Salesforce, Inc. NYSE:CRM

FQ4 2025 Earnings Call Transcripts

Wednesday, February 26, 2025 10:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ4 2025-			-FQ1 2026-	-FY 2025-			-FY 2026-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS
EPS Normalized	2.61	2.78	▲6.51	2.53	10.02	10.20	▲1.80	11.21
Revenue (mm)	10035.51	9993.00	▼(0.42 %)	9879.37	37952.10	37895.00	▼(0.15 %)	41228.03

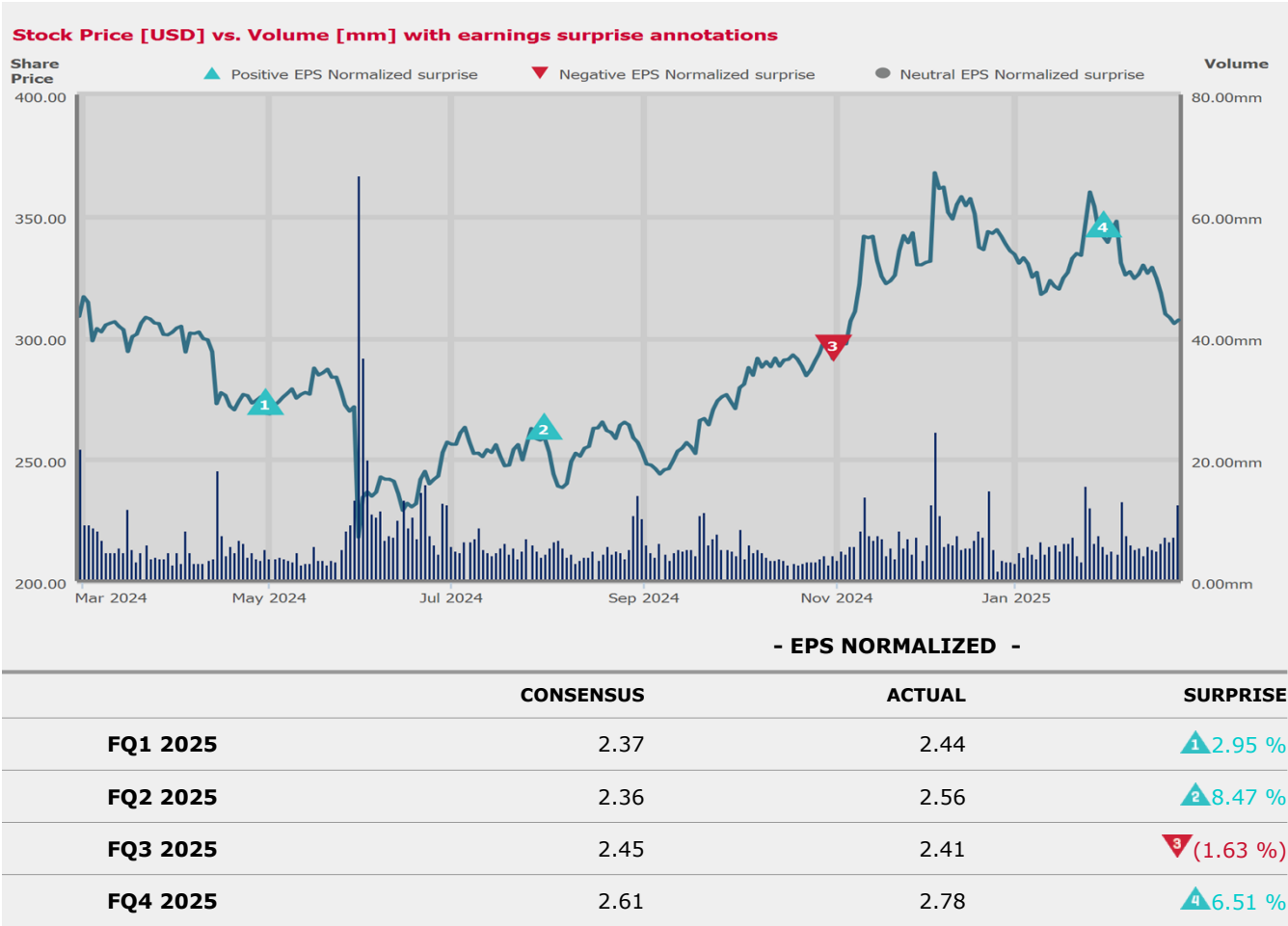Currency: USD
Consensus as of Feb-26-2025 9:50 PM GMT

Stock Price [USD] vs. Volume [mm] with earnings surprise annotations

	- EPS NORMALIZED -		
	CONSENSUS	ACTUAL	SURPRISE
FQ1 2025	2.37	2.44	▲2.95 %
FQ2 2025	2.36	2.56	▲8.47 %
FQ3 2025	2.45	2.41	▼(1.63 %)
FQ4 2025	2.61	2.78	▲6.51 %

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Call Participants

EXECUTIVES

Amy E. Weaver
President & CFO

Brian Millham
President & COO

Marc R. Benioff
Co-Founder, Chairman & CEO

Michael Spencer
*Executive Vice President of
Investor Relations*

Robin L. Washington
Lead Independent Director

ANALYSTS

Brent John Thill
Jefferies LLC, Research Division

Kasthuri Gopalan Rangan
*Goldman Sachs Group, Inc.,
Research Division*

Keith Weiss
Morgan Stanley, Research Division

Kirk Materne
*Evercore ISI Institutional Equities,
Research Division*

Mark Ronald Murphy
*JPMorgan Chase & Co, Research
Division*

Raimo Lenschow
*Barclays Bank PLC, Research
Division*

Presentation

Operator

Good day, everyone. Welcome to Salesforce Fourth Quarter and Full Year Fiscal 2025 Results Conference Call. [Operator Instructions] Also, this call is being recorded.

I would now like to hand the conference over to your speaker, Mike Spencer, Executive Vice President of Finance and Strategy and Investor Relations. Sir, you may begin.

Michael Spencer
Executive Vice President of Investor Relations

Good afternoon, and thanks for joining us today on our fiscal 2025 fourth quarter results conference call. Our press release, SEC filings and a replay of today's call can be found on our website.

Joining me on the call today is Marc Benioff, Chair and CEO; Amy Weaver, President and Chief Financial Officer; Brian Millham, President and Chief Operating Officer. In addition, we also have Robin Washington, our Board member and incoming Chief Operating and Finance Officer here with us today.

As a reminder, our commentary today will include non-GAAP measures. Reconciliations between our GAAP and non-GAAP results and guidance can be found in our earnings materials and press release.

