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# Samsara, Inc. (IOT)

Q1 2025 Earnings Call

## CORPORATE PARTICIPANTS

### Michael Chang

*Head-Investor Relations & Corporate Development, Samsara, Inc.*

### Sanjit Biswas

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

### Dominic Phillips

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

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## OTHER PARTICIPANTS

### Christopher Quintero

*Analyst, Morgan Stanley & Co. LLC*

### Alex Zukin

*Analyst, Wolfe Research LLC*

### Cole Erskine

*Analyst, TD Cowen*

### Jacob Staffel

*Analyst, Goldman Sachs & Co. LLC*

### Daniel Jester

*Analyst, BMO Capital Markets Corp.*

### Junaid Siddiqui

*Analyst, Truist Securities, Inc.*

### James E. Fish

*Analyst, Piper Sandler & Co.*

### Michael Turrin

*Analyst, Wells Fargo Securities LLC*

### Dylan Becker

*Analyst, William Blair & Co. LLC*

### Kirk Materne

*Analyst, Evercore ISI*

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## MANAGEMENT DISCUSSION SECTION

[Abrupt Start]

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### Michael Chang

*Head-Investor Relations & Corporate Development, Samsara, Inc.*

In addition to our prepared remarks on this call, additional information can be found in our shareholder letter, press release, investor presentation and SEC filings on our Investor Relations website at [investors.samsara.com](http://investors.samsara.com). The matters we'll discuss today include forward-looking statements. Actual results may differ materially from those contained in the forward-looking statements and are subject to risks and uncertainties described more fully in our SEC filings. Any forward-looking statements that we make on this call are based on assumptions as of today, June 6, 2024, and we undertake no obligation to update these statements as a result of new information or future events unless required by law.

During today's call, we will discuss our first quarter fiscal 2025 financial results. We'd like to point out that the company reports non-GAAP results in addition to and not as a substitute for or superior to financial measures calculated in accordance with GAAP. Reconciliations of GAAP to non-GAAP financial measures are provided in

our press release and investor presentation. We'll make opening remarks, dive into highlights for the quarter and then open the call up for Q&A.

With that, I'll hand over the call to Sanjit.

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## Sanjit Biswas

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

Thanks, Mike, and thank you, everyone for joining us today. Samsara had a strong Q1 of our new fiscal year as we continued to deliver durable and efficient growth. We ended Q1 with \$1.18 billion in ARR, growing 37% year-over-year. We are the strategic partner to the world's leading and most complex physical operations organizations. Large customer momentum continues to fuel our growth. In Q1, we had wins with the Department of Transportation for both Iowa and Kansas and VINCI, a Fortune Global 500 construction company with more than 275,000 employees. Our continued innovation and customer feedback loop drives our success with large customers. Over the past few months, I visited many of our largest customers in the US, Canada, Mexico and Europe. Seeing their operations firsthand, it's clear that the toughest challenges and priorities in physical operations are universal.

First, these customers are operating at a scale in asset heavy and labor-intensive industries. Second, these customers are using legacy point solutions where data is trapped in silos. And third, these customers are faced with common challenges, including fuel savings, workplace accidents, maintenance and insurance. Across the board, our customers are investing in technology that helps them achieve safer, more efficient and more sustainable operations. We are proud to partner with our customers on their digitization journeys. Recently, IDC surveyed 130 of our customers to assess the value of our platform. The results are published in a white paper, The Business Value of Samsara. The IDC research shows customers partner with us to be their system of record because we deliver clear and fast ROI. At the same time, we are helping customers achieve their safety, efficiency and sustainability goals.

As one of our customers said to IDC, "Samsara has opened up a whole new world for us. Every minute of efficiency gained is significant. Samsara is our most utilized companywide business system and responsible for millions in savings in our bottom line." Looking more specifically at the findings, IDC estimated that Samsara customers realized more than an 8x ROI on average, representing \$2 million of savings per customer per year. Samsara customers achieved these savings from reducing costs related to vehicle-related crashes and insurance, spending less on fuel, lowering maintenance costs and extending vehicle lifespans, minimizing lost revenue associated with vehicle availability and increasing driver productivity. We are proud to partner with our customers to help them drive meaningful impact in their organizations.

