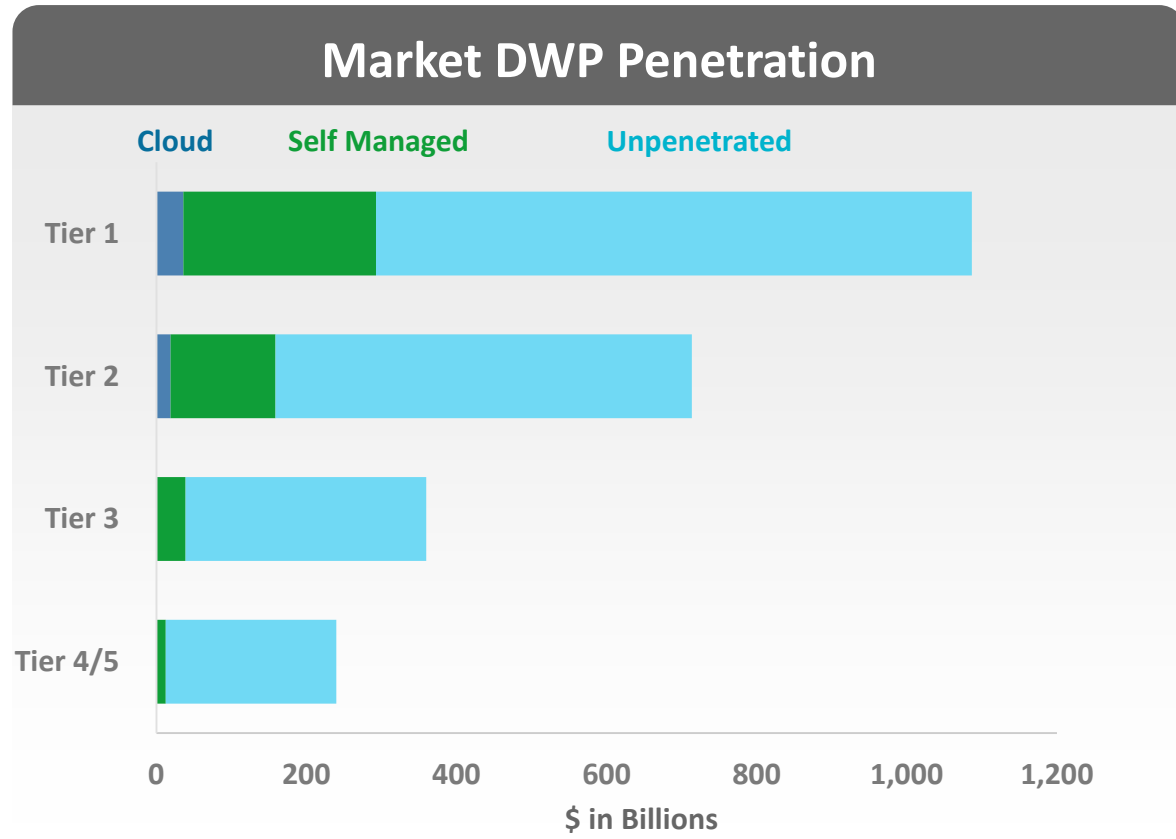
Source: SwissRe Institute "Sigma, No 3/2019"; Guidewire Analysis

Majority of Core DWP Opportunity Remains Untapped



DWP Penetration by Region

Significant Core DWP and Total Product Potential



**Self-Managed to Cloud & Core System Modernization
Are a Significant Market Opportunity**

Source: SwissRe Institute "Sigma, No 3/2019"; Guidewire analysis; DWP Penetration = DWP Under Contract vs Total DWP opportunity; ARR Penetration = Fully Ramped ARR vs Total ARR Opportunity

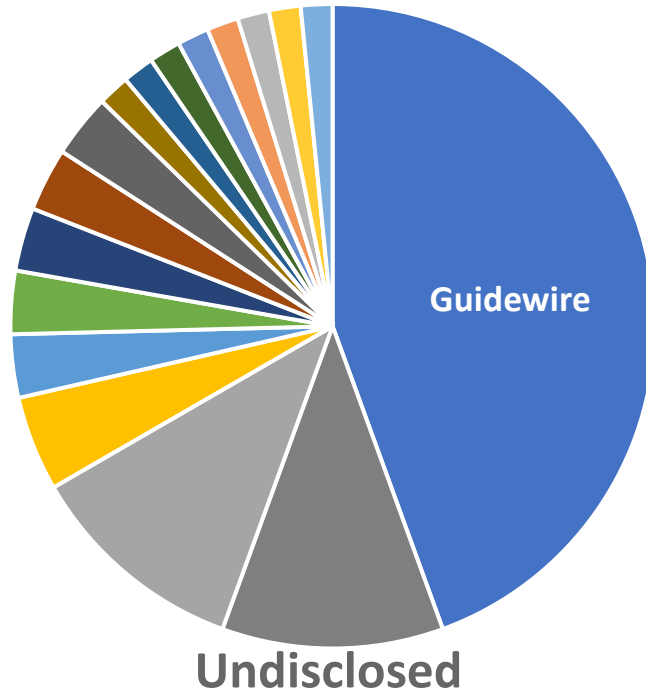
Illustrative Customer Expansion & Cloud Migration



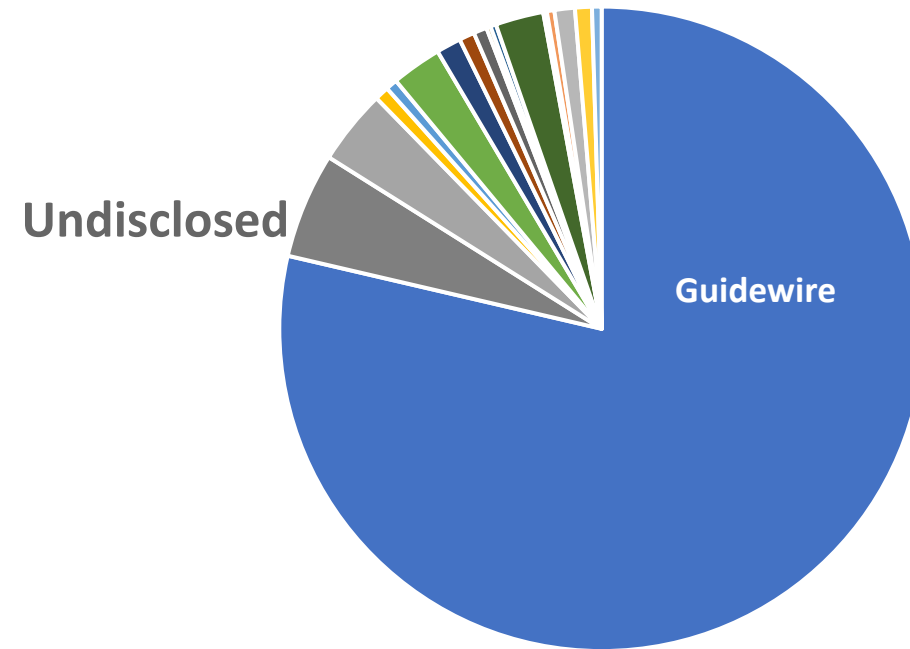
Note: Guidewire illustrative case study

Win-Loss Analysis for FY19 Core System Decisions

100% = Total Number of Decisions



100% = Total Amount of DWP



Won Majority of DWP Contested in FY19

Source: Guidewire analysis; Includes DWP for new core system decisions, which is not necessarily incremental to Guidewire's total DWP under management

Guidewire InsuranceSuite Rated as Leader by Gartner

InsuranceSuite named Leader in Gartner Magic Quadrant for 5th successive year

InsuranceNow positioned in Challenger quadrant

Figure 1. Magic Quadrant for P&C Core Insurance Platforms, North America



Source: Gartner Magic Quadrant for P&C Core Insurance Platforms, North America, Sham Gill, James Ingham, September 10, 2019

Growth in InsurTech Provides Opportunities

Digital Attackers



Process Optimizers

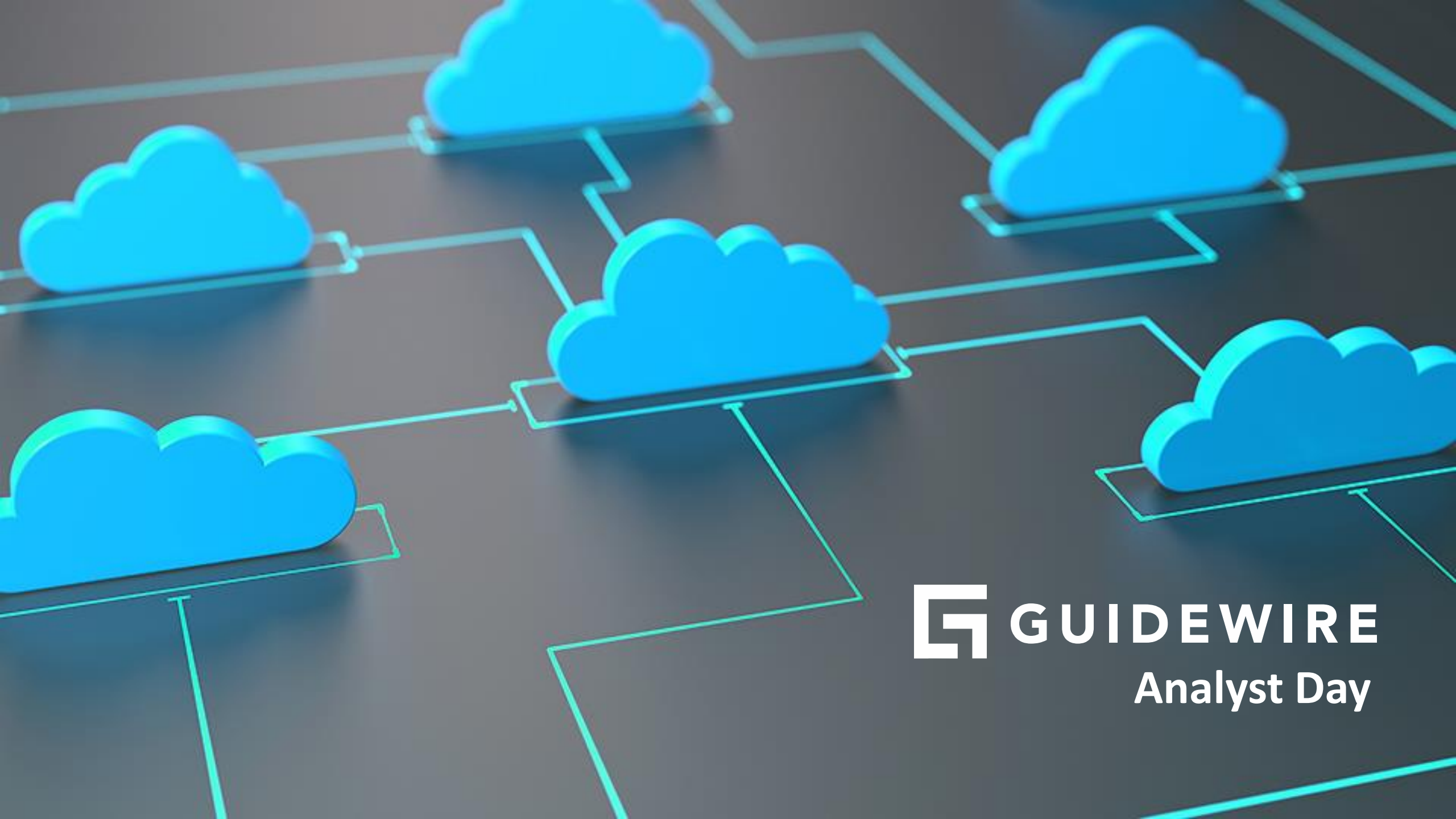


Priorities for Next 12 Months

Cloud Efficiency

Operational Execution

Product Innovation



 **GUIDEWIRE**
Analyst Day



Platform & Products Update

Diego Devalle, Global Head of Products & Engineering
September 26, 2019



Diego Devalle

SVP & Global Head of Products & Engineering

BACKGROUND

Joined Guidewire in March 2018

25+ years of enterprise software products & engineering experience

Senior executive roles at SAP, Mindjet & Monitise (acquired by Fiserv)

Assumed PD executive leadership responsibility in December 2018

KEY ACTIONS

Realigned workload across global Dev Centers

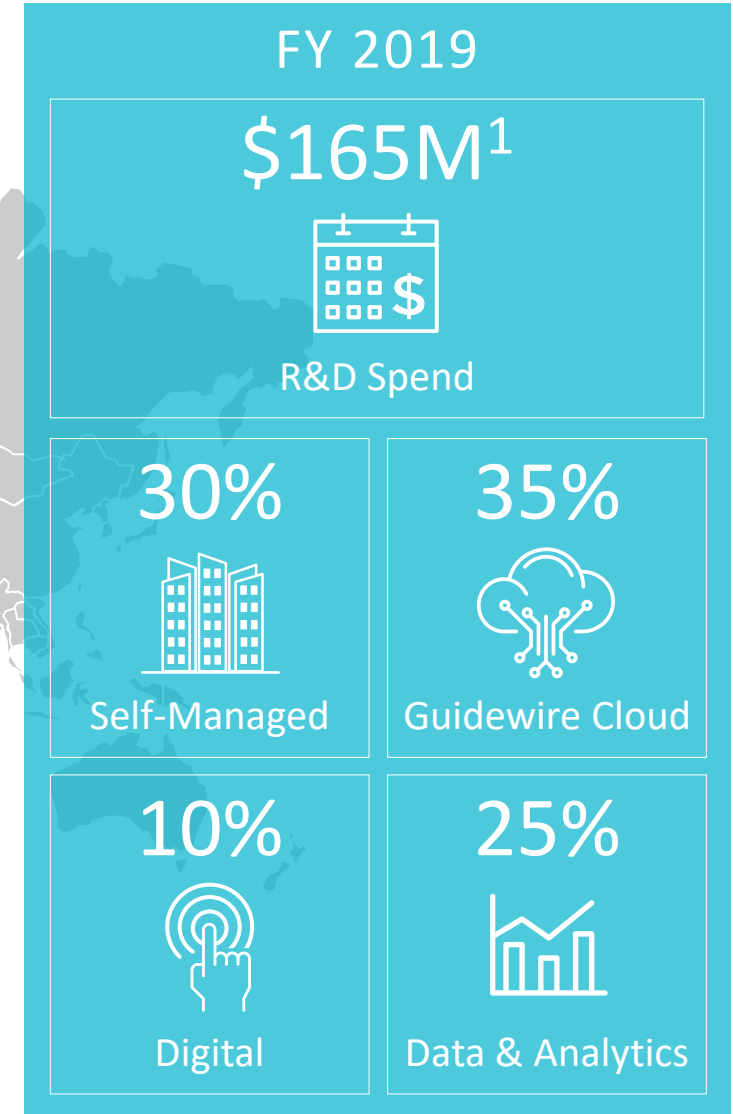
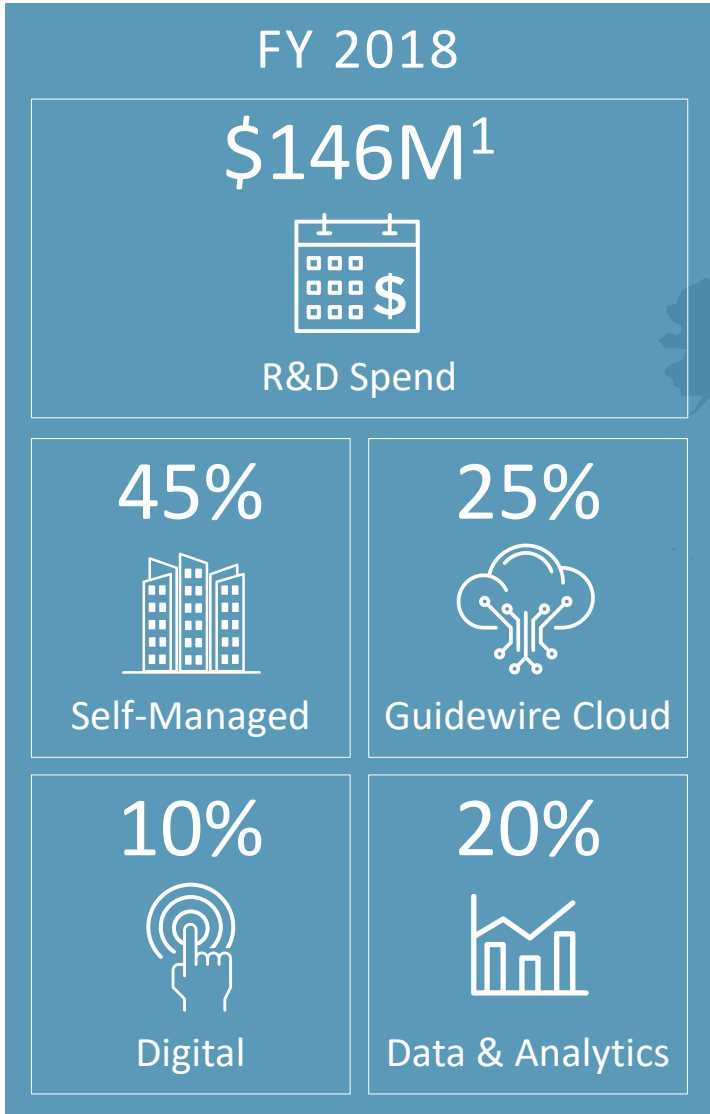
Rationalized and standardized lifecycle processes & tooling

