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Asana, Inc. (ASAN)

Investor Day

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MANAGEMENT DISCUSSION SECTION

Unverified Participant

In today's session, we will include forward-looking statements, including statements regarding our expectations for our financial outlook, strategic plans, product development, 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 on 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, we will discuss non-GAAP financial measures. These non-GAAP financial measures are presented in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. A reconciliation between GAAP and non-GAAP financial measures is set forth in the appendix to this presentation.

Unverified Participant

Please welcome Asana's Head of Investor Relations, Catherine Buan.

Catherine Buan

Head-Investor Relations, Asana, Inc.

Hi. Good morning. Welcome to Asana's Investor Day and welcome to Asana's Work Innovation Summit. The energy is great today. I'm Catherine Buan. I guess everybody here already knows me. I love Investor Day because I get to see so many of my good friends. So, thank you very much for coming.

We have about 90 minutes of content. There's a lot of data. I know you'll be taking notes furiously. But not to worry, we will be posting all the slides at the end of Investor Day. And you can always follow up with Eva or myself if you have any follow-up questions after the day or any additional data that you might need.

We have got a great agenda. We're going to start with our Co-Founder and CEO, Dustin Moskovitz. Then we'll have Alex Hood, our Head of Product; followed by Anne Raimondi, our COO and Head of Business. She's going to bring up one of our favorite customers to do a fireside chat. She'll also talk about some of our new packaging, which I know a lot of you had a lot of questions during the morning session around our new AI products. And then, she'll also be bringing up Ed McDonnell, our new Chief Revenue Officer. We'll take a short break and then we'll end the formal presentations with Tim Wan, our Chief Financial Officer. And of course, conclude the day with a team Q&A. So, thank you so much for joining us again. And with that, I will call to the stage, our Co-Founder and CEO, Dustin Moskovitz.

Dustin Moskovitz

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

Thanks, Catherine. All right. Thank you for joining us today. So, as you heard in our earnings report and can see from our customers in attendance at The Work Innovation Summit today, we continue to see strong demand from some of the most important companies and the largest industries all over the world. In spite of the difficult macro environment, forcing some tough budget decisions, our \$100,000-plus customers remain our fastest growing segment, and they have the highest dollar-based net retention rate.

Customers like Amazon, Roche, Accenture, T-Mobile and Danone, they're all significant customers, along with major auto manufacturers and many of the largest media companies all over the world. So, it's clear that the most important companies in the largest industries, including over 70% of the Fortune 500, trust Asana as their enterprise work management platform.

So, why do industry leaders choose Asana? Well, they're seeking more than just a vendor. They're in search of a true partner. And Asana is the only enterprise-grade work management platform that connects companywide goals, strategic planning and execution of work on a single platform. It's a single source of truth for the work in those organizations, and it's built to scale companywide. Marketing, operations, IT, every department can drive greater clarity, accountability and impact at scale with Asana. And because it's flexible, intuitive, and enjoyable to use, we see great adoption in our customer base. That's why Asana has a category leading NPS score and it's been consistently strong.

From the beginning, Asana's mission has been to help our customers achieve theirs. And we know the way that we work today is broken. And far too many resources and too much time is spent on unproductive, low value work. So, our job is to take the drudgery out of work and help our customers by freeing them up to do the strategic work that they wake up every morning excited to do.

We've been laser-focused on this vision since our founding, and with the AI wave upon us, we've never been more energized by the opportunity ahead. AI is an accelerant of our mission. We now have this incredible innovation at our disposal to improve our already compelling value proposition to customers. AI can help our customers work smarter. We'll drive more clarity, accountability, impact and scale for our customers. And we'll provide more value to executives, driving the company's strategy forward, to the operations teams doing strategic planning, and to the department heads, teams and individuals executing the work.

AI can provide value up, down, and across the organization, and radically improve not only employee productivity, but also provide more clarity on what work matters, how to align resources and where to invest as a business. And AI will also help our customers become more effective users of Asana, because it's a true expert in all of our capabilities. Every customer will improve their dexterity with the product and thus get more value out of Asana.

We pride ourselves on the intuitive interface and the ease of use, but we also know that there's so much value in the platform that many customers aren't even utilizing. And AI can unlock that value. And we can take it one step further, because Asana intelligence can suggest the best possible action for user to take, leveraging all of the functionality available to them from configuration options, workflow rules and integrations. And then, with the user's approval, they can just action the work. That's what we mean when we say AI has joined the team, and we couldn't be better positioned to capture this AI opportunity in the enterprise.

Collaborative work management has become an established category over the past decade, and it's still pretty nascent in the enterprise. So, we already have the largest deployments out there, but we still have room to expand usage even in those accounts. And it's a huge opportunity and we're at the best positioned to grow into it, thanks to Asana's Work Graph. Because of our favorable market position, we're deepening our investment in enterprise with our new enterprise go-to-market leadership, including our new Chief Revenue Officer, Ed McDonnell, who you're going to hear from shortly. And you may even have noticed that we've already up our game in marketing, especially if you attended the event this morning.

So, these are proven go-to-market leaders with already storied careers at some of the most important and most successful enterprise software companies in history. And they're going to help us execute a strategy which is focused on three big pillars. So, one, of course, landing new enterprise customers, new logos; two, increasing adoption of higher tier functionality within our customer base; and three, driving seat expansion within our existing enterprise accounts by positioning more use cases across more departments, and increasing adoption of the existing ones. So, we believe all three levers are going to help accelerate our growth.

It's the Work Graph that really sets us apart. It helps us capture the enterprise opportunity and its data model that is incredibly well suited for AI. We know how relevant the AI conversation is now with customers. Seems like everyone is talking about AI and large language models, and it seems like every software provider out there is trying to find quick ways to integrate AI. And LLMs in particular into their products to help individuals be more efficient and productive. So, we keep hearing about co-pilots and assistants, but we're still just kind of taxing for runway.

I see a future where AI is seamlessly integrated into every workflow and use case, helping individuals with their tactical day-to-day tasks, exactly what co-pilots are supposed to do, and helping teams and companies coordinate their people and resources across complex strategic initiatives to deliver better results faster and with less risk. Kind of like air traffic control.

So, as we continue to work with some of the world's largest industry-leading companies, one thing has become abundantly clear. Everyone is bracing for this AI revolution, but most don't yet know how to realize its potential.

And so, our customers are looking to Asana for help. They're asking us to be their AI guide at work because of the credibility we've built, helping the largest companies in the world drive greater clarity, accountability and impact at scale with our enterprise work management platform.

And we were built for this moment, thanks to Asana's Work Graph. Status quo tools may help individuals with narrow tasks, but they lack the context and connections to orchestrate work efficiently and effectively companywide. So, our competitors in the work management category aren't built to capture this opportunity either. We believe their architectures are holding them back and any attempt to re-architect their platforms for scale, it's going to require significant time and resources. So, the Work Graph is an incredibly differentiated model in the market and our moat is only going to widen with AI. This is why we see AI as the most compelling reason yet to standardize on Asana wall-to-wall.

And AI is an accelerant of the Asana flywheel. It is an important concept and key to our strategy. So, I want to pause and take a few minutes on it. So, more teams and departments on the platform means more robust relationships between the work those teams undertake, the information about that work, the people doing the work and the outcomes they drive. More robust relationships means more accurate, reliable and traceable AI. And higher quality AI means better AI assistance up, down, and across the organization. That's what drives company performance and creates better business results faster.

That, in turn, means more teams and departments want to use Asana. And more adoption drives more valuable work data, which drives more strategic insight, which drives more adoption and on the flywheel goals. It's a flywheel that can fuel not only our customers' business performance but also Asana's growth, particularly within large enterprises where we're already seeing strong growth and high NRR. That's again, enterprises spending more than \$100,000 annually.

So, the AI revolution is developing incredibly quickly, but we feel confident that underlying truth will persist. To get reliable, accurate, and trusted generative output, you'll need high-quality data, including understanding the relationships between individuals, teams, and the work they're trying to achieve. That's what Asana uniquely provides.

And this is why Asana's Work Graph is our long-term competitive advantage. It helps companies get their data in order so that they can be AI-ready, drive more strategic value, and unlock their greatest competitive advantage, how they operate and power their people companywide. Our most successful customers already recognize how the Work Graph empowers them to do change management and drive strategic priorities at scale using portfolios, goals, and other features. And our AI functionality is going to make it so much easier for us to demonstrate that value. We believe competitors, again, will need to invest significant time and money rethinking their products and the underlying data model just to catch up.

So, in my earlier remarks, I mentioned this air traffic control analogy. I want to explain what I mean by that. So, our customers are focused on being just a copilot, mainly because those siloed data sets limit their ability to do traffic control well. They just work with one project or workflow at a time. Asana is focused on being both a copilot to individuals and air traffic control for teams, departments, and organizations. That means we give enterprises a greater field of vision and the ability to make more informed decisions across the entire system. That approach provides macro level visibility, while also surfacing real time risk and trade-offs across all of the pilots in their planes. And teams across the organization are also motivated when they can see the progress that their peers are making from week to week, and it could help them get better at their jobs.

So, for example, detailed summaries of successful account engagements can be automatically pushed to other teams on similar accounts, inspiring them with the ideas that can help them win. So, that's the Asana difference, clarity and optimization at every level, individuals, teams and organizations overall enabled by the Work Graph and Asana Intelligence. We help our customers see the big picture. So not only do they complete tasks and deliver projects in a more efficient and effective way, but they can orchestrate work and align their organizations – and their entire organizations around shared goals to hit their business objectives faster and more reliably.

