CUBEWEALTH

ZOOMINFO TECH EQUITY REPORT

SEPTEMBER 13TH, 2021

ZOOMINFO

BY THE NUMBERS

TICKER: ZI
PRICE: $63.16

ZoomInfo Technologies Inc. operates a cloud-based go-to-market intelligence platform for sales and marketing teams worldwide. The company's platform provides information and insights on the organizations and professionals. Its customers operate in various industry verticals, including software, business services, manufacturing, telecommunications, financial services, media and internet, transportation, education, hospitality, and real estate, as well as enterprises, mid-market companies, and down to small businesses.

The company was founded in 2007 and is headquartered in Vancouver, Washington.

N/A
DIVIDEND YIELD

+38%
YTD RETURN

$25.5B
MARKET CAP

ZOOMINFO TECHNOLOGIES

SHARE PRICE PERFORMANCE

YTD

ALL-TIME (JUNE 2020)

ANALYSIS

ZoomInfo (ZI), in simple terms, is a data powerhouse. Companies use their platform to gain better information into their potential customers by providing deep insights into things like personnel moves, pain points, or planned investments, technologies used by companies, intent signals, decision-maker contact information, advanced attributes (such as time series growth, granular department and location information, and employee trends), organizational charts, news and events, hierarchy information, locations, and funding details.

This powerful data allows ZI's customers to grow their business in the most efficient way possible and their subscription-based model allows for companies of all sizes to use their services.

Many software companies today are focused on cost cutting but ZoomInfo is focused on sales boosting. Their intention is to gather the latest and best info, bring it to your doorstep, and give your sales representatives the absolute highest conversion ratio for winning the company new business.

If you've worked in sales, you know that a lot of time is spent prospecting, vetting, trying to get in front of the decision maker, and then putting on your sales cap when you finally get the right person to talk to. Based on data, it is said that a sales rep is only selling 1/3 of his day because of all they must go through before they finally get a chance to sell and close.

Sales Reps Need Critical Questions Answered Before They Can Sell

"Is it a parent or a subsidiary?"

"Is this company in my territory?"

"Is this company a high priority target?"

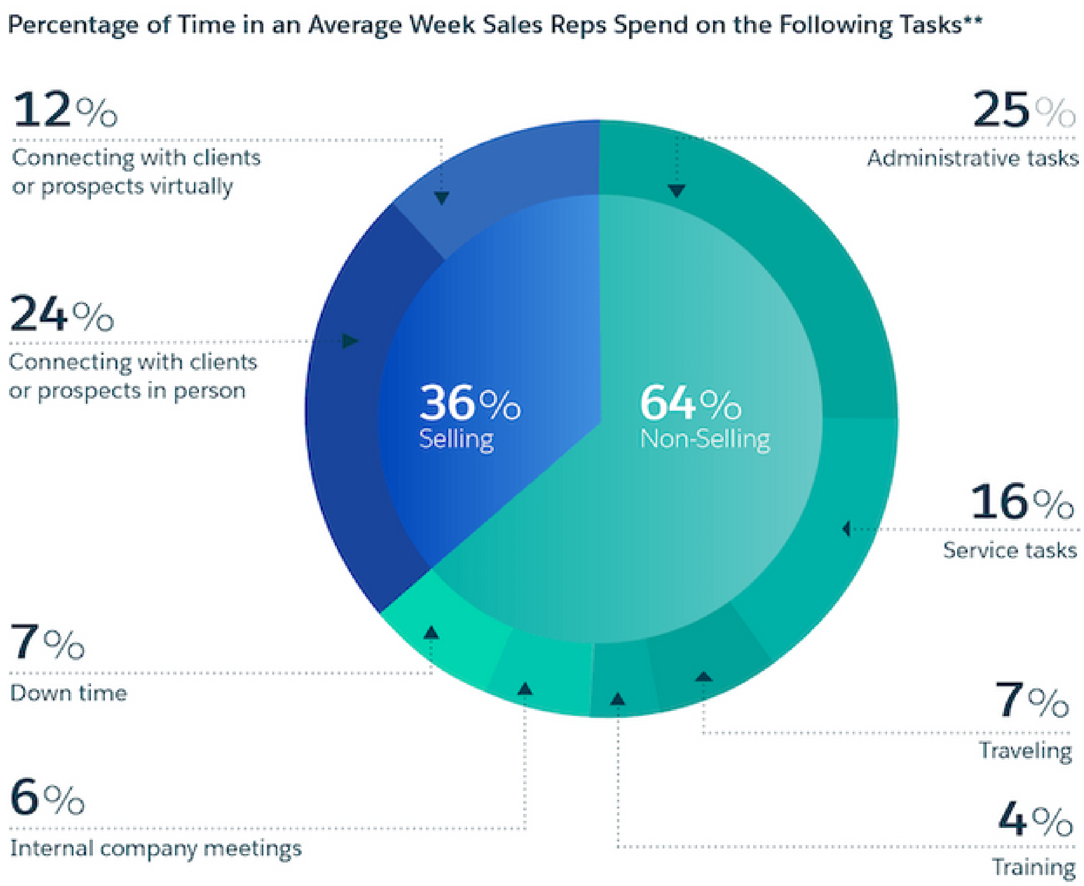
"Do they use a competitive technology?"

"Who is the decision maker?"

"How can I reach this contact?"

"What do I know about this contact?"

A second source from Salesforce had the same data regarding a salesperson's day with an even more specific breakdown.



Fun facts:

- **Nearly 13% of all the jobs in the U.S. (1 in 8) are full time sales positions.**
- **Over one trillion dollars (that's nine zeros) are spent annually on sales forces**
- **In a typical firm with 100-500 employees, an average of 7 people are involved in most buying decisions**

Why are those stats important? It gives us a better idea of how crucial ZoomInfo is for companies. When 7 people are responsible for the buying decisions of a 100-500 person company, you need to be able to locate those people to increase your chances of closing a deal. This is such a heavy-spending area for companies ($1T) and any way they can increase ROI will be welcomed.

Before moving on, another poll was done on nearly 500 salespeople and the biggest issues they face:

- **Lack of prospecting motivation**
  - Don't dedicate enough time or energy to prospecting: 66%
- **Poor targeting**
  - Don't know how to work with gatekeepers: 48%
  - Try to connect with people too low in the target organization: 43%
  - Don't target the right people: 41%
- **Insufficient outreach/giving up too early**
  - Don't touch prospects often enough to connect: 56%
  - Give up too easily: 51%
  - Don't use a variety of media (e.g., email, LinkedIn, phone) for outreach: 49%
  - Don't use the phone enough for outreach: 42%
- **Lack of research and customization**
  - Don't research prospects sufficiently before reaching out: 42%
  - Don't customize messages for each prospect: 41%

With regard to the first point, CUBE would argue much of the reason for the lack of motivation to prospect is because of how difficult it is and how discouraged salespeople can be doing it.

