

Salesforce, Inc. (CRM) Q1 FY2027 earnings call transcript

May 27, 2026, 5:00 PM EDT

Earnings call

Salesforce delivered record Q1 FY27 revenue of \$11.13B, up 13% YoY (12% in constant currency), with non-GAAP operating margin expanding 250bps to 34.8%. Management raised full-year revenue guidance to \$45.9B-\$46.2B and reiterated confidence in H2 organic growth acceleration, driven by Agentforce, Data 360, and Slack momentum despite ongoing softness in Marketing, Commerce, and Tableau.

Mike Spencer

EVP of Investor Relations

0:00:00

Good afternoon, and thanks for joining us today on our fiscal 2027 Q1 results conference call. Our press release, SEC filings, and a replay of today's call can be found on our website. Joining me on the call today is Marc Benioff, Chair and CEO, Robin Washington, Chief Operating and Finance Officer. We also have Patrick Stokes, President and Chief Marketing Officer, Miguel Milano, President and Chief Revenue Officer, and Srinivas Tallapragada, President, Chief Engineering and Success Officer, joining us for the Q&A portion of the call. Some of our comments today may contain forward-looking statements that are subject to risks, uncertainties, and assumptions, which could change. Should any of these risks materialize or should our assumptions prove to be incorrect, actual company results or outcomes could differ materially from these forward-looking statements.

Mike Spencer

EVP of Investor Relations

0:00:45

A description of these risks, uncertainties, and assumptions, or other factors that could affect our financial results or outcomes is included in our SEC filings, including our most recent report on forms 10-K, 10-Q, and any other SEC filings. Except as required by law, we do not undertake any responsibility to update these forward-looking statements. As a reminder, our commentary today will include non-GAAP measures. Reconciliations between our GAAP and non-GAAP results and guidance can be found in our earnings materials and press release. With that, let me hand the call over to Marc.

Marc Benioff

Chair and CEO

0:01:17

All right. Fantastic. Thanks so much, Mike. I'm so excited to be here with everybody, great to do our second video earnings call with you, and it's really great. It's a gorgeous day in San Francisco, we're going to have a great time here with you. We've even got a couple customers joining us, which we're really excited about. Well, I think as everybody can see, this was really an outstanding quarter for Salesforce. We have delivered record revenue, record deals, just incredible cash flow. Of course, I think we've also returned record levels to our investors. We're going to talk about that and how important that is, especially during this unusual time. We're going to come into that. Also, by the way, we also mentioned we have some record token counts, I think.

Marc Benioff

Chair and CEO

0:02:01

We're going to talk about how we've processed 28.6 trillion tokens, up 152% quarter-over-quarter. No greater example of the tremendous adoption of these new agentic products by our customers and how we've converted

those into 3.8 billion agentic work units. Agentic AI, well, it's the biggest growth opportunity for our customers, for us at Salesforce, since we brought CRM into the cloud, we're just seeing tremendous new innovation every single day. You can see it in our products, you can see it in our customer momentum, you can see it in our results. Salesforce has never been more essential to our customers. We're going to hear from them in just a second. We're the number one agentic CRM, transforming every company into an agentic enterprise. Now, let me tell you about these amazing Q1 numbers.

Marc Benioff

Chair and CEO

0:02:52

Revenue was \$11.13 billion, up 13% year-over-year nominal and 12% in constant currency. cRPO \$33.6 billion, up approximately 14% nominal and 13% in constant currency. Q1 non-GAAP operating margin of 34.8%, up 250 basis points. Again, hitting some record levels. GAAP operating margin of 21.1%, up 130 basis points. Pretty awesome. We delivered \$6.7 billion in operating cash flow. Tens of thousands of businesses across every industry are building their agentic enterprises with Salesforce. We're going to talk about that today. OpenAI, Anthropic, Google, companies building the future of AI, all of them Salesforce customers, all of them Slack customers, building these incredible new capabilities with Agentforce. We secured a record 98 Q1 deals with over \$1 million in new ACV in the quarter, 98 Q1 deals with over \$1 million. Miguel is going to talk about that today.

Marc Benioff

Chair and CEO

0:03:58

Organizations like LVMH, Chobani, the U.S. Air Force, which by the way, just signed a new \$72 million ELA with us during the quarter. Awesome. We're seeing incredible demand for Agentforce with ARR now greater than \$1 billion. Combined with Data 360 and Informatica Cloud, we've delivered \$3.4 billion in AI and data ARR. 50% of Agentforce and Data 360 bookings were from existing customers expanding their commitment. To date, we processed 28.6 trillion tokens, up 152% quarter-over-quarter, and converted them into 3.8 billion, as I mentioned already, agentic work units for our customers up 111% quarter-over-quarter. Agentforce now powering every Customer 360 application, and it's changing how organizations operate across service, sales, marketing, commerce, and so much more. Nowhere is this more evident than in customer service. Let's just start right there with Agentforce Service.

Marc Benioff

Chair and CEO

0:05:00

Humans and agents collaborate across every channel, from first contact to first resolution, across the trinity of channels, voice, website, apps. A great example you're going to hear in a moment, UCLA Health. If you go to uclahealth.org, you'll see right away Agentforce is there to help you get your questions answered, to connect with their physicians, to connect with their technology at UCLA. It's a great example using our most current version of Agentforce. Since we deployed Agentforce on help.salesforce.com and on 1-800-NO-SOFTWARE, well, only 15 months ago, it's autonomously handled now 4 million inquiries. It's now double what human agents are handling. Every customer can turn this on now. Many customers are seeing incredible results with Agentforce Service. Vivino, the world's largest wine company, supporting 74 million users with only 37 reps.

Marc Benioff

Chair and CEO

0:05:54

Kind of hard to believe, but it's possible because its agent, Vivina, autonomously handles order status lookups, account questions more autonomously, slashing resolution time by 70%. McAfee has selected our new Agentforce ITSM product, or what we call Agentforce IT Service, to replace ServiceNow. They are using it for everything, ticket deflection, hardware provisioning, incident management. Really cool. Florida Prepaid, a college savings plan provider with more than 200,000 accounts, is using Agentforce Voice to autonomously handle 75% of business-hour calls and 100% of after-hour calls. With Agentforce Sales, we're powering the entire revenue life cycle from first lead to closed deal. As I said before, over 25 years, Salesforce has generated tens of millions of leads we never called back. In Q1 alone, Agentforce Sales worked 220,000 leads autonomously, generating \$42 million in pipeline. Awesome.

Marc Benioff

Chair and CEO

0:06:58

I'm more excited about what our customers are doing in service, in sales, in marketing, in Slack, and all of these things. Another great example, cybersecurity leader, Fortinet, using Agentforce Sales to power predictive lead scoring. Financial leader, Agibank, now built an SDR agent that instantly qualifies leads on WhatsApp. You can go to salesforce.com and even see our own qualification system running right on our homepage as well. In Q1, we completed the acquisition of Qualified and integrated Piper, their SDR agent into Salesforce, brought all those great Salesforce alumni back home. More than 700 customers are already using Piper. It is an incredible success, and we deployed Piper on salesforce.com, as I mentioned, so you're going to be able to use it firsthand. I think that's so great.

Marc Benioff

Chair and CEO

0:07:45

It's engaging 50% of our traffic and qualifying thousands of leads and delivering 45% more pipeline than traditional web agents. Very excited about our new Agentforce Coworker, which we announced last week. If you haven't heard about that, every single one of our Salesforce applications now comes with a built-in autonomous agent. No complex configuration, you just turn it on, it becomes your coworker, finding answers, taking action, getting work done fast. To give you an idea of the impact that Coworker will have, people search for information inside Salesforce 1 billion times a month. Coworker turns search into answers and answers into action. One of our trailblazers, Andrew Russo, you probably saw him respond directly to me on X, kind of was a surprise, but he said, "There's no way this is real life right now."