So, now I want to pass it off to our Chief Product Officer, Alex Hood, to share more about our product strategy and differentiation.

Alex Hood

Head-Product, Asana, Inc.

Thanks, Dustin. Hey, everybody. Welcome. Asana was born from a simple question that was asked over a decade ago. Why did the tools that we use at work go to a situation where we have to spend half of our time catching up with each other? It's a shame. And we've all gotten used to it. It takes too long to get on the same page. The form factor that we use at work hasn't really changed in 31 years. That's when Microsoft 3.1 came out. Email is really a glorified fax. I mean, can you believe that now you send something to someone or a list of people and you can't edit it or add anybody new? Docs are really digitized legal pads. And if you squint, the form factor of a doc hasn't changed much since desktop publishing. And then, spreadsheets are really just like smart calculators or graph paper. They're great for their specific thing, but they're not really meant for like tracking work and getting people on the same page.

So, because these solutions didn't scale, our Co-Founders, they went through the experience of building Facebook and building that social graph, the connection point between people and interests and friends and how it all comes together and had the aha that, hey, maybe that architecture could really lend itself to work, capture the work relationships, the people, the things that they're working on, the workflows between them, and that graph data model could be essential to mapping the core relationships at work and between work.

And we're the only work management platform that has this graph-based data model, and that's our critical advantage. Hey, here's a visualization of the work graph of one of our enterprise customers, Fortune 50 customer, and you can see them build the graph over time. The dots are the people and the lines between them, that's the work that they're sharing. And as you can see, as it builds out, there is more and more color mixing because that's more and more cross-functional work that's going on. This is a best visualization of how our backend actually maps the relationship between work and people, and that is powerful. That is not a table.

So, we understand that for information to be up to date, our platform needs to provide a value to every end user as well. So, we make it really easy to adopt and we make powerful tools along the way for individuals, leaders and teams. If we didn't do this, then we would end up with like shelfware that is this like – so trait in the enterprise space. Our investments in adoption, ease of use make it so that everyone gets value out of Asana, so that this data actually populates and stays fresh.

Asana's work graph architecture structures the work data so that organizations, departments, teams and individuals are aligned. There's a single source of truth, and this data is structured in a way that is highly scalable but also that structure that I shared, the relationships between those pieces, that's what makes the work data actually legible to AI. And that's the critical difference. That's why it's important.

So, when data is connected across the whole enterprise, workflows horizontally across departments without duplication and then insights of how things are actually going actually flows up the org chart automatically,

because the data is in real time. So, you get a view of how things are actually coming along and can pivot, make decisions faster. This just isn't possible with other tools, and by bolting some kind of new tool on top of old tools, you just don't get the fundamental structure that you need to be able to have an offering like this.

So, what's this all mean? Asana Intelligence helps teams maximize impact with accurate and reliable recommendations, using the underlying pieces of work from every team, every integrated application, so that those messy work connections between them, we create order out of the madness. And with the Work Graph, it would be like – without the Work Graph, it'd be sort of like trying to navigate from San Francisco to London, but with only like the domestic US part of the map, because we have the connections between how teams work together, we're able to pay off a big different benefit.

As this data connection is powerful, because we can make data transparent and traceable for people to unpack their assumptions and for complete clarity and accountability. As air traffic control, you never make a system-wide decision based on the needs of one specific airline. And with more and more data in Asana, recommendations are just going to continuously improve and enterprises are going to see increasing returns on scale as more of their teams and departments adopt Asana.

So, as Dustin was saying, we've all heard of copilots, that's kind of the thing, and I'm sure you all have – you hear that probably in every one of these meetings you go to. And what a lot of that is about – is just about like generating new content, and we think that that is – could potentially actually be harmful to work about work. We're using our AI to more summarize work information, give you the information that you need in real time, instead of just generating more work for you. You can trust the content that is in Asana that is generated by AI, because it's based on the collection of and the shared knowledge across the whole organization. What we're building, what our team is building is the new interface for training and managing AI on teams.

Okay. So, you've got a copilot who plans efficient routes and makes better decisions for every flight, and you've got air traffic control that then optimizes complex workspaces, routes whole airlines and whole – and parts of the map around weather. I want to spend a little bit of time though, like grounding in reality that it's kind of hard to trust AI. So, I don't know if you've played with it or tinkered with it, but when you get results from AI, sometimes it's mind-blowing how great it is; and other times you're like, what the heck is this, it makes no sense. And people rightly call out hallucinations or the black-box problem.

Black box problem.... You just can't trust AI providing accurate guidance all the time, especially when you can't trace how AI came up with its arguments. And customers ask questions like, hey, are these recommendations any good or how do I unpack the assumptions of these recommendations or am I ever going to be able to trust it to help make good decisions. And if you wait around for it to be great, other folks might be capitalizing on the opportunities that you're not.

So, it comes down to context around how we address this problem. Back to the Work Graph data model, that data model actually allows AI to go and have the understanding of how teams are working together, how projects have worked in the past. It's that single source of truth needed to give AI adequate context in training, pulled from the data and the work relationships of work going on now, work in the past, across entire organizations, and that mitigates the black-box problem.

So, because of the relationships it captures between the people, the work, the outcomes, it enables people to see AI's chain of reasoning. We're designing our AI feature, so you can legitimately see, oh, you came up with this recommendation, click to see why, click in to see the underlying assumption, click to see the underlying work, here's the confidence level and here's how you could improve the confidence if you had more data. We're doing a

lot of work, so that you have a view of how powerful the AI actually will be, so you're not led astray by hallucinations.

So, what does this mean for our customers? I'd like to share an example of how Asana Intelligence could help a major sports league enhance their fan experience, and ultimately increase revenues by managing the rollout of their new ticketless entry system. AI could help leaders create the strategy, plan capacity, set KPIs, measure success and execute. So, it starts off with leaders just using natural language in a prompt in Asana for a best practice or to gather recommendations on how to execute a plan, and then figure out which departments or teams to include, timing factors to consider, or any special considerations for each stadium. All of these recommendations come from the Asana Work Graph and we make traceability around where it comes from. And we'll make it easy to unpack the assumptions, so executives will be able to see why Asana Intelligence made the recommendation it did. And not only that, Asana will then present its level of confidence in the analysis.

And when it comes to actually executing the plan, we showed Asana's understanding of interdepartmental dependencies, so who is doing what by when, and then we can help smartly reallocate resources and show how those reallocations are going to impact the current plan or how those – how folks were allocated today those projects. We show how AI will both bolster Asana's one-of-a-kind ability to operationalize goals throughout the enterprise as well. And AI will do this by cascading organizational goals to department goals to projects all the way down to employees. That sense of purpose, that context is really helpful for people to do their jobs and thrive. And as management continues to refine recommendations and the project moves along, that additional data, that's just happening by virtue of the project getting done, is going to further train AI to make it smarter on the next recommendation and the next step in the project. As each team adds more work to Asana, the recommendations continually improve based on the context from across the league in this case.

So, what does this mean for our business? Next year, we are thinking bigger. We expect to increase our ability to service our addressable market with AI, and improve our ability to land and expand with new use cases, which Anne and Tim are going to talk about more. Well, here's how. Customers want to use AI for coordinating complex work, like setting goals or managing portfolios or setting strategy. They want to drive decisions. They want advice from the data and their underlying software. They want to help automate things like professional services or understand the ROI of particular streams of work. But they can't easily do this today, because either the data is fragmented across these different standalone tools, point solutions for like task management or project management or resource management, that are really narrowly focused around discrete use cases or they're going to rely on a big monolithic piece of software that just doesn't do the job deep enough of any of these things particularly well. As it stands right now, all those pieces in this category, they all require people at a company to go run around and enter in data that is likely disconnected from any of the other of these and is likely stale and needs to be refreshed by hand.

So, let's go back to AI and resurface some of the fears and concerns about AI and the black-box problem. So, when you think about how we expanded these categories, think about any of these single players, single categories trying to apply AI, are you actually going to get a good recommendation, are you actually – are you able to unpack assumptions in the same way. And are you actually going to be able to trust on any of these individual players or individual pieces of software to make good decisions. Well, Asana is uniquely positioned to capitalize on this opportunity with CWM work management and any one of these things with the Work Graph, it's a one-plus-one-equals-three opportunity.

So, we've a track record of being able to displace sheets and point solutions for test and project management. We're particularly strong at the cross-functional work. And now we can disrupt and displace point solutions in enterprises that really just suffer from the same issues we've been talking about all along – siloed, stale datasets,

requiring teams and teams of people to run around and fill it out. And – or like these things is narrowly focused on a specific use case and don't have the context of the other use cases to bring to bear. And unlike large monoliths who are busy trying to figure out how to integrate their disparate systems and disparate data across different tools, we have all the data required for enterprises to standardize on Asana as their plan of record to do goal setting, execution, portfolio management, value stream management, resource management, all these things, because we have the Work Graph.

So, we're uniquely suited to service these categories, because of our architecture. And to further clarify, we can drive more accountability and impact, and reduce costs and internal complexity. And not only is this going to widen our moat, because these use cases have a high barrier to entry and high levels of differentiation, it'll also allows us to penetrate our TAM more, serve more executive-level enterprise use cases, and make our AI even more powerful as you move down the list of these use cases to solve.