Recruited new DEV, PM & UX talent

Led definition of cloud platform transformation strategy & roadmap



Guidewire R&D Profile



Cloud Transformation Strategy

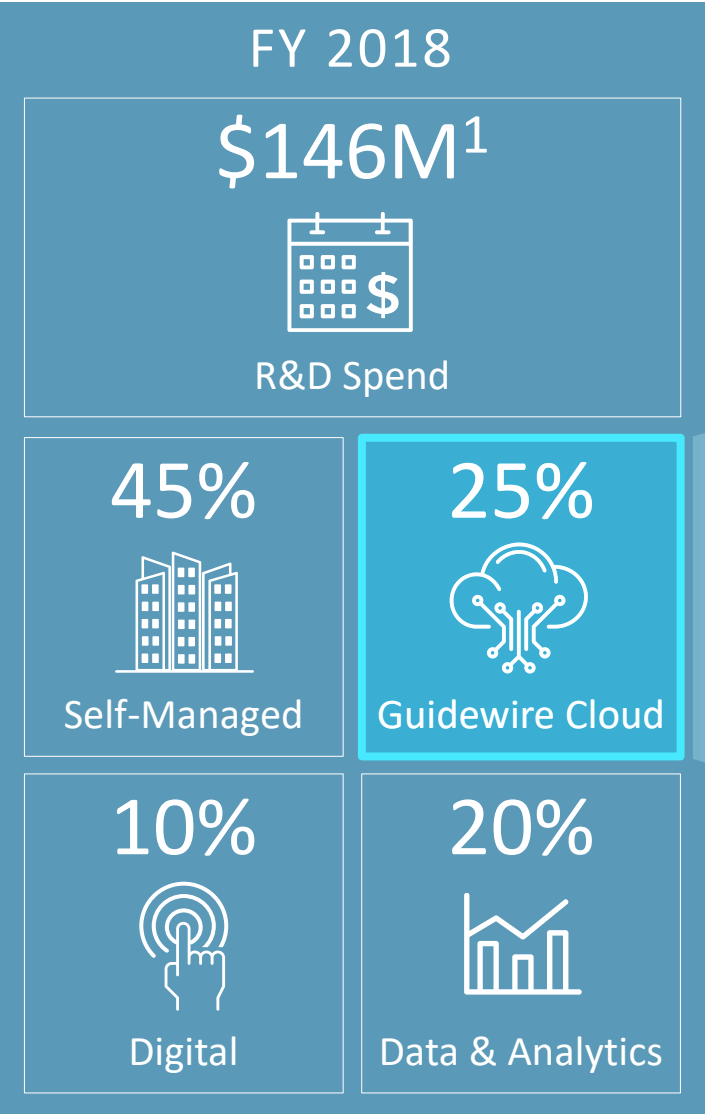
Leverage
Proven Platform



Transition
When Ready

- Based on proven InsuranceSuite platform
- Modularize InsuranceSuite core via APIs
- Extend with new cloud-native functionality
- Business-friendly, codeless configuration
- Metadata-driven digital experiences
- Infused analytics for real-time decisioning

