



First Quarter Fiscal 2023 Transcript

Presenters

Daniel Dines, Co-Founder and Co-CEO

Rob Enslin, Co-CEO

Ashim Gupta, CFO

Kelsey Turcotte, Investor Relations

Q&A Participants

Raimo Lenschow - Barclays

Bryan Bergin - Cowen

Kirk Materne - Evercore ISI

Keith Weiss - Morgan Stanley

Michael Turrin - Wells Fargo Securities

Mark Murphy - JPMorgan

Michael Turits - KeyBanc

Siti Panigrahi - Mizuho

DJ Hynes - Canaccord

Brad Sills - Bank of America

Alex Zukin - Wolf Research

Fred Havemeyer - Macquarie

Phil Winslow - Credit Suisse

Ari Terjanian - Cleveland Research

Kelsey Turcotte, Senior Vice President of Investor Relations:

Good afternoon and thank you for joining us today to review UiPath's first quarter fiscal 2023 financial results, which we announced in our earnings press release issued after the close of the market today. On the call with me are Daniel Dines, UiPath's co-Founder and co-Chief Executive Officer; Rob Enslin, Co-Chief Executive Officer; and Ashim Gupta, Chief Financial Officer. We will open with prepared remarks followed by a Q&A session.

Our earnings press release and financial supplemental materials are posted on the UiPath Investor Relations website: ir.uipath.com. These materials include GAAP to non-GAAP reconciliations. We will be discussing non-GAAP metrics on today's call.

This afternoon's call includes forward-looking statements about the impact of FedRAMP authorization, our ability to drive growth and operational efficiency, and our financial guidance for the second fiscal quarter and fiscal year-end 2023. Actual results may differ materially from those expressed in the forward-looking statements due to many factors and therefore, investors should not place undue reliance on these statements. For a discussion of the material risks and uncertainties that could affect our actual results, please refer to our Annual Report on Form 10-K for the fiscal year ended January 31, 2022 and our other reports filed with the SEC,



including our Quarterly Report on Form 10-Q for the quarterly period ended April 30, 2022 to be filed with the SEC. Forward looking statements made on this call reflect our views as of today; we undertake no obligation to update them.

I would like to highlight that this webcast is being accompanied by slides. We will post the slides and a copy of our prepared comments to our investor relations website immediately following the conclusion of this call.

Before I turn the call over to Daniel, I'd like to inform you we will be holding our 2022 Investor Day during our Forward 5 user conference on Tuesday, September 27 at the Venetian Hotel in Las Vegas starting at noon pacific time. Please save the date. Invitations with registration information will be forthcoming.

Now, I would like to hand the call over to Daniel.

Daniel Dines, Co-Founder and Co-Chief Executive Officer:

Thank you, Kelsey, and good afternoon, everyone. Thank you for joining us.

I'd like to start by thanking the UiPath team for their hard work and their dedication to our customers during this turbulent time.

I'm pleased that first quarter results exceeded expectations. We reported ARR of \$977 million, which grew 50% year-over-year. Net new ARR was \$52 million, net of a \$5.5 million due to Russian sanctions.

When we provided guidance in late March, we knew it would be a choppy quarter, particularly in Europe, given the ongoing geo-political situation and macroeconomic environment. At the same time both prospects and existing accounts tell us that automation is a long-term solution to this kind of volatility which leaves us very optimistic about the business long-term.

This year we expect to cross the \$1 billion mark in both ARR and revenue and as we look ahead we have aspirations to be multiples of the size we are today. Which is why we have brought together a global team that has scaled technology businesses of size. Their leadership and experience build upon our current foundation and will help drive the next chapter of sustained, profitable growth at UiPath.

Choppy macro-environments typically reveal areas that can be improved. To that end, the team is focused on simplifying our go to market approach starting with an alignment that will result in better market segmentation, higher sales productivity, and best in class customer experience and outcomes. We will be scaling through our Emerging Enterprise teams which are more cost effective, while at the same time increasing our presence with key accounts where the expansion opportunities are significant, where we haven't had enough dedicated attention. Chris Weber, our new Chief Business Officer, is already driving teams to reach higher to C-Level



executives and instilling even better operational rigor on deal execution while reducing bureaucracy and organizational complexity.

Our market opportunity continues to be significant as the amount of manual work in organizations and need for agility is only increasing. We continue to win in the market given the measurable return on investment we create for our customers and the breadth and depth of our platform. I have never felt more confident in the leadership team, the direction of the company, and our ability to build operating leverage while continuing to win this large market.

