



Second Quarter Fiscal 2025 Prepared Remarks

Presenters

Daniel Dines, Founder & Chief Executive Officer

Ashim Gupta, CFO

Allise Furlani, Vice President of Investor Relations

Q&A Participants

Barclays – Raimo Lenschow

JP Morgan – Mark Murphy

TD Cowen – Bryan Bergin

RBC Capital Markets – Michael Richards

Morgan Stanley – Sanjit Singh

Mizuho Securities – Siti Panigrahi

Evercore ISI – Chirag Ved

Truist Securities – Dominique Manansala

Wells Fargo – Michael Turrin

Needham & Co. – Scott Berg

Allise Furlani, Vice President of Investor Relations:

Good afternoon and thank you for joining us today to review UiPath's second quarter fiscal 2025 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 Founder and Chief Executive Officer, and Ashim Gupta, Chief Financial Officer, to deliver our prepared comments and answer 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 grow our platform, as well as our financial guidance for the third 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, 2024, and our subsequent reports filed with the SEC, including our Quarterly Report on Form



10-Q for the period ended July 31, 2024 to be filed with the SEC. Forward-looking statements made on this call reflect our views as of today and we undertake no obligation to update them.

I would like to highlight that this webcast is being accompanied by slides which, this quarter, includes an embedded AI demonstration video. We encourage everyone to join our webcast in order to view the demo. 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.

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

Daniel Dines, Founder & Chief Executive Officer:

Thank you, Allise. Good afternoon everyone, thanks for joining us. I want to take a moment to thank our team for their improved execution and everything they do to make UiPath successful.

We are pleased with our second quarter results, which exceeded the high end of our guidance across all key financial metrics, a testament to our improved execution and the compelling value that our AI-powered automation platform delivers to our customers. We ended the quarter with ARR of \$1.551 billion, an increase of 19%, driven by net new ARR of \$43 million. Second quarter revenue was \$316 million, and we delivered non-GAAP adjusted free cash flow of \$49 million.

I'm excited and energized about my first quarter back in the CEO role. I spent much of my time during the last few months traveling to visit customers, partners, prospects, and employees. Customers globally continue to ask for our help leveraging the power of AI and automation to transform their businesses, and it's becoming more clear to customers that AI is about automation. To quote the CIO of one of our largest customers "We went through a series of workshops internally to develop our AI strategy and the outcome was...more automation." Building an AI powered automation strategy isn't just about technology, it's about aligning our capabilities with core business challenges to enhance customer experiences and optimize operational efficiency, and we continue to strengthen our position as the platform of choice for capturing the opportunities that AI brings to an enterprise.



On our first quarter earnings call, we discussed our commitment to improving execution and streamlining the organization, driving a deeper strategy around our growth products, continuing to enhance our relationships with meaningful partners, and becoming a more customer-centric organization. I am encouraged with the progress we're making and I would like to take a few minutes to talk to each of these initiatives in more detail.

First, as I have gone deeper into the operational side of the business, I am committed to continuing to sharpen our focus on operational rigor, while leaning into areas where the return on investment is the strongest. As a leader in enterprise automation, we have and will continue to invest in innovation to support our growth initiatives and best serve our customers. With that in mind, our go-forward priority will be balancing these investments, while expanding non-GAAP operating margin and delivering sustainable non-GAAP adjusted free cash flow. During the quarter, we made the difficult decision to reduce our workforce, streamlining the organization and driving further operational efficiencies, while better prioritizing our go-to-market investments and continued focus on innovation. With these strategic actions, we now expect non-GAAP operating income of \$170 million for full year fiscal 2025.

Second, we are focused on driving a deeper strategy around our growth products, and we've begun the process of identifying and prioritizing high potential solutions and use cases, and ensuring all of our teams from sales, to partners, to services, and products, are focused on a common set of priorities that have larger scalable impacts for our customers. While these changes are in the early stages and will take time to build, these enhancements are already having a positive impact, and I'm particularly excited about the successes we've seen with our IDP solutions. For example, a Central American financial institution began their automation journey by automating back-office processes across treasury management, payments, and customer service, enabling them to reduce their banking transaction clarifications from 8 days to 1, and migrate over 50% of their physical banking transactions to their online channel. After seeing the substantial benefits from our automation capabilities, they implemented Document Understanding to digitally onboard over 500,000 clients per year and are now piloting IDP for unstructured documents by leveraging our generative classification, extraction, and validation capabilities. Additionally, they will be implementing Communications Mining in Salesforce to better understand customer issues and reduce clarifications.