This focus will further differentiate us from our peers, and with the rise of AI, these categories are evolving, and the customers that hire them – that hire these tools, they're looking for change. It's the working data and the understanding of the work relationships that's just so darn valuable to be able to do these things well, and AI is going to take a lot of that on with the help of the Work Graph data model. So, the rise of AI and our favorable position to capitalize on the AI opportunity is even more reason that we're poised to disrupt these adjacent categories and consolidate spend across these categories into Asana, and is a further accelerant to the Asana Flywheel.

All this is rooted in the power of the Work Graph data model, the single source of truth of work data for how work actually gets done in an organization structured in a way that's scalable and continuously improving as AI joins the team. In a moment, Anne is going to be introducing you to one of our strategic customers, and you'll hear how they are using Asana to bring the benefits of Asana's Work Graph to life. Thanks.

Anne Raimondi

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

I'm going to spend the next 45 minutes talking about how we are going to win the enterprise. There's three parts to that. I am going to have a great customer conversation with one of our strategic and very innovative customers. And then, I'm also going to walk everybody through our new packaging. And then, last but not least, I'm going to have a conversation with our new CRO, Ed McDonnell. I know many of you have been excited to meet him. And so, this is a great opportunity for all of you to get to know him a little bit better.

For those of you who are joining us on the webcast, we are going to pause for the next 15 to 20 minutes. So, take a break and then rejoin us. So, we're excited to have you back when you join.

[Break] (00:30:01-00:47:55)

Anne Raimondi

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

Welcoming back the folks that were on the webcast. Now, I am going to dive into our new plans that we had shared on the last earnings with everybody. We wanted to take the opportunity to walk through those, what they are, how we conceived them and what that means for our go-to-market strategy going forward.

So, one of the things as I kick off is, we – at Asana, we really feel like we have the privilege of working with some of the most innovative companies around the world as our customers. We just heard from one of them. Through

those customer conversations, those customer insights, that's really how we co-create both the product that Alex shared, but also how we go to market, both in terms of our approach to go to market and our approach to building our executive team. So, I'm going to cover the plans, but I also want – part of our enterprise journey is building out an incredible leadership team that's really going to help us attract, serve, and grow with great customers.

So, first, I'm going to start with the plans and packaging that many of you have had questions about. We really see our new packages as the foundation not only for today, but for the future. We are introducing five new packages. This strategy is really designed to accelerate the customer journey with Asana and really deliver increasing customer value as customers grow with us. So, I want to highlight some things about these new plans. There's five of them. The tiers have new names: Personal, Starter, Advanced, Enterprise, and Enterprise+.

Personal is intentional naming of our free plan. We built this based on years of experience that so many of our champions and customers begin as Personal customers of Asana, see the value, bring it with them to the workplace, and so this is really positioning that as a beginning on the Personal side. With Starter, Advanced and Enterprise, the intention really is, as customers grow with us, they realize more value and we're more intentionally moving them up through the packages. And then, intentionally introducing Enterprise+, really geared at customers that have regulatory requirements, additional security and scalability, and positioning us to go deeper with verticals.

Some of the things that I want to point out with these new packages is that, Personal, Starter and Advanced, all will have user and seat limits to really clarify when customers should graduate to our Enterprise tiers. This way we are also delivering more value as they grow with us. These usage limits are both on the user side as well as usage gating across portfolios, automations, and reporting. Something to note and very important is that Asana Intelligence, which encapsulates all of our investments in AI, is included in all of our paid tiers. Specifically, the AI enhancements and features are tailored to what's available in each package. And so, AI gets better as you graduate up with our different plans and unlocks more value.

So, a few key summaries of all of these changes, one, adding the Enterprise+ plan, more tiers, and so more opportunities for our larger customers to graduate with us, two, AI features included in all of our paid plans and tailored to what's available in each plan. And then, three, last but not least, really user and feature limits across all those tiers.

So, encouraging customers to move upmarket as they graduate and get more value from each of the plans. We really see these improvements and enhancements in our plans and packaging as the foundation for growth, both for the foundation today for our customers, but also how we'll build for the future.

And so, we're really excited that these improvements will allow us to reach departmental buyers as well as decision makers buying in small- and medium-sized organizations. So if you think about our new packaging as really making a faster, easier path to higher values and also something that we're really excited about with the enterprise tiers is that it empowers our sales team to be able to have more strategic conversations with our customers earlier on in their journey with us.

Some of the things that we're excited about with these plans as well is faster conversion and expansion with that intentional positioning of the personal plan. We really anticipate that more customers who are buying for business will start on our starter plan or even choose our advanced plan when they join Asana, a lot of that being more end user value through our AI investments and AI functionality. So we anticipate that with these investments, more conversion and higher ASP over time.

The other thing that I mentioned in terms of empowering our sales team is with the positioning and packaging of Enterprise and Enterprise Plus, we believe that we'll have more strategic conversations and our sales team will be

able to have more of these strategic conversations earlier in the customer journey, and so really being able to help larger enterprise customers make the best decision as they join and be more successful in onboarding and adopting Asana even faster. So the new enterprise tier is really designed to unlock lands and position us as a larger land and a faster land as well as then grow wall-to-wall.

So – and then lastly, Enterprise Plus. Enterprise Plus is really about us developing for the long term. So this is positioning us to be a partner for strategic verticals, healthcare, life sciences, financial services, government. So think of the things that organizations and enterprises that need more from a compliance, regulatory, security, scalability standpoint. We also believe Enterprise Plus positions us in the future to create specific add-ons that are valuable for customers in these vertical industries.

So we're already having customer conversations about our new plans. We're excited about the feedback that we're hearing. All of these new plans are rolling out in Q4. And really this is designed so that our sales team can have \$25,000, \$50,000 deals more often and more consistently. So bigger lands, faster lands, and faster wall-to-wall.

So there's a lot of work that we're doing across the board at Asana, not only in go-to-market but in conjunction with our product teams. We're excited for all of you to see more of that as they come out in Q4. A lot of great work to do and more – and most of this is really in the spirit of serving our customers better, listening to all the customer feedback that we've gotten over the years and designing packages that going forward are going to meet them where they are.

Great. One of the things that I had mentioned in terms of building for enterprise success is building out our global leadership team. So over this past year, we've added three great executives to the team. We're going to spend some time with Ed McDonnell, our CRO. But I also wanted to make sure to introduce Shannon Duffy, our CMO, who has put on this incredible event, customer event and investor event. It's been great to see her team in action. And then Neeracha Taychakhoonavudh, who has joined us as the Global Head of Customer Experience.

So with three great new leaders in go-to-market coming onboard, one, for me it's been just an incredible privilege to work with all three of them. But we're really seeing that we are able to have more strategic conversations with enterprise customers earlier, be able to be a partner for them on their journey of growth with us, and really design out a multiyear success path for adoption and embracing all of our advanced features, including AI.

With that, I am going to welcome Ed McDonnell onto the stage with me, so that all of you get a chance to meet him. So, thanks, Ed, for joining me.

Ed McDonnell

Head-Global Revenue, Asana, Inc.

Yeah.

Anne Raimondi

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

All right. Great.

Ed McDonnell

Head-Global Revenue, Asana, Inc.

Wow.

Anne Raimondi

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

So, Ed, first of all, I've had a great chance to get to know you. But I know many people here have questions and want to get to know you as well. You've had an incredible career in enterprise software. You've seen many, many journeys. Probably, first and foremost on many people's minds is why Asana? How come joining Asana at this stage in your career?

Ed McDonnell

Head-Global Revenue, Asana, Inc.

Yeah. Hey, thank you for having me up here. Hello, everybody. I hope you had a chance to see the keynote, like that's why Asana. I mean, oh, my God, with Dustin and Alex showed up there and how we're transforming, helping businesses transform work and work automation at a faster scale at the highest level of enterprise out there, I think is really exciting.

And so a couple of things, the market, right? Tim is going to talk a little bit about the market sizing, but it's a huge TAM, \$45 billion TAM, growing 15% CAGR over the next four years as per IDC and some others out there. So massive TAM, and that was a big reason for me joining any software company was, is the market big enough. Enterprise customers, we're solving some of these problems at the highest level of enterprise, when you look at some of our customers, whether that be an Amazon, an AT&T, a Johnson & Johnson, London Stock Exchange, like these are the best of the best companies out in the world at what they do, and we're solving problems for them at the biggest scale.

I get to work for Dustin. I mean, that's actually a really big deal. I've worked for a visionary CEO before in my life, and I've seen what that can do and how they transform companies and markets, and so I get to do that again, so that was a really big reason. And this leadership team is unbelievable and I get to work with them. So those are just some of the reasons, product, the market and the leadership team, just it was a pretty easy decision to come to Asana.

Anne Raimondi

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

So you've already started to talk to many of our customers, especially our largest customers. What are enterprise customers asking about? What are some of the key things that they've been talking to you about as you dive in?

Ed McDonnell

Head-Global Revenue, Asana, Inc.

Yeah. So 60 days in, I've had a chance to talk to many of our customers. An interesting thing, if you saw the video of Neil from Major League Baseball, I thought it was really cool. I got to spend about 2 hours with Neil yesterday. And something you just said, Anne, that triggered for me, which was interesting is, again, I started using Asana to manage my kids.

And then I realized that I could also use it for Major League Baseball out of the same client doing all of this great work together, both personally and professionally. And while I thought that was really interesting, the fact that that led him on his journey to now when you walk into Citizens Bank Park in Philadelphia, you can walk in and have your ticket be your face. And that's how they manage that entire process.

