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EDITED TRANSCRIPT

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CONFERENCE CALL PARTICIPANTS

Ittai Kidron *Oppenheimer & Co. Inc., Research Division - MD*

PRESENTATION

Ittai Kidron - *Oppenheimer & Co. Inc., Research Division - MD*

Okay. Good morning, everyone, and welcome to the first day of the Oppenheimer Technology Conference here in Boston. Nice weather today in Boston.

Jay Simons - *Atlassian Corporation Plc - President*

Perfect.

Ittai Kidron - *Oppenheimer & Co. Inc., Research Division - MD*

My name is Ittai Kidron. I'm a technology analyst at the firm, and I've got the pleasure of covering Atlassian. And when I started, you guys were like a \$30 stock. Look at you.

So with us today is Jay Simons, the President of Atlassian.

QUESTIONS AND ANSWERS

Ittai Kidron - *Oppenheimer & Co. Inc., Research Division - MD*

Now the company has 2 CEOs. So what does the President really do?

Jay Simons - *Atlassian Corporation Plc - President*

I just try to stay out of the way.

Ittai Kidron - *Oppenheimer & Co. Inc., Research Division - MD*

What do you spend the time though with most of the time? What's your focus?

Jay Simons - *Atlassian Corporation Plc - President*

My -- so my responsibility inside the company is I lead basically everything customer-facing. So I lead sales, marketing and support. And then I -- maybe the one odd shop -- odd-shaped piece is I run our on-prem product group. And so R&D and products for the server part of the business.



Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Got it. That sounds like a lot. So what do they do then, those 2 CEOs?

Jay Simons - Atlassian Corporation Plc - President

They try to stay out of my way.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

All right. So you mentioned that you manage the on-premise part of the server part of the business. So I guess you're going to have more and more time on your hands in the future because you're moving to the cloud, I guess, in your business. So let's talk about this. When I started covering you guys, there wasn't much of any, frankly, cloud business in the company. Clearly, the world is changing. Everything is going to cloud. Help me think about your focus on the cloud services. What is -- what have you seen from customers about adoption? Where are you in this transition? How would the Atlassian cloud of 2 years from now be different than the Atlassian cloud of today?

Jay Simons - Atlassian Corporation Plc - President

Well, to back up a little bit, I mean, we're kind of a unique -- I mean we're a unique company in many ways. But one aspect where I also think we're unique in enterprise software is that we've had -- our cloud business and cloud platform is over a decade old. And so I think we've been a SaaS company for most of our history. But we've simultaneously also then had an on-prem platform and on-prem products that we could provide to customers. And we still celebrate the customer's choice.

If you actually want to install and manage the software in your own data centers behind your own firewalls, you can do that. If you want us to run it for you and offload that burden to us, then we'll do that, too.

I think what we signaled in the last earnings call is there's a secular shift that's obvious, where companies are choosing to not have to manage the software on-prem and move to cloud. Increasingly, we're seeing larger and larger customers, and customers in some geos that had been more reticent or hesitant to move to Software as a Service, do so. And I think that's going to continue. The transition for us, I think will be a graceful one, in part, because we have a lot of history in building those platforms, and we still let the customer choose.

In many cases, customers will shift part of their -- if they're an on-prem customer today and they have 4 or 5 products, they might shift 1 or 2 of them to the cloud. And then a couple of years later, shifts the others. And by the way, those products can integrate with each other, and so they can effectively live in this hybrid world for a while.

But to answer your question, I think, 2 or 3 years from now, what will be different is, a, the cloud will continue to get better and probably the innovation rate in the cloud will move at a faster pace than on-prem just because we can learn a lot more about usage and get -- the feedback loop in SaaS is a lot tighter and faster. And then I think the property that the cloud will benefit from is just larger and larger customers and more growth of the customer base, which has been happening like 3 years ago, maybe net new customers that would begin a relationship with Atlassian, maybe it was like 60% or 70% of them would start in cloud. Today, it's over 90%. And so I think it's just a trend that's -- that'll continue.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Got it. Interesting. From a financial standpoint, is there any implications for a cloud customer versus an on-premise customer from an economic standpoint?



