# Americas Technology: Software: 2025 Bus Tour Takeaways

We hosted C-level execs from companies with off-calendar Qs on the annual GS Software Bus tour. Companies included CRM, ADBE, INTU, ADSK, IOT, GTLB, SNOW, ZS, OKTA, and S. Management teams signaled a stable market environment, with current business conditions expected to represent the new baseline (See: *CIO survey*). While we expect this to be factored into initial guidance, we look to companies' cRPO and NER to lead the way for potential re-acceleration in C2H25 *(See: 2025 Outlook)*.

Management teams are also seemingly better positioned internally to drive growth in such an environment after two years. We see potential upside should an improvement in the backdrop, such as SMB sentiment, materialize as it can lead to more in-quarter deal closings. Our conversations also added conviction to our view that AI will permeate up the stack from Infrastructure into the Platform and Application layers *(See: Gen-AI deep dive)*. Customer priorities have firmly pivoted to AI, and we believe the ecosystems' innovation is conducive to supporting more AI apps moving from experimentation to production.

Though still early in the deployment and environment of AI applications, we believe monetization strategies will be solidified this year, with AI-generated revenue likely to have a growing contribution to the groups' growth over the next twelve months. We will still look to hiring as a strong leading indicator as AI/agents are augmenting existing workflows. We were left constructive on both EPS and multiple revisions for our group through CY25, despite potential for lower revisions during 4Q EPS.

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## Adobe (ADBE, Buy, PT $640)

We hosted a meeting with Adobe's, President of Digital Media, David Wadhwani. We highlight the following key takeaways: **1)** Early signs of success in various different monetization efforts, **2)** Opportunity going after business customers given differentiation and cross-sell opportunities, and **3)** Ramping monetization of low-end of the market to be determined by growing traction, MAU growth.

- **Early signs of success in various different monetization efforts.** In the face of investor concerns around displacement risk due to AI and increasing competition, Adobe highlighted its success in proliferating usage of their platform and early signs of success in various different monetization efforts. With these products and services starting to scale, Adobe is experimenting with a variety of strategies to optimize pricing of these solutions. While FY23 focused on experimentation, FY24 centered on product maturation and iterative testing, and FY25 will build on these processes with a focus on driving payment conversion. This includes new subscription-based SKUs, volume or consumption-oriented pricing, credits, and tiers. Given the breadth of the install base, Adobe is looking to manage the wide range of spending profiles of its customer base with the cost associated to service these features. The company is leveraging the playbook acquired from prior cycles, such as that from its license-to-subscription, to time the roll out of such pricing and forecast adoption. Balancing the combination of features and utilization, this is expected to maximize the LT opportunity and LTV of the customer. Firefly services and GenAI studio are likely furthest along in this journey, with more disclosed expected at Summit in March.

- **Adobe going after business customers given product differentiation, cross-sell opportunity.** Management shared confidence in the opportunities amongst business customers. With these customers demonstrating a higher willingness to pay and demanding more sophisticated tools—such as those that ensure commercial viability and uphold brand standards—Adobe is better positioned to service this market compared to emerging peers. Adobe is leaning into their value proposition as a comprehensive content supply chain platform, rather than simply an asset generation application. Adobe sees room for existing customers to expand their engagement and seat count with the platform, via Express and Firefly. Specifically, the company's large install base in Document Cloud can serve as a strong base for cross-selling creative tools (such as Express), helping to further democratize creative tools and tap into more wallet share.

  Creative Cloud is seeing early success in acquiring businesses with approximately 4,000 businesses adopting Adobe Express in F4Q24 (vs 1,500 in F3Q24). Furthermore, management highlights growth from enterprise and corporate businesses of scale, where the demand for automated workflows has unlocked upsell motions to access GenAI studio and Firefly integrations. Management asserts that Adobe differentiates in its ability to meet the high degree of commercial safety, standing out as one of the only commercially safe products for businesses. With expectations that content created by businesses will grow 5x, Adobe sees this growth being enabled by added capabilities of tools (e.g., Firefly Services) that can accelerate the velocity and expand the breadth of content creation, further believing that the number of content producers will continue to grow despite the increased ease of creating assets.

- **Ramping monetization of low-end of the market to be determined by growing traction, MAU growth.** For the low-end of the market, management emphasized that their current focus remains on product proliferation, with monetization expected to scale over time. Notably, management is tracking and made confident by the strong momentum seen in MAU growth in this segment (with a TAM opportunity of ~8 billion people). With an already expansive user base, Adobe has a significant opportunity for monetization as the company continues to refine its freemium-to-paid conversion strategies. A key example of this approach is the recent pricing increase test for Adobe's Lightroom Mobile in Australia. The test, where Adobe introduced a price increase to the offering, demonstrated a successful conversion of free users into paying customers, validating the payment conversion strategy for Lightroom Mobile in that market. Management expects to continue such iterative process while exploring opportunities to drive payment conversion. Looking ahead, we expect more insights into Adobe's growth and monetization strategies at Summit 2025.