Our customers have large, complex operations that are asset and labor intensive. They often require tens of thousands of frontline workers and assets to build the infrastructure supporting our global economy. At this scale, our customer's top priorities are often safety and sustainability. It's critical to how they run their organizations. I'd like to share two examples of how we're helping our customers meet their impact goals. The first is focused on safety with Nutrien AG Solutions, the world's largest agriculture inputs and services provider. They are using our video-based safety application to improve driver safety for their North American commercial fleet. They've seen good results as they reported in their most recent sustainability report. In 2023, they saw a 40% reduction in unsafe driving practices, including speeding, harsh braking and distracted driving. They use Samsara on more than 11,000 vehicles with plans to continue expansion.

Our next example is on sustainability with Frontier Communications, a top provider of broadband Internet and digital television service. They are using Samsara to optimize fuel efficiency and reduce fuel costs across their

fleet. They installed our Telematics application in 8,100 vehicles, saving them 320,000 gallons of fuel in 2023. This equals more than 6 million pounds of carbon. Both of these organizations are taking a data-driven approach to help them achieve their ambitious goals and make the greatest impact. As we build for the long-term, we will continue to invest in emerging products, our culture and our customers as we scale and grow. First, we are seeing strong momentum in emerging products. We released our Connected Forms application into general availability last quarter. Our customers are excited to adopt it to improve their frontline worker experience.

Connected Forms is a workflow solution that allows our customers' frontline workers to streamline their operations through digital forms. Our customers are already finding value. A good example of this is with one of the largest privately owned drainage and wastewater utility specialists in the UK. They are a utility service provider with more than 3,800 employees and 3,000 assets. They've been a customer since 2020, starting with their Video-Based Safety and Telematics applications. This quarter, they expanded the partnership further with Connected Forms. Currently, they have more than 30 use cases for Connected Forms, including compliance, labor tracking, attendance, safety briefings, vehicle inspections, and avoiding timesheet fraud. Their long-term vision is to have one system of record for their entire operations. This will enable them to manage all their data and extract insights and value from one unified platform.

Second, focusing on our culture, Samsara has quickly become a destination for some of the world's top talent. This is critical as we scale our global team to support our rapidly growing customer base. We are proud to be certified by the Great Place To Work in the US, UK, and Poland. This marks the second consecutive year of certification in the US and the UK, and a first-time honor in Poland. We were also listed as number eight on Glassdoor's award list for the Best-Led Companies in 2024. And lastly, we're looking forward to seeing many of you at Beyond, our annual customer conference from June 26 to 28 in Chicago. At Beyond, we'll bring together thousands of leaders across physical operations to discuss the challenges they're facing and discover new ways to use Samsara. We will also be hosting an Investor Day on June 27 in Chicago. We hope that you can join us.

It was a great start to the new fiscal year. We want to thank our customers, partners, investors, and Samsarians across the globe for your shared commitment to increasing the safety, efficiency, and sustainability of the operations that power the global economy. We are excited about the year ahead.

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

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## Dominic Phillips

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

Thank you, Sanjit. We delivered strong Q1 results highlighted by sustained high growth at scale and continued operating efficiency improvements, including maintaining the same revenue growth rate as last quarter at a larger scale and quarterly records for both gross margin and adjusted free cash flow margin. Our durable and increasingly efficient growth demonstrates the large and growing opportunity for digital transformation across the world of physical operations. And regardless of the broader economic environment, our business has continued to be incredibly resilient and deliver consistent results due to a few key reasons. First, and most importantly, our products create a real, hard ROI for customers, including reducing accidents, lowering insurance premiums, generating fuel savings, lowering maintenance costs, and improving asset utilization; and our customers' payback period is very quick, often measured in months.

Second, we primarily sell into a different budget than many other enterprise software companies. The operations budget is generally larger and less discretionary for our customers. And third, we have a subscription business model that produces highly predictable revenue, and we price most of our subscriptions based on the customers' number of physical assets instead of head count-based pricing which results in lower ACV risk if our customers'

hiring slows or contracts. Q1 ending ARR was \$1.18 billion, growing 37% year-over-year. Within this, we added \$74 million of net-new ARR, representing 21% year-over-year growth. Q1 revenue was \$281 million, growing 37% year-over-year, which is the same revenue growth rate from last quarter when adjusting for the extra week in Q4 but at a larger scale.

Several factors drove our strong top line performance in Q1. First, we continue to focus on serving large enterprise customers to drive durable and efficient growth at scale. We now have 1,964 \$100,000-plus ARR customers, representing 43% year-over-year growth. We also grew our average ARR per \$100,000-plus customer from \$305,000 in Q1 last year to \$316,000 in Q1 this year. The combination of more customers added and an increase in the average ARR per customer grew our ARR mix for \$100,000-plus ARR customers to 53% in Q1, up from 49% one year ago and 45% two years ago. Second, our customers increasingly utilize Samsara as a system of record for physical operations by subscribing to multiple applications all on one unified platform. 94% of our \$100,000-plus ARR customers and 83% of our core customers subscribe to multiple Samsara products. We're also seeing multi-product adoption at scale.

