

Jefferies Fireside Chat with Asana COO, Chris Farinacci

Transcript

April 14, 2021

Brent Thill:

Good morning and welcome everyone to the Fireside Chat with COO of Asana, Chris Farinacci. Chris leads the company's business growth and go-to-markets effort, and is coming up on 6 years at Asana. Prior to Asana, Chris led global marketing for Google's enterprise and education businesses, responsible for helping scale it to a multi-billion dollar business. He has over 30 years of experience building enterprise category leaders and businesses at Agile, Oracle, i2 and others. So Chris, why drew you to join Asana?

Chris Farinacci

Good question. It was a dream job at the time as CMO of google cloud & education. The number one reason I joined Asana by far is the value proposition and market opportunity. I believe the business problem we address is one of the biggest & most leveraged historically unsolved problems in the world. Teams spend literally more than half of their collective time at work on "work about work" vs. the actual work that contributes directly to their goals and missions of their companies. Like seller selling and developers developing and investors investing. So Asana gives teams in the category, a huge percent of their time back towards productive work and their actual missions. So the number one reason was just the market opportunity and the value. The second was Asana had the broadest vision and mission, a differentiated architecture and product. A unique bottoms up hybrid business model that sort of grows with the customer experience and the best team and culture to address the problem in the broadest sense. So the second reason for me was I thought Asana has the best team and strategy and vision to win a big share of the category that's developed.

Brent Thill

For those that are new, maybe we'll talk a little bit about the background. As we go through this, we're happy to take your questions, you can email me at bthill@jefferies.com those important questions. So we'll take your questions, as we go through this. But maybe just step back, Chris, your founder was one of the first at Facebook and created the social graph. You're now creating the Work Graph. What's the core problem that Asana solves? can you just go through that?

Chris Farinacci

Yeah I'll keep it simple. So if you think about teams even maybe small teams like your team. Everyone is struggling to understand at any given point in time who is doing what by when and more often why, how do you know, am I working on the right

things? How do they connect to my team, and my bosses priorities? How do they connect to my company's goals and my company's priority? So that's the problem we solve by providing teams and eventually whole organizations with real time clarity alignment on who's doing what, when and why. If you step back and think about the broader productivity and collaboration space, Asana is the coordination layer. So we're finding that effective teams enable the three C's of collaboration - communications, content, and coordination. We fill that coordination need and we integrate deeply with tools and content and communication categories respectively.

Brent Thill:

That's great. And what's the most important thing to know about your differentiation?

Chris Farinacci

Yeah good question. So at the technology level and any of you that follow the company probably know this. It's our architecture and what it enables. Asana is powered by and built on what we call the Work Graph, which is our unique data model, which provides a source of truth, the single source of truth for structural work. The way that translates at the customer benefit level is Asana is the only platform that provides and focuses on providing real time clarity and coordination for individuals, teams and executives and the whole organization. So it translates to at the individual level, ease of use, and maximizing personal productivity. At the team level, it translates to a lot of what we talked about on multi-homing which really means cross team, cross project, cross business process collaboration. And then for a whole orgs, it's the only platform that connects goals and strategy that connect to underlying work execution.

Brent Thill

And when you think about the strongest use cases, where do you think you have the strongest offer and these workflow templates?

Chris Farinacci

Okay it's probably worth starting by just mentioning that for those of you that don't know us well, we have an intentionally hybrid self-service and sales system business model. And so while our self-serve business is broad and horizontal, our direct sales team is primarily functionally and departmentally focused on where we see the strongest product market fit, seeing customer traction and the biggest market opportunity, sort of the intersection of those things. So for us, that means the direct sales team is focused on marketing, creative team, sales and account management teams, and strategy and operations teams and workflows. And we're also seeing strong traction in adjacent functions as we grow from there, so product design ,HR and so forth. And this year we're particularly strong at cross functional use cases. This

year we're focused on providing incrementally best in class solutions for particular cross team workflows, like global campaign management, product launches, creative development workflows, where we uniquely address where there is no Salesforce or Workday or NetSuite out there vertical tools and we're in workflows which bring more teams to Asana.

