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Freshworks, Inc. (FRSH)

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MANAGEMENT DISCUSSION SECTION

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

Greetings. I want to welcome everyone who's dialed in to the Oppenheimer's 27th Annual Technology, Internet, Communications Conference. I'm thrilled for this session to have a discussion with Freshworks, ticker FRSH. And we have with us as our speaker a long time CFO in the software industry, as well as at Freshworks, Mr. Tyler Sloat.

So, Tyler, how are you? Great to see you.

Tyler Renwick Sloat

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

I'm good.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

Thanks for your time today.

Tyler Renwick Sloat

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

I'm good. Brian, thanks for having me. We've been doing this together for a long time, so this is good to have another year.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

We have. Tyler, let's, if we can maybe just start the discussion off from a 20,000 feet level. We may have some listeners on this call that aren't as familiar with the company as I am and you are with Freshworks. So, help level set the discussion, share with us what Freshworks does, background, and most importantly, the problems that the company is solving for your customers.

Tyler Renwick Sloat

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

Sure. So, Freshworks, we were founded in 2010 really as a customer helpdesk solution company. And originally, the company's name was Freshdesk, and that was our first product, customer support solutions. Really, approaching support in a different way, knowing that at that time, the whole world was moving to more omnichannel digital interactions with your customer base.

Today, we've evolved over time. We're a truly multiproduct company. And really, the goal is to build AI-powered software designed to make IT, customer support and sales and marketing kind of easier for our customers. Our growth now is coming from IT, which is our Freshservice product, which is just really incredible traction. That product kind of evolved out of our Freshdesk solution, meaning that a couple of years into selling Freshdesk, we saw a lot of our customers using Freshdesk internally for IT ticketing. And although that's great, we also knew those customers needed a purpose built solution for IT. And so, we built it from the ground up using some of the same ticketing workflow capabilities that we already knew and we're experts in at that time, but building all of the other capabilities into what we consider our IT offering, which is into Freshservice.

And that now is, really, regarded as a number one SaaS alternative underneath ServiceNow, in terms of what companies we're going after in the market and we're absolutely leaning into that to continue growth. At the same time, Freshdesk and our Freshsales and Freshmarketer products, which we consider our CX products really serving a big need for mainly the SMB, the low-mid-market customer base globally, and we're going to continue to lean in to capturing that market as well, even though that market is a little bit more pressured in terms of what's happened to SMB over time and happened to kind of just companies expanding in those spaces.

Along with kind of focusing on IT and really focusing on the ICP for our CX products, the other thing that we're very focused on is building our AI capabilities across all of our products. And we highlighted in our call that we've seen really good traction with our Freddy Copilot product, which is kind of an agent add-on across both IT and CX. It's only been in kind of selling and GA for a quarter and a half now, but we've put a bunch of stats out there and really starting to see really good traction on that. And then also on Freddy Self Service, which is not sold per se, but it's going to be utilized through usage of bots and we're starting to see good traction on customers starting to use our self-service. So, that's where we're focused today. We're a company that we're growing across all of our product lines, but as said, IT is doing really, really well. I mean, it's still a 30-plus percent grower.

And we're very, very global, where that unlike a lot of kind of Bay Area SaaS companies because we're founded out of India and really took a global approach from the very beginning, we have 40% of our business come from North America, 40% from Europe and 20% from rest of world, which to me kind of presents a huge opportunity both to lean into areas that we may not be as saturated, but also to look at the expertise that we've had on attacking kind of these global markets, specifically global SMB markets, and use that as a competitive advantage for us.

So, that's where we're at today, doing very well financially, actually have flipped the free cash flow positive and doing that sustainably now. And just did our first real acquisition in four years, doubling down on our IT kind of strategy. So, that's a summary, Brian, in a nutshell.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

That's terrific, Tyler. I think it was a great overview and we'll dive deeper into a lot of those topics.

I forgot to mention if anyone has a question to Tyler, feel free to just type it into the chat and I'll gather them and I'll be sure to ask Tyler.

QUESTION AND ANSWER SECTION

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

Q

Tyler, maybe still sitting at a high level view here, talk to us about the moats, the durability of the business. Explain why Freshworks is winning in the market and the differentiation and ultimately the moat for the business.