Our two vehicle-based applications, Video-Based Safety and Vehicle Telematics, each represent more than \$450 million of ARR. And our largest non-vehicle based application, Equipment Monitoring, which is used to locate and manage field assets, is doing more than \$125 million of ARR. In addition to large scale, each of these product categories continue to grow more than 30% year-over-year. We also saw a number of large multi-product transactions in Q1. All of the top 10 new logos in Q1 included two or more products for the first time since our IPO, and 9 of the top 10 expansions included two or more products. One of our largest Q1 transactions was an expansion to one of the largest US telecom companies. This top 20 customer landed back in FY 2023 with Vehicle Telematics only as a greenfield opportunity.

After achieving significant efficiency improvements and fuel savings, they signed a more than \$1 million expansion this quarter which included more Telematics licenses and the addition of Video-Based Safety to a subset of their total vehicles. During the pilot, the customer saw a 62% reduction in safety events and a 92% decrease in mobile usage. After this initial rollout, we expect the customer to add more licenses across a broader set of vehicles over time. And the strengthened expansions also allowed us to achieve our target dollar-based net retention rate of 115% and 120% for core and large customers respectively. Third, we demonstrated strong execution across several frontier markets. First, a quarterly record 18% of net-new ACV came from international geographies in Q1 driven by strength in Mexico and Europe which contributed its highest-ever quarterly net-new ACV mix.

Second, the construction vertical drove the highest net new ACV mix of all industries for the third consecutive quarter, and field services had the second highest mix. In total, 87% of Q1 net new ACV came from non-transportation verticals, an increase from 82% in Q1 last year. And lastly, we also saw strength in emerging products. In Q1, we signed the city of Pittsburgh as one of our largest new logos in the quarter. In addition to landing with Vehicle Telematics and Equipment Monitoring, they also included Mobile Experience Management and Connected Forms in their initial transaction. We also signed a more than \$250,000 Connected Forms expansion with one of the UK's leaders in water and wastewater services. And an existing top 50 customer, one of the country's largest food distribution providers, signed a \$400,000 Site Visibility expansion.

In addition to driving strong top line growth, we continued to deliver operating efficiency improvements across our business as we scale. Non-GAAP gross margin was a quarterly record, 77% in Q1, approximately 4 percentage points higher year-over-year, driven largely by optimizing cellular, customer support and warranty costs. Non-GAAP operating margin was 2% compared to negative 9% in Q1 last year, driven by leverage across all functions. And adjusted free cash flow margin was a quarterly record 7% in Q1 compared to negative 1% in Q1

last year. Okay. Now turning to guidance. Because of our strong Q1 performance and outlook for the rest of FY 2025, we are raising our guidance across all key metrics. We've also analyzed various scenarios and believe that this guidance is adequately de-risked to account for the potential impact of worsening macroeconomic factors on our business.

For Q2 FY 2025, we expect total revenue to be between \$288 million and \$290 million, representing year-over-year growth between 31% and 32%. Non-GAAP operating margin to be approximately negative 2% and non-GAAP EPS to be between \$0.00 and \$0.01. For full year FY 2025, we expect revenue to be between \$1.205 billion and \$1.213 billion, representing year-over-year adjusted revenue growth between 31% and 32%. Non-GAAP operating margin to be approximately 3% and non-GAAP EPS to be between \$0.13 and \$0.15. And finally, please see the additional modeling notes in our shareholder letter. So to wrap up, we are pleased with our start to the year and our improved outlook for FY 2025. In Q1, we sustained our revenue growth rate at a larger scale while also achieving a record free cash flow margin. We are now operating in rarefied air in terms of scale, growth and profitability.

Samsara is one of only two public companies, software companies, at more than \$1 billion of scale, expected to grow more than 30% this year, and generating positive free cash flow. And looking forward, we believe we're well positioned to continue delivering durable and efficient growth because we're digitizing the world of physical operations, which is a very large and underserved market opportunity, and that's driving strong customer demand. Our products offer real ROI in a fast payback period, and we're targeting a very different operations budget. We're proud to partner with our customers and are excited to continue helping them operate more safely, efficiently and sustainably.

