

15-May-2025

Freshworks, Inc. (FRSH)

J.P. Morgan Global Technology, Media and Communications Conference

CORPORATE PARTICIPANTS

Dennis M. Woodside

Director, President & Chief Executive Officer, Freshworks, Inc.

MANAGEMENT DISCUSSION SECTION

Unverified Participant

Thank you, everyone, for coming. And I'm delighted to have you, with me CEO and President of Freshworks, Dennis Woodside. Dennis, thank you for coming.

Dennis M. Woodside

Director, President & Chief Executive Officer, Freshworks, Inc.

Thanks for having me.

Unverified Participant

Let's start with a little bit of introduction about Freshworks for investor and audience who might not know about the story.

Dennis M. Woodside

Director, President & Chief Executive Officer, Freshworks, Inc.

Sure. So Freshworks was started in Chennai, India in 2011 by Girish Mathrubootham. The initial product was Freshdesk, which is a customer support tool initially focused on smaller businesses. The product that Girish built was a try-to-buy product, fast time to value, easy to use for a smaller organization. That product took off and was adopted and really pretty immediately by companies globally. I think the first customer is from Australia. And that trend has continued today.

Over time, Freshdesk was brought into more IT departments and Girish decided to build a separate product that was ITIL-compliant for IT called Freshservice. So today, our business is, well, we're guiding to \$820 million for the full year in revenue, 26% cash flow margins. But today, we have two businesses, what we call employee experience, which is that Freshservice product for IT, that's a \$420 million business in ARR, grew 33% last quarter. And we have customer experience products which is Freshdesk and related products that are focused on customer support. That's about a \$370 million business in ARR, and that's growing about 7% year-over-year.

We serve customers around the world. About 45% of our revenue today is from North America, 40% from Europe. Our typical customer can range from a smaller business especially on that CX side of the business up to Fortune 500 companies that are using us on the Freshservice side. Freshservice tends to be – an EX tends to be a customer that is larger, so our target market there is a mid-market customer, think of a company with 5,000 employees. I was with New Balance last night. It's a Boston area customer of ours. Sophisticated IT department,

global operations, but needs a solution that's flexible, that's enterprise-grade, that has an AI baked in, that does things besides just ITSM like IT asset management and operations management that can work outside of IT. That's the sweet spot for that business and that product line.

CX tends to be a smaller customer, so think of a company with several 100 employees, not thousand that needs a customer support tool that's flexible, AI-enabled and so forth. So that's a quick overview of what we are.

QUESTION AND ANSWER SECTION

Q

Yeah. That's great. So you came in as – or you became the CEO, I guess, about a year ago, am I right?

Dennis M. Woodside

Director, President & Chief Executive Officer, Freshworks, Inc.

That's right.

A

Q

And you brought some new focus to kind of the company, maybe talk about what was that. What strategy changes did you do as you kind of came in as CEO and what is working so far in one year? And where do you think there is some improvements that to be made?

Dennis M. Woodside

Director, President & Chief Executive Officer, Freshworks, Inc.

I think that – so I think – so Freshworks went public in 2021. And like many kind of entrepreneurial businesses, there were a lot of different priorities within the organization. And I think one of the things that we've been able to do over the last year is to bring a much clearer focus to what really matters and where do we need to put most of our firepower. And the three priorities I've said have an order, the first priority is EX. That EX business is a fantastic business. It's our largest business, it's our fastest growing business. The economics are fantastic. The competitive landscape for us is really good. That mid-market is wide open for us. The solutions that are there, if you're an IT manager in one of these organizations, you can choose from very old technology like BMC, Ivanti, Cherwell, even ServiceNow is 20-year-old product or you can choose us. And there's not a lot of other solutions out there that really can compete, and we like that. So that's the number one priority.