Turning back to the quarter, we continue to see broad adoption across industries, ending April with more than 10,330 customers, including new logos Bridgestone Americas, Korea Investment Savings Bank, Datto, Udemy, and Virtua. We also had great competitive wins in the quarter with new logos like Zelis and DocuSign, which selected the UiPath platform, including the UiPath Test Suite, to accelerate the time-to-value for new automations, and UiPath Integration Service to combine the power of both UI Automation and API integrations in a single workflow. We now have 1,574 customers that accounted for at least \$100,000 in ARR on an annual basis. This includes 168 customers over \$1 million in annual ARR.

During the quarter a global financial services and insurance company chose to standardize on our entire platform while phasing out a competitor. They are implementing automation across lines of business and plan to use Document Understanding, AI/ML, and Test Suite, as well as scale up citizen development. They have a corporate initiative to remove \$100 million in cost by 2025 and see automation as instrumental in achieving their goal.

We consistently hear from customers that our end-to-end platform, focus on innovation, and vision for the future of automation are important differentiators for UiPath and key to winning in the market. In the recent Forrester RPA Inquiry Spotlight, 2022 between February 2020 and December 2021, Forrester analysts received the most inquiries about UiPath, 2.7 times the next vendor. While 72% of total conversations were focused on automation platforms.

We continue to deliver on our promise to make platform deployment easier, faster, and simpler with the introduction of 22.4, our most recent platform release.

A few highlights include:

General availability of Automation Cloud Robots, with two SaaS offerings: A VM Automation Cloud Robot created on-demand in Automation Cloud providing unattended robots; and Serverless Automation Cloud Robots, a pool of robots that will run selected automation jobs on demand.

Expanded integration options in our Integration Service; controls and templates to streamline app development; and new citizen developer access to AI power tools like Forms AI, Document Understanding, and Task Capture.



Security and compliance upgrades that include every UiPath service now in scope for SOC 2 and Automation Cloud HIPAA attestation.

And, support for Macs, expansion in ready-to-go attended automations, and support for long-running workflows in Linux.

During the quarter we also announced Automation Cloud Public Sector achieved FedRAMP In Process status. FedRAMP authorization will increase our addressable market in the Federal space where we already have a meaningful presence.

All of this points to the considerable momentum that continues to build in our Cloud business which continues to be in hyper-growth with cloud ARR more than doubling year-over-year. And to provide customers even more flexibility, we recently introduced a new pricing model that allows for workload migration between on-prem and Cloud.

A great cloud customer case study is Global Healthcare Exchange which started its automation journey with Automation Cloud. During this past quarter, they expanded with a multi-year roadmap to apply automation to address more complex business problems, leveraging Document Understanding for large scale document conversion, AI computer vision to source images reliably from vendor websites, while rolling out a new citizen development program to accelerate internal adoption.

We also continue to expand our partner ecosystem making automation easier as both go to market, and technical partners help customers deploy automations quickly and realize fast time to value.

On the go to market side, partners like NCS are both deploying our platform internally as well as leveraging it to generate revenue and better serve their customers. A leading technology services firm in Asia Pacific, NCS expects to deploy hundreds of automations within their organization and to create a UiPath Automation Practice focused on the delivery of the fully automated enterprise to their customers.

From a technical perspective we announced integrations with:

Adobe's Document Services and Adobe Acrobat Sign, to help customers automate end-to-end document processes to drive productivity and scale in a secure manner.

Myndshft, a leading provider of automated prior authorization and real-time medical benefits check technology, to enable better patient care faster by reducing manual operational tasks and introducing significant operational efficiencies.

And airSlate, a fast-growing workflow automation company, to empower individuals and small businesses to create, innovate, and automate to digitally transform their organizations to run faster, easier, and more efficiently.



Before I turn the call over to Ashim, I'd like to welcome our new Co-CEO, Rob Enslin. When I met Rob, I knew that he would be the right partner to help me lead UiPath. His roots were in development at SAP where he went on to a series of increasingly senior executive roles based on his ability to build and lead organizations; his operational skills; and commitment to customers. Most recently as President of Google Cloud he led a team of several thousand employees that drove considerable growth at scale. While his experience and skills are important, it's Rob's personality and his passion for the power of automation which are a great fit for UiPath. I'll turn the call over to Rob for a few minutes to share his perspective.