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

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## QUESTION AND ANSWER SECTION

### Michael Chang

*Head-Investor Relations & Corporate Development, Samsara, Inc.*

A

Thank you, Dominic. We will now open the line up for questions. When it's your turn please limit your questions to one main question and one follow-up question. The first question today comes from Keith Weiss with Morgan Stanley, followed by Alex Zukin with Wolfe.

### Christopher Quintero

*Analyst, Morgan Stanley & Co. LLC*

Q

Hey, guys, this is Chris Quintero on for Keith. Thanks for taking our questions and congrats on the quarter. I wanted to ask about Connected Forms. Really interesting to see that utility customer have 130 use cases for it. It seems like a lot out of the gate and really stood out to me. So could you walk us through how that customer identified all of those use cases and how you were a part of that process? And relatedly, how many workers is that product touching with those 30 use cases?

### Sanjit Biswas

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

A

Sure, Chris. I'll take that. This is Sanjit. The simplest way for customers to see where they can use Forms is to look at where they're still using pen and paper in their workflow. So for many of our customers, they have safety checklists they perform before getting started in their day. That might be a forklift inspection or some kind of site

inspection. Some of them have delivery forms that they have when they visit a customer. And many of them have other kinds of compliance-related paperwork. So we often see dozens of different forms of pen and paper out in the customer environment. And that's something that thousands of frontline workers have to fill out every single day. So it's a tremendous opportunity for us.

It also is something that's really strengthened by our system of record approach because we have a lot of contextual information about where that person is filling out that form, what asset they may be inspecting, what the mileage on that asset may be. So there's a lot that we can do in terms of connecting all this data together.

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**Christopher Quintero**

*Analyst, Morgan Stanley & Co. LLC*

Q

Got it. That's super helpful, Sanjit. And then one for Dominic. I know you have been signaling that the beat magnitude will be coming down, and you just did about a 3% revenue beat. Is that the right type of beat magnitude investors should be expecting for the rest of the year?

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**Dominic Phillips**

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

A

Yeah. I mean, I would just first start off by saying, we're really pleased with how FY 2025 got off to a good start. And we achieved 37% revenue growth in Q1, which again is the same growth rate that we did in Q4 last quarter, but obviously at a larger scale. So no sequential de-sell. And we were also able to pass through 2x the amount of the Q1 beat through to the full year guide, which I think is very indicative of our outlook. And I did. You're right, I mentioned on the last call that our guidance is going to be less conservative this year than it was during our first two years post-IPO, because we obviously have more forecast predictability. But I'd say beyond that, I'd really continue to point investors to ARR as a better indicator for the performance in the quarter, because like all subscription business models that have ratable revenue recognition, only a small percentage of our Q1 revenue actually came from Q1 bookings.

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**Christopher Quintero**

*Analyst, Morgan Stanley & Co. LLC*

Q

Excellent. Thanks so much, Dominic.

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**Michael Chang**

*Head-Investor Relations & Corporate Development, Samsara, Inc.*

A

The next question today comes from Alex Zukin with Wolfe, followed by Matt Hedberg with RBC.

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**Alex Zukin**

*Analyst, Wolfe Research LLC*

Q

Hey, guys, thanks for taking the question and for being one of the few beat and raise companies this earnings season. Maybe just the first one, just the tale of the tape for the quarter, what was linearity like in the quarter? Was it any different than when maybe you saw this time last year? And outside of what you called out in the shareholder letter, or maybe anything outsized in terms of areas of strength that drove the outperformance?

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**Dominic Phillips**

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

A

Hey, Alex, it's Dominic. Yeah, so the linearity in Q1 looked very similar to other quarters. Like most enterprise software businesses, month one and month two tend to be lighter in terms of linearity, and then the majority of the

bookings tend to happen in the third month. And so for us, month three was April, which was our strongest month in the quarter. And so no real change on linearity. And again, I think for us, for Q1, there was a lot of strength that drove the top line performance as we called out. It was a really strong, large customer quarter. We had a lot of multi-product transactions that drove a lot of our net new ARR strength. And then some of these emerging frontiers where it was a record quarter for international. We called out a number of these kind of new products that are driving strength, and then we saw a pretty diverse mix of ARR across different industry verticals as well.

**Alex Zukin**

*Analyst, Wolfe Research LLC*

Q

Perfect.

**Dominic Phillips**

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

A

And I – sorry, and then obviously record gross margin and record free cash flow margin.