The second priority that I said is around AI and ensuring that we have innovative products that we can monetize. So we launched Copilot, which was our first real effort at monetizing AI about a year ago – year and a quarter ago. We have 2,700 paying customers for that product. It's \$29 a seat adder on top of your license, whether it's CX or EX. Customers are seeing 30% productivity improvement from that. So they're seeing the labor cost savings and they're very willing to pay the \$29 a seat. But that focus on AI has been super important for us. We also have an agent product, which is primarily for CX to deflect tickets in the first place. And then we have a third product that's in beta that's going to go into GA, which is for managers called AI Insights. And that's a conversational interface for a manager to understand what's going on in their service environment and it will launch with EX in particular. So AI was a second priority.

A

And then getting that CX business, initially, to stabilize in terms of growth and, ultimately, to reaccelerate for growth. And that's been about focusing the product effort, focusing the go-to-market effort, really getting efficient and good at that inbound motion, more efficient and better than we have been. And what you're going to see over the course of the next year is getting the product to the point where it's more competitive in the mid-market because then we can do a better job of selling that into the large EX customer base that we've built up in that mid-market, customers want, once they see the value of Freshservice, they are very open to bringing us into their customer support environment as well. So getting that focus has been really important.

The other thing I've spent a lot of time is building the capability to go upmarket and that can be partnerships like we announced a partnership with Unisys, which is our first real GSI partnership that's going to help us move into larger organizations. It's the sales teams themselves building the capability there to win larger and larger deals, and then it's the cadence of managing that kind of a business which is a little bit lumpier than what we've had in the past and driving that kind of competitiveness when we get into situations where we're going head-to-head with much larger competitors.

So that's what I've been focused on, get the three areas of focus, get that strategy landed, get the team executing against it, help us move upmarket and really deliver against it.

Q

Yeah. Let's talk about each one of them one-by-one, right? So EX is kind of your big opportunity for \$20 million, you said 33% growth. To maintain, let's say, 25% to 30% kind of a growth, you will have to add \$100 million, \$150 million a year, right? It's a large scale.

Dennis M. Woodside*Director, President & Chief Executive Officer, Freshworks, Inc.*

It becomes a big number.

A

Q

Yeah. So talk about that opportunity. What is your confidence in that opportunity around all of them, right, ITSM, ESM and then ITAM now with D42?

Dennis M. Woodside*Director, President & Chief Executive Officer, Freshworks, Inc.*

So the first is the way to break down that growth, think about a third has to come from net new wins and two-thirds has to come from expansion of that existing base. And on the net new win side, the market for automating the IT department is huge. Every company in the world needs a solution like what we have. Every company in the world has to get more productivity out of their IT team, they have to manage outages and respond to issues and resolve problems. They need an asset management solution. Often, they're looking for a solution that they can also use outside the IT department. So the TAM is huge. It's every company in the world. The market, historically, has been served with one competitor whether that's BMC, Ivanti, Cherwell and ServiceNow that has done the whole stack, so from the kind of high end of SMB all the way up. But the reality is the needs of the mid-market, in particular, are very different than the needs of an enterprise, a large enterprise like a Home Depot.

A

A smaller organization doesn't have as many resources to put on a single piece of software and can't afford to have dedicated resources just to babysit the software. We have one customer who had three people full-time babysitting the competitive solution that they have before they move to us. So they're looking for a leaner piece of software they can manage themselves and they're looking for lower overall cost. So that market is huge, so we have plenty of at-bats. And increasingly, as the product continues to mature, we are involved [ph] in bigger and bigger (00:15:46) opportunities in that mid-market space. So that's the new business side. And that's a field motion, it's partner-assisted, and that's scaling really well. And we have a lot of confidence in that.

The expansion motion, as we've built the product out, we have more and more to expand with. So we can go into an existing customer and add Device42. That's typically a big add on a total bill for a customer. We can add in AI, that can be a meaningful component as well to move to Freddy Copilot (sic) [AI Copilot] (00:16:20). We can add in ESM, so departments outside of IT. In fact, that's one of our faster-growing product lines and about a fifth of all new seats are actually outside of IT, they're in ESM today. And we're building deeper capabilities in four departments outside of IT like the HR department where we can do things like create much more advanced onboarding and off-boarding routines within the product itself. That's the kind of capability we're investing in and that's going to be coming in the next couple of months.

