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PRESENTATION

Operator

Welcome to the Braze Fiscal fourth quarter 2025 earnings conference call. My name is Leila, and I'll be your operator for today's call. (Operator Instructions) I'll now turn the call over to Christopher Ferris, Head of Braze Investor Relations.

Christopher Ferris *- Braze Inc - Head - Investor Relations*

Thank you, operator. Good afternoon, and thank you for joining us today to review Braze's results for the fiscal fourth quarter 2025. I'm joined by our Co-Founder and Chief Executive Officer; Bill Magnuson; and our Chief Financial Officer, Isabelle Winkles. We announced our results in our press release issued after the market closed today. Please refer to the Investor Relations section of our website at investors.braze.com for more information and a set of presentation related to today's earnings announcement.

During this call, we will make statements related to our business that are forward-looking under federal securities laws and the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements regarding our financial outlook for the first quarter and fiscal year ended January 31, 2026, the anticipated closing of benefits from and product advancements due to our anticipated acquisition of OfferFit, our expectations concerning new customer verticals, our anticipated customer behaviors, including vendor consolidation and replacement trends and their impact on Braze; our potential market opportunity and our ability to effectively execute on such opportunity and our long-term financial targets and goals.

These statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from expectations and reflect our views only as of today. We assume no obligation to update any such forward-looking statements. For a discussion of material risks and uncertainties that could affect our actual results, please refer to the risks identified in today's press release and our SEC filings, both available on the Investor Relations section of our website.

I'd also like to remind you that today's call will include certain non-GAAP financial measures used by management to evaluate our ongoing operations and to aid investors in further understanding the company's fiscal fourth quarter 2025 performance in addition to the impact these items have on the financial results.

Please refer to the reconciliations of our non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with US GAAP, included in our earnings release under the Investor Relations section of our website. The non-GAAP financial measures provided should not be considered as a substitute for or superior to the measures of financial performance prepared in accordance with US GAAP.

And now I'd like to turn the call over to Bill.

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

Thank you, Chris, and good afternoon, everyone. We delivered strong fourth quarter results, generating $160.4 million of revenue, up 22% year-over-year and 5% from the prior quarter, again demonstrating the high ROI and long-term value of the Braze Customer Engagement Platform, along with the strong execution of our teams around the world.

We drove continued efficiency across our business, recognizing nearly $8 million of non-GAAP operating income in the quarter and achieving a non-GAAP operating margin of 5.0%, up from negative 5.7% in the fourth quarter of last year. We also achieved our third straight quarter of non-GAAP net income profitability, generating over $12 million of net income and over $15 million of free cash flow.

Our financial results for the full year demonstrated impressive operating leverage, including $18 million of non-GAAP net income, nearly $20 million of free cash flow and an 850-basis point improvement in non-GAAP operating income margin, which combines with last year's efficiency efforts to represent a nearly 20 percentage point improvement over the last two fiscal years.

As previously discussed, we expect to generate positive quarterly non-GAAP operating income and free cash flow going forward. We are proud of these financial achievements as we continue on our journey to become the leading customer engagement platform globally, and we look forward to sustaining profitable growth in the coming quarters and years while also thoughtfully reinvesting to grow our business.

We previously highlighted the legacy vendor replacement cycle and point solution consolidation trends, and we continue to capitalize on those in the fourth quarter, securing a diverse set of new business wins where Braze is replacing legacy marketing clouds, including a US fintech, a large US retailer, an energy company in EMEA and a ticket broker in APAC, just to name a few.

We also continue to win against both channel-specific point solutions and homegrown tools across a diverse set of industries, geographies and use cases. Some notable takeaways in the quarter included a leading US consumer rating service, a US gaming business, a Saudi Arabian delivery application, a careers website in EMEA and a telecommunications company in APAC, among others.

We are confident that both the legacy replacement cycle and vendor consolidation trends, which have been a tailwind for some time, will create more opportunities for Braze to gain market share as brands increasingly strive to upgrade their customer engagement strategies and leverage new AI-driven advancements to achieve productivity gains and build strong relationships with their customers.

Q4 also included our highest net new customer result of FY25, rising by 85 to 2,296, up 252 year-over-year. New business wins and upsells included America's Test Kitchen, Dis-Chem, Dunkin' UAE, Kueski, Legal & General, Muvi Cinemas, QDOBA Mexican Eats, Springer Nature and tonies, along with many others.

The quarter also illustrated the diversification of our customer base as we secured new business across a wide range of industries and geographies, including US-based specialty retailers and restaurants, a consumer software firm in APAC, automobile companies in the US and Europe, a security business in EMEA and a digital media company in APAC, just to name a few.

Our large customer additions were also strong, with our $500,000-plus ARR customers increasing to 247, up 22% year-over-year, demonstrating the desire of enterprises to leverage first-party data and advance artificial intelligence to drive sophisticated cross-channel customer engagement at scale.

Our continued diversification across verticals is driven by a trend that we've been discussing for years, the increasing importance of first-party data as businesses of all kinds strive to better understand their customers and unlock the ability to efficiently communicate with them through digital product experiences and first-party messaging channels.

We believe that the super cycle of investment across verticals continues to increase Braze's long-term opportunity as modern businesses prioritize first-party data collection and customer engagement, thereby building new company assets in the form of actionable first-party relationships with their customers.

Looking ahead, we expect these same businesses to capitalize on the growing strength and attachment of those customer relationships to diversify their own business offerings, forging more durable bonds with their customers and finding opportunities for incremental profit along the way.

While we're very excited about the diversity of the opportunity ahead of us, we're also now starting to systematically lean into our largest verticals to ensure that Braze's flexibility and power can be easily wielded for common use cases in each major industry.

The first such vertical to see this focused R&D treatment is also our largest, retail and consumer goods, which accounts for roughly one-fifth of Braze's business. To further strengthen our leadership in this vertical, we recently announced enhanced e-commerce features and an upgraded Shopify integration.

These updates include prebuilt e-commerce templates, predefined event tracking for abandoned carts, customizable landing pages and expanded WhatsApp commerce capabilities such as product catalogs and in-thread shopping experiences.

By simplifying implementation and accelerating time to value, these enhancements empower e-commerce marketers to drive higher engagement and conversions. Moreover, the Shopify integration enables seamless bidirectional data flow, allowing enterprise brands like e.l.f. Beauty, Hugo Boss, Gymshark, Gap and Overstock to create more personalized customer journeys and improved conversion rates and lifetime value.

