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BRZE.OQ - Q1 2027 Braze Inc Earnings Call

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PRESENTATION

Operator

(audio in progress) conference call My name is Ryan, and I'll be your operator for today's call. (Operator Instructions)

I'll now turn the call over to Christopher Ferris, Vice President of Braze's Investor Relations.

Christopher Ferris - *Braze Inc - Vice President of Investor Relations*

Thank you, operator. Good afternoon and thank you for joining us today to review Braze's results for the fiscal first quarter 2027. I'm joined by our Co-Founder and Chief Executive Officer Bill Magnuson; and our Chief Financial Officer, Isabelle Winkles. We announced our results in a press release issued after the market closed today. Please refer to the Investor Relations section of our website, investors.braze.com for more information and a supplemental presentation related to today's earnings announcement.

During this call, we will make statements related to our business that are forward-looking under federal securities laws and the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements regarding our financial outlook for the second quarter and the fiscal year ended January 31, 2027, the anticipated benefits from and product advancements due to the combination of Braze and ongoing developments in Braze AI technology, our anticipated customer behaviors, including vendor consolidation and replacement trends and their impact on Braze, our potential market opportunity and our ability to effectively execute on such opportunity and our long-term financial targets and goals, including our expectations regarding our profitability framework.

These statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from expectations and reflect our views only as of today. We assume no obligation to update any such forward-looking statements.

For a discussion of the material risks and uncertainties that could affect our actual results, please refer to the risks identified in today's press release and our SEC filings, both available on the Investor Relations section of our website. I'd also like to remind you that today's call will include certain non-GAAP financial measures used by management to evaluate our ongoing operations and to aid investors in further understanding the company's fiscal first quarter 2027 performance in addition to the impact these items have on the financial results.

Please refer to the reconciliations of our non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with US GAAP included in our earnings release under the Investor Relations section of our website. The non-GAAP financial measures provided should not be considered as a substitute for or superior to the measures of financial performance prepared in accordance with US GAAP.

And now I'd like to turn the call over to Bill.

William Magnuson - *Braze Inc - Executive Chairman of the Board, President, Chief Executive Officer*

Thank you, Chris, and good afternoon, everyone. We're off to a great start in fiscal 2027, reporting a quarter that demonstrates our market leadership and go-to-market momentum. We delivered our fourth straight quarter of organic and total revenue growth acceleration, generating $211 million of revenue, which is up 30% year-over-year and 3% from the prior quarter. We also continue to realize operating efficiencies and improving non-GAAP operating margin by over 300 basis points year-over-year, and we generated both strong operating cash flow and a record free cash flow amount of $27 million in the quarter.

Trailing 12-month dollar-based net retention also continued to improve, rising another 100 basis points to 110%, while inflecting positively with our large customer cohort as well, rising 100 basis points to 111%. We are pleased to raise our revenue guidance for the second quarter, for the full year and to reiterate that we are on track to achieve the 400 basis points operating margin expansion promised for the fiscal year.

The strong market momentum and buyer trends that we experienced at the end of fiscal year 2026 carried into the first quarter of fiscal 2027. Braze are moving quickly to transform their businesses with AI and to further leverage their investments in first-party data and direct-to-consumer relationships. Q1 bookings were robust, driven by competitive takeaways, particularly in the enterprise.

Net customer additions increased by 104 sequentially, up 16% year-over-year, and customers spending $500,000 or more annually increased by 16 sequentially, up 33% year-over-year. And our $1 million-plus customer count rose by 27% year-over-year, while we achieved $6 million plus deals and expanded our 8-figure customer count to 5.

Notable new business wins and existing customer expansions include Bandora Group, ClassPass, Denny's, Deuna, Kueski, NRMA, Regal Cinemas, Salomon, and Subway. In addition, we achieved a milestone new business win with a prominent AI lab, further expanding our presence across high-scale data-intensive workloads.

Our upsell motion was also strong as customers adopted additional channels, deepened data platform integrations and experimented with new and enhanced praise tools such as operator and agent console. Braze is moving fast on the leading edge of Frontier AI technologies, and that pace of innovation is what enterprises globally are demanding, positioning us to become the standard for customer engagement.

The legacy replacement cycle remained a fertile source of new business this quarter and demonstrated the market's preference for AI-driven solutions paired with high-performance first-party data activation. The combination required to execute modern cross-channel customer engagement at scale. Since our founding, Braze has been built on the architectural choices that now turn out to be exactly what AI demands.

Real time, a focus on first-party data a stream processor that learns as it runs and enterprise-grade security and performance built in from day one. By contrast, the same flaws that held back our competitors during the mobile and stream processing areas are hindering them again in the status quo. The architectures that could not handle real-time data then cannot harness advanced AI today.

As we accelerate product development, we are putting AI to work on the problems that our customers actually face. This quarter, brands across diverse industries and geographies, graduated from legacy platforms to Braze.

These include an expansion into LatAm with an existing global beauty customer and new business opportunities with companies like an Australian online wagering business, a [french athletic] apparel company, a global retirement and investment solutions company and one of the leading energy drink companies in the United States whose products are a long-time favorite at our HQ in New York and have been credited over the years with major productivity gains in R&D alongside our AI coding tools, of course.

Our momentum continues to be driven by the four foundational strengths that we articulated last quarter. First, the Braze data platform's ability to serve as the first-party context engineering layer for AI at massive scale; second, our vertically integrated data and decisioning architecture; third, our composable AI architecture that makes Braze both smarter and easier to use; and fourth, our position as both a revenue driving engine and mission-critical operational capability. These strengths are compounding as we accelerate AI innovation and continue winning in the enterprise.

The marketers using Braze are seeing better performance from the programs that they run today and they're seeing the work itself change. What used to take a team of specialists is increasingly something that a small group can build, monitor and improve in a single afternoon. And the capabilities of the Braze platform are advancing at a rapid pace to support them.

As I shared in March, BrazeAI operator and BrazeAI Console reached general availability early in the first quarter, ahead of schedule, and we are seeing strong early adoption. Hundreds of customers are already using them to design and execute more sophisticated programs with more efficient teams. BrazeAI decisioning Studio's new business pipeline is scaling rapidly and contributing to growth this year.

And these are not just road map commitments. They are AI solutions that are in the wild and in our customers' hands, earning their place in how some of the world's most demanding brands engage with their customers. The early adoption we are seeing across BrazeAI operator, BrazeAI agent Console and BrazeAI Decisioning Studio reflects a consistent pattern.

