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Asana, Inc. (ASAN)

Q3 2024 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Thank you for standing by and welcome to Asana's Third Quarter Fiscal Year 2024 Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speaker presentation, there will be a question-and-answer session. [Operator Instructions]

I would now like to hand the call over to Catherine Buan, Head of Investor Relations. Please go ahead.

Catherine Buan

Head-Investor Relations, Asana, Inc.

Good afternoon and thank you for joining us on today's conference call to discuss the financial results for Asana's third quarter fiscal 2024. With me on today's call are Dustin Moskovitz, Asana's Co-Founder and CEO; Anne Raimondi, our Chief Operating Officer and Head of Business; and Tim Wan, our Chief Financial Officer.

Today's call will include forward-looking statements, including statements regarding our expectations for free cash flow, our financial outlook, strategic plans, market position, and growth opportunities. Forward-looking statements involve risks, uncertainties and assumptions that may cause our actual results to be materially different from those expressed or implied by the forward-looking statements.

Please refer to our filings with the SEC, including our most recent annual report Form 10-K and quarterly report on Form 10-Q for additional information on risks, uncertainties and assumptions that may cause actual results to differ materially from those set forth in such statements.

In addition, during today's call, we will discuss non-GAAP financial measures. These non-GAAP financial measures are in addition to and not a substitute for or superior to measures of financial performance prepared in accordance with GAAP. Reconciliations between GAAP and non-GAAP financial measures and a discussion of the limitations of using non-GAAP measures versus their closest GAAP equivalents are available in our earnings release which is posted on our Investor Relations webpage at investors.asana.com.

And with that, I'd like to turn the call over to Dustin.

Dustin Moskovitz

Chief Executive Officer, Co-Founder & Director, Asana, Inc.

Thank you, Catherine. And thank you, all, for joining us on the call today. In Q3, we beat our top and bottom line expectations again and continue to build on our leadership and the enterprise. Q3 revenues grew 18% year-over-year and non-GAAP operating loss margins were 5.9%, an improvement of over 30 percentage points versus the year-ago period. Top line growth was led by our continued success in the enterprise. Revenues from our core customers or those spending $5,000 or more on an annualized basis grew 20%, and revenue from our enterprise customers grew at an even faster clip.

Dollar-based net retention rate from customers spending $100,000 or more on an annualized basis, which we view as an indicator of traction among enterprise customers, came in at over 120%, greater than the dollar-based net retention rate for our overall customer base. As you can see, our investments in the enterprise are beginning to pay off as we further our partnerships with some of the largest companies across major industries. While the macroeconomic headwinds continue especially impacting business in our renewal base, we're seeing signs of stabilization in new business.

Overall, awareness and demand for work management continues to expand. Across our total customer base, we're at over 3 million paid seats, showing increasing adoption of Asana worldwide. From an operational standpoint, we've made great progress on improving our non-GAAP operating margins. On a nine-month basis, margins improved 34 percentage points year-over-year. We expect improvement in non-GAAP operating margin year-over-year for the full year as we focus on operational efficiency and growth which Tim will talk about more.

This year is an important transition period for us. In the past year, we've optimized our investments across our organization, making substantial year-over-year improvements in our margins each quarter. We've brought onboard enterprise software veterans to lead our go-to-market strategy and execution, and we're embarking on a new product cycle of innovation on our industry-leading platform, leveraging AI.

With that, let me turn to our progress on the product side. So, what have we announced? In early October, we rolled out Smart Summaries to identify action items and highlights from conversations, tasks and comments. Smart Editor, write clearer, more compelling responses that strike the right tone, and Smart Fields to organize projects with auto-generated custom fields.

We also started rolling out two more features in November. First, Smart Answers to get timely answers and insights about projects, identify blockers and determine next steps. And second, Smart Status to identify blind spots, open questions and roadblocks with automatic status updates.

We've had great early feedback from beta customers. Tens of thousands of users are learning our AI-powered features. One of the most popular has been Smart Summaries that not only helps you identify action items and highlights from conversations, tasks and comments, but also automatically generate subtasks. This allows for more flexibility and much greater productivity.

