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Freshworks, Inc. (FRSH)

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Analyst, Oppenheimer & Co., Inc.

MANAGEMENT DISCUSSION SECTION

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

Hello. I want to welcome and thank everyone for the time, and the opportunity for everyone here in the audience to listen to Freshworks. We have with us the CFO of the company. Tyler is a regular here at the Oppenheimer Tech Conference. So, thank you very much for coming back.

Tyler Renwick Sloat

Chief Operating Officer & Chief Financial Officer, Freshworks, Inc.

Yeah, Brian. Thanks for having us again.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

Really appreciate it.

QUESTION AND ANSWER SECTION

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

Q

Tyler, maybe for some of the new listeners in the audience who may not be as familiar with Freshworks story, maybe just to level set the discussion, can you share from a 20,000 feet view, a brief company background and the problems that the company is solving?

Tyler Renwick Sloat

Chief Operating Officer & Chief Financial Officer, Freshworks, Inc.

A

Absolutely. So, yeah, for folks who don't know us, we're not a food delivery business. We are a software company. Freshworks was founded in 2010. So, about 15 years old, with Freshdesk as our main product line. And that's evolved over the years. Today, we build AI-powered software that kind of plays in two big markets, EX and CX. EX are employee-facing products and CX are customer-facing products. And so, we're selling into IT and customer support teams. And the goal is to make them more efficient and effective.

We have over 74,000 customers now and competing in different spaces across that EX and CX landscape. EX is our fastest growing product. It is doing really, really well. We are the kind of number one alternative for ITSM, kind of, underneath ServiceNow, and really focused on kind of that 5,000 to 10,000 employee organizations and really providing them enterprise-grade software that's really easy to use, really easy to implement with a great ROI. And that's been our focus for years on that side. That's now a \$415 million plus business, growing over 20%, 22% kind of constant currency, about 19,000 customers there.

Our CX business is still really meaningful with ARR of over \$380 million and that that was 8% grower this past quarter, a slight uptick from 7% the quarter before and that has 60,000 customers. The CX business is really selling from that kind of that long tail of SMB all the way up to very large organizations, but really landing mainly with the SMB kind of mid-market, low-mid-market.

Our growth opportunity is really EX right now. We're very focused on that. We are selling in, as I mentioned, kind of, focusing on that 5,000 to 10,000, but going up to 20,000-person organizations, and all the way down to say like companies with 250 people, we are going to be the – we will be their very first IT solution that they procure.

And the playbook has not been – it's been kind of the same, build great software, focused on the end user, which really means great usability and user experience. And then, over time, add feature functionality, so that we will be a credible alternative for very large customers, customers like Seagate that was a long time, I think 10-plus year, ServiceNow customer that has migrated over to Freshservice now. And that's who we are, Freshservice.

We were founded out of India. Our headquarters are in California. We still have a lot of our employee base in India, a lot of our engineering. We handle all of our SMB commercial sales out of India. But over the past couple of years have been building out our field sales presence across North America and Europe primarily. So hopefully that's a good summary, Brian.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

Q

It is. Thank you for level setting. So, you reported 2Q earnings a couple of weeks ago. And you had a really good quarter. You exceeded your guidance and you raised your annual targets. You had a good Q1 too. So, maybe from a look back, tell us what's working so well for the business here in 2025.

Tyler Renwick Sloat

Chief Operating Officer & Chief Financial Officer, Freshworks, Inc.

A

Yeah. I would say we even had a great Q4. So, I think I feel like we've strung three really good quarters together. And specific to this year too, coming out into the year, kind of, doing exactly what we said we're going to do and really executing. We feel really good after the first half of the year.

So, what have we been doing is a question. A year ago – a little bit over a year ago, Dennis was appointed CEO and the board said, hey, you have 90 days to come back with a strategy. We took it very seriously. That strategy which we've been executing against, which we've been very clear about is, EX first, and really making sure that we are, kind of, taking advantage of this opportunity that's right in front of us from a competitive, dynamic perspective, from the breadth of our software perspective, and really trying to provide a great solution for that TAM that I talked to, that ICP I talked about.

