

29-Oct-2025

Guidewire Software, Inc. (GWRE)

Analyst Day

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MANAGEMENT DISCUSSION SECTION

Alex Hughes

Vice President-Investor Relations, Guidewire Software, Inc.

All right. Welcome. Welcome to Connections. Welcome to Guidewire Analyst Day. I'm Alex Hughes, Vice President of Investor Relations for Guidewire. It is an exciting time to be part of the company. Hopefully a number of you had a chance to see the keynotes yesterday and some of the presentations today. I sat through a lot of them and I was struck by how much the story is really coming together. A lot of the work the team's done with Guidewire Cloud Platform and the Agile Componentry and the possibility and the opportunity in setting up for customers and us is pretty exciting to see. And it's great to just see all elements come together into what we talk about is the Intelligent Insurance platform.

So today we're going to talk more about that. You're going to hear first from our CEO, Mike Rosenbaum. He's going to talk about powering Intelligent Insurance. Then you're going to hear from John Mullen, our President, who's going to talk about our success today with cloud and how we plan to expand on that. Christina Colby, our Chief Customer Officer, will lead a panel of some of our great customers so you can kind of hear and ask questions with them directly.

We'll take a brief break. We'll come back and then Jeff will bring it all home and a discussion of our model, how we're building on it. He'll talk about the long-term plan, which – or long-term model, which I know you're all kind of eagerly awaiting. We will finish the day with Q&A with the executives. Diego, as busy as he is, is going to join us for that. So that's great. And then so I think just a couple things. We'll save the questions for the customer part and then at the end for the executive track Q&A and then we'll just kind of power through the presentations before that.

Before I get out of the way and hand it over to Mike, just one more thing that's probably near and dear to our General Counsel's heart, the Safe Harbor. We will be making forward-looking statements today, sadly, none of which are guaranteed but that's why we have days like this and why you all have careers.

So, with that, I will hand it off to Mike.

Mike Rosenbaum

Chief Executive Officer & Director, Guidewire Software, Inc.

All right. Okay. Yeah. Here we go. Okay. So, yeah, I wanted to just echo what Alex said, it's great to be able to do this event alongside Connections, because obviously this is when we put together the whole story for the company. And I felt like this year was another – it's a special opportunity for us to in some ways like reset the vision for the company for the next decade and we did that obviously. I personally did that with respect to cloud and the journey that we've been on for the past six years. But, so you're going to see some things in my section of this presentation that are pretty consistent about like who Guidewire is, but also some things that are like, what the next chapter of the company look like. So, anyway, thanks for coming and here we go.

The most important thing to think about when trying to understand who Guidewire is, is you really have to understand what the P&C, what's P&C insurance, what does it look like from a market perspective. And so, the first thing that jumps out the page is like this is a very, very big market, approximately \$3 trillion in direct written premium. It's also a very concentrated market with 90 some insurers at \$2 trillion. It's a very, very concentrated

market. And you'll hear us talk a lot about our focus on Tier 1 and Tier 2 insurance companies. That's where the majority of the business opportunity is. They also have very, very complex requirements that Guidewire, I think, uniquely touches and uniquely supports. We will talk more about that later in the presentation.

It's also a market that's worldwide. You'll see a slide later on about our aspiration is to run core systems for the whole world. And this pie chart shows you why. Everywhere P&C insurance exists, Guidewire intends to sell and be successful.

The other thing that you need to understand about P&C insurance is that it's very broad, the requirements, this is the same system that we use to meet the requirements of insurance companies selling auto and home insurance, as well as the companies that are selling commercial insurance, selling D&O insurance which we need, I need it right now while I'm giving this presentation. So, this is a system in an industry that really touches sort of every facet of the economy and every facet of our lives. What that does is it creates a very durable and resilient industry that basically tracks with GDP growth, right. It's just very steady, kind of plough straight through recessions and shocks. And that's great when you have downturns. Sometimes other industries accelerate faster than insurance and that's not so great. But it creates a very, very durable end market for us to focus on.

Our mission, and I'd like to say, when I talk to customers, this has been the mission of the company for the past 25 years, and I expect it will be the mission of the company for the next 25 years. We exist to create a technology platform that insurance companies can use to innovate with, to engage with customers in new ways, to create new products, to create business agility through their IT systems and enable them to deliver insurance and meet the demand for insurance worldwide.

The story of Guidewire, let's say, and I don't remember who did this, but it was on our last earnings call, someone introduced this idea to us of chapters. And so we want to describe where we are today and where we're going forward in the context of three chapters, right. There was chapter one in Guidewire where we decided to create modern software to meet the demands of the industry. There was chapter two of Guidewire where we decided to turn that software into a cloud service that we were responsible for running. And now there's where we stand today at the beginning of chapter three, where we're going to start to create new applications, new analytics oriented services and use cases, new AI powered applications and capabilities that power this next generation of the insurance industry and something we're calling Intelligent Insurance.

Okay. But let me start with chapter one. What you see behind the slide of our core products is like this incredible picture of the complexity of what's entailed in delivering a core system in the insurance industry. We participate in successfully the most complicated IT projects in financial services in the world. What we do with our customers very, very often, mostly actually takes multiple years to implement. Guidewire systems are typically integrated into 50 or 100 other applications. And these are incredibly stressful. These are sort of like bet the carrier projects for the people that decide to go implement Guidewire. We take that very, very seriously. And we – somebody also said to me the other day is pretty unique that the company has got to the level that we have with really four core products, right?

We have a product for supporting claims automation and claims system in the insurance industry. We have a product to support policy administration in the insurance industry. We have a product to support billing. And then we have a fourth product which we call InsuranceNow, which is geared more towards the lower end smaller insurance companies that packages all three of those core applications together. But this is how Guidewire started and these applications, these core system applications really drive the company now and into the future. Together this has created something that's been wildly successful. We have almost 350 Core Customers as of the end of the fiscal year. We have over \$1 billion in annual recurring revenue now. We touch in one form or another

almost \$800 billion in direct written premium. So we've made a lot of progress in terms of at least touching in some way that \$3 trillion direct written premium opportunity.

Chapter two was all about taking those applications and turning them into cloud services. And there's a lot of different ways that you can think about this. One is, we take responsibility for the infrastructure. We take responsibility for running these systems in production, which is very difficult, okay, which is a lot of work. It also changes our perspective in how we build the system so that because we're responsible for them, we can tweak those applications so that they're easier to run and there's benefit there. There's value there.

But I think the most important thing that we did when we built this cloud platform is we took responsibility for the upgrades, okay. We said no longer is it something that we're going to do once every couple of years, ship a new version of the product that all of our customers have to accept and almost effectively re-implement. But instead because we're responsible for the upgrades, we can take that into account when we create the next version of the software. And in the process, we can create something that is just significantly more value to our customers.