## Autodesk (ADSK, Neutral, PT $295)

We hosted a meeting with Autodesk's VP of Investor Relations, Simon Mays-Smith. We highlight the following key takeaways: **1)** Continued focus of execution on the new transaction model, **2)** Increasing demand for cloud-based workloads, bolstered by AI, and **3)** Construction remains a durable long-term growth opportunity.

- **Continued focus of execution on the new transaction model.** Management underlined that their focus is on the new transaction model over CY25, aiming to enable tighter channel partnerships with improved efficiencies with increased abilities for digital self-service and automation. Specifically, the new transaction model will enable improvements on revenue predictability and cost efficiency by reducing reliance on traditional channel partners and increasing direct customer interactions. With greater visibility into customer usage and attach rates, the new transaction model will enable the company to better understand renewal triggers. Furthermore, the new model standardizes pricing, eliminates inefficiencies with intermediaries, and offers more predictable pricing across the customer base. From a cost perspective, the new model drives automation and self-service, streamlining operations through processes like auto-renewals and coterming agreements while reducing redundancies. This allows Autodesk to mitigate transaction risks, building a more scalable, efficient business model that enhances long-term growth durability and customer retention. While management underlined that the transition will be a multi-year process, we note that Autodesk already saw healthy execution in implementation in Western Europe (September) while on the heels of successful rollouts in Australia and North America. Near-term, management emphasized that execution and optimization of the transaction model will continue to be a priority focus.
- **Increasing demand for cloud-based workloads, bolstered by AI.** Management notes that the demand environment has remained consistent with prior expectations but remains cautious of potential policy shifts under the new administration that could impact customers' investment priorities. More broadly, management underlined an increasing demand for cloud-based workloads, particularly AI generative workloads which could drive upward pressure on R&D costs. Specifically, as businesses continue to migrate workloads to the cloud, there is an increasing need to productize and monetize AI solution while balancing value

realization from their investments. Management underlined that the challenge for their end-customers' industry remains in data accessibility, as the majority of data across the industry is locked in static files rather than structured formats—presenting a hurdle in scaling AI-driven solutions. Management underlines that cost-and-time efficient data extraction will be a focal point as they scale their AI solution.

- **Construction continues to present a long-term growth opportunity as the industry digitizes.** Management highlighted that Construction continues to present a large opportunity over the long-term as the industry undergoes digital transformation, fueled by customers consolidating onto Autodesk's solutions to connect previously siloed workflows through the cloud. Specifically, Autodesk saw notable momentum with net new customers doubling yoy, coupled with strong renewal and expansion rates among the existing base (F3Q25). Management underlines that ~70% of cost overruns in construction stem from decisions made during the pre-construction phase and, by consolidating onto the Autodesk Construction Cloud, customers can unlock efficiency gains through increased automation, integrated design workflows, and improved collaboration. For example, with Forma (cloud-based platform for AEC), the company enables customers to simulate various design choices during the conceptual design phase—such as optimizing for carbon reduction and overall yield— reducing broader inefficiencies and redundancies. Management notes that they are more focused on customer adoption as opposed to profitability in the near-term. That said, the company has already made significant progress with major enterprise wins in both general contracting (2 in F3Q25) and subcontracting (1 in F4Q25).

# Intuit (INTU, Buy, PT $800)

We hosted a meeting with Intuit's CEO Sasan Goodarzi. We highlight the following takeaways: **1)** Stable backdrop conducive to current expectations, **2)** Improved market positioning in tax and **3)** Expanding compelling mid-market value proposition.

- **Stable backdrop conducive to current expectations**. Intuit signaled positive undertones on the state of the financial health of consumers and SMBs noting that while consumer credit scores are down, cash levels have stabilized and the overall backdrop remains balanced. We note that management's tone has grown stronger since management started touting an improving state of the union at our conference in September. This is expected to be an easier backdrop to navigate, though Intuit noted making significant strides in its offerings that are expected to take shape irrespective of the macro environment. It expects increased focus on mid-market and Live services to be conducive to ARPC growth, which is fundamentally a more central component to the company's growth profile going forward vs prior years. The company's SMB motion still remains healthy across both ARPC and pricing, with the recent Amazon partnership likely to serve as a strong new motion (with only 10% of Amazon's third-party sellers on Intuit today) and healthy headroom for pricing leverage as innovation and cross-savings continue to support the company's pricing power. Management also expects to continue to exude a prudent spending mindset, confident in the bar it set to expand margins by 60bps this year, with increased spending only expected should opportunities present near-term revenue capture.

- **Improved market positioning in tax**. Intuit is seeing early signs of improved market positioning this tax season in both the DIY and assisted categories. In the latter, early reception to its TurboTax live campaign started in the fall and has shown healthy reception in terms of engagement and conversion pipeline. Intuit is more confident in its pricing position, acting as a price disrupter vs more traditional accounting offerings. The company is also leaning in on its experience and speed to capture share. Entering the fifth year with assisted solutions – now 30% of the Consumer segment – the product is more well integrated across solutions and the company has significant volumes of data that can prove to be conducive to attracting high value customers.

