AvePoint, Inc. | RBC 2025 Global TIMT Conference | November 18, 2025

Speaker 1:

All right. Well, we are, this is... Yeah, yeah, I had tunnel vision there. This is it. It's us and then the cocktail hour. So we're excited. We're excited for that and I'm excited for this opportunity to talk to TJ of AvePoint. And I've known Jamie here for five, six, no, probably more than that, seven or eight years, I don't know, a long time. So it's a small world. He and I met at Varonis years and years and years ago, and it's fun to see things come full circle and relationships continue and so I appreciate everything that you've done for us. And TJ, it's great to meet you as well.

TJ:

Nice to meet you.

Speaker 1:

Thanks for coming here.

TJ:

Thank you for having us.

Speaker 1:

So founded, you co-founded AvePoint over 20 years ago.

TJ:

Yeah.

Speaker 1:

And I was telling Jamie, I've been at RBC now 20 years in March, so started about the same time. You've done a lot more exciting things than I have, but yeah.

TJ:

You guys helped us with our series B with Goldman merchant banking in 2014.

Speaker 1:

Is that right?

TJ:

Yeah, RBC did the deal. Yeah.

Speaker 1:

So we go back a long time.

TJ:

Yes, we do.

Speaker 1:

So I mean 20 years, I mean, we were just saying it's just such a dynamic market. I mean, you've seen so many trends-

TJ:

We have, yeah.

Speaker 1:

...over the years. I guess maybe just for those that are less familiar, can you provide a bit more of the background, the evolution of AvePoint because it's such a rich story as I'm getting much more familiar with the AvePoint story.

TJ:

Yeah, we always say at AvePoint we always do the hard things first. We did all this without borrowing money, and we started in the infrastructure management space for Microsoft SharePoint, which is their enterprise content management platform. So we became the largest in that pre-cloud and SharePoint is only used by biggest governments and banks, highly regulated industry. So because it's very heavy, it's like open text, if you will, right?

Speaker 1:

Yeah.

TJ:

So for that, we had to go global. We have to do this high touch enterprise direct sales motion to establish ourselves. And, of course, Microsoft came out with Cloud in 2010, 2011 days, Ballmer still CEO. Microsoft stock didn't move for 10 years. And people were like, "Oh, Microsoft's dead. Google is the thing." But we obviously stayed close to the customer. We know that there is actually a lot more growth left. So we were the first ecosystem player to actually invest into Microsoft Cloud. So that effectively allow us to expand our TAM to the entirety of office instead of just the ECM part of it. So we've done the SaaS investment and SaaS subscription all on our own without borrowing money.

So in hindsight, we should have done that, either go public or borrow money so we can do this faster, conversion. But we did it the hard way, if you will. But fast-forward to today. Today we're the largest within the Microsoft Cloud space, the largest B2B, SaaS. Data management, governance and security player working 18 countries physically. For our sizing revenue, we're incredibly global. So 45% North America, 35% [inaudible 00:03:16] APAC. We also not only sell to the Fortune 50, we also sell to the five-man companies. So enterprise is 5,000 above employees is about 53% or 55% are recurring. And then SMB is actually just under 20%, which is less than 500 employees. So it's highly unusual for a company, this year will be over 410 AR as well as revenue, to be so global, to be so cross-sectional and also cross-industry.

And of course we have since gone public in 2021, we invested very aggressively into channel. So the indirect selling motion, so that effectively allow us to reach far greater audience at a much lower cost of sales marketing. That efficiency has improved, which went straight to the bottom line. So the latest quarter we're at 22% operating convergence, we're cash flow positive, gap profitable, and rule 40. So all things are firing on all cylinders, and now we have this flywheel to become a much larger business quicker.

Speaker 1:

So I think when I think of AvePoint today, I mean I think you could trade yourself as a lot of different things to a lot of different people, internet governance platform, just an overall SaaS management platform. Obviously you've got the Microsoft angle. How do you describe what AvePoint is doing for customers today and how does that look in the future?

