



Fourth Quarter and Full Year Fiscal 2024 Earnings Conference Call

Presenters

Rob Enslin, CEO

Ashim Gupta, CFO

Daniel Dines, Co-Founder & Chief Innovation Officer

Kelsey Turcotte, SVP Investor Relations

Q&A Participants

Evercore – Kirk Materne

William Blair – Jake Roberge

JP Morgan – Mark Murphy

RBC Capital Markets – Matthew Hedberg

Morgan Stanley – Sanjit Singh

TD Cowen – Bryan Bergin

Bank of America – Brad Sills

BMO Capital Markets – Keith Bachman

Macquarie – Fred Havemeyer

Truist Securities – Terry Tillman

Wolfe Research – Ethan Bruck

Cleveland Research – Ari Terjanian

Kelsey Turcotte, Senior Vice President of Investor Relations:

Good afternoon and thank you for joining us today to review UiPath's fourth quarter and full year fiscal 2024 financial results, which we announced in our earnings press release issued after the close of the market today. On the call with me are Rob Enslin, Chief Executive Officer, and Ashim Gupta, Chief Financial Officer to deliver our prepared comments and answer questions. Also on the call is Daniel Dines, UiPath's Co-Founder and Chief Innovation Officer, who will be available for questions. Rob will start the discussion and then turn the call over to Ashim who will review our results and provide guidance. Then we will open the call for questions.

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 our ability to drive growth and operational efficiency and to grow our platform, as well as our financial guidance for the first fiscal quarter and full fiscal year 2025. 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 year ended January 31, 2023, and our subsequent reports filed with the SEC, including our Annual Report on Form 10-K for the year ended January 31, 2024 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. In addition, please note that all comparisons are year over year unless otherwise indicated.

Finally, we invite you to join our Annual AI Summit which will be live streamed on our website at 11:00 am Eastern Time on March 19th. You can register at uipath.com.

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

Rob Enslin, Chief Executive Officer:

Thank you, Kelsey. Good afternoon everyone, thanks for joining us. I want to start by extending a massive thank you to our team. Your hard work, dedication, and innovative spirit are the driving forces behind our success and I can't wait to see what we accomplish together in 2025.

We reported a strong close to the fiscal year, exceeding our guidance across both top and bottom-line metrics, driven by demand for the depth and breadth of our platform and the team's focus on customer success, which is at the core of everything we do. Our momentum also reinforces my confidence in the strategic role we play for our customers and the investments we are making in our future.

We delivered fourth quarter net new ARR of \$86 million ending the year with total ARR of \$1.464 billion, an increase of 22% year-over-year, and record quarterly revenue of \$405 million, up 31% year-over-year.

On the bottom line, fourth quarter non-GAAP operating margin was a record 27%. This drove fiscal year non-GAAP operating margin to 18%, an increase of over eleven hundred basis points year-over-year. This was also our first quarter of GAAP profitability as a public company. I am very pleased with the team's ongoing cost management and



discipline around capital deployment which focuses our energy on the right initiatives and sets us up for future success.

C-level executives are no longer solely prioritizing digital transformation; they are also prioritizing AI transformation. In a recent UiPath and Bain joint study, “The State of AI-Powered Automation,” 70% of executives asserted that AI-driven automation is either “very important” or “critical” in fulfilling their organization’s strategic objectives. Our business automation platform is the foundation to deliver that value across every organization. We make AI actionable, unlocking the promise of this next evolution in technology. And, I believe that the combination of AI and automation is the strategic change enabler for our customers.

For example, a leading U.S. based financial services firm and one of our top 25 customers started their automation journey with RPA in 2018 and have since adopted our full platform. This includes Process Mining, Document Understanding, and Test Suite. As their automation program has expanded across business lines they have over 15,000 robots in production with automations across several thousand processes. And, as part of a seven figure fourth quarter deal, they plan to deploy Communications Mining in their corporate investment banking, commercial banking, and HR departments.

Our platform drives ROI for both large organizations and smaller ones like Innovative Toll Solutions, a compliance and toll management solution for trucking fleets, which has leveraged automation to drive efficient growth. In the fourth quarter, they invested in additional AI-powered automation including Document Understanding to automate complex toll documents for their customers; Test Suite for QA and application testing; and Automation Hub to grow and prioritize their automation pipeline.

The value of our business automation platform has never been more evident to regional partners, global SIs, and go-to-market partners like SAP, who understand the power of AI combined with automation and the value it provides to our joint customers.

Our SAP partnership is progressing well, and we are pleased with the momentum and pipeline generation across geographies. During the quarter we continued to see combined success in closing deals, including one of Switzerland's largest retail and wholesale companies, a new logo to UiPath. Disappointed with the performance of a competitor’s RPA and application performance monitoring solutions, they are migrating both of these to UiPath. They are also in the process of rolling out Document



Understanding to automate invoice processing with the goal of expanding company wide.

Another great partner example combines the power of UiPath, SAP, and the EY organization. Working with EY, Marks & Spencer selected UiPath based on our ability to both automate and test across all applications. They also plan to utilize UiPath to assist in their migration to SAP S/4 HANA on RISE and to automate finance processes, with the goal of reducing complexity and vendor spend.

