

07-Sep-2023

# Freshworks, Inc. (FRSH)

Investor Day

## CORPORATE PARTICIPANTS

### Joon Huh

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

### Rathna Girish Mathrubootham

*Chairman, Chief Executive Officer & Founder, Freshworks, Inc.*

### Dennis M. Woodside

*President & Director, Freshworks, Inc.*

### Mukesh Mirchandani

*Senior Vice President-Global Solution Engineering, Freshworks, Inc.*

### Payal Patel

*Director-Solution Engineering, Freshworks, Inc.*

### Prakash Ramamurthy

*Chief Product Officer, Freshworks, Inc.*

### Jacen Cabading

*Customer Experience Manager, Monos*

### Pradeep Rathinam

*Chief Revenue Officer, Freshworks, Inc.*

### David Harrington

*Associate Director & Head-IT Asset Management, Sony Music Entertainment*

### Pradeep Singh

*Vice President-Information Technology, Databricks*

### Tyler Renwick Sloat

*Chief Financial Officer, Freshworks, Inc.*

---

## OTHER PARTICIPANTS

### Scott Berg

*Analyst, Needham & Co. LLC*

### Brent A. Bracelin

*Analyst, Piper Sandler & Co.*

### David E. Hynes Jr.

*Analyst, Canaccord Genuity LLC*

### Luv Sodha

*Analyst, Jefferies LLC*

### Ryan Bressner

*Analyst, Morgan Stanley & Co. LLC*

### Ryan MacWilliams

*Analyst, Barclays Capital, Inc.*

### Brian Schwartz

*Analyst, Oppenheimer & Co., Inc. (Broker)*

### Rob Oliver

*Analyst, Robert W. Baird & Co., Inc.*

### Adam Bergere

*Analyst, BofA Securities, Inc.*

### Nick Altmann

*Analyst, Scotiabank*

# MANAGEMENT DISCUSSION SECTION

## Joon Huh

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

Let's go. Good morning. Welcome, everybody. On behalf of the entire leadership team here at Freshworks, welcome to Freshworks Investor Day 2023. We're so excited to have you here in-person, and those of you joining us online and especially our India team out in Asia, thank you so much for staying up late to join us. We have a full schedule this morning. So, before we get to that, let me cover a few housekeeping items. The first one is our favorite slide here, which is the disclaimer slide.

So, we will be making some forward-looking statements today. So they do come with some risks. Please see the risks in our disclosures. This presentation is available on our IR website now. So you can take a look at that, and please refer to the risks in our most recent SEC filings.

Secondly, the agenda. So we're going to get started with our CEO Founder, Girish Mathrubootham, who's going to start us off with the product, vision and strategy. He'll be followed by Dennis Woodside, our President who's going to go through some of our solutions in action along with our team members here. He'll also cover our growth strategy. So please pay attention to what we're thinking about going forward. After that, we'll take a quick break. We'll have a customer panel and spotlight with some of our key customers, led by our Chief Revenue Officer, Paddy Rathinam, and our Chief Product Officer, Prakash Ramamurthy. We'll close our prepared remarks with Tyler Sloat, our CFO, who will provide a financial overview, and then we'll have open Q&A at the very end.

So, one thing on the Q&A, please save your questions. In the interest of time, we're going to cover it all at the very end, and we'll try to make sure that we can cover all the questions. For those of us who are joining us online, you can submit questions a couple of different ways. You can either put it into the chat box. There should be a little box that you can add in there or you can send us an email to [ir@freshworks.com](mailto:ir@freshworks.com). We'll be combining those or collating those throughout the day.

All right. So without further ado, let me introduce to the stage our CEO, Girish.

---

## Rathna Girish Mathrubootham

*Chairman, Chief Executive Officer & Founder, Freshworks, Inc.*

Thank you, Joon. Good morning, everyone, and welcome to our first ever investor day. It's been two years almost. We are coming up on two years since debut and a lot has changed in the last two years. So I'm super excited and happy to be here to share with you the vision and company strategy for Freshworks, for how we see it is going to play out in the next few years.

Now, for the benefit of people who are new to Freshworks, I thought I'd start with this snapshot slide, which actually helps you quickly get to understand where we are as a company today. Freshworks was founded in 2010 in Chennai, India. We were always founded as a US company. So we are north of \$0.5 billion in revenue, most recently growing at over 20%. We are a multiproduct company. We have two products at scale, one at \$300 million ARR and the other one at \$250 million. So we have over 5,000 employees. 85% of our employees are in India, which I believe is a huge strategic advantage for Freshworks.

So we have over 65,000 customers in total. 19,000 of those customers pay us over \$5,000, which is a key operating metric for us. So we went public in September 2021 as India's first SaaS company to go public in the NASDAQ center, we are here today, but in New York. And I'm happy to report that since that time, we have managed to improve the operating efficiency of the company to deliver 10% free cash flow margins this year. So that is the story of Freshworks in numbers.

But let me walk you through why do we exist? Like, why should you care about Freshworks? So we started Freshworks on a mission to deliver modern and innovative customer and employee experience solutions. Now, today I have to add AI-guided in order to make sure everybody understands that's what modern should look like today. And we also say when you think about modern and innovative employee and customer experience solution, you would think every company should need that, right, not just the Fortune 500. That's why we say built for the Fortune 5 million; and what differentiates us is, we build the software to delight the users that actually use them. It's not built for just the CXOs. It's built for the frontline users to increase their productivity. So that's our mission.

And I'm going to talk about – you're going to see a lot of product and demos, but I would like to first say over the years, Freshworks has benefited through these three trends or tailwinds that we all know, actually. So the first one is digital transformation of every business; large and small. The second one is continuously changing expectations from customers and employees when they are interacting with businesses. The third one is the need for higher quality data. And more recently, we are seeing what GenAI can do with that data. So let me dive deeper into each one of these.

So if you look at digital transformation of every business now, this is not new. This has been a trend that's been playing out over the past several years. And we all know that large enterprises are adopting more and more SaaS and cloud solutions because they want to be agile. They want to enable their remote workforces, et cetera and this has been going on, but it's not about large enterprises alone. So, first of all, Freshworks has been a beneficiary as a cloud-native company. So, we have several mid-market and large enterprise customers using our platform. You'll hear more about that from Dennis, but every small company, a small business also needs to digitally transform themselves, especially we saw COVID actually accelerating all of that digital adoption or transformation of small business, and at Freshworks, we have been almost leading that charge for front office and back office solutions that small businesses are adopting.

Second, over the years, expectations from customers and employees what they want from businesses has continued to evolve. And think about it, I'll give you an example. Say 20 years ago, if you're contacting a business as a customer, you're probably calling their call center and trying to get support. Now, when we started Freshdesk in 2010, the whole idea was about, hey, we are starting an email helpdesk, with social media that was the fresh idea behind the Freshdesk, the first product. So, email and social media was how customers were contacting. Today, customers want to have conversations with the business. They want to be on, let's say Apple Business Chat or WhatsApp or Facebook messenger, Instagram messenger, and – but they still expect the business to help them with their problem. They want personalized support, they want quick answers, and the businesses need modern solutions that can work on these channels where they can have the context of who the customer is. Why are they contacting us and how can I quickly solve that problem? Now, the same is true for employees like today employees are remote. They are hybrid. You cannot expect employees to walk into IT department or walk into HR department to get stuff. So you're going to see some cool demos of all of that today, but employees want conversational support with the business.

And then, thirdly this is also something that has been playing out over the years, but the need for high quality data. So we all know that businesses adopted technology as and when they found need for it, but the problem

that they're struggling with this, all of the data is siloed in different technology systems. Like even in the customer world, you have sales systems, marketing systems, support systems, you have service, you have payment systems, you have automated systems. Data is captured in different silos and business has always been trying to use integrations to kind of bring the data together. And then we saw the rise of customer data platforms, where large enterprises actually bought customer data platforms to try and integrate – stitch together all this data. And we all know why? Because your AI is only as good as your data. Like if you have partial data, you can only do partial AI.

So if you need to deliver greater insights for business, you need a complete data of your customer or complete data of your employees or whatever data you're operating on. And at Freshworks, our architecture of a unified customer data model and the customer 360 architecture is designed to help us benefit from this unified data model. So we offer this customer data platform in-built without customers having to buy that. So, we are poised to truly benefit from the AI in terms of having a more complete picture of the data for our customers and you will see demos of that today. But before we go and show you all the products in AI, I just want to take you back and tell you how it all started and walk you through the evolution of our multi-product journey.

So as I told you, we started in 2010. Our first product, Freshdesk, was launched in 2011 as an email and social media helpdesk. In the early years, we actually found that one out of every four or five customers was using Freshdesk as an internal custom employee support tool. So, I'm an ITIL service manager myself, so we knew how to build an internal IT support tool or IT service management tool. So instead of just using the same product with the marketing page on it, we actually decided to custom build a product for IT service management and that's how our second product Freshservice was launched.

Today, that's our fastest growing product with north of \$250 million in ARR. So we also closely watched what's happening in our customers in terms of other technology that they were using or how technology was evolving. So, over time, we also launched Freshchat as a modern messaging platform, Freshcaller as cloud telephony. In 2016, we actually unveiled our customer 360 strategy long before anybody else in the industry. We launched Freshsales in 2016, and Freshmarketer in 2017. Our Freddy AI, so today there's a lot of buzz and excitement about AI. So we have been talking about AI since 2018. So we launched a Freddy AI in 2018. Neo platform also was launched in around that time. And in August this year, which is the last month, we actually launched our most modern omni-channel Customer Service Suite, which is conversational. So you will see some of these products in action today. So this is how our journey towards being a multiproduct company.

But cut to today, how do we organize ourselves to our customers? So we have our IT and employee service suite, Freshservice, which is offered as Freshservice for IT and Freshservice for business teams. We also have our flagship customer service product line. This is the business at \$300 million ARR. So customers buy it as Freshdesk or Freshchat or the new Freshworks Customer Service Suite. And the younger – sorry. The relatively younger product line is sales and marketer, where we have Freshsales and Freshmarketer. Now, all of these products are powered by our Neo platform. So Neo actually offers a set of shared services for all of our products, which enables rapid product velocity. So if you think about things like support for different communication channels, like chat or email or social media, our products engineers don't have to reinvent the wheel. They can consume these services from Neo. So that's one of the benefits for our own product developers. Also, Neo powers a set of services that help our customers get a unified customer experience.

When they're using more than one Freshworks product, hey, how do you get services like single sign on, unified billing or analytics that works across products; all of that is also powered by Neo. And third, Neo also supports our marketplace, where we have more than 1,000 public apps which enables rapid integration with third-party systems. Customers can also build custom apps Neo for rapid extensibility. So, the reason I'm calling out Neo is

this is our secret weapon, which actually helps us win a lot more business, and powers are rapid time to value. So one of the key differentiator that we have compared to larger enterprise vendors is how can we take the customer to go live quickly and Neo is the secret weapon that allows us to do that.

Now, Neo also powers parts of our Freddy AI. So, I think it's probably – like Freddy AI today it's own slide with all the interest in GenAI. So let me talk about how we organize ourselves. As I told you Freddy AI has been in market for us since 2018, but with all this new excitement of GenAI, we actually did – we unveiled a new GenAI strategy with Freddy. So today we offer our Freddy AI as three pillars or think of it as three core capabilities. The first one is around Freddy Self Service. So Freddy Self Service is powering employee and customer self-service without the need for human agents. So, as an example if you're conducting a business, Freddy can actually help answer FAQs or Freddy can also help answer personalized questions by looking up your order and you're going to see some really cool demos, live demos, not videos that will be on stage demonstrated today.

So Freddy Copilot; think of Freddy Copilot as, how do we augment human capability with AI? So everything that we can do to help human agents be more productive, whether it's answering questions that they have or allowing them to conversationally execute tasks on the product. So, the way you interact with software can now be a conversation; like set up a meeting with John next Tuesday at 9 AM. So you could just issue a command to the product and it should be able to do it. So you'll see Copilot in action today. And also we have announced pricing for Freddy Self Service and Freddie Copilot. Freddie Self Service will be monetized on a user session basis and Freddie Copilot will be monetized at a \$29 per agent per month price.

What I'm even more excited about is Freddy Insights, which is where we take the power of GenAI to understand unstructured data and combine it with all the analytics that we have to deliver real-time insights to leaders and decision makers. A good example of that would be imagine how it would be if you're a customer service leader where Freddy AI is telling you, hey, your customer satisfaction for the last quarter was at 80%.

Now that's something the structured data can tell you, but if Freddy AI can tell you that, hey, if you fix these two problems, you can take it up to 86%. And that's where it's analyzing all the responses from the unhappy customers, automatically figuring out what are two or three things that'll move the needle and giving it to you as real time insight, cutting the need for like really having the time spent by data analysts to crunch all the data, go and manually look at those unstructured responses from customers and then figuring out what should be the actionable insight. So Freddy Insight is also currently in beta with customers. We've not yet finalized the pricing for that. So we're working with customers and adding more value to the product. We will announce in the coming months. That's in general about AI.

And today, you will also see, as I told you, most of our AI; the demos that you see today will be focusing on AI features. So powering all of this innovation whether it's our multiproduct journey, whether it's Neo or Freddy AI, I think the key advantage that we have is access to world class talent in India. So, as I told you, 85% of our employee base is in India. We have three offices in India across Chennai, Bangalore, Hyderabad. Chennai is the largest R&D center. So Freshworks was born in India. From day one, we had global aspirations and India powers our product velocity and scale. And having started in India, we were global from day one and that has helped us actually get all these global customers. So, if you see some of our customers here today; so look at tailor-made golf vendor in the US or Stitch Fix. If you look at Klarna in Europe, PhonePe in India in fintech or MultiChoice or African Bank in Africa, we have a truly global footprint. I would also like to take this opportunity to welcome some of our customers here who are in the room. So we have Sony Music, we have Monos and Databricks in the room to share their stories to you. So I'd like to say thank you to all our customers who are here and welcome to our Investor Day.



While I'm happy about our customers, I'm even more proud about our culture. So what truly sets Freshworks apart as a company is a culture that we have built and the easiest way to understand our culture is through this acronym called chat. The C in chat refers to craftsmanship where we want each employee to practice craftsmanship every day to go above and beyond and deliver a wow. The H is happy "work" environment where the work that you do actually makes you happy, it's not about full small tables or free food. It's about truly finding happiness at work. A is for agility with accountability which allows us to be nimble as a startup, even as we scale and grow, and T is for being a true friend to the customer, which is our promise to our customers. Hey, look at Freshworks as your friend, not as a partner or a vendor. We will do the right thing by you. So these values are the bedrock of our culture. They have served us well over the years as we continue to scale and grow and it also helped us attract a world-class team.

So if you look at our management team today, like we have a solid team with a lot of experience in scaling and growing public companies. So, we have made a few changes this year. I'm excited to welcome Johanna Jackman, who's in the room today joining us most recently as our Chief People Officer coming from Airtable. We also have Shafiq Amarsi, after spending more than a decade at AWS, joining us as SVP of Strategy. We have Murali who's joining as SVP of Customer Experience. You all know Dennis, who joined us last year; and Paddy, who was promoted to CRO earlier this year. So you will be hearing from some of our leaders after me and then we will be available for Q&A and we'll be available here to chat with you.

Now before I close, if there's only one slide that you're going to pay attention to today, I want you to pay attention to this slide. So I want to tell you that at Freshworks, we have a clear path to creating a multi-billion dollar revenue scale company. And how are we going to do that? So, first of all, we are operating in three really large TAMs. So, even you have seen successful companies being built with only one of the TAMs that we operate in. So we have product market fit in three massive TAMs. We can continue to grow Freshworks over the years. So we are starting to see momentum in larger customers and going upmarket and that's working and you will see Dennis and Tyler share more details on that. So, our customers are adopting multiple products and we think that's going to be a very durable opportunity for us. If you remember at the time of IPO, that number was at 18%. Now it's at 25%. And we still have a long way to go.

AI and automation is a tailwind for Freshworks. We will make money when businesses are not hiring human agents with Freddy Self Service. We will make money when people are hiring human agents by helping them be more productive with Copilot and we will make money by actually delivering insights to leaders with Freddy Insights. Last but not the least, our access to a high quality workforce not just in R&D, but also several of our go-to-market functions are serviced out of India. So, we believe that India provides a long-term strategic opportunity for us.

So with that, I would like to invite our President Dennis, to come and share with you some of our product solutions, and also take you through the go-to-market initiatives. Thank you.

---

## Dennis M. Woodside

*President & Director, Freshworks, Inc.*

Thank you. Awesome. All right, everybody. Thank you so much. I'm excited to be here for our first ever investor day. I'm excited to see some of you for the first time in-person and not over Zoom. So for the next 30 minutes, I'm going to share where we compete, what products we offer, and importantly, we're going to show you the products in action through live demos. I'm going to be joined up on stage in a minute by Mukesh Mirchandani and Payal Patel, both of our solutions engineering team. All right, so let's go.

So we compete in three large growing and overlapping markets; IT & employee service, customer service and sales and marketing. The addressable market for these three areas is huge; about \$78 billion per Gartner last year and growing fast. So I'm going to go through each of the three in order and for each section we'll take a break. We'll show a demo and then we'll come back and hit the next section.

Okay. Regardless of the product, we win and expand our business with our customers really for the same reasons. First of all, we offer a unified experience in a world where our customers are looking to consolidate fractured tech stacks and consolidate down to platforms. Second, our products are easy to use. Very importantly, they're easy to train on. You'll hear from Manos today from a manager of agents, and the ease of training is really important when you're managing a service operation.

Products are easy to maintain as well and that leads to much faster time to value for our customers than our competition and overall a lower total cost. The other thing is we've proven that we can innovate rapidly and bring products to market. The demos that you see, most of the features are available to customers in our beta program today; not all but most. And really we got started on those over the last, let's say, a couple of quarters. And then lastly we've proven our ability to scale to enterprise level. So, we have customers that are handling millions of interactions through our software every month and managing thousands of agents with our software.

Okay. First product is IT & employee service. All right. So Freshservice provides a foundation for managing your IT department and extends to other departments. Our product consists of a couple of elements. One is service management, which delivers engaging experiences for employees. The second is operations management, which provides reliable services company-wide, asset management to help manage all the IT estate and assets, project management tools, and finally, business teams which we released last year to support teams outside of IT. Okay.

This is our fastest growing business with a lot of future growth. So the TAM, just for IT alone, is \$20 billion growing 12% per year. Our ARR as of the end of Q2 was \$260 million. Now, keep in mind, this is a business that we started less than 10 years ago. This business is growing in the low-40% year-over-year – so in the low-40s annually. Our customers, the CIO or a senior IT leader and we have a lot of traction in mid-market and in enterprise with this business. We have 8,500 customers today that spend more than \$5,000 with us, and that base is growing quite rapidly.