Brent Thill

And when you think about kind of real world case studies, Chris, I know you're passionate about all your clients are using it, but are there a couple that you can highlight that really gives us a strong sense of how this is being used in action?

Chris Farinacci

Yeah sure. I'll just give a few of the most recent examples. Twitter is an example they chose us in this past year, the Asana enterprise solution for their experience team, which includes design, research, product, and engineering teams, they chose us to manage product roadmap, and content creation, inbound request type workflows and to connect their technical and non-technical teams with the Asana-Jira integration.

Another good example is Spotify. Spotify first began using Asana in 2015 and usage has steadily been spreading across the company. This prior year they significantly expanded the use of the Asana enterprise solution to improve how they collaborate and manage projects and run their processes across the world. So they use Asana for everything from ad campaigns to engineering roadmap, to regional marketing and sales activities.

Brent Thill

That's great. When you think about just customer case studies, starting maybe you can make a good parallel with companies like salesforce.com, where you start in small clusters and now all of a sudden, the CIO says hey it's a standard. Where do you think you're on in terms of becoming the standard for the CIO versus these work groups that are kind of taking pockets and it's kind of spread all over? Where would you say you're on that journey?

Chris Farinacci

Yeah sure so it's a good question. So we have intentionally a bottom-up business model. You know the self-serve business drives lots of viral adoption and that for us means landing in teams, free and paid teams, in companies of all sizes. And then that creates our virality and that virality and adoption is where we focus on engaging with the sales team.

And then I think part of your question is what degree is the adoption sort of bottom-up and when, and how do we engage with IT and stuff like that. When we look at a lot of our large customer expansions we're seeing now, first and foremost, it's those big deals that are driven by growing viral adoption, we see cross teams and departments insider our base, a lot of times it naturally leads us to engage with IT. So when we engage IT with our direct sales team, IT is typically looking for some mix of centralized billing, enterprise capabilities, tool consolidation and parts of the company and more often than not, the ability to give their teams the tools they already use and love. When there are standardization or consolidation type decisions, Asana tends to benefit because we fit so well cross functionally and horizontally.

Maybe give you another example. Discovery Education which is a leading digital curriculum provider, recently chose to consolidate and standardize on Asana's enterprise solution primarily driven by their users who felt Asana was easiest to use and this belief that we were the most cross functional solution and allowing everyone, including IT, sales and marketing and go to market teams to all stay align.

Brent Thill

Just shifting gears from the background of the company to work management. One of the biggest questions we get is, we all race to home from our office and one of the questions is, as we kind of come back to the office or going to a work-from-anywhere trend, where do you fit in? Are we now just falling back into more emails and spreadsheets as we do this, or are they adopting more modern work management in general?

Chris Farinacci

Yeah my general take is that work is distributed. More and more globally distributed before the pandemic, but the pandemic has further shifted the move to distributed work and expose this universal pain of coordination. There's well over a million global knowledge managed workers out there and the status quo for the vast vast vast majority of them is the first generation[where] they're trying to manage this with outdated tools, emails, spreadsheets and meetings, that's what they're using to try to coordinate. So what we found is that the pandemic has really accelerated the business imperative for and awareness for that real time clarity and alignment for teams, and even whole organizations is possible. And we saw that show up in our business last year. So over the course of the year we grew our base to 93,000 paying customers and accelerated revenue in our last quarter of the year with 57% year on year growth. Clearly teams are starting to experience the value. Even though most of the opportunities are still in front of us, and I think the pandemics really accelerated the awareness and the business imperative.

Brent Thill

I think many are still learning the Asana story, which is good, but how are you getting your awareness out, the adoption of the category? Maybe give us a sense of how broad that is today?

Chris Farinacci

Yeah so this is a fast growing emerging category with the vast vast majority, as I mentioned, over a billion information workers suffering from lack of clarity. And, as I said, the status quo for most information workers is... Think about your own companies are literally status meetings, email threads, chat threads, spreadsheets, presentations trying to get everyone on the same page. And as I mentioned as well, the pandemic has further accelerated awareness of this problem. When I talk to CIOs, the first thing that occurred to everybody sort of naturally when the pandemic set in was video conferencing and chat and some of those things that just universally everyone needed to connect.