So to me, that's an incredible like journey, and arc to where he started managing his children's time with Asana. Kind of crazy. I have two of them. I don't know that I would get there. But secondly, that he then ran a project team connecting a individual franchise back to the Center of Excellence inside of Major League Baseball, all around the whole idea of we want somebody's face to be the ticket.

And that's pretty incredible when you think about the business transformation of Asana is at the forefront of and helping a major organization to do that. And then you listen to Dane and think about the same thing that he's talking about from the London Stock Exchange, thinking about the way that they go to market differently around a certain yield instrument. Like that's pretty cool and all of you are in the financial services industry, so you get that like those are cool use cases.

I also think about how some of our customers and what I'm excited about, like think about a diabetes company that's trying to bring a new drug to market and how do they do that, both from creation, to instrumentation, to marketing, to deployment, to research in that whole process, like those are really interesting transformations that all of our customers are trying to go through, and Asana is at – right at that forefront of all of it. So they're asking me about AI, they're asking me about all the tech that they have and how do we both help consolidate, but also how do we rationalize it so they get more productivity and efficiencies.

A lot of it is around – I talked to this other interesting customer, it's another sports association, intercollegiate sports, and I was talking to the CEO and they just made a big decision to leverage Asana at scale. And I was like, so tell me why. He goes, well, Ed, we ran an employee survey. So who does employee surveys in your company, right?

Like, you get an email that says employee survey and you get asked a bunch of questions, and he said the number one thing we got criticized on in the employee survey was people didn't feel like their work was connected to what we were trying to accomplish as an organization. And I was like, okay, that's pretty common amongst all of your organizations and amongst many organizations.

They said, so what we're doing is every project has to be associated with a corporate objective or a corporate goal, and we are going to allow people to understand that the work they're doing is connected to the employee survey. And that got me thinking because we had a really good conversation, it's no longer about projects or portfolios or tasks or managing.

It's about employee retention, it's about employee productivity and it's about employee connectivity back into the organization itself, because if people don't quit, if people feel more productive, you're going to reduce your training costs, you reduce your hiring costs. Like there's tremendous ROI in that journey for any organization. And again, I go back to the customers that we're doing this for and I think about those use cases, and I get just like, wow, that's what they're talking to me about.

Anne Raimondi

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

Exciting. And I know they've been enjoying meeting you very much. So you mentioned you've been at Asana 60 days.

Ed McDonnell

Head-Global Revenue, Asana, Inc.

Yeah.

Anne Raimondi

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

When you began to think about our global revenue leadership team, the direction, how to motivate and excite the team, we'd love for you to share more about how you're thinking about those priorities.

Ed McDonnell

Head-Global Revenue, Asana, Inc.

Yeah. This is an incredibly successful company already, and it's largely been through the efforts of a team that got here long before I did and largely through product-led efforts. And I think there's an amazing opportunity to really evolve the way we think about product-led to enterprise software motions that, that we are at the forefront of but continuing to establish. And I think about it a lot from a culture perspective in terms of enterprise sales and enterprise leadership, right?

Growth, I just – I have an unwavering commitment to net new bookings and how do we go do that and how do we do that at scale and at accelerated rates. Grit, this is – we talked about, this is a category that is continuing to evolve. It's still largely immature, even though it has a lot of scale already in it. And so, you need some grit to be able to compete, to be able to win, to be able to go out there and know that we are the best software in this category to help companies transform the way they do work and work automation and community.

What's super cool and Shannon just and her team did such an unbelievable job is they're – like every single customer I talk to is rooting for us. Like I talked to [ph] Dane (01:02:40), he's rooting for us. He wants us to win. I talked to Neil at Major League Baseball, they're rooting for us. They want us to win this category. And so they're getting behind us. They're giving us informed opinions on our product roadmap. They're giving us informed opinions about the way we show up and the way we have to evolve. And I think that's really, really cool. So I think about growth, grit and community in terms of culture levers that we have here at Asana and we're going to win both the users and the customers along that path. And I think that's also very differentiated for who we are and where we're going.

Anne Raimondi

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

So everybody wants to know, what are you going to do to grow? How are you thinking about that as an opportunity specifically at Asana?

Ed McDonnell

Head-Global Revenue, Asana, Inc.

Yeah. Well, you've heard some of it, right? I think I'm pretty impressed with how we think about AI and how we're approaching Asana Intelligence. And I think that's going to be a big growth lever for us. I also – you talk about the Work Graph model. And if I had to tell you how I think about that, we own marketing offices around the world for some of the largest companies. We own a lot of G&A functions in a lot of companies. We own product development organizations in a lot of companies. We might not call it product development in terms of software, but there's a lot of product development that happens.

We are winning functional roles across the world at some of the largest companies. The Work Graph is connecting that horizontally at a differentiated scale, and nobody else in our category can do it, and nobody can do it at the pace and the acceleration that we can deliver it. And so I want to bring that to more companies. And I really – this will sound really straightforward and simple. And it is. It's just the execution of it that requires the

work. We need to acquire companies at a higher rate, so acquire net new logos at a more accelerated path. And we're going to think about that in two different ways, right? Direct capacity and extension of other ways that we can go to market to acquire net new logos, expanding.

So it's acquire, it's expand. You heard Dustin talk about \$100,000 as a really important lever for us. And we need to continue to have an intent focus on expanding more customers into relevancy and we determine relevancy to be \$100,000. And extension, I think we have a really wonderful opportunity to extend our ecosystem and extend our community both through markets that we might not be in today. So there's markets around the world that we're not in today, where we might think about partner and channel strategies that allow us to expand into those markets.

And also, I come from organizations where delivery partners and ecosystem partners matter. So whether that's me trying to open up relationships with folks like Deloitte or PwC or others to help them extend our ecosystem through differentiated delivery, differentiated implementation ways, I think are really interesting for us. So really focused on winning that global set of 2,000 customers, doing that through some verticalization like you spoke about. Again, that's starting not going all in right now, but we're on a starting path. And acquisition, expansion and extension, again, I know it sounds simple. There's a lot of execution that has to go behind that, but that's the strategy.

Anne Raimondi

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

Wonderful. As you're digging in with the team, what do you feel like are some of the most important near-term opportunities?

Ed McDonnell

Head-Global Revenue, Asana, Inc.

Yeah. Well, hitting the guidance that you've all heard us talk about for this year, I think that's really important and I'm intently focused on making sure that we deliver the commitments that we've said to both our shareholders and our employees. We have a great bimodal strategy. We have to continue to leverage it. We have to accelerate how we think about direct sales motions tied to product-led and how to help that evolution go smooth and fast.

We have great leadership around the world. So we have a phenomenal leader in Europe. We have phenomenal leadership in our APJ region. We're rebuilding our North American region, and we had to make some changes there. And we're excited about where we're going from that perspective. And we need to evolve our partnership strategy. I really do think the extension of channel partnerships, both through ecosystem development, delivery and new markets is an opportunity for us to expand and extend and continue to accelerate. So those are just some things on my mind.

Verticalization, again, I'll come back to that. I also – we're a customer-first company. I mean, think about all the customers you heard from today. Think about our customers standing up for us and rooting for us, like we are customer-first, and I think that's wildly differentiated in our category. I don't know that anybody else in our category wakes up every day and thinks about the customer first.

Anne Raimondi

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

Catherine, I think we have some time if there's questions.

QUESTION AND ANSWER SECTION

Catherine Buan

Head-Investor Relations, Asana, Inc.

A

Absolutely. [indiscernible] (01:07:17) the microphone. And if you can introduce yourself, that'd be great. It should be on.

Rob Oliver

Analyst, Robert W. Baird & Co., Inc.

Q

Great. Thank you. Rob Oliver with Baird. Hey, Ed, thanks for your time. Anne, thank you. Just a question on the vertical opportunity. We've seen with some other SaaS companies the ability to verticalize the product has helped sort of drive growth and ASP. Just curious how you plan to approach that. Is it within sort of seeds of success you see within the existing Asana customer base where you already have vertical elements? Is it [ph] hunches (01:07:54) about where growth areas might be? And then what sort of customization, if you will, will the product need? Thanks.

Ed McDonnell

Head-Global Revenue, Asana, Inc.

A

Yeah. Hey, Rob. Thank you. So I've led and built some vertical teams at other enterprise software companies in my career. I think there's a couple of things. It's okay for revenue to be a little bit out in front of everybody else because you learn and you learn really fast, and you could bring that customer feedback in, and that's where we'll start. We will start to verticalize some teams. We'll go slow. I want to be really clear like we'll go slow, because it's about a learning process. It's not about putting the entire capacity against a verticalization strategy, but it's learning.

I think we have really interesting opportunities based on our customer base already. You heard from the London Stock Exchange. We have wildly interesting financial services companies that are customers of Asana. I want to learn how do we go expand them into more relevance for us. Same thing around healthcare. Again, I keep coming back to think about what healthcare organizations are tasked to go do and test to go doing what they're trying to do. And I think about the drug market, for lack of a better term, it's just a wildly interesting opportunity for us to go figure out if we can acquire it at a faster rate.

And I think about media a lot. Content creation, content delivery, content – the content life cycle, I think it's another really interesting area for us. We're already the best at high tech. We have to go and figure out how do we continue to accelerate our already great position in other verticals to go faster, but we'll do some direct capacity. I think we'll do some partnership strategies there and it will be over the course of the next several quarters, as we learn and bring that back.