Some of our comments today may contain forward-looking statements that are subject to risks, uncertainties and assumptions, which could change. Should any of these risks materialize or should our assumptions prove to be incorrect, actual company results could differ materially from these forward-looking statements. A description of these risks, uncertainties and assumptions and other factors that could affect our financial results is included in our SEC filings, including our most recent report in Forms 10-K, 10-Q and any other SEC filings. Except as required by law, we do not undertake any responsibility to update these forward-looking statements.

And with that, let me hand the call to Marc.

Marc R. Benioff
Co-Founder, Chairman & CEO

Well, thanks so much, Mike. And I'm so excited about this call and reading the script with you because this was just the best quarter we've ever had. And I think you're going to see that as we kind of unfold what's happening here. I'm sitting here with Amy and Brian and Mike, and Sabastian is also on the table; and at our new COFO, Robin Washington, is here. So welcome, Robin. We're thrilled to have you here as well.

And look, I'm really excited about this. I really think that we have something incredible to talk about. And obviously, this was the order of Agentforce, we're going to talk about that, but it was really just another incredible quarter. And really, it's been another incredible year of growth in innovation.

I'm sure you all can see we've had a really strong performance across all of our key metrics: on revenue, on margin, EPS, cash flow, CRPO. We've passed some amazing milestones, including more than $60 billion in RPO, and this has been the highest cash flow in our company history. You can see we exceeded our cash flow guidance. I think Amy did about $12.9 billion last quarter, but I think we delivered $13.1-ish billion and that was just incredible for the quarter. And now we're giving guidance. I think it's around $14.5 billion in guidance for next year on the cash flow guidance. So just awesome cash production. Few enterprise software companies have really ever delivered these kind of numbers. And I guess, only a couple have ever delivered guidance in the $40 billion, which is where we are.

And our 2 newest major products, our Data Cloud and Agentforce, our AI product line now, we can see as a multibillion-dollar product line. So we're excited to be in that kind of rarefied area of delivering a multibillion-dollar AI product line.

We ended this year with $900 million in Data Cloud and AI ARR. It grew 120% year-over-year. We've never seen products grow at these levels, especially Agentforce. And Data Cloud and AI, Agentforce, this is now going to be incredible coming into fiscal year '26.

As we begin this year, and well, since our founding, I couldn't be more excited about what's ahead. This is a moment like we've just never seen before. And in just a few months, we've seen this addressable market go from hundreds of billions of dollars.

And I'm sure you saw those ARK slides that got released over the weekend where she said that she thought this digital labor revolution, which is really like kind of what we're in here now, this digital labor revolution, this looks like it's anywhere from a few trillion to $12 trillion. I mean, I kind of agree with her. I think this is much, much bigger than software. I mean, for the last 25 years, we've been doing software to help our customers manage their data. That's very exciting. I think building software that kind of prints and deploys digital workers is more exciting, and you're going to hear some of these incredible stories in a second.

Our formula now really for our customers is this idea that we have these incredible Customer 360 apps. We have this incredible Data Cloud, and this incredible agentic platform. These are the 3 layers. But that it is a deeply unified platform, it's a deeply unified platform, it's just one piece of code, that's what makes it so unique in this market. And that is why customers are having so great success with it. It's not a collection of disjointed parts you have to kind of self-assemble, DIY it, all kinds of how do you get the security running, how do you do this, how do you do that. It's this idea that it's a deeply unified platform with one piece of code all wrapped in a beautiful layer of trust. And that's what gives Agentforce this incredible accuracy that we're seeing. I'm going to talk about even what we've seen at Salesforce with that is amazing.

And I'll tell you that our customers are just seeing some great success with it. And that's why just 90 days after it went live, we've already had 3,000 paying Agentforce customers who are experiencing unprecedented levels of productivity, efficiency and cost and cost savings.

No one else is delivering at this level of capability. And we're really seeing a level of integration, simplicity, intelligence, power. I mean, customers are really telling us that we're light years ahead of other providers and their feedback really speaks volumes. So excited to go on the web and see Agentforce delivering labor for companies like Equinox, OpenTable, Jacuzzi and others. I mean I go to their sites, I'm going to their X feeds, their social media presence, and you see Agentforce running. And look, a lot of other vendors are talking about their agent capabilities, but few are able to show that they've got this really running at scale.

And as you're about to hear from Brian, we're seeing some amazing results on Salesforce as Customer Zero for Agentforce. Our digital labor force is resolving tens of thousands of customer service inquiries, freeing our human employees to focus on the most nuanced issues and customer relationships. We're seeing tremendous momentum and success stories emerge as we execute our vision to make every company, every single company, every customer of ours, an Agentforce company, that is, we want every customer to be an Agentforce customer. We want every Trailblazer to be an Agentblazer. And I want to share some of these amazing stories with you today. But first, let's hit a couple of these incredible numbers.

We closed out fiscal year '25 with $10 billion in revenue, that's amazing, our first $10 billion quarter. I remember we had our first $10 billion a year. Kind of amazing, $10 billion a quarter, up 8% year-over-year, 9% in constant currency. And I think we even lost, Amy, is that right, like a couple of hundred million dollars in foreign exchange for the year as well. In Q4, we closed more than 400 deals over $1 million. All of our top 10 wins included data and AI. Brian, 400 deals over $1 million, pretty awesome. And we also continued phenomenal growth with Data Cloud this year, which is the heart of Agentforce.

Data Cloud is the fuel that powers Agentforce and our customers are investing in it. And Data Cloud surpassed 50 trillion, that's trillion with a T, records, doubling year-over-year as customers increase their consumption investment in our data platform. And that is just becoming a critical and essential part of our solution because as customers turn on AI and Agentforce, if they don't have the data, we've been talking about this, I guess, for almost 2 years, if you don't have the data, you're not going to get the AI that you

so badly want. And nearly 25% of those 50 trillion records, that was trillion with a T, were ingested from outside of Salesforce through our Zero Copy partner network, which is amazing.

We'll see increased investments in software to build an agentic layer as AI continues to advance and handle a higher percentage of workloads, and we're taking advantage of the huge investments that these infrastructure companies, we just -- you know we'll work with. Of course, we have 2 substrates live, where we have Amazon and we have Alibaba. Both companies are making huge investments in infrastructure. And the third one, Google, is making a huge infrastructure investment. We're really getting great prices from these companies. And our deployment, our ability to deploy, at a really low cost is just awesome, and it's just driving down our cost for our customers. So that's so exciting.

Look, for the full year, we delivered $37.9 billion in revenue. It's up 9% year-over-year. Operating cash flow reaching $13.1 billion, up 28% year-over-year. It's really one of the best performances, I think, of any software company. And with our continued disciplined approach to margin expansion, our non-GAAP operating margin closed at 33%. That was 250 basis points for fiscal year '25. I think it's 50 basis points higher than we even gave you guidance for a year ago. Is that right, Amy? Yes. And that's awesome. But we also passed an incredible milestones with more than $60 billion in RPO. That, I don't think we could have expected.

