

## The Henry Fund

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# Veeva Systems, Inc.

Healthcare Services – Healthcare and Pharma Industry Software

April 20, 2026

Stock Rating

BUY

### Investment Thesis

**Veeva Systems** is the mission-critical operating platform for global life sciences, delivering validated cloud software across R&D, regulatory, quality, and commercial workflows. Growth is driven by sustained industry R&D intensity and deeper platform adoption, while the Salesforce separation unlocks margin expansion. The recent SaaS selloff overlooks Veeva's distinct, compliance-driven moat. We assign a **Buy** rating with a **\$210 target**.

### Drivers of Thesis

- **R&D Tailwinds & AI Enablement** – Rising biopharma R&D investment supports platform demand, while embedded AI agents accelerate workflows within Veeva's validated environment.
- **Salesforce Separation & Margin Upside** – Greater control over pricing and infrastructure drives operating leverage and reinforces premium positioning.
- **Compliance Moat, AI Defense & Valuation Dislocation** – Regulatory switching costs create durable retention. AI reinforces Veeva's platform, while SaaS selloff misprices a zero-debt, high-margin business.

### Risks to Thesis

- **Salesforce/IQVIA as Competitors** – Competitive wins in the top-10 complex biopharma could pressure Commercial segment.
- **Execution Risk** – CRM migration delays could widen costs ahead of revenue benefits.
- **Macro & Policy Risk** – MFN pricing, OBBBA Medicaid cuts, and IRA Part D could tighten pharma R&D budgets, leading to lost Veeva usage.

### Target Price

\$196-224

Henry Fund DCF	\$186-228
Relative P/E	\$176-199
Relative EV/FCF	\$260

### Price Data

Current Price	\$169.02
52wk Range	\$148.05-310.50
Consensus 1yr Target	\$266.50
YTD Performance	-23%

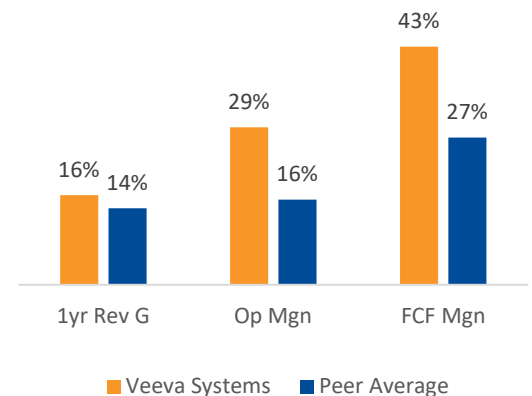
### Key Statistics

Market Cap (B)	\$27.6
Shares Outstanding (M)	163.7
Institutional Ownership	86%
Beta (5Y/M)	1.09
Dividend Yield	-
Est. 5yr Growth (CAGR)	12%
Price/Earnings (TTM)	31.01
Enterprise Value (M)	\$21.01
EV/EBITDA (TTM)	21.07

### Profitability

Operating Margin	28.7%
Net Margin	28.4%

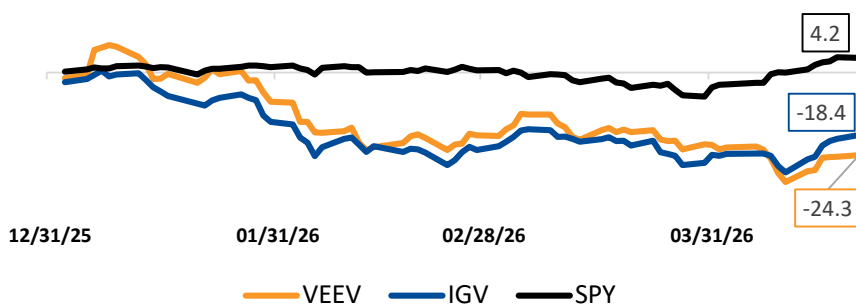
### Veeva Operating Metrics



### Earnings Estimates

Year	2024	2025	2026	2027E	2028E	2029E
EPS	\$3.22	\$4.32	\$5.44			
HF est. growth	7%	34%	26%	18%	16%	14%

### YTD Performance (%)



### Company Description

Veeva Systems provides cloud software and data solutions purpose-built for life sciences. Its compliance-driven platform embeds deeply in customer workflows, driving high switching costs, durable retention, and recurring revenue. Veeva serves 1500+ customers, with subscriptions representing 84% of revenue at 87% gross margins, supporting cash flow.

## INVESTMENT SUMMARY

Veeva Systems (VEEV) is the mission-critical system of record for global life sciences, delivering validated cloud software across R&D, regulatory, quality, and commercial workflows<sup>1</sup>. The stock trades at \$169.02, a 24% discount to our target price of \$210. We rate the stock a **Buy**.

The market is pricing three risks into Veeva: AI displacement, Salesforce competition, and broader SaaS multiple compression. All three are misapplied to how Veeva’s business operates.

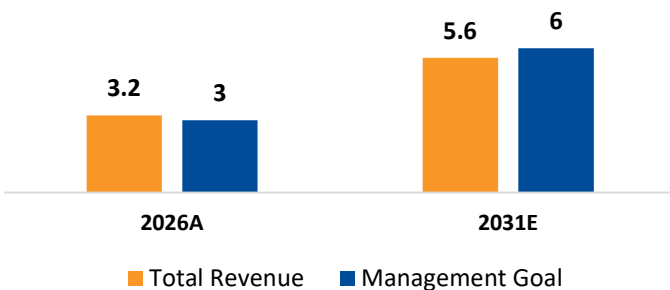
The broader SaaS selloff reflects concern that AI agents will replace human users, compress seat counts, and weaken recurring revenue models. Veeva is different. Its subscription value ties to compliance requirements, validated data systems, and regulated workflows that must exist regardless of how work gets performed. AI increases throughput through these systems rather than eliminating the need for them.

Salesforce competition is real but narrow, confined to the Commercial CRM segment. Veeva’s R&D segment, which drives the long-term growth thesis, faces no comparable integrated platform at enterprise scale.

Multiple compression and stock-based compensation (SBC) dilution concerns affecting peers do not apply to Veeva. The company carries no debt, holds \$6.6B in cash, generates 43% FCF margins, and recently launched a \$2B share repurchase program. Yet, the stock trades in line with more leveraged, seat-dependent software businesses more exposed to these risks.

Year-to-date, VEEV is down 23% versus the IGV software ETF (-17%), alongside Salesforce (CRM) -28%, ServiceNow (NOW) -34%, Workday (WDAY) -39%, IQVIA (IQV) -22%. The move reflects sector-wide repricing, not deterioration in Veeva’s fundamentals.

**Figure 1: FY26 Revenue vs 2030 Target Run Rate**



Source: HF VEEV Valuation Model<sup>2</sup>

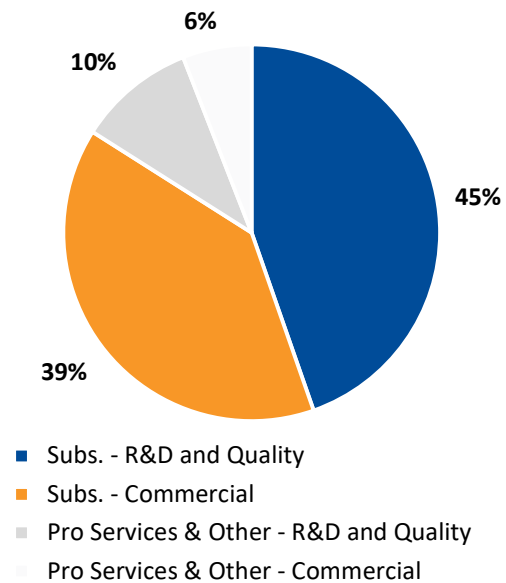
In FY26, Veeva generated \$3.2B in revenue and \$1.4B in non-GAAP operating income, surpassing guidance and achieving a \$3B run-rate milestone. Management targets a \$6B revenue run-rate by Q4 2030 (Figure 1)<sup>3</sup>.

Our model reaches approximately **90% of that target**, excluding AI monetization from the base case. AI is accretive to Veeva, as agents operate on top of Vault, but we exclude it due to limited pricing and adoption visibility. Our Buy rating rests on Veeva’s existing business alone.

### Company Overview

Veeva generates revenue across two segments: **R&D and Quality Solutions** and **Commercial Solutions**. The model is primarily subscription-driven, with professional services representing a smaller and declining share of total revenue (Figure 2). Subscriptions carry 87% gross margins, supporting strong cash conversion.

**Figure 2: VEEV 2026 Revenue Decomposition**



Source: VEEV 2026 10-K

### R&D and Quality Solutions

Covers the full drug development lifecycle, including clinical trials, data management, regulatory submission, quality systems, and pharmacovigilance. All applications run on Veeva’s unified Vault platform, creating a shared data model with embedded audit trails. As customers adopt additional modules, integration deepens and switching costs increase.

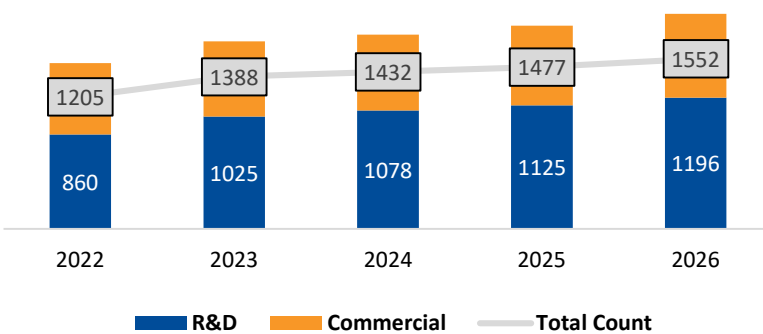
## Commercial Solutions

Enables pharmaceutical commercialization through CRM, field engagement, and data analytics. Vault CRM serves as the foundation, supported by proprietary data assets including Crossix, Compass, and OpenData. Management expects CRM to decline as a percentage of revenue to approximately 10% by 2030, while higher-value data and analytics products grow faster.

## Customer Economics

At FY26-end, Veeva served 1,196 R&D customers and 767 Commercial customers, with 77.1% of the combined base using R&D products. R&D subscription revenue per customer reached \$1.2 million (+14% YoY), reflecting platform expansion within existing accounts rather than dependence on new customer additions alone (Figure 3).

**Figure 3: Customer Count by Segment, FY22-26**



Source: VEEV 2026 10-K, VEEV 2023 10-K

## Driver 1: R&D Tailwinds and AI Enablement

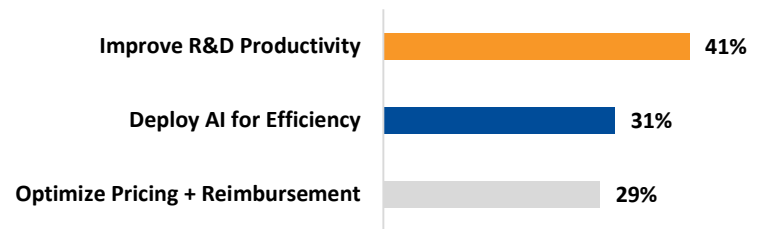
### Industry Backdrop

Biopharma enters 2026 under pressure to improve drug development efficiency. BCG's reports average total shareholder return across the top 20 biopharma companies flatlined at 0% from 2021 to 2025, compared to 16% for the S&P 500<sup>4</sup>. BCG attributes this underperformance to declining productivity; a trend often described as Eroom's Law, the observed inverse of Moore's Law in which the cost of bringing a drug to market rises over time despite advances in technology<sup>5</sup>. Companies that cannot execute clinical programs faster

and at lower cost will continue to underperform, driving demand for software that improves efficiency.

Deloitte's 2026 survey shows 41% of executives prioritize improving R&D productivity and 31% cite deploying AI tools (Figure 4)<sup>6</sup>. Importantly, both goals require the same prerequisite: validated, compliant software platforms; Veeva's core offering.

**Figure 4: Deloitte Survey of Life Science Executives Top Cost-Management Strategies in 2026**



Source: Deloitte 2026 Life Sciences Outlook

Industry activity supports the demand. Biopharma funding reached \$102B in 2024, a 10-year high outside of the pandemic<sup>7</sup>. Clinical trial starts returned to pre-pandemic levels, while the time between trials fell from a 32-month peak in 2022 to 17 months; evidence the industry is getting faster but has significant room to improve.

### Competitive Position in R&D Software

Veeva's R&D platform integrates clinical trials, data management, regulatory submissions, safety reporting, and quality control into a single validated environment. Each new module deepens the shared data model and audit trail, driving higher revenue per customer.

No competitor matches this breadth and integration at enterprise scale. Medidata remains focused on clinical data capture, while Oracle's safety offering is largely on-premises with limited cloud presence. The market functions as a regulated oligopoly, with Veeva in a leading position.

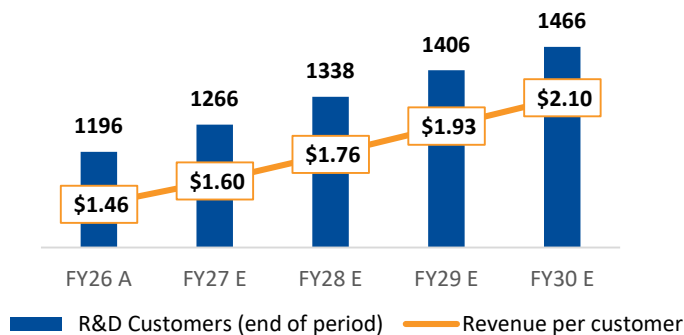
## AI Reinforces the Platform

Veeva launched AI agents in December 2025 for Vault CRM, with additional agents across Safety, Quality, Clinical, and Regulatory workflows through 2026<sup>8</sup>. These agents operate inside the Vault platform, not layered on top, using LLMs from Anthropic and Amazon on Amazon Bedrock, with all actions logged under FDA 21 CFR Part 11 requirements. Veeva confirmed usage-based pricing for AI at scale, while bundling standard agents into existing Vault licensing to maximize adoption during the CRM migration window. This prevents seat-count compression and deepens switching costs as agents train on customer-specific data. AI monetization is excluded from our base case entirely.

### How We Model R&D Growth

R&D customers grow from 1,196 in FY26 to 1,466 in FY30, with new additions moderating to roughly 50 annually as the market matures. Growth is primarily driven by revenue per customer, increasing from \$1.46M in FY26 to \$1.6M in FY27 as customers adopt additional modules (Figure 5).

**Figure 5: Forecasted R&D Growth (Customer Ct. x \$)**



Source: HF VEEV Valuation Model

R&D growth re-accelerates from 16% in FY27 to 17% in FY28–FY29 as newer products reach scale, then decelerates as penetration increases.

## Driver 2: Salesforce Split & Margin Upside

### Strategic Impact of the Separation

Veeva originally built its Commercial CRM on Salesforce’s platform, operating as a vertical layer on top of Salesforce

infrastructure. The shift to Vault CRM transitions Veeva to a fully independent, vertically integrated platform with control over product, data, and pricing<sup>9</sup>.

The former Salesforce contract required \$500M in minimum payments and ended September 1, 2025, with a wind-down through December 31, 2029. These fees, about 3.5% of commercial subscription revenue (\$40–50M annually), decline as customers migrate to Vault CRM on AWS. Our model reflects this as a 156-bps improvement in cost of subscription services from FY27–FY30, accelerating in FY29–30 as migrations scale.

