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Samsara, Inc. (IOT)

Q2 2027 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Marty Winik

Director-Investor Relations, Samsara, Inc.

Good afternoon. Welcome to Samsara's Second Quarter Fiscal 2027 Earnings Call. I'm Marty Winik, Director of Finance and Strategy at Samsara. Joining me today are Samsara's Chief Executive Officer and Co-Founder, Sanjit Biswas; and our Chief Financial Officer, Dominic Phillips.

In addition to our prepared remarks on this call, additional information can be found in our shareholder letter, press release, investor presentation and SEC filings on our Investor Relations website at investors.samsara.com.

The matters we'll discuss today include forward-looking statements. Actual results may differ materially from those contained in the forward-looking statements and are subject to risks and uncertainties described more fully in our SEC filings. Any forward-looking statements that we make on this call are based on assumptions as of today, September 3, 2026, and we undertake no obligation to update these statements as a result of new information or future events unless required by law.

During today's call, we will discuss our second quarter fiscal 2027 financial results. We'd like to point out that the company reports non-GAAP results in addition to and not as a substitute for or superior to financial measures calculated in accordance with GAAP. We also report both actual and constant currency growth rates for certain metrics. On the call, we will only provide constant currency commentary when there's a difference. Reconciliations of GAAP to non-GAAP financial measures and additional information on constant currency are provided in our press release and investor presentation. We'll make opening remarks, dive into highlights for the quarter and then open up the call for Q&A.

With that, I'll hand it over to Sanjit.

Sanjit Biswas

Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

Thanks, Marty, and thank you, everyone, for joining us today. Samsara delivered another quarter of durable and efficient growth. In Q2, we crossed $2.1 billion in ARR, growing 30% year-over-year, which is driven by $134 million net new ARR. Our largest customers continue to drive our growth. Our $100,000-plus customers now represent $1.3 billion in ARR, growing 38% year-over-year. In Q2, we added 242 customers with $100,000 or more in ARR and 20 customers with $1 million or more in ARR. Both are quarterly records. Large customer wins in the quarter include APi Group, a global provider of safety, security, and specialty services, Sonepar, the world's largest B2B distributor of electrical products, and one of the world's largest e-commerce companies.

As our customer base grows, our data asset scales with it. This quarter, we surpassed 30 trillion data points collected annually on the Samsara platform, up more than 40% year-over-year. This data spans vehicles, powered and unpowered equipment, job sites, and frontline workers. It covers a wide range of industries, geographies, and customer sizes. Behind that number is the scale of our customers. More than 105 billion miles driven and 340 million workflows digitized over the last year. This is proprietary time series data captured by sensors operating in the physical world. It can't be replicated or found on the Internet. Each year of operating history compounds its value, improving our AI models and widening our moat.

In June, we hosted Beyond, our annual customer conference. It was our biggest Beyond yet, with over 4,000 attendees from across physical operations. Over three days, leaders shared the challenges they're facing. They also shared how they plan to solve them with more visibility across their operations and AI to automate work. Their top priorities include safety, operational ROI, real-time visibility, and AI and agentic automation. Our platform, built on one of the world's largest operational data assets, is what helps us address our customers' hardest challenges.

At Beyond, we launched our newest wave of products, including the Tracking Label, which is a single-use Bluetooth smart label powered by the Samsara Network. It gives near real-time visibility into any shipment across any carrier; 360 Camera, the first camera system built for operated equipment, giving operators complete view around the vehicle; Waste Intelligence, an AI-powered solution that verifies service events and detects overfilled bins; Ground Intelligence, which continuously maps road defects across our data set; and our agents for safety, maintenance, and dispatch that automate multi-step task work like warranty recovery, coaching workflows, and back-office dispatch. We're seeing good momentum from Beyond, which is showing up in usage. Customer adoption of some of our latest AI features is up more than four times in the last two months.

Samsara is built to run the world's largest and most complex physical operations. As these organizations digitize, we've become their platform of choice. Our largest customers are driving our growth. ARR from our $100,000-plus customer cohort accelerated for the fourth straight quarter. Customers choose Samsara because our platform can digitize their vehicles, equipment, sites, and workers at the scale and reliability their operations demand. What often starts as a solution to one operational problem becomes a platform they standardize on. Each new product can deepen their ROI and widen the path to their next expansion.

Our device footprint accelerates that expansion. With multiple products attached to a single hardware device, new products deploy faster with no downtime for asset replacement. Customers get quicker time to value and less installation friction. For example, a Vehicle Gateway powers Routing and Connected Asset Maintenance. Our AI Dash Cam and AI Multicam power our new Operational AI applications, including Ground Intelligence and Waste Intelligence.

I'd like to share two expansions from the quarter that show how large customers deepen their partnership with Samsara over time. In Q2, we expanded our partnership with one of the largest cities in the US. They landed with us in Q3 last year, starting with Vehicle Gateways and AI Dash Cams for their Fleet Management division. This quarter, that expanded into a multi-department rollout, connecting assets across the city. They're extending Vehicle Gateways and AI Dash Cams to every department, including Police, Fire, Parks, Public Works, and Transit. They cover a range of vehicles from police cars and fire trucks to construction equipment and snow plows.

For their fire and sanitation fleets, they added AI Multicam to reduce backside and side-swipe accidents in dense urban traffic. Connected Asset Maintenance replaces their existing system and consolidates maintenance management onto one platform. With Ground Intelligence, they now have coverage across 7,600 lane miles for pothole detection, pavement preservation, crew mobilization, and 311 calls and claims. We are proud to partner with the city to make even more of an impact together.

We also expanded our partnership with a leading heavy civil and general contracting company that's been in business for over 75 years. They are benefiting from many physical AI tailwinds, including data center site prep, power and energy systems expansion, and public infrastructure buildout. They have a complex operation and run $1 billion of equipment, including thousands of excavators, skid steers, cranes, and loaders.