So if we look forward, we see many opportunities to expand our IT footprint. This market's huge and the IT department, the IT leaders are looking to us to solve more problems. We have a track record of innovation. Just in the last year we launched ITOM. We also launched business teams, but if we look forward, there's a number of adjacencies. Managed service providers is one. We already serve hundreds of managed service providers, but our product is not specialized necessarily for their needs. So we're working on that. Industry specific solutions such as government. If we look a little bit more forward security operations, governance, risk and compliance; all these are areas where we have a right to play, given the platform that we've built and the customer base that we've built.

Every one of these individual areas themselves could be a massive opportunity for us. Okay. So, today customers and analysts recognize the value of our IT portfolio and products. We get a lot of positive feedbacks from users who appreciate the scalability of our products, the reliability, the ease of use, the ease of deployment. We consistently win for those reasons. We're top rated by users surveyed by TrustRadius. We're covered in three distinct markets by Gartner and Forrester and two by IDC.

So, an example of a customer for Freshservice is A&E Networks. So A&E is a global content company. They have 400,000 viewers worldwide. They have 3,000 employees. They have 300 employees in IT. Okay. So global



complex company. They previously were a ServiceNow customer. They switched to Freshservice for its ease of use, ease of maintenance, scalability and overall lower total cost of ownership. So today, our virtual agents at A&E are helping with ticketing, so automating a bunch of tickets that previously needed human intervention. That's resulted in increased response accuracy, faster time to responses, overall higher satisfaction with the IT interaction among employees; and that allows the human agents in the IT department to work on higher value work and harder to answer questions and queries.

Okay. Another good example from the higher ed space is Georgetown University. So Georgetown has 20,000 students, 6,000 employees and 2,000 faculties. They have to support the IT needs of all of those people as well. So, they were using a homegrown system that was just not scaling. They went through a competitive evaluation process. We were part of that process and they chose Freshservice to support faculty and students' needs, not just for IT, but for their IT needs, questions around HR and any kind of health services needs.

So after a successful deployment, they later purchased Freshchat and Freshcaller for 450 business users. And you'll see this is a theme in a lot of the cases that we're sharing. Teams start, companies start with one of our products and even though the buyer is not the same from IT going into customer service or vice versa or sales and marketer, we get the reference. And when another opportunity comes up, we have the right to play and often we win. So that's Georgetown.

All right. With that, let me ask Mukesh and Payal to come up for the first demo.

---

## Mukesh Mirchandani

*Senior Vice President-Global Solution Engineering, Freshworks, Inc.*

Thank you, Dennis. Yes. A round of applause is good. Good morning. It's good to speak with you all. Like G and Dennis said, we're doing all live demos today. So you'll be very impressed with what we have to show you, but before we get into the demo, I want to tell you a little bit about what we're hearing from our customers. Our customers are telling us that their employee expectations are much higher than ever before. They want a modern, intuitive experience. Employees want cool tools at work. So that's one theme.

The second theme is deep insights for business leaders because IT leaders have to deliver business outcomes. And so what our customers are telling us, give us these insights so that our IT leaders can make good decisions. So these are sort of the two big themes that we'll cover in the demo today. For our demo, we're using a fictitious company called No Baggage. No Baggage makes high end luxury bags, luggage, handbags, suitcases, and they believe in sleek products and even better customer experiences. So we're going to start with an employee. Like I said, employee expectations are high. They want cool modern tech at work. So let's see how we bring this to life with Freddy Self Service. Payal, ready for the demo?

---

## Payal Patel

*Director-Solution Engineering, Freshworks, Inc.*

Yeah.

---

## Mukesh Mirchandani

*Senior Vice President-Global Solution Engineering, Freshworks, Inc.*

All right.

---

## Payal Patel

*Director-Solution Engineering, Freshworks, Inc.*

Let's go ahead and start that demo. I'm going to show you how we provide a unified, modern employee experience that really integrates with Freddy Self Service into all of the productivity tools that they use day in and day out, like MS teams and Slack. [ph] Lauren (00:31:30) is an employee at No Baggage and she needs to request an employment verification letter for a home loan that she's applying for. [ph] Lauren (00:31:39) goes to the no baggage site bot and asked the virtual agent if she can get an employment verification letter. The virtual agent is going to go ahead and ask a few questions. It's first going to ask, what is the purpose of that verification letter? It's for a home loan.

Next, it's going to go ahead and prompt and ask questions about which bank is that home loan for? And finally, what's going to happen within a few minutes? It's going to verify all of the information so that I can ensure that I have all the details sent for that employment verification letter. I'm going to let the bot know that this is all good. And next within minutes, our native integration with Workday performs a lookup and generates the employment verification letter. What's happening is behind the scenes this is going into that HR system, understanding all of the information that was requested, pulling up those details, and then sharing that here right within the bot experience to share that with [ph] Lauren (00:32:54).

And, you know, Freddy's thinking a little bit. So we'll give him a couple more minutes to come up with that data. While Freddy's thinking, we also integrate into lots of different HR systems in our world, we're natively integrated with Workday, but we connect to many others as well. All right, [ph] Lauren (00:33:18) is got that letter now. So she can quickly download that letter. She can review that employment verification letter as well. And it's looking great.

All right. Now, [ph] Lauren's (00:33:36) filled with joy. Typically, that would have actually taken a lot of time for HR to probably process, get all the information. She got that within minutes and is excited that she can get her home loan. That virtual agent was able to address all of those various issues and help her. Well, a few hours pass. And unfortunately, [ph] Lauren (00:33:53) has another problem. She needs help again because she's experiencing connectivity problems with her VPN. She reaches out to the IT team again to see where she can get help. She lets the virtual agent know that she's having VPN connectivity issues and if it can help her.

Now the virtual agent is going to try to help her troubleshoot that issue and gives her a series of steps on how to do that. Unfortunately, she's not familiar with how to disable the power saving mode. So she asks for some guidance on that. When she asked for that guidance, Freddy is going to go ahead and pull up all of the information to guide her through that. She goes ahead, configures those settings on our laptops and look at that; all of a sudden everything is working and she lets Freddy know. Thanks for the help. The Slack virtual agent was able to solve all of [ph] Lauren's (00:34:51) issues today without having to get an IT agent involved. Now, those IT agents can really focus on much more of those complex issues in their organization. Mukesh, what do you think about some of these Freddy Self Service?

---

## Mukesh Mirchandani

*Senior Vice President-Global Solution Engineering, Freshworks, Inc.*

Payal, I thought that was pretty cool. I thought that was – this is the kind of employee experience I think every employee deserves today and I think there was a lot that happened. So I'm going to try to recap for you the most important pieces. Number one, you saw the whole interaction was managed through Slack. You saw a virtual agent that lived within Slack. This is the power of the Freshworks platform. We're able to seamlessly integrate into tools like Slack, Microsoft Teams and our customers love this. Because our customers have already made

investment in those collaboration tools, right. So we're not forcing them to go somewhere else to collaborate and get that virtual agent. So that's one thing.

Second, you witnessed a multi-ton natural language powered conversation. You saw there was a VPN issue. The bot understood, surfaced up a couple of suggestions; right. This is how we're going to solve things faster, problems faster without needing tickets and forms. I'd like to say that tickets and forms are very passé and this is the new way of doing things. The last thing, this was really cool. You saw a live integration with Workday. I remember the first time I applied for an employment verification letter. It took a couple of days from me to get that, but this was a live look up that basically extracted information from Workday, stuck it into the right template and delivered it to the employee within a matter of seconds, right. So this is what a modern employee experience looks like. So that's about the employee.

We're going to move on to the second little bit of our demo, which is what does life look like for a leader? And I said to you, leaders need deep, actionable insights. They have to fix IT operations as problems happen and so how do we use a combination of Freddy Insights and Freddy Copilot to solve the leaders' problems. Payal, we're ready with the demo?

---

## Payal Patel

*Director-Solution Engineering, Freshworks, Inc.*

Let's go ahead and shift to the demo. So we're going to shift our attention to IT Supervisor, Jack. Jack managed the L1 helpdesk at No Baggage. What I'm about to show you is Freddy Insights. It's our AI that surfaces a powerful data visualizations and metrics simply by asking questions. IT supervisors like Jack have a lot going on. And it takes a considerable time sifting through various reports and analytics to really understand all of those various employee issues. Here, Freddy Insights is able to surface up those insights directly to him in a matter of seconds. So, as Jack glances in his inbox, he notices a bunch of trending employee issues that have been identified. He goes ahead and clicks it to understand more.

Now, while he's reviewing this data, he notices that printer issues are by far at the highest number. And he wants to dig into more about what's going on there. Show me details about that printer issues. Now Freddy is going to go ahead and share incidents that have been happening within the organization. And honestly, there's been a huge uptick. Almost 85% of issues, which not normal in the usual trends. Today, he's got a savior though. Freddy is going to help him create a solution article. Not only create it, but he's suggesting it. That's the next best action for him. So he's going to go ahead and ask Freddy, help me generate a solution article for the above scenarios. He can preview that article. And what's happening here is Freddy is gathering information, whether it's from responses from incidents or a knowledge base or any other contextual information that it can understand on how to solve this issue. And then, it's actually creating all of the various content that can be shared to employees in the future.

So while Freddy is thinking, takes him a little bit of time to gather all that information, and finally we have the knowledge-based article. And finally, he can go ahead and save and publish and he's good to go. Jack successfully stayed ahead of employee issues, ensuring smooth operations of his helpdesk. Mukesh, why don't you share with everyone what actually happened behind the scenes.

---

## Mukesh Mirchandani

*Senior Vice President-Global Solution Engineering, Freshworks, Inc.*

Payal, first of all, that's a mic drop. So I think we deserve a quick round of applause for that demo. That was pretty cool, right? But look we've said this for a while. IT leaders lead insights but these insights are sort of buried in

static dashboard. So you have to go look for those insights, right. What you saw at the beginning of that demo was Freddy Insights brought all of that rich insights directly to the supervisor, right. You didn't have to go hunt for it. That was one.

Then Freddy Copilot swung into action and Freddy Copilot said look there's a problem here, there is 85% more bad things happening. And so you should create a knowledge article. This was a recommendation to solve a problem. And then Freddy Copilot again use the generative AI that we have embedded within Freddy to create that knowledge article. So, think about it. IT organizations would probably need two, three, four hours to do all this research write the knowledge article right. And I'm being optimistic. I think it could take longer as well. We did that in a matter of seconds. So, this is the power of Freddie AI. This is what when G and Dennis are talking about rapid time to value. This is the best example of rapid time to value. And this is why our customers love Fresh service.

With that, I think we're at the end of our IT demos Dennis. So, back to you.

---

## Dennis M. Woodside

*President & Director, Freshworks, Inc.*

Okay. Thank you. Now we're going to turn to our customer service solutions which in many ways is where the Freshworks story started. First product for us was Freshdesk. Customer service automates responses, improves agent productivity and drives business outcomes for our customers. So, we offer automated self-service using AI enabled bots, very much like what you just saw as well as a powerful answer center for customers of our customers.

We offer conversational support through WhatsApp, Apple business messages, SMS, social media channels. This is how consumers and customers want to interact with the companies that they're doing business with. We offer advanced ticketing to resolve more complex issues that might require multi-departmental collaboration and voice support through Freshcaller or through third-party solutions that customers can bring on their own.

So, our customer service solutions is our largest business. We're growing at around the rate of the market, but we think there's a big opportunity to accelerate growth here, and we'll explain that throughout the day. The TAM for this business is about \$27 billion. It's growing at about 15% a year. The market's fairly fragmented outside of the leader. So, there's a lot of opportunity for growth. Our ARR approached \$300 million in Q2 and we're growing this business in the mid-teens.

Priority segments for us, our SMB, mid-market and the lower end of enterprise, we have 10,000 customers that spend more than \$5,000 with us today. And our growth acceleration plan relies on us extending into new areas, expanding our product footprint to agencies, driving a more focused go-to-market around the product and AI.

So, we see many opportunities to innovate and grow in adjacent spaces for CS. This August, we launched our all-in-one customer service suite. Now that brought together all of the functionality that we had previously in separate products into a unified solution, which is really what our customers were asking for. We've been in the market for four weeks with that product, we're seeing good traction and good early signs. If we look forward, we see growth opportunities in building industry-specific solutions, moving into agencies like workforce management tools, our agent performance and training tools and field service management as well. All these are areas that our customers are looking to consolidate into a single platform, and we have a right to play.

So, as with IT, customers and analysts have recognized the value of our CS portfolio. Big customers include Panasonic, Bridgestone, S&P Global. One company describes Freshdesk as a life saver for its agents. G2

commends us for having the highest user adoption in the midmarket. Gartner and IDC have covered us in two distinct markets and Forrester in one.

So, an example of a customer service customer is Ingram Micro. So, Ingram Micro is a sophisticated global \$50 billion technology solution provider. They were using multiple systems around the world to support their customers, including Zendesk and others. So as a result, they had no uniform database or system or process for handling customer queries and supporting the 170,000 technology solution providers that work with Ingram.

So, after a competitive process as well, they turned to Freshworks, to unify all of that on a global basis. And we've had a very successful deployment there. We see agent license count moving up every single year. In fact, in the four years since we deployed, we have grown agent count by about 4x.

Now, this is another example of a customer that started with one product and moved into another. They recently expanded into Fresh service for some of their IT teams. Another example is Clopay. So, Clopay is North America's largest garage door manufacturer and they sell those doors through 3,000 independent dealers.

So, the dealers are the customer of Clopay. Their customer support team was challenged to support those dealers and the interactions in particular because you can imagine if you're in that business, often you're in the field, sometimes you're back at the office and so forth. So, they evaluated us. We were competing against Oracle in that case and they chose Freshdesk, Freshchat and Freshcaller over Oracle. And that's resulted in a unified support system across multiple channels enhanced agent satisfaction and enhanced customer satisfaction for them. This is another customer that's expanded with us over time. Since deployment, they've expanded their agent count by about a third. Okay. So, that's customer service. With that, let me ask, Payal and Mukesh to come up for the second demo.

---

## Mukesh Mirchandani

*Senior Vice President-Global Solution Engineering, Freshworks, Inc.*

Thanks, Dennis. All right. More live demos. Like we did for IT, I'm going to tell you a little bit about what our customers are telling us, because that demo is based on those constructs. One, customers are telling us that their end customer expectations are higher than ever before. Their end customers want fast, accurate resolution. They want to use channels of their choice. So, they don't want to be forced to call in. They want to use messaging sometimes, right? That's customer expectations.

Second, customer service leaders are also telling us that their budgets are either flat or declining. And so, making agents as productive as possible, as efficient as possible, is an absolute must for them. And then finally, much like IT leaders, customer service leaders also need deep insights because fixing customer service operations in real time is a key need for them. Okay.

So, we're going to stick with our no baggage team. Remember, this is the company that makes beautiful bags, luggage, yeah. That's why we're going to continue with that theme. And we're going to start with a customer, an end customer. Like I said, end customers want convenience. They want brands to know them. They want personalization. Let's see how we're going to bring this to life with Freddy Self Service. Payal, over to you.

---

## Payal Patel

*Director-Solution Engineering, Freshworks, Inc.*

Yeah. Let's go to the demo. All right. So, I'm going to show you how Freddy Self Service helps our customers with issues leveraging our bots and generative AI. Customer Victoria is an existing customer at No Baggage. She



recently purchased a beautiful Weekender bag earlier this year. Now, unfortunately, after using it a few times, the threads on the strap are coming loose and she wants to know how she can get this fixed. She can't recall if she had a warranty in place or not.

So, she's going to come here, land on the support portal and ask for some help. First, she's going to ask, what is the warranty policy? Now without having to talk to an agent, she's going to get an answer, and looks like she's [indiscernible] (00:47:47), she's covered under a lifetime warranty. Now, immediately, what the bot is doing is identifying her intents and seamlessly surfaces up various orders that Victoria has had.

Now these orders can be coming from a third-party order management systems such as Shopify or WooCommerce. She can see all of the various items, whether it was the one that she recently purchased or past orders as well. She selects the Weekender because that's the one that she needs the warranty on. And next, the bot wants to understand what's happening with the item. Goes ahead and shares that the strap has some threads that are coming off. And the bot lets her know that, that is covered by the warranty.

Now the bot already knows based on data that we already have about Victoria, her address and the bot wants to confirm that that's where she'd like the new item shipped to. Finally, after getting all of that information, the bot lets her know that she can receive it in seven days, but Victoria wants it sooner, so she asks if she can speak with an agent.

Mukesh what did you think about that experience with Customer Victoria?

---

## Mukesh Mirchandani

*Senior Vice President-Global Solution Engineering, Freshworks, Inc.*

If I was, yeah, that's a round of applause to that because if I was a customer working with a brand, this is the kind of experience I would want. And you probably saw what you felt was a simple bot flow. So, let's break this down, right. Number one, you saw the bot have a natural language power conversation with Victoria, right. The bot was intelligent enough. The bot understood Victoria's intent, right. Victoria was asking about the warranty policy, but the bot connected the dots to the most recent orders, right. And that's the power of what we are able to do with Freddy Self Service and the generative AI capabilities and Freddy Self Service, right. So, that's one. Second you saw some amazing examples of personalization. We didn't have to ask her to type up the address. We already knew that. The bot already knew the address, right. We also have a native plug-ins into Shopify and WooCommerce. So, what you saw was a beautiful, rich [ph] perusal (00:50:14) of all the orders that Victoria had made recently that was pulled up from Shopify.

So, this is how we're delivering speedy resolutions and this is how we're delivering personalization. So, that was the customer's experience, right? Let's move on to the second key persona in customer service. These are the unsung heroes. Nobody calls these customer service agents to thank them, right. We're already – we're always upset at them, right. And so, we need to make these agents as productive, as efficient as possible so that they can solve the customer problems. What we're going to do is we're going to show you a demo of Freddy Copilot and how Freddy Copilot can bring some AI capabilities into the agent experience. Payal back to you for the demo.

---

## Payal Patel

*Director-Solution Engineering, Freshworks, Inc.*

Yeah, let's go to the demo. All right. What I'm going to show you here is how we have Freddy Copilot assisting across the entire agent experience to make their lives easier to support customers faster than ever. This is Ethan's Unified Customer Record. He can see all of the various details about Victoria, as well as other customers.



He can also see the channels of engagement within this inbox, whether it's Instagram, Facebook, WhatsApp and so forth.

Now at the top, he sees that inquiry from Victoria. He can click into that information and automatically he sees an auto generated summary of all of the previous conversations that happened. In the past, he would have to scroll up, get up-to-date on everything that's happening and here within seconds he understands that Victoria has a bag that has straps falling off, that he wants to go and get replaced. Once he's up to speed, next he goes ahead and reviews all of customer Victoria's information. He can see her name, loyalty, address and even the bag that she's wanting to get replaced. He can also pull up other information in terms of where to ship the new bag, location, information and so forth.