One of our beta customers specifically like Smart Status. They told us that they currently spend 2 to 2.5 hours every other week reading context to do this manually. They added, I'm especially excited to see you roll this out at the portfolio level. And I'm excited about that, too, because it's going to powerfully amplify the value you get from connecting work across levels in the Asana Work Graph, without requiring any additional work from customers.

In contrast to some other approaches, we focus on integrating AI into existing user workflows to maximize their value by creating a new project, building out the details of a task, including suggesting subtasks, or writing a new status summary of our project. And customers are really excited about some of our upcoming roadmap that uses all our Work Graph context to intelligently orchestrate work like helping predict the time required for tasks, so that they can more easily plan and manage their work.

Interest and momentum when it comes to Asana and AI is growing. As you know, we had successful customer events in New York City and London last quarter with our Work Innovation Summit, focused on AI and the future of work. We expect to continue the marketing momentum into next year.

As we shared at the Work Innovation Summit and our Investor Day, the way we've engineered our products with AI is more than a copilot for individuals. We see it as both copilot and air traffic control for entire organizations. The Work Graph serves as a shared map, powering us on intelligence, helping to align human intention with AI guidance as they work together to achieve the customers' goals.

Unlike tools that are narrowly focused on individuals or specific teams and use cases, Asana maps the relationships across the entire company between individuals and the work they're trying to achieve, ensuring you get reliable, accurate and trusted generative output. Simply asking open-ended questions about all of the training data used to train a foundation model yields results that aren't as useful, leading to hallucinations that decreased trust and adoption of AI.

With Asana, AI amplifies the power of connecting our customers' work to their business goals, allowing them to accomplish things within the right context. This is a highly differentiated capability that customers are very excited about and the summit attendees reported an aha moment on the value of the Work Graph when seeing our AI demos.

We also recently hosted an Asana Intelligence Training event with over 1,500 people from leading organizations in industries such as media, transportation, education, food and beverage and of course tech, illustrating how broad interest in Asana intelligence is growing.

Notably, we're also seeing adoption of Asana within leading AI companies like Anthropic, OpenAI and Alignment Research Center. Our new packaging strategy introduced at our Investor Day in October and launched less than a month ago will further adoption of AI and help on-ramp customers to our Advanced and Enterprise tiers. Early feedback from the sales force was that customers are excited to learn about our multiple enterprise offerings.

In closing, I'm more excited than ever about the potential of Asana to where we can go with the platform and capabilities. For example, it's even more amazing to work with our own R&D team right now. I'll have an idea for something LLMs might do in the product and very often a couple weeks later, they'll come back and say they've got a working version, it was easier to build than they expected, and the output is more impressive than they predicted it would be. Everything we're focused on today is in service of enterprise growth, building pipeline, retention and C-level customer engagement.

And now, I'll turn it over to Anne.

Anne Raimondi

Chief Operating Officer & Head of Business, Asana, Inc.

Thanks, Dustin. In Q3, we continued to be impacted by macroeconomic headwinds. Deal cycles continue to be longer and budgets continue to be a significant factor. However, as Dustin mentioned, we are beginning to see signs of stabilization, especially for new business which includes expansion. We still need to work through some of the original headwinds that are impacting larger customers.

Geographically we saw bright spots in Asia especially Japan and Europe this quarter. As an example, Asana was particularly strong with high-profile retail and consumer product goods companies this quarter.

Our pipeline continues to build especially with the success of events such as our Work Innovation Summit in New York City and London in October. Revenue from our top two product tiers grew over 25% in Q3.

As we continue to roll out our new packaging that was shared at Investor Day, we expect to see new customers, in particular, accelerate their journey into our premium tiers to utilize our most unique Enterprise capabilities.

Enterprise customers, representing organizations with over 2,000 employees, continue to be our fastest growing customer cohort. Executives are planning long-term and looking to partner with one strategic partner, and we believe this is driving multi-year commitments for us.