Jay Simons - Atlassian Corporation Plc - President

The economics are a little more favorable to us over a 3-year total cost of ownership, and cloud is a little bit higher, it costs us a little bit more to run. And so I think it costs a little bit more. So I think that's kind of one property.

The other property is related to what I mentioned earlier, we get a lot of visibility and telemetry around how the cloud has been used. And we have -- there's more of an opportunity for us to introduce both features inside of a product that a customer has already bought that helps with expansion and virality and kind of the network effects. We can kind of nudge those in the product. And if we know that there are features inside of the product that have a higher propensity for engagement and activation, we can kind of direct new users or direct users of a customer towards those features. We can cross flow users from one product from product A into product B. And we can't just do -- we can't do any of those things in -- when our products are installed behind the firewall.

And so I think the kind of expansion and the cross-sell and the cross-flow rates of cloud are a lot more beneficial to us.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Less friction, I guess, in the sales process. Interesting. So as I think about your R&D road map, fair to say very heavily weighted for its cloud type of products.

Jay Simons - Atlassian Corporation Plc - President

It is.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Okay. Excellent. Now as you move for the cloud, let's talk about the pricing structure and the product tiering. And you haven't done too much of that, correct me if I'm wrong, from a tiering standpoint. Can you talk about the cloud premium tier? What does that do to -- do to your business? And how do we think about tiering in the future for Atlassian, in general?

Jay Simons - Atlassian Corporation Plc - President

So we introduced at our last User Conference, it's poised to ship this year, a premium edition of the cloud products and cloud platform. And so historically, we basically had one version of the product in the cloud. And so you take Jira Software as an example. And we basically licensed the product by user, by number of users that are on it. With a premium edition, we've introduced premium features and a more sophisticated feature set for advanced and larger customers. And we charge more for that per user.

And I -- it makes obvious sense, I think there is -- as more enterprise customers move to the platform, when we attract larger and larger companies to cloud, there is a level of -- a service level and an uptime guarantee and a bunch of infrastructural things that larger customers will want to select in the cloud. And then for more sophisticated users, we're adding kind of features that are optional that customers will pay for if they find value in them.

So I'll give you an example. Inside of Confluence, which is a product that supports collaborative content creation and sharing so you can write documents on the web as a team, the premium version adds a feature around usage analytics. And so if you write a page and you share a page with your team or with 100 people in your company, you might want to see how often is that page viewed, who is it viewed by. You want kind of usage stats. So that's an example of a premium feature.

What's interesting, and again, back to kind of the way that we operate the cloud in a traditional sales and marketing approach, like I would go to the buyer of Confluence and I try to convince them to buy that feature or the premium version of the feature for 1,000 people to have 1,000 people

on it. In our particular case, we can turn that feature on for 1,000 people, and then get them to send a very strong signal to the buyer that they want to continue to use it after just the trial period.

And so that's part of how we'll operate premium editions is we've got a pretty significant large customer base that are already on standard that we can move over to premium for a whole variety of features that we'll add into the edition.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Got it. Sounds like there's a lot of potential add-on that you can add into that premium tier, right, from a security analytics standpoint. Sounds like -- and I don't know in what inning are you and how much those features and capabilities are mature and stable and how long you've been investing in them, but it feels like there's a lot to add there into the future.

Jay Simons - Atlassian Corporation Plc - President

Well, we haven't shipped it yet. Poised to ship, and so we're literally in inning 1.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Very good. But do you have a point of view of what percent of your installed base might be interested in a premium tier like this?

Jay Simons - Atlassian Corporation Plc - President

Well, no. We hope a lot, right? I mean I...

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Well, you didn't do it because you thought 1% would be interested.

Jay Simons - Atlassian Corporation Plc - President

Yes. And I think it's part of an architecture for the cloud platform overall, where I think where we're creating kind of a premium edition set across every product in cloud. And that will ripen over time with more things that we understand are attractive to customers that will then move from the standard edition to premium edition.

In many cases, by the way, there will -- there will be customers who just start that -- like I -- there's a lot of customers that will just shift right, if you look at kind of the pricing and packaging page, and there might be kind of a basic and a standard and a pro or a premium. A lot of customers will just default to premium. It has the uptime guarantee, the service level agreement, the storage capacity, kind of the enterprise-grade thing that I'm an enterprise company, I'm going to go there. And they might not even discriminate against sort of the advanced feature set. They'll just default there. And so I think that's also an opportunity for us to begin our relationship with premium.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Got it. And again, to be clear, this will only be available in cloud solutions, in the cloud? Or...