FY 2018 R&D Priorities



Enabling Platform Transformation



API/SDK Integration Strategy



Cloud Infrastructure Services



Policy Product Innovation

FY 2019 R&D Priorities

Scaling Cloud Business



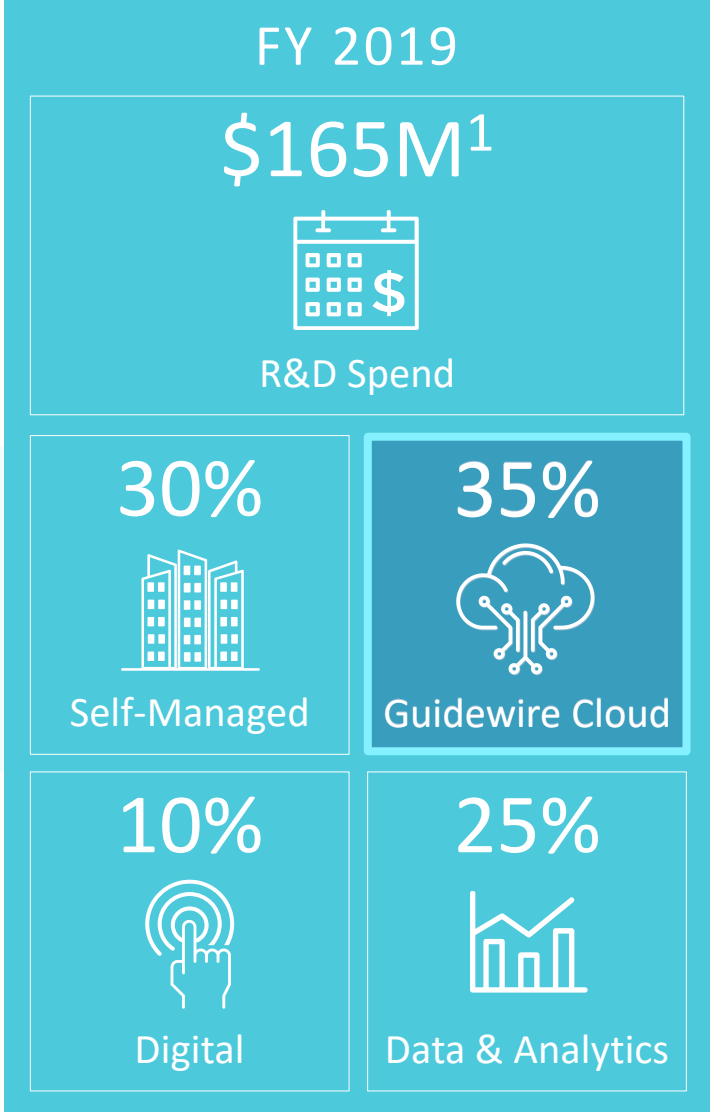
API/SDK Integration Strategy



Cloud Infrastructure Services

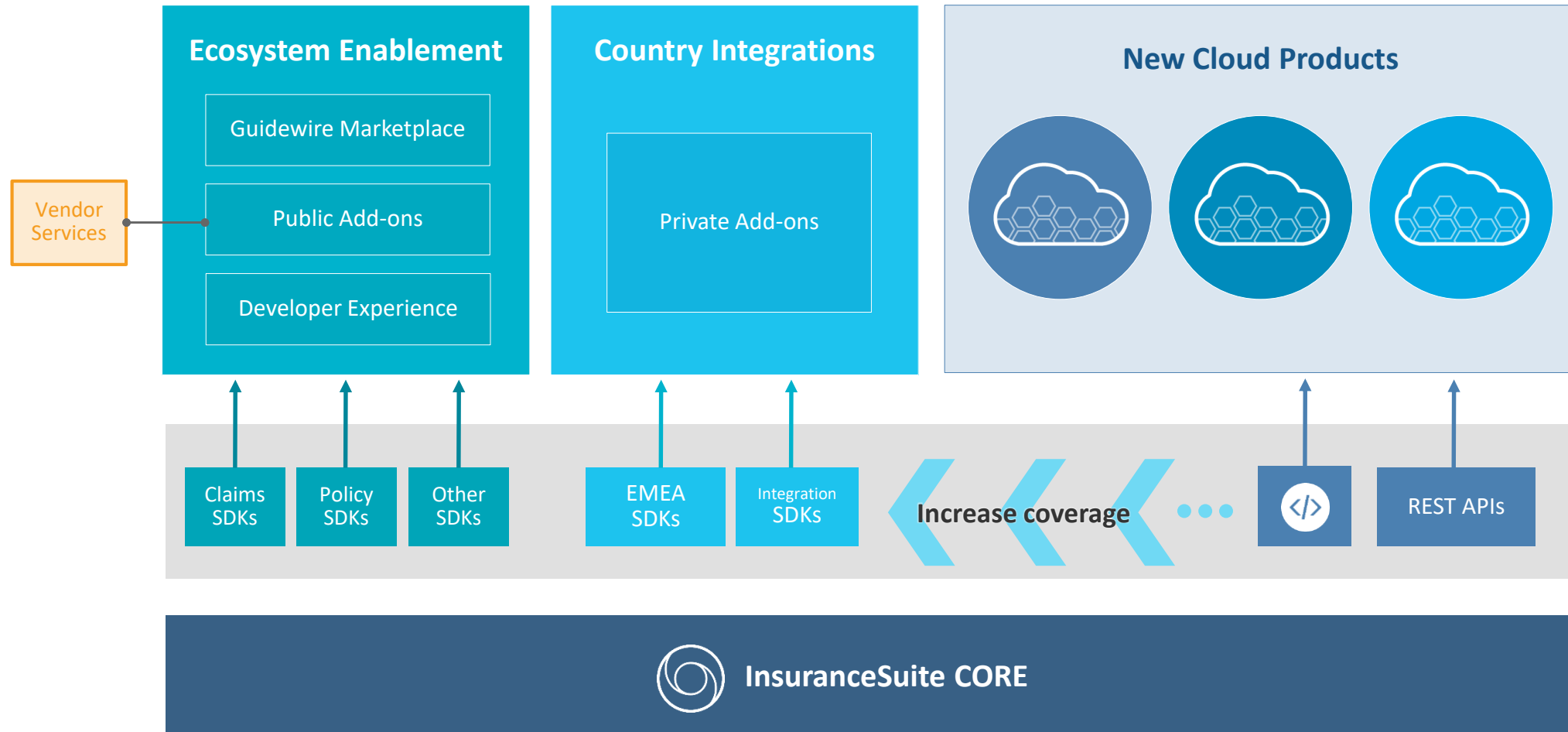


Policy Product Innovation



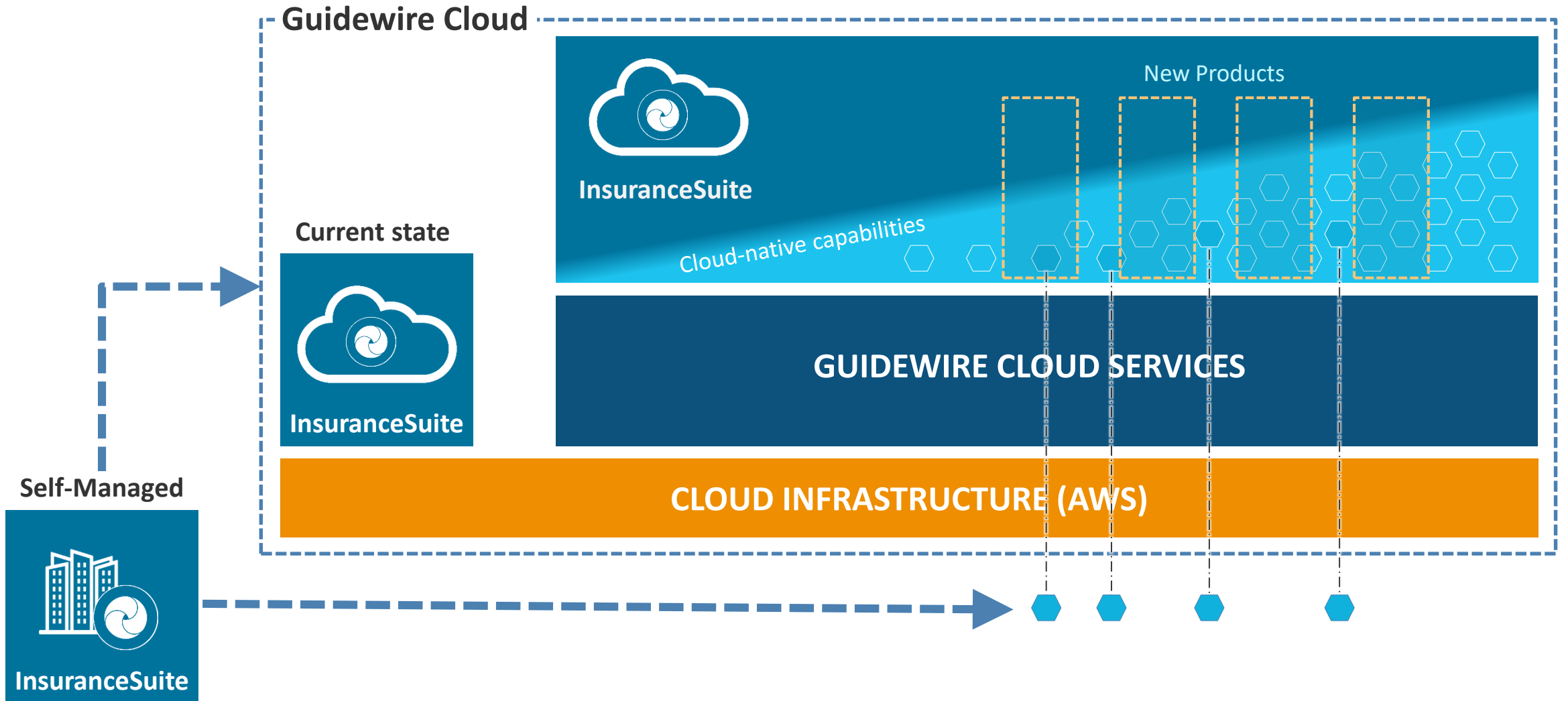


Cloud API/SDK Integration Strategy





Cloud Infrastructure Services





New Product Innovation



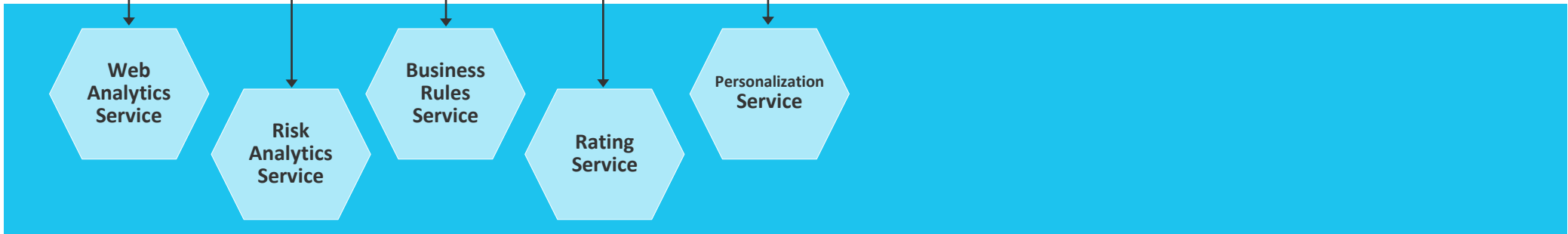
3rd Party Integrations



PolicyCenter

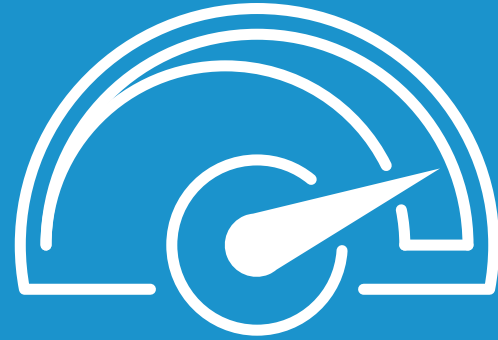


Cloud Services



Common Services

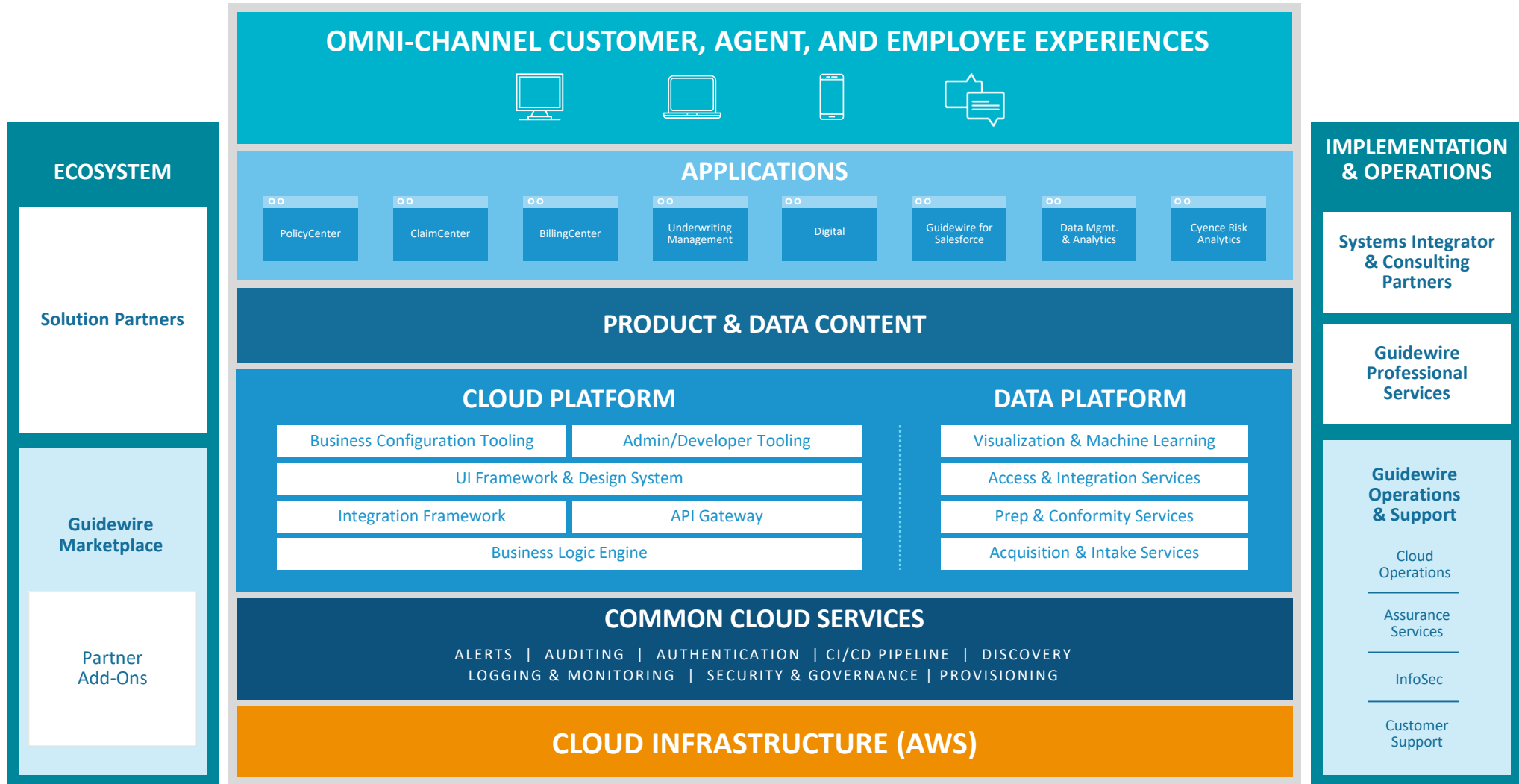




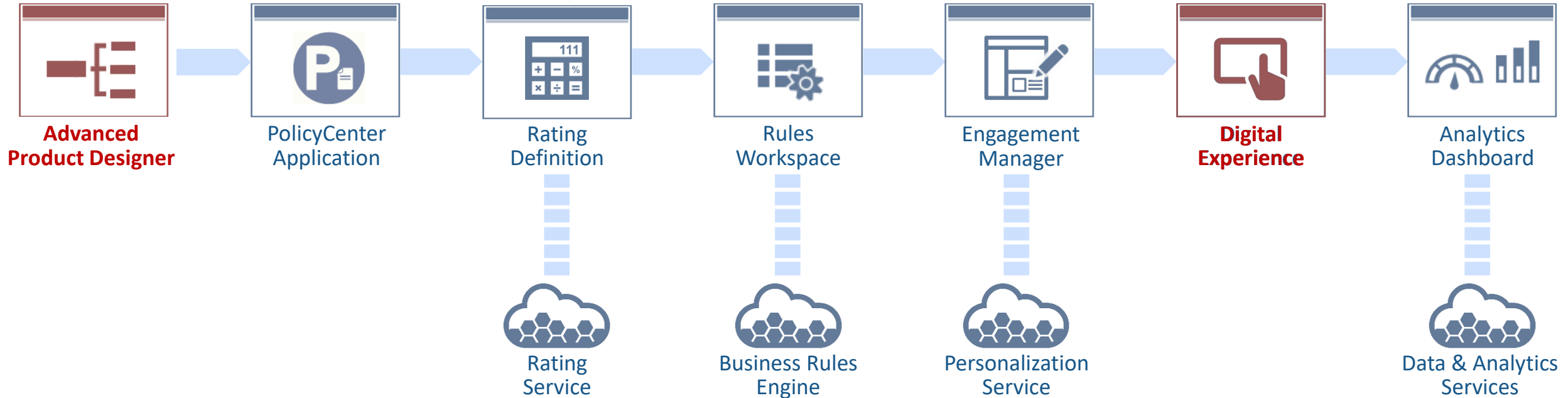
Increase Agility



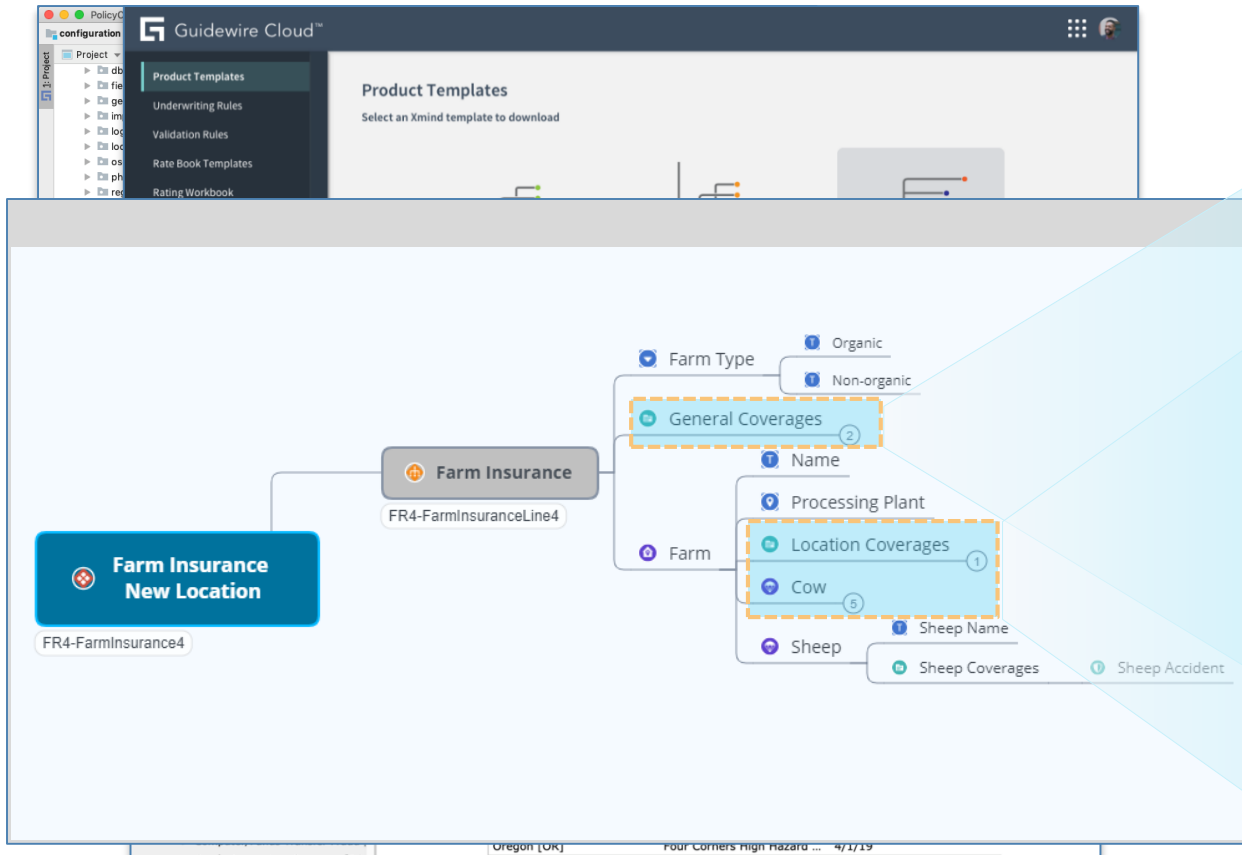
Cloud Platform Architecture



Agile Product Definition & Delivery



Advanced Product Designer – Digital Experience



Auto-Generated Digital UI

Coverages

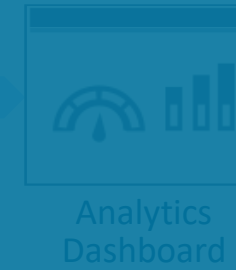
Auto-Generated Digital UI

Coverables

The auto-generated digital UI for adding a new location is displayed. It features a 'New Location' header with refresh and settings icons. Below the header is a 'Location' title and an 'Address' input field. At the bottom, there are three prominent blue buttons: '+ Add Cow', '+ Add Sheep', and '+ Add Location'.

KEY HIGHLIGHTS:

- **Rapid product launch & refinement**
- **From design to full-scale production**
- **Infused analytics for real-time decisioning**





 **GUIDEWIRE**
Analyst Day



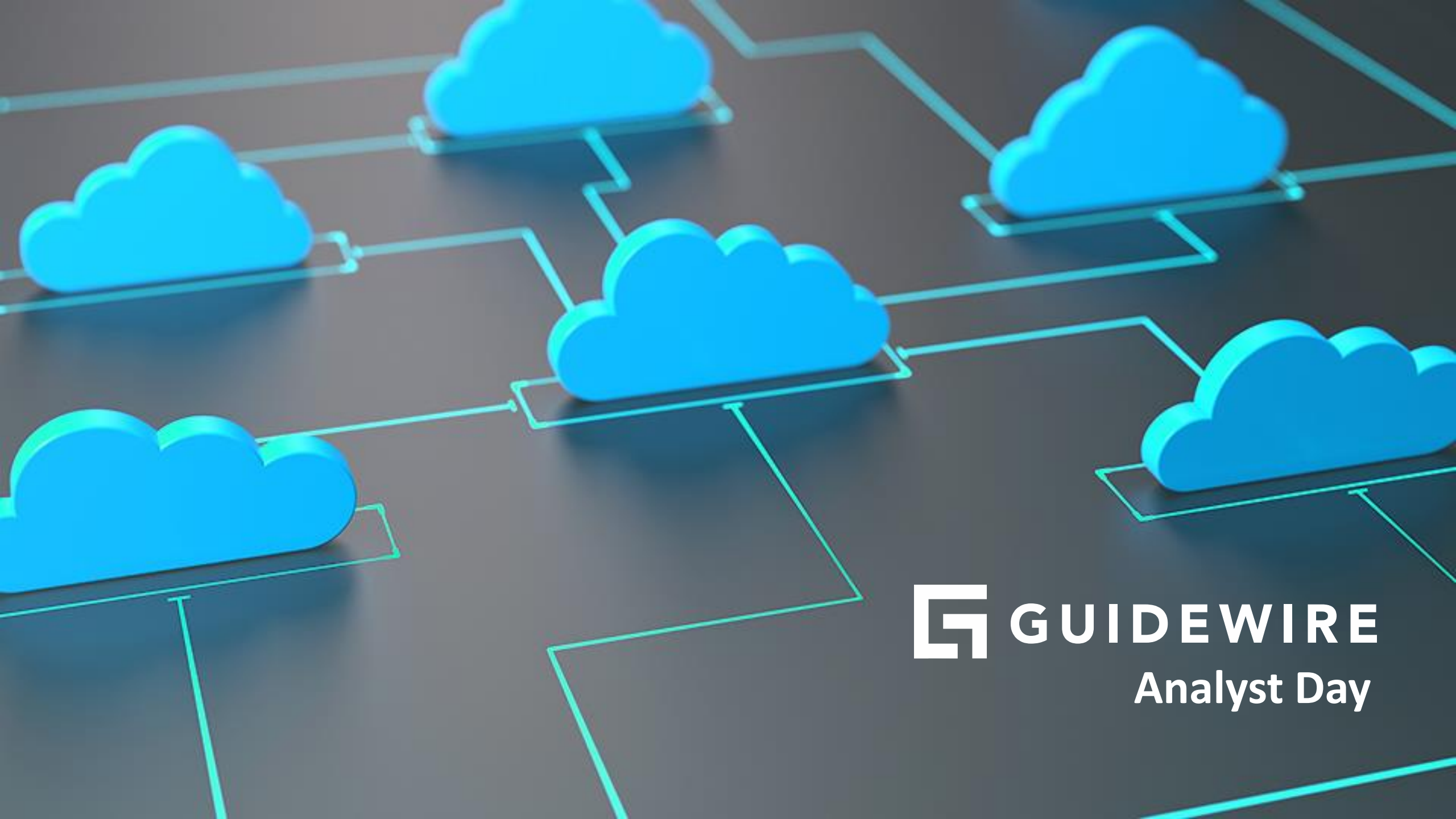
Discussion: Partner Perspective

Shane Cassidy, EVP, Head of Insurance, Capgemini

Christina Colby, GVP, Cloud Customer Experience, Guidewire

September 26, 2019





 **GUIDEWIRE**
Analyst Day



Customer Panel

September 26, 2019

Moderator: Nicole Bruns, Director Product Marketing



Gina Schwitzgebel, CEO and GM, NCJUA, NCIUA



\$436M DWP

Region: North America (US)

Line of Business: Personal;
Commercial

Distribution Channel: Direct;
Independent Agents



InsuranceNow

**January 2018
Release 1 Go Live**

Roby Shay, VP of Enterprise Solutions and CIO, Grinnell

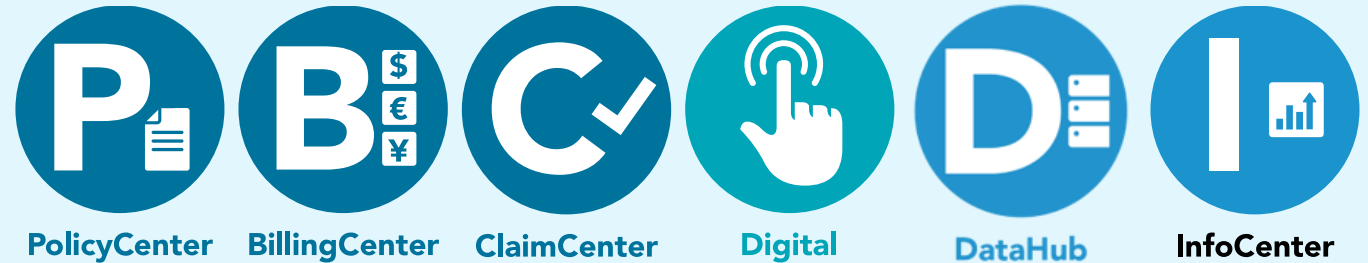


\$700M DWP

Region: North America (US)