Our enterprise customers are asking us about AI and automations in Asana. For example, customers we're meeting with through our executive briefing program are excited about the roll up of status reports using Asana's AI features. Currently, writing project status might take hours, but with AI, each report can be written in just a few minutes while never missing an important detail, leaving employees and executives with more time for more valuable work.

Also, Asana plus AI helps organizations ramp usage where change management may otherwise be a factor. We believe our AI roadmap and our new packaging will help to further drive adoption. We're seeing new business broadly across several diverse industries, healthcare, financial services, media, transportation, manufacturing, among many others.

Within media, customers rely on Asana to manage their core business processes such as developing on-air creative, managing production workflows, and sourcing new talent on our platform. Paramount Global, a leading global media and entertainment company, has been a customer of ours for a few years now and expanded their use of Asana to all their employees this quarter. And we had another large media conglomerate, DirecTV, that had a significant expansion this quarter.

We're seeing continued growth within the healthcare and biotech vertical this quarter. For example, Norton Healthcare, who we have talked about in the past, increased their commitment with Asana this quarter. They use Asana to onboard hundreds of new physician providers to their vast hospital and healthcare system.

Additionally, another healthcare provider that serves over 100 million people around the world expanded their use of Asana. Departments that serve their clinical programs, as well as marketing and financial operations, rely on Asana's to automate work, manage strategic projects, enable seamless collaboration across teams, and facilitate executive reporting so they can increase operating efficiency to drive better patient outcomes.

And we continue to expand in other industries. A global transportation and food delivery marketplace company extended their use of Asana in a multi-year early renewal deal. Our robust analytics capabilities, Jira data sync integration, and product roadmap, including AI capabilities, were key factors for this win.

Our enterprise solution is a strategic application for the company and is used cross-functionally by many departments for everything from business strategy planning to product development to account management.

One of the largest hospitality companies in the world headquartered in France chose Asana in a multi-year land deal for their global marketing, communications, and e-commerce departments. A Global 2000 retail company with over 1,000 store locations expanded their use of Asana and upgraded to our Enterprise solution to manage the openings and maintenance of their metro stores, as well as their quarterly planning workflow.

And some of the most influential leaders in tech are expanding. Following the momentum from Q2, we expanded significantly with a large, high-profile enterprise software company. This is a good leading indicator that when tech recovers, it could be a tailwind for us.

In summary, we are seeing more multi-year deals up both sequentially and year-over-year, winning on vendor consolidation decisions, and are continuing to diversify our enterprise success across more industries. But we still have more work to do.

Looking to Q4 and the beginning of next year, we continue to focus on building pipeline for new enterprise ARR with targeted events and executive meetings around the world; improving expansion rates through customer success programs and strategic initiatives such as the introduction of AI in our new product tiers; enhancing our professional services offering which will deepen our partnerships within our most strategic accounts; and increasing adoption of our differentiated enterprise capabilities.

And with that, I'll hand it over to Tim.

Tim M. Wan

Chief Financial Officer, Asana, Inc.

Thank you, Anne. While I'm pleased with our high-level results, some of the underlying drivers were not as strong as we had hoped. As Anne mentioned, we continue to see headwinds from a macro standpoint which continues to impact our dollar-based net retention rates. We also have more work to do as we develop our enterprise go-to-market muscle and continue transitioning upmarket. By the same token, I am proud of the efforts the team has put in to manage cost and improve efficiency. We continue to make substantial progress on improving our operating margins.

Onto our Q3 results. Q3 revenues came in at $166.5 million, up 18% year-over-year. We have 21,346 core customers or customers spending $5,000 or more on an annualized basis. Revenue from core customers grew 20% year-over-year. This cohort represented 74% of our revenues in Q3, up from 73% in the year ago quarter.

We have 580 customers spending $100,000 or more on an annualized basis and this customer cohort grew 18% year-over-year. As a reminder, we define these customer cohorts based on annualized GAAP revenues in a given quarter.

Our dollar-based net retention rates were lower, mainly driven by seat adjustments. Our overall dollar-based net retention rate was over 100%. Our dollar-based net retention rate for our core customer was over 105% and customers spending $100,000 or more, our dollar-based net retention rate was over 120%.