ZoomInfo targets many, if not all, of these pain points.

Case Studies

Let's walk through some case studies to better illustrate ZoomInfo's value.

Within the first year of the partnership, Zoom increased its number of ZoomInfo licenses by 1,050%. That same year, Zoom grew their revenue by 300%. “We went from segment to segment and trained all the teams on how they would use ZoomInfo for their specific prospecting motion,” said Rich Adams, Manager, Sales Tools Strategy at Zoom.

“Say I get an inbound lead from an IT admin,” said Adams. “That’s great that I’ve got the lead, but now I have questions. Who are the decision-makers? Who do they report to? Where do they sit? How close am I to someone in the organization who can actually make the decision to buy Zoom?”

1,050%

Within the first year of the relationship, Zoom increased its number of ZoomInfo licenses by 1,050%. During that same year, Zoom’s revenue grew by 300%.

90%

Of Zoom’s sales org relies on ZoomInfo

Since Zoom first adopted the ZoomInfo platform, they have increased their number of licenses by 5,900%. Of the people who make up their sales teams, 90% use ZoomInfo.

"We have very aggressive revenue growth targets. And so far, we have absolutely needed ZoomInfo in order to meet and exceed those goals."

Case Studies

clum

Trying ZoomInfo was a game-changer. “You guys gave me a free trial and that changed my life. I was floored,” Clum said. “Very few times in the business am I like, ‘Wow.’ I was trying to call someone at this major company, and with ZoomInfo, it was just, boom, here’s his extension. Boom, here’s his email. And I thought, ‘This must be a fluke.’ But then I tried another. And then another…”

104%

Increase in appointments scheduled

10x

ROI from ZoomInfo

ZoomInfo is ‘the only place in the world’ to get reliable contact information. “At the end of the day, if you’re a B2B company and you have a good product or service, the most important thing you need to do is figure out who your potential customers are and how to contact them, and the only way to contact them is with their contact information.

And literally the only place in the world to actually get accurate, real-life contact information—not just an InMail message which, you know, no one responds to—is ZoomInfo. It is an essential tool for any organization that’s looking to grow.”

Case Studies

Brandlive credits ZoomInfo's Intent data as a core contributor to their success. "We've been able to create more efficiency in how we go to market using ZoomInfo's Intent engine. In the first 6 months, we've generated more than 18,000 leads, created multiple millions in pipeline and closed $1,050,000 dollars strictly from ZoomInfo Intent leads," says Kolbert-Hyle.

$1 million+

In revenue from ZoomInfo Intent leads in 6 months

18k

Leads generated in 6 months

"We take pride in giving amazing demos and we have a high-touch sales process, so ZoomInfo positions our team to go into every conversation highly informed. Because ZoomInfo has so much information not just about contacts but about companies' organizational structure, it helps us not only land new business but intelligently expand existing enterprise accounts."

"It's irreplaceable. Not only were we impressed by the depth and breadth of the data but solutions like Custom Intent and Workflows really are a game changer enabling us to scale in a way we never thought possible. Our experience with ZoomInfo has been exceptional. The data, automation and customer service is unmatched."

Case Studies

“The depth and breadth of ZoomInfo’s database has enabled us to prospect better accounts and bring in larger deals. In fact, since bringing on ZoomInfo the average company size we’re closing has grown by 2.5x,” Josh Stern, Senior Sales Operations Manager at Hotel Engine.

“Additionally, on the sales side, ZoomInfo’s integration with Salesforce, has been huge for us. The ability to create leads with the click of a button has allowed us to streamline processes and save valuable time,” said Stern.

5x

Increase productivity

3x

Increase in demos scheduled

2.5x

Increase in average customer size

“At the time we had been using LinkedIn Sales Navigator as our primary sourcing tool but we found it wasn’t geared towards the types of individuals we were targeting,” explained Stern. “We were really impressed with the results we saw from ZoomInfo’s Enrich solution, so we decided to expand our use case by replacing LinkedIn Sales Navigator with ZoomInfo.”

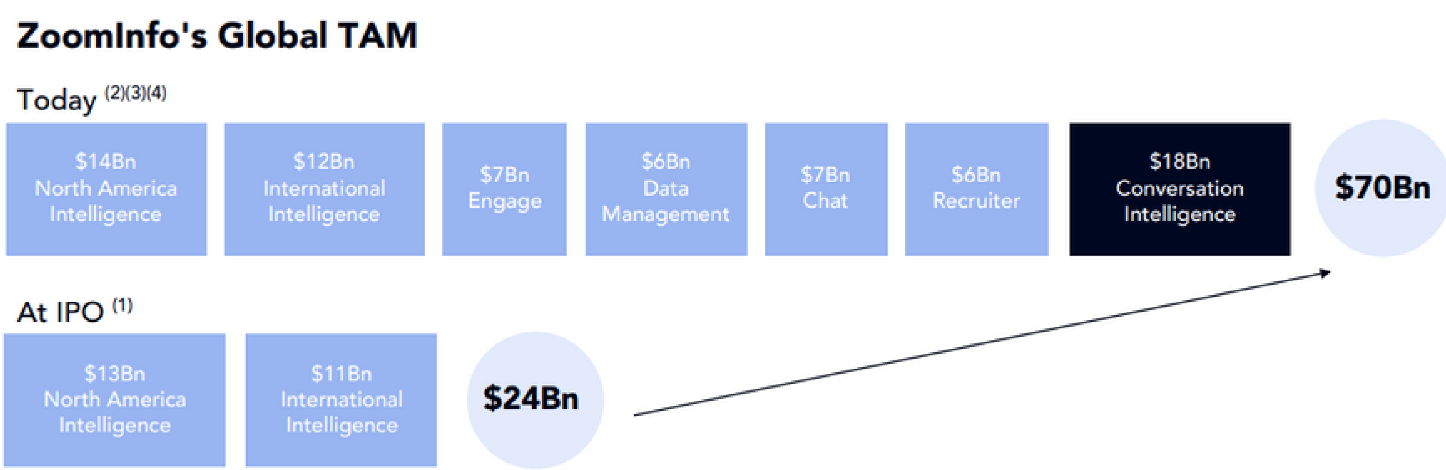
The list of case studies goes on for a long time as the company has over 20,000 customers - over 1,100 of which are spending more than $100,000/year with them.

