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Samsara, Inc. (IOT)

Investor Day

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MANAGEMENT DISCUSSION SECTION

Mike Chang
Vice President-Corporate Development & Investor Relations, Samsara, Inc.

All right. Good afternoon, everyone, and welcome to Samsara's First Investor Day. My name is Mike Chang, and I'm the Vice President of Corporate Development and Investor Relations here at Samsara. And it's amazing to see everyone here in person to join us today, and also for everyone joining us virtually, welcome. And it's great to have you as well.

I know you've all seen this slide many times. Let me give you two quick pointers here. The first is we're going to be making forward-looking statements during today's presentation. These statements are subject to risks and uncertainties. You can find further information in our Investor Relations website and SEC filings. And the second point is we're going to be making non-GAAP disclosures here in terms of financial measures. These should be used in addition to and not as a substitute for GAAP, and you can find a reconciliation in the appendix of today's presentation.

So, it's really been incredible building relationship with each of you for the last several quarters. And I recognize that Samsara is very unique in the sense that our end markets are not very well-understood, and the companies that we serve are just starting their digital transformation journeys. So to give you a better understanding of this, not only you can hear from Sanjit, Dominic, and myself, we're also bringing on Kiren, who's our Chief Product

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Officer; and Andy, who's our Chief Revenue Officer; and two of our customers. And through that, we hope you can learn a little bit more about our markets, our platform, and the state of physical operations.

And just like we do with our customers, we're building and investing for the long-term. We are really looking to build a relationship with each of you for the long term. And so I hope that at the end of the day, you can lead with a better understanding of Samsara and the multi-decade journey we're just embarking on.

So with that, I'll pass it over to Sanjit.

Sanjit Biswas

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

Great. Thank you, Mike. All right. And thank you everyone who's been able to make it here in person and for those on the camera. I want to get started by first talking about this digital transformation Mike just referred to. The world of physical operations is vast. It makes up a huge portion of global economy. We'll talk about that. But the progress of digital transformation is just now starting. And as a company, we are very much focused on our customer. We are a customer-driven company. And that's what today is really about, is if you were able to visit us upstairs in terms of the main keynote, it is about being customer driven, understanding the challenges that they face in the world of physical operations, and then bringing new technologies into that market, helping connect with those problems and solve them. That partnership is what drives us.

And so walking in the shoes of our customers, understanding truly how they operate is key for us. But it's also important that we share that with you in terms of understanding what their challenges look like, how they're dealing with challenges like the high cost of fuel, labor shortages, asset and supply chain disruptions. These are the real challenges in the world of physical operations, and there's an incredible opportunity for technology to help solve those problems.

I want to start with a customer case study. Summit Materials is a publicly traded company I referred to them a little bit in the main keynote, but they are integrated building aggregates company, publicly traded, they have about 400 sites and 4,000 vehicles. So large scale operations. And for Summit, they operate across 12 operating companies and they sold about 70 million tons of product. So they provide the aggregates and cement mix that are shown here on the slide. And as a vertically integrated company, they scrutinize their operation to find opportunities to save. They look for efficiencies in their business and having data about their operations is fundamental to that. They're also looking for ways to improve their safety because there's heavy equipment moving around at these 400-plus sites, and they want to find ways to improve their sustainability. These were the challenges that companies like Summit come to us with and they ask us how can we work together to implement technology to drive some transformation, to change the way they operate.

And for them, they want to differentiate themselves in the market, not just as a great building materials provider, but also as a sustainable materials company. And so, they're looking for ways to quantify those emissions and they're able to do that with the Samsara platform. So, it's multifaceted in other words, it's not a single problem they're looking to solve. They are looking to digitize their operations, and this story is not unique to Summit alone.

I mentioned earlier that these businesses are a huge part of the global economy. I want to put a number on that. When we think about businesses in construction and the supply chain, the energy utility, but also the local governments, the food and beverage providers, these folks in aggregate make up about 40% of the global GDP. It's an absolutely massive number. And you can see some photographs of who these folks are on the right hand side. These are frontline workers, the essential services, and they're critical to keeping the global economy running. And this is also important to understand from an investor perspective is that this is a new end market that

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hasn't historically bought a lot of technology, but they're starting to realize the benefits of technology, and they're looking for ways to bring it in.

And this kind of change and transformation is something that we've seen now for decades across IT. We saw it, if you go back to the 1970s and 1980s with that advent of the PC, the era of modern computing, and that's when the first couple of million units started showing up in the market, and that's when we saw some new applications on the consumer side. And we also saw the emergence of things like spreadsheets and word processors. It's a distant memory for most of us. We're all used to laptops and modern computers, but this is an interesting sort of reminder of how recent this wave of technology transformation has been.

We've seen the same wave of technology sweep through the enterprise, especially as the Internet became mainstream, as systems all came online, and people started building big databases, big cloud systems. And that's really been the transformation that's been going on for the past 20 years as companies have moved to the cloud in their offices.

And now, we are the next wave of transformation, which is what Samsara is focused on, transforming the world of physical operations, connecting all of those businesses I just talked about to the cloud so they can realize the same kind of benefits we've seen as consumers and we've seen in the enterprise. And we think that this wave is just beginning. We're at the beginning of a 10 to 20-year big tidal wave. The way that we saw with consumer, the way we've seen with enterprise.

And when we think about cloud transformation, some of it is about sensor information, but really it's about data. It's about becoming a system of record. And if you look for patterns in the market, you can see that this is exactly what happened in the enterprise. You think about businesses like the ones on the screen here: ServiceNow, Salesforce, Adobe's Cloud and Workday. These are all major clouds; they've become the system of record, the center of gravity for businesses in their respective areas. We see that same opportunity emerging now for the world of physical operations so they've become a single source of truth for physical operations in the cloud. And that is what we're building at Samsara, the Connected Operations Cloud.

So what's the benefit of this? What's the value in it? And why do customers want this to happen? Well, it comes down to solving problems like the ones that I mentioned. If you think about the challenges they face today, it's very straightforward. Think about big fleets of trucks operating in the world. They're trying to be as efficient as possible with their operations. They want to understand how to take all of that real-time GPS information, replan their routes and find ways to be smarter in their operations and do that for two reasons. One, reduce costs, spend less money on things like fuel. But two, improve the end customer experience. And that's what they're doing today.

You heard from one of our customers in the main keynote, Tavo from for Mexlog, is using all of this data to orchestrate over 14,000 vehicle deliveries a year as part of their business. Real-time GPS data tied to the routing and mapping, and they're able to find optimal routes and deliver vehicles on time to their end customers. That was not possible before Samsara. And that's a big unlock for them. But that's not it, that's not the end game. Because as we speak to customers like Tavo we hear more opportunities to take this data to the next level. Kiren referred to this a little bit in his section of the keynote.

We have new sources of data like real-time weather overlays, real-time traffic overlays. We now understand the capability sets of labor out in the market. We understand different kinds of vehicles. We can bring all of this into our cloud and run optimization algorithms. And that's what we're calling routing and mapping 2.0. And this is the

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future. And it's not completely built yet, but we're seeing the signals of it from our customers. We're seeing the need for it. And that's also an opportunity for Samsara.

There's also an opportunity to transform how employees work. Workplace safety is a huge part of physical operations because of the assets that are at play. We're talking about heavy machinery, we're talking about work – people working long hours, and that leads to fatigue, and that unfortunately leads to accidents. Now, this is also an opportunity for technology. All of this data that we're able to collect about what's going on out in the field, whether it's connected dash camera data or connected sites data can be fed into our cloud. And because of the scale we operate at, we can also train some incredible models in the cloud that help us drive things like smart safety programs.

Smart safety programs help us predict and prevent accidents before they happen. And this is an incredible step forward. The first step was simply exonerating our customers having HD video trailer evidence of what happened when there was an accident. But the next step, step that we're on now, is training AI models to understand what's causing those accidents and how do we break those habits so we can prevent those accidents from happening in the first place.

Anacostia is a great example of a company that's deployed us with our driver safety programs here, and they're able to see whether drivers are attentive and alert. They're also able to see who exactly was driving, were they driving the right equipment at the right time. And this is helping them reduce the number of accidents in the field, 20-plus percent.

And in the future, we don't think this stops, we actually think this accelerates because the camera data that we're able to get is becoming richer, the amount of data we're able to pull out of the field is greater, and we can train even larger models in the cloud. And so, while safety is where we're starting and where we're focused, we're also able to use some of these technologies to do things like inform workflows. Could we use augmented reality technologies, like some of the ones that are being developed in the market to improve the productivity in addition to the safety of field technicians? So that's also something we're incredibly excited about.

And next, we're thinking about how do we fundamentally reimagine some of these businesses. This morning, you heard the story of Liberty Energy. They're operating over 4,000 pieces of equipment all the way up in the northern oil sands of Canada down through Texas. And for them, they've been transforming the entire business operations using Samsara, real-time telematics data to understand where all their vehicles are; connected equipment to understand their other assets; safety, because they're working these long two-week on, two-week off shifts and leads to a lot of fatigue, they're trying to prevent accidents; and then workflows, finding ways to take all this data from apps, bring it into the cloud and be smarter about their operations.

And this is leading to a tremendous amount of data, and they're connecting us into all these other systems. [ph] Michael (00:11:44) shared how they've connected us to payroll, to the ERP system, to their tax systems, and more. And this is helping them find additional savings ones beyond what the original scope of their Samsara project were. So, originally, they started out wanting to understand real-time location. They wanted to improve driver safety. They want to reduce accident costs and insurance premiums. But now they're able to move to the next level of realization, which they can take all this data and find new things like tax savings. [ph] Michael (00:12:13) talked about how they identified potential project to save $10 million in taxes by better understanding when and how they're operating. That's exciting in the field.

We see that expansion happening over time where this can get even more interesting, where as we think about the rest of physical operations, not just field operations, but all physical operations. We see opportunities in the

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factory, the loading dock, and the warehouse. These are all part of our customers' physical operations where we can help change our economics by better understanding asset utilization and understanding worker productivity and understanding safety. It's not happening right now, but it's something that we're excited to help develop over the coming decade.

And as I mentioned, this is all part of the journey to the cloud. Cloud has so many amazing characteristics working its favor. You see some of them on the slide here. Once you have data in the cloud, you can access it from anywhere. The data is mobile for our customers. Once that data is in the cloud, you can collaborate on it. And that means that our customers can share this data with people like their suppliers. We work with some of the largest companies in physical operations in the world, and we're discovering that they have linkages to one another. One supplies the other; the largest chemicals distributor supplies the largest paint company. They're asking, is there a way for us to entertain – or exchange that data.

We're also seeing opportunities to collaborate between providers. So, for example, our end customers all buy insurance – commercial insurance. They're asking, is there a way for us to share our safety profiles, our risk scores with our provider and get customized or more competitive premiums. The answer is yes. We actually had an insurance partner summit yesterday. It was incredible just to see the ideas of how they can harness this data.

With all this highly sensitive data, we need to make sure it's secure. That's also an opportunity for us as a large-scale cloud provider to be a trusted partner, to employ the best-in-class security tactics, and we're making those investments. We've hired an amazing CISO who just came from Salesforce, and we're able to bring the best-in-class ideas from the modern cloud into the world of physical operations as they figure out how to make this transition do it securely.

And all this is, of course, very flexible and its leading our customers to new insights because all of this data in the cloud, it helps us understand what other patterns there are in the data. We can understand things like asset utilization, new opportunities to improve safety, we can also see benchmarking data, and I touched on this a little bit. We have such tremendous scale now that we can tell you how you're performing versus other folks that run a ready mix cement mixer fleet or other people running Ford F-150s in the northeast of the US where weather is a little different than it is in the southeast.

And last but not least, everything we're building is an open platform. We want to make sure that this data provides value not just within the Samsara Cloud, but in connections to all of the other clouds that are out there. And we want to break down the silos with all the other software systems by doing integration efforts with them. And that is also exciting because it unlocks even more value for our end customer.

Okay. In terms of the market opportunity, it is massive. And Mike touched on this a little bit, but the markets that we are serving operate in every physical geography in the world, and there are a few different ways to size this. When I think about our Connected Operations TAM, I see a picture look something like this. Our core market, which is Connected Fleet technology, that's about $33 billion, and then when you add in Equipment and Sites, it's a $55 billion TAM, and that's number to date. It's also a growing market. This market is digitizing. If you look at the Gartner reports, they'll show that it's growing to about $97 billion by 2024.

The other way to think about this is bottoms up. If you were to stop 100 commercial vehicles on the road and just survey what kind of equipment, what kind of technology do you have on board; you might be surprised to learn that only about half of them have any kind of connected telematics at all. And that's the GPS tracking side of things. If you were to look at their dash cameras, you'd see an even different story. These are the AI-based safety

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cameras, fewer than 5%. So 5 out of 100 have any kind of connected dash camera. That is an incredible opportunity for these folks to digitize and get data from their operations.

So, how do we differentiate as a company? I think many of you have seen the platform up close. You've gotten a sense of what this technology does, but it really comes down to three major pillars. One is we want to make this technology easy to use and easy to deploy. In the markets that we serve, it needs to be plug-and-play and it needs to just work. And that's related to number two, which is that we're integrated. As a platform, once you deploy us, you get all the data and in the cloud, you can start seeing these pre-canned reports and that works really well for our customers. You have user interfaces that are easy. You have apps that are easy. And this means that that technology transformation actually happens. It doesn't require a huge team of IT programmers. It's something that any of these customers can get up and running with and see value from within a matter of days.