The next thing was now that everyone's connected, how do we keep them aligned, how do we keep them on the same page, how does everyone trust and know who's doing what, when and why at a given point in time. As I mentioned the business imperative is growing, and as I see a lot of the recent CIO surveys and in recent times you're seeing collaboration rise up to the list of the top five and within that coordination and work management. And lastly, I just think we're well positioned to capitalize on that trend.

In terms of awareness which is a big part of your question, we drive awareness primarily via word of mouth, but also our top of funnel has elements of a paid and product led growth as well. So awareness is driven virally bottoms up and companies. Lead generation, for us, with our salesforce is not the traditional outbound calling with companies that have never heard of us. It's calling in leads and pipeline come from that viral growth in our base, and building relationships above that and expanding within customers.

Brent Thill

Maybe we just shift, you had a blitz of new news today. Maybe give us the most important things you should take away from all the press to add to that.

Chris Farinacci

Oh cool thanks for giving me the chance to mention that. Today we announced the formalization of the Asana Partners program, which is our global ecosystem of over 200 technology partners and our strategic channel partners across 75 countries. It's a really important milestone in our enterprise journey. On the global ecosystem side of over 200 technology partners, we introduce some new integrations with companies like Zendesk, Adobe, Canva, Invision, Looker, LucidChart and more. On the Channel

side, we launched the Asana Channel Partner network which connects customers and promotes actively with customers with leading solutions partners, resellers, systems integrators across 75 countries. We have hundreds of channel partners, including partners like Dell and SHI.

And then we also announced the addition of 4 new languages which are available now - traditional Chinese, Russian, Dutch and Polish. That collectively expands our TAM by hundreds of millions of people in their native languages and will be adding Italian, Korean, Swedish over the rest of the year. So collectively this year we're more than doubling the net new languages. Adding seven on top of the six we had. Overall, the partnership announcement supports our enterprise motion and expanding our reach, and the new languages help us acquire new customers and expand our global user base.

Brent Thill

There's a lot in that. When you think about the partnerships, have there been one big influential one so far, you know all your partners are created equal, but have you seen any ones that kind of have been leading the charge for you and helping you evangelize your mission?

Chris Farinacci

Yeah that is a great question. Tech partners have always been really important and strategic to us and part of our strategy. We already had deep integrations and partnerships with companies horizontally and vertically that are really been driven by customer demand. So Microsoft, Google, Slack, Salesforce, Adobe, Tableau, Jira, they're part of this. But we also introduced and formalized the program and we're making significant investments that are in the enterprise ecosystem, and this is not it. This is just the beginning. So I'd say stay tuned for more announcements in the coming months, we'll be announcing additional partnerships and integration to help build out our workflows and our enterprise strategy.

Brent Thill

Sorry Chris, I gotta ask you. I didn't hear the Amazon name in that mix, are there any partnerships or things that you're doing with Amazon?

Chris Farinacci

Yeah Amazon is a strategic customer and we're in conversations there as well about different partnership opportunities as well.

Brent Thill

Okay. There was a question as it relates to a client and one of the clients had asked, does Asana become a platform, kind of what salesforce.com has done with force.com

over time with third party ISVs leveraging the Work Graph, meaning, can they start to build on your platform and create some interesting new applications where they would write on your platform?

Chris Farinacci

Yeah it's a great question and the answer is yes. We have a broad developer ecosystem that's doing a lot of work with us, through our API and web hooks and some of the technology and the architecture. And we'll be talking a lot more about where we're headed with that later this year.

Brent Thill

Great. Anything else on the partnerships that we need to touch base on that you feel is important?

Chris Farinacci

I appreciate the chance to share the news with everybody. At the highest level, it's a formalization of a lot of things we already were doing, along with new partnerships and enabling the program. I would just leave it as it's a key milestone for us in terms of enterprise readiness and expanding our reach.

Brent Thill

International today for you as a percentage of your overall revenue and kind of where you guys think it's going to go, I know you said direct all questions to the CFO, but overall, how do you think about it? Where your mind is on international today and where that could go?