Partners also help customers build a holistic approach to automation. Together with Deloitte and with C-level sponsorship, Indosat, a leading Indonesian communications provider and UiPath customer since 2021, expanded to the full platform this quarter. They are looking to drive further operational efficiencies, increase revenue growth, and improve their customer and employee experience. Using our Northstar program, the team crafted a 3-year roadmap, encompassing hundreds of automations across all business lines within the organization. Beyond Indosat's internal use, we are forming a strategic go-to-market collaboration, expanding our presence in Indonesia to empower local businesses to revolutionize operations and equip workers to focus on higher-value tasks.

And, in partnership with a GSI, we supported TD Bank through our NorthStar program to create a list of top automation opportunities across various lines of business focused on improving customer experience, empowering colleagues, optimizing controls, and driving productivity and cost efficiencies. As a result, they expanded their UiPath deployment in the quarter as they look to accelerate and scale their automation program across the bank.

We also recently announced a first-of-its-kind co-innovation market collaboration between UiPath and Deloitte. Deloitte's Smart Finance for Growth Companies leverages automations built by UiPath and customized by Deloitte into value-driven packages tailored for the needs of early stage, innovative companies which require speed and agility.

And, finally, we continue to deepen our partnership with Microsoft to build best-in-class automation experiences and integrations. This brings AI powered automation to customers using Microsoft Azure. We see opportunities to expand this collaboration to accelerate our joint customers' move to the cloud with AI infused industry solutions and enterprise modernization with Microsoft. This quarter we have some notable joint wins including an expansion deal on Microsoft's marketplace. This includes a British



multinational company which is in the process of migrating to the cloud while growing their automation program.

We plan to continue making strategic investments in our partner ecosystem in 2025 focused on cultivating quality partners with expertise in automation which can fully enable customers to realize the benefits of our platform. This updated approach includes a dedicated partner deal desk, as well as new enablement plans and certifications to better align UiPath with our most trusted partners as we work side-by-side.

The momentum we bring into 2025 was evident at our February DevCon event held in India. Hosted by Daniel and the team, more than 1,000 professionals including developers, partners, and customer specialists learned about new features that bring AI-powered productivity to the developer community. They also participated in over 24 breakout sessions featuring Growth Products like Intelligent Document Processing, or IDP, and Test Suite.

18-months ago we drove the evolution of the automation market from RPA to a full AI-powered Business Automation Platform. Our Growth Products have played a key role in our platform's evolution, setting us apart from the competition and serving as the link that connects AI and automation into actionable results. Our platform also enables us to close larger, more strategic deals.

Almost every organization has to process an onslaught of forms, invoices, and documents which is why Document Understanding resonates so well with customers - particularly in Finance, Insurance, Healthcare, and Public Sector. In the fourth quarter 65 of our top 100 deals included Intelligent Document Processing - a testament to customer engagement and the power of our platform.

Our unique approach combines our specialized AI and more than 70 pre-trained models and verticalized packaged solutions to help customers streamline processes, identify continuous process improvements, and rapidly scale their Document Understanding projects.

At CareSource, a customer since 2019, our platform has played a vital role in their digital transformation journey. Leveraging core automation and Document Understanding they have been able to efficiently process over 2.5 million transactions in 2023. Given their success to date, they expanded their Document Understanding initiative across their



finance and claims processing departments and plan to move into medical records processing.

The combination of IDP and automation not only drives efficiency and quality, but allows UiPath customers to change how they interact with their external stakeholders.

At our AI Summit next week, we are planning to unveil a new UiPath Large Language Model which combines open source LLMs, our specialized AI, and proprietary knowledge of business documents and communications data. This robust LLM combined with our industry leading IDP solution provides customers access to what we believe is the most powerful documents and communications AI model on the market. And, we plan to continue to invest to widen our leadership in the IDP space.

Test Suite, which initially emerged as a tool for automation testing, is quickly becoming a disruptor in the application testing market, with Test Suite customers growing more than 75% year-over-year in the fourth quarter. A recent UiPath and IDC joint study found that customers using our capabilities have experienced on average more than \$4 million in annualized benefits, a 529% three-year ROI, and have an only 6 months payback on investment.

A great example of the significant ROI Test Suite delivers to our customers is a Fortune 100 global digital communications corporation. In just six months, they were able to automate 80% of their 3,000 end-to-end test cases in their global logistics department, improving test coverage from 30% to 93%. This resulted in significantly fewer operational incidents and enabled them to keep their complex IT landscape running smoothly.

We expect returns like these to be further accelerated with the introduction of our latest innovation, Autopilot™, our newest set of AI-powered experiences that leverage Generative AI, Specialized AI, and automation across the platform. Autopilot™ makes it easier for people of all skill levels to build automations; accelerate time to development; and discover process improvements. Both Autopilot™ for Studio, where we have the largest number of preview participants in company history, and Autopilot™ for Test are in public preview. While, Autopilot™ for Process Mining and Autopilot™ for Communications Mining are in private preview.

Lastly, on the technology front, our Business Automation Platform is now available on the Google Cloud Marketplace, making it easier for joint customers to deploy and scale their automation initiatives on Google Cloud infrastructure.