And so over the past, like, say, six, seven years, we have achieved something with respect to customer value that's just very, very different than what we were able to do when we were an on-prem software company, right. We have shifted from a world in which we were releasing software once every two years to where we were releasing software twice a year. And then I don't remember Diego three years ago, we shifted to three times a year. And with every single release we can add functionality to the cloud platform, we can add functionality to these core applications, and we can deliver more value to our customers. And these are very, very significant things that address the headaches, the bottlenecks in the IT departments that slow down insurance companies and create, like I said before, the technical agility they need to innovate and grow and execute their companies more and more effectively.

This cloud transformation, the cloud chapter of Guidewire has been phenomenally successful. My favorite word to describe the last couple of years, phenomenal. We tweaked this slide, a lot of you probably have seen a version of this slide in previous Analyst Days, we tweaked this slide a little bit to show you the total Core Customers at the company, which, as you can see from fiscal year 2019 to today, has grown from 266 to 349. But you can also see it's just this incredible growth in cloud and how, while we still have a lot of Core Customers to go that are still on-prem and will eventually move to cloud, we've made this incredible progress in Core Customers on cloud and its incredible progress in the ARR or annual recurring revenue associated with those cloud agreements.

And the last segment on here is probably the most critical as it relates to thinking about Guidewire as an investment is, we made a very, very significant investment in building the cloud platform and creating an organization that was capable of scaling to support the most complex insurance companies in the world. This was a bold bet that we made on the company, but we are executing now more and more efficiently every release and every quarter. And the part of this story, we often talk about all the features and the capabilities that we're able to deliver to the market. But from an investment perspective, the engineering that is going into enabling us to run the service more and more efficiently, to run the service with the same number of people as we add customers, it just creates a lot of economic value, both for investors, shareholders, but also for Guidewire customers, because it creates more space for us to be able to invest in the feature creation and the application creation components of our R&D organization. So this V-shaped recovery, as we sometimes call it, has been something that I'm personally very, very proud of.

And I told you before that this is like an industry that spans the globe. This is a picture I'm also very, very proud of. It's like the – where we basically paint a country yellow whenever we get at least one customer. And to me that proves that we've got a foothold in that country and we're capable of winning the rest of the P&C insurance

companies in that country. And we're kind of running out of space. We had to take Russia off the board and we don't do business in China. And so, but if you take away those two, we are doing extraordinarily well. We talked a little bit in the last earnings call about the progress that we've made in Latin America, which is, just really, really impressive and that is going to become, for us, another region of the world where we can sell and we can be successful.

So the other component of this, and I would encourage you just because this meeting for the folks that are here in person, this meeting is that our Connections user conference. Guidewire has always been and will continue to always be about more than just Guidewire. We have created, I think, one of the best ecosystems of part and systems integrators and marketplace partners in enterprise software. It's certainly not the biggest, right, because, we have a – we're a vertical software company and we have a specific focus and we can't just do everything. But in our world, we have created something that is very, very special.

And the opportunity that you have this week is to go upstairs to the sixth floor and see this in real life and get to talk to all these people and meet all these people and talk to them about the businesses that they have created and are creating around Guidewire and around the P&C insurance industry. And this powers our success. This creates more value. It enables us to deliver more innovation and more benefit to our customers without personally without investing in all of these solutions ourselves and ultimately create something that I think is a lot more defensible and a lot stickier once deployed.

So now, okay, so that was chapter two. I'm not saying that the cloud journey at Guidewire is over. If you think back a couple of slides, you can see how many on-prem customers we have and how much focus it will take for us to convert every single one of those on-prem customers to our cloud platform. But it is time to start to think about what is this third chapter for Guidewire and for the industry really look like.

And I didn't present this slide when we talked to our customers in our keynote this week, but we thought it was appropriate for us to sort of give you a view into how we think about the economic opportunity that we see in terms of creating efficiencies and creating better outcomes in the P&C insurance industry. So I told you before, we're operating, let's say at about \$3 trillion in direct written premium. And so then you want to think about for every one of those dollars, where do they go? What happens to those \$3 trillion? And this is a representative scenario for commercial lines, but it kind of plays out roughly the same or similar for personal lines insurance. But at a \$1, about \$0.57 flows back to claimants in terms of loss payment, okay. And the rest of the \$0.43 is spent operating in the insurance industry. And this is very, very good, actually, like some would say this is terrible and we need to fix this. But, this is maybe you could say the best we can do right now.

But we think with technology platforms like Guidewire, with machine learning analytics, with data sharing strategies like we'll talk about with Generative AI and large language models, we think there is an opportunity to make meaningful progress in creating a more efficient industry. And you can just see like multiplied by \$3 trillion, this creates an incredible opportunity not just for us, but also for our customers and also for every single person who owns a car, every single person who owns a house and every single person that owns a company, there is an opportunity to create a more efficient system, and we intend to attack that and try to deliver on that over time with our products and our technology and our use of analytics and AI.

So this next slide kind of I want to give you a perspective of why I think Guidewire is unique. Okay. We're certainly not the only company selling software to the P&C industry, but I think we are the only company selling software to the P&C industry that aspires and actually does have now applications that cover this complete insurance lifecycle all the way from product definition to pricing to the distribution of software to the practice of underwriting to policy administration and claims. Okay. We can connect the dots across this entire lifecycle. We can do it on

one common platform. We can collect the information from that platform and put it into a data platform that we can then make available to the people operating this system so that they can do it more and more efficiently.

What we have unlocked now with our Guidewire Cloud Platform is this ability to attack and deliver on capabilities within each one of these circles that have these side benefits in the other circles, that have these side benefits in the rest of the business process, that I genuinely think is unique. And I think that that's beneficial for Guidewire from an investment perspective. It's also extremely beneficial for Guidewire from a customer perspective is when you partner with us, you're getting a company that is thinking about this complete solution and a partner that they can trust over time to continue to deliver on something that, like I said before, I think is very unique.

Okay. So now there is this question about how is this all going to become more intelligent? Generative AI is obviously going, I think, obviously going to change the world and it's obviously going to change insurance. But I think it's interesting to think or important to think about what's going to happen next and how do we think about what impact it's going to have on the insurance industry?

I think the first thing that is going to certainly happen both at Guidewire, but also in the community of systems integrators that are implementing Guidewire is that development velocity is going to increase. Large language models – like the one thing that large language models just completely do well right now, no question about it is they help us write code, they help us write test cases, they help us increase the velocity of development teams. We're harnessing that for our internal development, but we're also actively working with systems integrators and our own professional services organizations to increase the velocity around which we can implement Guidewire. This all by itself is going to be a dramatic improvement. It's going to have a dramatic impact on the industry.

The next thing that's going to happen is that underwriting will transform, the current process for commercial lines underwriting in the world is relatively unstructured. It's like an art form, right. It resists the sort of traditional database automation systems that we've all sort of made careers out of implementing, But it's like perfectly suited for what large language models can do, right. It's perfectly suited for creating assistance to underwriters that can remove steps from the process, that can summarize documents. We can ingest documents into Guidewire, and we can spit back out summaries that make the process more automatic, more efficient. And I think underwriting is going to change. I don't want to, like, make personal proclamations, but there's plenty of customers that we're working with who think that within five years this will look almost as automated as personal lines, auto lines are operating today. We'll see how fast that goes. But we're very, very excited about the transformation that's coming and the role we can play in driving it.