This strategic partnership with Shopify also fosters deeper collaboration between both companies' go-to-market teams, unlocking mutual value in the enterprise segment in particular. As Shopify continues expanding upmarket, it can leverage Braze's expertise in enterprise engagement to accelerate digital transformation for legacy commerce and marketing systems.

As we look ahead, we continue to believe that there's never been a better time to be a better marketer. The increasing agility of data, the growth of channels, the explosion of AI and the rising sophistication of marketers means brands have a unique opportunity to connect with their customers like never before, building long-lasting relationships with their customers.

And it's not just about the tired trope of finding the right message for the right channel at the right time, it's about understanding customers in greater depth, engaging with them more completely and strengthening customer relationships through the delivery of harmoniously connected messages and product experiences.

Agentic AI in particular, is crucial for optimizing relevance and achieving higher levels of personalization at scale, as decisioning agents autonomously experiment, learn and deliver highly relevant personalized experiences. At Forge, our annual customer conference last September, we shared our vision for Project Catalyst, a proprietary agent designed to help brands personalize and optimize experiences with highly relevant journeys, content and incentives. And we're on track for the first private beta release of Project Catalyst in late Q1.

Building on this vision, we are excited to announce that Braze has entered into a definitive agreement to acquire OfferFit, a leading AI decisioning company that leverages proprietary reinforcement learning technology to enable brands to deliver highly relevant, personalized customer engagement at scale in a cash-and-stock deal valued at $325 million.

For nearly five years, OfferFit has been perfecting a multi-agent solution that autonomously explore solution spaces across the many dimensions of life cycle marketing campaigns, producing individualized recommendations for cross-channel delivery and content strategies in partnership with customer engagement platforms and marketing cloud services like Braze, Salesforce Marketing Cloud and Klaviyo.

The technology approach is based on ensembles of contextual bandits and is highly flexible, replacing the manual work of A/B testing with reinforcement learning agents that autonomously experiment and learn optimal actions. OfferFit's sophisticated AI decisioning can be deployed in a wide array of experimentation and optimization use cases. And their approach has been highly successful, enabling the company to land and expand with large enterprises across numerous industry verticals over a short period of time.

OfferFit's customer base, vertical focus and user sophistication complements Braze's enterprise motion in particular. Like Braze, an ideal large OfferFit customer is a high-scale B2C brand investing in sophisticated marketing technology. Their average starting contract is typically in excess of $250,000 per year with top industry verticals, including financial services, retail, restaurants, media and streaming, energy, telco and travel.

In fact, as OfferFit's most prominent partner, nearly one-third of current OfferFit customers use Braze as their primary customer engagement platform. And with their go-to-market motion is still focused in the United States, they've shown an ability to sell globally that we expect will be amplified by Braze's robust existing presence across EMEA, LATAM and APAC.

In the near term, we believe OfferFit solution will help us grow deal sizes through their unique reinforcement learning products and services and also help us differentiate versus competitors by providing a wide spectrum of AI-driven optimization capabilities at various price points and service levels.

Over the medium term, much as we've done with other core aspects of BrazeAI, we will infuse offer fits agents and machine learning models throughout the Braze platform, allowing us to jointly solve new use cases and enhance existing features to help brands deliver more relevant customer engagement.

Finally, we believe their engine and expertise will enable Braze to more quickly advance multiple BrazeAI priorities, further positioning Braze as a leader in AI and customer engagement to capitalize on a market opportunity globally.

We're incredibly excited to have OfferFit's team and technology joining Braze, combining our collective years of research and development into machine learning and artificial intelligence to advance our product ecosystem and drive brilliant experiences for our customers and their consumers. I'll conclude my remarks by reiterating our excitement in the future of Braze and the confidence in our long-term growth story. Thank you for your interest and support in Braze.

And now I'll turn the call over to Isabelle.

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

Thank you, Bill, and thank you, everyone, for joining us today. As Bill stated, we reported a strong fourth quarter, with revenue increasing 22% year-over-year to $160.4 million, driven by a combination of existing customer contract extensions, renewals and new business.

Subscription revenue remains the primary component of our total top line, contributing 96% of our fourth quarter revenue, while the remaining 4% represents a combination of recurring professional services and onetime configuration and onboarding fees.

Total customer count increased 12% year-over-year to 2,296 customers as of January 31, up 252 from the same period last year and up 85 from the prior quarter. Our total number of large customers, which we define as those spending at least $500,000 annually; grew 22% year-over-year to 247 and as of January 31 contributed 62% to our total ARR. This compares to a 60% contribution as of the same quarter last year.

Measured across all customers, dollar-based net retention was 111%, while dollar-based net retention for our large customers was 114%. Expansion was again broadly distributed across industries and geographic regions. Revenue outside the US contributed 45% to our total revenue in the fourth quarter, consistent with the prior quarter of this year and up 100 basis points from 44% in the prior year quarter. In the fourth quarter, our total remaining performance obligation was $793 million, up 24% year-over-year and up 11% sequentially.

Current RPO was $505 million, up 23% year-over-year and up 10% sequentially. The year-over-year increases were driven by contract renewals and upsells and the signing of new customer contracts. Overall, our dollar-weighted contract length remains at just over two years.

Non-GAAP gross profit in the quarter was $112 million, representing a non-GAAP gross margin of 69.9%. This compares to a non-GAAP gross profit of $89 million and non-GAAP gross margin of 67.9% in the fourth quarter of last year. The increase in year-over-year margin was driven by continued cost optimization of our technology stack with additional benefits from personnel efficiencies, partially offset by higher premium messaging volumes.

Non-GAAP sales and marketing expenses were $60 million or 37% of revenue compared to $55 million or 42% of revenue in the prior-year quarter. While the dollar increase reflects our year-over-year investments in headcount costs to support our ongoing growth and global expansion, the improved efficiency reflects our disciplined investment approach to resource deployment across our go-to-market organization.

Non-GAAP R&D expense was $23 million or 14% of revenue compared to $21 million or 16% of revenue in the prior-year quarter. The dollar increase was primarily driven by increased headcount costs to support the expansion of our existing offerings as well as to develop new products and features to drive growth. Our R&D expenditures reflect our intentional yet disciplined technology investment strategy and are in line with our long-term non-GAAP R&D percent of revenue target of 13% to 15%.