**Alex Zukin**

*Analyst, Wolfe Research LLC*

Q

Perfect. And then maybe just as a follow-up, if I look at the net adds this quarter, really solid at [ph] 116 (00:20:04). What's the takeaway from that? It's a little lower – for the \$100,000 customers, it's a little lower than last year's kind of cadence. But is that – is there any kind of incremental macro hesitancy that's maybe shifting things more seasonally to the back half or qualify that number if you can?

**Dominic Phillips**

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

A

Yeah. No, I think you've got to look at both sides of this, not only the number of \$100,000-plus additions but also the average ARR per \$100,000-plus customer increased to \$316,000 this quarter versus \$305,000 in Q1 of last year. Last year, the average ARR per customer was flat, 0% growth versus the prior Q1. This quarter was up 4% and so we more than offset the number of \$100,000-plus adds by increasing the average size per customer, and you can see that result in the ARR mix from March customers increased to 53% this quarter, up from 52% last quarter and 49% a year ago.

**Alex Zukin**

*Analyst, Wolfe Research LLC*

Q

Got it. Perfect. Thank you, guys.

**Michael Chang**

*Head-Investor Relations & Corporate Development, Samsara, Inc.*

A

So looks like Matt put his hand down, so next question goes to Derrick Wood with TD Cowen followed by Jacob Staffel with Goldman Sachs.

**Cole Erskine**

*Analyst, TD Cowen*

Q

Great. Thanks. This is Cole on for Derek. First, I was just looking for an update on the macro and seeing if you guys are seeing any sort of sales cycle changes now versus last quarter or last year.

**Sanjit Biswas**

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

A

Sure, I'll take that. This is Sanjit. No major changes from what we saw 18 months ago. That's when sales cycles started to elongate, but they haven't gotten materially shorter or longer. I spend a lot of time out on the road with customers, not just here in the US but in Canada, in the UK – sorry, in France, Austria, all over. And what we're hearing is that customers, they're in mission-critical industries, they're essential services so they're continuing to operate at the pace they always have. As Dominic mentioned earlier, we're selling to the operations budget which tends to be quite a bit larger and very distinct and different from the IT budget, and our customers are seeing clear and fast ROI as we outlined in the IDC study with the 8x average payback.

So I think it's a very clear value proposition to the customer and we're continuing to sell-through whatever's going on in the macro.

**Cole Erskine**

*Analyst, TD Cowen*

Q

Super helpful, and then maybe one for Dom. The sales team has grown at a real impressive rate over the last year or so. Just kind of how are you guys thinking about sales hiring as you head into the rest of 2025? And then just maybe an update on sales – your rep productivity as well would be super helpful. Thanks.

**Dominic Phillips**

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

A

Yeah. So, I mean, on the last call we said that overall head count in FY 2024 grew [ph] 28% (00:22:42) year-over-year and that in FY 2025 we expect it to be around the same. Q1 was a really strong hiring quarter for us, one of our strongest ever. And we're on track for hiring for the rest of the year, so no changes in our hiring plans and we're on track for that.

**Cole Erskine**

*Analyst, TD Cowen*

Q

Great color. Thanks.

**Michael Chang**

*Head-Investor Relations & Corporate Development, Samsara, Inc.*

A

All right. The next question comes from Jacob with Goldman Sachs followed by Matt Hedberg with RBC.

**Jacob Staffel**

*Analyst, Goldman Sachs & Co. LLC*

Q

Hi, guys. Jacob from Goldman here on for Kash. Thanks so much for taking the question. I think it's really great to see the continued growth in adoption across like Video-Based Safety, Telematics, apps and drivers workflow; and kind of the disclosures that you all give scream very like Datadog-esque which is really great to see. So while acknowledging that MEM and Connected Forms are still relatively new versus the core offering, can you touch on just like how has adoption trended relative to initial expectations? And how often are you seeing customers adopt these solutions upon contract renewal? And anything about like the market size relative to the core offering? Would be great to get more color on.

**Dominic Phillips**

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

A

Yeah. I would say – I mean, it is still early days and so we're still kind of figuring out what the trends are going to be. I will say that for Connected Forms in particular, we were ahead of our internal plan in Q1, so that's great. We called out the \$250,000 Connected Forms deal to the UK customer, and so we're seeing some great traction there. That was an expansion to an existing customer. I also called out the City of Pittsburgh which was a new logo that landed with both MEM and Connected Forms, so to see the new product adoption for both new logos as well as expansions and kind of getting over our target for the quarter is promising.