### Vault CRM Adoption and Commercial Positioning

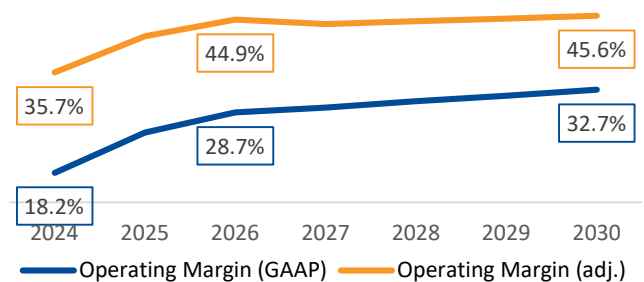
Vault CRM ended FY26 with over 125 live customers and commitments from 10 of the top 20 biopharma companies, including Novo Nordisk. Management expects **14 of the top 20 to commit**, with five decisions in FY27. As migrations progress, the value shifts from transition support to AI-driven capabilities on the new platform.

Two 2026 acquisitions reinforce this: Ostro (\$100M) adds AI-powered patient and physician engagement, while Yonalink integrates real-time patient data into clinical trial systems, expanding reach into CRO workflows<sup>10</sup>.

### Margin Expansion Framework

GAAP operating margin expanded from 18.2% (FY24) to 28.7% (FY26). We forecast it to reach 32.7% by FY30. Expansion is driven by Salesforce cost removal, Sales & Marketing leverage from the land-and-expand model, and General & Administrative dilution as revenue scales (Figure 6). Non-GAAP margin (44% guided for FY27) reflects the same trajectory, excluding stock-based comp.

**Figure 6: Gross & Operating Margin Forecast**



Source: HF VEEV Valuation Model

### Driver 3a: Compliance Moat

Drivers 1 and 2 explain Veeva’s growth. Driver 3 is what protects the growth. It also argues why the current valuation presents a buying opportunity.

#### Why Switching is Expensive

Drug development software must comply with strict regulatory standards, including FDA 21 CFR Part 11 and EU GMP Annex 11<sup>11</sup>. These fall under GxP (Good Practice) regulations, which govern how pharma data is generated, stored, and audited to ensure safety and integrity. In practice, every action within the system must be traceable, validated, and reviewable.

Replacing Veeva’s validated system requires full data migration with audit history, revalidation of integrations, updates to operating procedures, and retraining of employees; all under regulatory scrutiny. Veeva reduces this burden by handling validation for quarterly releases and providing standardized documentation. Its audited infrastructure and third-party GxP validation lowers audit risk and accelerates procurement, creating a barrier new entrants cannot easily replicate.

At scale, the economics reinforce retention. The total cost of switching, including IT, validation work, consultants, lost productivity, and regulatory risk, often exceed several years of spend (Figure 7).

**Figure 7: The True Cost of Switching**

FDA 21 CFR Part 11 / EU GMP Annex 11		
Regulatory requirement	Veeva's response	Cost to switch away
Validated audit trail for every action	Platform logging on every 4-month release	Migrate years of signed audit history
Formal validation before system use	Vendor-run testing with full docs package	Re-validate the replacement system
Records preserve full version history	Structured data model retained across versions	Data migration with full integrity checks
Customer must audit software vendor	ISO 27001, SOC 2, third-party GxP review	Months re-qualifying a new vendor
Workflows embedded in regulated procedures	Standardized processes across all customers	Retrain staff, rewrite all operating procedures

Source: VEEV 2026 10-K. \*view appendix for higher resolution\*

### Driver 3b: AI Defense + Value Dislocation

#### Why AI Cannot Replace Veeva’s System of Record

The data is proprietary: Clinical trial data, adverse event records, and regulatory filings are among the **most sensitive datasets in the world**. In many cases, the data represents the drug itself in digital form. These datasets cannot be exposed to shared AI models. Any AI solution must be private, permissioned, and auditable, aligning with Veeva’s architecture.

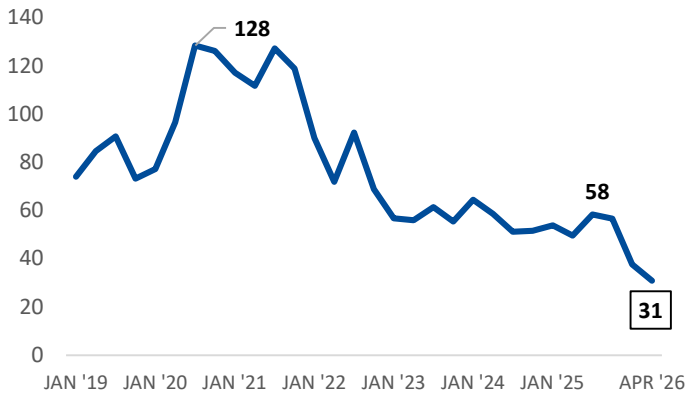
Regulation further limits AI autonomy: The FDA remains in the early stages of AI guidance. Its January 2025 draft requires risk-based validation proportional to AI’s role in GxP-regulated workflows<sup>12</sup>. A continuously learning model conflicts with CFR Part 11’s requirement for “consistent intended performance” and immutable audit trails. Historically, these frameworks evolve slowly<sup>13</sup>. Part 11 itself took over a decade to reach industry-wide adoption. The EU AI Act similarly classifies healthcare AI as high-risk, with enforcement beginning in 2027<sup>14</sup>. **The regulatory direction is toward more validation, not less.**

The sequence of disruption matters: AI replaces users before it replaces systems. Reducing users does not reduce the need for the system. Throughput increases while the underlying system of record remains required. Full displacement would require a regulatory shift with no observable evidence today.

#### Value Dislocation

The market has priced Veeva as a generic SaaS company rather than a regulated vertical platform, and the multiple reflects it. Veeva currently trades at 31x trailing earnings, 57% below its 8-year average of 76x and the low end of its entire public market history. Looking at the past six years of quarterly data, the stock has never sustained a multiple this low without subsequently re-rating higher (Figure 8).

**Figure 8: VEEV Historical P/E (TTM)**



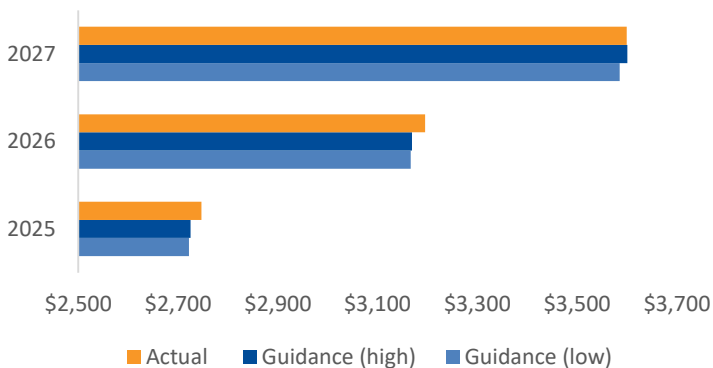
Source: FactSet<sup>15</sup>

## Management & Governance

### Management Credibility and Guidance

Management consistently delivers on guidance (Figure 8). FY26 revenue of \$3.195B exceeded initial guidance, with Q4 beating across metrics (subscription +1.7% vs. consensus, bookings +18% vs. 15% guide). FY27 guidance of \$3.59–3.6B (13% growth) reflects known headwinds; our model assumes \$3.599B (top end).

**Figure 8: Previous Management Guidance vs Actuals**



Source: FactSet, HF VEEV Valuation Model

### Capital Allocation

In January 2026, the board authorized a \$2B buyback over two years. Veeva repurchased 802K shares for \$180M in Q4 FY26. Our model assumes full deployment over FY27–28 (\$1B annually), followed by \$500M per year thereafter, aligned with cash generation.

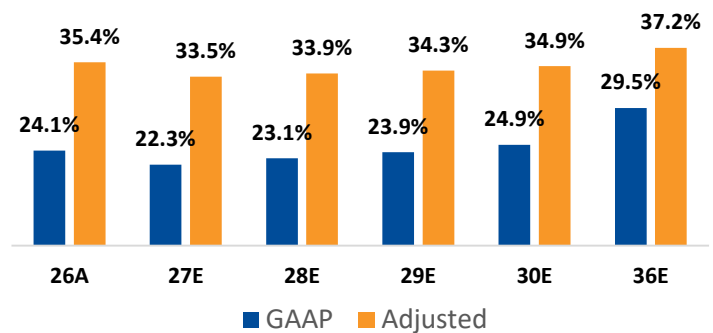
## VALUE DRIVERS

### Earnings Power

Our valuation framework centers on NOPLAT as the primary measure of operating earnings power. We present results on both a GAAP basis (which treats stock-based compensation as an expense) and a non-GAAP adjusted basis (which adds it back), consistent with how the market values software companies.

Non-GAAP NOPLAT reached \$1.13B in FY26 (35.4% margin), accelerating from \$767M (27.9%) in FY25. Our model projects \$1.21B in FY27 (33.5% margin), a step-down that reflects a deferred tax timing shift rather than operating deterioration. FY26 benefited from a one-time \$70M DTA reduction as prior SBC deductions became unusable. From FY27 on, adjusted NOPLAT expands steadily to \$3B (37.2%) by FY36 as Salesforce fees exit the cost structure and operating leverage compounds. GAAP NOPLAT follows the same trajectory, reaching a terminal margin of 29.5% (Figure 9).

**Figure 9: NOPLAT Margin Trajectory**



Source: HF VEEV Valuation Model

Stock-based compensation, the primary GAAP to non-GAAP adjustment, totaled \$473M in FY26 (14.8% of revenue). We model this to decline as a percentage of revenue each year, reaching approximately 9.5% by FY36, consistent with how software companies mature.

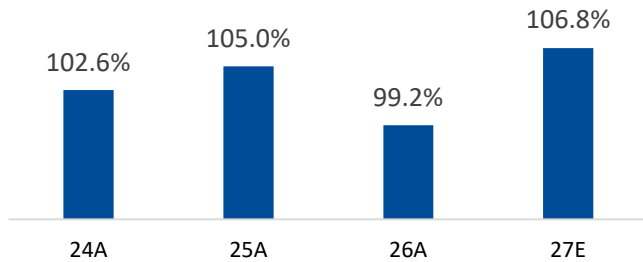
### Invested Capital & Free Cash Flow

Veeva's invested capital is near zero or negative because customers pay subscription fees annually in advance. These prepayments generate a large balance of unearned revenue on the balance sheet (\$1.5B at FY26 year-end) that exceeds the assets required to operate (Figure 10). The cash collected from this prepayment cycle is invested in Veeva's \$5.1B short-term investment portfolio, which

generated \$278M in interest income in FY26 at an approximately 5.4% yield on the beginning balance.

Because invested capital turns negative when the full balance sheet is considered, traditional return on invested capital becomes mathematically undefined. We use NOPLAT margin as the primary value creation metric and apply a growing perpetuity terminal value formula to our free cash flow, appropriate for businesses with structurally negative capital.

**Figure 10: Def. Revenue as % Operating Current Assets**

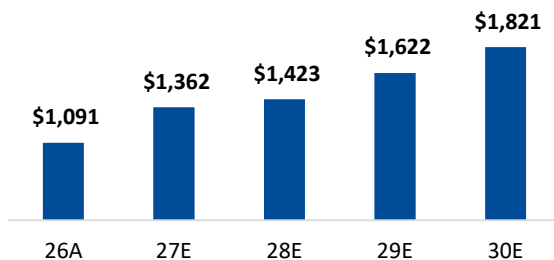


Source: HF VEEV Valuation Model

### Free Cash Flow

Free cash flow benefits from customer prepayments supplementing operating earnings each year as the deferred revenue balance grows. Non-GAAP free cash flow reaches \$1.4B in FY27 and \$1.8B by FY30 (Figure 11). The \$6.6B cash and short-term investment balance at FY26 year-end is almost entirely excess capital held above the minimum needed for operations, treated as a non-operating asset in our equity bridge.

**Figure 11: Adjusted Free Cash Flow Trajectory**



## MARKETS & COMPETITION

### Competitive Landscape

In commercial CRM, Salesforce Life Sciences Cloud is the primary competitor following the split. Salesforce has signed 40+ life sciences customers, including one top-3 global pharma that left Veeva. Veeva's new CRM platform counters with native integration across its regulatory,

medical, and quality data, and embedded AI capabilities; workflow coherence that a horizontally configured Salesforce product cannot reproduce easily. In R&D and Quality software, no competitor offers an integrated platform at Veeva's scale.

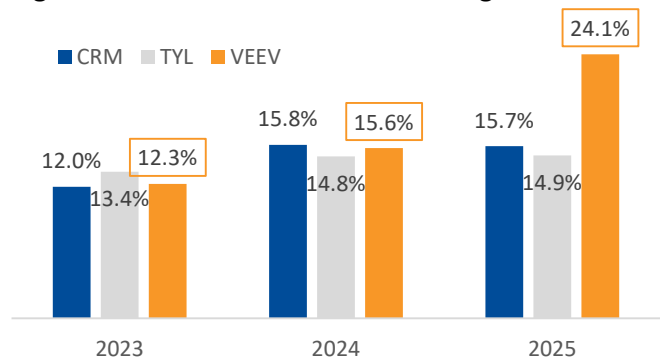
### Peer Benchmarking

Company	1yr Rev G	Op. Mgn	FCF Mgn	ROIC	P/E (TTM)
Salesforce	9.6%	21.7%	34.7%	9.9%	21.2x
IQVIA Holdings	5.9%	14.5%	12.6%	9.3%	19.9x
ServiceNow	20.9%	15.6%	34.5%	11.7%	54.6x
Workday	13.1%	12.6%	29.1%	6.7%	36.4x
Guidewire	22.6%	3.4%	24.5%	6.2%	57.2x
Waystar	16.5%	25.3%	25.8%	3.7%	32.7x
Tyler Technologies	9.1%	15.4%	26.6%	6.8%	46.9x
<b>Veeva Systems</b>	<b>16.3%</b>	<b>29.6%</b>	<b>43.4%</b>	<b>10.7%</b>	<b>31.3x</b>
<b>Peer Avg.</b>	<b>14.0%</b>	<b>15.5%</b>	<b>26.8%</b>	<b>7.8%</b>	<b>38.4x</b>

Source: Bloomberg<sup>15</sup>

Last year, Veeva grew faster than the peer average. More importantly, the firm generated higher operating margins and converted more revenue to cash than any of its peers. Yet, Veeva trades at a 19% P/E discount to the group average of 38.5x. ServiceNow, Guidewire, and Tyler Technologies all trade above 45x despite weaker growth, lower margins, and inferior capital returns. The peer benchmarking sets up our relative valuation directly: If Veeva traded at the peer average multiple, the implied price would be materially above current levels. For a brief synopsis of each comp, see our appendix.

**Figure 12: VEEV vs Peers: NOPLAT Margins**



Source: HF VEEV Valuation Model, CRM 26 10-K, TYL 26 10-K

A McKinsey-based value drivers analysis reinforces this gap. Salesforce generated NOPLAT margins of 12-16% over the past three fiscal years on an invested capital base exceeding \$50B, the majority of which is goodwill from serial acquisitions. Tyler Technologies, the closest vertical SaaS serving a regulated end market, posted margins of 13-15% on \$3.3B of similarly acquisition-heavy capital.