Our Test Suite capabilities are also resonating, enabling customers to accelerate time to value while maintaining the stability and reliability of processes and applications in production. During the quarter, we closed our largest test suite deal ever with one of



the world's largest technology companies. With the help of the UiPath team, they will be implementing our solution to automate testing for their CPQ process in Salesforce and several other processes including ordering, billing allocation, incentive compensation, and forecasting, with an expected cost savings of approximately \$23 million a year.

Third, partners are a cornerstone of our go-to-market strategy, enabling us to scale our market reach and elevating our customer success initiatives, and I am excited about our continued progress with SAP, including an expansion deal with an Australian multinational corporation and customer since 2021, who originally used UiPath Test Suite to support their SAP S/4 HANA migration. After successfully completing their migration, they expanded in the quarter and are working with the UiPath team to establish an automation program globally encompassing core automation, testing and AI. Our SAP Partnership is also helping us secure new logos, like Gold Peak Technology Group, who will be automating their order input processes to extract and input data into SAP, eliminating manual inputs and avoiding human errors.

During the quarter we also expanded our relationship with Deloitte, integrating our capabilities into Deloitte's Ascend platform to transform SAP project delivery, and help companies accelerate and refine the execution of business transformation. Through this program, automations are available across various project phases and SAP functional areas, facilitating an effective and efficient deployment process, fostering an automation-first project delivery, and driving faster value for Deloitte's global customers.

And finally, our success is deeply rooted in our ability to serve our customers, making a customer-centric mindset more crucial than ever. We understand the importance of successful implementation and the entire company is focused on ensuring our customers achieve it. This includes taking steps to improve alignment and communication between our teams and our customers through deeper account-level reviews, ensuring the appropriate connections happen across all customer stakeholders.

Turning to product highlights from the quarter. In our July release, we launched a series of product innovations that deeply infuse GenAI into our automation platform. This included new specialized LLMs for IDP, Gen AI activities, and the launch of Autopilot for Developers and Testers. Since launching Autopilot, we've seen great early adoption and positive feedback from customers. A great example is a multinational digital communications company and early adopter of Autopilot for Testers. The company's Generative AI testing roadmap centers on leveraging our LLM capabilities throughout



the entire testing lifecycle, from creating user stories, to generating test cases, and to reporting. With the power of Autopilot, they believe they will be able to consolidate the tools used in their testing framework, and reduce manual testing by up to 50%.

And we are excited for the next phase of Autopilot, Autopilot for Everyone, which we expect to launch into general availability this fall. Over the past few months, we've been working closely with a few customers in private preview, and we consistently hear that Autopilot for Everyone is not only giving better responses than other LLM based chat solutions, but is also more valuable because it provides the ability to immediately automate an "Action". To give you an idea of how Autopilot for Everyone is different from other Gen AI chat solutions, we would like to share a quick demo of a real Autopilot use case that we have been working to develop with a US based biotech company.

If you are not on the webcast, please go to our investor relations website for the demo link.

[Demo link available on UiPath Investor Relations homepage under "Autopilot for Everyone: 2Q 2025 Earnings Demo"]

What differentiates us in the market is our end-to-end automation platform and the demo you just saw is a great example of an experience that only our platform is able to deliver in a unified experience. To be more specific, we are the only platform that can bring together business documents and data, execute UI and API-based automations across systems, and utilize a mix of specialized AI and generative AI grounded in organizational data and process information. These capabilities enable users to take real action on an enterprise-grade platform that is secure and governed.

There are few things I find more satisfying than seeing customers leverage our automation platform to flourish and succeed. Their stories are inspiring, for example, Health Service Executive, a customer since 2020. With automations across their HR, Finance, and community care departments, they have processed over 6 million transactions, saving over 700,000 hours, and €28 million to date. Driven by the quick time to value and tangible ROI they were able to achieve, HSE expanded in the quarter to urgently extend these automated solutions across their hospital waitlists. Partnering with Deloitte, they are in the process of accelerating the deployment of this solution to an additional 20 hospitals before the end of 2024.



