

**Baird Conference**  
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**Transcript of Fireside Chat (edited)**

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**Forward-Looking Statements**

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**Rob Oliver**

My name is Rob Oliver. I follow SaaS software here at Baird, and it's my pleasure to have the management team of Asana here. Joining us today, Tim Wan is chief financial officer, Tim. Nice to see you, really appreciate it.

You guys are, I think, one of the most exciting growth stories in SaaS software right now.

Maybe if you could just give a brief overview for those that might be new to the story, they need to know this one, if they invest in growth. So I kind of want to level set for the room.

**Tim Wan**

Well, first off, thank you, Rob for inviting us today and really appreciate the opportunity to talk about Asana. My name is Tim. I've been the CFO out of Asana for just over four years and hopefully some of you know us, if not, I prepared a few slides.

I can hopefully provide a quick overview and then we can get right into Q&A. A quick overview: we recently announced our Q1 results.



GAAP revenue was \$76.7 million and we grew 61%. That's an acceleration from the prior quarter, which we view at 57%. We have great gross margins. We have over 100,000 paying customers now with over 1.5 million paid users with really strong unit economics.

And some of you may not know the problem we're solving is really acute. It's harder than ever for knowledge workers to get work done and knowledge workers today are spending more of their time coordinating work. Doing work about work, trying to figure out who's got what, and trying to figure out when things are done. Really, they generally lack clarity around what needs to be done on their teams and at their companies.

We have a work management platform, 100% SaaS. Helping teams thrive by enabling them to be successful and having that clarity as a system of record for their work. I'll kind of just stop there, Rob. Maybe we can just go right into Q&A if that's okay.

**Rob Oliver**

Tim, those metrics are stunning. So, I want to talk about your origin story as a company, because I do think from my perspective, it helps to inform some of the success you guys are having right now. One of the first things I heard from investors when we picked up coverage of Asana was that it was a crowded space.

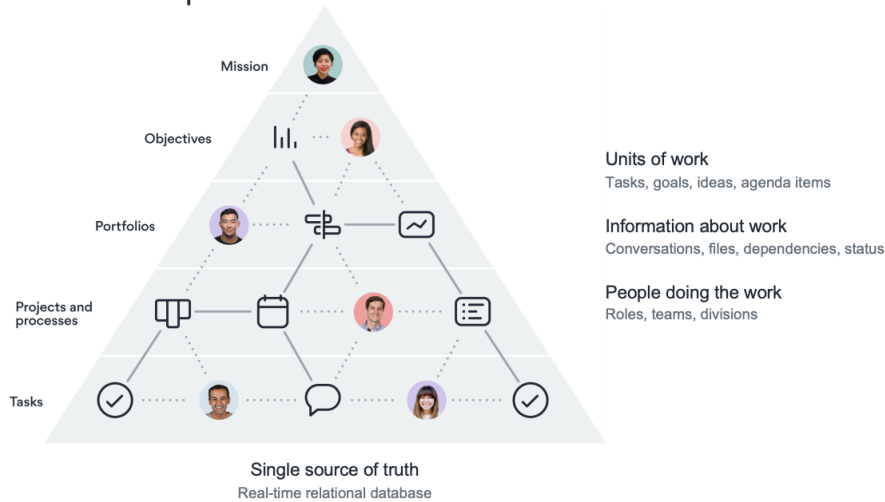
And most of our checks showed a lot of differentiations, which I think is being born out. Dustin Moskovitz is a co-founder of Facebook and he even alluded on the last call to some of the similarities between the social graph and the Work Graph that is so central to what you guys do.

Could you talk a little bit about that Work Graph--what exactly it is and how it really differentiates the Asana platform?

**Tim Wan**

I think at the core, it's really our architecture and data model that really allows us to differentiate against all the other players in the space.

**The Work Graph**



And if you really think about all the elements of work and what they're connected to (different projects, to different goals, different users, different collaborators) you can think about as a very similar concept that Dustin and JR brought over when they were at Facebook in terms of applying that same flexible data model to how we do work.

Most of the other players in the space have a view of a container model, meaning data resides within one database. If you want to have this piece of data also be part of another project, you probably end up copying it and creating a new container. Our Work Graph essentially allows us to be flexible and allows the tasks, where that unit of work is, to sit in multiple places.

