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# Snowflake, Inc. (SNOW)

Q1 2027 Earnings Call

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good day, and welcome to the Q1 FY 2027 Snowflake Earnings Conference Call. Today's conference is being recorded.

At this time, I'd like to turn the conference over to Katherine McCracken, Head of Investor Relations. Please go ahead.

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**Katherine McCracken**

*Head-Investor Relations, Snowflake, Inc.*

Good afternoon, and thank you for joining us on Snowflake's first quarter fiscal 2027 earnings call. Joining me on the call today are Sridhar Ramaswamy, our Chief Executive Officer; Brian Robins, our Chief Financial Officer; and Christian Kleinerman, our Executive Vice President of Product, who will participate in the Q&A session. During today's call, we will review our financial results for the first quarter fiscal 2027 and discuss our guidance for the second quarter and full year fiscal 2027. During today's call, we will make forward-looking statements, including statements related to our business operations and financial performance. These statements are subject to risks and uncertainties, which could cause them to differ materially from our actual results. Information concerning these risks and uncertainties is available in our earnings press release, our most recent Forms 10-K and 10-Q, and our other SEC reports. All our statements are made as of today, based on information currently available to us.

Except as required by law, we assume no obligation to update any such statements. During today's call, we will also discuss certain non-GAAP financial measures. See our investor presentation for the definitions of the non-GAAP financial measures and a reconciliation of GAAP to non-GAAP measures and business metric definitions, including customer count and adoption. The earnings press release and investor presentation are available on our website at [investors.snowflake.com](https://investors.snowflake.com). A replay of today's call will also be posted on the website.

With that, I would now like to turn the call over to Sridhar.

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## Sridhar Ramaswamy

*Chief Executive Officer & Director, Snowflake, Inc.*

Thank you, Katherine, and thank you all for joining us today. AI is fundamentally reshaping how work gets done, and Snowflake is at the center of the transformation. Across industries, organizations are moving toward a future where employees and intelligent agents work side by side to accelerate decisions, automate complex workflows, and unlock entirely new levels of productivity and innovation. With Snowflake, that future is already taking shape. Our platform brings together the four elements organizations need to become an agentic enterprise: A unified, governed data foundation; access to leading AI models; connectivity across enterprise applications and workflows; and a unifying agentic control plane that turns intent into governed action. That control plane is becoming real through Snowflake Intelligence and Cortex Code, or CoCo, as it's affectionately known.

Snowflake Intelligence gives business users a natural language interface to enterprise data, context, and actions, while CoCo gives builders a natural language way to create applications, pipelines, agents, and workflows directly on Snowflake. Snowflake is uniquely positioned to help customers become agentic enterprises, as evidenced by our Q1 results. Product revenue came in at \$1.334 billion, with growth accelerating to 34% year-over-year, up from 30% last quarter and 26% a year ago, marking our strongest sequential dollar growth in company history. Our net revenue retention rate increased to 126%. And with our continued focus on executing with discipline and operational rigor, our Q1 non-GAAP operating margin expanded over 300 basis points year-over-year to 12%. I want to take a moment to touch on our outlook. Based on a combination of strength in our core data platform business and meaningful uplift from AI capabilities, including CoCo and Snowflake Intelligence, we are increasing our FY 2027 outlook from 27% to 31% year-over-year growth.

Brian will share more details on our guidance in his remarks. Thank you to all of our Snowflakes for the hard work and dedication to deliver these results. Across our business, AI is strengthening Snowflake on multiple levels simultaneously. First, AI is accelerating consumption in our core platform as customers migrate workloads to Snowflake faster in order to access the data, context, and governance needed to power AI securely and at scale. Second, Snowflake Intelligence and CoCo are seeing the fastest adoption of any new products in our history, opening new opportunities for growth as the first major product surfaces of the agentic control plane. And third, adoption of these AI products is increasing core platform consumption as customers move from questions to answers, from prompts to pipelines, and from ideas to production workflows on Snowflake. Customers adopting CoCo are growing even faster, and we expect that momentum to continue as adoption expands.

The strength of our Q1 results reflects the powerful flywheel effect of the agentic enterprise. Importantly, this momentum starts with the strength of our core business. Our 13,912 customers turn to Snowflake because our AI Data Cloud is easy to use, seamlessly connected for collaboration, and trusted with enterprise-grade governance and security. In fact, 42% of our customers are data sharing on Snowflake with at least one stable edge. This underscores the power of the platform to connect organizations, partners, and applications around a single governed source of truth. That interconnected foundation becomes even more valuable in the age of AI. Snowflake isn't just software, it is this circulatory system connecting modern enterprises, enabling data, applications, and AI agents to move securely and seamlessly across organizations.

This combination of connectivity, governance, and ease of use is why enterprises continue to choose Snowflake as the cornerstone for their data and AI strategies again and again. Take Holiday Inn Club Vacations, a leading vacation ownership company. They chose Snowflake to power their data and AI modernization, citing our simplicity, built-in AI and machine learning capabilities, and strong partnership as reasons for their selection. With Snowflake, they are now positioned to scale analytics and operations across their business. And Houzz, the leading AI-driven platform for construction and design, selected Snowflake to accelerate their next phase of growth, enabling faster access to insights across the business. With Snowflake, Houzz will significantly improve data processing performance, reduce pipeline maintenance, and free up engineering resources to focus on building new products.