Now that Ethan has gotten everything that he needed to learn about Victoria, he's ready to respond to her. He's going to go ahead and let her know that we can go ahead and replace that bag and that we will get it expedited with the fulfillment team. Now, he's already set up a little bit of a text, but he wants to have a little bit more of a casual, friendly tone with Victoria. So, he's going to use enhanced tone and he's going to change it to Friendly and go ahead and send that off to Victoria.

Finally, he needs to expedite this with that fulfillment team. He's going to create a task. He's going to again use auto summary to let the team know everything that's happened till now. Finally, he's going to send this off to that fulfillment team to get created.

Mukesh, tell me, what did you think about that agent experience?

---

## Mukesh Mirchandani

*Senior Vice President-Global Solution Engineering, Freshworks, Inc.*

I think that was so awesome. I think we wouldn't mind a little round of applause for agent Ethan, right. That was a pretty cool demo. Look, I think G said in his slides, every business has to focus on digital transformation, right. And the agent experience is such a powerful part of that. And I want to break down because there's a lot of things that you saw in that demo, I want to break it down for you a little bit.

First, you saw a conversational agent experience, right. It wasn't a bunch of tickets. What it was, it was a bunch of conversations. And all the channels were easily accessible to the agent Ethan, right. So, that's powerful. Second, you saw a lot of AI capabilities, so you saw the auto summarization of the bot conversation. That's pretty cool because agent Ethan now doesn't have to scroll and read the whole bot conversation, right. You also saw tone enhancement, which is a very cool feature. All right.

So AI is obviously there, but in order to personalize, you also need all of the customer information in one place. And we brought that very elegantly into agent Ethan's experience as well. So, give the agents conversational capabilities, give them AI capabilities, and then give them all the customer data to do their jobs well, right. So, that's the agent experience. Last persona in customer service is our leaders. And these customer service leaders have a really tough job because when things go wrong, they need to take quick action, right. And so, what we're going to see is a really cool demo of how Freddy Insights is going to help a customer service leader pull up the right Insights. And then Freddy Copilot is going to do some pretty magical things. I want to – I don't want to say anything else, but Payal is going to show you a live demo of all the magic.

---

## Payal Patel

*Director-Solution Engineering, Freshworks, Inc.*

All right. Let's get to the demo. Okay. So, if you remember earlier in that IT supervisor experience, we talked about Freddy Insights, our AI that can surface up those really cool data visualizations and metrics by simply asking questions. While we know the value of this and we've embedded it across all of our products, including customer support.

So, customer service leaders like Emily used to spend a lot of time just like that IT supervisor going through those reports. Today, she's going to come in to her inbox and have Freddy help her throughout her day. She notices that there's three high frequency customer contact scenarios that have been detected, and she's concerned. She goes ahead and clicks into it to learn more. Freddy pulls up some of the top customer contact scenarios and there's been an uptick with warranty and claims at 34%. She knows that's concerning.

So, she wants to dive a little bit deeper to understand all of the various customer queries for those scenarios. Freddy pulls up all of the various interactions that have been occurring based on warranty claims and questions. Now she knows this is a problem. She needs to deflect all of these issues and what she's going to do is she's going to use Freddy Copilot to help her build a bot to deflect all of these various warranty related issues.

Now, if you haven't been paying attention, this is pretty cool, because no longer we'll, and we're going to select the WhatsApp as well, no longer does Emily have to go spend a bunch of hours in an administrative tool to configure the bots. Instead, Freddy is going to go ahead and help build that bot for her and then she's going to be able to review that information as well as go ahead and deploy it. Now Freddy's thinking a little bit because it does take some time for him to configure all of that administrative bot capabilities. So, while Freddy's thinking, we'll give him another moment.

---

## Mukesh Mirchandani

*Senior Vice President-Global Solution Engineering, Freshworks, Inc.*

Just even though few seconds of thinking, it's going to save us some time. So, that's good. That's good.

---

## Payal Patel

*Director-Solution Engineering, Freshworks, Inc.*

She could finally preview the bot. And what I'm showing you is under the covers. This is our bot builder, which has all of the various interactions that Freddy Copilot went ahead and built. And we can see all of the capabilities are ready for her to go ahead and publish. Mukesh, this is what leaders need. Tell us what happened behind the scenes.

---

## Mukesh Mirchandani

*Senior Vice President-Global Solution Engineering, Freshworks, Inc.*

I just want to say I've just witnessed bots building more bots. That is wild. That is amazing. And so, this is look, we've talked about time to value quite a bit. And I want to break this down because it all started with some deep insights and Freddy Insights was able to pull out a lot of these rich insights and surface it in a conversational way. A customer service leader would typically spend time in a static dashboard digging out the right information, right. So, that's one. Second, real time corrective action is a really hard thing to do in customer service, but Freddy was able to recommend that, hey, you've got this warranty problem that keeps coming up. You should perhaps build a bot as a recommendation and deflect some of these things. This is time savings.

And then finally, what you witnessed was Freddy Copilot built the bot for us and it was a pretty complicated bot. You saw that all the workflows there. This would need either a bot designer or it would need programming and coding skills right. But we were able to automate this without needing any programming skill. So, this is why

customer service leaders love this, because we have this ability to deliver rapid time to value like none other. I think that's the end of our customer service demo. So, Dennis, back to you.

---

## Dennis M. Woodside

*President & Director, Freshworks, Inc.*

So, when we say AI is a tailwind, I think those demos are great examples of the tailwind. If you are a customer support leader, you are going to need to automate and use bots and use AI the way you just saw. So, it's really exciting for us.

Okay. The next product area, last one that I'm going to walk through is sales and marketing. So, sales and marketing is our newest product. It appeals today to primarily SMBs and mid-market customers. And this is one of those products where we've had an effort for a while. We're really putting the focus behind it now because we see the strategic value in sales and marketing to complement our customer service business. We're seeing customers ask us to build capability in and to create a seamless experience across those two product areas. But we do have work to do on the product. We have work to do on the go-to-market. Tremendous promise for us going forward.

Okay. So, our sales and marketing products are easy to use, yet powerful tools for automating sales and marketing workflows. So, our solutions consist of sales force automation, which drives sales productivity and maximizes revenue for our customers. Marketing automation to enable our customers to engage consumers and their customers across multiple channels, configure price and quote capabilities, which allow our customers to close sales quickly, accurately, efficiently. And then, e-commerce integrations with Shopify and WooCommerce, similar to what you saw with customer service and that also shows the power of the Neo platform because those integrations are built in Neo.

Of course, our sales and marketing products complement our customer service solutions. The TAM here is about \$32 billion and growing at about 15% a year. Our ARR crossed \$25 million in Q2 and that growth is not really where it needs to be. So, we have worked to improve the product. We have worked to improve the go-to-market motion. But we think it's really important for us to get this right and we see the opportunity with our customers. We're going to be launching a bunch of refreshments to the product this fall, which are intended to increase speed to value for our customers. Product right now is actually very powerful, but we can do a better job of appealing to SMBs and getting them up to value faster. We strongly believe this could be our third \$100 million plus ARR business in a matter of years. And that's what we're working to go do.

Okay. So, our sales and marketing product is focused on three pillars. One is applying AI to make sales and marketing employees more effective. We'll show a little bit of that in the demo. The second is creating more personalized experiences for our customers' customers, whether they're consumers or B2B. And the third is applying conversational technologies like what you saw in customer service to the sales and marketing interactions.

Okay. Now we have traction with this business with many customers. An example of a mid-market customer is Addison Lee. So Addison Lee is the UK's larger – UK's, I think, largest based ride service, which is available in 350 cities worldwide. They were a happy Freshservice customer for years for their IT department, and they were evaluating a replacement for Salesforce as their sales and marketing tool. They found it was expensive and unwieldy. So, they went through a competitive process. They chose Freshsales initially for its intuitive UI and lower overall total cost. Later on, they added Freshmarketer just to support their entire go-to-market teams.

So today, 400 – over 400 agents are working with Freshservice products in Addison Lee. So, a good example of a again a land in one product area expand into another as they saw value and they saw that we satisfy what they were asking us to do in the IT department that allowed us to get into sales and marketing over time.

Okay with that, let me ask Payal and Mukesh to come up with the third demo.

---

## Mukesh Mirchandani

*Senior Vice President-Global Solution Engineering, Freshworks, Inc.*

All right. Thank you, Dennis. All right. More demos. Cool. So, as we did before, I'm going to frame this for us a little bit, because when our customers are coming to us for sales and marketing, they're actually bringing us some very complex problems. They are asking us to unify data across sales, marketing, customer service, order management, third party data, which is an extremely complex problem to solve. They also want their marketeers to be more efficient and more effective than ever before. So, those are the two big themes we're going to focus on for the demo. We're going to start with a marketeer, though. We're going to show you how we are able to improve marketing outcomes, make your marketing campaigns perform much, much better using Freddy AI capabilities. Payal, ready for the demo?

---

## Payal Patel

*Director-Solution Engineering, Freshworks, Inc.*

Yeah. Let's get to the demo.

---

## Mukesh Mirchandani

*Senior Vice President-Global Solution Engineering, Freshworks, Inc.*

Okay.

---

## Payal Patel

*Director-Solution Engineering, Freshworks, Inc.*

All right. What I'm going to show you here is Freddy Copilot. And this is actually going to really change the game for marketers. It's going to become like their personal assistant. It's going to not only make their lives easier, but it's going to allow them to continue to create those personalized, engaging emails to really attract more customers to their business.

Mike needs to set up a cross sale campaign for an upcoming Black Friday sale, that's coming up. Now, this is one of their biggest, highest revenue generating events, and he wants to ensure he creates the best email campaign to his prospects. So, he's going to ask Freddy to go ahead and help him. Can you suggest an email campaign now? Now, Freddy needs to understand what my intent is for this campaign, and Freddy is going to ask a couple of questions, so that we can define the goal of the campaign. He lets Freddy know he wants to boost repeat sales for that upcoming Black Friday sale. And now what Freddy is doing is he is automatically figuring out the right target audience for this campaign. Now, as Mike is reviewing these segments, he notices that one of the segments that Freddy selected is passive customers and which are inactive customers. Instead of using that, he wants to have recent customers who have at least made one purchase. Freddy is going to go ahead and take that suggestion and replace passive customers with recent customers. He's going to ask Mike if we can validate that asks good to go. I'm going to say yes.

Now Mike is going to. Now, Freddy is going to help me review what the campaign could possibly look like. While Freddy is pulling that together, obviously creating a beautifully branded campaign as well. It already starts to give

me some details about that campaign such as the subject as well as the pre header. You know what, I like the subject, but I want something that's a little bit more punchy. So, I'm going to ask Freddy to suggest some alternative subject lines that are really going to grab the attention of our customers.

Reviewing Freddy gives me three different ones and I really like number two. So, I'm going to go ahead and let Freddy know that we're going to go with option two. Now again, he's going to go behind the scenes, get that campaign ready for me. I can now preview all of the information. And Freddy has really done a lot of the work for me. He's even pulled together all of the visuals. What this campaign is going to look like as well as even some of the recommended items.

Now. Next, you can go ahead and save those items. But Freddy is not done helping him. Next, he wants to find the most optimal time to launch this campaign. So, Freddy is going to find those optimal times for him.

Now what Freddy is doing is it's looking at past historical data and figuring out the best times to do this. He needs a little bit more information from me, so I'm going to let him know that I want to go ahead and ensure this happens in the last week of October, preferably on a Sunday. And finally, Freddy is going to proceed with creating personalized timings after the 29th, all the way up until the fourth to move forward. I'm going to let Freddy know. That's perfect. And finally, Freddy is going to go ahead and set that campaign to life. All right. Marketer's lives have just gotten so much more simpler. Mukesh, what did you think about that?

---

## Mukesh Mirchandani

*Senior Vice President-Global Solution Engineering, Freshworks, Inc.*

I think that was awesome. A round of applause for Freddy mostly. Freddy, Freddy is about to become my new best friend. You can tell, but look this. Every marketer cares about three things. They care about who they're going to send their campaigns to. They care about what they're going to send. And they care about when they're going to send those campaigns. And we've just simplified all three things.

So, let's break it down a little bit, right. We started with Freddy Insights, Freddy Insights said, here are some target segments of customers that are likely to buy. That is based on past campaign performance. Those are the kind of insights you need to create effective campaigns.

Second, Freddy Copilot did a bunch of work for us, right. Freddy Copilot designed that beautiful campaign with the images of the bags. That takes time. That is, somebody in campaign design has to build those kind of templates. And Freddy was able to use that, create that with generative AI capability. You even saw a Payal tell Freddy, look, I don't like that subject line. Build me a punchier subject line. That was cool. That was generative AI.

And then finally, when you send the campaign is super important and Freddy said, hey, based on some past performance data, we think you should send it at such and such time, right. So, that's the power of Freddy Insights, that's the power of Freddy Copilot. And that's how we're going to improve marketing campaign performance.

Okay. This part makes me a little sad because we are coming to the end of our demo. We'd like to keep showing you product all day long, but we have to end our demo. We're going to solve – we're going to end this demo where we started. We started with a customer, Victoria. Since this demo has started, Victoria spoke with the bot. She chatted with an agent. She got some campaign e-mails. She probably spent some money, bought some stuff, right. We're going to show you how we're going to bring all of that together in a single, unified view that drives personalization.

Payal, ready for the demo?

---

## Payal Patel

*Director-Solution Engineering, Freshworks, Inc.*

Yeah. Let's go to the demo. All right. So, as I said or as Mukesh said as well, we're going to end our story with Customer Victoria. We've seen now how No Baggage was able to give frictionless customer experience throughout the entire pre-purchasing as well as the post-purchasing journey for customers. Now one of the ways we bridged the gap between sales and support at No Baggage is through our Unified Customer Record. Within the record, we can see all of Victoria's personal information, her preferences that were captured across her entire ongoing journey with us, information like her birthday, what loyalty status is she. Even items of interest or preferred colors. Below that, we see all of the various actions that have been taking place with Victoria along her journey with us. So, I can rewind and see when she originally placed her order, when she's browsed our website, when she's added items to the cart, including when she reached out to support and even up until her coming back and reviewing more things for making more purchasing decisions.

Now I can also see all of the various past order history information that she's had with no baggage and review that information as well. So, this data is so important because it can be leveraged to continue to engage with customers throughout that entire customer lifecycle and provide those personalized experiences. Mukesh, how valuable is this to our customers?

---

## Mukesh Mirchandani

*Senior Vice President-Global Solution Engineering, Freshworks, Inc.*

Payal, I think this is incredibly valuable and look, I won't, we won't belabor the point, what you've seen is an incredible unification of sales, marketing, customer service, order management, everything, every piece of data coming together in a single view like this is an incredibly hard problem to solve and with Freshsales we're able to solve this problem elegantly. Now, every customer interaction is going to enrich that customer record, and that enriched customer record will drive further personalization, right. This is why our customers love us, because we are able to deliver this sort of a unified platform without them having to spend millions of dollars, right. This is the power of the unified platform.

So with that, we're coming to an end to our demos. Thank you so much, Freddy, Payal, and I appreciate your attention. Thank you so much and we'll see you soon.

---

## Dennis M. Woodside

*President & Director, Freshworks, Inc.*

All right. So, first of all, I think I want to thank Mukesh and Payal. Every demo you saw was live, every demo you saw is either available to our customers today or in the beta or coming soon into the beta. And so Mukesh and Payal, I know how nerve wracking it can be, but to do it all live, there's nothing taped, there's no PowerPoints there. So, thank you.

Okay. So, I'm going to turn to the next section, which is really an overview of our strategy for driving durable growth. And this is what got me excited from the outside at joining Freshworks. We have amazing products, we address the needs of businesses, small and large, multiple departments within our customers. So, I'm going to talk about how we're going about doing that and where we see growth over the next couple of years.



Okay. So, I'm going to cover five big drivers of growth for us. The first is our go-to-market approach and the fact that we've designed a go-to-market strategy that efficiently can serve the Fortune 5 million from the smallest customer to the biggest company in the world or big companies like an Ingram Micro.

The second is the SMB opportunity. We've talked a lot about large customers, but the small business opportunity for us is huge. We're already well known and loved by small businesses and we're just getting started in many ways. The third is large customers. Large customers are increasingly turning to us. We made a concerted effort this year to bring our products into more, into a larger and larger companies and that's working.

The third is this opportunity to expand our business with our existing customers. So, a lot of our effort really since the history of the company has been around landing new business and expanding our customer count. Now we're taking a more systematic effort to grow within our existing customers. And the third is AI and Neo that amplify the value proposition allow us to innovate faster. I think you saw some of that in the demos and open up new markets and customers. We can share a lot of the functionality that you saw in those demos for example was shared across our product areas.

Okay. So, the first one we have a very unique go-to-market motion that's designed to efficiently serve the Fortune 5 million and that is unique about us. Our competitors tend to focus either on very large customers or they're specialist in true SMB, very small. And I'm going to share a bit more insight about each of these.

So, we have three sales motions that drive our high velocity business. One is inbound. So, think of our inbound motion as a prospect coming to us through some digital means and then moving into a trial phase. 45% of our new ARR starts with an online search or some digital means, leading to a trial and ultimately to a purchase. Our field motion accounts for 30% of our new business ARR and that's growing fast. And partners is a really promising area for us, 25% of our new business ARR is coming from partners. I'm going to go through each one of these.

Okay. Our inside sales motion efficiently serves businesses of all kinds. And I think it's important. This is all about scale. We have thousands of trials every month. The majority of those trials are sourced from non-paid channels. So, content that we publish, articles, so forth or our website alone and what's important is that small and very large businesses sign up for trials and this is a trend you see with other companies as well, you'll have a team within a much larger company wanting to test out some new solutions. They'll sign up for a trial, that will turn into a deployment or potentially an RFP for a much larger deployment. We win business like that all the time. It's a very high velocity business.

So, 80% of our accounts are closed within 30 days and our cost of sales is quite low because we're serving the human interaction element of this out of India. [ph] The other thing (01:16:07) about this business is, it's consistently linear. So, of course, across the course of the quarter, we tend to have a fairly predictable business here. So, that's inside.

So, the second motion and what we've talked a lot about on our investor calls and earnings calls is the field motion. So, we have a field presence today in 7 of the top 10, IT markets. Our revenue profile is relatively balanced, much more so than lots of SaaS companies. So, North America accounts for 44% of our revenue in Q2, EMEA 39% and APAC and the rest of the world 17%. The average time to close deals in field is about five months and we're winning bigger and bigger deals. So in Q2, we saw a 50% increase in new deals over a \$100,000. And if we look forward into our pipeline for the second half of this year, that trend is continuing.

