07-Mar-2022
Freshworks, Inc. (FRSH)
JMP Securities Technology Conference
CORPORATE PARTICIPANTS

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

OTHER PARTICIPANTS

Pat Walravens  
Analyst, JMP Securities LLC

MANAGEMENT DISCUSSION SECTION

Pat Walravens  
Analyst, JMP Securities LLC

All right. Let's get started. So, look, we're just delighted to have Freshworks with us here today. Sitting to my right is Tyler Sloat, who is the CFO, and previously – you've been here [ph] April 2020 – a year-and-a-half, (00:00:10) two years, really coming up on two years.

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

Two years. Yeah. Two years.

Pat Walravens  
Analyst, JMP Securities LLC

You've been there two years. And before that, I know a lot of people knew him from his time at Zuora. And Tyler just told me his son is into Duke, congratulations, where he's going to play lacrosse, so that's kind of a big deal. All right. So, what we'll do is we'll have Tyler – just in case there's anyone who doesn't know the Freshworks story, went public last year. Tyler will give us just a couple of minutes on very basic history of the business, what they do, and then we'll have a conversation.

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

Sure. So, just give me – first of all, thanks for having us. It's the first conference we've done in-person in two years, which is awesome. First one we've done with Freshworks, which is great. So Freshworks, we're a 10-year old software company, a US Company, but founded out of India. Our main product is Freshdesk, which is customer support software. We then brought on Freshservice, which is ITSM software, and now have Freshsales and Freshmarketer, which is kind of the CRM software but for selling to marketing and sales. Mainly servicing the SMBs, at least most of the products or all the products so started with that, with an inbound motion. So, we have three motions kind of inbound, outbound and partner. The inbound feeds over 50% of our business. The outbound is about, let's call it, 20%, 25%, and the rest is partner.
That inbound motion feeds 100% of our SMB business, which we define as 250 employees and below. It also feeds some of that outbound mid-market enterprise business, which goes from kind of that 250 and up to 5,000 and above employees. Over time, our shift hasn't focused, but as our products have gotten more relevant to that mid-market enterprise-based customer, the shift of our ARR switch kind of from that 60% SMB, 40% mid-market enterprise, and now it's almost inversed. Now we're seeing larger companies come and see our products as attractive and meeting their needs.

Our ITSM software in particular really placed squarely in that mid-market enterprise space because it just makes sense, right? Those organizations smaller don't – smaller organizations don't have a need for – they don't have a Head of IT, they don't have a CIO. And so as they reach some scale, they feel the need for a software.

Growth has been great. We had a really good last quarter. It was our second quarter. We went public in September, so our second public quarter and our first time giving guidance for the year. In particular, we had really – a lot of strength in the ITSM product. Our Freshdesk product is going really as well, in addition. We're also seeing a trend in support that companies are looking for more conversational support mechanisms with their customers. And we're kind of seeing that a while back and brought in our [ph] Fresh messenger (00:03:06) product and kind of have that fully integrated with our customer support solution, which is Freshdesk.

Over 56,000 paying companies around the globe, we are really servicing that long tail of SMB on a global basis. We have a lot of operational efficiencies as well because we do have every single function represented out of India, and the majority of our people are in India, all of our product and engineering, a lot of our go-to-market efforts, as well as a lot of the other functions, to the extent that we even produced cash last year with our growth rate. So that's kind of the background. I've been there for two years, joined up after 10 years at Zuora and it's been a great ride so far.
QUESTION AND ANSWER SECTION

Pat Walravens
Analyst, JMP Securities LLC

Awesome. All right. So, first question, how's business? What would you say?

Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

Yeah. Business is good. I think every software company has these weird compares right now because you're looking at fiscal 2020. For us, calendar and fiscal are the same, so we're kind of maybe going to be the new standard for SaaS, I don't know, which I kind of like because it simplifies things. Fiscal 2020 was—we had a COVID-impacted Q1 to Q2, so fiscal 2021 benefited from a pretty weak compares. And so, if you look at growth rates, with your question is around that, but in general, the business is actually really, really healthy. We thought we did really well in Q4, and we're kind of pretty excited coming into this year and what we see.

Pat Walravens
Analyst, JMP Securities LLC

When was this IPO?

Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

September.