Marc Benioff

Chair and CEO

0:08:34

Agentforce Coworker was able to pull together and navigate our complex sales and ERP data to answer questions that just yesterday would've been 60 minutes of swivel chairing between screens and systems. It was pretty cool to see that. I'll tell you, this quarter, we also announced Headless 360, again, making all of Salesforce accessible through our MCP clients, APIs, CLI prompts. Headless 360 bringing together the humans, agents, and headless platforms so you can use Salesforce with any coding agent across any surface. It's going to speed implementations, drive consumption, more actions, more workflow, more data, more intelligence, all compounding across Salesforce. We're meeting our customers where they are. Since launch in April, we've already processed 4.5 million MCP calls into our platform. Q1 alone, we processed nearly 1 trillion API calls. Incredible.

Marc Benioff

Chair and CEO

0:09:27

With Headless 360, Indeed is building and deploying Agentforce agents right from Cursor, Just Eat Takeaway, one of the leading online food delivery platforms in Europe, we just had them speak to our entire management team with such an amazing story, is using Headless 360 already to bring agents into WhatsApp and other channels, engaging with 350,000 partners across 15 countries. Now let's talk about our favorite, Slack, which every AI company in the Bay Area here is using to run their business, including OpenAI and Anthropic, transforming our customers into agentic enterprise. Slack was nearly half of our million-plus wins this quarter, up 80% year-over-year. It is a rocket ship to the moon. All of the AI companies run on Slack. As I mentioned, I don't think there's a startup or next-gen AI company that doesn't run on Slack.

Marc Benioff

Chair and CEO

0:10:19

Anthropic calls Slack its core operating system, and that's what Slack is becoming for every enterprise. All of our apps are Slack first. Now a service agent can summarize a case, update the record, escalate to a human right in Slack. Slackbot is also an MCP client, so you can tell it to create a purchase order in NetSuite or update a project in Jira, and it happens, no switching tools. We've seen 1 million users of Slack MCP in the first six weeks, and Slack AWUs grew nearly 350% quarter-over-quarter. In two years, there'll be more agents using Slack than people. Every one of those agents needs the context and the data and the insights directly from Slack. Every workflow needs the data, every action needs the integration, and every customer needs to see what's happening across the entire business.

Marc Benioff

Chair and CEO

0:11:08

We have the largest collection of trusted CRM context ever assembled, between Data 360, Informatica, MuleSoft, Tableau. Manage and deliver all that context so that any agent can reason, act, and deliver real outcomes. Informatica has an amazing acquisition. It performed incredibly well this quarter. It's doing the heavy lifting and data management that every customer needs to move from pilot to production. All of this is why we're the number one agentic CRM. We provide what every company needs to become an agentic enterprise. Okay. Now let's keep going. With Headless 360, the entire platform is accessible. We have some new people joining us at the table. It's very exciting. Great to see you, buddy. We're transforming, and more importantly, our customers are transforming, too. Okay. All right. Anyway, here we are. Let's move on to what's really important. Welcome.

Marc Benioff

Chair and CEO

0:12:02

Thank you for being here.

James Schenck

President and CEO

0:12:04

Thanks for having me.

Marc Benioff

Chair and CEO

0:12:05

We're thrilled that you're here. Would you just introduce yourself to everybody? Because I don't think they know.

James Schenck

President and CEO

0:12:09

I'm James Schenck, President and CEO of PenFed Credit Union, headquartered in Tysons, Virginia.

Marc Benioff

Chair and CEO

0:12:14

Is this your first time in San Francisco?

James Schenck

President and CEO

0:12:16

Been here a few times. Meeting with the Salesforce person.

Marc Benioff

Chair and CEO

0:12:19

Usually I see you in D.C. Happy that you're here with us and grateful that you're here. Why don't you tell us a little about, you've been using Salesforce a while at PenFed. You've had this vision of becoming an agentic enterprise. Why don't you tell us what's happening? We heard you a little bit on your earnings call. I think everyone should hear you on our earnings call, too.

James Schenck

President and CEO

0:12:38

Let me just tell you the why. I started in financial services 25 years ago. There was 18,400 banks and credit unions. There's 8,000 today. Think about that. 500 credit unions and banks.

Marc Benioff

Chair and CEO

0:12:52

Amazing

James Schenck

President and CEO

0:12:52

are either merged or beaten out of existence every year.

Marc Benioff

Chair and CEO

0:12:55

Amazing.

James Schenck

President and CEO

0:12:56

We knew we had to change. We've been around for 91 years, and to remain relevant, we realized we need to partner with somebody that can sort of rebuild our tech deck to take us to a new level.

Marc Benioff

Chair and CEO

0:13:06

You were motivated.

James Schenck

President and CEO

0:13:07

Super motivated.

Marc Benioff

Chair and CEO

0:13:08

Yeah.

James Schenck

President and CEO

0:13:08

You got to be hungry every day.

Marc Benioff

Chair and CEO

0:13:09

Yeah.

James Schenck

President and CEO

0:13:09

I was six'five" like you when I started. I'm five'six" today.

Marc Benioff

Chair and CEO

0:13:13

All right. Now tell us a little more about What have you done? What's the vision?

James Schenck

President and CEO

0:13:18

About two years ago, I was actually at your World Tour in New York City, and I saw some other partners, their vision of what they thought it can do for the member experience. When we're competing against 8,000 other firms, we got to deliver hyper-personalization in every transaction. We do about 500 transactions a second, 160 million member transactions a year. They have to be right, anywhere in the world, real time. We built our entire platform over the last few years. We went from about 400 platforms down to literally 12 strategic partners. Our call center, our mobile, our web, and our branches all run on Salesforce. Every additional partner or tech siloed capability is a tax on innovation, it's a tax on speed, and it's a tax on security.

James Schenck

President and CEO

0:14:05

By building it around Salesforce, I really think it's taken me 25 years to realize Jim Collins' flywheel effect. We have 76 agents now running across operations, mortgages, IT, HR. All of our areas are adopting it to make our employees be more productive. We like to say they're bionic employees now. We're not losing employees. We're able to add more volume at scale, industrialized scale, with the same number of people, and we're very proud of that.

Marc Benioff

Chair and CEO

0:14:35

Well, you've heard the narrative on the SaaSocalypse. Everybody's heard of this crazy thing that these AI apps are transforming software, which it definitely is true. All of our products are just so much better because of it. How is it impacting how you're using Salesforce?

James Schenck

President and CEO

0:14:53

Let me just talk about how people make a buying decision, because I hear some of these stories.

Marc Benioff

Chair and CEO

0:14:57

Yeah. I think it's so important.

James Schenck

President and CEO

0:14:58

Somebody knocks on your door.

Marc Benioff

Chair and CEO

0:14:59

Yeah.

James Schenck

President and CEO

0:14:59

Are you going to open the door and give them the keys to your safe or the code to your safe to your family's jewels? Every day, a CEO of any firm is going to get 50 cold calls. Somebody can do it different or better. How is a decision really made? First of all, does the firm, in this case, Salesforce, have the product and service that we need? Second, do you have the engineers, the architects, the professionals to work with my team in order to bring that vision to reality? Lastly, even if another firm had those first two, who is the firm standing behind it that can be there through good times and bad times, that's going to stand behind that product or service? When you line up all three, that's where a good, trusted partnership exists. That's why we went with Salesforce.

James Schenck

President and CEO

0:15:38

We worked with your team literally hand in hand. We said we want to streamline processes. We want to take out latency in the code. We want to do X, Y, or Z. Your team was there in the trenches at every level, engineers, architects, building out the vision. It's not just pie in the sky on a spaceship. It's implementable. We have 76 agents running side by side with our employees. A good example is in our call centers. We have Agent Wingman. I'm an aviator, so I think they named it because I like Wingman. Agent Wingman is going to save me nearly \$1.6 million this year. It's decreased our call handle time 10% this year, 50% reduction in after-call work times, and 40% reduction in held calls. Better experience for the member. Remember, they can go 8,000 other institutions.