Second is AI across all of our products. And we gave out our AI number this past quarter on \$20 million that we broke that out for the first time. But we've been talking about the traction that we've been getting on the attach rates for new business and things that added. It's starting to happen and it's going well.

And then, the third is kind of a refocus on our CX business, focusing on execution, focusing in on really being a great clean up that SMB mid-market space, and really focusing on that PLG motion. And that's what we've been doing as well. And so, look at those three things. We're trying not to overcomplicate it. And really it's been about focus and execution across those three parameters.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

Q

Sounds good. Can we talk about the moat and kind of your right to win in the market? So, why are you winning? What is the competitive moat in differentiation? You've got ServiceNow talks about excitement, new logos in your market. Atlassian is pushing into customer service. So, what gives Freshworks the right to win in the markets you compete in?

Tyler Renwick Sloat

Chief Operating Officer & Chief Financial Officer, Freshworks, Inc.

A

Yeah. Again, we're not trying to overcomp – provide great software that's really easy to use and implement at a great price and that's been the DNA of the company since we were founded. On the CX side, what does that mean? So, it's like at the core of its ticketing still. And that's – both of our softwares are must-have software that we are not – for companies of any scale, you have to have these two products. You have to have a customer support solution, if you're selling any product to customers that you need to engage with. And if you want to get this on scale, you have to have a solution that's going to help you manage your employee base and help them do their jobs.

And so from that perspective, we're in a great spot, right? Our TAMs are not going to go away. These are must-have software. The software will evolve with AI capabilities and other new feature functionality that evolves over time. But the software itself was still going to be needed.

On the CX side, our right to win is really around providing a really seamless, easy solution with great integrations and ticketing for everybody from the SMB all the way up, but really focused on that SMB, lower mid-market. It's incredibly crowded space, we know that. And so, it's really focused on making sure we're focusing on customers who are going to see a lot of value, both on the B2B and B2C side. And whether that's – that it's a trial based product, meaning that you can start with a trial and, within 20 days, that trial just gets converted to production. And that's just a testament that there are no heavy implementations. It just works. And you're going. Integrations are out of the box and it's really clean.

On the Freshservice side, a little bit different because we're selling – there's a true enterprise sales motion. And when you look at who we're competing against, our number one competitor there is absolutely ServiceNow, but competing against the low end that accounts probably the commercial space of ServiceNow, that 10,000 to 20,000-person organization.

At the same time, there's still a ton of legacy out there in the BMC Remedy, Ivanti, Cherwell space, and then players like Atlassian who are kind of at the lower end with their JSM product. All of those different vendors I mentioned all have different reasons why those customers would switch to us. But at the core is providing enterprise grade software that does everything you really need. We may not have every single [indiscernible] (00:19:44) ServiceNow has. But with – that's a benefit because without the complexity that without having the four admins having to manage the software, without having the GSI having to do the deep, deep implementation and customization, it just works and it does what you need.

At the same time, we've added a whole bunch of enterprise capabilities specific like Device42 with enterprise grade asset management. And these are things that are just going to make us more and more relevant to those larger enterprises. And so, we're going to continue to progress and we're going to innovate at the same time, injecting AI across all of our product lines, which is going to keep us at the forefront of that. And at the end, that's going to be why we're winning.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

Q

Tyler, we did get a question on the fields from the improvement in the – or the stabilizations to slight acceleration in the CX business that that you recently reported. Are you seeing any change in seat count trends or what is driving that stabilization to slight acceleration in your CX business?

Tyler Renwick Sloat

Chief Operating Officer & Chief Financial Officer, Freshworks, Inc.

A

Yeah, and I would call it stabilization as opposed to real acceleration. We have been talking about the reduction of the expansion rate specific to agent additions for over two years now before any ChatGPT announcements came out. That had really more to do with coming out of COVID when everybody was hiring like crazy, and then all of a sudden they started – companies started kind of resizing. So, we've been talking about that for a long time. So, we've been very focused on, okay, how do we make sure we can grow with our customer base without having to rely on that expansion rate continuing to increase?

