

Moderator:

Well, jumping right in, we have the CFO, Jim Caci and we have the Chief Strategy Officer, Mario... I've got to pronounce this right, Carvajal.

Mario Carvajal:

Good job.

Moderator:

There we go.

Mario Carvajal:

Very good.

Moderator:

An H on the J. And we're with AvePoint. Let's just jump right in. I don't know Mario if you want to take this one in terms of just a 60-second version, just remind people, what is the problem that AvePoint is solving? I think it's required. [inaudible 00:00:39] why it's not a popular household name.

Mario Carvajal:

So thank you for having us first of all.

Moderator:

Of course.

Mario Carvajal:

And good morning to everyone. It is good morning still? So AvePoint, we're a software business, global leader in managing enterprise organizations' data set. We bring to market a platform that focuses on security governance as well as resilience of information, of data. The data stream that we tend to work on mostly is the unstructured data. So think of all the chats, communications, emails, messages that you are creating as you're interacting with colleagues, with partners. So all of that information we know today comes from different applications. So our platform sits and creates a trust layer for the organization to then have the policies and watch what's happening. To give you even more context to today's environment, we're also the trust leader that's managing now how agents are operating in the environment.

If you think of an agent executing tasks and actions, that agent needs identity. It also needs access, and so we actually yesterday announced at NASDAQ our AgentPulse technology, which we brought to market on a soft launch in November and it's part of that trust layer. So now if an organization comes to us and says, "We'd like a policy that not only watches how Jim is interacting or sharing information, but also how the five agents we built yesterday are working," you can all do it from the same platform. The platform is called the Confidence Platform. And like I said before, we're a global business and we primarily work with the buyers which are in the CIO office, the CISO office, your security teams that really are saying, "We need a central pane of glass to watch and monitor the environment." And it's been a product that's been very successful for us in regulated industries. So we also have done a lot of work to secure the platform and we now can ship it in a, for example, FedRAMP certified environment for agencies in the public sector that have really high requirements for security.

And so that's just a testament to the work that we've put in the way we built the architecture. We think about privacy of information as well as data lineage. So it's a pretty comprehensive set of products and we offer it in a thematic layout in the platform.

Moderator:

It's a diverse global platform. We'll get to some of these questions in a moment in terms of the diversity of the go to market and the products. Maybe just double clicking on AI, Mario, if we stay with you for a

second about, just to address for the investors, AI beneficiary or is there AI risk? Obviously you mentioned there's some new AI-related products, but just maybe addressing head on, can you be disintermediated by coding-related agents? Is there a seat-based element that is at risk with this story? Maybe just go one layer deeper with regard to AI beneficiary or risk.

Mario Carvajal:

Sure. So I'll start first by mentioning infrastructure. I think the infrastructure is where we're part of that layer. Because, as I said before, we work on deploying the controls for data, AI for us is actually an enabler, and what we do with technologies like AgentPulse is advance the opportunity for companies to use AI. The ability for us to also work across the models that are coming out of the frontier labs or even the technology that's available in what Google is doing with Gemini, or Microsoft has done with the Copilot brand, that's all for us part of this idea that, if an organization is transitioning now to be more agentic-driven, we're the right product and platform to come in as the trust layer.

So we see it as an opportunity, and in fact, the work that we've done over the last probably two and a half years is help organizations get ready for this moment. When it comes to licensing, as you mentioned, licensing, it's an evolution for us. We traditionally have license per user seat, basically because most of the management and operating elements were done by humans. But now, when you think about agentic systems, it's important for us to support a hybrid licensing. So for us it's an evolution, we do have capabilities in platform that could be metered. We can watch how, for example, governance activities are taking shape and how to measure outcomes. So we're really working in a way where organizations can really think about how do we see the value of what your solution drives, and as that unit of value changes, we're prepared for that. So it is, as I said, an evolution, and today this hybrid licensing gives us the opportunity to support that story.

Moderator:

Maybe Jim turning to you. You just reported 2025 results and gave a strong end to the year, gave your initial outlook for '26. What are the... Or maybe just level set before we get to further questions. What are the key takeaways investors should be looking for in terms of driving that '26 growth?

Jim Caci:

You're right. We just reported Q4 results, really strong results to... Maybe it was a good way to round out a strong year, so we felt really good about that. I do think you're right, we continued with a strong set of guidance for '26. Again, I think for us it's been about execution. We have pretty good visibility into what we're seeing at both our customers as well as prospects as well. As Mario alluded to, I think we're solving customers' challenges and problems so that gives us the confidence to anticipate and really guide to another strong year. So we feel really good about that.

