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Freshworks, Inc. (FRSH)

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CORPORATE PARTICIPANTS

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

OTHER PARTICIPANTS

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

MANAGEMENT DISCUSSION SECTION

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

Okay. Nice being here today. I'm Ryan MacWilliams, Mid-Cap Software Analyst here at Barclays. With me today from Freshworks is Tyler Sloat, CFO. For those who are in the room, you heard me, I guess, talk about the Eagle to start, but we won't be taking questions directly. So, if you do have questions, please email me at ryan.macwilliams@barclays.com and get those questions in.

QUESTION AND ANSWER SECTION

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

Q

Tyler, kind of high level, besides how great [indiscernible] (00:40) Eagles are doing, which is pretty good, we can definitely talk for 30 minutes about that. What should we take away from the most recent quarter? I think investors were impressed how Freshworks held up kind of given this current environment. What were the things that stood out for you?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Yeah. We were really pleased with the quarter, actually. We've been talking since the end of Q1 that we were seeing different things happening in the market. I think pressure in some SMB side that Europe we expected to see some pressure. But, in general, what we see in the quarter is everything happened kind of the way we thought it was. New business is actually strong, which was good. And what we said, it's not like we crushed new business, but it actually was good. Our churn rates remained stable, and churn for us includes contraction, which just demonstrates the resilience of the products and what they mean for the customers.

Net dollar retention went down, but we expected it to do that because the expansion motion is seeing pressure, and we actually expect that to continue for a little bit. Our expansion motion is driven by agent addition; by far, by agent addition. And as – it just makes sense, right, as companies are not hiring people, you're not adding agents. But, again, we kind of expected that to happen. New business was a good sign.

On the flip side, operationally and efficiency-wise, I would say we did really well on the bottom line. And we were able to take the beat that we had on the operating loss side and roll that through and then say we're going to do them better for the year. And then we're doing everything we said we're going to do in terms of our use of capital. And we said we'll be cash flow positive in Q4. We came into the year saying we're going to burn about \$25 million. We've reduced that to say it's going to be high teens. And then we said we'd be cash flow positive thereafter. And so these are all positive things in the quarter.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

Q

Excellent. And just take a brief step back for investors who might be newer to Freshworks. You might just talk about some of the unique aspects of your go-to-market model and your platform that can make you better suited for this current environment.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Sure. First thing is we have three main products. We started with Freshdesk, which is customer support. Then moved over to ITSM, and that's our Freshservice product. And most recently our Freshsales and marketing products. All of the products kind of have a three-sided go-to-market motion. The DNA of the company was servicing SMBs from the very beginning. It's all fed by inbound. So, 100% inbound fee in our SMB base, which is a 250-employee and below base. Our Freshservice product doesn't play as much in the SMB, but it just makes sense. Companies of SMB size don't need an internal IP solution often. But we do have SMB customers there.

The second piece of the motion is outbound. And that outbound motion is really fueled by NGO sales representation. And looks more like enterprise sales, but they tend to be more inside sales so just NGO, mainly North America and Europe with some in Asia as well.

And then we have a partner motion that really supplements both the inbound and the outbound, but really is playing in geographies that we don't have local presence, that we utilize partners for local language and things like that. That inbound motion is feeding the desk and Freshsales and marketer (sic) [Freshmarketer] (03:53) products primarily and desk (sic) [Freshdesk] (03:55) plays all the way from the bottom, all the way to the top. In fact, our largest customers tend to be desk (sic) [Freshdesk] (04:01) customers. And again, that outbound motion is really – Freshservice is what plays mainly in that mid-market enterprise space along with desk (sic) [Freshdesk] (04:09).

Ryan MacWilliams

Analyst, Barclays Capital, Inc.



And can you talk about like the durability of that self-service motion? Like, is it just you put dollars in and you get an increase in efficiency on the self-service side? And like, how much control do you have over that into the tougher macro?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.



The [indiscernible] (04:22) is driven by organic and paid search. And so, we will – we're constantly looking at how much we're putting into the digital marketing kind of spend bucket, and seeing where we get the biggest returns. We can change it by product, we can change it by geography, and we have an entire team dedicated to try to drive efficiencies there. So, we can track it from website hits to trial starts to trial conversions and kind of watch it all the way through. And as auction rates go up and down, we will adjust, right? We don't want to just throw money, good money after bad there.

The other thing is that organic search can play a big role, and then you can tweak that for a lot of your web presence and whatnot. We're very focused on that as well.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.