As a reminder, our dollar-based net retention rate is a trailing four quarter average calculation and thus lagging indicator. We continue to see stable logo churn rates overall and low churn in our largest accounts. However, companies remain mindful of the near-term economic challenges. I'll speak specifically to our outlook regarding this in a moment.

As I turn to expense items and profitability, I would like to point out that I will be discussing non-GAAP results in the balance of my remarks. Gross margins came in at 90.6%. Research and development was $51.2 million or 31% of revenue, an improvement from 36% a year ago. Sales and marketing was $82.6 million or 50% of revenue, an improvement from 70% a year ago.

G&A was $26.9 million or 16% of revenue, an improvement from 22% a year ago. Operating loss was $9.8 million, and our operating loss margin was 6%, representing a 31 percentage point margin improvement versus a year ago. The improvement in our operating margin demonstrates our ability to take a balanced approach to growth and profitability. Net loss was $8.2 million, and our net loss per share was $0.04.

Moving on to our balance sheet and cash flow. Cash and marketable securities at the end of Q3 were approximately $530 million. Our remaining performance obligations, or RPO, was $335.1 million, up 23% from the year-ago quarter. We expect 85% of RPO will be recognized over the next 12 months. The current portion of RPO grew 21% from the year-ago quarter.

Our total ending Q3 deferred revenue was $255.4 million, up 19% year-over-year. Our free cash flow is defined as net cash from operating activities, less cash used in property and equipment and capitalized software costs, excluding non-recurring items such as costs related to restructuring.

Q3 free cash flow was negative $11.5 million or negative 7% on a margin basis, an improvement from negative 34% from the year ago quarter. On a year-to-date basis, our free cash flow was negative $13.4 million, approximately $120 million improvement from the same year-ago period.

Moving to guidance. For Q4 fiscal 2024, we expect revenues of $167 million to $168 million, representing growth of 11% to 12% year-over-year. We expect non-GAAP loss from operations of $23 million to $21 million, representing an operating margin of negative 13% at the midpoint of guidance, a measurable improvement from the same year ago period. And we expect net loss per share of $0.10 to $0.09 assuming basic and diluted weighted average shares outstanding of approximately 223 million.

For the full fiscal year 2024, we expect revenue to be in a range of $648.5 million to $649.5 million, representing a growth rate of 19% year-over-year. We expect non-GAAP loss from operations of $66 million to $64 million, representing an operating margin of negative 10% at the midpoint of guidance, an improvement from negative 38% in fiscal 2023. And we expect net loss per share of $0.27 to $0.26 assuming basic and diluted weighted average shares outstanding of approximately 219 million.

Our guidance assume that there is no change in the current macroeconomic environment. We expect our overall dollar-based net retention rate to remain above 100% for the year. We continue to believe dollar-based net retention rate should bottom in Q1 at plus or minus 100% when a number of large deals from the previous year renew.

In addition, the leadership changes we have made in our sales organization will take time to manifest. We are committed to maintaining a disciplined and balanced approach to optimizing cost and improving efficiency and profitability.

We will continue to invest in the future growth opportunities like AI, which we expect will drive long-term value. We remain committed to delivering positive free cash flow by the end of calendar 2024.

As we work towards reaching free cash flow, we are encouraged by the progress we've made, and I'm optimistic about our future. Over the next 18-24 months, we anticipate incremental growth will be driven by expansion from our core customers which will be a tailwind to our NRR.

Our focus on moving upmarket, so moving more of our customers to the $100,000 spend levels, and our new packaging which will help with more lands, improve adoption and new expansion.

And with that, I'll turn it back to the operator for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our next question comes from the line of Josh Baer of Morgan Stanley.

Josh Baer
Analyst, Morgan Stanley & Co. LLC

Q

Great. Thank you very much for the question. I wanted to talk about the shift upmarket and focus on the enterprise, and just wondering like where you think you are, what inning as far as the investments in product go-to-market, just thinking through the packaging strategy, leadership changes, Tim, that you just referenced and anything else as far as initiatives and focus there.

Anne Raimondi
Chief Operating Officer & Head of Business, Asana, Inc.