So this milestone isn't just a number, it's a clear signal that our customers are trusting us, deploying us, getting great value from us, and continuing to invest in our vision for digital labor. I mean I think it's going to be that digital labor vision, that revelation that we're able to provide, digital labor at scale with this trinity of apps, data and agents that is going to drive this fiscal year '26 success.

We expect to deliver fiscal year '26 subscription and support revenue of 9% year-over-year in constant currency. We remain deeply, deeply committed to profitable growth and expect fiscal year '26 non-GAAP operating margin of 34%. We're going to deliver another 100 basis points of expansion, following 2 years where we expanded more than 1,000 basis points. The pace of change, the focus on productivity, profitability, the speed of innovation, the trinity of apps, data and agents, it's all coming together.

As I mentioned, we're seeing customers deploy Agentforce across every industry. Let's talk about a couple of examples. We've been working with Lennar, the nation's largest homebuilder. And most of you know Lennar is really an incredible company, and they've been a customer of ours for about 8 years. They came to Dreamforce. And when they came to Dreamforce, they obviously got their hands like many of you did on Agentforce, got super excited, went back to Miami, talked to their co-CEOs.

You probably know Stuart Miller, Jon Jaffe, amazing CEOs. And those co-CEOs called me and said, "Listen, these guys have done a hackathon around Agentforce. We've got 5 use cases. We see incredible opportunities on our margin, incredible opportunities in our revenue. And do you have our back if we're going to deploy this?" And we said, "Absolutely. We've deployed it ourselves," which is the best evidence that this is real. And they are just incredible, their vision as a homebuilder providing 24/7 support, sales leads through all their digital channels. They're able to sell all kinds of new products. I think they're going to sell mortgages and insurance and all kinds of things to their customers. And the cool thing is they're using our sales product, our service product, marketing, MuleSoft, Slack, Tableau, they use everything. But they are able to leverage it all together by realizing that just by turning it on, they get this incredible Agentforce capability.

All right. I want to tell you another story, not just about Lennar and transforming a homebuilder, but I don't know how many of you know about Pandora. If you've been to a shopping center, you will see the Pandora store. You walk in, they have this gorgeous jewelry. They have these cool charm bracelets. They have amazing products. And if you know their CEO, Alex, he's absolutely phenomenal. I think he's based over in Amsterdam or he's in the Netherlands. I can't remember where it is, but one of the Northern European countries. Incredible CEO, Time actually just gave them an award as one of the most sustainable companies in the world, a great company. They're in 100 countries. They employ 37,000 people worldwide.

And Alex has this great vision to augment their employees with digital labor. And this idea that whether you're on their website or in their store, or whatever it is, that they're going to be able to do so much

more with Agentforce. They already use -- first of all, they already use Commerce Cloud. So if you've been to pandora.com and bought their products -- and if you have it, by the way, it's completely worthwhile. It's great. And you can experience our Commerce Cloud, but it's deeply integrated with our Service Cloud, with Data Cloud. It's the one unified platform approach. And now they're just flipping the switch, turning agents on, and they're planning to deliver 30% to 60% of their service cases with Agentforce. That is awesome. And I really love Alex's vision of what's possible.

And then the last customer I really want to hit on, which I'm so excited about, is Pfizer. And Albert is an incredible CEO. They are doing unbelievable things. They've been a tremendous customer. But now they're really going all in on our Life Sciences Cloud. We're seeing so many -- I was in the Business Council last week in Washington, D.C., met with hundreds of CEOs. And so many of the CEOs of the life sciences industry are going with our Life Sciences Cloud. It was incredible. And you can see why because it's just a natural upgrade of what they're already doing with us.

And then this idea that our Life Sciences Cloud becomes this highly differentiated capability from everything currently available in the market, that allows these pharma, medtech companies, so many, to be able to streamline not just their clinical operations, all their customer-facing, even the ones who want to go to direct-to-consumer, even the ones who want to do clinical trials, and this idea that agents are going to make all of that so much better. And with Agentforce, sales agents, for example, with Pfizer, that's -- they've got 20,000 customer-facing employees and customer-facing folks. That is just a radical extension for them with agents.

And I'll have to slide in one last one because I'll tell you, I'm sure a lot of you -- like, I have flown in Singapore Air. You know what? It's a great airline. The CEO, Goh, is amazing. And he has a huge vision that also came out of Dreamforce, where they've already delivered probably the best service of any airline in the world; they want to deliver it through agents. So whether you're doing it with service or sales or marketing or commerce or all the different things that Singapore Air is doing with us, you're going to be able to do this right on Singapore Air.

All right. Well, I know all of you want to see this in person, talk to these customers yourself. You can go to help.salesforce.com. Brian is going to talk about that. When you hear the numbers we delivered in the quarter there, you're not going to believe it.

And listen, a lot of people say to me, "Hey, how are you different from these other agent companies?" Number one, go to those other vendors. Go to their sites. Are they running their agent technology? You've all been on help.salesforce.com. You all know this incredible capability that we're delivering. You've seen it deployed by these other customers like Equinox and Remarkable and others. You've got your hands on -- do you see the other scaled vendors delivering this capability? Or are they just using the word "agent"?

I think you got to be aware of the false agent because the false agent is out there where people can use the word agent or they kind of -- they're trying to whitewash all the agent, the thing, everywhere. But the reality is there is the real agents and there are the false agents, and we're very fortunate to have the real stuff going on here. So we've got a lot more groundbreaking AI innovation coming. I can't wait for you to see it at our TrailheadDX event next week. And that's going to be March 5 and 6 in San Francisco. I'm looking forward to seeing all of you there and showing you that.

And I'll tell you, while you're there, I didn't hit it, you've got to see this new product we've just built, which is Tableau Next. I'm sure a lot of you know Tableau. You probably use it every day. When you see what we have built, which is the new Tableau built with Agentforce on the Data Cloud, and how it's deeply integrated into our product line, it is going to blow your mind. It is incredible. You've got to make sure you get a demo of Tableau Next. You won't believe it. You're going to see the new Slack. You're going to see the new Sales Cloud, Service Cloud, Marketing Cloud, Commerce Cloud, the platform, Agentforce, all the products; the new field service product, which is incredible. You might get a glimpse of the new ITSM product that's coming if you look hard. But the big thing that I'm excited about, okay, the big thing that I'm really excited about, is Tableau Next because that's about to deploy to customers at scale, and I think people are going to be absolutely blown away.