No single customer makes up more than 1% of revenues either which is a big stat CUBE always looks for.

ZoomInfo also has a 108% net-dollar based retention rate meaning that current customers tend to spend an additional 8% with them Y/Y.

Only 9% of revenues come internationally meaning there is still a huge lever to pull for growth in other markets.

As we look at the image below, we are seeing ZI move into a lot of new business lines that has increased their total addressable market from $24B to $70B as they now go deeper into data management, chat, recruiter, and conversation intelligence markets. They have been moving into these segments both organically and inorganically as seen by their most recent acquisitions in Ringlead, Chorus.AI and Insent all this year.



CUBE'S TOP PROS

CASH FLOW MACHINE

REVENUE GROWTH

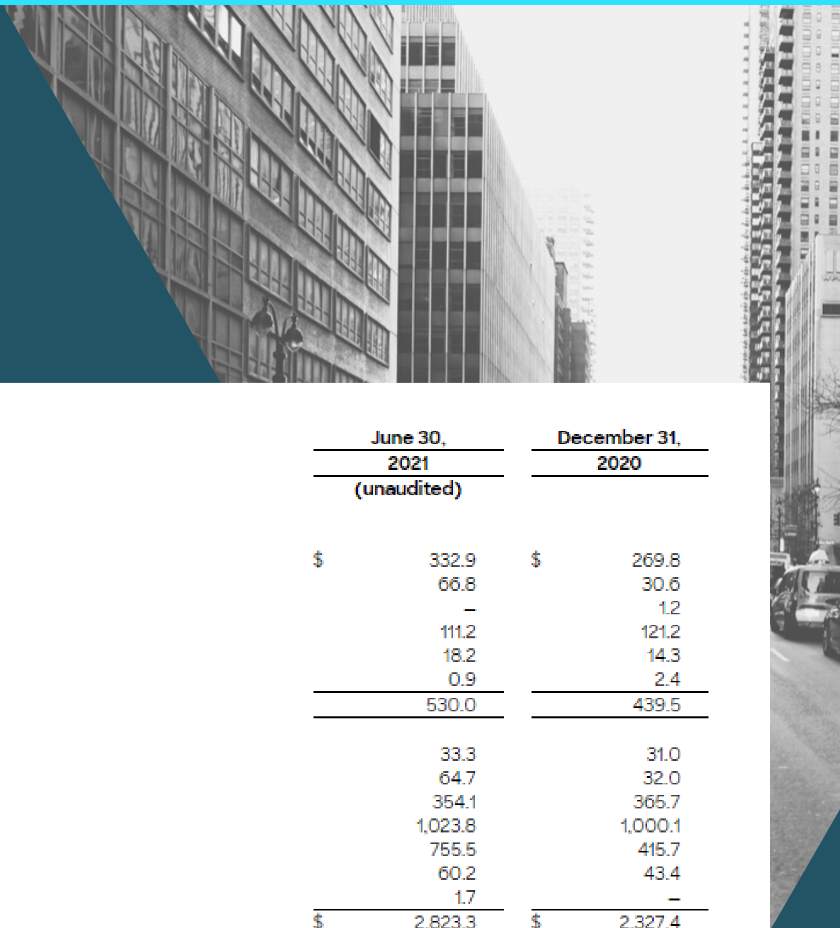
GROSS MARGINS

CUBE'S TOP CONS

RICH VALUATION

DATA PRIVACY COULD HURT BUSINESS

DEBT TO CASH RATIO



FINANCIAL STATEMENTS

BALANCE SHEET

		June 30, 2021 (unaudited)		December 31, 2020
Assets				
Current assets:				
Cash and cash equivalents	$	332.9	$	269.8
Short-term investments		66.8		30.6
Restricted cash, current		–		1.2
Accounts receivable		111.2		121.2
Prepaid expenses and other current assets		18.2		14.3
Income tax receivable		0.9		2.4
Total current assets		530.0		439.5
Property and equipment, net		33.3		31.0
Operating lease right-of-use assets, net		64.7		32.0
Intangible assets, net		354.1		365.7
Goodwill		1,023.8		1,000.1
Deferred tax assets		755.5		415.7
Deferred costs and other assets, net of current portion		60.2		43.4
Restricted cash, non-current		1.7		–
Total assets	$	2,823.3	$	2,327.4
Liabilities, Temporary, and Permanent Equity (Deficit)				
Current liabilities:				
Accounts payable	$	20.7	$	8.6
Accrued expenses and other current liabilities		71.3		81.5
Unearned revenue, current portion		274.1		221.3
Income taxes payable		5.3		3.4
Current portion of tax receivable agreements liability		6.2		–
Current portion of operating lease liabilities		7.9		6.0
Total current liabilities		385.5		320.8
Unearned revenue, net of current portion		1.9		1.4
Tax receivable agreements liability, net of current portion		545.2		271.0
Operating lease liabilities, net of current portion		65.3		33.6
Long-term debt, net of current portion		739.2		744.9
Deferred tax liabilities		88.4		8.3
Other long-term liabilities		6.1		7.8
Total liabilities		1,831.6		1,387.8
Commitments and Contingencies				
Permanent Equity (Deficit)				
Members' equity (deficit)		–		–
Class A common stock, par value $0.01		1.2		0.9
Class B common stock, par value $0.01		1.9		2.2
Class C common stock, par value $0.01		0.8		0.9
Additional paid-in capital		602.7		505.2
Accumulated other comprehensive income (loss)		1.2		(2.4)
Retained Earnings		8.5		(4.0)
Noncontrolling interests		375.4		436.8
Total equity (deficit)		991.7		939.6
Total liabilities, temporary, and permanent equity (deficit)	$	2,823.3	$	2,327.4

Looking at the balance sheet, ZI has $400M in cash and cash equivalents. This is up $100M compared to the same period last year.

While revenues are up considerably, accounts receivables are actually down Y/Y which means that ZI is not having an issue collecting payment.

As we move down the statement, we notice that quite a lot of their assets are made up of Goodwill to the tune of $1.02B. This is an intangible asset and it makes up nearly 36% of total assets which we aren't a big fan of.