Veeva's rising NOPLAT margin and recent 24% result is not only higher than both peers; it's earned on near-zero invested capital (Figure 12, prev. pg.).

All three businesses benefit from negative working capital driven by deferred subscription revenue: a structural feature of SaaS, not a risk. The distinction is Salesforce and Tyler require large, inorganic capital bases to sustain earnings; Veeva compounds organically. The difference in capital efficiency is not currently captured in P/E and is the primary reason **the market's current discount to peers understates Veeva's value creation quality.**

## VALUATION

We value Veeva using a McKinsey enterprise DCF as the primary method (75% weight), supplemented by forward P/E (15%) and EV/FCF (10%). The DCF weight aligns with our thesis, as relying on peer multiples would be inconsistent if the market is mispricing Veeva as generic SaaS. Relative valuation serves as a floor check, showing the stock is undervalued even at depressed peer multiples. We present both GAAP and adjusted frameworks.

### WACC

We use a **WACC of 9.77%**, derived from a 4.33% risk-free rate, a Bloomberg 5-year monthly raw beta of 1.09, and a 5% equity risk premium. With **no debt**, cost of equity equals WACC. Veeva's 5-year beta of 1.09 captures macro-driven SaaS sector volatility in 2022 and 2025 that we view as temporary rather than reflective of the company's fundamental risk profile.

### Terminal growth rate

We assume **2.5% perpetuity growth**, consistent with long-run nominal GDP growth.

### DCF Results

#### GAAP DCF (no SBC add-back)

Value of operating assets: \$22.9B. Adding excess cash (\$1,357M), short-term investments (\$5,140M), and goodwill (\$440M) yields equity value of \$29.9B. At 163.7M diluted shares, intrinsic value at last FYE is \$182/share, implying **\$186 per share** today.

#### Adjusted DCF (SBC added back).

Value of operating assets: \$29.6B. Same bridge yields equity value of \$36.6B. Intrinsic value at last FYE is \$224/share, implying **\$228 per share** today.

### Relative Valuation

We apply a weighted peer multiple to our FY27 estimates across three metrics. Peers are organized into four tiers: Direct competitors, horizontal SaaS benchmarks, vertical SaaS in regulated industries, and a subscription quality analog; with larger weights assigned to better comps. See our appendix for weightings.

#### Forward GAAP P/E:

The weighted peer multiple of 30.8x applied to our GAAP EPS of \$6.47 implies **\$199 per share.**

#### Forward Adjusted P/E

The weighted peer multiple of 19.5x applied to our FY27 non-GAAP EPS of \$9.01 implies **\$176 per share.**

#### Enterprise Value/ Free Cash Flow

The weighted peer multiple of 21.2x applied to our FY27 GAAP FCF of \$1,696M implies **\$257 per share**, reflecting the market's underpricing of Veeva's cash generation relative to peers with materially weaker FCF conversion.

### Target Price and Rating

Blending our three valuation methods, we arrive at a GAAP-based target of \$196 and non-GAAP based target of \$224, implying **16-32% upside** from the current price of \$169.02. We rate VEEV a **Buy**.

### Street Targets

Street consensus targets of \$267+ reflect lower WACC assumptions of 7-8% and high relative valuation multiples.

## BEAR CASE ANALYSIS

Downside for Veeva is difficult to model due to lack of precedent. The company has never posted negative subscription growth or multi-year deterioration. Both bear cases require adverse outcomes not previously observed.

### Bear Case 1 – (\$103 - \$129)

#### Commercial Pressure + AI as a Negotiation Lever

Salesforce gains share in large pharma, while industry layoffs (around 22k in 2025) pressure CRM renewals as fewer users justify lower contract values<sup>18</sup>. Commercial customer growth turns negative by FY30 and revenue per customer compresses.

R&D remains intact near-term, but AI becomes a negotiation lever in the outer years, slowing module expansion. Revenue grows through FY30 before decelerating.

Why It's Unlikely: Veeva's multi-year contracts delay pricing pressure, and AI bundling offsets seat reduction by shifting usage from humans to agents. Regulatory workflows do not shrink with increased efficiency, and pharma cuts internal headcount before cutting compliance vendors.

### Bear Case 2 – (\$72 - \$89)

#### Full AI Displacement Including FDA Moat Erosion

AI-native platforms begin replacing validated Vault modules, and by the mid-2030s, regulators allow portions of GxP workflows to operate without traditional systems of record. R&D losses materialize.

Why It Doesn't Happen: Regulation is tightening, not loosening. No AI-native vendor operates as a validated system of record today, and no pharma company has replaced core Vault modules. The burden of proof for this scenario is extremely high.

Figure 13: Bear Case DCF Prices

	GAAP	Adjusted
Base	\$ 186	\$ 228
Bear 1	\$ 103	\$ 129
Bear 2	\$ 72	\$ 89

Both scenarios are stress tests, not expectations. Even under assumptions with no historical precedent, downside is bounded while upside remains intact. At \$169, the market is already discounting deterioration that operating results and the regulatory environment do not support.

## KEY RISKS TO MONITOR

### Competitive Risk

#### Salesforce + IQVIA in Commercial CRM.

Salesforce signed 40+ life sciences customers including one top-3 global pharma defection. If Veeva's CRM migrations stall or competitive losses accelerate, our revenue and margin assumptions are too optimistic.

Watch: CRM live customer count, top-20 commitment cadence and renewal win rates.

### Execution Risk

#### CRM Transition Complexity

Enterprise migrations extend 12+ months for large accounts. Quality issues or delays will surface in professional service margins before revenue. Legacy Salesforce support ends Dec. 31, 2029.

### Macro and Policy Risk

#### Pharma Budget Pressure

MFN drug pricing, OBBBA's \$1T+ Medicaid cuts, and IRA Part D negotiated prices compress pharma revenue indirectly. Lower drug revenue leads to tighter pharma budgets, then slower new Veeva module adoption.

Mitigant: Veeva's R&D software revenue is tied to compliance and core drug development requirements rather than discretionary spending. Companies cannot

delay federal pharmacovigilance obligations without regulatory consequence. Watch for R&D subscription growth versus commercial subscription growth, deferred revenue growth as a leading indicator of bookings.

## AI Disruption

### Long-Dated, Sequenced, and Bounded

Full system-of-record displacement requires the conditions outlined in Bear Case 2; a global regulatory paradigm shift with no observable leading indicators today.

Watch: FDA AI guidance finalization; pharma company publicly replacing a validated Vault module with an AI-native alternative.

## Multiple Compression

SaaS multiples haven't fully recovered from to their 2021-22 peaks. Further compression limits upside even if Veeva executes. The GAAP DCF provides a margin of safety at the current price of \$169; meaningful pessimism is priced in.

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14. Review of FDA's Draft Guidance
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**APPENDIX**

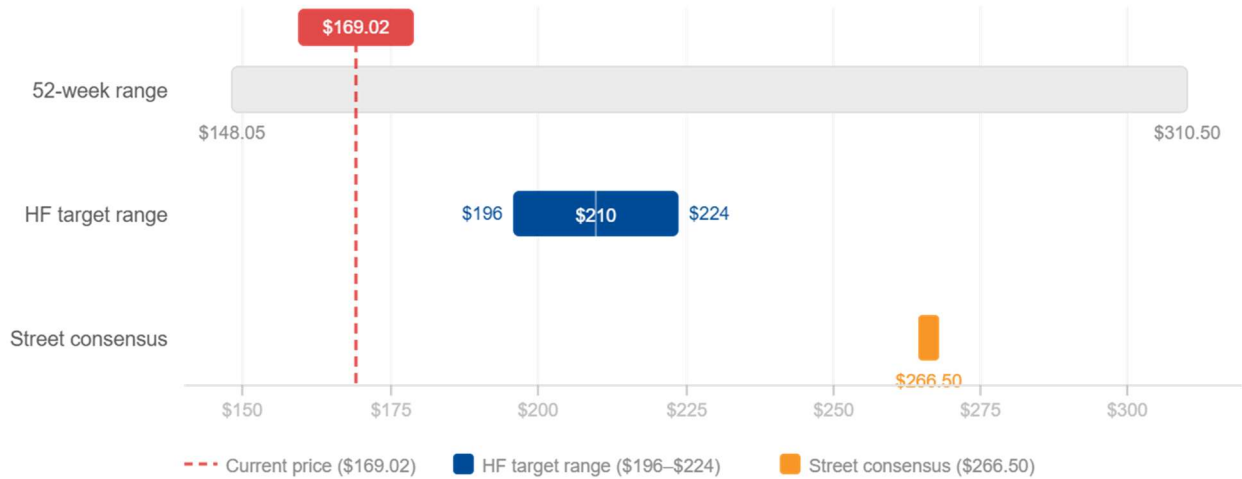
Current Price \$169.02 as of 4/20/2026

GAAP				Adjusted			
Method	Price	Weight	Contribution	Method	Price	Weight	Contribution
DCF/ EP	\$ 186	75%	\$ 140	DCF/ EP	\$ 228	75%	\$ 171
Forward Pe	\$ 199	15%	\$ 30	Forward Pe	\$ 176	15%	\$ 26
EV/FCF	\$ 260	10%	\$ 26	EV/FCF	\$ 260	10%	\$ 26

Target Range	low	\$ 196	\$ 210	high	\$ 224
<i>Implied Upside</i>		16%	mid-range		32%

Veeva Systems (VEEV)

Valuation summary — April 20, 2026



**Veeva Systems**

 Revenue Decomposition  
 (in \$ millions)

implicates hard-coded

12.0% topline CAGR thru 2030

<b>Fiscal Years Ending Jan. 31</b>	<b>2025</b>	<b>2026</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>	<b>2033E</b>	<b>2034E</b>	<b>2035E</b>	<b>2036E</b>
<b>Total Revenue</b>	<b>2747</b>	<b>3195</b>	<b>3599</b>	<b>4078</b>	<b>4603</b>	<b>5105</b>	<b>5636</b>	<b>6155</b>	<b>6660</b>	<b>7152</b>	<b>7618</b>	<b>8057</b>
<i>Implied % Growth</i>	16%	16%	13%	13%	13%	11%	10%	9%	8%	7%	7%	6%
<b>Total Subscription Revenue</b>	<b>2285</b>	<b>2684</b>	<b>3045</b>	<b>3480</b>	<b>3960</b>	<b>4415</b>	<b>4903</b>	<b>5383</b>	<b>5849</b>	<b>6306</b>	<b>6739</b>	<b>7150</b>
<i>% Growth</i>	20%	17%	13%	14%	14%	12%	11%	10%	9%	8%	7%	6%
Subscription - R&D and Quality Solutions	1180	1427	1661	1949	2273	2583	2921	3259	3594	3917	4217	4488
<i>% Growth</i>	30%	21%	16%	17%	17%	14%	13%	12%	10%	9%	8%	6%
Subscription - Commercial Solutions	1105	1258	1384	1531	1687	1832	1981	2124	2255	2389	2522	2662
<i>% Growth</i>	11%	14%	10%	11%	10%	9%	8%	7%	6%	6%	6%	6%
<b>Total Professional Revenue</b>	<b>462</b>	<b>511</b>	<b>554</b>	<b>598</b>	<b>644</b>	<b>689</b>	<b>733</b>	<b>772</b>	<b>812</b>	<b>846</b>	<b>880</b>	<b>907</b>
<i>% Growth</i>	0%	11%	8%	8%	8%	7%	6%	5%	5%	4%	4%	3%
Professional Services & Other - R&D and Quality Solutions	277	322	361	403	447	492	536	576	618	654	691	721
<i>% Growth</i>	0%	16%	12%	12%	11%	10%	9%	7%	7%	6%	6%	4%
Professional Services & Other - Commercial Solutions	185	189	192	195	196	197	197	196	194	192	189	186
<i>% Growth</i>	0%	2%	2%	1%	1%	0%	0%	0%	-1%	-1%	-2%	-2%
<b>R&amp;D and Quality Solutions</b>			2022	2352	2720	3076	3458	3835	4211	4572	4908	5210
<b>Customer Metrics:</b>												
R&D Customers (end of period)	1125	1196	1266	1338	1406	1466	1521	1571	1619	1665	1707	1747
<i>Net New Customers</i>	47	71	70	72	68	60	55	50	48	46	42	40
<i>% Growth</i>	4%	6%	6%	6%	5%	4%	4%	3%	3%	3%	3%	2%
<b>Subscription:</b>												
Revenue per customer (\$K)	\$1,049	\$1,193	\$1,312	\$1,456	\$1,617	\$1,762	\$1,921	\$2,074	\$2,220	\$2,353	\$2,470	\$2,569
<i>% Growth</i>	25%	14%	10%	11%	11%	9%	9%	8%	7%	6%	5%	4%
<b>Professional Services</b>												
Revenue per customer (\$K)	\$246	\$269	\$285	\$301	\$318	\$336	\$353	\$367	\$381	\$393	\$405	\$413
<i>% Growth</i>	-4%	9%	6%	6%	6%	6%	5%	4%	4%	3%	3%	2%
<b>Commercial Solutions</b>			1577	1726	1883	2029	2178	2320	2449	2580	2711	2848
<b>Customer Metrics:</b>												
Commercial Customers (end of period)	730	767	804	839	872	902	929	953	973	991	1006	1021
<i>Net New Customers</i>	37	37	37	35	33	30	27	24	20	18	15	15
<i>% Growth</i>	5%	5%	5%	4%	4%	3%	3%	3%	2%	2%	2%	1%
<b>Subscription:</b>												
Revenue per customer (\$K)	\$1,514	\$1,640	\$1,722	\$1,825	\$1,934	\$2,031	\$2,133	\$2,229	\$2,318	\$2,410	\$2,507	\$2,607
<i>% Growth</i>	5%	8%	5%	6%	6%	5%	5%	5%	4%	4%	4%	4%
<b>Professional Services</b>												
Revenue per customer (\$K)	\$254	\$247	\$239	\$232	\$225	\$219	\$212	\$206	\$199	\$193	\$188	\$182
<i>% Growth</i>	-5%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%

**Veeva Systems**
*Income Statement - GAAP*

(in \$ millions)