All right. Now before I do that, I have to get out the Kleenex because I have to say goodbye to Brian and Amy who, it's kind of a moment in time here where Brian has been here for, I think, 25 years, 26 years. He's just wearing one of the many watches that I've given him to recognize his performance. Amy is here as well. She's not wearing one of her watches, but she has them at home, probably in her jewelry case or safe or something. And how long has it been, Amy? 12 years? 11 years with Amy, and we're going through a little bit of a transition of our management team between fiscal year '25 and '26. And we want to say goodbye, and thank you.

We want to say [Foreign Language], and we want to say goodbye, which is [Foreign Language]. And thank you so much for everything, and we're going to let them talk and also say their goodbyes, but we're so grateful to everything that you've done for us every single day over the last 25 and 11 years. And it's been great to have you part of our management team. And you're welcome back any time. So if you get lonely out there on the golf course, or I know Amy's got some big plans that she's not ready to announce yet in the NGO world, but I'll tell you that if you guys get lonely or you're missing the thrill of the hunt, come back and see us because we're going to be ready for you to come back.

Okay. All right, Brian.

Brian Millham
President & COO

I really appreciate it. It's been a privilege of a lifetime to work here for more than 25 years. Very few people get to start at a company that has 0 revenue and help it grow to $38 billion. The journey has been remarkable, and this year was certainly the capstone.

As you heard from Marc, in just 1 quarter, Agentforce has been deployed by thousands of brands worldwide, becoming an incredible lever for productivity, growth and efficiency. It's happened faster than we ever expected. With our deeply unified platform seamlessly integrating our Customer 360 apps, Data Cloud and Agentforce, we're leading the digital labor revolution. Customers of every size across every industry are seeing immediate and substantial value with Agentforce.

We're setting new standards in the industry. OpenTable is a great example of how Agentforce is having an immediate impact. In just 3 weeks, it's handling 73% of all restaurant web queries, a 50% improvement over their previous tool. And they're not alone. The Futurum Group surveyed customers and found that Agentforce can achieve ROI 5x faster than DIY while lowering costs by 20%. And technology analyst firm Valoir found Agentforce delivers autonomous AI agents 16x faster versus DIY approaches with 75% increased accuracy. We continue to see significant increase in large multi-cloud transactions as companies look to accelerate faster time to value, efficiency and growth.

Goodyear is partnering with us on their transformation, using Agentforce to automate and increase the effectiveness of their sales efforts. With Agentforce for Field Service, Goodyear will be able to reduce repair time by assisting technicians with answers to vehicle-related questions and autonomously scheduling field test appointments.

We also continue to embed an agentic layer across our own business. Today, we're live on Agentforce across service and sales, our business technology organization, customer support and more. And the results are phenomenal. Since launching on our Salesforce help portal in October, Agentforce has autonomously handled 380,000 service requests, achieving an incredible 84% resolution rate and only 2% of the requests require human escalation.

And we're using Agentforce for quoting, accelerating our quoting cycles by more than 75%. In Q4, we increased our AE capacity while still driving productivity up 7% year-over-year. Agentforce is transforming how we do outbound prospecting, already engaging more than 50 leads per day with personalized outreach and timely follow-ups, freeing up our teams to focus on high-value conversation. Our reps are participating in thousands of sales coaching training sessions each month.

Data Cloud has a powerful network effect. As usage expands, the platform becomes more intelligent and more valuable. And that's why we're seeing companies around the world, including Maserati, Bell Canada, Dolce & Gabbana continue to invest in Data Cloud and to build the foundation to implement

agents at scale. CaixaBank, which happens to be Spain's leading bank, is using Data Cloud to create a robust data infrastructure that supports its agentic transformation and enables them to drive faster and more consistent customer experiences.

As you know, the true value of AI is in the data. Nearly half of the Fortune 100 are both AI and Data Cloud customers, and all of our top 10 wins in Q4 included Data Cloud and AI. Agentforce is revolutionizing how our customers work by bringing AI-powered insights and actions directly into the workflows across the Customer 360 applications. This is driving strong growth across our portfolio. Sales Cloud and Service Cloud both achieved double-digit (sic) [new bookings] growth again in Q4. We're seeing fantastic momentum with Slack, with customers like ZoomInfo, Remarkable and MIMIT Health using Agentforce and Slack to boost productivity.

Once again, Slack was included in over 1/3 of our deals over $1 million, and its contribution to the overall deal size increased double digits year-over-year. With nearly 5 billion messages sent weekly, Slack is central to how people work. Going forward, we're confident Slack will be the place where every company brings digital labor to all of their employees, enabling collaboration with Agentforce to get work done.

Tableau and MuleSoft are mission-critical to our customers with each featured in nearly half of our greater than $1 million deals. Tableau, now integrated with Data Cloud and Agentforce on the Salesforce core platform, will transform how customers like EchoStar, Goosehead Insurance and Keller Williams Realty take action on their data. Customers can now unlock actionable insights from conversational analytics, manage and analyze data using AI assistants and build analytical agents with integrated workflows.

Similarly, MuleSoft is transforming how industry leaders like Banco Bradesco, Fujitsu and Sony Honda Mobility approach enterprise integration. With agent-driven integration and out-of-the-box connectors for every major system, customers simply describe their needs in natural language and our AI automatically builds the solution.

Agentforce is also enabling us to deliver truly transformative solutions for every industry and region. In Q4, nearly half of our top 100 wins were international, including wins with companies like One New Zealand, LG Electronics and Versace. Our industry business, along with public sector and .org, finished the year at an incredible $5.7 billion in ARR, up 20% year-over-year. All of our top 10 deals and nearly 75% of our top 100 deals included the industry cloud. To meet this demand, we've prebuilt over 170 specialized Agentforce industry skills and a team of 400 specialists, supporting transformations across sectors and geographies.

Our new channels and partner ecosystem, anchored by our amazing 19 million Trailblazers are unlocking customer spend and driving Agentforce adoption. And we're leaning into our ecosystem. In fact, partners were involved in 50% of our Agentforce wins and 70% of our Agentforce activations in Q4. We're also working with our partners to become Agentforce companies themselves. Accenture is using Agentforce Sales Coach, which provides personalized coaching and recommendations for sales teams, which is expected to lead to higher win rates. And Deloitte is projecting significant productivity gains and saved workforce hours as they roll out Agentforce over the next few years.

Over 127,000 system integrated employees have completed Agentforce training, and more than 1,000 ISVs and technology partners are building and selling agents. Our Agentforce partner network allows customers to deploy prebuilt agents and use agent actions through partners like AWS, Google, IBM, Workday and more. Earlier this week, we announced expanded partnership with Google that Marc mentioned to empower customers to use Agentforce with Gemini, their multimodal model and to deploy Salesforce on Google Cloud. AWS is a huge growth engine for us, helping us close a number of large deals. In fact, in Q4, we closed 25 transactions over $1 million, including 3 that were more than $10 million.