Line of Business: Personal;
Commercial; Reinsurance

Distribution Channel: Independent



PolicyCenter

BillingCenter

ClaimCenter

Digital

DataHub

InfoCenter

**Feb 2019
Release 1 Go Live**

Peter Moreau, SVP and CIO, Amica



\$2.4B DWP

Region: North America (US)

Line of Business: Personal

Distribution Channel: Direct



PolicyCenter



BillingCenter



ClaimCenter

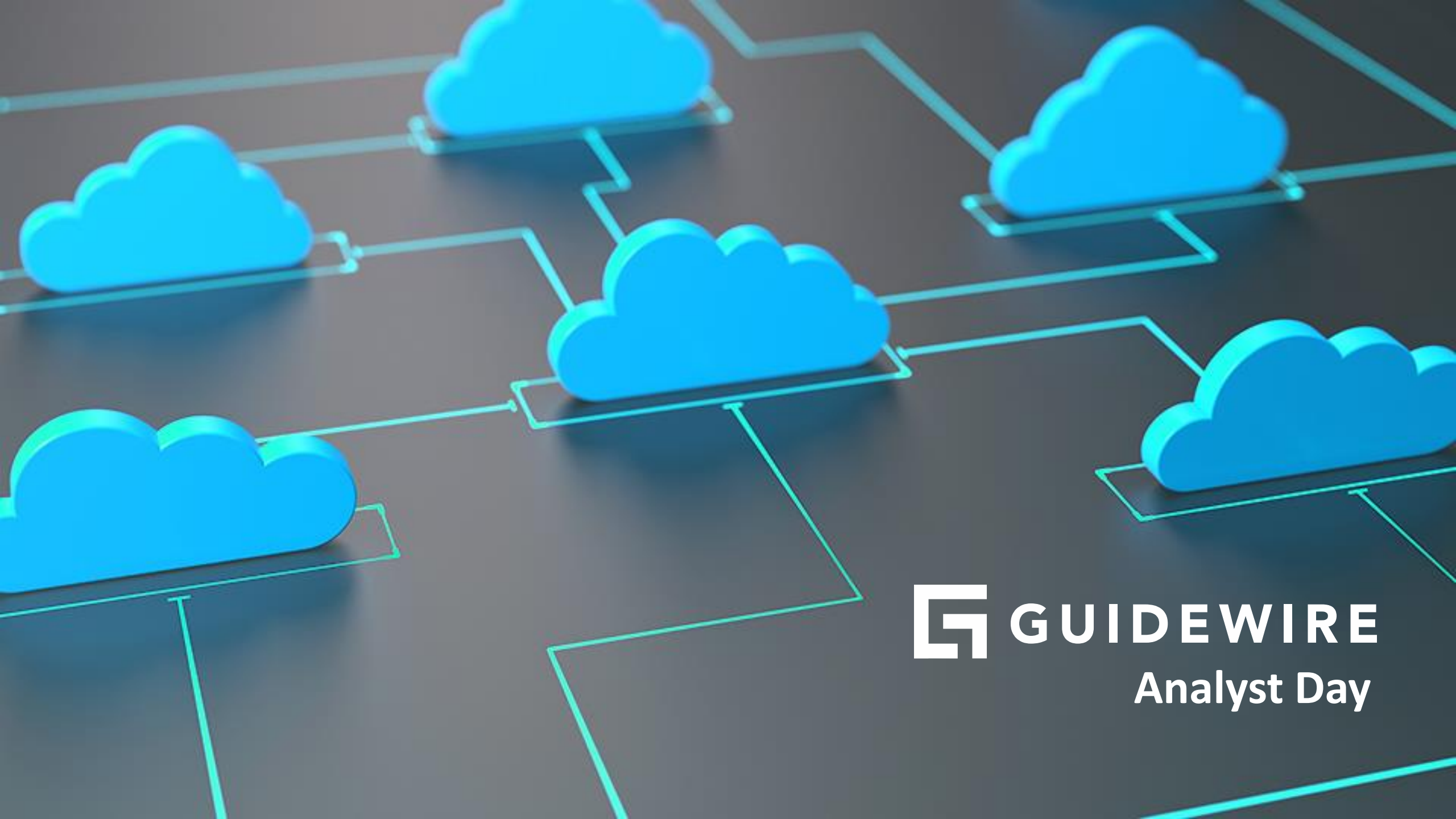


DataHub



Digital

April 2019
Began Guidewire Cloud Implementation



 **GUIDEWIRE**
Analyst Day



Financial Update

Curtis Smith, CFO

September 26, 2019



Framing Fiscal Year 2020 and Beyond

Key Metrics Update

- Update on Transition and Go-Forward Growth Metrics

Cloud Driving Business Model Changes

- Increasing Cloud demand impacting reported revenue
- Cloud investments combined with more ratable revenue impacting near-term margins
- Partner enablement efforts paying off

Modeling Revenue

- How New Sales turn into Revenue, ARR, and Fully Ramped ARR

LT Model Update

- Update to our Long-Term Model

Key Metrics Update

Key Growth Metrics

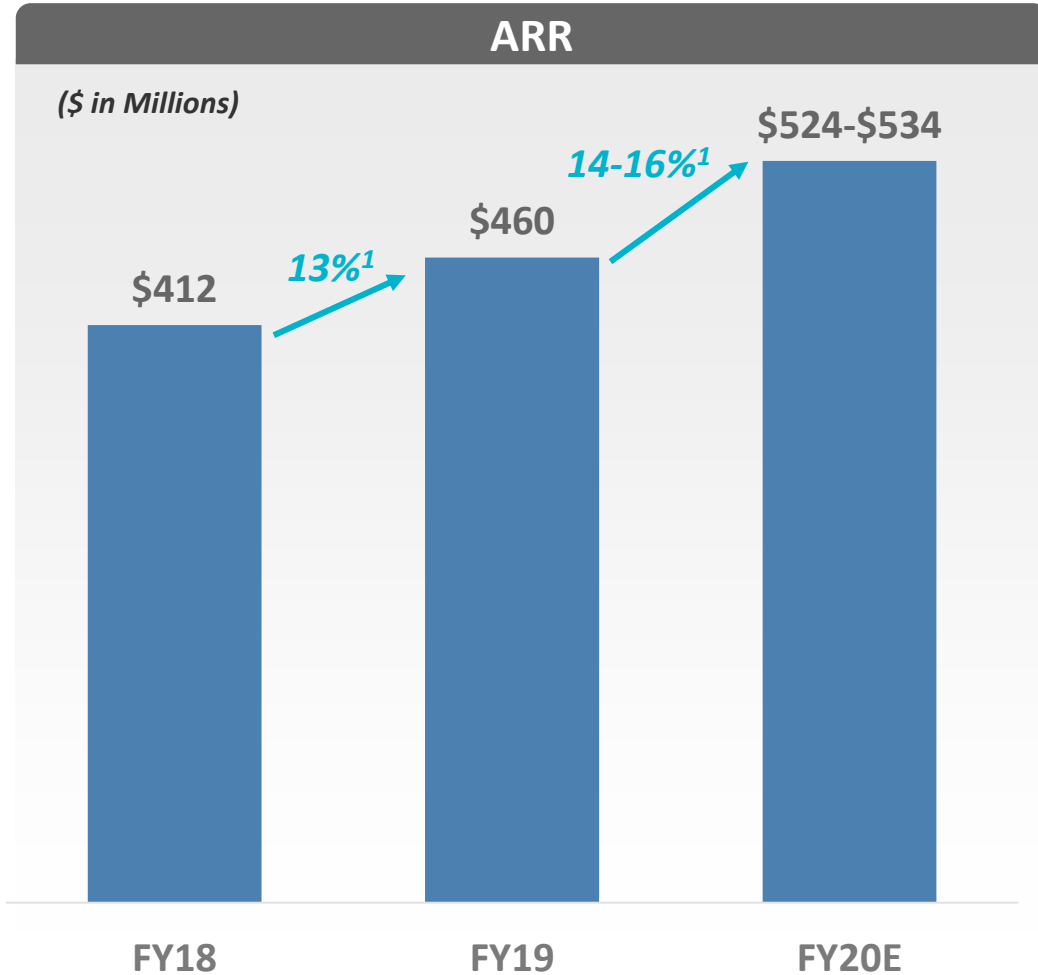
Transition Metrics

- **Subscription New Sales as a % of Total New Sales: 55 to 75% in FY20**
 - Total New Sales: internal measure of average annual value of contract over 5-years; perpetual license values adjusted to equalize to an annualized amount
- **Fully Ramped ARR: Growing faster than ARR**
- **InsuranceSuite Cloud Deals: No longer providing outlook**
 - Actual closed deals will be discussed in earnings call

Go Forward Metrics

- **Subscription Revenue: \$105 to \$115 Million in FY20, 69% year-over-year growth at the midpoint**
 - Revenue sold under subscription agreements for cloud-delivered products
- **Annual Recurring Revenue (ARR): 14 to 16% constant currency growth in FY20**

Annual Recurring Revenue

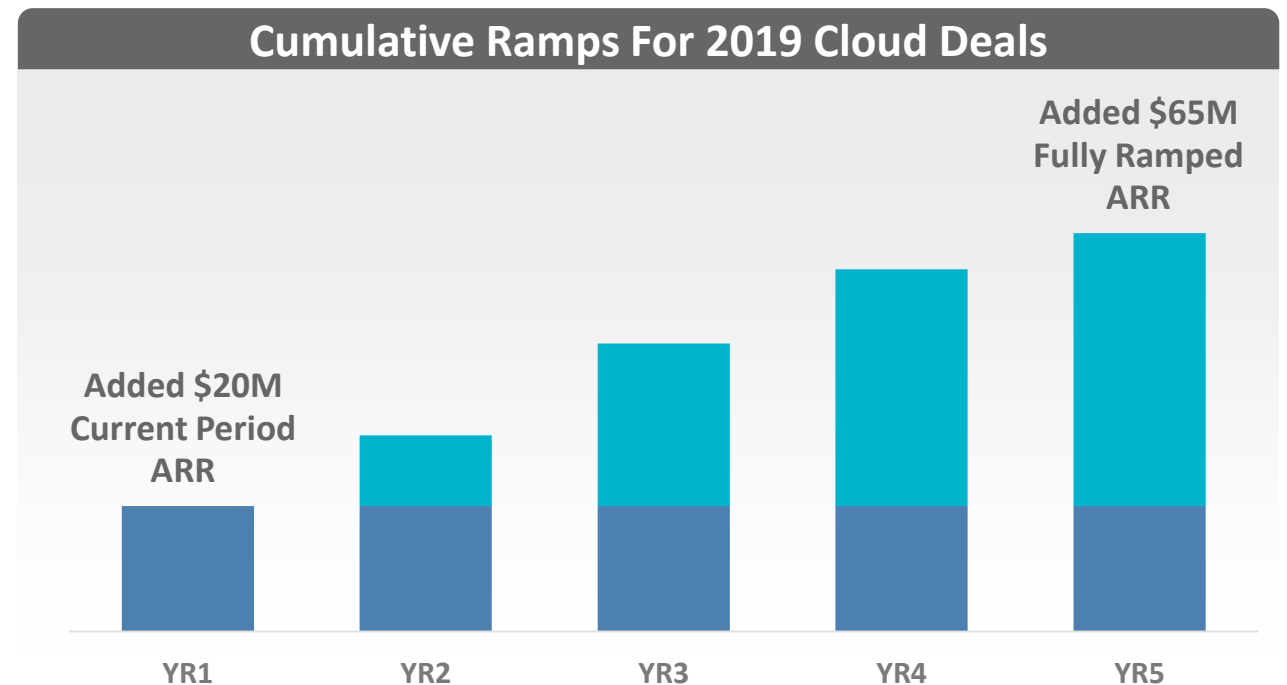
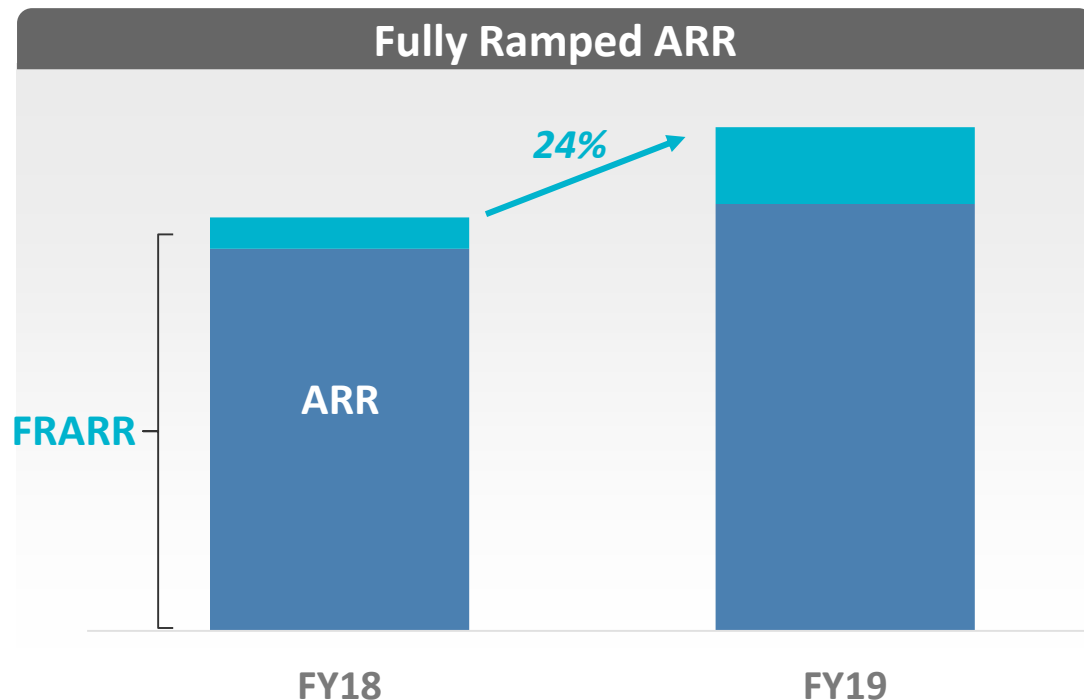


- **ARR: annualized recurring value at period end for active:**
 - Term Licenses
 - Subscription Agreements
 - Maintenance Contracts
 - Hosting Contracts
- Excludes perpetual licenses and professional services
- Multi-year term contracts adjusted to annualized value
- Aligns to annual invoicing in ramp agreements
- Updates throughout year on constant currency basis
- Bottoms-up analysis by customer, cannot be derived from financial statements

Source: Guidewire analysis; assumes 7/31/19 exchange rate for non-USD denominated ARR for FY20E
Note1: Based on constant currency analysis