These stories, along with the conversations I've had with customers, partners, and our product team all directly influence how I think about the strategic direction of our business, and I have never been more enthusiastic about where we stand from a product perspective. As a market leader, it's critical that we continue to innovate to further differentiate our products, and I am excited by the next evolution of our platform, UiPath Process Orchestration, which we launched into private preview in June. While legacy business process management vendors typically start with a top-down approach that is often disconnected from how work really gets done; our approach differentiates by allowing organizations to build a unified, data-driven, bottom-up view. This enables customers to discover, automate, optimize, and monitor business processes from start to finish, providing complete visibility into how work is executed by people, automations, and in systems. We believe that process orchestration is the key ingredient for the future of Agentic Process Automation.

We are really excited about the progress we are making on this vision and our overall product roadmap, and we invite you to join us in person to hear more about these product innovations at our user conference, FORWARD, in Las Vegas next month. We hope to see many of you there.

Finally, I wanted to take a moment to thank Ashim. Since joining UiPath in 2018, he has played an instrumental role in transforming our company with his extensive financial and operational capabilities. Over the last several months, he has also been a driving force behind our efforts to refocus the company on its core strengths, improve our operational rigor, and reestablish a customer-centric foundation to support our growth initiatives. While Ashim will continue to oversee his traditional CFO responsibilities, I am pleased to share that he will now take on an expanded role as Chief Operating Officer, where he will work with me to maximize financial and operating efficiencies across the organization.

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

Ashim Gupta, Chief Financial Officer:

Thank you, Daniel. 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.

Turning to the second quarter, ARR totaled \$1.551 billion, an increase of 19%, driven by net new ARR of \$43 million.



Our cloud-first approach is driving adoption across our customer base and we ended the quarter with more than \$850 million in Cloud ARR, which includes both hybrid and SaaS, an increase of more than 65%. A great example is Ontario Power Generation, a customer since 2018, who expanded in the quarter as they begin to migrate to the Cloud. They are also planning to expand to additional departments across the organization while incorporating Document Understanding and Communications Mining into their program.

We ended the quarter with approximately 10,810 customers, including new logos like IXOM, Benesys, Moss & Associates, and Piedmont Healthcare.

Moving on to customer metrics. Customers with \$100,000 or more in ARR increased to 2,163, while customers with \$1 million or more in ARR increased to 293.

Dollar-based gross retention of 97% continues to be best in class and our dollar-based net retention rate for the quarter was 115%. Expansions are driven by the quick time to value and the broad applicability of our automation platform. A great example is AGS Health, a customer since 2021, that currently uses UiPath to automate their Claims Tracking, Eligibility Verification, and Payment Posting processes. In a competitive win, they expanded their usage of Document Understanding, highlighting our unique AI capabilities such as our AI Trust Layer and human-in-the-loop model training as competitive advantages, scaling from 6 million documents to over 20 million documents processed, and saw an 95% accuracy improvement. With support from their CFO and CTO, they will be adopting Document Understanding across their Payer and Provider departments for Medical Record Patient Indexing.

Turning back to our results, revenue grew to \$316 million, an increase of 10% year-over-year.

Remaining performance obligations increased to \$1.081 billion, up 19% year-over-year.

Current RPO increased to \$686 million.

Turning to expenses.

We delivered a second-quarter overall gross margin of 83%, driven by continued adoption of our cloud products, and software gross margin was 87%. For the full fiscal year 2025 we continue to expect gross margin to be approximately 85%.

Second quarter operating expenses were \$257 million.



GAAP operating loss of \$103 million included \$94 million of stock-based compensation expense.

Non-GAAP operating income was \$6 million, resulting in a second-quarter non-GAAP operating margin of 2%.

Second quarter non-GAAP adjusted free cash flow was \$49 million.