As we look at liabilities, there is nothing too much to worry about. We do want to draw attention to their long-term debt of $739M which surpasses cash on hand by $339M. This is not something we want to see but is also not something we are worried about given ZI's cash flow as we will see in the coming pages. Debt has remained flat Y/Y while cash on hand has grown $100M so the picture is improving.

According to the latest 10Q, $394.5M matures February 2026 and is going for LIBOR + 3.00%. This loan was taken on in February 2019. The latest senior notes of $344.7M were issued February of this year and mature February 2029 at a 3.875% rate.

In other words, while having over $700M in debt on your balance sheet isn't ideal the maturities are well into the future.

FINANCIAL STATEMENTS

INCOME STATEMENT

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Revenue	$ 174.0	$ 110.9	$ 327.3	$ 213.1
Cost of service:				
Cost of service[1]	23.5	28.2	44.9	43.0
Amortization of acquired technology	6.8	5.6	13.5	11.2
Gross profit	143.7	77.1	268.9	158.9
Operating expenses:				
Sales and marketing[1]	49.9	59.5	98.7	93.6
Research and development[1]	24.0	16.4	44.4	26.3
General and administrative[1]	21.9	18.2	40.7	28.2
Amortization of other acquired intangibles	4.8	4.7	9.6	9.3
Restructuring and transaction related expenses	2.2	9.5	6.6	12.4
Total operating expenses	102.8	108.3	200.0	169.8
Income (loss) from operations	40.9	(31.2)	68.9	(10.9)
Interest expense, net	10.1	25.1	16.6	49.6
Loss on debt extinguishment	–	12.7	5.9	14.9
Other (income) expense, net	0.1	0.1	(0.1)	–
Income (loss) before income taxes	30.7	(69.1)	46.5	(75.4)
Income tax expense (benefit)	6.2	8.8	55.9	8.4
Net income (loss)	24.5	(77.9)	(9.4)	(83.8)
Less: Net income (loss) attributable to ZoomInfo OpCo prior to the Reorganization Transactions	–	0.8	–	(5.1)
Less: Net income (loss) attributable to noncontrolling interests	15.2	(44.3)	(21.9)	(44.3)
Net income (loss) attributable to ZoomInfo Technologies Inc.	$ 9.3	$ (34.4)	$ 12.5	$ (34.4)
Net income (loss) per share of Class A and Class C common stock:				
Basic	$ 0.05	$ (0.30)	$ 0.07	$ (0.30)
Diluted	$ 0.05	$ (0.30)	$ 0.07	$ (0.30)

Revenues have grown from $144.3M in 2018 to $293.3M in 2019 to $476.2M in 2020 and are on pace to finish at $707M this year.

In the most recent quarter:

- Revenue of $174.0M, an increase of 57% Y/Y, beat estimates by $11.6M
- Q2 Non-GAAP EPS of $0.14 beat by $0.02
- Operating income of $40.9M
- Adjusted Operating Income of $75.8M
- GAAP operating income margin of 24%
- Adjusted Operating Income Margin of 43%.
- Cash flow from operations of $88.6M, 250% increase Y/Y
- Unlevered Free Cash Flow of $91.8M, 76% increase Y/Y

Guidance (as seen below):

- Revenue increased from $670M-$676M vs. to $703M-$707M vs. $675.85M consensus
- Non-GAAP EPS of $0.50-$0.51 vs. prior outlook of $0.49-$0.50 and $0.50 consensus.
- Unlevered free cash flow guidance for the year upped from $290-295M to $300-305M.

	Q3 2021	FY 2021 (as of 5/3/2021)	FY 2021 (as of 8/2/2021)
GAAP Revenue	$182 - $184 million	$670 - $676 million	$703 - $707 million
Adjusted Operating Income(1)	$72 - $74 million	$290 - $294 million	$291 - $295 million
Adjusted Net Income Per Share(1)	$0.11 - $0.12	$0.49 - $0.50	$0.50 - $0.51
Unlevered Free Cash Flow(1)	*Not guided*	$290 - $295 million	$300 - $305 million
Weighted Average Shares Outstanding	405 million	405 million	405 million

FINANCIAL STATEMENTS

CASH FLOW

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash flows from operating activities:		
Net income (loss)	$ (9.4)	$ (83.8)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	30.6	24.5
Amortization of debt discounts and issuance costs	1.0	2.5
Amortization of deferred commissions costs	18.5	11.1
Asset impairments	2.7	–
Loss on early extinguishment of debt	5.9	14.9
Deferred consideration valuation adjustments	0.2	1.4
Equity-based compensation expense	35.2	75.8
Deferred income taxes	48.1	3.2
Provision for bad debt expense	2.1	0.9
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	7.8	0.7
Prepaid expenses and other current assets	(3.6)	(1.1)
Deferred costs and other assets, net of current portion	(22.1)	(14.5)
Income tax receivable	1.5	(0.2)
Accounts payable	12.1	1.9
Accrued expenses and other liabilities	(2.3)	3.4
Unearned revenue	53.3	12.9
Net cash provided by (used in) operating activities	181.6	53.6
Cash flows from investing activities:		
Purchases of short-term investments	(119.8)	–
Maturities of short-term investments	41.5	–
Proceeds from sales of short-term investments	42.1	–
Purchases of property and equipment and other assets	(11.0)	(8.2)
Cash paid for acquisitions, net of cash acquired	(31.8)	–
Net cash provided by (used in) investing activities	(79.0)	(8.2)
Cash flows from financing activities:		
Payments of deferred consideration	(9.4)	(24.0)
Proceeds from debt	350.0	35.0
Repayment of debt	(356.4)	(510.9)
Payments of debt issuance and modification costs	(5.8)	(1.0)
Proceeds from exercise of stock options	0.8	–
Taxes paid related to net share settlement of equity awards	(2.9)	–
Repurchase outstanding equity / member units	–	(332.4)
Proceeds from equity offering, net of underwriting discounts	–	1,019.6
Payments of IPO issuance costs	–	(7.2)
Tax distributions	(15.3)	(6.8)
Net cash provided by (used in) financing activities	(39.0)	172.3
Net increase (decrease) in cash, cash equivalents, and restricted cash	63.6	217.7
Cash, cash equivalents, and restricted cash at beginning of period	271.0	42.5
Cash, cash equivalents, and restricted cash at end of period	$ 334.6	$ 260.2
Cash, cash equivalents, and restricted cash at end of period:		
Cash and cash equivalents	332.9	259.1
Restricted cash, current	–	1.1
Restricted cash, non-current	1.7	–
Total cash, cash equivalents, and restricted cash	$ 334.6	$ 260.2

This is where ZoomInfo shines by a clear margin. Generally when we do research on a company in the SaaS space we are looking at cash flow breakeven as a best case when revenues are growing over 50%.