On the CX side, what has led to really that stabilization, first, is just sales execution. And sales execution, both our new customers, but also on engaging with our existing customers and really getting them focused on adoption and utility of the products. And a lot of that is just the rigor and who we've hired, how we manage our teams and how we engage with our customer base.

The second is really a clean-up of and our focus on a lot of the, call it, the things we're seeing from customers and making sure we're being super responsive and innovating on fixing all the things that are out there. And we've been doing that for the last year. That all leads to better adoption and better churn rates. We've been talking about Freshdesk having the best ever churn rates and that's really one of the reasons of kind of that stabilization.

On the sales execution side, that's our new business. Our top of funnel has always been relatively healthy, but conversion rates and that's one that we talked about here. We haven't done much on the PLG side of the house and especially the trial. It's a really, kind of, innovative on that side. And that's the stuff that we are starting to do.

The third thing is really AI, and really injecting AI agents, the capabilities on the front end and copilot capabilities for the agents and innovating very fast there and then getting – making sure our customers see that, but also injecting that to the sales cycle, helping us to win deals. We've talked about the attach rates. Both are larger deals of greater than 30,000 and then also the SMB side of the house where those are high-teens in terms of attach rate to new business. These are all things that have led to kind of the CX stabilization, I would say.

Again, I wouldn't call it acceleration. We went from 7% to 8%. And I think it's still going to stay around that level impact. Q4 we've said, hey, it's going to be a little bit tougher compare because we had a free to paid initiative last Q4. But in general, we feel okay about how the CX stabilization is going with all those efforts that we put in place.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

Q

Right. Well, bringing it bring you back to how you think about investing in the two different business segments, the go-to-market investments. How do you balance that? You've got you've got a large CX business. You have a large EX business. So, how do you balance the product, the go-to-market investments in the different segments? And we'll start there.

Tyler Renwick Sloat

Chief Operating Officer & Chief Financial Officer, Freshworks, Inc.

A

Yeah. So, as a reminder, Brian, we have two different sales motions and two different leaders. So, we have Mika, who is our Chief Customer and Marketing Officer. Mika owns all the marketing globally, but she also owns all of our SMB commercial sales, which is by far the majority inbound, and all run out of India, and that's across all products, but mainly CX. Then, we have Ian, who is our Chief Field Officer, who runs all of our field sales operations globally. It tends to be on new business, mainly EX, and just in terms of the customers that we're dealing with.

We have been really clear. Our opportunity is on EX for growth. And when we say that, okay, what does that mean? It means that a lot of the investments that we're going to be making are building out the enterprise grade sales capability in the field, which we're, I'd say, early days still in doing. It's not a muscle that the company has had historically, because we've started selling really to the SMB, low, mid-market. And as Freshservice has evolved over the years, we now need to be really good at selling it to enterprise. And so we're building out that muscle today, and a lot of our investments will be there.

In line with that, you have to build pipeline for that. So a lot of that is going to be driven by field marketing or outbound marketing, going to engage with CIOs, everything from in our customer advisory board stuff that we're now a year into in doing this, maybe year and a half, all the way through to the field marketing stuff that we're doing to go get more brand awareness out there. That is where a lot of our focus is going to be. At the same time, we're still very focused on driving top of funnel inbound, which feeds both CX and EX. And what we think about marketing is like how do we optimizing for that demand gen machine to make sure that we are still driving pipeline

across both products, but across the ICPs that we think are going to have the most traction. That's the way we think about it. EX first, it's a known strategy and optimizing for opportunity set there, but still trying to optimize for top of funnel inbound for CX.

Brian Schwartz*Analyst, Oppenheimer & Co., Inc.*

Q

Is it fair to assume also at least just thinking about customer lifetime values that the opportunity is bigger in EX in terms of the long term customer lifetime value margin profile for businesses as they scale?

Tyler Renwick Sloat*Chief Operating Officer & Chief Financial Officer, Freshworks, Inc.*

A

Yeah, right now, we've been really open. EX is doing really well and we believe this is a durable 20% plus grower and is growing over 20% now. Even with the Device42 kind of lapping that acquisition making the comparison harder, when you look at all the characteristics of that business, it has higher net dollar retention, lower churn, has a higher lifetime value for sure. Cost of acquisition, if you think about, feels a little bit higher, but the deals are bigger. And so, when you actually look at the LTV and the LTV to CAC, it's much better.