So there's plenty of expansion levers on that side of the business to grow. So that's how I think of it. Yes, it's a big number, about a third has to come from new business, about two-thirds has to come from expansion. We have a lot of certainty on the new business front and we have a lot of levers on the expansion side.

Q

On the expansion side, help us understand – the D42 is extremely new, right? So what is the penetration today? Is just getting started ESM, how ITSM customers actually using ESM? Just help us understand where are we?

Dennis M. Woodside

Director, President & Chief Executive Officer, Freshworks, Inc.

A

Sure. So Device42, just to step back, we acquired a company called Device42 that does asset management, they're actually Boston-ish based – it was last June and so it's been really two quarters of selling that product. The first quarter we were aligning our pipeline and go-to-market and so forth. And the hypothesis for the deal was that we were losing customers or losing new customers because our asset management capability was not deep enough. And so it was to win new business, win bigger deals and then the other vector was we're going to sell that into our existing base. And both of those have proven to pan out.

So if you look at our top deals in Q1, two of our top five Freshservice deals involved Device42 for new business. And if we look at our existing customers, we have large customers like Amex Business Travel adopting Device42 as an upsell. So we're still only two quarters in to selling it but it's a staple for any large deal. We're going to raise it in any large deal. And many customers who are migrating from a different solution, if you're migrating from BMC, if you're migrating from ServiceNow, you have a CMDB, you have an asset management capability in those products, you expect that when you when you come over to us. So many of those customers are evaluating asset management right alongside our ITSM capabilities.

And then for our existing base, they might be using another solution. Many of them are manual or using Excel sheets to try to track assets where they don't have a good solution at all. So there's a lot of reasons that they should have a better automated solution, and that's an opportunity for us to sell that in. So that's Device42 and asset management.

You also asked about ESM. So our ESM capability today, we're really just getting started in a sense in that Freshservice for Business Teams is a workspace that's segregated from the IT workspace. So if I am the people team leader, typically, it's like a people operations lead, I don't want the IT department to see everything that's in my service environment. I want to be able to control it myself. So that's what we built.

What we're doing now is building much richer functionality that's specific for teams like HR, to offer them a solution that's AI-enabled that allows them to provide excellent service to their employees internally. And a common use case is this onboarding, off-boarding use case where we have customers with like thousands of security agents and the turnover is 30% a year. So they have to onboard and off-board thousands of agents each year, they have to be provisioned on different pieces of software, hardware, all that stuff. And that, in many organizations, is highly manual. So if we can provide a solution that automates that, makes it easy, makes it auditable, there's a market for that. And that's what we're building into ESM. So it's a meaningful portion of our growth plan going forward.

Q

Just quickly, is it possible to understand the step-up in ACV when you add a D42 or ESM?

Dennis M. Woodside*Director, President & Chief Executive Officer, Freshworks, Inc.*

A

So D42 is priced on an asset basis. So if you have an environment with a ton of software and hardware assets, it's a very meaningful portion of the bill. It can be a third to 40% of the total cost of the relationship to start with. But it really depends on that asset count and that can vary widely depending on the company and the industry.

We think ESM, over time, I mean if you look at some of our competitors, you know, they're seeing the majority of their revenue come from outside the IT department. And so we think, over time, we could see a meaningful portion of our revenue come from outside of IT as well.

Q

Yeah. Okay. Let's talk about the competitive landscape there. I'm listening closely to your transcripts for the, let's say, last few quarters, ServiceNow has been coming up more and more, right?

Dennis M. Woodside*Director, President & Chief Executive Officer, Freshworks, Inc.*

A

Yes.

Q

So has that intensity changed in recent quarters? How does that win rate look like? And also talk about maybe Atlassian JIRA and that kind of thing?