**Jacob Staffel**

*Analyst, Goldman Sachs & Co. LLC*

Q

Great. That's great to hear, Dom. And then I think just one more question for me real quick. I think typically, you all disclose the net-new ACV that stems from new versus existing customers. Was that disclosed this quarter or did I miss that?

**Dominic Phillips**

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

A

It was 59% came from expansions, 41% came from new logos.

**Jacob Staffel**

*Analyst, Goldman Sachs & Co. LLC*

Q

Okay. Great. Thank you so much.

**Dominic Phillips**

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

A

Welcome.

**Michael Chang**

*Head-Investor Relations & Corporate Development, Samsara, Inc.*

A

Okay. The next question comes from Matt Hedberg with RBC followed by Daniel Jester with BMO. Matt, are you there? Okay. Let's keep going. So, Daniel – let's go with Daniel from BMO.

**Daniel Jester**

*Analyst, BMO Capital Markets Corp.*

Q

Hey, great. Thanks for taking my question. Maybe on the international strength and – that you called out in the quarter, how much of the improvement in international had been just about building capacity and opening up new offices versus actually sort of improving the underlying velocity of the folks that you have had in the seats for a while?

**Dominic Phillips**

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

A

Yeah, I think it's really a combination of both. Whenever you enter into like a new product category or new geography, new customer segment, it takes time to build out the sales capacity, get it ramped, get it productive, find lighthouse customers. And we've obviously been investing in international and we're seeing the kind of the progress there steadily over the last several years. And so we're really pleased with the 18% net new ACV mix, and in particular, again, the strength in both Europe and Mexico.

**Daniel Jester**

*Analyst, BMO Capital Markets Corp.*

Q

Okay, great. Thank you. And then, Dom, maybe on the update on the full year guidance and some of the comments you made about the macro. Maybe you can just expand about sort of what you've sort of baked in in terms of assumptions or thoughts about how the rest of the year could progress would be very helpful. Thank you.

**Dominic Phillips**

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

A

Yeah. So I mean, again, we framed the guidance as relatively de-risked. We've run a number of different scenarios on our internal operating plan and provided guidance that we feel highly confident that we're going to be able to hit, regardless if we see changes in the macroeconomic environment, if we see changes in customer demand, which we're not seeing today, but if we did start to see some changes, we feel confident that we'll still be able to hit that guidance.

**Daniel Jester**

*Analyst, BMO Capital Markets Corp.*

Q

Great. Thank you very much.

**Michael Chang**

*Head-Investor Relations & Corporate Development, Samsara, Inc.*

A

The next question comes from Alexei with JPMorgan, followed by Junaid with Truist. Alexei? Okay, let's move forward. Let's go with Junaid with Truist, followed by James Fish with Piper.

**Junaid Siddiqui**

*Analyst, Truist Securities, Inc.*

Q

Great. Thanks for taking my question. As you shift your focus on serving larger enterprises and net new ACV becomes a bit more skewed towards expansions, I was just curious, how do you look at that new logo versus expansion framework going forward?

**Dominic Phillips**

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

A

Yeah, it's an important question, and I think we feel really good with the balance. That's been a real strength in our model, the balance kind of between expansions and net new ACV, and this quarter was no different where we had strength in both. While 59% of the net new ACV mix came from expansions, and to your point, a lot of that comes from larger customers that do more of a phased rollout, it was also a really strong new logo quarter. It was the second highest number of new core logos that we've ever added. 10 of the top 10 new logos were multi-product transactions. 6 of the top 10 new logos included three or more products. And so we're really pleased with the balance of the business and expect that to be the case going forward.

**Junaid Siddiqui**

*Analyst, Truist Securities, Inc.*

Q

Thank you.

**Michael Chang**

*Head-Investor Relations & Corporate Development, Samsara, Inc.*

A

The next question today comes from James Fish with Piper Sandler, followed by Michael Turrin with Wells Fargo.

**James E. Fish**

*Analyst, Piper Sandler & Co.*

Q

Hey, guys. Thanks for the questions. No worries. I'm actually on. Look, we're seeing some competitors wind down their telematics business and shift into other areas. I guess, how much is that benefiting the current environment for you and how have win rates been trending? Just generally, any update on the competitive environment and as well as against the vendors you actually have a lawsuit against too, if those win rates are improving, given you guys have that on the table and try and prevent them from copying you.

**Sanjit Biswas**

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

A

Hi, James. This is Sanjit. I would say in general, the competitive environment has been quite stable. There are a number of legacy point solutions that our customers have adopted over the last 20, 25 years, and many of them are now looking to standardize on a single platform approach, which is what we offer. We're that system of record for them. So I think we do offer a very modern solution, and that's been our value proposition really since the beginning that's still resonating. And then the competitive dynamic, with the variety of competitors, again, is stable, and you see that reflected in our gross margin. It's been very stable. So, overall, it's a big market out there and we're just continuing to grow.