And so, when we are looking at capital allocation decisions, we're clearly going to lead towards EX to make sure that we are going to fund that for growth. And we've been doing that. At the same time, CX is still a very meaningful business and specifically on top of funnel, the whole goal there is you have to make it much more of a PLG motion. You can drive inbound, but conversion rates have to go up and conversion rates have to be as low touch as possible to make the sales efforts so that you really just spending kind of marketing dollars. But after that, the conversion will just happen. And then once a customer lands, theoretically, they will expand with you. And that has been a lot of our focus. And so, you're spot on. EX, a lot of prioritization there. The economics of that business are great. And we are very well competitively positioned in a very big market there and we want to lean in and capture that.

Brian Schwartz*Analyst, Oppenheimer & Co., Inc.*

Q

Great. Let's shift the subject here to AI, clearly topical. Whether AI is an accelerant or a risk to your business? Maybe I'd start out with the first question. Looks like it's an accelerant because your business was an early evangelist for AI and quickly gone from \$0 to \$20 million in ARR in your AI business. So, how has the uptake of the AI products been compared to your expectations?

Tyler Renwick Sloat*Chief Operating Officer & Chief Financial Officer, Freshworks, Inc.*

A

So first, absolutely we think it's going to be an accelerant, but I would say it's a risk for anybody who doesn't have it. At the end of the day, if you don't have deep AI capabilities in your product across both of our product lines, you're not going to be able to compete. And we've known this. We've had AI for years, right, well before – long before any kind of LLM ChatGPT announcements, but they're all hardcoded bot kind of AI capabilities.

Now, we look at what we're building on the copilot side and the true agentic side as kind of being at the forefront of AI, but also really focused on providing value to our customers to increase the utility of our products. But also making it a lot easier for them to do their jobs, to service their customers of their employees. And that's going to be continue to be our focus.

You then look, as we come out with new feature functionality and new products, the pricing and packaging is what is going to evolve a lot from an external perspective, because it has to be something that makes sense for us as a company providing these capabilities, but also makes sense for our customers. What we've been trying to do is not come out with new pricing and packaging, and then having to change it a quarter later, which a lot of our competitors have done, which I think is super confusing for customers. So, what we're doing like even with our new AI – our agentic AI capabilities that we released in June they are all in kind of in limited release right now, making sure that, okay, everything – our customers are adopting the way we think they should, that they're providing a lot of utility. And then, actually engaging a lot with our customers on talking about pricing and packaging and what that should be.

And as a result, it should all be a tailwind for us, but it also should be a tailwind for our customers in terms of their savings. And so, it's really who's going to get what portion of that that new wallet that's being created, essentially. Savings on one side and then increased revenue for us. And so, these are the things that are going to evolve over time.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

Q

Maybe I can ask you the right to win question in AI. So, how is Freshworks' AI differentiated from other services-focused suppliers' AI technologies?

Tyler Renwick Sloat

Chief Operating Officer & Chief Financial Officer, Freshworks, Inc.

A

Yeah, I'd say you can put it in a couple of buckets. There's some companies that are coming out and just saying we are only an AI business. And if you look at those, I don't think you can point to anything that's replacing a true software. They are sitting on top of other folks' software. So, Moveworks is mainly sitting on top of ServiceNow. ServiceNow buys them because that is what they saw happening.

For us, our right to win is looking at the software we provide that again is must-have software, but then injecting AI across all of that software to make it super easy for our customers to use but also get a lot of value on. And in doing, so potentially over time, allowing our customers to realize savings in terms of head count and other things. And that is the way we're approaching it.

We approach on two fronts right now – or three fronts. You've got copilot features, which is really focused on making the agents much more productive at their jobs. You have agentic AI agent features, which is at the front end. We do not charge for it on the EX side, because it's a captive audience in terms it's only dealing with your employee base, which is a finite group, and it typically is kind of easy to solve things – or should be easy to solve things that your employees are asking internally to IT. What's the Wi-Fi password in the office I just walked in to, things like that. That is on Slack and Teams. And so, our monetization on the EX side is really on copilot. And then our third on insights.