Chris Farinacci

Happy to do that. We talked about the language expansion which is really about driving the self serve business and enabling global customers. On the sales side, the direct sales side, we spent the last year getting GMs with deep leadership experience in place in each of our key regions. Today around 40% of our revenue comes from outside the US. But I'd say both our US and international business are growing really fast, and I expect them both to continue to grow quickly going forward. So can't really predict the mix exactly going forward because they're both going quickly and we're investing in both but the mix today is around 40% already.

Brent Thill

Maybe shift to the business metrics, Q4 had the benefit of showing an acceleration. What's driving that?

Chris Farinacci

Yeah good question. So three things I think. First is growth in new paying customers, signing up new customers. We saw a record top of funnel performance exiting the year and we ended the year with 93,000 paying customers. The second was strong expansion in our base. We ended the year with more than a million and a half paid users. And as an example of the stickiness in the base, NRR for customers spending more than \$5,000 with us was around 125% and for those spending more than \$50,000 with us was more than 140%. And then the third reason for the acceleration, I think, was strong momentum and big wins in enterprise and I shared some of the wins already. Customer spending more than \$50,000 with us, which is our best metric to date to show our momentum here, [the number of customers] grew annually more than 92% year on year. A couple other metrics: our largest customer deployment in terms of paid users grew 5X last year and revenue from our top 10 customers more than tripled in Q4 versus previous year. So our biggest customers that really get it, we saw some real acceleration.

Brent Thill

Another question, as it relates to some of the metrics from a client. When you talk about these billion knowledge workers versus 93,000 paying, you got a long way to go, there's a lot of open runway. Is there a prohibitor or what's holding back to getting to those users? Is this just a matter of time? is there something competitively, you know, give us a sense.... There's a lot of excitement, but what would be the biggest constraints to achieving those billion users?

Chris Farinacci

Yeah great question. I think about it all the time. I think it's ultimately just awareness or broader awareness that this problem is finally solvable. I mean this problem has been out there for years and decades. This problem of trying to get everyone on the same page and keep them there in real time. And it's just something that again, you know the stat, it's crazy to think how we tried this 20-30 years ago with project and PMO offices and the state of the world today is just the same thing with meetings and spreadsheets and with email threads trying to get everyone on the same page so we've seen tremendous growth, as I mentioned, over the last few years, and particularly in this last year. And the category, I think we're sort of taken a fair share of it, but the category is growing really fast as well, but it is very early days. Of that billion plus knowledge workers only a very, very, very small fraction of it have adopted tools. A huge percentage of and vast vast majority is still doing this manually despite the growth in the category. And for us, a huge opportunity, it's a land grab opportunity to acquire so many new customers, but also, as you mentioned a huge opportunity in our base, we've now got 93,000 paying customers. You can see how fast those large deployments are going, and yet in our total base we're still only like 3% penetrated the addressable employees, so there is a huge opportunity in our base to just keep growing for a long, long time.

Brent Thill

One of the things that Microsoft has started talking about is not only building knowledge workers but there's another billion frontline workers, so the analogy would be and I'll use my wife as an example. As an interior designer, she has a team that she collaborates with, but then she has 2X the number of people outside that have a statement of work, but then they have to do wallpaper or paint or bathroom design or whatever, so you effectively have those end-contractors or workers. Do you envision that over time that could strategically be an opportunity where you can be the execution of a work to those frontline workers.?

Chris Farinacci

Yeah it's interesting. The way I think of it might be a little bit different but I'm not sure. I mean using information workers to sort of calibrate TAM might be fairly conservative. Today, and for a long time, and one of the biggest strengths of the Asana is not just cross functional use within a company, but it's extending, Asana is used with customers, with partners, with suppliers, with vendors, and they're part of those key workflows that are not just within the four walls of a customer and a lot of those folks are actively engaged in workflows today. I expect that's a real strength of Asana and I expect to see a lot more of that, over time, and even on the personal side you'll see. You know word of mouth starts with Asana. A lot of times with personal use: wedding planning, honey to-do list. My wife manages me with Asana and if we're working on a project like a home renovation project, we bring in contractors and folks that are helping with the project directly into Asana to manage those projects. That's doable today but I expect that to continue to grow significantly in the future.

