Salesforce, Inc. Q2 FY27 Earnings Conference Call | August 26, 2026

Operator:

At this time, I would like to welcome you to the Salesforce second-quarter fiscal 2027 conference call. This conference is being recorded, and all lines have been placed on mute to prevent any background noise. After the speakers prepared remarks, there'll be a question-and-answer session. At this time, I would like to turn the call over to Mark Murphy, Executive Vice President of Global Investor Relations. Sir, you may begin.

Mark Murphy:

Good afternoon, and thanks for joining us today on the fiscal 2027 second 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, CEO, and co-founder, and Robin Washington, chief operating and financial officer. We also have Patrick Stokes, president, applications and marketing, and Miguel Milano, president and chief operating officer, joining us for the Q&A portion of the call.

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 or outcomes 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 or outcomes is included in our SEC filings, including our most recent report on 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. 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. Before turning to our prepared remarks, Marc and Dario just announced Claudeforce a few minutes ago, live on CNBC. Let's roll the clip.

Audio: Marc Benioff:

This is really the best of both worlds. This is the number one AI in the world, Anthropic, and the number one CRM, Salesforce, coming together for the first time in an incredibly powerful way to build a new product called Claudeforce. It's really a first in the industry, Jim. We've never seen anything like it. It's completely exciting. I think that this is the way all enterprise systems are going to run in the future.

Audio: Dario:

We've found that this combination product that we've built together is the most useful thing in accelerating it. Within Anthropic, for a long time, we've been accelerating the research teams within Claude, but this is the first time that we've really been able to incredibly accelerate our go-to-market efforts within Claude. And we want that for all the other enterprises, and we want to... me and Marc want to bring it together to everyone. We've already worked with Salesforce in a number of ways. We're big users of Salesforce. Salesforce is big users of Claude Code, of Cowork, of other tools. We've put products like Claude Tag in Slack already, which is a part of Salesforce.

And now this combination is a way to gain something that's one plus one equals three, something that's bigger than the sum of its parts. My chief commercial officer was just demoing this for me with some of the internal stuff we do within Anthropic just half an hour ago, where he asked, "What are the biggest accounts that Anthropic is trying to close now? Give me a list of the biggest accounts. Talk me through the risks of each one." All the data, all the information, comes from being managed in Salesforce, but the conversation, the interaction, that comes through Claude. And so you can see how these two things can be more than the sum of their parts.

Audio: Marc Benioff:

Why this is exciting is it's a perfect complement. Anthropic builds this amazing model, and now the model has this incredible user interface, Cowork. And when you take Cowork and then you're able to put it right on top of Salesforce, it's able to bring the data, the applications, the semantics, the agents themselves, and build complete applications, a total user interface to let you get all the value out of Salesforce that's been trapped. So customers have put hundreds of billions of dollars into Salesforce. There's a huge amount of value that can be unleashed through this combination.

Mark Murphy:

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

Marc Benioff:

Well, thanks so much. I'm really excited to have the call, and it was great to be on CNBC with Dario announcing Claudeforce. We're going to get into that in more details as well. And before I get into all of that, though, I really want to start here at the beginning and talk about the SaaSpocalypse. I think you can see from the results, net new AOV growth, it's the strongest in four years. Skeptics really said that seats would decline, and also that Agentforce sales and service and Slack, all seats, grew year over year. Skeptics said customers would leave, but attrition was near its lowest level ever.

Skeptics said pricing power would erode and A1E and A4X bookings more than doubled quarter over quarter, and contract length terms improved across all segments and new business, and renewals. And agent, agentic use, well, use of the platform, it surged 6X, sixfold, via Model Context Protocol calls and CLA calls. Apps are not dying. In fact, they're growing. And nine of the 10 AI companies, like you just heard from Anthropic, that standardized on Salesforce, use Salesforce and Slack.

They spend up... Their spend is up 435% year over year. Frontier models depend on CRM. They make sure that it works, that it all comes together, they not replace them. Let's now... Let me start from the beginning of my script and actually read my prepared remarks for you so you can really understand our vision for the future of where Salesforce is now, where we're going, and we cannot wait to get all of you to Dreamforce because we have some incredible things to show you. Look, we're here in Salesforce Tower in San Francisco.

I want to welcome all of you, and I'm thrilled to share the tremendous progress we've made and momentum we're seeing across the business. As everyone can see, we just had one of the best quarters ever, and we outperformed on all of our key metrics. And as I just went through in all these key metrics and these key areas, this nonsense of this SaaS apocalypse, I think it's time for it to stop. That's why I'm so excited about Claudeforce as well. It really shows how we're bringing together the world's number one AI and the number one CRM.

It's really the best of both worlds. We're combining Claude's extraordinary intelligence and reasoning with Salesforce's trusted data and applications and workflows and business rules and governance. And while Claudeforce... Claude might have been, for example, for developers, now it's also for knowledge workers. And when you do that, you get something the world has never seen. This is a dynamic, deeply personalized interface that thinks, reasons, and acts. It's a truly game-changing experience for our customers.

And I'm going to get into the highlights from the quarter, but before I do, I want to just tell you one quick story, and I'm going to get into more details on this. I just spent two months in Europe, and I had an exhaustive schedule. I won't go through all the detail, but I've never met with more customers in my life. And I was with one of our very largest, probably our largest, customer in Switzerland, and I was sitting there with them, and we went through, and they spent maybe, I don't know, they spent more than a billion dollars for sure with Salesforce.

They spent about 100 million a year with us. And I'm talking with them, and it's a great meeting. It's three hours. And then, at the end, we're like, "Now, I want to show you this thing. We haven't shown it to anybody yet," and we're showing them Claudeforce because the head of all of our operating units have been using Claudeforce to run their businesses inside Salesforce this quarter. It's one of the reasons why we're getting such great performance. And all of a sudden, literally I could see the customer's mouth just dropped open because it was astonishing.

They were seeing that we were able to reveal this value that had been trapped in their systems, okay, right into this dynamic user interface. And they weren't having to hire all these FTEs and all this stuff to get it going. It was building these apps on the fly for them using the foundation that they had spent two decades building with Salesforce. Now, I want to get back to the quarter. We had record revenue and EPS, strong margin performance, CRPO accelerated. It was up about 14%. Look, we generated 1.1 billion in free cash flow.

That was up 81% year over year. I'm going to come back to that in just one second. And our AI business, just incredible momentum. Agentforce ARR, it hit one and a half billion. Our ARR for AI and data is about to cross four billion. Really helps, I guess, that we have 15,000 peer account executives, huh, Miguel? And the number of accounts with agents in production grew 70% over last quarter. We had great wins with Deutsche Telekom, met with them when I was in Europe. FIFA, met with them. NTT Data, I met with them. Cisco, all expanding their AI investment with us.

Great companies, by the way, great visions for the world and really exciting executives leading their companies who have tremendous vision for what they're going to do with their company using this new technology. And we also completed a multi-billion-dollar agreement contract expansion with the [VA]. The Army Human Resource Command expects to drive up to 55 million Agentforce conversations every single month. Amazing. The Secretary of the Army took me aside and said he finished recruiting four months early because he was able to use not only the power of all of his human agents, but AI agents as well. That was the Army being all they could be.