Non-GAAP G&A expense was $21 million or 13% of revenue compared to $20 million or 15% of revenue in the prior-year quarter. The dollar increase was driven by investments to support overall company growth and global expansion. Non-GAAP operating income was $8 million or 5% of revenue compared to a non-GAAP operating loss of $7 million or negative 6% of revenue in the prior year quarter. Non-GAAP net income attributable to Braze shareholders in the quarter was $12 million or $0.12 per share compared to a loss of $3 million or a loss of $0.04 per share in the prior-year quarter.

Now turning to the balance sheet and cash flow statement. We ended the quarter with approximately $514 million in cash, cash equivalents, restricted cash and marketable securities. Cash provided by operations during the quarter was $17 million compared to cash provided by operations of $4 million in the prior-year quarter.

Including the cash impact of capitalized costs, free cash flow in the quarter was $15 million compared to a negative free cash flow of $4 million in the prior year quarter. And as we have noted in the past, we expect our free cash flow to continue to fluctuate from quarter-to-quarter, given the timing of customer and vendor payments.

Now turning to guidance. Please note that our formal guidance excludes the impact of the planned OfferFit acquisition, which we expect to close in the second quarter. The transaction is expected to add approximately 2 percentage points to year-over-year revenue growth and be modestly dilutive to non-GAAP operating income margins in the fiscal year. We plan to update our guidance to account for the transaction after it closes.

For the first quarter of fiscal 2026, we expect revenue to be in the range of $158 million to $159 million, which represents a year-over-year growth rate of approximately 17% at the midpoint. As a reminder, our first quarter contains three fewer days compared to the other three quarters of the year, which each contain 92 days.

First quarter non-GAAP operating income is expected to be in the range of $0 to $1 million. First quarter non-GAAP net income is expected to be $4.5 million to $5.5 million and first quarter non-GAAP net income per share in the range of $0.04 to $0.05 per share based on approximately 108 million weighted average diluted shares outstanding during the period. For the full fiscal year 2026, we expect total revenue to be in the range of $686 million to $691 million, which represents a year-over-year growth rate of approximately 16% at the midpoint.

Fiscal year 2026 non-GAAP operating income is expected to be in the range of $25.5 million to $29.5 million. At the midpoint, this implies a non-GAAP operating income margin of 4 percentage points, roughly a 400 basis point improvement versus fiscal year 2025, in line with the annual margin expansion framework we outlined at our Investor Day last September.

While we expect to remain operating income positive for the year, inclusive of the proposed acquisition of OfferFit, the dilutive impact in fiscal year 2026 is likely to result in a temporary departure from the framework, with a return to a more meaningful year-over-year operating income expansion next year.

Non-GAAP net income for fiscal year 2026 is expected to be in the range of $34 million to $38 million, and net income per share is expected to be $0.31 to $0.35 per share based on a full year weighted average diluted share count of approximately 110 million shares.

I'll close by reiterating our excitement about Braze's future. We remain committed to becoming the global leader in customer engagement solutions and driving product innovation while executing against our long-term financial goals.

And with that, we'll now open the call for questions. Operator, please begin the Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Ryan MacWilliams, Barclays.

Ryan MacWilliams - *Barclays - Analyst*

Hey. Congrats on the quarter and congrats to Myles on a great run. Bill, glad to see the Braze technical brand refresh earlier this week, along with today's announcement of the OfferFit acquisition. I'd love to hear more about what OfferFit could add to your platform. And how do you envision AI agents improving marketing campaign for your customers in the near future? I have a follow-up. Thanks.

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

Yeah, of course. So I think I'll just start at the top and break down the two major components that I think are necessary to understand the synergies behind this deal and the logic behind it and why we're so excited about it. So first, when you look at OfferFit's existing full product offering, which they've been scaling and improving upon for the last 4.5 years, it excels specifically at generating maximum uplift in scenarios where even small differences in performance can translate into massive ROI for their customers.

Now like Palantir, the openness and the configurability of the OfferFit system does lead to a requirement for expert assistance from their forward-deployed machine learning implementation engineers. And that is heavier upfront, of course, through initial implementation.

And then as the agents need monitoring or maintenance over time, as the customer base changes or as performance starts to drift, et cetera; those expert teams are there to ensure that, that maximum performance continues to be delivered. And it achieves that uplift to a degree that was previously only possible with massive proprietary in-house data science investments or into machine learning teams or other bespoke services engagements that come at much higher price tags.

And so we're really excited about what that means for the high end of the market, looking at our enterprise and our global strategic accounts categories in particular as well as other high-scale B2C companies as they're scaling.

We also, though, believe that even as Frontier AI technology continues to advance that there's always going to be use cases where achieving that maximum performance is worth that meaningful incremental investment. And they've built a capability to provide that to the top end of the market in a highly scalable fashion with an attractive gross margin.

But we also believe that the underlying technology, the OfferFit engine can be tuned and constrained to particular use cases to remove that need for the expert services attachment while still achieving meaningful performance uplift across a wide array of life cycle marketing goals.

And so we're really excited in addition to continuing to build and scale the existing OfferFit full product to work alongside their expert R&D teams to find new places to deploy their engine that's going to be able to solve new use cases for customers as well as enhance existing aspects of both BrazeAI in the testing and personalization space and to extend the future capabilities of Project Catalyst.

Ryan MacWilliams - *Barclays - Analyst*

Excellent. And then for Isabelle, really tough time for CFOs at this point due to the shifting macro. Any adjustments to your normal guidance philosophy, given the macro? And any color on what in quarter net retention look like for the fourth quarter? Thanks.

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

Yeah. Thanks. So I would say, look, we've been living in this macro disruption and evolving environment for the last several years. So we're -- we've sort of become used to the change is a bit of the new normal. I would say that when we went into last year's guide, I talked about being a little closer to the pin.

I think that philosophy will be maintained in this context. So look for that to continue as a mantra that we espouse. And then on the in-quarter DBNR, look, I think the way to think about dollar-based net retention, it's very sensitive, obviously, to the evolution of new business versus upsell. And actually, as you heard Bill and I say in some of our prepared remarks, we're very satisfied and very pleased with the evolution of the new business strength in Q4 and some of the momentum there.

We're really focused actually on the total impact on revenue growth. And I made some comments last quarter about revenue growth inflecting ahead of dollar-based net retention, and we stand by the comments going on this year. And so we're really excited about the overall momentum in the business.

Ryan MacWilliams - *Barclays - Analyst*

Appreciate the color. Thanks so much.

Operator

Arjun Bhatia, William Blair.