One of the things that we just wrapped up really in '25 is we made two commitments back in '23 around really profitable growth. And we've been talking about that for quite a while. We've continued that in '25, but those two things that we talked about back in March of '23 were really hitting this Rule of 40, which so many software companies really try to do. Really happy to report that, in '25, we achieved the Rule of 46. So we committed to get here in '25 to hit the Rule of 40, delivered 46. And then the second was really around GAAP profitability, which again would really focus on this profitable growth story we committed to do.

And we committed to be GAAP profitable by 2025. We actually achieved that a year early in '24, and we're happy to report that in '25, we accelerated that GAAP profitability, where now we had GAAP profitable margins of 7.9%. So really that continued acceleration really is a testament to the teams and their execution and ability to not only deliver the top line growth, which in '25 we delivered 27% ARR growth, 27% revenue growth, but then also delivering that profitability piece. And again, that GAAP profitability is something unique for companies our size. A lot of software companies are not yet GAAP

profitable. And I think we've done a really good job of executing on delivering the operations of the business and then managing things like SBC, which is our biggest [inaudible 00:07:54]

Moderator:

That's a big topic on investors' mind.

Jim Caci:

For sure.

Moderator:

Do you want to comment on SBC while you're on it?

Jim Caci:

Sure, since we're on it. I think for a long time software companies were almost treating SBC as not an expense. And just saying that, "Hey, we're going to grow at all costs in one aspect, and then if we're managing our costs, well, we don't have to worry about SBC because it's an add back. We'll treat it as a non-GAAP add back, and we're not being held accountable to this SBC." So you see a lot of companies, including us by the way, when we went public, we were 20 something plus SBC as a percentage of revenue. And we've steadily had that come down. This year, we're under 10% in 2025 and we would expect that to continue to decline in '26. So for us, we treat it as a real expense, because ultimately for your shareholders, it is a real expense. It's ultimately dilution to your existing shareholder base.

You clearly want to motivate your employees and motivate your talented people to both acquire them and retain them. So there's an element there that's required, but I do think it's part of management's responsibility to be a very good steward of how much stock-based compensation you're actually utilizing because it is diluting your existing shareholder base. So I think we've been very focused on managing that. And like I said, starting out at 20 plus percent when we went public, now being under 10, we're really proud of and happy that the team has been able to execute really well on that.

Moderator:

You should be proud of that. From companies I've seen so... Mario, one of your responsibilities as the CSO is overseeing the company's M&A efforts. If you want to maybe just remind us what those efforts and principles entail. What areas are you still looking at today and where's the AvePoint platform, which is a very diverse platform today with changing agentic needs maybe need going forward?

Mario Carvajal:

Sure. So first, we're really proud of the fact that the majority of the platform has been organic. I think that's given us an advantage in integration interoperability. As an example, if an organization signs up to the platform, you can wire up the platform within hours and get it all working. So one of the key criteria for us when we think about M&A is, the architecture, is it a modern architecture stack? How is it going to interoperate so we can create more value for our clients? But we also know that time to market is something that we must be looking at constantly and we feel that there are some adjacencies that could really round off certain parts of the product.

An example is the work we've done with our channel. So we happen to go to market in two routes, direct as well as through channel. And in channel, we were able to create an edition of the platform that has a different architecture for managed service providers. Now the managed service provider is the person that shows up and says, "I'm going to take over and manage all your IT operations." So they need a certain role-based access to look at the environment and be able to manage multiple clients from the same interface, the same application. So we have that architecture, but we give them all the capabilities that your direct customer would get. In that category, we think that there's an opportunity to add more value. We've done six acquisitions since we became a public company. We've developed that muscle of

integration and making sure we can get it to market quickly. And so now what we see is an opportunity to advance work for our MSPs.

One area that's really interesting to us is the management of infrastructure resources, especially for cloud computing. We have in market two capabilities now, one for GCP and one for Azure. And we think that, with all the investments going into your AI build out, we believe that given MSPs' perspective where they can manage multiple resources in the infrastructure side will be key. So that's an area that we'll continue to look at targets and see what makes sense.

Moderator:

Is that more of a FinOps layer?

Mario Carvajal:

It could be a FinOps, it could be something that's very vertical-specific, or it could also be areas in which the organization is struggling to manage costs. Cost efficiency is something that we've learned as a builder on hyperscalers, that over time, there's different ways for you to build really great tech that performs well but keeping costs manageable. So we're taking all that experience, pumping into capabilities that our MSPs can use. So cost optimization is really important for them. The goal with the MSPs, they use our platforms to create a revenue stream. And for us that's sustainability. We really like that notion. So that's an area for sure.

