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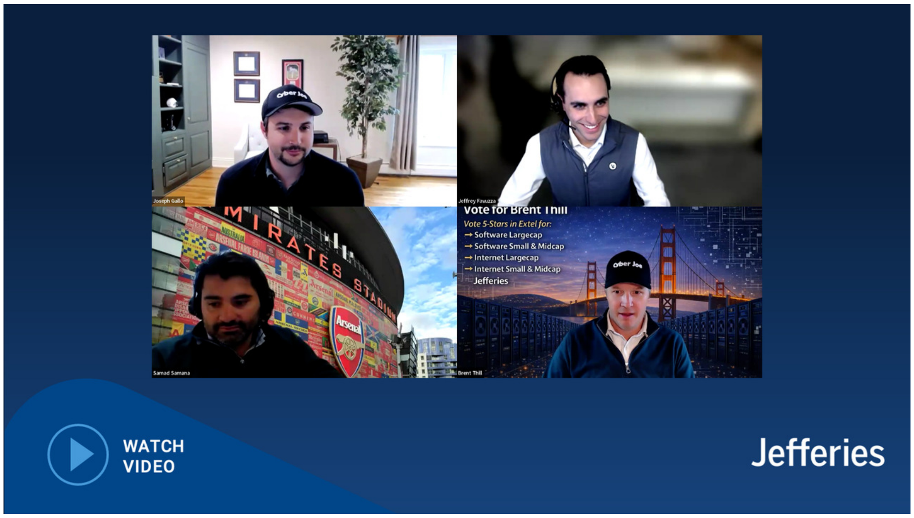
Replay for Software, Internet and AI Conference Recap Call

We hosted a call with Jefferies Tech Team to recap our 2026 Software, Internet and AI Conference. Please see the video below for the recording, and see inside for a 20+ page deck for our key takes from the event.



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2026 Software, Internet, AI Conference Recap

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MAY 2026

Key Takes from Pelican Hill

Key takes:

- **It's all about that AI bump.** This was the overarching theme from public cos, privates, VC, and other industry experts. Winners are those that are on the ramping "token path," which you saw recently in SNOW & DDOG earnings.
- **Long hyperscalers.** Construction expert noted data center backlog is very strong through '27. Many cos are building AI apps using Anthropic via AWS, while Google Antigravity is emerging as a sleeper hit for agentic IDE & harness for developers.
- **Stay long cyber & infra software.** The surge in frontier AI model use is increasing the need for observability (DDOG), security (espec. agents), and crucial components like data lakes (SNOW) & databases.
- **Be very selective in apps.** Apps overall remain in a tough spot, with unanswered questions about pricing models, need for disruptive pivots, and disadvantage in fighting for AI talent. But there are small pockets of positivity - verticals (PCOR) and mainstreaming of coders (TEAM).

Most Positive	Most Debated
SNOW	**CRM**
CRWV	**WIX**
TEAM	
PCOR	

Day 1

CRWV, U, TEAM, PCOR, WIX, NOW, CHKP, GEN, SONO

Expert Key Takes: Aviatrix – Security Read-Through

Hosted: Doug Merritt, CEO

Key Takes

- **Agent-driven attack vector is real and underpriced:** Many of the recent security breaches (last 5-6 months) are occurring via LLM-enabled credentialing, which suggests an increase in threat complexity and potentially supports elevated security budgets.
- **Hyperscaler native tooling gaps provide an opportunity for third-party security.** Weak networking constructs and permissive default agent architecture could support the durability of select cyber vendors' growth.
- **0-day exploit frequency could shift spend behavior.** As breaches become inevitable/undetectable at entry, spend shifts to containment/segmentation, which could create new incremental budget spend.

CRWV - Leader In AI Compute With Margin Inflection Incoming

Hosted: Nitin Agrawal, CFO

Key Takes

- **Inference demand will support durable growth.** Majority of demand coming to CRWV is now for inference workloads, which gives the firm confidence that customers are seeing massive returns on AI projects**.** This ultimately supports the longevity of CRWV's infrastructure, and explains the rising prices for H100s, A100s, and L40s, etc.
- **Self build data centers.** CRWV expects their first-self build data center to come online in the next few quarters in 2026, and another to come online in 2027. Mgmt expects these types of data centers to represent a growing share of their portfolio moving forward, as that gives them more operational /strategic control over their infrastructure.
- **Stable contribution margins.** CRWV effectively locks in both revenue and a large portion of its cost structure at contract signing. They are issuing POs as they sign customer contracts for infrastructure and securing data center leases, which drives highly predictable and stable contribution margins once capacity is deployed. Each new contract is priced based on current capacity costs, allowing CRWV to pass through input cost changes and keep margins consistent across deals.

Upside Opportunities

- **Margin inflection point expected to occur from Q2 to Q3.** EBIT Margins are expected to reach low double digits by the end of 2026 as revenue ramps.
- **Growth in storage and software ARR.** Three of CRWV's new business lines (networking, CPU, software) each are expected to exceed $100M ARR by end of 2026, albeit very small vs guide to exit at $18 to 19B in rev run rate.
- **Cost of capital improvements.** CRWV has reduced WACC by ~600bps over the past few years and, with A- rated facilities for IG customers by 3 rating agencies, has materially narrowed its cost of capital differential vs. hyperscalers.

Challenges

- **Supply / powered shell constraints.** Mgmt notes that there is enough power/electricity but not enough PP&E currently, which will be a key constraint moving forward. Eventually the constraints are expected to shift to other components like DRAM overtime.

