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Samsara, Inc. (IOT)

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CORPORATE PARTICIPANTS

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

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

MANAGEMENT DISCUSSION SECTION

Unverified Participant

This is such an amazing company. Not just the company, but the company as well. We got to know these guys a few years back – three or four years back. And I thought about the idea. I said, isn't this like Fleetmatics? Maybe I'm an old-timer. And then, we got to know the story, it turned out to be something absolutely unique, and it's been such a great experience covering the company over the past couple of years. So, congratulations. You had a great quarter.

But I just want to start off, quick introductions. Everybody knows who these guys are: Sanjit Biswas, CEO and Founder of Samsara; and Dominic Phillips, CFO, has been on Wall Street and in corporate side being a senior finance executive at another company.

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

Yeah.

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QUESTION AND ANSWER SECTION

Q

So a lot of experience here. Sanjit, maybe we start with you. You're a visionary. You founded a company before, sold it to Cisco. So you have this this vision for what this company ought to be. At one level, it looks incredibly, deceptively simple. You took a bunch of telematics devices, collect the data and help you do the monitoring, turn-by-turn navigation, insurance, safety, that sort of thing. But I have a feeling that the company might look a little bit different in the next four to five years. The Control C, Control V formula growing a company barely works. How do you see the company solving problems for customers that just are not apparent today?

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

A

Yeah. So, I think, the key word is customer, right? We have to understand what's going on in their environment. So, just for a little bit of background, the customer Samsara serves are in the world of physical operations, so it's 40% of the world's GDP. We're talking construction companies, energy utilities, supply chain companies and so on.

They care about a few things. They care about safety, so they're operating in these asset-heavy environments, long shifts, lots of people. So, keeping the workforce safe matters a lot. That has direct translation to their labor force, as well as their insurance costs. They care about efficiency and sustainability as well. So, if you think about things like energy use, fuel consumption, for example, matters a lot. How they route and how they serve their customers matters.

So, the vision for Samsara is to really serve all of this very vast market and help them digitize, right? Because the way that they run their business is very similar to the way they ran it 20, 30 years ago; a lot of pen and paper, a lot of manual process. They haven't gone through digital transformation. So, we wanted to start with some very clear applications that delivered ROI because these folks are very ROI-centric. They need to see hard results. And if you prove that, then you have an opportunity to do more with them.

And so, we started with GPS tracking, as you mentioned. But that was our kind of foot in the door. It kind of got us going and built that relationship. We very quickly found driver safety was a bigger issue for them and something that's even more front of mind. And we saw that as part of our platform. And then, we found asset utilization, equipment monitoring was a big one. So, that's kind of the idea – is build out a multi-product platform and be that partner for these customers and build that system of record because most of them don't have anything like Samsara in place. They're still running in this pen and paper kind of way.

Q

Yeah, sort of my first reaction. This is telematics. No. Dom said, no, it's not telematics. It's something bigger. It's a platform. This is what we do. So what is the common thread that runs through these problems that your customers face that you think that it's worthy of building a platform that is capable of doing more things in the future? So, help us think about the platform aspect of Samsara.

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

A

Yeah, I think the core is the data, right? So, GPS is a source of data. We have these cameras that are deployed on trucks. They run our AR models. That creates data around risk with fuel consumption data and so on. That's the thing that really is valuable because when you have so much data consolidated, you can do more with it. You can obviously improve things like fuel utilization. You can also understand things like asset utilization. Am I using all the trucks? Should we sell some of them off? Should we rotate them? That kind of thing. So, it creates more ROI, in other words.

You can then connect that data to other sources, right? You can connect it to your expense management. You can connect to your payroll. You can do all these other things with it. So, that's the interesting thing here is it's more than a single kind of point function. It's about, hey, let's have a platform where all this is well-formatted and then you can get a lot of value from it over time.

Q

Yeah. Yeah. Got it, got it, got it. And the architecture that enables you to build this platform since you're an engineer, you've been behind a couple of other companies, I'm just curious how futureproof is this architecture that you've built this initial platform, and how can it scale to new applications that might bolt onto the platform?

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

A

Well, we built it with this vision from day one. Many of our competitors have been around much longer than we have, but they really were just GPS track or I guess driver safety and so on. We built Samsara as a data platform and have been keeping track of that data in a very structured way from the beginning. And that enabled us to do things like invest in AI four, five years ago when it was a more nascent technology.