We're starting off FY '26 in an incredible position, with a highly accomplished and technical leadership team ready to guide us through this pivotal moment in AI and agents. I'm incredibly grateful for the opportunity and to all the leaders who have gotten us here, especially Marc and Amy. It's been an honor to work alongside both of you. Thank you to our employees, customers, partners and shareholders. I couldn't be more proud of what we've accomplished or more excited about what's ahead for Salesforce.

And with that, I'll turn it over to you, Amy.

Amy E. Weaver
President & CFO

Great. Thanks, Brian. I wanted to start also by expressing my gratitude to Marc and Brian for their partnership and for their deep friendship over many, many years. It's been an incredible journey, and I'm truly thankful for the opportunity. I am also absolutely thrilled to welcome Robin to the team as our new Chief Operating and Financial Officer.

Fiscal year '25 was a year of incredible change with new innovation beyond anything we could have expected just 12 months ago, requiring persistence and urgency in our execution. Q4 is a reflection of that focus across the business, and you can see it in our results.

Let's start with revenue. For the full year, revenue was $37.9 billion, up 9% year-over-year in both nominal and constant currency. Subscription and support revenue grew just over 10% in constant currency. Q4 revenue was $10 billion, up 8% year-over-year and nominal. This includes approximately $75 million of incremental FX headwinds since our last guidance, resulting in 9% growth year-over-year in constant currency. Subscription and support revenue grew 9% year-over-year in constant driven by stability in sales, service and platform, partially offset by MuleSoft and Tableau, who had very tough prior-year compares.

From a geographic perspective, Americas revenue grew 8% in nominal and constant currency, EMEA grew 6% or 7% in constant currency, and APAC grew 10% or 14% in constant currency. We saw strong new business growth in Lat Am, Japan and Canada, while parts of EMEA remain constrained. Of note, the United States saw some stabilization in the quarter.

From an industry perspective, in Q4, health and life sciences, communications and media both performed well, while tech and manufacturing, automotive and energy were more measured. And as you heard from Brian, our multi-cloud momentum continues as customers turn to our deeply unified platform. That's why our top 100 deals in the quarter averaged 6 clouds, and all of our top 10 wins included AI, Data Cloud, service platform and industry clouds.

Our data and AI momentum continues as we move towards a world where AI is ubiquitous and embedded in everyday workflows, our investments in this space have been deliberate and focused, and we are now starting to yield strong returns. We ended the year with $900 million in Data Cloud and AI annual recurring revenue, growing nearly 120% year-over-year.

As Marc shared, we closed more than 3,000 paid Agentforce deals in the quarter. As customers continue to harness the value of AI deeply embedded across our unified platform, it is no surprise that these customers average nearly 4 clouds. And these customers came from a diverse set of industries with more than half in technology, manufacturing, financial services and HLS. Q4 revenue attrition ended the quarter slightly above 8%, in line with recent quarters.

Q4 non-GAAP operating margin was 33.1%, up 170 basis points year-over-year, driven by top line outperformance and disciplined expense management. GAAP operating margin was 18.2%, up 70 basis points year-over-year. And for the full year, I am very pleased with our non-GAAP operating margin of 33%, up another 250 basis points year-over-year. GAAP operating margin was 19%, up 460 basis points year-over-year, inclusive of incremental restructuring charges we incurred in Q4.

Q4 operating cash flow was nearly $4 billion, up 17% year-over-year. Q4 free cash flow was $3.8 billion, also up 17% year-over-year. And for the full year, operating cash flow was a record $13.1 billion, up 28% year-over-year, and that's inclusive of a predicted 10-point cash tax headwind. And as we've said, driving strong free cash flow remains a key component of our profitable growth strategy. Fiscal year '25 free cash flow was $12.4 billion, up 31% year-over-year.

Turning to remaining performance obligation, RPO, which represents all future revenue under contract. We passed $60 billion for the first time in company history. Q4 finished at an incredible $63.4 billion, up 11% year-over-year, representing our customers' long-term commitment to Salesforce and the durability

of our business model. Current RPO, or cRPO, ended at $30.2 billion, an increase of 9% year-over-year in nominal currency. This includes a $300 million FX headwind, which results in an 11% year-over-year growth in constant currency, driven by strong performance in Data Cloud and AI and Slack. Q4 cRPO also benefited significantly from strong early renewals.

Within our bookings this quarter, we again saw continued stabilization in our transactional businesses, including create-and-close and SMB.

On capital return, in fiscal '25, we executed $7.8 billion in share repurchases and issued $1.5 billion in dividends. Through our capital return program, we more than fully offset dilution from FY '25 stock-based compensation. And since the inception of our capital return program, we have now returned more than $21 billion to shareholders.

Now let's turn to guidance. Starting with full fiscal year '26. We expect revenue of $40.5 billion to $40.9 billion, growth of approximately 7% to 8% year-over-year in nominal and constant currency. And for subscription and support revenue, we expect growth of approximately 9% year-over-year in constant currency.

Now I want to pause and give a few important notes on this guidance. First, on foreign exchange, as Marc noted, we've seen the U.S. dollar strengthen considerably. And even since our last earnings call, that movement has driven an incremental $200 million headwind to fiscal '26 revenue. Our revenue guidance now incorporates an approximately 0.5 point year-over-year headwind.

Second, as we experienced in fiscal '25, we continue to expect our professional services business to be a headwind to growth this year, which is reflected in our guidance for total revenue. Note that as part of our overall implementation strategy, we are leaning more on our partner ecosystem. As you heard from Brian, partners were involved in 50% of our Agentforce wins and 70% of Agentforce activations in Q4.

Third, we expect subscription and support revenue to be lifted by momentum in Data Cloud and some contribution from Agentforce this year, partially offset by weakness in marketing and commerce and slower growth in our expiration base in FY '26.

Finally, on Agentforce, we are incredibly excited about the customer momentum we are seeing. However, the adoption cycle is still early as we focus on deployment with our customers. As a result, we are assuming a modest contribution to revenue in fiscal '26. We expect the momentum to build throughout the year, driving a more meaningful contribution in fiscal '27. And on attrition, we expect attrition to remain consistent at slightly above 8% for the full year.