And then if you think about the third bucket here, it's like, how is this going to change the process of claims adjusting? How is this going – which today, is a very manual process. There is going to be a sort of slower approach, in our opinion, to this. There's going to be a more stepwise approach to applying large language models and machine learning to the claims processes. But eventually this will change dramatically as well.

And I also want to say, and this is maybe the slide that we worked on the most in terms of this event and Guidewire right at this moment. I want to be very clear about what our role is and what our unique responsibility is in this AI transformation for the industry, right? Guidewire's primary mission is to provide a core system our customers can trust to create open systems so that customers have access to this information they need to take advantage of Generative AI and create the applications that are going to transform their companies. We need to create what I'll call this insurance specific context inside of our platform that we can then provide to our customers and our partners so that together we can build the AI solutions, the AI driven solutions that are going to drive this change.

What's important about this slide is like we're in a unique position to be able to create this context, to use things like MCP servers, knowledge bases and tools to make it easier and faster for our customers and for our SI partners and for our marketplace partners and for our own application teams to create the AI driven solutions that are going to power this next generation of change in the industry. And the clear part, the part I want to be crystal clear about is that we don't expect that we're going to do this all by ourselves, okay. But the one part that we can do ourselves and the one part that I think will very much differentiate us in the market for the next decade is we can build a system that's open and we can build a system that attracts the partners we need to be able to collectively drive the transformation in the industry that we think is right there.

Okay. Last slide for me is, I think you guys all follow us pretty closely, we did an acquisition. It's not quite close. We're going to close it shortly, but we signed an acquisition of a great company called ProNavigator. And the story here is interesting like part of this story is about AI. So I'm going to tell you that in a second. But there's another part of the story that relates to our partner program in our marketplace and where this company got – how this company got on our radar? So I'll tell the AI story first.

One of my favorite applications that we've rolled out internally at Guidewire with respect to AI is Glean, right. It's just this amazing tool that enabled us to take all of the knowledge bases that we had and put a search engine on top, connect that search engine to a large language model. And then for me, instead of having to look up the place that told me the steps for how do I reset my password, I could then just say, how do I reset my password. And it would go off and find the answer and tell me and my life would be happy. And that was great.

And when I saw ProNavigator, I said, wait a minute, this is like Glean for insurance. Okay. This is a system that takes the knowledge bases, that takes the standard operating procedures, that takes all the expertise that you used to train your best people, pairs it with a large language model and pairs it with the context of where you are in a Guidewire workflow and enables you to have a conversation with an expert. And I saw that. I was like, that is exactly what this industry needs. That's what our customers need.

We also, like I said, the other half of this story was this is a company that came up through our partner program. We have this little component of our partner program called the Vanguard's Partner, the Vanguard's, what, the Vanguard's. Sorry, I'm tired. And it's for the smaller companies that haven't quite made it yet and don't quite have the capacity or the resources to do a full integration into Guidewire. But we create this opportunity for them to connect with our customers. And they did that. And the customers kind of love the product.

And they said, now we want to graduate, we want to make the investment. We want to build a real integration to Guidewire. And that kind of got them on our radar. And we went out and talked to some customers about it and the team came back to me and they said, we've talked to customers about a lot of partners, but we have never spoken to them and gotten such amazingly positive feedback about a tool like this. Everyone loves this application.

And so we looked at it and we said, hey, what's going on with this company? And we're very lucky to have the opportunity to do this acquisition and welcome them to the fold here at Guidewire and hopefully roll it out to each and every one of our customers. And so I think it's a great story for this founding team, and I think it'll be a great story for other marketplace partners who aspire to sort of, kind of make it and grow and build something that can be connected into everything at Guidewire. So we're incredibly excited about this. Okay.

That is enough for me. And I would like to now welcome up on stage John Mullen, our President to talk about expanding success in the program.

John Mullen

President, Guidewire Software, Inc.

Okay. Welcome everybody to another Connections. You give us the feedback on Vegas versus Nashville. I'm trying to stuff a lot in this week. I'll share a couple of thoughts as we go. I'll share a couple of thoughts about where we landed last year, kind of putting a capstone on that. A little bit about where we're going in this next chapter from my perspective or from Guidewire's perspective, but as important from the perspective of the executives in the insurance industry that we aspire to work with, and then we'll finish up with some growth agenda items. Okay.

So Mike talked about this next chapter. And for me, the prior chapter that's very important in Guidewire's history has been first building the applications for core processing for the industry and then very critically building the platform to support the applications that drive core processing for the industry. But this next piece is really interesting, it's intriguing. It has to do more with being the industry platform, being the platform that serves the industry, not just from a core processing standpoint and transacting work, but also from making decisions and really where all of the work of the industry can be done. And that's with inside the carrier, but it also starts to crack into some of the things that happen between carrier and their trading partners, whether it be broker, whether it be claimant, whether it be third party, whether it be reinsurer.

These are the types of conversations that we're seeking to access. And Mike showed you the split of the dollar in the combined ratio where we start to move from efficiency gains as the primary backbone of our business case to also starting to look at indemnity improvements and risk selection and pricing improvements and speed to market improvements and the ability to enter and exit markets much more thoughtfully as a carrier. And that's what I'm most intrigued by in this journey forward. And as Mike said, and I'll go back a little bit to when I first joined. Without that update process, this evergreen conversation and this ever innovative conversation wouldn't be available.

So I'd be a little remiss since Diego's not presenting, I'd be a little remiss if I didn't take a minute to congratulate just the phenomenal achievements of our engineering and product and development teams over the last two years. We had a lot of pressure points that we have conversations about the pace at which that team has established the platform by which we can now build applications and unlock new conversations with business leaders inside of carriers is extremely powerful. So let's talk about that. But first, last year.

This is the win rates for last year. We share this slide every year. The unit count win rate progressed nicely globally last year in all geographies. But more importantly is the win rate by DWP progressed quite substantially last year, okay.

Winning at all ends of the market. So tier 1 progress has been really nice over the last 18 months. That's on deals, but it's also on just getting into more strategic fabric conversation and planning, road map planning. We've seen some of the results in the win rates, but what really has been nice has been this piece around tiers 3 and 4. And our win rates there continue to progress nicely. Our ability to address what market needs. Things like Industry Intel, things like pricing. These are the types of things that really get us closer to having a much more substantial impact on the results of those carriers at that end of the market. And our agility to sell in that space and also deliver in that space continuing to improve.

By region, Americas continues to progress. The investments we've made in EMEA to get closer to market build more of a sustainable leadership team there and have that leadership team be able to make the decisions that drive both product prioritization, marketplace prioritization has really shown some results. If I look at APAC, we're really pleased with the opportunity there. And Australia, New Zealand, we continue to be very close to the market there and things are going quite well.