James Schenck

President and CEO

0:16:21

I want them to have a great experience each and every time with PenFed. It's got to be right each and every time. I want my employees to do the knowledge work, building trust in the relationship, not entering what just happened on a phone call. We have agents that listen to the phone call, transcribe it. The human's still in the loop. They approve what was just talked about, but then it's 360. If the transaction occurred in a branch, web, mobile. The next person that deals with that consumer, that member, they know exactly the relationship. They know what we might want to sell them next or what they need next for their daughter, their graduation. It's creating a hyper-personalized omnichannel experience without having 400 people I need to meet with. I have 12 strategic partners that are allowing us to power the business.

Marc Benioff

Chair and CEO

0:17:02

You've kind of alluded to this, but obviously, thank you for your service as well, and just tell us about your members and how important they are to our country.

James Schenck

President and CEO

0:17:09

We started out as the War Department Credit Union in 1935. We support the men and women who serve our nation across the national security community and all Americans who support them anywhere in the world. That's why it has to be right, correct, real-time, industrial strength, and we're very proud of it.

Marc Benioff

Chair and CEO

0:17:23

Well, we're very proud to have you as a Salesforce customer. Before we wrap it up today, is there anything that you think other financial service leaders like yourself or other folks who are thinking about implementing agent technology should know?

James Schenck

President and CEO

0:17:35

It occurs faster than you think. Literally, we had the vision where we saw what was possible two years ago. You can build it quickly. The most important thing is having the right partner and not to have too many partners. Too many partners slow things down.

Marc Benioff

Chair and CEO

0:17:48

Fantastic. James, we couldn't be more thrilled to have you here today.

James Schenck

President and CEO

0:17:50

Thanks, Marc.

Marc Benioff

Chair and CEO

0:17:51

It's great to have you in San Francisco.

James Schenck

President and CEO

0:17:53

Thank you.

Marc Benioff

Chair and CEO

0:17:54

Thanks for everything you're doing.

James Schenck

President and CEO

0:17:55

Thank you for having me.

Marc Benioff

Chair and CEO

0:17:55

country and for everyone.

James Schenck

President and CEO

0:17:57

Appreciate it.

Marc Benioff

Chair and CEO

0:17:57

Thank you so much. Great to be with you.

James Schenck

President and CEO

0:17:58

Thank you.

Marc Benioff

Chair and CEO

0:17:59

All right. Well, we're so happy to have James here. Thank you for coming to San Francisco. Unbelievable. To have him here is so great. I think that that's such a critical message. We have another customer with us as well, UCLA Health, another great customer. They're using Agentforce to support 450 patients a day. I'm not going to go through all the details. Please welcome our good friends here, Pallavi, and also Michael. Guys, welcome, and thanks for coming on the show here with us.

Michael Burke

Chief of Marketing and Business Service

0:18:27

Thanks, Marc.

Pallavi Mynampati

Director of Enterprise Analytics

0:18:28

Thanks for having us.

Marc Benioff

Chair and CEO

0:18:29

Well, why don't you tell us your story? Just heard James' story. Why don't we hear your story down at UCLA Health? I already told everyone to go to uclahealth.org and look at Agentforce, but can you tell us a little about what you're doing?

Michael Burke

Chief of Marketing and Business Service

0:18:40

Sure. We've been working with Salesforce for quite a few years, but most recently we've consolidated into one single instance of Health Cloud. We've built on top of that with Marketing Cloud, Data 360, and most recently launched our first experiment with Agentforce, and that's a customer-facing chatbot. Right now it's only scraping our website to act as a little bit of a virtual concierge to direct patients to where they need to go. It's helping with find a provider. It's helping with general inquiries. It's helping with clinical trials. The way I like to think about it is each of those topics may have been a phone call, they may have been an email, they may have been an onus put upon the patient, but now it's a one-stop shop for the patient as opposed to them in a time of need.

Michael Burke

Chief of Marketing and Business Service

0:19:37

It's getting them their answers faster.

Marc Benioff

Chair and CEO

0:19:41

Well, I'll tell you, it is so exciting to have you with us, and there is so many healthcare institutions doing so much for you. I actually have a press release here about CVS Health is going to launch something tomorrow with us. I just want to just say you guys are way ahead of everyone else. There is so many people with a lot of conservatism in the healthcare industry in deploying agents. What is your message to them in regards to? I already said you can go right to your website and see it. What is your message to your peers or to others who are considering deploying agentic technology?

Michael Burke

Chief of Marketing and Business Service

0:20:14

I would say it took a while for us to sort of dip our toe in the water in the customer-facing space. We are doing a lot on the back end when it comes to research. This really has an impact on our operations. We took a lot of precautions. This particular product really helped us from a testing perspective. There were a lot of protocols in place that allowed us to validate every step that we were taking, and that offered a lot of certainty for senior leadership to kind of sign off on the first experiment that we took here.

Marc Benioff

Chair and CEO

0:20:56

Outstanding. Pallavi, give us the technical know-how, the detail here. We're in the SaaSocalypse, as you know. How do you look at the SaaSocalypse? You're an expert in this area. You're deploying the technology. Give us your insight.

Pallavi Mynampati

Director of Enterprise Analytics

0:21:12

Yeah, absolutely. I think fundamentally, we're looking at this technology with our business problem in mind of healthcare systems are stretched so thin. How do we help and support our healthcare workers, and how do we help and support our patients get access to care faster? For us, this is a technology, as is anything, how do we best utilize this technology to service and address those pain points operationally, make our staff faster, and help

our patients? That's really what's driving us and really how we approach this. As Mike mentioned, we're using the same oversight, same policies and procedures that we need to deploy these types of technologies.

Marc Benioff

Chair and CEO

0:21:48

Pallavi, you deployed our most current version of Agentforce. Incredible what you've done with it and the whole multimedia experience, the integration with the call center, every capability. You're connecting your physicians, delivering the technical know-how of UCLA right to your clients. Just give us your just biggest surprise deploying this technology. What was it that really just hit you with that was like, "Wow, this is what everybody should know"?

Pallavi Mynampati

Director of Enterprise Analytics

0:22:21

I think with any technology implementation, the biggest thing that we take away is how much debt we've built up from a workflow standpoint, how much technical or people debt that we create, and then we get mired in this. This is the way that things have to be. This is really an opportunity for us to open the door and say, "There's a way we can do things differently. Can we solve the problems of yesterday and start to make a new enterprise for tomorrow?" That's really how we've been approaching it. We were excited that we were able to stand up our first agent use case that Mike led within eight months. We're really looking forward to what's next and how can we scale and capitalize on this technology next.

Marc Benioff

Chair and CEO

0:23:00

All right, Mike, there's the question. What's next and how are you going to capitalize on this technology as a next step?

Michael Burke

Chief of Marketing and Business Service

0:23:06

That's actually the other great thing about this is there's been a lot of insights that our own patients have let us down and Agentforce has actually been great about sort of consolidating and chunking each of those. Whether it's what systems do we give Agentforce access to, what capabilities do we ask it to do for us? Next we're looking at potential integrations with MyChart. I think that's probably one that's relatively high on the list. We also want to start having some assistance with our back office functions as well. There's a couple different things.

Marc Benioff

Chair and CEO

0:23:49

I want to just thank both of you for being on the call. We're so thrilled to have you. We're thrilled to have you as a customer, and I hope you'll not only continue to drive us forward, but also inspire our other customers as well. With that, I'm going to turn it over to Robin Washington.

Pallavi Mynampati

Director of Enterprise Analytics

0:24:03

Thank you.

Robin Washington

Chief Operating and Finance Officer

0:24:03

Thanks a lot, Marc. Well, you've just heard the case for Salesforce as the number one agentic CRM. The financials behind it tell the same story. Let me start with the drivers behind the numbers, why our growth is durable, and how we're funding it with operational excellence. I want to update you on our capital allocation strategy, which as Marc said, is driving long term shareholder value. One framing note before I walk you through the quarter. This is our Q1 under the new FY 2027 revenue disclosure framework. As agents transform how we build, sell, and serve customers, our new framework reflects that Agentforce is now deeply embedded across every one of our applications. Please review our earnings deck for additional details on this.