The Work Graph really enabled a lot of the functionality that you see, like universal reporting or Portfolio OKR, which is objective and goal setting. The other differentiation with Asana is that it's easy to use and to adopt. And I think Dustin and JR really brought this from Facebook as well—we're really focused on the end-user and we're making the product easy for teams to get up and running quickly.

For individuals to be able to see their work, how their work needs to manifest in the overall part of their daily work, and then how that translates to the objectives of the company. A lot of that philosophy really came from Dustin and JR; the consumerization of IT.

They did this at Facebook and they understand the importance of ease of use. We've essentially brought that same philosophy

## Rob Oliver

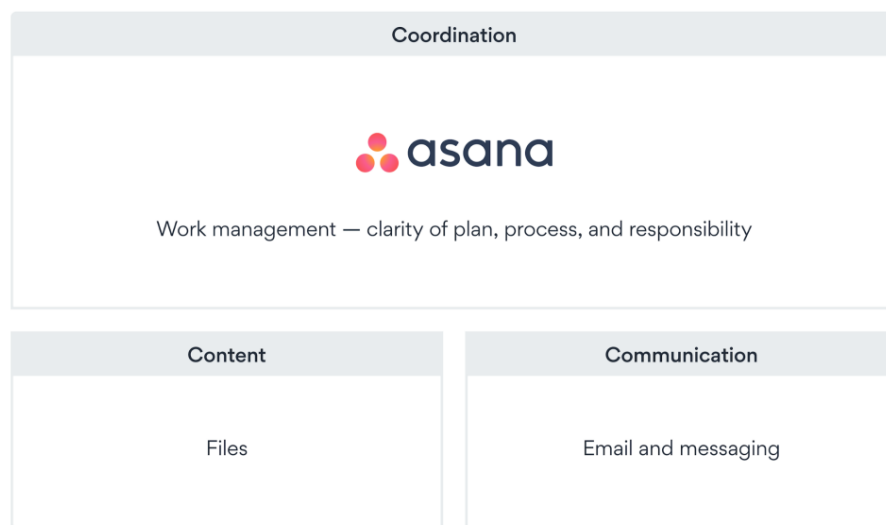
The consumerization of IT is such a theme and exactly the kind of phrase you all seem to embody it in that regard which is why I wanted to start there.

Then stepping back, you talked a little bit about work about work, which anybody who's at a job where you are on video calls or sitting at computers and planning stuff- you probably can relate to that. You said, I think, there are 1.2 billion knowledge workers out there, most of them, if they're close to my age or have been raised within Microsoft environments notice there appears to be a shift away from that.

The value proposition here is not to jettison these guys as far as I understand it. It seems that there's a lot of opportunity within the enterprise. So can you talk about how you view that competitive dynamic versus some of the traditional work vendors?

## Tim Wan

### Asana solves the problem of team coordination



I have a great slide here. We think of the collaboration space across three swim lanes. The first one being files and storage. Another swim lane is what we would probably call communication sets, email and messaging and video. Asana and the layer that we're really talking about is this coordination layer. Coordination really sits on top of all these other work elements.

And if you think about file sharing, that's a very vertical way of doing your work and it's one swim lane. However, work management is very horizontal and it's very broad. You have to have a point of view of how you want to apply structure to work and workflows. That's why we launched OKRs towards the end of last year.

In terms of how we connect the company's objectives down to every element of work-- each element of work may be sitting in a document or a file in another app, but we're really that coordination layer that can connect all those different points.

**Rob Oliver**

I remember being in your office some years ago and you telling me how much less you use email than ever before in your previous jobs. I left thinking that, is that really the case or is he giving me the corporate line?

We'll touch on the quarter, but you guys are clearly seeing some impressive moves in Enterprise. On the product side, do you think that the ability to orchestrate work and for management to look down and have that pyramid is helping to enable that expansion within the enterprise?

Clearly from people collaborating at the worker level, there are tremendous benefits, but it sounds like, throughout the organization, there's tremendous vertical and horizontal structural benefits to your product as well.

**Tim Wan**

That's a great point. You kind of alluded to our concept called the "Pyramid of Clarity" - at the very top is the mission and the objectives of the company. At the very bottom is the unit of work, the task.

**The Pyramid of Clarity**



In between, you have projects, portfolios, and team leads. We started out very early on, focused on the end user and making sure that they had the best experience. Leading to not only the

individual would put their work in Asana but that they would bring their leads or team members onto the platform.