I try to track as much as I can those auction rates. Have you seen any changes there yet or you're maybe surprised they haven't really moved at all?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.



I don't know of any major change. We did, in COVID, see things dramatically change there, which I think was good for us. Right now, I haven't really seen it, but I wouldn't be surprised if it actually changes.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.



Yeah. Next year, yeah, what I've been looking to, and I'm surprised it's held in. But I guess there's a lot of competition for these seats because how long people stay with Freshwork. You talked about the multi-pronged

approach and your go-to-market. Just from the macro side, any place that's like maybe overly represent itself given some of these pressures or maybe you surprised that it held up as well as it does.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Well, I think, in general, what we said it's turn is held up, which I think was great, I mean, and because that includes contraction. And so that is a very positive sign. In Q3, we said new business is actually good. I wouldn't say it's a surprise because we actually – we can thrive in, let's call it, tougher macroeconomic situations because one of our value props is that we can provide great software at a great cost.

The last thing is Freshservice as a product just continues to do really, really well. And part of it is because it's just a great product. The other is that it's competitively situated in a great space, right, where we have a competitor at the very, very high end. We have a lot of companies who are still using the legacy on-premise stuff and then some competitors at very low end. We are the number one SaaS player in that mid-market or enterprise space.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

Q

Yeah, I definitely want to get into your ITSM market opportunity, but one of the players that you get asked a lot about it, I used to cover here at Barclays, was Zendesk. They recently gone through with the acquisition. Anything you're seeing from their side from a competitive standpoint or if they're getting more aggressive on pricing or, just in general, I'd love to of here where do you think Freshworks stands versus Zendesk?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Yeah. I think – so, Zendesk is still there, right? What we've said is, look, if you're a salesperson working for Zendesk, you're making a livelihood by selling, so you're out there trying to sell. We are very comfortable in greenfield opportunities competing with Zendesk, and have been for quite some time.

I can't say anecdotally. I think they're being very aggressive on price when they're the incumbent to try to keep that. And we are seeing customers reach out to us as they're coming up for renewal ahead of time with engagement. And so that could be more of a stalking-horse strategy, right? To just get their own price reduced. But we are starting to see some of those deals come over. It's hard to see it now because we've always had switches over. And so, we'll have to wait to see if it's actually going to be a bigger trend.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

Q

You guys were competing long before the recent [indiscernible] (07:39). Just for investors kind of new to the story, can you just talk about the areas of your business where you compete more directly with Zendesk and what market segment?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

So, Freshdesk product...

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

Yeah.

Q

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

...is where it goes head-to-head with Zendesk. I think it has to do probably more with the customers are still focused on more traditional support, which is email and telephony. What we've been talking about for a couple of years now is that there's a whole new age of company coming up that has a different customer base that doesn't really engage with them on traditional support. It's going to be all about conversational messaging. And we've been innovating on that for years now, really led with our chat product and then a lot of kind of AI and bot stuff built into chat. And when we talk about multi-product adoption that others kind of picked up, the biggest driver of that is chat being added to traditional support, which is kind of a proofpoint that this is happening. And so, in that space, there's a bunch of point players; and in that area, we feel like we're very strong.

A

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

If people follow my research, I talk about it all the time, I used to be a customer service agent, and now folks just go right to chat. That's the easiest way, and that has been a true differentiator between different self-service products is can you engage over that medium. And you definitely see an example of better solutions than others. You probably know that from your own consumer experience. Just since I got the CFO on stage, investors are trying to get more help with their model for next year, and you talked about pressures on net retention which isn't exclusive to Freshworks, right? That's kind of across the business. But I guess, how can investors get comfortable, given some of those seat-based pressures, how to think about your growth algorithm?

Q

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

Yeah. I don't – so, nothing's changed from what we said in our Q3 call. We're not giving any guidance for next year. We haven't. I understand that folks need to update their models. What we said on the call is like, look, in absence of any other information, use what we said for Q4 and run that through.

A

On the expansion motion, I do expect that to see pressure for a while.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

Yeah.

Q

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

And I don't know if that's the first half of the year or not. I don't have a kind of a magic lens there. But we're prepared for it, right? And we're going to build our operating model around that. And we're also seeing new business, as we said, in Q3, is strong. And I think we got to take advantage of opportunities to go – grow through our new business as much as possible as well.

A

Ryan MacWilliams

Analyst, Barclays Capital, Inc.