And then, in general, as I said before, one of the value propositions we bring is that trust layer and that trust layer is only complete if you have a governance model in place. We've been very fortunate that our governance framework started years ago supporting the digital workspace. Now we're including in that digital workspace how agents behave so it's more fulsome. And we look at now identity management or anything that's really been a blend of subcategories to be a value add. So there could be some targets that could be adjacencies that are attractive to us.

So in conclusion, I think we are active on the M&A front. We have a pretty active pipeline. But as you know, I think the most important thing for us is to make sure it's the right fit and that at integration time that we can really see it be meaningful and material to the business.

Moderator:

Great. Jim, maybe turning back to you, one of the callouts on the quarter was higher than typical demand for migration products. You should maybe talk about what's driving that and what we should be looking forward to into the '26 guide related maybe potential growth headwinds or NRR impact.

Jim Caci:

I think the beauty is that we've seen really good demand across our product suite. So it's not any one product in particular that's tremendously outperforming others. But we did notice, as you pointed out in Q4, that migration itself had definitely an uptick in terms of demand, which is great. Happy to be satisfying our customers as they're trying to execute on their strategies. And one of those is really to consolidate maybe repositories where they have data. And so a lot of the stuff that Mario is referring to of customers' journey in terms of how they're thinking about AI, how they're thinking about reasoning over their data, one of the things that does simplify that is consolidation of data. So as people look to do that, whether it's on-prem, to the cloud or consolidating cloud environments, we did see an uptick of that particularly in Q4, but even somewhat in Q3, which is great.

Again, customers doing what they need to do. We're happy to help them and solve those challenges and so our migration products do allow them to efficiently move data back and forth. But for us, migration products definitely have a little bit higher churn rate. They don't retain as much as our other products. So for us, as we think about the business moving forward, that just creates an opportunity for us to not only deliver more solutions to that customer, because ultimately that migration product has a life cycle

that's shorter than some of our other products, like our governance products or some of the new stuff we rolled out yesterday in terms of AgentPulse where we're really in evaluating environments.

The migration, if you think about it, just like any other project, it definitely has more of a unique start and stop compared to our other products. So again, great opportunity for us to satisfy our customer demand and meet their needs, but it just then is incumbent upon our teams to ensure that, not only do our customers get the full value out of say a product like migration, but then also they take advantage of the full platform so they can consume additional products and solve additional challenges.

Moderator:

And if I'm understanding correctly, as a follow-up to that, migration should be... Are there instances where it's an accretive? You talk about lifetime value where... Because you do have a very diverse product set, if you're migrating data and I presume this is increasing maybe the data on the platform.

Jim Caci:

That's right.

Moderator:

Outside of the accounting or revenue timing type of instances, what does that look like? What could this portend in terms of growth later on if we continue to see this uptake in migrations?

Jim Caci:

It is a good opportunity. It can and often is a tip of spear into an account where they're having a challenge, let's say, of consolidating data, we have a solution that works very well for them, so it's an opportunity for us to enter a client. And then again, having a platform of solutions for them and not just a point solution, that we then have the opportunity to have a new customer that we can then potentially upsell, or what we would refer to as cross sell other solutions to help them in their journey. And so, you're right, it's an opportunity for us to have new customers and bring them into the AvePoint family and then have them expand their relationship with us. So definitely an opportunity for us going forward.

Moderator:

I'll turn to the audience. About 10 minutes left. Any questions there? Anybody? No? Just maybe sticking on the consolidation theme, Mario. As a CISO, where are you seeing that spend come from? A lot of software vendors we, over the years, have talked about consolidation. And just given the breadth of your platform, what kind of pockets of spend is it? Are you moving in terms of different buying personas and where is some of that spend coming from as understanding that AvePoint single pane of glass management layer?

Mario Carvajal:

So maybe I'll share this. What Jim was saying was bringing me back to, customers, imagine the work we do and then let's say your business comes and says, "We're going to move you guys from this platform you're in." And you're going, "Oh, what a pain. They're going to move my data. Am I going to lose my information?" So a lot of times when we work with a client we'll say, "When you want to move data..." Let's say you're trying to... I don't know, maybe you guys are going to use Claude and there's a new model coming in, you want to move data. So the conversation for us is, "Let us move the data, but guess what? When we move the data, what if we also cleaned up some data and reduce your cost?" So now your CISO goes, "That's a really interesting value proposition. Tell me about it."