Robin Washington

Chief Operating and Finance Officer

0:24:54

Starting with our durable growth drivers, Sales, Service, and Slack are at the core of the number one agentic CRM, collectively representing more than 60% of Q1 net new AOV. Agentforce ARR surpassed the \$1 billion mark this quarter. Our largest applications, Sales and Service, saw year-over-year seat growth, with humans and agents both expanding on the platform. Bookings for A1E and A4X, our premium SKUs anchored in Sales and Service, including the value from our agentic capabilities, grew nearly 60% year-over-year. As customers adopt Agentforce, they expand across our platform. On average, our top 10 customers by Q1 AWU usage have increased their total Salesforce spend by 1.5x in the last year. Now with Informatica as part of Data 360, we're already unlocking synergies, with revenue growth accelerating since the acquisition. This is the flywheel we laid out at our Investor Day, and it's working.

Robin Washington

Chief Operating and Finance Officer

0:26:14

Those signals show up in the headline numbers. Q1 revenue came in at \$11.13 billion, up 12% in constant currency ahead of our guide. The outperformance was driven by Informatica's on-prem business and professional services timing. cRPO ended the quarter at \$33.6 billion, up approximately 13% in constant currency, driven by continued momentum in Agentforce, Data 360, and Slack. Both metrics were partially offset by softness in Commerce Cloud and in Tableau. We're driving durable growth through operational excellence. We call our internal playbook Customer Zero. We're our own first customer, leveraging our products to run our business. It's how we're building a lean agentic enterprise and driving profitable growth, and it is keeping us on track for our FY 2030 Rule of 50 framework. In Q1, AI coding tools enabled us to double the amount of features and code shipped year over year, while simultaneously reducing incidents and defects.

Robin Washington

Chief Operating and Finance Officer

0:27:28

Slackbot, which is embedded directly into the flow of work, is now our fastest-adopted AI tool in Salesforce's history, driving 3.8 million hours of annualized productivity gains for our employees. It has become a daily driver of my own productivity as well. Disciplined execution continues to underpin our responsible capital return strategy. Underscoring our confidence in the future, we commenced the largest ever \$25 billion accelerated share repurchase, or ASR, representing half of our \$50 billion share repurchase authorization. Combined with our buyback program, this reduced Q1 diluted share count 10% year-over-year. Our ASR alone decreased Q1 share

count by 103 million shares, representing 11% of shares outstanding, and it increased our Q1 non-GAAP earnings per share and GAAP earnings per share by \$0.23 and \$0.14, respectively. Turning to our outlook for the year.

Robin Washington

Chief Operating and Finance Officer

0:28:40

Building on the momentum from the second half of last year, we expect first half net new AOV growth to outpace AOV growth and drive organic revenue re-acceleration in the second half of FY 2027. Before discussing the numbers, a few key assumptions in our guide. Our Q2 and FY 2027 revenue guidance reflect continued momentum in Agentforce, Data 360, and Slack, partially offset by ongoing weakness in Marketing and Commerce and increased softness in Tableau bookings and renewals. We also expect greater license revenue volatility with the addition of Informatica on-prem revenue to our business. Now moving to the numbers. We are raising the midpoint of our FY 2027 revenue guidance to \$45.9 billion-\$46.2 billion, and we continue to expect subscription and support growth of approximately 11% year-over-year in constant currency.

Robin Washington

Chief Operating and Finance Officer

0:29:51

We are reiterating our non-GAAP operating margin guidance of 34.3% and adjusting our GAAP operating margin guidance to 20.6%, largely driven by higher restructuring. Our recent debt issuance tied to the successful initial delivery of our ASR resulted in an approximately five-point headwind to operating cash flow and free cash flow. As a result, we are updating our guidance for both metrics to grow four percent-five percent year-over-year. We expect Q2 revenue of \$11.27 billion-\$11.35 billion, growth of approximately 10% in constant currency. Q2 cRPO growth is expected to be approximately 13% year-over-year in constant currency. Our guidance reflects the strength of our balanced portfolio and reinforces our confidence in our second-half revenue acceleration, enabling us to achieve our FY 2030 framework. Looking ahead, the Headless 360 strategy that Marc walked through expands our addressable market into surfaces we've never previously monetized.

Robin Washington

Chief Operating and Finance Officer

0:31:12

That's the next leg of our path to FY 2030. Back to you, Mike.

Marc Benioff

Chair and CEO

0:31:18

Thank you, Robin. Operator, we'd like to move to questions now. I'll ask each participant to limit to one question in respect for others on the call. With that, operator, we'll take the first question.

Operator

0:31:29

We will now begin Q&A. For today's session, we'll be utilizing the raise hand feature. If you'd like to ask a question, simply click on the raise hand button at the bottom of your screen. Once you've been called on, please unmute yourself and begin to ask your question. Please limit to one question. Thank you. We will now pause a moment to assemble the queue. Your first question will come from Brent Thill with Jefferies. Please go ahead.

Brent Thill

Tech Sector Leader

0:31:55

Hi, good afternoon. Marc, I'm curious to get your thoughts on just the transformation to an AI-led story. The Agentforce numbers are great to see. What else, in terms of what you're most excited about, what are you seeing in the signals from the customer pipeline? Any other metrics that you're excited about that you can share with us that perhaps we can't see? Thank you.

Marc Benioff

Chair and CEO

0:32:23

Well, that's why I thought it's so important that we move to this video concept for the earnings call, and also that you get to hear directly from the customers. I think we're trying to pick out a couple of customers every quarter that can kind of, I would say that they represent all of our customers in transformation. I think that what's exciting is that the technology is really dramatically impacting how these customers are able to deliver their own results, which is why we even saw James bring this to his earnings call. I'm going to say that what we're going to do is we're going to continue to make that happen. Now, let me just give you my personal perspective. We're using it ourselves more than ever before.

Marc Benioff

Chair and CEO

0:33:04

I kind of mentioned in the quarter, you see the service numbers, if you go to help.salesforce.com, that we've delivered more than 4 million autonomous service transactions in a relatively short order. It's kind of hard to believe. Even if you go to 1-800-NO-SOFTWARE and you press two and you get into the service queue and you bypass our sales organization, you'll notice it's all autonomous. You even kind of authenticate in autonomously, the Agentforce will work with you, and then if at some point Agentforce kind of says it can't answer your question, it goes and then brings a human in directly to work with it in resolving your problem. Also in the quarter, you saw we qualified huge numbers of leads autonomously. We've just really never been able to do that before. I think every customer is going to be doing that.

Marc Benioff

Chair and CEO

0:33:54

You saw we also bought Qualified. We have this kind of SDR sales agent kind of going outbound as well, helping to kind of understand our own business. We're modeling this for all of our customers so that they can do this as well. Even in how I'm using Slack every day, I use Slackbot to kind of give me insights into my business to really look at everything that's happening with my core business. I can get that insight. In every aspect of my business, agents are transforming how I operate my business. As you heard in UCLA Health or in PenFed, it's transforming their business. From a technology perspective, the biggest thing that happened in the quarter from my perspective was that Agentforce is now available and replaces essentially Salesforce Search.

Marc Benioff

Chair and CEO

0:34:42

For those of you who are Salesforce users, the millions of people who use Salesforce every day, the search bar is a critical part of how the application operates. Agentforce is that search bar. You can not only search and aggregate and get insights into information throughout every single app we have, but also create agents, and those agents can appear in Slack, in Microsoft Teams, in other applications, even in an app that's going to run directly on your phone called Salesforce Coworker. That is the biggest exciting technology because that is going

to be technology that you're not going to have to implement, you're not going to have to rebuild things. All of a sudden, this agentic technology is directly enhancing every single one of our applications from our Financial Services Cloud to our Health Cloud, every app we have.

Marc Benioff

Chair and CEO

0:35:32

That's what's really exciting, and I just think that the speed of innovation and the speed of change is what's awesome. The rate of innovation, it far exceeds the ability for customer adoption. That's why bringing these customers in to help model for other customers what they can do is really mission-critical right now. With that, looks like we have Keith up for the next question. Keith?