  On the DIY side, the company noted it had evaluated some short comings that yielded share losses last year and determined that roughly half of the lost customers were avoidable with more intermediate pricing, vs the duality of either a free, or $100+ price option that were available last year. The perceived impact from a free, direct-file platform from the IRS is not expected to be significant, given INTU's established positioning and favorable market reception to a third party mediator. We note that the expected increase in government efficiency is also not expected to meaningfully disrupt tax filings. Should administration focus shift here, Intuit underlines confidence in its ability to add-value by highlighting areas of inefficiencies given its in-depth knowledge of the industry.

- **Expanding compelling mid-market value proposition**. While still early in its mid-market penetration within its SMBSE segment, Intuit is entering this year with a solid foundation of solutions and industry knowledge to support more meaningful growth from such customers. The company sees the roll outs of online services and QBO Advanced as having set the stage for them to introduce Inuit Enterprise suite, where they are starting to see strong momentum. Companies such as wealth managers (with 20 branches), construction companies (across commercial/residential) and RV parks (with 40+ locations) are all already utilizing Intuit's platform. Intuit is focused on upselling businesses within its existing base (vs win-backs or net new businesses) as it sees a large underserved market existing within this base. Intuit is still in the disruption phase as it pertains to pricing, with Intuit's solutions proposing a meaningful amount of savings). Focused on automating tasks, workflows and functions, additional enhancements to Intuit's AI Assist, which underpins this platform, will likely increase the value proposition of the solution and drive adoption.

## GitLab (GTLB, Buy, PT $88)

We hosted a meeting with GitLab CFO Brian Robins. We highlight the following key takeaways: **1)** Hiring plans on the back of a stable/cautious 3Q demand environment, **2)** AI spending is growing and seat count impacts are minimal, and **3)** Pricing benefits in

CY25 and years to come.

- **GitLab plans to focus CY25 hiring on GTM and R&D on the back of a stable, cautious 3Q buying environment.** Management highlighted plans to focus CY25 hiring on GTM and R&D, while noting most of the G&A organization has now been built out, with limited need for incremental headcount. In contrast, hiring will be focused on the GTM side, where GitLab has a detailed capacity model that they revisit monthly based on attainment. The company noted field CTOs were working out well, and that focus remains on flattening the organization, with more work to be done. Similarly, on the R&D side, GitLab plans on hiring people in areas across the platform like AI or security (instead of product-specific roles). We view GitLab's plans for product and sales-focused hiring as positive signals on GitLab's internal CY25 demand outlook, despite a stable, cautious 3Q buying environment (per management). GitLab described the 3Q demand environment as one with no surprises, though encouraging signs came from easing contraction, stable churn and strong first order customer demand despite broader restrictions on expenses. Management stated most customers are just looking for ways to save money, improve ROI, ease of implementation, and generate positive business outcomes. The company noted that this stability gave them the confidence to beat and raise last quarter.
- **AI deployments are bigger and bigger, with no evidence of developer seat count reductions.** GitLab noted that customers are now purchasing Duo in larger and larger purchases. In 3Q, when purchased, Duo made up >25% of total ARR. Now, when customers are making AI purchasing decisions, they are attaching Duo to nearly all of the licenses they are buying (as opposed to earlier controlled, small-scale trials). Management expects this trend to continue, with more broad-based buying, adoption, and roll-out next year. We view this commentary as further evidence that GitLab's AI tools are gaining traction and early customers are realizing meaningful productivity benefits. At the same time, management cautioned against the narrative that AI will take away developer jobs. Instead, the company posited that as AI tools make developers more productive, these benefits will encourage customers to create better, more effective software. Thus far, GitLab has not seen any evidence of companies laying off developers due to AI-related productivity gains.
- **Pricing to contribute more in CY25 vs last year given ratable nature of pricing dynamics.** As revenue is recognized ratably and customers were offered the chance to renew early at their current pricing subscription price, management highlighted that GitLab will see pricing benefit CY25 more than in CY24 (on dollar terms). The Premium price increases (from $19/month to $24/month initially, then from $24/month to $29/month) have also benefited GitLab's Premium to Ultimate motion. GitLab determines their product pricing by evaluating 1) the value to customers, 2) the cost to develop and deliver products, and 3) alternatives in the marketplace. Thus, management sees the up to 50% AI productivity improvements as strong indications they are bringing value to customers. The original increase to Premium pricing was delayed due to COVID, and in that time, management noted that GitLab has added over 400 features; further evidence that the pricing increases are

correlated with value provided. Management also noted that GitLab prices Dedicated and Ultimate at the same rate which reduces complexity for the sale; because the code base is the same, GitLab is agnostic about offering the product as self-managed (so long as the customer meets a minimum license requirement).