<i>Fiscal Years Ending Jan. 31</i>	2024	2025	2026	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
<b>Revenues:</b>													
Subscription services	1902	2285	2684	3045	3480	3960	4415	4903	5383	5849	6306	6739	7150
Professional services and other	462	462	511	554	598	644	689	733	772	812	846	880	907
<b>Total revenues</b>	<b>2364</b>	<b>2747</b>	<b>3195</b>	<b>3599</b>	<b>4078</b>	<b>4603</b>	<b>5105</b>	<b>5636</b>	<b>6155</b>	<b>6660</b>	<b>7152</b>	<b>7618</b>	<b>8057</b>
<b>Costs:</b>													
Cost of subscription services	(291)	(323)	(363)	(409)	(462)	(518)	(566)	(619)	(671)	(721)	(767)	(810)	(849)
Cost of professional services and other	(387)	(377)	(419)	(454)	(490)	(528)	(565)	(601)	(633)	(666)	(694)	(721)	(744)
<b>Total cost of revenues</b>	<b>(677)</b>	<b>(700)</b>	<b>(782)</b>	<b>(863)</b>	<b>(952)</b>	<b>(1045)</b>	<b>(1131)</b>	<b>(1220)</b>	<b>(1304)</b>	<b>(1386)</b>	<b>(1461)</b>	<b>(1531)</b>	<b>(1592)</b>
<b>Gross profit</b>	<b>1686</b>	<b>2047</b>	<b>2413</b>	<b>2736</b>	<b>3126</b>	<b>3558</b>	<b>3973</b>	<b>4416</b>	<b>4851</b>	<b>5274</b>	<b>5691</b>	<b>6087</b>	<b>6465</b>
Research and development	(629)	(693)	(767)	(868)	(984)	(1111)	(1222)	(1337)	(1448)	(1554)	(1654)	(1747)	(1831)
Sales and marketing	(381)	(397)	(429)	(479)	(537)	(601)	(661)	(723)	(782)	(838)	(891)	(940)	(985)
General and administrative	(247)	(266)	(301)	(326)	(355)	(392)	(424)	(457)	(487)	(514)	(537)	(557)	(573)
<b>Total operating expenses</b>	<b>(1257)</b>	<b>(1356)</b>	<b>(1497)</b>	<b>(1673)</b>	<b>(1877)</b>	<b>(2104)</b>	<b>(2306)</b>	<b>(2517)</b>	<b>(2717)</b>	<b>(2905)</b>	<b>(3083)</b>	<b>(3244)</b>	<b>(3389)</b>
<b>Operating income</b>	<b>429</b>	<b>691</b>	<b>916</b>	<b>1063</b>	<b>1249</b>	<b>1454</b>	<b>1667</b>	<b>1899</b>	<b>2134</b>	<b>2369</b>	<b>2608</b>	<b>2843</b>	<b>3076</b>
Other income / expense, net	159	228	278	266	270	274	303	334	366	297	338	378	424
<b>EBT</b>	<b>588</b>	<b>919</b>	<b>1195</b>	<b>1329</b>	<b>1519</b>	<b>1728</b>	<b>1970</b>	<b>2233</b>	<b>2499</b>	<b>2666</b>	<b>2946</b>	<b>3222</b>	<b>3500</b>
Provision for / benefit from income taxes	(62)	(205)	(286)	(286)	(327)	(372)	(424)	(480)	(537)	(573)	(633)	(693)	(752)
<b>Net income</b>	<b>526</b>	<b>714</b>	<b>909</b>	<b>1044</b>	<b>1192</b>	<b>1357</b>	<b>1547</b>	<b>1753</b>	<b>1962</b>	<b>2093</b>	<b>2313</b>	<b>2529</b>	<b>2747</b>
<b>Per share</b>													
Basic	3.27	4.41	5.55	6.48	7.49	8.47	9.59	10.78	11.95	12.74	14.13	15.49	16.85
Diluted	3.22	4.32	5.44	6.43	7.44	8.50	9.63	10.82	12.01	12.74	14.11	15.47	16.84
<b>Weighted average shares</b>													
Basic	161	162	164	161	159	160	161	163	164	164	164	163	163
Diluted	163	165	167	162	160	160	161	162	163	164	164	163	163

**Veeva Systems**
*GAAP-Adjusted Reconciliation*

(in \$ millions)

<i>Fiscal Years Ending</i>	2024	2025	2026	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
<b>GAAP Operating income</b>	<b>429</b>	<b>691</b>	<b>916</b>	<b>1063</b>	<b>1249</b>	<b>1454</b>	<b>1667</b>	<b>1899</b>	<b>2134</b>	<b>2369</b>	<b>2608</b>	<b>2843</b>	<b>3076</b>
<b>Adjustments:</b>													
+ Stock-based compensation	394	437	473	514	562	612	653	693	726	752	772	784	789
+ Amortization of intangibles	20	19	14	9	8	8	6	0	0	0	0	0	0
+ Litigation settlement	0	5	31	0	0	0	0	0	0	0	0	0	0
<b>Total Adjustments</b>	<b>414</b>	<b>461</b>	<b>518</b>	<b>523</b>	<b>570</b>	<b>620</b>	<b>659</b>	<b>693</b>	<b>726</b>	<b>752</b>	<b>772</b>	<b>784</b>	<b>789</b>
<b>Adjusted Operating Income</b>	<b>843</b>	<b>1152</b>	<b>1434</b>	<b>1586</b>	<b>1819</b>	<b>2074</b>	<b>2326</b>	<b>2592</b>	<b>2860</b>	<b>3121</b>	<b>3380</b>	<b>3627</b>	<b>3865</b>
<i>Non-GAAP Operating Margin</i>	35.7%	42.0%	44.9%	44.1%	44.6%	45.1%	45.6%	46.0%	46.5%	46.9%	47.3%	47.6%	48.0%
Other income	159	228	278	266	270	274	303	334	366	297	338	378	424
<b>Adjusted EBT</b>	<b>1002</b>	<b>1380</b>	<b>1712</b>	<b>1853</b>	<b>2089</b>	<b>2348</b>	<b>2629</b>	<b>2926</b>	<b>3225</b>	<b>3418</b>	<b>3718</b>	<b>4006</b>	<b>4289</b>
Less: Non-GAAP Tax Provision (21% assumed)	(211)	(289)	(360)	(389)	(439)	(493)	(552)	(614)	(677)	(718)	(781)	(841)	(901)
<b>Adjusted Net Income</b>	<b>791</b>	<b>1091</b>	<b>1352</b>	<b>1464</b>	<b>1650</b>	<b>1855</b>	<b>2077</b>	<b>2311</b>	<b>2548</b>	<b>2700</b>	<b>2938</b>	<b>3165</b>	<b>3388</b>
Diluted Shares	163	165	167	162	160	160	161	162	163	164	164	163	163
<b>Adjusted EPS</b>	<b>4.84</b>	<b>6.60</b>	<b>8.10</b>	<b>9.01</b>	<b>10.30</b>	<b>11.62</b>	<b>12.93</b>	<b>14.27</b>	<b>15.59</b>	<b>16.44</b>	<b>17.92</b>	<b>19.36</b>	<b>20.77</b>

**Veeva Systems**
*Common Size Income Statement*

<b>Fiscal Years Ending Jan. 31</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>	<b>2033E</b>	<b>2034E</b>	<b>2035E</b>	<b>2036E</b>
<b>Revenues:</b>													
Subscription services	80.5%	83.2%	84.0%	84.6%	85.3%	86.0%	86.5%	87.0%	87.5%	87.8%	88.2%	88.5%	88.7%
Professional services and other	19.5%	16.8%	16.0%	15.4%	14.7%	14.0%	13.5%	13.0%	12.5%	12.2%	11.8%	11.5%	11.3%
<b>Total revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Costs:</b>													
<b>Cost of subscription services (vs total)</b>	<b>-12.3%</b>	<b>-11.8%</b>	<b>-11.4%</b>	<b>-11.4%</b>	<b>-11.3%</b>	<b>-11.2%</b>	<b>-11.1%</b>	<b>-11.0%</b>	<b>-10.9%</b>	<b>-10.8%</b>	<b>-10.7%</b>	<b>-10.6%</b>	<b>-10.5%</b>
Cost of subscription services (as % sub revenue)	-15.3%	-14.1%	-13.5%	-13.4%	-13.3%	-13.1%	-12.8%	-12.6%	-12.5%	-12.3%	-12.2%	-12.0%	-11.9%
<b>Cost of pro services (vs total)</b>	<b>-16.4%</b>	<b>-13.7%</b>	<b>-13.1%</b>	<b>-12.6%</b>	<b>-12.0%</b>	<b>-11.5%</b>	<b>-11.1%</b>	<b>-10.7%</b>	<b>-10.3%</b>	<b>-10.0%</b>	<b>-9.7%</b>	<b>-9.5%</b>	<b>-9.2%</b>
Cost of professional services (as % pro service revenue)	-83.7%	-81.5%	-82.0%	-82.0%	-82.0%	-82.0%	-82.0%	-82.0%	-82.0%	-82.0%	-82.0%	-82.0%	-82.0%
<b>Total cost of revenues</b>	<b>-28.7%</b>	<b>-25.5%</b>	<b>-24.5%</b>	<b>-24.0%</b>	<b>-23.3%</b>	<b>-22.7%</b>	<b>-22.2%</b>	<b>-21.6%</b>	<b>-21.2%</b>	<b>-20.8%</b>	<b>-20.4%</b>	<b>-20.1%</b>	<b>-19.8%</b>
<b>Gross profit</b>	<b>71.3%</b>	<b>74.5%</b>	<b>75.5%</b>	<b>76.0%</b>	<b>76.7%</b>	<b>77.3%</b>	<b>77.8%</b>	<b>78.4%</b>	<b>78.8%</b>	<b>79.2%</b>	<b>79.6%</b>	<b>79.9%</b>	<b>80.2%</b>
Research and development	-26.6%	-25.2%	-24.0%	-24.1%	-24.1%	-24.1%	-23.9%	-23.7%	-23.5%	-23.3%	-23.1%	-22.9%	-22.7%
Sales and marketing	-16.1%	-14.4%	-13.4%	-13.3%	-13.2%	-13.1%	-12.9%	-12.8%	-12.7%	-12.6%	-12.5%	-12.3%	-12.2%
General and administrative	-10.4%	-9.7%	-9.4%	-9.1%	-8.7%	-8.5%	-8.3%	-8.1%	-7.9%	-7.7%	-7.5%	-7.3%	-7.1%
<b>Total operating expenses</b>	<b>-53.2%</b>	<b>-49.4%</b>	<b>-46.8%</b>	<b>-46.5%</b>	<b>-46.0%</b>	<b>-45.7%</b>	<b>-45.2%</b>	<b>-44.7%</b>	<b>-44.1%</b>	<b>-43.6%</b>	<b>-43.1%</b>	<b>-42.6%</b>	<b>-42.1%</b>
<b>Operating income</b>	<b>18.2%</b>	<b>25.2%</b>	<b>28.7%</b>	<b>29.5%</b>	<b>30.6%</b>	<b>31.6%</b>	<b>32.7%</b>	<b>33.7%</b>	<b>34.7%</b>	<b>35.6%</b>	<b>36.5%</b>	<b>37.3%</b>	<b>38.2%</b>
Other income / expense, net	6.7%	8.3%	8.7%	7.4%	6.6%	6.0%	5.9%	5.9%	5.9%	4.5%	4.7%	5.0%	5.3%
<b>EBT</b>	<b>24.9%</b>	<b>33.5%</b>	<b>37.4%</b>	<b>36.9%</b>	<b>37.2%</b>	<b>37.5%</b>	<b>38.6%</b>	<b>39.6%</b>	<b>40.6%</b>	<b>40.0%</b>	<b>41.2%</b>	<b>42.3%</b>	<b>43.4%</b>
Provision for / benefit from income taxes	-2.6%	-7.5%	-8.9%	-7.9%	-8.0%	-8.1%	-8.3%	-8.5%	-8.7%	-8.6%	-8.9%	-9.1%	-9.3%
<b>Net income</b>	<b>22.2%</b>	<b>26.0%</b>	<b>28.4%</b>	<b>29.0%</b>	<b>29.2%</b>	<b>29.5%</b>	<b>30.3%</b>	<b>31.1%</b>	<b>31.9%</b>	<b>31.4%</b>	<b>32.3%</b>	<b>33.2%</b>	<b>34.1%</b>

**Veeva Systems**
*Balance Sheet*
*(in \$ millions)*

<b>Fiscal Years Ending Jan. 31</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>	<b>2033E</b>	<b>2034E</b>	<b>2035E</b>	<b>2036E</b>
Cash and cash equivalents	703.5	1118.8	1421.2	2230.5	3065.2	4017.1	5054.6	6186.4	7421.5	8450.2	9461.9	10593.4	11850.1
Short-term investments	3324.3	4031.4	5139.6	5457.0	5821.8	6783.4	7889.0	9140.5	10530.9	11978.2	13552.2	15234.9	17015.6
Accounts receivable, net	852.2	1016.4	1259.7	1305.5	1479.2	1669.9	1851.8	2044.5	2232.8	2416.1	2594.5	2763.7	2922.9
Unbilled accounts receivable	36.4	40.8	50.6	53.5	60.6	68.4	75.9	83.8	91.5	99.0	106.3	113.3	119.8
Prepaid expenses and other current assets	86.9	101.5	126.5	135.9	154.0	173.8	192.8	212.8	232.4	251.5	270.1	287.7	304.3
<b>Total current assets</b>	<b>5003.2</b>	<b>6308.8</b>	<b>7997.6</b>	<b>9182.4</b>	<b>10580.8</b>	<b>12712.7</b>	<b>15064.1</b>	<b>17668.0</b>	<b>20509.1</b>	<b>23195.0</b>	<b>25985.0</b>	<b>28992.9</b>	<b>32212.7</b>
Property and equipment, net	58.5	55.9	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3
Deferred costs, net	23.9	26.4	30.0	31.8	35.7	39.9	43.8	47.9	51.9	55.6	59.1	62.4	65.3
Lease right-of-use assets	45.6	63.9	75.6	72.2	72.2	72.2	72.2	72.2	72.2	72.2	72.2	72.2	72.2
Goodwill	439.9	439.9	439.9	439.9	439.9	439.9	439.9	439.9	439.9	439.9	439.9	439.9	439.9
Intangible assets, net	63.0	44.5	30.3	21.4	13.6	5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income taxes	233.5	343.9	273.4	307.9	348.9	393.9	436.8	482.3	526.7	569.9	612.0	651.9	689.4
Other long-term assets	43.3	56.5	62.3	68.8	77.9	88.0	97.6	107.7	117.7	127.3	136.7	145.6	154.0
<b>Total assets</b>	<b>5910.9</b>	<b>7339.8</b>	<b>8979.3</b>	<b>10194.6</b>	<b>11639.2</b>	<b>13822.6</b>	<b>16224.6</b>	<b>18888.3</b>	<b>21787.6</b>	<b>24530.1</b>	<b>27375.1</b>	<b>30435.2</b>	<b>33703.8</b>
Accounts payable	31.5	30.4	37.6	50.0	56.6	63.9	70.9	78.3	85.5	92.5	99.3	105.8	111.9
Accrued compensation and benefits	43.4	39.4	45.9	60.8	68.9	77.8	86.3	95.3	104.1	112.6	120.9	128.8	136.2
Accrued expenses and other current liabilities	33.0	35.6	45.9	51.9	58.8	66.3	73.6	81.2	88.7	96.0	103.1	109.8	116.1
Income tax payable	11.9	9.0	6.7	9.3	10.7	12.1	13.8	15.7	17.5	18.7	20.7	22.6	24.6
Deferred revenue	1049.8	1274.0	1488.8	1673.1	1895.6	2140.1	2373.2	2620.1	2861.3	3096.3	3324.9	3541.7	3745.7
Lease liabilities	9.3	10.0	12.2	14.9	18.5	14.9	14.1	11.3	8.5	8.5	8.5	8.5	8.5
<b>Total current liabilities</b>	<b>1178.9</b>	<b>1398.4</b>	<b>1637.1</b>	<b>1859.9</b>	<b>2109.1</b>	<b>2375.2</b>	<b>2631.8</b>	<b>2901.8</b>	<b>3165.6</b>	<b>3424.6</b>	<b>3677.3</b>	<b>3917.2</b>	<b>4143.0</b>
Deferred income taxes	2.1	0.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lease liabilities, noncurrent	46.4	65.8	83.7	71.4	67.7	71.3	72.2	74.9	77.7	77.7	77.7	77.7	77.7
Other long-term liabilities	38.7	42.6	43.3	53.4	60.5	68.3	75.8	83.7	91.4	98.9	106.2	113.1	119.6
<b>Total liabilities</b>	<b>1266.1</b>	<b>1507.4</b>	<b>1764.6</b>	<b>1984.7</b>	<b>2237.4</b>	<b>2514.8</b>	<b>2779.7</b>	<b>3060.4</b>	<b>3334.7</b>	<b>3601.2</b>	<b>3861.2</b>	<b>4108.0</b>	<b>4340.3</b>
Additional paid-in capital	1915.0	2386.2	2843.1	3794.7	4794.4	5843.5	6933.8	8063.9	9227.0	10110.3	10882.3	11666.5	12455.6
Accumulated other comprehensive income / loss	(10.6)	(8.4)	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2
Retained earnings	2740.5	3454.6	4363.5	4407.0	4599.3	5456.1	6502.9	7755.8	9217.8	10810.5	12623.4	14652.4	16899.7
<b>Total stockholders' equity</b>	<b>4644.8</b>	<b>5832.4</b>	<b>7214.8</b>	<b>8209.9</b>	<b>9401.9</b>	<b>11307.8</b>	<b>13444.8</b>	<b>15827.9</b>	<b>18452.9</b>	<b>20929.0</b>	<b>23513.9</b>	<b>26327.1</b>	<b>29363.5</b>
<b>Total liabilities and stockholders' equity</b>	<b>5910.9</b>	<b>7339.8</b>	<b>8979.3</b>	<b>10194.6</b>	<b>11639.2</b>	<b>13822.6</b>	<b>16224.6</b>	<b>18888.3</b>	<b>21787.6</b>	<b>24530.1</b>	<b>27375.1</b>	<b>30435.2</b>	<b>33703.8</b>