Rob Enslin, Co-Chief Executive Officer:

Thanks Daniel, it's exciting to be on the first of many earnings calls at UiPath.

It's been just over two weeks since I formally joined, but I've been watching the company for some time. I have studied UiPath's platform, market opportunity, and competitive moat and am convinced that in the automation, AI, and ML space, UiPath will be a leader that all companies will embrace over time.

I've also been impressed by Daniel's focus on culture which is the intangible that can create success or undermine potential. We have the opportunity to build a company that not only delivers disruptive technology to our customers but is also defined by how we develop and empower our employees; care for our communities; and give back to our society.

I've spent my early days doing what you would expect, meeting the team and some of our customers, and starting to form my view on where I can have the most impact. We have a powerful financial model and at this scale we can drive both growth and operational efficiency.

I look forward to digging deeper into the business and meeting many of you over the coming months.

I will turn it back to Daniel.

Daniel Dines, Co-Founder and Co-Chief Executive Officer:

Thanks, Rob. I'll turn the call over to Ashim to talk in more detail about our first quarter results and provide guidance.

Ashim Gupta, Chief Financial Officer:

Thank you, Daniel. I also want to welcome Rob to the team.

Before I get started, please note that unless otherwise indicated I will be discussing results on a non-GAAP basis and all growth rates are year-over-year.



We ended the first quarter with total ARR of \$977.1 million, up 50% driven by net new ARR of \$51.8 million. On a year-over-year basis, FX created an approximately \$5 million headwind in the quarter, and we wrote down \$5.5 million in ARR as a result of Russian sanctions.

Our dollar based net retention rate of 138% for the quarter reflects the write-down of Russia ARR. Net of the Russia impact, DBNRR was 139%. Dollar-based gross retention rate was 98%.

First quarter revenue grew 32% to \$245.1 million. Normalizing for the year-over-year FX impact, which was an approximately \$14 million headwind, revenue grew 39% year-over-year.

We are seeing the large deals that have been in our pipeline starting to take shape, including one that we closed with a customer in the healthcare vertical in the first quarter which helped drive some of our first quarter revenue upside.

First quarter remaining performance obligations increased 46% to \$675.6 million. Normalizing for the year-over-year FX impact, which was an approximately \$47 million headwind, RPO grew 56% year over year.

Current RPO increased 45% to \$424.0 million.

Total gross margin was 85% reflecting first quarter revenue seasonality and investment in cloud infrastructure. Software gross margin was 92%. We continue to invest in services and cloud hosting as we scale our cloud business.

First quarter operating expenses of \$219.1 million increased 49%, driven in part, by headcount additions and our annual employee merit cycle, as we reward our top talent and focus on long-term employee retention.

First quarter GAAP operating loss of \$116.0 million included \$101.5 million of stock-based compensation expense.

Non-GAAP operating loss was \$10.9 million.

First quarter non-GAAP adjusted free cash flow was negative \$53.8 million. As we mentioned on our last earnings call, we pay our annual corporate bonus and our fourth quarter sales commissions in the first quarter. We continue to expect non-GAAP adjusted free cash flow to be driven by normal seasonal patterns and to be neutral to slightly positive for the fiscal year.

And, we have \$1.8 billion in cash, cash equivalents, and marketable securities and no debt.

Let me now turn to guidance.

One of UiPath's strengths is our global presence which gives us diverse perspectives and access to talent. We price in local currency and with more than 50% of our business conducted outside North America, our results are subject to foreign exchange volatility. We recognize that



macroeconomic and geopolitical issues are impacting global markets and the strengthening of the U.S. dollar continues to create a currency headwind for our business. As we did in March, the guidance we are providing this afternoon contemplates the current operating environment and includes an FX headwind offset by growing momentum in the business.

Please note - FX commentary is the incremental headwind to the numbers we discussed at the end of March.

- First, for fiscal second quarter 2023, we expect ARR in the range of \$1.040 to \$1.042 billion. This includes absorbing an approximately \$3 million FX headwind.
- We expect revenue in the range of \$229 to \$231 million. This includes absorbing an approximately \$5 million FX headwind.
- We expect non-GAAP operating loss to be in the range of \$(60) to \$(55) million. This includes absorbing an approximately \$2 million incremental FX headwind.

And, we expect second quarter basic share count to be approximately 546 million shares outstanding.