Now turning to profitability and cash flow. On margins, I want to reiterate that the company remains committed to ongoing expansion. The company has laid a strong foundation for continued margin progression, efficiency and disciplined investments. Fiscal year '26 non-GAAP operating margin is expected to be 34%, representing another 100 basis points of expansion year-over-year. This incorporates intentional investments in high-growth opportunities, most notably in Agentforce and Data Cloud. And I'd like to call out that from a pace perspective, we do expect a ramp in margins throughout the year.

Stock-based compensation is expected to stay relatively flat year-over-year as a percent of revenue. We expect fiscal year '26 GAAP operating margin of 21.6%, representing more than 250 basis points of improvement year-over-year. We expect fiscal year '26 GAAP diluted EPS of $6.95 to $7.03. Non-GAAP diluted EPS is expected to be $11.09 to $11.17.

As we have mentioned over the last few years, we remain focused on driving durable cash flow growth. We expect fiscal year '26 operating cash flow growth of approximately 10% to 11%, and we are not expecting a material headwind from cash taxes this year. We expect CapEx for the fiscal year to be approximately 2% of revenue again. This results in free cash flow growth of approximately 9% to 10% for the fiscal year.

Now to guidance for Q1. On revenue, we expect $9.71 billion to $9.76 billion, up 6% to 7% year-over-year in nominal, and 7% in constant currency. As a reminder, we are lapping the 1-point leap year benefit we noted last Q1 as well as the benefit from license revenue timing.

cRPO growth for Q1 is expected to be approximately 10% year-over-year in nominal, including a $100 million FX headwind, resulting in slightly above 10% in constant currency. For Q1, we expect GAAP EPS of $1.49 to $1.51 and non-GAAP EPS of $2.53 to $2.55.

In closing, I'm very pleased with our strong finish to the year and the foundation we have set in place for continued success. And I want to thank our employees for their dedication and execution throughout the year. I also want to extend my gratitude to our shareholder and investment community for your continued support. It has really been a privilege working with all of you.

Now Mike, do you want to open up the call for questions?

Michael Spencer
Executive Vice President of Investor Relations
Thanks. Operator, we're ready to take questions now. [Operator Instructions].

Question and Answer

Operator

And the first question today comes from Keith Weiss, Morgan Stanley.

Keith Weiss
Morgan Stanley, Research Division

Congratulations on a really strong end to FY '25. I wanted to dig into the Agentforce opportunity, some really big numbers there in terms of the number of deals signed and real good revenue momentum there. Investors are asking me a lot and have a lot of questions on how the pricing model looks.

Michael Spencer
Executive Vice President of Investor Relations

Keith, sorry, the first part of your question...

Keith Weiss
Morgan Stanley, Research Division

Can you hear me?

Michael Spencer
Executive Vice President of Investor Relations

Yes, I can hear you now. The first part of your question cut out. So could you start over, please?

Keith Weiss
Morgan Stanley, Research Division

Perfect. So congratulations on a very strong quarter. A lot of focus on Agentforce and a lot of big numbers there. Investors are asking me a lot of questions about the changing pricing model dynamics going from a seat-based model to one that includes consumptive elements and how that nets out. So I was hoping you could give us some color in terms of what you guys are seeing thus far when you're doing these Agentforce contracts. Is it expanding the overall contract size? What kind of expansions are you seeing if you are seeing expansions? And does the math net to be a good positive for Salesforce as we move to a more consumptive model? Or are there any bumps in the road that we should be aware of?

Marc R. Benioff
Co-Founder, Chairman & CEO

Okay. Well, I'd love to address that directly, and then I'm going to ask Brian to come in with some specifics and examples because I think it's so exciting. I think, of course, we've kind of started the company out with the per user pricing model, and that's about humans. We price per human, so you're kind of pricing per human. And then we have products, though, that are also in the consumption world as well. And of course, those started in the early days, things like our sandboxes, even things like our Commerce Cloud, even our e-mail marketing product, our Marketing Cloud. These are consumption-based products we've had for years. And it's always been a mix of products that we have for humans and then products that we have for computers.

Now we have these kind of products that are for agents also, and agents are also a consumption model. So when we look at our Data Cloud, for example, that's a consumption product. Agentforce is a consumption product. But it's going to be a mix. It's going to be a mix between what's going on with our customers with how many humans do they have and then how many agents are they deploying.

I think one example that I can personally tell you about in the quarter, we did a large transaction with a large telecommunications company. It's incredible. And when I was talking to their CEO, she was asking me, "How are we going to price the transaction," and so forth. And I can't remember the exact number

of the deal. I think it was, what, Brian? Maybe it was about $20 million in ACV, something like that, for the year. Maybe it was $60 million TCV transaction. And then as part of that transaction, it's a mix of -- we're rebuilding this telecommunications company. So it's Sales Cloud, it's Service Cloud, it's Marketing Cloud. It's all of our core clouds, but then also it's Agentforce. And the Agentforce component, I think, was maybe $7 million in the transaction. So she was buying $7 million of Agentforce. She bought $13 million in our products for humans, and I think that was about $20 million in total. These are approximate numbers. I think that's kind of the idea that you're going to see us be able to deliver the right package for the right customer.

Even if you look at Salesforce, as I mentioned, here we are working in this world, and kind of Brian has hit on it, we did, what, 360,000 transactions in the quarter with Agentforce, on help.salesforce.com, trinity. And then what do you have? About several thousand customer support reps and so we have our Service Cloud running. We have Agentforce running. We have our different products running. Then, of course, our Service Cloud is deeply integrated with our Sales Cloud and other products. So it's going to be a mix. And I think that the mix is the most exciting thing.

I don't know any company that's 100% agents. I don't know of any company that doesn't need automation for its humans. I don't know of any company that doesn't need a data cloud where it needs a consistent common data repository for all of its agents to gain their intelligence. And I don't know of any company that's not going to need an agentic layer. And that idea of having apps, data and agents, I think, is going to be the winning combination.

Do you want to actually give the real details, Brian?

Brian Millham
President & COO

No, that's exactly right. This trinity, as you called it, Marc. CRM plus data plus agents is really what our customers are coming to us for. Keith, our objective is how do we serve the customers and focus on customer success, how do we give them what they need to go drive their business forward, both from a productivity and from an efficiency perspective. The pricing models will change over time. There's no doubt about it. The nice thing that we've seen with our customers is they really understand the ROI associated with digital labor. What we're able to provide with agents is really driving the velocity of transactions that we've seen. Marc mentioned the 3,000 transactions that we closed in the fourth quarter really driven on our ROI model that people understand that they can get a tremendous amount of benefit from agents.

We will probably move into the near future from conversations as we price most of our initial deals to universal credit. It will allow our customers far more flexibility in the way they transact with us. But we see this as a significant upside to our pricing structures going forward. And that's what we've seen in the early days with our engagement with customers.