Pat Walravens
Analyst, JMP Securities LLC

No, what was the IPO price?

Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

$36.

Pat Walravens
Analyst, JMP Securities LLC

$36. Crazy time in hindsight, what a crazy, right? You have to do it—I'm sorry, totally gone off script, excuse me. If you had to do it over again, would you have just waited?

Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

No, I don't think so.

Pat Walravens
Analyst, JMP Securities LLC

No. Okay.
Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

So I actually – I've thought a lot about that, like breaking price and things like that. It's awful, right. It's actually from a pride perspective, you don't like that. It can be demoralizing for the employee base, but looking at what happened in the market to everybody is pretty bad. I think we're performing, but we also now have, well over a $1 billion in the bank.

Pat Walravens  
Analyst, JMP Securities LLC

Right.

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

And we're not really burning much capital, right? We said we're going to burn $25 million this year. Last year, we produced a little bit of cash. So I think we have a lot of resources at our disposal to go execute. And we just have to go do that.

Pat Walravens  
Analyst, JMP Securities LLC

So tell us why you took this job two years ago?

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

Yeah. I've been at Zuora for 10 years and it's been an awesome ride. And also, [ph] I'd thought I was (00:05:30) going to take some time off.

Pat Walravens  
Analyst, JMP Securities LLC

Yeah. How'd that working out?

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

Yeah. And I just got introduced to Girish from a friend who said, look, if you are thinking about doing anything, you should look at this. And I've always kind of looked at software companies, and the holy grail of SaaS is to be able to produce software that's incredibly easy to use, incredibly easy to deploy and has a great user experience. And then that holy grail is, if you can stay true with that DNA but add future functionality over time, then you become relevant to a much broader sector of customer, and I feel that's what Freshworks has done, right?

So even now, if you look at our customer base, which we have very large customers and we have over $1 million deals and things like that – or $1 million customers, we don't really close $1 million deals. There's still de minimis professional services on our P&L that's because the products they just work and you just turn them on and they kind of – you can use them, and it's actually how our whole inbound motion works. You've land, you start a trial, that trial lasting anywhere from 21 to 25 days. And at the end of the trial, you can put it on a credit card or buy. To me, that is what SaaS is supposed to be like. And so the difficulty of staying true to that DNA to not allow for product road map hijacking and to keep your products provide the future functionality that an enterprise needs, but keep the simplicity of how you deploy it.
Pat Walravens  
Analyst, JMP Securities LLC

Yeah. That's tricky.

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

Yeah. It's tricky. It is. It's hard.

Pat Walravens  
Analyst, JMP Securities LLC

And I should have asked you ahead of time [ph] to know (00:07:02), but do you have any employees in the Ukraine? Is there anyone who's being impacted by this?

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

We don't. Yeah. I think we have some contractors there that we're trying to look after, yeah.

Pat Walravens  
Analyst, JMP Securities LLC

Yeah. So can we – let's just go through desk, service, sales, right? So for buy-siders, it's like, okay, that's Zendesk, that's ServiceNow and that's Salesforce, but not really, right? So...

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

Yeah. So in desk... 

Pat Walravens  
Analyst, JMP Securities LLC

Yeah. Let's do in desk first.

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

In that mid-market...

Pat Walravens  
Analyst, JMP Securities LLC

Yeah.

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

...kind of, enterprise space, it really is Zendesk and some Service Cloud from Salesforce. At the lower end, there is a lot of smaller players, especially what I said about this kind of new age of communication methods specifically through social media channels, WhatsApp, Apple Business Chat, all these things. And we're seeing some of that, but when we're going after a larger deal, it's going to be Zendesk, and mainly Salesforce, and we're very comfortable competing in that space. I should say for all of our products, we are not like elephant hunting, right?
Pat Walravens  
**Analyst, JMP Securities LLC**

No.

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

That is not our sales motion and we would tend to shy away from those types of big RFP deals. We do want to rely on inbound machine. We do engage. We do have field presence throughout North America and Europe and a little bit in Asia. But that field presence is not your big enterprise rep, living and dying by a deal. It really is still mainly inside sales. It just happens to be NGO. All of our SMB sales are handled out of Chennai.

In ITSM space that has a different competitive dynamic than the Freshdesk area. ITSM, ServiceNow is the gold standard, but they have moved way up, right?