As of July 31st we had \$1.7 billion in cash, cash equivalents, and marketable securities and no debt. Our strong balance sheet, combined with our free cash flow generation, has enabled us to return capital to our shareholders in a meaningful way through our share repurchase program. During the quarter, we repurchased 16.3 million shares of our Class A common stock at an average price of \$12.05 from May 1, 2024 through July 31, 2024. Since July 31st, under a 10b5-1 plan, we repurchased an additional 10.7 million shares at an average price of \$11.67 through August 30, 2024. And as you may have seen in today's earnings press release, our board of directors has approved a \$500 million expansion of our share repurchase program, underscoring our confidence in the business, our conviction in the long-term opportunities ahead, and our commitment to delivering shareholder value.

Moving on to guidance. We are pleased with the progress and improved execution that we delivered in the quarter. At the same time, we are taking a prudent approach to guidance, which assumes the global macroeconomic environment continues to be variable. As Daniel mentioned, during the quarter we took a number of actions to drive operational efficiencies and streamline the business, and as a result we are raising our non-GAAP operating income and non-GAAP adjusted free cash flow guidance for the full year 2025.

For the third quarter fiscal 2025, we expect:

- Revenue in the range of \$345 million to \$350 million.
- ARR in the range of \$1.600 billion to \$1.605 billion.
- Non-GAAP operating income of approximately \$27 million.

And, we expect third quarter basic share count to be approximately 552 million shares.

For the fiscal full year 2025, we expect:

- Revenue in the range of \$1.420 billion to \$1.425 billion.



- ARR in the range of \$1.665 billion to \$1.670 billion.
- Non-GAAP operating income of approximately \$170 million.

And, finally, we now expect fiscal year 2025 non-GAAP adjusted free cash flow of approximately \$325 million.

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.

Operator:

Thank you. We'll now be conducting a question-and-answer session. Our first question today is coming from Raimo Lenschow from Barclays. Your line is now live.

Raimo Lenschow:

Hey. Perfect. Thank you, and congrats on a good quarter. My first question was like if you think about the changes that you wanted to make in terms of selling more in a departmental level, going back a little bit to your roots, Daniel, you talked about it last quarter, what progress have you seen there? And like what are you seeing in the numbers? Is that showing in the numbers already? Is that showing up in pipeline? Talk us through a little bit about the progress you're seeing there.

Daniel Dines:

Well, I want to be very specific that we want to address both C-level suite type of selling with departmental level. And, look, it's still early to comment about the progress, but we've made quite a few organizational changes. We have appointed a new leader in North America, he was with the company previously and he can definitely understand our land-and-expand business while he is very versed into talking to executives. We've done quite a few changes at the central organizational level. We regionalized some of our functions. And we made clear for the entire company that customer centricity is going to be the core principle to our business.

Raimo Lenschow:

Yeah. Okay. Okay, perfect. Thank you. And then, Ashim, congrats on the expanded role. Like, with a lot of other organizations, I mean, there's so much to do. You're growing at



the high scale at a healthy clip. Do you think that that's kind of a permanent thing for you, or should we think about this more as a temporary solution? Thank you.

Ashim Gupta:

Look, I think Daniel looks at it as giving me long-term goals for the company. We don't treat it – but anything could change, Raimo, from that perspective, as Daniel always will evaluate the organization.

My mandate and my goals that Daniel has given is really make sure that our enabling functions really become in service of the customer and over the field, and to drive connectivity across our organization, which, we talked about, is something that we needed to improve on, and as well as continue to drive the operational efficiency and streamline the organization and continue to drive and streamline organizational processes, et cetera.

I'm excited about the opportunity just to continue to work with broader sets of teams. And we look at this as an entire leadership team that is really focused on the goals that have been laid out on, and that's really what we're focused on today.

Raimo Lenschow:

Okay. Perfect. Thank you.

Operator:

Thank you. Next question is coming from Mark Murphy from JPMorgan. Your line is now live.

Mark R. Murphy:

Thank you. Nice to see the stability in the operating results this quarter. Daniel, we've been noticing that term Agentic is suddenly becoming very popular. Salesforce came out with its Agentforce branding recently. And part of the notion is that agents are going to have independence and autonomy. And I'm wondering how you might think about the line of demarcation. Like, if we think of a bot and it's following predefined workflows, it feels like predefined logic. You need humans to set up the models and all that. And then, if you think about an agent, it's acting independently. They can adapt, right, maybe sometimes without instructions. How are you thinking about that line of demarcation? Because I think it might be at the root of some of the customer confusion on where RPA might fit into the AI landscape. And then, I have a quick follow-up.