They were using Vehicle Gateways and came to us to evaluate AI Dash Cams for their fleet. The pilot delivered strong results, with an 83% reduction in safety events. As we dug deeper into their operations, Connected Asset Maintenance became the biggest ROI driver in the deal. The company spends $80 million to $100 million per year on maintenance, but the data is fragmented across their ERP, OEM portals, spreadsheets, and employees. Maximizing maintenance ROI required bringing all their data onto one platform. To solve this, they expanded with AI Dash Cams. They also licensed Powered Asset Gateways for the large machinery and Asset Tags for the smaller assets, like fueling tanks, containers, and excavator buckets. They added AI Multicams for their vehicles and Connected Forms to digitize their paper workflows. Together, these give them one view of every asset they own so they can improve utilization and maintenance.

As we build for the long term, we're investing in continuous innovation to meet our customers' changing needs, strengthen our platform, and extend our AI leadership. In addition to the new products at Beyond, we unveiled AI-powered features that make our customers' operations smarter and safer. This includes voice agents through the AI Dash Cam, which closes the gap between a manager or agent detecting a risk and the driver hearing about it. Agents can proactively alert drivers to geofence-based risks, like speed limit changes and towing zones, and managers can reach drivers instantly when conditions change.

New AI Multicam detections, including rear collision warning and vehicle in blind spot detection. These detections process camera feeds on the edge to alert workers to hazards in the moment before an incident happens. Shipment Center, an AI-powered command center for shipments. Customers can ask questions in plain language, like which deliveries are at risk from a storm, and get instant answers with recommended actions across their entire shipment network. And Bird's Eye View, a configurable top-down 360-degree view of vehicle and its surroundings. This gives drivers full situational awareness during high-risk maneuvers, like reversing and tight turns in crowded yards and job sites. Each of these features addresses a priority customers have been raising. We're excited to see the impact they will have with our customers as they start to adopt these in their operations.

At Beyond, we also launched the Samsara Community, a global online hub that connects operators across the world of physical operations. More than 5,000 members have already joined. The Samsara Community gives our tens of thousands of customers in North America and Europe direct access to each other's expertise. This deepens engagement with our platform as customers become advocates who tell their peers about what's working. It also speeds up time to value. Customers pass along deployment and change management best practices to help others ramp faster and see ROI sooner. The community compounds our product feedback loop, giving us an always-on channel of customer input at scale.

We're excited about the impact we're making for our customers as we cross $2 billion in ARR. We're now operating at a massive scale, with more than 30 trillion data points, 340 million workflows digitized, and 105 billion miles driven over the last year. Our growing data asset is what powers our AI insights and drives the customer actions that deliver more ROI from our platform. I want to thank all the Samsarians, customers, partners, and investors for joining us on this journey.

I'll now hand it over to Dominic to go over the financial highlights for the quarter.

Dominic Phillips

Executive Vice President & Chief Financial Officer, Samsara, Inc.

Thank you, Sanjit. Q2 was highlighted by accelerating growth and improved operating leverage, demonstrated by strong performance across several key metrics, including 28% year-over-year net new ARR growth in constant currency, representing accelerated growth both sequentially and compared to Q2 last year, as well as our second highest growth rate over the past 10 quarters; 30% total ARR growth, which was the same growth rate as the last two quarters at a larger scale; 242 $100,000-plus ARR customers added, a quarterly record, resulting in 38% year-over-year ARR growth, the fourth consecutive quarter of sequential acceleration at a larger scale; 20 $1 million-plus ARR customers added, also a quarterly record, resulting in 50%-plus year-over-year ARR growth for the third consecutive quarter; more than 20% of net new ACV coming from emerging products for the third consecutive quarter; and achieving our fourth consecutive quarter of GAAP profitability.

More broadly, our performance reflects the large, still-nascent opportunity for digital transformation across physical operations. Looking ahead, we're well-positioned to deliver long-term shareholder value for several key reasons. First, we have a unique, defensible data advantage. By instrumenting physical assets with IoT hardware, we've created a large, growing, proprietary data asset that's hard to replicate. Second, we leverage this data using AI and agents to surface operational insights and automate workflows across our platform. Third, we benefit from secular growth in physical AI. End markets such as construction, field services, energy, and utilities are not only busy building out global infrastructure, they're increasingly using AI to manage greater scale and complexity. Fourth, we have a differentiated value prop and mission-critical workflows. Our products deliver fast, tangible ROI with quick payback periods. And lastly, we target the large, less-discretionary operations budget. Our largest customers invest approximately 80% of their revenue on their operations, and we help them optimize this significant cost base, creating a large opportunity to drive customer impact and sustain long-term growth.

Okay, now turning to our results. Q2 net new ARR was $134 million, an increase of 28% year-over-year, accelerating both sequentially and compared to Q2 last year. This also represented our second-highest constant currency growth rate over the past 10 quarters. More broadly, net new ARR over the last 12 months was $485 million, growing 27% year-over-year in constant currency, accelerating from 14% in Q2 last year. Q2 ending ARR was $2.1 billion, an increase of 30% year-over-year, representing the same growth rate as the last two quarters at a larger scale. And Q2 revenue was $508 million, an increase of 30% year-over-year, or 29% in constant currency, the same growth rate as last quarter at a larger scale.

Several factors drove our strong top-line performance in Q2. First, large customer momentum is driving higher growth at scale. In terms of large deals, we signed nine $1 million-plus net new ACV transactions in Q2, our third highest quarter ever. This reflects the success of our R&D and go-to-market investments to support these larger customer opportunities. In terms of large customers, we ended Q2 with 3,605 $100,000-plus ARR customers, including a quarterly record increase of 242. ARR from $100,000-plus customers was $1.3 billion, increasing 38% year-over-year, resulting in the fourth consecutive quarter of sequential acceleration. $100,000-plus customers represent 63% of total ARR, up from 59% one year ago. Additionally, we ended Q2 with 210 $1 million-plus ARR customers, a quarterly record increase of 20. ARR from $1 million-plus customers surpassed $500 million, increasing more than 50% year-over-year for the third consecutive quarter.