To help customers and prospects get the most out of our capabilities, we plan to continue our investments in targeted sales areas, weighting our resources toward large enterprise customers where we see the biggest opportunity for expansion. This includes investments in growth product specialists, sales engineers to support our customers, and further industry verticalization in areas like financial services, insurance, healthcare and public sector. This approach has been instrumental in driving momentum in North America - including large, strategic deals - and we are investing in other regions where we are seeing early traction. Our team did an excellent job of positioning our platform for a strategic customer in the UK, which resulted in a competitive displacement of Blue Prism. The customer will be migrating their more than 250 processes to UiPath. They are also creating an intelligent automation team to strategically manage their UiPath deployment, while working to identify use cases for Communications Mining and Document Understanding.

This kind of industry focus is also driving growth in our public sector business. This quarter the Scottish Government doubled their adoption of UiPath on renewal as they continue to automate core areas of Finance and HR. They are also expanding their reach to additional departments and agencies that include Social Security Scotland, Student Awards, Scottish Public Pensions Agency, and Agriculture and Rural Economy. In addition, they are scaling our AI products, particularly Document Understanding and Process Discovery.

And in our US federal government vertical, UiPath partner, FedResults, was awarded an Enterprise Software Initiative Agreement for UiPath Products and Services by the U.S. Department of Defense for up to \$95 million dollars. The five-year base period agreement will streamline the acquisition process and reduce cost of delivery of UiPath products and services to the DoD, Intelligence Community, and U.S. Coast Guard. This will enable these federal organizations to significantly accelerate their adoption of UiPath and put AI to work in a safe and secure manner.

Before I hand the call over to Ashim, I'd like to personally welcome June Yang to our Board of Directors. June is a proven strategic and transformational executive who brings extensive experience in AI and Cloud, as well as decades of experience in fostering emerging technologies. I am confident we will benefit from her technical expertise and industry insights and look forward to many years of collaboration.

In summary, we delivered a strong close to the year demonstrating the continued momentum of our AI-powered Business Automation Platform. We're transforming



industries and revolutionizing the way businesses operate. As we look ahead to 2025, I believe our strategic investments in innovation and our go-to-market ecosystem position us well for continued momentum.

With that, I'll turn the call over to Ashim.

Ashim Gupta, Chief Financial Officer:

Thank you, Rob. And good afternoon everyone.

Unless otherwise indicated I will be discussing results on a non-GAAP basis and all growth rates are year-over-year. Please note that year-over-year foreign exchange rates had an immaterial impact on fourth quarter and full year 2024 results.

Turning to the quarter, we had a strong close to the year which is a testament to the team's execution in what continued to be a variable environment, and our laser focus on operational excellence and profitable growth initiatives.

ARR totaled \$1.464 billion, an increase of 22%, driven by net new ARR of \$86 million.

Our cloud-first approach is driving adoption across our customer base and we ended the year with over \$650 million in Cloud ARR, up over 70% year-over-year. A great example is a global media and entertainment company. After successfully completing their cloud migration they expanded this quarter, selecting UiPath as their preferred automation vendor due to the breadth of our platform capabilities, specifically testing and specialized AI products like Document Understanding.

While a major Japanese telecommunications operator expanded to the full platform during the fourth quarter as they plan to migrate to the Cloud and drive their automation program across multiple divisions by leveraging Document Understanding, Communications Mining, and Process Mining, with the goal of an additional 1 million hours saved.

We ended the quarter with 10,830 customers, including new logos like Five Guys, Workday, Coca Cola Beverages Florida, Allegis Global Solutions, and Tesco, a testament to our strategy of acquiring enterprise customers with a propensity to invest. The vast majority of customer attrition continues to be in smaller customers which, in aggregate, represent an immaterial portion of our overall business.

Customers with \$100,000 or more in ARR increased to 2,054, while customers with \$1 million or more in ARR grew 26% to 288. Our largest customers are also continuing to



expand on our platform and during fiscal year 2024 customers with \$5 million or more in ARR grew 50%.

Moving on, dollar-based gross retention of 98% continues to be best in class and our dollar-based net retention rate as of the fourth quarter was 119%. Expansions are driven by the quick time to ROI and the broad applicability of our automation. At Fujitsu, automation has revolutionized their business operations globally across their accounting, HR, and IT departments. With C-level sponsorship they are incorporating the UiPath platform into their company-wide digital transformation project including automating mission-critical systems such as Salesforce, ServiceNow, and SAP.

Fourth quarter revenue grew to \$405 million, an increase of 31% year-over-year. We had good linearity in the quarter as we benefited from a strong calendar year close and demand from our enterprise customers. Please remember that under ASC 606, revenue growth rates vary quarter to quarter depending on timing of license deliveries and renewals. Looking at revenue on a trailing twelve month basis, our revenue and ARR growth continues to be aligned. Total revenue for the fiscal year 2024 was \$1.3 billion, an increase of 24% year-over-year.

As of the end of the fourth quarter, our customers with ARR of \$100,000 accounted for approximately 86% of total revenue, while customers with ARR of \$1 million or more, accounted for 52% of our revenue.

Strategic investments made by customers in our platform also drove growth in remaining performance obligations which increased to \$1.16 billion, up 30%.