And then, finally, it's innovative. We, as a company, love to innovate. We love to have conversations with our customers, understand what new problems, new challenges they have, what integrations they want us to make happen. And then we love to go solve those problems through the cycle of innovation. And this has really differentiated us in the market over the last couple of years.

So quick look at the Connected Operations Cloud that we're building. This is the big asset that Samsara is investing in over time. And this asset is fed by all the data from our customer sites. And you see the inputs of that down to the bottom of the screen. Location data from GPS tracking, safety data from the AI dash cameras, utilization data from the Connected Equipment devices in the field, but also workflow and compliance data from the apps. This all flows in to our Connected Operations Cloud. And there, we're able to aggregate the data. We can enrich it, we can enhance it. And that clean data is what makes it possible to operate on it. We can build multiple apps, and that's what you see at the top of the slide.

So with AI and machine learning, we can do things like build video-based safety for our customers, the coaching programs that you've heard about. Same thing with the alerts and all of the data flows that we have, we can provide vehicle telematics in real time and so on. You can do that for driver apps, you can do it for equipment monitoring, you can do it for site visibility. And these are the first few applications that we've built on our Connected Operations Cloud. And you'll see over time, we plan to continue to grow this footprint as we come up with more solutions to more problems for our customers.

And this platform is gaining momentum. This company is only about seven years old. We've been shipping products for six years, but we've been off to a fast start. You can see on this chart here our relative rate of ARR growth. We're now over $600 million in ARR, and we've done it with multiple products. We started with the telematics application. We've expanded over time. And some of our new applications, like video-based safety, which were introduced a few years ago, have now overtaken telematics in terms of customer adoption. And we're excited to see all these apps coming together and working together.

We're also excited to do things like launch our App Marketplace. I talked about technology and data integrations. We now have over 150 partners on our technology app marketplace where we made those connections to data easy for our customers. And we're going to keep going here. We've launched some new applications in the last year or two. We also launched over 200 feature enhancements, which is part of our philosophy of innovating on behalf of the customer.

And for us, as a company, we are building for the long-term. We are making sure to understand how we're performing, how we're building the business in a way that we can be sustainable for decades to come. And when

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we benchmark ourselves, we benchmark ourselves across the iconic SaaS companies that we want to be like. We look at companies like Salesforce, ServiceNow and Workday, even Datadog. We also look at where were they when they were roughly our size and scale. So when they're six years in, seven years into their journey, six years from founding, how large were they? And we see that we've accomplished some scale at $428 million in our sixth year, it's actually a bit larger than what some of these others were able to accomplish in the past.

And then we see that there's a pathway to grow to even greater scale because of the large market opportunity that we serve. And we see these companies have now achieved revenue run rates between $1 billion and $5 billion and $26 billion. And we see that as a possibility for Samsara because the sheer scale and size of the problems that we're addressing for our customers.

Now I want to go back to Summit Materials. I talked about them briefly at the beginning. But with Summit, it's a great example of how our customers engage with us and how these engagements expand over time. Summit originally just wanted to get real-time visibility over all of those operations, this 4,000 vehicles operating the 400 sites. So where we started was with vehicle telematics, real-time GPS tracking. And then over time, they realized that this technology could be useful for driver safety coaching. They saw an opportunity to fundamentally improve their risk, to improve their driver safety by deploying our AI dash cameras, and the workflows attached to that. So that was the first expansion.

And once they got comfortable with that, and they saw the value of once their users started using the system every single day, they saw an opportunity to connect them even more of their operational footprint. They brought in all of their equipment onto the same platform and now their sites. So I mentioned they have 400 different sites. There's heavy equipment at those sites, there's a lot of material. They want to understand what's going on there as well. So, now, Summit has all four of these products up and running on the Samsara platform.

Net result. They saved 175,000 gallons of fuel. And if you think about today's gas prices, that's a significant savings, almost $2 million. And they saved over 2,000 tons of CO_2, which helped them achieve their sustainability objectives. You can read about Summit's deployment of Samsara in their ESG report, we're proud to support that.

And for us, as a company, as we build, we are driven by a few core values. I want to share those with you all today. We talked about the first one, which is running a customer feedback loop focusing on customer success. And I also talked about the second one, which is building for the long term. This is a decade's long journey. This is a not a moment in time, but a long-term build that we're excited to be on. And that is related to our third piece here, which is adopting a growth mindset. We come from the world of technology in IT. We learn something new every single day from our customers. And that is about the world of physical operations. And we get new ideas about how we can grow together to grow the platform, come up with new technologies and transform their operations. That's deeply ingrained in our DNA.

We also are building an inclusive environment. Because we serve such a diverse group of people out in this real world, we want to make sure that we understand and reflect their needs. And then, last but not least, we love to win as a team. At Samsara, it's a team sport. We're a sales teams, and are customer success teams, get together with their engineering teams and even our finance teams to help solve problems for the customer. And that's what we love to celebrate.

And I think this culture has come together really nicely and it's amplifying over time. You can actually see this reflected in some of the awards that we've won, the Financial Times, Forbes, IoT Breakthrough, a number of folks have recognized us for the unique culture that we're building at Samsara that is so customer focused.

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And then before I leave you, I want to just remind you all of the mission that we have as a company. For us, we're a technology company, but we want to help improve the safety, the efficiency and the sustainability of the physical operations businesses, the power of our economy.

All right. That's it for me. Up next, we've got Kiren who's going to talk to you a little bit about product, and I think we're going to see a live demo, too.

Kiren Sekar

Chief Product Officer, Samsara, Inc.

All right. Thanks. Hello, everyone. For those of you who haven't met, I'm Kiren Sekar, I lead our product organization at Samsara. I've been with the company since founding, and prior to Samsara, I had the pleasure of working with Sanjit and John on the leadership team at Meraki.

Today, I want to show you how our customers are digitally transforming their physical operations with Samsara. How we're enabling them to access data that was previously siloed, enabling them to analyze that data at scale in the cloud, find insights to improve their business and then be able to act on those insights through our software.

I find it most helpful to understand this transformation that we're living through in physical operations by looking back at some of the industries that have already undergone their transformations. We're going to look at a couple of case studies that we all know well, Amazon in retail and Salesforce in CRM. And we look at – when we look at these industries that have gone through their transformation, others like them, we see that digitization really has three core aspects: accessing data that was previously inaccessible; analyzing the data at scale in the cloud, finding insights that previously couldn't be discovered; and then acting on those insights through software to improve the business.

So with Amazon, they had access to far richer data than their brick and mortar competitors. They could understand what shoppers were searching for, what they were clicking on, what reviews they were reading, what they were putting in their carts. They could access this data at scale across many customers and a deep product catalog. They could analyze that data to find the insights that allowed them to improve their business. They could optimize their supply chain. They could tune pricing. They could improve the delivery experience, and they acted on these insights. And the result was that their customers had a far better experience, and they grew a tremendous business.

In CRM, before Salesforce, oftentimes each sales rep would manage their own pipeline in a separate Excel spreadsheet, if you were lucky. If you weren't, they probably were on Post-it Notes. With Salesforce, sales leaders could access detailed information about their sales activities and their customers in the cloud. They could understand how e-mail campaigns were performing, how leads were converting to opportunities, converting to accounts. They could see this across their entire teams. And Salesforce provide the tools for sales teams to figure out how can they optimize their sales force, how can they plan territories better, how can they forecast more accurately. And ultimately, they enabled their customers to grow revenue faster.

We're seeing the exact same patterns play out in the world of physical operations. With Samsara, customers are able to access data that was previously disconnected or siloed in legacy systems. We help customers analyze that data at scale in the cloud and then act on it through our software to be safer, more efficient and more sustainable. And that's translating to real results for our customers' bottom lines.

GP Transco is a customer of ours who operates in the Midwest, and like every operator right now, they care a lot about fuel costs and fuel efficiency. Samsara enabled GP to access fine-grained data about their fuel

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consumption. They can understand fuel usage and efficiency across their entire operations. They can understand driver behavior, the efficiency of their routes, the efficiency of the vehicles. They could figure out where they were doing well, where they could improve. They identified engine idling as a behavior that they could change to save fuel. They acted on that insight and they're saving 205,000 gallons of diesel a year, which in today's price is over $1 million a year in savings.

Sanjit talked about how safety is a top concern for companies with physical operations and accidents are unfortunately a weekly or daily instance in incidents, in some cases, with large operations. Samsara gives customers visibility into their safety so they can figure out what's working, where they can do better, prevent accidents before they happen, and lower settlement costs.

Heniff Transportation is a leading transporter of bulk liquids. They move a lot of hazardous materials. They're using Samsara to manage safety across 1,800 drivers out on the road, as well as 80 of their facilities. And they estimate that they've cut their liability in half. And in physical operations, we see a lot of paperwork from compliance logs to inspection forms, and we work with customers to bring these paper processes into software. Our customers can benefit from real-time data that they can alert on, they can report on, they can analyze. And we're able to make the experience simpler and easier for their workers out in the field. Instead of cumbersome paper processes, they can have simple digital workflows.

One of our customers, UFP Industries estimates that they're saving over $600,000 a year in operational and administrative costs by going paperless with Samsara. And on top of that, their workers love the experience.

Now, when we look at these business challenges, from fuel efficiency to safety to worker productivity, they all come down to the ability to analyze and to access data, analyze that data at scale, and act on it. And our Connected Operations Cloud enables customers to [ph] do use (00:29:48) that.

We pioneered the Connected Operations Cloud, which gives customers visibility across their operations in a single integrated system. And from the diversity of the data that we're capturing, the scale at which we're capturing that data, and the breadth of applications that we provide for customers to act on that data, we're leading the market.

Let's take a closer look. We start by enabling our customers to access data from their physical operations, picks up materials we just heard about. They can connect data from sensors in their construction equipment and generators out in the field into Samsara. For their fleet, they can have real-time location data. They can understand fuel efficiency, driver behavior through dash cams in their trucks, site cameras in their facilities. They can capture thousands of hours of HD video footage every day, and use AI to find the moments, the insights, the detections that matter for their operations. They can move their paper processes into digital workflows, and capture that data in our cloud as well. Samsara captures all of these data types and many, many more at a massive scale. Last year alone, we collected over 4.6 trillion data points in Samsara. We bring the data in to our system in real time, we enrich the data, and then we analyze it.

We use machine learning. We have developed engines for recording, for alerting. We find the insights that our customers care about, and we surface them through our applications. We focus on making our applications intuitive and easy to use for frontline workers so that an operator can have the tools that all the different teams need to do their jobs better. We have built expertise across each of these areas, from embedded systems engineers, making sure we can capture clean data from sensors out in the field; distributed systems teams to manage the huge volume of data coming into our cloud; PhDs in machine learning and data science to find insights from that data; and user experience engineers and designers who make the products simple for workers

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out in the field. We believe that we've created a significant competitive advantage by solving all of these problems, being able to bring insights to complex operations, and making them simple.

We start with how we collect data from physical operations. Now, most of the physical assets used in operations are not yet connected to the cloud. So we build IoT devices that customers can place on their equipment, captures data from these assets, and sends it into Samsara. We focus on making these devices very easy to install so a customer can quickly try them out and scale them across their operation. We also focus on making these devices cost efficient. We engineer them to use commodity components, and we use efficient outsource manufacturing. Now, many of the newer vehicles and equipment used in customer's operations can already connect to the cloud. So, for these assets, we actually partner with the manufacturers like Volvo, John Deere, GM and Ford to integrate directly with their clouds, connect data from their clouds into Samsara. Now, regardless of whether data is coming into Samsara through one of our IoT devices or through an OEM integration between clouds, this is a means to an end, which is to capture clean, high-quality data in our cloud so we can analyze it.

Our platform is operating at a scale and breadth of data that gives us a tremendous advantage in terms of what we can deliver for our customers. And that advantage is continuing to grow as we add new customers to Samsara, and customers connect more of their operations into our platform.

We're collecting 4.6 trillion data points a year. We process 33 billion API calls. We analyze 85 billion minutes of video footage and made 2.4 billion AI-based detections. So, what does this mean for customers? Let's talk about fuel efficiency, fuel utilization. We're able to capture rich information that helps customers cut down on fuel waste, from fuel efficiency in real-time across their operations to driver behavior or the operating or the driving at efficient speeds. Are they moving back and forth between the gas and the brake? Are they revving the engine too high? We can look at routes, understand if they can shave off a few miles. All of these allow our customers to understand where there might be opportunities to optimize fuel consumption and save 5%, 10%, 15% or more.

Take safety. We use HD dash cameras with AI to understand, our driver is attentive or distracted? Are they wearing their seatbelt? We use telematics data to understand, are they following the speed limits? Are they driving smoothly or is there harsh braking, harsh acceleration? Are they maintaining appropriate following distances? We take all of these signals and more, and analyze them at scale. We then summarize all of these data points in a simple safety score that our customers can use to identify their top performing safest drivers, hold them on a pedestal, make sure they can reward and retain them. Also find cases where drivers might need a little bit of extra coaching or personalized attention to be safer out in the road.