Tyler Renwick Sloat

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

A

Yeah, I can talk a little bit around the moat, but also why I joined 4.5 years ago. There are a lot of software companies and seen a lot of software companies. I think it's incredibly difficult to build software what I would consider the right way, specifically SaaS software that is incredibly easy to use, incredibly easy to onboard and efficient from a cost perspective. When you look at that, it's like that's designing software for the SMB. And then if you stay true to those first two characteristics, which is incredibly easy to use for the end user and incredibly easy to onboard and get to that usage, but you add feature functionality over time, you then become relevant to kind of mid-market and enterprise and you start [indiscernible] (00:06:32). That's what's happened with Freshworks that we focused on building for the SMB first with a DNA of ease of use and then over time have added feature functionality. That's why you see across our product lines, we have this long tail of SMB that we're capturing every single day on complete inbound [ph] POG (00:06:52) motions, but at the same time selling the same exact products up to customers that are paying us \$1 million a year. And it's very, very difficult for companies to start by building for the enterprise and then try to move down. But if you do the opposite, it is actually a huge competitive advantage. The competitive advantage is because you can go in and demonstrate a low total cost of ownership for your customer base, which equates to a high ROI and really show them a product that's going to meet all their needs, but also be really incredibly efficient from a cost perspective for them. And that is our strategy, right? Build great software with great value and that we've taken that approach across all of our product lines.

At the same time, being able to do things because of our competitive advantage on our access to really highly technical talent out of India that innovate really, really fast, but also stay ahead of the curve on things like AI where that, you see companies are scrambling where, we've had AI for years and we've had our Freddy product for years and years and years. Now, it's obviously been supercharged with all of our models, but it's things that we have already seen and been able to invest in. And so, we're not necessarily playing catch up. We're really trying to stay ahead of the curve. And that is our moat right and we're going to continue to do that focus on building great software at great value, making it really easy for our customers to use that software and see the value for what they're paying us.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

Q

Sure fact. Let's run through some of the segments of the business here. So, let's start with Freshservice in the IT. You hit upon it on your intro. It's grown more than 30%. And this is not a small business. Right? It's \$0.25 billion already or around there.

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

A

Well, more. So, on our last call, we says over \$340 million in ARR growing at that pace. And that does not include any of the figures with Device42, which is the company that we just bought.

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

Q

So, tell us like, why is this happening? I cover the software landscape. Very few, I mean, I can probably count on my hands how many businesses are growing 30% plus in the current macro environment. And this is obviously at a large scale that you're able to do it. So, why is that business so strong? Why are the demand trends so favorable and the execution with Freshservice? Let's dig a little bit under the covers. What's helping to drive the momentum of that business?

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

A

Yeah. Yeah. I think first and foremost, it's a testament to the product itself, which is got great reviews by, on one side, obviously the analyst community and folks like that, not the industry analysts, not the investment analysts, but also our customer base. Right? So we've talked about greater than 110% net dollar retention there, talked in the past about what I would consider enterprise grade churn rates. So gross retention rate of less than 10%. Really competitively positioned very well, meaning that we are very much focused on that mid-market, low enterprise space.

We are seeing ServiceNow more and more and more as we get pulled into larger deals, but really going to head to head with a lot of legacy stuff that I think these companies, whether it's BMC Remedy [indiscernible] (00:10:37) folks like that that have been historically on-premise and now starting to go to cloud migrations, which is great opportunity for us, or going against companies like Atlassian with their JSM product, which is really focused more on engineering based organizations, is where they see positive results.

Our product, we built with the same mindset that we use for all of our products, right? Great ticketing capabilities, which we already knew. But for IT, you need much more than that and really focus on, okay, how can we get into the VP of IT or the CIO, get them up and running with a great product that they can use really, really well, but also see immediate value and then over time deploy across other functions within the organization, but other IT applications. And that's what we've done.

And even with the products that I would say are less mature in that EX category, like for us, we have ESM, which is any kind of employee service manager, now selling into HR and finance and legal organizations within companies, companies' functions that need workflows and ticketing that really they don't need a full blown IT solution, but they need purpose built workflows. Even where I would say our products there still need work in terms of the workflows that we need to customize and build for those functions, it's already getting great traction from customers because it's better than a lot of the things that are out there. And what we know is that as we accelerate those roadmaps, it's just going to get better and better for us in terms of our capability to engage with our customer base.

We also knew that from an enterprise perspective, we had some areas of the product that were not as competitive with, say, ServiceNow. One of them specifically was ITAM, where we had a very light kind of ITAM solution that we built internally. We could have continued to build it and got to what would have been enterprise grade over time. But, we looked out in the market and saw that Device42 who we had partnered with already for over a year

that we knew was going to help meet the need for a larger enterprise organization. That's why we brought them on board and acquired Device42, really to meet that larger enterprise need, which just makes us more and more competitive as we go talk to that 10,000 to 20,000 person organization.