Keith Weiss

Analyst

0:35:57

Excellent. Thank you guys for having me on the call, and congratulations with all the momentum behind Agentforce, and those AWUs accelerating in the quarter. I think the investor debate right now is about the timing and how that translates into strength for the broader business. The question I wanted to ask was, where do you guys garner your confidence of a back half organic subscription revenue acceleration? Because we haven't seen outperformance in cRPO over the last two quarters. This quarter was spot in line with your guidance. Last quarter was as well, and it feels like the bookings trends are lagging a little bit. It feels like Tableau is dragging on the business a little bit, Commerce Cloud dragging on the business.

Keith Weiss

Analyst

0:36:40

Can you help us put those two sides of the debate, really strong KPIs from Agentforce, but the bookings not really looking to come through over the past Q2, and how you sustain confidence in that back-half acceleration?

Robin Washington

Chief Operating and Finance Officer

0:36:54

Yeah, Keith, maybe I'll start with the question and have Miguel and others chime in as well. You're right. Overall, I would say Q1 and our Q2 guides show very strong cRPO. It is a leading indicator for us. Also keep in mind, we raised our overall guidance for the year, and the two metrics that we've talked about going all the way back to October is the acceleration of net new AOV greater than AOV. We saw that in the last half of FY 2026, and we also are seeing it, and have huge confidence in it, for the first half of 2027. What that will lead to is a re-acceleration of our core revenue growth in the second half of the year, and that's what I'd really ask you to hone into. There's a lot of momentum that drives behind that.

Robin Washington

Chief Operating and Finance Officer

0:37:44

We've talked about our big deal motion. Miguel can talk about it more. Clearly, we've seen the success with Agentforce and Data 360. I'd say that over 50% of those bookings came from existing customers refilling the tank, so we're definitely seeing good usage. Our pipeline is very strong. We also see an opportunity to expand our TAM. I'll let Miguel maybe go into a little bit more details. I think not only about cRPO, I think about our

commitment and confidence relative to re-acceleration growth is really the driver of how we see our bookings going forward.

Miguel Milano

President and Chief Revenue Officer

0:38:23

Yeah. Thank you, Robin. Maybe to add a few other metrics under the hood a little bit. We feel very comfortable. Obviously, we like the headline numbers, but I also like, in particular, the strength of our core business. You alluded to the net new AOV acceleration. We're confident on the re-acceleration of our subscription and support business in constant currency organically. By the way, in the H2, we also have another business we acquired, which is Informatica. Informatica was a business that was growing single digit, both on bookings and revenue. In just Q2, we have significantly re-accelerated that bookings off the chart beyond anybody's expectation, because data is king. Well, my daughters tell me that says data is queen, because I have three daughters. On the booking front, but on the revenue front, we've seen a huge acceleration.

Miguel Milano

President and Chief Revenue Officer

0:39:12

We are in last quarter and this quarter, we are obviously subject to the timing of some of the on-premise renewals, but we are in double-digit growth. I like a lot of things about our core business, which is very important. You alluded to big deals. Oh my God, Marc, 98 deals above \$1 million of net new AOV. In combination, the top 10 deals, focus on the top 10 deals. In combination, the whole booking, the annual incremental booking, grew 60%. When you look at the TCV, which goes in the RPO.

Miguel Milano

President and Chief Revenue Officer

0:39:43

We added approximately \$800 million. That's two and a half times the same 10 deals last year, the top 10 deals. This is a beautiful statistic. Seven of the top 10 deals added seats, new seats.

Robin Washington

Chief Operating and Finance Officer

0:39:55

That's right.

Miguel Milano

President and Chief Revenue Officer

0:39:56

This is the new way that we have to monetize AI. We have three new ways, and then one more way that coming up, as you alluded to.

Miguel Milano

President and Chief Revenue Officer

0:40:04

The first one is we are upgrading the existing seats of our customers so that the same users, human users, can use unlimitedly AI, and this is the A1E. That increased 60% in the quarter, because there is a big uplift on those

seats.

Robin Washington

Chief Operating and Finance Officer

0:40:21

That's right.

Miguel Milano

President and Chief Revenue Officer

0:40:21

Second, we are finding new pockets of seats that now with our transformed clouds, our clouds are not the same. We transform individually every one of our clouds. Our Sales Cloud, I've been using Sales Cloud for 15 years, is totally different.

Robin Washington

Chief Operating and Finance Officer

0:40:33

Great.

Miguel Milano

President and Chief Revenue Officer

0:40:34

We have agent BDR. I can talk to my Sales Cloud. I don't want to say this because Parker already said it. I log into my Sales Cloud less because I have access to so many ways to interrogate my Sales Cloud. Commerce Cloud, Marketing Cloud, everything has been transformed. There is a big growth. Now the ROI of those clouds are higher. There are pockets of users that before they couldn't afford buying us, now they're buying. Seven of the top 10 deals included.

Robin Washington

Chief Operating and Finance Officer

0:41:01

Yeah.

Miguel Milano

President and Chief Revenue Officer

0:41:03

The biggest way that we have to monetize AI is with customer-facing use cases.

Robin Washington

Chief Operating and Finance Officer

0:41:08

Yes.

Miguel Milano

President and Chief Revenue Officer

0:41:09

By selling Flex Credits, by putting fuel in the tank. Six of the top 10 deals were ILAs, unlimited enterprise license agreements, where we threw in a bunch of Flex Credits, and customers are deploying use case after use case, channel after channel. They're going deterministic. They're going to voice.

Robin Washington

Chief Operating and Finance Officer

0:41:26

Right.

Miguel Milano

President and Chief Revenue Officer

0:41:27

I'm very confident on the re-acceleration in H2.

Miguel Milano

President and Chief Revenue Officer

0:41:31

We are optimistic on the whole overall business.

Robin Washington

Chief Operating and Finance Officer

0:41:33

Maybe the last thing I'd ask on cRPO, Keith, is remember, it's also subject to renewal timing. The more we get this flywheel growing and think about consumption, its view as a leading indicator in how it's going to change relative to our revenue is something that's developing over time.

Miguel Milano

President and Chief Revenue Officer

0:41:52

That's not exactly it necessarily.

Robin Washington

Chief Operating and Finance Officer

0:41:53

Exactly.

Miguel Milano

President and Chief Revenue Officer

0:41:53

It just comes shorter sales cycles.

Robin Washington

Chief Operating and Finance Officer

0:41:55

Yes.

Miguel Milano

President and Chief Revenue Officer

0:41:56

By the way, the last huge, and you put it like, and there is one more thing to come. There is one more thing to come, which is the Headless 360. We're going to bring our number one agentic CRM to every surface, meeting customers where they are. We're going to work together with our customers and with our partners to find the right ways in a fair way to monetize.

Robin Washington

Chief Operating and Finance Officer

0:42:17

Right

Miguel Milano

President and Chief Revenue Officer

0:42:17

those new interactions and those new users that are accessing our platform.

Robin Washington

Chief Operating and Finance Officer

0:42:21

You've heard it straight from our CRO. We're very confident, right, relative to re-acceleration of our bookings, as well as our revenue for the second half of FY 2027.

Mike Spencer

EVP of Investor Relations

0:42:33

Thank you, Keith. Gabriela, welcome. We will take your question now.

Speaker 14

Analyst

0:42:37

Good afternoon. Thanks so much, Miguel. You teed me up perfectly on headless here. Marc and team, I would love to spend a little bit of time on your headless strategy, and more specifically, how it intersects with the build versus buy debate. Now on the one hand, Robin was talking about how it expands the opportunity and the surface area for Salesforce. On the other hand, talk to us about how you protect your downside from potentially enabling value abstraction out of Salesforce. Perhaps customers want to build things more in-house, or perhaps it enables competitors or value abstraction. Talk to us a little bit about your monetization strategy and how do you protect yourself to the downside? Thank you.