Marc R. Benioff
Co-Founder, Chairman & CEO

To directly address, like here's a transaction that you're doing, let's say, a customer comes in, they're very interested in building an agentic layer on their company, is that bringing other human-based clouds along with it?

Brian Millham
President & COO

No doubt. And I think what we've seen is that we have incremental strength in our core technology, the CRM core technology. You saw in the quarter, we had some good performance in both sales and Service Cloud, both above 10% (sic) [new bookings] growth in the quarter. And so we are seeing people leverage our core technology, the named pricing models with our core apps and agents together to go drive the efficiencies that they're looking for.

Marc R. Benioff

Co-Founder, Chairman & CEO

And I think they're going to really play it out. I mean if you do come to TrailheadDX and you do see that new Tableau Next, I think what you're going to see is a Tableau that was only built for humans before, but now is deeply integrated into the Data Cloud and has a deep agentic layer as well. So you're going to be able to come to your own conclusions, get your hands on these products, talk to the customers. We're in an exciting moment.

Operator

And our next question comes from Kirk Materne, Evercore ISI.

Kirk Materne
Evercore ISI Institutional Equities, Research Division

Brian and Marc, I was wondering if you could just talk about -- you referred to it a little bit. But as Agentforce builds, obviously, not every company is going to be ready to potentially go agentic today. But is Agentforce having a bit of a halo effect around some of your other products, meaning, as we are on the journey to get more monetization from Agentforce, are you seeing pickups or at least higher activity levels in some of your other products that, to Brian, your point, sort of form this trinity?

Brian Millham
President & COO

That's exactly right. And we're seeing it in the way that our customers are using our technology, new ideas, new workflows, new engagements. We talked about Lennar as an example, their ability to handle leads after hours that they weren't able to get back to or respond to in a quick time frame are now able to touch and engage with those leads. And that, of course, flows into their Salesforce automation system. And so we are seeing this halo effect with our core technology. It is making every single one of our core apps better as they deliver intelligence, underpinning these applications. And so it is the message that we're delivering, this trinity of apps, data and agents, that is really compelling to our customers.

Operator

The next question is Raimo Lenschow, Barclays.

Raimo Lenschow
Barclays Bank PLC, Research Division

Perfect. Congrats from me as well. And Marc, like with Amy and Brian, you lose some very experienced people on the team. What was the thinking in terms of combining those 2 roles? And how do you see that playing out going forward?

Marc R. Benioff
Co-Founder, Chairman & CEO

Well, I'm so excited to have Robin come in as our new COFO. And I really think it's exciting because Robin really has this kind of unique capability to deliver the Chief Operating Officer position and Chief Financial Officer position. And I'll tell you, as we did the search, one of the really top candidates that we saw come through held this position in another company. And I think as Robin and I were talking about that, the leverage of having a COFO, this idea of the Financial Officer and the Chief Operating Officer really come together as this incredible partnership to deliver this capability, just was a perfect match for us. I was thinking about going with it with this outside candidate, and that's where I was fortunate to be able to convince Robin to take the job.

And Robin, would you like to just say something and just kind of come in here and just tell us about how excited you are to be part of the management team?

Robin L. Washington
Lead Independent Director

Sure, Marc. As you've heard Brian, Amy and Marc talk about it, it is an exciting opportunity for us right now with Agentforce. So I am elated to be able to join forces with the operating team. It's an exciting time in our industry as well. And as you've heard us talk about the trinity and our deeply unified platform, I think we clearly are able to have something that's going to support our customers' growth and productivity in this new area -- in this new era, I should say, with the result of sustainable and profitable revenue growth for Salesforce long term.

Marc R. Benioff
Co-Founder, Chairman & CEO

Yes. And I just want to also -- I should also really thank -- Miguel Milano, as you probably know, came back as our Chief Revenue Officer about a year ago, and he decided to rejoin us after some cajoling. And I've asked him to work directly for me, running our worldwide sales organization. And so I've been so thrilled about that. And I also have to thank Srini, who's our Chief Engineering Officer, who's now our Chief Engineering and Services Officer, who's taken on customer service and support. And it's been a rebalancing of our management team. So we have this amazing new executive with Robin. I couldn't be more excited to have her by my side. And just as a little side note, Robin will tell you, I've been trying to convince her to join the company for over a decade. And so I finally got her after a lot of selling. So we're thrilled to have Robin with us and joining us as director and operating executive from the Board.

And then having Miguel is so exciting. Of course, having Parker with me as well is so critical. And also, as I mentioned, Srini is running services and engineering. And Steve Fisher, being promoted recently to our Chief Product Officer or actually our Chief Technology Officer, running products; and our Chief Product Officer, David Schmaier, also with expanded responsibilities working directly for me. David is now our Chief Product and Impact Officer. And I couldn't be more thrilled. I also have a great Chief of Staff, Kendall, and a whole team around me with so many incredible functions and capabilities. And of course, smiling and waving at me across the table is Sabastian Niles, my Chief Legal Officer, who has done an unbelievable job since joining the company.

So I don't think I've ever had a better management team. I mean it's hard to beat Amy and Brian, but I think maybe we did it. We're really thrilled. So sorry, Amy and Brian, to see you go. [Foreign Language] But welcome to the new management team, and we're so thrilled to have them with us, and we're so excited to start fiscal year '26 with an absolute bang.

And Robin, did you want to end with any parting comments?

Robin L. Washington
Lead Independent Director

No.

Marc R. Benioff
Co-Founder, Chairman & CEO

All right. Very good. She's ready for the next question.

Operator

Up next is Brent Thill, Jefferies.

Brent John Thill
Jefferies LLC, Research Division

Marc, just on DOGE and the impact of what the federal and state -- I'm curious if you can discuss your role and what you think this means for Salesforce.

Marc R. Benioff
Co-Founder, Chairman & CEO

Well, I don't have any role. I think I'm -- of course, I'm coming at this with a beginner's mind, like I'm sure all of us are, that we want to see what they are able to deliver with the new administration. We're

huge fans of the United States of America. We want us to be a successful country as we possibly can be. And that also includes having something that I think is critical and important for us, which is a balanced budget, something I've encouraged every President that I've worked with for quite a few administrations to achieve.

We're thrilled with our relationship with the government. You know that we have so many agencies that depend on us from providing support for veterans through our Veterans Administration and so many other groups. And I think even DOGE is using Slack to manage their communication and coordination. So we'll work closely with the government. We'll do anything we can to help them succeed, and we wish them only the best. And we're here to help at every step of the way, and we want the U.S. to be as successful as it possibly can.

Operator

Next up from JPMorgan, it's Mark Murphy.