Fully Ramped ARR

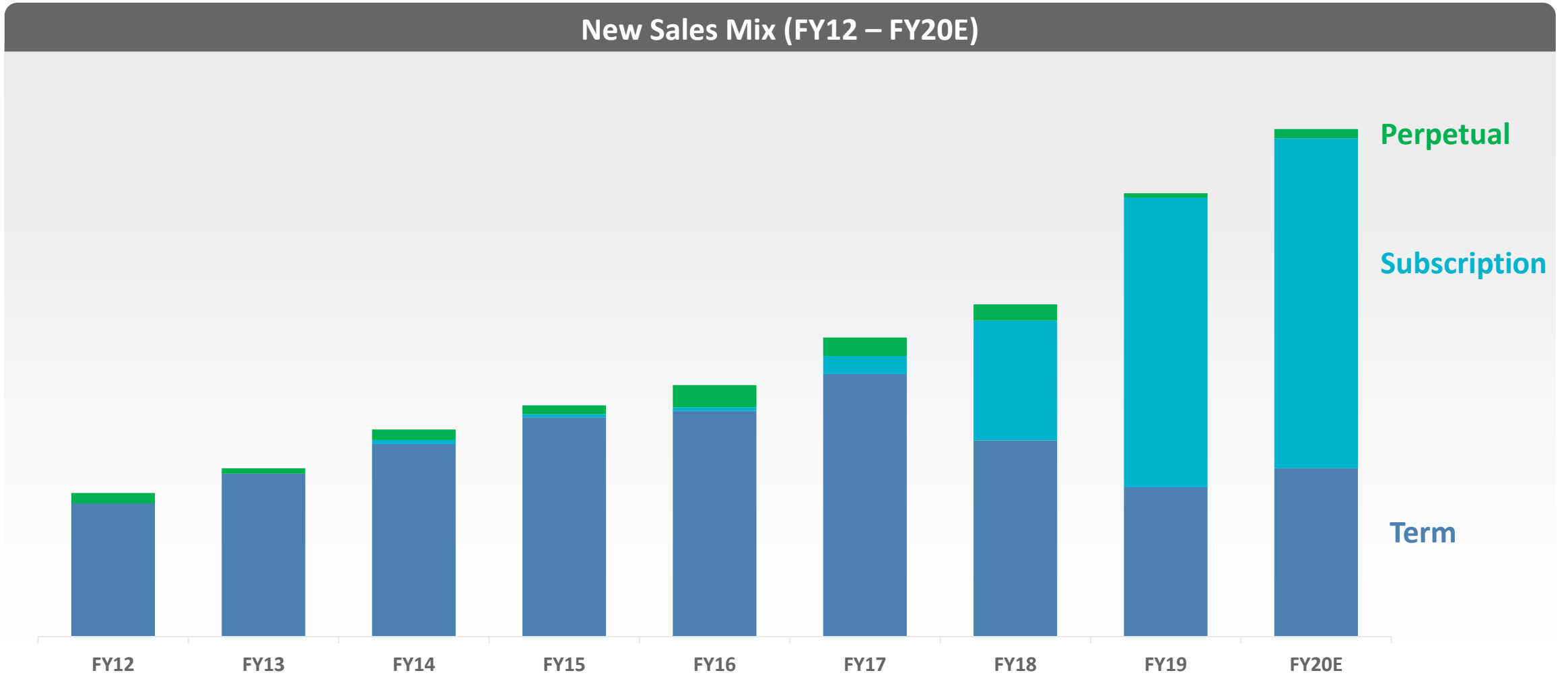
- Annualized value of recurring revenue at year five for ramped contracts
- Ramped pricing agreed to with customers and based off pricing schedule outlined in contract
- Pricing schedule may extend beyond the committed contract period
- Pricing schedule time-based and not milestone based



Source: Guidewire analysis; constant currency basis assumes 7/31/19 exchange rate for non-USD denominated ARR and Fully Ramped ARR

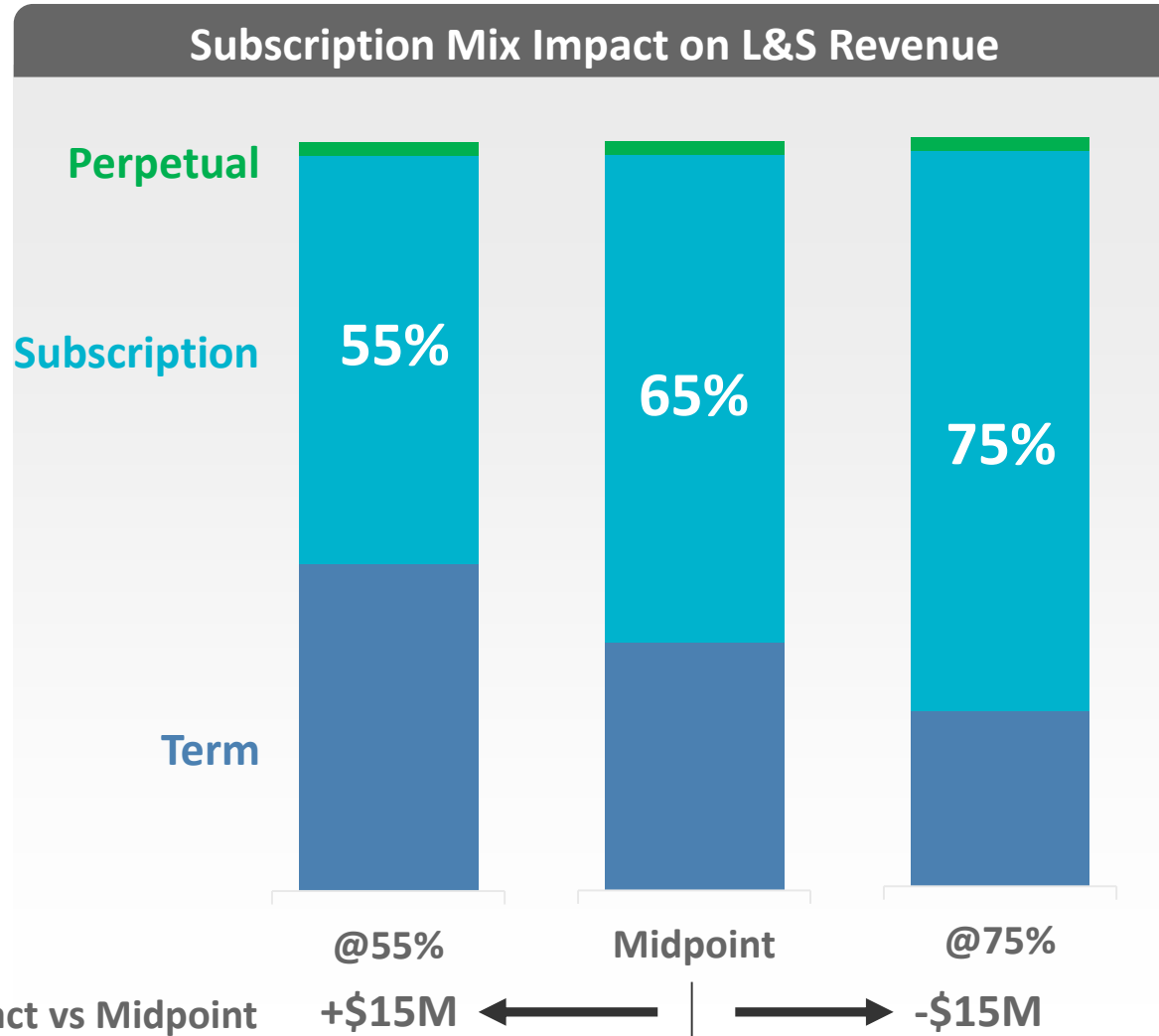
Cloud Driving Business Model Changes

Cloud Shift to Subscription



Source: Guidewire analysis

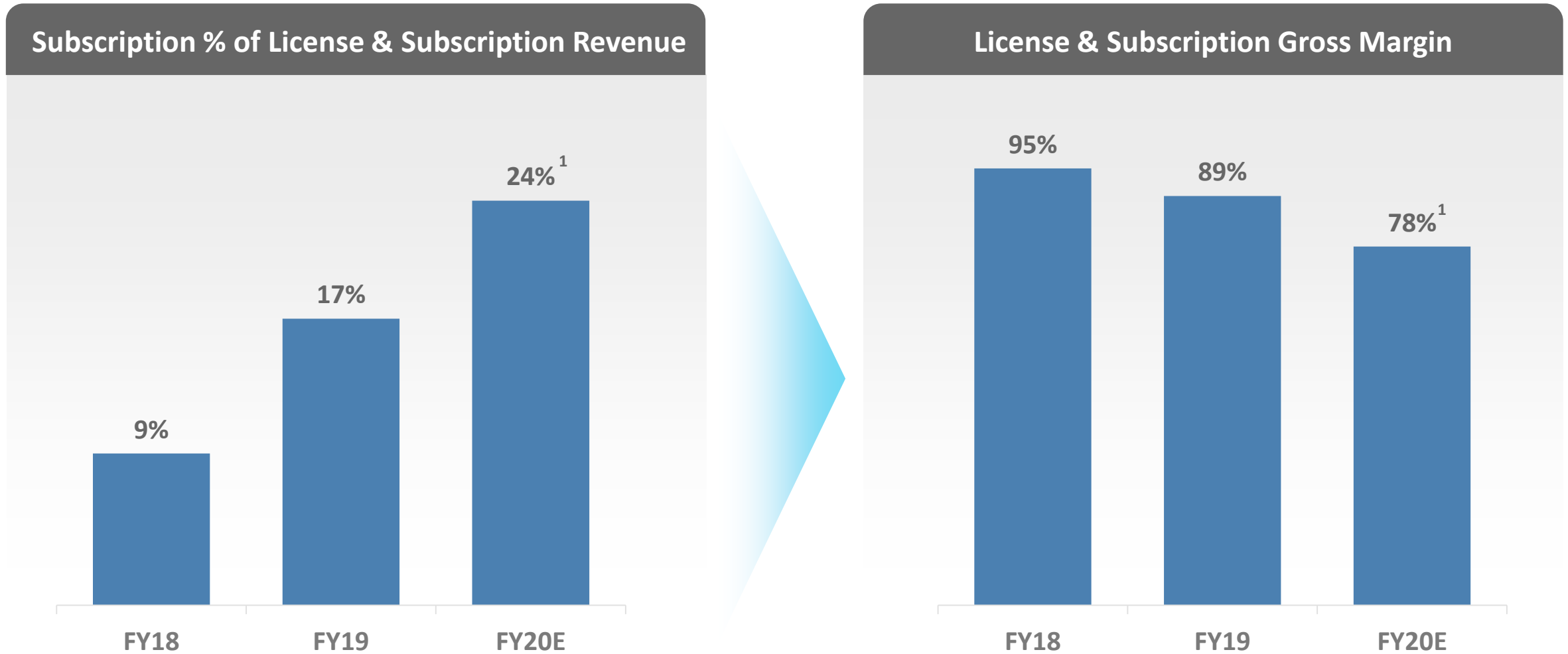
Mix Shift in New Subscription Sales Impact on Revenue



- Based on the 55%-75% outlook range for FY20¹
- Mix in Subscription % of New Sales has impact in same year L&S revenue
 - 1% increase in subscription mix estimated to have (\$1.5M) change in L&S revenue
 - Assumption affected by timing and linearity of deals
- ARR not impacted by mix shift

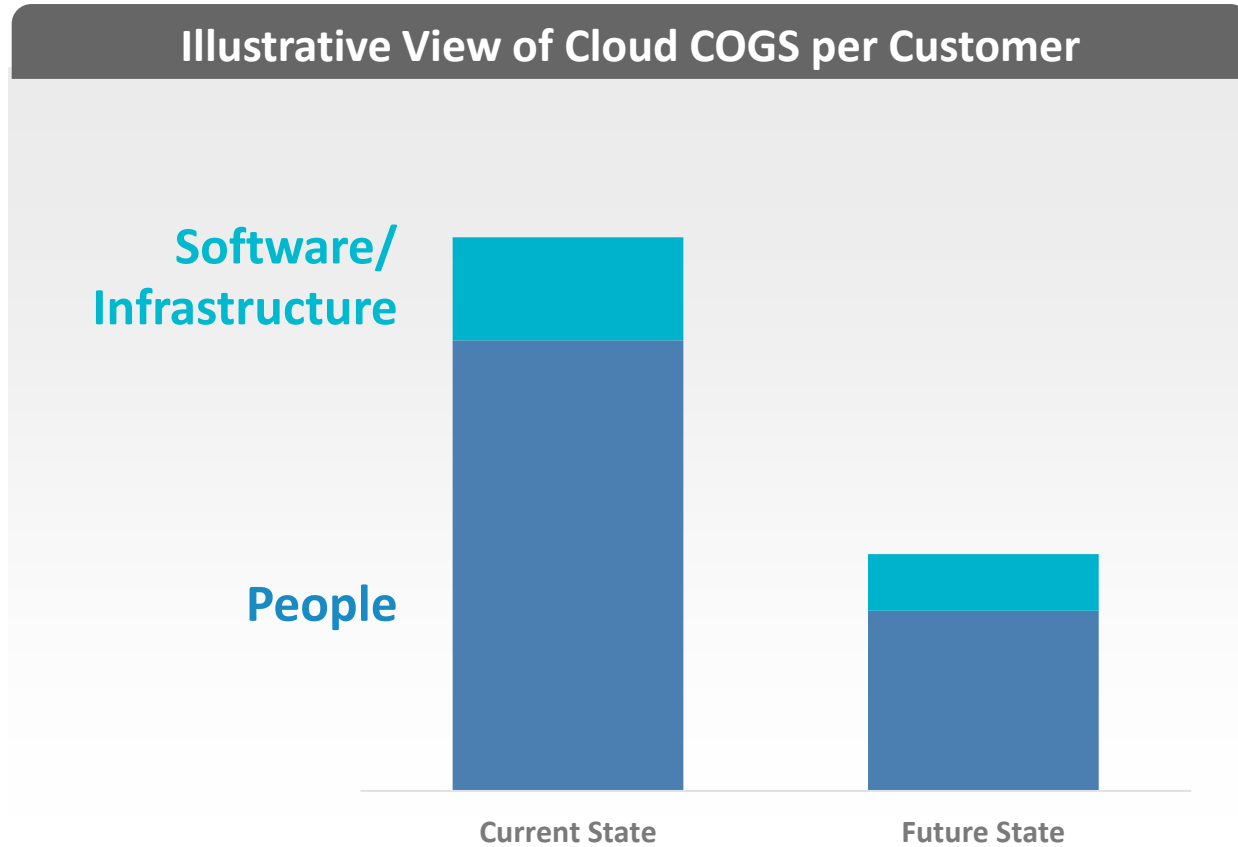
Note1: Based on the outlook provided on FY19 Q4 Earnings Call

Cloud Impacts on License & Subscription Margin



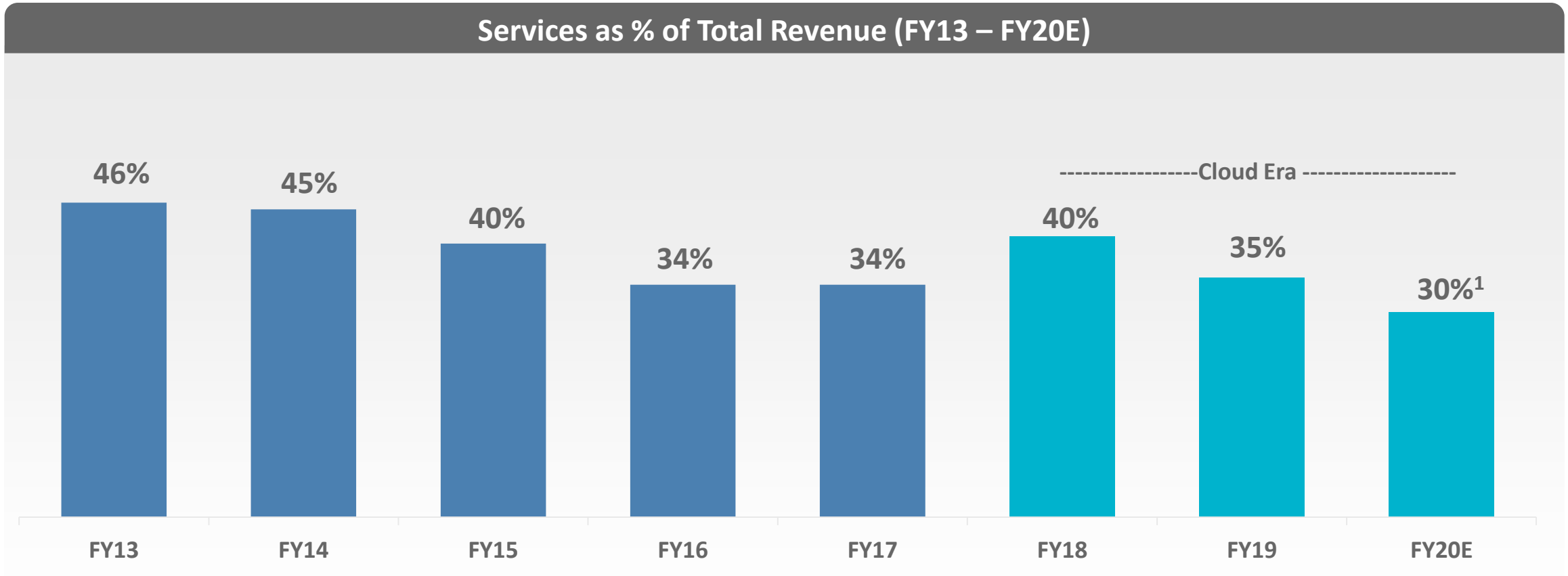
Note1: Based on the outlook provided on FY19 Q4 Earnings Call