Dennis M. Woodside*Director, President & Chief Executive Officer, Freshworks, Inc.*

A

Yeah. I mean, I think if you were to talk to partners or Forrester or Gartner, they would say that the market has changed pretty meaningfully in the last couple of years and that our product has changed dramatically in the last couple of years. That, typically, if you're a mid-size organization, maybe you signed a three-year deal three years ago, our product was not where it is today, nowhere near and you probably didn't think of us or consider us as an alternative at that point in time.

But now, larger and larger organizations are realizing that they have a choice and that we have a cloud-first product that's modern in the way it's architected, that's easy to manage, easy to get up to speed, that integrates with their current environment, that ticks all the boxes around security that they need. And we have thousands of references that we didn't have three years ago that they can go talk to.

And in some industries like education or professional services, manufacturing, I would say we're becoming more the standard for what to deploy when these opportunities come up for renewal. So I think the product has changed, the product has gotten much more mature, the customer base has changed, the customers are now here in that mid-market. Those customers are realizing that their needs are different than the needs of a Home Depot or a FedEx that have an IT department that probably is in the thousands, right, and that our solution is better for them. So that market has changed pretty dramatically. And the reason that you hear that kind of increasing drumbeat is we are just seeing more and more larger customers come off of these older solutions. ServiceNow, BMC, Ivanti than what we saw two years ago for sure.

Q

What about JIRA? Do you see them at all?

Dennis M. Woodside*Director, President & Chief Executive Officer, Freshworks, Inc.*

A

JIRA, if you look at JIRA's customer base, I think the last number I saw, they had \$600 million in revenue and then a lot of customers. So the ARPA appears to be quite a bit lower than where we are. And what we believe is that teams that have – smaller teams in larger organizations are spinning up JSM instances for lightweight service needs that they might have. We don't see them as much at all in competitive situations the way we see the other players. We do see them. We see them, in particular, in companies that have large developer footprints, as you might expect, where there's a there's a big JIRA footprint already. But the IT department is pretty different than the developer community.

IT operates under a set of standards. A lot of people in IT are not as technical especially when you get into the service desk as a developer. And the way the product works, the way you can train on the product matters a lot. And so our product is very easy to train agents on, it's easy for the agents to operate in. That's different than JSM, which, first of all, was created through four or five different acquisitions. So the product itself is a little bit [indiscernible] (00:24:57). But it's – that JIRA, the look, the feel, the UI is really suited for a developer and that flows through to JSM as well. So in many cases where we do see them, one of the things that an IT department is looking for is usability and we tend to win there.

Q

Yeah. Understood. Let's move on to the CX business because that business has been doing about 7% constant currency for three quarters now. So it seems like it has stabilized a bit. When you started talking about, as you said, stabilization and then acceleration, right? So what needs to happen for us to start to see that acceleration?

Is it more on the product side? Is it more on kind of the enablement of the go-to-market sales side? Like talk about that.

Dennis M. Woodside

Director, President & Chief Executive Officer, Freshworks, Inc.

A

So I think a couple of things. Number one is AI should over time be a net accelerant for that business for sure. As I said earlier, we have three AI products, AI Agent is for deflecting that ticket that's coming in from the actual customer, Copilot for improving the agent's productivity and Insights for the manager. AI Agent is really important on the customer support side, whether it's B2B, more so B2C. So we do see early adoption of our AI Agent product. We have 1,600 customers using that now. We are building more capability into that product. We'll be releasing more capability in that product in the next month. That allows AI Agent to do more on behalf of our customers, to take an action in a way that, today, it's capable of doing that but you actually have to program it. It's a bit of work.

So think about a scenario where I want to return an item or change an order, that capability is coming and that should allow us to monetize that CX motion or that CX product area, in particular, for B2C companies more than we have in the past.

And then there are areas of the product that we know we want to invest in over time or partner for where we can build richer functionality, things like voice, things like workforce optimization. Over time, what I would like to do is take that CX product on the similar path to what EX has gone through where we find more of a fit in that mid-market because the mid-market for CX some of the same dynamics are there as for EX.