Second, our customers are increasingly using Samsara as a single unified operations platform across multiple applications. 96% of $100,000-plus ARR customers subscribe to two or more products, up from 95% in Q2 last year, and 72% subscribe to three or more products, up from 68% last year. In Q2, 9 of the top 10 net new ACV deals included two or more products, 8 included three or more, and 7 included four or more products. And this strong multi-product adoption helped us achieve our target dollar-based net retention rate of approximately 115% for core customers.

And third, we demonstrated strong execution across several frontiers. For the third consecutive quarter, more than 20% of net new ACV came from emerging products. 8 of the top 10 net new ACV transactions included an emerging product, and more than 60 Q2 transactions included more than $100,000 in emerging product net new ACV.

In terms of end markets, field services was our largest vertical in Q2, contributing its highest net new ACV mix in over two years. Transportation contributed the second-highest net new ACV mix in the quarter, and year-over-year growth accelerated sequentially for the third consecutive quarter. And public sector contributed its second-highest ever net new ACV mix with year-over-year growth accelerating sequentially for the second consecutive quarter, driven by deals with a top five US city, which included more than $2 million from emerging products such as AI Multicam, Connected Asset Maintenance, and Ground Intelligence, MBTA, New England's largest transit provider, and the State of Louisiana, all of which included four or more products.

And in terms of international, 18% of net new ACV came from non-US geographies, tied for a quarterly record. Europe contributed its second-highest ever net new ACV mix and had its fourth consecutive quarter of 50%-plus net new ACV growth, driven by our largest-ever mainland Europe deal with one of the world's largest e-commerce companies. And Mexico year-over-year net new ACV growth accelerated for the second consecutive quarter, resulting in its highest net new ACV mix in the last five quarters.

In addition to driving strong top-line growth, we continued to deliver operating leverage across our business as we scale. Non-GAAP operating margin was 21% in Q2, up six percentage points year-over-year. Free cash flow margin was 13%, up one percentage point year-over-year, including the 16th consecutive quarter surpassing Rule of 40. And GAAP EPS was a positive $0.03, representing our fourth consecutive quarter of GAAP profitability.

Okay, now turning to Q3 and FY 2027 guidance based on FX rates as of August 2. Our guidance philosophy remains the same and is de-risked for potential downside scenarios. For Q3, we expect revenue to be between $514 million and $516 million, representing 24% year-over-year growth or 23% to 24% growth in constant currency; non-GAAP operating margin to be 21%; non-GAAP EPS to be between $0.18 and $0.19; and we expect to be GAAP profitable for Q3.

For full year FY 2027, we expect revenue to be between $2.043 billion and $2.047 billion, representing 26% year-over-year growth; non-GAAP operating margin to be 21%; non-GAAP EPS to be between $0.76 and $0.78; and we also expect to be GAAP profitable for full year FY 2027.

And please see the modeling notes in our shareholder letter, including one additional note on free cash flow. We now expect free cash flow margin to be approximately 100 basis points lower than FY 2026, primarily due to more IoT devices required to support our stronger growth outlook, proactively purchasing more inventory to create a buffer given the strong customer demand we're seeing, and elevated supply chain costs in the second half of the year. We believe operating margin is the best indicator of improved profitability and is the best forward indicator of where free cash flow margin will be in a more normal supply chain environment, as we've seen in the past.

So to wrap up, in Q2, we delivered accelerating growth at scale while expanding operating leverage. Looking ahead, we believe we're well-positioned to sustain durable and efficient growth because we're instrumenting physical assets with IoT hardware to generate a unique, defensible data asset. We then apply AI and agents to that data to surface operational insights and automate workflows, driving more customer value. We're at the center of the AI transition from the digital to the physical world and tied to end markets benefiting from major infrastructure initiatives. And we deliver fast, tangible customer ROI with quick payback periods. We look forward to building on this momentum as we help our customers operate more safely, efficiently, and sustainably at a greater scale.

And with that, I'll hand it over to Marty to moderate Q&A.

QUESTION AND ANSWER SECTION

Marty Winik
Director-Investor Relations, Samsara, Inc.
A

Thank you, Dominic. We'll now open the line for questions. When it's your turn, please limit your questions to one main question and one follow-up question. The first question today comes from Dylan Becker at William Blair, followed by Michael Turrin with Wells Fargo.

Dylan Becker
Analyst, William Blair & Co. LLC
Q

Hey, gentlemen. Appreciate it. Maybe one for Sanjit and one for Dom. Sanjit, starting with you, it's incredibly impressive how you guys have been able to maintain the level of success, and obviously the pace of innovation is abundantly clear at Beyond earlier in the year. But there – if you were to kind of distill it down as to what's enabling you to sustain, and not only sustain, really accelerate the momentum from a revenue net new ARR perspective across the portfolio at an increasingly greater scale, what would maybe kind of be some of those core pillars in your mind?

Sanjit Biswas
Co-Founder, Chief Executive Officer & Director, Samsara, Inc.
A

Dylan, thanks for noticing. We're really proud of the innovation and what we launched at Beyond. If I step back and think about why we're seeing this acceleration in growth, I would really point to our customers in the market. We're seeing, especially these large enterprises who have very vast, large complex physical operations look to digitally transform. They want information about all their assets. They want to make their teams safer and more efficient, and they want to do it at scale. And they do have a lot of complexity, and our platform is designed for that. So I think it's really strong product market fit. As we continue to innovate, bring new technologies to market, new ideas like Connected Asset Maintenance and AI Agents and 360 Camera and so on, it all fits within that broader digital transformation story we're seeing with these large enterprises.

Dylan Becker
Analyst, William Blair & Co. LLC
Q

That's great. Thank you, Sanjit. And maybe kind of as a parallel to that, Dom, I appreciate the color on the near-term kind of free cash flow implications and some of the supply chain dynamics there too. But if we kind of think about it as the accelerating momentum requiring maybe a little bit more installation and data capture from some of your components as well too, how do you guys think about those near-term free cash flow implications attributable to the accelerating growth that you're seeing as well? Thank you.