TJ:

Yeah, so AvePoint today we're focused really on the data management, governance and security space, specifically unstructured data, which is your emails, your chats, your files, which is by the way 80% of all data out there and the fastest growing data segment thanks to AI. Now, so the two top concerns across all boards around the world, one is AI, one is security. So we play in both space. Why? So obviously with security we are about data resiliency, about ransomware detection, recovery, about agent damages and recovery. And AI part is AI is only as good as your data. So you have to worry about your data state curation, data state management, life cycle management, all the stuff that regular industry grown up to do naturally something we grown up in the regular industry, today 60% of our business in the regular industry. All of a sudden, even if you're not in the regular industry, if you care about having high quality AI deployments, you need to first prerequisite is have high quality data management.

Speaker 1:

Yeah. You mentioned before being tethered to Microsoft has had a lot of advantages. It's really helped you guys out. And we'll get into the non-Microsoft piece here in a second. But how has that relationship evolved over time, especially as you've expanded to sort of multi-cloud SaaS governance platform?

TJ:

Yeah, first of all, we don't resell any of Microsoft software, neither do they for us. We are ecosystem player. We compete with within this trillion-dollar Microsoft ecosystem. So it's been a fantastic relationship. Our product teams are very well aligned. So we actually see, because we're one of the top global partners, we have a [inaudible 00:06:37] relationship in cloud consumption. So not only are we a big partner, we're also a big customer for them. So we actually sits on their product advisory boards so that we actually see the product six month to year ahead of time.

So for example today's announcement around 365, we announced AgentPulse because we actually seen this coming six month ahead. We know exactly where the monetization opportunity lies, and that's where we go and invest. So because we stay very close to the customer, oftentimes we actually know the customer better than Microsoft, their use cases. We can then forecast where the additional monetization, the needs are, the pains are, and that's how we stay relevant. So today, Microsoft ecosystem's about just over 90% of our revenue. However, most of our customers are multi-cloud, that's the reality. So for us to continue to expand our GRNR within existing accounts, we obviously need to be multi-cloud. So today we support Google, we support AWS, we support Salesforce, and that's going well. So that's the multi-cloud reality. Hyperscalers themselves don't really care about other hyperscalers, and

they also don't really care about saving customers costs and that's where our value add comes in. For a customer we're considered a third party independent, we help them maximize their investment into cloud while securing their data. So it's something that hyperscaler themselves don't have that natural inclination to do.

Speaker 1:

You mentioned AgentPulse, which was just announced today, which really brings a lot more tighter security controls around AI agents.

TJ:

And cost controls.

Speaker 1:

And cost control. So talk about both elements there and what early beta feedback-

TJ:

So it's evolution of our ability. So we've been doing governance for a long time. We established this whole concept of delegated administration, delegated governance work because IT really have no idea what these data assets, what these agents do because they're done by business users, right? What's the context? You ask your IT, what do they know about your set of data, right? They will have no idea, but do you say right?, You say, "Hey, this set of data is associated with this project, it's for this business purpose, it will last this long." So our software have the ability to help end users, business users ingest that context. So once you have that rich context, then we take over in an automated way to actually govern and control whether it's a piece of data or a data area or private chat channels, or now in this case agents.

So this is the evolution of the things that we do around power platforms today. So power apps, power platforms, we already do those application, governance, so guardrails, right? So we already understand the context of data, and then we overlay access control on top of that. So security control. So then we can control and so first we audit what kind of agent you have across all your assets, whether it's in Azure or Office 365 or even AWS or Google GCE.

Speaker 1:

So it's-

TJ:

We do audit.

Speaker 1:

Okay.

TJ:

Yeah, we actually help. So we work with some of the biggest customer in the world, some of these MNCs, they have thousands of agents running there and we help them actually first take stock what they have and then rope them under management. So that's access control, what other agent they can talk to, what data they have access to, and quite frankly, how long this agent can live for. And also we

actively help them monitor how much inference, compute and essentially costs incurred by these agents. And that's a big, big topic, right? Hyperscaler will never help you save costs, and we are out there actively helping customers. One obviously govern and manage from a security perspective, two, control the cost.