As a result of our strong first quarter, we are absorbing incremental FX headwinds and raising our full year guide for ARR, revenue, and non-GAAP operating margin.

- For ARR, we now expect ARR in the range of \$1.220 to \$1.225 billion. This includes absorbing an FX headwind of approximately \$10 million.
- For revenue, we now expect revenue to be in the range of \$1.085 to \$1.090 billion. This includes absorbing an FX headwind of approximately \$20 million.
- For non-GAAP operating income, we now expect non-GAAP operating income to be in the range of \$10 to \$15 million. This includes absorbing an FX headwind of approximately \$10 million.

In summary, our pipeline continues to strengthen as some of our large deals take shape and progress through the sales process. Crossing the \$1 billion mark, we remain laser focused on realizing the efficiency that comes with scale to drive both short- and long-term operating leverage and further increase our speed, agility, and customer centricity. Looking forward, we expect this combination of top line growth and bottom line efficiency to drive positive cash flow in the second half of the year.

As Kelsey mentioned, please note that we will be hosting Investor Day on September 27th in Las Vegas followed by our Forward 5 user conference.

We look forward to speaking with many of you in the coming weeks.



We'll now take questions, and I will turn the call over to the Operator. Operator, please poll for questions.

Operator

At this time, we will be conducting a question and answer session. If you would like to ask a question please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star two if you would like to remove your question from the queue. We ask that you limit your questions to one so that others may have an opportunity to ask questions. For participants using speaker equipment it may be necessary to pick up your handset before pressing the star keys. One moment please while we poll for questions.

Our first question is from Raimo Lenschow with Barclays. Please proceed with your question.

Raimo Lenschow

Hey, thank you and congrats from me for the quarter and Rob, all the best in the new role. The question I had is, well, for all of you, probably more Ashim, is around the deals taking shape. So do you remember last quarter, you know, you were one of the first to talk about it because you kind of reported later. And that created a lot of questions amongst investors in terms of how this will play out for you, if this was like macro as kind of people not signing deals or people kind of need to think how they shape the deals.

You kind of made a couple of comments, Ashim, about that. Now can you speak a little bit more to that one? You mentioned the one health care deal, but it's a little bit more color that you can give us there? Thank you very much and congrats again.

Daniel Dines

Hey, Raimo. Thank you for the question. And let me start first, and then I'll let Ashim give you more color. Look, I've been on a long trip before this earnings call, Europe and Asia. And I'm talking with a lot of customers. We are seeing a renewed interest for automation and that too – we are seeing also kind of a positive maturity on the big deal evolution through our pipe. But overall, the – in this macro-economic (INAUDIBLE) we put a lot of pressure on our customers to become more efficient. And they are turning to automation as one of the easiest way to navigate through these murky waters. Ashim, over to you.

Ashim Gupta

Yeah. I think – Raimo, thanks for the question. What we talked about last quarter was there was no denying the macro volatility. And we reiterated the fact that we weren't losing deals. Automation was important. These deals existed in our pipeline. It was just a question of uncertainty as our customers were gripping with the new realities that we're hitting: a new war, inflation, et cetera. We're 30, 60 days later. And what we see is we see deals progressing through our -- the stages of our pipeline and as Daniel said, positive maturation in terms of the way they take shape. So we – as we look and we track deals through our pipeline and we see



that movement, you know, we really feel we have more confidence or we've had moderated confidence on the conversion of those deals, and we reflected it appropriately in our guidance.

Raimo Lenschow

Okay. It's very clear. Thank you.

Operator

Our next question is from Bryan Bergin with Cowen. Please proceed with your question.

Bryan Bergin

Hi. Good afternoon. Thank you. Got a question here for Rob. So Rob, just as you step back and look at the business, can you just talk about maybe one of your top one or two priorities as you think about the go to market function?

Rob Enslin

So, it's three weeks in, so observations, talking to customers, I reiterate what Daniel and Ashim said. UiPath can play a meaningful role in these economies, and I see that happening. Now we're going to focus on digital sales. We're going to drive digital sales. We're going to get up into the key customer accounts, drive further adoption, higher customer satisfaction to ensure that we actually get better returns for those customers, and we're going to expand the ecosystem and channel business.

Kelsey Turcotte

Next question, please.

Operator

Thank you. Our next question is from Kirk Materne with Evercore ISI. Please proceed with your question.