Jay Simons - Atlassian Corporation Plc - President

Well, on the on-prem person, we -- the premium edition or SKU is a product line that we call Data Center. And it's sort of like the corollary in on-prem is, there's standard server, and you go to the website, you can see this. And then there's a version of the on-prem called Data Center, which has a lot of the enterprise-grade stuff and a bunch of other capabilities for large enterprise customers that they can upgrade.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

And that's been around for a while.

Jay Simons - Atlassian Corporation Plc - President

It's in its fourth year.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Fourth year. Okay. So what percent of the on-premise have the premium version on-premise?

Jay Simons - Atlassian Corporation Plc - President

We don't disclose it, but it's...

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Is it meaningful? Or...

Jay Simons - Atlassian Corporation Plc - President

It's meaningful. It's meaningful, both in terms of the number of customers that have it, but also meaningful in terms of the price point for the Data Center version is anywhere from 2 to 10x the standard server. And premium is -- basically is 2x.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Got it. Interesting. Now it sounds like that's -- this premium layer, is it -- the average user that uses Jira won't care necessarily much. It's just some sort of a management layer that a management -- somebody in management would -- management of IT or, right, would want to have that type of capability. Now you have a very unique go-to-market, right, where it's the users who are kind of the main drivers of adoption. Does that mean that a go-to-market needs to evolve or be complemented somehow in order to drive this premium layer in?

Jay Simons - Atlassian Corporation Plc - President

No. I mean our go-to-market, I think, is distinguished because it's got this high-velocity flywheel that allows us to land in companies of all shapes and sizes through a variety of ways, friction-free without really traditionally knocking on the door and trying to sell them something. We complement that with a direct sales team that focus its energy on really high-value accounts and opportunities. So they could do that with cloud premium. And then we complement that with a very large 11-year-old reseller and solution partner, indirect-selling channel.



Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Got it. So they can get involved as well.

Jay Simons - Atlassian Corporation Plc - President

Yes. And so I think there's lots of ways that we can skin the cat. I think I'd reiterate that in premium, what we think about is a customer could start in cloud, and we could kind of mature and grow them and kind of plant roots with the standard version and in very smart and subtle ways, expose their users to parts of the feature set that make up the premium edition and either get the buyer -- expose the buyer to those things through any of the mechanics or the mechanics that I mentioned, but also expose their end users directly into the product to a thing.

Like in Jira, part of the premium edition includes a road mapping capability that's not just used by a manager but used by all the end users. And once they're exposed to that road mapping capability, they're going to nudge the buyer to say, hey, there's a feature set, actually that was available to me for 30 days. It's now no longer available. I want you to add it to our plan. And that then upgrades basically everybody to the premium edition.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Got it. Okay. So lots of ways to get to the Promised Land, it sounds like. Let's talk about the core of your business, Jira, which has been the bread and butter on which this company has been built.

In what ways that's still driving most of the growth in the company? And I'm saying that because in over the last 2, 3 years, boy, it's been hard catching up, right? Every quarter, there's been a new product added to your portfolio, whether it be organic or through M&A, and you've been much more active in the last couple of years. How do I think about Jira in the context of everything?

And is your whole portfolio, I mean, are you looking at that as a combination of products that are kind of stand-alone-ish? Or they all need to tie in one way or another to each other?

Jay Simons - Atlassian Corporation Plc - President

So I'll take the first part of the question first, Jira. Jira, which is our oldest product, our flagship, if you don't know what it is, it is basically a collaborative project and planning system. And so work that people do gets described in Jira both at an individual and a team level, it tracks dependencies, deadlines. And all of the collaboration that happens around that work item sits in the context of what you're trying to do, whether that's a task; or if you're a developer, a feature that you're building or a bug that you're trying to fix. Very sophisticated system.

It complements our second-oldest products. Collectively, they share about 2/3 of our business. And naturally, that diminishes over time as we get bigger and as we add more to the portfolio.