These are all attributes of why Freshservice is doing really, really well, built with the same DNA as like can we get up and running within a company, a very limited implementation. We're talking kind of quarters of getting live for a large organization as opposed to what ServiceNow would measure sometimes in years and then give that company all the feature functionality that they need, but also once live, a product that doesn't need an army of administrators internally to use, to actually keep up and running internally. And that's what we're seeing that our customers are seeing the most value, right. The products that do everything they need without the headaches of having to keep them up and running.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.



Great. Tyler, you mentioned about device for detail as part of the IT suite here. So for our listeners who are unfamiliar with this, Tyler mentioned ITAM, which is IT asset management. So just think about you're a big company and having to manage your licenses and your software and technology manager, compliance and governance, et cetera, it's a big problem in IT department that Device42 help solve. But the question I wanted to ask you about is acquisitions. How should we think about the company Freshworks being able to achieve the synergies, the growth synergies, if there's cost synergies. Maybe you can talk a little bit about bringing the two companies together and how does one plus one make four versus, typically one plus one make one.

Tyler Renwick Sloat

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



Yeah, I can say so, Device42, we already knew the product because we had been reselling it to customers who had that more sophisticated ITAM need. And we've been doing that for over a year. And so we already knew that the products work together and that they could be synergistic in a way that our customers can use it. That being said, it still doesn't have the tight integration that we require for our customers to have a great experience. So that's the first roadmap item that it's being worked on right now is to deeply integrate the products to make both the agent and the admin experience really, really seamless for our customers. So that's the first thing.

The second is Device42 is a term license product today. So, they really are very non-technical description. A customer would deploy out kind of like a control hub in their own environment. And then there's a thin client out on all of the asset set that's being managed. Our goal, the second main roadmap item along with the overall roadmap items is to really "cloudify" the product, right? Bring that control back to the cloud, be able to put it into an AWS and multi-tenant environment the same way we have our Freshservice and be able to really sell it as a true cloud offering. And so those are two main things that we're working on right now that will take – we said the first one is kind of Q1 in terms of the deep integrations. The second is at the end of next year.

Now, what is the value prop for us when we looked at the deal, I think that was part of your question, right? Because it really wasn't about the revenue that Device42 was having. So we've got questions on multiple and we kind of gave what the impact to our guidance was and things like that. We actually think there's going to be short-term disruption on much of the Device42 revenue. A lot of that is because, they were selling through other partners. Well, they are selling mainly through partners, but some of our competitors who are also using Device42. And we think some of that will go away, which is natural. And we also just think there's going to be some disruption as we go through integration.

But the real value prop is looking at our 17,000 customers that we have for Freshservice and looking at the subset of those customers that really could see value in having Device42 – the ITAM capabilities that we're going to have going forward. And really, number one, using this as an upsell motion across our customer base. And then number two, as we go forward and compete in larger and larger organizations, which is already starting to happen, making our offering that much more competitive. And that's really the thesis around why do the deal was really about the go forward, not about the immediate incremental.

From a cost perspective, we said, hey, we expect it to be relatively neutral and there clearly is going to be a little bit of a cost burden we're bringing down. But they were being run relatively breakeven which isn't going to be bad, mean that they also weren't investing a ton in their go-to-market motions because they're being required to mark break even. And as a small company, that's hard. And so, our thesis is as soon as we put it this into our go-to-market machine, we'll be able to accelerate growth going forward.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.



Terrific. Tyler, let's switch topics here and talk about AI [indiscernible] (00:18:12) AI that tends to be – get a lot of questions, too. Freshworks is very unique, I would say in the software landscape that you're very early in terms of coming to market with SKUs, not just AI technologies, but actually monetizing on the top line with AI. So, maybe we'll just start there, just say as the overview talk to us a little bit about Freddy AI, about Copilot and your AI products and how the uptake has been so far compared to your expectations and maybe if you can throw in there like a use case just to give a better understanding of what these products are helping to solve the efficiency gains.

Tyler Renwick Sloat

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



So we have two main AI products that are live and being sold today. And I should tell the audience, Freddy, which is our moniker for our AI internally, has been around for years, much, earlier than when OpenAI announced ChatGPT in March of a year ago on that.