Kirk Materne

Hi. Thanks very much for taking the question. And Rob, congrats on the new post. Daniel, I was wondering if you could just go a little bit deeper on some of the sort of sales changes you guys are making under Chris, and I'm sure Rob is going to play a big role there, just in terms of how you're also leveraging partners to try to drive the sales higher in the C-suite. And I was wondering how those two things are interplaying with each other and what you're seeing with partners that gives you confidence that that sort of upsell or higher level sales in the C-suite is something you guys can do a lot more of going forward? Thanks.

Daniel Dines

Sure. We are looking to drive some incremental changes in our go to market. That will focus us to be more customer-centric. And we will also put more emphasis on the emerging enterprise sector that we believe will help us get more new logos in a more efficient way. I think the new partner strategy is to focus the top GSIs more on the key accounts, while we will have the long



tail of partners focusing more on the emerging enterprise sector. We believe that the strategy -
- this new strategy will allow us to focus more and provide faster adoption to our key accounts.
Maybe, Rob, you also have something to add.

Rob Enslin

I'll just add too, I think we can be very relevant in the office of the CFO, the head of supply chain, sales leadership, marketing, and HR departments. I think we together with the big GSIs, that's where we'll actually have some focus because that's where they actually have -- they -- their strength is in those departments and our solutions really add value to that. So that's where we're going to focus for the big GSIs and the systems integrated.

Operator

Thank you. Our next question is from Keith Weiss with Morgan Stanley. Please proceed with your question.

Keith Weiss

Excellent. Thank you guys for taking the question. And nice to see that pipeline developing better than expected. I guess, carrying on sort of that last question, the -- it sounds like there's like some sense of that sales are going. Am I reading that correctly that is this a larger than typical sales reorganization? And is there kind of execution risk that we should be aware of with Rob coming on board and sort of the changes that you're trying to put into place? I'm just trying to make sure that we ascertain sort of the level of change and the potential risk of disruption with what you guys are doing on the sales side of the equation?

Daniel Dines

Well, we are at the scale right now where we have to prepare this company to grow consistently and officially into the next stage. This is why largely we brought Rob and Chris to help us execute really well on this stage. So at this point, we are looking, as I said in my previous answer, to be more customer-centric, scale our emerging enterprise teams. We are looking also to globalize some function to be capable to be more consistent across the regions. So it's a balancing act between efficiency, consistency and agility that we are trying to bring into our go to market. I think Rob, if you want to comment more.

Rob Enslin

I think that -- Keith, I think, as Daniel said, that's exactly where our focus is.

Operator

Our next question is from Michael Turrin with Wells Fargo Securities. Please proceed with your question.

Michael Turrin

Hey, there. Good afternoon. Thanks for taking the question. Ashim, in terms of the outlook and just following up on the first question around large deals, I wanted to just focus in on what else



changed versus last time. You've referenced guiding for what you're seeing most recently. So maybe if you can just expand upon any increased visibility you have now versus when you were guiding initially in March?

And then the impacts of things like cloud, large deal assumptions. And just want to be clear, the FX headwinds that you referenced, were those incremental versus what you had called attention to -- in 4Q, which I think was the 20 million to 25 million in ARR. Just want to be crisp and clear given the moving pieces here as best we can. Thank you.

Ashim Gupta

Yeah. No, that's great. Great question. When we sit back and we look at our guidance, we continue our guidance philosophy, we guide with what's in front of us. I think you stated that correctly. So let me start with FX as that was a theme. We, you know, the FX is a fact that's out there as the Euro and the Yen continue to depreciate, and we factor that into our guidance as we've provided guidance in our current guidance that we've provided.

We talked about the large deals. We just – we monitor our pipeline very closely and of course the top deals that are there. And we're pleased with the momentum and the movement, and I think that relates to the fact that our customers themselves are starting to get a handle in terms of navigating the environment, which takes some time to digest.

In terms of what else has changed, I would say, everything else strategically with the business remains on course. So our cloud business remain strong. We're very optimistic about the customer response and the metrics around our cloud business. And we – one of the other areas is I think we see – we continue to see opportunities for efficiencies in our company. And that's why we've also increased our operating margin targets for the year. As we look – as we see opportunities both in emerging enterprises as we talked about some of the sales realignment that Daniel referenced in the earlier comments.

Kelsey Turcotte

Yeah. And I just want to be clear. This is Kelsey. When you asked about FX, it is an incremental headwind to when we gave guidance at the fourth quarter call. And we also had some commentary on cloud that we expected it to be about – I think it was a four percent headwind as we went through the full year.