Jira Software is still a very powerful LAN product for us. And so I kind of describe it as it's kind of become the Kleenex of its category. Like people inside of businesses, in some cases, don't know that Atlassian makes Jira. They just refer to Jira as -- in fact, they even talk about like raise a Jira, as Jira has now become synonymous with just doing work. Like, "I need to do a Jira." And so it's got a lot of really powerful brand properties and it's why it's been a core growth product, and still a growth product.

There's lots of market left for us to reach. We have 150,000 customers. 65,000 of them are Jira Software customers. And so even in our own base, I think there is room for growth of companies that have begun a relationship with Confluence or begun a relationship with Trello or with Opsgenie, that don't yet have Jira Software. And so there's still an opportunity to grow there.

We do think about the portfolio, to the second part of the question. There's products that, I just mentioned a couple that basically have -- can have their own independent orbit. So Opsgenie can be a product in incident management in the incident life cycle that deals with alerting and rostering

of who's going to be on call when (expletive) hits the fan, and you need to organize people to respond. That can just be the thing that a customer, basically, it's the only thing they use from us.

But we're interested in that and all the others -- other products in the portfolio because they can integrate together into a broader solution that solves a more sophisticated IT operations management challenge for companies of all shapes and sizes.

And so if you look across the portfolio, all of the products integrate with each other. There's a collection of them that will attack a very big, meaty problem, like IT service management or IT operations management. And the advantage it gives us is we can start with the customer in any number of ways, and we can kind of grow over time as we cross-flow or cross-sell multiple products around that solution area.

I will say like another product -- the last part of the question, another product on top -- that's built on top of Jira's, a product that we introduced about 4 years ago called Jira Service Desk that deals specifically with IT service management and help desks broadly. And that is a product that when we first introduced it, basically, it wasn't landing any customers. Today, it lands about 14% of every new customer can begin a relationship with Jira Service Desk.

And then from there, it can then move to Jira Software or to Confluence or to SaaS, Pager, all the other things that I mentioned to solve the problems they want to solve.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Interesting. So you're touching a lot on the ops, you're touching a lot on the developers clearly, from your core, Jira. As I think about the life cycle of DevOps, right, and you're doing planning, you've got good repository through Bitbucket, you've got incident management with Opsgenie. There's still, though, gaps, if -- in order to do the full DevOps cycle. Do you want to do the whole DevOps cycle? Is that interesting? Because we've seen companies like Microsoft make acquisitions to fill in the gap.

With IBM and Red Hat, I would argue, at this point, have almost a complete cycle as well. How do you feel about the parts of the DevOps cycle you want to get involved with versus not?

Jay Simons - Atlassian Corporation Plc - President

We are involved in all the parts of the DevOps cycle that deal with human beings and human communication and collaboration challenges. That's what we're focused on.

So we're not focused on code-specific or a machine-specific or a log-specific or a technology-specific or a monitoring-specific...

Yes. Most of those things actually will feed into some human collaborative workflow or collaborative process that we're a part of or should be a part of.

Because even if you look at the relationship that we have with Datadog or New Relic or Splunk, like most of the analysis that those products are doing that a team inside of DevOps is responsible for, that will feed into Jira.

And the work that needs to happen as people kind of follow, tumble down the rabbit hole of what they need to troubleshoot or diagnose or come back and actually resolve, that gets described and managed inside of Jira.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Got it. Makes sense. When you describe your focus like that, I always think about Trello. And it feels like it doesn't necessarily fully fit with what you're describing. It's just -- considering who the end user is. [Touch all of it].

Jay Simons - Atlassian Corporation Plc - President

Yes. I mean it's -- Trello is a collaborative tool, right? It's maybe...

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

It's not really used by IT necessarily, individuals, right? Any IT-related...

Jay Simons - Atlassian Corporation Plc - President

Oh, I think, it totally is. Yes. It's not exclusive to IT, but I think it's used pervasively in IT. And it can be used both for a lightweight planning and brainstorming, team stand ups, team meetings, like there's a whole tapestry of things that it can get applied to.

Maybe one of the distinguishing characteristics of it from other products is that it also has a prosumer orientation, where it can be used as an individual. I mean I've -- like all of my home improvement projects at my house are tracked in it. My family plans our vacations in Trello. And so that's something that you're -- there are people that do that in Jira, too. But not very -- not as common.