Current RPO increased to \$707 million, up 26%.

Turning to expenses.

Fourth quarter overall gross margin was 89%, driven by cost control and efficiencies. Software gross margin was 92%.

Fourth quarter operating expenses were \$250 million highlighting the leverage in our business and our commitment to expense management and operating discipline. We ended the year with 4,035 total employees.

In the fourth quarter, we achieved our first quarter of GAAP profitability as a public company, delivering operating income of \$15 million. This included \$89 million of stock-based compensation expense. Full-year GAAP operating loss was \$165 million, including \$372 million of stock-based compensation.



Non-GAAP operating income was \$111 million, resulting in a fourth quarter non-GAAP operating margin of 27% reflecting both our operational rigor and fourth quarter seasonality. Full-year non-GAAP operating income was \$233 million. Full-year non-GAAP operating margin increased over eleven hundred basis points year over year to 18% - a testament to the team's disciplined execution, and well ahead of the plan we laid out at the beginning of the year.

I am really pleased with our adjusted non-GAAP free cash flow generation for the fourth quarter and full-year. Fourth quarter non-GAAP adjusted free cash flow was \$146 million. And, for the full fiscal year, non-GAAP adjusted free cash flow was \$309 million.

As of January 31 we had \$1.9 billion in cash, cash equivalents, and marketable securities and no debt. Under our \$500 million buy back program, we repurchased 2.6 million shares of our Class A common stock at an average price of \$19.21 from November 1, 2023 through January 31, 2024. Since January 31st, under a 10b5-1 plan, we repurchased an additional 938 thousand shares at an average price of \$23.46 through March 12, 2024.

Now, turning to guidance, I'm going to start with some color.

We are initiating full year guidance for ARR, revenue, and non-GAAP operating income above current expectations.

Starting on the top line, as the business has grown past \$1 billion, it has matured into a consistent seasonal pattern with the second half of the year being stronger than the first. This is a reflection of our renewal portfolio which is weighted to our fourth quarter, consistent with other companies in the software industry, and our growing US Federal vertical.

As a result, we expect:

- First half revenue to be approximately \$675 million.
- First half net new ARR to be approximately \$105 million.
- And, second half net new ARR and revenue to reflect similar seasonality as fiscal year 2024.

On the bottom line, as I mentioned earlier, we significantly outperformed our non-GAAP operating margin expectations which we laid out at the beginning of this fiscal year and I'm really proud of the team for this achievement. We have a strong business model with high gross margins and increasing economies of scale which, when combined with



our disciplined operating cadence, we expect to deliver considerable shareholder value over time.

Our platform is highly differentiated and customers are making meaningful commitments to UiPath. We don't just allow customers to use AI, we enable them to take action. We believe there is tremendous opportunity in front of us, and we plan to continue to make strategic investments in technology like IDP and generative AI, as well as our go-to-market resources to help capture this large and growing market. With this as the background, we plan to deliver growth and profitability in fiscal year 2025, with our goal of driving at least 100 basis points of non-GAAP operating margin expansion year over year.

Turning to the specifics of our guide which assumes the macroeconomic environment continues to be variable.

For the first fiscal quarter 2025, we expect:

- Revenue in the range of \$330 million to \$335 million.
- ARR in the range of \$1.508 billion to \$1.513 billion.
- Non-GAAP operating income of approximately \$55 million.

And, we expect first quarter basic share count to be approximately 570 million shares.

For the fiscal full year 2025, we expect:

- Revenue in the range of \$1.555 billion to \$1.560 billion.
- ARR in the range of \$1.725 billion to \$1.730 billion.
- Non-GAAP operating income of approximately \$295 million.

Before I close, I want to leave you with a few final modeling points.

We expect:

- Full-year non-GAAP gross margin to be approximately 85% as we scale our cloud offerings.
- Non-GAAP operating income to reflect similar seasonality to our top-line metrics.



- Fiscal year 2025 non-GAAP adjusted free cash flow of approximately \$350 million, also to follow normal seasonal patterns.
- And, we're assuming FX to be net neutral year-over-year.

Lastly, we are committed to managing stock-based compensation and for fiscal year 2025 we expect dilution to be approximately 3% year-over-year.

Thank you for joining us today and we look forward to speaking with many of you during the quarter.

With that, I will now turn the call over to the Operator. As a reminder, Daniel is in the room with us to answer questions.

Operator:

Thank you. We will now be conducting a question-and-answer session. Thank you. Our first question comes from the line of Kirk Materne with Evercore ISI. Please proceed with your question.

Kirk Materne:

Yeah, thanks very much and congrats on the quarter. Rob, I was wondering based on the study you referenced earlier, when your customers are thinking about automation and sort of their AI strategy, do they need to wait on automation to get their AI strategy mapped out or vice versa? I'm just kind of curious how there's a lot of experimentation going on with GenAI right now, and I was just kind of wondering what that means in terms of people making bigger bets with you all obviously this quarter looks good, but just wonder if you got some more color there because I think the cadence is what I think some folks get tripped up on a little bit? Thanks.

Robert Enslin:

Thanks, Kirk. Yeah, we feel in my discussions I've just come back from Europe. In my discussions in Europe, what you see now is the head of AI hubs and the Chief AI officer calling us into conversations to expand automation using GenAI. And they really like how we've infused GenAI into our solution and they get immediate benefits from the GenAI work that we're doing today.