Marc Benioff

Chair and CEO

0:43:16

You're right, headless is probably the most exciting announcement of the quarter. I'd love for Patrick to come in, and Patrick is our Chief Marketing Officer. Patrick Stokes is here. Patrick, do you want to give us a little bit of an insight into our headless strategy?

Patrick Stokes

President and Chief Marketing Officer

0:43:31

Yeah, I'd love to. We were just backstage prepping for this, and we said, "What did we say about headless at the last earnings call?" I realized we didn't. We were still getting ready to launch it at TDX.

Marc Benioff

Chair and CEO

0:43:43

We're not sure we even used the word.

Robin Washington

Chief Operating and Finance Officer

0:43:43

We hadn't started yet.

Patrick Stokes

President and Chief Marketing Officer

0:43:43

Right. Yeah, we hadn't even used the word yet, now it's become such a key part of our strategy and our customer strategy and how we're going to grow. It was just at TDX in March when we launched this. I think what's so exciting about headless is two things. One, it's having a real impact on making it easier to implement with Salesforce. Building out with Salesforce has now become easier than ever because we've seen these coding agents, Claude and Codex from OpenAI. As you use these things, what you realize is you need to be able to connect the underlying APIs, which you do through this layer that's called MCP. If you can connect those into the coding agents, it makes it faster than ever to implement and deploy Salesforce. I think we're seeing that show up in the numbers.

Patrick Stokes

President and Chief Marketing Officer

0:44:27

Just this quarter alone, Agentforce customers in production grew by 50%. I think we're starting to see a little bit of that impact as not just our customers, but also our global SIs.

Srinivas Tallapragada

President, Chief Engineering and Success Officer

0:44:38

It won't be just Salesforce.

Patrick Stokes

President and Chief Marketing Officer

0:44:39

Across the entire platform, absolutely. Implementing Data 360, implementing Agentforce, implementing a service.

Srinivas Tallapragada

President, Chief Engineering and Success Officer

0:44:45

Life sciences, cloud, IP.

Patrick Stokes

President and Chief Marketing Officer

0:44:45

All of this, life sciences, all of this now becomes really just a conversation. That's one end. The other end is really what we heard from Miguel, which is this is really changing how people get value and consume Salesforce. In my experience, we're not seeing people take this capability and the coding agents, for example, and try to build all of this stuff themselves. What they want to do is they want to take this capability, and they want to use Salesforce in different ways and get more value out of it. Rather than logging into this discrete application, and this application, and this application to get an answer to one question that might span multiple applications or multiple sources of information, you can now just take these MCP servers and plug them into any tool that you want.

Patrick Stokes

President and Chief Marketing Officer

0:45:31

They are inside our application, of course, with Agentforce Coworker, as Marc described, right up at that search bar. If you're a Slack customer, you can get to it right with Slackbot. That's really a headless experience as well. If you want to plug these into ChatGPT and Claude, you can do that as well. All of this just results in more and more value being delivered to our customers from the Salesforce platform.

Srinivas Tallapragada

President, Chief Engineering and Success Officer

0:45:53

I'll just add to that. I think even though we just announced it's been less than a month.

Patrick Stokes

President and Chief Marketing Officer

0:45:57

Yeah.

Srinivas Tallapragada

President, Chief Engineering and Success Officer

0:45:58

Correct? I think Salesforce historically has been very open, and we got more than 1 trillion API calls on our core platform just in this quarter.

Patrick Stokes

President and Chief Marketing Officer

0:46:06

Yeah.

Srinivas Tallapragada

President, Chief Engineering and Success Officer

0:46:06

What we have seen is on a headless MCP tool, calls have been more than \$1.5 million. What people are using is they're using it not only in Salesforce, where they do with Coworker and our regular offsites, they're also able to use it in their flow of work. Similarly, we announced the headless MCP server for Slack, and Slack has done \$50 million tool calls. What we are finding is there is a latent demand where people want to use Salesforce in their flow of work, but they need that trusted infrastructure. They need an operational infrastructure to run it at scale with all the compliance, with all the sharing and security models, with all the permissioning, with all the compliance. They will continue to use that while getting value. As Miguel said, what we want to do is it's a new way.

Srinivas Tallapragada

President, Chief Engineering and Success Officer

0:47:00

We want to capture value wherever the work is happening, and that's the conversation we are having with our customers. As we talk to our customers, ISV partners, and all, we'll figure out the right value. I think this is a new monetization area for us.

Patrick Stokes

President and Chief Marketing Officer

0:47:16

Absolutely.

Marc Benioff

Chair and CEO

0:47:16

All right. Well, let's get down to one more level of detail. This was the quarter where as we used the word headless for the first time, we talked about it at TrailblazerDX. I used it in a tweet. The tweet went really viral. It was a surprise to me, I'll be honest, because of course, we had always been first on APIs, on XML, in SOAP, in REST, and now in CLI, on MCP. The system was always built to be API first. It has always done massive amounts of transactions and complex transactions. We've always reported those API figures. Now we even have a new API, which is our whole user interface basically spinning out of the platform as an API.

Patrick Stokes

President and Chief Marketing Officer

0:48:05

HCX now. Yep.

Marc Benioff

Chair and CEO

0:48:07

We have that incredible capability. In all cases, the platform has always been API first. All the applications have been API first. When we announced headless, everybody's like, "Oh, they've lobbed the top off of it," or, "They've cut the applications off." They kind of got confused in my opinion. They don't understand that all of our apps are rendered dynamically with metadata, that it's a metadata-driven platform. Patrick, you're the marketing officer. Where did that confusion come from for people? Why do they think headless means that there's no more

application or Salesforce app?

Patrick Stokes

President and Chief Marketing Officer

0:48:44

Well, probably from the name headless, which does seem to imply that. I can understand. That term, obviously, if you're in the technology world, it's been a term that's been used in technology for quite some time to imply that the UI is not directly linked to the underlying capabilities or services that are underneath it, in this case, APIs. Yeah, Salesforce has always been open. I think what people got so excited about here is this idea that Salesforce was endorsing this way of working.

Patrick Stokes

President and Chief Marketing Officer

0:49:14

We were basically saying, "Hey, we want you to take the value of Salesforce and the value that you get from our apps, from sales, from service, from commerce, and marketing, and we want you to be able to work however you want to work, whether that's in Slack or whether that's in Claude, or whether that's directly in the app." That's what this capability really enables, and I think people were really excited about that and maybe a little inappropriately skeptical that we would've just locked it all down and said, "No, it has to be in our app." That's never been the case for Salesforce. I think year after year, Postman says that Salesforce is the most used set of APIs on the planet. If you're building today, if you're-

Marc Benioff

Chair and CEO

0:49:53

People don't know what that means on this call, will you just explain it? You got it down into the inside baseball.

Patrick Stokes

President and Chief Marketing Officer

0:49:59

Sure. What that means is when you're a builder, when you're out there building something, and this is especially true today because there's now an ocean of builders that have been created as a result of this coding agent boom, when you go to build something for your business, you at some point are likely going to want to connect to Salesforce. That is what we see. It doesn't matter what platform you're doing it on. You can be building something on a competitive platform to Salesforce or on Google or AWS or one of our partners, but at some point you're going to want to connect into Salesforce. That's why those APIs have always been hugely used. When you are building with an agent, you need a slightly different type of API. That's what we call MCP.

Patrick Stokes

President and Chief Marketing Officer

0:50:40

By really putting those MCP servers out and saying, "Yes, this is how we want people to build," I think it was a big surprise and a big move in the right direction, and it also creates, I think, a real monetizable opportunity for us.

Miguel Milano

President and Chief Revenue Officer

0:50:51

If I could add one thing, because the fact that we announced Headless at TDX, it made people think that this was just for builders and that now they can take our CRM apart, which they can now also by the way. I think the big breakthrough was not with the builder workers, but with the knowledge workers.

Patrick Stokes

President and Chief Marketing Officer

0:51:10

That's right. It's more about how you work.