U – Vector Driving Growth and Margin Expansion Expected in 2H

Hosted: Jarrod Yahes, CFO

Key Takes

- **Mgmt had a constructive tone, with revenue and margins both inflecting positively, and further margin upside expected into 2H.** Margins should expand from current 25-27% range despite near-term GM volatility and R&D investments (similar headcount decline in 2026 as 2025).
- **Vector remains the key driver.** Vector revenue grew 80% y/y (approaching $1B run rate) with multiple incremental levers including runtime data integration (seeing encouraging signal in closed environment tests with rollout in Q2), D28 ROAS, and expansion into non-gaming UA, supporting a long runway for performance gains.
- **Secular tailwinds remain intact,** including low ad loads, strong mobile engagement, and a growing developer base with ~70% mobile runtime share. Unity AI is also lowering the barriers to game creation and reinforces supply.

Upside Opportunities

- **Increasing LTV per customer.** The move to lower-fee webstores (2–4% vs. 15–30% fees) are driving higher player LTV, creating a durable tailwind for Unity's monetization growth.
- **Platform expansion beyond gaming:** Unity still has a large opportunity to support the creation of real 3D experiences outside of gaming, with strong traction in automotive, healthcare, aerospace, and transportation.
- **AI tools:** Unity's AI tools will save developers time and automate tasks, driving adoption and improving customer value.

Challenges

- **Vector execution risk:** Vector is critical to driving Grow revenue recovery – continued improvements in ROAS and install quality must hold at scale.
- **Unity 6 adoption curve:** Broad rollout across customers is key to unlocking full revenue uplift.

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TEAM – Executing On Enterprise and Non-Dev Opportunity

Hosted: James Chuong (CFO)

Key Takes

- **New CFO most surprised by diversity of users at TEAM —** Though TEAM started PLG with developers, CFO James Chuong said one of the most surprising things in his first few months at the co was how diverse the user base is now and how lower coding barriers are fostering more innovation.
- **Mgmt sees ample opportunity with Teamwork Graph and Teamwork Collection —** Mgmt highlighted a demo from Team ’26, where Claude Code + TWG produced a 44% higher quality answer with 48% of the token usage vs standalone Claude Code due to improved context and visibility. Once customers are on TWC, mgmt. noted increased ARPU, 10x AI credit usage, and 1k customers with over 1M seats.
- **Operating leverage building —** following multiple years of elevated investments to support migration to Cloud, mgmt. expects R&D to normalize, but did not provide a timeline. Additional drivers for expansion include GTM efficiencies and more headcount discipline. Despite increased AI investments, mgmt. does not expect margin compression.

Upside Opportunities

- **Large-enterprise runway —** Mgmt noted rapid expansion in $1M+, $3M+ and $10M+ cohorts as TEAM capitalizes on its massive enterprise opportunity (85% of F500 are custs but represent 10% of rev).
- **Non-dev expansion —** 65-77% of core Jira, Confluence, and JSM users are non-developers, contrary to bear thesis that majority of TEAM’s users are developers at risk of displacement from AI.

Challenges

- **Revenue to trough in FY27 before accelerating in FY28 —** Rev rec related to pull-forward of large deals into FY26 sets up negative DC growth in FY27 before reaccel in FY28. However, core business remains healthy. ARR remains stable in the low 20s as does Cloud rev in the mid 20s.
- **Channel partners negative due to incentive changes —** Partner incentives have shifted from transactional models to more value-add, specifically for migrations and agents. Sentiment in the partner ecosystem continues to be negative, though mgmt. reiterated that partners remain important to the business.

Expert Key Takes: GOOGL Partner – Keep an Eye on Antigravity

Hosted: Simon Margolis, CTO, SADA Systems

Key Takes

- **GOOGL Antigravity is taking off.** Customers are actively building on antigravity today, with the expert citing 5-10% adoption of SADA's base now, and expected to reach approximately 25-30% by year end. Unlike Claude Code, AG supports non-GOOGL models, giving developers the optionality. The new desktop, CLI, and SDK open the platform up to non-developers, which could be the major unlock.
- **GOOGL has the structural AI advantage.** Google's vertically integrated AI stack creates a structural moat: from custom silicon (TPUs), foundational models (Gemini), developer harnesses (Antigravity), to consumer surfaces (Search, Gmail, Docs, Slides). Particularly, our expert notes that harnesses will become more valuable than models over time, and GOOGL owns that layer. Google AI has gone from a tech tool to something non-technical users can leverage daily which is a pivotal shift that has happened in just 6 months.
- **Competition is GOOGL vs. Anthropic.** Per SADA's customer base, the competitive framing is Google AI suite vs. Anthropic AI suite. Our expert believes that AWS may have missed the mark on AI initially, and continues to be viewed as a later adopter. Kiro is not registering as a serious alternative. MSFT PowerApps was mentioned but didn't come up as a primary competitive focus in customer convos.