So we see more and more automation expanding to the broader set of C-level executives in companies today. And that was what we had positioned the platform early on. And I think we're getting tailwind with AI and automation in that space in terms of



the discussions that we're having today. And we're very real and practical in what customers are looking for. We're not looking to deliver use cases to them. We're actually showing that our product infused with AI add significant more value and adds it much faster.

Kirk Materne:

If I could just ask a quick follow-up for Ashim. Ashim, I know you manage the business to ARR, but obviously a pretty big jump in licenses this quarter. Can you just address that? Just what sort of drove that? And then obviously, I realize it didn't have much to do with the go forward ARR guys, but just curious about what drove that this quarter? Thanks.

Ashim Gupta:

Yeah, I mean, it was a mix of various things. I mean, fourth quarter is typically, a heavier quarter for us in general. And then we did have a significant number of license deliveries. Some of that was from prior deals. But the volume of current quarter deals obviously was very good as well.

Kirk Materne:

Thank you, all.

Operator:

Thank you. Our next question comes from the line of Jake Roberge with William Blair. Please proceed with your question.

Jake Roberge:

Hi. Thanks for taking the questions and congrats on the strong results. Clearly, the combination of AI and automation is helping to raise the profile of the broader platform. But I'm curious, when you look across the base, are there any specific use cases that, that infusion of AI and automation is really resonating with, whether it be front office or back office or any vertical use cases that's helping you maybe break down new doors for the platform?

Robert Enslin:

Yeah, I would say we clearly feel that in the health care insurance space, we are pretty advanced with our intelligent document processing and what we're doing in that space. We also see, as I mentioned earlier, Test Suite taking on broader applicability more than



just automation testing and becoming more relevant in that space. And then we mentioned a little earlier as well that our Autopilot preview customers, it's the largest in the history of UiPath that we have preview customers having a look at it and in some cases up to 1,000 companies are looking at Autopilot.

So, in all of those aspects, it's adding more value to the platform. And I would actually add to that discussion is because the platform has a discovery piece to it where Process Mining, and Task Mining Communications Mining is able to uncover automation together with that process tied to the GenAI and our Specialized AI capabilities. I think many, many companies are now starting to see the benefit of actually driving it faster.

Jake Roberge:

Okay, helpful. And then it was great to hear that comment on the 1,000 early adopters of Autopilot. Just curious what the early feedback that you've gotten from those early adopters have been. And then anything that you've seen in terms of the speed at which those customers are now able to develop new automations after adopting Autopilot?

Daniel Dines:

Yeah, I can take this one. We are seeing quite a good retention week after the week of the people that are using the Autopilot. And for instance, in the Autopilot for developers, we are seeing an acceptance rate of in excess of 65% of the automations that we are proposing to them, which is quite good. It's extremely early to come with a number estimate on how much they save in the development time. But we feel there is a material saving and in our industry the implementation and maintenance of automation is the largest part of total cost of ownership. So we estimate really broad adoption that will increase also the adoption of our platform.

Jake Roberge:

Very helpful. Congrats again on the great results.

Robert Enslin:

Thank you very much.

Operator:

Thank you. Our next question comes from the line of Mark Murphy with JPMorgan. Please proceed with your question.



Mark R. Murphy:

Thank you. And I'll add my congrats. So, Rob, you have this very strong partnership with SAP. Clearly you have some momentum with the Test Suite. Could you comment on the tailwind that you're seeing for those ERP cloud migrations? And I'm wondering if you sense that tailwind can grow into the SAP end of support deadline, there's a pretty big one, I believe coming up in 2027?

Robert Enslin:

Hi, Mark. Thank you. Look, we feel really positive about where we are with the SAP partnership. I feel like the new logos, the Swiss large retailer is one what we're doing with Marks & Spencer is another one. In both cases, Test Suite is predominant or is dominant factor together with the rest of the platform. So we feel really, really positive about that. But I would also not underestimate the announcement with Google Cloud and the marketplace right. I mean, many, many companies are now starting to see that when they combine the automation play together with SAP and the S/4HANA RISE momentum, which has, as you said, an end date. They also want to benefit from the investments in the marketplace. And we feel like that those investments with marketplace will also benefit us in the future.

Mark R. Murphy:

Okay. Thank you, Rob. And as a quick follow-up for Ashim, I'm looking at the net new ARR. It grew year-over-year in Q3. It almost got there in Q4, but it still looks good, you're guiding that this fiscal year, I think you're guiding the net new similar to what it was in FY 2024. I'm wondering what ingredients you think might have to align to see that grow, sort of get back to pretty meaningful growth, like, for instance, if we do end up with a soft landing scenario this year, then do you think that that might be in the cards with some good execution?

Ashim Gupta:

Mark, the way I look at it is we continue to make great progress as a company. I look at last year and this first half, if you look at the net new ARR, it was down. The second half was basically close to neutral. As you mentioned when you look at our guidance right now at the midpoint, we're growing net new ARR overall and in the first quarter. I think we continue to execute. Our strategy is really clear. The value proposition and our product roadmap is also very clear. And I think we continue to execute. We have a lot of optimism. That being said, our guide is our guide. And we are very clear in terms of the



assumptions that are there. And our focus is just on executing this quarter and continuing to execute on our strategy.