Veeva Systems  
Common Size Balance Sheet

Fiscal Years Ending Jan. 31	2024	2025	2026	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
Cash and cash equivalents	29.8%	40.7%	44.5%	62.0%	75.2%	87.3%	99.0%	109.8%	120.6%	126.9%	132.3%	139.0%	147.1%
Short-term investments	140.6%	146.8%	160.8%	151.6%	142.8%	147.4%	154.5%	162.2%	171.1%	179.8%	189.5%	200.0%	211.2%
Accounts receivable, net	36.1%	37.0%	39.4%	36.3%	36.3%	36.3%	36.3%	36.3%	36.3%	36.3%	36.3%	36.3%	36.3%
Unbilled accounts receivable	1.5%	1.5%	1.6%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Prepaid expenses and other current assets	3.7%	3.7%	4.0%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
<b>Total current assets</b>	<b>211.7%</b>	<b>229.7%</b>	<b>250.3%</b>	<b>255.1%</b>	<b>259.5%</b>	<b>276.2%</b>	<b>295.1%</b>	<b>313.5%</b>	<b>333.2%</b>	<b>348.3%</b>	<b>363.3%</b>	<b>380.6%</b>	<b>399.8%</b>
Property and equipment, net	2.5%	2.0%	2.2%	2.0%	1.7%	1.5%	1.4%	1.2%	1.1%	1.1%	1.0%	0.9%	0.9%
Deferred costs, net	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%
Lease right-of-use assets	1.9%	2.3%	2.4%	2.0%	1.8%	1.6%	1.4%	1.3%	1.2%	1.1%	1.0%	0.9%	0.9%
Goodwill	18.6%	16.0%	13.8%	12.2%	10.8%	9.6%	8.6%	7.8%	7.1%	6.6%	6.2%	5.8%	5.5%
Intangible assets, net	2.7%	1.6%	0.9%	0.6%	0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred income taxes	9.9%	12.5%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%
Other long-term assets	1.8%	2.1%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
<b>Total assets</b>	<b>250.1%</b>	<b>267.2%</b>	<b>281.0%</b>	<b>283.3%</b>	<b>285.4%</b>	<b>300.3%</b>	<b>317.8%</b>	<b>335.1%</b>	<b>354.0%</b>	<b>368.3%</b>	<b>382.8%</b>	<b>399.5%</b>	<b>418.3%</b>
Accounts payable	1.3%	1.1%	1.2%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
Accrued compensation and benefits	1.8%	1.4%	1.4%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Accrued expenses and other current liabilities	1.4%	1.3%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
Income tax payable	0.5%	0.3%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Deferred revenue	44.4%	46.4%	46.6%	46.5%	46.5%	46.5%	46.5%	46.5%	46.5%	46.5%	46.5%	46.5%	46.5%
Lease liabilities	0.4%	0.4%	0.4%	0.4%	0.5%	0.3%	0.3%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%
<b>Total current liabilities</b>	<b>49.9%</b>	<b>50.9%</b>	<b>51.2%</b>	<b>51.7%</b>	<b>51.7%</b>	<b>51.6%</b>	<b>51.6%</b>	<b>51.5%</b>	<b>51.4%</b>	<b>51.4%</b>	<b>51.4%</b>	<b>51.4%</b>	<b>51.4%</b>
Deferred income taxes	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Lease liabilities, noncurrent	2.0%	2.4%	2.6%	2.0%	1.7%	1.5%	1.4%	1.3%	1.3%	1.2%	1.1%	1.0%	1.0%
Other long-term liabilities	1.6%	1.6%	1.4%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
<b>Total liabilities</b>	<b>53.6%</b>	<b>54.9%</b>	<b>55.2%</b>	<b>55.1%</b>	<b>54.9%</b>	<b>54.6%</b>	<b>54.5%</b>	<b>54.3%</b>	<b>54.2%</b>	<b>54.1%</b>	<b>54.0%</b>	<b>53.9%</b>	<b>53.9%</b>
Additional paid-in capital	81.0%	86.9%	89.0%	105.4%	117.6%	126.9%	135.8%	143.1%	149.9%	151.8%	152.2%	153.1%	154.6%
Accumulated other comprehensive income / loss	-0.5%	-0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Retained earnings	115.9%	125.8%	136.6%	122.5%	112.8%	118.5%	127.4%	137.6%	149.8%	162.3%	176.5%	192.3%	209.7%
<b>Total stockholders' equity</b>	<b>196.5%</b>	<b>212.3%</b>	<b>225.8%</b>	<b>228.1%</b>	<b>230.6%</b>	<b>245.6%</b>	<b>263.4%</b>	<b>280.8%</b>	<b>299.8%</b>	<b>314.2%</b>	<b>328.8%</b>	<b>345.6%</b>	<b>364.4%</b>
<b>Total liabilities and stockholders' equity</b>	<b>250.1%</b>	<b>267.2%</b>	<b>281.0%</b>	<b>283.3%</b>	<b>285.4%</b>	<b>300.3%</b>	<b>317.8%</b>	<b>335.1%</b>	<b>354.0%</b>	<b>368.3%</b>	<b>382.8%</b>	<b>399.5%</b>	<b>418.3%</b>

<b>Veeva Systems</b>										
<i>Historical Cash Flow Statement</i>										
<i>(in \$ millions)</i>										
<b>Fiscal Years Ending Jan. 31</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Cash Flow from Operations</b>										
Net income	77.6	151.2	229.8	301.1	380.0	427.4	487.7	525.7	714.1	908.9
<b>Adjustments to reconcile net cash provided by operating activities:</b>										
Depreciation and amortization (ex. ROU)		14.3	14.1	19.9	29.5	27.4	29.1	32.6	39.4	38.0
Amortization of ROU assets		0.0	0.0	8.0	10.3	11.4	12.2	11.7	11.5	12.5
Accretion of discount on ST investments	1.9	1.4	(2.4)	(3.3)	3.1	6.3	(3.6)	(26.5)	(24.4)	(9.7)
Stock-based compensation	40.8	54.0	76.4	115.9	185.0	234.6	351.9	393.7	437.4	472.7
Amortization of deferred costs	14.2	16.6	18.4	20.5	20.7	26.1	22.1	18.2	15.5	16.4
Deferred income taxes	(1.1)	1.2	(8.1)	(6.7)	(1.0)	11.1	(127.5)	(105.4)	(112.3)	65.1
Other, net	0.1	0.0	0.0	0.1	(0.7)	(0.5)	1.2	0.5	1.2	3.3
<b>Changes in operating assets and liabilities:</b>										
Accounts receivable	(36.6)	(47.8)	(79.0)	(55.5)	(174.1)	(67.0)	(72.2)	(149.8)	(164.6)	(244.7)
Unbilled accounts receivable	(3.0)	(4.3)	(4.8)	(14.6)	(14.4)	(16.1)	(18.9)	45.8	(4.4)	(9.8)
Deferred costs	(20.4)	(18.8)	(18.9)	(25.2)	(27.2)	(17.1)	(20.8)	(10.3)	(18.0)	(20.0)
Prepaid expenses and other current and long-term assets	0.8	(2.5)	(10.6)	(2.7)	(12.4)	(2.9)	(47.4)	0.4	(17.5)	(33.8)
Accounts payable	1.1	1.4	1.8	2.8	0.8	(3.0)	21.4	(10.2)	(2.0)	6.1
Accrued expenses and other current liabilities	0.3	7.1	1.0	(15.2)	13.9	9.4	9.3	(4.2)	(1.4)	3.0
Income taxes	0.9	(2.5)	0.6	1.1	(3.0)	5.3	(2.8)	6.9	(2.8)	(2.3)
Deferred revenue	51.2	58.2	89.4	97.8	147.5	116.1	140.5	188.2	227.8	213.1
Lease liabilities		0.0	0.0	(7.5)	(9.1)	(11.6)	(10.6)	(6.9)	(9.8)	(5.8)
Other long-term liabilities	2.4	3.8	3.1	0.9	2.4	7.5	8.9	1.0	0.2	2.5
<b>Net cash provided by / used in operating activities</b>	<b>144.0</b>	<b>233.4</b>	<b>310.8</b>	<b>437.4</b>	<b>551.2</b>	<b>764.5</b>	<b>780.5</b>	<b>911.3</b>	<b>1090.1</b>	<b>1415.2</b>
<b>Cash Flow from Investing</b>										
Purchases of short-term investments	(314.8)	(437.9)	(726.4)	(752.5)	(979.3)	(1117.1)	(1996.9)	(2698.0)	(2582.0)	(3133.1)
Maturities and sales of short-term investments	225.6	294.7	632.3	688.1	654.3	792.9	1002.7	1647.8	1902.3	2057.8
Long-term assets	(7.5)	(11.4)	(9.8)	(4.3)	(8.7)	(14.2)	(13.5)	(26.2)	(20.5)	(29.1)
<b>Net cash provided by / used in investing activities</b>	<b>(96.8)</b>	<b>(154.5)</b>	<b>(103.9)</b>	<b>(516.9)</b>	<b>(333.6)</b>	<b>(346.2)</b>	<b>(1007.7)</b>	<b>(1076.4)</b>	<b>(700.1)</b>	<b>(1104.4)</b>
<b>Cash Flow from Financing</b>										
Proceeds from exercise of common stock options	12.4	20.8	25.9	11.0	34.9	51.5	43.7	62.7	105.5	253.9
Repurchases of common stock								0.0	0.0	(169.9)
<b>Net cash provided by / used in financing activities</b>	<b>38.0</b>	<b>20.8</b>	<b>25.9</b>	<b>10.0</b>	<b>33.8</b>	<b>(4.1)</b>	<b>(19.4)</b>	<b>(16.2)</b>	<b>26.1</b>	<b>(9.3)</b>
Taxes paid related to net share settlement of equity awards				0.0	0.0	(55.3)	(63.0)	(78.9)	(79.4)	(93.2)
Effect of exchange rate changes on cash and cash equivalents	0.1	3.1	(2.1)	(2.9)	0.5	(4.7)	(5.0)	(1.8)	(1.7)	0.9
<b>Net change in cash and cash equivalents</b>	<b>85.3</b>	<b>102.8</b>	<b>230.8</b>	<b>(72.4)</b>	<b>251.9</b>	<b>409.5</b>	<b>(251.6)</b>	<b>(183.0)</b>	<b>414.3</b>	<b>302.4</b>
Cash, cash equivalents and restricted cash at beginning of period	133.3	218.6	321.4	552.2	479.8	731.7	1141.2	889.7	706.7	1121.0
<b>Total cash, cash equivalents and restricted cash at end of period</b>	<b>218.6</b>	<b>321.4</b>	<b>552.2</b>	<b>479.8</b>	<b>731.7</b>	<b>1141.2</b>	<b>889.7</b>	<b>706.7</b>	<b>1121.0</b>	<b>1423.4</b>
<b>Supplemental disclosure</b>										
Cash paid for income taxes, net of refunds	14.2	(12.5)	(19.5)	(14.3)	18.1	58.6	(168.0)	(134.5)	(322.0)	(230.0)
Excess tax benefits from employee stock plans	25.6	45.9	45.8	50.4	80.7	56.2	82.0	71.0	8.9	25.3