In terms of customization of the product, Alex and team can give you some more perspective around that. But I think go to market could be out in front, so that we do it in a way that's both logical within our roadmap and can deliver upon what our customers are asking us to do. I've also seen it where you don't have to customize that much, that there's a lot that already exists and it's really about making it so that the use case that the customer is trying to solve, you – we put good delivery, we put good customer success behind it and that can solve a lot of what the customers are trying to do without having to change your roadmap.

Anne Raimondi

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

A

Yeah. And the AI investments, Rob, that we're making, I think, are really exciting in terms of how AI can help with the verticalization.

Catherine Buan

Head-Investor Relations, Asana, Inc.

A

Awesome. Alex?

Alex Zukin

Analyst, Wolfe Research LLC

Q

Hey, guys. Alex Zukin with Wolfe Research. So, clearly a ton of opportunities, a ton of initiatives out in front of you. And I think this may be a repetitive question, but I think it's important one to double click on, which is, as you look at all of the things available to you as kind of the new go to market leader of the organization, like where would you – where are you most passionate about? Where you feel like there's the lowest hanging fruit, where investors should see kind of a growth positive outcome in the shortest amount of time? Like, as you think, as you evaluate that to-do list, like what stands out to you, is like this is – these two things really unlock the growth opportunity for Asana?

Ed McDonnell

Head-Global Revenue, Asana, Inc.

A

Yeah. I think there's a lot of things out there that can help unlock. Thank you, Alex, for the question. I'm going to go back to – again, I'm going to say – this sounds really simple, but I think having intent focused on what's our acquisition strategy of net new logos, how do we put both direct capacity and potentially some partnership opportunities in front of us in markets where we might not be today, so that would be one.

Expansion, I think we have a wildly interesting opportunity to expand our customer base, more up in the ARR that we have per customer and that's going to be through some of the pricing and packaging that you saw. Some of that will be natural and make it easier for our customers to buy from us and easier for them to go up-tiering. And so it's intent focus on the way we allocate our capacity in terms of those two areas as well as really thinking about the extension possibility that we have, acquire net new customers, expand and extend.

And I'm going to keep coming back to that because if I make it that simple, I think we unlock the opportunity faster. So some of this is taking complex and just making it simple and trying to go as fast as possible. We'll make some mistakes along the way and I want to learn from that as fast as I can to continue the adjustment process.

Catherine Buan

Head-Investor Relations, Asana, Inc.

Thank you so much, Ed. Thank you, Anne. And we're going to take a short break now. We'll be back here at 12:30 to start and continue with Tim Wan, our Chief Financial Officer.

Ed McDonnell

Head-Global Revenue, Asana, Inc.

Thanks, everybody.

[Break] (01:12:14-01:23:12)

Unverified Participant

Please welcome Catherine Buan back to the stage.

Catherine Buan

Head-Investor Relations, Asana, Inc.

Hi. That's a big introduction for me to introduce Tim. But thanks and welcome back from the break. Next up, we have Tim Wan, our Chief Financial Officer.

Tim M. Wan

Head-Finance, Asana, Inc.

Thank you, everybody. Thank you for joining us today and thank you for those who are joining us both here in person as well as on the Web. I'm going to spend some time in this session sharing with you the traction we've made so far in moving up market, the opportunities we see ahead for growth, and finally, how we're managing growth and profitability in this environment.

Now, as many of you know, the collaborative work management space is a fairly new category. But as Dustin mentioned, it's both a distinct and important one. The problem we saw for our customers, the customers you heard today, are acute and pervasive. A lot has happened in the world over the last four years, a pandemic, geopolitical conflict, inflationary pressures, interest rate increases, et cetera. But our business has been very resilient, delivering a 46% CAGR over that period.

Now, what's driven our growth is the growth of our core customer segment, customers spending more than \$5,000 and over. This is the bar on the right. Now, four years ago, combining these two bars, we had over 70,000 paying customers. Today, we have 146,000. And our revenue growth has primarily been driven by the strength in our customers spending over \$5,000, which we call our core customer base. The number of customers spending under \$5,000 grew at 18% CAGR and the customers spending more than \$5,000 grew at a 44% CAGR.

Now, this is also true in our paid seat growth. Four years ago, we had a little bit over 1 million paid seats. Now, combining these two bars, you'll see we have approximately 3 million paid seats today. And just in the segment that's spending more than \$5,000, we have just under 2 million paid seats in our core customer base, which grew at a 47% CAGR. We also have seen success in moving our customers up the value chain. The average revenue per seat annualized from our core customer segment grew 64% from \$151 to \$247 or about \$21 per month, demonstrating our success in up-tiering our customers from premium to business and then business to enterprise.

Now, the combination of higher customer growth, seat expansion and revenue per seat has resulted in growth in our core customer revenue of 66% on a CAGR basis over the last four years, almost 3 times faster than the less than \$5,000 spend segment. And over the last few years, as we shifted our focus on moving upmarket, customer spending more than \$100,000 grew even faster, 92% CAGR, seats grew at a CAGR of 95% and revenue grew at a CAGR of 118%.

Now, our core customer is the gateway to our enterprise on-ramp. It's the best source of leads for our sales team. It's also the most valuable part of our business and the highest leverage. So we look at just the \$100,000 spend customer. This group of customer is 30 times more valuable when compared to our core customer group. Demonstrably higher unit economics, and this is why we want to continue to move up market.

And during this period, we're acquiring and expanding with enterprise customers that are noteworthy every quarter. You've heard some of the customers at our – at the events. You've seen – you saw our customer earlier today. Now, you already know about our strength in tech, but we also have some of the largest professional services companies in the world, such as Accenture. Within media, we have some of the biggest names, including ViacomCBS and Warner Media. And within consumer retail, we have LVMH, and brands like Danone and Burberry.

In healthcare, we're joined by companies such as Roche and Johnson & Johnson. And with the launch of our HIPAA compliance module last year, I expect us to continue making inroads in this vertical. Leaders in automotive and industrial use Asana as well. All of these customers are six-figure customers. While we're very excited about the wins, we're also excited about the future growth opportunities. So I'm going to talk about four drivers: net retention rate recovery, expansion within our core customers, focus on new enterprise customers with a top-down go-to-market approach, and new packaging that will help more lands and more up-tiering.

So let's start with our net retention rate. Now, the headwinds to growth right now is the lagging impact of macroeconomic shifts, which resulted in downsizing in certain industries and especially in the tech sector, an area of strength for us. So we put together this illustration to show the evolution of our dollar-based net retention rate and if we focus just on our core customers. Here, you can see the components of the net retention rate. In a stable economic environment, say, in 2019 or our fiscal year 2020, our net retention rate was driven by three factors: seats; up-tiering, which drives the average revenue per paid user; and improved retention.

As you can see, in the beginning of the pandemic, we saw seat downgrades and worsening retention in particular industries such as hospitality, retail and travel that lowered our NRR. This was followed by the low interest rate environment and strong underlying economic conditions that drove our NRR up. And finally, as you can see, the user growth is more exposed to the dynamics of the overall macro environment, and this is especially true for us as a tech leader.

At the same time, the average revenue per seat and retention were much more resilient during this last year. So going forward, we expect last year's contraction will anniversary around our Q4/Q1 timeframe, taking headwinds off the NRR which, as you can see, has reached levels lower today than at any point over the previous five years.

In addition, depending on the economic outlook, many of these companies will start to hire and invest again. We think this will be especially true given our new packaging and the addition of Asana Intelligence. So we believe a net retention rate of 120-plus is a reasonable expectation for our core business over time.

Now, what gives me additional confidence is looking at our fastest growing segment, customers spending \$100,000 and above, which we define here as our enterprise segment. In that segment, our gross dollar retention rate remained high even during the pandemic and current macro environment.

Notably, our logo retention is even higher and more persistent in the high-90s throughout the macro dynamics. And as macro stabilizes, we expect the gross dollar retention rate will return to the mid-90s. So this provides additional confidence that we'll be back to our historical NRR as we focus more on moving upmarket and into the enterprise.

Now, looking at opportunities for new growth, let me walk you through how we're looking at our market today. And as investors in the space, you already know that this is a very large market and still in its infancy. IDC expects the collaborative software space to reach \$79 billion in 2027, a 15% CAGR over the next four years.

Now, let's just look at the opportunity for expansion within our own existing core customer base. As I mentioned earlier, we have about 3 million paid seats in total. And if you just look at our core customer, that number is about 2 million. There are approximately 80 million employees across our core customer base. If you conservatively assume that 50% are serviceable, we're currently less than 5% penetrated across our core customer base.

The opportunity within just the existing base is big enough for us to be over 15 times larger than we are today. So if we never acquire a new customer and just expand it within the core customer base, that alone represents a \$10 billion market opportunity. Now, taking into account all knowledge workers around the world, there's 1 billion, so the opportunity in front of us is really even larger. Now, to summarize the opportunity, it's a \$10 billion market opportunity just within our core base, while only 48% penetrated in the Global 2000, and there are over 1 billion knowledge workers around the world today.

Now, helping us capture this opportunity is Asana Intelligence and our new packaging. Not only are we delivering more value, but it will help accelerate their journey. So the new packages reinforces a few things. One, our focus on moving upmarket and faster lands that you heard from Ed. Additional value from Asana Intelligence which will encourage expansion and improve adoption. The new packaging will also create more up-tiering opportunity with feature and user gating, which we didn't have before. With the new packaging combined with AI and our focus on moving upmarket, we believe we can land bigger and accelerate the expansion of our customers.