ZoomInfo on the other hand is seeing insane amounts of cash flow generation.

The company generated $181.6M in operating cash flow through the first half of the year. When we deduct the $42.8M for purchases of property and equipment as well as M&A (which they've been aggressive with this year), we get free cash flow of $138.8M.

$138.8M in free cash flow against revenues of $327.3M through half the year is a whopping 42.4% free cash flow margin. This is one of the highest, if not the highest, we have ever seen when doing a research report.

This is generally what we expect from SaaS companies in the future but its rare to see it from a company this early on in their growth stages while revenues are up 57% Y/Y.

With managment's guidance of $703-707M in revenue and FCF of $300-305, they don't expect it to change as that assumes 43% FCF margins when the year is complete.

Much of the reason they are able to hit these insane numbers is because their gross margins are around 80%+ and because they have been able to grow revenues over 50% this year while keeping their spend on sales and marketing virtually flat - something you do not see very often. In some cases we speak about companies having to spend nearly $1 to drive in $1 in new business. This is not the case for ZI.

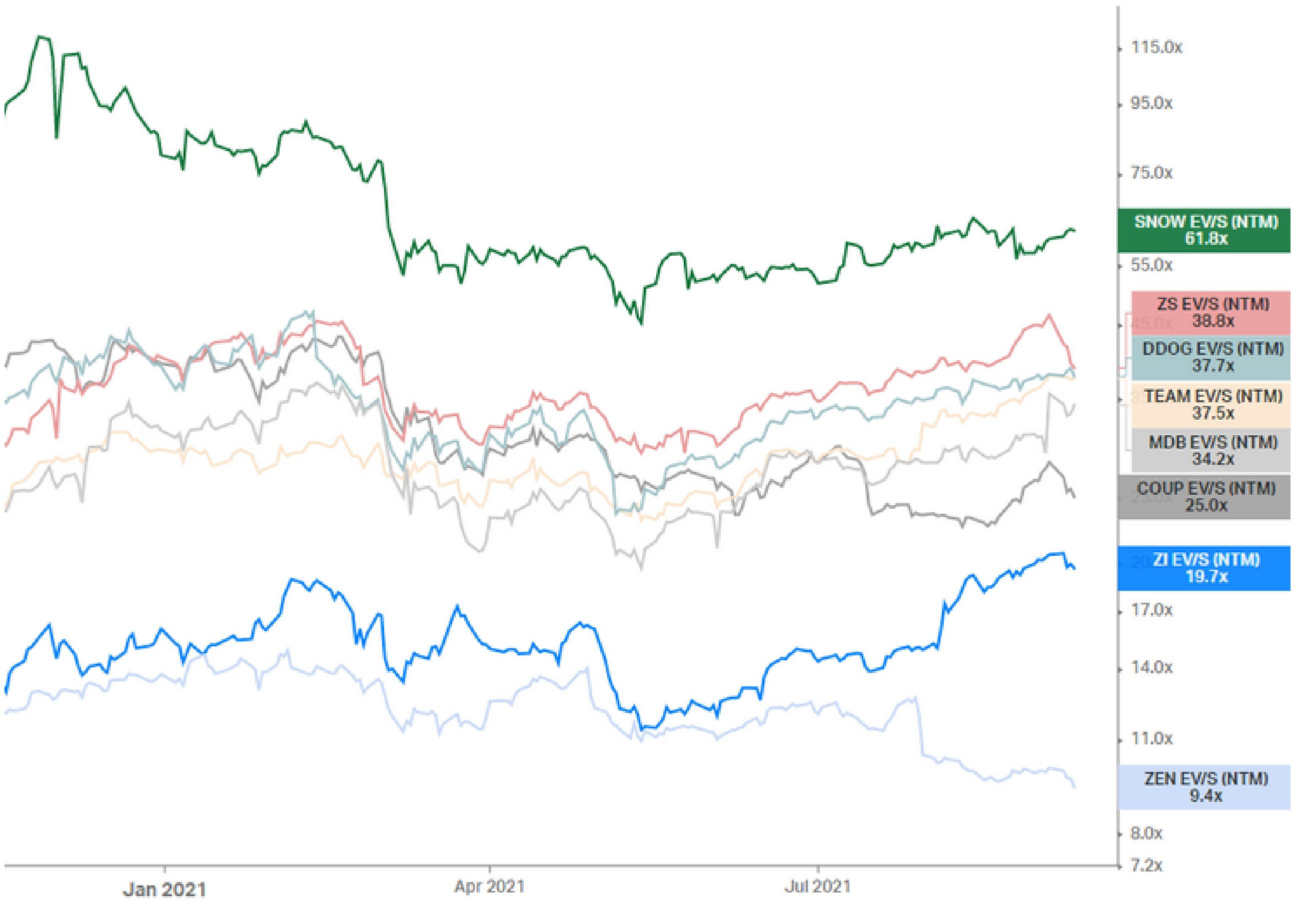
Maybe the best case study is the one the company is experiencing themselves?

ZI FUNDAMENTALS

We are going to compare ZoomInfo to other fast growing tech SaaS companies like that of Snowflake (SNOW), Atlassian (TEAM), Datadog (DDOG), Zendesk (ZEN), MongoDB (MDB), Coupa Software (COUP), and Zscaler (ZS).

Below is the forward Enterprise Value to Sales ratio.

SNOW lands at the top of at nearly 62x while ZI is towards the lower range at 19.7x. While still expensive, this is considerably cheaper than its peers that are also seeing rapid growth rates. ZEN is trading at the lower range as growth has fallen below 30% in their most recent quarter.