And so, when we actually look at what we did is we said, okay, we're going to take our products, which we've had, but we now need to supersize them for make sure that we can utilize all of the other models that are out there, or not all of them, but utilize our own models and actually provide great products to our customer base. So, the two products that we announced and that are now live are Freddy Copilot and Freddy Self Service.

So, let me talk about Copilot. Copilot is across both our CX products and our IT products. And it really is it's an add on to an agent that provides a lot more capabilities of AI for that agent. It has been live since the middle life to sell since the middle of Q1. So, this quarter, so we had a quarter and a half of selling this product and the initial results actually are quite positive and so for us, in terms of what our expectations were. Number one, we had 1,200 paying customers now that about a Copilot across CX and IT. And that 1,200, the ARPU, it's a \$29 add-on price is actually, we've been realizing pretty good numbers against the [indiscernible] (00:20:30) we haven't put out exactly what our numbers are because they're not super mature yet, but you can imagine 1,200 customers that have taken.

We're also seeing a 40% attach rate on our larger deals. So, deals over \$30,000 have a 40% tax rate per Copilot. And so these are all good signs so far of customers actually seeing the value of Copilot and then choosing to buy it as they are engaging. Now, it's important to note that customers can beta the product as well first, right. And so they can use it in kind of pilot mode or Copilot mode, pilot mode for a Copilot, and actually, choose to buy once they see the value. And that's what we really want to demonstrate. I think there's – or 70 use cases for Copilot today and that's just continuing to grow as we keep adding feature functionality to that product and allowing

customers to see, hey, for an agent with Copilot, how much more productive they can be with an agent without Copilot and really ending with a better end customer experience for our customers' customers, that's why it's going to determine and be deterministic of what they be willing to pay.

So what are some of the use cases that you asked for? Right? So like Summarizer is a great use case where, there could be tickets both on internal IT but also for CX coming in from all kinds of different channels whether internally could be Slack and teams as well as email and things like that where for CX it could be, chat, WhatsApp, Apple business chat, other types of SMS all the way to calling, all the way to email. Tickets coming in for the same customer and issues coming in, oftentimes going even over shifts of support folks. And then when escalations happen, oftentimes an agent has to spend a lot of time looking at all the summary of the tickets from that one customer, summarizing it up to do that escalation well with protocol that they can just push the Summarizer button and Freddy will go in and actually summarize all the tickets and create that escalation.

The simplest ones are things like thank you detector where, tickets get resolved and then another ticket will come in from that customer where the agent already thought they resolved. That takes them time to go open that up again. See if there's another issue where oftentimes it's just the customer saying thank you. And so the ticket really is still resolved, but the agent won't have to spend a lot of their time to actually figure out that that's not another thing coming in there. First best response is another use case where, tickets come in and the agent can actually or that Freddy can look at that ticket and then recommend that first best response. And they can even push a tone enhancer button that actually can, if they wrote the response themselves, change the tone. These are all use cases that are going to continue to evolve, but they are use cases that we're building based on our customers' feedback. Okay?

Freddy Self Service, we've said we have 900 customers who are using Freddy Self Service. Now what that means is we have 900 customers who have purchased additional bought sessions. So we don't sell Freddy Self Service as a product. What we sell is our chat products that are built into customer service suite and to our Freshdesk product, was Freshchat. And in using chat we monetized that through usage and those are bot sessions. And so, now as Freddy Self Service continues to evolve, the usage of those bots will continue to evolve and then customers will have to buy additional bot sessions. And that's still pretty early. And in fact, it's still going to be early, I think, until we come up, until we release, which is in beta today, what we call flow response, which is a capability for our customers to not have to go in and build the bots themselves. That actually that can be an AI bot builder internally and that's really going to serve the needs of that, especially the non-technical longer tail SMB customers that don't have these capabilities internally. And so that's in beta today. And once that's released, we expect there to be traction.

But in general, the results are really good so far in terms of what we're seeing. Now, we just have to continue to play it out. I think the biggest role we have is adoption, really making sure that our customers know how to use these products, that they are trained, that we can get their agents trained up on the capabilities. And then once they see the value, then being able to participate any efficiencies that they're seeing through modernization. And so, that's a summary of our AI products as it is today.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.



That's terrific. Tyler, I have a question, like news. Just the brand Freddy, where did that come from? Is G or the company, they're big Queen fans or something [indiscernible] (00:25:23)?