Pat Walravens  
**Analyst, JMP Securities LLC**

Way up. Yeah.

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

They’re playing big enterprise and there’s this whitespace in that mid-market enterprise, smaller enterprise space that I think we are regarded as the top SaaS provider in that area. Atlassian is going to be a competitor as well. They’ve bought a bunch of companies to put together a service offering, and so we’ll see them in smaller deals. And then you have a bunch of legacy like the BMC, Ivanti, Cherwell situation. And then on CRM...

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Pat Walravens  
**Analyst, JMP Securities LLC**

Where would you, obviously, it’s going to vary a lot, but just so – how should people think about where the line is on what an organization is that would be good for ServiceNow versus the area below that you guys...

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

For Freshservice?

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Pat Walravens  
**Analyst, JMP Securities LLC**

...a $1 billion, 500 employees...

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

I don’t think there’s a specific line in terms of the number of employees or revenue because we actually have some very large companies using Freshservice. I think it has more to do with what you want to do. If you want to like highly customizable product that’s going to sit in ecosystem that has a lot of proprietary stuff, you’re probably going to go work with ServiceNow and spend a lot of money doing it implementation and doing that. We’ve actually had customers migrate off of ServiceNow on to us, can show true ROI, get them up and running really fast. They can save a lot of money. They may not get every single bell and whistle that ServiceNow has, but what
we’ve been able to demonstrate is they get everything they need. And then obviously, we continue to innovate and bring out new future functionality there. And so, there is no mark, right? It’s more along the lines of what – we call it, right-sized for the customer.

Pat Walravens
Analyst, JMP Securities LLC

And ballpark, when – you started with desk or with the IT product?

Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

Desk is our first product. Yeah.

Pat Walravens
Analyst, JMP Securities LLC

With desk, right. So, that was when, just a rough ballpark.

Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

It’s about 10 years old.

Pat Walravens
Analyst, JMP Securities LLC

10 years old. And then when did you introduce...

Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

The service came about seven years. I think it’s about seven years old.

Pat Walravens
Analyst, JMP Securities LLC

Okay. And sales is much more recent.

Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

Sales is newer. So, Freshmarketer, Freshsales, we had a marketing and sales product. They are more distinctive products and really realized that the future is going to be about a customer wanting a 360 view of their customers and all the data around it. And so, we actually re-architected both of those products and re-launched it essentially a year ago, a little bit over a year ago. And that’s why we’re not giving out the numbers yet because it is still small. But we do hope that by the end of this year, we could actually start talking about Freshmarketer and Freshsales as what is contributing to the business because we’re starting to see some good early signs there.

That vision, what we call that Customer 360 is built on what we have is a unified customer record, which is in our platform, which is almost like a CDP internally, right? It’s not something we sell. It’s just really what it’s built on, which is going to allow us to be able to have, be able to provide our customers with a lot of data about their customers, but also allow them to ingest data from other systems. And then we have been pretty open about actively working on importing Freshdesk over to that UCR, so that we can take that view from marketing to sales.
to support, and then even to success because we have a Freshsuccess product that we don't really talk about much, but we use it internally. That whole 360 view actually will be very powerful. We see the inverse happening internally as well for employees. And so, we have our Freshservice...

**Pat Walravens**  
**Analyst, JMP Securities LLC**

And you said, you want to import Freshdesk over to...

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

We're going to – we are actively moving Freshdesk onto this UCR vision to allow for a more – it's not an integration, it's a cohesive kind of view of your customer...

**Pat Walravens**  
**Analyst, JMP Securities LLC**

Right.

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

...on shared data.

**Pat Walravens**  
**Analyst, JMP Securities LLC**

Yeah. That would make sense, right? So...

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

It just [ph] we’ve been pretty open (00:12:15) that takes time. We’ve been – it's not going to happen overnight, so we're taking pieces and doing it over time, so that we can show value to our customers and it's going well.

**Pat Walravens**  
**Analyst, JMP Securities LLC**

So, there you're competing against Salesforce?

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

In that space, probably going to see HubSpot more than anything. So, we see, HubSpot...