Customers across industries and scale are finding that our AI delivers with general-purpose tools cannot. It operates directly on their first-party data inside their existing workflows and against their specific goals. And we published an incredible example of what BrazeAI operator makes possible in a recent case study with Cleo, a global family care platform that wanted to rebuild its member welcome series from the ground up.

Cleo knows their members well. and engages with them frequently on their health and care journey. They use Braze to translate that knowledge into real-time action, but their ambition was outpacing their ability to implement new personalization strategies and experiment at the scale that they desired.

Now with BrazeAI Operator working alongside them directly inside the brace dashboard, Cleos Lifecycle Marketing Manager was able to quickly build and QA the code and configuration behind an upgraded welcome experience that automatically adapts to each member's care goals. The results were striking.

Unsubscribes across the welcome series fell 81%. Opt-outs on the first e-mail dropped 97% and app opens increased 284%. And that's what BrazeAI operator was built to do. put sophisticated execution in the hands of the people that are closest to understanding their customers without requiring an army to support them.

The same principle, AI that understands context rather than operating in the abstract is what led luxury escapes to take a different kind of leap with BrazeAI agent Console. One of the world's fastest-growing travel companies with 9 million global members, the brand deployed Agent Console to push past the limits of rules-based segmentation.

Their team replaced fixed thresholds with an AI agent that evaluated 10 distinct behavioral signals simultaneously throughout each new user into the right welcome cohort. The agent-based approach delivered a 10% lift in revenue per user driven entirely by conversion rate, along with a 7% increase in total transaction value and a 6% increase in purchase volume. What mattered most to the team was what the agent chose not to do.

It did not default to the promo cohort to take the path of least resistance. It was reading the users in a way that rules never could and the performance followed.

Now if you scale that same challenge up to 114 million loyalty members, the problem shifts from replacing segmentation rules to replacing the testing infrastructure itself. And that's where BrazeAI Decisioning Studio comes in. One of the world's largest hotel franchisees adopted Decisioning Studio to move past a manual testing operation, which was previously a sequential manual 10-week cycle of build, test and analyze.

BrazeAI Decisioning Studio replaced that process with continuous automated experimentation across hundreds of simultaneous permutations, optimizing message, timing and creative for each member in real time. They achieved double-digit increases in click-through rate with personalization of creative accounting for roughly half of the total uplift.

We built Braze on the conviction that the brand's closest to their customers would win their categories and AI is making that advantage compound faster. The combination of our data platform, our AI decisioning layer and our comprehensive channel suite gives customers something that no loosely assembled stack can replicate.

Engagement rooted in their own first-party data and delivered at the speed and scale modern consumers expect. Braze is becoming the standard for global customer engagement not because we declared it, but because the world's leading brands are building with Braze and wielding the sophisticated AI that we've placed in their hands.

We entered the rest of fiscal 2027 with strong commercial momentum and accelerating product road map and a team that is winning wear accounts. I'm energized by what is ahead. And before I close, you probably saw the news that we shared at the end of April, that Isabella is stepping away and we are actively engaged in a CFO search at this time.

I want to take a moment to thank Isabelle for her dedication over the past six years. She's been an incredible partner through some of our most defining moments guiding us through the IPO, helping us scale the business to nearly $1 billion in ARR and driving our path to profitability. Isabelle, we're grateful for everything that you've contributed to Braze, and we're excited to see what's next for you.

And with that, I'll now turn the call over to Isabelle.

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

Thank you, Bill. Building and leading the finance team at Braze's and working with you and your leadership team over the past six years has been one of the most rewarding experiences of my career. I'm proud of what we've accomplished together, and I'm excited to witness Braze's continued success ahead.

As Bill stated, we reported a strong first quarter, with revenue increasing 30% year-over-year to $211 million, driven by a combination of existing customer contract expansions, renewals and new business. BrazeAI Decisioning Studio contributed $5.7 million of revenue in the quarter, implying an organic year-over-year growth rate of 26.7%, our fourth straight quarter of organic revenue growth acceleration.

After a supply-constrained Q4 that forced us to limit decisioning studio bookings in certain regions and also delayed decisioning studio start dates by multiple months we are happy to share that we have successfully accelerated the hiring and ramp of our forward deployed delivery personnel, which has enabled us to accelerate the pace and timing of decisioning studio start dates.

As a result, we expect revenue from Decisioning Studio in Q2 to grow 15% to 20% sequentially from Q1. Subscription revenue represents the primary component of our total top line, contributing 93% of our first quarter revenue, while the remaining 7% represents professional services revenue.

Approximately 85% of the total professional services revenue is recurring revenue that is recognized ratably over the life of a contract, just like our subscription revenue. These recurring professional services include dedicated support from forward deployed engineers, e-mail deliverability services and dedicated technical and strategic support and customer success entitlements.

Total customer count increased 16% year-over-year to 2,713 customers as of April 30, 2026, up $371 from the same period last year and up 104% from the prior quarter. Our total number of large customers, which we define as those spending at least $500,000 annually, grew 33% year-over-year to 349.

And as of April 30, 2026. These customers contributed 65% to our total ARR compared to a 62% contribution as of the same quarter last year. Measured across all customers, dollar-based net retention was 110% and an improvement of approximately 100 basis points sequentially. While dollar-based net retention for our large customers was 111%, also up approximately 100 basis points from the prior quarter. Expansion was again broadly distributed across industries and geographic regions.

In the first quarter, our total remaining performance obligation was $1.1 billion, up 30% year-over-year and up 4% sequentially. Current RPO was $670 million, accelerating to 28% year-over-year from 27% in the prior quarter. The increases were driven by contract renewals and upsells, the signing of new customer contracts and a continued modest increase in dollar-weighted contract length.

Non-GAAP gross profit in the quarter was $142 million, representing a non-GAAP gross margin of 67.4%. This compares to a non-GAAP gross profit of $112 million and a non-GAAP gross margin of 69.3% in the first quarter of last year. The decrease in the year-over-year margin was driven primarily by higher premium messaging volumes and the addition of Decisioning Studio headcount attributable to core.

Total operating expenses were $132 million or 62% of revenue compared to $110 million or 68% of revenue in the prior year quarter. While the dollar increase reflects our investment to support overall growth, the improved efficiency reflects our disciplined approach as we work towards our long-term profitability targets.

Non-GAAP operating income was $10.5 million or 5% of revenue compared to a non-GAAP operating income of $2.8 million or 2% of revenue in the prior year quarter. Non-GAAP net income attributable to Braze shareholders in the quarter was $11.4 million or $0.10 per share compared to $7.3 million or $0.07 per share in the prior year quarter.