The opportunity I talked to you last year quite a bit about the opportunity investment in Japan. We're starting to see green shoots there that we feel really strongly about. We're going to hear a little bit about that later. But I think it's really important to really look at these two things Japan, Germany, Latin America. These are the types of investments we're making that take – these are sustaining investments that really focusing on line of business specification and geographic specification in these markets is really giving us an opportunity to differentiate from any competitive profiles out there.

So, what? So as we think about this next chapter, on the dimension of industry scale, we continue to see progress of putting premium on the system by region, by geography, by tier. That's important. Mike said it. Diego's team will always say it. Christina's team is paying attention to it every day. The ability to run the system and get customers predictably to the service is paramount to us. And we'll never forget that. That's going to be a big part of our investment thesis. But on that platform as now a platform for the industry we start to get into more conversations about products speed to market, about pricing agility. Let's talk about pricing agility for a second.

In the personal lines space in all the markets of the world, in mass market auto, pricing agility is the number one competitive footprint for defining winners and losers and gains in market share. And having more of those conversations with carriers about where they want to be because of the investments we've made is unlocking a whole new platform for us. We have to get better. We have to invest in having those conversations and influencing those outcomes. Risk selection for commercial lines, number one. You start to see a theme about some of the products that we've put out there. This is all very coherent in moving up the lifecycle, up the value chain for the executives that we're dealing with selling to, having conversations with, about driving real sustaining market value. And as we move both the continued scale across lines of business and geography and up the value chain, we really do get into a new conversation of context and value creation and value capture. This is extremely interesting and it was extremely interesting. And it follows the pattern of first chapter, second chapter, third chapter.

It really has some rocket fuel now around Generative AI. So as a general purpose technology, Generative AI is one of few or maybe the first that focuses in equal measure on execution at scale, scalability, and also expertise at scale. So the performance and intelligence of the individual operator or the enterprise at large. And that's the piece that I think we're uniquely qualified in. This move up the value chain was something that's paramount to Guidewire story in the first place, but the pressure that exists now on the carriers that we talk to and that we're doing business with has increased exponentially. I'm never going to tell you that property and casualty insurance is going to be a first mover on all technology. But it's moving faster than it ever has before on the catalyst for change. And that catalyst for change is bombarding the executives that we talk with. What should we do? How do we deploy agents? Where do we need to be on core processing to deploy agents thoughtfully? And that's where all of this goes way beyond unlocking new value and expanding scale, has everything to do with the context to make that work.

The thinking about the starting points of deploying agents, but also about the finish line of deploying agents, how will information be extracted from the core systems for decision making? And in what context will we land those decisions so that they can operate at scale across geographies and across business lines? This is a very unique value proposition, Mike said, one of the things that we can do very uniquely, one of the things that we can be best in the world at is providing and sustaining that reliable, durable context for the investments that we make for our customers to consume, for the investments that our partners make to be an efficient and effective route to market and for the investments that carriers make and how they can land that in and really start to drive value from it on a sustainable basis. That's something that we're going to keep in mind as we continue to engage in these conversations with executives about their future.

So left to right here, PricingCenter, UnderwritingCenter and Industry Intel. In order for a reason. PricingCenter, a fairly definitive market, pricing and rating are fairly defined markets in the space that we serve as we enter into that based on the backbone of the Quantee acquisition and now the launch of PricingCenter. We're in a unique position to link through APD and PolicyCenter all of the things that really drive speed to market risk selection and pricing. And that's going to – it's a ton of energy around that over the last couple of days. So we're excited about where that goes and we'll also have a fairly definitive product roadmap behind it because it's a fairly defined space.

UnderwritingCenter, a very defined problem statement, but not as clearly a defined opportunity space. There are a lot of components that will make up UnderwritingCenter as we go through it and the opportunities that we discover in that, shape in that and invest in that based on customer feedback, will evolve quite a bit.

Industry Intel, we didn't put a lot of air time into Industry Intel in the keynote, but don't sleep on it. To me, this is a really interesting element of how we solve problems with and for the industry. We've got access to a lot of information and we're investing heavily in the data science team to run models against that data. And we're starting to see some really early results. But more important than the early results of the models is the pace at which that team can now start to drive value in creating new models and running new models and testing new models, and even working with customers where they can leverage the data to create their own models. So I'm really excited about Industry Intel, not because of what it is, but how we've set up that team to lead. I think that's a much more ambiguous space to operate in. The opportunity size is huge and we're going to continue to define that. And as we go forward with you guys in the future, we'll put some more crystallization on what that TAM looks like, how we're defining products to serve that space and that will be something that we get a little bit more mature with you over time, but we're really excited about where that is. We've got a lot of interest from customers, particularly in that lower end of Tier 2 and in Tier 3, where they might not have scale to have their own data science teams. We've got a lot of interest in shaping the conversations about how we can do that work with and for them. So it's going to a couple of them.

PricingCenter, faster speed to market and pricing agility. The Quantee team has fit in about as well as we could possibly hope for them to fit in at this point. Now, after this week, they're going to be exhausted. So we have to scale that team. We have to be thoughtful about how we go into specific markets, how we go into specific lines of business. But the foundations here and the ability and the fact that that technology was running on GWCP at the point of acquisition, not months after the point of acquisition speaks volumes about how well this will work for our customers.

So we're really excited about that, and we're really excited about the conversations of engaging now new users. As an industry platform, two things have to be true. You have to create the place where others can invest to drive value because of the placement of the industry platform and extract that value for themselves. The other one is you have to think more about all of the personas. We have to think more about all of the personas that make the business of insurance work. And we think about the world of the actuary has been wildly underserved from a technology standpoint. There's a lot of reasons for that. But the canvas and the opportunity to collaborate in the world of the actuary is really quite interesting here. And we start to get into closed loop between claims reserving and actuarial pricing. We start to get into a really efficient conversation of how fast and agile our customers can operate. So this is a big one.

UnderwritingCenter, as I said, a little bit more of an ambiguous space and a space, frankly, that a number of our customers and I've had this conversation a lot over the last two days, a number of our customers would say, okay, good, we've been wanting you to be in this space. We want you to be more declarative in this space. This is an

opportunity where connecting the thread from a submission, see the world of PolicyCenter operates on a structure [ph] post buying (00:39:29). Therefore, some structured data or a structured element of the database to build off of. But the world of many of our customers starts at the submission, much more on structure, a lot more variables, a lot more things coming at that. So as we think about UnderwritingCenter and the world of the Underwriting Assistant will change materially.

How can we thread the context and I believe we will thread the context for the Underwriting Assistant and the underwriter and the product manufacturing teams to really think more about how do we get all of our focus on risk assessment, on selection and pricing and on portfolio analysis so that we can really allow the expert underwriter to be an expert underwriter, and so that we can provide the context through things like ProNavigator for the less experienced underwriter to now be operating as an expert underwriter. And this value proposition will hold up over time.

Okay, Industry Intel. I've said a lot about this already, so I won't belabor it other than the fact that this auto bodily injury and collision claim model has really been interesting in the market to prove out. So the team's ability to present this to customers, access new buying centers inside of the carriers, and really talk about business value and business cases that are not just about cost and savings and efficiency but about indemnity management has been really powerful. So we're going to see this develop over time. And as I mentioned, that Model Factory to build and deploy new models is really quite interesting. We spend a lot of time in that space.