**Pat Walravens**  
**Analyst, JMP Securities LLC**

Okay.
Freshworks, Inc. (FRSH)  
JMP Securities Technology Conference  
07-Mar-2022

...in that area and HubSpot starts with marketing, right? What we're seeing is that if a customer is thinking on the support side as well, because we do have the products integrated now, it's just not on the same UCR that they would see more value in our product than in HubSpot's.

Pat Walravens  
Analyst, JMP Securities LLC

So, if – all right, so, say that again. So, HubSpot comes more from the marketing...

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

Correct. They started that marketing journey and they've kind of moved down, and we're kind of started with support and we've kind of moved up.

Pat Walravens  
Analyst, JMP Securities LLC

Yeah.

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

If you think about it that way.

Pat Walravens  
Analyst, JMP Securities LLC

And so – give us an example, like what would be a company where you think you would be a better fit than HubSpot or what would be a situation where you'd be in...

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

I think there's going to be a big opportunity in kind of this high volume B2C businesses, that really want to have, number one, messaging capabilities with their customers. And that's how they're engaging with them as they're putting in orders and things like that. But also want to be able to track from that social media aspect or that kind of inbound where those leads are coming from.

Pat Walravens  
Analyst, JMP Securities LLC

Yeah.

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

And then being able to see if they actually have a high recurring business aspect to it, being able to combine that sales information from previous sales along with this current support information on how that customer is doing.

Pat Walravens  
Analyst, JMP Securities LLC

Yeah. All right. Cool. I have some more things I want to ask, but I want to give our audience a chance to ask any questions they might have.
Can you talk a bit more about your, kind of, programmers or your Indian operations and whether – how that structure works, I mean involved, [ph] who are all involved, who is paying the costs that (00:14:17) having hard time with the US company and the development all happens offshore.

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

Yeah. So we’re technically a US company, but we really were founded out of India, right? So you consider the [ph] heartbeats (00:14:29) down there, we have over 4,000 people in India, mainly in Chennai, and I think we’re regarded. We are the first SaaS company to go public in India in the US ever. And so I do think we are considered kind of a gold standard of a place to work down there as well as what we've built down there.

I think if you look at it, highly technical talent. As our CEO likes to say, like everybody in India goes to school to become a computer science major and then they decide what they’re going to do afterwards. And I think we have kind of the opportunity and we have been doing that to hire some of the best down there. And I don't think it's any different than if you're going to be a Silicon Valley company hiring up folks. It's just that that talent is just a lot more efficient in terms of how much it costs us, right? And now we have this capability to bring on a lot of people internally.

So our product organizations and our engineering organizations are essentially all in India. We have a little bit of folks here but not much. Does that answer your question?

It doesn't help me with US customers and non-US developers. I mean, I need to say, what did they know about our businesses from a cultural standpoint, from a go-to-market standpoint. And so, that's the piece of it that the integration with a US business.

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

I don't think that's been a challenge for us. I mean, we've got – 40% of our business is coming from North America. In terms of our capability to build, right, we are a global company. We've been selling internationally forever. Development is in India, but it's not like they're cutoff from being able to understand what a US company needs versus a European company or an Asian company. It's really about the future functionality that any company would need to be able to grow and I think we've been pretty successful in building that.

The challenge is more come on localization and nuances as you go into different regions. We've been able to solve a lot of that from having the talent in India, but also building out a customer success group that's kind of has presence around the globe now. As I said, we have – we do have hundreds of people in the US, hundreds of people in Europe, and there's feedback loops internally that would help us be competitive in any region that we're in.
You mentioned desk is a [indiscernible] (00:17:07) enterprise to 250 and 5,000 employees, I guess are there any challenges to [indiscernible] (00:17:16)

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

Yeah. It’s actually that mid-market is 250 to 5,000 employees and enterprise is technically greater than 5,000 employees for us. And for desk, desk is actually — has our largest customers. So those over $1 million customers tend to be desk customers, and they tend to be large B2C organizations that have very high agent populations. So within a company of disproportionate amount of support agents that they would be needing to engage with their customers.

You talked about a few public companies as comps but on the private side [indiscernible] (00:17:52)

Pat Walravens  
Analyst, JMP Securities LLC

We need to be repeating the questions.

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

Oh, okay.

Pat Walravens  
Analyst, JMP Securities LLC

Sorry, we're a little out of practice, because we haven't been up here for a while.