And I'll tell you, we're expanding into markets and seeing an incredible success. We launched Agentforce IT Service in November, and it already has more than 450 customers, including NYU Langone Hospitals and McAfee, conversions from ServiceNow. I think that's very exciting that we can see that more companies coming into our platform, and as they come into our platform, where we expand it to be not just sales, not just service, not just marketing, not just commerce, not just analytics, but also IT service and other critical functionality. All of that can be revealed and now rendered through the Agentforce user interface.

The more that's in the platform, the more Claudeforce is going to be able to deliver for it. Now, Agentforce Life Sciences is more than 140 customers, including all top five pharmaceutical companies. And Agentforce Ops is helping companies like Kellogg's and Dell turn manual back-office work and supply chains into agentic workflows. That's the Regrello platform we bought now more than a year ago. It has the ability to deliver and render for a company red, yellow, green on their supply chain every single day. For Dell, they have 20,000 suppliers.

And why that's important is we see supply chain as one of the very first applications. So many companies are actually revising for AI because it gives them the ability to actually look into something and do something with an area that really has not moved forward for in decades. With this strong performance and momentum and the strategic acquisitions, especially Contentful and Fin, we're expecting to close in the coming weeks, and we're raising our fiscal year 27 revenue guidance by about $300 million in constant currency. Now, what's driving all this?

Well, it's a fundamental shift in the software industry. AI is unlocking value, as I said, across every part of our platform. AI is able to look into the platform and say, "Hey, I can see this application construct. I can see this user model. I can see this sharing model. I can put all of this together and deliver value in a totally new way." I've never seen a moment like this in my life, but for our customers, the question isn't whether AI is transformative. It's actually how they get there. And I want to talk to customers every single day. That's why I was in Europe.

Most of them have not started their AI transformations yet. If you talk to most CEOs, they may say they have a project, or they have a failed experiment, or they were told to build a model, but it didn't work out for them. That is not AI transformation. We're going to see AI transformation, and you're really going to see AI transformation when you start using Claudeforce. And the reason why I feel so strongly about that is I've seen it here at Salesforce. For our operating unit leaders, when we gave them Claudeforce, they came back to us and said, "I built this app. I did that. I did this other thing."

That was so exciting. They built their businesses on not just a few core systems. They're not going to just rip out how their company just runs to get to AI. They want intelligence delivered inside the software they're already using to run their business. And that's what Salesforce... that's what Claudeforce is going to do. So I show them Claudeforce. I show them reasoning across their Salesforce data and workflows. I can show it right inside Cowork. I also show it right inside Slack. One click to deploy, and their path to AI transformation just opens up in front of them. It's pretty incredible. It's a great experience as a software executive to see the customer's reaction.

And this is what we're building with our new enterprise harness. So, this new enterprise harness, AI Force, you're going to hear a lot about this at Dreamforce. First, you're going to hear a lot about our data layer. You're going to hear a lot about how we've invested in the federation and integration and harmonization of data. You know that's why we bought MuleSoft. It's why we bought Informatica. It's why we built Data 360. You're going to hear about our application layer, of course, sales, service, marketing, commerce, analytics, as I just said, supply chain, or ITSM, all the different components, field service, on the application layer.

In that application layer, then the agentic layer on top of that, and then finally the interface layer. These four layers, data, apps and semantics, agents, and interface, when it's turned on together, that is when you start to see the true enterprise transformation. And I'm confident that when you come to Dreamforce for your own company, since so many of them are already on Salesforce, you're going to see how you are going to be able to transform as well. Now, let me show you what this looks like for Athena Health. Every time someone needed a case summary or opportunity insight, they had to ask IT to run a report.

So they use Data 360 to bring together all the product usage and account data from across their systems to create a single source of truth. Then, with AI Force, this new user interface harness that sits on top of our core systems, they've connected all of it to their AI, complete with the context and the permissions that already lived in Salesforce. Now employees across every level can get instant answers from real Salesforce data, from real Salesforce metadata, and all of the sharing models and security models and all of this, all of this is done with zero data retention.

That means no data goes to any model. It all stays in your company. We started engineering that in 2023. We have been perfecting it over the last three years, and we audit it and we are sure that that data is staying with you. Without ever opening a browser, the usage and the value they're getting with Salesforce is going way up. This is the future of enterprise software, and I'll tell you what it's not. This is not the SaaSpocalypse. This is not the SaaSpocalypse.

As I said earlier, we've been hearing about this for the last two quarters, these dire predictions about the end of software and how the models eat everything, but none of them have come true for us, and I don't think... I don't even understand how they could possibly come true. Look, models, you have to remember, models are probabilistic systems. They're non-deterministic systems, but our system, our system, those four layers that we talked about with data and apps and semantics and agents, those are deterministic systems.

But when you put those two things together, that's a level of value we've never seen before. We've been told our growth would slow, that net new AOV growth would not continue to grow, and yet it's the strongest it's ever been in four years and significantly outpacing AOV growth. And by the way, did you know that Salesforce, Salesforce has higher free cash flow, higher free cash flow than Costco, Coca-Cola, Home Depot, Ford, Disney, Pepsi. Oh, we also have higher revenue growth rates than Costco, Coca-Cola, Home Depot, Ford, Disney, Pepsi.

By the way, all of them are great Salesforce customers too. I love all those companies and all those CEOs, but we have higher free cash flow and higher growth rates than them. I just think it's important for speaking directly to the analysts who cover us to actually look and compare our business metrics against those others, so you can really see what we do and how we're doing. Our seats were supposed to decline. Instead, Agentforce sales, service, and Slack all saw year-over-year growth, and we were told customers would abandon us, but attrition is near its lowest level ever.

I know that you know that because you're calling all of our customers asking them. So we're told customers would pay less for our products, but what Miguel was about to tell you is they're upgrading and A1E and A4X bookings, they more than doubled quarter over quarter. We're told contract lanes would shrink. Well, they improved across all segments, and we're told agents accessing our system would kill apps. Well, actually, usage is exploding. Agentic use of our apps through Model Context Protocol calls and CLI calls also surged sixfold, 6X, and we're told the frontier models would eliminate the need for CRM.

Instead, they depend on it, and we're showing how one plus one can equal three. Nine out of the top 10 AI companies in the world use Salesforce and Slack. You know that. You're talking to them, companies like Anthropic, for example. Well, these companies, these nine out of 10 top 10 AI companies, they've increased their spend with us by 435% year over year. Look at that great company, Replit. You saw them in the pre-show. It's an amazing company. Their sales team lives here in Slack, with Salesforce as their source of truth. They've tripled the number of Agentforce sales leads. They're building custom apps that connect directly to Salesforce data and workflows. It all works together.

By the way, Replit is a great tool on Salesforce. As you can see, AI isn't replacing Salesforce. It's unlocking more value across all four layers of our platform. Again, across the data layer, the apps layer, and the semantic layer, the agent layer, and the interfaces. Now we all know that if your data's not right, your AI is not right. I've seen that over and over again in customers where all of a sudden we'll go in and try to show them some magic, and all of a sudden we'll go, "Whoa, are you really paying attention to your AI because your data quality doesn't seem to be exactly right?"

Well, all that data inside Salesforce now provides hundreds of petabytes of critical context so agents can actually understand your business. We're doing more to help customers clean up their data, to make sure that it's well harmonized, to make sure that it's... they have the right level of data cleansing, building the right data warehouses. Then our apps, well, they can be more valuable than they've ever been because now they don't just run your business, they're running all of your agents as well.