Daniel Dines:

Yeah. That's a great question, Mark. We really think of Agentic Process Automation as an evolution of robotic process automation. Actually, we started to socialize the Agentic Process Automation term during our tour event in London, in Paris at the beginning of the summer. And we introduced the concept of robots and agents working together. And to me, an AI agent is – it's basically a robot, if you want, that has some new skills. And I think there will be multiple type of agents. For instance, there will be agents that are capable of extracting information from long and complex documents. And human users will be capable of interacting with these agents asking questions, and, in turn, they can ask the agents to perform actions for them. There will be agents that can make more intelligent decisions based on data, and they can route a process in a more dynamic way, as you know for sure. Robotic means that the series, the steps in a process are stitched together in a fixed way, and Agentic workflow might have a dynamic routing as part of the process.

And I want to iterate what is really our strength here. And it is in combining, actually, robotic automation with Agentic automation as part of our Process Orchestration platform. Because I think the key differentiator in customers deploying agents will be in how well they are integrated within the business platforms and how well we can orchestrate between robots, agents and humans. And I think we are uniquely positioned to bring the power of LLM-based agents into our platform and also at this level of orchestration.

Mark R. Murphy:

Okay. That's a great explanation. And Ashim, I wanted to ask you, do you see any line of sight to a point in time where some of the AI confusion might dissipate and maybe begin to turn into like kind of a full-blown AI tailwind for UiPath? Like, in other words, customers might re-educate and understand and how to move jointly with AI and automation. Because I guess, I'm curious, could we look on this period of softer ARR growth, could we look back on it and maybe say that there was a bit of a temporary period of confusion before customers kind of figured it out?

Ashim Gupta:

Yeah. Look, I want to be careful about giving any type of long-term guidance implied in that, Mark. At the same time, what I can say is we're investing in the platform and we'll continue to invest in the platform and our AI capabilities because we see it as a meaningful opportunity to drive value and differentiation with customers, which in our minds, reflects on the conviction that we have in the company.



In the script and in other areas Daniel has already talked about, customer conversations are already becoming clearer for us, right? Like people are seeing the linkages between AI and automation. So, we're already seeing positive response and more clarity from our customers, how the AI narrative translates in the broader market, confusion moving in and out because of broader factors. And as that area evolves, I think we all take it day by day and quarter by quarter. But long term, we feel very good about what AI is bringing. And we're investing because we do believe it has a meaningful ROI and reinforces the durability of our growth rate.

Mark R. Murphy:

Thank you very much.

Operator:

Thank you. Next question is coming from Bryan Bergin from TD Cowen. Your line is now live.

Bryan C. Bergin:

Hey, guys. Good afternoon and congrats, Ashim, on the expanded role. My first question, just on demand, macro variability has been a pretty consistent message in how you've described how enterprises are behaving now for several quarters. We understand things deteriorated last quarter, I guess, late March and April. Can you just comment on what you saw through the balance of 2Q and into August as well?

Ashim Gupta:

I think we saw things pretty stable, Bryan. We still described the macroeconomic environment as variable. We've talked about the commercial end or the lower end of the market having a higher degree of impact, and we see that to remain consistent. And we see that just really broadly across all geographies, et cetera. I do think that as our execution improves and as we've streamline different areas, I think we're adapting well to the environment, but I do feel like the environment is stable versus last quarter, and we didn't really see any ups and downs month-to-month within the quarter.

Bryan C. Bergin:

Okay. Okay. And then as it relates to restructuring and how we should think about potential yield from that, can you comment on whether that the restructuring actions you're taking, does that impact that 20% long-term adjusted operating margin target



you had? And is it kind of – does it going to provide upside here or is it more of a means to achieving that?

Ashim Gupta:

Look, I think that we're going to update our long-term guidance at the appropriate time. What we do feel in our restructuring efforts that we've taken and that we're going to continue to look at different ways to streamline the organization, we do feel like there's more efficiency to be had there, Bryan, and then we'll update that on our long-term margins as we go. We have always said that we're going to be 20% plus in terms of our long-term margin. So what that plus looks like, that's what we'll update at the appropriate time.

