# OneStream Q2 2025 Earnings Call

**Annie Leschin, VP, Investor Relations & Strategic Finance**

Thank you, operator. Good afternoon, everyone. Welcome to OneStream's second quarter 2025 earnings conference call. Joining me on the call today is our co-founder and CEO and President, Tom Shea, and our CFO, Bill Koefoed.

The press release announcing our second quarter 2025 results issued earlier today is posted on our Investor Relations website at investor.onestream.com, along with an earnings highlights presentation. Before we get started, I'd like to let everyone know that we plan to participate in two conferences in the upcoming weeks. The first is Citi's Global TMT Conference in New York on September 4th and the second is Goldman Sach's Communacopia and Technology Conference in San Francisco on September 10th. A live stream and replay of our presentations at the conferences will be made available on our Investor Relations website.

Now let me remind everyone that some of the statements on today's call are forward-looking, including statements related to guidance for the third quarter ending September 30, 2025 and the year ending December 31, 2025. Forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other factors. Some of these risks are described in greater detail in the documents we file with the SEC from time to time, including our Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 that we filed today. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

During our call today we will also reference certain non-GAAP financial measures. There are limitations to our non-GAAP measures, and they may not be comparable to similarly titled measures of other companies. The non-GAAP measures referenced on today's call should not be considered in isolation from or as a substitute for their most directly comparable GAAP measures. Our management believes that our non-GAAP measures provide meaningful supplemental information regarding our performance and liquidity by excluding certain expenses that may not be indicative of our ongoing core operating performance. Reconciliations of our historical non-GAAP measures to the most directly comparable GAAP measures can be found in this afternoon's press release and the earnings highlights presentation posted on our Investor Relations website. We are not able to provide reconciliations for forward-looking non-GAAP measures without unreasonable effort because certain adjustments cannot be predicted with reasonable certainty and could be significant, particularly related to equity-based compensation and employee stock transactions and the related tax effects.

Now I'll turn it over to Tom, Tom?

**Tom Shea, CEO & President**

Thank you for joining us this afternoon. The second quarter of 2025 built on the momentum of Q1 with strong subscription revenue growth and record attendance at our Splash user conference.

We continued to focus and execute on our long-term vision to digitally empower the office of the CFO. We saw growth in our European business and our North American commercial business, even as we navigate near-term uncertainty in certain markets, particularly the US federal public sector. Our second half pipeline remains healthy as our message continues to resonate in the market. Our focus on product and AI innovations has positioned OneStream to capitalize on our momentum and build long-term value for shareholders, customers, and employees.

With that, let me recap our strong results for Q2.

We had another quarter of solid execution, as OneStream continues to replace legacy solutions worldwide.

We achieved total revenue growth of 26% year-over-year, driven by strong subscription revenue growth of 30% year-over-year and a free cash flow margin of 20%. SaaS conversions continued as our customers adopt version 9 of our platform, which delivers advances in performance, scalability and capabilities.

Our Core Finance platform continues to drive the majority of our revenue growth. And the early momentum of our recently-launched CPM Express offering is enabling customers to access the power of our platform with the ease and speed of its implementation. This is helping us capture more of the large legacy replacement opportunity that we believe is just in its early innings. The investments customers are making in our Core capabilities will ultimately unlock the significant value that our Finance AI brings.

We introduced some of our most advanced AI innovations at our Splash conference in Nashville, including our enhanced SensibleAI Forecast, SensibleAI Studio and SensibleAI Agents. More and more, customers are beginning to realize the unique and transformational value that OneStream's Finance AI delivers. This is reflected by our more than 60% year-over-year growth in AI bookings for the first half of 2025 and the ROI our customers are experiencing.

Adding to our leading market rankings from Gartner and IDC, OneStream's market leadership was again recognized this quarter through our exceptional results in BARC's annual Planning Survey, where OneStream achieved 27 top rankings and 56 leading positions from the analyst firm.

These proof points give us the confidence that our strategy is resonating with companies across the globe.

These engines of our business continue to feed off three main drivers at the heart of our industry.

**#1, Finance is in the initial phase of its digital transformation.**

Having utilized outdated legacy financial systems for decades, CFOs are recognizing the crucial need for a platform to provide a single view into financial and operational data across the enterprise to effectively steer the business.

**#2, The role of the CFO is evolving and expanding.**

CFOs are transitioning from focusing on reporting to providing more strategic insights and operational planning to help drive business execution.

**#3, The use of advanced tooling is enabling Finance teams to drive business performance, not only measure it.**

We are seeing a shift in customers looking for applied solutions that are purpose-built for Finance. Proven AI solutions have the potential to give Finance teams greater predictability and visibility into their business with more speed and agility.

Taken together, these industry trends remain at the heart of our market opportunity; guiding our product roadmap, shaping our innovation, and expanding the value of our platform. And the second quarter was no different.

Now let me recap our product innovations announced at Splash, including some of our most powerful advancements yet. We welcomed prospects and customers to the Finance AI Era and gave them a front-row seat to the future of finance—and OneStream's role in shaping it.