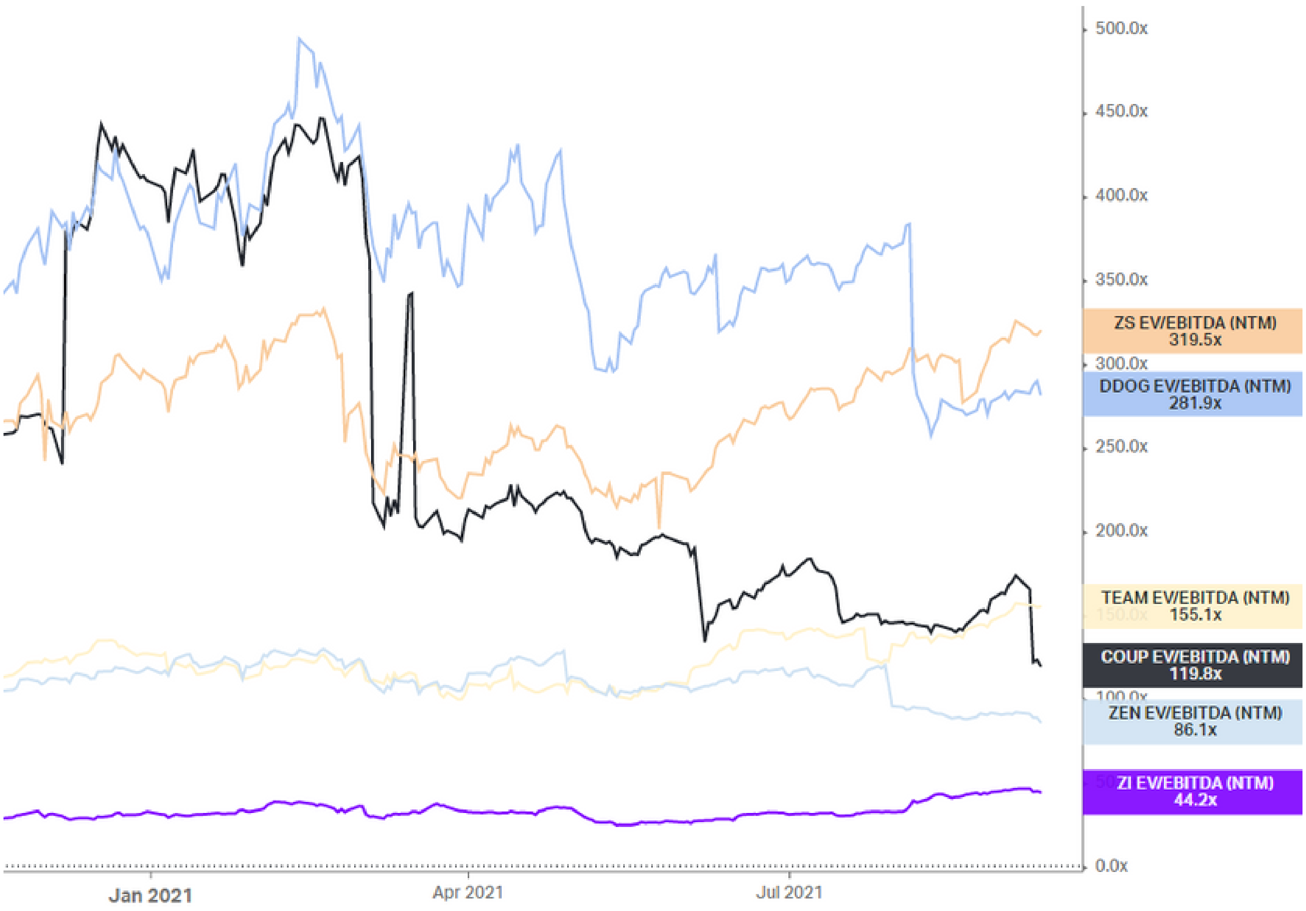


ZI FUNDAMENTALS

Below we are looking at Enterprise Value to EBITDA based on analysts projections over the next 12 months.

ZoomInfo's ability to generating profits is what truly separates the company from the rest. As we can see, ZI is trading at 44x forward EBITDA while others like ZS and DDOG are trading upwards of 280-320x.

SNOW and MDB are not on this list because they are not expected to generate any EBITDA over the next 12 months.