Think about it. There's more data inside Salesforce than any human can comprehend. A human works one record at a time. An agent works around the cross... clock. It sees everything, not one thing. It reads across millions of records to find the perfect opportunity, forecast the quarter and close cases. We know. We've been using these models now for almost a decade. For a decade ago, I would sit in my staff meeting, and I would ask Einstein, "Tell me, how is the forecast going to turn out?" And in many cases, it knew more than our folks.

Why? Because it is able to see everything. So here's another great example. Uber for business. They've got 30 onboarding specialists and a mountain of inbound leads nobody was ever going to reach. Their rules, their workflows, every deal that's ever gone through them, they've used Salesforce since the start of Uber, and all of that lived inside Salesforce. Now this is how they sell. So they paint... just pointed Agentforce at the pile, got to work, looked at their whole history of their whole company, all the institutional memory, everything that's inside Uber.

Now, six weeks to launch within two weeks, 60% more leads, and converting. This is that power. We're introducing hundreds of packaged agents that understand your business and industry right out of the box, so they can start delivering value within days, not months. And now with AI Force, we're bringing all that to any interface. This is the magic moment. People don't have to come to Salesforce to get work done. Salesforce comes to them, and Claude and Slack and ChatGPT and Teams, wherever they want to work. And it's a shift from software as the interface to software powering every interface.

Of course, this is already happening in Slack, which had a phenomenal quarter. It's the best acquisition we ever made, regardless of all the financial analyst reports that I read about six years ago when we bought it. We won't go through the details. It's water that's now all under the bridge. But let me just say this. When you look at Slack today, it is where work happens, and it's where these AI lives and work and can do things. And not only is it where human work happens. Now it's where you can build together too, with Slack Codes. AI isn't trapped in a single-player chat window.

It's a teammate that works across all your people, finding the right agent, the right action, on the flow work, fueled by all the enterprise context that lives in Salesforce, the conversational context in Slack. Companies like Anthropic, OpenAI, Lovable, Replit, on and on and on, I think there's more than a million companies on Slack now, are all building their agentic products directly into Slack because Slack is where their customers want them. And Slackbot is our fastest-adopted AI product ever. Five months after launch, it's got one million active users, up 150% quarter-to-quarter.

If you don't have Slackbot turned on in your Slack instance and you're not using it every day, you are really missing out. It has the ability to read across all of your Slack data, and you are going to have insights into your business you just were not able to have before. It just makes you a better executive. Robinhood's a great example of what's happening. Robinhood needed AI adoption across its whole workforce, not just engineers. So, what Vlad did was he put AI inside Slack, the place where the entire business comes together and connects to Salesforce, Google, Okta, and other systems. And now any employee can

Marc Benioff:

You can use Slackbot to surface past decisions and conversations, solve problems without engineering support. And Slack isn't just the best place to work with AI, it's also the best place to build with AI. We just introduced Slack Code, a shared space for teams of agents and humans to build together right where they already work. When you combine Slack code with Slackbot, it becomes an incredibly powerful multiplayer IDE.

Okay. Well, as you can see across our whole platform, we're redefining how our customers build, deploy, and scale AI. And we have a very special guest today on our earnings call and our friend David Friedberg is here. He's got this great next generation bioengineering company, Ohalo. Welcome David. Fantastic.

David Friedberg:

Hey.

Marc Benioff:

Welcome to the earnings call.

David Friedberg:

Thanks for having me, Marc.

Marc Benioff:

Great to have you.

David Friedberg:

Hi.

Marc Benioff:

And they're changing how we feed the planet with a breeding technology that boosts crop yields by 50%, maybe 100%. Scott, he already sent me a can of seeds. I don't know if I'm allowed to talk about what I got or not, but it was pretty awesome. And I'll tell you, David had chosen a CRM product when he first started OHOLO and how does it pronounce, O-Hollo? Ohalo? Mahalo?

David Friedberg:

Ohalo. I should ask you. It sounds like a Hawaiian word.

Marc Benioff:

It sounds like it, but it's not. It's based on an important actually part of bioengineering history, right?

David Friedberg:

Yeah. Well, there was an agricultural find in the Sea of Galilee where they found this old pot of seeds, 20,000 years. So it kind of rewrote what we thought about the history of agriculture and plant breeding. So we named it after that little village.

Marc Benioff:

Fantastic. Well, yes, you're right. It sounds like a Hawaiian word, but it's not. And I know that you started with another CRM product we won't talk about what it is. But I remember when you called me and you said, "Well, maybe I'll try to vibe code this whole thing, whatever." And then a few months later, it turns out you're-

David Friedberg:

Well, we did a little vibe coding.

Marc Benioff:

Yeah.

David Friedberg:

I did a vibe code to make a CRM product over the weekend. And you quickly realize just how much it takes to do maintenance, to do accounts, to do security. There's just much more to it. And we realized pretty quickly there are certain, I would say, software applications that are maybe verticalized where you have to build custom workflows that make sense for your particular business.

But then there's platform software. And platform software, we realized pretty quickly, is really what we need to build our entire company around. Salesforce is what we decided to go with on CRM. We're already on Slack. We're not going to go vibe code Slack. We're not going to vibe code CRM. But then, we build custom workflows, custom interfaces, custom prospecting tools at my sales teams. I've got agents that are out scanning public county databases, trying to find where farmers are planting what crops, what their names are, what their contact info is.

I've got agents doing all sorts of prospecting. That interface gives my sales team leads. That integrates with Salesforce. They can then go run the standard workflows that are a little bit more standardized across verticals. And we can build all of our custom workflows in parallel and in concert with the Salesforce tool.

Marc Benioff:

Well, it's been very exciting and I'll tell you, I'm thrilled to have you as now a large Salesforce customer. One

David Friedberg:

Of your smallest, but yeah.

Marc Benioff:

Well, I would say large in terms of presence, in terms of everybody knows you now, Dave, because your podcast is so popular. The number one podcast in the world is what I heard.

David Friedberg:

In San Francisco, for now. That's right.

Marc Benioff:

But what I want to know is this. So when you do think about the future and you think about your company and bringing the best of AI and the best of CRM together, how do you plan to do that?

David Friedberg:

Again, I think it goes back to this point about, where do we create value? I'm not going to create value as a business by doing something that everyone else does. If everyone else is using Microsoft Excel, I'm not going to go build Microsoft Excel. If everyone else is using an ERP tool, we integrate with NetSuite and I know that you guys have an integration with NetSuite. We're not going to go build an ERP tool. We're not going to go build Slack. We're not going to build communications and messaging. We're not going to build CRM.

We're going to build custom interfaces for doing plant breeding. We're going to build custom interfaces for prospecting customers. We're going to build custom interfaces for selecting the right product for a farmer based on my satellite and radar imagery that shows me what that farmer's field is going to look like next season, making an estimation, and then making the right product selections for him.

The interface to do that, for my sales team, for my customers, that's where we add value. And then, the actual following up with the customer, connecting with the customer record, making that transaction record, storing it, that needs to be done safely, securely. It needs to be done with the right account settings, the right access. That's what we're not going to go build. That's really where the partnership works.