So, I think that's kind of the exciting part, is we were born in the cloud. The company started in 2015. We're built for scale. We've done it once before. We knew what it could become. And we knew the importance of data, open platforms. So, we have open API with 250 integrations and growing, and then the idea that you can find more value in the data over time.

Q

Yeah. I think we touched upon this somewhat, but maybe what are the new value propositions that you're seeing and new use cases in your customer base that surprise you, and say, you know what, this is actually cool. I didn't think this is going to be possible.

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

A

Well, I would say, almost all of our customers start with a project in mind. They want to reduce risk, which is related to maybe accident payouts or something like that. But in the process, they start to see more sources of ROI. So, some of the really interesting ones that I've seen recently, we have one example customer. They're a really large airline, air carrier. They use us to track all their equipment on the airfield. And they've been able to actually make their flights run more on time. They can get flights out of the door 15% faster because, now, they know where everything is.

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Q

Did you not talk about it on the conference call? You did?

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

A

Yeah, yeah. I did mention them, yeah. And it's just such a cool story because...

Q

Which airline?

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

A

I don't think I'm allowed to do that.

Q

Yeah. I wish I could go buy their stock.

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

A

Yeah. But it's actually something that we're starting to see across a number of industries where these are folks that maybe weren't as familiar with GPS tracking because they're not trucking carriers, right? Those are the people that had adopted for 20, 30 years. These are use cases where there are all these new pieces of equipment out there that you didn't even know you could track. And now, you put it on a data platform, and you can connect it to all different systems, you can provide real-time alerts, you can do analytics, and you're just unlocking a lot of really useful value there.

Q

That's interesting. My fascination with Samsara is on the fixed asset side. I always wondered, there's another company who we should not mention by name but very expensive solutions, very long time to deploy a questionable return on investment. It feels like there is like trillions and trillions of dollars invested in physical immovable assets, right?

You guys have had the luxury of great execution of course, but great demand on the vehicle side. So, really, two things to the question. How big – your core business opportunities must be so big that you're not thinking that the fixed asset market is something you want to dig into. But tell us why this market is as big as the numbers that you thought? I mean, 45 million vehicles something. But that was a big number in North America, Europe.

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

A

Yeah.

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Q

Why is this market going to continue to be relevant in the future?

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

A

Well, let me start. I want to share [ph] the stage (00:07:56) a little bit. So, in terms of vehicles, they're a foothold for us into the world of physical operations. All the industries I mentioned earlier, construction and others, you don't think of them as truck-centric. It's just they happen to have some trucks as part of their construction business. Same thing with energy utilities and so on. So it gives us exposure to a number of these industries. And that's how new product lines like connected equipment came to be for us.

Connected equipment for us, basically non-truck, non-telematics-oriented businesses, so construction equipment, trailers, generators, compressors and so on. So, we're not talking about fixed equipment yet. But these are just field assets. There's almost 10 times as many of those as there are trucks. So, the numbers you're talking about. The 40 million, those are just trucks, yeah, vehicle. There's even more other pieces of...

Q

So, TAM A, TAM B, TAM C.

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

A

Right. And so, we think of it in concentric circles. And when we quantify TAM, we start with the most kind of conservative estimates, which are around the vehicles, which is where the core of the business really began.

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

A

Yeah, we now have three product categories that are doing more than $100 million of ARR. So, video-based safety is our largest and vehicle telematics. Both of those are tied to the number of vehicles out there. But then, we have this equipment monitoring business that's also doing more than $100 million of ARR. All three of those product categories are growing more than 30% year-over-year.

And so, it tends to be – we land with these vehicle-based applications, and over time, they expand into some of these non-vehicle areas. And what's interesting is that where the vehicle is much more of a push, we're out talking to customers. When they get into the equipment monitoring, some of these other use cases, they're really pulling us in the use cases that we didn't originally think of.

Q

Yeah. So how do you inform yourself of new product direction when the needs – you've discovered new things all of a sudden. These planes leaving and leaving on time, et cetera?

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

A

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Yeah.

Q

How do you know what to put in the product road map?

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

A

So, we're always trying to look and listen. I personally love to spend time on the road just going and seeing these physical operations because a lot of these industries aren't intuitive. Like you don't get invited behind the curtain, if you will. So, you see a lot of those opportunities.