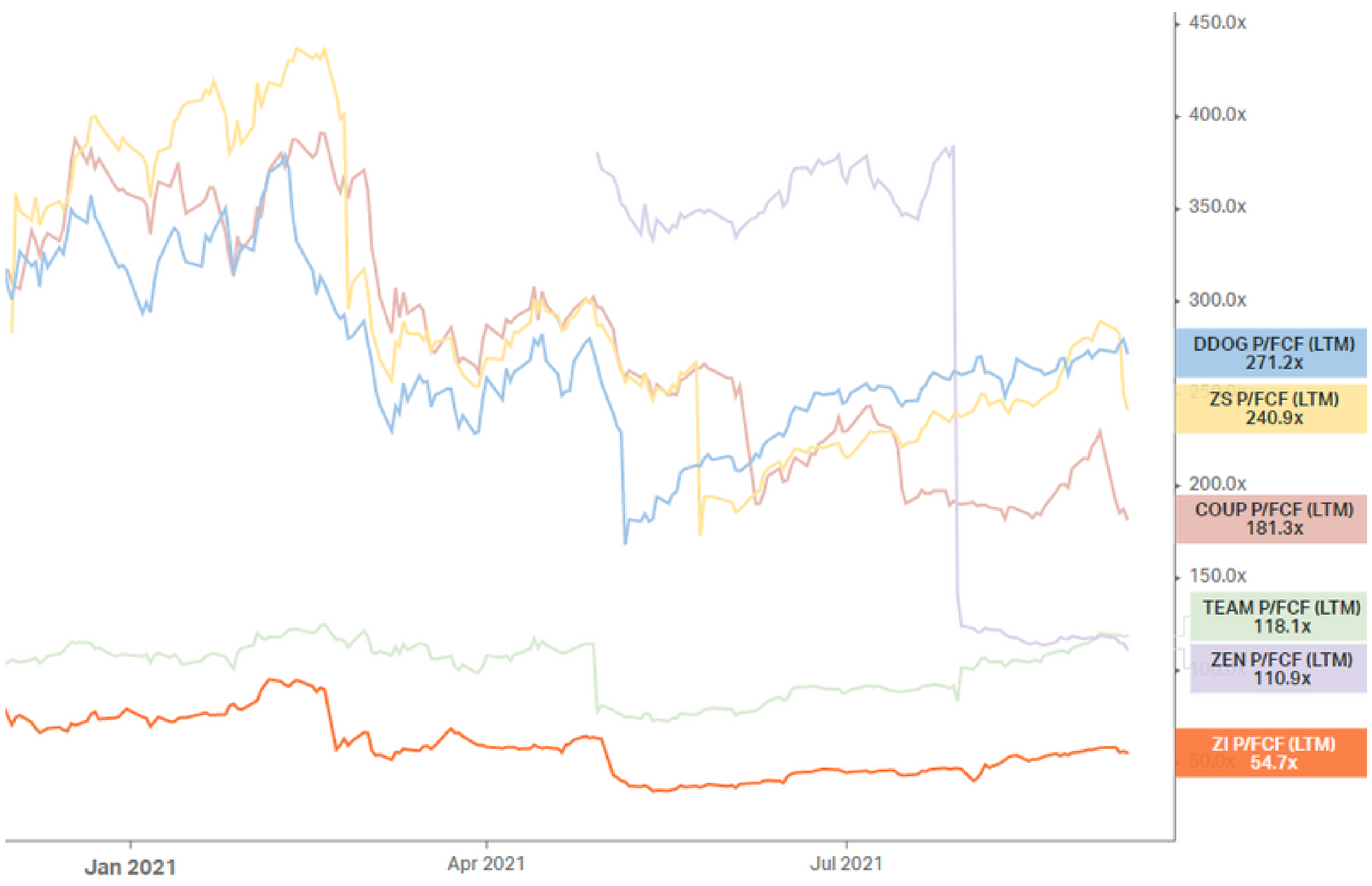


ZI FUNDAMENTALS

Similar to EBITDA, ZoomInfo is trading at a much lower price to cash flow ratio.

Right now, ZI is trading at 54.7x next years cash flow while the others trade at anywhere from 110-271x. Once again, this is where they separate themselves.

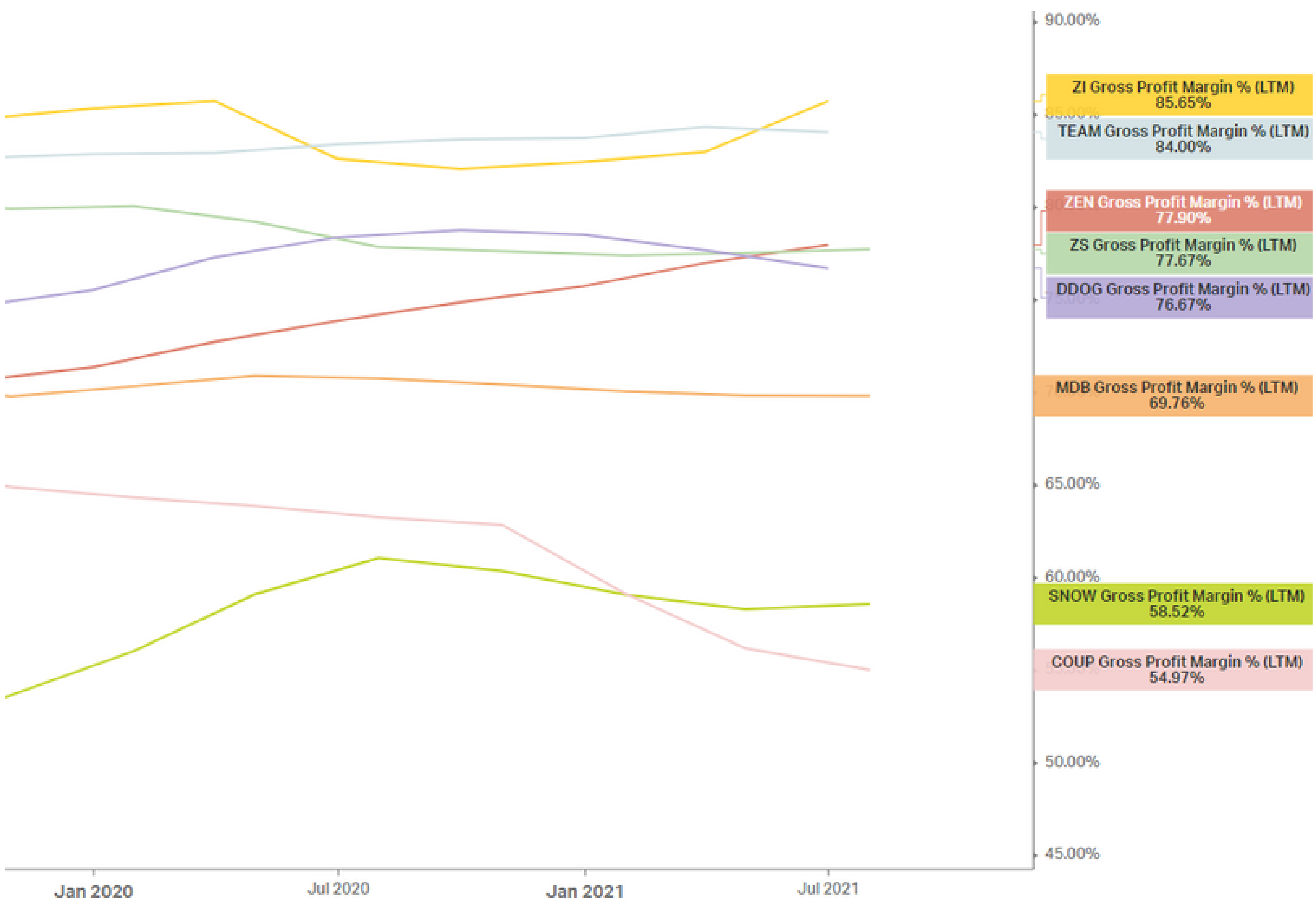
In other words, ZI is trading at a smaller Price to Free Cash Flow ratio than a company like SNOW is trading at a Price to Sales ratio.



ZI FUNDAMENTALS

ZoomInfo is able to lead the pack in EBITDA and Free Cash Flow because they also have leading gross margins. The last twelve months, ZI is seeing 85.6% gross margins with TEAM 1% lower.

SNOW and COUP are towards the lower range at 54-59%. The others are floating around the 70% range.