**Veeva Systems**
*Forecasted Cash Flow Statement*  
 (in \$ millions)

<i>Fiscal Years Ending Jan. 31</i>	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
<b>Cash Flow from Operations</b>										
Net income	1043.5	1192.3	1356.8	1546.7	1753.0	1962.0	2092.7	2312.9	2529.1	2747.2
<b>Adjustments to reconcile net cash provided by operating activities:</b>										
Depreciation and amortization (ex. ROU)	14.1	12.9	12.9	11.0	5.1	5.1	5.1	5.1	5.1	5.1
ROU amortization	3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stock-Based Comp	514.4	562.5	612.0	653.1	692.9	725.9	752.2	772.0	784.2	789.1
Deferred income taxes	(34.5)	(41.0)	(45.0)	(42.9)	(45.4)	(44.4)	(43.2)	(42.1)	(39.9)	(37.5)
<b>Changes in operating assets and liabilities:</b>										
Accounts receivable	(45.8)	(173.7)	(190.7)	(181.9)	(192.7)	(188.2)	(183.4)	(178.4)	(169.2)	(159.2)
Unbilled accounts receivable	(2.9)	(7.1)	(7.8)	(7.5)	(7.9)	(7.7)	(7.5)	(7.3)	(6.9)	(6.5)
Deferred costs	(1.8)	(3.9)	(4.2)	(3.9)	(4.1)	(3.9)	(3.7)	(3.5)	(3.2)	(3.0)
Prepaid expenses and other current assets	(9.4)	(18.1)	(19.9)	(18.9)	(20.1)	(19.6)	(19.1)	(18.6)	(17.6)	(16.6)
Accounts payable	12.3	6.6	7.3	7.0	7.4	7.2	7.0	6.8	6.5	6.1
Accrued compensation and benefits	15.0	8.1	8.9	8.5	9.0	8.8	8.5	8.3	7.9	7.4
Accrued expenses and other current liabilities	6.0	6.9	7.6	7.2	7.7	7.5	7.3	7.1	6.7	6.3
Income taxes payable	2.6	1.3	1.5	1.7	1.8	1.9	1.2	2.0	1.9	2.0
Deferred revenue	184.2	222.6	244.4	233.1	246.9	241.2	235.0	228.6	216.9	204.0
Deferred tax liability	(0.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current + long term lease liabilities	(9.6)	0.0	0.0	(0.0)	0.0	(0.0)	0.0	0.0	0.0	0.0
Other long-term liabilities	10.2	7.1	7.8	7.4	7.9	7.7	7.5	7.3	6.9	6.5
<b>Net cash provided by / used in operating activities</b>	<b>1701.1</b>	<b>1776.6</b>	<b>1991.5</b>	<b>2220.6</b>	<b>2461.4</b>	<b>2703.4</b>	<b>2859.6</b>	<b>3100.3</b>	<b>3328.3</b>	<b>3551.0</b>
<b>Cash Flow from Investing</b>										
Maturities and sales of short-term investments	2109.5	2239.7	2389.4	2784.1	3237.9	3751.6	4322.2	4916.2	5562.3	6252.9
Purchases of short-term investments	(2426.9)	(2604.5)	(3351.1)	(3889.7)	(4489.4)	(5141.9)	(5769.5)	(6490.3)	(7245.0)	(8033.6)
PPE, net	(5.1)	(5.1)	(5.1)	(5.1)	(5.1)	(5.1)	(5.1)	(5.1)	(5.1)	(5.1)
Other long-term assets	(6.5)	(9.2)	(10.1)	(9.6)	(10.2)	(9.9)	(9.7)	(9.4)	(8.9)	(8.4)
<b>Net cash provided by / used in investing activities</b>	<b>(329.1)</b>	<b>(379.1)</b>	<b>(976.8)</b>	<b>(1120.3)</b>	<b>(1266.9)</b>	<b>(1405.4)</b>	<b>(1462.1)</b>	<b>(1588.6)</b>	<b>(1696.8)</b>	<b>(1794.3)</b>
<b>Cash Flow from Financing</b>										
Proceeds from exercise of common stock options	437.2	437.2	437.2	437.2	437.2	437.2	131.2	0.0	0.0	0.0
Repurchases of common stock	(1000.0)	(1000.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)
<b>Net cash provided by / used in financing activities</b>	<b>(562.8)</b>	<b>(562.8)</b>	<b>(62.8)</b>	<b>(62.8)</b>	<b>(62.8)</b>	<b>(62.8)</b>	<b>(368.8)</b>	<b>(500.0)</b>	<b>(500.0)</b>	<b>(500.0)</b>
<b>Net change in cash and cash equivalents</b>	<b>809.3</b>	<b>834.7</b>	<b>951.9</b>	<b>1037.5</b>	<b>1131.8</b>	<b>1235.2</b>	<b>1028.6</b>	<b>1011.7</b>	<b>1131.5</b>	<b>1256.7</b>
Cash, cash equivalents and restricted cash at beginning of period	1421.2	2230.5	3065.2	4017.1	5054.6	6186.4	7421.5	8450.2	9461.9	10593.4
<b>Total cash, cash equivalents and restricted cash at end of period</b>	<b>2230.5</b>	<b>3065.2</b>	<b>4017.1</b>	<b>5054.6</b>	<b>6186.4</b>	<b>7421.5</b>	<b>8450.2</b>	<b>9461.9</b>	<b>10593.4</b>	<b>11850.1</b>

**Veeva Systems**
*Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding*

(Share counts in millions)

Number of Options Outstanding (shares):	15
Average Time to Maturity (years):	6.30
Expected Annual Number of Options Exercised:	2,402
Current Average Strike Price:	\$ 181.99
Cost of Equity:	9.77%
Current Stock Price:	\$169.02

<i>Fiscal Years Ending Jan. 31</i>	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
Increase in Shares Outstanding:	2.40	2.40	2.40	2.40	2.40	2.40	0.72			
Average Strike Price:	\$ 181.99	\$ 181.99	\$ 181.99	\$ 181.99	\$ 181.99	\$ 181.99	\$ 181.99			
<b>Increase in Common Stock Account (\$M):</b>	<b>437</b>	<b>437</b>	<b>437</b>	<b>437</b>	<b>437</b>	<b>437</b>	<b>131</b>			
Share Repurchases (\$M)	1,000	1,000	500	500	500	500	500	500	500	500
Expected Price of Repurchased Shares:	\$ 169.02	\$ 185.53	\$ 203.66	\$ 223.56	\$ 245.40	\$ 269.37	\$ 295.69	\$ 324.58	\$ 356.29	\$ 391.10
<b>Number of Shares Repurchased:</b>	<b>6</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>
Shares Outstanding (beginning of the year)	163.7	161.2	159.2	160.1	161.3	162.6	164.2	164.2	163.7	163.3
Plus: Shares Issued Through ESOP	2.4	2.4	2.4	2.4	2.4	2.4	0.7	0.0	0.0	0.0
Plus: Shares Vested from RSU	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Less: Shares Repurchased in Treasury	5.9	5.4	2	2	2	2	2	2	1	1
<b>Shares Outstanding (end of the year)</b>	<b>161.2</b>	<b>159.2</b>	<b>160.1</b>	<b>161.3</b>	<b>162.6</b>	<b>164.2</b>	<b>164.2</b>	<b>163.7</b>	<b>163.3</b>	<b>163.0</b>

Veeva Systems													
Value Driver Estimation													
Fiscal Years Ending Jan. 31	2024	2025	2026	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
<b>NOPLAT:</b>													
Revenue	2364	2747	3195	3599	4078	4603	5105	5636	6155	6660	7152	7618	8057
Less: Cost of Revenues	(677)	(700)	(782)	(863)	(952)	(1045)	(1131)	(1220)	(1304)	(1386)	(1461)	(1531)	(1592)
Less: R&D	(629)	(693)	(767)	(868)	(984)	(1111)	(1222)	(1337)	(1448)	(1554)	(1654)	(1747)	(1831)
Less: Sales & Marketing	(381)	(397)	(429)	(479)	(537)	(601)	(661)	(723)	(782)	(838)	(891)	(940)	(985)
Less: General & Admin.	(247)	(266)	(301)	(326)	(355)	(392)	(424)	(457)	(487)	(514)	(537)	(557)	(573)
+ Implied Interest - Operating Leases	2.9	2.7	3.6	4.6	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
<b>EBIT</b>	<b>432</b>	<b>694</b>	<b>920</b>	<b>1068</b>	<b>1253</b>	<b>1458</b>	<b>1671</b>	<b>1903</b>	<b>2138</b>	<b>2373</b>	<b>2613</b>	<b>2847</b>	<b>3080</b>
Tax Rate	-10.60%	-22.32%	-23.91%	-21.50%	-21.50%	-21.50%	-21.50%	-21.50%	-21.50%	-21.50%	-21.50%	-21.50%	-21.50%
Provision for Income Taxes	62	205	286	286	327	372	424	480	537	573	633	693	752
+ Tax Shield on Operating Leases	0.3	0.6	0.9	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Less: Taxes on Other Income	(17)	(51)	(67)	(57)	(58)	(59)	(65)	(72)	(79)	(64)	(73)	(81)	(91)
<b>Adjusted Taxes</b>	<b>46</b>	<b>155</b>	<b>220</b>	<b>230</b>	<b>269</b>	<b>314</b>	<b>359</b>	<b>409</b>	<b>460</b>	<b>510</b>	<b>562</b>	<b>612</b>	<b>662</b>
Changes in Deferred Taxes	(96)	(112)	70	(35)	(41)	(45)	(43)	(45)	(44)	(43)	(42)	(40)	(38)
<b>NOPLAT</b>	<b>290</b>	<b>427</b>	<b>771</b>	<b>803</b>	<b>943</b>	<b>1100</b>	<b>1269</b>	<b>1448</b>	<b>1634</b>	<b>1820</b>	<b>2009</b>	<b>2195</b>	<b>2380</b>
NOPLAT Margin	12.3%	15.6%	24.1%	22.3%	23.1%	23.9%	24.9%	25.7%	26.5%	27.3%	28.1%	28.8%	29.5%
<b>Invested Capital (IC):</b>													
Normal Cash (2% of Sales)	47	55	64	72	82	92	102	113	123	133	143	152	161
Receivables	852	1016	1260	1306	1479	1670	1852	2045	2233	2416	2594	2764	2923
Unbilled receivables	36	41	51	54	61	68	76	84	92	99	106	113	120
Prepaid expenses & other	87	101	126	136	154	174	193	213	232	252	270	288	304
<b>Operating Current Assets</b>	<b>1023</b>	<b>1214</b>	<b>1501</b>	<b>1567</b>	<b>1775</b>	<b>2004</b>	<b>2223</b>	<b>2454</b>	<b>2680</b>	<b>2900</b>	<b>3114</b>	<b>3317</b>	<b>3508</b>
Accounts payable	32	30	38	50	57	64	71	78	85	92	99	106	112
Accrued compensation and benefits	43	39	46	61	69	78	86	95	104	113	121	129	136
Accrued expenses and other current liabilities	33	36	46	52	59	66	74	81	89	96	103	110	116
Income tax payable	12	9	7	9	11	12	14	16	18	19	21	23	25
Deferred revenue	1050	1274	1489	1673	1896	2140	2373	2620	2861	3096	3325	3542	3746
<b>Operating Current Liabilities</b>	<b>1170</b>	<b>1388</b>	<b>1625</b>	<b>1845</b>	<b>2091</b>	<b>2360</b>	<b>2618</b>	<b>2891</b>	<b>3157</b>	<b>3416</b>	<b>3669</b>	<b>3909</b>	<b>4134</b>
<b>Operating WC</b>	<b>(147)</b>	<b>(175)</b>	<b>(124)</b>	<b>(278)</b>	<b>(315)</b>	<b>(356)</b>	<b>(395)</b>	<b>(437)</b>	<b>(477)</b>	<b>(516)</b>	<b>(555)</b>	<b>(592)</b>	<b>(626)</b>
PPE, Net	59	56	70	70	70	70	70	70	70	70	70	70	70
Deferred costs, net	24	26	30	32	36	40	44	48	52	56	59	62	65
Intangible assets, net	63	44	30	21	14	6	0	0	0	0	0	0	0
Other long-term assets	43	57	62	69	78	88	98	108	118	127	137	146	154
Less: Capitalized lease liabilities	(56)	(76)	(96)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)
Less: Other LT liabilities	(39)	(43)	(43)	(53)	(61)	(68)	(76)	(84)	(91)	(99)	(106)	(113)	(120)
<b>Invested Capital</b>	<b>(53)</b>	<b>(110)</b>	<b>(71)</b>	<b>(226)</b>	<b>(265)</b>	<b>(307)</b>	<b>(345)</b>	<b>(381)</b>	<b>(415)</b>	<b>(448)</b>	<b>(481)</b>	<b>(513)</b>	<b>(543)</b>
Invested Capital (ex. Deferred rev)	997	1164	1418	1447	1631	1833	2028	2239	2446	2648	2844	3029	3203
<b>Free Cash Flow (FCF):</b>													
NOPLAT		427	771	803	943	1100	1269	1448	1634	1820	2009	2195	2380
Change in IC		(57)	39	(155)	(39)	(42)	(39)	(35)	(34)	(33)	(33)	(32)	(30)
<b>FCF</b>	<b>0</b>	<b>485</b>	<b>731</b>	<b>958</b>	<b>982</b>	<b>1142</b>	<b>1308</b>	<b>1484</b>	<b>1668</b>	<b>1853</b>	<b>2042</b>	<b>2227</b>	<b>2410</b>

Veeva Systems																		
Value Driver Estimation																		
Adjusted																		
Fiscal Years Ending Jan. 31	2024	2025	2026	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E					
<b>NOPLAT:</b>																		
Revenue	2364	2747	3195	3599	4078	4603	5105	5636	6155	6660	7152	7618	8057					
Less: Cost of Revenues	(677)	(700)	(782)	(863)	(952)	(1045)	(1131)	(1220)	(1304)	(1386)	(1461)	(1531)	(1592)					
Less: R&D	(629)	(693)	(767)	(868)	(984)	(1111)	(1222)	(1337)	(1448)	(1554)	(1654)	(1747)	(1831)					
Less: Sales & Marketing	(381)	(397)	(429)	(479)	(537)	(601)	(661)	(723)	(782)	(838)	(891)	(940)	(985)					
Less: General & Admin.	(247)	(266)	(301)	(326)	(355)	(392)	(424)	(457)	(487)	(514)	(537)	(557)	(573)					
+ Stock-Based Compensation	394	437	473	514	562	612	653	693	726	752	772	784	789					
+ Implied Interest - Operating Leases	2.9	2.7	3.6	4.6	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1					
<b>Adjusted EBIT</b>	<b>826</b>	<b>1131</b>	<b>1393</b>	<b>1582</b>	<b>1816</b>	<b>2070</b>	<b>2324</b>	<b>2596</b>	<b>2864</b>	<b>3125</b>	<b>3384</b>	<b>3632</b>	<b>3869</b>					
Tax Rate	-10.60%	-22.32%	-23.91%	-21.50%	-21.50%	-21.50%	-21.50%	-21.50%	-21.50%	-21.50%	-21.50%	-21.50%	-21.50%					
<b>Provision for Income Taxes</b>	<b>62</b>	<b>205</b>	<b>286</b>	<b>286</b>	<b>327</b>	<b>372</b>	<b>424</b>	<b>480</b>	<b>537</b>	<b>573</b>	<b>633</b>	<b>693</b>	<b>752</b>					
+ Tax Shield on Operating Leases	0.3	0.6	0.9	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9					
+ Tax Shield on Stock-Based Comp.	41.7	97.6	113.0	110.6	120.9	131.6	140.4	149.0	156.1	161.7	166.0	168.6	169.7					
Less: Taxes on Other Income	(17)	(51)	(67)	(57)	(58)	(59)	(65)	(72)	(79)	(64)	(73)	(81)	(91)					
<b>Adjusted Taxes</b>	<b>88</b>	<b>253</b>	<b>333</b>	<b>340</b>	<b>390</b>	<b>445</b>	<b>500</b>	<b>558</b>	<b>616</b>	<b>672</b>	<b>728</b>	<b>781</b>	<b>832</b>					
Changes in Deferred Taxes	(96)	(112)	70	(35)	(41)	(45)	(43)	(45)	(44)	(43)	(42)	(40)	(38)					
<b>Adjusted NOPLAT</b>	<b>642</b>	<b>767</b>	<b>1130</b>	<b>1207</b>	<b>1384</b>	<b>1580</b>	<b>1782</b>	<b>1992</b>	<b>2204</b>	<b>2410</b>	<b>2615</b>	<b>2811</b>	<b>3000</b>					
NOPLAT Margin	27.2%	27.9%	35.4%	33.5%	33.9%	34.3%	34.9%	35.4%	35.8%	36.2%	36.6%	36.9%	37.2%					
<b>Invested Capital (IC):</b>																		
Normal Cash (2% of Sales)	47	55	64	72	82	92	102	113	123	133	143	152	161					
Receivables	852	1016	1260	1306	1479	1670	1852	2045	2233	2416	2594	2764	2923					
Unbilled receivables	36	41	51	54	61	68	76	84	92	99	106	113	120					
Prepaid expenses & other	87	101	126	136	154	174	193	213	232	252	270	288	304					
<b>Operating Current Assets</b>	<b>1023</b>	<b>1214</b>	<b>1501</b>	<b>1567</b>	<b>1775</b>	<b>2004</b>	<b>2223</b>	<b>2454</b>	<b>2680</b>	<b>2900</b>	<b>3114</b>	<b>3317</b>	<b>3508</b>					
Accounts payable	32	30	38	50	57	64	71	78	85	92	99	106	112					
Accrued compensation and benefits	43	39	46	61	69	78	86	95	104	113	121	129	136					
Accrued expenses and other current liabilities	33	36	46	52	59	66	74	81	89	96	103	110	116					
Income tax payable	12	9	7	9	11	12	14	16	18	19	21	23	25					
Deferred revenue	1050	1274	1489	1673	1896	2140	2373	2620	2861	3096	3325	3542	3746					
<b>Operating Current Liabilities</b>	<b>1170</b>	<b>1388</b>	<b>1625</b>	<b>1845</b>	<b>2091</b>	<b>2360</b>	<b>2618</b>	<b>2891</b>	<b>3157</b>	<b>3416</b>	<b>3669</b>	<b>3909</b>	<b>4134</b>					
<b>Operating WC</b>	<b>(147)</b>	<b>(175)</b>	<b>(124)</b>	<b>(278)</b>	<b>(315)</b>	<b>(356)</b>	<b>(395)</b>	<b>(437)</b>	<b>(477)</b>	<b>(516)</b>	<b>(555)</b>	<b>(592)</b>	<b>(626)</b>					
PPE, Net	59	56	70	70	70	70	70	70	70	70	70	70	70					
Deferred costs, net	24	26	30	32	36	40	44	48	52	56	59	62	65					
Intangible assets, net	63	44	30	21	14	6	0	0	0	0	0	0	0					
Other long-term assets	43	57	62	Series "Veeva Systems" Point "FCF Mgn" Data Label									108	118	127	137	146	154
Less: Capitalized lease liabilities	(56)	(76)	(96)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)					
Less: Other LT liabilities	(39)	(43)	(43)	(53)	(61)	(68)	(76)	(84)	(91)	(99)	(106)	(113)	(120)					
<b>Invested Capital</b>	<b>(53)</b>	<b>(110)</b>	<b>(71)</b>	<b>(226)</b>	<b>(265)</b>	<b>(307)</b>	<b>(345)</b>	<b>(381)</b>	<b>(415)</b>	<b>(448)</b>	<b>(481)</b>	<b>(513)</b>	<b>(543)</b>					
Invested Capital (ex. Deferred rev)	997	1164	1418	1447	1631	1833	2028	2239	2446	2648	2844	3029	3203					
<b>Free Cash Flow (FCF):</b>																		
NOPLAT		767	1130	1207	1384	1580	1782	1992	2204	2410	2615	2811	3000					
Change in IC		(57)	39	(155)	(39)	(42)	(39)	(35)	(34)	(33)	(33)	(32)	(30)					
<b>FCF</b>	<b>0</b>	<b>824</b>	<b>1091</b>	<b>1362</b>	<b>1423</b>	<b>1622</b>	<b>1821</b>	<b>2027</b>	<b>2238</b>	<b>2443</b>	<b>2648</b>	<b>2842</b>	<b>3030</b>					