Our third motion is through partners. Now our partner ecosystem is evolving to support our strategy for moving upmarket. And we're involving partners earlier and we're getting involved by partners earlier in more and more big

deals. In Q2, our partner sourced business grew 40% year-over-year. So this is a growth channel for us as well, and we're closing more and more large customers. So in the first half of this year, partners closed 11 large customers that were over \$100,000.

Okay. The other thing just to highlight is that we made a lot of changes this year for those who follow us closely to our go-to-market teams. We've changed our leadership. We've changed the structure of the sales team. What I want you to know is that's driving real results now. So, we separated new business, new business generation, a rep focused on landing new deals from expansion. Someone who's focused, account manager, who's focused on expanding existing accounts. That's resulted in a record first half for new business generation for us. We've sharpened our focus and our skill on bigger deals. We've brought in more experienced reps, more experienced leaders who are accustomed to those larger deals. And we saw 89 deals in Q2 that were for more than \$30,000. That was a record. And we've hired leaders across our go-to-market teams, whether that's regional sales leaders, head of North America, our head of partners is here who – and as well as supporting functions who are helping us scale into the opportunity that's ahead of us.

Okay. SMB. So, in SMB, we think we've got a huge opportunity. So, as Girish said at the outset, millions of SMBs have to adopt AI and automation to compete. In many ways, AI and automation enables them to compete with much larger players in their markets. AI can simplify the employee experience, can help them reduce cost. It can help them improve their relationship with their customers. And the TAM for SMBs is huge.

So, our overall TAM is \$78 billion, of that \$23 billion, we estimate about \$23 billion of that TAM is in the small business segment. And as a reminder, we define small business as companies with 250 or fewer employees – employees. Okay. So, this Fortune 5 million, they have to leverage simple, powerful solutions like ours. They have to get the fast time to value. And we're really uniquely positioned to provide AI and to provide these solutions to SMB. So, why is that? Well, we already have a track record of solving the needs of SMBs, right. We have an SMB base of over 51,000 companies as of Q2. We've shown that we can be highly efficient in growing that base over time and we have a path forward to growing this business and putting the same kind of focus and attention that we've had over the last year and going upmarket to really rejuvenating our inbound business and driving more growth [ph] there (01:20:02).

So, how are we going to do that? So, we launched a project that's called product-led growth or PLG 2.0. You'll hear more and more about this to supercharge this SMB business. And if you think about the journey that a small business has with us, they typically start out as a prospect in the research phase. They're thinking about an IT solution. They're thinking about a sales and marketing solution. They come across content on the web. At some point, they might come to our website, then they get in, they sign up for a free trial, they decided sometime during that trial to convert to a paid user and then at some point they expand with us.

So, that whole process, we are reevaluating and really applying the next level of science, applying AI, applying machine learning to driving value and driving a better experience for that prospect. So, we've expanded the content sources for new leads. We've optimized our – all of our web properties for SEO. We went through a major website overhaul. If you look at the website today compared to February, it's completely different. It allows us to innovate much faster, experiment much faster.

We're doing a lot more experimentation with things like personalized sign up. We're revising our tutorials. And the whole idea is that the SMB base is very broad. People come in with advanced knowledge of what, let's say, sales and marketing automation is. People come in with no knowledge and those flows need to be different. We need to treat those customers differently. We're also revamping the post 30-day onboarding because we know that's when customers, you have an opportunity to influence churn levels, expansion, retention, all those things. So, I

think the takeaway is that you're going to hear a lot more over the course of the next year about PLG 2.0. And there's a lot more growth in this SMB business by optimizing this funnel, and I'm really excited about it.

Okay. A couple of examples of SMBs that trust us to transform and compete in a digital first world. And I think what's interesting is how different these companies are, but in some ways how common the problems are that they face. So, Blue Raven is a solar company. They were using a homegrown support system and it was very hard for them to maintain, they don't really have the resources to be doing this kind of on their own. They migrated to Freshdesk initially for their customer interaction and then they realized, hey, we can apply the same kind of simple to use, easy time to value product to our IT department and our internal needs. They expanded into Freshservice. The Employee Retention Credit Specialists, they're tax service experts. They also replaced a home grown IT and CS system with both and they handle both customer support and IT support with Freshworks today.

So, you see a lot of SMBs coming from homegrown solutions, but you also see SMBs coming from competitors. J. W. Pepper is an example of a customer that switched from Jira Service Management. They found Jira to be unwieldy. Well, they didn't find it user friendly, and now they're using again a multiproduct customer, Freshdesk and Freshservice for their customer and their employee needs. So, just three of the 50,000 customers [ph] plus 1,000 (01:23:00) customers that we have there at SMB that are using us to run their business.

Okay. We have talked quite a bit about this driver growth, which is large companies. But this is going to – this opportunity is going to last for a long time. And this is what we've tuned a lot of the go-to-market around over the last year. So, why have we been successful in these larger deployments? Well, we address pain points that large companies have in a way that nobody else does. One is we focus on accelerating time to value versus others that typically require a lot of customization. You'll hear about this in our customer panel months to implement and resources the companies just don't have any more to put against implementation projects. We typically offer about half the total cost of ownership to – compared to our competition when you consider things like maintenance and deployment costs. We're easy to use and train, meaning you don't need specialized skills or knowledge to get us up and running. AI just accelerates that. You saw that with the bot builder. And bots building bots and our products are built on a unified solution. So, unlike some of our competitors, we haven't stitched together multiple companies into a solution. Customers appreciate that uniformity of experience and consistency, and that's what they're looking for.

So we continue to see large customers driving growth for us. We have over 13,000 mid-market and enterprise customers as of Q2. So those are 251 and up employees. Our \$50,000 and up ARR customer cohort grew 33% last quarter and that was an acceleration on the prior quarter. We – currently that cohort accounts for about 46% of our total ARR and we landed 759 new mid-market and enterprise customers in Q2. Also a testament to this focus on landing business that Paddy and the team have been driving.

Now, I was a little surprised to see this, but 215 of the G2K of the largest 2,000 companies in the world are already customers of ours, and that includes American Express Global Business Travel, Discover, Bridgestone, many others, right. So despite us not explicitly saying we are going after the biggest companies in the world, they're coming to us. We're winning their business.

Okay. An example of a large customer that chose us is coherent. Coherent is a \$5 billion leader in manufacturing materials, and they compete in two different segments, commercial and defense. And there are laws restricting access to information from one segment to the other, obviously because of the defense side of things. So their prior solution could not enable them to comply with that information restriction requirement. And they ultimately chose Freshservice for 500 agents because we could offer that kind of partition to access and data while offering

a uniform solution to support all of their employees. So today, 22,000 employees at Coherent are supported by Freshservice.

Okay. The fourth lever for us is the opportunity to expand our existing customers. And this is a pretty interesting graphic. This shows our top 20 customers by ARR – anonymized, by ARR and by industry. And a couple of things you'll note here and hopefully you can see the graphic all of our top 20 customers are today customer service customers. And that seems to make sense because customer support teams tend to have a large number of agents and those agents, if you add them up the ARR from that deployment can be quite high, in some cases we're supporting thousands of customer support agents that drives ARR.

Also this – our Freshdesk product was our first product, so we've had more time to go into larger and larger accounts. We've grown more of these accounts over time. What's also important to note is that 10 of the 20 are IT and employee service customers too. So, you hear a lot about well how hard – it must be very hard to sell to a different buyer within a company. You're not tapping into the same budget and a lot of our competitors compete in one of these spaces, not multiple spaces. We've been able to successfully compete in multiple spaces and tends to be that kind of a reference sale where you have a happy customer support leader, the IT department is thinking about another solution. They're under the same cost pressure, looking for fast time to value, ease of use, a lot of the same problems that the customer service team and leader face and we get into the mix, we get an opportunity to make our case to the decision maker and we win.

Another note here is that, there's not a single industry. I know that's probably a little bit hard to read, but not a single industry that dominates our customer base. So, we've been successful in financial services, retail, entertainment, business services, many others, and then you do see two of our largest customers have also taken our sales and marketing offering. And I think this goes back and you saw the demo that that shows very integrated experience between customer service and sales and marketing. This goes back to why that's strategic for us and why we're going to be placing a lot more emphasis on that, both from a product and a go-to-market side.

Okay. So, how do we intend to expand? What are our levers? And we – the thing about our business is we have many levers to expand our business with existing customers, and we're really just getting started in many ways. The first is pricing and plans, so we're applying a more sophisticated pricing and packaging approach to reflect value. So as an example, in our IT solutions, we've added a lot of features and capability and things like ITAM and ITOM over the course of the last couple of years. And we were charging separately for them. We charge one license price, our competitors tend to charge piecemeal. So for the first time, we implemented a price increase in Q1 of about 5% to 10%, depending on the plan that you were on. And our customers understood that and accepted that, and they see the value. But there's a lot more opportunity for us in pricing and packaging and getting those decisions right.

The second is in add-on SKUs. So additional licenses or additional pricing for functionality that is new and innovative like Freddy Copilot. So Girish has shared we're planning on offering Freddy Copilot as an add-on to your existing licensing plan for \$29 per agent. I'll talk a little bit more about that in a second. Another is agent addition. So in the past, organic natural agent addition, the growth of the support team or expansion to multiple support teams in a given customer was a really important lever for us and it continues to be so our agent count grew 26% annually from 2019. We see that as an important driver going forward for sure. But there is a lot more things that we can do in addition to that growth.

So bot growth. So thinking about consumption base monetization models, we revamped our bot pricing last month and effectively raised the price per bot session by 35%. We've also reduced the amount of free bot sessions that

our customers can use because our customers have adopted bots. And our pricing strategy before was about driving adoption. Now we're trying to monetize and share in the value that we're creating for our customers. And then we continue to innovate with new products such as Freshservice for business teams. That product has done very well. So 20% of new IT customers are buying Freshservice for business teams along with the IT product.

So those are our paths to growth. An example of – a customer that's grown with us is iQor. So iQor is a \$16 billion US business processing firm. They manage, they use – they were managing support tickets from 40,000 employees via email. So imagine that. Like, how hard was that be for them? They went through a competitive process. They evaluated all the obvious competitors and chose Freshservice in 2021 for a single ITSM solution. But they from day one, even though we didn't have the business teams product yet, they used Freshservice across IT, HR and finance because they saw the commonality of the product and basically the problems in supporting teams in IT, HR and finance were similar. So this year they've added more seats. They participated in the Freddy AI program, and they continue to grow with us.

Okay. The last avenue for growth for us is AI and automation, both of which amplify our value proposition and enhance our value to customers. I think you saw that in the demo where AI is really infusing everything across our products. So, Freddy AI, today, even though we've had – we have some functionality that's in GA, we have other functionality in beta is enabling millions or resolving millions of inquiries every quarter. So in Q2 we had over 200 million interactions. That includes bot sessions, other interactions assisted by Freddy Self Serve. We have over a 1,000 customers that have been assisted by our Freddy Copilot in beta and our generative AI was used to – we estimate increase agent productivity over 20 million times in the quarter.

So, go back to some of those demos that we were talking about agents where their job was assisted by AI that's what we're talking about there. So, we already see AI being a massive part of our value proposition to customers. And I hope this point is coming through. AI is absolutely a tailwind for us. All of our customers are going to need to adopt AI, we're super well-positioned to help them do that. Customers are going to see three sources of value. One is improved productivity, reduced need for level one support agent counts, ability to redeploy those agents elsewhere. That's going to result in lower OpEx for them.

It's going to result in better business outcomes because the experiences that their customers have are better due to AI and the lower OpEx and higher productivity more than offset the incremental cost of software for them. So, we estimate that our customers generate about a 10x return on their license costs by deploying products like Freddy AI. We capture value in two ways. We monetize Freddy Copilot as a proceeds surcharge and Freddy Self Service based on consumption based pricing.

Okay. Last point is Neo. So, Neo is our platform that underlies all of our products and it's really a multiplier both for us internally and for our customers. So, Neo is a share platform we provide – Neo provide shared services to each product area. So think of things like billing and authentication and security that's all provided by the Neo platform that allows the product teams to innovate much more rapidly than they otherwise would be able to do.

Neo also maintains a marketplace of applications that provides interoperability and extensibility of all of our products. 75% of our Freshservice customers, as an example, use one of the apps from the marketplace, including customers like Klarna and Amex and Sotheby's. And we know that customers that use one app, they churn at a much lower rate, they expand at a much higher rate.

Some of the more popular apps that we integrate with, I think you saw in the demo as well as Slack, but also Microsoft Teams, Google, Google Calendar, Google Apps and Freddy AI overall is the AI layer and provides some of the functionality that you saw today through Neo to power machine learning across all products. So some



of the experiences that you saw on the demos across different products were similar. We're relying on one uniform co-base, one uniform capability to provide that across products.

Okay. So just to summarize where we are before we go to the break, we're excited about growth prospects across all three product areas. We've got a very fast growing IT business. We've got a large [ph] CS (01:35:24) business with a lot of potential. We've got a small but really strategic, important and big opportunity sales and marketing business. We have five drivers of growth. Our unique go to market, the SMB opportunity remains huge. We've proven that we're having success going up market. Expansion is an area that we're going to be spending more time on and then AI in our platform. And after the break, you're going to hear from three customers who are going to bring this to life. But first, we've got a 10-minute break. So what does that put us back at it like 10:15, is that right? Is that right, Joon? So, okay. So but why don't we all come back around 10:15. Thank you.

[Break] (01:35:59-01:49:10)

---

## Joon Huh

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

Great. If we could just get everyone seated, I don't think you're going to want to miss this. The next section is the customer spotlight. And as I said, [ph] Paddy (01:49:20), our Chief Product Officer, is going to host a panel or interview here and then followed by Paddy Rathinam, our Chief Revenue Officer. So if you could just get seated and I will introduce or bring Paddy or Prakash up on the stage.

---

## Prakash Ramamurthy

*Chief Product Officer, Freshworks, Inc.*

Thank you, Joon. Thank you all for coming. So what we thought we would do is, we talked a lot about our mission and what we tried to do. One of the most important things that you've seen in the product and what we believe as ethos is to build refreshingly easy to use software. So if you look at all the people who use our software, nobody interacts with the software more than the front line agent. And then you heard Mukesh talk about it, they are always under duress. They need to answer quickly and most of the time people are calling them or nearly all of the time people are calling them, texting them, slacking that, sending the messages are in a [ph] pissed off (01:50:30) state, right, that's the kind of the equilibrium in which they deal with.

So, we invest a lot of time in making that experience be very, very productive. We have thousands of agents using it and the other key thing is they also evangelize our products within the company. So, what we thought we would do in the spotlight is start with an agent and hear their perspective on how they use the product, what are their real challenges on a daily basis, and how do we help them.

So, I want to keep the whole luggage theme going. So, with this, we're going to start out with Monos. Monos is a luxury luggage in the retail space and they call themselves as the Apple of luggage. I don't know if you guys have taken a look at it. I've spent quite a bit of time interacting with it because I was preparing for this sleek luggage, sleek travel accessories that they have.

And today joining me from Monos is Jacen Cabading. He is not only a frontline agent, but he also manages a team of agents at Monos. So, I'm going to talk to him, what his experience and Jason, please come on in. Yes. You're going to get to mic too.

---

## Jacen Cabading

*Customer Experience Manager, Monos*



Thank you. Thank you, everyone, for having me.

---

## Prakash Ramamurthy

*Chief Product Officer, Freshworks, Inc.*

All right. Jacen has flown in from Vancouver. And so, Jacen, you have an interesting name for your support organization that you wanted to tell us a little bit about that?

---

## Jacen Cabading

*Customer Experience Manager, Monos*

All right. So our customer support agents, they're called customer happiness specialist. What a cute, unique name, right even just hearing about it is eye catching. And so the reason why we call them that. So at Monos, everything we do, we design from product design to our support to our service. We want to do it to elevate the customer experience. So of course, customer happiness. We want to make the customers happy, so that's why we call ourselves customer happiness specialists.

---

## Prakash Ramamurthy

*Chief Product Officer, Freshworks, Inc.*

All right. That is a kind of a tall order to meet on a daily basis. We call ourselves true friends of customers, so that's good to hear. So can you just tell us a little bit about the kind of questions you got and you told me at dinner last night, can you talk to us about all kinds of questions you get from your customers?

---

## Jacen Cabading

*Customer Experience Manager, Monos*

Of course, working in customer service, as you know, happy customers never email a company. And for me specifically, I am the Senior Care Specialist. So for that company, I handle with warranty claims, broken products. And of course, we know airlines are notorious for like damaging suitcases. So for me, I already get angry customers like my suitcase is damaged. So my job, of course, is to turn that around, remind them of our policy, reassure them that they are taken care of and then send them a new product.

---

## Prakash Ramamurthy

*Chief Product Officer, Freshworks, Inc.*

All right. You were telling me yesterday how you have a little thing to kind of cover up the next on the suitcase is what it is, what is that? You can give me some free advertisement for Monos thing now.

---

## Jacen Cabading

*Customer Experience Manager, Monos*

Yes, of course. Thank you also earlier for the free promotion. Yeah you may have seen our products on the screen with no baggage. Thank you. So, yeah, of course, sometimes customers will get maybe the slightest scuffs on a suitcase, which they're just purely cosmetics and that's really a struggle for customer agents speaking to customers like you bought a suitcase meant to be checked in or they're going to buy a white suitcase and complain the first time that it's like gray or black. But the point of a suitcase is to protect your belongings. It won't look perfect forever. And of course, so of course, I have to really reassure customers that like we'll take care of them when it does break.

---

## Prakash Ramamurthy

*Chief Product Officer, Freshworks, Inc.*

All right. So you deployed Freshworks a couple of years ago, but I want to talk to you briefly about what life was like supporting customers before Freshworks?

## Jacen Cabading

*Customer Experience Manager, Monos*

Of course. So in the early, early days, I just want you to imagine we had our CEO, Victor Tam; our COO, Daniel Shin, just typing away on their computers, getting emails directly to them just to answer customer questions or needs. So just the two of them on their computers typing away before Freshdesk.

## Prakash Ramamurthy

*Chief Product Officer, Freshworks, Inc.*

I know a thing or two about customers directly emailing the CEO for help and I get to hear about it. So that being the first line support, that should be a lot of fun. So Jacen, you looked at a lot of vendors in the space. I think you guys told us, especially looked at [ph] Gladly (01:55:04) and a couple of others and you chose Freshworks and our omni-channel product, right. Can you talk a little bit about why you chose us and then we can talk about how you're using it?

## Jacen Cabading

*Customer Experience Manager, Monos*

Yes, of course. So after looking at [ph] Gladly (01:55:18) and Freshworks, we found that Freshdesk was very easy to use. It was out of the box and it integrated really well with our existing systems. The automated responses for inquiries like exchanges or returns, it was very easy and it made sense for our small but growing rapidly company.