Mark R. Murphy:

Thank you.

Operator:

Thank you. Our next question comes from the line of Matt Hedberg with RBC. Please proceed with your question.

Matthew Hedberg:

Great, guys. Thanks for taking my questions. What really stood out to me to Ashim, I think you noted your cloud ARR was \$650 million. I believe you said it grew 70% if I wrote that down right. I'm sort of curious, how should we think about that mix in fiscal 2025? Because it feels like that could be a significant portion of re-acceleration as well?

Ashim Gupta:

Like our flex offering is really popular with customers and we continue to see customer momentum moving to the cloud. So we feel very good about that momentum. I would say the mix and the growth rates will continue on the trends that we've seen historically and the overall trend of the company as we disclosed the numbers every quarter. So I think we feel very good about it.

Matthew Hedberg:

That's great to hear. And the other thing, obviously the progress on the margins is great 100 bps is really good to hear this year I think seeing GAAP profitable in 4Q was also really nice. Thoughts on GAAP profitability in fiscal 2025. I mean do you think you could get there, I don't know if it's every quarter, but just sort of thoughts on GAAP profitability on a go-forward basis?

Ashim Gupta:

Look we obviously don't guide to GAAP profitability, so I won't comment there. What I would say is two things. We have really good cost discipline and capital allocation. And for us, whether that is cash that is going out the door or whether that is equity, we look at them as equal components of capital now and that's what we're focused on. Really pleased with the progress in terms of just overall GAAP profitability even for the year,



cutting the overall GAAP operating loss significantly. And like you said, achieving GAAP profitability in the fourth quarter. We will have seasonal patterns. That will be a part of that in different quarters. And I just like the overall trend line. We can give more information as we need – as we'll update more information at the appropriate times.

Operator:

Our next question comes from the line of Keith Weiss with Morgan Stanley. Please proceed with your question.

Sanjit K. Singh:

This is Sanjit Singh for Keith Weiss, and thank you for taking the question. Rob, I had a question actually on the partners you mentioned, I think Deloitte and Ernst & Young as highlighting some deals for you guys this quarter. Broadly, where do we stand in terms of partner contribution, I know that it's been a big focus for the company. But in terms partner sourced revenue or partner influenced revenue, how does that look this year in terms of mix and where do you plan on taking that to going into fiscal year 2025?

Robert Enslin:

Yeah, I mean, we don't disclose obviously those numbers, but we feel really strong about where we are with Accenture and EY, PwC, and Deloitte. Many of those programs that we are talking about, those are super exciting programs, taking Deloitte and focusing on fast growing companies using their smart finance solution, combining it with automation and then repackaging it into a vertical solution, we feel those are really going to drive activity. We also feel that our partners are extremely important and we are driving more and more partner connections. Over 70% of our deals are touched by partners. And we'll continue to see us focus on driving partners in the future as well, both the channel and the GSI.

Sanjit K. Singh:

Understood. And then a follow up question maybe for Daniel or Ashim actually, because it's about cloud and that sort of \$650 million, which is by my math north of 40% of total ARR, which sort of means that you guys are going to cross the chasm eventually, relatively soon to become a majority cloud company. As you think through some of the things that are coming online with some of the GenAI initiatives and the co-pilot issues that you have, if those start to gain traction, does that come through the cloud line? And essentially that's where we're going to one way to sort of track your GenAI traction



by the mix of cloud steadily increasing or just how do we think about the cloud mix evolving from here as you drive the platforms, right?

Ashim Gupta:

Yeah, I would say all of our new offerings, we have a cloud first mentality in terms of that and many of the offerings, start with the cloud. So of course that means that the cloud mix, as we continue to scale, we feel optimistic we'll continue on the same trend that is there. I do want to remind everybody, we have a hybrid kind of cloud environment. So, from a SaaS headwind standpoint, I would look at that as not impacted by that mix shifting as we move up that area. So from that perspective, we feel very confident about the direction of cloud overall.

Sanjit K. Singh:

Appreciate the thoughts, Ashim. Thank you.

Operator:

Thank you. Our next question comes from the line of Bryan Bergin with TD Cowen. Please proceed with your question.

Bryan C. Bergin:

Hey, guys. Good afternoon. Thank you. So appreciate the Document Understanding and the Test Suite tracking you mentioned. I'm curious if you could comment more on the mix of deal wins you may have signed in 4Q with clients attaching the full platform or maybe the mix of the pipeline where you see clients pursuing that holistic approach, any further commentary you could share there.

Robert Enslin:

Yeah. Bryan, I think I mentioned 65 out of 100 of our top deals had some sort of platform attached to those deals so that kind of showcases. I think if you look at our deals above \$1 million, I think that will tell you a story there.

We also more than doubled our deals above \$5 million, which will tell a story around the platform as well. And I think those are proof points around where we are with the platform. Also, the messaging around the GSIs, the partners, that's where the platform becomes even more important.