Miguel Milano

President and Chief Revenue Officer

0:51:11

Let me give you two concrete examples. I've met 100 customers basically face-to-face, one-on-one since the beginning of the year. Two examples, Adecco, great customer across the board. They use pretty much every cloud. They went into Data Cloud and Agentforce last year. They did a big commitment in Q1, the beginning of Q1. They are basically designing AI wall-to-wall. They have amazing recruiter agents going there, millions of transactions. They're moving into voice. When we announced Headless, they called us and they're like, "Wait a minute, let me try to understand what you're doing." Now because they are also using other platforms to develop other agents, so they have agents with some of the AI labs that they're also trying to access our data. "Are you saying that now these agents that we are building outside Agentforce can also leverage Salesforce?" We said, "Exactly."

Miguel Milano

President and Chief Revenue Officer

0:52:05

We did it for that. Now there's going to be a lot of new agents that are going to be accessing our platform. That's example number one. Example number two is Anthropic. Anthropic is one of our biggest users of CRM, of Sales Cloud, and obviously Slack. Their usage through Q1 has exploded fivefold because now they're using Sales Cloud from a headless perspective, and they are approaching this from Coworker, from other applications.

Patrick Stokes

President and Chief Marketing Officer

0:52:30

That's right.

Miguel Milano

President and Chief Revenue Officer

0:52:31

from Slack. They're hitting Sales Cloud. Sales Cloud has become more prominent and more strategic for them than ever because of Headless. These are two examples, extreme examples, but this is every single conversation that I have with a customer. Their smiles are big because of Headless.

Marc Benioff

Chair and CEO

0:52:48

Oh, thank you, Gabriela. I hope you felt the energy on that question. Operator, we'll go to the next question, please.

Operator

0:52:55

Your next question will come from Brad Zelnick with Deutsche Bank.

Brad Zelnick

Managing Director

0:52:59

Great. Thanks so much for having me, and nice to see everybody. Marc, the AWU and token consumption metrics are some of the biggest and fastest-growing in software and seems to validate that customers are using and deriving value from the product. Can you help us translate the usage metrics to revenue? Like the Agentforce ARR is impressive, but the usage suggests much faster adoption. Just as a related follow-up, the gross margins show no degradation despite surging token demand. Can you just help us understand how you're able to do that? Thanks.

Marc Benioff

Chair and CEO

0:53:33

Yeah. Well, there's a lot of different points there. I'm not sure exactly where I want to go, but talking about the financial of the company, when we talk about the agentic enterprise, first and foremost, obviously as Salesforce is a large-scaled company in software, one of the largest, 83,000 employees. For the last couple of years, we have not been loading up a lot more engineers with Srini. Srini's here at the table. He's got, what, about 15,000 engineers?

Srinivas Tallapragada

President, Chief Engineering and Success Officer

0:54:04

Yeah.

Marc Benioff

Chair and CEO

0:54:04

You've had the 15,000 engineers for about two years. It's been mostly flat, right? I would say that the reason it's been mostly flat is because we have been using AI to create more efficiency for our engineers. Especially this year now with these new coding agents, we're seeing even more dramatic capabilities. That's a key part of our margin story is that we're not hiring more engineers, we're not hiring more GA. We're mostly expanding only in one area. You can see headcount has grown, but it's mostly growing in Miguel's area in sales because I think we all realize the one thing that we're doing here with you selling and communicating, the agents are not exactly doing that.

Marc Benioff

Chair and CEO

0:54:50

They can qualify, okay, they can provide service, but in sales we still scale because there's so many different parts of the market that we have to get to. That will be a critical part of expanding our company, but at the same

time expanding our margins. I think on the other part of that that's really key is, you're right. We're trying to really communicate that level of token usage. Maybe we're one of the first to really get out and talk about, "Hey, not only do we have agents, but we've delivered 28.6 trillion tokens." I listened to some of the other earnings calls, and I don't think that they're at that level of detail.

Marc Benioff

Chair and CEO

0:55:26

We've even gone down into this \$3.8 billion Agentic Work Units where Patrick has really pioneered this idea to how to be able to communicate more effectively the level of depth that's really going on with our customers actually implementing this technology. That, I think, is also a critical thing, that we're only a couple of years into this agentic revolution, but we see all this adoption and usage. In every other product that we've rolled out, you've never seen the level of scale and growth of a new product like we've seen with Agentforce. You're going to see that, in my opinion, I don't know, but I'm going to give you a vision.

Marc Benioff

Chair and CEO

0:56:04

I think as we get Agentforce Coworker live for all of our customers, it's just the ability for the administrator to say now that it's available to these users, like that experience that we had with Andrew Russo, this idea that all of a sudden we're about to add a massive amount of new functionality and capability into all of our apps overnight, you're going to see these token numbers continue to expand and grow. Are we using more tokens internally? We are for our own operations, like in engineering. Are we using them for our customers? We are, then we're absorbing that into our margin structure. It's not that we're not spending a lot with OpenAI. We are. We're using their platform. We're using Codex, their coding tool. We're using Anthropic. We're using their platform and their coding tool, Coworker. We're using both of these platforms.

Marc Benioff

Chair and CEO

0:56:55

Both of these companies are our customers. We're very excited about how they're using it. We use their products as well. They use our products very aggressively, both of them, in Slack and Sales Cloud, in Service Cloud, across the board. That is really what's happening. Which part did I not directly address?

Robin Washington

Chief Operating and Finance Officer

0:57:13

I think you have it all. Brad, maybe to add to your monetization point, and you're right, AWUs is something that we use to measure how work gets done with our customers and also internally as customer zero. Our top 10 AWU customers have spent more than 1.5x over this past year with us. It is being monetized over time, via consumption and just basically getting more value from our core platforms.

Marc Benioff

Chair and CEO

0:57:39

I think we should probably just directly address this head-on.

Robin Washington

Chief Operating and Finance Officer

0:57:42

Yeah.

Marc Benioff

Chair and CEO

0:57:42

Look, we're not going to give guidance on attrition on all these things. We never have. Miguel, you're talking about how attrition's falling in the Q2, and what's your vision around attrition and heads in accounts and agents and what's happening in these customers?

Miguel Milano

President and Chief Revenue Officer

0:57:57

Our focus has been net new AOV. We did a lot of work, to be honest with you, to focus, align everyone in the organization, from product to back office, to front office, to professional services. Everybody is aligned on one metric, which is net new AOV, which is the difference between the new bookings and then the leakage, the attrition. We managed to redirect, and we show at the Investors' Day how the curve was negative.

Marc Benioff

Chair and CEO

0:58:26

Well, Q1 was a very strong net new AOV quarter for you as well, right?

Miguel Milano

President and Chief Revenue Officer

0:58:29

So H2-

Marc Benioff

Chair and CEO

0:58:30

Why is that transformation happening?

Miguel Milano

President and Chief Revenue Officer

0:58:33

The important thing is we are focusing on customer success, which has been always a focus, but some of the incentives were not aligned internally. They've been aligned now pretty much from the second half of the year. We saw net new AOV outpacing AOV growth. We are very confident that in H1, we're going to see continued net new AOV growth outpacing AOV growth. Obviously, that's both levers. We are obviously increasing the new bookings, we are minimizing the pain of attrition. In some cases, account executives, they swap products to make sure that customers are happy using the product. We are very confident on the net new AOV in H1 also growing more than AOV and the re-acceleration that we committed. Listen, when you commit something 12-18 months in advance, we're good professionals, but we're not magicians.

Robin Washington

Chief Operating and Finance Officer

0:59:23

Yes.

Miguel Milano

President and Chief Revenue Officer

0:59:23

There was a probability that it could not have happened, but we were very firm, and I'm very happy that we're executing as per plan. In fact, a little better than planned because you raised the guidance. Thank you so much.

Robin Washington

Chief Operating and Finance Officer

0:59:36

Do you?

Marc Benioff

Chair and CEO

0:59:37

Very good. Okay.

Robin Washington

Chief Operating and Finance Officer

0:59:37

The only other thing I'd bring up to your point, Brad, on margins, again, going back to our FY 2030.

Marc Benioff

Chair and CEO

0:59:44

It's such a good question, right?