Going forward, they'll be investing in natural language query processing and self-serve analytics to make data more accessible across the organization. [ph] Our (00:08:09) existing customers continue to go all-in on Snowflake. After nearly two years, and one of the most complex data warehouse migrations in financial services, one of the largest banks in the United States completed their Teradata migration onto Snowflake. This migration represents one of many legacy platforms they intend to move to Snowflake. Their teams are now building AI-powered regulatory intelligence, natural language analytics, and data discovery directly on top of a platform they already run at massive scale. Then there's Nestlé, one of the world's largest consumer goods companies with more than 2,000 brands globally, operating in 185 countries. They're expanding their use of Snowflake to power their enterprise digital transformation.

As part of this, Nestlé is reimagining its operations end-to-end with data and AI as key enablers, building enterprise data products used by over 50,000 users across 150 global capabilities. This enables a real-time, connected view of the business, allowing teams to make faster and more proactive decisions. One of the world's largest wealth management firms built a Cortex-powered agent called [ph] AskYourData (00:09:28) and deployed it to their entire executive leadership team. Over 60% of business inquiries that were previously routed to analysts for manual data pulls are now answered instantly on demand, leveraging their existing data in Snowflake. We also saw Global 2000 companies like Global Payments, Depository Trust & Clearing Corporation/DTCC, and Blue Yonder expand their use of Snowflake to support growing workloads, accelerate AI-powered insights, and drive further value for their end customers.

This continued expansion is reflected in our large customer growth. In Q1 eight customers surpassed \$10 million in trailing 12-month revenue. We now have 64 customers spending more than \$10 million on a trailing 12-month basis. As AI strengthens demand for our core platform, it is also expanding Snowflake's opportunity to deliver a new generation of AI-powered products and experiences. Snowflake is uniquely positioned to lead in the next phase of enterprise AI because we already sit at the center of our customers' data, business context, AI models, and workflows. What customers increasingly want is simple: one place to get work done, a place where a business user can ask a question, understand the answer, and trigger the next step; and where a developer can turn an idea into an application, a pipeline, an agent or a workflow without leaving Snowflake.

That is what we mean by the agentic control plane. It's the governed layer where intent becomes action, grounded in the customer's enterprise data, business context, model, applications, and security policies. Snowflake Intelligence is the business user surface of that control plane; CoCo is the builder interface. Together, they help customers move from insight to action and from prompt to production, all within Snowflake's trusted governance model. In fact, accounts using Snowflake Intelligence more than doubled quarter-over-quarter as more organizations embrace a governed conversational way for business users to ask questions, get answers, and act on enterprise data. And CoCo is already in use with more than 7,100 accounts, giving builders a natural language way to create applications, pipelines, agents, and workflows directly in Snowflake.

Just recently, our partner, Infinite Lambda, was preparing for a major customer pitch. One of their engineers used CoCo to build a true customer 360 application in just five hours, bringing together customer data, chart insights, recommended actions, and live dashboards into a single experience, and they showed it to the customer. The reaction was immediate. After the meeting, Infinite Lambda's CEO called me and said you are changing this industry. Providence, one of the largest health systems in the United States, is using Snowflake Cortex to surface insights from clinical notes and patient records in seconds. With CoCo, they are now building these workflows directly in Snowflake, enabling care teams to access critical information faster while maintaining privacy standards. And Thomson Reuters, a global provider of legal, tax, and regulatory intelligence, uses Snowflake Cortex, including CoCo, to power AI-driven legal and compliance workflows.

By leveraging CoCo to build and deploy intelligent applications directly within Snowflake, its teams can turn complex regulatory data into actionable insights in seconds while accelerating product development. This approach maintains the fiduciary-grade governance and reliability required for high-stakes professional use. CoCo is contributing meaningful AI revenue while also driving increased engagement across the broader platform. This tangible momentum, together with continued strength in our core platform, is reflected in our increased FY 2027 outlook. Today, with the announcement of our intended acquisition of Natoma, we are extending the Snowflake agentic control plane beyond data and development workflows into the everyday applications where work happens. With Natoma, users can do things like send emails, summarize Slack conversations, check calendars, and open Jira tickets without ever leaving Snowflake Intelligence or CoCo.

The important point is not just convenience, it is control. These actions happen from a governed environment with enterprise security, permissions, observability, and policy enforcement built in. This will extend Snowflake's leadership in AI governance by ensuring companies can safely manage not just their data, but also the actions AI agents take across business workflows. As we continue to innovate to support our customers, we are also leading the AI transformation from within. With Snowflake Intelligence and CoCo, our teams are revolutionizing how they work. Across our global support organization at Snowflake, CoCo now analyzes incoming customer cases before an engineer engages, surfacing diagnostic insights and likely root causes upfront. Alongside the use of AI-accelerated investigations, this has driven over 25% faster case resolution times and a 25% increase in case throughput per engineer.

By using CoCo, engineering teams that run Snowflake cloud deployment have freed up capacity and moved resources to product innovation while reducing complex case resolution time by nearly 30% and cutting engineering time spent per ticket by roughly 40%. Across our data organization, CoCo's double developer productivity as measured by pull requests and lines accord per engineer and has automated more than 100 workflows across finance, marketing, sales, and HR in just weeks. Through this operational transformation, our teams are moving with greater speed and focus to capture the AI opportunity in front of us. In Q1, we delivered over 20% more product capabilities to market than we did a year ago, underscoring both the pace of our innovation and the breadth of platform expansion underway across Snowflake. We are also strengthening our go-to-market organization to support our next phase of growth.