Now, we can see how this shift in strategy has impacted the customer journey over the last few years. I'm going to show you three distinct customer journeys. The one on the left reflects our more – our traditional motion, organic bottoms up, really fed by product-led motion until reaching a critical size. The one in the middle is condensed, condenses the land and expand phase by more quickly introducing a sales-led motion.

And then in the one on the right reflects our recent success. Our largest land to date, this is a motion we're investing in and building. We want to reduce the time to adopt Asana with a much stronger top-down motion. We will have – we'll still have the other two motions, but our focus is on the right-hand side. And over time, I believe our go-to-market motion will look a lot more like this. So landing bigger is critical to our long-term success in the enterprise and scaling customers to the \$100,000 to the \$500,000 levels and beyond. This will take time to build, but it represents an enormous opportunity.

And finally, let's move on to the implications of these opportunities on the long-term model and how we plan to balance growth and profitability. We've made significant progress improving leverage over the last four years. Gross margins have remained strong as we've launched new features and more than tripled our user base. We delivered leverage across every component of our P&L. Our operating margins have improved roughly 40 percentage points and we're reaffirming our commitment to be free cash flow positive by the end of calendar 2024.

Looking longer term, our belief and confidence in the business has not changed since our public listing. This is a category with a lot of runway for growth. With gross margins in the high-80s, we will deliver free cash flow margins of 30% at scale.

And in terms of growth in the next 12 to 24 months, there are several levers that should set the business up. One, expansion from our core customer base, which will be a tailwind to our NRR; our focus on moving upmarket, so scaling more customers to the \$100,000 level; and our new packaging with Asana Intelligence which will help with more lands, improve adoption and new expansion with feature and user gating.

And with that, Catherine, should we bring folks up?

QUESTION AND ANSWER SECTION

Catherine Buan

Head-Investor Relations, Asana, Inc.

A

[ph] Stu (01:35:46), let's open it up for some Q&A for the next 30 minutes. I'm going to ask for Dustin and Anne to join Tim up there. We'll put some chairs. And I also want to make sure and reiterate that we've got the whole management team up here on the front row. We've got Alex Hood, our Chief Product Officer; we also have [ph] Dane (01:36:06), if you want to ask any questions; Ed McDonnell, our CRO; and we have Neeracha, our Chief Customer Success Officer; and our Chief Marketing Officer, Shannon Duffy.

All right. Who's going to go first, [indiscernible] (01:36:24)?

Dustin Moskowitz

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

A

It's very funny.

Catherine Buan

Head-Investor Relations, Asana, Inc.

A

Let's – do you want to start with Josh over here?

Josh Baer

Analyst, Morgan Stanley & Co. LLC

Q

Yeah. Thank you.

Catherine Buan

Head-Investor Relations, Asana, Inc.

A

We need that mic.

Dustin Moskowitz

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

A

You might have to flip the button.

Josh Baer

Analyst, Morgan Stanley & Co. LLC

Q

Hello? Josh Baer, Morgan Stanley. Thank you very much. Questions for Dustin, throughout the day, talked a lot about trust in regard to AI. So, wanted to ask what data do you actually own versus what data does your customers own, and like how does that fall into your competitive advantage around Work Graph and data? Like, what data can you use to enhance your models versus what does the customer keep themselves?

Dustin Moskowitz

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

A

Yeah. I agree. So, we – at this stage, we're relying really on the foundation models to be aggregating data and training. So, we're not creating our own model. There's a good chance that we'll end up doing fine-tuning later, but that's not part of what powers these features now, and I think that would be something that we can – we'll have a lot of vacancy and choices on. So, I think a lot of the fine-tuning may just be around providing a lot of examples of like what good outputs look like. Those may be examples that we actually just like handwrite ourselves or like our customer success managers or product managers write. They don't necessarily need to involve like hundreds and thousands of like customer-driven examples.

And so, this just hasn't been a question that we've needed to answer in quite that way. And in general, when we've been working with the foundation models, we've been very careful with how we contract with them to make sure that they don't own the data either and think of our customers' data as theirs. I think everyone understands, particularly the [indiscernible] (01:38:18) OpenAI, that like, they just kind of has to be that way if they're going to be enterprise businesses. So, just not really a trade-off that we're focused on right now.

Steve Enders

Analyst, Citigroup Global Markets, Inc.

Q

Great. Thanks for taking the question. Steve Enders with Citi here. Maybe to start, I want to ask about you talked about a lot of point solution disruption and again that slide where you're showing values for management and whole bunch of other categories. How do you view where the opportunities are for disruption in the near term there and the biggest areas for monetization potential as you think about the other 95% of seats that are in the organization?

Dustin Moskowitz

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

A

Yeah. I mean, I think maybe – Alex will want to jump in on this as well, but I think he kind of had it laid out almost in terms of product market fit. So, the ones that were lined up near the line or sort of the start, but it's not really that binary necessarily where we think, oh, now we have solved for this point solution. It's more like we've solved for say, strategic portfolio management, 30% 40%, and next year, we'll improve that to 50% or 60%, while also going after decision intelligence or something like that.

I actually took a note, I wrote down a task in Asana as I was looking at that slide of workflow automation there and the lower barrier to entry. But when I was watching the demo earlier this morning with sort of workflow bundles, I was thinking about, well, that's sort of a special extra layer that we do on top of workflow automation, almost like strategic workflow automation or like it's for the PMOs and the strategic operators. So, to be able to push and do change management. And so, I think of it more as a continuous category space, and as we push up the waterline of our product market fit, we sort of more conclusively have the ability to displace point solutions.

Jackson E. Ader

Analyst, MoffettNathanson LLC

Q

Hey, guys. Jackson Ader at MoffettNathanson. On the packaging and specifically the AI into the paid SKUs, did you give any thought to charging an additional \$5 or something, right, like to have Asana assist in the package, and then, obviously, you ended up not doing that. So, what were the puts and takes, and why wouldn't charging for that explicitly work for your model?

Dustin Moskowitz

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

A

Yeah. Boy, did we. We discussed that quite a bit. And I would just point out like, these packages aren't fixed in the stone, and I'm always frankly a little wary when we describe our AI stuff as just one feature. Really, it is a set of features, and I think there's like a decent chance in the future, one of those features gets packaged as an add-on. One of the ways I think about it though is – so, first of all, there's the flywheel argument. This is actually helping drive seat expansion for us. And so, it's almost like a marketing expenditure. We actually package it with the features, because we want those features to be as great as possible, and there's – it's such an amplification to portfolios and goals, and that's what helps get our customers into those higher tiers, but then also inspires their peers to expand Asana usage throughout the organization.

But the sort of like add-ons that we see in the market right now, I'm predicting, I guess that you're going to get into some – those companies are going to get into some fights with their customers, because not every user will be utilizing it, but you're going to add it on to the package. And so, I think there's going to be some more sophistication there in terms of like maybe it's something you're selling to, to some of the seats. But I'd be surprised the \$5 reference I think is like the notion pricing or something like that, \$8, okay.

Jackson E. Ader
Analyst, MoffettNathanson LLC

[indiscernible] (01:42:30)

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

Yeah. I think we have to be careful not to extrapolate from what the first sort of bites of that apple are. And one of the ways we've thought about the notion pricing is actually they're the first ones to kind of put out an AI collaborative editor. Now, you're seeing that get built into Google Docs, you're seeing it get built into Asana, I think it'll be harder for them to command that kind of price premium going forward. Then you also have like Microsoft, of course, with this \$30 add-on. I've been talking to like a few other CEOs and the speculation was, basically, that is actually a function of their scarcity, where they don't have the GPU capacity to service their entire customer base. They actually have to price it high, so that people self-select into that package. And then later, when they have the availability, they will almost certainly drop the prices, even probably, that's a list price, too. So, they're going to negotiate those prices down.

So, I don't put a lot of stock in that being the sort of future of the pricing world. But we don't know and we've left ourselves some optionality. And so, it will depend in practice and what kind of value that customers get out of it, what kind of expense it creates for us. And so, we've been careful also to align what costs us more with higher tier packages and, yeah, just how AI develops and [indiscernible] (01:43:49).

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

Yeah. I think one of the principles we used was just how fast can we learn together with our customers and making some intentional choices, so that we're learning as fast as possible what delivers value and what they value, but then also what gets used which then can also drive the cost equation for us, so.

Catherine Buan
Head-Investor Relations, Asana, Inc.

Alex.

Alex Zukin

Analyst, Wolfe Research LLC

Q

Hey, guys. Alex Zukin, Wolfe Research. I have a two-part question, one product, one finance. The first one on product is, I thought the air traffic control reference to the co-pilots was really interesting, and I wanted to ask kind of an open-ended question around how you see this market evolving and your differentiation within it. Meaning, as we look at a world that increasingly gets populated by autonomous agents, right, not just the conversational UX, how does that orchestration layer or the air traffic control layer kind of become more important? And how do you win that battle on the data model versus cross-functional functionality from Microsoft, from ServiceNow, from other vendors vying for that kind of data model supremacy? And I've got a quick follow-up for Tim.