All of this data also allows us to train powerful AI models to help bring insights to customers. We talked about safety. The volume and scale of our data makes sure that our safety detections can work well across customers with diverse operations. So, if you're a food and beverage distributor operating small refrigerated trucks in dense urban environment, we can make sure that these AI models work well for you. Likewise, if you're an oilfield services company operating totally different types of vehicles in rural roads, we can make sure the algorithms are [ph] attuned (00:35:57) for you as well.

Now, as we bring more and more data into Samsara, we're able to collect more insights that can drive value for customers. So, as we think about our long-term roadmap, we can look at problems like route optimization and see how can we apply all of the real-time data that we capture, traffic data, plan versus actual lab performance, and turn that into routing insights or workflow optimization, understand how customers are acting on this data, and make it simpler and faster for them to take action.

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Now, all these insights are the things that our customers care about in their operations. But our customers are not data scientists. They're operators, and they need simple, intuitive interfaces to act on these data. And they do that through our applications. We started with a single application, vehicle telematics, that allowed us to begin serving a wide variety of operations customers in industries like food and beverage, construction, local governments, energy. We are able to start that customer feedback [indiscernible] (00:37:03) Sanjit talked about and get real data in our system. We quickly learned that these vehicles were often getting into accidents and the operators didn't have any evidence to exonerate their drivers. They couldn't identify the behaviors that they could coach on to prevent accidents before they happen. So we created our video-based safety product, and it's now our top selling and fastest-growing application. We saw all the paperwork in operations, and started by digitizing inspection forms, compliance logs, further adding more and more tools into our app used by drivers, then started building workflows on top of them to make it easier to onboard new workers and to retain talented drivers with high-quality tools.

We learn from customers about all of the equipment outside of the vehicle that's used in their operations. Our food and beverage distributor might need to make sure that their trailers are properly refrigerated. Construction companies need to make sure they have their equipment at the right site at the right time in proper working order, that containers and equipment are properly utilized. Customers need visibility into these as well, so we built our equipment monitoring and control solutions. And we heard from customers how safety, efficiency and sustainability apply not only to their fleets and field operations, but to their sites. So we created our connected sites application, to bring visibility into our customers' facilities.

And along the way, we learned from customers that having multiple solutions in a single integrated system was far more powerful than point solutions. First, it was a lower total cost of ownership than separate siloed systems from different vendors. But more importantly, their teams had all of the data they needed in a single system to make better decisions. Take, for example, a safety manager. They'll, of course, use insights from our video-based safety to understand, our driver is distracted or attentive. But they'll also use telematics data to understand our driver is operating smoothly. Where is the highest risk in terms of times of [ph] shift (00:39:04) per area routes?

We'll start looking at data from our driver apps. We look at inspection reports to make sure that vehicles are in safe working order when they're going out on the road, and we want to coach on safety, investigate incidents not only in the field, but in their sites, and we'll do that through our sites product. You know, the best way to see how customers act on data through Samsara is actually by seeing it live.

So we're going to turn away from the slides for a minute. We have a few customers who have given us permission to share their live dashboard for you, which I'm excited to do today. So what we're looking at right now is a live Samsara dashboard from one of our customers. This is the same interface that their team is working out of right now. We're seeing exactly what's going on in their operations in real time. Now, through the system, they have all of their operations in a single pane of glass. They can see their equipment, their vehicles, their drivers, sites. They have a digital copy of their physical operations. Now, here, we're looking at a customer who is a propane distribution company. All right. They supply propane across the US to businesses and consumers. They care, first and foremost, about safety. They're transporting flammable liquids out on the highway or in residential areas, so safety is their top concern. They also care a lot about efficiency. Fuel costs, very important to them. Route efficiency, very important. If they're able to find ways to get one or two more stops per driver per day, that translates to their bottomline. Now they can see everything in real time through Samsara.

So let's zoom in to what's happening down here in Southern California and look at one of their vehicles here. So I click here, and we can see one of their trucks in real time. We can see that they're going 64 miles an hour. We can see a photo taken out of their dash cam, so their dispatcher can actually see what their driver is seeing right

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now. We see the fuel level, which drivers logged in. This is pretty incredible. Before Samsara, our customers might have been logging into two, three, four different legacy applications. They might have had some GPS breadcrumbs, but more often than not, they might have had a big paper map on the wall with a bunch of post-its and pushpins. Now, they have a digital reconstruction of their physical operations.

We can click in here and launch helicopter view. This is showing the vehicle's location in real time down to the second. The first time we showed this to new customers, it blows their mind; in real time location, they have video and photo data, they have data from the sensors built into the vehicle, all in a single system. One of our customers, Uniti Fiber, they're a fiberoptics infrastructure company, they use this real-time visibility to optimize how they dispatch their vehicles to job sites. They were able to improve their dispatch operation efficiency by 70% by knowing where the workers and vehicles were at a given point in time, make sure they're sending the right crew to the right site.

Now, in addition to location information, we're capturing all of the sensor data from all the vehicles and equipment out in the field in real time and bringing it into the cloud. As you can see here, we can see the engine hours. We can see that this engine might have some fault codes that [indiscernible] (00:42:41). We see fuel level, odometer, and more. All of this data is aggregated and analyzed, and it fuels a number of different applications for customers. We can use it to determine safety information so they can coach their drivers, to manage compliance. They can use this data for maintenance, to be able to understand when is the right time to bring a vehicle into service, how do we minimize unplanned downtime, and use it to optimize dispatching, routing, fuel utilization and more.

Let's take a look at fuel efficiency, top of mind for our customers right now. We're able to aggregate fuel efficiency and consumption data across their operations, summarize it and make it easier for them to act on. You can see, for example, the efficiency of each of the vehicles. What is the fuel cost? What are the emissions? Is there a vehicle that's really burning through more gas than it should be? We designed the system to support large organizations with complex operations so they can easily slice and dice by region, by unit, by division. They can look at individual drivers. Are there particular drivers that are operating efficiently? We need to make sure they call out or reward the people whose behavior could change and save them a few percent when it comes to fuel efficiency. And because we're providing the service across tens of thousands of customers, we can benchmark this data so that customers can prepare their operations to other operators with similar types of assets to see where they're doing well, where they could potentially improve.

Now, we can get really fine grain and find all of the different signals that contribute to fuel efficiency so customers can understand. For example, our driver is using the right engine torque, right? Are they idling their engines? Are they anticipating going smoothly between the gas and the brakes? These are the things that maybe you don't worry so much about at $2 a gallon. At $5-plus, every percent matters. And with Samsara, they can eke out those few extra percent of efficiency that translates to their bottomline.

Now, this type of analysis, finding insights, applies to fuel. It also applies to safety. As I mentioned, with customers moving hazardous materials, safety is a top concern for them. And as you can see, they are very safe [indiscernible] (00:45:11). They can summarize all of their safety information into a single safety score, 92. That's a fantastic score. But we can see that it's actually gone down 3 points over the last month. They can understand why that is. We can look down and see what's going on across the operations when it comes to speeding. Are they following traffic signals or are they rolling stop signs? The driver is distracted? Are they having harsh braking events, harsh acceleration? Again, they can slice and dice by region. We can see that California is doing great. They rolled out a new training program here that we want to replicate across our operations.

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We can look at the performance of drivers, understand who the drivers are that we need to make sure that we're retaining, rewarding, who needs a bit of extra help. And for larger operations, they want to know just – not just how efficient are their drivers, they want to know how efficient are their coaches? Who are the safety managers who are doing the best job keeping their crews safe out on the road? What can we learn from them? How do we replicate that across the regions? And they can do that here as well.

And with all this data, they can understand their safety. They can figure out where to focus. We also provide workflows that allow customers to actually coach their drivers; to call out their exceptional behavior, make sure that's being reinforced; see where they might need a little bit of extra help. They can do that right in the platform using video data so they can look at actual videos of driving, maybe defensive driving that you want to reward and recognize or areas where maybe a driver was distracted, and talk about ways to avoid that. They can sit down with the driver and do that right through the system.

Now, we've seen pretty tremendous results by customers adopting these data-driven coaching programs. One of our customers, Chalk Mountain, is an oilfield services company. They deployed a safety program using AI dash cameras, and they've reduced their preventable accident costs by 86%. And by rewarding positive behavior, they've actually increased driver retention by 15%, which is really important in today's labor market. But even with all of these programs, accidents still happen. And without evidence to exonerate drivers, customers often end up in costly court proceedings. So let's take a look at a near miss, something that could have resulted in an accident on the road. We will show you how customers will use Samsara to handle these situations. [indiscernible] (00:47:56) video. The driver out on the road. You see the car in front of them swerve out. The driver hit the brakes, avoided an accident. But had that been one second later, this could have easily been a crash.

Now, in the system we can see a lot of things. First, our system is understanding using AI, is the driver attentive or distracted? Here, the system can tell that the driver was paying attention, looking down the road. We can tell if they had appropriate following distance or were wearing their seatbelt. So the driver was doing the right thing, operating safely. Had this been a crash, the first thing that would have happened is our system would have detected the crash and sent the safety manager a real-time alert. They could see it in the dashboard or they can be notified on their own – on their phone and see this video evidence in real time from their mobile app. They can check to make sure that the driver is safe, get them any assistance they need. And then they can take this video, send it up to the driver or an officer on the scene and have the incident – and have the driver be exonerated right then and there. This can reduce huge amounts of costs when it comes to avoiding litigation. And without video evidence, sometimes a major accident can result in over $1 million in settlement costs. The savings are significant.

Now, we see that safety and accidents are a concern for operations, not just for drivers out on the road. Accidents also happen in their facilities. And so that's why we added our Connected Sites product to give customers visibility across their operations from the field into their facilities. Here, we're looking at a customer in the construction industry who service the oil and gas market. They operate in remote environments. Here, we could see them in West Texas, in North Dakota and in Alaska. And they need to have visibility and management across all their operations and they need to be able to do it through the cloud.

Let's zoom in to what's going on up here in Alaska. We can see their trucks, their equipment, and we can see their sights. Here, we see the shop floor where they perform welding, basically build parts that they need to go deploy to their customer sites. Now, from the dashboard, we can see the types of incidents that they might need to manage out of these facilities. So take a look at a typical warehouse here. We're going to see some forklifts zipping around. It's something that, unfortunately, happens all too often [indiscernible] (00:50:35) forklifts bump into each other. Ouch. Now, fortunately, no one was hurt. These guys did the right thing. They stopped. You see a

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supervisor walk right over. They document the incident and move on. But now their safety manager has this video data in Samsara. They can investigate the incident, understand what happened, and figure out how do you prevent it from happening in the future.

Do they need to bring in new training? Do they need to rearrange the floor to make this less likely to happen in the future? They can do that all from the same system that they use to manage safety out of the fleet. And with AI, they're also able to very quickly find the data that they need to take action. For example, let's say there was an incident that took place in this facility. They can pull up historical data over the year. Let's say the incident involved a person wearing an orange PPE vest and blue jeans. We can use AI to quickly find the incident that we need and be able to coach on it.

Now, when we look into operations, like we're doing right now, one of the things that we see a lot of is paperwork. So we built our driver app to enable customers to take the paper processes and move them into software. For example, we can have proof of delivery forms. This used to be a stack of paper the drivers would have to bring back to the office at the end of the day, now they can submit them through our app. The operators have visibility in real time. They can add photos. We have data about exactly when and where this was submitted. And this allows customers to make better operations decisions. They're able to serve the customers better having this data in real time.

Customers started to add more and more documents and digital processes into their operations. And they were bringing more new workers into their operations who had had to train on their tools. Samsara, as well as all of the other apps that are deploying, including enterprise apps, that the customers likely hadn't – the workers likely hadn't used before. So we built workflows to simplify the experience for drivers out in the field. With workflows, we can take all of the tasks that a driver needs to perform and we can just arrange them in a simple drag and drop interface. So, let's say here, when they log at a forum, we want them to create a proof of delivery form; the checklist, we want to make sure that they inspect the trailer, and let's have them also certify their logs now. Now, actually – no, I'd actually like to have them inspect that trailer first; while they're [indiscernible] (00:53:27) vehicles, let's go ahead and move that up.

Now, the driver is guided through a really simple workflow through their app. It's contextual based on the work that they're doing out in the field. So we got this down to a customer's hands, and drivers loved it, and they found that it simplified their work, there were fewer errors in the back-end, and customers were saying, this is helping them onboard new workers quickly. It's also helping retain their drivers by taking out a bunch of the tedious paperwork. So we added some enhancements, which we announced over this morning, starting with the ability to link to third-party apps. So now we can ex – open an external link and a third-party application and use workflows as a central hub for all the different apps and tools that our customers are deploying into their operations.

Now, let's take a look at this from the driver's perspective, right? We see that they have some experience that's simple. It's fast, it's easy to use. Takes less time than paper. And our managers in the back-end have far richer data than they did before. And these workflows have been really, really well received. The adoption has been incredible, but our customers are telling us they're still continuing to add more tools, they're building more custom software. And sometimes the drivers need help out in the field. And oftentimes that meant calling them up on the phone, trying to resolve the issue or maybe filing a help desk ticket, waiting an hour or more for the issue to get resolved and these folks out in the field. And sometimes this would effectively halt their operations. The drivers might end up out of compliance or the operators might not have the data that they need to run their business.