Fundamental to our platform is our plug-and-play architecture, known as Genesis. As a refresher, Genesis consists of a no-code, click-to-configure engine and library of reusable functionality – like dashboards, widgets, formulas, and workflows – that can easily be snapped together to dramatically simplify and personalize a customer's OneStream experience. Genesis is now generally available, and there was so much interest from customers and partners that we had to create additional sessions so they could get their hands on the product and learn more.

Splash reinforced how transformational AI can be when connected to a company's financial and operational data. We highlighted a number of global brands having significant success with SensibleAI Forecast, pushing their forecast accuracy as high as 95% to date. SensibleAI Forecast is just the first step in our AI journey.

We also unveiled several new applied Finance AI solutions tailored to the Office of the CFO.

> **#1,** SensibleAI Studio moved to general availability in June, and is a collection of algorithms or routines built to solve key finance and business process issues such as anomaly detection and trending analyses. These routines can be accessed in three ways:
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> > **First,** OneStream embeds them directly into existing solutions – like we did with anomaly detection within OneStream Account Reconciliations.
> >
> > **Second,** customers and partners can access these routines as Genesis blocks, snapping them into their existing workflows. That means customers

do not have to be programmers to build reports and applications on our platform.

**Third,** developers can access these Sensible AI routines through rest APIs.

SensibleAI Studio does all of this without the cost, complexity, or risk of stand-alone deployments. Already, we are seeing customers purchase SensibleAI Studio, given its quick time to value.

- A great early example of this in Q2 was an existing commercial customer who chose to adopt SensibleAI Studio just a month after its release. With nearly a thousand dental centers, they wanted the ability to look across their portfolio to benchmark each one based on performance, key attributes and other metrics. By harnessing our advanced machine-learning algorithms delivered through SensibleAI Studio, they can now automatically flag outliers—whether unusually high expenses or unexpectedly low collection rates. This capability, which was not possible before, is enabling them to move from time-consuming, manual reporting and analysis to leveraging automated insights that enable strategic action. This reflects our vision of a single platform with a plug-and-play architecture, seamlessly connecting the core Finance functions with advanced AI.

**#2,** We also introduced SensibleAI Agents, which are currently under private preview with several customers. These include four Agents: Finance Analyst, Operations Analyst, Search Analyst and Deep Analysis. Embedded in OneStream, these Agents can be operated within workflows, data models, and a security framework that our customers already know and trust. When asked a question, these Agents can directly access validated financial and operational data within the platform to automate complex tasks, deliver deeper insights, and help organizations move faster with confidence.

Perhaps the best way to describe our differentiated approach to Finance AI is that we bring Quantitative, Generative and Agentic AI capabilities together into solutions that target the specific needs of CFOs – something no other company does.

Before I highlight a few customer wins in Q2, there is one other pillar of our platform strategy that we are just beginning to accelerate into market. We call this Agile Financial Analytics or 'AFA', which harmonizes transactional and fast-moving operational drivers with financial intelligence. This enables finance teams to:

#1, monitor performance and drivers on a daily, weekly, and near-real-time basis,

#2, model scenarios quickly, and

#3, respond to changing dynamics with precision.

We are beginning to embed AFA into our advanced planning solutions to empower Finance to drive integrated planning that links back to financial objectives of the business.

Once again, our customer wins this quarter reinforce the need for a modern, unified platform to enable agility in financial reporting and planning that scales to meet the needs of the world's largest companies.

- A Q2 example of this was a leading motion and control technology company that still relied on legacy and homegrown systems after multiple acquisitions over 20 years. As they embarked on their financial modernization journey, they were surprised to learn that more than half of their peers were already OneStream customers. They will be using our core consolidation capabilities to unify consolidation, management reporting, account reconciliations and FP&A.

While more customers embark on their journey with OneStream's core platform, some are beginning by also utilizing our advanced Finance AI capabilities to realize efficiency gains and accelerate operational insights.

- Similar to Endeavor Energy, who was on stage at Splash, we saw another global industrial manufacturer add SensibleAI Forecast to its initial purchase of our core platform, replacing its legacy CPM solution. Under the direction of the CFO and CEO, AI-driven forecasting has become central to their strategy, providing the accuracy and agility needed to manage new tariff pressures and shifting global trade dynamics.

We also had a significant core win with a major U.S. government institution. This highlights the opportunity that exists for us in Public Sector, even as the current purchasing environment at the Federal level remains dynamic.

- This organization was looking to modernize and streamline its legacy, homegrown budgeting tool that could not meet its needs to scale and consolidate key processes. OneStream will allow their teams to move away from Excel, automating key reporting processes to drive efficiency and stronger team satisfaction. This is a landmark win for OneStream, which together with our recent FedRamp High certification, opens the door for future public sector expansion.

This quarter, our North American commercial business performed well, driven in part by the growth of our CPM Express product. By reaching customers earlier in their financial journeys and getting them up and running in as little as 8-12 weeks, we are resetting historical expectations that CPM implementations are a heavy lift. CPM Express is giving them a solid foundation from which to expand and gain access to OneStream's advanced solutions and AI technologies more quickly.