And I think that's a -- that's also a great growth driver of the product. Because it means that somebody could start using it both in their personal lives or at home or in school and realize that it's got some things that they can apply to their team or to their work environment and bring it into the work and vice versa. It can go the other way.

But it is -- it's very much a collaborative and communication tool.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Got it. If I'm right, though, Trello, 2 years now since you bought it? Something like 1.5 years maybe since you bought it? Or...

Jay Simons - Atlassian Corporation Plc - President

Close to 3.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

It's close to 3 now. It sounded like only recently you started to really make efforts to monetize that part of the company. And that was mainly free and you've collected millions of users into it.

Help me understand what you're doing right now to monetize that? And how would Trello look like a couple of years down the road?

Jay Simons - Atlassian Corporation Plc - President

Well, we're still focused on collecting millions of users to it because there's lots of users still for us to collect. Maybe the recent change that you're referring to is Trello has had pay plans and has had its own monetization flywheel. We introduced a couple of changes -- it's focused on introducing a couple of changes, just to help accelerate that specifically around team usage. And so not to get too into the weeds, but Trello part of -- if you -- any Trello users? You should -- yes, there you go, there's one brave soul. It's a great product. But Trello has -- part of its structure is it's -- think of it as kind of a whiteboard with sticky notes on it. That's kind of the easiest metaphor.

And the board itself, you could have an unlimited number of boards for both personal and team usage. The change that we made is we introduced a limit to the number of boards that teams could share. And so it used to be unlimited, now it's a limit of 10. And that is basically a paid gate that monetizes for us the value that we get from team adoption and shared usage of Trello.

We still preserve the unlimited number of boards for personal usage. And so you can plan all the vacations that you want without paying us. But if you begin to do a team brainstorm or a stand-up or a project plan, after 10 boards, every member of the team needs to upgrade to a paid business class plan.

And that's -- I -- that's working, that added 2,500 customers last quarter to our customer count. And I think there's lots of ways that we'll look inside of Trello to understand, and all of our products, to understand where we can participate better in the value that we provide thoughtfully.

Ittai Kidron - *Oppenheimer & Co. Inc., Research Division - MD*

Let's talk competition a little bit. Because needless to say, with all the evolution you've had, that's changing a little bit as well. Clearly, Microsoft is right there in the center on multiple product areas. But as you introduce Service Desk and as Trello or Opsgenie, help me think about who do you view as competition now? How do you think that changes over the next year or 2?

Jay Simons - *Atlassian Corporation Plc - President*

Well, the competitive landscape for us, look, I kind of describe it as a dog's breakfast, it's a little bit of everything. I think really what we're competing for -- I'll answer the question directly, but really what we compete for with all those companies is attention.

That's the thing that all of us are really focused on. Because there's only so many minutes in the day at work or at home, and we want to use those minutes effectively. But if you are spending time in another technology, even if you're not -- even if it sits alongside our technology, it's minutes that you're not necessarily spending and actively engaged in our products. And so one of the metrics that we pay the most attention to as active usage.

And we want to make sure that we're not just getting people to use the product. Like, if I can help you accomplish what you're trying to accomplish in 5 minutes as opposed to 15, just because you have to fumble around with like 25 clicks, that's a really effective trade-off. But I really care that you're getting value and engaged and active.

In terms of the competitive landscape. We've got a variety of competitors depending on what category you pick and what products you're looking at. I would say probably Microsoft and Google and sort of the large enterprise companies that care a lot about productivity broadly are maybe over the long term, the ones that we pay the most attention to. But they've also got different fronts that they're fighting.

I think if you look at Microsoft as an example, they care about the office franchise and now they care very deeply about real-time communication with Microsoft Teams as an alternative to Slack. In part because potentially, that engagement model puts the Office franchise at risk; I'm theorizing. We go really deep in high stakes, mission-critical collaborative workflows.

If you look at where kind of our -- the bedrock inside of companies that we support, even if everybody in the organization could use us, they tend to be these very valuable, high-stakes team endeavors. Software development, IT service management, IT operations management, incident management, those are things you were not going to run on Excel and e-mail and Slack or Microsoft Teams. Like, they're very deep high stakes collaborative workflows, and that's where we excel.