Brent Thill

There was just a question around you had a great Q4, but when you think about the impact for this year for the whole year in terms of which will have more impact: end user growth or ACV growth?

Chris Farinacci

Yeah I get this question a lot. So overall like over time, we absolutely see balanced growth between seats and ARPU. At any given quarter, it can fluctuate. We're seeing strength in both. We're seeing strength in new paid users adopting our base, premium products, as well as upgrades to our business and enterprise tiers. While they're all growing rapidly, and we expect them both to grow, I think it's pretty balanced between seat expansion and moving up tiers. Within the tiers, the upper tiers are growing faster on a dollar basis. There's lots of room to grow from there. This prior Q4 quarter, was the first time more than 50% of revenue came from our higher tiers of business & enterprise tiers and that's up from 42% the year before. It gives

you a little color on the usage, but we expect to land lots and lots of new customers and will see premium users move up over time. And we continue to see strong seat expansion. It's really pretty balanced and I expected to stay pretty balanced for the foreseeable future.

Brent Thill

Because everyone wants a higher [growth] rate, what can you do for the company to even grow faster? No one is complaining about 57%. No one is complaining about that.

Chris Farinacci

I think it's an answer to an earlier question you asked. The market is growing incredibly fast and it's a huge untapped market that's just adopting tools for the first time. This isn't like a lot of markets where people are moving from client server to cloud. It's the first generation. People are moving from manual to this thing. It's really what I said earlier. It's just broad awareness that this problem is finally solvable and I'm starting to really have conversations now with Fortune 500 CIOs that are starting to really realize, you know the analogy, for me, is a lot of Fortune 500 or large enterprise CIOs, in my experience, didn't even know video conferencing was really ready for everybody, until this prior year, despite the success of Zoom. It was really this last year that when they sort of had to enable everybody that they realized this is really ready for everybody, and I think we're a year or two behind that category. This category is becoming aware in strategic decision makers' mind that this problem is solvable. The degree to which that happens faster, the awareness problem is solvable faster, is to me the biggest barrier to have even faster growth.

Brent Thill

Maybe shifting to your go to market. There've been a lot of comparisons to you and Atlassian. Atlassian doesn't really have a sales team. It's more we built this great product, they come to us, they download. You have a very strong digital motion, but you do also have a direct sales team. So there's a lot of questions about just distribution. How do you think about it? How does this play out? We've got a lot of questions about... can you break out the sales headcount? I know you don't give it but can you just give a sense of how fast that you expect that to grow on the direct side this year?

Chris Farinacci

Yeah so I hear a couple questions there. So on the sales headcount side and just sales team growth, last year we built a strong foundation, as I mentioned, investing in regional go to market leadership and building out our enterprise infrastructure to support success in enterprise and we saw strong adoption and momentum. We brought in GM, as I mentioned, with deeply enterprise leadership experience from

companies like Salesforce and LinkedIn and NetSuite. And this year we're continuing to grow and scale our enterprise sales org and invest in the platform. We're aggressively hiring on the sales team and with partners to ensure global coverage for growth. We don't share the exact numbers, but I can tell you, quota carrying sales headcount is outpacing revenue growth.

I think part of your question was how does this compare to maybe Atlassian. To me, the self-serve business is similar. It creates this really viral, strong word of mouth, except the big delta there is that the product is broader and more flexible. It's not hardwired for developers. It's a very cross functional tool. And then from there, we do actively and we've always actively intended and have been building out for the last few years, a direct sales team to build relationships and take advantage of that viral bottoms up success and spread more broadly across companies.

Brent Thill

How do you think about productivity and what metrics to calibrate your investments?

Chris Farinacci

Yeah we manage the productivity and efficiency of our business on core metrics that most of you are probably familiar with things like LTV to CAC, payback and typical sales productivity metrics. And a reminder that we have a hybrid business model, so our self serve business feeds our direct sales business. Generally our productivity metrics have improved year over year, adjusting for the pandemic. I'm definitely happy with where things are at and how they're trending coming out of last year.