Then we say, "Well, we're going to move your data and we have a mechanism to identify data that's redundant and obsolete, maybe data that doesn't get used so we can help you. We could..." Maybe we archive it. Maybe there's a records policy. We can apply retention to it. But we're also going to lose data and we're not going to lose the fidelity, so that the new system actually understands the data and so

that your users don't get disrupted. The legacy that we have in all the connectors, we have over 30 connectors over the years that we've been in business, figuring out how to move data and not mess things up.

The next question then is usually, "Do you guys have policies so that when you move the data into the new environment, maybe there's a policy, maybe you need to be regulated. The new system needs to have a trust later. We can build that trust for you. It's in the platform." That conversation pulls in your security officer or your audit team. So we talk to them, we show them that part of the product. So what's happened is, you have now this process where you've talked to probably three different key stakeholders, because the organization doesn't want to have to talk to one vendor, another vendor and another vendor and then have to integrate all that. So our narrative and how we've been successful is... And as I said before, a lot of this came out of organically just innovating, building these pieces. Is we'll go in and we often will say to that team, "You can do it all with one platform and we can actually turn these modules on as we're moving that project forward."

What that's doing is reducing cost. We're, in many cases, ripping out legacy point competitors or solutions that are not adequately suited to give you the full view. And that's the environment that we're in because interoperability, it's really one single layer. When you walk into work and you're using a chat or a communications tool and then you want to work on your document, are you thinking about which app you're using? No. And if you think about now with AI, you're probably going to just go into a chat interface in natural language and say, "Go get me this file, set up a meeting with Jim and tell me what I need to be ready for for my meeting at two o'clock today." Behind the scenes, all that information is working across different applications.

So we are building a platform to basically create a trust layer so that all of these different key stakeholders can realize that we have one technology that is now interoperable with the other major providers we use and it's given us that single plane of glass. So that's pretty traditional in the way we're going to market. Now, of course, as Jim said before, we could start in certain areas. Now our goal is to basically say, "You don't have to buy the entire platform at once, but know that in this platform, you could actually get the next workload addressed and it's going to be more cost-effective than going out and trying to find a point competitor just for that solution."

Moderator:

So great answer to the more efficiency side of the consolidation and the value proposition that you bring to the client in terms of moving on to AvePoint, and then the manageability and the governance. A lead-in question to the derivative benefit of AI. You mentioned there could be a window that maybe potential clients are going to. For example, maybe M365 and... I had those cued on purpose. Where are your clients in that journey? We hear from Microsoft that there's tens of millions of folks using this. Any type of range or color you can give in terms of your install base, your clients, whether they're through the efficient MSP channel? You're a global company, what do you see when you have a look at that bottom-up look in terms of an opportunities perspective? Where is AvePoint on that journey in terms of helping customers better use M365?

Mario Carvajal:

So maybe one way to think, so the M365, think of it as a productivity cloud. And that productivity cloud... And you see Microsoft doing this, obviously the Copilot piece, 50 million users, it's really small. They just did the Anthropic partnership. Now Claude Copilot is inside there. It's because they want you to start using our new productivity tool, whether it's an Anthropic one or it's a Microsoft, it doesn't matter. So that productivity stack for us is very good because that productivity stack is what needs to be protected. So the good news is that, for us, whether it's an M365 traditional Copilot or any new capability that Microsoft is going to put in there, we're already supporting that.

But we also go beyond that and we have been very purposeful in making sure other productivity clouds are part of that experience we give you. So it could be that an organization says, "Well, there's a department over here that has Google Workspace and we are using that." In the creative world there's a lot this or retail. So we'll go in and say, "With the same product, we can also support your Google Workspace and your M365." And then there's another dimension to that. What if the organization uses Docusign for example? Or what if your organization built an agent? So the story is, we are able to work across all these different productivity surfaces, and I think it's because that experience is going to change for us.

Perhaps there will be one window that becomes your favorite that you go into and that's where you do your work. But the idea is that, behind the scenes, your data is still being stored somewhere, your information still needs to be moved somewhere and you probably use a communication tool to actually interact or a real-time transcription service. So all those data elements are read by our platform, watched, and so when you're using our policy, our governance, it's working across. And that seamless experience, I think for us, is a really unique differentiation.

Moderator:

So it's not a matter of just looking at penetration rate of your customers using a particular product. It's them using all of these products-

Mario Carvajal:

Correct.

Moderator:

And they're all on that journey in some way, shape?

Mario Carvajal:

Yeah.