## Okta (OKTA, Buy, PT $107)

We hosted a meeting with Okta CEO and co-Founder Todd McKinnon. Key takeaways: **1)** There will be more change in Okta's GTM organization in 2025 vs. a typical year — focused on new territories and better addressing the different buyers of the portfolio. Okta will also continue to focus GTM more on enterprise, reiterating that improving penetration in enterprise will be key to its growth algorithm. **2)** Okta noted demand has been stable for the last 4 months or so, in part as it anniversaried its breach, and in part as it is through the worst part of the renewals bell curve. Okta also pointed to better utilization trends in its 2022 cohort of customers (vs. 2021) and has seen overall better utilization trends over the past 2 years. 3) The rise of agents poses similar challenges to Security as the rise of machine identities: they need to be authenticated and secured. Okta is now bundling three products together to make it easier for customers to address these challenges.

### Key Takeaways

- **Go to market changes:** There will be more change in Okta's GTM organization in 2025 vs. a typical year — focused on new territories and better addressing the different buyers of CIC (Customer Identity Cloud) and WIC (Workforce Identity Cloud). Okta will be staffing teams with members that are able to sell both clouds (20% of sellers) and will be splitting specialized sellers across buying centers. Overall, sales productivity has been better and Okta is making these changes in order to help support revenue growth while continuing to expand margins as growth slows. Okta will also continue to focus GTM more on enterprise, reiterating that improving penetration in enterprise will be key to its growth algorithm. Relative to prior years, Okta noted its improved partnerships with GSIs via better rules of engagement (all the top 10 deals signed in 3QFY (October) involved partners and were >$1mn in ACV). The company believes it is seeing more identity transformation projects in the large enterprise, as customers work to upgrade their identity posture after already addressing their primary zero trust endpoint and networking requirements. As an example, Okta noted it is currently working on upselling a $5mn deal into a $15mn deal, based on cross-selling CIAM and on upselling IAM to the entire workforce population vs. a portion previously.
- **Demand stability:** Okta noted demand has been stable for the last 4 months or so, in part as it anniversaried its breach, and in part as it is through the worst part of the renewals bell curve (contract duration averages 2.5 years, so the company has already mostly renewed its least healthy mid-2021 cohort). Okta expects that the current levels of headcount growth at customers is the new normal, with forward guidance not assuming any improvement in hiring (WIC pricing is seat based). Okta

also pointed to better utilization trends in its 2022 cohort of customers (vs. 2021) and has seen overall better utilization trends over the past 2 years. We expect that this will reduce pressure on contract renewals, allowing Okta to benefit from its more comprehensive product portfolio — 15% of bookings in 3QFY came from new products (primarily OIG and increasingly FGA).

- **Machine identities:** Okta now has three products formally bundled together within Okta AI as a package to address machine and agent identities: Machine-to-Machine Identity (M2M), Fine Grained Authorization (FGA), and Highly Regulated Identity. GenAI adoption via agents poses similar challenges to security as the rise of machine identities does, except at even more complex and larger scale, and Okta sees a scenario where the industry will struggle with securing service accounts as the adoption of Agents goes up: more agents results in more APIs all of which need to be authenticated and secured. Okta pointed to FGA as a key tool in this process given it can help humans approve authorized "next steps" for Agents.

## Salesforce (CRM, Buy, PT $400)



We hosted a meeting with EVP of Corporate Strategy, Bill Patterson and EVP & GM of AI Platform, Adam Evans. We highlight the following key takeaways: **1)** Strength in customers' willingness for broader digital adoption, **2)** Well-positioned to capture share in expanding digital labor TAM, and **3)** Data Cloud's value proposition strengthens with Agentforce adoption.

- **Customers demonstrate a strong willingness for broader digital adoption.** Management noted that despite a tougher operating environment in CY24, Salesforce saw increased utilization of the platform and diversity in use cases emerging across the business. Customers increased their density of usage, unlocking additional value from the platform, which we believe indicates the strength of Salesforce's product portfolio and the potential for expansion to occur in 2025. For example, management underlined that Marketing Cloud saw marketers add increasingly more business; Commerce Cloud saw greater monetization of GMV; and Slack has been a catalyst for many user types, bringing in more to the seat-based model. Going into 2025, management highlighted that CIOs recognize the critical shift in the evolution of Agentic AI and the role that plays in their strategic business initiatives, citing an increasing urgency from businesses to accelerate broader digital adoption across their workflows. Despite in the early stages of this strategic transformation, Salesforce saw strong demand with >1,000 Agentforce deals closed by Agentforce 2.0 (vs. 200 in F3Q25) and thousands more in the pipeline, which we believe are early proof points supporting Salesforce's product-market fit and long-term growth durability. Initial deployments often yield to greater demand and an expanded scope of potential utilization. Furthermore, as Salesforce's continued focus on evolving their tech stack, seamlessly connecting workflows with a knowledge graph across the entire product suite (Multi-Clouds, Slack, Tableau, and Mulesoft), we believe this can be pivotal in unlocking incremental value from customers as Salesforce further solidifies its value proposition beyond a traditional CRM tool.