## Prakash Ramamurthy

*Chief Product Officer, Freshworks, Inc.*

And you were telling me you should tell our listeners all the channels you support, right. You support quite a few channels for support and not just email, right?

## Jacen Cabading

*Customer Experience Manager, Monos*

That's correct. So you can contact us. We had SMS, Apple message. We have Instagram, we have Facebook Messenger. We also did launch Google Chat recently. So it's very easy to contact us and our agents will always try to reach with you as best as we can.

## Prakash Ramamurthy

*Chief Product Officer, Freshworks, Inc.*

So all of this flows into one inbox for the agent for them to deal with, right?

## Jacen Cabading

*Customer Experience Manager, Monos*

That's correct. The Freshdesk omni-channel has been amazing to use for our company.

---

## Prakash Ramamurthy

*Chief Product Officer, Freshworks, Inc.*

I don't know if I told you this. I actually played with it as today. I contacted Monos customer support through SMS and they were super helpful. I think I spoke to [ph] Maria... (01:56:20)

---

## Jacen Cabading

*Customer Experience Manager, Monos*

Yes.

---

## Prakash Ramamurthy

*Chief Product Officer, Freshworks, Inc.*

...and she answered all my questions. I didn't want to take it for a spin. I know I'm going to be talking to you today. So, I want you to know that. I want to quickly shift gears and talk about AI. I know if [ph] you'd (01:56:35) paid attention in the last two hours, we have invested a lot in AI and Monos has been one of the beta customers of AI, right. So what I want to first talk about is how are you using AI? And before we – I have a couple other follow ups for you, but let's just talk about how we are using our beta features on a daily basis. Give us a couple of examples of that, if you could?

---

## Jacen Cabading

*Customer Experience Manager, Monos*

Of course. So as you saw earlier in our beautiful demos, so you see that the AI have been able to summarize previous interaction with a customer, which of course saves time for our agent rather than going back and forth. There might be even mistake sometimes with a new agent receiving the same customer. And of course we don't want that with the AI has been able to summarize and it's also help us to really form our brand voice. So messages that an agent might type out may not sound on brand for Monos, but with the AI, it's been able to provide suggestions to keep us more in voice.

---

## Prakash Ramamurthy

*Chief Product Officer, Freshworks, Inc.*

All right. And the question that always gets thrown out is AI and agents don't like each other, right. So but you have examples to show that not only do they get along just fine, they actually are embracing it. Right. So tell me a little bit about what your agents are telling you about Freddy AI and how they view these capabilities, helping them on a daily basis.

---

## Jacen Cabading

*Customer Experience Manager, Monos*

Of course. So our agents love Freddy AI. They enjoy them, they work hand in hand. Just to give you a story in 2021, I believe, so our company was struggling to keep up with 200 emails with just 15 agents. Today we've been able to manage 3,000 emails and 600 chats a day and last week I was – I just learned that we managed to have zero tickets. So we've been using Freddy really as a partner, a hand-in-hand tool to really elevate the customer experience we deliver at Monos.

---

## Prakash Ramamurthy

*Chief Product Officer, Freshworks, Inc.*

[indiscernible] (01:58:39) I think Murali is here, he would love to see zero tickets one day at Freshworks. Well, thanks again, Jacen. I really appreciate you making the time. And we thought you'll hear from him. He understands how AI is being used, he understands the power of bringing all the data to the fingertips of the agents. I thought we would start with him. So thanks again for making the time. Appreciate it.

---

## Jacen Cabading

*Customer Experience Manager, Monos*

Thank you. Thank you.

---

## Prakash Ramamurthy

*Chief Product Officer, Freshworks, Inc.*

So now let me welcome Paddy Rathinam, our CRO. He's going to talk to a couple of other customers. Paddy?

---

## Pradeep Rathinam

*Chief Revenue Officer, Freshworks, Inc.*

Thank you. It's a pleasure to be here. Our next customer on the panel is Sony Music Entertainment. And Sony Music Entertainment, for those of you who don't know, signs up labeled brands like Adele, Beyoncé, Harry Styles and Bruce Springsteen, just to name a few. And so these are brands in themselves. And so the experience with these brands and how they manage the experience with these brands are super important and critical for them.

And so all the way from New York City, I have David Harrington, who is the Head of the IT Business for Sony Music Entertainment. He has over 15 years of leadership in various business and technical positions. I'd love to invite him to come on to the panel. David, welcome.

David, it's great to have you here. Thank you. So let me start by asking, you were users of Freshdesk and then you chose Freshservice for your IT service management. What was the – how did it happen?

---

## David Harrington

*Associate Director & Head-IT Asset Management, Sony Music Entertainment*

Yeah. So Sony likes to stick to what we know and what works, and sometimes to a fault. But internally, we had a smaller team using Freshdesk. We received the recommendation for it. That certainly influenced our decision to transfer from Salesforce and then also as the user interface, ease of use. Those were two huge points that got us to go, also add up Freshservice.

---

## Pradeep Rathinam

*Chief Revenue Officer, Freshworks, Inc.*

So we love to see that and we're seeing more and more of our customers actually using multiple products, right, in terms of our platform. So, Sony was using Freshdesk and then chose to use Freshservice. And so if you could take us a little bit about – talk to us about what was going on in Sony when you were making the decision? And what choices were you looking at when you made the decision to move to Freshservice?

---

## David Harrington

*Associate Director & Head-IT Asset Management, Sony Music Entertainment*

Sure. Yes. So when I was brought on to Sony, a lot of our processes, policies and procedures weren't unified and some did not even exist. We had to transfer from Salesforce service cloud, it's not a true IT asset management platform, as most of you know. It lacked proper onboarding experience and was also very clunky and had a very lackluster self-service experience versus Freshservice. The moment you're in there, it feels like the online shopping experience that you're used to on almost any e-commerce website. So we started in the US have been expanding globally and now have about over 110 agents worldwide.

## Pradeep Rathinam

*Chief Revenue Officer, Freshworks, Inc.*

That's awesome, that's awesome. Great to see that global roll out. Just curious as to how you measure success in terms of what you're gaining from the platform and how you are measuring your success for your productivity and gain and stuff like that?

## David Harrington

*Associate Director & Head-IT Asset Management, Sony Music Entertainment*

Sure, yes. So we don't use your traditional SLAs within my group. The groups that we support are made up of your typical business units, but then also record labels, which as you've got various genres of music. So you have a very diverse and oftentimes difficult user base. So our success is really measured by the positive feedback that we get or lack of feedback. If we don't hear anything, then we know that everyone's happy. So that's how we really generally measure that.

And then also, a really important piece for Sony Music is, just the execution of lifecycle management of end user computing assets and that's something that Freshservice does for us very well, day in and day out, both domestically and now globally.

## Pradeep Rathinam

*Chief Revenue Officer, Freshworks, Inc.*

That's awesome. We hear a lot about our customers talking about integration and integration with other systems that are critical for IT. What has been your experience as it relates to integration of Freshservice with other aspects of your business?

## David Harrington

*Associate Director & Head-IT Asset Management, Sony Music Entertainment*

Yeah. So we have other internal teams that rely heavily on Salesforce. So for us, that was our primary concern. And you all addressed that very well with the Salesforce Connect out of the box API. So that's something that I mean there's got to be thousands of interactions back and forth between Freshservice and our Salesforce Instant daily. So the fact that that was something that was out of the box that that performs very well is – was a big win for us.

## Pradeep Rathinam

*Chief Revenue Officer, Freshworks, Inc.*

Thank you. What about cost and efficiency, how do you – what kind of ROI and what are you seeing there?

## David Harrington

*Associate Director & Head-IT Asset Management, Sony Music Entertainment*

Yeah. So again, as previously mentioned, we were historically a Salesforce shop. When we were using Salesforce, we had it at almost no cost to us, just very low licensing for agents, but it wasn't working. So we saw the value that Freshservice brought, the efficiency, productivity and transparency outweigh the costs. So for us, we went from almost zero cost to the cost of the implementation and licensing. But again, all of that very heavily outweighed all the positives.

And as we've gotten into the system, we've been very impressed with the workflow automators and the dashboards. The latter of the two I'm sorry the former the two the workflow automator. I'm not a coder. I don't have any coding background. And the fact that I can get in there and I can build very simple to very complex automators. I do it daily and we did it from the start and continue to do it as our needs evolve. That's really been a game changer for us.

---

## Pradeep Rathinam

*Chief Revenue Officer, Freshworks, Inc.*

That's awesome. As we saw in the demo from Mukesh and Payal too, right, a lot of the stuff is relatively easy and that's why we're seeing a lot of traction with customers actually moving from other platforms. My final question to you is about AI, AI is in the center and forefront especially with this generative AI that's going on. How are you at Sony Music approaching AI and what are you thinking about the kinds of things you want to do with it?

---

## David Harrington

*Associate Director & Head-IT Asset Management, Sony Music Entertainment*

Yeah, sure. So for us I mean it's still a little early but we are always looking to deliver a better experience. And one point in that is we're looking into the deflection capabilities for example like can we insert that into Microsoft Teams, so we can reduce the number of steps for the end user base, instead of having to go to the end user portal? Is that something that they can get a need of there's resolved directly within Microsoft Teams platform or, of course, any other chat platform? So that's big for us.

Productivity is a core mantra of ours, and we've seen and continued to see the value that Freshworks and specifically the Freshservice tool has brought to us. And as we grow it, as we look into the different AI tools, it's definitely something that we believe that Freshworks can help us continuously improve on.

---

## Pradeep Rathinam

*Chief Revenue Officer, Freshworks, Inc.*

Thank you, David. I really, really appreciate your partnership and our partnership with Sony. You've been fantastic customers for us, and I look forward to continuing this journey with you.

---

## David Harrington

*Associate Director & Head-IT Asset Management, Sony Music Entertainment*

Yeah, likewise. Thank you. Appreciate it.

---

## Pradeep Rathinam

*Chief Revenue Officer, Freshworks, Inc.*



All right. Thank you, David. Up next, we have a – the next customer of ours is Databricks. For those of you who don't know Databricks, they have over 7,000 customers. They have a very, very robust platform that is used for data engineering workflows, machine learning models, analytics and they are absolutely on the forefront of AI, if you will, – I need to [indiscernible] (02:07:17) I'm sorry, yeah, well, the forefront of AI. From Databricks, today, we have Pradeep Singh, who is arguably one of the top minds in IT and infrastructure and operations, not only in the bay area, possibly in this country or in the world. He is here to share with us how Databricks has implemented our enterprise service management solution across the enterprise. It's a pleasure to have you here, David – Pradeep, sorry.

It just – it does feel strange. My name is Pradeep too. It's a great name, I think. A great name. Yes, absolutely. So let's start with, in 2021, Databricks was looking for an ITSM platform and you were using something historically. So maybe you can tell us a little bit about what you were using. And what were the decision factors that helped you choose Freshservice?

---

## Pradeep Singh

*Vice President-Information Technology, Databricks*

Yeah, sure. So before 2021, Databricks was using in-house tools. I think Zendesk was also there, some ITSM spoke kind of solutions, but there was nothing really in place to have a true ITSM solution. And part of the reason for that was, the investments in IT were also just picking up. But at the same time, they wanted a solution which doesn't require a high maintenance as far as the solution is concerned. So there was a RFP and a whole evaluation exercise done between SolarWinds, ServiceNow, probably some other ones. And Freshworks was picked as the solution.

My personal view there is that, I actually worked at Siebel Systems early in my career, and so Siebel coined the term CRM and it was a great solution. But as most of you might know now that the part of the cost of running Siebel like 2x to 3x is the implementation cost or running cost. And that's where there's a heartbreaker once you buy the solution. And it's also true for ServiceNow. Like, you have to really build a team for that. With Freshservice, I don't have a separate team, and my IT support team handles all that.

---

## Pradeep Rathinam

*Chief Revenue Officer, Freshworks, Inc.*

Yeah, so thank you. You know, just like you, we also don't like those words high implementation costs, vendor service. [ph] Not what I like (02:09:45). But just curious as to when you started off with an ITSM solution and you grew from 50 to 230 seats and you chose to really use us as an enterprise service management solution, what was the decision criteria and how did that happen?

---

## Pradeep Singh

*Vice President-Information Technology, Databricks*

It was actually pretty self-evident. ITSM was use case we were trying to solve for. So once that was implemented and we saw the success there, the other groups actually came to us. So we didn't even have to actually sell it to legal and HR teams. One of the things legal, HR and even finance has is that they have special regulatory and privacy and other governance requirements. So having meeting all those in the same instance without actually having to spin up multiple deployments, it made it very, very easy for us to decide, right? Plus, there's no cost of really implementing those solutions besides just figuring out what your requirements are. So I think it was a no-brainer in that way. I mean, our legal team is very thrilled about the solution. I mean, they are able to monitor it, like just IT does, right? So tickets and continuous improvements and all that good stuff.

## Pradeep Rathinam

*Chief Revenue Officer, Freshworks, Inc.*

So awesome. I mean, we've seen a lot of our customers actually use that. And like Dennis said, we deployed business teams and now we're seeing our customers use it across various [indiscernible] (02:11:11) employee onboarding, HR, finance, legal. And that's increasingly becoming a playbook that we're seeing in our sales force as well. So just moving on from there, the cost of – from a cost perspective and value and benefits that you're seeing from a productivity standpoint, is there anything that you can share about what you see from Freshservice?

## Pradeep Singh

*Vice President-Information Technology, Databricks*

Yeah. So, we have all the SLA metrics of the ticket handling and all that good stuff. But in my view, the real value is what the customer thinks is, right? So looking at our – and that includes some of the work with HR does or legal does, things like employee onboarding and giving them an excellent experience and the workflows behind it. So, we do an NPS survey every six months and our NPS is, actually I was very impressed that it's like 70 plus. Usually a company of our size, 55 – 6000 employees, it's hard to achieve that without a large agent force.

## Pradeep Rathinam

*Chief Revenue Officer, Freshworks, Inc.*

Okay.

## Pradeep Singh

*Vice President-Information Technology, Databricks*

And we have a very small team and we are able to achieve that because of the whole solution being in place.

## Pradeep Rathinam

*Chief Revenue Officer, Freshworks, Inc.*

That 70-plus NPS is very, very, very impressive. If you can share a little bit about, what kind of integrations you've done with Freshservice, just as a – to make this easy? And how does it work for you today?

## Pradeep Singh

*Vice President-Information Technology, Databricks*

Sure. So we are a very active Slack user. So, Fresh actually is integrated with Slack and it's also integrated with Workday. It's also integrated with some of the other legal tools. We also heavily used JIRA for our project work with engineering. So there is deep integrations there, and we are actually using a lot of your automation in the back end to do onboarding or off-boarding and provisioning of access and things like that. We are expanding that. It's a constantly expanding area as we want to do more and more with the product, and this is something that's really critical for our infrastructure, and I'm counting on it.

## Pradeep Rathinam

*Chief Revenue Officer, Freshworks, Inc.*

Yeah. And this has been a growth area and an area where we're seeing more and more of our larger customers really ask for these types of scenarios where you can have integration with multiple systems and an ease of use and seamless way by which you can have low implementation cost and time to value. So, thank you for that.

My final question is on AI. You've been on the forefront of AI. AI is absolutely core to the success of most businesses today. How is Databricks thinking about AI and the usage of AI?

---

## Pradeep Singh

*Vice President-Information Technology, Databricks*

Yeah, I know, that's – I mean, I get that asked very often. And being Databricks, there is a lot of emphasis on an AI-driven organization, specifically for IT, we are – our motto is to be an AI-driven organization. We're always evaluating new models and testing new things. One of the things we've realized, and I think you covered it in your earlier session as well, like it's garbage in, garbage out kind of thing. If you don't have the right data, then none of the AI models will actually be able to give you what you're really looking for.

We do not use Freddy today. I think we use something else and it's actually reading all the data we have in Fresh. So, it's like a simple question to ask, like, why don't you just use Freddy then because you already have that built in. So we are looking into that. We are always looking into new AI solutions, whether it's collaboration or co-development or generative AI and all kinds of stuff. I think in our case, we will have a solution definitely for ITSM and other use cases, but we may also have other AI solutions for other use cases.

---

## Pradeep Rathinam

*Chief Revenue Officer, Freshworks, Inc.*

That's awesome. I mean, it's always great to have a customer come to an event like this and see our demo and say, hey, I'm wondering why I'm using some of their AI and not using our own Freddy AI. So thank you for that. Thank you. Thank you, Pradeep. It's been a pleasure, it's a fantastic partnership we have with Databricks and we look forward to doing more with you. And thank you for coming [indiscernible] (02:15:05).

---

## Pradeep Singh

*Vice President-Information Technology, Databricks*

Thank you. Thanks for having me here.

---

## Pradeep Rathinam

*Chief Revenue Officer, Freshworks, Inc.*

All right. With that, I'd like to call upon Tyler Sloat, our Chief Financial Officer, to take you through the grand finale.

---

## Tyler Renwick Sloat

*Chief Financial Officer, Freshworks, Inc.*

Awesome. Thank you, Paddy. I got one. I want to thank. I was moved, so I don't trip myself here. First of all, I want to say thank you for everybody who's dialed in, but also everybody who's here in-person. I know a lot of you traveled out, it really means a lot to us for the support on our very first Investor Day. I think hopefully it's clear that we're trying to be as transparent as possible. We have always said we're going to approach it that way to try to give you the information that you need as investors to evaluate us, but also that you have clear insight into what our priorities are and what we are working on.

Today, right, you had a chance to first hear from G, as he outlined kind of our corporate vision, our reason for existence and our strategy. Then, Dennis did a deep dive into some of our products and kind of where we're going with them. And then coupled with some awesome demos by Mukesh and Payal, those demos are live, folks, I mean, the time where Payal was kind of saying, hey, we'll let Freddy think it's because it's actually happening. It's

not stuff we're talking about futures. We have customers who are using these. In fact, you heard from, Monos and Sony and Databricks that these are customers who are seeing real value out of our products, which is awesome. And then, Dennis also talked about our growth strategy, right, and the levers for growth. And that's why I try to dig into right now and provide a little bit more insight.

I'm going to try to encompass all of that and demonstrate how that's been reflected in our financial results to-date, as well as try to give you a little bit more information that we haven't really disclosed in the past on those financial results. And we're going to pivot a little bit and talk about what we expect to do in the coming years here, right? And it's really what our strategy is.

But let me summarize really quickly on just our business model in general, right? If you back up, we've got two main products at scale. We've got one, we've said \$300 million and the other one is around \$260 million, the latter being a Freshservice, growing very, very fast. We also have ourselves a marketing product, right? We're very excited about. We know the growth isn't where it needs to be, but we actually think there's a lot of upside there.