We also run what we call the Samsara customer feedback loop. So, we do things like advisory board. So we had our customer conference. Before that we took a whole day. We just spent time with a bunch of the C levels asking them what other projects were on their minds, like, what's kind of front of mind for them. But it's a combination of the relationships with the customers and then physically being on site with them. And that direct touch just gives you so much insight into what matters to them.

And it's just different, because these frontline workforces, they're actually majority of the world's population. Like 70%, 80% of the world's workers are frontline. But when you're in an office, you just don't have that same intuitive feeling for what their challenges may be.

Q

Yeah. So the construction market, I mean, there's a lot of inefficiencies [indiscernible] (00:10:42). Could that be your fourth business or fourth vertical?

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

A

Yeah, it's turned into – I think it's our number three.

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

A

I think it is. But I think the nuance is we're really telling across many different end markets that make up 40% of global GDP. Construction is just one of those end markets, field services, utilities, food and beverage.

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

A

Local government.

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

A

Local government is a big one, and so, construction's probably more than 10% of ARR and will continue to be a big driver of growth.

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Q

And of all those diverse verticals you just pointed out to, Dom, the common thread is, again, asset utilization. What else...

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

A

Look, they're all physical operations industries. The kind of the beachhead into all of those end markets for us has been commercial vehicles and the use cases have been really tied to safety, efficiency and then increasingly things like sustainability.

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

A

And the safety aspect is really tied to the people, right? And I think it's easy to see all of these as asset-heavy environments, which they are, but they're also labor-intensive environments. So, if you can help keep those people safer and then also make those people more efficient, it's really meaningful for these companies.

Q

Maybe that's the perfect segue into Generative AI, so keeping people safe, and sort of that whole direction. How do you inform your strategic plans, relative to generative AI and the whole thing just to didn't practically exist until a couple of years back or maybe it existed in a very tiny circle of people that knew what ChatGPT [indiscernible] (00:12:11) was. How were you informing – as you dug in, what are your findings as to how it can benefit Samsara?

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

A

Yeah. So, AI was a big enabler for us as a company. So, the safety product that we mentioned earlier, which is now our number one product, was truly brought to life by computer vision based AI models, right? So we could detect things like distracted driving, unsafe following. We use that to drive workflows, which in turn reduce risk. So, we've always been big believers in this area. And so, we have an AI team. We've been growing that over the years.

Generative, I would say, is a new kind of tool in the toolkit, right, in terms of what you could do with AI. It's enabled by high volumes of data, right, and we have structured data. Except our data isn't kind of the ChatGPT like chat bot style data. It's highly structured. It tends to be more numbers than words.

We can use it to do things like enhance our models, so we can generate more drivers, we can generate more road conditions and we can use that to train our models. So we've increased our model accuracy using techniques like that. So, I think people often think of Generative AI as ChatGPT. It's just the best known application, but you can actually...

Q

Write an essay, paint me a picture...

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

A

Yeah, exactly.

Q

...write a song, whatever.

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

A

Right. And so, we don't have a lot of essays or songs in our operations platform, but we do have a lot of safety use cases. And so, if you can generate millions of images, we can train our detectors even more accurately.

Q

I listened to a chat interview, Frank Slootman with Jensen Huang of Nvidia. And they're talking about how you can look at structured data. And although that's not what we think of as being Generative AI use case that you can say, help me reconfigure my supply chain because I want my product being only three days late [indiscernible] (00:13:52), right? I don't want it to be a week late. So, that's a very unstructured question. But then you can work with the structured data from this search query and do the recompute, right?

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

A

Yeah.

Q

Is that how you would...?

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

A

Yeah. And I think of that as perhaps leading to a whole new type of interface. So, we have obviously a lot of reports in our system. We have customer reporting. But ultimately, the customer wants to know is product X is going to be late in three days, like you said.

Q

Is my flight is going to leave on time?

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

A

Yeah, exactly.

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Q

What should I do?

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

A

And in physical operation's very complex.

Q

You can do that, right, with your product? I could ensure that if I'm XYZ Airline, which I won't mention.

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

A

Yeah. And we also do things like predictive multi-stop ETAs, things like that. So, I think there's a lot of interesting possibilities here.