Now turning to the balance sheet and cash flow statement. We ended the quarter with approximately $392 million in cash, cash equivalents, restricted cash and marketable securities. Cash provided by operations during the quarter was $28 million compared to cash provided by operations of $24 million in the prior year quarter, including the cash impact of capitalized costs free cash flow was a record $27 million in the quarter compared to $23 million in the prior year quarter. We expect (inaudible) timing of customer and vendor payments.

Now turning to guidance. For the second quarter of fiscal 2027, we expect revenue to be in the range of $219.5 million to $220.5 million, which represents a year-over-year growth rate of approximately 22% at the midpoint.

Second quarter non-GAAP operating income is expected to be in the range of $17 million to $18 million. At the midpoint, this implies a non-GAAP operating margin of approximately 8%. Second quarter non-GAAP net income is expected to be $17 million to $18 million and second quarter non-GAAP net income per share in the range of $0.15 to $0.16 per share based on approximately 114 million weighted average diluted shares outstanding during the period.

For the full fiscal year 2027, we expect total revenue to be in the range of $895 million to $899 million which represents a year-over-year growth rate of approximately 22% at the midpoint. Fiscal year 2027 non-GAAP operating income is expected to be in the range of $70 million to $74 million.

At the midpoint, this implies a non-GAAP operating margin of 8%. Non-GAAP net income for the full fiscal year is expected to be in the range of $70 million to $74 million, and net income per share is expected to be $0.61 to $0.65 per share based on a full year weighted average diluted share count of approximately 114 million shares.

By integrating AI-driven intelligence at the core of our platform, we continue to set the standard for best-in-class customer engagement. Braze remains fully committed to an ambitious innovation road map while staying firmly on track to meet the company's long-term financial goals.

And with that, we'll now open the call for questions. Operator, please begin the Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Arjun Bhatia, William Blair.

Arjun Bhatia - *William Blair Capital Partners - Analyst*

Thank you so much for taking my questions, Isabelle. It's been a pleasure working together all these years and wish you the best in the future. And actually, I wanted to maybe touch on your comment on the bottleneck sort of in Decision Studio. I'm curious how much of a headwind was it not having those FTEs that you talked about? And now that you're kind of looking ahead and kind of taking into account the demand for Decisioning Studio, how do you feel about the hiring and the headcount that you have sort of brought on board over the last several months here to address the bottleneck?

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

Yes. So thanks for the question, and thanks for the comment. So we feel really good about the momentum and the pace of hiring. And actually, so I won't break out specifically the impact in Q1, but the purpose of the comments I made in my prepared remarks are actually to give you an indication of the impact of the hiring and where Q2 revenue is likely to land.

So given a range for the sequential off of Q1, so you can kind of see the momentum we're starting to build there. And that's to that momentum that we have in the headcount increases. So we're really pleased with that. We've gone from zero to one on headcount in certain locations where we just didn't have this capacity. So we were strong in kind of the Americas region because that's really where Decisioning Studio was kind of born and then had to start with EMEA and APAC, and we have now done that.

Arjun Bhatia - *William Blair Capital Partners - Analyst*

Okay. Perfect. Understood. That's very helpful. And then Bill, one for you. It seems just like on broader AI adoption with operator and agents, especially -- it seems like customers are starting to adopt these capabilities. It sounds like you had a win with an AI lab.

But I'm curious how you think about just customer readiness to adopt AI and they're sort of dealing with this in every function of their organization. Where does customer engagement rank sort of in this priority of AI projects and kind of being at the frontier of across the organization for your customers?

William Magnuson - *Braze Inc - Executive Chairman of the Board, President, Chief Executive Officer*

Yes. So I think there's two components, and we break down our product road map in the same way when we look at the demand signal and the prioritization from AI. One of them is transforming marketer workflows and making sure that teams are getting maximal productivity that they're able to leverage the other AI tools that they're bringing into their tool chain. And we see that through increased usage of the Braze MCP server and a lot of different usage patterns expanding there.

The other side is on the performance and the quality of personalization and relevance optimization and other aspects of decisioning that we can bring to customers so that, one, they can achieve better results with their customers, but two, it also feeds back into the productivity, really allowing the marketer to ascend above the drudge work of going campaign by campaign really drive higher levels of experimentation that lead to better performance and allowing them to operate more as a conductor or a composer of AI capabilities rather than being in the tool, working through -- or being in the tool line by line, working through a lot of the manual processes that we've seen in the past.

And so I think both of those are key to the transformation agendas within organizations. But we are also still seeing the customer education is paramount, both in the decisioning space, specifically as well as in AI-driven optimization more generally. And I think we've been really happy with how our full spectrum approach that is leveraging reinforcement learning, GenAI and agentic approaches together is developing into a robust suite of a AI offerings and a really exciting road map.

We're also seeing from Decisioning Studio what we were confident of in our analysis of the Opera fit acquisition last year, which is that it is a hard and complex problem space. It takes careful data science and a deep business problem understanding a strong appreciation of the role of the marketer and all of that to meaningfully solve it.

And so just the product quality, the quality of the deployments, the excitement that we see from people adopting new ways of working with operators as well as new ways of driving personalization and relevance optimization with both Agent Console and Decisioning Studio and Content Optimizer as well are all pointed in a really optimistic direction. And I think we're continuing to see this be an important prioritization point in broader AI transformation agendas simply because it both improves employee productivity and it drives the bottom line.

Operator

Brett Huff, Stephens.

Brett Huff - *Stephens - Analyst*

Good evening, everybody. Isabelle, good luck on the next chapter. It's been nice working with you, so you'll be missed. Two questions for me. One, to follow up on the Operator point.

Our understanding is that that's really been helpful in showing the power of AI to not just your more sophisticated marketers, but maybe those who aspire to be more sophisticated and has maybe made entry into that AI buying motion better.

I think that happened in 4Q and it sounds like maybe with some more forward deploying engineers that could be happening again. Can you talk a little bit about if that's the sort of tip of the spear and what you're seeing in day-to-day selling and is that dynamic that we understand to be true?

William Magnuson - *Braze Inc - Executive Chairman of the Board, President, Chief Executive Officer*

Well, as I mentioned on our post Q4 earnings call, which was actually just 64 days ago, we had recently released both Operator and Agent Console to general availability, well ahead of schedule. Since then, we also completed the public launch of Operator and Agent Console. And we did that on stage alongside live product demos at the Braze, City by city, London event, which is our second largest event of the annual calendar. And that was at the end of April.