The players like Salesforce and even Zendesk are focused on much, much larger companies than that typical 5,000-person mid-market company. And as a result, the products have gotten very complex, have gotten very expensive. We think there's an opportunity there to take the same approach that we've taken over in Freshservice. On the CX side, we have some work to do on the product to mature it, to get it to the point where we can do that. But that will – if and when we do that, that will create a lot more opportunities for us to cross-sell in from the EX space into CX over time.

Q

So on the competitive landscape, you talked about Zendesk. Last quarter, I think you said your win rates are actually improving versus Zendesk.

Dennis M. Woodside

Director, President & Chief Executive Officer, Freshworks, Inc.

A

They have, yes.

Q

Maybe talk about that dynamic, why is that happening?

Dennis M. Woodside

Director, President & Chief Executive Officer, Freshworks, Inc.

A

I think some of this – like I said, I think some of the similar dynamics are at play in that mid-market. So think of it like – one of our – the customers that we won against Zendesk was a large US retailer, but they're not huge. They have about 10,000 employees in total. And the Zendesk solution has gotten more complex, it's gotten more expensive over time and there's some question as to kind of the level of innovation that's going on there given the ownership, who owns it now and what their priorities are. And so that has created an opportunity for us to win in that space. So we have more work to do for sure. Like in EX, it's very clear the product is ready right now. We have work to do on the CX side, but there are early signs that that market is going to open up for us as well.

Q

Yeah. Let's go to AI. There has been a debate on Freshworks for some time now. It's almost seems like it's getting diluted a bit, but I guess we shall see that [indiscernible] (00:29:03) of AI. But you said you're seeing good uptake of AI Agent. Maybe first, like, explain because you had a self-service AI capability initially, then you launched AI Agent. How those two kind of relate to each other?

Dennis M. Woodside*Director, President & Chief Executive Officer, Freshworks, Inc.*

A

Right. Yeah. So like everybody, I think like many other solutions, we had a product that was more like NLP-enabled pre-GenAI than we've had AI in the products since 2018. That's relying more on machine learning and NLP to provide functionality, and that required the user or the administrator to program the actual bot itself. So there was some natural language capability of the product. But at the end of the day, you had the program very much like you had programmed an IVR to solve a problem on behalf of an end customer.

That changed with AI Agent, which is a generative natural language interface that a consumer can interact with through a chat window that is trained on anything that the customer wants to train it on, product manuals, FAQ's, prior questions and answers. So that was the shift that has occurred in the last year for us. And most of our customers going forward are using the true GenAI product for their L1 support needs. And what we're now building in is the agentic capabilities to take actions on behalf of the customer.

So that's the evolution of that side of the product.

We have 1,600 customers, as you mentioned or alluded to, that are paying for sessions and that's how we monetize that product. As a consumer or a customer interacts with the chat interface, that is considered a session, we charge a per session fee. So it's similar to a resolution. And the way that one of our customers would think of it is, they know their cost per resolution is \$5 or \$10 based on the amortized cost of a human that's interacting with the end customer. And so they're willing to pay a fraction of that to resolve it via AI. And that's how that side of the industry is evolving as well.

So that, we're still very early, right? We have 73,000 customers, only 1,600 are paying us for that product line. So we have a long way to go there. But the product has to get more mature, but also customers are adopting at very different rates. I was at dinner last night and a very advanced customer was like, look, our policies are such that we can't use GenAI, we can't use ChatGPT internally, we're not allowed to use it, right? That's because a lot of companies still are concerned about information and privacy and all that stuff. And they're going to come around because the productivity gains are huge when you adopt.

But companies are in very different stages of adoption and our customer base is very broad. So we have small companies that have jumped in and are, like, basically, pushing the limits of the products that we have, whether

that's Copilot or AI Agent or Insights now. And then we have other companies that are really kind of stepping back and waiting and, in some cases, they're more regulated, in some cases they're not. So I think there's a long runway for all these companies, eventually, are going to need AI to run their business. That's a huge opportunity for us over time.