We are taking those products selling from the long tail of SMB all the way up to enterprise now across three main go-to-market motions, an inbound motion that's a high velocity motion where potential customers can land and do a trial and convert, mainly servicing our SMB, but also falling over to our field. We have a field motion which is really NGO representation that's relatively new for us when I say new over the last couple of years and it's a muscle we've had to build, because we've now earned the right to engage with larger customers. We've been talking about how a lot of our growth is coming from those larger customers now, which is larger deals, better kind of characteristics in terms of churn and everything else. But that is what has caused us to say we need to be in the field and build out that NGO representation.

The third motion is a partner motion, right, where we use partners to supplement both our field that exists, but also to lever partners in geographies that we do not have physical presence so that they can go in and help to solve for us. It's a durable growth model, right? And it's one that we have a bunch of levers that we can pull. We are coupling that with areas where we have operational efficiencies. We are investing in growth, absolutely, but we've been able to also deliver really strong gross margins in the low 80s percent, which I think is very, very healthy for a company at our scale and also be able to flex this muscle a little bit on kind of our efficiencies around sales and marketing and G&A and R&D all together.

What we've seen over the last two years since we've gone public. In fact, I think next week is the anniversary of our IPO two years ago, right, that we – this financial model has been maturing. We've crossed over \$500 million run rate, easily crossed over, and have clear insight into how we get to \$1 billion. We're very, very focused on efficiencies, but specifically Rule of 40. We are already kind of a Rule of 30 company, call it, we've got a 19% growth this year and essentially 10% free cash flow margin have a path through Rule of 40, right?

And then third is really thinking about, okay, how do we get to GAAP profitability and that is going to be a focus on stock-based compensation. And what I view is actually more important, which is dilution.

One last comment that our key operating metrics, they haven't changed. When we went public, our net dollar retention, he said, is one of our key operating metrics and the other being customers paying us greater than \$5,000 in ARR and we'll touch on that as well.

Let me start with the top line revenue and we'll just talk about revenue will go down. We put up consistent revenue growth. And I just mentioned we've already surpassed that \$500 million run rate clearly on our way to \$1 billion. And I'll talk about how we're going to get there. But what has helped us drive revenue? It's really been on the back

of our two main products, right? Customer service is our oldest product and store based, right? And you can see that we – that plays all the way into that long tail of SMB all the way up, but also you saw the chart that Dennis put up that our largest customers, the top 20 are all customer service product customers, right? A lot of them have both, but every single one has customer service, that's because of support groups actually have a tendency to grow. So we can typically land smaller and then have very high expansion rates within our customer service group. But as you've seen, we've also been able to engage the larger customers, and the CAGR has consistently grown there.

Second is Freshservice. Freshservice plays kind of at the high end of SMB, which makes sense because smaller companies do not need an ITSM solution, right. They're doing it on email. And you saw some – heard some stories in the case studies of how we took over manual processes when we were first purchased, right? But we're tending to land larger and we've now earned the right through innovation and the capabilities of our product to go engage with larger customers and that's leading to larger deals. And you can see there how the CAGR has actually increased even more. Those two combined have driven a CAGR of 16% over the last 2.5 years or 3 years roughly on overall product growth. That is really how we've been able to deliver on our revenue growth so far.

We think about what larger customers are doing for us. On the left is the customers greater than \$5,000, right? The reason we want you to focus on that, if you can see it's 88% of our ARR now. We think the SMB is very, very important. In fact, we think we have a strategic advantage that we can go attack the global SMB that long tail efficiently than way we do it. But the real driver of growth for us is really – or the real representation of our ARR is that customers are paying us greater than \$5,000 because there's so much noise in that long tail. That 88%, it really is a majority of our revenue.

The thing we have been talking about, those are greater than \$50,000 customers on quarterly calls and then for today, we are actually disclosing our greater than \$100,000 customers. So you can see it's just kind of more evidence of what we've been talking about, that we have earned the right to engage with larger companies, right, and we've been able to actually go in and beat incumbents in some cases and go head to head and beat our competitors to be able to prove that our software can meet the needs of those larger organizations.

So how are we doing that? So the one thing to note here is that the customer is greater than \$5,000. We are consistently landing larger than \$5,000 with deals and when you think about that is actually encompassing a lot of the SMB customers. If you really peel back that on, it means that very small companies are making a really big bet on Freshworks, because that's a pretty significant spend for a very small company, right? We oftentimes might be one of their more – their higher cost of products. We've then proven success with all these companies. And as you can see, the greater than \$50,000 and the greater the \$100,000, the majority of our customers in those quadrants are ones that we expanded into. We are clearly winning deals.

You can see 36% and 22% of that customer base is at the end of Q2 were deals that we landed at those rates, right? But the majority we are expanding into. And I think that is a really good strategy for us, right, have high velocity. So that's actually a pretty short sale cycle still compared to like a big enterprise software company, but then able to go in true value – actually get a customer up and running really quickly, true value and then allow them to grow on us, so we're going to continue that strategy. While also we think that this land grader is going to increase as well, because we've now earned that right and start to build out that field muscle.

As we've served larger customers and earned that, right, as our ARR mix is changed, you can see that we now have 59% of our ARR being represented by mid-market and enterprise companies, okay? And that is a shift from when we went public, I said, hey, a couple of years ago, 60/40 the other way, we've completely shifted now right,



60/40 now mid-market to SMB from an ARR representation. That's not a customer number, obviously it's an ARR representation. That actually does have some benefits for us, right?

One of the benefits is that customers in those quadrants tend to be able to commit to contracts that are annual. They pay annually in advance, right? They provide a stickier relationship, also have some billing characteristics that we may be able to take advantage of, but we've been pretty open about that every single quarter as that shift changes. In general, it is just another representation that we've earned the right to deal with, to engage with larger customers. And we've had success now winning those deals.

This is also represented in our cohorts. And so I like this slide because I do think it is relatively unique that since 2012 every single annual cohort has a net dollar retention greater than 100, right? That means that over time even long ago when the products were not at the maturity that they are today, right, we've been able to consistently provide innovation, true value and then grow with our customer base. So clearly, customers have turned, right? We know that. But the growth in the ones who have stayed have actually outweighed that churn in every single cohort.

So let's talk about net dollar retention. That is one of our key metrics. When we went public, we said, hey, think about us as like a kind of a 110-plus net dollar retention in business, right? And at the time we went public that actually we had some tailwinds from FX and things like that in net dollar retention. Since we've gone public, our net dollar retention has gone down and we've actually been very, very open about that. And we actually said, hey, for Q3, we expect it to go to 105, 106. We expect it then to stabilize at that point in time.

So what's happening with net dollar retention? So it has two sides to the same coin, right? One is churn. What we've said, we've actually done really, really well on churn. We have proven value for customers. We've innovated. We've been able to actually give them what they need. As a result, our overall churn as a company has come down from the low-20s% to the mid to high-teens, right? So we've actually had some benefit in net dollar retention from the reduction of churn. But at the same time, at the end of our Q1 2022 call, we said, hey, we're starting to see something happen in the market, right? And this is right after the war started. Everybody is worried about Europe, I'd say actually in SMB and everything else. We're starting to see maybe like the expansion rates are not going to be where everybody thought. This has actually been a theme that's played out for the last year-and-a-half. And we were – we've been very open. One of the biggest drivers for growth for us is expansion.

And the biggest driver of expansion historically has been agent addition. And if you think about that, as companies, as they hire specifically in Freshservice, right, they build out these big support groups. They're hiring, they're adding seats consistently. And that has slowed. We've been very open about that. And at the same time, we've actually had companies that have contracted. So that is almost 10 points of growth that we've seen gone away.

We don't think this is going to happen forever, but we actually do not count on it coming back, meaning that in our models, in our projections, we do not expect our customers to immediately start hiring again. If it happens, that's fantastic. Instead, we're saying, okay, it's our job to figure out a way to grow with our customer base outside of agent addition. And Dennis already went through a lot of how we're going to be able to do that, right, and a lot of the kind of prescriptive motions that we put in place.

But let me walk them in first. Cross-sell is the biggest one. 25% of our customer base uses more than one of our products, but, in fact, that includes a lot of add-on products. And we've said it's been driven historically by omni-channel. One of the things we're very, very focused on, because I think we have the right tools actually to sell into, say, our Freshdesk customers, Freshservice and vice versa, as well as sales and marketers. So we've already –



we've already heard from G and Dennis in particular about how we are putting motions in place to make this happen, right?

Addition upgrades is another one where that 250,000 of our agents are on lower tiers of addition, right, where we know that they are not getting access to kind of the premium feature functionality. And that is something that our farmers, in one case, our customer success groups can actually go target and go talk to these customers to demonstrate that we can provide them a lot more value by moving them up those addition upgrades. So we think there's an opportunity to do that as well.

Pricing, we talk about coming into this year that we actually flexed a little bit of muscle on our Freshservice pricing. That is historically not something we have ever done in terms of increasing price. And I actually don't like to think about as increasing price on customers. I rather like to think about it as decreasing discounts. So specifically looking at customers who might have signed on years ago, we've been seeing a ton of value from our products that we've never really increased the price, even though we've been providing new innovation all the time, going back to them, demonstrating to them that this is fair and then subtly raising things.

And when we talk about raising, these are not dramatic increases. We are not going to be the company that's going in and putting up 50%, 75% price increases on their customers. By the way, as a CFO, I've had companies do that. To me, it kind of sucks. It's a great reason to look elsewhere, right? We're not doing that. What we're doing is saying, hey, we've demonstrated a lot of value for you. We've never done this in the past. So let's get to something that looks more like a CPI increase. It's a muscle, though, that we haven't really flexed and we plan to do a little bit of that.

New products and add-ons, we've talked a lot about AI and the modernization of AI. This is something that I think is going to take some time, right? You'll hear that the products are there, but they actually have to prove value to the customer. And then once we prove value to the customer, that I think that we – the modernization will follow from there.

So it's something that we really haven't even built in much for next year because we don't think it's going to be some dramatic increase right away. I think this will play out over time. And I want to make sure that you, as investors, understand that, right, that we think it's very, very important. We are very dedicated to it. In fact, I think our products, unlike announcing something that will come out in the future, we announced it couple of months and you just saw it. It's actually out there ready. But we just need customers to start using it.

And then lastly, churn, we're going to continue to make progress on churn. This is a subtle thing. It is like moving a very big ship. And if you think about a 100 basis points over time, every couple of quarters, it will subtly improve, but it actually can have a great benefit. That's on the top line, right? You think about, okay, what else can we do from a business model perspective? It's really thinking about operational efficiencies and what we've – partially what we've been able to demonstrate coming into this year, but also what we think we can do going forward.

If you think about it and step back to even when we went public, efficiency is kind of in the DNA of Freshworks, right? We actually produced cash the year before we went public, like we were free cash flow positive. In fact, as somebody asked me earlier about, hey, we have these huge losses and a lot of like to retain losses and which is really just an accounting thing if you actually look at it. Freshworks raised about \$300 million in capital, we had \$200 million in the bank when we went public, meaning that we burned \$100 million, [indiscernible] (02:31:17) shaken his head, right? [indiscernible] (02:31:19).

We burned \$100 million to build a couple hundred million dollar ARR business, which is incredible. I mean, that we've always thought about efficiency, right? And we're going to continue to flex that muscle. We already think we've done a pretty good job this year, but we are going to make this stair step going forward. We've talked about a three-step process. The first step is get to sustainable free cash flow positive. The second step is to get to non-GAAP operating profit. And then the third is to get to GAAP operating profit.

Coming into this year, I think we just took down the first two steps, right, where we now are going to be producing cash and producing non-GAAP operating profits and very focused on the third. One of the reasons we can do this, which G highlighted, is our strategic advantage that we are a US company, always have been, but we are born and raised in India is what I like to say. And the reason that's a difference is that as opposed to other companies, we might have operations in India is that we are not offshoring to India, we actually originate ideas there, we build products there, we operate from India.

We attack the global SMB which allows us to do it efficiently. And this is a strategic advantage, right, where we have the majority of our folks there, it's in our culture, but we think that this is something that allows us to have multiple products at scale for a company of our size and to continue to innovate quickly.

When you couple what I just went through, which is really kind of are multiple growth levers, right, in terms of three products going – doing it globally, SMB to enterprise, coupled with the high velocity motion that allows us to be really, really agile on place bets, along with our capability to run the business efficiently, we think we have a pretty unique business model that's going to allow us to, number one, be successful in kind of different economic environments where that we can lean in or actually pause in different instances, but also continue to operate and do it efficiently even while things might be on a downturn. And so we think this is unique for us and it's a strategic advantage as well.

So as I'll just pass, in regards to our financial outlook, we are reaffirming the estimates that we put out at the end of our Q2 call, right, nothing has changed for Q3 and for the remainder of that – of the year. So, I just want to put that out there.

Let me now pivot to what we expect to do going forward. First of all, Rule of 40 is really important to us. We are kind of focused on this. A lot of people in the company would talk about it all hands. And it is something that we think is going to be demonstrable of our capability to both grow and produce cash, which we think is important. We are now at Rule of 30. We say by 2025 we will be a Rule of 40 company. Half of that will come from free cash flow and half of that will come from revenue growth, which I'll talk about in a second.

From a free cash flow perspective between 2023, which were like a 10% now and to that – get to that 20%, we do think it's going to be kind of linear, right? It's not going to be a big stair step next year and then kind of remain flat. But that's let think about it, it'll be a gradual journey for us to get there. And I do think after that we are going to have leverage on both cash and on growth beyond 2025. Second, when I talk about revenue, we're very confident we can get to \$1 billion in 2026. So Rule of 40 in 2025, \$1 billion in 2026.

Thing is, what are we going to look like when we get there? You can see that our estimates right now on this, right, this is what I would consider a baseline plan. We have to execute to go get there, but is our baseline plan. Why is that our baseline plan? Number one, a lot of the growth is going to come on the back of our Freshservice product. You can see, right, that Freshservice we expect to be 60% of our ARR base by the time we get there. That product is doing incredibly well, growing incredibly well and proving out that it can compete with the leaders in ITSM and win. We expect there to be moderate growth in our customer service business. Part of that is

because we don't necessarily expect companies to come back and start hiring like crazy, right? And we don't think it's prudent to build that in. If that happens, that would be fantastic. But we don't expect that to happen.

Third is that on our Freshsales and Marketer product, right? We've already talked about it's not the growth rate we expect. There's a lot of initiatives internally. In fact, we're going to – Dennis mentioned, we're going to be releasing stuff in the fall, but we're not going to build that into our growth rate, right? We think it's going to be at still 5% of representation. What is going to happen we think though is that ARPUs are going to continue to increase. We have built in a 13% CAGR, that's down from the 16% for the last three years that you just saw, right? But we do think that our CAGR is still going to increase and we are going to actually get larger and larger lands. And the overall customer base is going to be paying us more on average because we're moving to larger customers, right? We've earned that, right, and we're going to continue to lean in and go attack that mid-market and low enterprise space with the products that we have. This is in 2026.

On top of what we've built this plan on, we do think there's multiple levers for growth. Thing is we have to go actually execute against these levers before we build them into any model and actually build in that upside. Dennis already went through most of these levers, but let me just walk through them again. First is what we call PLG 2.0. We actually get a ton of potential customers to land, right, and to come in to the top end of funnel. But the conversion rates are not as good as we'd like them to be, right? And part of that is around the experience of that funnel, Dennis already mentioned on Freshsales and marketer, like you have complete divergent customer bases, potential customer bases. So you need to tailor the experience, like the trial experience and everything else for those. And we are focused very much on that across all of our products, but specifically our CS and sales products.

Second is pricing and packaging, I just talked about it with net dollar retention. We think we have the capability to continue to price in a package and do it in a way that customers will see the value of what we're providing to them and then we get a fair price as well. Third is higher cross-sell, but, again, 25% of our customer base is using more than one of our products. All that tells me is 75% of our customer base is not, which is an opportunity for us to go engage with them.

AI and bot monetization, we've announced the pricing for Freddy Copilot. We've announced that we changed the pricing for bots, right? We now need all of this to flow through and actually get new customers coming onboard buying bots, getting them built, using them consistently, right, at the same time getting customers to adopt the add-on, which isn't being sold yet at \$29 or \$20 or \$29 a user, right? This is going to take some time. It'll play out all through next year and actually will be kind of an add-on going forward from there. I think we're going to learn a lot there.

Sales and marketing, we already talked about that. And then lastly, it's just broader macroeconomic stability. This is something that, again, we are not counting on getting back to the expansion rates that we had three years ago. If that happens, that would be fantastic. But I don't think that would be prudent to do that right now. That's our plans on how we're – what we think is going to happen over the next couple of years. I said the third step in our journey of free cash flow non-GAAP is GAAP.

And one thing we've been talking about is stock-based compensation and dilution. By 2026, we're very confident we'll be able to bring down our stock-based compensation as a percentage of revenue below 20% and keep dilution below 3%, which would put us right kind of in best practice for size of our company. Now, one thing we've talked about, though, is that we can't do this overnight. And one of the reasons is that, before we went public, we had significant grants right through to employees, including PRC grants that we now have to deal with the amortization of that SBC as it falls out.

What we try to demonstrate to you with this slide, which I know a lot of you have already downloaded the slides or you will raise as we end is that you can see how this tail falls off, right? Going forward and actually not even going forward, even now, we are being very prudent about the way we're using equity to compensate our employee base, right? And we do think it's very important to get to that third lever, which is GAAP profitability. And one of the reasons – one of the ways to do that is to have a strong focus on this.

When you couple this all together, what do we look like in 2026? Our first growth is going to be between 20% to 22% at that point in time on a revenue side, right? Obviously, as we go through the journey between now and then, we will be updating you guys on all the initiatives that we just talked about, right, and giving you updates on what we think revenue growth is going to look like. We're going to continue to drive operational efficiencies, but we're also going to continue to invest in growth.

And I want to be very clear that if we see an opportunity to invest in a go-to-market motion, because we're going to get a great return for that, we will lean in. So numbers like this could change if we think we could spend more but get much more for it. We've always said we will do that. At that time, right, we're going to have free cash flow margin the 2020 – 20% to 22% with non-GAAP operating margins up to 20% and also hitting our third pillar of GAAP profitability to breakeven.

To summarize, right, a durable revenue model, multiple products, two of them at scale selling globally from the SMB all the way up to the enterprise, okay? Investments on top of what we think will drive 20% growth, we have a bunch of levers that we're trying to execute on, right? And we will be putting in programs internally to make that execution possible. And we'll update you guys as we go through this journey.