PCOR – Mgmt Expects Lower Magnitude of Change vs Past As New Team Settles In

Hosted: Matthew Puljiz, SVP of Finance

Key Takes

- **New exec team is settling in well.** CEO Ajei Gopal has hired a number of people from ANSS in addition to CRO Walt Hearn and CFO Rachel Pyles. The team continues to ramp, but since they have worked together many of them view PCOR's opportunities in a similar light. The team is focused on driving growth, executing on AI opportunity, and driving margin leverage.
- **Majority of GTM changes are behind us.** Though new CRO may continue to make tweaks to the GTM, mgmt. doesn't think the magnitude of change will be as significant as those made a year and a half ago. On the international side, mgmt. recognized that it should be growing faster than the US and attributed the lag to needing all 3 between: strong product market fit, GTM capacity, and favorable macro conditions. CRO and CEO see room for expanding the channel motion given PCOR is 90%+ direct today.
- **Vertical software like PCOR's is difficult to replicate via vibe coding, AI opportunity attractive.** Mgmt noted they aren't worried about vibe-coded solutions given that they have yet to see a solution that is user-friendly enough. PCOR also remains insulated by its attractive data moat, stickiness, and status as a system of record given that half of customers' total construction volume sits on the platform. Datagrid continues to progress well, though the sales motion is still early.

Upside Opportunities

- **Mgmt knows how to scale.** The new exec team is working well together so far given they have already worked together at ANSS. The team brings a known playbook from their time at ANSS where they accelerated CC revenue from 5 to 13% while keeping OPM in mid 40s.
- **Margins.** Mgmt sees room for leverage and internal efficiency is one of the CEO's top priorities as PCOR seeks to achieve Rule of 40.
- **International opp.** New exec team knows how to navigate the complexities of the international markets given international was almost 50% of rev at ANSS vs low-teens % at PCOR. As macro inflects, we are pos on the new team's ability to grow this segment of the bus.

Challenges

- **Macro has yet to inflect.** Though data centers are driving strength in US construction macro, upside continues to be offset by weakness in other sectors including manufacturing. PCOR is currently growing ~15 pts faster than the end market at 0-1%, though they tend to grow 10-20 pts faster than the end-market which usually grows at 4%.
- **GTM / mgmt changes could create NT vol,** though the magnitude of change is expected to be less than in the past.

WIX – Aggressive Pivot to AI with Base44 and Harmony

Hosted: Lior Shemesh, CFO

Key Takes

- **Core Healthy, AI First.** WIX is positioning itself as the AI-first company and embracing AI across the business. Harmony's hybrid vibe coding + drag-and-drop website design model offers a structural edge over competitors like WordPress (limited AI strategy) and pure AI tools like Lovable (re-prompt for every tweak). In Harmony, WIX's proprietary LLM drives inference costs to ~5% of 3P models. Paired with Base44, TAM expands meaningfully beyond websites into apps, dashboards, and workflow tools.
- **Betting Big on Base44.** Base44 holds ~40% U.S. share with usage surging across complex app builds, democratizing development the way WIX did for websites. Mgmt is investing aggressively in S&M (combined TROI targeting 7-9 months), while gross margins at ~30% on bookings continue improving.
- **Capital Allocation.** The ~30% share repurchase ($1.6B) was a strategic move to let shareholders uncomfortable with the reinvestment cycle exit. FCF steps down from ~$650M to ~$400M in 2026 but mgmt guides to recouping the full buyback within ~2.5 years. Converts mature in ~4 years, no large M&A planned, and marketing ROI discipline holds at ≤12 months (path to 5-7 months).
- **Efficiency push.** The reorg is centered around AI-driven efficiency, not just to cut costs: smaller teams, "X engineers" handling full-stack, and AI agents replacing manual workflows. Expect some near-term top-line and cost disruption, but mgmt sees a structurally leaner and more profitable company on the other side.

Upside Opportunities

- **Base44 TAM expansion.** ~40% U.S. share with usage exploding beyond websites into apps, dashboards, CRM, and workflow tools, meaningfully expanding addressable market.
- **Harmony hybrid model.** Vibe coding + drag-and-drop gives WIX a structural edge over pure AI tools (re-prompt every change) and WordPress (no AI strategy).
- **Proprietary AI cost advantage.** In-house LLM cuts inference costs, providing a durable margin lever as AI scales across the platform.

Challenges

- **AI existential overhang.** Market fears that vibe coding commoditizes web-building, pressuring the stock despite healthy fundamentals.
- **Near-term FCF step-down.** FCF drops from ~$650M to ~$400M as mgmt leans into Base44 S&M; Base44 not yet profitable.
- **Cannibalization risk.** Unclear how much Base44 growth is net-new TAM vs. cannibalizing core drag-and-drop users.

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NOW – Premium AI SKUs to Power Revenue to $30B+ FY30 Target

Hosted: Amit Zavery, President, Chief Product Officer, and Chief Operating Officer

Key Takes

- **Expansion of AI into Features Creates Opportunity.** Speaking to the rollout of AI features across the platform, NOW is seeing early signs of success around credit-related monetization. When some large customers surpass the credits included within their contracts, NOW is able to negotiate an early renewal that increases TCV in lieu of one-time credit overages (via packs). Effectively, this renewal strategy raises customers' 3-yr ARR and bakes in higher credit availability as recurring revenue while offering the customer greater visibility into their spend. Should an overage happen again, NOW can again early-renew the contract at a higher ARR rather than charge for credit packs.
- **AI Control Tower the Final Piece of Puzzle for Adoption.** Mgmt noted that customers are wary of giving AI agents unfettered access to their infrastructure without proper governance, and that AI Control Tower effectively solves this pain point. The Veza acquisition provides the pivotal access graph, which defines and monitors agent permissions. Separately, IOT/OT visibility powered by Armis powers AI Control Tower's cross-asset agent monitoring, a capability that allows IT managers to manage/govern agents across in a single space.
- **RaptorDB Reflects Success within Infra Layer.** Customers increasingly want to leverage their data that sits within the NOW platform, and the company's early success with RaptorDB Pro ($100M in ACV in first year) highlights how mgmt is seizing on the opportunity. The database forms the infrastructure base layer of NOW's platform strategy: layering a semantic layer on top of a data catalog to deliver advanced analytics-focused apps (dashboards, workflows). Looking ahead, CPO Zavery sees RaptorDB Pro & Analytics reaching the $1B+ ACV mark and contributing towards the $30B+ FY30 revenue target.