Now, when we make a selection, it has to be a selection with standard platforms that we can work with, that integrate, that have the integration capabilities, that have the ability to service and support. I'll give you another example. Just internally, we use Slack, right? That's our primary communication messaging tool. And in Slack, we've got an AskHR channel now. And so we basically used Claude to set up an AskHR channel that anyone in my company can ask the HR questions that they would normally spend time calling up the HR people saying, " Hey, I got this question. I got this question."

AskHR has access to all of our internal HR documents and it knows who you are, whether or not it can access your personal information. It knows standard benefits policies and it could just answer all your questions for you through AskHR. I don't need to go build a communications tool to do that, I can leverage Slack and I can leverage Claude to deliver that internally. It's another good example of the sort of thing where we can build something custom using our internal benefits, our internal HR policies, but then we can leverage the platforms and Claude to deliver that.

Marc Benioff:

Okay. Now, because I'm a competitive person, I have to ask you this last question, which is where I started. This all started because we were just talking on the phone about something else, we were personal friends. And all of a sudden, you said to me, "Yeah, I'm using this CRM product and I'm turning it off completely. I'm not going to use this product anymore."

David Friedberg:

Yeah.

Marc Benioff:

And then I was like, "Well, why?" Can you just tell us the story? You had already invested in the CRM platform. This is one of our competitors. But you decided not. Now, you don't have to tell us who it was, but what are some of the features and functions that you saw in Salesforce that then gave you this ability to achieve all this productivity that you so badly desired?

David Friedberg:

I wasn't sold. As great a sales guy as you are, I wasn't sold in our first conversation. I was still pretty reticent. I'm like, Marc wants me to do this. I'm going to do it for Marc, but I'm not sure. Okay. This is what I told my team. And there's a guy, great guy named Ben. Ben works at my shop and Ben used Claude, he used Cursor, and he spoke to your Salesforce guys, stood it up. And what took us months of going back and forth trying to customize this other CRM tool and build the application and workflows around it that we needed, we were pulling our hair out. We're like, "Let's just build it all from scratch," and that's when you and I talked.

Ben used Claude and Cursor, got into Salesforce and was able to get everything stood up in under a month. I wasn't sold until we did it. And then, I was like, "Okay, I'll give Marc credit at this point and maybe we should send him a check and pay for the product." But yeah, I would say that was the-

Marc Benioff:

By the way, that's been a huge-

David Friedberg:

You're a great marketing guy, but the product and the capabilities-

Marc Benioff:

Thank you, David. I appreciate that.

David Friedberg:

... that sold itself, actually.

Marc Benioff:

Yeah.

David Friedberg:

When we got in there. Ben was able to do this in under a month and he told me he did the whole thing in under a month, just Ben.

Marc Benioff:

Right.

David Friedberg:

And he ran the whole thing.

Marc Benioff:

And I think that has been the huge shock for us that, these new next gen tools, the cursors, the Replits, the Claudes of the world make our product better.

David Friedberg:

That's right.

Marc Benioff:

Then all of a sudden, it can customize the data, the metadata, set up the preferences, do the administration, do things that maybe you needed a bunch of service folks to do. Now all of a sudden, you're getting going in a month. Maybe it might have taken you before, six months to a year. All of a sudden, now you're fully automated. And your ability to add new functionality and do new things, this has provided this very strong platform.

And as I said, it's a deterministic platform. Totally. And while Cursor is more non-deterministic or more probabilistic on the front end, it's helping you to administer it. Maybe Bill's starting to build new screens for you, analytics, but nothing is going to be better than having this solid foundation.

David Friedberg:

I was probably early on the SaaS-pocalypse train as you know, because I know you listened to my show and I always said I think SaaS was this temporary phenomenon between the founding of the Internet and the start of AI. But I think that it's a little more nuanced than that. It's probably this verticalized SaaS, where you try and standardize a vertical on a bunch of workflows, which actually destroys value in that vertical because everyone's now doing the same thing in the same way. So no one can differentiate in that vertical.

We've actually dumped all our vertical software, verticalized software. We make all of our verticalized SaaS in-house. But the horizontal, the platform, Salesforce standardizing on Slack, this is really where I think we've realized, that's actually going to get bolstered and it's more valuable with all the other capabilities we can now build around it. I'm definitely sold in that sense. I think there's still a SaaS-pocalypse, but with a lowercase S rather than the uppercase S for verticalized tools, where I think AI really allows you to rebuild something that's unique, which creates value for your business in a vertical.

Marc Benioff:

Rebuild it on Salesforce.

David Friedberg:

Yeah. Yeah, that's right.

Marc Benioff:

Great. Thanks so much, David, for being with us.

David Friedberg:

Good to see you guys.

Marc Benioff:

We really appreciate you coming in today.

David Friedberg:

Thank you.

Marc Benioff:

Thank you very much. All right. We're so thrilled to have David here and we're so grateful to have him now as our new customer. And I just thought everyone would love to hear that story, because I think as everybody has heard, David has been wondering, how will he use enterprise software in his new company? Where does he achieve that productivity? I've just never been more excited about our future. The scale, the opportunity in front of us is extraordinary.

You're going to see it at Dreamforce. Not only are we going to have great entertainment, probably the best entertainment we've ever had, so can't wait to announce that, but also we've got probably the best products we've ever had. And you're going to see it in just a couple weeks. It's going to be a huge accelerator for Salesforce for all of our customers. We're going to bring 50,000 people here to San Francisco and show them some unbelievable capabilities. And we're going to show you some of the most exciting transformative technology we've ever built.

It's the future of enterprise software. And I'll tell you, we're deploying it not just for the army or for the IRS or for all 15 of the major US agencies, all these incredible new customers that Miguel has signed up, from Uber to Deutsche Telekom, to FIFA. You're going to not only meet all of them, but you're going to see an incredible lineup of speakers at Dreamforce.

And yes, Dario's going to come there. He's going to be in my keynote. You're also going to see Sam there. Jensen's going to be there. Actually, all the major AI leaders are going to be there. David is coming. He's bringing all of his friends. And you're going to see how great companies like Amazon, Nvidia, F1, L'Oreal are bringing humans, agents, platforms together to connect with customers in new ways that were never possible before. We're looking forward to seeing you all there. And before that, we've got you, Robin.

Robin Washington:

Thanks, Marc. Appreciate it. Your enthusiasm is infectious. I'm going to go a bit speedy here because we want to be sure that we value all of your questions and want to be sure that we can tell you everything we can about the quarter.

First and foremost, we delivered a record second quarter. AI is amplifying the value of our platform. This isn't just a technology shift, as you've heard. It's a reinvention of how our customers work and it is fueling our growth. So I want to take you through a few of the proof points. It starts with our operational focus on net new AOV, which is driving our re-acceleration. Exceptional Q2 bookings, along with near record low attrition drove our Q2 CRPOB. Half one net new AOV growth significantly outpaced AOV growth, keeping us on track for second half organic revenue re-acceleration. Contract length terms for new business and renewals are increasing across all segments.

Slack continues to shine. Q2 Slack net new AOV was the fastest quarterly growth since acquisition. AI innovation across our platform is delivering measurable value. Agentforce ARR reached 1.5 billion, as you heard, driven by Slackbot and headless launches and continued AI momentum. Upgrades to our premium Slack additions have tripled since we launched Slackbot. Our consumption flywheel is turning. AWUs continue to scale as customers drive agentic use cases across the platform.