A

Hey, Josh. This is Anne. Thanks for your question. Yeah. I think we're feeling good about the investments that we've been making to go upmarket. You called out a couple of different things, and I'll address those. We're really excited that all of our key leadership roles across go-to-market are now filled and these leaders have been adding great talent to the team where we've needed additional enterprise expertise.

We have more ramp reps and reps with greater tenure than this time last year. So we're feeling good about that as well. And we'll continue to invest appropriately to support growth in priority markets so we can reach and serve customers well.

On packaging, we're seeing really early positive feedback and interest from customers, in particular customers really appreciate our approach to providing AI in every paid plan that's clearly tied to value and supported by our guiding principles for AI.

We've only been fully rolled out now for a few weeks. But with two enterprise plans now available, we're already seeing dozens of customer migrations up to those packages that include additional investment in Asana. So we're excited about that, excited about the quality of the sales conversations with executives and greater velocity in helping these customers choose the right strategic plans for both value and growth.

So more to do but excited that the investments that we've been making both in go-to-market, the team and product and our plans are starting to have good traction.

Josh Baer
Analyst, Morgan Stanley & Co. LLC

Q

Great. Thank you. And a quick one for Tim, just on the target for positive free cash flow. Just wanted to confirm, is that without regard to the macro, meaning if it gets better, worse stays the same, no matter what the growth trajectory is we're still looking for positive free cash flow by the end of 2024.

Tim M. Wan
Chief Financial Officer, Asana, Inc.

A

Yeah. Our outlook hasn't really changed. Things haven't gotten noticeably better, nor noticeably worse. So we're still committed to delivering free cash flow by the end of calendar 2024.

Josh Baer
Analyst, Morgan Stanley & Co. LLC

Q

Great. Thank you.

Tim M. Wan
Chief Financial Officer, Asana, Inc.

A

Thanks, Josh.

Operator: Thank you. Our next question comes from the line of Alex Zukin of Wolfe Research.

Alex Zukin
Analyst, Wolfe Research LLC

Q

Hey, guys. Thanks for taking the question. So maybe just two for me. One, on thus far in the renewals that you're seeing in some of your largest customers, it seems like you're pretty confident about that NRR troughing at 100% plus or minus. So what has kind of been some of that dynamic or activity? Or maybe just give us a sense for the visibility that you have there, what you've seen play out today. You mentioned some of the larger deals, but what's happening on renewal with the competitive environment? And then just a quick follow-up for Tim.

Tim M. Wan
Chief Financial Officer, Asana, Inc.

A

Hey, Alex. It's Tim. So I think what we're seeing is, obviously, we have pretty good line of sight in terms of the utilization of many of our large accounts. What I would say is similar to what we shared on the Investor Day, most of the net retention rate is impacted by seat adjustment or seat reductions, primarily from companies that either had a layoff at this time last year and their renewal is up, and they're just readjusting their own footprint. So I feel like we know which companies are likely going to renew. We know their utilization. So we have a pretty good handle in terms of what the outlook will look like. Obviously, there can always be surprises, but I think we feel pretty confident about the current line of sight.

Alex Zukin
Analyst, Wolfe Research LLC

Q

Perfect. And then just maybe on the CRPO balance, it was down sequentially. Was that, again, a result of that heightened down-selling pressure? And any way to think about CRPO for Q4 and kind of how to tie that with where we are at a high level for growth next year?

Tim M. Wan
Chief Financial Officer, Asana, Inc.

A

Yeah. I think from an RPO, CRPO perspective, it did grow, I want to say, 21% on a year-over-year basis, and there's certainly some lumpiness in terms of some of the shape of the deals. I would say the RPO number is also impacted kind of by the renewals, and that's kind of what we've been seeing pressure on in terms of the business.

Alex Zukin
Analyst, Wolfe Research LLC

Q

Okay. Great. Thanks, guys.

Operator: Thank you. Please stand by for our next question. Our next question comes from the line of Taylor McGinnis of UBS. Please go ahead, Taylor.