Brent Thill

And productivity improvements I would assume that's an internal metric you can't share?

Chris Farinacci

Yeah sorry we don't share the specifics, but they are the metrics like LTV to CAC payback and the typical sales productivity.

Brent Thill

Metrics that's trending in the right direction?

Chris Farinacci

All trending in the right direction yeah.

Brent Thill

There's a question around how large are your largest customers and how penetrated are you? If you give us a sense, not names, but who is the largest deployment in terms of seat count?

Chris Farinacci

Yeah so our largest customer deployment, I mentioned, our largest customer deployment in terms of paid users last year grew five times the size of the year before and that's significant because in prior years as we've moved up market, you know intentionally. It grew our base bottoms up. We were roughly seeing a doubling each year of our largest deployment and last year, our largest deployment grew 5X. To give you a little more color of big deployments and we don't share, you know that our largest customers in the 10s of thousands of seats, but we don't share the specific name.

Revenue from our top 10 customers more than tripled in Q4 year on year, some of the world's most valuable companies are some of our largest customers. Two thirds of the Fortune 500 are already free or paid customers bottoms up. And then as we mentioned earlier the penetration in our addressable total paying base is still only around 3% and in our top 25 customers isn't much more than that. So most of the opportunity is still in front of us.

Brent Thill

It's great. Maybe shifting to competition and there was a client question as it relates to competition and maybe not necessarily direct competition but when you think about it, is there a Jira integration? Do you work with them, or is this something you're not providing any integration to?

Chris Farinacci

Specific to Jira. We see in discussions we're having with CIOs and companies are starting to all think of collaboration broadly as these 3Cs, communication tools, content tools, coordination tools. We play in the coordination space and we integrate deeply with the others. And so specifically with the Jira, when we do run into Atlassian, it's typically at the boundary between developers and broader teams where companies want to manage use cases like product roadmaps, product launches, sprint planning on Asana and continue to run their hardcore sort of developer use cases on Atlassian. That's what drove the demand for the Jira integration we released in the second half last year.

Brent Thill

And with salesforce.com and Slack, do you see any overlap? or is it more of the opportunity to leverage that framework and be part of the collaboration, rather than being directly competitive?.

Chris Farinacci

Oh yeah we think it's great. I mean Slack is in the communication layer and a really strong partner with Asana. We're joint customers and we use each other's products internally. Those integrations between Asana and Slack are the most popular integrations. We also have integrations with salesforce and Tableau by the way, and a growing relationship there. So we're just excited because the parent company and acquirer and the acquirees are both partners. And we see strong integrations to enable broader workflows between those products. We think it's just a net positive.

Brent Thill

The little company in Seattle, I think everyone believes Teams is taken off in a massive way. It prompted obviously Slack to figure out a partner with Salesforce. It seems like they have the ability, when they focus on something, to get it done under Nadella? Where does Microsoft fit in here?

Chris Farinacci

Yeah so if you look at our customer base, the 93,000 paying customers, we have a broad mix of Microsoft and Google shops. It typically and most customers use Microsoft or Google. And it's usually early adopters, in the early days, it was mostly Google. But as we moved up in the market, it's a pretty good mix now Microsoft and Google customers. They typically use Microsoft for their core email or calendaring, their document creation and turn to Asana for clarity and coordination. We have a great partnership with Microsoft, and most recently based on customer demand, we built a new Microsoft Teams integration in the second half of last year to help teams stay better organized in Asana and connected Microsoft Teams. We've seen really strong traction of that and the adoption of that integration since we released it.

To date, our biggest competitor is really with Microsoft Excel. Mostly what we're doing is replacing lots and lots of excel spreadsheets that are trying to manage and coordinate manually versus that a hodgepodge of other tools they have that touch bits and pieces of this.

Brent Thill

Okay many asked who is the direct competitor? If you said this is our direct look alike, is there someone that looks like Asana?