Arjun Bhatia - *William Blair - Analyst*

Yeah. Perfect. Thank you and congrats on a nice close to the year. Bill, maybe first for you. You mentioned something in your prepared remarks that kind of stuck out. I think you've raised it as the next level of personalization beyond right message, right channel, the right time, I don't know if that was specifically addressed to OfferFit or if that's something Braze does kind of do in general.

But what is that next frontier personalization? And how does it maybe change the nature of the messages, if at all, that you're sending to your customers beyond kind of traditional marketing-oriented messages? And then I have a follow-up there.

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

Yeah. So I think that there's -- it's important to think about all this on a spectrum. And there's a few different ways to organize that spectrum. There's manual A/B testing and testing and experimentation, which has obviously been possible on a lot of platforms for a long time. And that does drive optimal -- it drives higher results and more relevance and personalization for customers.

Then you start to get to more automated experimentation like we've included in personalized path in Canvas, and we've spoken about the past. And that's using advanced machine learning tactics in order to do more than just trying to optimize little bits of content but actually look at a lot of the decisions that are made across cross-channel journey that's communicating across different outgoing channels as well as modifying product experiences and experimenting with different things like cadence and tone and what have you.

And then as we continue down that spectrum, we get to Project Catalyst, which is obviously working to encapsulate not just that experimentation and the automation around it but also automate more of the generation around the different experiment variants and expand the scope of what the automated experimentation is able to make decisions on.

And then as we get further down and go back to some of the topics that I was just discussing in response to Ryan's question, where you're looking at fully customizable models and applying them in place in a small differences in performance can lead to outsized outcomes, and you see that in a lot of places where there's either really high-value actions or there's really expensive downside scenarios to avoid or you're just operating at large enough scale that even basis points improvement translates into really big dollars in ROI.

And I think that there's some other really exciting part of this because as I stated before, I think there's always going to be room at the top end of the market to apply that hands-on data science expertise in order to achieve maximum performance, whether that's coming from your own in-house data scientists or it's coming from a services offering like OfferFit's machine learning implementation engineers.

But not all teams have access to those kinds of expert resources. And similarly, it doesn't make sense to deploy that high cost, both in terms of the setup time and the literal dollars for the expert services, in every little decision that gets made along the way through customer journeys.

And Braze's vision is really to enable customers to be able to comprehensively, across a really diverse customer space with companies of all sizes, be able to go in and use the tools of artificial intelligence and machine learning in order to optimize results and relevance for their customers. And we want to make sure that that's accessible and able to be deployed in all the little detailed moments of the customer journey, and we've spoken about that at length in the past.

I think that also, another thing we've spoken about a lot is that the continued advance of Frontier AI will continue to translate improved performance for those fully self-serve and rapidly deployed AI features like we have in the BrazeAI suite today. And like I've spoken about before, as we ourselves evolve from simple multi-arm bandit testing to -- or A/B testing to automated multi-arm bandit testing to personalized path, and these are all using subsequent generations of machine learning techniques in order to deliver better and better results.

But I think one of the really great things about bringing together the current OfferFit approach with the more accessible approach that Braze has been working on over the years is that -- is the feedback loop and the product feedback loop that comes with that.

So much like Palantir has been able to build more quickly from the tight product feedback loop that they get from their forward deployed engineers, OfferFit has historically been able to more quickly improve their engine because they have a direct and highly skilled feedback channel coming from their machine learning implementation engineers.

And so we're looking forward to, in the future of Braze and OfferFit together, being the best of all worlds as that same product feedback loop and Frontier R&D that's driving the high-end OfferFit offering is leveraged throughout the rest of BrazeAI and in Project Catalyst.

Arjun Bhatia - *William Blair - Analyst*

Okay. That's very helpful. Thank you. And then one quick one just on customer cohorts. I'm curious what you're seeing in terms of just expansion trends from some of the newer customer cohorts that you've won, whether that's greenfield point solution replacements or legacy providers.

It seems like new has been pretty strong. But when those customers are coming up for renewal, are you seeing expansion levels so that are better than that served cohort? And has that magnitude kind of changed at all from the 9 points that we talked about at Analyst Day on [that front]

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

Yeah. So in the -- since we announced that sort of 9 percentage point differential between those two cohorts, that has continued to trend in a positive direction. So we're not going to kind of continue to disclose that differential, but it has continued to be that post-served cohorts are performing better than the served cohorts. So that trend continues.

Arjun Bhatia - *William Blair - Analyst*

All right. Thank you.

Operator

DJ Hynes, Canaccord.

DJ Hynes - *Canaccord Genuity - Analyst*

Hey. Thank you, guys. Bill, maybe we could go back to -- or stick on the thread of OfferFit for a second. Look, you explained the technology and the value prop very clearly. Maybe just speak to the business outcomes a little bit that you see for your customers that are already using OfferFit today.

Like do they send more messages? Is it just that the messages are more effective? Can they create content faster? Just help me understand kind of how it translates from a revenue perspective to what Braze might actually see as you kind of push OfferFit more broadly across the customer base.

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

Yeah. So I think that in terms of the performance that you see, what you should expect is enhanced relevance. And so there are parts of the OfferFit that include automatic content generation. Those are very similar to the assistants and the helpers that are in the Braze composers today. And in fact, the Braze composer suite and the Gen AI assistance that accompany them are actually ahead of what OfferFit offers today.

And we're excited to be able to focus their R&D where they've been specialized and have them be able to draft off of a lot of the other things that Braze built around its dashboard, inclusive of things like reporting and those composers and the Braze data platform and our enterprise permissioning and just a lot of the other things that we've built along the way that they'll be able to benefit from and accelerate with.

I think also when you look at the number of messages sent, we don't expect that to materially change, although there are great examples where when OfferFit works with Braze customers in particular, they often will start out optimizing for a single channel.

But because of Braze cross-channel capability and the ease with which you can move strategies from channel to channel on Braze, it has promoted in our customers in the past, then expanding those OfferFit use cases other Braze channels. And so that's been really great to see, and we certainly hope to continue to see that trend continue as that makes our customers stickier and helps with them upsell and cross-sell across the board.

We -- and I think also, the key differentiator when you think about the business impact in terms of what we sell and how we sell it, I think, is that OfferFit, because of the demonstrable performance uplift and really the focus on going into these extremely high-value use cases, has -- is in an extremely good position to value sell.