Okay. So what does that do to our TAM? So as you can see, the TAM here on UnderwritingCenter and PricingCenter can be pretty well crystallized. We know where PricingCenter is. We know where the competitors are. We know where the market is. UnderwritingCenter has a much more wide array of competition. You started getting into analytics and into the deployment of the agentic model. Well, we're cracking in the new space there. Okay. Because we're starting to talk about not just efficiencies and not just indemnity, but also growth and also head count and FTEs from a totally different angle and performance of the organization and scalability of the labor base, not just of the carrier, but of the entire insurance value chain. Really interesting discussion there. So we're pleased with what this unlocks from a new TAM perspective. We have a lot of work ahead to crystallize that.

Okay. So what are the growth pillars that drive that as we think about Intelligent Insurance going forward? As we all know, migrations is a big part of it. Okay. Continuing to make it easier and more predictable and more affordable for our customers to migrate to cloud will forever be a part of our journey. And the services team has made some very large investments. We've got the referenceability running. We talked about that a lot in the earnings calls. But getting into strategic road mapping and improving program speed, Michael Mahoney and his team have made some very substantial investments in tooling for that and we're starting to see the payoff on that.

Expansion with existing brands. What many of you might not know is last year we gained more in financial progress with expansion within existing brands than we did in migrations. I think this is the part of our story that needs to be well understood, which is the expansion within the world's top brands, world's top insurance brands as we think about geographic expansion and line of business expansion is a very powerful opportunity.

Net-new logos continuing to win and invest in geographic specification and line of business specification. That's an area where now we can continue to invest on a relative basis higher volume. And as we connect closer and closer with these markets, we're starting to see some real results. The most exciting I mentioned being Asia-Pac last year – I'm sorry, being – well, Asia-Pac has progressed nicely, but Latin America last year.

Pricing and underwriting, we've talked about, this is a new buying center, this is a new value center. And then industry intelligence, again, quite an expansive opportunity. And it's so much more about the data that we have

access to and how we can build models against it and providing the context for how those models and how those decisions can exist sustainably, reliably and durably inside the carriers world as we continue to progress as the industry platform, both on core processing and on decision making.

Okay. So last comment before I wrap. I do want to share here that in Q1, The Hartford, a long standing customer of ours, has made the commitment to move to cloud. That information has gotten out a little bit over the last couple of days, so I wanted to balance that out here. We're really pleased, this company is really pushing the envelope on their agentic architecture, on their strategy. They've been a great customer of ours for a long time, and we're really pleased that they've recently made the commitment to move to cloud with us.

Okay. So with that, I really think it's important that we hear from our customers. It's always the reason why we get here at Connections. So I really appreciate our customer panel joining. And I'll turn it over to Christina Colby to take us into that chapter. Thank you.

Christina Colby

Chief Customer Officer, Guidewire Software, Inc.

Apologies, went the wrong direction. Well, thank you so much. This is, I think, the part that I love to hear most, and I hope that you do as well. I'm joined right now by a phenomenally esteemed group of panelists representing our customers. Daniel Engelberger, John Chu and Paige Vincent. So I'll give them a moment first to be able to introduce themselves. Daniel, if you'd like to go ahead.

Daniel Engelberger

Chief Operating Officer, Sampo International Holdings Ltd.

Thanks, Christina. Daniel Engelberger. I'm the Chief Operating Officer for Sampo International and also a member of the Sampo P&C Management Board. My responsibilities include IT, operations, data and analytics, governance, real estate and facility management, procurement and multinational insurance.

Christina Colby

Chief Customer Officer, Guidewire Software, Inc.

Daniel, thank you so much for being here. We appreciate it. John, if you'd like to go ahead.

John Chu

Founder and Chief Executive Officer, Bamboo Insurance

Yeah, hi. John Chu, Founder and CEO of Bamboo Insurance. Do everything, including taking out the trash for the company.

Christina Colby

Chief Customer Officer, Guidewire Software, Inc.

Full service. I like that. That's fantastic. And Paige, if you'd like to go ahead.

Paige Vincent

Chief Operating Officer, Hollard Insurance

Paige Vincent, Chief Operating Officer for Hollard. I don't take out the rubbish. I don't even do that at home. That's my husband's job. But at work, I do look after all of our customer facing parts of the business, say sales service claims. I also look after our customer advocacy area, which is a combination of disputes and external advocacy

with consumer groups. And similar to Daniel look after procurement, supply chain and for sins of the past, risk controls and advisory team.

Christina Colby

Chief Customer Officer, Guidewire Software, Inc.

Excellent. Well, as you can see here, there's a wonderfully vast set of experience across the group. And one of the things that we wanted to do was to hopefully give you a sense across a variety of different customer tiers, as well as geographies and lines of business. So I will get things started with a series of questions. We've allocated about half an hour for this, but we also want to be certain to hold time for you to be able to ask questions as well. So I will get the ball rolling and then please be thinking of anything that you might like to ask on top of that.

Paige, if you don't mind going back to, you were talking about the vast variety of your responsibilities. One of the things recently is that we have deployed ClaimCenter for your claims organization. It has been live actually for quite a while now, so it would be great to hear about the experience that your team has had taking advantage of the capabilities within ClaimCenter.

Paige Vincent

Chief Operating Officer, Hollard Insurance

So to give a little bit of background first on Hollard, we are a partnered base business, so you will not see us sell insurance direct to customers in Australia. We do that through our major partners, one being Commonwealth Bank of Australia, which is the largest bank in Australia. And we've also partnered with the largest grocery store, which is Woolworths. So we have the privilege of providing insurance to their customer base.

Now in the way that our organization has been set up, we have acquired systems over time with those acquisitions. So prior to moving on to Guidewire, we had three different claims platforms, we had two different telephony systems and we literally had teams working on different laptops. So if you were on Hollard heritage, you couldn't then service a CBA customer and vice versa. So you can imagine the inefficiency that that drives and costs to the organization.

So two and a half years ago we made the decision to move to Guidewire on the cloud and the change that that has made is though, now we are on one claims system, we have one way of managing claims, one telephony platform, we have one claims team that services all of our partners and we're being able to deliver a foundational customer experience that is exactly the same across the board. So we didn't just see the benefit in one partner. We saw it across all of our partners because we moved to one way of doing things, things to moving to Guidewire.

From a people perspective, because we were so siloed in the way that we manage claims, it was really hard to get engagement up as a result of moving to Guidewire because we simplify processes, [indiscernible] (00:49:20) in there. Our employee engagement has literally doubled in the claims department.

Christina Colby

Chief Customer Officer, Guidewire Software, Inc.

That's fantastic to hear. I love, as you're describing, that's a very employee centric perspective, but that – the experience that they have passes on directly to your customers, which is really terrific. So speaking of customer centricity, if anyone had an opportunity to see the mainstage presentations today, John was one of our speakers and talking a little bit about Bamboo. John, would you mind talking about, you came from a large carrier

background. You mentioned that earlier today, but you had this vision of creating a technology driven insurance organization. Can you describe a little bit about sort of that genesis of Bamboo?