Taylor McGinnis
Analyst, UBS Securities LLC

Q

Yeah. Hi. Thanks so much for taking my question. So maybe first, could you give us a sense of the growth or NRR expansion activity outside of the impacted verticals like tech and where you're seeing the most rationalization or optimization activity? Just perhaps if you could help give some visibility to the growth we could see coming on the other side of the tougher renewal activity?

Tim M. Wan
Chief Financial Officer, Asana, Inc.

A

Yeah. I don't know if we shared this on the call – on this call or the call earlier, but I think we did make a comment in the past that what we've seen is that like if you segment our business across tech versus non-tech that the non-tech sector is actually growing faster than our tech business. And most of the pressure that we've seen on both the renewals and expansion is coming from the tech. Many of the customer logos and stories that Anne highlighted such as healthcare and media, those are non-tech businesses, and I think we're really encouraged by the footprint.

Now, the other positive that I would want to point out is that where we've had new leaders in regions for about a year, we've seen better performance out of those reps and out of those geographies. So I'm really encouraged by what we see in Asia and some early signs from Europe as well. So I think we're encouraged both by the regions and the non-tech sectors that we've gained foothold in.

Taylor McGinnis
Analyst, UBS Securities LLC

Q

Perfect. And then my second question is going off of Alex's question that he asked earlier. So if you look at billings and bookings growth for the like two quarters, I think it's been in the low-teens. So how should we think about those metrics being leading indicators as we think about growth going forward?

And then as we look into 4Q and 1Q, is there any additional color you can provide on what the renewal basis look like in those quarters and if there's anything to keep in mind from one to the next and how that might compare to what we've seen more recently?

Tim M. Wan
Chief Financial Officer, Asana, Inc.

A

Yeah. I mean at this point, we're not giving fiscal year 2025 guidance, but what I would encourage you all to think about is just like we want to stay as conservative as possible until we have more line of sight into the new year and how the year will shape up. But we'll provide an update on our Q4 earnings call.

Taylor McGinnis
Analyst, UBS Securities LLC

Q

Thank you.

Operator: Thank you. Our next question comes from the line of Pat Walravens of JMP Securities. Your question, please, Pat.

Pat Walravens
Analyst, JMP Securities LLC

Q

Oh, great. Thank you very much. Dustin, I'm going to go really big picture here. Do you think the changes in the governance of OpenAI is bad for the future of humanity?

Dustin Moskovitz
Chief Executive Officer, Co-Founder & Director, Asana, Inc.

A

Yeah, that is really big picture.

Pat Walravens
Analyst, JMP Securities LLC

Q

I know. I know. I have one for Tim after, but I'm going to start with that.

Dustin Moskovitz
Chief Executive Officer, Co-Founder & Director, Asana, Inc.

A

I mean, honestly, I sort of don't feel like we know what the changes to the governance of OpenAI are. My understanding is they have a temporary board whose goal is to create a new governance structure and elect a new board, and I think we'll have to judge it based on that.

I do want to maybe just like echo some of the comments I've seen. I don't think I ever really thought that trying to govern the private companies to act differently was going to be the thing that most de-risked problems with AI. And so, I really think it just underscores the need to solve it with higher level regulation rather than government structures.

Pat Walravens
Analyst, JMP Securities LLC

Q

Yeah. Agreed. And then, Tim, much more practically, in your script you commented that some of the underlying drivers were not as strong as we had hoped. I mean, I think you've touched on some of that. But can you just sort of summarize what you're referring to there?

Tim M. Wan
Chief Financial Officer, Asana, Inc.

A

Yeah. I would say two things. I think like we're still seeing pressure on renewals. So, I think there's compression kind of in our net expansion rate. That's one. And I do think we'll lap those by the end of Q1, primarily because if you look back at layoffs and tech, there were a number of large companies that were still doing layoffs at the beginning of Q1.

And I think once we get through that period, we'll have some more tailwinds in our NRR. The other piece, obviously, is I think like the regions that I spoke about that are performing EMEA and APAC, those have been nice surprises. But I think we still have more work to do in Americas.

Dustin Moskovitz
Chief Executive Officer, Co-Founder & Director, Asana, Inc.