Moderator:

Maybe I'll check with the audience one more time. Any questions? We've got a few minutes left. Maybe the federal...

Mario Carvajal:

Oh, we've got one here.

Moderator:

Oh, sorry. There's one. Sorry Justin. Go ahead.

Justin:

Just on the point of AI, how much more can it accelerate? As you do these repositories, [inaudible 00:24:55] enterprise production, still sort of early on enterprise [inaudible 00:25:01], LLM. You've got [inaudible 00:26:07]. Do you see a path where you go, "Wow, this could really change [inaudible 00:25:05]"? Just tell us where we are and what's changed even in the last three, four months as you've seen it [inaudible 00:26:07]?

Mario Carvajal:

I'll share one signal. We were working with this large enterprise. They had built 26,000 agents across a global workforce. Most of the agents were doing a lot of task automation. And they came to us and said, "Now that we have them out there in production, we do need to watch how the agents are interacting, where we have issues with wrong data being pulled." And we shipped inside of our platform the ability to govern that entire agent in architecture. So for us, it was a great opportunity to test and say, "This is actually going to be really important to organizations." And it's an indicator that when you can govern now what is happening in a communication that's fully automated, regulators still want to see that.

Companies still want to make sure that the regulatory requirements that apply to their industry are also being factored in. What that means is audit trails, Sarbanes-Oxley, you name it, especially if you're in a context where you operate in different countries. Companies are saying to us, "We have sovereignty of information, we care about that." So to answer your question, it's an indicator that we are providing the technology capability to controls in the direction where the market is moving, and for us that just gives us more confidence that, down the road, that creates more value and that gives us more pricing power over that period of time.

Justin:

And is that a gamble? What does that do to [inaudible 00:26:43] or contract size [inaudible 00:26:48]? Is that 10%, 20%? Just any sort of magnification so we can understand how that [inaudible 00:26:51].

Mario Carvajal:

So generally speaking, in a contract like that, we were... So this was a great customer, been with us for a number of years, it was a workload that they were not thinking about until they started building out the entire agentic architecture. And then they realized, "We have another situation, which is, we now need to leave this in production but now we need to make sure we control this." So it gave us an uplift in the contract, it allowed us to do an expansion sale, and it gave us now an indication that, when we go to the next client that has similar setups, we can now price it at a certain point. So I think it's hard to say right now whether it's a 10 or 20% uplift, but we believe that AgentPulse and the technologies that will come to support AgentPulse in our platform, just like it happened to us when we started supporting companies when cloud services were starting to move to hyperscaler infrastructure, we see an opportunity to keep adding that value and we recalibrate our pricing in the platform.

Jim Caci:

And I would just add one other thing. I think you mentioned about where you think we are? I still think we're very early in terms of this cycle, in terms of adoption across the enterprise, but I do think we're moving very quickly. I was talking to somebody last week and it does feel like we're on 2X speed if we're playing this game from the past cycles we've seen, whether it was migrating to the web or even the SaaS migration, all those transformations. It feels like this one, we're on 2X speed. So I do think it's early, but moving very fast.

Justin:

Thank you.

Moderator:

Well, we only have 20 seconds left, but maybe in a minute, if we go a minute over, because the federal vertical is important to you. There's things going on in the world today, if you wanted to maybe make a comment, update any impact maybe to AvePoint in terms of your federal business.

Jim Caci:

I think we've all seen... Well, first of all, our public sector, federal is part of our public sector practice. We have a global public sector practice. The U.S. federal is a component of that. Obviously we all know that this past year, 2025 was a challenging year for the federal sector. Both started with the election, with all the DOGE activity, then went on to a government shutdown, which also created some volatility. And then we thought and think that '26 is going to be a much better year. Obviously the recent events create a little bit more chaos and a little more uncertainty, but we still feel like we're in the right spot.

We've heard other companies say that they're bailing on public sector, which makes no sense to us. We think it's a vital component of our growth strategy. We think we have lots of technology that not only our federal government, but the global governments can benefit in protecting data, governing that data. So we think it's a vital, important aspect of our growth strategy of getting to a billion dollars. We think

that the public sector, and in particular the federal sector, will be a nice growth complement to us getting to a billion dollars.

Moderator:

Excellent. Well, thank you, Jim, Jamie, Mario. Thank you very much.

Mario Carvajal:

[inaudible 00:30:12]

Jim Caci:

Thank you.

Mario Carvajal:

Thanks for having us. Thank you.

Moderator:

Appreciate your time.

Jim Caci:

Thank you.

Mario Carvajal:

Thanks everybody.