Speaker 1:

You're bringing up agents, which is obviously extremely topical at this conference and any investor conversation these days. What are you seeing from customer... Because it still feels like we're still in the wild west of agent deployment and agent management orchestration. It feels like you guys play a real critical role in helping organizations feel more comfortable about agent deployment. Where are customers heads at these days in terms of thinking about where are we in inning? We got to be in the first or second inning of agent deployment.

TJ:

Right. So last year folks are, especially in the Microsoft ecosystem, equating AI adoption to Copilot deployments. So very quickly they realized that actually Copilot deployment is very anemic. Why? Because most of the Office Copilots are not good because the data they ground up, right?

Speaker 1:

Yep.

TJ:

So the popular Copilots are GitHub Copilot which is for Dev, and then Teams Copilot for team summarization. So we have many cases of the biggest bank in New York, biggest audit firms in New York before they turn on Teams Copilot, they actually roll out our governance solution first because we control the Office Graph access patterns. So because Office Graph is what Copilot grounds on when it makes recommendations to you. So if your Office Graph permission is not set properly, your Copilot will be recommending things that you should not have access to in the first place, right? That's number one. So regular industry keenly aware of this topic, so they deploy that. And then quickly people realize, "Well, we probably don't need to turn on Copilot for every employee, Office Copilot. What we could do is better utilization is using tools like Copilot Studio to design an agent, a chatbot if you will, or automated workflows to do small things. But still we will get AI deployed to do specific things like sales optimization enablement, customer support."

So AI is being actively deployed in companies, but not every employee will have it. So that's what's happening this year. So of course all the hyperscaler are talking about full-fledged digital employees. We're not there yet, but the way they're talking about full-fledged digital employees, that this AI agent will be wired just like a human employee would when it comes to all licensing. The AI will have an email, it will have a [inaudible 00:12:54] ID, it will have access to CRM, will have access to whatever business apps that you, a human employee, will have access to. So that's where things are going and we're not there yet, not for year, maybe even two years, because these are full-fledged, very complex systems that need to be governed with the right guardrails. So we're moving towards that. Right now. It's small agents. It's almost like hello world implementations.

It's funny, right? For a while, vibe coding was all the rage. Two weeks ago. People are saying, "Vibe coding's dead." It's a funny thing. So they realize a business user can vibe code something, but that stack is completely different than if you actually need to make this thing work for enterprise-wide scalable deployment. You have to recode the whole thing anyway, right? That's why there's the reality of

enterprise-wide deployment and there's my hello world implementation of a small little application. So we are still a long way to go to full-fledged AI agents running around.

Speaker 1:

And I would imagine you're probably seen, I don't know, can you decipher internally from your customer base if it's more of the AI natives that are sort of pushing that envelope more so than banks and insurance-regulated industries?

TJ:

Oh, absolutely. Yeah, because AI, I mean Accenture also talk about this, it's not about layering AI capabilities on your existing business processes to be more effective, You have to actually reinvent your entire business processes. So AI natives because they're not encumbered by all the existing stuff, that's why they move faster. I have a good funny story for you. So one of my ex-boss I used to work on training systems for Deutsche Bank and Lehman Brothers. So my ex-boss he's a CTO at BNY Mellon, so they're a big Microsoft shop. He managed about a thousand developers, right? So they're all accelerated with Windsurf, right?

Speaker 1:

Yeah.

TJ:

So I say, "Well, do you guys deliver solutions faster within the bank?" The answer is no. Yeah, so each individual developers are now writing things faster and have 60% of their code being done by AI but writing code is actually a very small part of overall system deployment. There's requirement, there's projects, there's system integration, people are waiting on each other, groups are waiting on each other. So there's still a lot more to do. So there's process reengineering that has to happen for AI to really take off.