Following a seamless transition, our new Chief Revenue Officer, Jonathan Beaulier, JB, is positioning Snowflake to scale in the AI era. JB brings more than a decade of experience with Snowflake, deep knowledge of our customers and platform, and a strong operational focus as we continue to evolve our go-to-market motion. That strong execution is translating into continued customer momentum and broader product adoption of the platform. In the quarter, we added 616 net new customers, up 38% year-over-year. We're also seeing customers deploy and scale workloads at a faster pace. The number of use cases, individual projects managed on Snowflake deployed in the quarter increased 114% year-over-year as customers moved more workloads into production on

the platform. At the same time, the number of use cases won per account executive increased 86% year-over-year, underscoring both growing customer demand and improved sales execution across the organization.

We are also continuing to strengthen our ecosystem as we deepen our strategic partner relationships and extend the reach of our AI Data Cloud. Just today, we announced an expanded collaboration with AWS through a new \$6 billion multiyear agreement to accelerate enterprise AI adoption globally, leveraging Graviton compute and AI services. The announcement comes as Snowflake surpassed \$7 billion in lifetime AWS Marketplace sales, reflecting the growing demand for AI and data workloads running on Snowflake. During the quarter, we also announced an expanding \$200 million partnership with OpenAI. And just recently, we brought the joint capabilities from our landmark partnership with SAP to general availability, enabling customers to unite mission-critical business data across their core data systems within our AI Data Cloud.

Before I close, I want to acknowledge our Co-Founder and Chief Architect, Benoit Dageville, who will be stepping away from day-to-day operations in mid-June and continuing as a member of Snowflake's board of directors. Benoit is one of the greatest technical visionaries of our industry. His leadership and innovation helped invent the modern cloud data platform and laid the foundation for everything Snowflake has become today. The impact he's had on this company, our customers, and the broader technology landscape is extraordinary, and we are deeply grateful for his continued guidance as we enter this next chapter. Our product organization will continue to be led by Christian Kleinerman. For the past several years, we've seen AI emerge as a tailwind for our business. Q1 marks an important shift in this journey. The combination of Snowflake's trusted enterprise data, rich business context, leading AI models, and secure connectivity into enterprise applications creates a unique opportunity.

Snowflake Intelligence and Cortex Code are the two primary ways customers experience that opportunity, one for business users, one for builders. Together, they allow customers to move from intent to action in a governed environment, positioning Snowflake to win a new market, the agentic control plane. We are benefiting from AI as a secular tailwind while also monetizing first-party AI capabilities. Through the combination of rapid innovation, strong go-to-market execution, and operational discipline, we are well-positioned to deliver accelerating growth and margin expansion.

With that, I'll turn it over to Brian to walk through the financial details. Brian?

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## Brian G. Robins

*Chief Financial Officer, Snowflake, Inc.*

Thank you, Sridhar. In Q1, year-over-year product revenue growth accelerated approximately 400 basis points to reach 34%. Growth benefited from a meaningful increase in AI revenue and an acceleration in our core data platform business. AI is a driving force behind our momentum. AI serves as a catalyst for our core data platform business. With an AI-first mindset, customers are moving to the cloud and to Snowflake with increasing urgency. This tailwind is evident in the pace of new customer additions. As Sridhar mentioned, our net new customer additions increased 38% year-over-year. We added 13 Global 2000s compared to 4 in the same period last year. Snowflake's AI workload is now a significant revenue engine in its own right. AI products like Cortex Code are expanding our opportunity with existing customers as CoCo encourages faster, more consumption of the data platform.

We now have 79 customers spending more than \$1 million on a trailing 12-month basis. 46 customers crossed the \$1 million threshold in Q1 compared to 26 a year ago period. Remaining performance obligations grew 38% year-over-year, compared to 34% in Q1 of last year. We continue to see customers favor Q4 renewals. As a result, we expect bookings to be increasingly weighted towards the fourth quarter. We remain committed to delivering both growth and margin expansion. In Q1, non-GAAP operating margin expanded over 300 basis

points year-over-year to reach 12%. Strong revenue growth and disciplined hiring both contributed to the outperformance in non-GAAP operating margin. We added 190 employees this quarter, compared to approximately 400 added in the year ago period. Of these 190 employees, 173 joined Snowflake through the Observe acquisition. Excluding Observe, organic hiring was limited to 17 people in the quarter.

In Q1, we used approximately \$300 million to repurchase 1.7 million shares. We have approximately \$800 million remaining of our original \$4.5 billion repurchase authorization. We ended the quarter with \$4.4 billion in cash, cash equivalents, short-term, and long-term investments. During the quarter, we entered into a five-year, \$6 billion contract with AWS, more than doubling our prior contract signed in FY 2023. With this agreement, AWS has committed to an expanded go-to-market investment and collaboration. This agreement marks an important milestone in our ongoing partnership with AWS, and its impact is fully incorporated into our outlook. Moving to our outlook. As always, our forecast is based on existing consumption patterns. There are no changes to our forecast methodology or guidance philosophy. Given the strength we've observed in both our core data platform business and AI business, we are raising our guidance for the year.