Mark Ronald Murphy
JPMorgan Chase & Co, Research Division

Marc, you had mentioned this labor arbitrage and that jobs are going to evolve. When you think through the scale of that kind of an opportunity, how much labor do you think you can augment or replace? For instance, could a company with 1,000 employees slow its hiring or stop hiring and just layer in a couple of hundred Agentforce bots and maybe accelerate its growth? And then further to Brent's point, can we apply that concept to federal government agencies? If they have 3 million workers and some of them are going to leave voluntarily, could they layer in hundreds of thousands of these Agentforce bots and see some greater efficiency?

Marc R. Benioff
Co-Founder, Chairman & CEO

Well, I think that I could wave you away and say I don't really know yet, but I will tell you that since I'm the CEO of a 75,000-person company -- or how many employees do we have now, 75,000, 76,000 -- so let's just look at us. So we have, what, 9,000 support agents. We really are seeing tremendous efficiency with help.salesforce.com. So we may see the opportunity to rebalance some of those folks in the sales and marketing and other functions. We're really excited about that. I would say that we definitely have seen a lot of efficiency with engineering and with some of the new tools that I've seen, especially some of these high-performance coding tools. One of the key members of my staff who's here in the room with us has just showed me one of his new examples of what we're able to do with these coding tools, pretty awesome. And we're not going to hire any new engineers this year. We're seeing 30% productivity increase on engineering.

And we're going to really continue to ride that up. And we're going to grow sales pretty dramatically this year. Brian has got a big vision for how to grow the sales organization probably another 10% to 20%, I hope, this year because we're seeing incredible levels of demand. I think every company who is our customer or prospect wants us to come in and start talking about what we're going to do with them and how we're going to transform them.

Everybody sees the opportunity. I think that the big message I have for a lot of CEOs that I meet with is, "Hey, we're the last generation of CEOs to only manage humans." I think every CEO going forward is going to manage humans and agents together. I know that's what I'm doing. So this is what I have to think about every single day as a CEO. And I think everyone is going to have to start to think about that.

It's definitely starting because, as I mentioned, I was with a large CEO group last week, and it was a topic of conversation in every single person that I met with. And whether it's those life sciences CEOs that we mentioned or financial services CEOs or manufacturing CEOs, in every example, they can see how agents are going to be able to augment their workforce. And I think you can see it also in the global economy that I think productivity is going to rise without additions to more human labor, which is good because human labor is not increasing in the global workforce. So you have a stagnant human workforce worldwide.

So if you want productivity to go up and you want GDP to grow up and you want growth, I think that digital labor is going to be one of the catalysts to make that happen. And I was talking with a significant economist and an economic leader last week, and I think that they -- I think everyone is on the same page that we could see something really dramatic.

And this is our main focus as a company. We aren't building huge $10 billion, $20 billion, $30 billion, $100 billion data centers. We're not doing some of these kind of engineering efforts that may or may not have some kind of huge payoff, but is going to take down all of our cash and all of our margin for the next several years. We're like augmenting our existing product line with artificial intelligence, taking advantage of these incredible investments that are being made in infrastructure by others, and we're going to deliver the digital labor revolution. This is our goal. Our goal is to be the #1 provider of digital labor in the world. That's it. I don't think there really is another goal. You can say we're the #1 AI CRM, which we already are, but when you're the #1 AI CRM, you're also going to lead the digital labor revolution. And that is going to be the focus of fiscal year '26. As I said, this is the year of digital labor, and it is going to be the year where every Trailblazer is going to become an Agentblazer.

Operator

The last question comes from Kash Rangan, Goldman Sachs.

Kasthuri Gopalan Rangan
Goldman Sachs Group, Inc., Research Division

We'll miss you, Brian and Amy. Congratulations, Robin. And one for you, Marc. There's a lot of talk about how we're moving from model building and training to the inference layer. And also as part of that shift to agentic technology, there's been a lot of debate about the SaaS technology and the business model. The SaaS tech stack that you built and pioneered, how does that fit into the agentic world? Is there a risk that SaaS just becomes a crowded database? It sounds really terrible, but I'm sure you have an opinion. I'd love to hear it.

Marc R. Benioff
Co-Founder, Chairman & CEO

Okay. Well, Kash, I really appreciate that. And look, I've heard that Microsoft narrative, too. So I watched the podcast you watched, and that's a very interesting idea. Here's how I look at it, which is, I believe there is kind of a holy trinity here of AI CRM, which is the apps, the data and the agents. And these three things have to kind of work together. And I kind of put my money where our mouth is where we kind of built it and we delivered it. And you can see the 380,000 conversations that we had as point of evidence here in the last 90 days on our service and with a very high resolution rate of 84%. You can go to help.salesforce.com, and you can see that today.

Now Microsoft has had Copilot available for, I think, about 2 years or more than 2 years. And I know that they're the reseller of OpenAI and they've invested, they kind of repackaged this ChatGPT, whatever. But where on their side are they delivering agents? Where in their company have they done this? Are they a best practice? Because I think that while they can say such a thing, do they have humans and agents working together to create customer success? Are they rebalancing their workforce with humans and agents? I think that it's a very interesting point that, yes, the agentic layer is very important, but it doesn't operate by itself. It operates with data, with a Data Cloud that has to be federated through your company, to all your data sources.

And humans, we're still here. I'm here. I just knocked on the table in case anybody wants to know, this is not an agent. I mean, I guess for not very long that this actually is not going to be a good test. But just know that I am here and you could call me or text me, Kash. And I am using those apps, too. Like I said, I've got the new Tableau. It's amazing. The Sales Cloud, the Service Cloud, I use. I use all of our products. Slack, I was just on. And that idea that our apps and our Data Cloud and our agentic layer, all integrated together right now and delivering value right now to our #1, Customer Zero, Salesforce. Wow, here we go. And are other vendors really doing that? Beware of the false agent. Go out there and take a look who

is really talking about it and who's really delivering. And this is a whole lot of engineering that has to get done to make this really work for a large enterprise like us. And Salesforce has done it.

We are the #1 AI CRM. We are the leader of the digital labor revolution. You can see it now with over 3,000 paid customers. And as you can see, the tens of trillions of transactions that happen in our Data Cloud, incredible.

So thank you very much for a great fiscal year '25. Thank you to Amy and Brian. It's amazing. And welcome to Robin on to the management team, and to all of our new executives, congratulations on their promotions. And we're ready for a great fiscal year '26. This is going to be the absolute year of Agentforce.

Michael Spencer
Executive Vice President of Investor Relations

Thanks, Marc. Thanks, Kash. Thank you, everyone, for joining the call today, and we look forward to seeing everyone over the coming weeks.

Operator
Once again, that does conclude today's conference. Thank you all for your participation. You may now disconnect.