For CX, it's going to be the opposite. The agentic features are the ones that are really going to be the first line of defense for our customers to engage with their customers. And really the opportunity set is how do you actually solve the majority of the end customers' issues without any human intervention and then really start to take actions, which is the new agentic capabilities like for the B2C businesses, these are things like what is my order status? How do I cancel my order? How do I change my shipping address? How do I do a return? All these kind of things without having to talk to a human, and that is evolving really, really fast.

And so when you look at it, it's like looking at every kind of component of the action internally and how do we optimize – help our customers optimize for that. And that's where we feel like we have the right to win because we have, first of all, the audience with near 75,000 customers using our products, we can engage with them. And then we have a ton of capability with data, which we have a lot of data, to be able to optimize for those AI capabilities through that engagement and then do a lot of testing because we can have also a lot of data on utility and efficiency. So, that's our challenge. But also our opportunity set, which we feel we are taking advantage of.

Brian Schwartz*Analyst, Oppenheimer & Co., Inc.*

Q

Tyler, a question came in from the field just I guess in regards to how customers – how your AI technologies are impacting hiring among your customers. Maybe I'll just read the question straightforward. As more customers adopt your copilot and Generative AI solutions, what are you seeing in terms of seat count? Are your customers slowing hiring and are reducing head count with the productivity gains that they're realizing with your AI technologies?

Tyler Renwick Sloat*Chief Operating Officer & Chief Financial Officer, Freshworks, Inc.*

A

Yeah. So our agent counts are still going up across both product lines. So that number of agents are still going up across both product lines. And so, there's not – what's not happening right now is that you see kind of mass reductions in agent counts, because the AI capabilities are taking over. That being said, we don't really know if customers would have been hiring more agents even and hiring more individuals to service our customer base or their employee base. And they haven't had to because of the efficiencies that they're seeing from the AI capabilities. That's the first thing. So, I can't speak to the hiring rates internally.

Second thing is, over time, absolutely the agent count should go down or they should stay flat, if a customer is growing really, really fast. And as a result, that's why I said pricing and packaging has to evolve, so that we are going to be rewarded for the capabilities that we're providing our customers. But they also should have a lot of savings because they don't have to hire. And the cost of that higher should far outweigh the amount we get. But both should win. And then, logically, for their end customers and their employees, they should win too, because it should be a much better customer experience and employee experience. That is the ultimate goal, right, of any company that's providing AI capabilities that the company providing is being rewarded. The customers are saving money and the end employees and customers are actually getting a better experience. So that's the Holy Grail. A lot of that will be realized through pricing and packaging.

Brian Schwartz*Analyst, Oppenheimer & Co., Inc.*

Q

It's good. Let's switch over to the EX business here. So, the business has been focusing, moving upmarket here, and it has been successful so far, selling into larger sized businesses, larger deal sizes. We talked about higher lifetime customer values. I guess the question is why does the upmarket look underserved, and ripe for disruption? And maybe a follow-up question could be, how would you rate the company's progress so far?

Tyler Renwick Sloat*Chief Operating Officer & Chief Financial Officer, Freshworks, Inc.*

A

So, why is the upmarket look underserved? I think you have one entrenched player in ServiceNow that really is very, very focused on the super large enterprise that is going to pay them the tens of millions of dollars. As such, they have a very heavy software that's very heavy – hard to maintain and administer and very expensive. You

have a lot of old technologies that are out there that are legacy, that are just not relevant anymore or innovative. Yet, they're still in and a lot of them are on-premise and their replacement cycles aren't super rapid.

And so, as things come about in terms of degradation of those products, it is opportunity for us. They're in the space. They're just – for EX, an opportunity for, kind of a lack of a better word, a fresh player to come in, with really easy-to-use software that is built on a modern stack that is going to be super easy to administer, yet provide you all of those enterprise grade features, which is what our game plan has been from the very beginning, which I think that the promise of SaaS is right, something that is super easy to implement and use. Yet, it gives you all the feature functionality.