They show incredible levels of ROI for their customers when they deploy. They're able to maintain those high levels of performance through the attach of those machine learning implementation engineers. And they're doing it at a value and scalability level that maintains really attractive gross margin despite the attachment of those expert services to the software offering that they're deploying.

DJ Hynes - *Canaccord Genuity - Analyst*

Yeah. Okay. Very clear. And then Isabelle, what is the mix of cash and stock in that $325 million?

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

Yeah. So it's 42% equity and the balance is cash.

DJ Hynes - *Canaccord Genuity - Analyst*

Okay. Perfect. Thank you, guys.

Operator

Gabriela Borges, Goldman Sachs.

Gabriela Borges - *Goldman Sachs - Analyst*

Hi, good afternoon. Thank you. Bill, there's a little bit of a debate in the market right now on the advantages of being a SaaS-native company versus an AI-native company. And you're SaaS-native company acquiring an AI-native company. So help us understand, why could you not build this in-house? And what were the limiting factors to OfferFit being able to scale or being able to scale without agreeing to be acquired by Braze? Thank you.

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

So I don't think in either of these cases, this was a can't. Both teams have highly capable engineering and product groups with really great R&D capability and are on great trajectories. But when we look at the synergies that we'll be able to achieve and the way that we'll be able to complement each other based off of where both kind of a combination of where focus areas and also where comprehensiveness has been in the past, we think that it's going to be a really fantastic coming together of the expertise and the experience that the OfferFit primarily data science-focused offering has had in the field, the work that they've done, much of which was with roughly about -- I referenced this in the prepared remarks, but almost a third of their existing customers already work with Braze.

And so it's something where we knew them well as a partner, we could see the synergies that we'll be able to achieve together, we can see the improved customer outcomes that come out of us working together. And we think that together, we can both move faster.

Gabriela Borges - *Goldman Sachs - Analyst*

That makes sense. The follow-up is for Isabelle. Specifically on demand trends that you've seen in the last several weeks, there has been so many mixed data points, whether it's on the consumer spending side or more broadly with uncertainty types of the new administration. Have you seen any change in your leading indicators as it pertains to your customers willing to spend in the last several weeks?

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

So nothing specific in the last several weeks. We do recognize that the evolving global trends and specifically, as you mentioned around some of the tactics of the new administration are going to create some challenges for some of our customers and our prospects. But as we think about how pipeline is evolving, how pipeline is behaving, the trends of whether it's linearity or just amounts of closed one through Q1 so far, there's nothing that we're seeing that gives us pause on the immediate trends.

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

Yeah. I'd also just add that on the technical side, we've obviously been anticipating national data sovereignty concerns continuing to rise in importance for a whole bunch of reasons, which is why we've been expanding our data center footprint, which now includes options in the US, the EU and Australia. We've got Indonesia launching relatively soon, and we'll have more regions to follow.

And so we're preparing ourselves in a variety of ways. I think that the trend line of a lot of these things has certainly accelerated more recently, but it's pointed in a similar direction as it has been for years, and we've been preparing for it.

Gabriela Borges - *Goldman Sachs - Analyst*

Thank you, both for the detail.

Operator

Brent Bracelin, Piper Sandler.

Brent Bracelin - *Piper Sandler - Analyst*

Thank you for taking the questions here. I want to stick with the macro. A little surprise given retail and consumer goods are the largest vertical for you. Yet you still have really strong CRPO backlog build in the quarter. I think bookings looks like it actually slightly accelerated.

Bill, could you just talk about the feedback from retail and consumer goods companies in light of tariffs and uncertainty there? Is it cost that they're leaning into Braze? Is it rigidity of old legacy platforms and they need to be more flexible? Walk us through what's resonating in an increasingly mixed environment. And then, Isabelle, if you could just touch on net new logo growth here, adds were the highest 1.5 years. What drove that strength? Thanks.

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

Yeah. So a few things. First, I'll point you back to the high level of diversification that we have in the business. It is our largest category, but it's also still roughly only about one-fifth. And so in a given environment, I think we've had a strong ability to be able to leverage our diversification both around the globe as well as across categories in order to continue to push ahead in new business even as certain areas of the world or parts of the market have been impacted.

I think also one of the things that we've learned over the last couple of years, in particular, when we're looking at the enterprise segment, is that these enterprise replacement cycles are stickier and longer term and more considered than a lot of the short-term noise that we look at. And so I know it's -- we can hear some of the short-term responses to a lot of the things that were happening recently with tariffs and there's concerns about costs and there's things like that. And there's been versions of that happening as inflation and currency strength has ebbed and flowed over the course of the last couple of years.

But I think that some of the things that underlie a lot of the legacy replacement cycles tend to be tied more to long-term contract lengths of those legacy marketing cloud deployments, the budget cycles, the teams coming into play. There's RFPs being run for all of these replacements. And so those aren't things that just kind of waiver and get interrupted, week by week, they tend to be more longstanding. And definitely, a lot of the story of the last year and what we saw culminated in Q4 in the enterprise in particular, was that these deal cycles do continue to be long. They continue to involve more stakeholders, a much higher percentage of them go to RFP than used to in the past.

There's less appetite for customers to pay for overlapping contracts in order to kind of go through migration periods and things like that. And so those are all things that make that legacy replacement cycle harder and makes it take longer and take more effort.

Now on the flip side, we feel better about the competitive position that we're in against the legacy marketing clouds than we ever have. There's obviously a lot going on, a lot of announcements coming out of the likes of Salesforce and Adobe, but it's very clear as well that the Marketing Cloud, the aspects of the Experience Cloud that we compete with are simply not the focus area of those businesses around. I think that more and more customers and their technology partners and their agency partners are starting to wake up to that.

And so that's starting to, I think, build more momentum around how people are thinking about the risk that are associated with sticking with the incumbents even though they might be in a risk-averse posture. And so that's all against a backdrop that includes all those other factors that I just mentioned that are -- that is still making it difficult to execute in. But I think we feel really good about the investments that we've made over the last couple of years to put us in the position that we're in, in the enterprise in particular. And we're eager to continue to make progress and take share in that enterprise space, especially against the legacy marketing clouds.

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

And then, Brent, on your question on logo count, so I'll make three comments. So one, Q4 is generally a strong quarter for kind of tapping into new budgets and securing new logos. So that just generally, Q4 can be a helpful kind of seasonal quarter there. We did do better in this Q4 on logo churn, so that we had a little bit less of a headwind working against us. So really happy with how that played out.