Dominic Phillips
Executive Vice President & Chief Financial Officer, Samsara, Inc.
A

Yeah, sure. So I think the dynamics around free cash flow are really driven by three factors. First is we're just growing faster than we expected. Growth is accelerating, and that requires more of these IoT devices to support that growth. And because – and we pay for these devices up front, but the revenue that we get from them lags as it gets recognized ratably over the customer contract.

The second is that we're planning to pre-buy more inventory when possible because we're seeing such strong customer demand. We also view that as a competitive advantage. And then lastly, supply chain costs obviously continue to increase. I think if we take a step back, we feel really comfortable with all of this because we're really well capitalized. The long-term unit economics of these investments are still really good, even at temporarily elevated prices.

As Sanjit mentioned in the prepared remarks, increasingly, we're able to monetize the data collected from these devices many times over. So a Vehicle Gateway can now be monetized with telematics, with Connected Asset Maintenance, with routing. These AI Dash Cameras can not only be monetized with the video-based safety SKU, but now with these operational intelligence SKUs as well. And then obviously, we expect this to be temporary. We saw a similar supply chain dynamic post-COVID, where free cash flow started to lag behind operating margins for a period of time before ultimately reconverging, and we expect that that's going to happen again here.

Dylan Becker
Analyst, William Blair & Co. LLC
Q

Thank you.

Marty Winik
Director-Investor Relations, Samsara, Inc.
A

The next question comes from Michael Turrin at Wells Fargo, followed by Alex Zukin with Wolfe Research.

Michael Turrin
Analyst, Wells Fargo Securities LLC
Q

Hey. Thanks very much. Appreciate you taking the question, and really impressive job with the Q2 results. So I guess I just want to start with, we were out at Beyond, feedback was strong, but just if you could kind of help us parse where the product interest, if there were certain verticals or announcements that you'd highlight that were more top of mind, and just how much, if any of that played into just the strength you saw in terms of net new ARR in the quarter.

Sanjit Biswas
Co-Founder, Chief Executive Officer & Director, Samsara, Inc.
A

So, Michael, I would say, the new products are performing really well. In aggregate, they were north of 20% of the new bookings in the quarter, and so we are seeing these customers adopt four or more products in many cases. So that's been great.

In terms of the product mix itself and which ones are standing out, no single one of those new products contributed more than 50% of those bookings, so it's pretty spread evenly across. Different industries have different areas of interest. In my prepared remarks, I talked about how waste management vehicles, fire trucks, and other large vehicles benefit tremendously from the AI Multicam. We have other customers that are much more focused on tracking their shipments, so the Tracking Label is a good fit for them. So it really starts to vary industry by industry and even customer by customer. But in aggregate, it really was a kind of strong showing across these new products.

Michael Turrin
Analyst, Wells Fargo Securities LLC
Q

And then just as a small follow-up, if I may, Dom. Does any of what you saw in Q2 impact how you're thinking about seasonality or what we'd expect relative to prior seasonal trends for the rest of the year?

Dominic Phillips
Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

No. Yeah, nothing stood out, seasonality-wise in Q2. I would say that Q2 revenue outperformance was driven by really strong bookings and slightly better linearity than what we've seen in previous quarters. As I think about the guidance that we provided for the rest of the year, we're expecting more kind of normalized bookings linearity in those quarters in the way that, that results in revenue.

Michael Turrin
Analyst, Wells Fargo Securities LLC

Q

Thanks very much. Nice job.

Marty Winik
Director-Investor Relations, Samsara, Inc.

A

The next question comes from Alex Zukin at Wolfe Research, followed by Matt Hedberg at RBC.

Alex Zukin
Analyst, Wolfe Research LLC

Q

Yeah. Hey, guys. Thanks for taking my question. I guess maybe just a little bit of color on the AI Multicam product. Sanjit, it sounds like based on our conversations, both at your conference and even in the channel, that the product is kind of flying off the shelves right now. So is that – are you kind of starting to see almost like a refresh cycle take place that creates another upsell opportunity? Does that also lead into the kind of cash flow implications of buying up more – buying more supply than you previously needed? Anything to kind of read out from there?

Sanjit Biswas
Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

A

Yeah. I think if – first of all, AI Multicam is doing very well. I think this is really the first time that customers at scale can get that kind of 360-degree view around their vehicles and understand risks like behind them and on the sides. We're also using it to create some of this new functionality, like our road intelligence SKU, where we can see road conditions, and so on. So I don't think of it so much as a refresh cycle. It's really additive, where people are saying, hey, there's even more we can do that goes beyond just the cab and the driver. There's a ton of operational intelligence that we can gather using these cameras as sensors. And so that's a new opportunity we're seeing, but it's additive. It doesn't seem to replace or kind of refresh any of the older products.

Alex Zukin
Analyst, Wolfe Research LLC

Q

Excellent. And Dom, for you, from the free cash flow impact perspective, again, marginally, is it much more about the demand upswing that you're seeing or the supply chain dynamics? And specifically also, if you can talk about any emerging gross margin implications, maybe not necessarily this quarter, but down the line, that you can see developing.

Dominic Phillips
Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

Yeah, I mean I think it's like definitely impacted by the fact that we're just growing faster than we expected, accelerating growth. And so, as you book those deals, you need more inventory, more hardware, and devices to support those deals. And because we're seeing such strong customer demand, and because the supply chain environment is very dynamic, we're going to try to pre-buy inventory and just build up a buffer to make sure that we can meet all of the customer demand. And then, in addition to all of that, the supply chain is more dynamic, and there are underlying components that go into these devices where the costs and the shipping costs associated with that are all increasing. So, all of that is kind of weighing in.