Speaker 1:

You've talked about a plan to do a billion dollars of ARR in 2029 and said that non-Microsoft piece I think you said should be about 30% of that billion dollar-

TJ:

Up to 30%.

Speaker 1:

Up to 30%. And Salesforce is obviously a big part of that. What are some of the big components of that?

TJ:

Yeah. So actually, again, we have multiple growth drivers. So the non-Microsoft component growth, there's the whole SMB through MSP kind of growth. And of course the other areas we're invested in is IaaS and PaaS because if you look at the growth velocity of cloud, so whether it's Azure, AWS, and GCP, they're all growing much faster than Office Cloud than Google Workspace, right? So this whole collaboration side of it. So IaaS and PaaS is an area we're investing very aggressively. That's where a lot of the interesting things happen in AI. Think of applications, think of VMs, think of workflows.

So a lot of the infrastructure work that's happening, that's very, very interesting. So we're expanding there. So truly there's multiple growth vectors for us. Now, we don't need one of those vectors to hit to get to that billion. There's also M&A, right? We have done small acquisitions to date, we're very... So we sit on about half billion of cash, we have no debt, we're generating a lot of cash, so very profitable. So we can do bigger acquisitions, but we're very tech-focused, right? This is a founder-led companies so want to do organic integration. We don't want to bring on tech debt. So we're also very particular on what kind of IP expansion we want to take on. So all these things layered in for our bottoms of our approach to get to that 25% year-over-year AR CAGR for the next few years. So if all of them hit including this multi-cloud flavor, we would do this goal much faster. But if half of them hit, we'll still hit our goal, right?

Speaker 1:

Yeah.

TJ:

Because as a public company, whenever we announce goals to investors, we have to hit that, if not earlier.

Speaker 1:

Yeah, that's great. Before we go too much further, you guys just reported really strong growth. I think you said about 19% net new ARR growth, SaaS grew 38%. A lot of these metrics were sort of up and to the right. The one area of softness was US fed or pubsec and North America, I think you said you also had a lower mix of term license revenue. I'd imagine with the government-

TJ:

And by the way, North America still grew 21%-

Speaker 1:

It still grew 21.

TJ:

... despite the public sector softness. Yeah.

Speaker 1:

So I guess now that I guess the government is open now of as of, I don't know, this weekend, I mean, how should we think about that into 4Q for you guys, that element?

TJ:

So yeah. So from the beginning of the year, we already was managing expectation around public sector volatility, right? Because there was Doge and there was there was Liberation Day and nobody knew that there were going to be shutdown. So Q3 performance, we beat and raise revenue, beat and raise up margins and of course we did well on AR as well, right? So the only target we didn't raise into Q4 is AR, right?

Speaker 1:

Yeah.

TJ:

AR is a forward-looking number, and it's very dependent on when a client sign the contract, even though this could be maintenance and renewal. So the question I got this morning is like, "Oh, just because government shut down, does that mean you turn off the software?" No, absolutely not. The software continue to run and the government continue to run. They're basic essential services. It's really then you find the procurement person now backing office to sign the contract. So of course now that government's reopened, we are just being prudent in the guidance of the AR, right? So that's all. So overall, nothing changes. That's why we still raise the revenue guidance, so we still raise the margin guidance. And of course our big number one billion AR implies a 25% average CAGR growth for the next four years.

Speaker 1:

Yeah, okay. So temporary in nature, but I'm sure frustrating nonetheless with the government doing what it's doing.

TJ:

Hey, but the US Government's not going to go away, right? We continue to invest. It is our singular all public sectors, right? We're very strong in US Government, Japanese Government, Singapore Government, Australia Government, and now European Government. So public sector can remain to be a very, very resilient segment for us to serve.

Speaker 1:

Your markets, broadly speaking, I think data protection, just overall cyber resiliency, governance, there's a lot of convergence going on in the market. There's a lot of people talking about this independent DSPM vendors, SASE vendors, Varonis, others. I mean, how do you see the competitive dynamic playing out and how does that convergence impact you guys?