Tyler Renwick Sloat

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



No, no, no. I mean, it is from G thinking about it. But the reality is, it was the – and the little moniker is like a picture of a little dog's face, and it's like who is – who is the person's best friend? And that's their little dog. And so Freddy is like a dog's name that is supposed to be your best friend as an agent to help you do your job better.

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

Q

Great.

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

A

Yeah. There's a lot of debate internally about that, Brian.

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

Q

Tyler, let me ask you about just to get your perspective, maybe some of the pushback just on AI. If I think about generative AI, the excitement, it seems to swing back and forth with software, but even though we're so early in evolution for generative AI. But I want to ask you where you stand with this question that I get from investors all the time, that generative AI will be so good that it will just be the end of service agents. We won't need agents anymore at the software, generative AI software will just do everything. To me it seems a little farfetched, but curious to get your views and maybe the thinking on the other side that generative AI actually creates category growth, not category compression. So, a high-level question here, but certainly a topic of debate among software investors is that...

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

A

Yeah. I think it is a debate. I think the debate is how fast is that going to happen to even if you believe that it is going to happen. Do I personally believe there's going to be disruption across agent based models from AI, absolutely. And I think just like any other software product that if you look at software from 20 years ago versus software from today, it's completely different from what you get in your software capabilities. And let's just say not from today, from two years ago, before you had all of that.

And so, I think the first thing is that I do believe that if you are selling solutions that are for support or internal IT or any type of agent based model where there's functionality that's going on that if you don't have AI built in to your solutions, it's not going to be competitive and it's going to be almost table stakes at one point.

And so the question is, okay, does it really remove all of the human need? I totally doubt that. At the end of the day, there's just things that happen that will require human intervention through escalation or whatnot. Can you actually get products like our Freddy Self Service product that actually can do, issue resolution without human intervention for a majority or a lot of the issues that are coming in. Yeah, I think that's going to evolve over time. A lot of it has to do with the amount of data internally that a customer has because each customer is not a complete snowflake, but that they are all different and even self-service, one of the – the bigger challenge is pointing to the data internally that that customer has. It could be their knowledge base or all their support oracles and everything else and how they're actually going to – and AI model is going to learn from all of that previous data and then be able to turn around and answer questions based off of that. And that is going to be a work in progress both for customers as well as for the software solutions to make it easier for them.

And so we kind of know some of the problems that are in front of us. And now it's really how do you go build to meet those problems? But I think it's going to take some time. What I do think is that if it's table stakes for customers or for companies, for building software, that over time, stuff like this becomes a little bit commoditized and you've got to produce – show a ton of value for your customers. But what we have seen through the evolution of all these markers that there will be capabilities to monetize, even if, yeah, you're making it much more efficient and that customers will be willing to pay if you're providing value to them. So I think what's going to evolve the most is the pricing and packaging for these products. And you're starting to see some companies going to pure usage based models, right? And say, okay, for agents, we're going to maybe eliminate the need to even buy an agent, and it's going to be pure usage.

I think that could be a path that starts to go down. But what I do know is that, companies, specifically customers, they don't like unpredictability. And you tend to see pure usage based models disappear over time to be replaced with something that is a combination of predictability with usage. And I think that'll happen too. So all of these things will go through an evolution. And we will essentially end at a point that meets the needs of both the company providing the software as well as the customers that they're selling to.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.



The last question I just wanted to ask you on AI, I think that is topical is what the – and maybe it's just anecdotal, but there's not enough data yet, but what companies are doing with their head count, how they're reallocating the productivity gains that they're achieving from your AI products. So, do you have any insights today on whether your customers are slowing hiring or are you going to reducing head count with the productivity gains realized? Or on the flip side, are they reallocating that time to their agents to do other functions and tasks within the business? Curious to get your perspective.

Tyler Renwick Sloat

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



Yeah. Yeah. I mean, I think we will take it, the question in a bunch of different, let me start by saying we don't have any evidence of our customers actually reducing agent counts yet because of AI. Now, would new customers be buying more agents that, now they're buying a set of agents where we have Copilot on. Would they have been buying more to start, if we didn't have this Copilot, we don't actually know the answer to that, right, because they're starting with a new deal. But on our existing customers, we don't have any evidence yet of customers downgrading agent counts and adding Copilot. Over time, potentially, that could happen. But the whole way we've looked at pricing Copilot should offset any of that downgrade. And again, we'll have to continue to evolve this.