- **Salesforce well-positioned to capture share in the growing digital labor market with the proliferation of agents.** Management highlighted that current software solutions represents about 15% of the operational costs for service teams, including tools for telephony (CCaaS), learning development, and others. However, while such solutions have enhanced the productivity of customer service representatives (CSRs), management believes these tasks can be more effectively handled by leveraging agents that can simultaneously learn and automate across functions. With the introduction of Agentforce, Salesforce has a large opportunity to tap into this sizable spend category and expand the TAM by helping customers reduce their cost of operations while delivering a more effective software with a higher proposition of return. Specifically, management cites that post-pandemic, most service teams still operate below full capacity, continuing to face challenges such as longer resolution times, while continuing to use relatively more costly software tools (e.g., $2 per conversation for Agentforce vs. $5 – 6 per chat, $15-17 per call, or $20-21 dollars per email with other software solutions). By deploying Agentforce, Salesforce has enabled businesses to optimize service models, reduce labor costs, and driver greater efficiency across service operations. Furthermore, this is complemented by value-based pricing gaining traction, as management noted that 17% of current revenue stems from consumption (across Marketing Cloud, Sales Cloud, Data Cloud, and Mulesoft), offering customers greater flexibility and scalability. We believe continued momentum in the consumption model positioned Salesforce well for sustaining durable growth as customers' utilization of the platform expands. Management highlighted the hyperscalers as a good reference point for an industry that is able to successfully align value with consumption.
- **Data Cloud's long-term value strengthens as adoption for Agentforce scales.** Salesforce's data-driven value proposition continues to be clear, where the proprietary combination of Agentforce and Data Cloud can deliver greater accuracy and quicker time-to-value, enabled by the Atlas Reasoning Engine. Specifically, with Atlas (highlighted at Dreamforce), Agentforce delivers 2x more relevancy, 33% more accuracy and 39x faster time-to-value than other comparable AI platforms, according to customer benchmarks. Furthermore, management emphasized that the acceleration of Data Cloud's growth is critical, as its diversified and untapped datasets allow organization to access higher-impact insights. Specifically, they underlined that when customers enable Agentforce without Data Cloud, they realize that their own organization's data in the Salesforce platform alone is sub-optimal to the productivity gains and value that can be realized with the addition of Data Cloud. Data Cloud's complementary ability to ingest real-time data from multiple sources positions differentiates Salesforce's agentic layer from others, amplifying the value that can be realized from Agentforce. We believe that the additional value unlock of Agentforce with Data Cloud can boost attach for the latter exponentially, albeit already being Salesforce's fastest growing organic product with 130% yoy growth in paid customers (F2Q25). Notably, 8 out of 10 deals in F3Q25 included both Data Cloud and Agentforce, and this growing synergy gives us further conviction in the LT durability of Salesforce's data proposition and Data Cloud's ability to reach $1bn in

ARR over the next twelve months.

## Samsara (IOT, Buy, PT $55)

We hosted a meeting with Samsara's CFO, Dominic Phillips and VP of Corporate Development & Investor Relations, Mike Chang. We highlight the following key takeaways: **1)** Expansive & underpenetrated market opportunity, **2)** Multiple growth avenues, and **3)** Focus on a balanced profitable growth strategy.

- **Optimistic about long-term growth potential within an expansive and underpenetrated market as management looks for visibility from new policies.** As Samsara enters the beginning of 2025, management underlined that they still await more visibility from policies enacted from the new administration. More broadly, management highlighted that physical operations companies are still in the early stages of digital transformation, where even large enterprises, including Fortune 500 companies, have minimal visibility into assets that they've been spending billions on. With >50% of Telematics and ~90% of the Video-Based Safety market still underpenetrated, the expansiveness of the untapped opportunity could help continue Samsara to durably sustain an elevated growth profile. Furthermore, management highlighted that the fastest growing product still sits in safety, driven by customer demand for improved efficiency and visibility in their operations. They expect the trend to continue, with customers making increased investments in technological transformation to unlock more value from their physical assets. Overall, Samsara's end-markets are increasingly recognizing the need to adopt technology to stay competitive, a shift that we believe will drive the company's long-term growth potential.
- **Samsara continues to unlock durable growth across various avenues, nascent end-market verticals, emerging products, and expansion in international markets.** For example, management sees significant opportunities in the public sector, driven by the ongoing digitization of the large and underpenetrated market of state and local governments, coupled with migration to StateRAMP (the key security framework that Samsara has invested in to meet the security requirements for the market segment). Additionally, management highlighted ongoing efforts to penetrate high-potential international regions (i.e., Canada, Mexico, and Western Europe) due to their high willingness to adopt new technologies and demand for safety. Early success of executing on these growth avenues were shared in F3Q25, where public sector contributed the highest net new ACV mix over last 4 years, international markets comprised of 17% of net-new ACV (vs 16% in F2Q25), and Asset Tags net-new ACV growing 100% QoQ despite having only been in market for two-quarters. That said, management also iterates Samsara's ability to drive further expansion within the existing base, with significant potential to achieve 6x uplift to ARR through cross-and-upselling, particularly with only ~1/3 saturation in existing customers' Connected Vehicles. These factors considered, we believe Samsara remains well-positioned to continue delivering an attractive top-line growth profile of 30%+ with the potential to break into the $5bn revenue lead over time.