Bryan C. Bergin:

Okay, understood. Thank you.

Operator:

Thank you. Next question is coming from Matthew Hedberg from RBC Capital Markets. Your line is now live.

Michael Richards:

Hey, guys. This is Mike Richards on for Matt. Thanks for taking the question. Maybe going off that last question there, I was wondering if you could provide some more details on the restructuring just in terms of like sizing and what areas were impacted, and then also, if you're accounting for any disruption between the restructuring or the general organizational changes and guidance. Thanks, guys.

Daniel Dines:

Yeah. Maybe let me start with a high-level overview, and then I let Ashim to bring more color. I think largely, we have restructured our central functions. And we were looking at more like sales operation, sales enablement functions especially. Although part of restructuring, I can tell you, we basically, we look in all areas of the company. And I think our goal, it's longer term that this restructuring into bringing a great level of efficiency and agility into the company.



Ashim Gupta:

And then just in terms of disruption, we provided our guidance in the last quarter earnings. I think there's no incremental impact to that that I would say from a disruption standpoint we would account for at this time. Again, as Daniel said, when it's a lot of the central organizations, they didn't really impact the growth of the company, right, and the growth rate of the company. They really were – there was a larger disconnect between those organizations and the field. So, that's one of the reasons why we did not see that disruption or why we don't feel like there is a meaningful disruption that needs to be singled out.

Michael Richards:

Thanks, guys.

Operator:

Thank you. Next question is coming from Keith Weiss from Morgan Stanley. Your line is now live.

Sanjit K. Singh:

Yeah. This is Sanjit Singh for Keith Weiss. Thank you for taking the questions. Daniel, you read out a number of initiatives across operations, products, partners, customer success. I was wondering, as you sort of look at sort of the near to mid-term, where do you see the lowest hanging fruit in terms of getting back to a better growth trajectory? And then I have a follow-up.

Daniel Dines:

Look, I think we continue to see, as we said in the last earnings call, we need to make our teams working well together. This is made basically. It was our first goal to break the silos of the organization and make sure that we align everything in the interests of the customer.

So, for example, some of the low-hanging fruit was to put back customer success into the region while keeping some kind of centralized program about it. And same with our technical account management. We have simplified some of the raw nomenclature. And yeah, I think it was a lot about simplification and moving people into the regions.

Ashim, anything to comment?



Ashim Gupta:

No, I think so. Like I think the first step was improving execution, as Daniel said, and that meant breaking down the silos and really connecting the teams. I do think the investments that we're making that Daniel talked about in terms of Agentic, the investments in Process Orchestration, we gave examples of the Test deal that we won in the quarter. Those are all evidence of different parts of our strategy that, as we continue to drive and execute, we feel reinforced the durability of our growth.

Sanjit K. Singh:

I really appreciate that perspective, and it sort of leads into my follow-up. On the product side of the house, clearly, there's a lot of innovation going on. We have Autopilot, GA coming up, Communications Mining, Process Orchestration, Daniel, what you highlighted. Historically, when you've talked to customers in the past, some of them have commented that the sort of breadth and depth of the product portfolio was a little overwhelming in terms of where to invest that incremental dollar. Can you sort of speak to the how the pricing, packaging side is evolving along with some of the restructuring cases in terms of making these solutions more digestible into the enterprise?

Daniel Dines:

Yeah. I think one of the major initiatives that is actually in progress is to look at our pricing and packaging and come up with maybe even quite a different model that should tie our pricing more to the value that we deliver. I think it's a bit too early to comment on this one.

But also on the platforming itself, we are having some key initiatives. Maybe we talk a little bit about them. But it's called like – internally, we call it, like, unified build type. So we aim to present our platform in a much more consistent way to the developer. So basically, anyone using the platform, we have all the tools better integrated so they will create an application easier.

For instance, to give you an example, if you want to create like an onboarding application, you can start with building the user interface and then you can connect very easy the user interface with some kind of automations, and then the automations can take advantage of our Communications Mining or Document Understanding or data service and everything will be completely integrated. So, it doesn't look like you go to different systems. So, I think that will also help customers to understand better our offering.