Chris Farinacci

I don't think so. Again it's like a large greenfield market opportunity. Most information workers don't have tools and the imperatives are accelerating. The vast vast majority of deals, we were competing with the status quo of spreadsheets, emails and meetings. And when we do compete, we haven't seen a shift in the

percent of times. When we compete, we don't see any particular competitor more than the others, and it's a minority of deals for sure. That's kind of the state of the market. I think the market is so big and we're focused in different places from some other players. We're focused broadly and cross functionally - marketing, sales operations, product design teams. The biggest public companies that are sort of close to this out there, focused on developers or sort of finance and public sectors, so we just don't run into each other a lot yet.

Brent Thill

There was a client question. Thoughts around Monday.com?

Chris Farinacci

Yeah Monday is another one who sort of came along later and it's doing a lot in the self-serve space. I think we run into them probably on the self-serve side. In the direct sales side typically what happens, as I mentioned earlier, is we see strong growth and the typical customer might have 5, 6, 7, 8 teams that come in from self-serve, and when we engage with IT in our enterprise strength, it's usually a consolidation of a bunch of teams doing things manually, a bunch of teams using Asana, and a bunch of teams, small teams, using a bunch of other tools. A lot of those big wins I talked about over the last year, we're really consolidating across 6-7-8 teams in a part of the company and standardizing on Asana.

Brent Thill

There were a lot of questions when Adobe bought Workfront, you know their neighbor in their Utah Experience business, you can throw a tennis ball from one one front door to the other. So kind of no surprise. It seemed like Workfront, maybe organically had some difficulty and Adobe can help accelerate that. They've said to us that they really want to keep it focused on marketing and marketing teams, not a broader segment of the market. Where do you think Workfront is going to fit in overall? It was definitely one of the most asked about feature sets. Adobe actually even used the product internally, so it seems like it's endorsing the space. But some would say, it is more competitive - what if Adobe decides to take this more to a broader segment of the market. Doesn't seem like that's going to happen, but your thoughts on Workfront?

Chris Farinacci

Yeah well. The first thing is from Adobe perspective, it really serves as a validation of the space when a large cap or tech player is seeing the value proposition of collaboration and coordination in particular, and the value proposition it offers the organization. So first and foremost, we saw this validating. I also believe that to realize the true value of coordination and clarity, architecture matters. We're just sort of doing a different thing much more broadly. And I'd say we haven't seen it anymore

since the acquisition, and it's really just part of the enterprise cloud focused on like big brand CMO stuff. We're still rolling really fast, and marketing creatives is a top vertical for us and we're not seeing any more of it. And then, lastly, I just want to remind everyone that this is such a huge greenfield market opportunity and overall we think we're really well positioned to meet the demand and win share and grow rapidly for years.

Brent Thill

One of the questions we keep getting is, as we come back to the office, in some ways a lot of people, I don't think we're all going to go back five days a week. It feels like we'll go back a day or two and we'll spend a couple of days somewhere else. It feels like we're going to be in a work from anywhere trend for a while. I think most companies are in agreement with that. As people start to come back [to office]. Many of us thought this could actually even ignite more excitement because everyone's like we finally have time to focus on this. This is a real problem we got to figure this out. Like last year, Asana would not have been the first thing that people needed. They needed Shopify or they needed to put up a website, just to get their business up and going. So, in many ways is there or could there be some kind of lag effect where demand can actually come back even stronger? As is now we re-shift from the critical things, not saying you are not critical, but there were some emergency items that had to get purchased and now they can put more attention on this kind of category?

Chris Farinacci

Yeah I think it's a great question. So I'd say a couple things. One is, as a reminder, we saw a record top of funnel coming out of last year, so I think it's already happening. We have seen an acceleration towards the business imperative, so I think that's going on. Let me see, as I said earlier, work has always been distributed. This just increased the need, the fragmented and created more distribution of work. When I think of my time at Google. Even in the same city, I'd be in meetings and trying to get aligned with people. We'd all be in different rooms and the same campus on different floors and different buildings and five minutes away. So work has always been distributed.

I think this amplified the pain and I think companies will return to different new normals, different levels of fragmentation, but work is already global and teams already need to stay aligned and be clear on who's doing what by when, wherever they are. Again that includes customers, partners, different functions, global teammates. So I think we'll return to a world that overall is even more distributed.