John Chu

Founder and Chief Executive Officer, Bamboo Insurance

Yeah, sure. We migrated to Bamboo or we migrated to Guidewire this year. And as a startup, obviously, we started encountering a number of scalability issues, also capabilities and software and other things that other competitors have just weren't what we needed from. The competitive standpoint in terms of where we wanted to take the company in as we turn the corner and start scaling across dimensions of geography, product and channel, we knew that we were going to be encountering things that we just couldn't overcome. And so we decided to go with the Guidewire platform, and it's created a number of opportunities already that we didn't even foresee, which would create different capabilities for our people, for our agents and for our policyholders. We're also extremely excited because I think we're one of the very first users of the digital platform. It's a fully functional, direct to consumer opportunity. I'm not sure we're going to use that from a DTC perspective, but it really gives us a number of strategic alternatives in the point of sale channel that we've launched within the homeowner ecosystem.

Christina Colby

Chief Customer Officer, Guidewire Software, Inc.

That's great. Thank you so much. And as you've shared earlier today, you have very strong growth trajectory set ahead and so we look forward to really scaling with you along that way.

Daniel, I'd love to ask you. So we have very privileged really to have a very strategic relationship with Sampo Group. We have an opportunity to work with some of your largest entities in Japan as an example, and then also some of the smaller entities around the world. Can you talk a little bit about the nature of the totality of the partnership and how we're still able to work together for the needs of each of your operating entities?

Daniel Engelberger

Chief Operating Officer, Sampo International Holdings Ltd.

Sure. So for the ones in the room who don't know Sampo to start with, we are a Japanese born, truly global insurance company. So out of the premium volume, we have about \$15 billion in Japan and roughly \$17 billion outside of Japan of P&C business. The partnership with Guidewire started in 2014 so quite a while back. And since then, for the international part of the business, we brought all our commercial lines of businesses on Guidewire, PolicyCenter and ClaimCenter. We have about 38 unique products on the platforms and 100 variants on the platform.

When we look at the geographic reach, right, so when I talk the international part, that's the US, that's Europe and that's Asia. That's all on the international platform. We've just started in Japan. So with the direct business ClaimCenter, and the next step is as we actually also this week, so we weren't ready to show a slide here like The Hartford, but we agreed on the next step to move to the cloud and that includes then Japan looking at the commercial business in Japan. So that's probably the rough order of magnitude.

Christina Colby

Chief Customer Officer, Guidewire Software, Inc.

Thank you so much for sharing that. Perhaps if we could kind of stick with this thread of conversation, as you mentioned, obviously, we're very excited to work with you on your cloud journey. As you went through the

assessment, because you've also known Guidewire Systems even longer than what you were describing as Sampo's history. What were some of the things that really appealed to you around Guidewire Cloud and perhaps that might even relate to some of the things that you've seen here this week at Connections.

Daniel Engelberger

Chief Operating Officer, Sampo International Holdings Ltd.

Yeah. See, yes, I know Guidewire since many, many, many years, also from my previous employer. But see, as Mike pointed out, as also John pointed out, as a carrier, when you have to do your upgrade on your own, that's quite a painful exercise. And especially when you have very intelligent people in the business, they try to customize the businesses and the place where I sit, it's a pain. Now, also the frequency of update is a lot less than when you look at the cloud side of the house, right. So you heard John talking about it that Diego has managed to do three updates, I thought right a year, and that is a very compelling point for us as a customer.

The other thing I'd want to add is, right, so how I look at operations and IT, it's very simple. There's a basic layer. It's stability, security and scalability. So stability and security I think, we have been pretty good also on the on-prem. Scalability, the cloud is a lot, lot better. And then the next layer for me is speed and precision. So we talked about the three times a year speed tick. Precision, I think Mike showed an interesting slide with a taller note, right? So there when you're on the precision side, you can gain quite a bit as an insurance carrier. And the last bit for me is trust. I want to work with a partner I can trust. So trust based on delivery. And that has always been true so far. And this is why we're taking the next step.

Christina Colby

Chief Customer Officer, Guidewire Software, Inc.

That's terrific. Thank you so much. Well, we hope that we can always continue to do things that will earn your trust again and again. John, one of the things that I'd love to ask you about, I think a large emphasis of things that were discussed this week really talked about the impact that AI is going to continue to have on the industry. My sense was, at least through a lot of the conversations that I had, that it was probably more forward looking conversations than ever. When you think about with such an emphasis on technology within your organization, if you're looking out 5 to 10 years, how do you really think about the technology footprint that you want to have, the way that you obviously uniquely use data? What are some of the things that you're very focused on then in the next 5 to 10 years and specifically how would you want Guidewire to really participate in that?

John Chu

Founder and Chief Executive Officer, Bamboo Insurance

That's a pretty deep question. I would say three things. One, if you think about AI today, it's rapidly evolving. So for us, one of the very important things we're trying to do is create some degree of governance around it because it gets to the point where it could be ultimately too powerful to make decisions on its own. The second is, we are not yet at the size of Sampo and some others so I think the next clear juncture for us from an evolutionary standpoint is really having enough data so that you have machine learning. The way AI we use today it's still very human driven as a form factor. So it's us working with our AI partners to give them the right data, tell them to search for the rules and then use the software to generate the outcomes. I think they will get turbocharged once we get to a certain size where the machine can do the things that we do from a human standpoint.

And the third thing, which is where Guidewire will come in is version control. So where AI really becomes very, very powerful in the insurance ecosystem is if you have machine learning and the software then can generate the changes on its own so that the versions that are upgrading constantly are in queue with the research that you're trying to put in. And so having a system that has the modularity and configurability to allow you to extract those

values when you've created new dimensions of AI is going to be very, very important. So again, governance, get to a point where you can use machine learning rather than human driven, and then having the version control and the speed to access those values.

Christina Colby

Chief Customer Officer, Guidewire Software, Inc.

That's great. Thank you. I love – there's two things that you really pointed out on that. I think, one that at least I've noticed with so much focus around generative and agentic AI, sometimes people lose sight of the inherent value of thinking about more classical machine learning and the value there. And then similarly, I think, Daniel, you also spoke about how technical currency just needs to be table stakes so that you can start to do all of the higher level and higher order capabilities that you want to focus on.

John Chu

Founder and Chief Executive Officer, Bamboo Insurance

Well, I was just going to say that the other thing that really the captain of the sea of the unknown where I think AI can take is beyond the unstructured data side. So most of the stuff that insurance companies really deal with is structured data. It's policy data. It's claim data. But as we get more and more engendered in terms of findings, it's taking unstructured data, be it for us, home inspection reports. Upload home inspection reports in a very unstructured way and turn that into structured data. That's kind of a sea that insurance companies have been trying to cross for the last 20, 30 years. And I see AI being the bridge that finally unlocks some of that value.