Levers to Reduce Cloud COGS



- Drive standardization (contract, implementation) and conformance
- Maximize cost and compute resource efficiency
 - Adopt common Guidewire Cloud infrastructure in the short term
 - Adopt SaaS native software in the long term
- Streamline people and process efficiency via automation, tooling, and best practices

Cloud Impacts on Services



FY20E Lower on Greater SI Involvement

Note1: Based on midpoint of outlook provided on FY19 Q4 Earnings Call

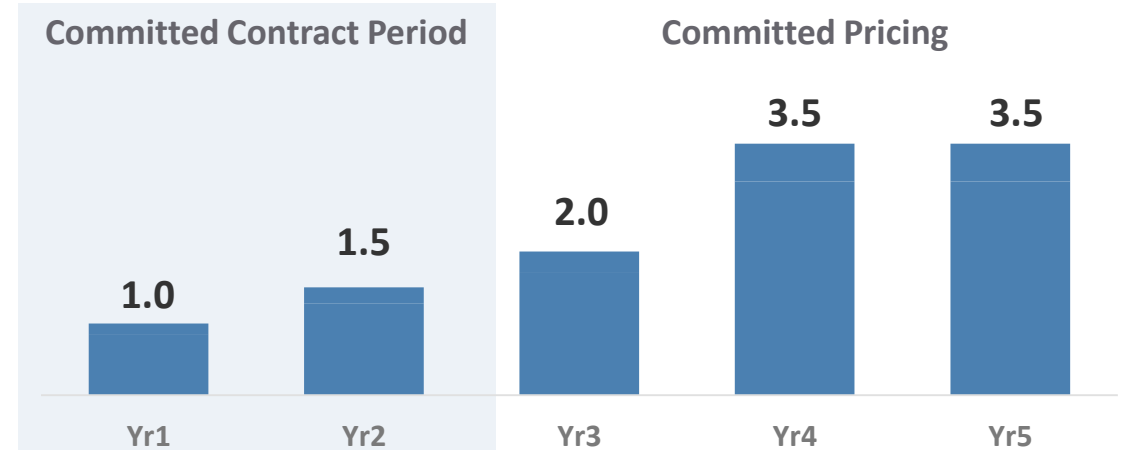
Modeling Revenue

Modeling Revenue: New Term Deal

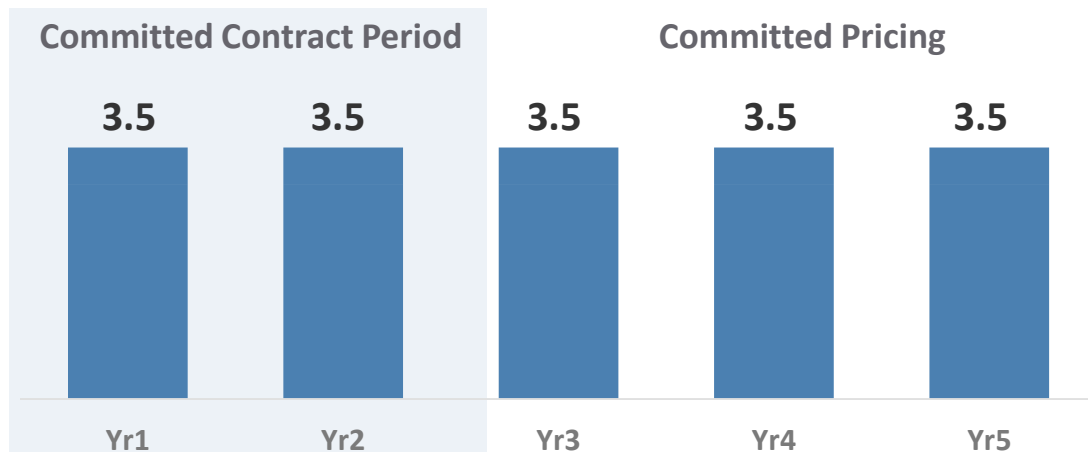
Deal Terms

- Term Deal (\$ in millions)
 - Standard 2+1 contract
 - Ramped pricing
 - 5 Year committed pricing
 - Executed mid-year

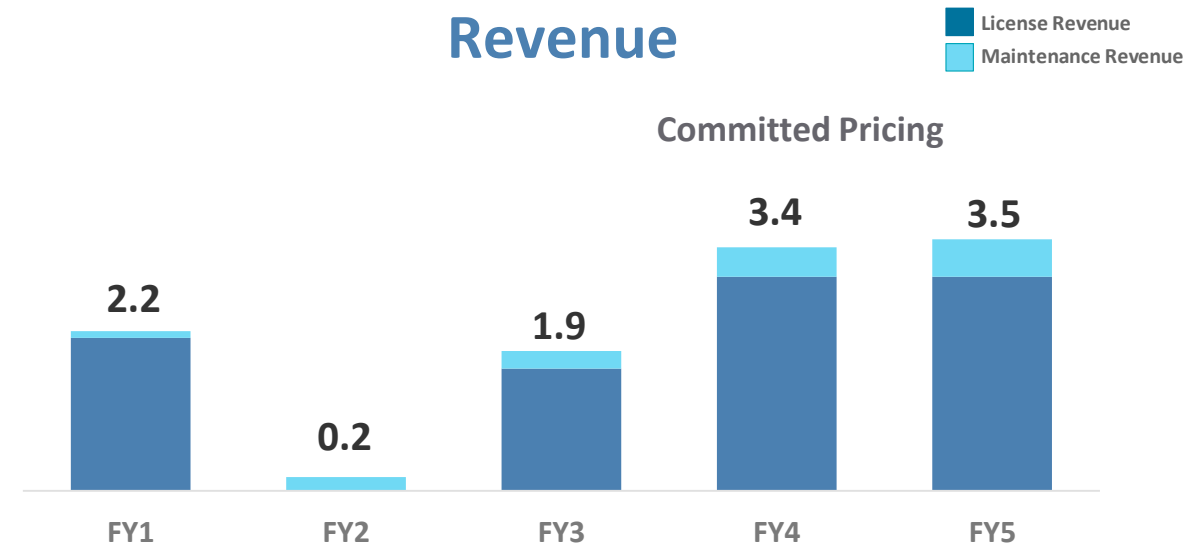
ARR



Fully Ramped ARR



Revenue

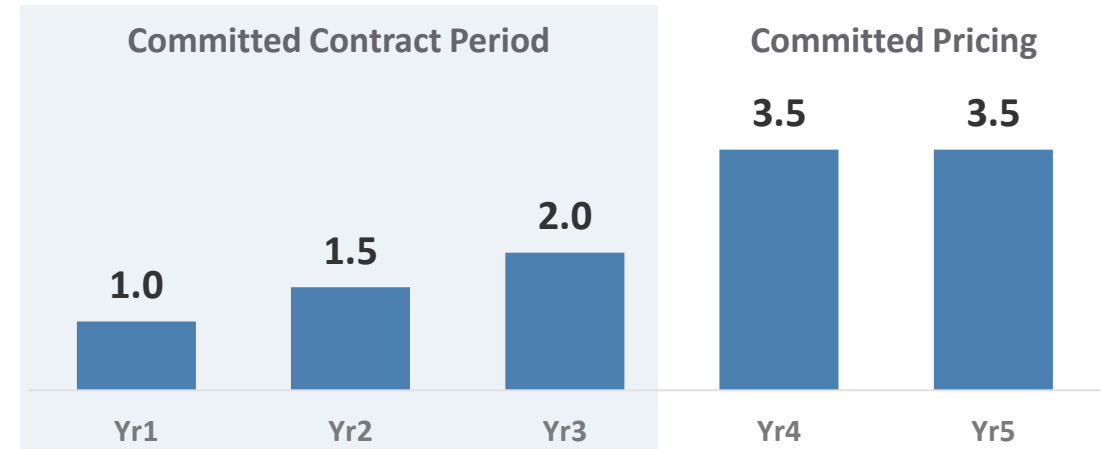


Modeling Revenue: New Cloud Deal

Deal Terms

- New Cloud Deal (\$ in millions)
 - 3-year contract
 - Ramped pricing
 - 5-year committed pricing
 - Executed / provisioned mid-year

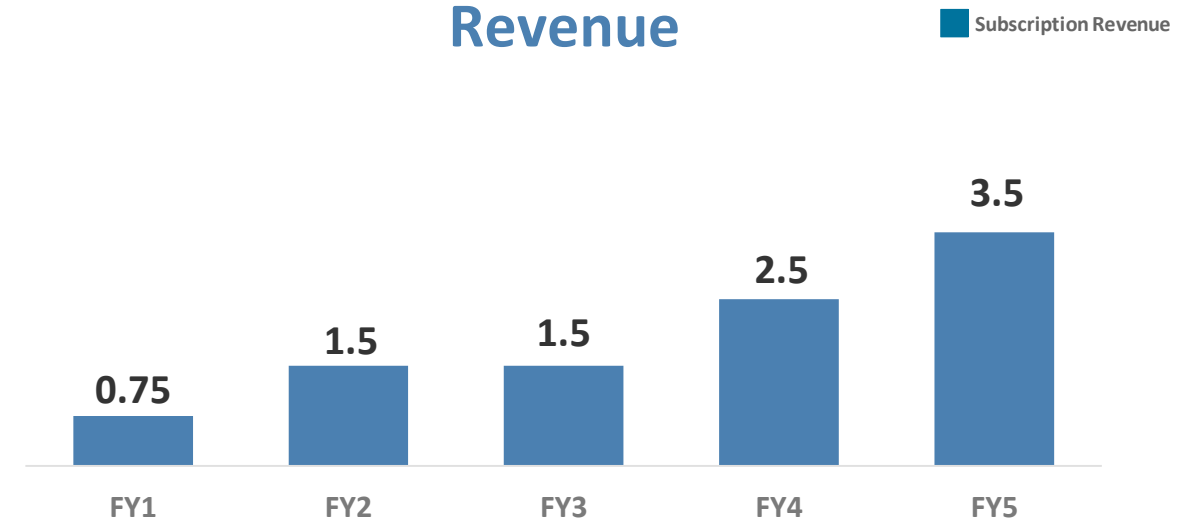
ARR



Fully Ramped ARR



Revenue



Long-Term Model Discussion

FY20 Outlook

	FY18A	FY19A	FY20E
ARR	\$412M	\$460M	\$529M ¹
% Subscription of New Sales	36%	65%	55-75%
Subscription % of License & Subscription Revenue	11%	17%	24% ²
Services % of Total Revenue	41%	35%	30% ²
Total Revenue	\$653M	\$720M	\$765M ²
Gross Margin	61%	62%	58.5% ²
Research & Development	22%	23%	
Sales & Marketing	15%	14%	
General & Administrative	8%	7%	
Operating Margin	16%	17%	13% ²
FCF Margin	20%	13% ³	12% ³

- **ARR**
 - Expect ARR growth to accelerate off FY19 low point
- **Revenue**
 - Subscription % of L&S Revenue and revenue increasing
 - Services revenue mix declining
- **Gross Margin**
 - Contraction near term due to investments in Cloud Operations
- **Operating Margin**
 - Declines largely as a result of gross margin contraction

Note1: FY20 ARR range based upon 14-16% range provided on the FY19Q4 Earnings Call

Note2: Based on midpoint of outlook provided on FY19Q4 Earnings Call; Details can be found in appendix

Note3: Excludes one-time \$24 million due to HQ buildout in FY19 and \$11 million due to HQ buildout in FY20

Long-Term Model Commentary - Growth

New Sales/ARR

- Cloud demand higher than previously expected driving subscription revenue growth
- Cloud deals driving subscription mix of new sales above 80% by FY23
- Overall software revenue growing faster than prior plan
- ARR growth ~20% by FY22

Services

- Partners led implementations lowering services mix of revenue ~25% by FY23
- Services revenue expectations lower than prior FY23 expectation

Total Revenue

- Still targeting \$1.3B in total revenue in FY23
- Higher software revenue offsetting lower Services revenue

Long-Term Model Commentary - Profitability

Gross Margin

- Investments required near term to support Cloud demand
- Lower software margins vs prior FY23 expectations
- Longer term 65%+ subscription margins still expected

Cloud COGS

- Drive standardization (contract, implementation) and conformance
- Maximize cost and compute resource efficiency
- Streamline people and process efficiency via automation, tooling, and best practice

OPEX

- Incremental S&M investments vs prior FY23 target to support Cloud demand
- No changes to R&D and G&A margin ranges

Operating Margin

- FY23 Operating Margin lower vs prior FY23 expectations by 4-6 percentage points
- Longer term 30%+ operating margin target expected in FY24-FY26

FCF

- Once cash taxpayer - FCF to trail operating margin by 2-4 percentage points
- 21% non-GAAP tax rate

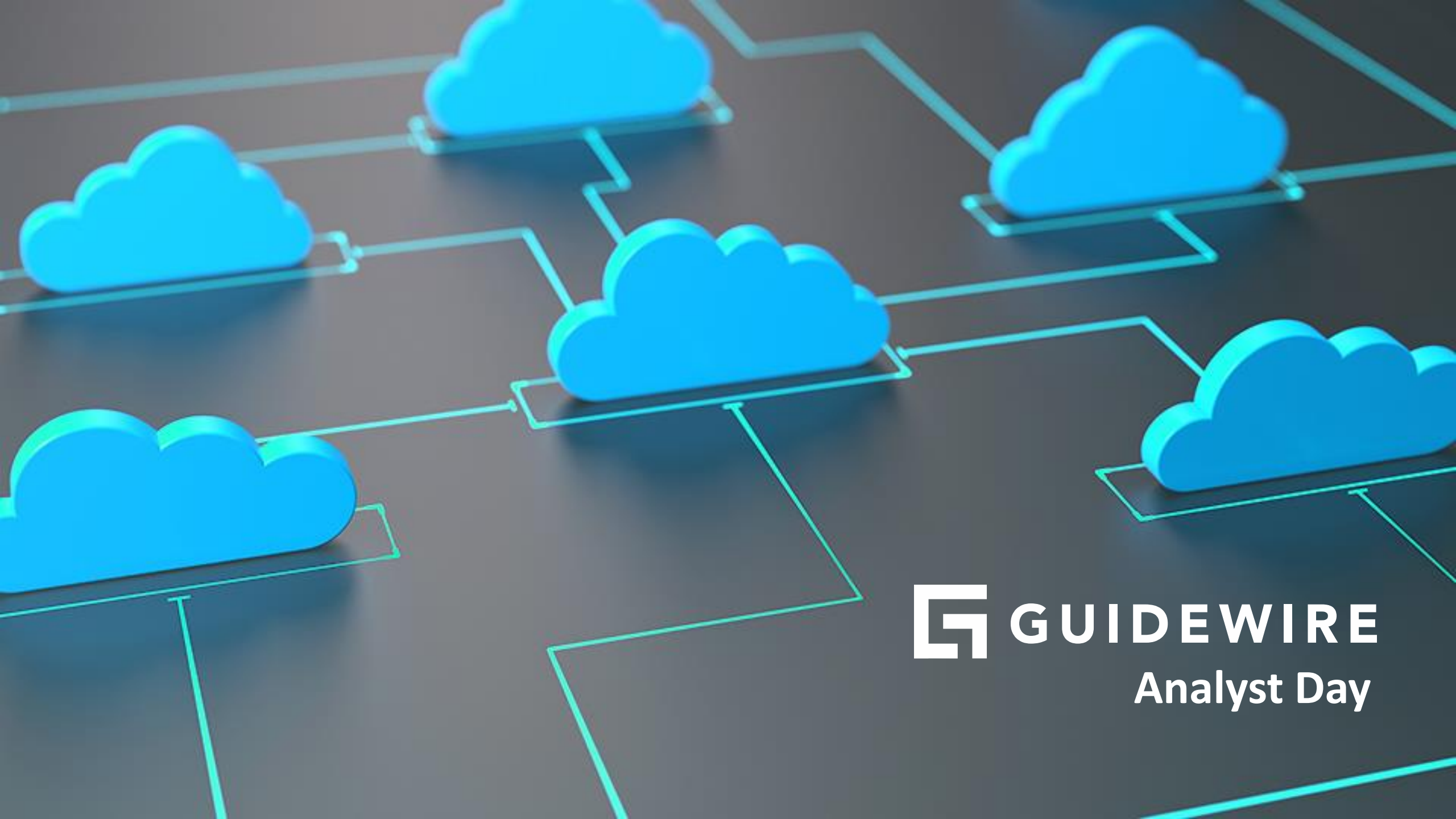
Long-Term Model Update

	FY19A	FY20E
ARR	\$460M	\$529M ¹
% Subscription of New Sales	65%	55-75%
Subscription % of License & Subscription Revenue	17%	24% ²
Services % of Total Revenue	35%	30% ²
Total Revenue	\$720M	\$765M²
Gross Margin	62%	58.5% ²
Research & Development	23%	
Sales & Marketing	14%	
General & Administrative	7%	
Operating Margin	17%	13%²
FCF Margin	13% ³	12% ³