For FY 2027, we now expect product revenue of \$5.84 billion, representing 31% year-over-year growth. In Q2, we expect product revenue between \$1.415 billion and \$1.42 billion, representing 30% year-over-year growth. Our Observe acquisition is progressing well, consistent with our initial expectations. Observe contributed less than 1 percentage point of product revenue growth in Q1, and we continue to expect the acquisition to add approximately 1 percentage point of revenue growth – product revenue growth for the full year. Turning to margins. We expect 75% non-GAAP product gross margin for FY 2027. We expect Q2 non-GAAP operating margin at 12.5%, and we are increasing our full-year non-GAAP operating margin guidance from 12.5% to 13.5%. We are reiterating our non-GAAP adjusted free cash flow margin guide of 23%.

Our full-year outlook for both non-GAAP operating margin and non-GAAP adjusted free cash flow margin continues to include approximately 150 basis point headwind related to our Observe acquisition. This impact is unchanged from last quarter. Our intended acquisition of Natoma will bring 20 employees to Snowflake. Before turning to Q&A, I'd like to briefly revisit my priorities for FY 2027. Last quarter, I outlined two key priorities: First, driving growth and margin expansion; second, supporting ongoing excellence in our go-to-market motion. We are executing well on both fronts as AI strengthens every element of our business. Since last quarter, we've seen a step function change in our AI revenue opportunity, led by Cortex Code. AI is only transforming how we operate internally, enabling greater productivity through a combination of slower hiring and more cloud spend.

On the go-to-market side, we're incredibly pleased with the response to our new CRO. JB brings a wealth of experience and a proven track record of success at Snowflake. He understands how to deliver great outcomes and win with individual customers. More importantly, he knows how to drive that success across the broader organization. Finally, next week we'll host our Investor Day in conjunction with Snowflake Summit Conference in San Francisco. If you're interested in attending, please email [ir@snowflake.com](mailto:ir@snowflake.com).

With that, I'll pass the call to operator for Q&A.

## QUESTION AND ANSWER SECTION

**Operator:** Thank you. [Operator Instructions] And we'll go ahead and take the first question.

**Sanjit K. Singh**

*Analyst, Morgan Stanley & Co. LLC*

Q

Thank you. This is Sanjit Singh from Morgan Stanley. Sridhar, I've been covering consumption software companies – consumption model software companies for a long time. In a normal year we typically don't see the sequential dollar growth that you guys are posting up. Typically, you don't see raises through the full year or Q2 guides the way we're seeing with this set of results. But the simple question is like what sort of inflection in the quarter on like two fronts, I would say maybe from a market backdrop demand perspective, and then from like a within the Snowflake portfolio between, let's say, maybe migrations, organic customer expansion in the core data platform, and then the AI story? Can you talk about where specifically you're seeing the inflection? Thank you very much.

**Sridhar Ramaswamy**

*Chief Executive Officer & Director, Snowflake, Inc.*

A

Absolutely. No, I would break this up into three parts. First, AI is accelerating the value that people can get from the data that they have put into Snowflake or that they can put into Snowflake. So we saw a – like a healthy secular tailwind for our core data platform. And part two is really that agentic products, the control plane products like Snowflake Intelligence and Cortex Code/CoCo came into their own in Q1. Recall that CoCo went into GA on Feb 5, so just as we were opening up the quarter. And we've seen very strong traction with both the products. And the really interesting thing with Cortex Code is that it, in turn, drives more consumption on the core data platform simply because it's much easier to get projects done, whether it's a pipeline or creating a new agent, or setting up a new dynamic table or even, honestly, a migration. So it's driving the second order effect as well.

But it's really – this is the one, two, three, and that's why I like to think of this as AI compounding Snowflake's strengths in data. And I'll hand it off to Brian for the mechanics of how these came together in our forecast for the quarter and the year. Brian?

**Brian G. Robins**

*Chief Financial Officer, Snowflake, Inc.*

A

Yeah. Thanks, Sridhar. I'll unpack that a little on terms of impact. And so, CoCo had the largest driver to the increase in our forecast. As a reminder, when we forecast we only forecast observed behavior. And as Sridhar mentioned, that just happened in the quarter. And so this quarter we had a very unique opportunity to layer CoCo in the model, and that's reflected throughout the remainder of the year. We also saw acceleration in our core business, and that informs our outlook as well. And so there's no change to our guidance philosophy where 3% we view as a really strong beat.

**Sanjit K. Singh**

*Analyst, Morgan Stanley & Co. LLC*

Q

Thanks, Brian, for the color.

**Operator:** And we'll take the next question.

**Kirk Materne**

*Analyst, Evercore Group LLC*



Yeah. Hi, it's Kirk Materne with Evercore ISI. Thanks, Sridhar, for taking the question. Congrats on the quarter. Sridhar, I want to dive a little bit more into CoCo just in terms of how does that sort of change your customers' ability to get more data out of the platform at a faster rate? Can you just dive into that a little bit more? And then can you also just talk about how having a product like CoCo maybe changes the go-to-market model a little bit? You said, obviously, JB had a great first quarter. Just wondering how having these agentic products also sort of shapes your thinking around the go-to-market efforts as we go through the rest of the year. Thanks.

**Sridhar Ramaswamy**

*Chief Executive Officer & Director, Snowflake, Inc.*



Yeah. So CoCo is a general-purpose coding agent that has a set of features that are specialized for Snowflake and data platforms. We have published benchmarks that show that CoCo can outperform even the frontier models when it comes to doing operations within Snowflake. And over the past quarter, we've actually expanded it to support other data platforms like Amazon Glue or Airflow or dbt Cloud, and in fact even Databricks so it's incredibly powerful. And in terms of how it impacts our customers' ability, our ability, our partners' ability to get things done faster is any kind of coding transformation, and a migration is one such example, can be made faster with CoCo. We have a migrations team that is busy creating we call them harnesses. They're ways of structuring the process so that a complex migration can be broken down and attacked methodically. We work very closely with both partners and customers and help them get these migrations done faster.