Upside Opportunities

- **Security & Risk a Sizeable Opportunity.** NOW's Security & Risk business already exceeds $1B in revenue and is growing significantly, with recent acquisitions of Armis and Veza layering new capabilities onto the existing CMDB foundation. With the CISO the #2 buyer of NOW, mgmt sees Security & Risk as one of four key growth pillars that build to the $30B FY30 target.
- **Action Fabric Could Help NOW Maintain its Agents' Moat.** As enterprises deploy agents from multiple vendors, NOW's Action Fabric is designed to meter these agents and direct their execution within the NOW platform. Should NOW be able to effectively meter 3P agents, it could limit the ability of these competitors to capture share of the value currently being provided by monetizable 1P agents.

Challenges

- **Right to Win in CRM Remains a Debate.** NOW sees opportunity to capture share within the CRM market and is expanding its customer service and CPQ capabilities. Still, incumbent providers are also spending heavily to modernize their platform infra and integrate agentic AI capabilities, factors that could help them retain share and raise selling costs for NOW.
- **Cluster of M&A Raises Execution Risk.** NOW completed several acquisitions in a compressed timeframe (Moveworks, Veza, Arnett, Logic, Bulwark), prompting investor questions about whether there has been a strategic shift. While mgmt is clear that tuck-ins are now the priority, the flurry of M&A all at once does raise execution risk, specifically around their integration into the company.

CHKP – GTM Changes to Drive 2H26 Product Recovery

Hosted: Kip Meintzer, Head of IR

Key Takes

- **GTM Changes Targeting New Logos and Large Expansion.** CHKP believes they have the technology to drive sustainable growth but needed to make GTM changes to see improvement. The company had made GTM changes in 1Q that were more disruptive than expected, which led to 1Q's revenue miss. The changes included reassigning more reps to larger accounts (now ~5 accounts per rep) and using the channel more down market. In addition, CHKP is turning to a hunter model to go after new logos and large expansion deals.
- **Impact of GTM Changes.** The GTM changes created confusion and disruption, which is ultimately expected to heavily weigh on 2Q appliance sales. CHKP did not see an impact to subscription revenue and remains optimistic on 2H26 pipeline but is not factoring in an improvement in 3Q into guidance.
- **SASE Offering Still Scaling.** CHKP said its SASE offering is 12-18 months away from being at the level needed to serve its largest customers with hundreds of thousands of users. Right now, it is capable of serving around 50,000 users. However, CHKP will continue to add features throughout this period of scaling SASE.

Upside Opportunities

- **Emerging Products Driving Sub Growth.** Email Security, CTEM, and SASE collectively grew billings >45% and ARR >40% yoy in 1Q and was a little less than 30% of sub rev. These businesses should drive nearly all of the FY26 12% yoy sub rev guidance (also benefiting 1-2 pts from price increases this year), offset by a 1pt headwind from the sunsetted CNAPP business.

Challenges

- **SASE.** Management has called out SASE and SD-WAN as areas where it wants to invest, noting SASE is enterprise ready but needs more investment to scale to very large enterprise (50K+ seats).

GEN – MoneyLion Strong; Cross-Sell & AI Tailwinds Still Nascent

Hosted: Vincent Pilette, CEO

Key Takes

- **MoneyLion Traction and Cross-Sell Potential.** Management continues to be pleased with the MoneyLion acquisition, citing its high growth (44% in FY26) and opportunity to drive cross sell. GEN noted customers who are borrowing money are increasingly worried about falling for scams and vice versa that there is an opportunity to leverage the MoneyLion to provide marketplace recommendations in LifeLock, providing support for the $100M+ in incremental ARR GEN sees accruing from embedded financial wellness, partner expansion, and Engine growth beginning in F2H27 onward.
- **AI Hype.** Management has seen the level of hype surrounding AI fluctuate but noted that the consumer is touching AI more and faster than they would have thought (including older customers). AI fear is not currently driving an inflection in growth (though it's promoting stability); that said, we see GEN as well positioned to benefit from eventual inflection as the trust/protection layer for consumers.
- **Balancing Growth and Margins.** GEN highlighted its Cyber safety segment operating at ~60% margins while growing MSD as the right mix, noting trying to run ahead of that would not be the best balance between new growth and new profit. GEN is also driving efficiency using AI tools.

Upside Opportunities

- **Synergies.** Strong cross-sell opportunities remain and should proliferate as the year progresses ($100M+ incremental ARR beginning to take shape in F2H27).
- **Agentic Inflection.** While it has yet to materialize incrementally, management views increasing AI angst as a sales driver for its cyber safety offerings (resulting in stability, but no jump yet).
- **MoneyLion Expansion.** Evidenced by recent Trellis acquisition, MoneyLion continues to have room to expand its financial marketplace offerings, with management providing Mortgage opportunities as an example.