Ittai Kidron - *Oppenheimer & Co. Inc., Research Division - MD*

Got it. Very good. Well, I can go on and on but I would love to open it up also for everybody to participate. Any questions? Yes.



Unidentified Analyst

In terms of -- I guess (inaudible)?

Jay Simons - Atlassian Corporation Plc - President

I think both, and then we just want to be thoughtful about where they intersect and where they meet and where the overlap is. And I think we are -- like as the feature evolve -- feature set evolves for both products, I think you don't want to add unnecessarily the sophistication and complexity that the Jira platform provides to Trello because I think it would've weighed it down. And likewise, you want to continue to make Jira simpler and easier to use and extensible. But you don't want to go all the way to where Trello is.

We have a product on top of the Jira platform called Jira Core, which is effectively, for Jira, is kind of the intersection point for line of business, that would be kind of a close proximity to something like not necessarily Airtable, but like to Asana or monday.com or some of the other kind of like business-oriented, collaborative task systems or project systems.

Yes? Follow-up.

Unidentified Analyst

Do you actually procure (inaudible) is the business user actually like provisioning the workflow and managing it? Or is it usually IT that are using Jira for a lot of good things, the go-to marketing and say, oh, you just switch and all -- you can use your corporate guy and I'll set it up for you?

Jay Simons - Atlassian Corporation Plc - President

It both. It depends on the organization. But you can -- a business user can sign up to Jira on the cloud and not really need an intermediary and configure it for themselves. And then at some point, depending on the company, somebody could basically wrist slap and say, like, hey, actually no, we're going to bring that into central IT and make sure that it's provisioned and the privacy policy is what we want. And the data -- we understand where the data rests and kind of all the things that the bigger that you get, the more organizations tend to care about kind of managing that. It tends to be an IT mandate. But both happen.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Yes?

Unidentified Analyst

Can you comment on your plans for Opsgenie and why are you pricing it (inaudible)?

Jay Simons - Atlassian Corporation Plc - President

I mean we price it because we see price as a weapon to get market and get share of market. And we're very aggressive on the low end. Because that's actually where we land and win, and we can land with a team of 5 or 10 or 15. And then we tend, if you look at all of our curves, that tend to steepen as you grow. And so the -- we -- where we're focused on extracting the most value is when we've proven the value of the product to a small team, and we've earned the opportunity to expand and grow with that team.



And I think we are aggressive because we just -- we think that this is a problem that 500,000 companies have. They just don't realize it yet. And we want to win as many of those customers as we possibly can. And that's sort of been our -- I mean that has been our playbook since our inception that Jira began as a product that you -- the most you could spend was \$800, that's it, back in 2002. And that gave us an opportunity to win thousands and thousands and thousands of companies, not just the Global 100 or Global 2000. But when you get potentially millions of users on top of a product, they all become promoters, to their friends to their networks to their -- the other parts of their workplaces that are not using you, about why they should. And price is a factor there.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Last one.

Unidentified Analyst

So just expanding on the pricing philosophy, but in addition it's like being introduced to the cloud platform. How do you see leveraging now that you're growing your customer base?

Jay Simons - Atlassian Corporation Plc - President

So we are -- we haven't introduced them yet, but we talked about introducing free editions for a couple of our products. Many of our products in the cloud already have free editions. So in some case, this is a harmonization across products in the portfolio. But free is, in an edition, a way to open the aperture on the market to a part of the market that might be more price-sensitive than a lot of us in the room think they should be. And we can plant roots with a free edition and in some cases, we'll grow into a paid standard or paid premium edition, based on all the techniques that I mentioned earlier.

In some cases, it's basically just building a bigger and bigger megaphone of net promoters, who are going to repeat the signal about who we are and what our products do to potentially other segments of the market that will pay.

And so it's all about kind of long-term building that flywheel, and a free edition is another important push to help the flywheel continue to spin.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Thank you very much, Jay.

Jay Simons - Atlassian Corporation Plc - President

Did that answer the question? Okay. I couldn't tell.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Thank you very much, Jay.

Jay Simons - Atlassian Corporation Plc - President

All right. Thank you, guys. Appreciate it.

Ittai Kidron - Oppenheimer & Co. Inc., Research Division - MD

Thanks.

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