In Q2 alone, customers drove 3.2 billion AWUs, up 97% quarter over quarter, and Slackbot users were up over 150% quarter over quarter. With this clear demand, we are making it even easier to adopt. Our premium bundles give our customers access to our innovation in real time. Bookings from Agentforce 1 Edition and Agentforce for apps more than doubled quarter over quarter. Headless takes this even further, bringing Salesforce to the surfaces where teams already work: Slack, Claudeforce, and with AI Force, many more to come.

MCP and API usage grew significantly in the quarter as customers embed Salesforce intelligence, the data, metadata, and semantics directly into their workflows. You can see the momentum in our results from the quarter. Q2 revenue came in at $11.35 billion, up 11% year over year, above the high end of our guidance and constant currency, driven by continued momentum in Slack and Agentforce.

And we continue to accelerate Informatica's business. Subscription and support revenue was $10.82 billion, up 12% year over year in nominal and 11% in constant currency. Our top line performance reflects the breadth and resilience of our portfolio. Agentforce Apps delivered solid growth, anchored in momentum in Slack and resilience in sales and service with early signs of recovery in marketing. While it is too soon to call this a sustainable trend, we're very encouraged by the success enterprise customers are having on our next generation marketing product.

Headless platform, Data 360 and other growth was fueled by continued momentum in Informatica and Data 360, partially offset by license revenue headwinds and volatility in integration and analytics. CRPO accelerated quarter over quarter with $33.5 billion up 14% in constant currency. That's one point ahead of our guide, driven by strength in Slack, Agentforce, and Data 360. Our continued focus on operational discipline is evident in our profitability. Q2 non-GAAP operating margin was 34.1% and GAAP operating margin was 20.5%.

As customer zero, we are putting Agentforce to work across our own business. Salesforce's help agent has surpassed five million customer conversations with 64% resolved autonomously. Slackbot is driving 8.1 million hours of annualized productivity gains for our employees. That's more than double quarter over quarter. We generated 1.1 billion in free cash flow. That's up 81% year over year. Execution of our 25 billion accelerated share repurchase continues. We expect to repurchase at least 14% of shares outstanding through this program, thus far at an average price of $176 per share. Our responsible capital return strategy underscores our conviction in our future.

Turning to our outlook for the year, I want to walk you through the components of the $300 million constant currency raise to our revenue guide. We are raising our FY27 revenue guide for organic performance by $100 million. This is driven by the continued momentum in Agentforce, Data 360 and Slack. These areas of strength offset the continued volatility in overall license revenue.

Alongside this organic growth, our raise incorporates a $200 million expected contribution from the anticipated closings of Contentful and Fin in the coming weeks. Of note, our FY27 revenue now incorporates a 100 million FX headwind compared to our prior guidance. This brings our updated FY27 guidance for revenue to $46.1 billion to $46.4 billion, resulting in subscription and support growth of slightly above 12% year over year and slightly under 12% in constant currency. We're holding our non-GAAP operating margin guidance at approximately 34.3% and we're updating our GAAP operating margin guidance to approximately 20.1%. We continue to expect operating and free cash flow growth of approximately four to 5% year over year.

Moving to our Q3 guidance, we expect Q3 revenue of $11.42 billion to $11.5 billion, growth of approximately 11 to 12% in constant currency. Q3 CRPO growth is expected to be approximately 14% year over year in constant currency. I do want to note that this does not include incremental contributions from Contentful and Fin as we await deal closing to ensure accurate balances are reflected. In closing, building on the momentum from a strong first half, we are delivering record revenue and cash flows this year. We look forward to sharing more on our latest innovation and financial framework during investor day at Dreamforce next month and connecting with many of you here in San Francisco.

Before I turn the call back over, I want to thank Mike Spencer for his incredible leadership of investor relations. His candor and clarity earned the trust of the investor community, and I'm personally grateful for his partnership. Luckily, he's not going far. He's now taking on a broader role in our finance organization. I also want to extend a very warm welcome to Mark Murphy as our new head of IR. He's covered Salesforce as a top sales side analyst going all the way back to our IPO, so he knows many of you and our story very well. Back to you, Marc.

Marc Benioff:

Thank you for the kind words, Robin. With that, we will move to questions. It is imperative that you limit to one question per analyst, and one brief question would be preferred because we need to move quickly. Sophie, please queue up the first question.

Sophie:

We'll now begin the Q&A. For today's session, we'll be utilizing the raised hand feature. If you would like to ask a question, simply click on the raise hand button at the bottom of your screen. If you've joined us by phone, please press star nine to raise your hand.

Once you've been called on, please unmute yourself and begin to ask a question. Please limit to one question. Thank you. We'll now pause a moment to assemble the queue. We'll take our first question from Kirk Materne from Evercore ISI. Please unmute your line and ask your question.

Kirk Materne:

Yeah, thanks very much and thanks for taking the question. A lot of great things going on this quarter, but I have to ask about Claudeforce and Marc, I think specifically I'd love to understand how you and Miguel are going to be taking this product to the field. What are you doing with Anthropic to make sure that this gets out and gets into the hands of your customers as soon as it's available? And I assume we can be seeing Anthropic and Salesforce salespeople working together to bring a lot of value to both your collective customers. Thanks.

Marc Benioff:

Well, we're really excited about this product. This is the best of both worlds. It's the number one AI meeting the number one CRM and putting them together. As I said, when you do that, you get this incredible result: a radically different type of interface on top of Salesforce's entire platform. It's really powered by this incredible new AI harness that you're going to see at Dreamforce AI Force, and that harness is able to power not only Claudeforce, but a new version of Slack that you're going to be seeing, as well as Coworker, which is something inside our lightning interface and other amazing things as well. But once you have that enabled, then you're able to really unleash the power of our data, our applications and semantic layer, our agentic layer, and all of it comes to light in a whole new way.

I really saw it myself, as I said, in Europe where we would really show these exhaustive demos to customers and when they could see that all this value that they have in their systems that has been trapped becomes untrapped. But you also saw it here at Salesforce. This quarter, we actually released it to many of our executives all over the world, and many of those executives were the ones who are actually demoing it directly to those customers, that it was sales executives or my most senior sales executives, my operating unit leaders, we're showing Claudeforce to our top customers already.

And you're right, we'll also work hand in hand with Anthropic sales executives as well, and we'll do whatever we can to make sure that this becomes a huge part of our sales ecosystem. I think this is going to be an incredible opportunity for both companies. And I'd love for Miguel to come in and talk about his vision for how this has come together, and Miguel has been a huge driver of the relationship with Anthropic, as well as really broadening the capabilities of both companies.

Miguel Milano:

Yeah. Thank you, Marc. Listen, I've been obsessed with this surface. I, myself, and a number of my leadership team have been using very profusely the Surface. Connected, we've done it manually, connected the SAP servers, created skills on our own. So I just can't believe that we have now this product available. We are rolling it out to the whole enterprise, to the whole company. And then we're going to make it ... Patrick, we're going to make it available to GA in September to everyone at Dreamforce.

Every single seller of Salesforce will be demoing this product as one of the Surfaces. By the way, we love Slack as one of the Surfaces, but not everybody has Slack. They are complimentary. Slack, you are working with your teams. It's a multiplayer surface. With Cowork, you and Claudeforce or Salesforce for Claude. We are simply going deep and researching, understanding your business.