I think that makes sense. We're seeing it in the broader SaaS environment. In the last quarter earnings, you said your multi-product sale has been doing pretty well and is growing. Any changes there as we enter this, like, macro?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.



No.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.



Okay.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.



There hasn't been any changes. Our multi-product adoption is really driven by chat (sic) [Freshchat] (10:19) being added or omni-channel being added to desk (sic) [Freshdesk] (10:23). That's still the big driver of multi-product adoption. I think over time we would expect to see more of our Freshsales and marketer (sic) [Freshmarketer] (10:28) combination through to support. It's still too early to really have that be an influence. There's no natural cross-sell between desk and service (sic) [Freshdesk and Freshservice] (10:38) even though we have a lot of customers who are using both products, but it tends to be more of a trusted vendor kind of relationship, meaning that we've proved success with one and then we naturally can go get introduced to the other division. But I don't expect anything to change really dramatically.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.



Yeah. I liked how you talked about just having that common data model, which really leads to like an aha moment as you add different products and definitely makes – like a multi-product story makes sense. Just given your cost advantages on the R&D side, right, as we enter the environment that we continually talk about, how do you think about potential cost efficiencies that you can drive through Freshworks? Like what are you guys thinking about as you budget for next year?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.



Yeah. We're spending, let's call it, low 20s. It's really like 21%, 22% on a non-GAAP basis in R&D, so it's a little bit higher than some of our peer sets. And I think over time that does need to come down a little bit, but not dramatically. And I do – because I do think it's one of our costs – our competitive advantages that we have access to a highly technical talent pool in India that allows us to innovate and create to have more products than our competitive set for the size of company that we are. And we should take advantage of that. And we plan to. I don't plan to drive that cost down dramatically.

Over time, I do think there are areas of efficiencies that we can drive through the operating model. Our gross margins are already really healthy. We're at low 80s. And I think that's strong and won't get dramatically better. G&A is more of an economies of scale thing. We absorbed a lot of public company costs this year. We'll drive that

to kind of high single digits. That takes a while, though, as you absorb stuff. So, really, it's about sales and marketing. And a lot of our focus is on the dollars that we put in to our go to market machine, what are we getting for those and making sure that's efficient as possible.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.



Excellent. And with Dennis Woodside coming in as president, he's a Philly guy, so he probably [indiscernible] (12:37) and he loves the birds conversation start, but how should we think about what he can add to the team and what is he focused on in his early days at Freshworks?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.



Yeah. I think it's a couple of things. First is the partnership between him and Girish, G, our CEO. What the addition of Dennis does, it frees up a lot of time for G to focus on vision on products, right, and product strategy and really working more with the product and engineering teams. So, that's the first thing.

Second is Dennis is kind of a proven operator and execution-focused mindset. Maybe it's a Philly thing, I don't know; and a lot of background on the go-to-market side. So, he is definitely spending the majority of his time right now focused on that, and focused on next year and any tweaks that we're going to be making to the model and things like that. And it also provides another lens.

And if you listen to the call, it's not just a thesis, but really a strategy that we can be doing bigger deals, and we're not talking about big enterprise million-dollar deals. We're just talking about more of the \$100,000, \$200,000, \$300,000 deals, and it's because we already have those customers where we can prove that we can be very successful with that customer base. But I can't say we've been excellent at that outbound sales motion. And he can bring a lot of rigor to that that he's got a lot of history there, and we can have a lot of focus there. So, that is one thing we're focused on.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.



Yeah, and building on the channel ecosystem, which you guys really highlighted. You just talk about maybe some like self-help execution issues in EMEA earlier this year. Is that another area of focus for him just kind of building out the reps?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.



Yeah. In retrospect, I don't even know if we should say that, because in Q1 we said, hey, we had some deals that we think were execution because they didn't get pushed, right? We lost them. When we look at them, we probably shouldn't have. And then in Q2, we actually flipped it. We actually had a good quarter. And we thought we fixed a lot of those things. But, in general, I guess, yes, I mean, the answer is that is all about that field motion and that outbound motion focusing on customers like that and the maturity of that motion. And I think there's areas for improvement there.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.



And then just with your – while we're on the topic, your international exposure, right, like, 40% US, 40% Europe, 20% rest of the world.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

Yeah. Great numbers, right.

A

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

Yeah. I'm not going to the decimal point just yet. But when it comes to how we think about that next year, I guess people are surprised that maybe you did so well in international last quarter, I guess, any warning signs or anything to call out?