Robin Washington

Chief Operating and Finance Officer

0:59:44

To your point, it covers everything, right?

Marc Benioff

Chair and CEO

0:59:44

It's really getting down into the depth of it, right?

Robin Washington

Chief Operating and Finance Officer

0:59:47

As we march to FY 2030 in that Rule of 50, our ability to leverage these tools to improve our productivity is a critical component of how we're going to get to Rule of 50. As Miguel Milano said, grow the top line, \$63 billion-plus with Informatica, but also improve margins and operating profitability. As I said earlier, Customer Zero is number one for us, and it's going to help us reach our framework as the lean agentic enterprise.

Marc Benioff

Chair and CEO

1:00:14

Excellent. Okay, great. Let's move on to the next question.

Mike Spencer

EVP of Investor Relations

1:00:16

Okay, with that, operator, we'll take our last question now, please.

Operator

1:00:20

Your last question will come from Kirk Materne with Evercore ISI.

Kirk Materne

Senior Managing Director

1:00:24

Well, thanks very much for squeezing me in. I wanted to follow up on, Miguel, you had made a comment on one of your customers using Sales Cloud through Slack, and I wanted to dive in on Slack a little bit just as part of the broader headless strategy. Can you talk about Slack being potentially sort of a gateway for broader agentic adoption in your customer base? What you're seeing now, how that's sort of stacking up in your pipeline opportunities? It just seems like it's an unbelievable network effect product, and I was curious how that's having an impact, if at all right now or if you expect it to, on sort of broader agentic bookings as we go into the back half of the year. Thanks.

Marc Benioff

Chair and CEO

1:01:03

That's such a good question. I think each of these folks should address it, but Miguel, why don't you start?

Miguel Milano

President and Chief Revenue Officer

1:01:08

First of all, from a top-line perspective, and we'll talk about how strategic Slack has become. Slack has become one of the favorite platforms and surfaces for, in this case, very specific, both the builders and the knowledge workers have found in Slack the way to. It's a multiplayer collaborative platform to access your applications, to ease your work operating system. It's incredible what has happened on Slack, how we are leveraging, by the way, great partnership with one of the AI labs, with Anthropic, to launch Slackbot. Slackbot is our personal assistant. It has increased the productivity of the whole company around three percent, more or less. Now I do everything, I ask everything to an agent. That agent has access to all my applications, all my approvals, all my sharing models, all my conversations, and the business is booming.

Miguel Milano

President and Chief Revenue Officer

1:02:00

By the way, the bookings are booming, but also the net AOV of that business is very impressive. The key characteristic is when we talk about the MCP server tools calls on Slack, most of them were done by the builders building applications that needed that rich context that the Slack provides. Huge growth, AOV top line growth, bookings growth, net AOV, very little attrition.

Srinivas Tallapragada

President, Chief Engineering and Success Officer

1:02:27

Also on the Slack, I think, is the best manifest. When we say agents and humans work together.

Miguel Milano

President and Chief Revenue Officer

1:02:33

That's it.

Srinivas Tallapragada

President, Chief Engineering and Success Officer

1:02:34

you experience it in Slack. You're in a channel and suddenly a lot of these, especially I see it now in my engineering channels, like half the time, somebody puts a question or a request on a Slack channel, and the agent is listening and answering it. Developers do a PR request in Slack, suddenly the agent is picking up and is trying to do it. They want status reports. I think Slack is where people can really understand the manifestation, and they're all asking questions as a human, and Slackbot is even a better way of articulating that in a packaged way. That's what is driving in the advanced use cases because the developer community tends to try these tools. It's very embedded.

Srinivas Tallapragada

President, Chief Engineering and Success Officer

1:03:20

They see this manifestation a lot more, which is also the reason why some of our most advanced customers and labs and engineering organizations are using Slack MCP even more than we thought. I think that's a key interest. I feel as it goes to the general population in the knowledge worker, Slack will become even more prominent because people will say, "This is the way to work." We always said Slack is the operating system of work, and I think now people can really see it. Once they start using it once, it looks like magic, and that's why they say, "Oh, this is how it always meant to be."

Marc Benioff

Chair and CEO

1:03:59

Yeah, Patrick, we're going to give you the last word here.

Patrick Stokes

President and Chief Marketing Officer

1:04:01

Great. Yeah. I think it's all about the experience that Slack delivers. When you get in and you use a product and it just works, that is a moment for you, and you're going to go back to that product. I think that's exactly what Slack is, and it's more sophisticated really than it's ever been. We started as this collaboration tool, it's become so much more than that. It's not just a place where all of your institutional knowledge is. It now can make calls out to other tools. You can have agents working right in there side by side with humans. You look at these coding projects and the incredible coding agents that have surfaced in the last two years, the thing about coding is that's not a single-player job, right?

Patrick Stokes

President and Chief Marketing Officer

1:04:41

When you code, you're working with a team, and Slack is the only place where you can have that coding agent and the full team of all of your engineers and your developers all working towards that one-

Srinivas Tallapragada

President, Chief Engineering and Success Officer

1:04:51

Even with deals or support channels, it's there.

Patrick Stokes

President and Chief Marketing Officer

1:04:53

Absolutely.

Srinivas Tallapragada

President, Chief Engineering and Success Officer

1:04:53

With Slack CRM, this is all we brought back. I think it's a natural place to work. I really see that's what is driving.

Marc Benioff

Chair and CEO

1:05:01

Well, I think number one is this, which is that when we bought this company, it was doing less than \$1 billion in revenue.

Marc Benioff

Chair and CEO

1:05:07

Yes.

Marc Benioff

Chair and CEO

1:05:07

It was struggling. It was having problems. The management team was really not clear how they were competing against Microsoft. I think coupling with our distribution capability, now adding the value of our core applications, and I think this key point that it drove nearly half of our million-dollar wins this quarter. Up 80% year-over-year. That means that Slack is really having its absolute moment. I think the second thing that's really important is here's these Slack AWUs that have grown 350% quarter-over-quarter.

Marc Benioff

Chair and CEO

1:05:37

That is amazing. 350% quarter-over-quarter AWUs. In two years, there's going to be more agents using Slack than people. This is an incredible example of the future and also how this product is more valuable, being used more, has more data, more capability, and therefore it's going to have more intelligence and more value back to all of these customers as well. All of these companies can create Slack communication between each other.

Marc Benioff

Chair and CEO

1:06:04

That's right.

Marc Benioff

Chair and CEO

1:06:05

as well. If you're a Slack customer, you can easily have a secure communication with another customer as well. Miguel, do you want to add?

Miguel Milano

President and Chief Revenue Officer

1:06:12

Because that work graph that will become one of the richest work context in the enterprise is getting richer and richer. We build, the community built 3 million custom apps on Slack in Q1. That's 8x quarter-on-quarter. There is a huge boom. Out of those custom apps, there were 250,000 that were AI agents, that were built, third-party AI agents, and that grew more than double in quarter-on-quarter, grew eightfold year-on-year. Everybody is working on Slack.

Marc Benioff

Chair and CEO

1:06:52

I think that it's safe to say, and I'm not giving guidance by through what I'm saying, but Sales is a \$10 billion cloud already. Service is a \$10 billion cloud already. Data is already a \$10 billion cloud. I think when we see the growth rate that's happening inside Slack, you saw the ACV was incredible in the first quarter. This is going to be fast track from something we bought with less than \$1 billion that I'm sure we'll be talking in short order about Slack being a \$10 billion cloud as well. All right, with that, I'm going to turn it back over to you, Mike Spencer.

Mike Spencer

EVP of Investor Relations

1:07:19

Yeah.

Mike Spencer

EVP of Investor Relations

1:07:19

Thank you, and thank you everyone for joining us on the call. Just a quick reminder, we have our quarterly webinar on Friday. Very timely, given the questions today, we're going to talk about Slackbot and our headless strategy in a deeper way with our product leadership. Please join us for that on Friday. You can find the information on our website. With that, we'd like to thank everyone for joining us, and we'll be seeing everyone in the coming weeks.

Operator

1:07:40

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