Sanjit K. Singh:

I really appreciate the perspective. Thank you, both.

Operator:

Thank you. Next question is coming from Siti Panigrahi from Mizuho Securities. Your line is now live.

Siti Panigrahi:

Thanks for taking my question, and Ashim, congratulations on the expanded role. So going back to the, let's say, new business, you talked about challenging macro environment and even some sort of confusion between this AI and RPA, where to invest. But if we dig into the expansion side of your installed base, what are the opportunities or challenges you are seeing at this point?

Ashim Gupta:

I think when we look at our expansion, I think the first thing I would just note is like our customers that are between \$100,000 and \$1 million, they're continuing to expand at 120-plus percent. So really, making sure that our customers get to a certain scale, Siti, across our 10,800 customers, that's important. That goes down to what Daniel's reinforced of not just the C-level but the grassroots level of adoption and making sure we're connected at that base area.

The second piece is the more people adopt our full platform and features, Document Understanding, intelligent document processing, when you look at many of the larger deals in the quarter, they're not core RPA alone and they haven't been for a while. Those deals have multiple elements of our platform, if not, the entire platform, and continuing to drive that awareness and continue to driving that within our customer base. Those are kind of like our two biggest areas.

And frankly, the personal productivity side, that is an increasing competitive area. We've always talked about that. That's not the majority of where we want to play. So, continue to drive enterprise grade use cases and solutions with our customer. That also continues to be a priority. That really bolsters the net dollar expansion rate for us.

Siti Panigrahi:

That's great. And a follow-up to, I think, Mark's question earlier about the Agentic automation, it's certainly now increasing competition. There are other vendors now



with agent AI coming in. But it's good to see the innovation and the investment you're doing in the product side. But where do you see the sweet spot? Is it your product is more addressing the installed base that you have, that that's where you have the sweet spot, or do you think you can effectively compete with the new deals against the new set of competitors?

Daniel Dines:

Well, I think we have some distinctive advantages. First of all, we have a low code platform that our developers are used to, and they are using our local platform to build agents as well. A lot of the, like, new entrants, new startups are targeting more, like, professional developers. We work more with our automation developers, and it's quite a large population. So, we aim to give them all the building blocks to build agent. So that's one of our advantages.

Second is these agents are not so useful if you don't pair them with actions, and this is, I think, where we will shine. And we have a unique advantage to actually deliver agents that understand data or can make decisions and can call actions.

And also, think about, it's not enough to build one single agent. An enterprise will have maybe hundreds and thousands of agents over time. So, it's equally important to orchestrate these agents, manage them, offer them in a secure and governed environment. And this is actually built in, in our platform. And we spend many years to build the scalable orchestration platform. It takes really a long time to have it. Then, we have it already. We just are taking the best of LLM awards, embed it into our platform and deliver easy to our customers.

Siti Panigrahi:

That's great. Thanks for the color, Daniel.

Operator:

Thank you. Our next question is coming from Kirk Materne from Evercore. Your line is now live.

Chirag Ved:

Hi. This is Chirag on for Kirk. Congratulations on the quarter and thanks for taking the question. So, following-up on one of the prior themes that was brought up, how are you finding the right balance between selling the automation platform versus selling core RPA? You're clearly seeing success with large customers and platform adoption. But are



you finding that certain customers are just looking for core RPA when they land, and what's your philosophy on approaching those accounts?

Daniel Dines:

Well, RPA, it's a pretty powerful technology, and it can go to really a long distance in addressing customers' automation needs. And if you think of how we built our platform is really going after white spaces around RPA. So, RPA naturally evolved into a business automation platform. But our ability to emulate human users is the core principle that is behind our platform. In a way, this is why if you think today, AI sits so naturally – GenAI sits so naturally into our platform, because GenAI, it's imitative of how human mind works type of technology. And again, even since our, we've made it clear, our platform emulates human users. That's the core tenet of what we are building. So, in this sense, it's a natural extension from RPA to a broader automation to an AI-powered automation platform.

Chirag Ved:

Okay. Thank you.

Operator:

Thank you. Next question is coming from Terry Tillman from Truist Securities. Your line is now live.