What I'd say is, if you build for the end user, which really means building for the SMB and then over time you stay true to that DNA as you add feature functionality, as you innovate, then you kind of start to get pulled into deals from larger companies who want to look at you as an alternative. And that's what we've been doing subtly with Freshservice in particular for years now with just kind of slowly, not trying to go sell to those mega enterprises, but really being pulled in. Now, we're in a mode where we are going to go sell, but really focused on that kind of that mid-market low enterprise space, because we feel we do have the right to win there. As such, we will get pulled into the much larger deals, the 20,000, 30,000 employee organization deals, where we will win some of those deals and we have been highlighting some of them. But that isn't necessarily the ICP. We feel very comfortable that the TAM in that 5,000 to 10,000 employee org and then the halo up to 20,000 is a massive TAM that we have the right to win in Freshservice that we're going to continue to try to capture market there.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

Q

Maybe the follow-up question is, where are we on the sales efficiency curve for the company's initiative to move up market? Are there still changes needed to optimize the sales organization and the platform to service that market?

Tyler Renwick Sloat

Chief Operating Officer & Chief Financial Officer, Freshworks, Inc.

A

Yeah. So, we announced Ian Tickle was our Global field Officer. He's already hired his replacement in Europe, in London. There will absolutely still be kind of investments on the field side. I'd say we're still relatively early days on building out the entire field structure on truly get into an enterprise sales motion and that isn't just salespeople, it's the SEs that support it, it's the outbound pipeline machine that really becomes predictable. It's the CSMs and AMs and all the enablement that surrounds it. But we've been working on that. We also hired a global SE leader a couple of months ago, who is already having a really good impact.

These are all things that has not been part of the DNA of the company historically that we're building as we go. Yet, I don't think it's – we're not reinventing anything here. We have an opportunity. We also have a lot of folks coming inbound who want these jobs that see in their own companies that we're winning and want to be part of a winning team. And so, that's our thing now is about execution and building it out. From an investment perspective, absolutely, it costs some money. We've built all of that in. We said we're going to lean into some of these costs. We have the opportunity because we've also been doing well. And in the first half of the year, we beat all of our numbers. And so, the question is, okay, we've been open, we're going to take some of that as we reinvest it, but still overperforming as a result. And so, I think you should expect us to continue to do that.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

Q

In terms of product trends, I think you mentioned you have almost 75,000 customers today. How penetrated is the customer base on a product basis? Then maybe I'll have a follow-up...

Tyler Renwick Sloat

Chief Operating Officer & Chief Financial Officer, Freshworks, Inc.

A

On the EX side, I think it's – we're not there yet, right? We have a lot of runway to go. Again, at the low end, we are selling to employee organizations of like 250 people. We are going to be their very first EX solution. And they can just put it in, and start going immediately. And at the high end, we're closing deals of 20,000, 30,000 employee organizations and doing full rip and replace of ServiceNow or Remedy or something like that.

And so, there's greenfield on one side, there's legacy replacement in the middle. And then, there's taking enterprise share from players at high end. And in that space, that TAM is there and is growing. At the same time, it's about adjacencies. So, when we think about EX, we've got Device42, which gives us enterprise-grade asset management capabilities that customers need. But we also have been rolling out ESM, which is employee service management, and that's selling to functions outside of IT, starting really with HR. And they typically move to kind of finance and facilities. That's a massive TAM and one we're just starting on and also one that we've been pretty open that we have the ESM capabilities and we haven't – we don't have the prebuilt workflows and things like that, but customers are buying.

And once we get a lot of those workflows in there as well, starting to landing with that product, which we don't today, all we do is sell it into our Freshservice customers, that I think is a huge opportunity for us, whether it's going to be a Trojan horse opportunity to get into really large organizations and prove out that we can meet that need and then move into Freshservice or an expansion opportunity into other Freshservice accounts that are out there.