Challenges

- **Monetization.** While GEN is not currently focusing on monetizing its agentic products (via higher priced SKUs) we believe some investor focus remains on ARPU. GEN also noted a significant increase in connections to bank accounts but is early in monetizing this.

Day 2

KVYO, UPWK, CRM, HUBS, AVPT

Expert Key Takes: Notable Capital

Hosted: Jeff Richards, Managing Director

Key Takes

- **Token Path > Seat Path:** The biggest AI beneficiaries will be companies directly in the “token path” (companies with business models that improve alongside frontier model improvements). Infra and cyber names (SNOW, DDOG, PANW, CRWD) should outgrow traditional seat-based software as agents drive materially higher workloads, database queries, observability needs, and security events vs. human users.
- **Companies are blowing through their data cloud budgets.** Rather than AI reducing data spend, customers are blowing through budgets on platforms like SNOW/Databricks as agentic workflows scale, suggesting AI can drive a new consumption leg for data/infrastructure software instead of cannibalizing it.
- **Cyber stands to benefit from AI security risks.** PANW and CRWD are best positioned because security is still the number one blocker to enterprise AI adoption, and breaches tied to agents accessing or leaking sensitive data are increasing - meaning AI adoption may directly expand demand for detection, identity, and data-security layers.
- **Future SW leadership requires more technical/product lead teams.** Recent share buybacks from CRM vs. AI M&A/talent acquisition suggests that CRM is potentially moving fast enough to become truly AI-native, especially as software leadership appears to be shifting from GTM-centric operators to more technical/product-led teams (e.g. SNOW, Databricks).
- **Valuation dispersion could widen further - AI-native winners rerate, pre-GPT incumbents risk stagnation.** Certain SW public names could rerate if real AI monetization shows up in reported numbers (not just “tokens processed”), while laggards without AI talent or product velocity face a much harder path over the next 3 years.

KVYO - Agentic AI "Composer" to Help Unlock Platform Value

Hosted: Ed Hallen, Co-Founder and Chief Strategy Officer

Key Takes

- **Data Platform a Key Platform Differentiator.** KVYO pulls in ~4B data points daily across consumer profiles, forming a unified customer system of record. Mgmt spoke to KVYO's moat: the proprietary customer data + low-latency infrastructure enable real-time analysis, activation (who to message, when), and feedback. KVYO remains the system of action for customers -- marketers rely on the platform's purpose-built workflows to generate personalized messaging and distribute it at scale.

- **AI Integrations Are Additive to Platform Usage.** Addressing investor concerns around AI disruption, KVYO noted that those leveraging KVYO's MCP within external AI tools are actually stronger users of the platform than those that aren't -- MCP users drive ~16% more growth dollars from the product vs. those that don't use it. Ultimately, mgmt believes that increased usage, even via MCP, opens the platform to additional personas and use cases, effectively expanding its value proposition over time.

- **Composer is a Next Step Towards Fully Autonomous Agentic Marketing.** KVYO double-clicked on the value proposition of its Composer agentic marketing product, which is currently in Beta. Essentially, Composer acts to execute on a marketer's behalf -- the user defines an outcome, and Composer then subdivides cohorts, builds a campaign, and executes it end-to-end. Additionally, the agent helps analyze outputs, tweak campaigns, and optimize inputs to improve conversion rates.

Upside Opportunities

- **Agentic Commerce Should Help Power Usage.** KVYO counts 200k+ merchants as customers, and companies are seeing an avg ~2,000% increase in consumers entering their store via agents/models. KVYO benefits from the first-party relationship between merchant and customer – once the transaction is complete, the merchant then has to turn to retention marketing (via KVYO) to earn additional revenues from the relationship.

- **Service Remains an Attractive Opportunity.** While early traction with Service was skewed towards larger customers, KVYO is now landing more customers with the complete suite. Looking forward, the roadmap includes additional agents, multi-language capabilities, and increased customization.

Challenges

- **A2P Fees Creating Noise.** For the last six months or so, KVYO absorbed A2P messaging fees. Ahead, the company intends on passing these costs through via a change to SMS pricing. While the pass-through should help stabilize gross margin, the change in pricing could create new friction for existing customers or impact SMS utilization rates. Additionally, investors do not yet understand how the change will impact 2H financials.

- **Investors' AI Concerns Remain an Overhang.** As AI lowers barriers at the app layer, investors remain concerned that customers could churn to new AI natives or vibe-coded solutions over time. While KVYO continues to speak to the value of its database/infra, investors may not be convinced outside of a growth acceleration.

Expert Key Takes: Unprecedented Demand for Data Center Construction

Hosted: Justin Livingston, Senior Project Manager, Layton Construction

Key Takes

- **AI DC costs are ~2x traditional DCs.** Standard facilities run ~$11M/MW, while AI-optimized builds (liquid cooling, higher rack densities, added redundancy) exceed $20M/MW — electrical trade alone is 40–45% of total project cost.
- **Power availability is the #1 bottleneck.** Grid constraints are forcing builds into 2nd/3rd-tier markets (e.g., Utah, Ohio); Northern Virginia is effectively tapped out. On-site substations are increasingly common, and early utility coordination is critical.
- **Permitting & community opposition are growing headwinds.** Every project in the last 18 months has faced community pushback; some projects have hit the brakes on start dates — not due to financing, but zoning, permits, and power access.
- **Demand backlog is strong through '27, but sustainability beyond that is uncertain.** The expert believes the market could be saturated in 3–5 years and questions whether the current unprecedented pace of construction is sustainable long-term.
- **Timelines remain extended: 14–16 months for powered shell, and another 2+ years for a full hyperscaler build.** Long-lead procurement (transformers, switchgear, chillers), labor shortages in technical MEP trades, and lengthy commissioning cycles remain key schedule risks; modular design is being used to compress timelines where possible.
- **Big fan of PCOR software.** Expert is a huge fan of Procore software for construction as he has not seen better software in his 25+ year career in construction. Strong pluses are integration and ease of use.