Audience feedback was tremendously positive. We've since been featuring Operator and Agent Console at Grow with Braze events around the world. We've even hosted partner and customer hackathons to continue to drive ideation and adoption.

And we're also moving fast on enhancing Decisioning Studio self-serve features, and we recently expanded support for Content Optimizer to include SMS, MMS and RCS in addition to e-mail and push support, which was already there. So a multifaceted road map that continues to advance quickly.

Customers are definitely still in different phases. We've got some that have full production use cases, and we've been sharing the case studies on those, both in these earnings calls as well as on our website in order to both share that with all of you, but also to help get the creative juices flowing amongst our customer base. These are definitely new working paradigms in particular, being able to incorporate agentic capability into cannabis and into that control plane really understanding how to use the data sources that are there effectively.

We've done a lot of work in the product line to make sure that we can deliver context to these agents on a per user basis that's derived from first-party data in a way that has the right operational guardrails, security and privacy guarantees as well as the performance that is required in order to run these in B2C messaging use cases or in product experiences.

And so, there's definitely still work to be done broadly across the customer base to first lay down the baseline education, then encourage early adoption and experimentation and moving that into scaled use cases. And we've got teams mobilized around the company to continue to push ahead on those goals, both for our customers to be adopting operator to accelerate their own workflows as well as Agent Console and Decisioning Studio and Content Optimizer to enhance the outcomes that they're achieving with Braze.

Brett Huff - *Stephens - Analyst*

That's great. And just a quick follow-up. To put a finer point on the context question, as you imagine, we continue to get questions on the AI eating SaaS. It seems like you all are building in a lot of AI in a very specific and purposeful way. Can you talk a little bit about this idea of preprocessing or context enabling pre-processing before giving data to an LLM in order to start thinking about total cost of LLM token use, making those more efficient.

And just kind of -- it seems to us reemphasizing the importance of SaaS generally, but Braze in particular, in a very sort of important cost going up quickly?

William Magnuson - *Braze Inc - Executive Chairman of the Board, President, Chief Executive Officer*

Yes, absolutely. And I think anyone that has worked with the likes of Cloud cowork or some of the other, I would call single-player agentic harnesses that are out there. We know that these tools have limitations. They still require a lot of baby sitting and handholding. They can go up the rails, especially on long-running tasks.

And similarly, the quality of the outcomes have a lot to do with the context that you provide because a lot of their intelligence capability also rides on their ability to focus on the right things and to sign attention to the right aspects of the context.

And so a big part of what Agent Console provides is not just preprocessing of that context using the stream processing engine and the Canvas run time that we have today so that, that context can be efficiently and rapidly provided to the agents so that they don't need to use a whole bunch of tokens going and processing all that context in the first place.

But it also serves the role of designing and compressing the context so that the attention can be placed in -- the attention is more obvious for the agent. That allows for us to not have to rely on the most expensive, slowest state-of-the-art models we can use faster, higher performance and cheaper models within those workflows, which is better suited for at least with current technology is certainly better suited for these B2C use cases.

And it allows for us to kind of manage the overall quality of outcomes, performance and cost tension that exists when you're using these models. So absolutely, a lot of -- a lot of careful product design, a lot of learnings.

We're very fortunate to be right on the frontier with the most ambitious tech forward, data-driven marketers on the planet, who, of course, have always characterize the Braze customer base. We're getting great engagement from our agency and systems integrator partners on this front as well as they're bringing in specialist teams to be able to really flex these tools in new and creative ways.

And that's coming together with the -- what Canvas has always done a great job of which is being control plane. But of course, the job of the control plane in a AI native world also requires careful attention to contact engineering. And so that is a big part of where we've been focusing product development, and it's something that we think will continue to be a really important role that the software layer will play on top of the models.

Operator

Scott Berg, Needham.

Scott Berg - *Needham & Company LLC - Analyst*

Everyone, nice quarter here. First question is on jump in professional services revenue in the quarter. Isabelle, my guess is that the jump there is partially related to the these new four deployed engineers and they're hiring and kind of getting ramped up to speed. But my question is, one, to validate that. And is this kind of the new run rate level and as we think about this line item is truly an enabler of selling additional subscription revenue.

And then lastly, in that professional services kind of great question there is -- how much of that is pressing on gross margin today? Obviously, the premium channels last couple of quarters have pushed on margins a little bit because of their costs. But how much further do we expect those increase in professional services revenues to maybe eat at gross margins?

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

Yes. Thanks for the question. So just first, yes, yes, it's partially related to the four deployed personnel that mix in but actually, a bigger part of it is related to some packaging changes that have occurred relative to how we sell our CS entitlements. They were previously kind of fully bundled into the subscription piece with a bit of an allocation into professional services based on activity. We've actually become a little bit more specific there and created some line items and SKUs for CS purchases.

This allows customers to have a little bit more transparency in terms of what they're buying. It allows us to realign the workforce and have kind of the right sort of number of people that are actually being paid for by customers.

And then from an accounting perspective, it simply creates the fact pattern that you're starting to see with a bit more of an allocation or attribution or rather into professional services. But part of the reason I wanted to disclose the percentage of the professional services that behaves on a recurring basis because we thought it was important to explain that there is no fundamental change to the revenue recognition. It is just a geographic change between the subscription line item in the professional services line item. So I think that's kind of how I would describe it.

And then in terms of the gross margin impact, it's a little bit of an impact there from the personnel, but we've also been able to kind of realign things with strategic cost optimized location, strategy there. And really the messaging is kind of a primary component to the gross margin story.

Scott Berg - *Needham & Company LLC - Analyst*

Understood. And I'd be remiss to say or not to say good luck -- wishing you good luck in the next spot, and I hope we can work together again. Yes. But from a follow-up question, how do we think about kind of the impact on sales cycles, Bill, with all the new AI modules that you've released, the last six to eight months has been a huge innovation boon for the company, including a couple that you've released early here recently.

But is that delaying sales cycles? Is it speeding it up? It seems like deals are getting bigger, but sometimes that can be offset by time frames. How do we think about this in this environment where spending seems to be on the rise on the increase?

William Magnuson - *Braze Inc - Executive Chairman of the Board, President, Chief Executive Officer*

Yes. I mean I think you're seeing in the bookings results that we're seeing higher velocity making. We've also seen it in our competitive win rates, and I think those things work together with a strong differentiation in the offering, which is, of course, led by the AI road map since that's front and center for all purchasers right now and kind of everyone evaluating either software transitions or new purchases into their technology ecosystem.