So we created a new feature that we announced this morning called remote support. So, now, with the remote support, the Samsara administrator can make one click from within the Samsara dashboard, launch a remote

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support session, and see exactly what's happening in the driver's device. They can see their settings, their apps. And as you can see here, they can take control of the device as well, and they can resolve whatever issue had that driver held up. They can help them with data entry. They can help them with passwords. They can help them with logs. Now, the issues that might have slowed down their folks out in the field for hours or longer, they can solve instantly over the air.

So these are just a few of the ways that customers use the data and Samsara to act on the insights from the platform and manage their operations. Hopefully gives you a good sense for how our customers are using the solution day-to-day.

Now, if we can flip back to our slides, we see that Samsara effectively becomes the system of record for our customers. And as they get more data in the system, they naturally want to connect it to the other applications in their environment. So we've grown to support 155 third-party integrations on our app marketplace, these customers connecting Samsara to the other apps within their ecosystem. [indiscernible] (00:56:30) large customers are using an average of four integrations. In fact, we've seen our API traffic increase 4x over the last year alone. So customers unlock this data and connected through their operations.

Now, this ecosystem is broad. We talked about OEM integrations where we can pull data from assets through cloud-to-cloud partnerships. We also integrated with IT systems. Many of our customers will use our driver app plus telematics data as a system of record for work performed, and they can actually use that as a virtual timecard and run payroll out of the data of Samsara. It's easier for the drivers. There's less paperwork and there are fewer errors. We partner with insurance providers, so customers can connect their safety data to their insurance provider and they can get premium reductions based on safer operations, and the insurers process claims faster.

And we partner with vertical specific software companies. Think about companies that build route planning software that's specific to K-12 school buses or waste management or systems that are specific to managing loads in long-haul transportation. Now, customers can connect those systems to Samsara and manage all the data in one place.

Now, this scale of data, the breadth of applications in this growing ecosystem is creating pretty tremendous momentum in the market. To tell you more about that, I'd like to introduce Andy McCall, our Chief Revenue Officer. Andy?

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Hey, everyone. How are you doing? My name is Andy McCall. I have the great pleasure of leading our sales organization, and I thought I would spend just a couple of minutes talking about one of my all-time favorite topics, our customers.

At Samsara, we sell into the world of physical operations. You heard Sanjit say we believe this comprises roughly 40% of the global GDP. So, as you can imagine, this is an incredibly diverse set of customers. Everything from construction field services to local, state government entities, manufacturing, transportation, utilities across the board is a huge, huge market to go after.

And if you're wondering what differentiates us, the first thing is our ability to address this entire market, right? A lot of our competitors play in any one of these. And because we have a brilliant product and engineering team, we have been able to develop a horizontal platform that sells across all these verticals. And if you look at these verticals, what's the common factor across all of them? It's that they rely on high value assets and that they

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deploy large distributed workforces across very complex operations. And fundamentally, that is what our Connected Operations platform helps them to do, is give visibility into those operations.

Now, as part of my role, I spent a lot of time out with customers. I spent time with our customers in North America, in Canada, in Mexico, over in Europe, and all throughout the US. And I can tell you, it's very consistent what our customers care about, what operations customers care about. It's safety, it's efficiency, and it's sustainability. And you've heard a lot of examples today about how our software helps address these. On the safety side, things like OSHA violations, preventing thefts, helping predictively prevent accidents and incidents, help reduce insurance premiums. And it really shouldn't be lost that a lot of our customers need this technology just to remain compliant. There's regulatory compliance issues that our software helps address.

On the efficiency side, our customers care about cost. Now, I've been on board with Samsara since 2017. And for better or for worse, we've seen a couple of economic cycles. We've seen some really good times and we've seen a couple of rough times in the economy. I can tell you that this has remained very consistent across our customer base. They care about costs in good times and they really care about costs in tough times. And fuel prices, product spoilage, things like repairs and maintenance is constantly at the top of their priority list. And again, this is what our software helps them address day in and day out. In addition to things like labor and efficiencies, figuring out where their assets are and how they can best utilize them.

And then finally, one of the things that we're starting to hear more and more about is sustainability. Our customers are asking us how can they report on things like their carbon footprint in efforts to reduce them? How can they look at electrification of their fleets.

So we're really focused on bringing rapid ROI to our customers. How do we get them to value as soon as possible? And the proof is really in the momentum that we're seeing in the market today. And you can see that in just some of the logos that we've won so far in our fiscal 2022, companies like Penske that operate massive fleets with variable use cases, companies like Roto-Rooter that are out in the field every day, their office is basically their car. They're out doing field services and they need to know where those assets are. They need to keep those things in operation. Something like the city of Orlando where we're going through every single department and entity across the city and making sure that their movable assets have Samsara on them.

And we also see a ton of our business now from expansions. So if you look at some of the logos that we have onboarded in previous quarters, we see these continue to grow. City of Boston is a great example. This is a relationship that dates back five years ago and every single year, we've managed to expand our business with the city of Boston continuing as their fleets grow, but also finding new use cases across different assets in the city. Clean Harbors. Another great example, Clean Harbors, massive fleet does things like hazardous material, spill cleanup, that type of stuff. We have been able to grow that relationship substantially.

So, how do we go to market? So, we are broken out by segment and by geo. On the segment side, we have an enterprise team that chases the largest companies in each of the segments that we play in. So, these enterprise deals tend to be more complex. They tend to be larger companies with more complex requirements and therefore longer sales cycles. A sales cycle in our enterprise segment might be six months to even upwards of a year. Obviously, larger account captures when they happen. And then we have a mid-market team which is much more transactional in nature. We can largely get through this through an inside sales model. These are much more predictable shorter sales cycles. These sales cycles can be anywhere from weeks to a couple of months.

And then from a geography perspective, I mentioned it before, we operate throughout North America. So today, Canada, the United States and Mexico, and we have about 10%, a little north of 10% of our revenue coming

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outside of the US which also includes Europe where we operate in most of Western Europe today. We obviously have an eye on expanding internationally in the quarters and years ahead.

And then how we sell. So, we employ a see, try and buy sales motion. What does that mean? It means that, fundamentally, we believe we have the best technology in the market. We want to get it into our customers' hands to experience it as early as we possibly can. We have a magnificent marketing team that works hard every day to get a piece of interest generated either through inbound or outbound. And once we can get a hold of a customer a prospect, we will very quickly try to identify what challenges they're having. Maybe they're upset with their current vendor. They're not happy with the level of support. They're missing some key piece of usability out of their software. We will work to identify that and then we will get our technology into their hands. We ask them to try it out.

Most times, way more often than not, when we do that, when we can get the technology into their environment, they end up moving forward and purchasing with us. So that is our biggest differentiator is just the usability and the fact that our technology works. Once we do that, of course, once we transact and we move into onboarding the customer, we have a fantastic customer success team. They work hard every day to onboard these customers. Make sure that not only do they implement as quickly as possible and integrate across all of the backend systems that they need so they're extracting maximum value, but also just making sure they understand how to use our technology. So they're getting every last bit of value out of it. And then, of course, we maintain that relationship with quarterly check-ins. It gives us an opportunity to continue to identify other opportunities of cross-sell and upsell. It also sets that customer up very, very well for renewal when our contract period is up.

Excellent. Another big, big advantage that we have is that we are a multi-products company in a relatively short period of time, right? We've been at this for about seven years. We've managed to bring multiple products to market. How does that help us on the sales front? Because it gives us multiple entry points into an organization. We might call into the logistics department and find out that they're currently running [ph] telematics (01:06:03) as one of our competitors. They're not up for contract renewal for a couple of years. Okay, that's fine.

Then we'll go talk to the Safety Department, see if they have a safety initiative. Are they looking at dash cameras? Do they have an initiative to improve their safety? Maybe that's an entry point for us. Or we might go talk to their quality control. Do they need temperature sensors, cargo sensors on their vehicles? Do they need assets? Do they need to be able to track their powered and unpowered assets? The point is, if we can get a foothold into this account, then when that renewal comes up for telematics in two years, we're already in there. They already love our technology, they're using it every day and they're used to it.

So the fact that we have multiple entry points into an organization, so many different ways to get into the operations arm of these companies gives us a huge, huge advantage over our competitors in the ability to expand within these accounts. And the numbers show it, right? We have 70% of our core customers today utilizing more than one of our licensed products. And with our large customers, which we define as [ph] 100,000 (01:07:06) in ARR or more, we have 90% of our customers utilizing more than one of our licenses. So this is a big, big advantage for us and also a way that we're growing the business.

Let me give you two examples just to kind of drive on the point here of how we land and expand within these customers. The first is a large utility provider in the US, electricity and gas, massive fleet, well over 10,000 vehicles, over 4,000 assets, you can see we first got a penetrating discount about four years ago, relatively small deployment, they were just vehicle telematics. They were trying us out. They had some compliance needs that we satisfied. But over the last four years, we have been able to expand both within their fleet, but also finding other use cases, powered and unpowered assets, getting some safety onto their vehicles. And we've managed to grow

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that into almost a $4 million ARR line of business. And this account is still growing. It would not surprise me at all within a couple of years if this account is doing well more than $10 million with us in ARR. So lots of expansion once we land these accounts.

Another example is our -- is the second largest US food distributor. So this is an account that we acquired more recently and you can see we've expanded a lot more quickly with them. This was an account that needed video-based safety, so this was a safety initiative. They also looked at our camera technology and said, hey, can you do that at our sites? And we said, absolutely. So that was where we landed with this customer. And then in a relatively short period of time, a couple of quarters, we've been able to grow this from under $1 million in ARR to almost $2 million in ARR. And again, lots more expansion here. They've got about 200,000 customer locations, 100 distribution centers. We're just scratching the surface with this account.

So the only thing better than hearing about customers from me is hearing from our customers themselves. So we're going to take a quick five-minute break to rearrange some furniture up here. And then I'm going to be pleased to announce two of our customers come up, join me on stage, and you can hear directly from them. Thank you.

So next up excited to introduce two of Samsara's customers. We've got [ph] Troy (01:09:16) here from our [indiscernible] (01:09:16) services and [ph] Tony (01:09:17) from XPO Logistics, keep their faces up there on the screen for you all. For those of you that aren't intimately aware, just a quick background on the company. So XPO is the number one among Fortune 500 transportation logistics companies, I think, for the fifth year running, $12.8 billion American freight transportation company. And Artera is a family-owned and operated since 1953; 11,000 employees, $2.5 billion and they do mission-critical infrastructure for things like natural gas and electric providers. So happy to jump into it here. Maybe before I do, just want to kind of introduce yourselves for the audience.

Unverified Participant

Sure. Sure. Okay. I'm [ph] Troy (01:10:01). Nice to meet you all. Sorry about the South Louisiana slang there. Hope you get through that. I'll talk kind of slow. But I've been in the business for over 25 years, mainly in the petrochemical power infrastructure world in South Louisiana. Been in Georgia for a couple of years now with Artera. And just a slight change, we're comprised of 10 operating companies with 10,000, 11,000 employees all started from family-owned businesses. And now, we put them together in the portfolio. So if you get natural gas to your house anywhere between the Mississippi River and the East Coast, it probably was touched by one of our operating companies. So, yeah.

Anthony Graham

President-West Division, XPO Logistics, Inc.

All right. Thank you, Tony Graham, I'm the President for the West Division of XPO Logistics LTL Division. I've been in transportation trucking for about 35 years. I've been with XPO for 25 years. I've held leadership positions and sales operations prior to this role. I led a revenue management and pricing activities for LTL.

Andy McCall

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

Right. Thanks, gentlemen. So maybe to start off. Why don't you just give a quick summary of sort of the relationship that your company has with Samsara, maybe how long we've been doing business together and how you've deployed the technology. And maybe, Tony, if you want to start us off.

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Anthony Graham
President-West Division, XPO Logistics, Inc.

Sure. Absolutely. So I'll begin the conversation with the relationship is fairly new from my perspective. Having said that, we've only rolled out the [ph] in cam (01:11:29) technology over the course of the last few months. It was a very impressive rollout though. So we were able to accomplish the installation across about 9,000 rolling stock units, 9,000 tractors and a three-month timeframe. So when you do the math on that, I don't think anyone worked on a Sunday, there were a few Sundays that they worked. But a little over 100 units throughout North America, so the US and Canada, so it was a very impressive install. And our units operate 24 hours a day, so we saw no downtime from an operational perspective while the install was taking place. So pretty impressive installation.

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Yeah. Excellent. That was -- it was a quick rollout for sure. A lot of units in a short period of time. And Troy maybe...

Troy Allen
Vice President - HSE, Artera Services LLC

So we're a little bit different being an infrastructure company, but we have over 7,000 vehicles on the road ranging from pickup trucks to get the foreman around to crew trucks, 2500 series all the way up to Peterbilts and everything in between. Again, over 7,000 units, 18 months or so ago that we started this process. We made sure not to work people on Sundays too. But we had a third party that we work with that between us and Samsara to get the cameras in, the door-facing cameras on all assets with motor in it. And then, of course, the slapping sticks and all the other GPS monitoring that we do of all of our other equipment. So, it's a large fleet and it was pretty seamless to get it installed.