Ashim Gupta

And that four percent is not incremental. That's consistent with the first quarter – with what we discussed 30 days ago.

Kelsey Turcotte

Exactly.

Operator



Our next question is from Mark Murphy with JPMorgan. Please proceed with your question.

Mark Murphy

Yes. Thank you. And I'll add my congrats. So Daniel, we've had a few software companies indicating that the month of April was softer, while the month of May showed some signs of maybe getting back to normal. I'm curious if that aligns at all with what UiPath has experienced. And are you optimistic that Q1 could have been perhaps the trough for how we would think about the net new ARR growth year over year?

Daniel Dines

Well, we knew that Q1 is going to be a choppy quarter, and we have guided accordingly. We were seeing throughout the quarter a positive momentum, especially on the big deals like that deal with the health care insurance company, we closed in April, for instance, just really positive news for us that gave us some tailwinds for the entire quarter. And as we are progressing into May, we are seeing a healthy pipeline creation. So we are cautiously optimistic about how the business is shaping right now.

Ashim Gupta

And Mark, I would just point to our guidance. I think when you look at it, we guided to -- we guided between 63 million and 65 million for ARR. So I think that kind of speaks to what we see the trajectory at this moment. In terms of are we at a trough in this, we'll continue to monitor and make sure that we're executing at a high pace to be able to execute in any environment. But I think our guidance speaks to kind of like where we see the trajectory right now.

Operator

Our next question is from Michael Turits with KeyBanc. Please proceed with your question.

Michael Turits

Hey, guys. Thanks very much and looks like a nice stabilization in the business. On that front, and on some of the prior questions, there were a couple of comments you made last quarter. One was about decreasing size of the deals that were in the pipeline and also some headwinds around public sector business in Europe. How have those two factors trended into this quarter?

Ashim Gupta

You know, we actually were talking about the large deals and uncertainty about the size of the deals and the duration of those deals. And we -- as we've commented this quarter, those deals are taking shape. They're progressing through the pipeline. We've adjusted our guidance to kind of reflect a moderate amount of optimism in terms of the conversion of those deals, especially in the second half.

In terms of Europe and in the public sector, I -- we -- to my knowledge, we didn't make any specific comments like those were examples, again, we were giving about anecdotes. We continue to hear anecdotes around there is pressure in Europe that I think is just



understandable given the climate and the war there. But we're pleased with the movement in our pipeline. And we're also pleased with the way our sales team is executing in this environment.

Operator

Our next question is from Siti Panigrahi with Mizuho. Please proceed with your question.

Siti Panigrahi

Thanks for taking my question. You guys talked about the new business and pipeline. Just wondering on the dollar based net retention rate, mainly from your existing customer. It's come down 145% to now 139 excluding the Russian impact. And you guys talked about that on the Q4 call. But wondering any kind of color you can say on that expansion in terms of your customers buying more robots versus buying other products like automation cloud. And is this some kind of trough we'll see or there are a few more quarters in that beginner trough?

Ashim Gupta

Look, I think we're pleased -- we continue to be pleased with our dollar based net retention rate. It's still a leading metric when you look at peer companies at 138 in terms of reported. We talked about the impact of both FX and Russia that's there.

In terms of customer behavior, we continue to feel optimistic about what we're seeing. More customers are embracing our platform. We see larger million dollar plus customers, you know, million dollar plus customers continue to increase in number and the same in a \$100,000 plus customers, Siti. And that really reflects continued optimism and buy around the platform and the opportunity that our customers have to continue to automate more processes.

So overall, we're pleased with kind of where we are in terms of that. We added 12 new customers greater than a million dollars, and that's nearing 170 customers now at that rate. And when you compare that year over year, that shows a robust growth in terms of the adoption of our platform.

Operator

Our next question is from DJ Hynes with Canaccord. Please proceed with your question.

DJ Hynes

Hey, guys. Congrats on the quarter. So I imagine time to value is a big focus in the current environment. What kind of stuff are you doing to help customers realize a quick return on the investment they're making? And how do you help them think about that during the sales process?

Daniel Dines

Well, first of all, I would like to tell you that automation has become really a board priority, C-level suite priority for many of our customers. I talk to customers in different industries, public



sector, they are really turning to automation at this point. So it's a -- we are seeing really a good momentum into helping them with accelerating the adoption. Our renewed focus on our key accounts and pairing our GSIs to the key accounts will help with the adoption. I believe that also on the emerging enterprise, we can have a big -- we can accelerate in a big way the adoption and getting of net new logos.