Q

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

So, kind of those numbers represent our entire kind of ARR base, not necessarily the quarterly numbers. I think what we've seen is the pressures on FX because of that 40% in EMEA. It's not 40% in GBP and euro. It's actually a little bit less than that because we do sell on USD to some customers over there. But it is higher than a lot of our peer set, which has that pressure on currency, right? So, we've been given a lot of constant currency numbers.

A

If the dollar weakens against the pound and euro next year, that's going to be a benefit from a top line perspective. We do get a little bit of a benefit now because of INR has weakened a little bit from the dollar. And so, on the expense side, we are a little bit expense-heavy in INR. But the expense piece, I think we have pretty good control there. The revenue piece, we just can't – we don't really have much control of it.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

And just because that's kind of a sign of the times, more questions about stock-based comp. SBC has [indiscernible] (16:04) than ever. Have you guys kind of rethought about how you're approaching that line item or changes next year?

Q

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

I can't say we've really thought about it. We've always thought about it. We've always had focused on it. What we said is that, hey, we're going to have dilution like that 3% to 5% range. And I think of it – I think dilution is different than stock-based comp because stock-based comp is based on the price, that 3% to 5% could be really higher, it could be a lot lower, right. Now, yes, we are very focused on it. And we do know that it's important.

A

We're going to do a three-step process first. The first step is we're going to get to sustainable free cash flow positive. And we said Q4 and all of next year must get sustainable. Then, non-GAAP operating profit will follow. And it follows typically like a year later, right? Rough numbers when you just look at peer sets and how you hit it. And then GAAP operating profit is going to be after that. And we have to work on communicating to the investor base on what the strategy is there. We are very focused on it. The board is very focused on it. What I can say, though, is it's not like we can influence stock-based comp right now. We can't make it go away, right. You are stuck with what you have. A lot of what we have is based on the grants that were made around the time we're going public and we got to let those amortize out. And so, yes, it is a focus.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

Q

And just kind of what we're talking about, operational efficiency, would you be comfortable just reminding investors kind of the guidance you give around free cash flow positive and steps you're doing to get there?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Yeah. We started the year saying we're going to burn like 25%. We have been reducing that. We said we're going to end the year at kind of high teens. We said we'll be free cash flow positive in Q4 and we said probably next year as well. There's going to be quarterly nuances next year because there's timing of different things that happen. But I don't want to have free cash flow positive only because we hit it in Q4 and made up for the rest of the year, like we do want it to be – looks like it's more the operating model that we're moving towards. So, that is the goal.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

Q

And just from your current capital position, really strong balance sheet, over \$1 billion cash and cash equivalents, like, I guess, any areas take advantage there or I guess like how can you use it to your advantage next year?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Yeah. I mean, yes, we're very strong financially. We can get to a point we're not burning any free cash flow, but we have \$1.2 billion in the bank, and we don't have any debt. So, that feels good.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

Q

Yeah.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

We have been using some of the capital this year, about \$150 million, to do net settles on RC. And it's not a buyback, but it is essentially paying the taxes for those shares off the balance sheet, and those shares actually never get entered into market. So, it kind of technically operates like that. And I think we're going to continue to do that. I think it's a good use of capital.

Secondarily, we've always said we've been open to M&A, right? And we've done them in the past and we will continue to look at them, at deals. They would tend to be smaller tuck-ins for technology or teams. And just over the last couple of years, things are too expensive, right? But I think that's changing. So, I think there's going to be opportunity to do stuff going forward. So, nothing planned, but I think there'll be opportunities there.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

Q

And it's tempting now to kind of put the foot down on the accelerator and maybe capture some engineering talent that you couldn't get before, right? That maybe still coming up. But how do you think you're situated from a head count perspective at this point?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Yeah, I think we're doing the opposite, actually. Like we've had the advantage. We've been hiring really rapidly and we have slowed that down, right, because I do think we have a lot of people and we should digest what we have and make sure we're really disciplined about that. We are still hiring across the board. We're specifically hiring quota-bearing reps, and we're hiring across every functions; but we are trying to drive a lot of discipline into the organization of hiring the right people in the right places, and let's be smart about it.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

Q

And I promised we'd circle back to it. On the ITSM market, you talked about how Freshservice was the largest contributor to ARR growth last quarter. I guess, what's exciting about that market opportunity? How can that bring in larger customers?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Yeah, it's actually the last two quarters has been the biggest contributor. And number one, it's a great product. It's just a fantastic product, and customers love it. It has great characteristics all across the board. It's very resilient. I would argue kind of enterprise-grade churn rates already. Competitively, ServiceNow is a great company. They're playing very high up, right? And we can demonstrate that we can provide a customer a modern technology stack and everything they need without the cost that is associated with ServiceNow.