Operating efficiencies on the cost side, I think we've already done a pretty good job, but we're going to continue to flex that muscle. That muscle is going to help us drive to a Rule of 40 growth with half of that coming from free cash flow. And then, an overall financial model that provides us a lot of agility, a lot of capabilities to go place bets and actually do things that other companies of our size I don't think have that opportunity.

Overall, really durable growth model, coupled with agility – coupled with efficiencies, providing agility. This time, I'd love to invite G back on stage to summarize some things for us.

---

## Rathna Girish Mathrubootham

*Chairman, Chief Executive Officer & Founder, Freshworks, Inc.*

Hello, and I'm back with my favorite slide. So if you didn't believe me the first time around, I hope you have enough information to know I have a little bit more conviction. So I wanted to just recap and tell you very clearly that I strongly believe that at Freshworks, we have the path to creating a multibillion dollar revenue company. You saw the TAM numbers from Dennis, but more importantly, we have product market fit in each one of these three TAMs. So in customer service, you saw the numbers. We have more than 10,000 customers paying us over \$5,000 in revenue. In IT, we have more than 8,000 customers who are paying that amount. And even in sales and marketing, we have over 1,000 customers who are spending that kind of amount, and we have small both success in SMB as well as mid-market and larger enterprise customers.

So these three massive TAMs will help us create – keep Freshworks going for a long, long time and create that multibillion dollar company. Second, we have business momentum and moving upmarket. You saw Dennis give example after example of how many larger enterprise companies that we have whether it's \$5 billion company or \$16 billion company so these businesses are coming to us and we are winning.

Third, you saw several examples where customers started with one product but expanded into multiple products, both in SMB and in mid-market and that is a trend that is going to continue. We have the odds structures for that. We have our teams in place working with customers and helping them expand and adopt more. Also I believe you saw all these cool demos. Now, if you put yourself in the shoes of a customer, so you have to take off your investor hat and put on your customer hat and think like a customer service agent or a customer service leader or an IT leader, then I think you would really, say, hey, how can I get my hands on this AI, right now, like Pradeep actually mentioned on stage, right?

So I think that is going to be something that will be a tailwind for us. I'm super excited about all the work. And by the way, as Prakash mentioned, it's not like a point of time event. This is going to be a rolling thunder, like we have – we'll be continuously doing AI updates like quarter-over-quarter and keep innovating on this. And I won't belabor the point, but you've heard it multiple times. All of this is possible, thanks to the awesome, world-class talent that we have in India.

So I would like to remind you that, I want to build the best SaaS product company to have ever come from India. So that is the mission on which we are on with Freshworks, and now I know what some of you may be thinking, okay? G like if all of this is true, why is Tyler guiding getting to a 20% growth, right, that's the question on your mind. To answer that and other questions that you have, I would like to invite Dennis, Tyler, Patty and Prakash back on stage for Q&A.

---

## QUESTION AND ANSWER SECTION

### Joon Huh

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

All right. So as we're getting set up, what I would ask is, people to raise their hands. If we have mic runners here, I'll direct to where we're going to go. And if you just state your name and your firm so that everybody on the webcast could hear, that would be fantastic. Why don't we start in the front here, Scott, we want to go from here.

### Scott Berg

*Analyst, Needham & Co. LLC*

All right. I think this is on. Thanks. So many questions, so little time. Appreciate all the detail here. Scott Berg with Needham & Company. I guess I wanted to dig into Tyler's comments around the 2026 plan, and it probably goes to what Dennis is doing on the go-to-market side is why is ITSM going to continue to grow so fast and be that much of a larger part of your overall revenues in 2026? You operate in three really large markets today. I guess intuitively I would have thought the smaller product, which is sales and marketing because it's only 5% of revenues would grow faster, but you're kind of pointing out your best opportunities in ITSM. What makes that market so special?

### Joon Huh

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

Yeah. Dennis, do you want to take that one?

### Dennis M. Woodside

*President & Director, Freshworks, Inc.*



So first of all, as Tyler shared, what we're planning for going forward in that plan is based on what we're seeing today and I think we outlined a number of levers to drive further growth in that CS business that could change that outcome quite meaningfully. We're seeing a lot of traction in IT. We're seeing mid-market, the mid-market in particular, our sweet spot, being a company of about 5,000 employees, where their choices are legacy on-prem that have kind of created a cloud solution on top of that, but that very much are not innovating or are very much ServiceNow, which is very much oriented for a large, large organization, a complex deployment path.

So that sweet spot is huge. So we don't see that slowing down at all. And a lot of the effort we've made around go-to-market, we're still just getting going and getting the kind of the sellers in place who can go after that market, getting the marketing aligned with sales. So we see IT continuing to be a very fast growth story for us. We're not building in upside from that CS business or that sales and marketer business into that plan. But we have every intent of driving those numbers way higher than what you see in the plan.

---

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

Why don't we go right next to Brent here.

A

---

**Brent A. Bracelin**

*Analyst, Piper Sandler & Co.*

Thank you. Brent Bracelin, Piper Sandler. I'm going to double click on the opposite side of that question, which if I think about the growth, you are obviously very excited by Freshservice. Clearly get that opportunity. That's a 40% grower plus right now already at scale business. But as I think about the opportunity and the PLG 2.0, it feels like that could have a disproportionate impact on some of those other products. And I just wanted to better understand what are the upside levers to CS and sales and marketer that could go right that's not baked into that \$1 billion opportunity?

Q

---

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

Dennis, you?

A

---

**Dennis M. Woodside**

*President & Director, Freshworks, Inc.*

So first of all, if I completely agree that the PLG 2.0 and getting that inbound business really humming is a huge opportunity for us. We've spent a lot of time focused on making sure that our investments in field and in driving that kind of large account business is working. We spent a lot of this year on that. We've recently turned to revamping that inbound process because it's our – it's where we came from. It's a superpower, but there's a lot more that we can do there. We don't have a challenge at the top of the funnel. We have thousands of customers coming to us and trying our product, where we need to do work is getting more of those customers to ultimately wind down or prospects that ultimately wind up as customers. And there's a lot we can do to create more nuanced flows in that purchase funnel than we've done before. We've kind of treated all customers or all prospects coming in, in a one size fits all way.

A

If you look at the state of the art today, that's not how you kind of can drive this business. You have to be much more nuanced, use information to create customized flows within the trial phase, have much more nuanced interactions between your salespeople, your humans who are getting involved with customers. And my experience at Dropbox and this was a while ago, that's what we were awesome at. And I think we can bring a lot



of that here. So I think it's going to be a huge and it absolutely disproportionately benefits the CS product and sales and marketing because they are the products that are focused on that smaller business today.

**Brent A. Bracelin**

*Analyst, Piper Sandler & Co.*

Q

Helpful color. And then just one quick follow-up for Tyler if I could. On that path as we think about to 18% to 20% operating margins, I think the guide is 5% at the high end this year, 14 percentage point lift in margins is pretty meaningful over a two-year period. So as you think about that path from 5% to call it 19%, at the midpoint, you – do we get 700 every year? Is it pretty linear? Just walk us through that path on op margin, you talked about being linear for free cash flow, but what about op margins?

**Tyler Renwick Sloat**

*Chief Financial Officer, Freshworks, Inc.*

A

Yeah, it's going to be relatively linear. I think that if you look at it, you're going to get economies of scale from G&A. So there's a couple hundred basis points there. R&D, we actually think it's really important to continue to invest in R&D and – but we do get efficiencies there. It gives you the numbers. A lot of leverage is going to come from sales and marketing and that is not because we're like reducing spend, but we are in the situation that and we've talked about this that we've already built out a lot of infrastructure. And so it's now about tweaking it, which is a lot of what Paddy did coming into the year, even with Dennis, as we focus like we had already built it out, we already had – we're having to spend run rate is now about driving efficiencies with everything we've built out and tweaking a lot of that motion. So we think about where we're going to get that leverage, a lot of it revenue growth, but not necessarily growing our expense lines as much as revenue, but also from the sales market. And it is going to be more linear as opposed to [indiscernible] (02:51:38).

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

A

I think why don't we go here to Luv? If we can get him a microphone, try to mix it up, and I'll try to direct traffic up here because we have a lot of folks. Okay. D.J., go ahead.

**David E. Hynes Jr.**

*Analyst, Canaccord Genuity LLC*

Q

Yes. Hey, thanks, guys. D.J. Hynes from Canaccord. Great session. It was great to see the product in action and hear from customers. Dennis, one for you. So on the ITSM side, it sounds like the breadth of your IT functionality is kind of bundled into a single SKU. Is that a strategic selling advantage for you? And as you think about monetization opportunities, is there an unbundling opportunity there that could drive monetization?

**Dennis M. Woodside**

*President & Director, Freshworks, Inc.*

A

So one of the things that our customers appreciate is the fact that our pricing structure relative to our competition is relatively straightforward. We don't have a lot of adders for things like accessing the mobile app that we – that we put into the pricing plans. We don't require customers. We're pretty flexible in terms, customers can sign up for a monthly deal if they want or they can do a multi-year deal depends on what their needs are.

So we think that's a real advantage for us, as is preserving that simplicity. That's also a benefit of having that the SMB routes, right? In a small business, they have to make a decision quickly. It can't be complicated. So we'll be very selective where we use add-ons like adding on for Freddy Copilot. But we see our model generally when we think about pricing, when we think about packaging, that simplicity is super important for us and that's why, as an

example, ITOM is, it's part of the price – or part of the cost of what you buy when you buy our IT solution. It's not separate ITAM, same thing and that philosophy I think you'll see continued.

**David E. Hynes Jr.**

*Analyst, Canaccord Genuity LLC*

Yeah. Makes sense. Thank you.

Q

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

Why don't we go right behind to Luv and then we'll, yeah.

A

**Luv Sodha**

*Analyst, Jefferies LLC*

Awesome. Thank you again for hosting us. Luv Sodha at Jefferies. I wanted to ask maybe one on Freddy. I know you laid out the pricing, but just any additional insight on Insights and how you're thinking about the monetization there? And then, Tyler, how are you thinking about baking this into your growth algorithm going forward? Is it something that would be additional upside or is it already baked into the 20%? Thank you.

Q

**Rathna Girish Mathrubootham**

*Chairman, Chief Executive Officer & Founder, Freshworks, Inc.*

So I'll answer the first part of it. So, let me first say, see, all of us know this. We are still in the very early days of GenAI. Things are changing very, very fast, right, like every week, new stuff is coming out. So while we are excited about our strategy in general, and you saw the three pillars of self-service, monetized and on a usage-based pricing model, which is a win-win for customers and Freshworks because they are saving money by not adding more and more agents. Copilot, which is a relatively small incremental fee to pay to make agents more productive \$29 a month but agent is not a huge – it's not \$300,000, unlike some of our competition. So \$29 per agent per month is more than – I think customers will happily pay that if they are going to get several hours of [indiscernible] (02:54:46) benefit. And Insights, clearly, we haven't priced it yet like will be – we'll have the opportunity to actually charge more for Insights because it is helping leaders take better decisions.

A

So – but while we are excited, while this is still in the hands of customers, they are playing with it, giving us feedback, we're improving rapidly. I would still call out, it's very, very early days for anybody in GenAI and I think our strategy is clear, our monetization plan is clear, how does this all play out over time, like I think excitement is the only word I can tell you at this point. So, but Tyler you want to...

**Tyler Renwick Sloat**

*Chief Financial Officer, Freshworks, Inc.*

Luv, from a modeling perspective, no. We haven't really built in like a big stair step increment based [ph] on US (02:55:34), right? And this will mainly be reflected in expansion rates, if anything, right, because these are existing customers would be adding this since I already mentioned. We don't expect expansion rates to dramatically increase.

A

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

Great. I think we had one right behind – right next Ryan Bressner. Why don't we go to you?

A

**Ryan Bressner**

*Analyst, Morgan Stanley & Co. LLC*

Q

Thanks. Ryan Bressner here from Morgan Stanley. I just wanted to kind of follow up on Luv's question here. Just you had a good exhibit in your deck, just kind of showing the expected customer savings from customers ever using the AI bots and customer service interactions. Just kind of curious how you level set how maybe the offsetting factors could work here in terms of increased productivity and lower agent labor costs and C counts versus the upside in ASP?

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

A

Okay. Well, we have Prakash, Prakash take down.

**Prakash Ramamurthy**

*Chief Product Officer, Freshworks, Inc.*

A

I think what it shows there is as agent productivity goes up and bots are deflecting more of the requests that are coming in. The agents are now focused on, A, being able to answer high value questions and they're getting all the additional assist that they can get to do that. So what that model shows you is this, which is you probably just like as Jacen talk about from owners. You're probably able to do more customer service with lesser number of agents. However, for that to work out, you will be paying us on bot session fees and also the pretty assist add-on. The model shows you is a fully loaded cost for our customer in terms of agent, which is the fully loaded salary plus the agent fee.

If we look at that and what they're going to pay us an extra for Freddy add-on or for the bot session, I think they're going to come out extremely well in that equation. I think that's why that is trying to show you that they probably are going to make – they probably make pennies on the dollar that they're going to save. So, that's what that's trying to show that it is AI is a win, win, win. It's a win for our customers customer because at 10:00 PM in the night, you can find our barrier order is while you're watching TV. So, you're happy. They don't need to stop an agent to tell you the answer at 10:00 PM. So, they're happy and they're saving cost and we are also participating in the upside. So I think that's how you should think about that.

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

A

Okay. Why don't we go right behind Ryan MacWilliams?

**Ryan MacWilliams**

*Analyst, Barclays Capital, Inc.*

Q

Thanks. Two-part question. Ryan MacWilliams from Barclays. Just to start, have you seen an early uptake with Freddy Copilot within your customer set like, is it each agent gets a Freddy Copilot or is it like a certain percentage of agents have been using it?

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

A

Prakash, do you want to take that one?

**Prakash Ramamurthy**

*Chief Product Officer, Freshworks, Inc.*

A

Each agent gets the Freddy Copilot and we see a lot of usage, I think Dennis pointed out some numbers on it. Every agent gets to use it in that when they have enabled it, so that's how it works.

**Ryan MacWilliams**

*Analyst, Barclays Capital, Inc.*

Q

Excellent. And then, just on the customer service segment, that CAGRs seemed pretty conservative for 2026, like mid-single digits. Does the impact from switching to more AI within customer service usage impact that at all or factoring into like your growth equation there?

**Tyler Renwick Sloat**

*Chief Financial Officer, Freshworks, Inc.*

A

Yeah, so I'll answer that one. As Dennis just mentioned like what we built into our model is based on what we're seeing today and the CAGR for customer service really that has been impacted by agent additions, but that's more macro impact as opposed to an influence on technology. And so going forward, what we expect on expansion is kind of basically what we've been seeing. And so we don't expect a macro recovery, but at the same side, we haven't built an upside from AI necessarily.

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

A

Right. Why don't we take one from online here? I think it's Pinjalim Bora, JPMorgan. The \$1 billion revenue goal in 2026, is that based on existing products or does it make in some new products? Is a \$1 billion revenue dependent on contribution from AI reaching a certain level by 2026? Also, what are you thinking of macro through this period? This is probably for Tyler.

**Tyler Renwick Sloat**

*Chief Financial Officer, Freshworks, Inc.*

A

Yeah, and I think I highlighted, but the first question is relevant. No, we haven't built in any inorganic kind of adds right to the model mean that we are basically talking about the three products that we have today and what they're going to do. And we saw the growth rates of what we think those products.

Then lastly, yes, from expansion perspective, again we have not built in any dramatic increase from AI or modernization from AI. We're kind of basing it based on what we see today. And we don't actually expect the macro to stabilize or we expect it to kind of stabilize. But it'd be at the kind of the rates that it's at right now as opposed to recover.

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

A

Great. Right behind, Brian Schwartz.

**Brian Schwartz**

*Analyst, Oppenheimer & Co., Inc. (Broker)*

Q

Thank you, Joon, and thank all of you here today, very informative. Brian Schwartz from Oppenheimer. One question for Dennis and then one for the team or maybe it's for Tyler. For Dennis, can you share with us how far along you are in the curve in terms of the Salesforce optimization initiatives that you've started here? And then maybe the question for Tyler or for the team, what would you have to see in terms of the business to be able to

move towards maybe more of a reaccelerating hiring approach away from a disciplined approach that you're giving us today? Thank you.

---

**Dennis M. Woodside**

*President & Director, Freshworks, Inc.*

A

So I think maybe I'll start and ask Paddy to chip in too. I think we're still pretty early in seeing the impact, but we are seeing the impact. You saw all the stats about large deals. You saw a number of examples of large deals that we won over the course of this year. That really has been the result of Paddy and his team really focusing on the art of closing those larger more complex deals, bringing in the right kind of leaders on his team that have had that experience and that can sell into those kind of complex situations and then bringing reps along on that journey.

But how it works in a Salesforce it takes time for the army to completely turn in that direction and we've been at this point about nine months in. So I think there's still a lot of upside as that kind of flows through. We have to get better at multiproduct sale. We have a specialist team that's focused on customer service and sales and marketer. We need for that team to kind of ramp up and help drive that growth rate up. I consider the product like growth initiative a huge opportunity for us. I think you'll hear about that as much as we've talked about large customers going forward because that inbound business for us is super profitable, it's super efficient and it can scale really well.

And even without it's not like we have to fill the top of the funnel a lot with a lot more like say marketing dollars is that we need to do a better job of bringing prospects along in that journey and that's a big opportunity. We've talked a little bit about partners. I think we've got a couple of partners here. Partners is another area where we have a new global leader for our partner team. He's been hustling to get partners to kind of bring us into bigger deals and we're bringing the partners into bigger deals.

So I think there's a lot of levers that we've talked about today that are super early in terms of executing against. The thing that attracted me to Freshworks was we have the products. I mean we've had – our products have scaled to large organizations well before I got here, and we need to build all the other aspects of a great company around those products to scale and that's – it's kind of where we are. So, I would say pretty early in the journey, anything...

---

**Tyler Renwick Sloat**

*Chief Financial Officer, Freshworks, Inc.*

A

The second part of your question, Brian was what do we need to see so that we will kind of lean in and kind of grow across the board? I think the misnomer is that we're actually still hiring pretty rapidly. In fact, we have hundreds of open head count right now. So, if anybody knows great candidates, please have them apply. And so, it's not like we've had to do anything in kind of flexing its muscles around operational efficiency, that's been kind of not natural in terms of significant reductions in [indiscernible] (03:03:45) like that, that hasn't happened. We were actually hiring so rapidly that we just started slowing it down.

And part of the goal is to still hire incredible talent and bring people in at the right people at the right places and we do have a lot of open head count right now. Now, on the go-to-market side, we are very open that if we feel that if we see a great return on those dollars, we will lean in and we will spend more to get ahead of that curve if we think that we could grow faster by deploying more dollars and we will do that.

---

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

A

Great. Why don't we go to Rob?