The more data that is input across an organization, the more powerful the benefit that those teams will get in terms of how they automate their workflows, how they manage their projects, and how they connect all that work back up to their objectives. What we seen as we moved into organizations, we have this hybrid model where we have a self-serve business. Then as teams expand, we moved them up from a Premium SKU to a Business or Enterprise SKUs.

Our largest deployment today is 50,000 seats and it's an eight figure deal. This really demonstrates, "Hey, this work management platform isn't just for small businesses", but that you can have a small team within a large company and we can still also serve organizations with tens of thousands of users on the platform who are doing their work in Asana

### **Rob Oliver**

And that was born out in the quarter, we see 61% year over year revenue growth, over a hundred thousand customers paying you guys and the number, I think that speaks to what you're talking about, which I think was what got people most excited and took people's breath away on the call a little bit was customers paying over \$50K and grew 92% year over year. This really tells you that you're seeing that enterprise buy-in started. To drill in there a little bit, I know historically you guys landed in marketing departments.

I remember Dustin saying it was a plurality, not a majority. Is that changing at all? Is marketing still a sweet spot? I know you guys have pointed to a lot of other use cases within the enterprise. Can you talk about how that's evolving?

### **Tim Wan**

Generally speaking and historically, we did and we still do land a lot with marketing teams. That's generally the first use case because there's no standardized platform for marketing teams to do their work.

The nature of that work is so cross collaborative with other parts of the organization and I think Asana just really helps them organize and provide the structure necessary for them to get their work done. Other use cases we're seeing include some digital transformation from large companies that we otherwise, pre-pandemic, wouldn't have seen as much (ie a large car manufacturer in Japan). Another is folks that are onboarding new employees remotely--those are use cases that we didn't see as much before.

We're seeing a lot more use cases primarily because of the pandemic and organizations needing some kind of structure and template to bring on employees remotely due to many companies not having to do that before. In some ways, I think the problem has always been acute. However, the bulk of the remote work and the hybrid world that we're going to go into is going to make this problem even more acute. There is a need for organizations to have clarity and alignment as well as some formal type of structure around all those processes. Much of

these structures and processes, they took for granted that they could do in person and now will move to a work management platform, like Asana.

**Rob Oliver**

I also remember talking with you about your very unique go to market model. Could you talk a little bit about that? You guys don't actually make cold calls on clients as you've got this tremendous warm lead base to work with. I'd love to touch on that and help our clients understand that.

Also once customers are on board and as they start to expand, what are some of the levers you can pull to get them to expand more or illustrate some of the utility of the product?

**Tim Wan**

Generally the vast majority of our customers come via self-serve model. They come to the website, they get started on their own and we see some success with them. Accounts that have at least 50 users and we essentially have a health score on every account. That is scored by combination including usage, predicted domain size (meaning the number of employees that we think they have), and how often they've been coming back to the product. This score provides our sales team with enough data to reach out to those customers and help them onboard additional projects.

In many instances, both our Customer Success team is helping the initial teams adopt more --then that's when our Sales team actually start to engage them as a customer and partnering to get a much broader footprint within the organization. So all there's almost no cold calling. It's all primarily inside sales.

We have started building out our enterprise motion. But even when you look at the enterprise motion, these are customers that are already paying us \$50K or \$100,000 and what we're doing is figuring out how we continue to move those customers up from \$50K to a hundred and then a hundred to like, quarter million and a quarter million to half a million.

It's a very strong motion in terms of seat expansion and really successful ACV expansion within our customer base.

**Rob Oliver**

Got it. I wanted to get to the partner network which Asana announced this past quarter and is pretty exciting. Give us some thoughts on how you think about the partner network and if they are going to play a role in assisting around that expansion as part of the wider touch approach?

**Tim Wan**

From a technology standpoint, we have first class integrations with some of the big players up there and having world-class integrations with those products will make us and make them better.

In terms of channel, it has been a pretty fast growing part of the business, but I would say still a small part. So it is an area that we're investing in and continuing to invest in now. And I think it'll allow us to kind of reach customers where we may not have presence down the road.

**Rob Oliver**

Sounds like maybe international might be an area because you're expanding your channel and then at the same time, adding a ton of language support as fast as you can. Sounds like...