I think on the gross margin side, fortunately, the gross margin impact will happen over time because that cost gets amortized into COGS. So you don't see it up front in the same way that you do with free cash flow, which ultimately gives us some time to try to find offsets. So, can we drive more higher revenue per device, as we've talked about a few times on this call, monetizing data collected off of one device several times with multiple SKUs? Can we move more of the mix shift to the higher-margin products? Can we continue to find cost optimizations to offset this in terms of like cloud and sell? And so, I'd say we have a lot of levers that we can ultimately pull over time with gross margins, and we feel good about being able to manage that over time.

Alex Zukin Q
Analyst, Wolfe Research LLC

Excellent. Thank you, guys. Congrats. And love the new logo.

Marty Winik A
Director-Investor Relations, Samsara, Inc.

The next question comes from Matt Hedberg at RBC, followed by [ph] Lucas (00:33:52) at Morgan Stanley.

Matthew Hedberg Q
Analyst, RBC Capital Markets LLC

Hey, guys. Can you hear me okay?

Dominic Phillips A
Executive Vice President & Chief Financial Officer, Samsara, Inc.

Yes.

Matthew Hedberg Q
Analyst, RBC Capital Markets LLC

Oh, great. I'll offer my congrats as well. Yeah. The new product innovation, it's certainly been standing out to us, coming out of Beyond. And something I think you said on the call was interesting. I think you said you've seen a 4x growth in AI feature adoption in just two months, and that's a pretty amazing statistic. I guess, can you give us a sense for maybe which features are driving that? And I know it's still early, but how should we think about that translating that usage into incremental ACV?

Sanjit Biswas A
Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

Sure. So, it's been really fun to spend time with our customers and understand how are they putting AI to work in terms of task automation in their operations. A couple of the interesting use cases for AI agents are related to things like safety. We can make voice calls now to drivers at scale if there's certain weather condition emerging, or maybe they're drowsy on the road, things that our customers couldn't do. Maybe they didn't have head count or time or availability. Similarly, these agents can help with things like warranty claims. There's a lot of maintenance dollars that are sort of left untouched because no one had time to get to some of the paperwork.

So, we're seeing a variety of use cases. It's still early, but already over 1,000 customers have really engaged on this. And what's fun is to be able to build together with them. So, I think we've put the building blocks in place, the kind of platform features, and now we're going to really co-innovate with them to find more use cases for them to automate some of this task work.

Matthew Hedberg
Analyst, RBC Capital Markets LLC

Q

That's great. And then, Dom, public sector, really – it seemed like it was a balanced quarter, but it seemed like public sector was particularly strong. I think it was maybe your second-highest net new ACV mix maybe ever. I guess, I mean I – we can all probably see what's driving that, just as the US government and broader pubsec tries to become more digitally native. But how are you kind of thinking about that deal cycle progressing as we get into Q3? Obviously, it's the federal year-end. Any sort of thought on how you kind of think about that dynamic for 3Q?

Dominic Phillips
Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

Yeah. We don't have the same dynamic that other software companies have with the federal government having a 3Q year-end. Most of our public sector are state and local municipalities, and so it's a little bit more consistent throughout the year. But obviously, we've been making a number of investments. We think this is really – public sector is a big opportunity for us, and it's been driving a lot of our growth. We've made a number of go-to-market investments with a vertical-specific team there. And then a lot on the R&D side as well, so things like Ground Intelligence, the operational AI SKU that comes off of the cameras, the large top five US city that we called out in the quarter – in the first quarter of selling it landed with that and as part of their deal. So, the R&D investments are also helping us drive a lot of success there.

Sanjit Biswas
Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

A

Great. Thanks a lot, guys.

Marty Winik
Director-Investor Relations, Samsara, Inc.

A

Next question comes from Lucas with Morgan Stanley, followed by Matt Martino at Goldman Sachs.

Q

Hey, guys. This is [ph] Lucas still on (00:37:05) for Adam Wood. Thanks for taking my question, and congrats on a great quarter. You guys have seen a lot of strength internationally. Could you guys double-click on what's driving that recent strength? And then, as you build share in what's a pretty fragmented market, is there a point where you expect growth to continue inflect higher as the brand and installed base reach greater scale?

Sanjit Biswas
Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

A

Yeah, I'm happy to take that one. We have been really proud of the performance of our international teams. I think in Europe, we're seeing really strong product market fit. They have some different sort of compliance requirements around tachographs, so we've done a good job kind of building for that. They often have like low-bridge strikes be practical issues. So, I think that is an example of how continued investment has resulted in a pretty high net new ACV mix coming from those regions. Same thing down in Mexico. We've invested heavily in security. That's a very key use case for them, panic buttons, immobilizers, and so on.

So I think a lot of this does come down to having really strong product market fit and then increasing brand awareness with some large reference customers. So in Europe, we work with Petit Forestier, Fraikin. These are some of the largest fleets in Europe. In Mexico, we work with Grupo Trayecto. They're one of the largest transportation companies. So I do think that our brand reputation is spreading as we become a partner to these large, complex operations.

Q

Really helpful. And then one more, if I may. Could you guys touch on how the volatility in energy prices are changing discussions you're having with larger customers? And is that uncertainty driving more attach with the new offerings, or is it mainly within the core?

Sanjit Biswas
Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

A

I think volatility in fuel prices – this year, fuel prices are up almost 40% year-over-year in certain months. And it, I think, has increased awareness of the value of data. So now we're seeing customers not just track their vehicles, but really understand fuel spend, match up fuel card transactions, which you're able to do on our platform, understand if there are any kind of security issues related with that. So they're able to really go deep with this fuel data and find savings. Many of our customers, they spend hundreds of millions of dollars on fuel. So even a few percent here and there with things like idling reduction or fueling up at preferred partners, being done in a data-driven way is a big ROI unlock.

Q

Thanks, guys.

Marty Winik
Director-Investor Relations, Samsara, Inc.

A

Next question comes from Matt Martino at Goldman Sachs, followed by Kirk Materne at Evercore.