**James E. Fish**

*Analyst, Piper Sandler & Co.*

Q

Got it. And then, Dom, just to go into that whole de-risking for potential worsening of macro factors on the ARR side, I guess what are you seeing that is micro specific to you guys as it ties into the macro that you're leaving that view unchanged? Is it just trying to err on the side of caution like some others have, or is the macro starting to show signs of impacting operational budgets?

**Dominic Phillips**

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

A

No, I think it's just us wanting to make sure that we're setting expectations that we feel highly confident that we're going to be able to hit. We are not seeing any change in customer demand or any sort of macro impact. And again, I think it goes back to the fact that we're offering real clear ROI. As the IDC report called out, 8x ROI on average. And then again, we're just selling into a very different budget. The operations budget, it's very people and asset intensive. And these are very, very large budgets that have been very underserved by technology, and we're having a lot of success grabbing more market share.

**James E. Fish**

*Analyst, Piper Sandler & Co.*

Q

Thanks guys.

**Operator:** The next question comes from Michael Turrin with Wells Fargo, followed by Dylan Becker with William Blair.

**Michael Turrin**

*Analyst, Wells Fargo Securities LLC*

Q

Hey, great. Thanks. Appreciate you taking the questions. Sanjit, the latter leads mentioning you've been out visiting some of your larger customers. We see those videos from time to time. Are there – is there – I'm just wondering if there's any change in terms of priorities you're picking up in 2024 and what they're asking you to help

solve versus maybe what that looked like a couple of years ago? Just to help us get a sense of what the next few years could bear for Samsara in terms of evolution of the product.

**Sanjit Biswas**

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

A

Yeah. Hey, Michael. Yeah, I've been on the road a lot and it's really exciting to be able to visit customers in their operational settings. I think the biggest trend that I've seen is this real shift towards a digital strategy. Almost every customer from the top-down, whether it's the board level or the C level, they are trying to figure out how to just adopt more digital technologies in their business because they see that data is helping them make smarter operational decisions. So five years ago, we would typically be invited in to pitch one of our specific applications, whether it's Telematics or Video-Based Safety. Now, customers are looking to adopt the platform, and that includes those two applications but also Connected Equipment and Forms and MEM and everything else we were talking about earlier. That's distinctly different and they're integrating this platform with others.

So the idea that we have over 275 App Marketplace integrations is really exciting because they can get more value from the data. So I would say the big takeaway is very strong interest in digitizing and then more sophistication when it comes to looking to integrate these systems to get more value from the data.

**Michael Turrin**

*Analyst, Wells Fargo Securities LLC*

Q

Super helpful. Dominic, the 77% gross margin, pretty notable from where you started. Appreciate the commentary in the letter around expecting near-term not to stay closer to where we were last year. But maybe you can speak to the Q1 drivers and just longer-term if there's still headroom you see as you're adding scale onto that line. Thanks.

**Dominic Phillips**

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

A

Yeah. It – obviously, pricing power definitely helps gross margins and then we're just – we're getting really good about optimizing costs. And so customer support warranties, cellular data, hardware costs, a lot of these things are coming down and that's definitely helped us bring up our gross margins over time. There are some timing differences in terms of which quarters some payments and costs ultimately hit, and so we feel good about still getting to kind of the same gross margin that we got to last year. And medium and longer-term, there could be more upside to that but for the near-term, we think more of the leverage in the model is going to come from the OpEx line items.

**Michael Turrin**

*Analyst, Wells Fargo Securities LLC*

Q

Thanks very much.

**Michael Chang**

*Head-Investor Relations & Corporate Development, Samsara, Inc.*

A

The next question comes from Dylan Becker with William Blair followed by Kirk Materne with Evercore.

**Dylan Becker**

*Analyst, William Blair & Co. LLC*

Q

Hey, gentlemen. Appreciate the question. Maybe, Sanjit, starting for you. I think the hard ROI here is very evident, but you just touched on too maybe the value proposition of the ease of integration and connectivity across the ecosystem, unlocking kind of some of that siloed data across an enterprise. But maybe how does that compound the value of it's a very tangible ROI, but the ability to kind of leverage that and access that has accelerated as well?