**Rob Oliver**

*Analyst, Robert W. Baird & Co., Inc.*

Q

Great. Thanks, Joon. Thanks, everyone. Rob Oliver from Baird. Dennis, my question is for you. A couple of when you plotted out sort of the future opportunities, you talked about vertical as well as federal or government generally. So, I wanted to ask about both those by vertical, do you mean verticalization of the product in a way, maybe say Salesforce has done, which gave an ASP lift. Can you help us understand like how you're thinking about that going forward? And then, with government, where are you today? What is it look like, what does success look like a government, obviously, I mean, digital transformation of fed seems to be the one thing that both parties agree on right now, and there's dollars flowing. So we'd love to hear how you conceive of that.

**Dennis M. Woodside**

*President & Director, Freshworks, Inc.*

A

Yeah. So in the first part of the question, verticalization. We already have traction in a number of industries that we think we can do even better at if we have the right kind of integrations with third-party solutions and really investing in those integrations. So an example is travel. So in Europe in particular, we've done very well with large scale travel agents that have, they typically have a large number of agents, but there's also a lot of software that they have that are specialized to that industry, that if we had native integrations, we could move even faster. So that's an example. We're not thinking in the first instance, we're going to create a whole product for the travel industry, but we are going to be able to create a set of solutions, a set of integrations with the software that's already in place in all of those customers.

Another example in the US, we've done amazingly well in industrial. And there are – if you are a manufacturer, there's another set of software that you have that we could do a better job of providing out of the box integrations into. And I think we didn't talk about it as much. But ISVs and just generally upping our game in terms of integrations is a big opportunity for us there. So that's with verticals. In terms of government, we have a lot of traction right now in state and local. If you think about like a state and local government, like I think one was the state of Hawaii. They are like a mid-sized business and they have constituents or customers that are pinging them all the time for answers to questions. They have employees to support. They're under pressure in terms of managing their operating expenses, and they want simplicity, fast time to value, all the things we talk about.

So they are a great area for us. School districts we've done quite well in. I think one of the largest school districts in the country Fairfax is a customer, a number of others are customers. So I think that when we – we think government, we're not thinking the CIA. We're thinking initially just expanding into unregulated portions of government that where our product has really good product market fit and scaling from there, potentially creating a specialist team that is just going after that state and local and education opportunity as well.

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

A

Right. Why don't we take another one from online here? A follow-up from Pinjalim, and maybe this is for you, Paddy. Also, have you noticed any trend where it's easier to expand into one if you're already in another in terms of a product as if you're an ITSM, is it easier to get into Freshdesk or the other way around? If you could go through any stories on that.

**Pradeep Rathinam**

*Chief Revenue Officer, Freshworks, Inc.*

A



In general, it's hard to expand in today's macroeconomic conditions, right, and because it's – how it is people aren't adding employees. But from a cross-sell perspective, we see that going from IT to CX is certainly an area where we feel like the CIO is a more powerful, more influential buyer. And their ability to reach out to the customer service space and give us access to that is something that we're – we find is an easier path. And I think that's one motion that we feel is going to show.

The big change we made was really around bringing our account management and customer success teams together, and that essentially brought a focus on the customer at the center, and that's basically giving us a lot of return in terms of us being able to go to a customer with a holistic view and really look at that customer from how are we serving them across the enterprise and that's really helping us as well.

---

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

A

Okay. I'm going to take another one here from the webcast, Brett Knoblauch at Cantor, looking at the – and this one maybe for you, Dennis, looking at the sales and marketing suite, is there any one or two things you can point to as to why the product is not seen as much success to other product suites. Is it a more challenging market to break into?

---

**Dennis M. Woodside**

*President & Director, Freshworks, Inc.*

A

I would say it's just focus, right. It's just getting – Freshworks has been blessed with two amazing products that have had just a very fast adoption rate and sales and marketer to some degree was a little bit off on the side and – but we've always realized that are strategic for us in the long run, because if we can create a unified platform that you can run your every interaction with your end customer on, from marketing to that customer, to selling the actual sales process to the service experience. That is what customers are looking for. That is what customers are asking for, that's a huge opportunity.

So, I think it's more about just focusing and getting the right product focus, getting in the right sales motion, getting in the right – getting this funnel operating in the right way in PLG. And – but there's no reason. You see the customer adoption we have. We have product market fit, we have large customers. 2 of our top 20 customers are using the product today, so it scales. And to me, it's like a hidden gem that we have that we now just need to go off and grow.

---

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

A

Okay. I think I saw did Adam – how about Adam here in the front row?

---

**Adam Bergere**

*Analyst, BofA Securities, Inc.*

Q

Hey. Thank you all for hosting. Adam Bergere from Bank of America. So, [indiscernible] (03:10:19) has compressed from fewer seat additions obviously, but let's say like we fast forwarded a year or two from now and the macro kind of recovers. Is there an expectation that seat additions could come back or by then, maybe it will never reach the point it was one – it once was because AI offers so much of that functionality, and more and more people are incrementally kind of opt for that route instead.

---

**Tyler Renwick Sloat**

*Chief Financial Officer, Freshworks, Inc.*

A

Yeah, I think it'll play out right, in terms of if there's an offset to see your additions by – driven by technology and efficiencies that technology brings. In the numbers on expansion, if that happens, the way we want to price and package is that we're agnostic, right, whether you're adding a seat or you're adding a kind of an add on and we're monetizing through bonds. And so, again, we haven't built in the expectation that agent edition expansion is going to go back to what it was three years ago and for a while was very, very consistent for us. At the same time, we haven't built in the expectation that AI monetization is going to add a big stair step to expansion either. And so, I think we're going to learn a lot, learn a lot in terms of adoption, but also learn a lot in pricing and packaging and we will iterate as we go through it.

---

**Adam Bergere**

*Analyst, BofA Securities, Inc.*

Got it. Thank you.

Q

---

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

Okay. I think, I missed Nick here in the back, why don't we get to Nick back there?

A

---

**Nick Altmann**

*Analyst, Scotiabank*

Awesome. Thanks guys. Nick Altmann from Scotiabank here. Earlier, you had laid out a slide of sort of the net new ACV between the inbound motion, the outbound motion and the partner motion. It sounds like there's a lot of focus on the PLG 2.0, but I think earlier you guys had alluded to that the outbound motion was actually growing very quickly as well as the partner motion. So, with the \$1 billion revenue target in mind, how should that mix sort of change to get to that target and then just as a follow-up, like what are sort of the initiatives and the things you need to do to sort of to get there?

Q

---

**Tyler Renwick Sloat**

*Chief Financial Officer, Freshworks, Inc.*

Yeah. In terms of inbound and outbound, so to be clear inbound actually feeds the SMB, but it also does fall over into kind of the field and which is really that mid-market enterprise motion. We expect that mid-market enterprise to continue to grow and actually be the driver of growth over the next couple of years. And that is probably going to be driven more by outbound than it is on anything else. And so, that mix will change, right? But again, that inbound is very important to us, and that is part of that PLG 2.0.

A

---

**Dennis M. Woodside**

*President & Director, Freshworks, Inc.*

Yeah. So, I just add a couple of things to the second part of your question, what are the kind of initiatives that we need to drive? There's a number, so I talked a little about PLG, that's a combination of marketing and product and creating a growth team that has that mindset of constantly experimenting and seeing what the experiments tell you in innovating and changing that flow, that prospect flow.

A

We haven't talked as much about partner, but partner is a big opportunity for us. If we think about many of our customers who've come to us, they have a trusted solution provider that is already very familiar with their IT space, knows what their needs are, may have provisioned them on a solution that is no longer appropriate for them, may have made a decision to buy a competitor years ago, when we didn't have a product or a set of products that we have today.

So, that partner is increasingly influential in the sale, they can help us, they can open doors and they can help us close business. And then once the sale is complete, that partner can help really get the customer at a value as fast as possible. So, there's a lot of effort internally around partners in addition to what you've heard about field and in addition to the PLG 2.0, which is another lever that I think we'll talk more and more about as we continue to scale. But I think there's a lot of opportunity in not just the outbound business, which we have talked a lot about in the last year but on that inbound business and on that partner business as well.

---

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

A

Great. Why don't I take one from the webcast here? Taylor McGinnis from UBS. She asks using, and this is probably for you Tyler, using the ARR mixes provided in the deck, the 2026 revenue outlook seems to imply high single-digits CAGR from low to mid-teens growth today and then to low-30s CAGR for IT in the low-40s today. Can you provide more color on what your assumptions are for both, and the level of conservatism in the model?

---

**Tyler Renwick Sloat**

*Chief Financial Officer, Freshworks, Inc.*

A

Yeah. I'll answer the last. We've highlighted everything what our upsides to the model. But to be clear, we have to execute and to just get to what we put out there, right, and we have to continue to execute. You're right, we do think that growth rates will moderate somewhat as products gets bigger, I think it's just natural that growth moderate somewhat. The way we look at it is you got a combination of new business expansion in turn. And we take in what we see today without any kind of abnormal expectations going forward and model that out and that is how we arrived at those numbers. So, it's not like it's rocket science, it's not like we've done anything that is kind of pixie dust.

---

**Dennis M. Woodside**

*President & Director, Freshworks, Inc.*

A

Can I just comment on that? So, we've never put a number like that out, right. So, we want to put a number out that we have a good degree of confidence in getting to, that doesn't mean that that's success. That means that's where we're going to go for sure and you heard about all of the upside levers that we have that are not baked into that billion dollar target. But we thought it was important in the first time that we've done this to give you some sense of our confidence in getting there and our confidence in the upside from that billion dollar figure in a couple of years.

---

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

A

Great. We have one additional one here and maybe this one's for you Prakash from Pat Walravens at JMP Securities. Can you tell us a little bit more about the native integration with Workday, what does it take to create those types of integrations, do you have it with Oracle or NetSuite or SAP, what are the benefits of native integrations?

---

**Prakash Ramamurthy**

*Chief Product Officer, Freshworks, Inc.*

A

I think the reason for doing the native integration is so that we do it and give it to the customers, so the customer doesn't have to – 10 customers doesn't have – don't have to go do that. The benefit is what Payal just showed. For example, if you look at it, Workday are some other systems like Oracle and others, they end up being the system of truth for employee onboarding and offboarding and all of the payroll information, everything else.

So, if you want to drive all the onboarding process through Fresh service, which it does, all of it, you need to be able to have those native integration. You need to be able to have it for some of the other daily requests that you need for that. So, I think Dennis briefly talked about it. Workday is just one example of that. We are focused on making sure that we have first class integrations for the entire ecosystem that we need to play, and that includes verticals like when you talk about travel, we're going to do with the travel folks like Amadeus and Sabre and so on and so forth. And we did – when we talked about e-commerce, we talked about Shopify, WooCommerce and other stuff.

So, we want to do all of those things and make it be available as first class from us, backed by us, so that the customers feel confident that they can just turn it on and they start getting value. It's all about realizing value as fast as you can. So, this is one piece of that.

---

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

Okay, great. I think, we got a follow-up here in the front row with Scott. [indiscernible] (03:18:22).

A

---

**Scott Berg**

*Analyst, Needham & Co. LLC*

Thanks. Scott Berg at Needham. First comments and then a question. On the comment side, Tyler, it looks like you're the only one on stage that did not get the blue coat memo I sort of pointed out. On the more important question component, this is a question for G. Your initial remarks, you talked about customer data platform. Customer data platforms are kind of the, I guess the technology or issue most marketers and salespeople seem to have issues within their technology stacks today, just trying to normalize that date and be able to extract the right level of usefulness out of it. I didn't see CDP on your product roadmap, but I'm not expecting you to develop one. But how do you think about the fresh suite of products in terms of helping your customers alleviate those issues with customer data?

Q

---

**Rathna Girish Mathrubootham**

*Chairman, Chief Executive Officer & Founder, Freshworks, Inc.*

First of all, thank you for – you're the first person to ask me a question, Scott, so thanks. I was feeling a little bit...

A

---

**Scott Berg**

*Analyst, Needham & Co. LLC*

I think you're the CEO, right.

Q

---

**Rathna Girish Mathrubootham**

*Chairman, Chief Executive Officer & Founder, Freshworks, Inc.*

...left out here. So, let's talk about customer data platform for a minute. What does it enable for a large business. When you have your customer data siloed in different systems, the first aspect of a customer data platform is to help a business uniquely identify every customer that you have. Now, you need to know that, okay, this is the same Tyler that responded to a marketing campaign and then came to my website and then made a purchase and then talked to a salesperson or talked to a salesperson, then made a purchase and then talked to support. So, how do you tie all these together with a unique identifier, so that's the first job of a customer data platform.

A

The second job of customer data platform is allowing segmentation based on criteria. So, if I want to see people like Tyler, who came to our website in the last 30 days from North America, maybe with a title of CFO and who have bought a grey coat, right. So, if I want to sell them a tie, so I need to be able to segment. So, while we don't

offer a customer data platform for sale, what we have internally in our unified customer model is actually a customer data platform, which helps our customers who are using multiple of our products to be able to uniquely identify each customer so that the data can be stitched by us automatically. And you saw the segmentation in Payal's demo, when you are trying to create a campaign, it was like asking you which customer segment do you want and Payal switched out conversationally saying, hey, bring me recent customers who have bought this. So there was a segment created.

So the customer data platform functionality of identifying, segmenting customers predominantly for marketing use cases in B2C companies, that's the primary use case for customer data platforms. So that is being offered to customers without – because SMB customers don't want to buy a customer data platform and hire Accenture to stitch everything together for 18 months or 24 months. So we are offering that benefit out of the box. So that's how the value comes to our Freshworks customer using more than one product.

---

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

A

I think we had that D.J. Why don't we go here? And then we'll come to you, Brent.

---

**David E. Hynes Jr.**

*Analyst, Canaccord Genuity LLC*

Q

Will double mic it. All right, G. You asked – we'll keep you going where you're hot. I'd love to hear you talk about some of the product initiatives you have in mind on the sales and marketing side that could help kind of close the gap with market growth of that product.

---

**Rathna Girish Mathrubootham**

*Chairman, Chief Executive Officer & Founder, Freshworks, Inc.*

A

Yeah. So first of all, let me add on to what Dennis said. See, when you are a public company and we were in the performance zone, we are focused on IT. We are focused on CS. These are the two largest businesses. So sales and marketer was more of a small business innovating and in incubation mode, as I call it. So one of the most important things is we never really opened it up to our field sales teams, right? So like that product is still predominantly fed through inbound motion only while we actually have built a lot of powerful capability. Freshworks, for example runs on Freshsales and Freshmarketer. So are CRM today internally like all the thousands of sellers that we have, we run on Freshsales.

So we have built a product that is actually suitable for mid-market, can be sold to mid-market customers, but we never took it out through our field sales team. So we wanted to – and again, that's how we've always done things. Like we want to kind of win through inbound motion, make sure that the product is perfected well. The roadmaps are not hijacked by the larger customer. So we have all the capability that we need and you have to understand CRM is a really large market where there's a lot of catch up functionality to do. And some of the initiatives that we are doing are making the product more suitable for who's coming in. See there are more nuances to this.

Somebody who's coming to implement a CRM, they could be like a powered user. They could be like a small business owner who has never touched a CRM in their life. So how do you really make – it's unlike an IT buyer. So you have to really make the product simple enough for the online buyer to be able to do it themselves without a lot of consultants in the SMB space. So I think – but also we have to really bring modern CRM. So all the AI – so some of the new things that we are working on is how do you make it suitable for a high velocity sales team in inbound motion? How do you enable like a seller to be able to get all the answers that they need while they are talking to a customer using Freddy Copilot. How do we actually – also one of the other things that we want to do

is we offer a unified value, right? You saw an ITSM. So we a CPQ module. We have a forecasting module. So how do we actually make sure that customers can unlock more when they want it? So you will see investment across all of these.

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

Why don't we take the final question here with Brent and make this the last one?

A

**Brent A. Bracelin**

*Analyst, Piper Sandler & Co.*

Thank you and thanks for the transparency. A lot of information this afternoon. Two years ago the biggest pushback, particularly on that Freshservice kind of growth engine was ServiceNow. How do you compete against a ServiceNow? It feels like you're now at 1% market share of a \$20 billion market. You're growing 40%; industry is growing 12%, so you're clearly gaining share, but we still have skeptics out there. We still get questions from investors. Now the debate is not necessarily on ServiceNow and it feels like the new debate is around Atlassian and Jira Service Management. And so now you have a low cost competitor in the space. How often do you see Jira Service Management in that marketplace? And why do you win there as you think about the next couple of years and making the skeptics wrong again? Thanks.

Q

**Rathna Girish Mathrubootham**

*Chairman, Chief Executive Officer & Founder, Freshworks, Inc.*

Yeah. I can take that. So we see Jira Service Management mostly in smaller deployments. It could be smaller teams or smaller companies. Yes, they are more aggressively priced. In fact, it's the only category where somebody is more aggressively priced than Freshworks, but the reason why we win is because we have a unified product that gives a single product experience across ITSM, ITAM, ITOM and Enterprise Service Management. So, if you follow what Atlassian did, is they acquired four companies, Mindville for CMDB, a separate company for virtual agent, a separate company; again I'm missing out on the name, but four different companies and they're trying to create a single product experience. And that is clearly – and also they have a DevOps focus. So the way they enter into a customer usually is through DevOps. So we are stronger on the ITSM, ITIL play. So that's the reason why we win.

A

**Brent A. Bracelin**

*Analyst, Piper Sandler & Co.*

What about field sales. Is that a differentiator as you think about more of a product-led growth company like Atlassian or not?

Q

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

Yeah. Dennis, do you want to take that one? Or Paddy?

A

**Pradeep Rathinam**

*Chief Revenue Officer, Freshworks, Inc.*

Yeah. I think it is for us the muscle is new. The fact that we're going after larger customers winning in those, getting into a lot of pursuits, winning against ServiceNow. We want to be shareable. And, those are the types of competitors we're seeing. The deal sizes are bigger and that momentum is what we want to ride on from here on,

A



I think. And so that feels is definitely a strategic advantage for us right now relative to Jira. However, we're still scratching the surface. We have a long ways to go there.

---

**Rathna Girish Mathrubootham**

*Chairman, Chief Executive Officer & Founder, Freshworks, Inc.*

A

So if you're a mid-market or a larger enterprise customer we are the most credible alternative to ServiceNow. So we can run a campaign called Save a Million.

---

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

All right. With that, that closes our sessions. Thank you so much for joining us in person.

---

**Rathna Girish Mathrubootham**

*Chairman, Chief Executive Officer & Founder, Freshworks, Inc.*

Thank you.

---

**Joon Huh**

*Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.*

All right. And then for online, thank you so much for joining us. For those in person, we have lunch. So please join us. Stick around. Thank you.

**Disclaimer**

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2023 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.