[indiscernible] (00:18:02) So could you talk a little bit about what's out there privately, and then also, in terms of growth, is M&A part of the equation or not?

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

Yeah. So the question is, can I talk about the non-public company competitors that we have, right? And then, is M&A part of our strategy?

There's a litany of competitors that are smaller competitors out there, and they tend to be more geographic-based. And then there's guys like customer that Facebook bought or Pipedrive and things like these guys like in CRM. In the desk side, there's a lot of companies that are focused purely on messaging and conversational messaging, and then, bots as well. And so, we look at all that and realize that we have to have all of that internally. And so, we've built a lot of those capabilities.

M&A, we kind of look at it, and we have, had M&A activity, but I wouldn't call it as acquisitive. But we do look at it – if we could accelerate our road map feature or bring in a great team. That's – we will absolutely look at it. But
that's how we've tended to look at it in the past, not as much about revenue acquisition, but about future functionality or innovation or acceleration.

**Pat Walravens**  
Analyst, JMP Securities LLC

*Q*  
When do your comps start getting easier?

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

*A*  
I think Q1 and Q2. So...

**Pat Walravens**  
Analyst, JMP Securities LLC

*Q*  
Those are tough, right? Yeah.

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

*A*  
I don't really need to repeat that question, right?

**Pat Walravens**  
Analyst, JMP Securities LLC

*Q*  
Yeah.

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

*A*  
Q1 and Q2 are still going to be tough comp quarters as we kind of sunset over the Q1 and Q2 of last year, which is benefiting from pretty weak 2020's. And I'm actually pretty excited to get through that so that we can just talk about normalized run rates on growth...

**Pat Walravens**  
Analyst, JMP Securities LLC

*Q*  
Yeah.

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

*A*  
...and that dollar retention, all those kind of stuff.

**Pat Walravens**  
Analyst, JMP Securities LLC

*Q*  
Yeah. All right. And margins – so I'm just looking at my model here. So last year, your operating margin was negative 5%. I've got it modeled negative 10% in 2022. I get that – is that the right ballpark?

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

*A*  
I think so. Yeah.
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JMP Securities Technology Conference
Corrected Transcript
07-Mar-2022

Pat Walravens
Analyst, JMP Securities LLC

Yeah. So...

Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

Gross margin is 80% to 83%. I think we're 83% in Q4.

Pat Walravens
Analyst, JMP Securities LLC

Yeah. Let's do the operating first. How did you guys think about what you're going to do with your profitability for this year? Because basically, stocks that kept their profitability performed better than stocks that lowered that.

Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

Yeah. I do think kind of cash flow profitability before operating margin profitability.

Pat Walravens
Analyst, JMP Securities LLC

Sure. Yeah.

Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

And last year, we did produce some cash. This year we said, hey, we're going to burn a little bit. I said $25 million, and then there's some nuances on the timing of that because it's going to be kind of [ph] 5, 15, 5 (00:20:39) and then we'll be profitable in Q4 and then we expect to be profitable going forward. A lot of that modeled out was due to being a public company and the costs we're incurring, as well as we expect travel and rents and things like that to come back. But we've had – us just like everybody else has got the benefit for the last two years of not having to absorb those costs.

Pat Walravens
Analyst, JMP Securities LLC

Yeah.

Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

That being said, we are investing in especially our go-to-market engines, and we'll continue to do so. And we would update that number if we plan to even spend more because we thought we could do it efficiently. We do try to run a subscription model internally that we kind of look at levels of spend specifically across G&A and R&D and tag those to subscription revenue or ARR goals.

Pat Walravens
Analyst, JMP Securities LLC

Yeah.
Tyler Renwick Sloat  
*Chief Financial Officer, Freshworks, Inc.*  
And then really spend as we hit those goals. So we never want to get in front of our skis. The areas in any business small like ours, where you have to make investments is in go-to-market where you have to invest ahead of the curve, you have to build pipeline, you have to build field capacity, if you have reps out there. And you need to do it before they're going to be productive. And so those seem we looked and we have a bunch of measurement systems internally to see if we're hitting those efficiency marks and whether we should pause and digest, lean in more or make other changes. So that's how we thought about it coming into the year which I think is...  