Q

So talk about what are you seeing as those 1,600 that are using AI Agent, they're seeing 50% deflection rates.

Dennis M. Woodside*Director, President & Chief Executive Officer, Freshworks, Inc.*

A

Higher, higher. I mean, we're seeing – on average, for those who've deployed on the IT side for internal employee usage, we're seeing 70% to 80% deflection rate, so huge deflection. For the CX side, it's closer to 50%. But, yeah, huge deflection rates due to AI and similar or higher customer satisfaction rates as well for the actual experience of interacting with the AI.

So it's a huge opportunity for our customers to drive greater efficiency from their business. They're looking at us as an opportunity to spend more on software and save a lot on labor and it's still super early. So we think that we're going to be a beneficiary of that trend over time. We've proven we can monetize from both making the human agents more effective, that's Copilot, and then reducing the need for the human agents in the first place, which is AI Agent.

Q

So that transition then, you said saving on labor as well, right? For those people who are using AI Agent, have you seen them cut head count in a way that could offset, like, how do you think of that, right? Because...

Dennis M. Woodside*Director, President & Chief Executive Officer, Freshworks, Inc.*

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So different companies are taking different approaches. We have one customer that's a very high-growth business, they're just not hiring more, right? And their expectation is they're not going to need to scale their head count linearly with their revenue growth at all in that part of the business. Others are redeploying people to higher value opportunities or moving them in from support roles into more selling roles. So there's a lot going on, it really just depends on the business and what their overall needs are.

Q

How should investors think of you lose one seat but you have more bot sessions? And in aggregate, as an ACV – from an ACV standpoint for Freshworks, how should investors think of that, right? Is that you're actually getting more ACV, able to capture more value with the bots at this point or not?

Dennis M. Woodside*Director, President & Chief Executive Officer, Freshworks, Inc.*

A

Yeah. So over time, as the AI becomes more capable and allows the end customer to actually take actions, the value of that interaction, the value of the AI itself is going to go up and we'll have to price that accordingly. What

we have proven in the last year is that we can monetize it and that monetization – remember our seat count is growing in aggregate, but that monetization really is reflected in the overall top line of the company. So as we see this shift over time where models that are entirely seat-based are going to become much different, right? They're going to become more interaction-based or resolution-based, that's what we're positioning our business to do over time as well. And we're showing – we've shown internally at least that we can drive that usage, we can drive that adoption and that the monetization will follow. And you see that in the top line growth, right, 19% year-over-year last quarter.



Yeah. Let me pause and see if anybody has any questions. Yeah.



There's, obviously, super exciting traction on the EX side of the business. How do you think about prioritizing investment in EX versus CX and how do you sort of, like, pull on each of the levers to understand you're investing the right amount side of the business?

Dennis M. Woodside

Director, President & Chief Executive Officer, Freshworks, Inc.



Yeah. So that was one of the big changes that I made coming in. We had a number of other products that we had engineering behind. I reprioritized the business in order of EX, AI then CX. So the engineering allocation follows those three priorities. I shifted a substantial portion of engineering into EX and then we bought Device42, which is an EX product with its own engineering team as well. So EX, by far, is where we're putting more of the engineering resources, AI being second. The investment in AI benefits both product lines. So functionality like Copilot, although the specific application is a little bit different, the principles in a lot of the software is the same across the product lines. So that's been the prioritization on the R&D side.

Similar on the go-to-market side, our field teams primarily sell the EX product line. They're focused on that mid-market account, more of an RFP type of a situation, whereas CX business is mostly inbound, mostly SMB. And the CX business, that inbound motion is served entirely out of India.

So the advantage that we have, we have 4,300 employees roughly, that's actually down 1,000 from where we were two years ago. And AI has played a part in that. We have, I think, it's over 50 different applications of AI internally in our operating environment. But India plays a big part of that too where 3,000 of our 4,300 people are in India. Nearly all of our R&D expense, nearly all of our code is written in India and that creates huge leverage for us as well. The cost of an engineer compared to a [ph] Valley (00:37:56) engineer, it's vastly different. So that's allowed us to drive the cash flow margin up, we're 26% for the full year is the guide. And I see opportunities to continue to drive that up in years to come.