But -- and what I will say is there was nothing unnatural that happened in Q4 with regards to incentive structures or anything that would have driven like some sort of an odd onetime pop in additional logos. So this is very much kind of core business performance.

Brent Bracelin - *Piper Sandler - Analyst*

Helpful color, and I'll echo congrats to Myles on a great run.

Operator

Brian Peterson, Raymond James.

Brian Peterson - *Raymond James - Analyst*

Hey, guys. Thanks for taking the questions. So I appreciate all the commentary, and congrats on the OfferFit acquisition. You mentioned that with the deal, fiscal year '26 will be a year that will be a deviation from that growth margin framework you outlined at the Analyst Day. Is that dynamic solely due to OfferFit Or is there any organic investments that you're seeing or making because there's a product or growth opportunity? Would you love to just get the perspective there? Thanks.

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

Yeah, thanks for the question. If you go back to my organic outlook for the year, so we did provide guidance both for the quarter and for the full year and you look at the non-GAAP operating income dollars and that the implication of the margin relative to the revenue outlook, that is consistent with the framework. So I did want to set that stage. The transaction has not closed yet, but we are indicating that once the transaction does close and we provide updated guidance, we do want to set the stage and flag to the market that there will be a deviation once we embed those costs.

Brian Peterson - *Raymond James - Analyst*

And Isabelle, just on the acquisition, you mentioned a couple of points of revenue. Does that assume kind of the current run rate for OfferFit? Or are there any incremental cross-sell synergies embedded into that?

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

Yeah. I mean that's obviously a bit of a -- it's a risk-adjusted number. So we're -- I think these acquisitions, we want to be judicious about kind of how quickly we try to sort of achieve that and we want to certainly get as much out of this transaction as possible as quickly as possible and be very successful, but we're obviously risk-adjusting that number. So for now, that is, in fact, just a run rate number for them.

Brian Peterson - *Raymond James - Analyst*

Understood. Thank you.

Operator

Derrick Wood, TD Cowen.

Derrick Wood - *TD Cowen - Analyst*

Great, thanks. Bill, can you just give us a sense as to what organizational changes have transpired since Myles announced his intention to step down and how we should be thinking about the timeline of bringing on a CRO? And I guess since this is a Q1, are there any notable go-to-market changes that you're making that you would flag?

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

Yeah. So first of all, the search is going well, and I've been really happy with our field team's execution during this transition period so far through Q1. As we updated you guys on throughout last year, the last six quarters have brought in a lot of new field leaders around the world.

And we've got great global leaders across our partnership sales and post sales groups who are long-tenured Braze leaders who are in place and they presently report directly to me. But other than some of the changes that we spoke about throughout the year last year, there were no other major changes other than that reporting -- those reporting lines switching from Myles to me as we began the year.

Within that search, we're looking for a world-class executive to take on the CRO role who's going to help bring us to the next level. We're really focused on re-achieving Rule of 40 efficiency, scaling too and then well beyond $1 billion in ARR, continuing to grow Braze into the globally recognized leader in customer engagement. And we're just really focused on finding the leader across those field teams in that CRO seat to help us do that.

As for timing, we're in market right now. Candidate flow has been great. It's definitely a highly sought-after role and definitely a seat that Myles really shaped really well over the course of a decade and one that we've got a lot of really robust candidate flow that's excited for the opportunity to step into that.

Derrick Wood - *TD Cowen - Analyst*

Great. If I could squeeze one in, a follow-up. Just on -- a few quarters ago, you talked about Meta potentially changing pricing strategy with WhatsApp. I don't know, is there any update to call out there? I know it could have some impact on kind of the P&L for you guys. Just wondering if you see anything down the pike.

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

Yeah. It's a good question. We continue to partner closely with Meta and are committed to both robust and rapid support for everything that they've been launching along the way as well as a number of their test programs that they run. However, that landscape also does continue to change rapidly. You may have heard about Meta's decision to discontinue marketing messages and WhatsApp for US customers recently.

That doesn't impact us very much commercially because the vast majority of our global demand for WhatsApp was already non-US audiences. But it is another example of just how dynamic that offering and pricing landscape has been for Meta as they're quickly iterating on their product. That impacts both us and our road maps as well as customers who need to plan out budget to be able to use for these different offerings.

And so definitely, while that remains dynamic, it will be much harder both for customers to forecast and budget as well as for us to forecast. Now what's helping customers and us navigate this is that we are in a much better position to manage these changes with the flexible credit model that we launched last year. And obviously, Braze product offering is highly flexible. Given the cross-channel offerings that we have across LINE and RCS and SMS and push notifications and these others, in particular, as their product road map continues to evolve, we're able to reuse a lot of the capabilities that we build out for other channels.

And so I don't think it's been really a drag on R&D velocity at all, but definitely while it continues to be a dynamic offering, it has been harder for customers to plan for that. And we've been working really closely with Meta in order to bring them feedback and work closely with them as partners, and we've been really happy with how that partnership has been going as they've continue to iterate the products. But it's still hard to forecast out a long way into the future as we look at that channel.

Derrick Wood - *TD Cowen - Analyst*

Understood. Thanks for the color.

Operator

(Operator Instructions)

Nick Altmann, Scotiabank.

Nick Altmann - *Scotiabank - Analyst*

Awesome. Thank you. It's clear there's still plenty of opportunity for consolidation and replacement activity. But Bill, maybe how should we see this acquisition of OfferFit as well as additional product efforts, whether it's Project Catalyst or future new product features or launches. As we think about kind of the next growth act for Braze, just maybe give us an update on kind of how you envision the platform evolving over the next couple of years and how that can support continued growth durability? Thanks.

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

Yeah, of course. We're really excited about the potential for these because as I spoke about at the top of the call, well, the technology that we have at our fingertips for customer engagement today is certainly head and shoulders above where it was 5 years ago, 10 years ago, even just a couple of years ago. There's also still a tremendous amount of room for continued improvement in terms of the relevance and the -- just the performance that we actually achieve in these channels.

And it also continues to be the case that the ROI of engaging in first-party channels of leveraging the first-party data that a brand already has ownership of, which is an asset that brands across every vertical continue to put more and more investment in that, that opportunity to create outsized value and return from continuing to optimize more of the first-party world, much the same way that a lot of the performance marketing world has been really focused on for a long time, we think there's still a tremendous opportunity to continue to find more leverage in performance there.