That that is coming together in order to create more efficient sales cycles, and we're seeing that. We shared that in the bookings results following Q4. We similarly saw great competitive win rates and higher deal velocity than we have in prior years throughout the quarter.

And so we're responding to that with our own teams as well in terms of how we're organizing within our sales teams, as we've talked about in the past, we've also been doubling down on verticalization of our sales teams in this year so that we've got stronger familiarity and more alignment within the key verticals within Braze that's really helping drive alignment, not just with customers so that we're speaking their language and that we understand their business models more deeply, but it's also helping with alignment with partners.

And within the broader ecosystem and partner alignment tends to help out deal cycles as well because the architectural questions get resolved faster and we're able to bring in a social proof of trusted partners that are already installed at partners be able to expand or graduate into brace. And so I think we're liking what

we're seeing there. Similarly, as you mentioned, I think we're seeing pretty similar macro conditions as we have over the last few quarters, so not a big change to really report there. But we're seeing the opportunities for higher velocity and we're seizing them.

Scott Berg - *Needham & Company LLC - Analyst*

Excellent. Nice quarter. Thanks again.

Operator

Ryan MacWilliams, Wells Fargo.

Ryan MacWilliams - *Wells Fargo Securities LLC - Equity Analyst*

Excellent. Bill, it looks like you're seeing monthly active users increasing and your net retention is increasing. I know you it's not a great tick for your business, but it just seems like the digital ecosystem over the last few quarters as really shifted for the better AI or not, but what are some of the things you're seeing from your customers? And are you seeing your existing customers like activate on more campaigns and more message sending at this point?

William Magnuson - *Braze Inc - Executive Chairman of the Board, President, Chief Executive Officer*

Yes. Well, we're definitely seeing more campaign creation. And in fact, we saw an interesting proof point of that, that parallels our own experience with use of agent coding tools, which is like, of course, with our engineering teams, as soon as you can start to pump out code faster, the bottleneck appears at reviewing that code and deploying and releasing that code. And we're seeing similar impacts within our own customer base where operator and use of other agentic tooling is speeding up campaign creation, create content creation, people are doing more experimentation, et cetera.

But that, of course, is increasing both the demands on QA for all of them as well as just the complexity that comes about when you've got more programs running simultaneously. So we actually, at the customer advisory board that we did at London City by city, QA automated QA and agentic automation of QA, which we were very happy to share with everyone, actually entered beta that same day as an offshoot of our Agent Console product was one of the top demanded features.

And that's actually the first time I can remember that being the case in a Customer Advisory Board. So I think that already seeing some of the implications of enhanced marketer productivity moving into other parts of their overall workflow. And then, of course, there are a bunch of caveats around monthly active users.

But of course, we're happy to see growth amongst the overall network growth amongst the mobile community as well. I know that you've been closely tracking App Store submissions and things like that. And obviously, those fact patterns remind me of 10 years ago as we first launched into the mobile universe and those mobile app stores started to take off.

And so we certainly operate up at a level where those mobile apps will need to mature over time, and we're no stranger to that from the early days of the App Store even today, millions of apps out there, and we only have single-digit thousands of customers.

So obviously, there's a match there for our business model and how those mobile apps will mature and then graduate to becoming Braze customers over time, and we're really excited to bring them into the picture. But we also do have a number of very fast growing, fast maturing AI-native applications that have come into our customer base over time, too.

And so definitely an exciting time to broadly be in software, people are out there building, they're growing, they're expanding, and that's great to see. And we're excited to be putting more advanced tools into the hands of the marketers that are responsible for the customer experience and the growth of those applications. And we're seeing their workflows evolve and change in front of our eyes as well, and we're moving fast to be able to continue to provide the best tools possible for them.

Ryan MacWilliams - *Wells Fargo Securities LLC - Equity Analyst*

Excellent. Yes. Great to see the prominent AI and ramping natives. Isabelle, pleasure to work together. Just one point of clarification on the professional services side.

You mentioned CS credits. What are those? Just like to something too familiar with? And then just from your perspective, it seems like this is coming up in my investor conversations, like -- do you just feel it as like moving one bucket to another, like the composition of the revenue is very similar to last quarter, it's more just an accounting change for this quarter and the difference between the mix there?

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

Yes. So that's exactly -- so let me clarify, CS, is it simply the customer success entitlements that were previously bundled in with the subscription platform fee are now separately skewed out and can be purchased separately by the customers. So that's what you're seeing. And just to do the math for you, what this means is that I said that about 85% of our professional services is recurring, and obviously, the subscription component is recurring. So that means in total, you're looking at about 99% of our revenue is on a recurring basis.

Operator

Parker Lane, Stifel.

J. Parker Lane - *Stifel Nicolaus & Company Inc - Equity Analyst*

Bill, one of the things you guys talked about when you brought in was not only verticalization, but adding a lot more capacity to this business. And I think you messaged this earlier this year that you'd see a big ramp into the second half of the year. Can you just talk about how that's tracking according to expectations or where that is? And we expect that to have the biggest impact on the business?

William Magnuson - *Braze Inc - Executive Chairman of the Board, President, Chief Executive Officer*

Yes. So hiring across the sales and field organizations is absolutely a priority in the business right now. As you know, we have -- in particular, in the enterprise, there is a relatively long ramp time as new account executives come into seat and get to another patch and engage in enterprise deal cycles, which are of a typical length of base, but still counts in quarters sometimes. And so early in the year, sales hiring and capacity expansion has been an important priority. It will continue to be.

We're on track for that so far through the year. And continuing to bring in great people into the organization. I think that the Braze story is resonating really well amongst the software category right now. The combination of our results as well as our AI road map is just bringing in some really excellent talent, and we've been really excited to be able to continue to grow our teams through this period.

J. Parker Lane - *Stifel Nicolaus & Company Inc - Equity Analyst*

Got it. And obviously, you've seen some nice improvements in DBNR here and all cohorts of the business with Decisioning Studio come in its first year in the business, and you've got operator and agent console out there. What's the right framework to think about the potential impact to DBNR. Do you think about these tools as helping you sustain these levels? Is there a potential for us to break out further from here?

Anything there would be great.