Dustin Moskowitz

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

A

Yeah. So, there's a few different questions in there, and I'm going to try to remember them all. Yeah. So, introduction of autonomous agents, I don't know if you saw the product demo earlier, but we had a sort of great example of like, you're building out a strategic project plan and you're assigning some things to humans, you're assigning some things to the AIs. We really think of that as like the agents are part of the team, and they may even be like personified at some point, but for now, they're just like you're assigning it to an agent. And I almost think that's like – kind of like the ideal way to sort of like engage asynchronously with these agents that are going to like go off and do some work versus like the chat interface, where it's actually very frustrating if you're trying to do something complex and you're like sitting there and waiting for like five minutes for like a result to come back, and it's got to do like a bunch of data fetches. It's not just about running the inference on the model. And so, I think that mixes really well.

And then, in terms of like the data model supremacy, the position we're taking is that it's about having insight into the relationships between the work, not just having a lot of data and trying to infer the relationships between the work. I often think about, well, okay, these are like human-level intelligence, maybe superhuman-level intelligence [indiscernible] (01:46:17) like read these huge blocks of texts and try and recreate the Work Graph. But I don't even think a human can really do that. I think you have to ask people, what did you mean, you created this new project doc, there was already a doc for this project, which one is the source of truth, what is the intention of this. And when you're using the Work Graph, you're sort of like asserting that incrementally every step of the way, what the source of truth is, identifying for your team and for the AI, what it should be paying attention to and prioritizing, what the context is. And so, we think the Work Graph was really built to maximize our understanding of those robust relationships and that will be our competitive advantage.

Alex Zukin

Analyst, Wolfe Research LLC

Q

And then, Tim, on the financial model, you laid out kind of medium term and long term...

Tim M. Wan

Head-Finance, Asana, Inc.

A

Yeah.

Alex Zukin

Analyst, Wolfe Research LLC

Q

...there's a pretty wide range of margin outcomes between those two terms. I wanted to ask, A, is there a high-level kind of years away that we should think about, and at what point – given in the medium term, the sales and marketing spend is pretty high, and your NRR recovery suggests a 20-plus-percent growth rate presumably.

When do you modulate when – if it's low-teens next year or low-teens the following year, does that sales and marketing start to step up or step down such that you inflect on operating margins?

Tim M. Wan

Head-Finance, Asana, Inc.

A

Yeah. I mean, I think you've kind of seen the philosophy even taken over the last 12 months in terms of – as the macro condition worsened, we quickly made some adjustments on our P&L, and really looked at kind of the payback for our sales and marketing. Because we did see productivity decrease, especially on the sales team and we were able to kind of right size the ship, if you will, and adjust our sales capacity to make sure that we can manage the payback in a more predictable way.

So, I think, to the degree that, some of the things we talked about in certain pockets of the organization or the geographies, we are seeing productivity increase and we're seeing some stabilization. So, in those areas, I think we'll look at investing in areas where we're rebuilding and we're trying to be a much more mindful of the leadership challenges that we have. I think we'll take a much more pragmatic approach and gate those investments over time. So, that's the philosophy that we're taking.

Catherine Buan

Head-Investor Relations, Asana, Inc.

A

Jason?

Jason Celino

Analyst, KeyBanc Capital Markets, Inc.

Q

Hi. Thanks for taking my question. Jason Celino from KeyBanc Capital Markets. The Asana Intelligence roadmap that you kind of gave out in the keynote this morning, a lot of those use cases were for internal improvements to help organizations and customers get better and drive more clarity, et cetera. How do we balance or where do you see other solutions that are maybe more externally focused where customers could be working with their customers?

Dustin Moskovitz

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

A

Sorry, how do we balance that in terms of Asana Intelligence...

Jason Celino

Analyst, KeyBanc Capital Markets, Inc.

Q

Well, I guess, where in kind of the roadmap or where in the focus would that be?

Dustin Moskovitz

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

A

External use case, I think, is that the question?

Jason Celino

Analyst, KeyBanc Capital Markets, Inc.

Q

Yes.

Dustin Moskovitz

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

A

Yeah. I mean, really it's about – we've a very customer driven process for the roadmap. We have talked a lot about our strength in professional services and financial services. And so, those are the customers that are really driving that kind of request, and you're sort of continually doing the roadmap every half and it's just sort of stack ranking thing. So, I don't think of it as so much as a balance as is, where is the leverage, where is the biggest business opportunity, but it's definitely something like we're actively thinking about right now.

Tim M. Wan

Head-Finance, Asana, Inc.

A

Yeah. I think maybe it was just the – some of the examples, Jason, but I think like if I look at some of the logos that we shared up there, even within professional services, many of those professional services firms aren't using it just for cross-functional work internally. But they're actually sharing their work and using it as – to help manage work with their clients, particularly with like, I think there was like, I don't know, if PwC was up there, but Accenture was up there, I think, and Latham was up there. There's also use cases like, I know some of the agencies that use us are also using us with their clients, which not only helps increase the seat expansion, but seat new customers for us and has a network effect over time. So, that's another – those are some of the other use cases that we see.

Dustin Moskovitz

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

A

Yeah. So, just structurally, we have like a guest model. So, you can actually – if they're willing, the customer can actually come into your workspace and collaborate with you. And as we grow into the market, that becomes lower friction to do, because they may also be an Asana customer. Great example is actually our own customer success managers often sort of participate in the customer's workspace, because they're both known to be Asana customers, and familiar with the product. And we also have to lower that friction for the people who aren't familiar with Asana, and that means sort of like a simplified [indiscernible] (01:51:12) or sort of e-mail-based engagement. But yeah, definitely something we're thinking a lot about.

Anne Raimondi

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

A

Yeah, that example we see quite a bit, which is also just services, teams within customers using Asana to manage their workflows both internally, and then with customer deployment.

Catherine Buan

Head-Investor Relations, Asana, Inc.

A

Question?

Andrew DeGasperi

Analyst, Berenberg Capital Markets LLC

Q

Sorry about that. I'm back. Andrew DeGasperi at Berenberg. Just one question specifically on expanding sales capacity, but I think you also earlier alluded to partnerships. And I was just wondering, is that a meaningful change versus what you did earlier, particularly in North America? Should we expect kind of language change in terms of partner-led deals rising in terms of mix versus direct sales before?

Dustin Moskovitz

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

A

Yeah. Maybe you want to take that, Ed. Just talk about how you think about channels in areas where we may not have direct presence today, because I know you have a lot of experience there.

Ed McDonnell

Head-Global Revenue, Asana, Inc.

Yeah. Hey, I – again, I'll go back to we'll deploy our direct capacity around acquisition and around expansion. We will think about extension and North America where we have a lot of direct sales capacity might not be the best place to drop new channel partnerships. I do think about ecosystem development in that perspective though. How do we think about Accenture, Deloitte, Slalom, Acumen in terms of delivering an ecosystem built or technology integrations that can extend Asana into deeper into the enterprise.

There are markets where we're not today. We are not in Brazil today. Do I think Latin America is a great strategy for Asana? I think it can be. But we need to go and find a great partner that wants to extend Asana into a market like Brazil, where we are not today. So, I think that's where we'll look for channel partnerships. And I don't know who asked the question, so I'm like looking around.

Dustin Moskovitz

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

He's right there.

Ed McDonnell

Head-Global Revenue, Asana, Inc.

There you go. I think we'll look for markets where we're not in today, where we will go and test the strategy out and learn before we go all in on channel versus direct versus PLG. I think what's beautiful about Asana is it has all three. And we need to figure out how to make all three work in our own selling flywheel. And so, we will try extension of the capabilities both through ecosystem development and channel partnerships, but channel partnerships in markets where we're not today.

Catherine Buan

Head-Investor Relations, Asana, Inc.

Thanks. Question in the back.

Noah R. Herman

Analyst, JPMorgan Securities LLC

Hi. This is Noah Herman with JPMorgan. Just coming back to the pricing and packaging. Can you just maybe touch on how you're going to implement the new user limits to the pricing and packaging? And I believe – correct me, if I'm wrong, but you had that for the free tier before, but they didn't exist before. So, is that more of a renewal discussion with customers? Are you going to have customer success managers reach out to existing or new customers? How to kind of think about that? Thanks.

Anne Raimondi

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

Sure. Great question. So, in the new plans, there are limits on the personal, starter and advanced. So 10-seat limit on personal and then 500-seat limit on starter and advanced. So, once we roll out the new plans, all new customers will be in those new plans. And then existing customers, we are enabling them to stay on their existing plans until renewal conversations. So, we will have a migration plan for all existing

customers. And as part of those conversations, our goal also, because the AI functionality is in the new plans, is that we're providing a pretty smooth migration path from where they are today into the new packages and plans.

And then, there also will be limits – usage limits on portfolios and automations within the lower tiers below enterprise. So, we believe all of those together will be motivations as people are using Asana and getting more value out of Asana to migrate up.

Dustin Moskovitz

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

Hopefully, I'm not speaking out of turn, but I think there are also going to be usage limits on the Asana Intelligence.

Anne Raimondi

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

Yes.

Dustin Moskovitz

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

Yeah.

Anne Raimondi

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

Based on the specific plan. Yeah.

Dustin Moskovitz

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

Yeah.

Catherine Buan

Head-Investor Relations, Asana, Inc.

Jackson.

Jackson E. Ader

Analyst, MoffettNathanson LLC

Hi. Jackson Ader at MoffettNathanson again. It was Tim's presentation. When you put like customer one, customer two, customer three, right...

Tim M. Wan

Head-Finance, Asana, Inc.

Yeah.

Jackson E. Ader

Analyst, MoffettNathanson LLC

...in terms of like land and expand?

Tim M. Wan

Head-Finance, Asana, Inc.