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**Sanjit Biswas**

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

A

Well, I think the main thing that we see with customers is that we really become the center of gravity for the data, so they push all the data into Samsara as the system of record, they connect us to those other systems. I do think there will be compounding value effects there. Some of those come from integration, some of it also comes from our ability to go process those 9 trillion data points we're seeing every year, train AI models on it to go find new insights and then turn those into actions through this workflow. So there's value kind of coming in both of those areas. One is connecting us to other systems, and that could be insurance, payroll, ERP; there's a really wide range. And then the other is just us being able to deliver more value in our applications.

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**Dylan Becker**

*Analyst, William Blair & Co. LLC*

Q

Sure. And maybe it's a good segue as you think about those larger customers that are adopting more, maybe how that contributes to kind of the compounding effects of the ecosystem and unlocking kind of more of that intelligence or capabilities to kind of go digitize more than what you're doing today, so thinking about the opportunity for TAM expansion or platform expansion there.

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**Sanjit Biswas**

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

A

Yeah, absolutely. Dylan, the way we think about it is we run what we call our customer feedback loop, so these customers that have these large, complex physical operations, they tend to have many, many real-world problems they're trying to solve. We're able to take down many of them with those initial applications, but connected equipment is a great example of a business line that really grew over time because our customers had many non-vehicle assets. They had trailers, generators, compressors, all kinds of things out in the field and they wanted the same kind of visibility and insight into those. So we're excited to keep running this sort of feedback loop and we're going to do it for all the different products that we have and hopefully introduce some more products just in that same philosophy.

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**Dylan Becker**

*Analyst, William Blair & Co. LLC*

Q

Great. Thanks, Sanjit.

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**Michael Chang**

*Head-Investor Relations & Corporate Development, Samsara, Inc.*

A

Our last question today comes from Kirk Materne with Evercore.

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**Kirk Materne**

*Analyst, Evercore ISI*

Q

Yeah. Thanks very much and congrats on the quarter. Sanjit, I was wondering if you could just talk a little about, going back to Connected Forms, how a discussion like that with a customer maybe expands the decision makers

on the side of the customer, meaning I'd be curious if that deal in particular or others frankly means that you start going in outside the business buyer and start to get into the CIO. And Dom, sort of relatedly, I was curious what that does in terms of pricing on a per device basis versus opening it up to more of a per user basis as you go broader within your customer set. Thanks.

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**Sanjit Biswas**

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

A

So I'll start by talking about the use cases and the buyer. Almost all of this continues to center around the operations buyer because they're the ones that are dealing with the compliance paperwork and the checklists and kind of the operational complexities. Many of them partner closely with their IT counterparts within the organization. But the beautiful thing about Connected Forms is you don't need to be a programmer to be able to reconfigure the form or change the workflow or change the learning and triggers. You can – the operations user can do all that. So I think we're continuing to sell into operations, but you're right that we're able to expand the use cases very broadly well beyond vehicles and other assets, all different kinds of business process. And I think the CIOs are excited to see it because it's reducing the load on their teams to let operations be able to configure their own software.

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**Dominic Phillips**

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

A

Yeah, Kirk, on the pricing, across all of our different products, they're all subscription-based licenses we sell to three to five years. For different products, the pricing meter can be different. And so it could be a physical asset. For the Mobile Experience Management, it's the number of mobile devices. And to your point for the Connected Forms product, we're tying it to the number of users. And so all of them still result in subscription revenue, but the meter can be different. And as we get into some of these software-only products like MEM and Connected Forms are obviously gross margin accretive because we're just providing software on top of the data that we've already collected.

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**Kirk Materne**

*Analyst, Evercore ISI*

Q

Super. Thank you, all.

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**Michael Chang**

*Head-Investor Relations & Corporate Development, Samsara, Inc.*

So that was great conversation and this includes the question-and-answer portion. Thank you all for attending our Q1 fiscal year 2025 earnings call. Before I let you go, I have a few short announcements. First, we'll be attending the BMO Virtual Software Conference on June 10 and the FBN Silicon Valley Virtual Tour on June 13. We hope to see you at one of these events. Second, we are hosting our Investor Day on June 27 in Chicago where we will provide additional insights into Samsara's trajectory and the overall state of physical operations. Please send a email to [ir@samsara.com](mailto:ir@samsara.com) if you're interested in attending in person. For those who prefer to attend virtually, our Investor Relations website will have a link to a live broadcast.

That's it for today's meeting. If you have any follow-up questions, you can email us at [ir@samsara.com](mailto:ir@samsara.com). Thanks again. Bye, everyone.

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