And I would like also to mention our 22.4 release with the big focus on cloud that is also removing some of the friction of adoption. So overall, we are really seeing positive signs on the accelerating the adoption within our customer base.

Operator

Our next question is from Brad Sills with Bank of America. Please proceed with your question.

Brad Sills

Great. Thanks guys for taking my question. I wanted to maybe double click a little bit on the cloud, Daniel. Since you have this new release do you see this as kind of an acceleration in that down market business lower TCO or do you see this as potentially a broader play within the large enterprise base as they kind of gradually move towards the cloud? I guess, what are you hearing from customers both large and small with regard to kind of willingness to put RPA in the cloud?

Daniel Dines

Well, I think it's both. We have a certain number of very large companies, and we mentioned them in the past, that switched completely for on prem to cloud development. But I'm very bullish right now of the opportunity on more of the mid segment. We have launched in GA in this release for the first time the hosted robots in the cloud. We call them the automation cloud robots. And that can make a line of business progressing faster with the adoption.

To certain extent, they are independent of IT into developing an automation program. So this will speed up quite a bit the adoption into the mid-market. Also, I would like to mention our newly -- completely newly released function that we call serverless robots that can open entire new use cases in kind of API into combining RPA with API integration that previously required different vendors, different type of technology. So overall, it's -- the progress in the cloud is going very well. We have a great team. Just spent last week in Bellevue with them. Very impressive product, world class product they built. It's really a good timing right now to address the mid-market.

Operator

Our next question is from Alex Zukin with Wolf Research. Please proceed with your question.

Alex Zukin

Hey, guys. Thanks for taking the question. So I guess all of us who are sitting here, we're trying to figure out, kind of, I think, where the incremental confidence is stemming from? Is it the



feeling that deals that were maybe previously out of the pipeline are now back into the pipeline that are large and strategic? Is it that your -- you've got a greater confidence in the close rates in general? Is it some of the initiatives that you're putting into place on from a sales change perspective that they're going to materialize maybe faster than you initially anticipated?

Because now the guide for the year on a constant currency basis for net new ARR is flat, which I think is a really positive surprise to all of us. So I think just maybe touching on where that incremental confidence and the backdrop of we're all reading the same headlines from a macro perspective, that's at least for me, I think, something that stands out.

Ashim Gupta

So, Alex, good to hear your voice. I think first is we recognized the macro impact early and acknowledged it. I think that's really important to emphasize. So in some ways, we were a step ahead in terms of how we were looking at things.

In terms of our confidence, our guidance is always to guide what's in front of us. So this isn't -- for us just we look at our pipeline. We've talked about the strength of our pipeline overall, and that has been consistent. We've expressed confidence in our pipeline even in first quarter. We never felt like things were coming out of the pipeline. We just felt an uncertainty of how they were -- how and the timing in which they were moving through.

As we look at our pipeline today, we have several of those deals that we've seen movement on. And the movement through the sales process gives us increased confidence of their conversion and what shape they are taking, and that is what we've been able to reflect in our guidance. In addition, when you just hear the sentiment from the field, automation continues to be a priority at a macro level. Like the market continues to be and our TAM continues to be -- feel big. We've invested in our company in many of our areas, in many of the markets. So we're also -- we feel very good about our connection with our customer to be able to continue to execute. Those are the factors that led us -- that allow us to kind of raise our guidance

And then in terms of the bottom line, that is a point of focus. So we've crossed a billion dollars, and we feel like we can both grow while execute efficiency, and we reflected that in our guide as well.

Daniel Dines

Yeah, and I would like to add our renewed confidence in the executive team. I think Rob and Chris are leading a lot of shops to our team. We are seeing really positive response from our teams. And again, I would like to mention all the discussions we are having, not only me, but every people that I'm meeting, talking to our customers, are coming reenergized by this discussion. So overall, it's a better environment than we were seeing two months ago.

Operator

Our next question is from Terry Tillman with Truist. Please proceed with your question.



Terry Tillman

Hey, team. This is Connor on for Terry. Thanks for taking the question. So just for me, how is automation faring with internal budgets at customer companies? There's maybe a greater allotment of funds that you're seeing to invest long term into transformational automation in a choppy macro environment? Thanks.