Christina Colby

Chief Customer Officer, Guidewire Software, Inc.

I couldn't agree more. So my career actually started focused around the way that insurance companies consume data outside of the actuarial space. And the constraint was always that there was so much unstructured data and there was a push to then try to make it structured, which is complicated enough on its own in order to be able to consume it. So being able to skip that step simply because of the overwhelming amount of unstructured data really is to me the game changer for the industry.

So then speaking about the benefits of Generative AI, Paige, if you don't mind me asking, one of the things we had talked about actually in yesterday's keynote, we talked about claim summarization as one of the first capabilities of the claims assistant to come and were able to pilot that with your organization which was terrific. Could you share a little bit about the experience that your team had being able to use those capabilities?

Paige Vincent

Chief Operating Officer, Hollard Insurance

So I think, first of all, it's an absolute privilege to be involved at the very start and help design out how the claim summarization tool will work and how it's going to add value to our organization. And particularly in the context that in Australia we had a parliamentary inquiry that released results last year in terms of insurance responses to the 2022 floods. And the key output of that inquiry was that insurers across Australia need to uplift how they communicate, how they respond to vulnerable customers. We need to provide personalized service for all customers without increasing cost, which is very interesting proposition. So when we think about claims summarization for us, the key things that we'll focus on is one, we'll make sure we get some efficiencies and benefits out of it. It currently takes about 30 minutes for a claims adjuster to summarize a claim, claim summarization is giving it to us in a minute. But more importantly, what it is giving is emphasizing information on that claim that is really important for that adjuster to respond to, and it's actually creating capacity for them to

move away from being transactional and just trying to find the information and respond to actually being a human being with that customer.

And when you think about the number of vulnerable customers, not just in Australia but globally and the way that we need to respond to them, it's one thing to get information quickly, but then if you were to match it with ProNavigator being able to then all of a sudden balance the profile of that customer, the vulnerability to match the need and have it all there for the claims adjuster to be able to respond to is quite game changing. And so we are super excited going about getting claims summarized [indiscernible] (01:02:25) and hopefully that will be February that we'll be able to get the teams to kind of test it out [indiscernible] (01:02:30) then but even more exciting about how we could match that with ProNavigator.

Christina Colby

Chief Customer Officer, Guidewire Software, Inc.

Fantastic. Thanks. I really look forward to that. I love the emphasis, especially because there's so much focus on how dramatically roles are changing sometimes in the negative thinking about the use of AI, what you're talking about is truly, I think, what we all hope for, which is making the adjuster in this case, more intelligent and better suited to be able to handle what they need to address. So that's wonderful. Thank you.

I want to be certain that we allow for time for questions from the room. So I think we have a couple of microphones being passed around. Great. I see the first question. A couple of them.

QUESTION AND ANSWER SECTION

Rishi Jaluria

Analyst, RBC Capital Markets LLC



Wonderful. Thanks so much. Rishi Jaluria, RBC. Really appreciate all the perspectives you have. I want to maybe continue on the thought process of AI and look as we've thought about Guidewire with the cloud journey, it's been, I think, pretty apparent that moving to the cloud has turned into a competitive advantage for insurers that have been willing to make those investments. How do you think about AI becoming that opportunity within the industry as well, where it can actually not only help in, Paige as you talked about, better customer service and driving efficiency, but actually starts to result in just a better competitive landscape for those that really lean into it and go AI first? Thank you.

Daniel Engelberger

Chief Operating Officer, Sompo International Holdings Ltd.



So obviously there is many, many fields where you can use AI. So for me or for Sompo International, it's a growth engine. So in the international part, we have seen a huge growth and we don't have the talent available to serve that growth. This is why we use AI mainly at the intake side of the house to enable us the growth. And the good thing is that in combination with Guidewire as a platform helps us to enter new markets. So we went greenfield in Italy and in France last year, complete greenfield and that was a matter of weeks. We are not as flexible probably as you John, right, but we try to be as flexible as possible. And for a big provider, entering markets, greenfield in a few weeks, that's pretty good, I would say. And this is thanks to the setup we have in combination. But also we use AI obviously for getting the better risks in. We also use it for data analytics. We use it at the claims side, FNOL, so many, many areas to use it. But I want to also emphasize. AI on its own, it's not the Holy Grail. You

need to understand the end to end impact on a customer's journey, on a broker journey, and also what it does to your internal employees.

Paige Vincent

Chief Operating Officer, Hollard Insurance

A

And I think just to echo that point, when you have a look at some insurers that are probably more advanced in terms of AI than others, I think one of the missing pieces is that they are doing it in certain segments and not looking at the end to end insurance value chain. And I think any insurer that can do the entire value chain in a way that makes sense, drives better customer outcomes, lower costs, but in a holistic manner, is the one who will get the competitive advantage. And also to emphasize a point from yesterday's keynote, that orchestration layer of AI is super important as well, because if you're investing in AI in different platforms in different ways, you can actually create more complexity than less in your organization.

Christina Colby

Chief Customer Officer, Guidewire Software, Inc.

A

If I could just echo, I think that's what I see from a number of customer conversations, that there are some very interesting exploration around particular use cases, a variety of different technologies. And that feels great sort of at this immature stage before things are adopted at scale. But for them truly to be adopted at scale and managed appropriately and operationalized, I think that's where we need to see that coherent and an integrated orchestration, not something that ends up driving up the total cost of ownership so dramatically because it's very scattered across an enterprise architecture.

Ken Wong

Analyst, Oppenheimer & Co., Inc.

Q

Hi, everyone. Ken Wong from Oppenheimer. First, it's not a question but for John. Thank you, Bamboo, for insuring my California home. Two other insurers bailed and then for five months no one would insure us. And then for Daniel, the question for you, when I think about the Asian market, Japan typically lags, typically reluctant to move to cloud. You guys are obviously making a push committing to go to cloud. Would you say that you guys are maybe early or are we starting to see an inflection in that market where perhaps you will see other insurers make a more aggressive push to migrate?

Daniel Engelberger

Chief Operating Officer, Sompo International Holdings Ltd.

A

So I'm pretty sure that when one company starts and we are one of the three big ones in Japan, as you know, so when one company starts, the others will follow. This is my true conviction. But I think from Okumura-san leadership, our group CEO's leadership, he truly wants us to be at the forefront. So also to be a true global insurer, which we are at the moment, right, so already, so and this was a very short journey we have been on the international side. And yes, there is cultural differences, right? So I've worked in global roles for my whole life almost and you need to accept the cultural differences. There is no better or worse, but when you combine this diversity and when you bring the people on board with facts and data which we have been doing, then they will move and this is why they'll push.

Christina Colby

Chief Customer Officer, Guidewire Software, Inc.

A

Any other questions on the back?

Alexander Sklar

Analyst, Raymond James & Associates, Inc.



Great. Thank you. This is Alex Sklar with Raymond James. Maybe one for you, Paige, or anyone else who's in on kind of the full suite. But just given some of the announcements we've seen on the product side, the pace of innovation, what might have to change for you to consider adopting the full InsuranceSuite?