William Magnuson - *Braze Inc - Executive Chairman of the Board, President, Chief Executive Officer*

Yes. Well, so first of all, Decisioning Studio, obviously, because of its price point at around $200,000 to $300,000 per use case has a -- the ability to have a more direct short-term impact on upsells. But we've also been broadly expanding the product portfolio, putting more SKUs in place for our sales team to go and sell more use case in a more channels, more AI to be able to optimize those channels, and we're really looking at it as a full portfolio play.

Operator

Brian Peterson, Raymond James.

Brian Peterson - *Raymond James Holdings (Canada) Inc - Equity Analyst*

Isabelle, it's been a pleasure working with you. I'll keep it to one. So just as we're thinking about the importance of first-party data, I know in AI, that will be critically important. Bill, I'm curious how much of that's a factor in some of these win rates improving that you're seeing? Just would love to get any color there.

William Magnuson - *Braze Inc - Executive Chairman of the Board, President, Chief Executive Officer*

Yes. I mean I think the key thing is just that the differentiation is clear right now. And when you look at Braze versus the broader competitive set, we combine together the industry-leading in with an incredible customer community that we're able to develop at the frontier of these technologies right alongside that also includes our partner ecosystem alongside all the amazing agencies and systems integrators that we work with that continued to push ahead. And we're moving really fast on development across the full suite of BrazeAI offerings.

I think we also had a huge starting benefit in that our platform is vertically integrated, it's been almost entirely organically developed, which means that there's not a bunch of hidden complexity in tech that throughout the system. We've done a great job over the years of continuing to upgrade underlying programming languages, different frameworks, major versions of all of our underlying technologies, et cetera.

And that puts us in a great position to be able to move fast with our road map and to be able to scaled new capability on top of what is the industry's most reliable, highest performance stream processor in this space. And that just gives us a ton of latitude to be able to develop quickly.

And so when you combine together a very strong fundamental starting point from an engineering and a product health and a product quality standpoint, with an ambitious road map, the ability to invest in R&D due to our scale, really great signals from the market in terms of getting access to real-time feedback from those innovative marketers and partners out in the ecosystem.

And I think that combines together to put us into an advantageous position that we've been leveraging for several quarters now through this AI build-out, and that's coming together in real tangible, concrete products that customers can see in sales cycles. They can use in free trials. They can put their hands on them, they can deploy them in production and they can scale them into production use cases and that -- both the leading vision there as well is the fact that they're live, and they're available now are combining together to really resonate in the market.

Operator

Matt Vanvliet, Cantor Fitzgerald.

Matthew Vanvliet - *Cantor Fitzgerald LP - Analyst*

It's been nice working with you as well. Good luck on the next step there. I guess when you look at overall adoption of the flex credits, especially as premium messaging is coming in. I guess, at this point in the year, how are customers tracking versus maybe even where they entered the year in terms of allocation there? What's been the pace of customers coming back and just realizing the value and looking to upgrade their allotments before maybe some of the critical fourth quarter selling season.

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

Yes. So look, I mean, the uptake in the adoption of the flexible credits, it's really the only way we sell. And we've actually changed the name. We're now calling them action credits because they do encompass more than messaging. And so the uptake, it's really the only way we sell to all of our customers that are renewing and all of our customers that are buying new, they're all on this approach.

And there is the opportunity for more mid-quarter -- sorry, mid-contract term upsells. We're seeing kind of generally similar buying patterns where we've been talking about this for some time. Customers generally buying a little bit closer to their known needs and then upskilling scaling their purchases as they need more -- so look, we're really pleased with the eonline the dollar base and our retention. That is an element to it. We've seen kind of the upsells that are coming in through that SKU with the flexible credits. But it's all kind of working together with helping us sort of retain and help customers get the most out of the platform.

Matthew Vanvliet - *Cantor Fitzgerald LP - Analyst*

And then following up on the FDA discussion. I guess two parts. One, how do you feel -- I know you said you're ramping up the hiring, and it seems to be going well. But, is there still a significant amount more capacity to be added in to meet the demand you're already seeing in decisioning Studio? And then kind of breath in that I guess at what point in the first quarter did you get back to a point where you could start meeting the demand levels.

So thinking about kind of how much of the quarter actually was significantly bogged down versus some of the commentary you made going into the second quarter?

William Magnuson - *Braze Inc - Executive Chairman of the Board, President, Chief Executive Officer*

Yes. So just to give you a quick measure on the ending -- end of your question. As we ended Q4, we were pushing -- we were being forced to push start dates on decisioning studio deployments out in excess of four months in some cases, depending on the region.

We've cut that about in half over the course of Q1. And that's through both the ramp and the hiring but also doing things like doing in-person group onboarding in order to accelerate the readiness dates of those new hires and just be able to get people deployed under new projects faster.

There's also a robust road map that the Decisioning Studio team is executing on to be able to create more self-serve capability. And they also have a version of the Braze operator that under active development right now. that we'll be able to start to do some of the activities that were previously delivered through those personnel.

And so we've got a lot of development underway, both in terms of the practices with how we grow the team as well as in the product itself in order to be able to more rapidly in studio to do so with more efficiency so that we can just get more instances of it out in market and so that we can deliver it to customers faster.

And so that's still a that we're going to be on, but we still have a very robust road map of improvements that were -- that are -- that we're -- we've got high certainty on are going to continue to improve that picture over time, and we're excited about it.

I think at a base level, we've also just been really excited to see that while there's been a lot of bluster and recent entrants into decisioning from a competitive standpoint, we continue to see that no one can hold a candle to Decisioning Studio in terms of the overall product quality.

For those that have been with the Braze story for a long time, that's a familiar position for Braze to be in and in a position we like to be in. And we're continuing to invest heavily in making decisioning studio faster to deploy, more self-serve and there's a lot more to come on that. But I'll also say that we're very happy with the foundation and today's momentum as well, even in an increasingly competitive environment.

LSEG DATA & ANALYTICS

Operator

Clark Wright, D.A. Davidson.

Clark Wright - *DA Davidson & Co - Analyst*

Awesome. Thank you. Bill, you noted during the prepared remarks that one of the logo wins this quarter was a prominent AI lab and increasing your presence in data-intensive workloads priority. Can you talk about the steps you need to take or the partnerships you're leading into in order to increase your presence, specifically with data-intensive loads?

William Magnuson - *Braze Inc - Executive Chairman of the Board, President, Chief Executive Officer*

Yes. So first of all, I think that this is a continuation of a journey that we've been on for multiple years. For Braze, having quick and complete access to basically all relevant sources of first-party data within the customers' ecosystem, whether those are directly generated by user activity and we need to process them in milliseconds or they are the result of deep data science work that's being done to build out additional models or other data warehousing long-running work, like identity resolution and what have you, we want to be able to have rapid and complete access to all the insights available in order to drive the quality of the personalization and the other decisions that we make along the way.