Expert Key Takes: Scale AI

Hosted: Sri Kanajan, Director of Data Science at Scale AI

Key Takes

- **Agent adoption is already delivering enterprise ROI.** Agentic use cases (ITSM, customer service) are already driving tangible productivity gains, with IT teams in particular seeing meaningful leverage from agent deployment.
- **Model commoditization risk persists.** The likelihood of another DeepSeek moment appears elevated as model distillation becomes more standardized (already a widely known science today), compressing differentiation at the model layer. This could make differentiation more difficult for lower performing models like Mistral. Gemini, Claude, and GPT are seen as the top three models, though they may not be the LT winners of agentic AI.
- **Data gravity reinforces SNOW positioning and DDOG benefits from platform stickiness.** Enterprises continue to prefer running AI within SNOW due to data gravity, while DDOG remains highly embedded in enterprise workflows with switching friction driven by its integrations and organizational footprint.
- **Google's vertically integrated stack is a competitive advantage but introduces trade-offs.** Its optimized TPU-based infrastructure (including large-scale cluster handling) is competitive with CUDA, though platform specificity creates some workload fungibility constraints.
- **AI is pressuring SaaS economics and forcing org-level change.** Enterprises are actively evaluating SaaS spend for replacement with AI-driven solutions, while incumbents face execution risk given the structural differences between AI-native and legacy operating models.
- **Robotics progress is accelerating meaningfully.** The pace of improvement in robotics capabilities is outpacing where LLMs were ~3 years ago.

UPWK – Looking for 2H Enterprise Ramp to Offset SMB Macro Headwinds

Hosted: Hayden Brown, CEO

Key Takes

- **Macro headwinds are isolated to the lowest-end marketplace cohort** (85% of rev), where <10 employee customers pulled back in Feb due to budget pressure and lower consumer spending. UPWK's enterprise segment ($100M) was not impacted and is on track for 25% GSV growth in '25, and their SMB segment (e.g., Business Plus SKU) was not impacted either.
- **Enterprise/SMB are the primary growth drivers.** UPWK's enterprise segment is materially expanding pipeline following 2 acquisitions last year that enable the firm to support more contract types (new pipeline up 3x, existing customer pipeline up 9x), driving with a 2H-weighted ramp. Business Plus SKU in SMB segment (250+ employees) is their fastest growing product in history (+34% Q/Q in Q1) but still only 5% of UPWK's total GSV, creating a meaningful tailwind as it scales.
- **AI is a headwind but a larger tailwind.** AI is a modest near-term headwind but a larger structural tailwind due to growth in AI related projects, demonstrated by UPWK's $300M ARR for AI workloads (+40% y/y), and emerging human-supervised agent products that will expand platform use cases. 20% of UPWK's pipeline is AI related projects.

Upside Opportunities

- **35% LT margin goals will be achieved two years early.** Structural mix shift toward higher margin businesses (enterprise + larger SMB) and internal AI adoption (70%+ support automation, leaner org, workflow tooling) is driving efficiency gains, helping UPWK achieve 35% EBITDA margin goal this year.
- **$1T+ Enterprise/SMB market opportunity.** UPWK is still early against a ~$1T+ combined SMB and enterprise TAM ($650B Enterprise and $530B SMB), with new products positioning it to capture significantly more share.
- **Data monetization opp.** UPWK's proprietary dataset (including end-to-end workflow and trace data) is seeing growing customer interest, but it remains in the experimentation phase with customers looking to scale from one-off testing of agents to recurring, sustained use cases.

Challenges

- **Macro uncertainty could last several months and relief will be delayed.** Sub-10 employee marketplace customers cut spend starting in late February due to lower consumer spending from factors like higher oil prices, with contract volumes down before stabilizing in April.
- **AI is a headwind for smaller customers/projects.** ~10% of UPWK's GSV is expected to be fully automated (80-100% automated) based on Q1 analysis.

CRM – Mgmt. Believes Hybrid Pricing is the Future, Confident in 2H Reaccel

Hosted: Bill Patterson (EVP)

Key Takes

- **Reiterated confidence in 2H reaccel—** Accelerated Agentforce adoption, halo effect in Sales Cloud and Slack, and NNAOV momentum are driving mgmt.'s confidence in 2H organic rev reaccel.
- **Pricing will be seats + consumption —** Mgmt believes the hybrid model is here to stay and that as humans and agents continue to work together, the seat-based model will make sense for the former while consumption pricing will make sense for the latter.
- **Attrition stable despite headlines on exec departures —** Mgmt believes they have the right talent in place and that attrition is stable both internally and within their installed base.