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Yeah. Excellent.

Troy Allen
Vice President - HSE, Artera Services LLC

Yeah.

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

So obviously, XPO, Artera, very different businesses but very common in that you have large, complex operations. Maybe just take us through what does a day look like for your team at Artera.

Troy Allen
Vice President - HSE, Artera Services LLC

So to get to natural gas to your house, and we do some transmission pipeline work to the bigger stuff that brings petroleum products. But that's, of course, not as much today. But you guys get up early in the morning, they go get in a pickup truck and go meet their foreman somewhere. So, may or may not have taken that asset home at

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night. They load up, they hook a trailer to it. Perhaps it was loaded last night, but regardless, it's probably going to have a [indiscernible] (01:13:41) or a small digger-type equipment on the back of it, and they pull into a subdivision like where you live, they get out and they will do safety checks and reviews and job planning and make sure all the lines are marked on the ground and then to begin the hard work of digging up and finding out where other utilities are and then put in a gas line to your house.

We replace in a lot of ways the old upgraded needs for old piping. If you could imagine, steel pipe that was put in 100 years ago which really wasn't that long ago, 50 years ago, it's rusting and is leaking all across the country. And so we're in a significant ESG capacity with replacement work and then also the smart work that goes to your house where a meter is replaced and that meter has a technology to send your bill for your information instead of a meter reader coming by. But we have got to do all that work too. And all that goes from the house all the way to the big 4-inch or 10-inch or 20-inch line that runs across country that gets supplied to the supply chain that comes to your home. So, if you can imagine, the 20-inch pipe all the way down to the one that comes into your side of your house that's what we do, every day 10,000 people. So...

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Yeah, pretty impressive scale.

Troy Allen
Vice President - HSE, Artera Services LLC

A lot of people.

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Yeah. Tony, what does a day look like for you in XPO?

Anthony Graham
President-West Division, XPO Logistics, Inc.

This is going to sound a lot less technical than that, okay, because this is trucking. So literally, it's an on-time pickup of a pallet or multiple pallets from a single shipper. Consolidation of those pallets in our line haul environment, distribution throughout 290 locations in North America with a damage-free delivery and accurate invoice [ph] after the fact (01:15:22).

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

All right. Excellent. I want to next jump into some of the operational challenges. So again, large operations, what are some of the challenges you face on a daily basis and I guess how do you prioritize those challenges? And maybe, Tony, you can start off on this one.

Anthony Graham
President-West Division, XPO Logistics, Inc.

Well, I'll start with the biggest challenge of the entire industry faces where there's less than truckload, which is our business with the truckload environment, and that's a lack of drivers or driver capacity. So, we try to offset that through internal driving schools, we're doubling the number of driving school graduates that we expect this year to

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help supplement that staff. Above and beyond that, it's trying to connect the – all the aspects of the business. So, I mentioned around 290 locations throughout North America. So keeping them connected, keeping 20,000 employees connected as well is always a challenge.

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Yeah, I bet.

Troy Allen
Vice President - HSE, Artera Services LLC

Yeah. For us, challenges are is we have CDL operators that have to operate our bigger trucks. And one of the biggest challenges up for us is to keep him from stealing our import notes. It is challenging if, with what we have today, he and our business is facing difficulties with people. It is tough. But as it relates to Samsara, you know, the challenges that we've overcome through the technology identification, where our equipment is, the demise of the deployment, somebody accidentally digs something up somewhere. We're getting contacted or we can look on a screen and know that Jim and Joe are two miles down the street. And instead of trying to deploy somebody through a list of where's he at, very quick deployment, we didn't have that before. Just complete and total asset management, not to mention I know we will in a minute, the safety aspects of it, the challenges there that we've overcome have been tremendous. Yeah.

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Yeah, fantastic. So we hear the word digital transformation quite a bit. I'm curious, what does that mean to your companies. And [ph] Troy (01:17:16), you just -- your company just won the Digital Transformation Award from Samsara, so maybe we'll start with you.

Troy Allen
Vice President - HSE, Artera Services LLC

So I'm a health and safety risk management person, so not in the actual deployment of vehicles, but I guess the digital transformation for us, the in-cab video technology has just completely revolutionized our protection of our assets. We call them Sumi stickers, the sticker on the side of the door people automatically think the company is rich so their neck hurts twice as bad as what it really does hurt when there's a wreck. And then also the fraudulent claims that become not fraudulent. Whenever we have video evidence to show a state trooper, [indiscernible] (01:17:57).

And forgetting all that, the true safety of our employees. I mean number one, period, we never know the wreck we prevented because you hardly hear those stories. But we believe -- I mean, we have a 40% reduction in 18 months of preventable motor vehicle incidents. And, yeah, some of the big brother's watching, but it's allowed us for coaching. It's allowed us to do so many things that we never had a window into doing. And somebody is throwing a baseball with their son today because they didn't get in that wreck that we prevented. We'll never know what that wreck was but, statistically, we absolutely prevented it, the transformation. So, yeah.

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Yeah. Excellent.

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Anthony Graham
President-West Division, XPO Logistics, Inc.

So I think, again, trucking is really an old school business. So there's -- it's [ph] ripe (01:18:44) with opportunity to engage in digital transformation. So there's – obviously, Samsara is helping us with that, but there's so many other aspects of our business that we haven't engaged with yet that we can see massive improvements in whether it be employee productivity, customer satisfaction, employee engagement, that the opportunities as I sit here and think about them are almost endless.

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Yeah. Well, when I think about digital transformation, I think about just getting more data so we can make smarter decisions faster. And again, I know the deployment is relatively new for XPO, but have you seen some areas where you know that that enriched data or that faster data have kind of allowed for quicker...

Anthony Graham
President-West Division, XPO Logistics, Inc.

Absolutely. So one of the aspects of the Samsara offerings that we use are electronic vehicle inspection reports. So we used to have stacks of books that were physically filled out by the driver before and after their trip. So now, that's all been put in a digital format. So on day one, so first of all, we train 14,000 drivers in two weeks how to use this new technology. So when you think about 14,000 truck drivers average age around 55, they're not -- don't exactly embrace new and emerging technologies. So to accomplish that in two weeks, I have sought the Samsara team. So on day one of implementation, we're able to scan through with 35,000 inspection reports and we didn't get the entire fleet with that 35,000. So 35,000 inspection reports able to turn that into actionable repairs or needed repairs on equipment and improve uptime of the fleet just on day one.

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Yeah, fantastic. Yeah, it's amazing. Just moving paper processes into a digital format can create so many efficiencies.

Troy Allen
Vice President - HSE, Artera Services LLC

Same thing for us, everything he just said, I mean, we're doing that to -- its daily learnings, it's expediting equipment across the country. We [indiscernible] (01:20:38) to yesterday about this, the deployment of equipment that may have sat idle. We know it's at Minnesota Limited, one of our opcos in Minnesota, Northern Minnesota. And we've got pickups or whatever that sat there for 30 days, never cranked. And we never knew it because it's an asset just sitting there. But now, we can redeploy that asset, call it opco, hey, do you have these three, four, ten truck, bring that down to Atlanta, Georgia and utilize it. And we all know all of the call outs across the country, there's nothing available. So we're having to run stuff longer and then we just can't obtain units to run our business and like I told you in the beginning is deployment of people and equipment, you got to have a truck to pull it. And so it's really helped us and transformed us in a way we didn't really even think about.

Because when we started this, it was about safety, protection of assets from car wrecks. And then also, where's our fleet at. And then as we've continued to explore what the offerings of Samsara, it's just exploded. And then back on equipment, we have assets that have hour meters, engine run time, big bulldozers and [indiscernible]

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(01:21:51) and stuff like that. Making conscious decisions around our schedule maintenance, identifying that through the technology you guys have and putting out either [indiscernible] (01:22:01) or whatever and fully understanding, okay, we're going to run this thing to 900,000, usually we retire assets at 450,000 hours.

If you can't get the assets, there's no chips, right? So we're going to run it to 900,000. Well, we're identified at 750,000, these motors are blowing up or whatever. So at 725,000, this CAT, whatever dozer, we're stopping it. We're going to get another piece of equipment in to run our business while this thing's getting the motor sleeve done, whatever. We never missed a day of work. All our people were working. The customer is happy. We would have never had the insight without having that totality of technology. So it's a lot, but it ties together.

Andy McCall

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

Yeah, I think we're talking about last night. Also, Artera has a number of operating companies obviously, and that ability to kind of see the assets not only within each operating company but across all of them. So even benchmark here comparing utilization rates across.

Troy Allen

Vice President - HSE, Artera Services LLC

We just made a decision Springfield, Massachusetts, to looking at that and other -- people were crisscrossing this part of Massachusetts. And [ph] it's likely that (01:23:06) office here in a place here and a yard here. And you just looked at the map and put a yard right here, make somebody happy with a rental, the property owner, and all of a sudden we save 500 miles a day times how many gallons of gas? And then the centralization of people. And so, yeah, there's a lot of things that we've learned along the way, and it's helped us a lot.

Andy McCall

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

Yeah, yeah, fantastic. So, one of the things we're really proud of is, again, being a multiproduct platform. And I know, Tony, when we won the business with you guys, you had been using other vendors for a number of those. Can you tell me a little bit about sort of the consolidation of all of those products onto a single platform and where that's maybe helped you guys?

Anthony Graham

President-West Division, XPO Logistics, Inc.

So, absolutely. So, there's a number of aspects where it's really propelled our business. When I think about integration with other systems as well. So, I think about Kronos timekeeping systems, M5 maintenance software and how Samsara helps us integrate with those existing systems and even complement and improve those systems as well and give us real-time feedback. I think about the telematics of the equipment, real-time feedback on tractor performance, employee performance which leads to employee engagement as well. I think about future state. Again, we're in the initial innings of the relationship. When I think about integration with other systems whether it be HR and payroll, I think the ability to expand the relationship and improve performance for our customers and for our employees when I state that -- I'm really talking about engagement of our employees, there's just lots of room to go over.

Andy McCall

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

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Yeah. Fantastic.

Troy Allen
Vice President - HSE, Artera Services LLC

Yeah. Again, I can't say a whole lot more. I mean same thing, and I got to say the implementation back to the start was very important. We keep talking about -- and I know what the award is, but the personalization of Samsara, we had all these other competitors we looked at, we looked at others, and you guys clearly were the best, and that's why we went with you. But it wasn't just the technology, it was also the people behind it. [ph] Bobby (01:25:15) did a tremendous job educating us on it. And then your back office people, you can go a long way with technology, but you got to have the people in order to really and I'm not talking the sale of it, but truly to, hey, this is what the product does and it's genuine and he did a great job. You all did a great job with that.

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Yeah. Appreciate that.

Anthony Graham
President-West Division, XPO Logistics, Inc.

Yeah. I've got to touch on as well, so I appreciate you bringing that out. This wasn't an instance of where we purchase hardware software from an organization. It was based on multiple meetings, multiple rounds of meetings, feedback from us about what we were looking for and what we could accomplish, as well as ideas from the Samsara team on how they could improve on the ideas we're bringing to them led to the ultimate solution. And it's a very entrepreneurial relationship and that's one of the cornerstones of our business. So, I see this continuing to mature and both organizations challenging each other to get a better product again for our customers and our employees.

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Yeah. Fantastic. So you mentioned something that I wanted to touch on as well. You're talking about the integrations and how Samsara system is integrating with a lot of your backend systems. I guess stepping back from Samsara and, obviously, we've been spending a lot of time trying to get our app marketplace, and you heard Kiren say we're 150-plus at this point. But even take a step back from Samsara, can you think about integrations that would be beneficial in the future? And maybe how important are integrations to your organization? And maybe, [ph] Troy (01:26:41), if you want to start there.

Troy Allen
Vice President - HSE, Artera Services LLC

The whole driver log, all the other things that is really not necessarily in my wheelhouse with respect to the DoT side of the house but, of course, looking out here at all the technology we have at this showcase, it's endless, the things that I think that we can benefit from. On a safety side of it and risk management side of it, there's nothing but upside. We have a superior negotiating position with our insurance companies now. Well, they continue -- you all know this. You go get your State Farm bill or whatever and your premium went up, right, and you really don't have much defense. So that's the market.

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Well, we're insuring 7,000-plus vehicles and our insurance go, wait a minute, we've employed all these processes we've gone into this agreement with Samsara and it's a heck of a negotiating capability for us. So that may not be a technological coupling, but it couples through our health and safety program that we sell to our customers all the time because they won't let us on their projects if we're unsafe and hurting people. So it's the whole thing. And we look forward to continue the, as you said, technology growth and growing together to get better because [indiscernible] (01:27:58) challenge us. That's the way it work. So...

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

So you really like it. Excellent.

Troy Allen
Vice President - HSE, Artera Services LLC

I'd like to touch on it...

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Yeah, please, yeah.

Troy Allen
Vice President - HSE, Artera Services LLC

Because as you're having the conversation, I think about integration with HR and payroll. So there's still lots of paper forms that are used in the LTL industry particularly for our drivers that work at night. They've got tractor hours. There's only so many hours they can work over the course of the day and over the course of a week, and we have to audit to that. It's a lot easier to audit if you have a digital environment, right, and not all those forms are in digital environment now.