Dominique Manansala:

Hi. This is Dominique Manansala on for Terry. Thanks for taking my question. So just looking at the recently achieved FedRAMP authorization, could you provide more details on your progress in customer interest and the pipeline you see in the public sector so far? And are there any specific government agencies or verticals where you see the greatest potential for automation adoption?

Daniel Dines:

Well, I think public sector it's one of the fastest growth industry for us. I'm very happy having achieved the FedRAMP authorization, and I think this is going to accelerate our business in public sector. We also are looking forward to take the lessons learned while building FedRAMP into other countries and territories and power more of our public sector business. So, I think long-term, we are seeing an increase of the percentage of revenue in our company coming from the public sector, for sure.



Dominique Manansala:

Great. Thank you.

Operator:

Thank you. Next question is coming from Michael Turrin from Wells Fargo. Your line is now live.

Michael Turrin:

Hey, great. Thanks. Appreciate you taking the question. We've touched on the transition a bit and the slight shift in priorities with Daniel stepping back into the CEO role. Maybe I'm curious just to go back and if you could provide us with an update on how those efforts are progressing. And in particular, we're looking at the customer metric and noticed an uptick there for the first time in a couple of quarters. And so, I'm wondering if that's at all reflective of some of the changes and focus you're implementing. Any commentary on just new customer additions and what you're seeing there is also helpful? Thanks.

Ashim Gupta:

Look, I think like we said, I think we feel like a better connected team and a more streamlined team will execute better, and I think that should reflect more and more across every part of our core metrics and our core financial results. What I'd still say, Michael, is I don't think our philosophy has changed. We're still looking after quality of new logos versus quantity. I think the uptick, it's a good quarter that we have there, but I don't look at that as a change in philosophy or strategy. I just think about it as better execution overall. And it's an area that we'll continue to monitor.

We still feel like the land-and-expand is an important part of who we are, but that expansion motion also continues to be a primary driver. And frankly, when we're talking into and inspecting our pipeline, looking into our different regions and territories, we ask about both, new customers as well as expansions. And we're really pleased with the response our teams right now are giving us and the execution levels of this quarter that we're starting to see.

Michael Turrin:

Thanks and congrats on the expanded role, Ashim.



Ashim Gupta:

Thanks, Michael.

Operator:

Thank you. Next question is coming from Scott Berg from Needham & Company. Your line is now live.

Scott Berg:

Hi, everyone. Thanks for taking my question here. I'll just go with one in the essence of time here. Ashim, one of the things you mentioned was cloud revenues up 65% year-over-year to, I think it was just over \$850 million. Help us understand, I guess, what yield composition looks like. That's a big number. It's up a lot. I know you're kind of pushing that platform or some of those modules and use cases more. But as we think about the business maybe for the balance of the year, how much of the balances is, I guess, squared on those types of use cases in modules versus maybe what you've seen over the last year or two? Thank you.

Ashim Gupta:

Well, I think we've seen a consistent growth rate of like strong and elevated growth rate on our cloud-enabled customers and just our cloud in general. One of it is just overall awareness that continues to drive across our customer base, but more so, their own readiness to move to the cloud and start adopting those cloud products.

When you look at things like Communications Mining, when you look at things like Document Understanding, I think the value to move to be a part of the cloud continues to accrete and we really like that. At the same time, like we've always said, we want to be customer-centric in this regard and make sure customers have the flexible choice, and that's really what we're providing and allowing them to move to their own journeys.

I do think as our platform expands, and we have a cloud first mindset in our releases, et cetera, I think that continues to drive more and more value that customers can drive for the cloud itself.

Scott Berg:

Got it. Very helpful. Thank you for the question.



Operator:

Thank you. We reached the end of our question-and-answer session. I'd like to turn the floor back over for any further or closing comments.

Daniel Dines:

Thank you so much, everyone, for your questions. I would like to remind you that our user conference event is coming in just six weeks. I would like to see many of you in Vegas. And I'm looking forward to meeting also many of you over this quarter. Thank you.

Operator:

Thank you. That does conclude today's teleconference and webcast. You may disconnect your line at this time and have a wonderful day. We thank you for your participation today.