	FY23E	
	\$930M	• 19% CAGR; 20%+ in FY23
	81-83%	• Increased from 80%
	57-59%	• Higher due to Cloud demand
	~25%	• Lower on faster cloud growth & higher SI involvement
	~\$1.3B	• No change
	62-64%	• 65% Sub Margin in FY24
	17-19%	• No change
	13-15%	• Modest increase
	5.5-6.5%	• No change
	22-24%	• Expect 30%+ by FY24-FY26
	23-25%	• Trail OM by 2-4 percentage points once cash taxpayer



Note1: ARR based on constant currency; FY20 ARR range based upon midpoint of 14-16% range provided on the FY19Q4 Earnings Call
 Note2: Based on midpoint of outlook provided on FY19Q4 Earnings Call; Details can be found in appendix
 Note3: Excludes one-time \$24 million due to HQ buildout in FY19 and \$11 million due to HQ buildout in FY20



 **GUIDEWIRE**
Analyst Day

Appendix

Modeling Revenue: Cloud Migration Deal

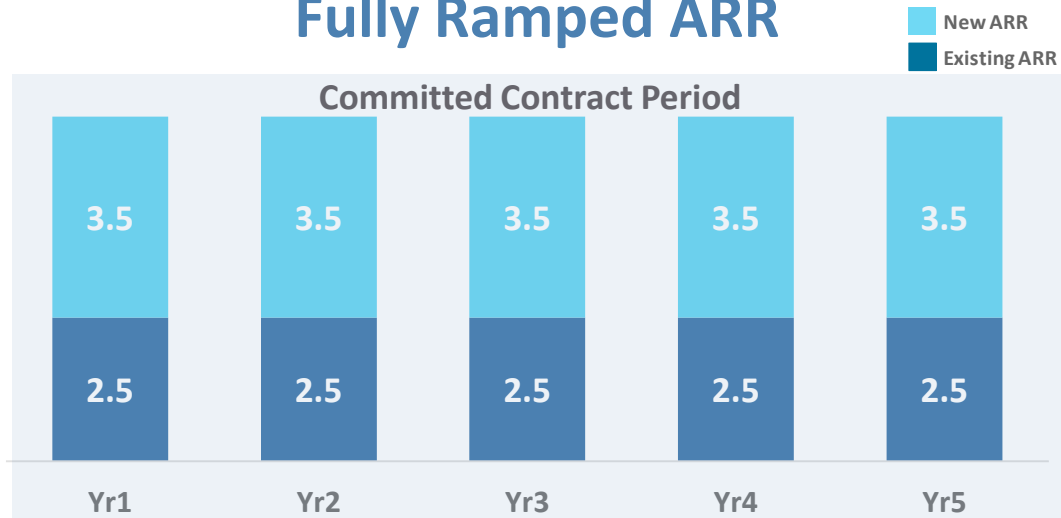
Deal Terms

- Migration Cloud Deal (\$ in millions)
 - Existing Self-Managed customer paying \$2.5M per year
 - 5-year migration contract
 - 5-year committed pricing
 - Executed / provisioned mid-year

ARR



Fully Ramped ARR



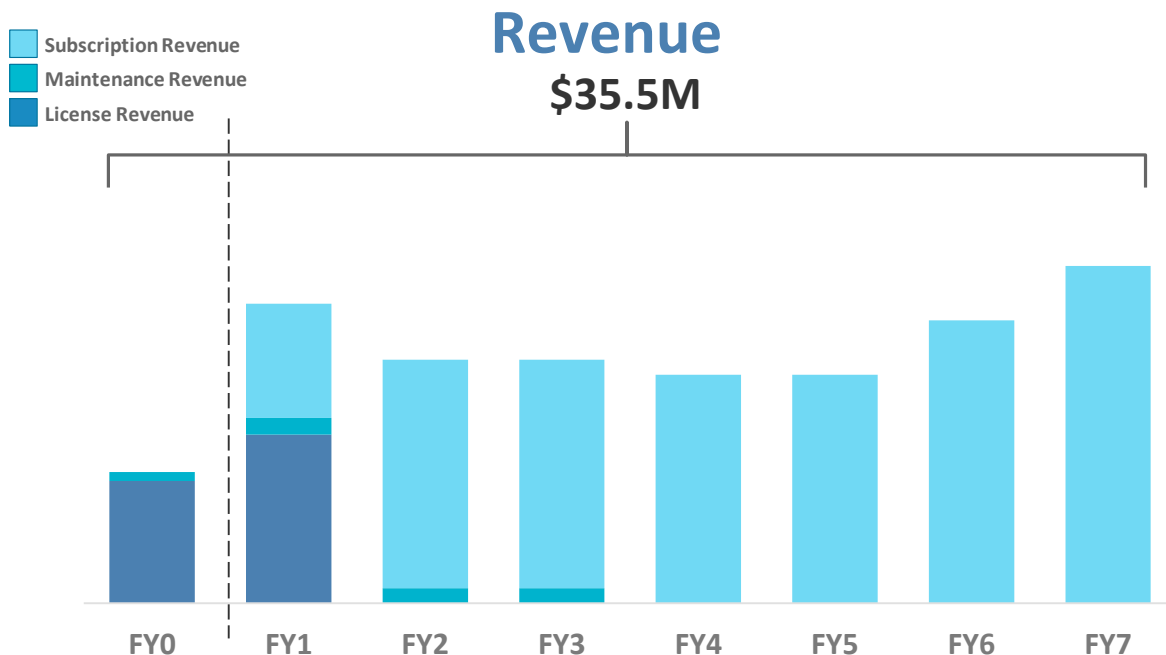
Revenue

- Revenue recognition will allocate revenue to Term License, Maintenance, and Subscription
- Customer has right to use term license during migration period
- Revenue allocation assumes customer will use self-managed software for ~2 years on average
- Timing of term license revenue recognition is impacted by the renewal timing of the existing customer relationship – next page...

Cloud Migrations – Timing of Revenue Recognition

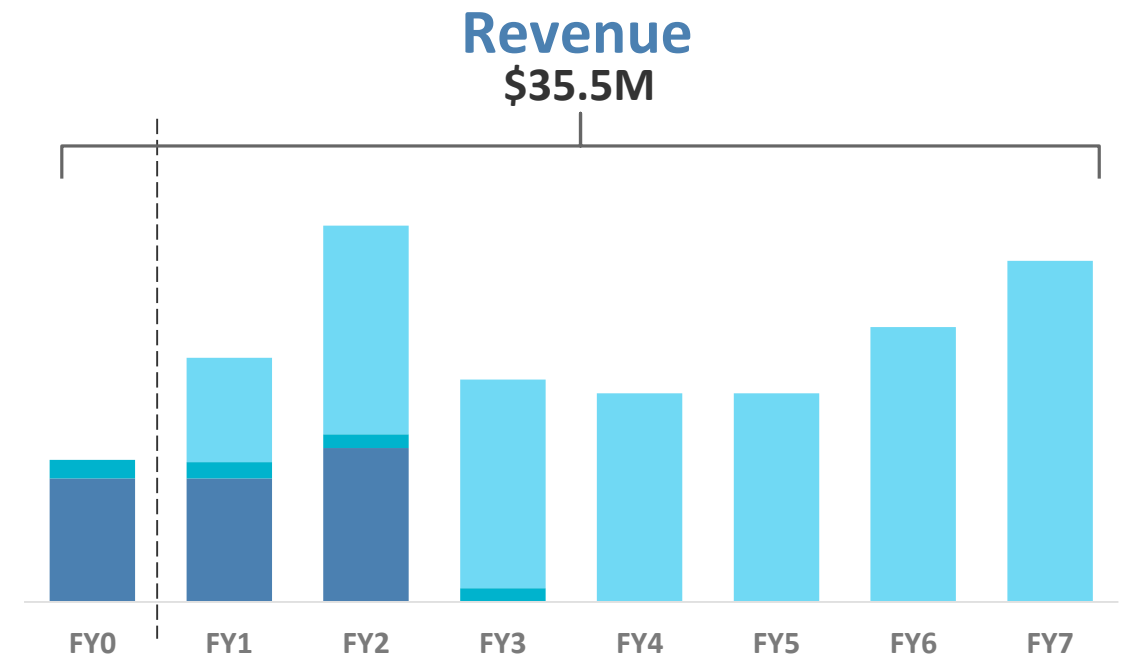
Migration deal combined with renewal date

- Mid-year deal executed in conjunction with mid-year renewal
- Term license revenue recognized with new cloud deal is higher than pre-existing renewal amount due to allocation of term license from Cloud deal



Migration deal after renewal date

- Mid-year deal executed after Q1 renewal occurred
- Q1 Term License renewal recognized in year 1
- Allocated Term License revenue from migration deal held until next renewal date in Q1 of year 2
- As a result, Allocated Term License revenue is not recognized at signing of cloud migration deal



Q1 & Full Year FY20 Guidance

(\$ in Millions)

	FY20 Q1	FY20
Revenue		
License & Other	78.0 – 80.0	443.0 – 455.0
Maintenance	19.0 – 20.0	85.0 – 87.0
Services	51.0 – 54.0	224.0 – 236.0
TOTAL REVENUE	149.0 – 153.0	759.0 – 771.0
<i>Gross Margin</i>		<i>58% - 59%</i>
Non-GAAP operating income (loss)	(3.0) – 1.0	96.0 – 108.0
<i>Operating Margin</i>		<i>13% - 14%</i>

Reconciliation of Non-GAAP Operating Income

\$ in Millions	FY 20 Q1(E)	FY 20(E)
Income (loss) from operations	(33.8) - (29.8)	(41.4) - (29.4)
Non-GAAP adjustments:		
Total stock-based compensation	22.4 - 24.4	103.3 - 113.3
<u>Amortization of intangible assets</u>	<u>7.3</u> - <u>7.3</u>	<u>29.1</u> - <u>29.1</u>
Non-GAAP operating (loss) income	(3.0) - 1.0	96.0 - 108.0

Reconciliation of Non-GAAP License & Subscription Gross Margin

\$ in Millions	FY 18(A)	FY 19(A)	FY 20(E)
GAAP License & Subscription Gross Margin	89%	83%	75%
Non-GAAP adjustments:			
Total stock-based compensation	0%	1%	0%
<u>Amortization of intangible assets</u>	<u>6%</u>	<u>5%</u>	<u>2%</u>
Non-GAAP License & Subscription Gross Margin	95%	89%	78%

Note: Numbers may not add up due to rounding

Reconciliation of Non-GAAP Margins

As % of Revenue	GAAP	Stock-based Compensation	Amortization of Intangible Assets	Non- GAAP
FY2018				
Gross Margin	55%	4%	3%	61%
R&D as % of Rev	26%	(4%)	--	22%
S&M as % of Rev	19%	(3%)	(1%)	15%
G&A as % of Rev	12%	(3%)	--	8%
Operating Margin	(2%)	14%	4%	16%
FY2019				
Gross Margin	55%	4%	3%	62%
R&D as % of Rev	26%	(3%)	--	23%
S&M as % of Rev	18%	(3%)	(1%)	14%
G&A as % of Rev	10%	(3%)	--	7%
Operating Margin	1%	13%	4%	17%
FY2020E				
Gross Margin	50%	6%	2%	58.5%
Operating Margin	(4%)	14%	3%	13%

Note: Numbers may not add up due to rounding

GAAP to NonGAAP Reconciliation

Guidewire Software, Inc. and subsidiaries
Condensed Consolidated Statement of Operations - GAAP
(unaudited, in thousands except share and per share amounts)

Description	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Revenue:										
License and subscription	\$ 32,136	\$ 80,782	\$ 52,392	\$ 143,697	\$ 309,007	\$ 94,680	86,713	76,218	127,711	\$ 385,322
Maintenance	18,930	19,110	18,749	20,548	77,337	21,003	21,264	21,335	21,822	85,424
Services	59,148	60,334	71,008	76,015	266,505	64,572	60,557	65,314	58,325	248,768
Total revenue	110,214	160,226	142,149	240,260	652,849	180,255	168,534	162,867	207,858	719,514
Cost of revenue:										
License and subscription	6,715	9,040	9,742	9,955	\$ 35,452	13,330	14,739	15,781	20,948	\$ 64,798
Maintenance	3,467	3,593	3,828	3,895	14,783	3,868	3,954	3,924	4,753	16,499
Services	52,924	54,883	62,111	76,630	246,548	64,410	60,987	60,573	57,083	243,053
Total cost of revenue	63,106	67,516	75,681	90,480	296,783	81,608	79,680	80,278	82,784	324,350
Gross profit:										
License and subscription	25,421	71,742	42,650	133,742	\$ 273,555	81,350	71,974	60,437	106,763	\$ 320,524
Maintenance	15,463	15,517	14,921	16,653	62,554	17,135	17,310	17,411	17,069	68,925
Services	6,224	5,451	8,897	(615)	19,957	162	(430)	4,741	1,242	5,715
Total gross profit	47,108	92,710	66,468	149,780	356,066	98,647	88,854	82,589	125,074	395,164
Operating expenses:										
Research and development	35,711	43,657	46,787	45,502	\$ 171,657	45,496	46,471	47,102	49,472	\$ 188,541
Sales and marketing	23,610	31,961	30,378	38,168	124,117	32,319	31,173	33,301	33,958	130,751
General and administrative	18,671	21,066	18,170	18,009	75,916	18,345	17,541	17,953	20,562	74,401
Total operating expenses	77,992	96,684	95,335	101,679	371,690	96,160	95,185	98,356	103,992	393,693
Income (loss) from operations	(30,884)	(3,974)	(28,867)	48,101	(15,624)	2,487	(6,331)	(15,767)	21,082	1,471
Interest income	1,912	1,573	3,762	6,034	13,281	6,851	7,553	7,748	8,030	30,182
Interest expense	(4)	(7)	(2,228)	(4,203)	(6,442)	(4,244)	(4,287)	(4,327)	(4,476)	(17,334)
Other income (expense), net	(262)	1,658	(356)	(531)	509	(1,489)	1,148	(617)	(909)	(1,867)
Income (loss) before provision for (benefit from) income taxes	(29,238)	(750)	(27,689)	49,401	(8,276)	3,605	(1,917)	(12,963)	23,727	12,452
Provision for (benefit from) income taxes	(26,488)	50,870	3,461	(9,376)	18,467	(2,704)	(1,916)	(4,382)	\$ 722	(8,280)
Net income (loss)	\$ (2,750)	\$ (51,620)	\$ (31,150)	\$ 58,777	\$ (26,743)	\$ 6,309	\$ (1)	\$ (8,581)	\$ 23,005	\$ 20,732
Earnings per share:										
Basic	\$ (0.04)	\$ (0.67)	\$ (0.40)	\$ 0.73	\$ (0.34)	\$ 0.08	\$ —	\$ (0.11)	\$ 0.28	\$ 0.25
Diluted	\$ (0.04)	\$ (0.67)	\$ (0.40)	\$ 0.72	\$ (0.34)	\$ 0.08	\$ —	\$ (0.11)	\$ 0.28	\$ 0.25
Shares used in computing net earnings per share:										
Basic	75,187,430	76,859,040	78,777,484	80,433,450	77,709,592	80,821,227	81,217,511	81,606,088	81,977,722	81,447,998
Diluted	75,187,430	76,859,040	78,777,484	82,162,624	77,709,592	82,209,988	81,217,511	81,606,088	82,928,818	82,681,214
Stock-based compensation	\$ 19,623	\$ 25,032	\$ 23,839	\$ 21,120	\$ 89,614	\$ 23,335	\$ 24,372	\$ 21,049	\$ 22,759	\$ 91,515