- **Management maintains a disciplined approach to growth and profitability, focusing on product innovation alongside efficient spend.** Management emphasized their commitment to balancing growth and profitability through disciplined investment initiatives and efficient spend. While management underlined Samsara's continued focus on innovation and investments in product development, the priority is also on boosting capacity and productivity from a GTM perspective. Specifically, management plans to increase headcount in CY25 by approximately 28%, similar to the level seen in CY24, with roughly half allocated to GTM organization such as hiring additional sales engineers. At the same time, management highlighted the productivity gains seen internally from the use of Gen-AI tools such as Gemini, ChatGPT, etc., utilized within R&D and S&M organizations. Management remains committed to experimenting with various areas in which to implement automation to heighten employee productivity. By maintaining a disciplined investment approach and prioritizing efficient spending, we are constructive on Samsara's ability to achieve consistent topline growth while delivering durable margin expansion.

## SentinelOne (S, Neutral, PT $26)

We hosted CEO and Founder Tomer Weingarten, and CFO Barbara Larson.

- **Market share momentum**: SentinelOne continues to see significant displacement opportunities in Endpoint, noting a long tail of vendors outside of CrowdStrike that require meaningfully less effort to displace than CrowdStrike, and an opportunity to leverage its existing footprints at MSSPs to capture a greater portion of the MSSP installed base. In Federal, there may be more catalysts for government agencies to modernize in 2025, but visibility is limited. Third party industry market share data often understates this long tail by focusing on revenue market share, rather than unit market share, as next-gen EDR typically carries higher ASPs. With that said, SentinelOne does see more opportunity to take share from next-gen vendors today than it has in the past, in part because of greater industry awareness around the strengths of its technology approach.
- **AI opportunity:** SentinelOne's AI strategy centers on transforming security operations and breaking down silos across security teams through its differentiated datalake capabilities. SentinelOne emphasized data quality over quantity as a key competitive advantage over larger security platforms that may have bigger datasets, noting the law of diminishing returns and highlighting the importance of the AI algorithm that actually processes and analyzes the data. This strategic position, combined with the company's expanding product capabilities (currently at ~70% parity to incumbent SIEM vendors), positions SentinelOne well to capture share in adjacencies to endpoint.
- **Growth algorithm**: SentinelOne noted an incremental Office of the CFO focus on operational rigor and partnerships between sales and finance to forecast its business. Balancing growth and profitability remains a priority as the company progresses toward Rule of 40, although the pace of margin improvement will be

more moderate in FY26 post ~15 pts of margin improvement in FY25E. 4QE guidance reflects margin expansion similar to 3Q levels, as the company continues to prioritize investment in sales capacity expansion, product development, and market penetration. The company expects an even balance between upsell and new logos as contributors to growth, as NRR headwinds tied to weaker prior customer cohorts subside and the company expands on a number of strategic initiatives, including its Lenovo partnership, although it does not expect meaningful revenue contribution-until FY27 given the dynamics of the partnership.

## Snowflake (SNOW, Buy, on CL, PT $220)

We hosted a meeting with Snowflake's CEO Sridhar Ramaswamy. We highlight the following key takeaways: **1)** Focus on core strengths while strategically expanding added capabilities, **2)** AI's potential to be an accelerant in all parts of the data life cycle, **3)** Continued focus on refining GTM strategy.

- **Focus on core strengths while strategically expanding added capabilities.** Management emphasized Snowflake's continued focus on delivering a simplified, highly efficient data platform that maximizes time-to-value for customers. In approaching the full data lifecycle—from ingestion and transformation to analytics and predictive modeling—the company positions itself to meet customers' demand of maximizing efficiency and value creation. A central component to Snowflake's approach, as management notes, is being an end-to-end data platform with open and interoperable data formats that can accommodate both traditional and modern workloads. This approach is further bolstered by the strategic investment in Datavolo, enabling them to meet customers' multimodal data integration needs with 100+ connectors that facilitate seamless data ingestion into Snowflake, faster migrations and broader support of diverse data integration needs. Specifically, management emphasized the importance of building on Snowflake's core strengths while also improving the sophistication of additional capabilities (e.g., Apache Iceberg). Positioned at the nexus of data integration and intelligent analytics, Snowflake stands to capture incremental opportunities in a market where unified data estates and AI-aligned platforms are essential for sustained growth.
- **AI has potential to be an accelerant in all parts of the data life cycle.** Management underscores the growing importance of AI both for accelerating current product capabilities, highlighting AI as a key trend disrupting the world of data, with the ability to accelerate extracting insights from data and increasing the speed of data extraction from data estates. In the world of open data formats, management believes that AI opens the potential to go beyond data consumption and move towards "action-taking," disrupting the application layer. For example, Snowflake Intelligence has the ability to utilize external models, combine with unstructured data, and run workflows in a more fluid, seamless manner—moving beyond a single pane of UI. Furthermore, management sees opportunity for AI to accelerate data migration, streamlining ingestion workflows and enabling faster time-to-insights for customers. That said, while management notes that AI can be an

accelerant in all parts of the data life cycle, it takes a deliberate approach with regard to investments in these areas.