A

I just want to add too, since layoffs have been in the news again recently. But just by the numbers, I think it's just important to put them in context of the proportion. So the cycle we're seeing now from some of the recent announcements, if you just add it all up, it's about one-tenth or less than what we saw a year ago. So, those are still headwinds with those specific customers, but it's not nearly the same as what we're trying to lap and cycle out of the numbers.

Pat Walravens
Analyst, JMP Securities LLC

Q

Okay. Great. Thank you.

Operator: Thank you. Our next question comes from the line of George Kurosawa of Citi. Please go ahead, George.

George Kurosawa
Analyst, Citigroup Global Markets, Inc.

Q

Thanks for taking the question. I'm on for Steve. You talked about stabilization in new business. I'm wondering if you could just double click a little bit into what you're seeing there. Any color on what metrics seem to be improving?

Dustin Moskovitz
Chief Executive Officer, Co-Founder & Director, Asana, Inc.

A

Yeah. Just in terms of new bookings that we're seeing and the consistency that we've seen over the last two, three quarters, I feel like especially in some of the geographies that I mentioned, both from a predictable standpoint, from a pipeline standpoint and from a close standpoint, I think those have been really encouraging.

I would say, if we were sitting here last year, we were seeing deceleration in bookings. But sitting here today, it's much more stable. And I think that's a sign, and we're optimistic that we build our new bookings up from this level.

George Kurosawa
Analyst, Citigroup Global Markets, Inc.

Q

Got it. Super helpful. And I think during the Analyst Day, Ed talked a lot about some of the execution improvements in EMEA and then trying to replicate that success in the US. Sounds like EMEA is still doing pretty well, but maybe just an update on how those changes to the US go-to-market organization are going and when you expect to see some improvements. Thank you.

Anne Raimondi
Chief Operating Officer & Head of Business, Asana, Inc.

A

Yeah. George, it's Anne. I'll answer that. It's been great to have Ed on board a full quarter. Things that we're seeing him do both in America and around the world are continuing to create a really strong culture of winning, especially upmarket, driving a lot of operational rigor across the team. He's also been instilling a culture and a discipline of building strong executive relationships with customers. So, that's been great to see.

And then, just a tight partnership with our global marketing organization, so the executive events we mentioned, getting our customers together with one another to share innovative work management practices. All of that, I think, is improving performance and we'll see that pay off in the coming quarters. And then, we'll have more to share. But as he's been working really close with the team, I think we're also seeing some great momentum there.

George Kurosawa
Analyst, Citigroup Global Markets, Inc.

Q

Awesome. Thanks for taking the questions.

Operator: Thank you. Our next question comes from the line of Rishi Jaluria of RBC Capital Markets. Your question please, Rishi.

Chris Fountain
Analyst, RBC Capital Markets

Q

Hi. This is Chris Fountain on for Rishi Jaluria. Thanks for taking the question. So I realize the new packaging strategy only went into effect back in November. But just wondering if you could expand a little bit more on the feedback you've heard so far.

Anne Raimondi
Chief Operating Officer & Head of Business, Asana, Inc.

A

Sure. Hey, Chris. I think the feedback that we're hearing both from our field who are having conversations with our customers, our renewals team, our customer success team and from customers directly themselves is they do really appreciate how we've made AI very accessible in the product in every paid plan. I think that is something that differentiates our approach to AI, AI designed directly into the workflows that employees and leaders are using. So, that's actually brought forward some renewal conversations in some cases.

We've been, as I mentioned earlier, just pleasantly surprised to see just the level of engagement even though we're only a couple of weeks out in terms of customers choosing to move to our Enterprise package. And now that we've got two of those choices, I think there's also more robust conversations that we can have with customers who are interested in those features and functionality. But we anticipate we'll continue to share more with you and have more updates in the next quarter, but the first few weeks have been really positive.

Chris Fountain
Analyst, RBC Capital Markets

Q

Great. Thank you

Operator: Thank you. Please stand by for our next question. Our next question comes from the line of Brent Thill of Jefferies. Your question please, Brent.