These schedules have been derived from, and should be read in conjunction with, our financial statements in our reports on Forms 10-Q and 10-K which are filed with the SEC. Our Forms 10-Q and 10-K may be found on our website at <http://ir.guidewire.com/phoenix.zhtml?c=248177&p=irol-IRHome>

GAAP to NonGAAP Reconciliation

Guidewire Software, Inc. and subsidiaries
Condensed Consolidated Statement of Operations - Non-GAAP Adjustments
(unaudited, in thousands)

Description	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Amortization of intangibles acquired in business combinations	\$ 3,885	\$ 5,305	\$ 5,305	\$ 4,984	\$ 19,479	\$ 4,945	\$ 4,945	\$ 4,945	\$ 4,945	\$ 19,780
Stock-based compensation	174	258	274	296	1,002	334	535	589	1,553	3,011
Total adjustment to cost of revenue - license and subscription	4,059	5,563	5,579	5,280	20,481	5,279	5,480	5,534	6,498	22,791
Stock-based compensation	455	481	462	488	1,886	534	558	274	455	1,821
Total adjustment to cost of revenue - maintenance	455	481	462	488	1,886	534	558	274	455	1,821
Stock-based compensation	5,226	5,446	5,310	5,874	21,857	5,968	6,210	5,720	4,883	22,781
Total adjustment to cost of revenue - services	5,226	5,446	5,310	5,874	21,857	5,968	6,210	5,720	4,883	22,781
Stock-based compensation	4,912	7,697	7,236	5,595	25,440	6,406	6,440	4,919	5,655	23,420
Total adjustment to research and development	4,912	7,697	7,236	5,595	25,440	6,406	6,440	4,919	5,655	23,420
Stock-based compensation	4,217	5,024	4,527	4,619	18,387	4,621	5,074	4,731	4,819	19,245
Amortization of intangibles acquired in business combinations	891	2,364	2,364	2,364	7,983	2,364	2,364	2,333	2,272	9,333
Total adjustment to sales and marketing	5,108	7,388	6,891	6,983	26,370	6,985	7,438	7,064	7,091	28,578
Stock-based compensation	4,639	6,126	6,030	4,248	21,043	5,472	5,555	4,816	5,394	21,237
Total adjustment to general and administrative	4,639	6,126	6,030	4,248	21,043	5,472	5,555	4,816	5,394	21,237
Amortization of debt discount and issuance costs	—	—	1,568	2,944	4,512	2,986	3,027	3,070	3,111	12,194
Total adjustment to interest expense	—	—	1,568	2,944	4,512	2,986	3,027	3,070	3,111	12,194
Non-GAAP tax impact	(25,225)	42,139	2,228	(28,919)	(9,777)	(8,863)	(7,411)	(7,586)	(9,818)	(33,678)
Total adjustment to provision for (benefit from) income	(25,225)	42,139	2,228	(28,919)	(9,777)	(8,863)	(7,411)	(7,586)	(9,818)	(33,678)

Taxes
These schedules have been derived from, and should be read in conjunction with, our financial statements in our reports on Forms 10-Q and 10-K which are filed with the SEC. Our Forms 10-Q and 10-K may be found on our website at <http://ir.guidewire.com/phoenix.zhtml?c=248177&p=irol-sec>.

GAAP to NonGAAP Reconciliation

Guidewire Software, Inc. and subsidiaries
Condensed Consolidated Statement of Operations - Other Reconciliations

Description	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Reconciliation of GAAP to Non-GAAP earnings per share:										
GAAP diluted earnings per share	\$ (0.04)	\$ (0.67)	\$ (0.40)	\$ 0.72	\$ (0.34)	\$ 0.08	\$ —	\$ (0.11)	\$ 0.28	\$ 0.25
Amortization of intangibles acquired in business combinations	0.06	0.10	0.10	0.09	0.35	0.09	0.09	0.09	0.09	0.36
Stock-based compensation	0.26	0.33	0.30	0.26	1.15	0.28	0.30	0.26	0.27	1.11
Amortization of debt discount and issuance costs	—	—	0.02	0.04	0.06	0.04	0.04	0.04	0.04	0.16
Non-GAAP tax impact	(0.34)	0.54	0.02	(0.37)	(0.14)	(0.11)	(0.10)	(0.09)	(0.12)	(0.42)
Non-GAAP dilutive shares excluded from GAAP EPS calculation	0.01	—	0.01	0.01	(0.01)	—	—	(0.01)	—	(0.01)
Non-GAAP diluted earnings per share	\$ (0.05)	\$ 0.30	\$ 0.05	\$ 0.75	\$ 1.07	\$ 0.38	\$ 0.33	\$ 0.18	\$ 0.56	\$ 1.45
Diluted weighted average shares outstanding	75,187,430	76,859,040	78,777,484	82,162,624	77,709,592	82,209,988	81,217,511	81,606,088	82,928,818	82,681,214
Non-GAAP dilutive shares excluded from GAAP EPS calculation	—	1,460,188	1,581,552	—	1,785,533	—	974,157	1,031,086	—	—
Diluted pro forma shares outstanding	75,187,430	78,319,228	80,359,036	82,162,624	79,495,125	82,209,988	82,191,668	82,637,174	82,928,818	82,681,214
Gross margin:										
Licensing:										
GAAP gross margin	79.1%	88.8%	81.4%	93.1%	88.5%	85.9%	83.0%	79.3%	83.6%	83.2%
Stock-based compensation	0.5%	0.3%	0.5%	0.2%	0.3%	0.4%	0.6%	0.8%	1.2%	0.8%
Amortization of acquired intangibles	12.1%	6.6%	10.2%	3.4%	6.4%	5.2%	5.7%	6.5%	3.9%	5.1%
Non-GAAP gross margin	91.7%	95.7%	92.1%	96.7%	95.2%	91.5%	89.3%	86.6%	88.7%	89.1%
Maintenance:										
GAAP gross margin	81.7%	81.2%	79.5%	81.0%	80.9%	81.6%	81.4%	81.6%	78.2%	80.7%
Stock-based compensation	2.4%	2.5%	2.5%	2.4%	2.4%	2.5%	2.6%	1.3%	2.1%	2.1%
Non-GAAP gross margin	84.1%	83.7%	82.0%	83.4%	83.3%	84.1%	84.0%	82.9%	80.3%	82.8%
Services:										
GAAP gross margin	10.6%	9.1%	12.5%	(0.8)%	7.5%	0.3%	(0.7)%	7.2%	2.1%	2.3%
Stock-based compensation	8.8%	9.0%	7.5%	7.7%	8.2%	9.2%	10.3%	8.8%	8.4%	9.2%
Non-GAAP gross margin	19.4%	18.1%	20.0%	6.9%	15.7%	9.5%	9.6%	16.0%	10.5%	11.5%
Overall:										
GAAP gross margin	42.8%	57.8%	46.7%	62.3%	54.5%	54.8%	52.8%	50.8%	60.2%	54.9%
Amortization of acquired intangibles	3.5%	3.3%	3.7%	2.1%	3.0%	2.7%	2.9%	3.0%	2.4%	2.7%
Stock-based compensation	5.3%	3.9%	4.3%	2.8%	3.8%	3.8%	4.3%	4.0%	3.3%	3.8%
Non-GAAP gross margin	51.6%	65.0%	54.7%	67.2%	61.3%	61.3%	60.0%	57.8%	65.9%	61.4%

(1) Due to the occurrence of a net loss on a GAAP basis in certain periods, potentially dilutive securities were excluded from the calculation of GAAP earnings per share, as they would have an antidilutive effect. However, as net income was earned on a Non-GAAP basis, these shares have a dilutive effect on Non-GAAP earnings per share and are included here.

These schedules have been derived from, and should be read in conjunction with, our financial statements in our reports on Forms 10-Q and 10-K which are filed with the SEC. Our Forms 10-Q and 10-K may be found on our website at <http://ir.guidewire.com/phoenix.zhtml?c=248177&p=irol-sec>.

GAAP to NonGAAP Reconciliation

Guidewire Software, Inc. and subsidiaries										
Condensed Consolidated Statement of Operations - Non-GAAP Gross Profit Reconciliations										
(unaudited, in thousands except percentage)										
Description	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Gross profit reconciliation:										
GAAP gross profit	\$ 47,108	\$ 92,710	\$ 66,468	\$ 149,780	\$ 356,066	\$ 98,647	\$ 88,854	\$ 82,589	\$ 125,074	\$ 395,164
Non-GAAP adjustments:										
Stock-based compensation	5,855	6,185	6,046	6,658	24,744	6,836	7,303	6,583	6,891	27,613
Amortization of intangibles	3,885	5,305	5,305	4,984	19,479	4,945	4,945	4,945	4,945	19,780
Non-GAAP tax impact	—	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit	\$ 56,848	\$ 104,200	\$ 77,819	\$ 161,422	\$ 400,289	\$ 110,428	\$ 101,102	\$ 94,117	\$ 136,910	\$ 442,557
Non-GAAP gross margin	51.6%	65.0%	54.7%	67.2%	61.3%	61.3%	60.0%	57.8%	65.9%	61.5%
Gross profit reconciliation - license and subscription revenue:										
GAAP gross profit - license revenue	\$ 25,421	\$ 71,742	\$ 42,650	\$ 133,742	\$ 273,555	\$ 81,350	\$ 71,974	\$ 60,437	\$ 106,763	\$ 320,524
Non-GAAP adjustments:										
Stock-based compensation	174	258	274	296	1,002	334	535	589	1,553	3,011
Amortization of intangibles	3,885	5,305	5,305	4,984	19,479	4,945	4,945	4,945	4,945	19,780
Non-GAAP tax impact	—	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit - license and subscription revenue	\$ 29,480	\$ 77,305	\$ 48,229	\$ 139,022	\$ 294,036	\$ 86,629	\$ 77,454	\$ 65,971	\$ 113,261	\$ 343,315
Non-GAAP gross margin - license revenue	91.7%	95.7%	92.1%	96.7%	95.2%	91.5%	89.3%	86.6%	88.7%	89.1%
Gross profit reconciliation - maintenance revenue:										
GAAP gross profit - maintenance revenue	\$ 15,463	\$ 15,517	\$ 14,921	\$ 16,653	\$ 62,554	\$ 17,135	\$ 17,310	\$ 17,411	\$ 17,069	\$ 68,925
Non-GAAP adjustments:										
Stock-based compensation	455	481	462	488	1,886	534	558	274	455	1,821
Amortization of intangibles	—	—	—	—	—	—	—	—	—	—
Non-GAAP tax impact	—	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit - maintenance revenue	\$ 15,918	\$ 15,998	\$ 15,383	\$ 17,141	\$ 64,440	\$ 17,669	\$ 17,868	\$ 17,685	\$ 17,524	\$ 70,746
Non-GAAP gross margin - maintenance revenue	84.1%	83.7%	82.0%	83.4%	83.3%	84.1%	84.0%	82.9%	80.3%	82.8%
Gross profit reconciliation - service revenue:										
GAAP gross profit - service revenue	\$ 6,224	\$ 5,451	\$ 8,897	\$ (615)	\$ 19,957	\$ 162	\$ (430)	\$ 4,741	\$ 1,242	\$ 5,715
Non-GAAP adjustments:										
Stock-based compensation	5,226	5,446	5,310	5,874	21,856	5,968	6,210	5,720	4,883	22,781
Amortization of intangibles	—	—	—	—	—	—	—	—	—	—
Non-GAAP tax impact	—	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit - service revenue	\$ 11,450	\$ 10,897	\$ 14,207	\$ 5,259	\$ 41,813	\$ 6,130	\$ 5,780	\$ 10,461	\$ 6,125	\$ 28,496
Non-GAAP gross margin - service revenue	19.4%	18.1%	20.0%	6.9%	15.7%	9.5%	9.5%	16.0%	10.5%	11.5%

These schedules have been derived from, and should be read in conjunction with, our financial statements in our reports on Forms 10-Q and 10-K which are filed with the SEC. Our Forms 10-Q and 10-K may be found on our website at <http://ir.guidewire.com/phoenix.zhtml?c=248177&p=irol-sec>.

GAAP to NonGAAP Reconciliation

Guidewire Software, Inc. and subsidiaries
Condensed Consolidated Statement of Operations - Non-GAAP Reconciliations
(unaudited, in thousands)

Description	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
GAAP income (loss) from operations	\$ (30,884)	\$ (3,974)	\$ (28,867)	\$ 48,101	\$ (15,624)	\$ 2,487	\$ (6,331)	\$ (15,767)	\$ 21,082	\$ 1,471
Non-GAAP adjustments:										
Stock-based compensation	19,623	25,032	23,839	21,120	89,614	23,335	24,372	21,049	22,759	\$ 91,515
Amortization of intangibles	4,776	7,669	7,669	7,348	27,462	7,309	7,309	7,278	7,217	\$ 29,113
Non-GAAP income (loss) from operations	\$ (6,485)	\$ 28,727	\$ 2,641	\$ 76,569	\$ 101,452	\$ 33,131	\$ 25,350	\$ 12,560	\$ 51,058	\$ 122,099
Net income (loss) reconciliation:										
GAAP net income (loss)	\$ (2,750)	\$ (51,620)	\$ (31,150)	\$ 58,777	\$ (26,743)	\$ 6,309	\$ (1)	\$ (8,581)	\$ 23,005	\$ 20,732
Non-GAAP adjustments:										
Stock-based compensation	19,623	25,032	23,839	21,120	89,614	23,335	24,372	21,049	22,759	\$ 91,515
Amortization of intangibles	4,776	7,669	7,669	7,348	27,462	7,309	7,309	7,278	7,217	\$ 29,113
Amortization of debt discount and issuance costs	—	—	1,568	2,944	4,512	2,986	3,027	3,070	3,111	\$ 12,194
Non-GAAP tax impact	(25,225)	42,139	2,228	(28,919)	(9,777)	(8,863)	(7,411)	(7,586)	(9,818)	\$ (33,678)
Non-GAAP net income (loss)	\$ (3,576)	\$ 23,220	\$ 4,154	\$ 61,270	\$ 85,068	\$ 31,076	\$ 27,296	\$ 15,230	\$ 46,274	\$ 119,876

These schedules have been derived from, and should be read in conjunction with, our financial statements in our reports on Forms 10-Q and 10-K which are filed with the SEC. Our Forms 10-Q and 10-K may be found on our website at <http://ir.guidewire.com/phoenix.zhtml?c=248177&p=irol-sec>.