And I previously talked about how many – some of our partners are even switching their entire business models from charging for time and material to being able to charge for outcomes. In addition, something like creating an agent to run inside Snowflake Intelligence just goes a whole lot faster because we have created workflows within CoCo for the entirety of the agent creation pipeline. In fact, this has gotten so demystified that even somebody like me can go from a dataset to things like Cortex Analyst and search instances to creating an agent, to running an eval on it. That's the lifecycle of creating an agent. It's like an automation platform for everything having to do with Snowflake, and there is a ton of activity within Snowflake and outside by partners, for example, to build even more complicated skills and processes on top of this. I very much think that this is early.

And in terms of how it's affecting our go-to-market, first and foremost, I think this – products like CoCo and Snowflake Intelligence have made the entirety of our go-to-market team AI native in a way that honestly, would not have been even – like, we could not even imagine it a year ago, because we have a lot of governed data, and so our solution engineers, our sales – our account executives even, can show the power of Snowflake. There's nothing like pulling your phone out to show what Snowflake Intelligence can do, as every CEO that's met me in the last nine months knows that's one of the things that I always do. Our solution engineers are able to build much more realistic demos and prototypes, and even actually get projects done for their customers very, very quickly, showing our customers what is possible with CoCo.

And similarly, our internal teams, whether it's the support team that I talked about, or our SRE team, our Site Reliability Engineering team that runs our production systems on – or our services team. They have 95-plus percent adoption of CoCo, which leverages them enormously when they are creating products. And CoCo and coding agents have also changed things like enablement. It's a lot easier to learn, and you can literally ask a coding agent how to do something, have you write – have it write a toy example for you, for you to examine it, tinker with it, and then write a more complicated example. A professor friend of mine called coding agents self-pedagogical. They come with that learning built in, which means that a product feature released in CoCo can be used by someone in services literally the same week. And it's that rapid iteration that's also benefiting us. And so

that's the virtuous loop that we are on. We think we can get projects done faster. We think we are also honestly very early in the world of agentic development.

There are new techniques being developed, honestly, every week. And our ability to get more and more complex projects done on top of these coding agents is just enormously powerful. And I think we are setting the standard for what data work is – and more is going to be like, both with CoCo, but also with Snowflake Intelligence. And things like MCP are a further unlock into what is possible with these agents.

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**Kirk Materne**

*Analyst, Evercore Group LLC*



Thanks, Sridhar. Appreciate it.

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**Operator:** And we'll take another question.

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**Karl E. Keirstead**

*Analyst, UBS Securities LLC*



Oh, hi. It's Karl Keirstead with UBS. I'd love to continue the conversation on CoCo, if that's okay, for a question to both Sridhar and Brian. Sridhar, it's pretty evident that customer spend on Cortex Code and even broadly, models like Claude is – are bending spending higher given the token or usage-based pricing. I think a lot of investors are worried that it's going to reach a point where customers might try to govern or throttle the use of these tools to try to contain spend. I'm just curious, are you anticipating that to happen? Perhaps the answer is that the value add is such that you are unlikely to see that. And then maybe for Brian, I think there might also be a perception that products like Cortex Code come at generally a lower gross margin than the rest of the business, but one thing I noted from your guidance for the full year is that you're stuck with the product gross margin guidance of 75%, despite a big apparent uptick in Cortex Code, which suggests perhaps that the gross margin drag is minimal, if any. And I'd love to ask you to comment a little bit on that. Thank you.

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**Sridhar Ramaswamy**

*Chief Executive Officer & Director, Snowflake, Inc.*



I'll start, and then I'll hand off to Brian. Cost is always an issue that we pay attention to. This is true in Snowflake Intelligence. This is also true in Cortex Code. But what helps significantly is the fact that these are products in which you can either get things done that you're never able to before, or get things done 10 times and sometimes like more than that faster. Those are not normal things. And to give you concrete examples, a very large bank that we work with has told me that while they spend several hundred million dollars on data systems as a whole, it's a very large bank, the amount of money that they spend on the human capital that powers all of these various pieces of software and links them up is three to four times [ph] that much (00:38:25). And anything that makes that part of the labor force 10 times more effective is always incredibly welcome.

Having said that, when we want to roll, for example, Snowflake Intelligence out to 10,000 users, cost governance is absolutely an issue, just like it's an issue in Snowflake when I want to roll products out at scale. And so we are doing things like cost limits at an account level, or at a particular agent level, or you want to be able to restrict how much tokens a particular user can be spending. Of course, it quickly comes back to having exceptions for very talented users that are actually worth the tokens that they are using. And that's the kind of infrastructure that we are really good at creating. And so we feel very good about being able to do that. Plus there is a lot of innovation that we are driving within these coding agent products themselves. As I said, they handle very complicated tasks, but not everything is complicated. If you want to summarize, for example, I mean I did something a couple of days ago to summarize Slack threads, and perfectly small models from Mistral are enough for that.