Q

Interesting, wow. So, one of the questions we wrote down was, why do you win? It seems like it's pretty obvious why you win. But anything else we've missed as to why people, customers choose Samsara over whoever else that might be?

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

A

Well, I think there's a few reasons. One, just kind of stepping back for a second, we do partner very closely with these companies, and they're not the most technologically forward. They're very busy with their physical operations. They haven't built the biggest IT teams and so on. And so, they're looking for very direct, hard ROI, and they're looking for a partner that can deliver it for them. We show up with a product that's really easy to try, and then it's very easy to deploy at scale. So, that's something that's little subtle, but makes a big difference for our customers that, hey, it just works, right?

And then, once it does work, it's not just a single solution that I'm just using for telematics. They can actually use it for everything, and then they can connect all their other systems onto it. So, we've seen our large customers connect us into more than six other third-party systems, like payroll, insurance, fuel cards, OEMs. Like all of these data sources can be synced. And that's also maybe not intuitive to everyone how important that is in operations because, now, it's like having a Salesforce, or ServiceNow or Workday kind of approach. It's very valuable for them. So, in terms of why we win, I think it's unlocking that ROI and value for the customer.

Q

I suppose...

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

A

Oh, yeah, and the data asset, we're collecting 6 trillion data points a year. And I think the breadth of that data across different geographies and end markets and different product categories and different customer sizes allows us to unlock more insights and provide more value to the customers. And it just is this flywheel that continues to build on itself. The more customers we get, the more data we get and the better insights that we can provide.

And the second thing I'd call it is just the ease of use. Customers are able to deploy Samsara within minutes, and they get it up and running, and they start collecting data and they start really changing the way they run their businesses in a way that they can pay back their Samsara investment very quickly. And I think that really stands out for us.

Q

I suppose customers that have better asset terms, better asset utilization are more profitable, et cetera. The ones that don't are not that profitable. We talked about looking at our list of stocks. Publicly held companies that have used Samsara and seen the return on investment manifest in better profitability. I did not plan this question, but just thinking about what you're saying in real time, it has to have a material impact on the bottom line.

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

A

And I think that's what's – we get asked questions about, like, why are these budgets maybe not compressing in the same way that they have in some other industries like IT-centric buyers. And I think these are buyers that have always been very, very focused on ROI and really low kind of profitability margins. And operating more efficiently and safely has always been kind of a core part of their business.

We do things like – we provide benchmarking data for them, so we can say, if you're in this region, and you're in this industry and you're this kind of size of a customer, here's how much money you should be spending on fuel, or what your insurance premiums should be, or how many accidents you should be getting into. And so, customers are able to use some of this data to make some real decisions out there.

Q

It's the untapped opportunity, guys, right? I mean, so if you can get access to the customer wins and invest in every one of those companies, if they're public, you could benefit from – actually, I remember one of the companies in software, Adobe, many, many years back would release a list of customers and say, they're doing digital marketing, they're converting better, blah, blah, blah. And I remember a client telling me, I bought stocks and all this stuff even. It did really, really well for a period of two or three years, so something to consider. So, Samsara ETF.

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

A

ETF, yeah. It's not on our product road map.

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Q

Yeah. You guys had a product road map. So, I think the next question is, market's so big. How do you look at the penetration of this market? It's got to be very small. But how much of this is really addressable with your solutions? So, what could be the real penetration versus the theoretical?

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

A

So if we just start with the vehicles, which again is a subset of what we do, commercial vehicle, the idea of tracking them has been around for a while. GPS tracking is probably 20-plus year-old technology. So about half of them were already tracked by some legacy solutions. Many of them don't have safety camera. That's a newer technology really enabled by AI. So, that's maybe 5% penetrated, but there's just a lot of market out there.

And the buyers are primed to say, hey, technology can help here. But then that's the foothold because then it opens up the door to things like connected equipment, where there's less understanding that it could be tracking all these other assets that are out there. I don't know if you want to add anything...

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

A

Yeah, I think the TAM – and that's maybe one of the challenges is just like less defined. We're not taking a technology that existed on-prem and just sticking it in the gut and like it's like a very defined TAM. We're helping customers that have been very underserved by technology go through the kind of early innings of digital transformation and we're putting technology in places that didn't exist. And we're replacing inefficiencies or unsafe behaviors with technology. And that's how customers are funding it.