And so that has meant a robust investment and partnership posture for Braze for a long time. We're continuing to lean into that. We've got an exciting road map of continued expansion for the Braze data platform as well as for the MCP servers and API integrations into the Braze data platform throughout the rest of the year.

We also have exciting advancements that we continue to push ahead across the likes of Google BigQuery and Snowflake and Databricks and you're going to continue to hear more about those throughout the year. So it's always been and will continue to be multifaceted investment posture.

The most important thing for Brave is that we have rapid and complete access to the insights that we need in order to drive the intelligence that lives in the orchestration and the control plane and the personalization layers of Braze so that we can deliver the best possible product and messaging experiences to customers.

And the other side of that is also, of course, getting access to creative and content we announced the creative studio launch at Braze City by city in London at the end of April included integrations with both Figma and Canyon as well, which we're really excited to continue to develop and expand throughout the course of the year.

And really just looking at these pipelines that feed the Braze orchestration engine, which is inclusive of context of all kinds. And that means making sure that we've got robust investment the Braze data platform, that the Braze creative studio feeds that from a content and a creative standpoint. And then, of course, our composable intelligence vision of the agentic capabilities and a lot of the context that drives them all integrated directly into the Braves ecosystem.

Clark Wright - *DA Davidson & Co - Analyst*

Awesome. And then Isabelle one for you. In terms of the penetration rate of the Decisioning Studio, how should we think about the ramp there given the headwind or at least the friction that you've kind of aforementioned in the prepared remarks? And where should we think about that heading forward as we look at the new logo growth that we see today?

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

Yes. So look, I mean, we're really focused on continuing to upsell our installed base with the capability. So remember, we kept the customer at the ultimate parent level. And so we're going to see -- first, we're going to see kind of deeper penetration of sales of Decisioning Studio to within our existing customer base. So I wouldn't necessarily look for that to like increase the logo count immediately, but we are certainly excited about the comments that I made and the comments that Bill made around the headcount that we've been able to add on the four deployed personnel.

And so we were excited to kind of continue to fulfill that pipeline. The pipeline continues to be really robust and to build through the rest of the year.

Operator

(Operator Instructions)

Nick Altmann, BTIG.

Nicholas Altmann - *BTIG LLC - Equity Analyst*

Awesome. Thank you. Isabelle, it's been great working with you and what you need the best of luck in the new role. Bill, the legacy replacement cycle seems to be continuing very nicely. I think you mentioned eight-figure customers are now at 5%.

And my question is, how much has Decisioning Studio agent console operator sort of driven that acceleration? And I understand some of these customers may not be adopting these tools right away.

But maybe just talk about how the new AI offerings, the innovation on the road to actually driving some of that replacement strength that you're seeing and whether that gives you more confidence in adoption and monetization on the agentic side over the medium term?

William Magnuson - *Braze Inc - Executive Chairman of the Board, President, Chief Executive Officer*

Yes. So I think all the commentary that I've had about the role that our AI road map and our AI offerings have had on new business also applies to a lot of these expansions because frankly, everyone is looking at their software stacks right now and questioning whether or not they have the right capabilities and whether they've got the right partnerships and the right vendors to be able to make sure they're taking advantage of the AI transformation maximally as possible.

And so you're not winning expansions like that with organizations at this scale and at this level of sophistication without them having full confidence that you're a vendor that they can rely upon to partner with as part of their own AI journey.

And so I think it's just as applicable there. One of the other things that we're seeing and Braze's product and our strategy has always been at the convergence of both the marketer experience and the raw capabilities to be able to drive high-performance personalization and such, which I mentioned earlier, both the marketer experience and the consumer experience, but also the continued evolution of consumer behaviors and consumer devices.

And we spoke about this a lot in the past, but we are also seeing that in the face of some of the uncertainty around things like Agentic Commerce that within the retail category as an example, companies are starting to prioritize CRM higher right now because they know that as we've seen in so many other categories that have been disintermediated by agents, whether those are online travel agents and the story from a decade ago or more than a couple of decades ago, or the story from a decade ago of a lot of the restaurant brands being disintermediated by delivery platforms.

And, of course, you can see in Braze Street that we've benefited from those disintermediation's because it causes brands to double down on connecting more directly with their customers to make sure that they've got the first-party data to understand who those customers are, that they can communicate with them and that they can nudge them toward being customers that don't come in through these disintermediated -- these disintermediated platforms or other user experiences where they achieve lower margin, they don't get as much data, et cetera, et cetera.

And so in preparation for potentially seeing more Agentic Commerce out there, we're actually seeing retailers doubling down on their CRM investments so that they can get closer to their customers and they can understand them more completely and be able to keep those lines of communication open.

And so I think that across the board, we're seeing the drive for additional market or productivity, we're seeing the demand for greater performance and results through wielding these advanced capabilities. And then we're also seeing the continued drive toward building strong first-party relationships with customers, which is, of course, in our mind, a sustainable business tactic through all generations of technology, and we absolutely know that the brands that thrive through this period are going to be the ones that continue to keep a strong connection with their customer and Braze is exactly how they're going to do that.

Operator

Derrick Wood, TD Cowen.

Derrick Wood - *Cowen and Company LLC - Analyst*

Great. It's Bell, great to work with you. Good luck on your next endeavor. I wanted to ask about the US carrier fees on the SMS side of the business. They have been on the rise. Just curious how you guys are kind of absorbing this? Are you passing this on to customers or not? Have you seen any impact from like demand elasticity? And what are the implications for gross margins, especially as we look through the rest of the year?

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

Yes. So we approached carrier fees. We've approached these in a very, very consistent manner over the last several years. We do pass those on directly to the customer. And so that we've been very consistent. So any changes in price there are borne by the customer. I would say we've been talking about premium messaging channels, having that impact over time on the gross margin. This is a component to it, but it's all -- it all mixes in. So it's everything from sort of WhatsApp to general SMS carrier fees, all of it's combined.

Operator

Raimo Lenschow, Barclays.

Spencer Kagan - *Barclays Services Corp - Analyst*

This is Sam Cohen on for Ramon Lenschow. Bill, as a Decisioning Studio and Agent Console continue to gain traction with your customer base, how do you think about the long-term coexistence between LLM-based Agentic decisioning and reinforcement learning-based decisioning? Are those use cases or customer verticals that might be better suited for one versus the other?