I think about asset utilization and identification and inventory. So we talked about over 9,000 power units. Well, there's 30,000 other pieces of equipment that we utilize every single day in operation that we want greater control over their utilization, their uptime, their maintenance schedules, et cetera. A lot of that is in disparate software technologies, if you will, throughout the company, as well as paper. Being able to get that on to a single platform really will pay dividend again not just from an uptime perspective but from an employee satisfaction perspective as well. So keep in mind that rolling stock is the office environment for most of our employees.

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Yeah, fantastic. Any comments on just the future sort of digital transformation journey that your companies are on? What's what sort of next on the horizon? Tony, I don't know if you want to start.

Anthony Graham
President-West Division, XPO Logistics, Inc.

So there's many, many different areas. So when you think about your – in your personal lives and some of the deliveries you get to your home, you don't have to stay in there and sign a receipt of any sort. It just shows up at your doorstep. We like to mimic that. In the LTL environment, we still have paper delivery seats. The industry is used to that paper and to get the industry as well as our competitors onto a digital environment, will pay huge

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benefits from a productivity standpoint again and a customer satisfaction standpoint as well. There are many other areas of the business where digitization will help improve productivity, improve satisfaction and profits, by the way.

Troy Allen
Vice President - HSE, Artera Services LLC

So, for us, same thing. We learned a lot with fuel prices in the past year, year and a half, and being able to really understand that, apply that to the work we're doing for our customers. And then going back to them and having data to show them, look, we've got to have a rate increase. We could not possibly have anticipated this escalation in pricing. And it's not for bottom line's improvement for us. It's to stop erosion. So, that's one piece of it that helps us to really put things together.

The other thing, you're talking about technology too, HR, and so we have driver logs, we have [indiscernible] (01:30:40) series truck pulling the trailer, they're just like an 18-wheeler driver. They've got to have hours of service, all that stuff. And we're on the pathway too with our HRIS system, our ERP systems, tying all that together. Samsara's going to tie back to that as well because you've got to have the data for audit and paying people, as well as whenever the auditors come in. So, same thing and it – it's not there yet, but you all are a partner in that force.

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Yeah. Yeah. Wonderful. I have to ask the question. If you had a peer come and ask you about – they say they're evaluating Samsara. What would you tell them? Maybe try...

Troy Allen
Vice President - HSE, Artera Services LLC

I'd go somewhere else. No, it's – I'll tell them everything that I just told you all. I mean, it's just from the heart. It's not when you see – and I guess more than anything, again, the HSC side of it, when you see those – I've seen some wrecks that have happened and I've seen some reactions that kept people from getting in wrecks. And we can all resonate with it, that we have parents, we have kids, grandkids, but we all want to see them again and we all want our employees to go home. And so, I'd make sure to express that to that person that's looking.

And then back to the piece that I talked about with [ph] Bobby (01:31:58) and your people, easiest group to work with. I felt like in some cases when we were going through that 20 months ago or whatever, analyzing who we're going to pick, there's some salesy pieces to it that weren't real. The reality of, hey, we're here for – to be a partner with you in this journey and you guys provided that. That's crucial. Yeah.

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Great to hear.

Anthony Graham
President-West Division, XPO Logistics, Inc.

And first and foremost, I would tell them to challenge the Samsara team. Challenge the team non-stop, because your team comes up with some really good ideas and twists on what we're originally thinking about in terms of implementation. So, we were thinking about installing the hardware. There were a lot more things around the

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installation of cameras in cabs that will help drive our business forward. But it came through that collaboration, right? So, my first bit of advice is continually challenge that team because it's a good management team in place.

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Appreciate it. Well, gentlemen, I want to thank you for your time sharing your experiences. Yeah, certainly, we've learned a ton from working with yourselves and your organization and really appreciate the partnership and looking forward to more good years to come.

Anthony Graham
President-West Division, XPO Logistics, Inc.

Us too, thank you very much.

Troy Allen
Vice President - HSE, Artera Services LLC

We do as well. Thank you.

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

Excellent.

[indiscernible] (01:33:29)

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

All right. Thanks to Tony, Troy, and Andy. Nothing like hearing it directly from the customers' mouth. Dominic Phillips, CFO. I've got about 20 minutes of prepared remarks and then we'll bring Sanjit, Kiren, and Andy back up. We'll do some Q&A and then we'll [ph] lay (01:34:09) out of here.

So, theme of my section is driving durable and efficient growth. And before I get into that meat of the content, I really just want to level set with where we are today. So, we had our Q1 earnings call couple of weeks ago. We ended Q1 at $607 million of ARR, going 59% year-over-year. And really, we've been able to achieve the scale and growth in a short period of time because we're having success across multiple fronts. We sold to many different customer segments, small, medium, large. We're selling into multiple geographies, North America countries, European countries. We're selling many products at scale on our platform and we've got a really nice mix of net new ACV coming from new logos, as well as expansions to our existing customers.

And while we're excited about our performance on the standalone basis, we're even more excited about how our relative performance stacks up. So, $607 million of ARR, growing 59% year-over-year. That combination of scale and growth puts us in the top five of enterprise software companies. And what's even more impressive is that we've been able to achieve that scale in record time. Samsara was started in 2015. We didn't actually start selling to customers until the beginning of 2016, which means that we've been able to achieve the scale, $600 million of ARR, in less than seven years. I often joke we're like the size of a teenager, but we're the age of a large child. And we've been able to achieve that kind of scale and growth in such a short period of time because we're succeeding across multiple fronts.

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All right, so that's a little bit about where we are today. But what we really want to share with you is why we think that growth is going to be durable for many years to come. And it's for all of these reasons listed here. The first is that we have a horizontal platform and a set of applications that's applicable to more than a dozen end markets that represents more than 40% of global GDP. The second is that our products address a very large market opportunity today that's growing really quickly, and we've got a lot of opportunities for additional TAM add-ons.

The third is that while we sell to many different customer segments, we're seeing a lot of momentum within our large customer segment. Samsara is purpose-built for large customers with complex operations. The fourth is the majority of our customers are subscribing to multiple products, which opens up a lot of great cross-sell opportunities for us in the future. And the last driver of durable growth is expansions into our existing customer base. This creates a nice floor for long-term durable growth.

Right, so, let's get into each of those items. Again, this first one, a horizontal platform serving a diversified set of end markets. As you've heard today, our customers are the world of physical operations. They make up 40% of global GDP and, historically, they've been very underserved by technology, and they're in the early innings of digitally transforming their businesses. As Kiren showed you, we've seen this in our consumer [ph] lines (01:37:06), we've seen it in enterprise, and now the physical operations companies are in the early innings of transforming the way they get work done. And Samsara's here to partner with them for that.

This pie chart shows our ARR mix by end market and you can see 22% of our ARR comes from the transportation or trucking segment. I think many investors maybe up until today thought that 100% of our business came from this end market when we were more of a vertical-specific software solution. But you can see that almost 80% of our ARR comes outside of transportation. Construction, manufacturing, energy, utilities, state and local government, et cetera, and you can get a visual representation of our customers and some of the assets that we're collecting data from in these photos on the right.

So, what we really want investors to appreciate is that this is a horizontal platform in applications that's applicable to many different end markets. Just like many software companies are monetizing knowledge workers or IT professionals or HR professionals, developers across many different industries, we are monetizing physical operations assets that apply across many different end markets.

The second is that our products are addressing a very large market opportunity today. From a tops-down perspective, it's estimated that our products address a market that's $55 billion, growing to close to $100 billion over the next three years, or growing at a 21% CAGR. And within our market opportunity, it's made up into three different product segments, connected fleet, connected equipment and connected sites, the largest of which, connected fleet, is estimated to be $33 billion, going to $64 billion over the next three years or a 25% CAGR.

So, not only are these really large market opportunities today, but they're also growing really fast over the next few years. And the growth is really being driven by two things. The first is more connected assets. Sanjit mentioned that only 50% of vehicles, for example, have internet connectivity today. We expect that that will increase in the future. And the second is more dollars per asset, more opportunities to monetize these physical operations assets with more software.

So, that was a tops-down view of our market. We also looked at this from a bottoms-up perspective and we really focused this slide on just the connected fleet opportunity. Again, it's almost 90% of our ARR, and this is really where Samsara started. We view connected fleet as the backbone into the world of physical operations. These – the commonality between all of these end markets and customers is that they have commercial vehicles that are

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driving around, they're transporting goods, they're transporting people, they're out in the field doing field services work. And so, these vehicles are the gateway to the world of physical operations.

In this table, you can see on the left, there are almost 100 million vehicles in North America and in Europe, commercial vehicles. Of those approximately 100 million, we address about 70% of those, in the mid-market and enterprise customer segments, so we've stripped away kind of the low-end, owner-operator set of commercial vehicles, which leaves roughly 70 million vehicles remaining.

We have two products that we sell into connected fleet, video-based safety and vehicle telematics. We sell for about a list price of about $90 per vehicle per month. And when you do that math from a bottoms-up view, the connected fleet opportunity we estimate is over $70 billion. And so, whether you're looking at this from a tops-down or bottoms-up view, connected fleet is a very large market opportunity, it's growing really fast.

I mentioned the first two reasons, more, more connected assets, more dollars per asset, but the second reason is that there's a lot of opportunity for geographical expansion. The number of commercial vehicles in APJ and Latin America that aren't shown on here, we're not in those markets yet today, are many multiples what we see in North America and Europe. And the third is that as we continue to build more concentric circles around connected fleet, that will open up more opportunities. We're already doing that in connected equipment and connected sites as well.

The third driver of durable growth is our success with large customers. And we're investing heavily in this customer segment. From an R&D perspective, we did more than 200 software feature releases last year alone. As you've heard today, we have more than 150 applications or integrations in our App Marketplace. The number of API calls from our large enterprise customers was 33 billion last year, up more than 4x year-over-year.

And we're also making a lot of go-to-market investments to address this customer segment. We're more than doubling the number of field sales reps we have. We're spending a lot more on account-based marketing. This conference, this is our first customer conference. It's a huge pipeline driver for the large customer segment. And all of those investments are driving a lot of success with large customers. We now have almost 900 customers paying us more than $100K of ARR per year. That's up 73% year-over-year and up more than 3x over the last two years.

And on the right, we have almost three dozen customers that are paying us more than $1 million of ARR a year. That's up 89% year-over-year and also up more than 3x, year-over-year. So, we'll continue to focus on this customer segment. They have the ability to do larger deals, they have better unit economics, higher retention rates, and they tend to do more expansions over time, which is a more efficient sales motion.

And because of those investments and success, we're seeing ARR mix shift to larger customers. On the left, you can see a comprehensive view of our customer count. We have about 30,000 customers in total, about half of which are the bottom of the pyramid in light blue that pay us less than $5K of ARR per year. While those customers represent half of our customer count, you can see on the right they're only driving 6% of our ARR. The top half of the pyramid are core customers that pay more than $5K of ARR, drive 94% of our ARR and that's increasing over time.

And then within core, again, the large customers, the top of the pyramid in dark blue, almost 900 customers driving 45% of our ARR. And we expect the dark blue ARR mix to continue to increase over time and we expect the light blue ARR mix to continue to decrease over time.

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Fourth driver of durable growth is multiproduct customers are driving more platform adoption. On the left, you can see our core customers, only 29% of core customers subscribe to one product, which means the other 71% subscribe to two or more products. And then you can see at the top in light blue, almost one-quarter of our core customers subscribe to three or more products.

And it's even more pronounced on the right-hand side with our $100K-plus customers. More than 90% of large customers subscribe to two or more products and more than 50% of large customers subscribe to three or more products. And so – and this continues to trend well over time. The dark blue is getting smaller over time, the medium and the light blue continue to get larger over time as we see more multiproduct adoption.

We're also seeing multiproduct adoption at scale. 46% of our ARR comes from video-based safety, 42% of ARR comes from telematics, and the remaining 12% comes from applications outside of the vehicle. Driver apps, workflow, connected equipment, connected sites. Two things we really want to drive home on this slide. The first is the largest product category that we have, the largest scale and growth is our video-based safety product. I think a lot of investors think that 100% of our ARR comes from telematics, that was our first product, but now video-based safety is our largest. We are more of an AI, dash camera, safety software company today than we are a telematics, GPS company.

And the second point is that while 12% of our ARR is coming from applications outside of the vehicle, the customer penetration of the non-vehicle applications is far higher. Almost 50% of our core customers and almost two-thirds of our large customers are subscribing to a non-vehicle application today, which means that they're really just scratching the surface of what they can do outside of the vehicle. These are newer products and we think there's a lot of opportunity for these customers to bring more of their non-vehicle applications online and into the Samsara Cloud.

And the last driver of durable growth is expansions into our existing customers creates a great floor for long-term durable growth. And the best metric to track expansions is dollar-based net retention rate. On the left, our Q1 net retention rate for core customers was 122%, and on the right for large customers over $100K was 132%. Over the last two quarters, we've been north of 120% and 130%, and you can see that for both customer segments, it's trended up over the last five quarters, well above our internal target of 115% and 125%. We're still going to maintain this target of 115% and 125% for now until we see more data. But we're really pleased with these trends and this is something that we'll update annually at Investor Days.