Can't do everything they do. We're not claiming we can. But most companies don't actually want or need everything. In that market, it's shocking how much legacy is still out there. And really, on-premise legacy is a lot of it, and that's actually really expensive to maintain as well. And so, as those go to refresh cycles of even physical products or what you're running on your service, we can provide you a great alternative. We can get companies up and running very quickly too, so we can demonstrate ROI very, very fast. And we will continue to push on that because I think it's a huge market opportunity.

The other thing we're really excited about is we announced Freshservice for Teams, which is a purpose-built ESM application, where we already have a lot of customers using Freshservice for different functions outside of IT. And it's a realization that you actually need purpose-built workflows, and you also need other features like security and things like that. And so, that's what we built and launched, so excited about that.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

Q

And just what market segment that attacks? Am I thinking like 50 to 250 or 50 to 500?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

The teams part or – no. So, Freshservice is playing squarely in kind of mid-market low enterprises. Call it even all the way up to like 10,000 employee businesses. So, some very large company names in there that are using Freshservice, right? Freshservice for Teams, what we're seeing there is that there's great applications even for companies who are using our competitors where it might be way too expensive for them to roll this out with an HR group or a finance group or a legal group. And so, you can put us in as a supplement to whether you're using ServiceNow say.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.



Excellent. And just, I have received questions on the change in Chief Revenue Officer, right, that's something that's kind of a sticking point for investors, those software companies globally. Like, anything to call out there? Anything...

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.



No. Not really. I mean, I think it's – Dennis, we brought him onboard. He really focused a lot of his time on go-to-market motion. So, not big surprise or changes there. But it's actually been a very seamless kind of transition for Paddy to come over. Who – Paddy was our Chief Customer Officer, and he's now our Chief Revenue Officer. Paddy was running all of customer success, which is a large organization, all of support and all of customer onboarding. He had already been engaged with the field a ton, with customers a ton. And so, Dennis and him are partnering a lot with Stacey, our CMO, on what the plans are for next year.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.



And we think a lot about seat count pressures that companies faced during COVID, right? And then we saw digital economy explosion; same thing with demand coming out of 2020. But are there any corollaries to draw with the market opportunity you see ahead versus what happened in 2020?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.



COVID, I don't know. We'll have to way to see. A couple of things. One this is, it's not like as dramatic of an impact where we issued a ton of credits out in COVID. We actually took the stance to be customer-friendly. If anybody asks or just ask for anything, we just automatically give it. We're not seeing that kind of stuff. We also saw whole customer segments kind of disappear in COVID, right? You had your hospitality and travel. We had a lot of customers who just don't exist anymore.

That being said, on the flip side, we also saw upside from customers migrating off of very expensive solutions onto us. We could do it rapidly and save them a lot of money. We are going to see parts of that. We already are seeing some of that. So, hopefully, we get that kind of benefit without the whole customer segment going away. It's really just the expansion motion, and it's really just how long is that going to last.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.



And I guess, at this point, you're not seeing at the same level, like, downgrade activity or churn or things like that?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.



Look, our churn is stable...

Ryan MacWilliams

Analyst, Barclays Capital, Inc.



Yup.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

...in Q3. And churn includes contraction for us, right? And so, the fact that – we have contraction every quarter across customers, but the fact that stable, inclusive of that, just speaks to the resiliency of the products with our customers.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

Q

And just as you start to – and we're kind of running out of time here, but just as you start to move upmarket, right, that adds more billings and changes to your model, like, anything we should think about there, like longer contract cycles potentially, or is that a little more down the road?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Yeah. It's down the road. We are not – like, we're not focused on doing multi-year deals. That's not really our motion. We've already seen a shift. We've got, like, 60% of our businesses in that mid-market enterprise space. The majority of that is annual deals, and annual deals are annually paid up front. I don't see a dramatic shift in that. I don't expect that to happen.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

Well, that about wraps it up for me, guys. It's been a pleasure. Really great to have you at Barclays TMT Conference.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

[indiscernible] (24:58).

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

It's my second fireside here at Barclays. So, appreciate it. Awesome. See you next year.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

Yeah.

Ryan MacWilliams

Analyst, Barclays Capital, Inc.

Thanks, guys.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

Go, Eagles.

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