Yeah.

A

Jackson E. Ader

Analyst, MoffettNathanson LLC

But I guess the question is really for Dustin or Anne or Ed even. But it seems like customer three just is much harder to do, right? And so, yeah, how do you make sure that you develop that muscle? Because I just think to myself like, oh, man, I'd much rather have the job of customer one...

Q

Tim M. Wan

Head-Finance, Asana, Inc.

Yeah.

A

Jackson E. Ader

Analyst, MoffettNathanson LLC

...making that work rather than three. So, how is that going to be?

Q

Tim M. Wan

Head-Finance, Asana, Inc.

Yeah. Let me try to start a little bit just kind of the backdrop, too. I think what's happened over the last two years is there's been a lot of proliferation of different there's been a lot of proliferation of different platforms or SaaS platforms that very bottoms up and that different teams adopted. But over the last 18 months, I think what we've seen even in our business is CIOs and IT department consolidating and trying to rationalize and understanding how they want to scale a particular platform and trying to find real leverage in their – both in the technology, but also in their budget.

A

And I think the conversations that we're having, especially as we move upmarket is, companies look at us and there are companies look at the other companies and say, which one can I scale with? Which ones do I want to be with for the next five years? And the one on the right was a very hard-fought deal. But primarily, they didn't want to compromise on scale. They don't want to compromise on security. They didn't want to compromise on functionality. And they loved our roadmap. And the current environment, I think lends itself better to the right-hand side versus kind of the maybe the bull-run where we have proliferation of a lot of different bottoms up tools of the last maybe 7 or 10 years. Maybe that's where I'll kind of end, but maybe, Ed, if you want to...

Ed McDonnell

Head-Global Revenue, Asana, Inc.

I think the only thing I would add is, if you look at that, that coursing speed, Jackson, we're probably much more – if you just put percentage allocation of where we are in that journey of customer one to customer three, we're more weighted to customer one than we are customer three. The evolution of building the direct sales capacity and the motions will lean us more towards customer three over time. But that's field readiness, that's infrastructure, that's sales process, that's – like all of that stuff while a lot of it exists, it's maturing it into enterprise grade selling motions. And so, our goal is to get more weighted towards customer three than customer one, and that will take some time as we go through that evolution. Does that make sense?

A

Tim M. Wan

Head-Finance, Asana, Inc.

A

Yeah. We're not abandoning one and two. It's just where we're kind of shifting some of the investments, Jackson.

Anne Raimondi

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

A

Yeah. But maybe having spent a lot of time with customer three, I'll just share some more insights in that particular decision. So, just putting some more additional details of what Tim said that, in that opportunity, it wasn't that work management or product management wasn't something that the CIO was already investing in. But as they looked across the portfolio of investments they'd already made, they were seeing all the friction points in products and data models that couldn't scale.

So, as they ran an RFP process, specifically, the things that the CIO was looking for is a long-term strategic partner that was investing in a roadmap that they believed in. The AI functionalities that we were able to show really emphasize why being on one platform made a lot of difference. Because as you can imagine, for a CIO, also then driving the change management process of having all the other departments that had done some bottoms-up growth is something that they knowingly need to go and embark on and really believe in the partner. So in that instance, we are replacing seven other applications but because of the belief in the long-term strategy as well as then a pretty rigorous process on usability, functionality, it gave the CIO a lot of conviction around now is the time to consolidate and invest for the future.

So, I think we are seeing more of those conversations with CIOs who now in this environment do want to make sure they are maximizing all of their budget into investments that they know they can grow with, versus spending a lot of time trying to deal with all these different disparate applications and then figuring out how to integrate the disparate applications, and then seeing also just like a turnover rate in whether the original champion leaves of these applications, they're left with a lot of sprawl. And so, I just wanted to share more of that insight in the customer's perspective is they want to invest for the future, and now's a great opportunity to do that. So, we're seeing that more in the consolidation conversations.

Catherine Buan

Head-Investor Relations, Asana, Inc.

A

Next question?

Steve Enders

Analyst, Citigroup Global Markets, Inc.

Q

Okay. Great. Steve Enders with Citi again. Maybe taking the NRR part of that question like as you try to get these bigger lands, how does that impact like the NRR math over time? And then maybe for Tim, you talk about that 120% number and getting there. I guess, what has been baked in those assumptions, like what needs to happen on the macro or the landscape today to be able to hit those numbers?

Tim M. Wan

Head-Finance, Asana, Inc.

A

Yeah. Maybe it maybe I'll start kind of initially on why we believe 120% is a number that we can achieve, kind of it's – I think at the peak was 125% for a core customer or maybe even 130% for 5,000 and above. And I think two things, right. One, I talked a little bit about just going through the anniversary of many of the downgrades that we've seen. I think, we're sitting here today in November, but maybe only – or October, maybe 10 months ago or 9 months ago, Salesforce had their layoff. And there were still a few more large tech companies that had layoffs

that I think we have to anniversary, because I do expect their renewals to have some pressure on those NRR. So, that's one.

Two, I think once we anniversary, some of that headwinds will go away. And I think it's -I think a lot of companies are starting to think about, hey, what does the next three, four years look like? How do I think about increasing capacity? How do I grow again? How do I re-accelerate growth? And I think, like, that's going to come from a combination of how to deploy more technologies, how do I make my employees more efficient.

And I think seat expansion – we expect seat expansion primarily because just looking at the penetration rate of our core customer base, we're still only 5% penetrated. And if you look at the many use cases that Asana can cover, we just think there's still a lot of room to expand with seats, and hopefully with the Asana Intelligence and some of the feature gating that we have, it will encourage people to move from starter to advanced and then advanced to enterprise and enterprise to enterprise plus.

Anne Raimondi

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

A

I think the other thing I'll add is now with Neeracha onboard and how she's been building out the team, we do have much more intentional strategies on deployment and expansion with our strategic customers. So, having that multiyear plan whether it's a department by department expansion or if it's tops-down driven, still making sure that the seats that are purchased today and for the future have an intentional deployment plan. So I think that all will contribute to NRR as well.

Dustin Moskowitz

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

A

The one thing I'll just say about that is the larger lands, in some sense, you've like lost the opportunity to expand those seats. But I think that's offset by the fact that those are happening in even larger enterprises. And we see just higher NRR with those even bigger customers. And so, the adjacent seats to a 5,000-seat land, it's still just more numerous and that sort of offsets that you don't get to expand from like 1,000 to 5,000.

Anne Raimondi

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

A

Yeah. Customer three has 30,000 employees.

Dustin Moskowitz

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

A

Yeah. There you go.

Catherine Buan

Head-Investor Relations, Asana, Inc.

A

I think we have time for one more person to ask a question.

Alex Zukin

Analyst, Wolfe Research LLC

Q

Hey, guys. Alex Zukin with Wolfe Research again. So maybe, Dustin, for you, when it comes to AI, right, we've been through quite the hype cycle. What do you think investors are getting wrong about this opportunity? What do

you think they're getting right? And I appreciate AI is going to accelerate the mission at Asana. When do you think it accelerates the growth?

Dustin Moskovitz

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

A

Well, let me start with when I think it accelerates the growth. Again, we are in this just difficult macro environment. So part of it is the headwinds coming off. But the thing that I'm most excited about is being able to demonstrate our differentiated value. And as I said, I think that AI has given us an ability to tell the Work Graph story in a new way. And so the goal is to accelerate the growth starting today. And when it shows up in the financials, I think will be more a function of these headwinds than necessarily about benefits. But then hopefully we're growing even faster after that. So, if we can get back to those NRR levels and landing new logos, then that's re-acceleration.

In terms of what investors get right, I think all of you recognize that AI is really disruptive force. That is absolutely correct. It's going to change a lot of things and it's going to require you to kind of rethink a lot of these categories, and a lot of the way that the functions work. I also think investors recognize that that quality is really important and not all AI is created the same. And people need to actually trust what they're getting out or they are going to stop using the product.

Investors very rarely get things wrong. So, I'll be very careful about the second part of this. But where I think there's been some nuance lost in this sort of conflating media and investors, but there's been a lot of focus on the chat products in particular. And the – I think a lot about like the Gartner hype cycle. People have been trying to match ChatGPT's usage to this and it's like, the AI hype is over because usage dropped off of this chart up. And I think, that's missing the point. And I think it's just wrong to expect that the disruption will happen by enterprise users going to these chat apps. I think the much bigger potential is when AI is actually integrated into workflows. And that means you need to have an application where the people already are. So, change management and changing people's workflows remains a really high barrier to entry.

And so I think companies like Asana that already have people deeply embedded in these workflows are going to benefit in an outsized way. And I don't think the future is sort of centralized usage on these chat products. It would be much more about AI taking some of the tasks, being sort of pushed to you. Both outputs pushed to you and also opportunities to use AI, where it's suggesting what you do. We're seeing just more and more value in sort of the more prescriptive we are about how to use AI, and it's also sort of teaching people about the opportunity space. But when you just sort of present that box, you can do anything. It sounds great, but actually, it's much harder to get the value out that way.

Catherine Buan

Head-Investor Relations, Asana, Inc.

Thank you, Dustin. And thank you to entire management team. Thank you to everybody who made it today. We really appreciate you coming. There is more outside the doors. There is The Work Innovation Lab, there are the demos. And we'll move the management team out the doors as well. So, feel free to chat with customers, chat with the management team. Thank you again for coming, and thank you for the production team today. Thanks.

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