Q

On the non-fleet side, do you have competition that shows a very different set of competitors that see you on the asset management side?

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

A

Not so much. I would say, this is an area where if you go visit the customer, you just don't see any digital technology on that asset. And so, like a trailer is a great example. These are the – they get pulled around by the trucks. Once they're disconnected, they're just kind of static and people actually don't know where they are, so that's – and so, what we're replacing is the phone calls of, hey, do you know where that trailer is, except think at the scale of tens of thousands of these things.

Q

Yeah. I ran into – I actually was in a Uber car ride and the driver turns out to be running a big vehicle that has Samsara in it. And she said, I'm forced to take my breaks. And so, the camera is monitoring, and so, it's resulted in better safety. It's mandated. I need to pull up after 8 hours of driving. I have to keep driving. Camera says so.

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

A

Yeah.

Q

Things like that, right?

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

A

Yeah. Not good for the driver, the passenger or the people on the road.

Q

No, exactly. Yeah. Another one was the role of potential government catalysts and mandates, regulations, et cetera, in your business that could be positive drivers, if you take it on, yeah.

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

A

Well, you just mentioned driver safety and kind of fatigue. That is something that was mandated at least for certain kinds of drivers here in the US a couple of years ago. It's called the ELD mandate. That was 2017, I believe. So, that was the tailwind in terms of making sure people were adopting these technologies.

It's possible there will be some reporting requirements from the SEC around emissions. So, sustainability is something that our customers are really interested in reporting on. We provide the data for that. So that would be a potential tailwind, or around safety is that there's kind of more focus on fatigue and kind of safe driving on the road.

Q

Yeah. Got it. Maybe we'll give Dom some airtime and give you some oxygen, breathtaking – or taking some oxygen while you reserve your oxygen supply.

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

A

Sure, yeah.

Q

If you can recap for us what are the misunderstandings of the Samsara business model? And what are the structural changes that are happening? I know that you have – free cash flow is...

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

A

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Yeah, positive.

Q

Yeah, free cash flow positive that you've been laser-focused on for quite some time. But how do we think about the business model of Samsara today, and how does it involve the long term? What are the levers and push points?

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

A

Yeah. Well, I think some of the misnomers of the business started to go away more over time. We've now been public for seven quarters. And so, only being tied to the transportation segment was kind of an early investor thesis. And we've talked about it pretty consistently. We've talked about on the Q2 call that 84% of our net new ACV came from non-transportation-related segment, so strength in field services and construction and utilities, and public sector and some of these other end markets.

Some early misnomers about really just being tied to telematics there, some other company – GPS is a market that's been around for decades now. But our video-based safety, and driver safety and coaching product is actually our largest contributor to ARR and our fastest-growing product category. And obviously, that – could we get to free cash flow breakeven? Could we actually be a profitable business?

And we've demonstrated a tremendous amount of leverage dramatically over the last four quarters and then got to free cash flow positive in Q2 and have a path to sustain that going forward, and doing that while being in balance with growth hitting four consecutive quarters of being a Rule of 40 or better company. And so, you know, a lot of the consistency in the execution over the last seven quarters, I think, has alleviated some of those investor concerns.

Q

Yeah. And if we listen to only your call, you would not know that there are macroeconomic issues. Products in the broader world, I mean, you guys have delivered as though there's no change in the economic environment at all.

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

A

We have some unique benefits that maybe are different than some of the other technology or IT-centric enterprise software businesses. I think, one, you know, the fact that we have a subscription business model provides a lot of visibility into what future revenue is going to be which allows us to set guidance and expectations with a lot more confidence than if we had kind of a consumption-based business model.

We've talked a lot about our buyer. We're selling into an operations budget, which is very different than selling into a CIO. These budgets for our customers tend to be really large, and they're a lot less discretionary. We did a recent survey where two out of three of the operations buyers that we surveyed are actually increasing their technology budgets or, as Sanjit said...

Q

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Why is that? Serious, why are they doing that?

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

A

Well, I think it's because they've been very underserved by tech. They haven't used a lot of technology. And so, they're spending a lot of money on very capital-intensive businesses. And they've just not been very efficient or very safe in a way that they've deploy their capital. And so, they're really starting to appreciate the benefits of technology and how that can help them improve their businesses and their profitability.