And I think both Project Catalyst as well as OfferFit is a really great way for us to both help our customers achieve that continued -- those continued increases in performance driven by higher levels of relevance and stronger, more effective personalization but also for us to capture more of the value that we generate through that optimization.

And so we're definitely -- when we look out across our customer base, I think that across that spectrum, I spoke of earlier of fully turnkey rapidly deployed automated testing and other sorts of machine learning capabilities that can be put into any part of the customer journey all the way up to the bespoke full OfferFit offering that has the expert services attachment to it. Within that spectrum, we think that there is something additional for every single customer in the Braze universe to be able to go and drive additional better outcomes for their customers and also be able to drive upsell growth for Braze.

Nick Altmann - *Scotiabank - Analyst*

Great. Thank you.

Operator

Scott Berg, Needham.

Scott Berg - *Needham & Co - Analyst*

Hi, everyone. Really nice quarter. I guess the one for me is, Bill, you talked about the vertical focus in R&D and, of course, the new shop announcement with the integration there. But how do we think about the benefit that your customers are going to get outside of maybe just streamlining the technology side of that integration? Is there -- I guess, how else does it affect, I don't know, product use, sales cycles, all those types of things? How much more efficient will that be for those customers?

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

Yeah. I think there's a few things. First, a lot of these capabilities are -- they're focused on getting more rapid time to value for customers, both as they get up and running in the first place as well as they expanded in new use cases. The data model expansions that we have and a lot of the kind of vertical-specific capabilities that we're putting in places like product catalogs, within the segmentation options, within things like the purchase object, et cetera, those have a dual benefit where they both by virtue of getting those more organized and standardized, customers can actually deploy more quickly.

They also make the machine learning efforts that we have happening in BrazeAI able to be more effective as well because we're able to get the data into more standardized formats where we're then able to deploy models that are, as I mentioned before, when a model is more constrained, it's easier to deploy. That doesn't mean it's less flexible. But of course, the more that we can standardize the data models around specific verticals, the more use cases we can actually accomplish and deliver additional value to through those more constrained models.

And so you should see these things as working hand in hand to both improve the offering the visibility of the offering within those categories, the time to value for customers in those categories, working with Braze, getting up and running with Braze and then over the longer term, those deployments being able to -- because they're more bespoke to the vertical, us being able to then parlay that into additional features and enhancements that are both driven by stronger machine learning models, but also just improving productivity for marketers that work within those categories for all the common use cases that they have.

Scott Berg - *Needham & Co - Analyst*

Very helpful. Congrats on this quarter again.

Operator

Taylor McGinnis, UBS.

Taylor McGinnis - *UBS - Analyst*

Okay. Can you guys hear me now?

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

Yes.

Taylor McGinnis - *UBS - Analyst*

Yeah. Okay. Awesome. Thanks so much for taking the question. Perfect. Isabelle, when I hear like an inflection in growth, that sounds like a potential acceleration. So I guess, could you just talk about what you are seeing in terms of either renewal trends or expansion activity that's giving you comfort in that outlook? And now we're a couple of months into this 1Q, I guess any thoughts in terms of timelines and when we could get past some of these more challenged COVID contracts? Thanks.

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

Yeah. So rather than thinking about it as on an organic basis as any kind of sort of inflection and reacceleration, it's more of kind of a stabilization with then kind of a slow steady path kind of back up from there. So it's not -- I don't think about this as kind of a hockey stick on the upside.

And I think what we're seeing is we're seeing strength in our new business momentum and then we are seeing obviously the new cohorts from an expansion perspective performing better than the ZIRP cohorts. And I think those two things combined together are going to help us kind of achieve that stabilization inflection point and then steady reacceleration of the top line on an organic basis. But I'm not trying to indicate that there's a hockey stick inflection point happening in the near term.

Taylor McGinnis - *UBS - Analyst*

Thank you so much.

Operator

Michael Berg, Wells Fargo.

Michael Berg - *Wells Fargo - Analyst*

Hey. Congrats on the quarter. Thanks for taking my question. I have another one for Isabelle, but this time in relation to Project Catalyst. You noted that it's likely to come out GA later this or -- later this quarter, next quarter. So I'm curious how to think about what's embedded in the guidance in terms of Project Catalyst contribution. And has that changed? Or how you -- has the way you thought about the product contribution changed post-acquisition there? Thank you.

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

Yeah. So obviously, the guide on an organic basis doesn't include OfferFit and just includes kind of our own business. And I don't think Catalyst is going GA quite as quickly as you're indicating.

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

Yeah. As I said in the prepared remarks, the first private beta release will be at the end of Q1, and we expect subsequent beta releases before GA, and there's been nothing said about when it goes to GA.

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

Yeah. So I wouldn't expect anything material related to that embedded in the guide or coming anytime soon.

Michael Berg - *Wells Fargo - Analyst*

Got it. And then a quick follow-up for Bill here. You know that -- this is the best you felt in the competitive landscape here. Some of your key legacy competitors have talked about their core products, competitive products underperforming. Has that created more discussions or more uptick in top of funnel activity? Or how can we think about the changing competitive landscape taking shape for you guys?

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

Yeah. So I've been talking about this for a little while now, and I think that the -- I'll call it the kind of distracted posture toward the competitive products within the parts of the legacy marketing clouds that Braze competes with has been picked up on by the broader community. And that has a few implications.

One is that we're seeing partners that have been long-time services or technology partners to those marketing clouds starting to look around and figure out their next act is going to be. And as Braze emerges as the category leader in customer engagement, we're having a lot more of those conversations with prospective or current partners about doubling down on their commitment to Braze.

I think also there's been a lot of enterprises, in particular, that have really been -- they've been looking forward to a product road map from those capabilities. They maybe have been noticing the gap between what they'd like to have and what the legacy marketing clouds are delivering to them for a while.

But the product marketing around it and their prospective future road maps have felt really good and they've been holding on, hoping that those promises will come true in the near future. And now I think it's becoming increasingly clear to people that those products are more stagnant than they are really pushing ahead.

And in the meantime, Braze continues to push ahead into new frontiers with highly focused and robust R&D specifically in the customer engagement space. And so when we consider both the absolute positioning as well as the relative investment posture, I think that we feel really good about that. And I think the ecosystem is starting to notice that as well.

Michael Berg - *Wells Fargo - Analyst*

Awesome. Thank you.

Operator

Brian Schwartz, Oppenheimer.