- **Continued focus on refining Snowflake's GTM strategy.** Management noted that Snowflake's refined GTM strategy has thus far demonstrated promising progress, particularly evident in the momentum seen in new offerings such as Iceberg. Rather than emphasizing bookings, Snowflake is focused on identifying and uncovering additional workloads and use cases. As Snowflake continues to roll-out new products such as Unistor, Snowflake Open Catalog, among others, management underlines their priority to calibrate internal teams—across engineering, product, marketing, and sales—to quickly launch, test, iterate, and scale these offerings. This refined GTM approach is further extended to Snowflake's partner ecosystem, specifically focusing on where each product benefits from its own tailored GTM motion. For instance, management underscored that Unistore's GTM motion should diverge from that of Data Engineering, given that it remains in the early innings and need precise value articulation. With better conveyance of Snowflake's differentiated proposition and deploying a refined GTM strategy, we see the potential for improvements in deal velocity, NRR, and broader market adoption of new solutions.

## Zscaler (ZS, Neutral, $190)

We hosted Zscaler CEO and Founder Jay Chaudhry; and Misha Kuperman, Chief Reliability Officer:

- **AI opportunity:** Zscaler sees several ways to leverage its core zero trust competencies into new AI use cases, noting three vectors that each represent distinct revenue opportunities. First, securing public cloud AI workloads, particularly around do-pilot adoption, where the company's existing data protection solutions provide natural expansion opportunities (DLP, CASB, etc. bundled as a comprehensive Data Security solution) - as evidenced by its 1QFY deal tied to Microsoft Co-pilot implementations. Second, targeting private data center AI applications with security through LLM proxies. Third, leveraging AI for enhanced zero-day threat detection. Zscaler noted the potential for a 20% uplift in bundle pricing when including its AI-specific solutions.
- **Firewall displacement opportunity:** Zscaler sees a more tangible opportunity to take share in the upcoming firewall refresh cycle relative to prior cycles, bolstered by its branch connector device and acquisition of Airgap to enhance network segmentation capabilities. Zscaler reiterated its compelling cost transformation benefits, illustrating how their simplified switchboard approach could reduce a theoretical $100mn annual security spend (of which 50% traditionally goes to firewalls) to approximately $25mn. Zscaler described what we view as the classic "innovator's dilemma" that prevents firewall vendors from embracing a similar cost-reducing consolidation approach, and continues to believe that its solution is meaningfully more sophisticated than what competitors can provide.
- **Go to market:** Zscaler reiterated its progress with its upgraded go to market

strategy, which focuses on enterprise cross sell by developing relationships across several pillars of an organization: the CIO, Head of Networking, Head of Security, and cloud stakeholders/developers. More recently, Zscaler highlighted a shift in customer engagement patterns, with security discussions increasingly elevating to the C-suite level. Beyond traditional CIO/CISO involvements, CEOs are now more actively participating in these conversations as security becomes increasingly intertwined with latency issues and broader business operations. This evolution in executive engagement suggests network security transformation from a background infrastructure concern to a more strategic business imperative, with M&A considerations increasingly relevant in these high-level discussions.

## Valuation and Risks

**Autodesk (Neutral):** We reiterate our 12-month Price Target of $295. Our Price Target is derived from an equal weighting of a DCF (~3% perpetuity growth rate, unchanged), 32x Q5-Q8 EV/FCF (unchanged), and 30x Q5-Q8 P/E (unchanged).

Key upside risks include: 1) Faster than expected adoption of construction software, 2) More resilient demand in cyclical end-markets such as manufacturing and commercial construction, 3) Greater pace of monetization of non-compliant users, and 4) Faster margin expansion.

Key downside risks include: 1) A pressured macro backdrop resulting in continued cost-consciousness amongst end-markets, 2) Reduced ability to generate pricing leverage should customers decide the inherent value of the product suite doesn't justify the updated pricing, and 3) The new transaction model roll out in Western Europe and Japan proving more difficult than initial expectations.

**Adobe (Buy):** We reiterate our 12-month price target of $640. Our price target is based on a three-pronged valuation framework based on equal weights to a DCF, EV/Sales multiple, and a P/E multiple. Our DCF assumes a 4% perpetual growth rate (unchanged). We use a 12x Q5-Q8 EV/Sales (unchanged) and a 28x Q5-Q8 P/E multiple (unchanged).

Key risks include: 1) prolonged and worse-than-expected COVID-19 impact causing slower net new business, deal delays, and longer sales cycles, 2) slower and more volatile Digital Experience growth, 3) slower net new subscriber additions, 4) higher expense growth limiting margin expansion, and 5) increased competition.