William Magnuson - *Braze Inc - Executive Chairman of the Board, President, Chief Executive Officer*

So the short answer is, absolutely, there are different use cases that of those technologies in isolation as well as various hybridizations of them are going to be best suited for. And that truth is a big part of our full spectrum AI strategy that we continue to build out. To go back to also that the split between the marketer experience and marketer productivity and then the customer experience and customer outcomes, we are also seeing a variety of different approaches on both sides of that.

And so on the operator and the marketer experience side, we're also actively expanding our investments in our MCP service and our API suite and in the proprietary braze operator.

We also have customers who are already using Agentic computer use to automatically operate our dashboard. But we believe that hooking those agentic harnesses into operators brace specific training and tool use is going to be the stronger usage path -- in the medium and long term. We prioritize building out the in dashboard experience or operator first, but we're also investing and allowing the operators intelligence to be flexibly leveraged through a variety of usage patterns.

We're also, on that point, really excited to see innovation coming from customers utilizing co-work and other agent harnesses to interface directly with Braze. But we also know that we're still in the beginning of that. Most agent use still requires a ton of handholding. It's also mostly individual or what we call like single-player exercise of those tools today. Marketing is typically a multiplayer activity, and it inherently crosses over a lot of different disciplines.

It touches broad parts of the customer journey and it benefits from both creativity and deep data analysis, which often has done better in teams. And so we want to enable BrazeAI capabilities for the marketer in a composable and a flexible fashion, supporting a variety of both single player and multiplayer AI-enabled workflows. And we're going to continue to invest heavily there. Across the decisioning side, I think it's also helpful to go back and look at how we've interoperated with data and creative and personalization sources over the years.

We see both in our partner ecosystem as well as from hyperscaler services and home built capabilities that often customers will want to took into in order to either provide additional data sources or maybe there's a specialized vendor from the Braze Alloys partner ecosystem or something that they've been investing in a long -- for a long time internally.

For us, the critical components of the architectural mode are ensuring the real-time access to high-quality first-party data. We do that with the Braves data platform and our composable design. We want to maintain a strong foothold in the control plane, which we do through Canvas, Agent console through decisioning and through our many air traffic control capabilities and things like content optimizer. And so within that, and specifically to your question around which technology approaches I think when we think about the relevant control plane and the right tool for the job.

A lot of it has to do with are we engaging in long-running aspects of the customer journey, responding to a cultural event or an emergency? Is this an operational need? Are we trying to fulfill a product experience versus provide some sort of real-time notification use case, these all have very different demands on them, but they're all in customer engagement.

And so you need to be able to have different intelligence approaches to enhance and optimize across all of those different use cases, and of course, the huge surface area of that problem, both creates gravity for us to progressively take responsibility for new use cases new channels.

You see that in the strong DBNR. You see that in the expansion of the channels that our customers adopt over time. And the diverse set of install points allows for braces predictive models, our AI recommenders and optimizers and our decisioning systems to all enhance the orchestration work that we're already doing. And that drives our value to the customers and its higher revenue opportunities for Braze. And so customers are going to mix and match not just Braze's intelligence systems with first and third-party hands.

They're also going to mix and match the composable hybrid solutions that we provide together. And that's been an important part of our design and differentiation for many years. And so we're excited to see these new capabilities coming into the fold. But from a composability of design perspective, it really fits into the strategy that we've been running for years.

Operator

DJ Hynes, Canaccord.

David Hynes - *Canaccord Genuity Corp - Analyst*

Well, Isabelle congrats to you and best of luck. Bill, I'm curious if you're seeing any of your large enterprise customers, kind of rethink organization structure around customer engagement because of AI. And then like longer term, do you still think marketers and CX teams themselves remain the primary user or does this all go autonomous at some point?

William Magnuson - *Braze Inc - Executive Chairman of the Board, President, Chief Executive Officer*

Yes. So first of all, one of the things that we continue to see is something that's been true for a long time in our customer base, which is that Braze is typically being used by small agile teams of what I would call builder marketers, right? These are marketers that are on the leading edge of using new technology, they're doing data-driven and experimental work and they build these experiences, right? And they use Braze and other tooling around Braze in order to kind of build and deploy the ideas that -- and the experiments that they want to run and the optimizations around those. And so I unlike large support desks or other teams that have historically had a lot of headcount, Braze has always been wielded by the small resourceful tech-forward teams.

And so, their productivity is of the utmost importance because they're always limited and small and the work that they can do and especially every time we bring new capability to buy better performance and better optimization, the demand on those teams to go and leverage that in order to drive the bottom line exists within those companies and in order for them to fulfill those demands, they need higher levels of productivity.

And so putting that in a virtuous cycle where we we create the opportunity for those marketers to deliver more impact and then they, of course, subsequently need to be made more productive, and we work on both of those in a loop. I think that with respect to org chart -- org chart evolution, Braze has also driven a lot of work chart evolution over time. In our early days, it wasn't uncommon to have every single channel like separate web, mobile and e-mail teams.

Now it's very -- it's much more normal to just have a consumer CRM or customer engagement or a growth team that is responsible for cross-channel engagement. The way that the responsibility bridges into product experiences versus messaging experiences, tends to vary from company to company.

But the trend line is all about having a more holistic point of view over more and more of the customer experience and being able to put the kind of management of that customer experience in the hands of someone that is also deeply in tune with the business strategy and the business schools.

And that the convergence of both that perspective and the deep understanding of the customer and the business has historically lived in marketing and growth organizations or product organizations. Braze actively sells into all three of those organizations across our customer base. Of course, we predominantly sell into a CMO budget, but we see examples of the others across the Board.

And so I think in terms of how this evolves from here, the key thing for us is just where does responsibility lie for turning your customers into the best versions of themselves for strengthening relationships and for really coordinating those experiences. And I think there's going to be -- we're going to keep on enhancing their productivity certainly.

But that vision of really having the marketer ascend into the role of the strategic conductor and the composer of those strategies, I think that the value of having human ingenuity, creativity and judgment and attachment to the business strategies in the loop in that is going to persist in ad infinitum.

Operator

There are no more questions at this time. I'd now like to turn the call over to Bill for closing remarks.

William Magnuson - *Braze Inc - Executive Chairman of the Board, President, Chief Executive Officer*

Yes. Thank you, everyone, for joining the call today. We appreciate your continued interest in Braze and your support, and we are looking forward to speaking with you soon. Cheers.