And so, they're in kind of the earlier stages of an S-curve of digital transformation. We've experienced that in our consumer lines and, obviously, we've seen it in the world of IT. But these buyers are kind of going through it, and they're dedicating much more of their budgets in capital to technology than they ever have.

Q

I'm curious if these folks have a labor shortage that they're suffering from.

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

A

In many of these industries, they do. And it's also because these jobs are difficult. Like you think 8, 10, 12 hour shifts, working construction on this frontline. And so, actually, having an easy-to-use technology is a positive force in terms of helping attract and retain talent. And then also, when you show you're doing things to improve things like workplace safety, given a choice, you're going to want to work as a safer organization. So, it's really important. We've seen companies like DHL, the pretty significant savings in accident-related costs, like a 49%, 50% reduction in costs, but then also an improvement in retention.

Q

You've got to figure some of DHL. You said it.

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

A

Part of the ETF.

Q

I don't know if they're public.

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

A

Yeah. Yeah. But we are seeing that, which is they care a lot about their labor turnover rates because, again, frontline employees do have a higher turnover rate. So, their entire business efficiency improves as a side effect.

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Q

Which brings us to connected worker opportunities. Can you tell us more about that? What is that all about?

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

A

Yeah. So, at our customer conference in June, we announced a new product that we're investing in called, Connected Forms. So, it's basically this idea that these industries, they have a lot of pen and paper workflows and checklists still, right. Whether it's a safety checklist, when you're – before you get on a forklift, or something you do when you're taking delivery, et cetera. And we basically want to digitize all of that because we think it can obviously save the paper, but save a lot of time, connect these processes and then get data into the cloud.

So, that's something we're hearing from customers and we're excited to be investing in that area. We have an early access or beta product that will kind of get us even closer. And this has nothing to do with the track. This is about the people, right, and the work they're doing.

Q

So, what could be a possible benefit if somebody deployed that connected worker? Let's say, Jacob's in Houston and that's in New York. Yeah, that's a fictitious [indiscernible] (00:27:24) I don't need to really have it [indiscernible] (00:27:26) the conversation. But help us envision what the benefit is.

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

A

Yeah. Well, a simple one. I mentioned forklifts, right? So a lot of our customers, they have these loading docks and warehouses, factory floors that have forklifts. And from an OSHA or occupational health perspective, that's a source of a lot of injuries, right? So, maybe there's kind of been a pen and paper checklist for forklifts for a long time. But maybe Jacob knows you're in San Francisco and you're not watching. And so he kind of skips it, right, and just sort of said yes on everything. I'm not saying Jacob's. But if that's a habit that's forming, at some point you're taking on more and more risk.

Q

He's just not listening.

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

A

But that's an opportunity, actually. A, know that, that's happening; and, B, coach Jacob, right, and prevent that risk from happening in the first place. So, that's something that occurs when it's no longer a piece of paper, but it's in the cloud. There's a workflow that automates that. There's maybe some AI to help surface that, hey, there's some risky behavior occurring here. And then there can be a closed loop that, hey, something was done about it. That will help reduce risk [indiscernible] (00:28:29).

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Q

And although that's one unit, that's a higher value unit, that's higher risk potentially. And then, by having your value proposition, you can eliminate a big chunk of that risk, right. Do you price this differently when you go to the construction site and you have like a Jacob trying to...

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

A

Jacob is everywhere. Yeah, he's working two jobs or three, I guess. So we haven't set pricing for Forms yet. We are trying to keep it simple and easy to understand and just understand the different use cases.

Q

Sounds fascinating. That's really fascinating. [indiscernible] (00:29:03) been monitoring. Dom, you said, $100 million-plus in ARR. What are your goals for this segment?

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

A

Well, I think for all three of our products that are doing more than $100 million of ARR, again, they're all growing north of 30%. And so, when I look at the overall ARR mix and the composition between the different products, it's been very consistent. And I think we'd like to continue to see that moving forward.

There's a lot of existing customers that are just kind of scratching the surface in terms of using this product. And, as you said, there's many more types of non-vehicle assets than there are vehicles. And so, going deeper within the existing customers and finding new use cases is, I think, a big opportunity for expansion in the future.

Q

Standing-room only crowd. Anybody has any questions? Go ahead, please.