### Veeva Systems

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

#### Key Inputs:

CV Growth of NOPLAT	2.50%	CV NOPLAT Margin	37.23%
CV Year ROIC	-585%		
WACC	9.77%		
Cost of Equity	9.77%		

Fiscal Years Ending Jan. 31	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
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#### DCF Model:

Free Cash Flow (FCF)	958.1	981.7	1141.9	1307.9	1483.6	1668.3	1852.7	2041.8	2226.8	2410.2
Continuing Value (CV)										33981.6
PV of FCF	872.9	814.8	863.4	900.8	930.9	953.6	964.8	968.6	962.3	14685.6

Value of Operating Assets:	22917.5
Non-Operating Adjustments	
Excess Cash	1357.3
ST Investments	5139.6
Goodwill	439.9

Value of Equity	29854.3
Shares Outstanding	163.7
Intrinsic Value of Last FYE	\$ 182.41
<b>Implied Price as of Today</b>	<b>\$ 186.13</b>

### Veeva Systems

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

#### Key Inputs:

CV Growth of NOPLAT	2.50%	CV NOPLAT Margin	37.23%
CV Year ROIC	-585%		
WACC	9.77%		
Cost of Equity	9.77%		

Fiscal Years Ending Jan. 31	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
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#### DCF Model:

Free Cash Flow (FCF)	1361.9	1423.3	1622.3	1820.5	2027.5	2238.1	2443.2	2647.8	2842.4	3029.7
Continuing Value (CV)										42715.2
PV of FCF	1240.7	1181.2	1226.6	1253.9	1272.1	1279.3	1272.2	1256.1	1228.4	18459.9

Value of Operating Assets:	29670.4
Non-Operating Adjustments	
Excess Cash	1357.3
ST Investments	5139.6
Goodwill	439.9

Value of Equity	36607.2
Shares Outstanding	163.7
Intrinsic Value of Last FYE	\$ 223.67
<b>Implied Price as of Today</b>	<b>\$ 228.23</b>

(Adjusted DCF)

## Veeva Systems

### Weighted Average Cost of Capital (WACC) Estimation

#### Cost of Equity:

Risk-Free Rate	4.33%
Beta	1.09
Equity Risk Premium	5.00%
<b>Cost of Equity</b>	<b>9.77%</b>

#### ASSUMPTIONS:

10yr US Treasury  
5yr monthly beta - Bloomberg  
Damodaran ERP/ HF Estimate

#### Market Value of Common Equity:

Total Shares Outstanding	163.667
Current Stock Price	\$169.02
<b>MV of Equity</b>	<b>27,663.00</b>

#### MV Weights

Market Value of the Firm	27,663.00	100.00%
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**Estimated WACC** 9.77%

#### Veeva Systems

Relative Valuation Models  
Updated 4/20/26

Ticker	Company	Price	GAAP EPS		adjusted EPS		EV (\$M)	FCF 27	EV/FCF	(\$M)	
			2027E	P/E 27	2027E	P/E 27					
CRM	Salesforce	\$186.27	\$8.01	23.3	\$13.21	14.1	177,776	15,781	11.3		enterprise CRM, direct Commercial Cloud competitors
IQV	IQVIA	\$176.76	\$7.99	22.1	\$12.70	13.9	43,879	2,273	19.3		Life science data, tech, and contract research org (CRO)
NOW	ServiceNow Inc	\$99.72	\$2.25	44.3	\$4.18	23.9	97,279	5,710	17.0		enterprise workflow automation; dominant in IT service mgmt
WDAY	Workday Inc	\$127.94	\$4.42	28.9	\$10.47	12.2	31,156	3,178	9.8		enterprise HR and finance cloud; similar land-and-expand model
GWRE	Guidewire Software	<del>\$150.79</del>	<del>\$1.45</del>	<del>104.0</del>	<del>\$3.73</del>	<del>40.4</del>	<del>12,930</del>	<del>366</del>	<del>35.3</del>		property + casual insurance niche
WAY	Waystar	\$26.77	\$0.84	31.9	\$1.63	16.4	6,534	333	19.6		government + public niche
TYL	Tyler Technologies	\$345.93	\$8.40	41.2	\$12.54	27.6	14,292	680	21.0		healthcare pmts, healthcare adjacent
MSCI	MSCI Inc	\$566.95	\$18.70	30.3	\$19.42	29.2	47,554	1,157	41.1		financial data + index analytics; strong subscription model
VEEV	Veeva Systems	\$169.02	\$6.48	26.1	\$9.01	18.8	21,102	1,696	12.4		
									21.8		
<b>Peer Groups</b>		<b>Weights</b>	<b>Avg.</b>	<b>contrib</b>	<b>Avg.</b>	<b>contrib</b>			<b>Avg.</b>	<b>contrib</b>	
Tier I: Direct Competitors		35%	22.7	7.9	14.0	4.9			15.3	5.3	
Tier II: Horizontal SaaS		20%	36.6	7.3	18.0	3.6			18.2	3.6	
Tier III: Vertical SaaS		30%	36.5	11.0	22.0	6.6			20.3	6.1	
Tier IV: Subscription Benchmar		15%	30.3	4.5	29.2	4.4			41.1	6.2	
<b>Peer Multiple</b>			<b>30.8</b>		<b>19.5</b>				<b>21.24</b>		
			<b>40.75</b>		<b>22.2</b>				<b>21.8</b>		

#### Implied Relative Value:

P/E (EPS25) - GAAP	\$ 199.27
P/E (EPS26) - Adjusted	\$ 175.65
EV/ Free Cash Flow (27)	\$ 260.23

**Veeva Systems**
*Revenue Decomposition - Bear Case I*

(in \$ millions)

implicates hard-coded

6.2% topline CAGR thru 2030

<b>Fiscal Years Ending Jan. 31</b>	<b>2026</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>	<b>2033E</b>	<b>2034E</b>	<b>2035E</b>	<b>2036E</b>
<b>Total Revenue</b>	<b>3195</b>	<b>3523</b>	<b>3796</b>	<b>4035</b>	<b>4212</b>	<b>4308</b>	<b>4364</b>	<b>4375</b>	<b>4389</b>	<b>4391</b>	<b>4388</b>
<i>Implied % Growth</i>	16%	10%	8%	6%	4%	2%	1%	0%	0%	0%	0%
<b>Total Subscription Revenue</b>	<b>2684</b>	<b>2969</b>	<b>3200</b>	<b>3399</b>	<b>3543</b>	<b>3617</b>	<b>3659</b>	<b>3665</b>	<b>3674</b>	<b>3679</b>	<b>3680</b>
<i>% Growth</i>	17%	11%	8%	6%	4%	2%	1%	0%	0%	0%	0%
Subscription - R&D and Quality Solutions	1427	1640	1841	2037	2216	2346	2442	2499	2544	2583	2617
<i>% Growth</i>	21%	15%	12%	11%	9%	6%	4%	2%	2%	2%	1%
Subscription - Commercial Solutions	1258	1329	1359	1363	1327	1271	1217	1166	1130	1096	1063
<i>% Growth</i>	14%	6%	2%	0%	-3%	-4%	-4%	-4%	-3%	-3%	-3%
<b>Total Professional Revenue</b>	<b>511</b>	<b>555</b>	<b>596</b>	<b>635</b>	<b>669</b>	<b>691</b>	<b>705</b>	<b>711</b>	<b>715</b>	<b>712</b>	<b>708</b>
<i>% Growth</i>	11%	9%	7%	6%	5%	3%	2%	1%	1%	0%	-1%
Professional Services & Other - R&D and Quality Solutions	322	366	411	455	495	524	546	559	569	572	573
<i>% Growth</i>	16%	14%	12%	11%	9%	6%	4%	2%	2%	1%	0%
Professional Services & Other - Commercial Solutions	189	188	185	180	173	166	159	152	146	140	135
<i>% Growth</i>	2%	0%	-2%	-3%	-4%	-4%	-4%	-4%	-4%	-4%	-4%
<b>R&amp;D and Quality Solutions</b>		<b>2006</b>	<b>2252</b>	<b>2492</b>	<b>2711</b>	<b>2870</b>	<b>2988</b>	<b>3058</b>	<b>3113</b>	<b>3154</b>	<b>3190</b>
<b>Customer Metrics:</b>											
R&D Customers (end of period)	1196	1261	1323	1381	1431	1471	1501	1521	1533	1541	1546
<i>Net New Customers</i>	71	65	62	58	50	40	30	20	12	8	5
<i>% Growth</i>	6%	5%	5%	4%	4%	3%	2%	1%	1%	1%	0%
<b>Subscription:</b>											
Revenue per customer (\$K)	\$1,193	\$1,300	\$1,391	\$1,475	\$1,548	\$1,595	\$1,627	\$1,643	\$1,659	\$1,676	\$1,693
<i>% Growth</i>	14%	9%	7%	6%	5%	3%	2%	1%	1%	1%	1%
<b>Professional Services</b>											
Revenue per customer (\$K)	\$269	\$291	\$311	\$330	\$346	\$356	\$364	\$367	\$371	\$371	\$371
<i>% Growth</i>	9%	8%	7%	6%	5%	3%	2%	1%	1%	0%	0%
<b>Commercial Solutions</b>		<b>1517</b>	<b>1545</b>	<b>1543</b>	<b>1501</b>	<b>1437</b>	<b>1376</b>	<b>1318</b>	<b>1277</b>	<b>1236</b>	<b>1197</b>
<b>Customer Metrics:</b>											
Commerical Customers (end of period)	767	787	797	799	794	784	774	764	756	748	740
<i>Net New Customers</i>	37	20	10	2	-5	-10	-10	-10	-8	-8	-8
<i>% Growth</i>	5%	3%	1%	0%	-1%	-1%	-1%	-1%	-1%	-1%	-1%
<b>Subscription:</b>											
Revenue per customer (\$K)	\$1,640	\$1,689	\$1,706	\$1,706	\$1,672	\$1,621	\$1,573	\$1,526	\$1,495	\$1,465	\$1,436
<i>% Growth</i>	8%	3%	1%	0%	-2%	-3%	-3%	-3%	-2%	-2%	-2%
<b>Professional Services</b>											
Revenue per customer (\$K)	\$247	\$239	\$232	\$225	\$219	\$212	\$206	\$199	\$193	\$188	\$182
<i>% Growth</i>	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%