ZI
DCF MODEL

Attached in the email, as well as in the Vault, you will see the discounted cash flow model. Here are the following variables used:

- **Discount Rate (Weighted Average Cost of Capital):** 7.56% (+/- 1.00%)
  - **Beta:** 1.60 - above average beta to be a bit conservative in projections
  - **30 YR Treasury (Risk Free Rate):** 2.05%
  - **Debt to Equity:** 74.5%
  - **Cost of Debt:** 3.8%
  - **Corporate Tax Rate:** 21%
  - **Market Risk Premium:** 5.50%
- **Perpetual Growth Rate:** 5.0% +/- 0.25%

Growth Rates

- Analysts expect revenue growth for ZI as such:
  - $707M in 2021 representing 47.7% growth - CUBE models $714M
  - $925M in 2022 representing 30.8% growth - CUBE models $956M
  - $1.20B in 2023 representing 30.2% growth - CUBE models $1.26B
  - Beyond 2023:
    - CUBE expects $1.58B in revenue for 2024, or 25% Y/Y growth
    - CUBE expects $1.89B in revenue for 2025. or 20% growth
    - CUBE expects $2.22B in revenue for 2026, or 17.5% growth
    - CUBE expects $2.56B in revenue for 2027, or 15% growth
    - CUBE expects $2.94B in revenue for 2028, or 15% growth
    - CUBE expects $3.23B in revenue for 2029, or 10% growth
    - CUBE expects $3.48B in revenue for 2030, or 7.5% growth

Free Cash Flow

- To be conservative on the free cash flow side, we model out 40% FCF margins from here on out despite ZoomInfo hitting 43% FCF margins this year. This makes a very big difference in the model and we are going to wait until we see FCF margins in Q1 and Q2 of 2022 to update these projections. If we see ZoomInfo is able to stay at 43% or increase it, we will reflect that. Editing FCF margins of 43% vs. 40% adds $10 to our base case price target in that event.

ZI
DCF MODEL

- Current Price: $63.16
- Market Cap: $25.58B

CUBE Model:

- **Base Case Price Target: $87 (+38% upside)**
- **Bull Case Price Target: $172 (+172% upside)**
- **Bear Case Price Target: $58 (-9% upside)**

Mizuho
$70

Wells Fargo
$76

Wolfe
$85

RBC
$70

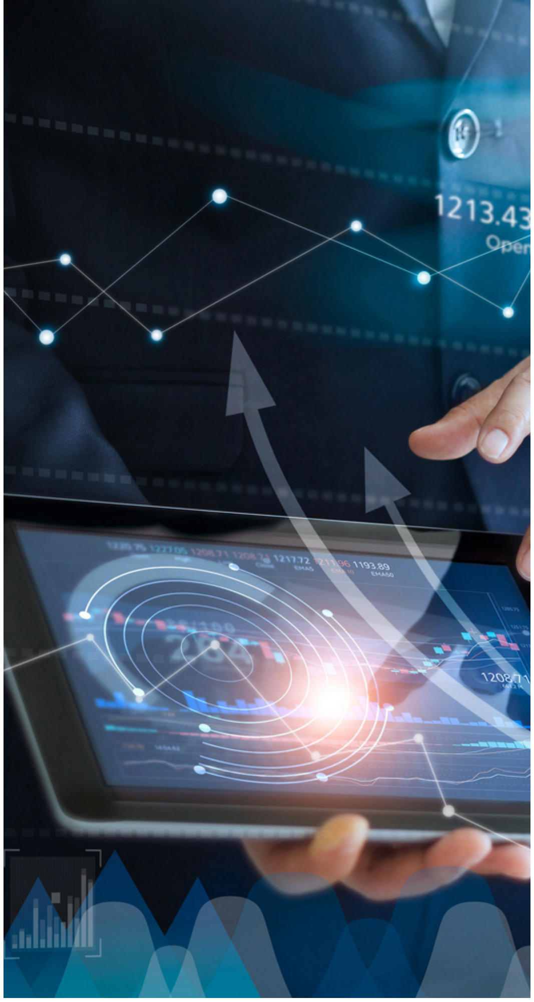
Goldman
$74

Truist
$80

cube
LEARN | DISCUSS | INVEST
$87

Many analyst have yet to update their price targets after the company's stellar earnings report. We expect those to roll in over the coming weeks.

ZI
TECH ANALYSIS



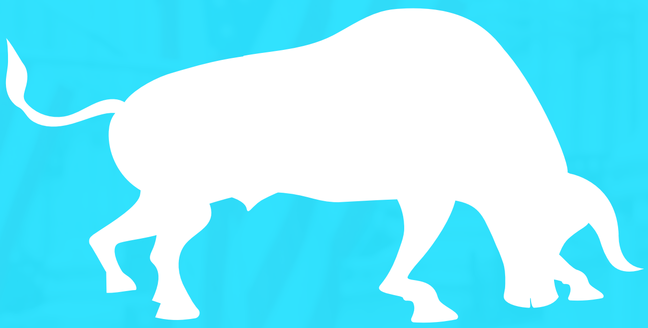
TECHNICAL ANALYSIS SUMMARY

Looking at the charts, ZI was unable to hold its weekly fibbonaci level we marked at $64.77.

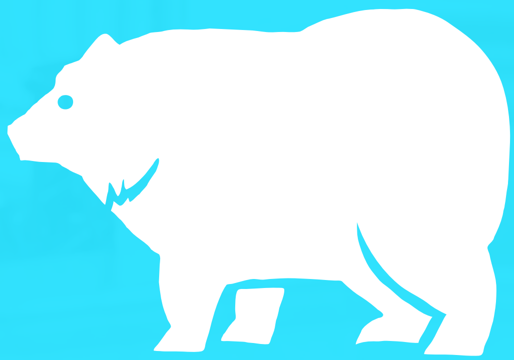
The stock has caught support here at its 20DMA of $62.89. We expect solid support in this range with the daily pivot point also at $62.15.

We anticipate ZI shares will bounce and retest the weekly fibbonaci level at $64.77. In the case that breaks, we believe ZI shares will be heading to $70.67 in the coming weeks.

BULLISH OR BEARISH?



VS.



Ultra Bullish | Bullish | Neutral | Bearish | Ultra Bearish

MORE BULLISH (POSITIVE) ←

→ **MORE BEARISH (NEGATIVE)**

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ZI CONCLUSION

Overall, CUBE is assigning a 5/5 CUBE rating on ZoomInfo (ZI). There are many reasons behind this decision but the main one comes down to free cash flow. The fact that ZI has been able to grow revenues at over a 50% clip this year (after growing revenues at 62% during the pandemic) while also generating 43% free cash flow margins is remarkable. In some cases, ZI trades at a lower P/FCF ratio than other companies in the SaaS trade at a P/S ratio.

This free cash flow puts ZI in a unique position to get even more aggressive on the M&A front without needing to do secondary offerings or issue more debt and paves a clear road for share buybacks and eventually a dividend - something we cannot say will happen for many SaaS peers in this decade.

In our models, we were conservative by assuming FCF margins will not grow, assigned a 1.6 beta which is above average to its peers that we usually model out, and only assigned a 5% perpetual growth rate and still got a base case PT of $87. All in all, we think this name will continue to earn a spot in institutional holdings as the filings show $717M poured into ZI stock from tutes in Q2 against $171M in outflows.

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