Upside Opportunities

- **Sales and Service Cloud expanding seats —** Core clouds continue to add seats despite bear thesis that AI will reduce seats. Upselling to the more premium Agentforce 1 edition helped drive 2 pt q/q accel in Sales Cloud.
- **Ramping Agentforce traction —** Early adopters of Agentforce are delivering meaningful, net-incremental ARR uplift. Slack is also seeing success as it seeks to become the front door to CRM, and AWU usage rose ~350% q/q for Slack alone in F1Q.

Challenges

- **Lack of cRPO accel raises questions on 2H reaccel —** Forward-looking cRPO has grown 13% cc for the last 2 Qs and is guided to be stable next Q, causing some to wonder how organic rev will reaccel in 2H. Investors question the gap with accelerating KPIs like NNAOV, which mgmt. attributed to rev rec related to consumption revenue
- **Buybacks vs M&A—** Given single-digit organic growth, some believe CRM should lean harder on M&A as opposed to buybacks, though mgmt. believes they can do both. Note CRM repurchased $27B of stock in F1Q as a part of their $50B buyback authorization

HUBS - AI Product Strategy & GTM Transition to Support Growth Ahead

Hosted: Yamini Rangan, CEO

Key Takes

- **AI Strategy & Monetization Centered on Productivity + Outcomes.** In discussing how AI layers into the platform, HUBS sees embedded AI unlocking improved customer outcomes (e.g., ticket resolution, qualified leads) based on underlying 1P + 3P platform data. HubSpot Agents (Prospecting, Data, Marketing, AEO) are tightly integrated into workflows, with success powered by HUBS' proprietary GTM context based in its ~300k customers. Additionally, monetization via the existing seat model + outcome-based credit consumption aligns with customer ROI, a factor that should support accelerated adoption.

- **Application Layer + Context Remains Critical vs. LLMs.** CEO Rangan continues to view LLMs as complementary, not competitive, to HubSpot's value proposition. LLMs provide probabilistic outputs while HUBS customers require deterministic outcomes (sales leads, number of deals closed). Rather than leaning on AI to displace HubSpot, HUBS believes its customers will leverage LLM-based execution on top of the platform's deterministic workflows/features (permissions, attribution, campaign orchestration) to deliver value.

- **AEO Emerging as New Top-of-Funnel Channel.** HUBS noted that customers are seeing a ~27% decline in content/SEO-driven leads YTD, driving urgency around demand-gen diversification. LLM leads convert at ~3x higher rates than SEO, and HUBS is helping its customers see this benefit via AEO (Answer Engine Optimization). AEO enables brand visibility within LLM responses, and mgmt expects the new product to serve as both a new funnel for net adds and a tool to cross-sell Marketing Hub seats over time.

Upside Opportunities

- **Increased AI Adoption on Outcome-Driven Pricing**. AI product enhancements coupled with the updated outcome-based pricing model could accelerate customer experimentation and adoption of the platform's AI features, positive catalysts for improved revenue growth.

- **AI Efficiencies Could Afford Outsized Profitability Over Time.** While AI investments are pressuring gross margins, HUBS is more than offsetting this pressure by leaning into AI to drive efficiencies across S&M and R&D. These efficiencies have allowed HUBS to slow hiring in non-core areas and, looking ahead, could create the opportunity to further right-size the cost structure.

Challenges

- **Execution Risk in GTM Transition.** HUBS noted that deals are elongating due to customers wanting to ensure a high ROI on AI investments. Additionally, the shift to agent-led selling and credit/outcome-based pricing introduces complexity (training, positioning, customer education), with 28-day grace periods already contributing to a delay in credit consumption monetization.

- **Balancing AI Investment with Margins.** Continued investment in AI innovation and infrastructure (e.g., coding, AI features) is pressuring gross margins in the near-term. While these costs are being offset by AI efficiencies within opex, investors view COGS as a more structural component of earnings.

AVPT – Positioning itself as Critical Part of AI Infrastructure

Hosted: Tianyi Jiang (TJ), CEO & Jim Caci, CFO

Key Takes

- **Durable & Diversified Growth Drivers.** AVPT has seen widespread traction with all 3 of its product suites (Control, Modernization, & Resilience). Management highlighted it has multiple future upside growth drivers, including Microsoft workloads (~90% of rev) but also newer areas in Google Workspace, Salesforce, and in IaaS/PaaS e.g. AWS/GCP.
- **AI Opportunity.** Management believes AVPT is well positioned to benefit from AI workloads, including monitoring agents both in the cloud and on endpoints. It noted that last year was about people using AI, and this year will be about AI using AI. AVPT's AgentPulse solution allows organizations to discover all AI usage and bring it under management. AVPT also enables cost monitoring for AI workloads, which is becoming increasingly important as AI providers move to usage-based billing models, which MSFT is doing for GitHub Copilot starting on June 1st, as well as for Copilot Cowork. .
- **Investing in S&M.** Management sees FY26 as an investment year, with heavier spend in S&M (increasing headcount & marketing to drive more at bats) and on tech (dev/operational, AI, automation). While we expect this to have a temporary impact on profitability, we see AVPT as well positioned to progress toward its LT operating margin target (27.5% by FY29) and that this spend is justifiable given the AI opportunity.