**Veeva Systems**
*Common Size Income Statement*

<b>Fiscal Years Ending Jan. 31</b>	<b>2026</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>	<b>2033E</b>	<b>2034E</b>	<b>2035E</b>	<b>2036E</b>
<b>Revenues:</b>											
Subscription services	84.0%	84.3%	84.3%	84.3%	84.1%	84.0%	83.8%	83.8%	83.7%	83.8%	83.9%
Professional services and other	16.0%	15.7%	15.7%	15.7%	15.9%	16.0%	16.2%	16.2%	16.3%	16.2%	16.1%
<b>Total revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Costs:</b>											
<b>Cost of subscription services (vs total)</b>	<b>-11.4%</b>	<b>-11.1%</b>	<b>-11.1%</b>	<b>-11.2%</b>	<b>-11.3%</b>	<b>-11.4%</b>	<b>-11.6%</b>	<b>-11.7%</b>	<b>-11.9%</b>	<b>-12.1%</b>	<b>-12.2%</b>
Cost of subscription services (as % sub revenue)	-13.5%	-13.2%	-13.2%	-13.3%	-13.4%	-13.6%	-13.8%	-14.0%	-14.2%	-14.4%	-14.5%
<b>Cost of pro services (vs total)</b>	<b>-13.1%</b>	<b>-12.6%</b>	<b>-12.6%</b>	<b>-12.8%</b>	<b>-12.9%</b>	<b>-13.1%</b>	<b>-13.3%</b>	<b>-13.5%</b>	<b>-13.6%</b>	<b>-13.6%</b>	<b>-13.6%</b>
Cost of professional services (as % pro service revenue)	-82.0%	-80.0%	-80.5%	-81.0%	-81.5%	-82.0%	-82.5%	-83.0%	-83.5%	-84.0%	-84.0%
<b>Total cost of revenues</b>	<b>-24.5%</b>	<b>-23.7%</b>	<b>-23.8%</b>	<b>-24.0%</b>	<b>-24.2%</b>	<b>-24.6%</b>	<b>-24.9%</b>	<b>-25.2%</b>	<b>-25.5%</b>	<b>-25.7%</b>	<b>-25.7%</b>
<b>Gross profit</b>	<b>75.5%</b>	<b>76.3%</b>	<b>76.2%</b>	<b>76.0%</b>	<b>75.8%</b>	<b>75.4%</b>	<b>75.1%</b>	<b>74.8%</b>	<b>74.5%</b>	<b>74.3%</b>	<b>74.3%</b>
Research and development	-24.0%	-23.0%	-23.0%	-23.0%	-23.2%	-23.5%	-24.0%	-24.5%	-25.0%	-25.5%	-26.0%
Sales and marketing	-13.4%	-13.5%	-13.5%	-13.5%	-13.8%	-14.2%	-14.5%	-15.5%	-15.5%	-15.8%	-16.0%
General and administrative	-9.4%	-9.0%	-9.0%	-9.0%	-9.2%	-9.5%	-9.8%	-10.2%	-10.5%	-10.8%	-11.0%
<b>Total operating expenses</b>	<b>-46.8%</b>	<b>-45.5%</b>	<b>-45.5%</b>	<b>-45.5%</b>	<b>-46.2%</b>	<b>-47.2%</b>	<b>-48.3%</b>	<b>-50.2%</b>	<b>-51.0%</b>	<b>-52.1%</b>	<b>-53.0%</b>
<b>Operating income</b>	<b>28.7%</b>	<b>30.8%</b>	<b>30.7%</b>	<b>30.5%</b>	<b>29.6%</b>	<b>28.2%</b>	<b>26.8%</b>	<b>24.6%</b>	<b>23.5%</b>	<b>22.2%</b>	<b>21.3%</b>
Other income / expense, net	8.7%	7.6%	7.1%	6.7%	6.9%	7.1%	7.2%	6.4%	7.0%	7.6%	8.2%
<b>EBT</b>	<b>37.4%</b>	<b>38.3%</b>	<b>37.8%</b>	<b>37.2%</b>	<b>36.5%</b>	<b>35.3%</b>	<b>34.0%</b>	<b>31.0%</b>	<b>30.5%</b>	<b>29.8%</b>	<b>29.5%</b>
Provision for / benefit from income taxes	-8.9%	-8.2%	-8.1%	-8.0%	-7.8%	-7.6%	-7.3%	-6.7%	-6.6%	-6.4%	-6.3%
<b>Net income</b>	<b>28.4%</b>	<b>30.1%</b>	<b>29.7%</b>	<b>29.2%</b>	<b>28.6%</b>	<b>27.7%</b>	<b>26.7%</b>	<b>24.3%</b>	<b>24.0%</b>	<b>23.4%</b>	<b>23.1%</b>

**Veeva Systems**

Revenue Decomposition - Bear Case II

(in \$ millions)

implicates hard-coded

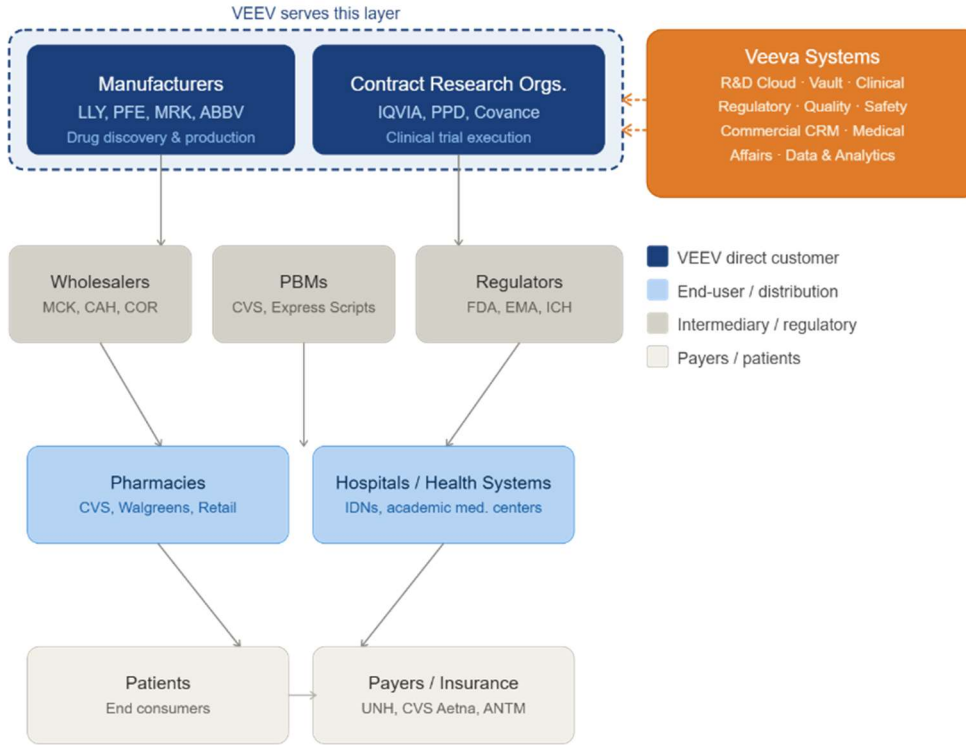
3.7% topline CAGR thru 2030

Fiscal Years Ending Jan. 31	2026	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
<b>Total Revenue</b>	<b>3195</b>	<b>3501</b>	<b>3721</b>	<b>3869</b>	<b>3906</b>	<b>3828</b>	<b>3670</b>	<b>3438</b>	<b>3145</b>	<b>2772</b>	<b>2353</b>
Implied % Growth	16%	10%	6%	4%	1%	-2%	-4%	-6%	-9%	-12%	-15%
<b>Total Subscription Revenue</b>	<b>2684</b>	<b>2947</b>	<b>3136</b>	<b>3263</b>	<b>3297</b>	<b>3235</b>	<b>3107</b>	<b>2917</b>	<b>2673</b>	<b>2364</b>	<b>2017</b>
% Growth	17%	10%	6%	4%	1%	-2%	-4%	-6%	-8%	-12%	-15%
Subscription - R&D and Quality Solutions	1427	1618	1790	1944	2047	2090	2076	2007	1886	1698	1472
% Growth	21%	13%	11%	9%	5%	2%	-1%	-3%	-6%	-10%	-13%
Subscription - Commercial Solutions	1258	1329	1346	1319	1250	1145	1031	910	787	667	545
% Growth	14%	6%	1%	-2%	-5%	-8%	-10%	-12%	-13%	-15%	-18%
<b>Total Professional Revenue</b>	<b>511</b>	<b>553</b>	<b>585</b>	<b>606</b>	<b>608</b>	<b>593</b>	<b>563</b>	<b>522</b>	<b>471</b>	<b>408</b>	<b>337</b>
% Growth	11%	8%	6%	4%	0%	-3%	-5%	-7%	-10%	-13%	-18%
Professional Services & Other - R&D and Quality Solutions	322	365	400	426	440	440	429	406	373	329	275
% Growth	16%	13%	10%	7%	3%	0%	-3%	-5%	-8%	-12%	-16%
Professional Services & Other - Commercial Solutions	189	188	185	180	168	153	134	116	98	79	61
% Growth	2%	0%	-2%	-3%	-6%	-9%	-12%	-14%	-15%	-19%	-23%
<b>R&amp;D and Quality Solutions</b>		<b>1983</b>	<b>2190</b>	<b>2370</b>	<b>2487</b>	<b>2530</b>	<b>2505</b>	<b>2412</b>	<b>2259</b>	<b>2026</b>	<b>1747</b>
<b>Customer Metrics:</b>											
R&D Customers (end of period)	1196	1256	1311	1356	1386	1401	1406	1401	1386	1356	1306
Net New Customers	71	60	55	45	30	15	5	-5	-15	-30	-50
% Growth	6%	5%	4%	3%	2%	1%	0%	0%	-1%	-2%	-4%
<b>Subscription:</b>											
Revenue per customer (\$K)	\$1,193	\$1,288	\$1,366	\$1,434	\$1,477	\$1,492	\$1,477	\$1,432	\$1,361	\$1,252	\$1,127
% Growth	14%	8%	6%	5%	3%	1%	-1%	-3%	-5%	-8%	-10%
<b>Professional Services</b>											
Revenue per customer (\$K)	\$269	\$291	\$305	\$314	\$317	\$314	\$305	\$290	\$269	\$242	\$211
% Growth	9%	8%	5%	3%	1%	-1%	-3%	-5%	-7%	-10%	-13%
<b>Commercial Solutions</b>		<b>1517</b>	<b>1531</b>	<b>1499</b>	<b>1419</b>	<b>1298</b>	<b>1165</b>	<b>1026</b>	<b>885</b>	<b>746</b>	<b>607</b>
<b>Customer Metrics:</b>											
Commercial Customers (end of period)	767	787	797	797	787	767	742	712	677	637	592
Net New Customers	37	20	10	0	-10	-20	-25	-30	-35	-40	-45
% Growth	5%	3%	1%	0%	-1%	-3%	-3%	-4%	-5%	-6%	-7%
<b>Subscription:</b>											
Revenue per customer (\$K)	\$1,640	\$1,689	\$1,689	\$1,655	\$1,589	\$1,493	\$1,389	\$1,278	\$1,163	\$1,047	\$921
% Growth	8%	3%	0%	-2%	-4%	-6%	-7%	-8%	-9%	-10%	-12%
<b>Professional Services</b>											
Revenue per customer (\$K)	\$247	\$239	\$232	\$225	\$214	\$199	\$181	\$163	\$145	\$125	\$104
% Growth	-3%	-3%	-3%	-3%	-5%	-7%	-9%	-10%	-11%	-14%	-17%

**Veeva Systems**

Common Size Income Statement

Fiscal Years Ending Jan. 31	2024	2025	2026	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2036E	2036E
<b>Revenues:</b>													
Subscription services	80.5%	83.2%	84.0%	84.2%	84.3%	84.3%	84.4%	84.5%	84.7%	84.8%	85.0%	85.3%	85.7%
Professional services and other	19.5%	16.8%	16.0%	15.8%	15.7%	15.7%	15.6%	15.5%	15.3%	15.2%	15.0%	14.7%	14.3%
<b>Total revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Costs:</b>													
<b>Cost of subscription services (vs total)</b>	<b>-12.3%</b>	<b>-11.8%</b>	<b>-11.4%</b>	<b>-11.1%</b>	<b>-11.2%</b>	<b>-11.3%</b>	<b>-11.5%</b>	<b>-11.7%</b>	<b>-12.1%</b>	<b>-12.6%</b>	<b>-13.1%</b>	<b>-13.8%</b>	<b>-14.6%</b>
Cost of subscription services (as % sub revenue)	-15.3%	-14.1%	-13.5%	-13.2%	-13.3%	-13.4%	-13.6%	-13.9%	-14.3%	-14.8%	-15.4%	-16.2%	-17.0%
<b>Cost of pro services (vs total)</b>	<b>-16.4%</b>	<b>-13.7%</b>	<b>-13.1%</b>	<b>-12.6%</b>	<b>-12.7%</b>	<b>-12.7%</b>	<b>-12.7%</b>	<b>-12.7%</b>	<b>-12.8%</b>	<b>-12.8%</b>	<b>-12.9%</b>	<b>-13.0%</b>	<b>-12.9%</b>
Cost of professional services (as % pro service revenue)	-83.7%	-81.5%	-82.0%	-80.0%	-80.5%	-81.0%	-81.5%	-82.0%	-83.0%	-84.5%	-86.0%	-88.0%	-90.0%
<b>Total cost of revenues</b>	<b>-28.7%</b>	<b>-25.5%</b>	<b>-24.5%</b>	<b>-23.8%</b>	<b>-23.9%</b>	<b>-24.0%</b>	<b>-24.2%</b>	<b>-24.4%</b>	<b>-24.8%</b>	<b>-25.4%</b>	<b>-26.0%</b>	<b>-26.8%</b>	<b>-27.4%</b>
<b>Gross profit</b>	<b>71.3%</b>	<b>74.5%</b>	<b>75.5%</b>	<b>76.2%</b>	<b>76.1%</b>	<b>76.0%</b>	<b>75.8%</b>	<b>75.6%</b>	<b>75.2%</b>	<b>74.6%</b>	<b>74.0%</b>	<b>73.2%</b>	<b>72.6%</b>
Research and development	-26.6%	-25.2%	-24.0%	-23.0%	-23.0%	-23.0%	-23.5%	-24.0%	-25.0%	-26.5%	-28.0%	-30.0%	-32.0%
Sales and marketing	-16.1%	-14.4%	-13.4%	-13.5%	-13.5%	-13.8%	-14.0%	-14.5%	-15.5%	-17.0%	-18.5%	-20.0%	-22.0%
General and administrative	-10.4%	-9.7%	-9.4%	-9.0%	-9.0%	-9.2%	-9.5%	-9.8%	-10.5%	-11.5%	-12.5%	-14.0%	-15.5%
<b>Total operating expenses</b>	<b>-53.2%</b>	<b>-49.4%</b>	<b>-46.8%</b>	<b>-45.5%</b>	<b>-45.5%</b>	<b>-46.0%</b>	<b>-47.0%</b>	<b>-48.3%</b>	<b>-51.0%</b>	<b>-55.0%</b>	<b>-59.0%</b>	<b>-64.0%</b>	<b>-69.5%</b>
<b>Operating income</b>	<b>18.2%</b>	<b>25.2%</b>	<b>28.7%</b>	<b>30.7%</b>	<b>30.6%</b>	<b>30.0%</b>	<b>28.8%</b>	<b>27.3%</b>	<b>24.2%</b>	<b>19.6%</b>	<b>15.0%</b>	<b>9.2%</b>	<b>3.1%</b>
Other income / expense, net	6.7%	8.3%	8.7%	7.6%	7.2%	6.9%	7.3%	7.7%	8.1%	8.0%	9.5%	11.5%	14.4%
<b>EBT</b>	<b>24.9%</b>	<b>33.5%</b>	<b>37.4%</b>	<b>38.3%</b>	<b>37.9%</b>	<b>36.9%</b>	<b>36.1%</b>	<b>35.0%</b>	<b>32.3%</b>	<b>27.6%</b>	<b>24.5%</b>	<b>20.8%</b>	<b>17.4%</b>
Provision for / benefit from income taxes	-2.6%	-7.5%	-8.9%	-8.2%	-8.1%	-7.9%	-7.8%	-7.5%	-6.9%	-5.9%	-5.3%	-4.5%	-3.8%
<b>Net income</b>	<b>22.2%</b>	<b>26.0%</b>	<b>28.4%</b>	<b>30.1%</b>	<b>29.7%</b>	<b>29.0%</b>	<b>28.4%</b>	<b>27.5%</b>	<b>25.4%</b>	<b>21.6%</b>	<b>19.3%</b>	<b>16.3%</b>	<b>13.7%</b>



Source: VEEV 2026 10-K; HF VEEV Valuation Model

**FDA 21 CFR Part 11 / EU GMP Annex 11**

Regulatory requirement	Veeva's response	Cost to switch away
Validated audit trail for every action	Platform logging on every 4-month release	Migrate years of signed audit history
Formal validation before system use	Vendor-run testing with full docs package	Re-validate the replacement system
Records preserve full version history	Structured data model retained across versions	Data migration with full integrity checks
Customer must audit software vendor	ISO 27001, SOC 2, third-party GxP review	Months re-qualifying a new vendor
Workflows embedded in regulated procedures	Standardized processes across all customers	Retrain staff, rewrite all operating procedures