But that the core need for clarity and alignment of teams and whole orgs wherever anyone physically sits in real time, like you said there's more awareness of the

direness of how important that problem is and there's a growing awareness that it's finally solvable with technology.

Brent Thill

There was another client question around about Citrix buying Wrike. Similar to your business? its differences? your thoughts? and can they make it successful or not?

Chris Farinacci

I think it's the same sort of the similar answer I gave to the Workfront. We see it validating when other people buy any category of this space. We're not seeing any more of these players, since this happened, and you know we don't see them very much anyways, as I mentioned. I think it's just sort of a validation of the value prop, but it really hasn't changed anything in terms of our mission and growth and the opportunity we see.

Brent Thill

You and I were talking about this earlier, we all sit on the outside, but we can't really smell and breathe the inside. You've obviously got some incredible people at the company with Steph S and Catherine and you and the rest of the team are great. Great great team that we've known for a long time and that's great validation. If you had one or two things that you could say, you know Brent you guys can't see this, but I just see it and smell and feel it every day. What are the one or two things that are very different? I mean you've worked at some amazing companies like Google and Agile.

Chris Farinacci

Yeah I mean I don't want it to be a cop out but I'm going to sort of answer with an answer I already gave which is for me I've been and I'm certainly drinking the Kool-aid because I believe when I see it every day. For me it's ultimately the mission and vision of this thing and the value proposition. I got to work on some incredibly exciting things. The move to the cloud, productivity, education, I got to work on climate change software and in the early days, the revolution of 2D 3D CAD and supply chain and all that kind of stuff. I really believe this is a bigger value proposition, if you asked almost anybody today, like right now your team or your organization, does everyone know and trust who's doing what, when and no one's wasting any time trying to figure out if work is done, who's got the ball. Are things falling through the cracks or are things going to be done on time and they're actually just spending most of their time on their craft. The answer is there's this unanimous sigh of oh my God I can't believe we're still in this world.

And for me that it's the view that requires change management. It's not something book folks have been able to have to rely on before. But the value proposition, we see

customers getting 10, 20, 30, 40% of their time back. One of our largest customers, an insurance company, and they say they've saved an hour and a half a day per employee by Asana. When you think about all the status meetings and work, and time you spent trying to coordinate doing actual work versus doing actual work, it just resonates. So ultimately it's the value proposition and the opportunity. Seeing customers, day in and day out, starting to actually solve this problem and get so much time back. As a 30 year enterprise guy, what's more exciting and more leverage than to give organizations and teams back 20, 30, 40% of the time towards their missions and just the fact that that's actually happening. We get to play a big part in that, that is the thing I will leave you with.

Brent Thill

There was another question, Chris, just as it relates to another vendor in the space was Smartsheet. I think this ability to see the Work Graph than actually do the work. I think many people will get the instruction set from Asana and actually do the work in Smartsheet. Is that a fair way to put this or not?

Chris Farinacci

I don't think so, at least not in the way we see it, and again we don't see Smartsheet much because I think they tend to be in the public sector and finance companies and construction and finance functions and construction and stuff so we just don't see much. The way I think about it, I sort of mentioned this earlier, our vision to me is different and broader. Our mission is not individual projects or workflow management is the end game. That is a really common and important endpoint but our vision is real time clarity and alignment of who's doing what, when at the individual level, individual productivity at the project and workflow level. And at the strategy and goal level, and we just don't see the competition telling that story or even focus there. We see them almost exclusively focused in that middle level on projects and workflows. And even their focus tends to be individual projects and workflows versus cross functionally.

And again, most of the market is just doing this manually. So we're going to work. We start bottoms up being used for projects and workflows and individual productivity, and I believe we're the easiest to use tool out there and we're the best tool for sort of flexibility and cross functional workflows and project management at that level, but I think our vision is much more broad and different. Our approach is much different and it's much broader.

Brent Thill

Chris, really appreciate your time today. Thanks so much for sharing your view and thanks everyone for joining.

Chris Farinacci

Thanks and just thanks to you, Brent. Thanks for hosting us and giving us this opportunity.

Brent Thill

Sounds good. Anytime. Thanks everyone. Take care.