Ashim Gupta

Just from discussions with CFOs, I could tell you digital transformation is not going away. It's only accelerating. I think we're positioned well to take -- to be able to have our share of that digital transformation budget that is there. And with many of our customers, you could just see, again, like our customers greater than a million dollars has moved up 62% year over year. And our customers greater than \$100,000 has crossed 1,500 and is moving 42% up year over year. That speaks to the fact that budgets continue to be allocated for automation. And I think in a period of labor shortage, inflation, we've always felt like the secular tailwinds allow for those budgets to be allocated to us. And we see that in the strength of our pipeline right now.

Operator

Our next question is from Fred Havemeyer with Macquarie. Please proceed with your question.

Fred Havemeyer

Hey. Thank you and congratulations on the strong start to the year here. I think we've all been asking in many different ways about the macro environment. So I'll try to ask in a slightly different one. And with respect to Europe, last quarter, I think we talked about how -- certainly, there's some slowness that you were seeing. And I wanted to ask, is there a way to kind of differentiate it in terms of Eastern versus Western Europe within your pipeline or within your business, or just give any context really on how both segments of Europe are performing?

Daniel Dines

Well, our business in -- I think, we don't disclose, first of all, on the regional level. But anecdotally, I am telling you, I'm not seeing at this point a big difference between Eastern Europe and Western Europe in terms of the deal shaping. Ashim, if you want to add anything?

Ashim Gupta

No, I agree with you, Daniel. I think Europe is definitely the area that we've recognized and accounted for in terms of the most challenging of the environments, but no distinction between eastern and western besides, of course, the accounting of Russia specifically and our pause on doing business in Russia.

Kelsey Turcotte

Great. Next question, please.

Operator



Our next question is from Phil Winslow with Credit Suisse. Please proceed with your question.

Phil Winslow

Hi, guys. Thanks for taking my question. Congrats on the strong start. I wanted to focus in on, they call it the front end of the automation journey here, process mining, task mining, task capture. I mean, obviously, unique to UiPath to have sort of all those front end functions then feed a log down the automation journey. What are you hearing from customers now that you've had a couple of iterations of those solutions out that are more integrated? Is the sort of the full suite starting to resonate and differentiate you? Just sort of any color there would be helpful.

Daniel Dines

Hey, Phil. Our customers are receiving our end to end platform in a very positive manner. And I can tell you that our what we call growth products internally and process mining and task mining are part of our growth products are really performing very well, growing at much faster rate than our core businesses. So -- and this is one data point. Another one is this white spaces around our core automation are actually helping drive more use cases into the pipeline for automation.

So overall, we are seeing really positive adoption across the entire platform. And in particular, on -- we made some solid progress on the process mining technology. We are releasing it in the cloud. It's much more scalable. We are releasing a lot more connectors. So our -- we are trying to address the needs of most of our customers with what we are having in the process discovery pillar.

Operator

Our next question is from Ari Terjanian with Cleveland Research. Please proceed with your question.

Ari Terjanian

Hi. Thanks for taking the question and congrats on the start to the year. I was hoping you could provide a little bit more color on what you're seeing in the pipeline in terms of types of customers that are coming to the table either by vertical and geography. You mentioned the big health care deal in the first quarter. Are there any patterns that you're seeing in terms of types of customers in the pipeline for the rest of the year? Thanks.

Ashim Gupta

Yeah. Like from the very beginning, automation is something that's relevant to every single vertical. Of course, our presence in the financial -- in the banking, financial and insurance sector, and health care, those are our two largest areas. So I think those continue to be there.

But no, we see it really across our pipeline. It's broad-based, right? We have both local governments, we have small enterprises, we have large enterprises, Fortune 500. Our pipeline



continues to show strength and interest of expansion and adoption across our platform and across all the segments.

You know, continuing, including flanking and replacing our competitors, those are deals that we also see more and more of especially as we have our latest releases in our product and customers are seeing the breadth of our platform. So I wouldn't say -- I would say no pattern that is different than history. We feel very good about it across our verticals with the major verticals in focus that I mentioned.

Operator

We have reached the end of the question and answer session. And I will now turn the call over to management for closing remarks.

Daniel Dines

I want to thank you all very much for participating in this afternoon's call. We look forward to speaking with many of you throughout the quarter. Thank you.

Operator

This concludes today's conference, and you may disconnect your lines at this time. Thank you for your participation.