You don't need the latest and greatest Opus models for summarizing Slack threads. We are building that – those kinds of capabilities natively into Snowflake, so that it can be efficient in what kind of models that it uses. But my short answer to your question is they're creating incredible value, but we are not resting on that. We are creating the controls that one needs in order to keep costs manageable as things continue expanding.

Then I'll let Brian take the AI and margin question.

**Brian G. Robins**

*Chief Financial Officer, Snowflake, Inc.*

A

Yeah. Karl, thanks for the question. You're absolutely right. Our AI products have a lower gross margin than our core platform. The one thing that we want to do with our AI products when we launch a new product like CoCo is make sure that we develop a great product, that we get massive adoption, and we've seen really good adoption with CoCo. We're up to roughly about – a little over 7,000 accounts have adopted CoCo. With that said, we're offsetting that and keeping the same product gross margin at 75% for the full year, and lower bandwidth costs, i.e., I talked about the AWS contract, and so we're offsetting it there. So that's how we're able to do that. We're committed to find efficiency to be able to maintain that 75% gross margin.

**Karl E. Keirstead**

*Analyst, UBS Securities LLC*

Q

Okay. Great. Congratulations to both of you.

**Brian G. Robins**

*Chief Financial Officer, Snowflake, Inc.*

A

Thank you, Karl.

**Operator:** And we'll take the next question.

**Raimo Lenschow**

*Analyst, Barclays Capital, Inc.*

Q

Hey. Raimo Lenschow from Barclays. Congrats from me as well. That's an amazing quarter. The question I had is more for Brian. Brian, like if you think about the last couple of quarters, you've been telling us about like the beat cadence that you think about. Obviously, this quarter, you beat by much more, and CoCo is helping there, but it's also a consumption model. Like how do you think about this going forward, and how should we think about the guidance philosophy that you have there? Maybe you can help us there. But congrats from me as well. Amazing quarter.

**Brian G. Robins**

*Chief Financial Officer, Snowflake, Inc.*

A

Thank you. Let me emphasize that there's been no change in guidance philosophy, and we view a 3% beat as a very solid beat. The difference that happened this quarter was CoCo was launched in the quarter, and we base guidance on observed behavior, and so we didn't have any observed behavior for guidance for CoCo. And so we had a unique opportunity now, since we've been able to watch it for a quarter, to layer that in now for the full year, and that's what we've done. And then we also saw the acceleration in the core, and we've included that for the full year based on what we've seen.

**Raimo Lenschow**

*Analyst, Barclays Capital, Inc.*

Okay, perfect. Makes sense. Thank you.

Q

**Brian G. Robins**

*Chief Financial Officer, Snowflake, Inc.*

Thank you.

A

**Operator:** And we'll take the next question.

**Matthew Hedberg**

*Analyst, RBC Capital Markets LLC*

Hi there. This is Matt Hedberg from RBC. Congrats from me as well. I had a question. There's been a lot of talk, especially from an autonomous AI agent perspective, the importance of context engineering and harness engineering, and Sridhar, you mentioned that in your prepared remarks. I guess I'm wondering, what role does Snowflake have in that, and how do we think about that from a moat perspective from some of the AI labs?

Q

**Sridhar Ramaswamy**

*Chief Executive Officer & Director, Snowflake, Inc.*

Yeah. The data that is stored in Snowflake is among the most valuable pieces of data for a particular company. This is the – it's called the Gold layer, and typically has the most important information. At Snowflake, for example, all of our revenue information, our consumption information, and information about the different departments are all kept in Snowflake. But on top of that, the dashboarding platforms that are written on top of Snowflake have an amount of additional context as well, and we see what they do. So our ability to provide context to AI is exceptional. And we are also busy creating products that can use this to make the act of getting value from AI even faster. I talked earlier about how we have workflow automation for the entire life cycle of creating an agent. We want to do more than that. We want CoCo to be the place where it is fastest to get value from the data investments that you have made, and Christian is working on a key effort on this side as well.

A

Christian, you want to add additional context?

**Christian Kleinerman**

*Executive Vice President-Product, Snowflake, Inc.*

Yeah, yeah. Briefly, Matt, I think your question is insightful. We have a track record of using metadata and activity inside of Snowflake to drive better results. Oftentimes, it used to be query optimization and performance, and we are now using that same type of signal and activity in Snowflake to provide better context to AI. We will be showcasing at Summit some of the differences of how out-of-the-box results are better with CoCo and Snowflake Intelligence as opposed to other agents.

A

**Sridhar Ramaswamy**

*Chief Executive Officer & Director, Snowflake, Inc.*

This also points to the overall strategic value of Cortex Code, because if a number of data users from within an enterprise are using these agentic coding platforms in order to create end-user products, it could be skills, it could be dashboards, it could be agents. We also then have the ability to essentially learn across these. And so we have created memory concepts, where use of these products within Snowflake makes Cortex Code itself much better for future use. That is part of the flywheel effect that one gets from having great agentic coding products.

A

**Operator:** And moving on to another question.

**Brent Thill**

*Analyst, Jefferies LLC*

Q

Hi. It's Brent Thill at Jefferies. Sridhar, just on the sales and marketing side, if you just back out Observe, you didn't have a really big S&M hiring quarter, and I am just curious, based on the demand and everything you're seeing, why not lean a little harder into the go-to-market side? Maybe you are behind the scenes, and I think this maybe also ties into the transformation that took place in the quarter with the new head of sales. Maybe if you could just tie it all together in a go-to-market view from your perspective, that'd be great. Thanks.