By the way, you're able to engage also through Slack, through email with your team members. It's going to be very powerful. Every customer will be able to buy it. They will have to upgrade to our premium editions, and it's going to be a new wave of demand. I'm very excited about it.

Marc Benioff:

And Miguel, just give us just a couple anecdotes. Because I just know when we turned this over to several of your European leaders specifically, and obviously I was in Europe for that time, and they started using it, just even at the most basic level, the kind of things that they were building and the kind of things they could see about their business and how to drive their business forward really changed. Can you explain that?

Miguel Milano:

So currently ... And by the way, this is what I want all our sellers to do ... We're going to be living in three Surfaces. What we built, and this innovation came from Europe more than the US. I'm very excited about that. We basically created a cockpit to understand the business.

Marc Benioff:

You're saying that Europeans can innovate?

Miguel Milano:

Sometimes we can, if they let us.

Marc Benioff:

All right.

Miguel Milano:

Yeah. We built our own agents based on Clod and that agent inspect. They are our deputy CROs for all our businesses, and they inspect the business, the pipeline. They tell us if there is risk in the month or in the quarter. And I do one thing that is ... Marc, you would love this ... I talk, by the way, I do this on Slack. This is one of the Surfaces. I do this in, at the time Cowork, now it is Claudeforce, but I also do it in an app that I build with Claude Code. So depending on the moment, I use one of the Surfaces.

But I do one thing that is very powerful. Every time that I visit a country ... And don't tell anyone because I don't want my team to know ... But essentially what I do is, okay, I'm visiting Italy. We have an amazing leader there, Vanessa Fortarezza. She's [inaudible 01:19:53].

And I said, okay, give me all the opportunities, open opportunities for the month and then send a Slack to every account executive, copying the whole chain all the way to Vanessa, telling them, look at the opportunity record, look at everything, make it sound like it's me. I review all the emails, all the Slacks before they go, and it all of a sudden sends 50 very customized Slack messages to the AEs, asking them if I can help, if we can do anything. It's incredible.

The engine is very smart. It proposes already ideas to close the deal. And then, when I visit the country, everybody's mobilized. Everybody has been working over the weekend. Vanessa is crazy running around and we close deals faster.

Marc Benioff:

Yeah. Very exciting.

Speaker 8:

Thanks, Kirk. Sophie, we will take our next question.

Sophie:

Our next question comes from Alex Zukin with Wolfe Research. You may now unmute and ask a question.

Alex Zukin:

Guys, thanks for taking the question and congratulations on a fantastic quarter. Marc, you're seeing a pretty big debate and tension in the industry

Alex:

... about open weight and open source models versus frontier model adoption. I was wondering if you'd set the stage for us because what you're seeing in customers is important, as you're offering the best of both worlds with both Claudeforce and AI Force/Headless. So maybe talk about how you see this debate settling and about the monetization opportunity for both Claudeforce and Headless, and when we should start thinking and seeing it in revenue growth.

Marc Benioff:

Yeah. I think a lot of customers ask these questions and a lot of us, I'm sure you can relate, live in this podcast universe. We just were with David Friedman. I think we all love listening to his podcast. Right? And we like listening to a lot of these podcasts. And we're in this podcast world, but I think sometime, and please don't quote me on this, but podcasts do not always meet reality. And it's very interesting. It can be very aggressive. It can be very stimulating, but it might not be exactly true. And I think that that is just the world that we live in. We live in a world of misinformation where everybody has an agenda, financial agenda. They're trying to move a market. They're trying to make things happen. You see that as well with shorts in your market, where you'll see people come in with all kinds of misinformation to try to get something to happen.

So I think that one way to handle that is to go talk to customers and this is what I do. So I have spent a lot of time with customers. And customers, it's pretty simple. If you talk to customers, what they'll say is, "We only have three platforms. We have you, Salesforce, doing the front office. We have SAP, they're doing the back office. And we have Microsoft, they're doing productivity and that's it." The reality is, yes, they have those three platforms. They also probably are hanging out with a hyperscaler. There's probably three or four different ones, depending on what country it is in Europe. They also probably have a data lake supplier and they also have a collaboration supplier, Slack or Teams. And I think when we look across those six things, they do not want to also then say, "I have all these models." Okay? Which kind of gets to your question, which is like, you think that these customers then are going to all of a sudden, set up and maintain and build to the human expertise to be able to build and maintain and train models? No.

I believe what they're going to do is consume AI through packaged software. Not a huge statement, just they're consuming their AI through packaged software. You're using Slack, you're consuming AI through packaged software. You're using Salesforce, you're consuming AI through packaged software. At some level, when you use Cowork, you're consuming AI through packaged software. And when you're using Claudeforce, you're certainly using AI through packaged software. And I think that's the right way to think about it. I think the model, it's like, do you even know what chip you're using? Do you really know what data center you're on? Do you know what router you're on, what switch, what type of fiber, what cable you're using, what interconnect you're using? At some level, we do will get abstracted back to how the way the world used to be, which is we operate at a certain level of value. And I believe the highest level of value is at the application layer.

So I couldn't tell you from my phone, all the way through Salesforce and Slack, all the way down to what the hardware infrastructure is. And I shouldn't have to worry about that, but I do understand this layer up here. And those top four layers that I've articulated several different times on the call, that's where I live with the customers. I did not have one customer really say to me, "Tell me, are you going to be on open source? Are you going to be on frontier?" And I think like, one way to think about this is, yes, this is a highly dynamic market and there will be frontier models. There's going to be open source models and there's going to be room for all of the above. And I think it's very exciting. If you're not tracking what Nvidia is doing with Nemotron 1.3 and the ability to fine tune it, it's a very exciting moment for models.

But Salesforce also makes a lot of models too, by the way. We have a lot of our own models that run in our platform. Our platform runs on our own custom models. We've been writing models since like, 2015 and you can find them all on Hugging Face. If you go, you'll see all the models. If you're really into models, you can go and see that. So I just think we're at a moment where, be careful. And I don't think that's what customers... Well, I don't think that's where customers' heads are at. At least when they talk to me, that's not where their heads are at. Maybe some customers are. Obviously, if you go talk to my engineers, maybe they're interested in what's going on, but I don't think the customers that I speak to are at that level. Does that help you understand how I think about it?

Alex:

Super clear.

Marc Benioff:

Thank you so much.

Mark Murphy:

Thanks, Alex. Sophie, we will take our next question.

Sophie:

Our next question comes from Elizabeth Porter with Morgan Stanley. Please unmute your line and ask your question.

Elizabeth Porter:

Hi, thank you so much for the question. I wanted to circle back on this strong Agentforce ARR growth. And in particular, what proportion of current Agentforce is coming from paid production customers, rather than pilots, and how has the timeline from pilot to paid deployment and refilling credits changed over the last couple of months? For instance, are we seeing any sort of lengthening as customers are evaluating a broader set of solutions, or is Salesforce is increasingly open and headless posture, helping de-risk some of these decisions and potentially accelerate engagement with the Salesforce platform? Thanks.

Miguel Milano:

Can I take that?