**Tim Wan**

We're adding Italian, Korean, Swedish and we don't have offices in many of those countries, but yes channels will be an important part.

It's pretty amazing. Our revenue outside NAMED revenue is about 40% of our revenue already. I think that really just speaks to the nature of the platform and the category that it's not just an English speaking or North American pain that we're solving. This is a pain that's felt across organizations at a global level.

**Rob Oliver**

That's powerful. Is the thought on the channel partners, and it may be that, we don't know fully yet, but, is the thought to give the channel partners an opportunity maybe to be involved in the platform as well, maybe down the road?

One of the things that Atlassian has done is built some incredibly sticky channel relationships. This has given them the opportunity, not only to piggyback off the growth of JIRA and such, but also to make money in the app side of the business as well.

**Tim Wan**

Dustin mentioned this on a call last week, we're launching a workflow gallery or an app store or a marketplace. We'll share more later but essentially think of it as an app store where partners and channels can bring additional value and build off our platform.

**Rob Oliver**

But that's not one of the things that's going to come tomorrow? You do have some tomorrow things coming.

**Tim Wan**

Yes, we have a focus and flow event launch tomorrow and we'll be highlighting some new innovations, as well as some of the very specific functionality around branding for the end user to help the end user be even more successful.

**Rob Oliver**

Got it. Going to take some questions that are rolling in my email, but I haven't asked you any financial questions yet.



You guys have a phenomenal model and do you think about this move to enterprise-, I know you've tried hard to get all of this away from billings. But, do you become either more seasonal or more lumpy? When you start to move into more enterprise, obviously a good problem to have, but what are the metrics that investors should be most focused on? If we continue to see these explosive enterprise type numbers?

**Tim Wan**

We disclosed our RPO in our 10-Q and that we were north of 80%.

Our billings are calculated. Billings grew about 80% year over year. And I think that's right. I guess as we continue to have more success with enterprise, and almost all the enterprise deals that we do are on an annual basis. You'll see the deferred continue to grow and you'll see our billings and RPO numbers continue to grow.

**Rob Oliver**

Got it. A question around competition and that's the question I always get. This is such an early stage market- it's definitely not a zero sum game because I think one of your competitors is actually on the road right now.

Can you talk about how you guys view competition by starting with product differentiation? You get to a point with an enterprise where you start to bump up against folks in the same room, who might that be?

**Tim Wan**

When we think about the landscape, obviously, I think if you look at us, and other players. We're all growing fast.

And I think that really just validates the market and that we're all in the early innings and there's a long runway for growth for all of us. And I think the IPO this week helps the category. They'll continue to validate the market. We view it really as a net positive.

I think what it really demonstrates is that the work management category or work management platforms are good for all, for all teams, all sizes, both small and large. What we've seen is as more companies and other players come into this space, they're going to raise awareness.

But where we're differentiated is that we have the Work Graph. We have a very differentiated data model. We have thought leadership around how we think about work, how we think about goals and objectives. And we've already proven that we could deploy at scale, not many companies have done 50,000 seats.

In our category, we may be the only one that has the proof that we can go small and big. You know, we have small customers and we have large customers and we can really help organizations grow over time.

Head to head is very rare and in this category, there's still not a lot of consolidation. All these companies are growing really fast.

**Rob Oliver**

Got it. On the consolidation front, I mean, just, I'll just bounce Workfront off you because it's one that we had tracked as well. I would guess, given that it's a very different sale with a very different price point. Does having that inside Adobe, which is obviously a marketing behemoth, present any challenges, or are you guys growing so fast that's really not been an issue.

**Tim Wan**

You know, we don't run into them as much or at all, because the bottoms-up model allows us to really engage with users who've already put us in their workflow, have found value and have benefited, then added more workflows or more projects as well as brought on other team members. By the time that you know where engaging either with the C-suite or the executive, or even IT teams, we can show them, "Hey, we are where you have X number of users on the platform."

Whereas, I think in more traditional project management or collaborative work management platforms have had a hard time because they're trying to support the C-suite and they're focused on trying to get people to adopt.

We're just in this world where the consumerization of IT is: if you don't have end users adopting your products from day one, you're already behind the ball. We feel like our go to market allows us to have that differentiation.

**Rob Oliver**

That's the beauty of product-led growth right there. And you guys are the epitome of that in many regards with the product being so easy to use. Next question, how do you think about the long term financial model? You're obviously investing a lot right now, how do you think about the long-term framework between growth and profitability?