**Intuit (Buy):** We reiterate our 12-month Price Target of $800. Our PT is derived from a three-pronged, equal-weighted blend of an EV/FCF multiple, P/E multiple and DCF. Our EV/FCF target multiple is 32x our Q5-Q8 FCF estimates (unchanged) and our P/E target multiple is 33x Q5-Q8 EPS (unchanged). Our 10-year DCF assumes a perpetual growth rate of ~3% (unchanged).

Key downside risks include: 1) Increased SMB failures and churn related to extended COVID headwinds, 2) Higher than expected competition in both SMB and consumer businesses limiting Intuit share gains, 3) Decelerating customer growth and higher than expected attrition, 4) Slower than expected adoption of QuickBooks Online, QuickBooks Advanced, and TurboTax Live, 5) Slower adoption of Intuit's higher priced assisted offerings, thereby limiting ARPC growth, 6) Online ecosystem growth slowing and not reaching long-term targets for 30% growth, 7) Synergies between core Intuit, Credit Karma, and Mailchimp taking longer than expected to materialize, 8) Incremental competition from Microsoft, Salesforce, Hubspot in the SMB segment, 9) Slower than expected margin expansion.

**GitLab (Buy):** We reiterate our 12-month price target of $88. Our price target is derived from an equal weighting of a DCF and EV/Sales. Our DCF implies a ~3% perpetuity growth rate (unchanged) and we apply a 10x Q5-Q8 EV/Sales (unchanged).

Key downside risks include: 1) Incremental competition from a number of large software platform companies such as Microsoft and Atlassian, and a number of pure-play DevSecOps vendors such as JFrog, Jenkins, CircleCI, and Grafana, 2) Slower-than-expected adoption of expanded platform stages such as Plan, Secure, Package, Verify, and Configure, 3) Slower-than-expected traction with the upmarket motion and enterprise customer growth, 4) Higher-than-expected customer attrition, and 5) Longer-than-expected FCF burn.

**Okta (Buy):** Our 12-month price target of $107 is based on 25x EV/uFCFour Q5-Q8 uFCF estimates. Key risks include: the potential for worse than expected sales productivity post organizational turnover and leadership changes, slower than expected FCF expansion, increased competition from Microsoft, the potential for the customer IAM TAM to grow slower than we model, security breaches impacting the retention and acquisition of customers, and worse than expected execution in channel relationships.

**Salesforce (Buy):** We reiterate our 12-month Price Target of $400. Our price target is derived from an equal weighting of a DCF (~2% perpetuity growth rate, unchanged), 29x Q5-Q8 EV/FCF (unchanged), and 8.7x Q5-Q8 EV/Sales (unchanged).

Key downside risks include: 1) Sales execution, 2) Macroeconomic slowdown, 3) Unsustainable pace of acquisitions, 4) Slower than expected operating margin expansion or higher than expected expense growth, and 5) Adverse changes in the IT spending environment.

**Samsara (Buy):** We reiterate our 12-month price target of $55. Our Price Target is derived from an equal weighting of a DCF (~3% perpetuity growth rate, unchanged) and 18.5x Q5-Q8 EV/Sales (unchanged).

Key downside risks include: 1) Potential risk of increase in competition from solutions such as Verizon Connect, Omnitracs, etc, 2) Higher than expected exposure to industries sensitive to supply chain constraints / macroeconomic uncertainty could result in revenue downside, and 3) Potential data privacy issues: any breach in, or delay in the implementation of, or attendance to regulatory concerns and demands could negatively affect official views of Samsara and concomitantly reduce customer confidence in the reliability of the company's data management processes.

**SentinelOne (Neutral):** Our 12-month price target of $26 is based on 7.5x Q5-8 EV/sales. Key risks include competition from CrowdStrike and Microsoft; and balancing between revenue growth and profitability.

**Snowflake (Buy, on CL):** We reiterate our 12-month Price Target of $220. Our price target is derived from an equal weighting of a DCF analysis and EV/Sales multiple. Our DCF analysis is based on a terminal growth rate of ~4% (unchanged) and our relative valuation is based on a 15x Q5-Q8 EV/Sales multiple (unchanged).

Key downside risks include: 1) Adverse changes in the IT spending environment, 2) Competition - particularly from cloud service providers (CSPs) and Databricks, and 3) Outages from reliance on CSPs.

**Zscaler (Neutral):** Our 12-month price target of $190 is based on 35x Q5-Q8 FCF. Key risks: faster adoption of next-generation products (ZPA, ZS for workloads, CWP); saturation in the enterprise, and a change in competitive landscape.

# Disclosure Appendix

## Reg AC

We, Kash Rangan, Gabriela Borges, CFA, Gili Naftalovich, Max Gamperl, Selina Zhang, Matthew Martino, Dhruv Panwar, Carolyn Valenti, Maura Hager, Henry Dane and Nishad Patwardhan, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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**Growth** is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

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