I think when you take away, not Freshworks, but any company and then as a CFO, I think what you're seeing across the entire corporate landscape and kind of CFOs mandate right now is, we need to be looking at automation across all of our functions, but also AI and looking at how we can optimize to run our businesses and not hire as many people, right, if necessary, specifically probably on lower end roles that can sometimes be replaced with automation and removing manual work. And I think that's just the theme that's going to continue in general. And so it might change over time the landscape of your employee base, and you can look at it both ways. Or you could hire less skilled folks who are now going to be empowered to do higher function jobs because they're AI enabled or, replacing a lot of the lower skilled work 100% with AI, as you mentioned earlier, Brian.

I think this is all going to be an evolution. But what I do know is that my peers, the ones I talk to, are very focused right now on trying to drive both automation and AI capabilities internally on how to actually become more efficient as organizations.

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

Tyler, last question to ask you is just on the leadership, because there's been some changes with the leadership team. And so just to recap for our listeners, G, who was the founder of the company, he was the former CEO, former partner with Tyler, he's moved up to the Chairman role, Dennis Woodside, the former President has taken over as CEO. You also put out a press release. You appointed a new European sales leader last month, too. So, maybe two questions. One question would be, maybe what's the genesis behind these changes? Maybe it's just the scale of the business and from that. And then maybe the other question is, should we expect new initiatives or changes from these new leaders to be more incremental or more material for the business here in the new year?

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

Yeah. Yeah. So let me talk about G and Dennis first and kind of like the CEO transition. We brought on Dennis two years ago, right? And I think what folks don't quite understand is that he was brought as President, but the entire management team actually reported to both G and Dennis, and they were really side by side. So he didn't have the co-CEO title there, but he really was right next to G from a leadership perspective and helping to really reshape and run the business. Part of thing was like making a lot of go-to-market changes over the time this year where a lot of those changes kind of came into fruition at the end of last year. And so, I mean that what we really realize is that we have two different businesses. We've got a Freshservice business that is really focused on outbound and field and really serving the needs of kind of this mid-market low enterprise customer base. And we have our CX products that are really more inbound, focusing on SMB, the low mid-market. Some of them are definitely enterprise businesses with our customer support solution, but really focused on that. And there are two different go to market motions.

So we actually restructured much of the organization. We appointed Mika Chief Customer and Marketing Officer, and she owns all of inbound and we hired Abe as our Chief Field Officer, [indiscernible] (00:35:37). Abe just started in the middle of Q1. Mika was put in this role at the beginning of the year and it's really saying, okay, they're both product nuances but also go-to-market nuances and all of that. Abe obviously comes in and really focused on, hey, if we're going to go – if we have earned the right to go participate with large organizations on the enterprise, we need to build a more sophisticated enterprise sales motion. And it's really about making sure we have the right people in the right places. And like any leader, he's going to look at his entire team.

So now we do have a new head of Europe. We have a new head of partnerships. We have a new head of professional services and other leaders that he has brought on over the last, let's call it, 60 to 90 days that all take a little bit of time to kind of shape their organizations. But it's all with the goal of driving in a lot of maturity into that sales process. Same thing on the inbound, really focusing on how do you make it much easier for smaller and mid-market customers to buy our products, focus much more on [ph] POG (00:36:39) motions and really on the ICPs. And that's what Mika is very, very focused on. It will take a little bit of time for everybody to settle in and to build their own orgs and to do this. But that is the strategy and we've been pretty open about it.

And so that – once that motion was like the pieces were starting to put in place, that's where I think G and Dennis got together and G said, look, I really want to focus on product and specifically AI and our CX stuff, but really make sure we're doing what I really enjoy doing. And that's where he became Executive Chairman and appointed Dennis as CEO. And there's going to be, I'm sure, subtle nuances on making sure we have the right people in the right places. But we've been pretty open about the strategy going forward and making sure that we have the right people to go execute against that strategy as we evolve into a \$1 billion plus organization.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

It won't be many years from now until you are over a \$1 billion organization. And Tyler, you've started this industry. There's not a lot of software businesses that ever get to be \$1 billion business. So congratulations on everything you and the team have built today. And unfortunately, we're out of time. But I do appreciate you spending some time here with us today to tell us about the Freshworks story.

Tyler Renwick Sloat

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

Brian, thanks for having us. It's really a pleasure doing this again with you. I hope you enjoy the rest of your summer, too.

Brian Schwartz

Analyst, Oppenheimer & Co., Inc.

You too. Take care. Thank you.

Tyler Renwick Sloat

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

Yeah, Brian. Bye.

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