And so, from that perspective, I think we have a long ways to go. We're still pretty small, right? We're not - ServiceNow can make their – that there's a one deal for us to make a quarter, right, from that perspective. That's fine. We're just going to keep trudging along and try to grow at a faster pace.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

Q

No, it sounds good. The strategy sounds very similar with ServiceNow. We've seen how successful they've been moving into adjacencies. Tyler, I had a question came in from the field on the M&A strategy. And I guess the question is, I'll just read it, what is more interesting from an M&A perspective within that EX business? Is it going deeper into security operation side – I'm sorry, going deeper into security operations or going deeper into IT operations? Or maybe there's the third leg here and going deeper into adjacencies and building out workflows into different adjacencies. If possible, stack rank what looks most interesting.

Tyler Renwick Sloat

Chief Operating Officer & Chief Financial Officer, Freshworks, Inc.

A

No, I mean, I think Device42 is a great example. It was the first deal we've really done. The company had bought – we had bought companies in the past. I've been here 5.5 years. It's the first deal we did since I've been here. We closed one right before I joined, but then really tended to be really small teams in the past. Device42 is the first that was a true like technology out of the box that we could take and sell with it and a customer base, but it was a great example of an adjacency that we knew we needed. We needed enterprise grade ITAM. We have a – Freshservice has a light ITAM solution and it was a really a build or buy, like how long it would take us to get there or could we accelerate that?

When we look at the adjacencies specific to Freshservice, we've talked about security operations, we talk about ITAM. And we talk about some other areas that we can move into. And again, it's going to be – those would be build or buy conversations. And but again, having to stay true that we have to have a strategy of how this makes sense for our customer base and as a SaaS provider, have to have a vision for how we would actually make it a seamless product, which we painted out that vision for Device42 as well.

On top of that, there's also a whole bunch of kind of AI acceleration stuff that we said we'd be open to look at. And these are companies that could accelerate workflow building and everything else. We've always been consistent that we will look at M&A and we'll consistently look at it. We have a team dedicated to look at opportunities to work very close with our product group and we'll be open to it. It just has to make sense from kind of an efficiency perspective, but also from a product strategy perspective. And so, we're going to stay true to that. And it's not something that we're adding companies every single quarter. We just been consistently looking to work with the product group, working with our product roadmap and talking to a lot of companies, both on the inbound and outbound side.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

Q

Maybe to finish it up with the last question that came in from the field too is about the Investor Day. So, next month, for everyone who's listening, on September 11 in San Francisco, Freshworks is going to be holding an Investor Day. It's been a couple of years since they've had their last Investor Day. So, clearly, this is going to be a special event. Is there any previews maybe for investors what they could expect next month from the...?

Tyler Renwick Sloat

Chief Operating Officer & Chief Financial Officer, Freshworks, Inc.

A

Yes. Whoever asked, thank you for the plug. And, Brian, thank you for the extra highlights. Yeah, September 11, Investor Day, it's a Thursday in San Francisco. We hope everybody can attend either in person or virtually. We did our last Investor Day two years ago. That was our first Investor Day after going public. And so – and at that time, we kind of painted out some three-year visions and gave a little bit more information by product on what we're doing. I think this is just going to be an update to that.

We've been solely giving out more like we give the ARR ranges now every quarter of what the products are doing. We're going to give you a little bit more information on our AI capabilities. I would just consider Investor Day number one kind of be – there are going to be products section to see kind of where we're going product wise, product strategy wise. We just did a lot of this at our refresh event in London in June. And so, a lot of that is, kind of, resell reshow for the investors and make sure everybody saw everything we announced.

From a kind of a long range plan, we'll do an update. The last one we did was two years ago, and that was a three-year plan. We have to update that now with everything we're doing and kind of what some of our goals are financially. And we're obviously going to talk about some of that. And we'll give some go-to-market updates as well. So, hopefully, it's going to be very valuable use of time for folks to give a little bit more insight into how we're doing and product-wise as well. So, we're looking forward to it.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

And we are out of time. I want to make sure to keep Tyler on track, because he's got a full day of meetings here ahead of him. I want to thank you very much for presenting Freshworks, and it was great to see you again.

Tyler Renwick Sloat

Chief Operating Officer & Chief Financial Officer, Freshworks, Inc.

Yeah, you too, Brian. Thanks for having us, man. Always good to be here. Thanks, buddy.

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