**Tim Wan**

I think we shared this and I think it's still up on our website - how we thought about the growth phase and the long term model, back at our direct listing.

We're in the growth phase right now. When you're growing 61% last quarter, and accelerated from the prior quarter. So we're investing in growth. The investments that we're making are both on the R&D front and on sales and marketing. The sales and marketing investment feels really good because of the payback being in the mid teens.

We feel we have a really strong unit economics. We have increased those margins that allows us to reinvest back into the business. Again, we're still in the early innings of this category and we want to put ourselves in a position to win long term and have sustainable growth long term.

And what you'll find from us is uncompromised growth around customers- number of customers, seat growth and ACV growth. That's our approach.

**Rob Oliver**

Makes a lot of sense. About a third of the contracts are coming in on a monthly basis, if that's right... is that going to be a good measure for us to measure the move to enterprise? How should we think about that mix changing in coming quarters?

**Tim Wan**

That percentage will fluctuate a little bit, but I think it's a healthy percentage. What it tells me is that there are even small teams from large companies looking for a work management platform and, you know, the fact that a Nike or Procter and Gamble, they start on a monthly plan with a small team, giving us the opportunity to get some type of foothold initially. We're not as worried about the exact mix in the short term. I think for us, it's much more important to get the logo and add new customers, get them to adopt. Then over time, what we've proven is when companies spend more than 5,000, their net expansion rate is north of 123%.

When they spend north of 50,000, their net expansion rate is north of 140%. When companies start seeding and expanding within a dollar threshold, what we've seen is we're really sticky and that we can grow with them over time. It's really about continuing to land with new logos.

**Rob Oliver**

Right. Yeah, that makes a lot of sense. Back on the tech integrations, as you mentioned on your call, you have announced and you will roll out some product announcements and features and functions tomorrow at the event.

Some of those are things that some of your tech partners do. Wondering how you think about the potential for friction there. Is there's risk as you guys start to add more functionality that might otherwise be something that would be delivered by maybe a tech API connectivity partner, like say for example, video, which you guys are adding. Just curious how you think about it.

**Tim Wan**

I think there's always some overlap in the collaboration space. It's a really hot space right now, but I think the core of what we do is really enabled by the Work Graph, the data model, and the architecture. That powers everything-it powers our OKR, our portfolio, our universal report, views and that will power many of the things you'll see tomorrow. So we think the differentiation and the competitive advantage we have is really in the product and the R&D. I think the coordination layer, what we're doing here, is really hard, right? It's why you have to have a unified strategy and a point of view on how work gets done.

Offering an unstructured work management platform isn't going to work. I think it remains to be seen how this all plays out, but it's great to be in a market that so many players want to enter and to be in the lead position.

**Rob Oliver**

Oh, we have time for probably one more question. Your growth is tremendous right now. I think you guys have done a great job of really articulating the story to the street and also executing on your plan.

What is it that worries you? I mean, you're entering this phase now where you talked about investment and time in hiring. That's probably maybe complicated now by the fact that you're hiring remotely in some cases and also maybe those hires are more expensive than you might like.

Curious as to what, if anything, is an area that you're keen to be focused on or where are you going to keep your eyes peeled?

**Tim Wan**

I think most companies are dealing with the same thing: how do you, as the pandemic is still moving to the background, how do we all bring our team members back to work? How do we collaborate? We've gone through a year and a half of remote work with new processes, but now we want to come back. Some of us will be coming back to the office. Some of us will be hybrid. How do we bring everyone back and not let that be a distraction?

And I think for us, that's kind of the focus. How do we continue to execute with the noise of hybrid work, remote work, even for ourselves.

**Rob Olive**

That's a great point. That's actually something we're dealing with as well. You want to be able to maintain that culture and if you get your second year of hires that are coming into a place without having actually been physically there, you start to think about how sustainable that is.

**Tim Wan**

I think a third of our employees probably have never met each other in person.

**Rob Oliver**

That's amazing. Well, Tim, I'm afraid we're out of time. I really, really appreciate your time. Thanks to you, Catherine, and to Eva for joining us at the Baird's conference. We look forward to learning more tomorrow at your Focus and Flow event. Investors can click on your IR website to learn more about that.

Look forward to joining that tomorrow. Thanks again, Tim. Nice to have you!