**Sridhar Ramaswamy**

*Chief Executive Officer & Director, Snowflake, Inc.*

A

I think part of what we need to understand right now is that there are many, many places in which AI is making Snowflake a lot more efficient. I talked in my prepared remarks about how we have greatly increased the number of use cases that we have won, which is primarily an account executive-driven activity. We've also had significant increases in individual productivity year-on-year. This is because of AI, their ability to learn faster, pitch products that are more relevant to their customers, and also have solution engineers create prototypes that are directly relevant and in the context of the customer. So as an organization, we are just becoming a lot more effective. We will continue to invest in all of the key functions that are responsible for driving Snowflake forward. This applies to engineering, this applies also on the sales and solution engineering side.

But it is counterbalanced with the – by the large amount of efficiencies that we are getting in a number of other functions that are very amenable to AI automation like support, like SRE, like technical documentation. Basically, a lot of information functions and information exchange functions have gotten a whole lot easier, and this is also where teams are being very, very effective in deploying things like CoCo and Snowflake Intelligence for these kinds of use cases. We will absolutely continue to invest wherever we get strong leverage.

**Brent Thill**

*Analyst, Jefferies LLC*

Q

Thank you.

**Operator:** And we'll take the next question.

**Alex Zukin**

*Analyst, Wolfe Research LLC*

Q

Hey, guys. Alex Zukin from Wolfe Research. Just congrats on an amazing quarter, and thanks for taking the question. Sridhar, maybe for you – actually, both of them probably for you. If you think about the profile of a customer a year ago versus now, a customer that's using Cortex Code, what are you seeing in terms of the uplift on spend? And with the acquisition of Natoma that you announced, it seems to me that Cortex Code was just the beginning. Maybe it's the first agent that you're kind of going to launch and you're not stopping there. Maybe there's a number of other ones that are coming, so maybe just help us think about how that changes the potential spend profile of a customer over time.

**Sridhar Ramaswamy**

*Chief Executive Officer & Director, Snowflake, Inc.*

A

Among the biggest, like, impact that products like CoCo have with our customers is simply one that of expectation. I talked, again, in my remarks about how we did a two-year Teradata migration. We are engaged in more migrations, but the timelines for doing those now run between a quarter and two quarters. Why? Both my team and the customer expects and demands that, and we have the ability to deliver against that. I think the – both the impatience and hunger for what people can do with data, along with the expectation for how quickly we can get them done, I would say that's like – that's a huge sea change. Christian?

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**Christian Kleinerman**

*Executive Vice President-Product, Snowflake, Inc.*

A

No, align with what you're saying, Sridhar. There's a massive backlog...

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**Sridhar Ramaswamy**

*Chief Executive Officer & Director, Snowflake, Inc.*

A

Right

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**Christian Kleinerman**

*Executive Vice President-Product, Snowflake, Inc.*

A

...of what customers want to do. So just helping them do it faster just says they get to the next set of work sooner.

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**Sridhar Ramaswamy**

*Chief Executive Officer & Director, Snowflake, Inc.*

A

That's right. That's right. Even our own data teams, for example, typically had backlogs that ran into multiple years. In fact, the standard request, all of you know this, it's sort of funny but not. If you had a request of a data team, their answer usually is like that's nice, take a ticket and wait. But we are now in a situation where they can actually crank through that backlog just a whole lot more quickly, unlocking value. And to go back to the question about Natoma and its importance and coding agents, it is important to understand that Snowflake Intelligence and Cortex Code are built on the same underlying technology with just different tools, having different capabilities that are exposed to end users. They use the model garden underneath that powers all of these models. They share what's called the harness. This is the one that is working on top of the model, deciding what tools to call. And increasingly, they are also going to be sharing the same runtime.

We have a cloud runtime product that is in public preview. It means that all of the power that you expect from running CoCo locally can now be executed in the cloud in a governed manner, and I'm already running agents in this cloud agent platform. And that ability to launch things, for example autonomous agents because you no longer need to have your laptop open for something to run, is pretty remarkable. It's all being built on the same infrastructure for the harness, for the runtime, as well as things like session memory. And Cortex Code and Snowflake Intelligence are just two manifestations of the same product. And the reason MCP and Natoma are a big deal is they now bring the context entirety of SaaS application context into these products. And so I've run deep research reports, for example, that I've shown Christian that can now look for information from Snowflake, from the web, from Google Docs, also from Slack, and synthesize that into something that is astoundingly meaningful.

And these also let you take action instantly. You can Slack somebody, you can compose emails and send it, and you can take actions on the underlying applications, and that's the promise. We basically have a builder version and an end user version of these products. Obviously, the names make them sound more different than they are. That's something that we are working on. But the amount of power and flexibility that these coding agent products offer is pretty remarkable. And in my mind, the right analogy here is that a coding agent, yes, can write code. But

at its core, it's an abstraction agent. It can let you do things at a high level that previously you sort of had to sequence out one-by-one. I think that's the power that comes from them. Christian?

**Christian Kleinerman**

*Executive Vice President-Product, Snowflake, Inc.*

A

One other comment on Natoma. It's very important to highlight that it does have tool visibility with governance and auditability.

**Sridhar Ramaswamy**

*Chief Executive Officer & Director, Snowflake, Inc.*

A

Okay.

**Christian Kleinerman**

*Executive Vice President-Product, Snowflake, Inc.*

A

Because our mission is to help every organization leverage AI in the context of the data, but with governance, with security, and trustworthiness, so that fits entirely into our mission.