Brent Thill
Analyst, Jefferies LLC

Q

Dustin, you put together this public plan to buy 30 million shares by the end of December. I think the last filing had you close to 9 million, so a long way to go. Can you just talk at a high level of how you're thinking about this kind of the plan is only 30% filled? How do you think about that trajectory and the shape of that plan?

Dustin Moskovitz
Chief Executive Officer, Co-Founder & Director, Asana, Inc.

A

Yeah. So, I'll just confirm the 10b5-1 is still filed. And, gosh, when did we originally file it, March?

Tim M. Wan
Chief Financial Officer, Asana, Inc.

A

March.

Dustin Moskovitz
Chief Executive Officer, Co-Founder & Director, Asana, Inc.

A

Okay. So, all I can say is like the way I thought about that trajectory was locked in in March and I had to try and forecast the future in a really volatile market and so I did the best I could. And now, things are playing out. But, yeah, that's basically all I can say about it at this point.

Brent Thill
Analyst, Jefferies LLC

Q

Okay. That's great. And, Tim, just to follow up on the renewal kind of when you expect that to get more base underneath it, I mean is there – in the next couple of quarters, is there an event or something that happens that you think you'll get a better basing on the renewals? Or how do you think about that specifically?

Tim M. Wan
Chief Financial Officer, Asana, Inc.

A

Yeah. I mean when we look at the renewals that we have coming up and the companies that were impacted at some point this year due to layoff and looking at their utilization, we feel like we have a pretty good handle and plan and understand what that renewal will look like. So, I think we have line of sight. There's always surprises, but I feel like we have a pretty good handle in terms of lapping the difficult comps that we'll have probably by the end of Q1.

Brent Thill
Analyst, Jefferies LLC

Q

Great. Thank you

Tim M. Wan
Chief Financial Officer, Asana, Inc.

A

Thanks.

Operator: Thank you. Our next question comes from the line of Jason Celino of KeyBanc Capital Markets.

Devin Au
Analyst, KeyBanc Capital Markets, Inc.

Q

Great. Thanks for taking our question. This is actually Devin on for Jason today. Wanted to ask about the early renewal deal that you called out, I believe this is the second quarter you're seeing this trend. I'm assuming this is customer-driven, but any other details you can share, what the reasons are from the customer side? And are you expecting more of these early renewals happening in the coming quarters?

Anne Raimondi
Chief Operating Officer & Head of Business, Asana, Inc.

A

Yeah. Hey, Devin. So in that case that we mentioned, it's a global transportation and food delivery company which I actually happen to be a very loyal customer of. But we'd been talking to them about just strategically all the use cases where they wanted to expand. And so what we really saw is both the combination of our AI features, the investments that we had made in scalability and security, and their business priorities and needs really just resulted in early renewal so that they could again roll out much more quickly.

Do we anticipate seeing more of those? I think it's still early, but I do think with the conversations our teams are having with customers with our new plans, those could create opportunities for customers to early renew. But again, we'll have more of that to share as we have more traction with the new plans. But again, early conversations are driving good velocity in helping customers choose the right options for them as they plan for growth over the next year.

Devin Au
Analyst, KeyBanc Capital Markets, Inc.

Q

Got it. That's helpful. And then maybe just one quick one. Just want to ask about the 4Q revenue guide. I think at the midpoint. You're sort of assuming a decel in sequential growth. Is that just mainly conservatism or any other reasons there would be helpful? Thanks.

Tim M. Wan
Chief Financial Officer, Asana, Inc.

A

Yeah. The forecast is kind of based on our current -- what we're seeing in the business right now and, hopefully, probably since we've been public, hopefully we've been in a position where we've over-delivered and we try to do the best that we can on the forecast.

Operator: Thank you. I would now like to turn the conference back to Catherine Buan for closing remarks. Madam?

Catherine Buan
Head-Investor Relations, Asana, Inc.

Thank you. And we just want to thank you again for joining us today. We know that earnings is a very busy season for you. We appreciate your time and we look forward to seeing you on the road this month and in January. Thank you.

Operator: And this concludes today's conference call. Thank you for participating. You may now disconnect.