TJ:

That's a great question. It's actually very interesting to see. Obviously all vendors come from their position of strength. So our position of strength is that we've been in the Microsoft Cloud enterprise grade the longest time, and we're able to take that enterprise grade capability to the SMB customers. We're super excited about that, right? So that now it's just under 20%, we think the next two, three years as the overall company, at least growing minimally, 25%, that could become 30 to 40% of our business, which is Microsoft's overall SMB business. So fantastic for us. But overall, I think we compete from a platform perspective. We have different competitor in different segments. So in the enterprise, on the resiliency side, we will run into a rubric. In the SMB, we'll run into somebody like a V and a Cronus. In the control governance side in the enterprise, we'll run into a Varonis. In the SMB we'll run into startups. In the modernization enterprise, we'll run into something like Informatica, for example, or Quest Software. In SMB it's, again, different players, smaller players. But our power come from the singular platform and customers want one less throat to choke, right?

Speaker 1:

Yeah.

TJ:

And also because we've been running SaaS the longest and we have all the credentials, whether it's FedRAMP high, whether it's Japanese ISMAP certifications, which is a 2,400 security certification, Singapore's ODC certification, et cetera. We built this moat around compliance, around rigor, around cloud operation, cloud securities because every other week you hear of somebody being hacked, right? So we have a really good reputation in that space of protecting and governing our customer's data in cloud en masse. Every single day we ingest 700 petabyte of data, right? So that's massive amount of data that we're protecting. So that operating at enterprise scale and now with the flywheel of channel and global nature is what makes us highly attractive and continue to win new logos for us.

Speaker 1:

So big market, not winner-take-all for sure not-

TJ:

Not winner-takes-all, yeah, yeah.

Speaker 1:

But you guys are offering that consolidation play that the market-

TJ:

Yeah, in backup I was sharing with the investor this morning, think about pre-cloud. Who are the big backup players in the world, right? There's EMC,

Speaker 1:

Yep, Veritas.

TJ:

There's [inaudible 00:22:43] there's Veritas, there's NetApp. So those big players, each one of them have multi-billion-dollar revenue stream, right? So in cloud, you're also going to have, yes, there's convergence, the backup players get into security, the governance player get into posture management, et cetera. So there is convergence, but I think there's plenty of room for everyone to continue to grow.

Speaker 1:

Yeah, yeah. And I guess when you start to see some of these players across the variety of these markets, can you talk about win rates?

TJ:

Yeah.

Speaker 1:

I'm sure there's a huge expansion opportunity, but that net new business, can you talk about the win rates that you're seeing?

TJ:

Well, so today, over 90% of our revenue come from the Microsoft Cloud space, right? If you view Microsoft Cloud, specifically Office Cloud as mission-critical, and when we do bake-offs in key accounts, whether it's Goldman or JPMC or Deloitte and PwC, et cetera, our win rate's very high because we have that enterprise-grade capabilities that we've developed over in the last 10 plus years. And we have the power of the platform because ultimately customers don't want multiple vendors to deal with, they want a few set of high quality, high enterprise grade and security capability vendors that they can rely on. So enterprise bake-offs, we have high win rates, and now of course with Channel we have that scaling. That's the volume business. So our goal is to continue to expand our platform offering so that then we can be more sticky, be able to help customers to upsell.

And one of the way we're doing it is actually infusing AI into the UI. Ultimately, the latest generation AI is the new UI. So our vision is that every single customer should have a infinitely customizable experience with our product, with our services. We're also now moving all the back end to fabric so we can offer data as a service to our customers because there's a lot of signals that we track and we trap that's not openly available to them through the hyperscalers for different reasons. So that's also a very attractive monetization capabilities. So we can proactively tell customers based on everything we track that these are the risk exposures, these are the costs overruns, and you should do something about that. So that were super excited about to actually increase this self-upsell and cross-sell capabilities of the software.

Speaker 1:

The other thing that I wanted to ask you, especially with you guys being so tight in the Microsoft ecosystem, does identity governance, thinking about on obviously, could that be an opportunity in the future for you guys?