Upside Opportunities

- **AgentPulse.** AgentPulse is currently only available as part of the top two of AVPT's three bundles, but management has seen good growth in pipeline in 1Q and 2Q and expects conversion in 3Q and 4Q. AgentPulse is part of AVPT"s Control Suite, which made up 40% of total pipeline in 1Q26, and 50% of that was made up of bundles that include AgentPulse.
- **FY26 Federal Traction.** Management noted an improvement in US Fed demand in FY26 in 1Q, driven by AI deployment, after seeing softness in 3Q and 4Q of last year. It also noted growing pipeline in the Fed space for 2H26, which will help AVPT reaccelerate from 23% yoy cc ARR growth in 1Q to the 26% guide for the year. AVPT also has a strong presence in global public sector, including in Japan and Singapore.

Challenges

- **Microsoft Workloads are ~90% of Revenue:** Investors have expressed concern about AVPT's concentration in MSFT workloads, particularly given the competitive threat from MSFT Purview. Management sees Purview as complementary and believes AVPT is well-positioned to help customers manage their cloud bills across the major hyperscalers. It has highlighted the inroads made with Google Workspace, Salesforce, and non-MSFT Office-related IaaS and PaaS.

All Covered Companies in Attendance

All Companies Covered In Attendance						
AVPT	FIVN	KVYO	PAR	RNG	TEAM	WIX
CHKP	FRSH	MSFT	PAYC	ROKU	TTD	ZM
CRM	GEN	MTCH US	PCOR	ROP	U	
CRWV	GLBE	NOW	PUBM	SNAP	UPWK	
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Alex Nguyen has an equity position in Intuit Inc. (NASADAQ: INTU).
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- Autodesk, Inc. (ADSK: $248.16, BUY)
- AvePoint Inc (AVPT: $11.52, BUY)
- Check Point Software Technologies Ltd. (CHKP: $139.05, BUY)
- Commvault Systems Inc (CVLT: $122.39, HOLD)
- CoreWeave, Inc (CRWV: $124.82, BUY)
- CrowdStrike Holdings, Inc. (CRWD: $782.17, BUY)
- Datadog (DDOG: $277.49, BUY)
- Doximity, Inc. (DOCS: $22.55, HOLD)
- Dynatrace, Inc. (DT: $44.47, BUY)
- Elastic NV (ESTC: $68.06, BUY)
- Five9, Inc. (FIVN: $26.26, HOLD)
- Freshworks (FRSH: $10.68, HOLD)
- Gen Digital Inc. (GEN: $27.76, HOLD)
- Global-e Online Ltd. (GLBE: $33.75, BUY)
- HubSpot, Inc. (HUBS: $262.20, BUY)
- Instacart (CART: $42.20, BUY)
- Intel Corporation (INTC: $109.33, HOLD)
- International Business Machines Corporation (IBM: $320.42, BUY)
- Intuit Inc. (INTU: $353.76, BUY)
- JPMorgan Chase & Co. (JPM: $296.58, HOLD)
- Klaviyo, Inc. (KVYO: $18.36, BUY)
- Match Group (MTCH: $36.76, HOLD)
- Meta Platforms, Inc. (META: $600.47, BUY)
- Microsoft Corporation (MSFT: $460.52, BUY)
- NVIDIA Corporation (NVDA: $224.36, BUY)
- Navan (NAVN: $22.78, BUY)
- Netflix, Inc. (NFLX: $85.85, BUY)
- Okta Inc (OKTA: $139.79, BUY)
- Open Text Corp. (OTEX: $25.38, HOLD)

- Oracle Corporation (ORCL: $248.15, BUY)
- PAR Technology Corporation (PAR: $16.26, BUY)
- Palo Alto Networks (PANW: $300.48, BUY)
- Pan American Silver (PAAS: $55.50, HOLD)
- Paycom Software Inc (PAYC: $148.58, HOLD)
- Procore (PCOR: $55.23, BUY)
- PubMatic, Inc. (PUBM: $12.22, HOLD)
- Radware Ltd. (RDWR: $31.69, HOLD)
- Reddit (RDDT: $177.85, BUY)
- RingCentral, Inc. (RNG: $49.10, HOLD)
- Roku, Inc. (ROKU: $129.03, BUY)
- Roper Technologies (ROP: $344.25, BUY)
- SAP SE (SAP GR: €167.90, BUY)
- Salesforce.com (CRM: $209.60, BUY)
- ServiceNow Inc (NOW: $135.86, BUY)
- Shopify, Inc. (SHOP: $124.12, HOLD)
- Snap, Inc. (SNAP: $5.86, BUY)
- Snowflake Inc (SNOW: $280.16, BUY)
- Sonos, Inc. (SONO: $16.17, BUY)
- Spotify Technology SA (SPOT: $507.76, BUY)
- The Trade Desk, Inc. (TTD: $23.22, HOLD)
- The Walt Disney Company (DIS: $102.85, BUY)
- Twilio Inc. (TWLO: $227.54, BUY)
- Uber Technologies, Inc. (UBER: $73.77, BUY)
- Unity Software Inc (U: $32.17, BUY)
- Upwork Inc. (UPWK: $9.37, BUY)
- Wix.com Ltd (WIX: $62.54, BUY)
- Workday, Inc. (WDAY: $157.23, HOLD)
- Zoom Communications, Inc. (ZM: $111.62, BUY)

Distribution of Ratings

			IB Serv./Past12 Mos.		JIL Mkt Serv./Past12 Mos.	
	Count	Percent	Count	Percent	Count	Percent
BUY	2197	62.26%	382	17.39%	113	5.14%
HOLD	1171	33.18%	109	9.31%	20	1.71%
UNDERPERFORM	161	4.56%	1	0.62%	1	0.62%

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