So the way I think of it is we've been very focused on driving profitable growth, getting that – our gross margins are now approaching 86%, our free cash margins are – were over 26% in this last quarter, but that's been a big focus. We got to be able to drive real profitability out of the business. And we got to put the people where the opportunity is, which is in that EX business.

Q

Anyone else? Maybe touch on macro quickly, right? You haven't really seen anything...

[indiscernible] (00:38:44)

Dennis M. Woodside

Director, President & Chief Executive Officer, Freshworks, Inc.

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Yeah. Yeah. We're not directly impacted by the tariffs but some of our customers are. Our customer base, though it does not skew towards any specific industry and it doesn't skew to exporters as an example or industries that are impacted by – we do have some customers absolutely that have been impacted, but we haven't seen that, on a on a broad way, affects sales cycles. We didn't see it in the numbers in Q1 at all. And as I said on the call, as of April, we had not seen anything either. It's neither in the SMB side nor in the mid-market and low end of enterprise. So far, we haven't seen it.

Now, we like to think that we're a net beneficiary of any kind of recessionary environment because our product, on average, is a third to half of the total cost of competing solutions. And as teams are looking for greater value in their software spend, we're a great place to look. And so we think, over time, that actually positions us well regardless of what happens in the macro.

Q

Great. I want to ask you about the go-to-market changes there. Abe Smith kind of left in Q1.

Dennis M. Woodside

Director, President & Chief Executive Officer, Freshworks, Inc.

A

At the beginning of April. Yeah.

Q

Beginning of April. So with him now gone, how do you feel about the go-to-market leadership overall and any changes – material changes you're doing on that field sales teams?

Dennis M. Woodside

Director, President & Chief Executive Officer, Freshworks, Inc.

A

So Abe left for personal reasons. We don't have a traditional CRO, right? He wasn't the CRO. He led the field team. So I have a leader for field and I have a leader who has both marketing and the inbound motion. Because marketing is so intertwined with that sales motion and it's all in India. That's Mika Yamamoto. For field, we have very capable leaders around the world leading our field teams. We're focused on eight countries. My interim leader was the CRO at Domo and has done an amazing job jumping in as of April. So I really don't see it as something that's going to affect our business.

Q

Okay. Last question. Your 19% ARR exiting Q1.

Dennis M. Woodside

Director, President & Chief Executive Officer, Freshworks, Inc.

Revenue.

A

Q

I think ARR also was also 19% in constant currency. I might be mistaken, but let's say high-teens, right?

Dennis M. Woodside

Director, President & Chief Executive Officer, Freshworks, Inc.

Yes, yes.

A

Q

High-teens. What's your kind of confidence in kind of maintaining, sustaining that? What has to go right for you to do that for multiple years?

Dennis M. Woodside

Director, President & Chief Executive Officer, Freshworks, Inc.

So I think on the – a couple of things, on the EX side, we have an amazing opportunity. The TAM is huge. It's really a matter of execution and then continuing to find the next incremental area where we can solve a problem for our customer primarily but not exclusively in the IT team, primarily but not exclusively in that mid-market.

Like Device42 where we can build deeper capability to create more value for our customers and, therefore, drive more revenue for us. So that side of the business, it's really about execution. We have to continue to innovate on AI and monetize AI. And we have to get that CX business to a place where it has better line of sight into these larger customers because those larger customers, on average, are going to expand at higher rates, retain at higher rates. So those are the things that have to go right for us, those three things.

A

Unverified Participant

Awesome. We're out of time. Thank you so much for the time.

Dennis M. Woodside

Director, President & Chief Executive Officer, Freshworks, Inc.

Okay. Thank you. Thanks.

Unverified Participant

Thank you.

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