Marc Benioff:

Yeah. I'm going to have it turn over to Miguel, but the first thing I'll tell you is we offer our customers a wide variety of capabilities, products and functionality. And you mentioned Agentforce is one. Coworker, if you haven't seen Coworker, it's our fastest growing AI product. We have another super fast growing product, Slackbot. We expect Claudeforce to be growing super fast. Agentforce also is growing super fast. We have a lot of them. And what we're trying to do is let customers have very flexible capability so that they can choose all of them and grow with them as they want. And we have these new bundles that you've already heard about, and these new bundles let customers do that. See, customers want to buy and want to price in different ways. This is something I've learned really aggressively recently. Some are still buying by user and by agent, and that's important for them.

Some of them want it by consumption and that's important to them. Some of them are just basic usage customers and they want to pay that way. Some of them even want to pay by outcome, and that outcome could be by a transaction outcome or a business outcome. Because customers want that kind of diversity and pricing, we've created a high level of flexibility. And that I think, has really expanded our ability to sign very large transactions with our customers. Miguel, do you want to go into the details?

Miguel Milano:

Yeah. I mean, the top line numbers are obviously very impressive, but I like to go a little bit deeper under the hood. When you look just at bookings, not just the cumulative ARR, our bookings, Elizabeth, grew triple digit. So we doubled year-on-year. That was pretty fantastic. 50% of the bookings came from customers refilling the tank. So they consume, they use the flex credits, they want more, they raise their hand, we go there, which by the way, is good for productivity because these sales cycles are very short. They're tied to production. Production is very important for us because consumption is very important to us. We bring customers in the funnel. We want to bring them down. The first thing is to get them to production. We added 2,000 paying customers into production. That's 70% more a quarter on quarter.

We are not happy with production only. We want them to really be ready to do the work. We are taking them to the enterprise. We show them everything, how to work, and then we leave. We call those agents, consistently consuming. We added hundreds of consistently consuming agents down there. You've seen the down the funnel. You've seen the consumption number, data we use exploded, but for me, the most important thing is to see the live customers. I want to tell you one story if I have time on one customer, but if you want to write down names of websites that you can go right now and see the agents or call them, bodewellgappliance.com, Lululemon, if you're going to Mexico, volaris.com, Aer Lingus, if you're going to Ireland, my two daughters are in Ireland now. You want to call Amazon Blink. I mean, you want to call biBERK-

Marc Benioff:

Amazon Blink is such a great example, Miguel. Will you just tell the story just briefly?

Miguel Milano:

I actually have the phone number. Yeah. Amazon Blink, basically, if you have anything going on in your Amazon devices at home, you can call, voice call. But I'm actually giving you one because since everybody here is a business, if you need business insurance, commercial insurance, you can call one of the Berkshire Hathaway companies, biBERK. And I'm actually going to give you the phone number, 402-200-3104. Just call. So 402-200-3104. And the experience is incredible because it's not just a chat. It's a voice that is anchored to your trusted context and that can execute across our deterministic applications. But anyways, I give you a bunch of websites, et cetera. But let me tell you one story of some of the agents that are working the enterprise that people don't see, big digital platform company here in the US, 45 million, 45 million AWUs is one of our largest, grew 14 times. We started this six months ago in Q2.

The AWUs, the consumption grew 14 times, 14 fold. And what it does is they call it the activation agent. They go to all the merchants that are already registered with this platform, but they are not transacting. They are not getting money from the merchants. And the agents has 1,500 interactions every day getting these dormant merchants alive, and then kicking and then generating revenue. This customer, for instance, was one of the customers because we're meeting them where they are with pricing. They didn't want to buy upfront and do a big thing. They just wanted to try and see the value. So now, Marc, we're negotiating. Either we're giving two options, either outcome based deal. I mean, this is a $40 million customer for us. So it would be a monster deal on outcome based or it could be simply [inaudible 01:32:04], unlimited agreement with millions of-

Marc Benioff:

I think that's the most important thing for us. I think that we've heard so many companies say, "We're doing outcome pricing. We're doing this pricing. We're doing that pricing." We're just too big. We have to do it all. And so we've built these new flexible pricing schemes that let our customers choose the price that they want and we're going to get more and more into that zone. But this last thing that Miguel said, that some customers want business outcome pricing, that's very exciting and that's never been true before in enterprise software. And Miguel, one more huge announcement we had in the quarter was that Miguel is now our chief operating officer. Congratulations, Miguel.

Miguel Milano:

Thank you. Thank you.

Mark Murphy:

Thanks, Elizabeth. Sophie, we will take our next question.

Sophie:

Our next question comes from Gabriela Borges with Goldman Sachs. Please unmute your line and ask your question.

Gabriela Sachs:

Hi, good afternoon. I think this follows nicely from Elizabeth's commentary on the different types of pricing models. If I listen to what Xero and Megara and Replit is saying, you've got some customers that are using the Agentforce stack, you've got some customers that are going Headless, and now you've got the Claudeforce announcement today as well. My question is a little bit on the economic value to Salesforce from these different types of cohorts. I know you're still figuring out monetization on Headless. Do you think in steady state, you'll be able to capture the same type of ACV from customers' Agnostic of whether they do agent for us or whether they do some sort of headless configuration? And then any early reflections you can share as you progress on figuring out monetization for Headless would be very helpful. Thank you.

Robin Washington:

Maybe I'll start, Gabriela. It's a great question and even going back to Alex's question as well, we feel really comfortable with... Like you said, we're working through Headless monetization, but just to further double down on Marc's point, what we ultimately think is predictability and flexibility is what's important to customers. And as Marc said, they're going to buy a lot of different type of ways. I think most importantly though, we think with our new platform, AI Force, we really are going to unlock the potential for knowledge workers in great ways. I think that's going to be pretty impressive. The other thing is, is the way we're delivering this is through our premium upgrades that we also talked about. So they're going to get innovation in the moment. That is an early stage for us relative to our installed base or our opportunity to continue to upgrade our customers to those premium additions that gives them instantaneous access to this innovation is an amazing future opportunity for us.

So we feel really comfortable with the monetization strategy that we have and most importantly, the flexibility that we're giving our customers that allows us to capture that.

Miguel Milano:

Quick thing. The AI opportunity, you can see first, augmenting employees, that's where our premium editions come very handy because when you are on one of those premium editions, you basically have a limited usage to augment yourself as an employee. And then the customer facing use cases, which is Monster, this is the digital labor world, it's Monster. That, we monetize with ILS, we flex credits, and here, we meet customers where they are in their journey. Sometimes they want to buy as they go. Sometimes we just charge for overages. And many times, they buy upfront a bunch of credits. I think AI services is going to increase the demand across the board. What I can tell you is every... And we are measuring this. We are going to give you an update in Dreamforce, but we started last year. Customers that start the Agentic journey with Salesforce, on average, they are already at double the AOV with a perspective of nearly quadrupling three times to four times the AOV.

Think about this. The only thing that I need to do is to convince every single customer, and that's why Marc is on the road from time to time, meeting customers, and convince them to come like he did with

David Friedman, to come with us in their Agentic journey. Because once they make the decision, double, triple, quadruple the AOV with us.