In my discussions, though, I was in Saudi Arabia where I met with numerous of the financial institutions and insurance companies and many of the Kingdom of Saudi government officials. I mean, they actually recognize the platform and the relevance of the platform. An actual fact, one of the largest banks in Saudi just was about to sign with a competitor for RPA and after they saw the platform, changed their mind completely almost on the spot. And we're seeing more and more that kind of interaction with customers.

In my discussions with customers, I'm extremely positive in how we are enabling them to do digital transformation faster. We're enabling them to get value quicker and the most important thing, they're getting speed into what they want to do in their businesses to change their business. Without having to touch many of their systems, they can get the value and many of the comments I made was around North Star and how we did that, how we're doing that.

Bryan C. Bergin:

Okay, very clear. And then just on the demand front, so appreciate the variable comment there. Can you talk maybe more about as you're going through 1Q and as you're planning for the year, what you may be seeing by region or verticals, those that then maybe more aggressively leaning in versus those that are more cautious?

Robert Enslin:

Yeah. Look, we feel when you look at the region, we feel really good about our continued strength in North America and continuing to drive where we've been focused on.

I don't think public sector's a region but I would say if you look at public sector vertically, what we're doing in the UK, the Scottish government, the US federal environment, super, super positive results and I would say you can extrapolate that globally. We have a solution that is really applicable in markets that are concerned about sovereignty. You take the French, for instance, where we are able to deploy in a cloud-based model to their liking their deployment model choice. So that's hugely beneficial.

We like what we saw in Japan. We continue to see significant progress in Europe. Our leadership there is really strengthened and are delivering consistently every quarter. And when you deliver consistently, you can start really attacking growth and drive growth. And so we see an opportunity for AI environment combined with the platform to markedly change the trajectory in the future.



Bryan C. Bergin:

Thank you.

Operator:

Thank you. So with that, we may get as many questions as possible from participants. We would like to limit the questions to just one. Our next question comes from the line of Keith Bachman with BMO Capital Markets.

Keith Bachman:

Many thanks and terrific results. I will, in the spirit of, keep my question to one.

Rob, I want to come back on what you're just talking about with Bryan. You mentioned 65 of the top 100 deals had some element of platform. I wonder if you could expand the answer a bit, but just talk a little bit about what the penetration is versus your installed base because I would think there's a lot of room for opportunities there. And any difference that you could highlight, say, on DBNR or gross retention or size of deals for those customers that are adopting some element, not necessarily the full element, but some element of the platform versus those that are not. Many thanks.

Robert Enslin:

Yeah. Appreciate the question. So, yeah, we said our focus was to target our high propensity customers that would invest in automation in a significant way and we feel that that's coming through with our \$1 million customers and deals above \$5 million. It's definitely coming through. When you look at customers in terms of the platform and solution sets, I would say IDP and Test is a driver for the platform. Once they've seen what they can do with IDP or intelligent document processing, they want to then start to uncover more and more opportunities. And I would use an example of Indosat where the CEO of Indosat looked at what we can do with the North Star, where the opportunities were in Process Mining and Communications Mining and getting that whole organization behind understanding how to drive efficiencies and more importantly look for new revenue streams. That's what excites the customers. We're in the early stages of driving the platform through the customer base. I feel like many, many more customers will take on the platform in a significant way and there's a lot of opportunity in the future.

Keith Bachman:

Okay. Thank you, Rob.



Operator:

Thank you. Our next question comes from the line of Brad Sills with Bank of America. Please proceed with your question.

Brad Sills:

Hey, thank you. You guys have all done a great job selling back into the customer base, and that's been a relative focus. How are you thinking about the go-to-market motion for FY 2025? Thank you.

Robert Enslin:

Yeah, so pretty much the same: execution, productivity, continue to drive the platform, driving more industry verticalization as we see more and more solutions are successful, and then bringing them globally into different markets. We are investing in product specialists in these areas where companies are interested in understanding more. So we'll see some more product specialists in our growth products in the platform. But we feel really good about all the go-to-market changes we have made and the execution of those changes. And so in 2025, it's all about execution.

Operator:

Thank you. Our next question comes from the line of Fred Havemeyer with Macquarie. Please proceed with your question.

Frederick Havemeyer:

Hey. Thank you. I'm at risk of being repetitive here because I want to go back to the theme of question I asked last quarter because there's a lot happening with autonomous agents since we really last caught up. Like last night, Cognition, the startup, launched their new AI software engineer, has posted some demos about it and with these, you can see that some of these new generative AI initiatives are giving computers access to like work environment, machine vision, and a number of things here.

So I'd like to ask, how are you thinking about the cooperative or even competitive environment for UiPath platform with the rise of this kind of autonomous self-reasoning technology?



Daniel Dines:

Yeah. Let me take this one. We are thinking quite a lot in how we can build our own what we call like digital assistant. So we put together the best team that we have in UiPath, the best AI team and we are working to build our own like foundational model that combine the knowledge of a subject matter expert like an accountant or like an auditor with the knowledge of how to use the system applications that facilitate these type of tests.

Where's the company are in a great position to build this type of assistance. We have tremendous access to computer screens, application data. Our Computer Vision service is one of the most used. We scaled actually to like 5 million calls a month and it's growing up consistently month-over-month. And in the end, all these autonomous agents require a great platform to operate on. You will have a platform to ensure the security, the governance, the audit that are required to performing autonomous work. And this is where I think that we really shine, combining our great offering, our existing data, and building the AI that runs on the top of the platform.