So, those are all of the reasons why we think the growth rate that we've demonstrated today can be durable over time. We're also very focused on growing more efficiently as we scale and we think we could do it for these reasons. The first is that we have a subscription business model with really strong long-term unit economics. Second is that we have a 70% gross margin floor that provides a great foundation for long-term profitability. And the third is that we expect to continue to get more operating margin and free cash flow margin over time as we scale to be a larger company.

So, this first point, we have a very strong subscription business model. 98% of our revenue is subscription. Like most subscription business models, we spend money upfront in the form of sales and marketing, and then over time, as customers pace, they break even, and then they become profitable over the long run. And we measure the unit economics of customers using a lifetime-value-to-customer-acquisition-cost ratio, which has been more than 8x, which means that for every $1 that we spend to land a customer, we're driving more than $8 of profitability over that customer's lifetime. And this gives us a lot of confidence that we can continue to grow fast as we scale, but while driving toward longer-term profitability.

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The second is that we stabilized gross margins north of 70%. This is a profitability metric that we really track because it's unique to our business. We have costs like cellular data to send data from the physical assets to the cloud. We have supply chain costs, we have IoT costs. And so, we really track this metric. Three years ago, this was in the mid-50s. You can see two years ago, it was 60%. And so, we've done a really good job of optimizing our business and service in a way that we've been able to get over 70% for now, seven quarters in a row.

In the near-term, we expect to be able to maintain low-70% gross margin. Over the medium to long-term, there's some opportunities for this to expand further as we've listed here on the right side of the slide. The first three are really cost efficiencies for what we already have today. How can we get more leverage out of cellular, cloud, supply chain and connected device costs. We think as we get larger, we'll be able to optimize those costs even more to show slight additional leverage in gross margin.

The real – the larger opportunity for medium to long-term gross margin leverage are the two items down at the bottom. It's how can we do more – how can we better monetize our business? And the first is really software-only SKUs. Can we collect data directly from an OEM cloud versus having to provide an IoT device that collect the data in the cloud? Can we do more tiered pricing or bundled pricing to drive more monetization and revenue for the dollars that we're spending? And we think that that can drive more medium to long-term gross margin leverage.

The third driver of efficiency is improved operating leverage as we scale. We think that we can get more leverage out of operating margin and free cash flow margin as we get larger. On the left, you can see we've improved operating margin by 85% over the last two years. On the right, we've improved free cash flow margin by 75% over the last two years. And we're hyper-focused on continuing to give more and more leverage as we scale every year.

I also want to call out this row of numbers at the bottom of the free cash flow chart, which calculates the difference between operating margin and free cash flow margin for each of the periods listed here. Now, most software businesses get a benefit of free cash. Free cash flow tends to outpace operating margin because they're getting the benefit of deferred revenue. So, collecting cash from customers upfront before they recognize the revenue. Now, Samsara has that advantage as well, but we also spend dollars upfront for things like IoT devices and inventory costs. Now, historically, the benefit of deferred revenue has effectively offset the dollars going out for IoT devices such that operating margin and free cash flow margin moved very, very closely together historically. You could see that in FY 2020 and FY 2021 the difference is very close to 0.

In FY 2022, free cash flow margin started to diverge from operating margin and the key contributor to that is the supply chain disruption. So, we are in a hyper-growth phase right now and we are actively meeting all of the customer demand that's coming our way. But to secure enough IoT devices and to have enough inventory on hand, we've spent more dollars because there is not enough supply to meet all of the demand in the market. And so, you can see our free cash flow margin has started to diverge from operating margin.

We expect that free cash flow margin will converge back into operating margin as the supply chain normalizes. And you can get a visual representation of that dynamic in this bridge. This is our Q1, it's a bridge between operating margin and free cash flow margin. And on the left, you can see operating margin was negative 18%. And then the green bar is the benefit of deferred revenue that we received. And then in red, you can see the dollars that went out the door for IoT devices to meet customer demand, as well as additional inventory, which ended with a free cash flow margin of negative 36%.

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Again, in the supply chain normalized environment, we expect free cash flow margin will start to converge back into operating margin. And our operating margin is really the leading indicator for free cash flow. And you can see that in the guidance that we've provided. On the Q1 earnings call, we said that our FY 2023 operating margin is going to be negative 20% and in the additional modeling notes, we said that adjusted free cash flow margin would be in the mid-to-high negative 20%. And so, for the remaining quarters of this year and for the full year, free cash flow will be more tightly aligned to operating margin than it was in Q1.

And so, we really, again, think that operating margin is the right leading indicator for free cash flow in a supply chain normalized environment. It also provides better comparability versus other software companies that don't have a hardware component to their service. And so, this is our Rule of 40 using operating margin and if you add our CY 2021 revenue growth and our CY 2021 operating margin, our Rule of 40 was 45% versus the median of 37% for the enterprise software universe. And so, this is something that we're going to continue to focus on going forward, balancing growth while getting more and more profitability in our business model.

Right. So, last slide for me, we've been public now for two quarters, about six months, and we've collected a lot of feedback from investors, a lot of questions. And we hope that we were able to address a lot of those questions in today's presentation. But here, we just wanted to kind of hammer home the kind of the five key questions that we most often get.

The first, again, is that we sell into a diversified set of end markets. We don't only sell into the trucking industry, we sell into 40% of GDP. And there's not one end market that makes it more than 25% of our ARR. The second is that our products today are addressing very large market opportunities, whether you're looking at that from a tops-down perspective or bottoms-up. These are large markets that are growing really quickly and we have a lot of TAM add-on opportunities going forward. The third is video-based safety is our largest product and it's our fastest-growing product.

The fourth is that while non-fleet applications represent 12% of our ARR today, a much larger percentage of our customers are using non-fleet applications. Again, almost 50% of core customers and almost two-thirds of large customers are using applications outside of vehicles. And then the last point here again is that we think that operating margin is the right leading indicator for free cash flow. And free cash flow will start to converge back into operating margin in a supply chain normalized environment.

So, that's it for me. We're going to take a two minute break. We're going to bring some chairs up and we'll get into Q&A.

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QUESTION AND ANSWER SECTION

Mike Chang
Vice President-Corporate Development & Investor Relations, Samsara, Inc.

A

Perfect. We're [ph] finally to (01:54:15) Q&A. So, if you have a question, please raise your hand and start off your question with both your name as well as what firm you're from. [ph] That's all I want to hear (01:54:23). Alex, first. Yeah.

Michael Turrin
Analyst, Wells Fargo Securities LLC

Q

Hey, it's Michael Turrin with Wells Fargo. First, thanks, everyone, for hosting a very informative event. Since it's your first ever Investor Day, I wanted to start with Sanjit. Last we looked, between yourself and John as Founders, you owned more than 40% of the company. Can you just speak to alignment with shareholder values, your longer-term priorities and just the importance of continued ownership as a Founder?

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

A

Yeah, absolutely. So, I talked about this in my section of the presentation, we're building for the long-term. John and I are large holders of the company and we plan to continue that. Just to get a little bit specific, we have no plans to sell any stock in 2022. We will eventually start to diversify. You'll see 10b5-1 plans from us, but it's going to be low and slow. It's a slow, gradual process, no big moves. And for us, we're just starting to build. So, we're very excited for the long-term.

Michael Turrin
Analyst, Wells Fargo Securities LLC

Q

Voting shares?

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

A

And from a voting shares perspective, we do have [ph] high-growth (01:55:19) stock as well. So, no likely change of control.

Michael Turrin
Analyst, Wells Fargo Securities LLC

Q

Thank you.

Alex Zukin
Analyst, Wolfe Research LLC

Q

Hey, guys. Alex Zukin from Wolfe Research. I second the commentary about a very strong Analyst Day. I think you guys really nailed it. Maybe just the first, I'll ask two questions. The first one is a lot of investors talk about a macroeconomic recession. And yet a lot of the commentary here, it feels like your ROI is growing as inflation pressures rise. And so, I just want to ask the question, how are you starting to see that in your top of funnel, your customer conversations?

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And on the impact in numbers, right, does that give you more conviction? Does it drive a desire to invest faster? And then for Dom, I guess we talk about operating margin as the leading indicator, and it makes a lot of sense given the working capital characteristics. When do we start to approach – what's the longer-term plan for breakeven and actual positive operating margins?

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

A

Maybe I can take the first part?

Mike Chang
Vice President-Corporate Development & Investor Relations, Samsara, Inc.

A

Sure. Yeah.

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

A

So, I think in terms of us being an important tool in operations, especially during these inflationary times, you're absolutely right. So, we hear this from customers. They're using this data to optimize fuel spend. You heard it on stage today. They're using it to optimize assets, so run their assets longer, and they're using it them improve worker retention and labor turnover. So, it's a vital tool. As far as whether that's accelerating for us or decelerating, it's hard for us to gauge. You've seen the very high growth rates we've had on top line. We're still seeing just strong demand. And so for us, I think – and Andy probably has even deeper perspective, we're hearing from customers this is an important tool and they want this data to better understand their operations. So, whether it's because of inflation or just this kind of big, macro, generational shift towards data, we want to be part of it.

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

A

I would just – on the investment side, I think we're investing as aggressively as we can into this opportunity. I think we reduced investments during COVID and we're playing catch-up. I think a lot of you are aware that we're really trying to increase our capacity and we've talked about our head count growth rate will be higher this year than it was last year. And so, we're really going into this opportunity.

I think it was really telling what you heard from customers is that they're not seeing slowdown in their customer end markets. Really, they're being limited by what I just said like they can't get enough drivers or they can't get enough kind of assets to meet all of the customer demand that's out there. And so, I think that's a much better position to be in than not having enough customer demand.

On the profitability point, we're really focused on continuing to show more and more leverage. As we went back and looked at our guidance for the rest of the year, we were able to not only raise our revenue guidance, but to also find additional optimizations to improve operating margin and free cash flow margin for the rest of the year and we're going to be really focused on that going forward. I don't think we're ready to say a specific date of when we're going to be breakeven, but it will be better year-over-year and we're still probably kind of a few years out.

Mike Chang
Vice President-Corporate Development & Investor Relations, Samsara, Inc.

A

So, Derrick?

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Derrick Wood
Analyst, Cowen & Co. LLC

Q

Great. Thanks. Derrick Wood at Cowen. The $33 billion TAM today is quite large for companies that have yet to go through digital transformation. So, could you speak to – I mean, there's obviously got to be a lot of legacy technology out there. There's a lot of replacement opportunity for you guys. I know we've talked about analogies with ServiceNow and how they went through that cycle with BMC and others. Could you just talk about the competitive landscape, the replacement opportunity? And I was talking to a partner earlier today and he was talking about kind of a lot of demand around the ELD mandate three, four years ago, and that maybe we're going to see kind of a renewal cycle, which would give you guys an opportunity to displace more. So, could just talk about that?

[indiscernible] (01:59:29)

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

A

Sure. I'll take this one. So, when we look at the TAM in the market, we see a lot of legacy technologies, companies that really built their products 20-odd years ago and didn't invest to keep them modern, right? So, that's a lot of what we're seeing is customers looking for a modern solution that gives them the data that they need. And that's on the telematics side. On the video safety side, it's worth remembering that less than 5% of the commercial vehicles on the road have a connected dash camera installed inside them. And far fewer have cameras with AI that can do types of things like detect distraction and attentiveness. So we see a lot of legacy technology as well as greenfield, particularly on the dashcam side.

In terms of ELD, I think it's an important reminder that ELD compliance for heavy trucks is, it applies to a fraction of our customer base and a minority of the customer base that we see that as a feature that many of our customers need. But they're really looking for that holistic solution. And we've brought that including a great ELD for those who need it.

Q

Got it. If I just do one follow-up, and the TAM in Europe is bigger than the US. And so what do you guys -- what's the plan over the next few years? How are you thinking about going to the European markets?

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

A

Andy, do you want to cover that one first?

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

A

Yeah. Happy to. So we entered Western Europe, what, 10, 12 quarters ago, started in the UK. We've branched across most of Western Europe today, but we're really focused on kind of the major economies over there. We do have plans to continue to expand, but, yeah, I think you said it. We see the TAM over there is equally, if not slightly larger. And I think what's most important is it's very consistent. The pain that operations customers are feeling over there are very, very consistent with the pain they're feeling this side of the pond. So what's nice about that is we don't have to change the product very much to go have success over there. At the same time, I'd say we're being cautious in how quickly we invest. We're making sure it works before we continue to double down.

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

Great. Let's go with Matt.

Matthew Pfau
Analyst, William Blair & Co. LLC
Q

Yeah. Hey, thanks, guys. Matt Pfau with William Blair. Just another thing about longer-term trends with vehicles or anything about electrification or self-driving, how is your platform set up to handle those situations? Are they benefits? Are they headwinds? How do you think about that?