Q

Talked about ROI. Obviously, like assets [audio gap] (00:29:59) but how does your [audio gap] (00:30:02). So let's just say, for example, you had an asset that was running at 85% utilization. They see a drop in sales, now it's 65%, 60%. They're still paying you guys the same price to check that operation. Does that – like do you have conversations with customers about that and like how do you guys handle a conversation like that?

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

A

And you should chime in here. So, it's pretty atypical for a customer to like, suddenly reduce the number of piece of construction equipment or something like that. If they have that much cyclicality in their business, they tend to rent from like an example, be like United Rentals. So, that's how they buffer that cyclicality. We would be on their owned assets.

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Many of our customers actually will realize that they are only utilizing 60% of their assets, and they should sell-off those pretty expensive pieces of construction equipment, or trucks or something like that. And so, in that sense, we're very much tied to getting higher utilization, higher efficiency, but we don't tend to see that kind of flux.

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

A

Yeah. I mean, we signed three to five-year contracts based on the number of assets? And so, this isn't – not like consumption-based pricing. So based on the amount of utilization. The overall contract value doesn't change, which again gives us a lot of visibility into future revenue.

Q

And that actually brings up another one, which is like the URIs of the world, are they like potential lead-ins to getting more customers who are renting like familiar with your platform and your product, and ultimately, like a sales channel in some way? Like they rent a forklift from URI or whatever it is, then they say, oh, the Samsara data is here. Like I can see all of this, and then, they come to you. Rather than like going outbound, they come, they come inbound.

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

A

Oh, I see. So there are a number of different equipment rentals companies. We work with many of them. Many of them are customers. So, folks do get exposure there. We're also seeing a lot of people get exposure just from – we've been in the business now for a couple years. People switch jobs and will say, hey, at my previous company, I use that and it's really successful. So, I would say that latter one is bigger source of referrals, like the safety manager moves from company A to company B. And it's a big win for them at company B if they can reduce risk all of a sudden. So, that that tends to be the more typical way that we get pulled in.

Q

Any other question? Please, go ahead.

Q

Can you talk about international go-to market strategy [audio gap] (00:32:15)?

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

A

So, the question was our international go-to market strategy as we expand. So, it's very similar to how we do things here in the US, in North America. It's a direct sales motion. The customers, the use cases are very similar. There tend to be some regional differences in terms of obviously language because we do have apps, frontline workers. But then also, the rule sets, regulatory compliance are different country by country but the go-to market fundamentally is the same.

Q

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I offered Jacob to ask a question. Oh, I'm sorry, you – okay, that's...

Q

Can you talk a little bit about how you think about AI for your business?

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

A

Sure. So, AI, for us, is something we've been investing in for quite some time. So, the safety product that Dominic mentioned earlier is our number one product – is really enabled by AI. So we can surface insights around risky behaviors. Use that to drive workflows, which then change behavior. So there, that's something we kind of invested in back in the 2018 kind of timeframe. And that showed us the value of all this data. So, we have a lot of proprietary data flowing into our platform; 6 trillion plus data points, tens of billions of minutes of video footage a year, et cetera. And then, we can use, adapt and train AI model. So, expect more models from us, more insights, and that'll drive more ROI for the customer.

Q

Just one for me. You recently hired Lara Caimi. Can you talk about your [audio gap] (00:33:46). I mean, you almost had a $1 billion in ARR but multi-billion in ARR [audio gap] (00:33:53).

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

A

Yeah. So, Lara joined us about 90 days ago. It's been great so far. She came to us via ServiceNow, where she'd been there really through this kind of next phase of growth, which we're heading [indiscernible] (00:34:07), going from $1 billion to several billion. And we're excited to have her leading the go-to-market efforts. For us, her customer-centric background is great. She's been out on the road with me in front of customers. But also her scaling and infrastructure experience of how do you build teams that can go do this at scale? How do you focus in on accounts and drive more success, I think, is great. So, so far it's been really good.

Unverified Participant

I think that's queue to wrap it up. It's great to listen to your story. Every time you come back there's some new use cases, new TAMs and new opportunities that keep rising. And then, of course, you're free cash flow positive. It's a rare combination of profitability and a great market opportunity, very unique execution. So, really fantastic to work with you guys.

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

Great. Thank you so much.

Unverified Participant

A round of applause to these guys. Thank you.

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