Matthew Martino
Analyst, Goldman Sachs & Co. LLC

Q

Hey. Thanks for taking the questions here. Sanjit, maybe for you, just Waste Intelligence and Ground Intelligence, they stand out to me because they monetize data generated by infrastructure that's already deployed. You've touched on that a few times. I guess, what have you learned from the initial seven-figure opportunities, and how reusable is that product model across other industries?

Sanjit Biswas
Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

A

We've been learning a lot, and the reception has been strong. So Dominic mentioned, we landed a large city deal that is benefiting from the Ground Intelligence. We've seen similar traction with Waste Intelligence. And first of all, there's repeatability in those industry verticals. So every city is able to benefit from better visibility of these potholes. They often send road crews out to go inspect manually and only get to a fraction and have to spend a lot of time doing manual work. That's this kind of same pattern with Waste Intelligence, where it'd be things like service verification or maybe even missed revenue, where you're not getting paid for picking up overfilled dumpsters, things like that.

As we go deeper with our customers across industries, we're starting to see more of these patterns. I think these two stood out as initial applications, but I don't have new product announcements for you here. But we are seeing kind of similar groupings in other industries. But we need to spend more time in the field figuring out, well, how can we take all this visual intelligence data, take all the sensor data, and mash it together in useful ways for our customers.

Matthew Martino
Analyst, Goldman Sachs & Co. LLC
Q

Okay, that's great. And then Dom, for you, just emerging product transaction volume, you had 60 in the quarter of the $100,000 of new ACV. That's up from 42 last quarter. I mean how much of that step up reflects the product specialist motion, and where are you seeing the biggest impact across conversion, sales cycles, deal sizes? Thank you.

Dominic Phillips
Executive Vice President & Chief Financial Officer, Samsara, Inc.
A

Yeah, that has definitely helped. We started with the product sales specialist at the beginning of the year. And if you look at kind of our growth over the last several quarters, which has been, yeah, quite strong, a lot of that is being driven by the emerging product mix. Three consecutive quarters now at 20% plus. And it's – I think what we're excited about is that it's really widespread. As Sanjit mentioned earlier, we're not seeing one of those products contribute more than 50% in any given quarter. We're seeing strength across different industries with different use cases. And we've really increased our innovation, I would say, over the last two to three years, and we plan to continue to do more and continue to add more products into that emerging product bucket.

Matthew Martino
Analyst, Goldman Sachs & Co. LLC
Q

Thanks, guys.

Marty Winik
Director-Investor Relations, Samsara, Inc.
A

The next question comes from Kirk Materne at Evercore, followed by Matt Bullock at Bank of America.

Kirk Materne
Analyst, Evercore Group LLC
Q

Yeah. Thanks. I'll echo my congrats on a nice quarter. Sanjit, just following up on the last question, just around the idea of the data that's being already captured by existing hardware that's out in the field. When it comes to products like Waste Intelligence, Ground – and some of your new ones, Ground Intelligence, does this help speed up the sales cycle? Meaning, you've talked before about your clients are going to have to walk before they run around AI, but these are very pragmatic solutions that are obviously leveraging AI, but they're not as daunting as, say, building an AI solution from scratch or something like that.

So, I was just kind of curious, the ability to have the sales cycle and the discussion from concept to delivery, it would seem to be pretty straightforward. And I was just kind of curious how you compare that maybe to where you were with other products like inward-facing cameras and things like that a few years ago. [ph] Maybe there'd (00:43:01) be a little bit of a flywheel effect there.

Sanjit Biswas
Co-Founder, Chief Executive Officer & Director, Samsara, Inc.
A

Yeah. So, Kirk, I think overall, sales cycles feel about the same as they have in the past. And when I think about why that is, a lot of these companies are really digitally transforming for the first time. So they still need to install telematics. They need to put those dash cameras in. The majority of vehicles on the road still don't have a dash cam, for example. So while they may be excited to do more, they're often having to start with that kind of Phase 1, like let's get the initial hardware in. But the attach of these additional products, which may be products three or four in a lot of deals, we're seeing these multi-product deals happen, it helps increase the amount of ROI and decrease the time to value they see after the deployment.

So I would say the sales cycles are about the same, but the amount of value the customers are getting as they license more products is going up. And then it's also exciting products like Connected Asset Maintenance. We talked a lot about the visual intelligence projects – products earlier. We are starting to see great value come from that as well. But you're going to want the telematics in your trucks and in your other assets as well, just to get really good, clean data in.

Kirk Materne
Analyst, Evercore Group LLC
Q

Right. And Dom, you mentioned just on the pricing side around the devices themselves. Yeah, you mentioned sort of you view it as temporary. Is there any sort of reason you have visibility into why you think it's temporary? Or is that just sort of the way it has always trended historically, just think it will trend kind of back to where you were?

Dominic Phillips
Executive Vice President & Chief Financial Officer, Samsara, Inc.
A

Yeah, I mean like these supply chain disruptions and changes are very dynamic, but there's several examples of them in history. Actually, we went through this coming out of COVID as well, where supply couldn't catch up with the demand coming out of COVID, and we saw prices temporarily elevated and ultimately kind of get normalized as more supply came online. And similar to many of these previous cycles, we expect that that pattern happens again.

Kirk Materne
Analyst, Evercore Group LLC
Q

Right. Thank you all.

Marty Winik
Director-Investor Relations, Samsara, Inc.
A

Next question comes from Matt Bullock at Bank of America, followed by Nick Altmann at BTIG.

Matt Bullock
Analyst, BofA Securities, Inc.
Q

Great. Thanks for taking the question. Maybe a quick one for Dom here. Obviously, a really strong quarter of $100,000-plus and $1 million-plus net additions. I was hoping you could just unpack maybe the underlying drivers there. Are you landing much larger? Are you seeing customers graduate into those cohorts as they expand faster? Anything would be helpful. Thanks.