Marc Benioff:

Yeah. And I think that that's what's really key. I think your question is so good, Gabriela. I'll tell you why it's so good. Because I think that if you would ask us a year ago, we'd be like, "Well, we don't really know." But I think now, what we see is, wow, all this new action on the network, call it Agentic action, new user interfaces, new applications, it's just a lot more activity on our service. I mean, the amount of action at Salesforce on our service, the value that we're adding, the actual value that we can give to our customers is immense. So have we fully optimized that yet? No way. We're still trapped in some ways in old per user pricing models, but their opportunity to build much more aggressive pricing to really represent the value that we're offering our customers, I think is enormous. And Miguel is really at the very beginning of what I think will be one of the most exciting journeys he's ever been on.

Miguel Milano:

Only 5% of the knowledge workers that use sales and service have agreed to the higher end editions. We get a 60 to 80% premium, so imagine.

Marc Benioff:

Yeah. And I think that's a major. So if you want Claudeforce, if you want Headless, if you want all these value added Agentic additions and capabilities, you need to move to our premium addition, which is what's going to give you the power to fully operate inside your enterprise and deliver this high level of capability and unleash the huge amount of value that's been trapped for so many years. I hope that makes sense.

Gabriela Sachs:

Good numbers there. Thank you.

Marc Benioff:

Thank you.

Mark Murphy:

Thanks, Gabriela. Sophie, we will take our last question.

Sophie:

Our last question comes from John DiFucci with Guggenheim Securities. Please unmute your line and ask your question.

John DiFucci:

Thanks for taking my question. Miguel, I know you've gone through the math of how the subscription net new AOV to revenue works, and we agree, it's math, but there are two things that Robin said that I think are really important to that. One, net new AOV growth is as strong as it's been in four years. And two, you had near record low attrition. Those two things help that math work. We know that. Can you help us better understand what's happening underneath those statements? How stable or sticky is that foundation of your incurring revenue? And more importantly, how should we think about that going forward? Because Marc has talked a lot about the so-called SaaS apocalypse and I appreciate that. Actually, I don't know, probably not fun, but it was always interesting.

Marc Benioff:

Thank you.

John DiFucci:

But if you follow through on those statements-

Marc Benioff:

Thanks for your empathy.

John DiFucci:

But if Salesforce follows through on those statements and that math, both low attrition and strong new business growth, that term's going to be part of history, Marc.

Marc Benioff:

You missed the third leg of the stool though, John. You didn't say, a new value added for customers. I think that the key is three things. Yes, it has to be about low attrition and high net new AOV, very important. But the third thing that we have to do with this AI is deliver this new value added that's going to bam, bam, bam, offer all these new capabilities. And I'll just come back to what we said. Whether you're using Claudeforce or you're going to see the new version of Slack, I'll just go into a second, also has an incredible surface. And this idea that all of a sudden, these things that sit theoretically at the top of the stack can dynamically build for you these applications. So you're going to work with it and you're going to say, "Hey, I'm managing this part of my business. It involves these customers, these products, these competitors, this technology, and bring this together to me in a map, into this, into that."

And where you used to have to take months or years to build very complex, very dynamic applications that look like they were built in, I'm not going to get too geeky on you, but like react, like a very complex user interface, all of a sudden, that is what the AI is really good at. And we're doing the heavy lifting down below, the sharing models, the business models, the security models, keeping it safe, keeping it controlled, keeping the data where it needs to be, making sure the wrong person doesn't see the wrong data, that kind of thing, but then that idea that we can offer a lot more value. So it's those three things all coming at once. And that's what our hope is, is that we will offer more value for our customers and unleash trap value and that that's going to give us this huge leg up.

And that last thing that Miguel said, that we're moving to not just kind of outcome-based pricing, which is we completed this many phone calls, therefore give us a dollar. We want to be able to say, "No, we improve revenue by this much, so give us $2 because we made you 20 or we made you 40." And I think that that's the next generation of enterprise software that is more than outcome-based pricing. And there's other enterprise software companies that are out there that are doing well. They work with sometimes mid-market companies and get huge prices for their products because they've basically been able to write an outcome deal like, if I can generate this much more revenue for you, you have to give me a percentage of it, whoa, you could do that at scale, now that you have this kind of thing. And you don't need a bunch of FDEs and engineers and all that to do that because that's what the AI is really good for up here at this top level. Does this make sense what I'm saying to you?

John DiFucci:

You know what, Marc, it makes absolute sense. And I really appreciate it, but I think you'd agree with me that even without that, the way Salesforce's stock and some of your peers have been trading, that they're not even looking at that. They were just afraid things were going to deteriorate into something.

Marc Benioff:

They're not looking at... Right. Well, yeah, take the value of Slack. Obviously, I get a call every day from somebody who wants to buy Slack. "Hey, take the value of Slack." Then take the value of our anthropic stock. That's been like, half our value of our... Forget our cash flow or our customer base. That's why I said, "Robin, go try to buy as much back as much Salesforce stock as you can." And I think we got a lot of stock at a good price.

John DiFucci:

Well, you're on your way. This tonight made a big statement.

Marc Benioff:

Thank you. Thank you. Keep guiding us, John.

Miguel Milano:

On the confidence about the future, I mean, H2 last year was a great net new AOV growth semester. We knew, Robin and I, we partnered together, we knew that for organic revenue to re-accelerate as we committed to happening now in H2, we had to continue with net new AOV growth, outpacing AOV growth. That was our obsession. We aligned the whole company this fiscal year, compensation plans, every role. H1, net new AOV significantly growth outpaced AOV growth. We've already raised the guidance. We've already committed to the revenue acceleration organically in Q3. The momentum is there. We feel very, very strong. The demand environment is very, very good, very strong. Our pipeline, our record levels, we have more opportunities to monetize that we are not even putting in the pipeline. We have the capacity. Thank you, Marc. You pushed us to hire a lot of A's when things were a little bit rocky.

Marc Benioff:

Somebody's got to call these customers besides me, Miguel.

Miguel Milano:

I know, I know. I do some calls also.

Marc Benioff:

Okay. Thank you for helping out.

Miguel Milano:

We had the capacity and we have the innovation. We had the product. So if you think the demand is there and it's going to get even better with the AI Force and the supply, which is for us, supply is capacity, distribution capacity, which we have hired more than anybody else. We still have to hire 1,200 more A's before the end of the year. We are now hitting 15,000 A's. And the innovation, we have the best products we've ever had, most of it organic. We've made some tagging acquisitions to enlarge our times. We are very confident. Definitely, we are committed to the H2 revenue re-acceleration. That's already math. Q3 is math. Q4 is nearly math, but we are committed in sustaining that acceleration and we are going to hear more at Dreamforce about fiscal year '28.

Robin Washington:

And I think even to add to that, Miguel, is if you take a look particularly at sales and service, we're seeing durable growth in seats. Right? So that's fundamental proof point is that everything we're doing is amplifying our entire platform.

Miguel Milano:

AI is helping us.

Robin Washington:

It's amazing progress.

Miguel Milano:

It's amplifying the need for trusted context and deterministic execution. Very clear.

Mark Murphy:

Perfect note to end on. Thank you, John, and thank you to everyone for joining the call. We will be hosting a webinar on Tuesday, to deep dive on our customer motion and adoption of AI with Bill Patterson and Connor Marsden, and we look forward to seeing you all over the coming weeks and at Investor Day at Dreamforce.

Sophie:

Thank you for joining. This concludes today's call. You may now disconnect.