**Alex Zukin**

*Analyst, Wolfe Research LLC*

Q

Excellent. Thank you, guys.

**Operator:** And we'll take another question.

**Brad Reback**

*Analyst, Stifel, Nicolaus & Co., Inc.*

Q

Great. Brad Reback, Stifel. Sridhar, with the success you're having here with CoCo and Snow Intelligence, is that fundamentally changing the competitive landscape when you're going into new customers? Are you now seeing LLMs more than some of the older competitors? Thanks.

**Sridhar Ramaswamy**

*Chief Executive Officer & Director, Snowflake, Inc.*

A

We come with a unique value proposition. As you folks know, even in the world of data, the cloud service providers have had products. We have very successful partnerships with them. In fact, we just announced a \$6 billion partnership with one of them. Our value prop has always been very clear. We are about customer choice. We are also about a certain amount of independence from the mechanics of the cloud providers. A Snowflake implementation works fine on AWS, but it can also work on Azure. We have similar, really good partnerships with the leading AI labs, both Anthropic and OpenAI. We collaborate very closely with them to create great AI products, but also to create safe AI products. And similarly, Cortex Code and Snowflake Intelligence provide model choice. We run fine on both the models.

We also host a whole series of other models ourselves, and as things like open source models become more important, we always act on behalf of what is right for the customer, which I think positions us in very good stead with all our customers.

**Christian Kleinerman**

*Executive Vice President-Product, Snowflake, Inc.*

A

And I'll just add on to that. Just from a sales execution perspective within the quarter, the achievement was great in all geographies and all industry verticals. This was the most net new customer adds that we had in company history, and so it's just really a solid quarter all around.

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**Brad Reback**

*Analyst, Stifel, Nicolaus & Co., Inc.*

Q

Thank you.

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**Operator:** And we'll go ahead and take the next question.

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**Koji Ikeda**

*Analyst, BofA Securities, Inc.*

Q

Yeah. Hi. This is Koji Ikeda from Bank of America. Thanks so much for taking the question. So when I talk with partners and customers of Snowflake, I hear the same thing over and over again, Snowflake is my trusted enterprise data and AI vendor with governance and security guardrails as key differentiators. I think about that a lot. But the AI world is moving so fast, and assuming the competition out there gets better with all this, what makes you confident that Snowflake's position as a trusted enterprise data and AI partner is secure over the long term? Thank you.

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**Sridhar Ramaswamy**

*Chief Executive Officer & Director, Snowflake, Inc.*

A

Because there are a set of deep infrastructure capabilities that just take a lot of time to develop, whether it is role-based access control and role-level access control at massive scale, or world-class replication that provides for things like disaster recovery, amazing organization support, and there are dozens that I'm missing. Christian, you want to add some?

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**Christian Kleinerman**

*Executive Vice President-Product, Snowflake, Inc.*

A

No. I think that piece on data masking, role level policies, all of that governance, security configuration, identity, makes it such that customers have already configured Snowflake to have trusted access to the data. And AI just amplifies that as opposed to alternatives are just going to get them to reinvent the wheel and rebuild all of this, which doesn't make much sense.

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**Sridhar Ramaswamy**

*Chief Executive Officer & Director, Snowflake, Inc.*

A

And it's also important to understand that we are also not sitting still, our ability to create products like Snowflake Intelligence and Cortex Code, but also all of the second-order effects. Imagine having autonomous agents that can automatically figure out if there are anomalies in your data, so that you don't have to be running those jobs outside, or to be able to do governance, not with endless tedious sets of SQL statements that you write, but more with a policy that specifies that this is how you want your enterprise governance to be done, and we take care of all the details and the mechanics of running these things behind, or creating new classes of applications that sit on a substrate of Snowflake data powered by AI. These are all things that we make possible, and I think, honestly, that is also what we have to do.

Your core thesis, that people will be able to add these features or stitch them together, is true, but we are also developing great new capabilities at break-neck speed, also powered by AI, I think that is what it takes to succeed today.

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**Christian Kleinerman**

*Executive Vice President-Product, Snowflake, Inc.*

A

Yeah, we have lots of new controls and policies we'll be showcasing next week.

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**Koji Ikeda**

*Analyst, BofA Securities, Inc.*

Q

Thank you.

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**Sridhar Ramaswamy**

*Chief Executive Officer & Director, Snowflake, Inc.*

A

Including amazing mechanisms to simplify them.

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**Operator:** Thank you. That does conclude the question-and-answer session. I'll now turn the conference back over to Snowflake for closing remarks.

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**Sridhar Ramaswamy**

*Chief Executive Officer & Director, Snowflake, Inc.*

Thank you, everyone. To recap, AI is accelerating consumption across our core platform, and our native AI products, Snowflake Intelligence and Cortex Code, are scaling rapidly, already contributing meaningfully to revenue in their own right. These AI capabilities are establishing Snowflake as the agentic control plane for the enterprise, connecting data, models, applications, and workflows in a trusted environment where intent becomes governed action. We are continuing to execute, accelerating growth, expanding margins, and deepening our customer relationships while winning many new ones. We believe that Snowflake is uniquely positioned to lead in the era of the agentic enterprise, and continue to see enormous opportunity ahead. AI is compounding Snowflake's advantage in data.

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**Operator:** And thank you. That does conclude today's conference. We do thank you for your participation, and have an excellent day.

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