Dominic Phillips
Executive Vice President & Chief Financial Officer, Samsara, Inc.
A

Yeah, I think that it's been more – maybe a little bit more on the expansion side, and so we're still landing customers at kind of similar sizes. It was actually our second highest number of new core customers that we've ever added. So we're adding a lot of new logos, but a lot of strength being driven out of expansions with our current customers. And I would say one big reason is the emerging products. So customers coming back and maybe Sanjit mentioned the top five cities started in just one department with just the video-based safety and the telematics products, but came back and went across multiple departments and then also added a bunch of new products like AI Multicam, Connected Asset Maintenance, and the Ground Intelligence. So the emerging products are definitely allowing us to expand bigger with our customers.

Matt Bullock
Analyst, BofA Securities, Inc.
Q

That's great. Thanks, Dom. And maybe a quick one for Sanjit as well. So, you've passed the $2 billion ARR mark. You've got net new ACV contribution of 20%-plus for three quarters in a row from emerging products. Maybe could you just help us think about the path to $4 billion through the lens of expected product contribution, core vehicle, some of the emerging products, and then some of the products on the roadmap? How should we think about contribution there?

Sanjit Biswas
Co-Founder, Chief Executive Officer & Director, Samsara, Inc.
A

Sure. So, Matt, I still think there's a tremendous amount of market opportunity, even with these core products. I mentioned this a little bit earlier during the Q&A, but if you go and just look on the road at these commercial vehicles, the vast majority of them don't have a dash camera in their windshield. And so that just tells you a lot about the kind of state of affairs in terms of getting these devices out in the field. And then to the point around new product attach, we think that this is an and. As these customers digitize, they're taking a look at how they maintain all their assets and their vehicles and equipment. They're taking a look at how they do training, how they manage qualifications of their frontline employees.

So that's the opportunity, is while we come in with this kind of core feature set that we're pretty well known for, many customers say, while we're doing this big project, let's digitally transform and take our operations kind of into this new era. And that's exciting for us because it means that we have room to run here, both in terms of the core TAM, but also our ability to stack on top.

Matt Bullock
Analyst, BofA Securities, Inc.
Q

Great. Thank you.

Marty Winik
Director-Investor Relations, Samsara, Inc.
A

Next question comes from Nick Altmann at BTIG, followed by Derrick Wood with TD Cowen.

Nick Altmann
Analyst, BTIG LLC

Q

Awesome. Thank you so much. I wanted to follow up on Matt's question regarding the public sector strength. Dom, I think you alluded to some of the designated go-to-market efforts there helping influence some of the strength. But you also launched a public sector AI suite back in May, and some of these deals you're highlighting include Ground Intelligence and AI Multicam. So my question is just how much of the public sector strength is kind of being unlocked by some of the new innovation that you've done over there in the last several months here?

Dominic Phillips
Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

I think I would just like dovetail into the response that Sanjit just gave. More broadly, I think it also applies to public sector. I think a lot of those deals started out at least with interest in kind of the core products. But as over the last couple of years, we've added more of these emerging products into the portfolio, it allows us to go into these accounts, even for the first time, with having a much more strategic lens on how they could digitally transform their city, states, departments. And I think that product innovation in conjunction with the focus that we have on the go-to-market side has really allowed this to be a strong driver of our growth.

Nick Altmann
Analyst, BTIG LLC

Q

Great. And then, as a follow-up, field services, largest vertical in the quarter, you mentioned it was the highest mix in net new ACV, and I think over two years, which is really interesting. How much of the strength there is driven by net new logos versus some of your existing field service accounts adding products like Connected Asset Maintenance or even some of the dispatching features within Agent Studio?

Dominic Phillips
Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

Yeah. Similar to my previous answer, I think across the company, throughout the quarter, but specifically even within field services, we did see great strength in new logos just in terms of the number of logos that we added. But in terms of the overall contribution to net new ARR, net new ACV within that given vertical, it was driven by – a little bit more by the expansions to the existing customers.

Nick Altmann
Analyst, BTIG LLC

Q

Great. Thank you so much.

Marty Winik
Director-Investor Relations, Samsara, Inc.

A

Next question comes from Derrick Wood at TD Cowen, followed by Mark Schappel at Loop.

Q

Hi. This is Jared on for Derrick. Understanding that up-market has been the focus for some time, with this quarter being notably strong, I was hoping to get some color on what you've been seeing down market. Just maybe comment on what you've been seeing around churn, pricing, new logo activity, or anything you think is relevant to address.

Dominic Phillips
Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

Yeah. I mean maybe I'll give a quantitative answer. So, we've talked about the – if you look at the ARR mix from $100,000-plus customers, going up to 63%, it's gone up, I think, I said like 4 percentage points over the last year, which means that that segment, that cohort, is growing a little bit faster than the sub-$100,000. But the sub-$100,000 is also growing very quickly and is still contributing greatly to the overall ARR mix.

Sanjit Biswas
Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

A

Yeah. And just from meeting with customers, I think these large customers, they have the largest, most complex physical operations, so they tend to have thousands and thousands of assets, often tens of thousands of frontline workers. So that's where we have more opportunity to expand with these new products. The smaller customers are still very healthy. And like Dominic said, we're continuing to grow with them. Their operations just tend to be a bit smaller.

Q

No. Thank you. I appreciate all that color. Last one from me. Could you just give an update on what you've been seeing from your data center-exposed customer base? Any directional call-outs this quarter versus the last? Thank you.

Sanjit Biswas
Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

A

Sure. I would say our data center customers, the folks helping with the build-out, they are busier than ever. They continue to be working on projects, and for them, safety and efficiency are very front of mind as they continue to scale their ops.

Marty Winik
Director-Investor Relations, Samsara, Inc.

A

Our next question comes from Mark Schappel at Loop Capital, followed by Jason Celino at KeyBanc. Mark, are you on?

Mark William Schappel
Analyst, Loop Capital Markets LLC

Q

Hi. Thank you for taking my question. Dominic, could you just talk about whether you're seeing customers shift more of their spend to their primary CSP through marketplace programs? And if so, how is that affecting your deal structure pricing or your go-to market approach?