TJ:

Absolutely. We already do that today-

Speaker 1:

Oh, you do.

TJ:

... with the governance side of it, with security posture management. So it is identity management, it is access control management. So we do some of that today. We can do more, right? So that's also convergence by the way. So the identity management security guys are now trying to get into this data agent management, right?

Speaker 1:

Totally, yep.

TJ:

And we come from the data agent side, and we are trying to get into identity management side. So now the question is which one's harder to do?

Speaker 1:

Yep.

TJ:

Obviously I'm biased, I'm the data guy. I feel that the data side, it's far more complex. You have all kinds of data, right? You have time series data, you have multimedia data, you have chats, you have emails, you have files and give you examples. So as much as people talk about Snowflakes and Databricks and Datadog, when we talk to senior executive, Microsoft, when you specifically talk about Microsoft Cloud as API access, they don't see Snowflakes, they don't see Databricks, at all because those guys have plenty of data that they're working on that's not related to office unstructured data, your emails, your files.

So that tells you how big this space is. So data management, the nuance and complexity of that, it's our wheelhouse. And then of course, we're going to overlay more. We already do access management. We're going to overlay identity management to wrap this whole governance agent governance story to be more complete. The other guys, were coming from a different angle, but we feel that our problem sets more complex and we've been doing it longer, and we think that for us to get into their space is easier for them to get into our space.

Speaker 1:

Well, especially the Microsoft piece has got to be a huge advantage, understanding the roadmap and that relationship as well.

TJ:

That's right. Yeah.

Speaker 1:

What do you think the biggest misconception is about Outpoint today?

TJ:

I think a lot of people historically think being a Microsoft ecosystem player it's negative because tomorrow Microsoft is just going to close, right? It's been 25 years. And I think what they don't appreciate is that hyperscalers all have their ecosystem and they derive strength from their ecosystem, right? So Microsoft will say, "Hey, I have such a vibrant, robust partner ecosystem. My platform's more sticky. Don't go to Google ecosystem," and vice versa. So we don't compete against Microsoft, we compete within this multi-trillion dollar ecosystem, and we do that very successfully, and we're expanding to other ecosystems. I think if you want to ask the single most misperception about the company's like, "Oh, you guys are so in the Microsoft ecosystem and Microsoft tomorrow can just kill your business." Not knowing that actually for Microsoft we are actually a value-add augmentation because we actually help turn on the purview skews turn on the E5 skews, now turn on Copilot.

We actually help land so many workloads. We're nothing but complimentary to them because we actually do integration. So when customers have these advanced skews, we integrate with it. When they

don't, we augment, right? And of course, this multi-cloud angle, Microsoft will never do, this cost saving angle Microsoft will never do. There lies are thriving and growth opportunities.

Speaker 1:

Yeah. We've got a minute left. We've talked about a lot of growth opportunities. When you sit back and you reflect on your career and creating AvePoint all those years ago. If we're sitting here three, five years from now and we reflect back on the single biggest success between now and then, with all the things that we've talked about, what are you most excited about that we should really as investors watch closely with AvePoint?

TJ:

I'm very excited about the current technology disruption. I think in three to five years, a lot of software company today will not exist if they don't reinvent themselves, if they don't stay agile and execute. I chuckle when people ask do we have four deploy engineers? Because all of a sudden it became a term. But we've been doing that for a long time, right? So services is about 12% of our business. We do very deep a digit deals with customers through services, whether it's with Singapore Government, US Government, Japanese Government. That's how we stay ahead of it. So you have to stay very close to your customers, provide value added services to design new solutions, new IP, and to see where the puck is going. So that's very important. If you're a software company without this kind of embedding, you'll be disrupted very easily.

Speaker 1:

Excellent. Well, with that, we're out of time. TJ, Jamie, thank you again for coming and this great conference.

TJ:

Thank you very much.

Speaker 1:

Thanks. Cheers.

TJ:

Right.