Frederick Havemeyer:

Thank you, Daniel.

Operator:

Thank you. Our next question comes from the line of Terry Tillman with Truist Securities. Please proceed with your question.

Terry Tillman:

Yeah. Thanks for taking my question and congrats from me as well on the profitability.

Rob, it's a question for you in terms of just the SAP relationship. It seems like low-hanging fruit around Test Suite. But I'm curious is the relationship evolving and are you seeing opportunities or signed business whereby they're taking your platform and actually extending the core as they upgrade to S/4HANA? So it's not just test, automation. It's actually helping build almost business logic, if you will, with your platform. Just would love to learn more about how this could expand and become extensible. Thank you.



Robert Enslin:

Yeah. I mean, I think the good way to look at it is SAP's focused on clean core. We help clean core in a significant way where you can build automations on top and combine together with SAP processes and automations. Customers can get a clean core and they can get what they need from their business model.

When you combine with Deloitte, taking their advanced methodology, the SAP advanced methodology and they're combining UiPath automation on top so they can take both to the customer together tells you that the combination of both is actually how customers will get the benefit.

The customers that we see on the migration that are also driven from test is not only test. They're looking at full automation and that's why they actually are combining UiPath. When we showcase how we demo the combination of running an SAP invoice creation process and automation on top of that, extracting information from documents and automatically creating those invoice orders, customers are like wow. And so that's the process we're going through. And when you start looking at new logos, marketing spend, and the customer in Switzerland, these are significant organizations and they're significant new logos for us to continue to win.

Operator:

Thank you. Our next question comes from the line of Alex Zukin with Wolfe Research. Please proceed with your question.

Ethan Bruck:

Hey, guys. This is Ethan Bruck on for Alex. So I just want to ask. You called out a lot of success in more complex industries like financial services, health care, life science, public sector. I'm just curious. How much of these more strategic discussions are with larger customers is kind of the toll around people looking to explore more with AI versus the push from some of just the better go-to-market execution you've spoken about?

And then as we think about guidance, I just want to double-click on Mark's question. Just curious. Based on what you're seeing with demand and just an execution standpoint, like what's giving confidence in that guide for the net new ARR for fiscal 2025, just the puts and takes, whether it's around large customer momentum, more success in certain verticals? Just anything you can share there.



Robert Enslin:

Yeah. So let me start off and say, look, there is no doubt there's better execution, right? There's no doubt that's what we said. We wanted to achieve better execution and we also wanted to make certain that the platform was relevant for C-level executives. And there's no doubt that the whole AI movement that's happened in the past 12 months, all of those pieces together has helped UiPath move forward in a dramatically better way and will continue to do that.

The reason why our AI story resonates not only with the automation folks and the AI folks is because we are able to showcase how you take a solution like Test and use generative AI and improve the performance of manual testing multiple times, including when you take – and as I said, just in the Kingdom of Saudi Arabia, when they look at the invoice and they're looking at English and Arabic and we are able to take both of those in their language and are able to actually use automation, AI-based automation, to decipher it and uncover it, even when it's only 75% visible, we are able to actually almost get it 100%.

Customers are absolutely blown. Then they look at the opportunity. What else is out there? What else can you do for us? We've got all of these opportunities and what we see is pretty exciting for us.

And then it's a question of how long will it take, how long will you take to deliver it. And that's where the creativity of automation together with AI delivers what I've always said. Customers need speed and agility to deliver results that they need today.

Ashim Gupta:

And I would just say from the guidance perspective, a lot of our confidence comes to actually based on what Rob's saying and what we're seeing in the market. We always guide to what's in front of us. So we look at our pipeline, we look at kind of the business, how the business is progressing. And we had a really great year last year and we feel like we have continued momentum going into this year. And so we feel good about our guide.

Ethan Bruck:

Thank you.



Operator:

Thank you. Our next question comes from the line of Ari Terjanian with Cleveland Research Company. Please proceed with your question.

Ari Terjanian:

Hi, guys. Thanks for taking the question and congrats on a strong end of the year.

Want to keep on the AI topic. Love to hear any updates around how you're seeing customers leverage the UiPath platform to build their own custom gen AI applications. And similarly, to the extent that AI is helping bend the curve, make business automation easier to adopt, curious if this can finally really speed up the deployment or the need of extensive services to adopt your guys' platform. Thank you.

Daniel Dines:

Yeah. I can give you an interesting example that we are seeing in healthcare provider. We helped them with building a RAG based search, which is like retrieval augmenting generative AI. And they – imagine a patient that has to fill out a formula and then it goes to – it converts into a claim and it has to match with a certain type of procedure.

So that was one type of example that we are seeing and there are many others in this regard. And I think it proves again the point that generative AI combined with specialized AI is really helping us to go more towards automating end-to-end processes. And that is really in the end, it results in a much better value prop for our customers.

Robert Enslin:

Okay. I think with that, that's the last question. Thank you, everybody, for joining us. We really appreciate you taking the time and thank you again.

Operator:

This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.