- One such customer was a fire protection and suppression provider that needed to transition from its former parent company's legacy CPM system. They chose our CPM Express platform to modernize their finance processes in a condensed timeline. Within just two days, the company extracted metadata from the legacy environment and loaded it into CPM Express. The solution enabled them to complete the implementation within 8 weeks, and subsequently to expand their use cases within months of the initial deployment.

These examples reinforce one simple truth: the OneStream platform is not only a catalyst for efficiency, precision, and proactive decision-making across the enterprise, but together with our embedded Finance AI portfolio, it can be a game-changer by delivering even more powerful insights at scale.

In closing, it has been a year since we took the company public. Today, I'm even more excited about our future and the clear value OneStream brings to Finance teams. We have made incredible progress, and our customers are beginning to see the value of our growing Applied Finance AI portfolio.

And we are just getting started. We have a clear vision, strong momentum and a team that is more energized than ever to Take Finance Further.

Thank you.

Now I will turn the call over to Bill to provide details on Q2 financials and our financial guidance.

**Bill Koefoed, CFO**

Thanks Tom.

Good afternoon everyone and thank you for joining today's call. We are pleased to discuss the results of our second quarter of 2025.

Total revenue grew 26% year-over-year to $148 million. Subscription revenue increased 30% year-over-year to $134 million. License revenue declined $900 thousand compared with last year, primarily due to our success in driving SaaS conversions. Professional Services and Other revenue was up $500 thousand compared to last year.

Free cash flow for the second quarter was $29 million, up 281% compared with last year.

For the first 6 months of the year, total revenue grew 25% year-over-year to $284 million. Subscription revenue increased 30% year-over-year to $259 million. And our free cash flow for the first half of the year was $65 million, up 100% compared with last year.

Our international business had another particularly strong performance in Q2, with revenue growth of 34% year-over-year, now contributing 33% to our total revenue.

We continue to see more than 60% of our bookings come from new customers as we capitalize on the digital transformation of finance and the AI evolution at some of the world's most important companies. We ended the quarter with nearly 1,700 customers, up 14% year-over-year.

Billings increased 20% year-over-year to $151 million and 23% on a trailing 12-month basis. I would like to remind everyone that we view the trailing 12 months as the best indicator of billings momentum, as it normalizes lumpiness in any single quarter.

Our 12-month cRPO was up 29% year-over-year. Total RPO grew 21% year-over-year to $1.2 billion.

Our Q2 non-GAAP gross margin was 70% compared with 69% last year, due primarily to higher software revenue as a percent of total revenue. Our non-GAAP software gross margin was 76%, flat with last year.

Our non-GAAP operating income of $1.6 million in the quarter increased $10.3 million compared with the prior year due to a combination of strong revenue growth and the scaling of our operating expenses.

Non-GAAP net income was $9 million in the quarter compared with a loss of $5M in the prior year and non-GAAP earnings per share was 5 cents.

Total equity-based compensation expense for the second quarter was $31 million.

We ended the quarter with $652 million in cash and cash equivalents.

In summary, we were pleased with our strong performance in the second quarter and first half of 2025.

Now let me turn to guidance. Consistent with last quarter, we have the largest pipeline we have ever had at this point of the year and feel very good about our product portfolio and innovation momentum - our leading indicators remain positive. As such, we are increasing our full year 2025 revenue guidance to be between $586 million to $590 million.

Now let's turn to Q3. As Tom mentioned, we are positive about the long-term outlook for the US Federal and the public sector business. Near-term, the uncertainty in the spending and restructuring environment in the public sector is likely to impact our Q3 revenue growth, as this is our largest quarter for the US Federal government business. In addition, we continue to see opportunities to convert on-premise government contracts to SaaS, which we have contemplated in our guidance.

Based on these factors, we are offering the following outlook, including some one-time measures to give additional color to our guidance.

In Q3:

- We expect total revenue to be between $147 million to $149 million.
- We expect subscription revenue to grow at least 25% year-over-year.
- We expect billings to be between $160 million to $162 million. We expect billings growth to revert to 20% plus year-over-year in Q4.
- In Q3, we expect free cash flow to be break-even to slightly negative, in line with our historical seasonality trends.
- We expect non-GAAP operating margin to be between 0% to 2%.
- We expect non-GAAP net income per share to be between 1 cent to 3 cents.
- We expect stock-based compensation expense to be approximately $30 million.

For full year 2025:

- We expect total revenue to be between $586 million to $590 million.
- We expect non-GAAP operating margin to be between 1% to 3%.
- We expect non-GAAP net income per share to be between 7 cents to 15 cents.
- We expect stock-based compensation expense to be between $120 million to $125 million.

All in all, we had a strong Q2 and first half performance. Despite the specific dynamics in the US Federal public sector market in the third quarter, our business outlook remains strong. Our unique platform, innovative product roadmap, our pipeline and most importantly, our unwavering commitment to customer success, all make us confident in our ability to realize the long-term opportunity we see ahead.

Now let’s turn it over to the Operator for Q&A.