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

Sure. Maybe I'll start and, Kiren, if you want to build on. So these are two very big long-term trends in vehicles. EVs are happening already. And so we've seen EV adoption here in the US lag a little bit of what we've seen across the pond in Europe. But it's a great indicator of what's to come. So in general, our strategy is to integrate with EVs and show that same kind of data that you saw in Kiren's demo. But for electric vehicles in our dashboard, you can see that today, state of charge. We can actually also tell you which of your vehicles are maybe suitable for electrification first. And we can do that based on data. So we know how many miles you've driven. If you have basically fewer miles for certain parts of your fleet, we'll identify those as candidates for electrification first. So we want to help our customers with tools for that. I think we're going to see that play out over this coming decade, by the way, in terms of how quickly these customers can afford to replace their assets. So that's the EV side. Kiren, do you want to cover autonomous?

Kiren Sekar
Chief Product Officer, Samsara, Inc.
A

Yeah, we're big believers in autonomous and it's very much a question of when, not if it applies to our customers. We see these as really amazing data sources. We think about the data in our platform, how we're able to find new uses for that to impact our customers' operations. All of these autonomous vehicles have so many sensors, cameras, and our approach will be to integrate with them, to bring that data into our cloud, the way we are doing through our OEM integrations with commercial vehicles today.

And when we look at how our customers are using our vehicle or how customers are using their vehicles and driving them as a part of it, there's operations that happen on the front end and the back end, right? Whether that's loading a vehicle, whether that's performing, construction or field services like we heard from Artera and XPO. And so these problems of driver productivity, of safety and efficiency, they extend to the adjacent areas of operations that we're serving today. So we see them as a way – as we saw autonomous vehicles as ways to have more data to solve those problems.

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

Let's go to Mike real quick.

Michael Turrin
Analyst, Wells Fargo Securities LLC
Q

Hey. Thanks. Michael with Wells again. You mentioned the stat on just less than 5% of vehicles within dashcams currently. It's safety still the largest portion of your ARR currently. There were some useful testimonials from

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customers around this, but maybe you can just expand on things you can do to remove any resistance from drivers. In the case there is some there. Obviously, we've heard there is just tightness. The turnover rate among the industry is exceptionally high. So, are there lessons you've learned or ways that you can remove friction to just make that adoption rate meaningfully higher?

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

A

We have and I think that's a great point to highlight, which is this is new technology that you're now inserting into the cab. There is a camera and there is privacy concerns. I don't know if you were part of the mainstage keynote today, but in our interview with Michael who joined us from Liberty, he was talking about the check the camera effect, right, he exoneration in other words, because more often than not, these drivers, these fuel techs, they're not at fault when they perform, when they're out and they get an accident. And so being able to show HD video that they were not at fault, they were being professionals, they did everything they were trained to do is what gets you the win. And that's something that Andy's team, I think, has done a great job helping train customers to look for and how to do the change management.

I don't know, Andy, if you want to talk a little about that.

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

A

Yeah, it's easy to look at it and say, why isn't it going faster and what are the inhibitors? And we are. We're out evangelizing and training every day. If you just take a step back, it's actually been a pretty massive push and we're still only less than 5%, right? So absolutely it's getting the drivers comfortable. The other side of this is if you look inside the companies, right, what we're seeing is from the insurance industry, there's a huge push, right? Insurance companies are now going to their insurers and saying you need to have this technology. And we're going to reduce your premium, we're going to subsidize it in some cases, but they're almost to the point of mandating it because the ROI is so strong. It lets them be more accurate in their underwriting. It's obviously a win for the customer. So I think we're going to continue to see this this huge tidal wave push in this direction.

A

We also talked about that we showed the safety score and how we've been able to gamify this. And so the most successful customers are using that safety score and they're taking some of the savings that they get from lower insurance premiums or lower accidents. And they're compensating or incentivizing their drivers. And so they make it a proactive thing where they want to drive safer and show their safety scores as a way to get some incentives.

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

A

Let's go to Bob.

Q

Hey, thanks, it's Bob from Morgan Stanley. In your go-to-market sales motion, one thing I thought you articulated very well is going from the C try and buy setup. And it seems to me that initially you move from telematics as to the landing product to video-based safety is also a landing product now. Are there any instances where the apps,

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the workflow, the equipment in sites are also incredible landing product at this point, or are they kind of in a perpetual expanding product side rather than landing product side?

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

A

Andy, do you want to start with that?

Andy McCall
Chief Revenue Officer & Executive Vice President, Samsara, Inc.

A

Yeah, I'd be happy to. It's a great question. I would say that again, what were the perspective – we've been at this for seven years, right? The products that we have had, the longest time selling, right, the most mature products are the ones we land with the most. That having been said, the newer products such as sites and workflows, we are increasingly landing with more often.

So the one slide I showed where you know all these entry points, that's the way we approach it, any insertion point into an account that we can get. The benefit of – the customers are selling to you today. Our technology is it really weaves into the fabric of their operations, right? The downside of that is if there is an incumbent in there right now, sometimes we need to wait, we need to wait for a renewal opportunity for us to get in. The nice thing about our newer technologies is they don't tend to have that same dynamic, right? We can enter with a site's product or a workflow product because they aren't currently under contract. So I think the answer to the question is we're seeing an increasing number of times that we can insert with those newer products as we go forward.

No, I would just highlight, equipment is among those newer products are more mature and we have seen a couple of lands with equipment that have been over time turn to the safety expands. And so we can kind of land in any direction I guess at this point.

Q

Hi. [ph] Jacob (02:08:50) with Goldman here. You all mentioned pretty quickly growing TAM and there's like additional TAM add-on opportunities, I believe. Could you all kind of provide more color on where those add-ons are coming from and how big of an opportunity they are?

A

Yeah. I think we called out specifically like geographical expansion is a big opportunity for us in the future. I think we're very focused on North America and Europe in the near term, but again many multiples, a number of commercial vehicles outside of North America and Europe, and then non-vehicle applications. And we've really just started with equipment and sites, but we take that concentric circle approach and there's a number of additional physical operations asset beyond equipment and sites that we could ultimately pull into the same sort of cloud as well.

A

Okay. Up here.

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Q

Hi. I'm [ph] Thomas from Gilder (02:09:47). In your TAM calculation, you broke out that you get to like $90 per month per vehicle just of course like the average contract value. But when you mention that the majority of your customers have more than one product, it kind of led me to wonder what the actual per vehicle per product like unit economic calculation was and maybe how you see that growing 5 to 10 years in the future. I was just hoping you could clarify on that.

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

A

I would just like point you to -- again, the list price of those two products combined is roughly $90 per vehicle per month. Based on the size of the customer, there could be discounting tied to that. But I think that that's what we would we would point you to.

Q

All right.

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

A

Let's go to Alex.

Alex Zukin
Analyst, Wolfe Research LLC

Q

Thanks, guys. Alex Zukin, Wolfe Research. Piggybacking on that question, you guys made a lot of product announcements today, feature functionality. I just -- maybe for Sanjit and for you Dom, how do you monetize all of the innovations that you're bringing out? Is it going to be SKU level monetization? Good, better, best pricing? And over what period of time do you expect this, as it's a constant topic of conversation. But over what period of time do you expect that $90 to kind of average up? And where is it in, you know, call it three to five years?

Kiren Sekar
Chief Product Officer, Samsara, Inc.

A

Do you want to talk about pricing?

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

A

Kiren, why don't you start first and then we can move?

Kiren Sekar
Chief Product Officer, Samsara, Inc.

A

Sure. Okay. So we've really been focusing on customer acquisition. We're in a very large market and want to make sure we're landing new customers with healthy unit economics. We have been adding a lot of functionality to the product. So, we do look at opportunities to optimize the pricing over time, as well as to take some of the features that we've been building and expand them into add-on products. So we look at areas like good, better, best pricing with premium licenses. We look at some of the features that we're including with the product, that we

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can expand into it to full blown products with independent SKUs. And these are all types of things that we look at. And then we continue to run the customer feedback loop and make sure that we're focusing on the areas that are really bringing value to the customers' operations.

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

A

But for right now, we're not these are again, I talked to 200 software feature releases last year alone. Those go into the SKUs that we have today. And so that's an opportunity for us to start to monetize the R&D efforts that Kiren's team is ultimately making. Whereas today, if you're a licensing telematics, you just get access to those or if you're licensing the safety product, you just get these added benefits. And so I think we've been very focused on more assets on the platform. And over time, we need to also think about our monetization strategy.

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

A

Let's go to Matt.

Matthew Pfau
Analyst, William Blair & Co. LLC

Q

Yeah, thanks. Matt Pfau with Blair again. So to follow up on that, you guys have this ecosystem with your app store. How do you think about where you partner versus where you maybe bring that functionality in house? And then what's the strategy with monetization with the partnerships and the connections that you're building?

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

A

Yeah, I'll take that one. So I highlighted we have over 150 partnerships now in our app marketplace and they span a very broad range. We talked about some of the OEM integrations Kiren referred to on the vehicle side. We partner with ADP on the payroll side with fuel card providers, WEX, FLEETCOR and others. For the most part, the partnership strategy is around adjacencies, when we hear from customers, we're really happy with our fuel card provider. We just love to see that information tied together with Samsara vehicle location, so we can help curb fuel theft. That's the sort of hallmark for us when we bring those partnerships together.

Sometimes we hear from customers that, you know, there's a legacy provider and we want to integrate the data, but we're not especially happy with them. And you start hearing that pattern a couple of times and then you say, well, is that an opportunity for Samsara? Because the customer is frankly underserved? And that's the philosophy that we take. We don't undertake new product areas lightly, but Kiren highlighted some of the workflow innovations that we brought to market. We didn't see anyone else in the market serving the customer the way that we thought we could. And that's how we philosophically approach it, is where can we differentiate ourselves? Where can we better serve the customer? And there are so many of these adjacencies that we can't go in all those directions. So it makes a lot of sense to partner.

And today, we don't exchange revenue with them in terms of charging them any kind of fee to partner with us. We want our customers to be able to get as much value from the data and use Samsara as that system of record, that source of truth.

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

A

Let's go to Derrick next.

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Derrick Wood
Analyst, Cowen & Co. LLC

Q

Derrick with Cowen. Sticking on that same line of thinking so the just build versus buy thought just would love to get your take, especially with valuations that have changed quite a bit. I mean, you got you guys have this horizontal platform, so many different industries, a lot of adjacencies you can move you've already you've got five core products -- how do you think about M&A at this point and any kind of natural adjacencies that seem obvious that you'd look to get into from here?

A

Sanjit, why don't you start with that one?

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

A

Sure. So, we have long-term ambitions for the company. As you talked about, we're building for the long term. And if you think about these physical operations, there's so much you can do there. So we have a multiyear roadmap that goes out quite some ways. And for us, it's first about solving customer problems. What can we bring onto the platform, whether its workflows or integrations or new AI models, we're benchmarking data that will help these customers out. For the most part, this industry has not been investing from a tech perspective, so there just are not hundreds of startup companies to take a look at, to bring on to the platform to basically do some of the kind of more granular M&A. So, that's why we've invested in organic.

All the five products we talked about are organic. We built them internally. Now that being said, if there is an opportunity for us to leapfrog a little bit to accelerate, we will take a look at it. So we've got our eyes and ears open. Mike has a team that is also focused on that. But we're not opposed to it or philosophically wired one way or the other. It's been a pragmatic thing where there just aren't a ton of companies to go buy.

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

A

Let's go to Alex.

Alex Zukin
Analyst, Wolfe Research LLC

Q

The one question I get from investors oftentimes around how important is the hardware component to the future of the business. You're announcing a lot of partnerships with OEMs. Yeah, we can imagine a world where more structurally the vehicles are connected. And so how do you guys think about that in the model? How important in five years or even talking about a hardware device connected to these vehicles and that, you know call it headwind on free cash flow? Or is there some incremental benefit that you derive from, from having that would be the question.

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

A

Kiren, do you want to start off on that?

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Kiren Sekar
Chief Product Officer, Samsara, Inc.

A

Sure. We see hardware as a means to an end, which is getting clean data into our cloud that we can analyze. And we're agnostic whether that data comes from our IoT devices or from cloud connectivity that's built into an asset. And as we talked about earlier, we are seeing some of the, the newer assets have cloud connectivity built in. And so we're partnering with Ford, Volvo. We launched new partnerships with GM, Stellantis today. So we see that as a really exciting trend. It's great for the customer because it's easier for them to connect their assets into Samsara and obviously great from an economics perspective as well.

A lot of the assets used in these operations do have a long life. So, when our customers go to deploy Samsara, they are connecting brand-new equipment as well as equipment that might be 5, 10 years old as well. So we see the IoT devices having a role to play for the foreseeable future, but we do see that mix shifting over time potentially into more as more and more of these devices are connected to the cloud.

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

A

All right. Just the last question.

Q

[indiscernible] (02:18:04). Just quickly following up on that, like how does your economics, I guess, differ than you do end up the OEM-based model versus your own IoT device.

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

A

Yeah. I mean a lot better. Our gross margins are obviously better where free cash flow is obviously a lot better as well. And so it's a small percentage of our licenses today. It's I think more than 10,000 total licenses. It's a small percentage, but we are seeing it again. I think the point though is that we are agnostic to it and we just want to get the data into the cloud. And as customers have assets that already have prebuilt connectivity, and that is the best path for them to get the data in the cloud. We are happy to use that.

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

So this is an incredible conversation. I hope you all leave today understanding Samsara just a little bit better. And thank you everyone again for joining us. And we'll see you again soon.

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