Dominic Phillips
Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

No, it's still – it's standard. They're buying mostly direct through us. We haven't seen any real changes on that side in our sales cycles.

Mark William Schappel
Analyst, Loop Capital Markets LLC

Q

Okay. Great. And then just one other question. At Beyond, it was highlighted that the Samsara Network was an important opportunity. As your network gets denser, are you seeing any evidence of like a network effect in certain customer behavior? So, for example, like higher attach rates, use case – new use cases, or maybe even like greater Asset Tag win rates as a result of a denser network?

Sanjit Biswas
Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

A

Yeah, I'll take that one. The network is continuing to get denser. We're also adding the ability to route the data through mobile devices and so on, which gives us visibility in yards and in warehouses and manufacturing facilities. I do think that's unlocking even more use cases for the Asset Tag. We talked about it on stage, but these Asset Tags have been attached to all kinds of really interesting assets that were well outside the realm of the truck and telematics. So, we're excited about that. And again, as the network gets denser, we're able to kind of get more visibility. And then, it's also enabling new use cases like the Tracking Label, which we also announced at Beyond. That's – it's basically like a really miniaturized Asset Tag that only lasts about 45 days, but you can now stick it on one-way shipments.

So, you need a significant amount of network density for that to work. Otherwise, you can't pick up parcels and other building materials, things like that, as they're cruising down the highway at 60 miles an hour. So, I do think these are all kind of byproducts of the density we've achieved.

Mark William Schappel
Analyst, Loop Capital Markets LLC

Q

Thank you.

Marty Winik
Director-Investor Relations, Samsara, Inc.

A

The next question comes from Jason Celino at KeyBanc, followed by Alexei Gogolev at JPMorgan.

Jason Celino
Analyst, KeyBanc Capital Markets, Inc.

Q

Thanks for taking my question. Really phenomenal quarter. The net new ACV from emerging products, third quarter in a row of 20% plus. With some of your newer products at Beyond and with that cross-sell go-to-market team you set up at the beginning of the year for the emerging products, has this been upticking on a percentage basis over the last quarter? Like I – would there be anything mathematically that would prevent us from seeing like a three handle on this metric?

Dominic Phillips
Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

It's been pretty consistent, above 20% for the last three quarters. I think that it's definitely growing very quickly, that bucket of products, but I think it's also dependent on just how we're doing with our overall core products, which have also been very strong. As Sanjit mentioned, there's still so much opportunity in front of us. Just 50% of commercial vehicles in North America are still not connected, and 85% of commercial vehicles don't have an AI Dash Camera. So that is still a really large portion of our ARR and growth, and that also has an impact on the overall mix. We feel like we're going to need a lot of strength out of both core and emerging products to continue to sustain our high growth.

Jason Celino
Analyst, KeyBanc Capital Markets, Inc.
Q

Okay. I see. And then when we think about the emerging product gross margin implications as this becomes a bigger part of your business, I realize it's a lot of different products, but anything to help on like how that might skew the unit economics on your overall business?

Dominic Phillips
Executive Vice President & Chief Financial Officer, Samsara, Inc.
A

Yeah, I think it definitely can. There's a wide variety of kind of products from like AI Multicam all the way to like software-only SKUs. So the gross margin dynamics within the emerging products is very different. I think the way that we think about it is that most of these deals that we're talking about are multi-product. They're bundled. So it really makes more sense to look at it kind of that way versus standalone. So what we're looking at is like can we increase the revenue per device? Can we increase the revenue per asset, whether that's a vehicle or a field asset? Can we increase the overall ARR per large customer? All of those things continue to happen. And can we do so while maintaining our target net retention rate of 115%? All of those things are working for us.

Jason Celino
Analyst, KeyBanc Capital Markets, Inc.
Q

Okay. Perfect. Thanks, Dom.

Marty Winik
Director-Investor Relations, Samsara, Inc.
A

Our last question today comes from Alexei Gogolev at JPMorgan.

Isabella A. Camaj
Analyst, JPMorgan Securities LLC
Q

Hi. This is Isabella Camaj on for Alexei. Thanks for taking our question, and thanks for the examples on agents within safety and warranty workflows. A lot of excitement there. Where would you say agents are moving into production fastest today, maybe comparing safety versus maintenance versus dispatch? And within your customer conversations today, what are really the largest priorities customers have as they consider scaling beyond pilots?

Sanjit Biswas
Co-Founder, Chief Executive Officer & Director, Samsara, Inc.
A

Well, I would say on the asset – sorry, on the agent side, the few that you just mentioned are some of the most common use cases, and they're not exclusive. A lot of these companies are saying, hey, if we're going to put a voice agent to work, let's have them notify the driver as they're pulling up to a gate and give them some directions. And then they're familiar with it, so they can do a safety briefing in the morning. So these tend to actually be multiple sort of agents adopted in the same organization. I do have to say it's early, though. For our customers, this is, in many cases, the first time they're deploying AI Agents into production. So we're working with them to help them understand how to think about it, how to configure it, how to do change management for drivers who may be interacting with AIs for the first time. But overall, the feedback has been positive. We're excited about these early signs.

Isabella A. Camaj
Analyst, JPMorgan Securities LLC
Q

Got it. That's very helpful. Thank you.

Marty Winik

Director-Investor Relations, Samsara, Inc.

This concludes the question-and-answer portion. Thank you all for attending our Q2 fiscal year 2027 earnings call. Before I let you go, I have a few short announcements. We will be attending the Goldman Sachs Communacopia conference in San Francisco on September 8, the Wolfe technology conference in San Francisco on September 10, the Piper Sandler Growth Frontiers Conference in Nashville on September 15, the NYSE Investor Access Technology Day on September 23, the Morgan Stanley Silicon Valley Bus Tour also on September 23, and the William Blair Tech Innovators Conference on October 9. We hope to see you at one of these events.

That's it for today's meeting. If you have any follow-up questions, you can just email us at ir@samsara.com. Bye, everyone.