Pat Walravens  
*Analyst, JMP Securities LLC*  
And how much of it was inflation and you have to pay people more?  

Tyler Renwick Sloat  
*Chief Financial Officer, Freshworks, Inc.*  
That is a component, so when you're going through that, and yeah inflation is real, and especially salaries, and then the competitive, the great resignation, I think is a real thing. And we're, it's not like we were immune to that.  

Pat Walravens  
*Analyst, JMP Securities LLC*  
Yeah.  

Tyler Renwick Sloat  
*Chief Financial Officer, Freshworks, Inc.*  
And so you have to look at that, and then, internally, if you have a go on spend, decide how you're going to use that spend, is it going to be there to put it into your current employee base or you're going to put it to new employees, right? And so those are the tradeoffs.  

Pat Walravens  
*Analyst, JMP Securities LLC*  
What did you do?  

Tyler Renwick Sloat  
*Chief Financial Officer, Freshworks, Inc.*  
A mix. And we're still hiring a ton of people this year, and we hired a lot of people last year. But we also want to be competitive in the market. And so that means we've got to give appropriate raises.  

Pat Walravens  
*Analyst, JMP Securities LLC*  
[ph] well, like in every wizard (00:22:48) where you just like listen, [ph] well, there's going to be a (00:22:51) 10% inflation, we're just going to raise everyone's base by 10%. Was there some of that?  

Tyler Renwick Sloat  
*Chief Financial Officer, Freshworks, Inc.*
We don’t really look at inflation. We looked at a lot of market data and I actually think raises were higher than inflation, quite frankly. And there are also geographic base, right? India’s a pretty competitive market and as already mentioned, I think we’re one of the top places to go get people from.

And so we’ve got to protect our people there. And so we looked at it, we looked at market data and then unfortunately, the market data is getting behind really quick. And so you have to look at anecdotes and what’s happening in market as well. I do think it’s going to turn. I think that now the market has corrected. I think private companies, there’s a longer tail for corrections.

Pat Walravens
Analyst, JMP Securities LLC

They haven't gotten the memo yet. It's the craziest thing.

Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

I think the VCs I talked to have, it just takes a while for it to trickle through, right, that there's...

Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

Yeah. How recent are those conversations?

Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

Last month.

Pat Walravens
Analyst, JMP Securities LLC

Yeah.

Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

I mean, a lot of terms sheets are being pulled. And...

Pat Walravens
Analyst, JMP Securities LLC

Oh, they are.

Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

I think so.

Pat Walravens
Analyst, JMP Securities LLC

Okay. I was wondering.
Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

But it just takes time, I think. And then when that happens, then you're already starting to hear reports are on boomerangs and people coming back and things like that because the grass is always greener, right?

Pat Walravens  
Analyst, JMP Securities LLC

[ph] Hey, let me tell you the story of the Fresh Group. (00:23:25) So, my prior employer before JMP was a large global investment bank, and they were having trouble keeping their analysts, right? And so they hired one of the world's leading consulting firms and consulting firm came in and said this generation is different. You've got to treat them differently. And so one of the recommendations was fresh fruit baskets [ph] in every office (00:24:18) in the morning. And so we also had to take them to Hawaii, and you couldn't work them past midnight, right? And so – and then one day I came in, and I want some fruits, so I went to the kitchen to get, no fruit, and I asked our chief admin officer, what happened to the fruit? And she goes, oh, [indiscernible] (00:24:40) no more fruit. And so they'd had one deal which didn't price the day before, and the guy who ran the whole thing was like, that's the beginning of the end.

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

No fruit for you.

Pat Walravens  
Analyst, JMP Securities LLC

And he pulled all the fruit baskets, and they all came back. They all came back. Yeah.

Pat Walravens  
Analyst, JMP Securities LLC

All right. Well, thanks so much for having us.

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

Awesome. It's great.

Pat Walravens  
Analyst, JMP Securities LLC

It's great to have Freshworks as part of our back in person.

Tyler Renwick Sloat  
Chief Financial Officer, Freshworks, Inc.

Thanks for having us. This is fun.

Pat Walravens  
Analyst, JMP Securities LLC

Yeah. Thank you.
Tyler Renwick Sloat
Chief Financial Officer, Freshworks, Inc.

Thanks, Pat.