Brian Schwartz - *Oppenheimer - Analyst*

Hi. Thanks for taking my question. I wanted to follow up, thinking about the integration with the architecture plans with OfferFit, I think you mentioned that they have a different data model than Braze. As you think about scaling Braze's architecture in the future, is the plan to get back to one tech stack? Or is it faster to scale by adding other type stacks and as you think about your future M&A strategy? Thanks.

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

Yeah. So I think that an enduring advantage that we've had against the prior generation of marketing clouds and marketing automation suites has actually derived from the tight integration that we have across our stack as well as obviously the event-driven stream processor that underlies all of it.

And then the increasing flexibility of the Braze data platform to be able to get more data more quickly, completely and cheaply into that event-driven stream processor. And so any acquisition that we make along the way is absolutely going to be predicated on a strong integration plan where we bring those technology stacks together. I'm very committed to Braze not ending up being a fragmented set of acquisitions with a bunch of the complexity that's inherent in that.

We're really looking forward to OfferFit coming into the Braze technical environment and the foundations and us being able to leverage their engine and then being able to leverage a lot of the things that we've built along the way.

I think that when you specifically look at the data question, big part of extracting additional uplift through the way that they apply their -- that they generate their features and apply their reinforcement learning to it is actually activating bespoke company or industry-specific data across both the customer feature space, which is to say, kind of all the data that you have on your -- on first-party users across the user profiles as well as the action feature space, which is -- which basically means like all the different optionality that you have to make different offers, provide different incentives, different copy, different choices that you have along the customer journey.

And so bringing in both of those in a bespoke way also then requires transforming those incoming data flows to extract features that are usable for machine learning. It involves navigating regulatory and other requirements, especially in places where they work like in finance, and they bring a lot of hands-on experience in that area.

So now on the other side, too, we're excited to speed up their road map because the Braze data platform is a more comprehensive data platform with more connectors already built than they've already created on their side. And that ends up being very complementary because they've really worked to make their data pipeline specifically for that transformation into features for usage by machine learning and to adhere to a lot of those regulatory requirements, in particular, in the high end of the enterprise in these highly regulated environments.

The Braze data platform has built to be a comprehensive solution across the B2C space to be able to get data into our customer engagement stack quickly, completely and cheaply. And we think that there's just really good synergies there as we continue to build. But we are very committed to making sure that the end state and indeed one that we get to rapidly is one where the integration is tight, so that we can both benefit from continued R&D advancement that builds without incurring the complexity that arises from more fragmented technology.

Brian Schwartz - *Oppenheimer - Analyst*

Thanks.

Operator

Yun Kim, Loop Capital.

Yun Kim - *Loop Capital - Analyst*

Okay. Great. Congrats on the solid quarter, Bill and Isabelle. Strength in the new customer adds that you saw in the quarter. Any new bundles or packaging that's driving -- that drove that strength? And if you can update us on how the initial land deal size has been trending?

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

Yeah. So we only update our pricing and packaging meaningfully once a year, and the refresh for that will actually be coming up as we begin Q2. I'll also remind everyone that we launched the flexible credits model around this time last year. And the adoption of that has been really good, but we had limited it to just a couple of channels. And so we've actually in this upcoming version or refresh of pricing and packaging, we're going to be expanding the flexible credits model to also include e-mail, content cards, banners, audience sync and message archiving.

And so that -- we're excited about that and continuing to see good benefits from that. And obviously, we did see the benefits of the flexible credits model being there in Q4. I think that similarly, we're continuing to see the kinds of buying trends that I've spoken about a lot of just there's a lot of scrutiny and rigor behind all of these evaluations that are happening.

And the upsides of that are that people are scoping their purchases in ways that they're getting up and running more quickly and more completely through their initial integration because they've got stakeholders all aligned before they're ready to go. A lot of these RFPs are drawn out, which has the downside of it being a longer sales cycle but has the upside of more often the company is ready to go for implementation right away. And so I think those are some of the differences that we're seeing. It's not materially different in Q4 versus the rest of the year. But obviously, we were happy with the new business performance in the quarter.

Yun Kim - *Loop Capital - Analyst*

Okay, great. Thank you so much.

Operator

Patrick Walravens, JMP Securities.

Patrick Walravens - *JMP Securities - Analyst*

Okay, good. Thank you. Bill, I'm curious on OfferFit. Why now? Like was there a formal process that they were going through? Were they considering doing a new financing? How long have you been thinking about this? Why did this deal happen now?

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

Yeah. I won't go into too many of the details, but just quickly. We have an active Corpdev group here. This was identified as an area of interest for us. OfferFit has been a longtime partner, as I've mentioned a couple of times.

Braze is actually their most prominent partner and we've been really happy with seeing the joint customer outcomes that we've been able to achieve them along the way. And so we actually did approach them. We happen to approach them, right, as they were preparing for a fundraising round. And so that did put some constraints around the overall time line. But a big part of this is just that we've seen them maturing as a business in our partnership ecosystem. And we felt like this was a great time for complementary building.

We -- I've mentioned a couple of times of things that they've built, the things that we've built that the flip side of that is also the things that they haven't built yet and the things that where we haven't built yet as well. And I think those things match up in a way that's going to create not just an exciting combination but also a really efficient one.

Patrick Walravens - *JMP Securities - Analyst*

All right, great. Thank you.

Operator

Tyler Radke, Citi.

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Tyler Radke - *Citi - Analyst*

Hi. Thanks for the question. Isabelle, you mentioned that you did a little bit better on logo churn. I was wondering if you could expand on that and share an update on the health of the SMB segment of the market.

Isabelle Winkles - *Braze Inc - Chief Financial Officer*

Yeah. I mean, look, the one thing about churning an account is once you've churned it, you can't churn it again. And so we've had a few quarters now where we've been talking about levels of churn that have been higher than what we would want on a sustained basis, and we're starting to kind of work our way through that.

Now there are -- we're probably still not all the way through some level of right contract rightsizing among some of our customers who will stick around, but we'll have to kind of rightsize their entitlements as they come up for renewal. But that said, we have indeed flushed out a number of smaller accounts that -- whose business health was certainly at risk.

Tyler Radke - *Citi - Analyst*

Thank you.

Operator

There are no more questions in the queue. So I'll pass back to Bill for closing remarks.

William Magnuson - *Braze Inc - Chairman of the Board, Chief Executive Officer*

Yeah. Thank you, everybody, for joining us today. We -- obviously really exciting news today and really happy with the execution from the team around the world. We're looking ahead to a great fiscal year, and we'll see you next quarter.