Paige Vincent

Chief Operating Officer, Hollard Insurance



Very good question. Sorry, I'm pausing because it's such a hot topic and I just want to be careful in terms of how I answer it. So I think unfortunately for Hollard, we had made some strategic investment choices probably about four or five years ago that we are locked into. So for full transparency, we are Guidewire for claims, but we are with another provider in terms of policy. And at the time that we made that decision, I don't think we truly appreciated the ecosystem benefits that come from being on the entire InsuranceSuite. But we are pretty much locked into our current position, at least for the next couple of years. That being said, some of the – by PricingCenter, for example, my understanding is that that could be applied to other policy platforms, which we would absolutely have a look at, because pricing [indiscernible] (01:10:15) is an area that we are quite interested in doing better. So we would look to see how we can leverage the Guidewire ecosystem while still maintaining our strategic investment on our current policy platform.

Christina Colby

Chief Customer Officer, Guidewire Software, Inc.



Any last questions?

Christina Colby

Chief Customer Officer, Guidewire Software, Inc.

Okay. Well, thank you so much for the questions that were asked. I appreciate it. We will also have the benefit of having some of our panelists available through the remainder of the day. So if you're here in person, it would give you an opportunity to be able to speak with them. I just want to say, though, personally, Daniel, John and Paige, thank you so much. Phenomenal insights to share. And I'm certain it's something that everyone has really enjoyed and it's something that is I'm very grateful for. So thank you so much. I believe we're going to a short break now for just a little bit and look forward to seeing you back again shortly.

[Break] (01:11:18-01:21:38)

Jeff Cooper

Chief Financial Officer, Guidewire Software, Inc.

All right. We're going to get going here. I'll give everybody a minute or two to get back to your seats. Awesome. Perfect. Thank you. Well, thank you all for being here. This is always such an amazing event. And for me, it always – it hits home just to see the impact that Guidewire has in the industry. It's super humbling for me. I joined Guidewire in 2017 and had moved into the CFO role in 2020 and has had the opportunity to help the business navigate through this cloud transition. And it's been, really has been the honor of my professional career to be here to help with all this hard work. And this hard work is amazing because it sets us up so well for what the future has.

So I will jump into it. I'll start with some key financial highlights. We have a very durable ARR growth engine, and that's supported by the core work that we're doing on cloud migrations and the modernization cycle that we're

enabling for core processing. You know us all and you love like I love these very meaningful customer relationships that last in decades and result in some of the best retention rates in enterprise software.

We have a real opportunity now ahead of us to infuse a much more organic innovation based on the hard work that we've done on the cloud platform, but also do more inorganic activities and super excited about the announcement with ProNavigator. So we're thinking more about those types of opportunities for a while. You all know that we were pretty thoughtful and introspective as we're working through the cloud transition. Now we're kind of looking up a little bit more. The model is playing out the way we'd hoped it would and kind of in line with how we set our expectations. So you're seeing the gross margin expansion, which is leveraging the platform investments that we have made and we look forward to continue to driving profitable growth.

So this is a slide of our durable ARR growth. And as you know, this growth engine is being driven by the cloud business. This is particularly exciting because over the last two years we've seen that growth rate tick up into the upper teens. And on the last earnings call, we talked about how that upper teens growth profile will be more durable for us as we look ahead. So super exciting to be able to say those words in a forum like this, but moving off of our historical ambition of being a long, very durable, mid-teens grower and thinking about how we move into an upper teens grower and the progress we're seeing in the cloud is driving that confidence that we have to be able to say that.

This is a slide that we've shown over the years, and I think you all understand that the cloud ARR is driving our overall ARR growth and the InsuranceSuite Cloud customers are driving our cloud ARR. So the chart on the right looks at our InsuranceSuite Cloud cohort and how they are growing, and it's just been tremendous to see the progress that we've made there over the last six years.

This is a slide that we've now shown a number of years and one of the things that's important to understand in terms of how we engage with our customers is, is that these are long and very strategic engagements and so we typically sign five-year initial terms. We have certainly examples where we sign longer durated contracts than that, but typically we sign five-year initial terms and it's very common for those contracts to ramp over that five-year period, and that is spelled out in the few table in the contract. And so this is a view of those cohorts by fiscal year and how the ramps have progressed. You may remember back in FY 2023, we spent some time talking about the kind of acceleration in year three, last year was a little bit more linear.

The other thing that's really exciting when you look at this page, clearly something changed about three years ago where we saw all of these curves just move up on the page and that's just a reflection of the platform maturing and the referenceability that we're getting out in the market that is allowing for customers and prospects to feel more confident in the destination and make bigger commitments. Coming out of last year, it was not certain that we would see this level of step up with respect to the FY 2025 cohort. But the team has just done a tremendous job executing on this opportunity and it's great to see customers' willingness to make some large commitments.

Those cohorts and those ramped agreements are very important in terms of how we think about the visibility of our model, right. So ARR is the primary metric that we focus on internally and the components of building ARR are pretty simple, right. How much ARR is going to come from deals that we're going to sell in the year and that includes things like true-ups and CPI, but all the kind of sales activity that we have in here that will translate into ARR in the period. Then we have the ARR that comes off of the backlog. This is all the hard work we did in prior years, the realization of that ARR. And then you have to account for the attrition events that occur. We have very, very low attrition. Last year we talked about having the lowest attrition rate on record since we released ARR as a metric. So just tremendous to see that progress. But all of those things together yield a pretty predictable model and give us a lot of confidence in how we think about the growth rates as we look ahead.

This is a new slide. And one of the things that I wanted to bring into this room, we always tend to orient on the annual numbers and think about the longer term. We understand that you all have to build quarterly models and it can be difficult at times to model some of the quarterly seasonality and a key driver into the quarterly seasonality is the ARR coming off of the backlog. So I was going to say we're not in a six month reporting cadence quite yet, but so I'm going to provide a little bit of quarterly disclosure here. But what this looks at is it looks like this is the ARR that's coming off of the backlog this year. And our expectation for the ARR that's coming off of the backlog and where we expect it to fall in the quarter.

So takeaway is, for the year, we're seeing very healthy growth of ARR coming off of the backlog. Q1, Q2 and Q4 are all going to see nice tick up on a year-over-year basis, but Q3 this year actually has a year-over-year decline. That is just a function of how those particular cohorts that were in Q3 fell. It turns out last year we had a couple deals that we signed where the ramping event doesn't really happen until year three. Nothing to read into that dynamic. Just to note that when we look at those cohorts that jumped off the page is something that you all should be aware of as you build your models. This last year, I think we saw a little bit more volatility around quarterly earnings around some of these dynamics. So this is our attempt to bring some of that into this room and to allow us to talk about this a little bit more. But this is some kind of new view into the seasonality of the business this year.

As we look at the overall gross margin, this has just been tremendous to watch and tremendous to be a part of. So many of you remember, about three years ago, we came in here and said hey, look, we've invested ahead of the demand curve. We've built out a cloud operations function. And these early cloud cohorts are absolutely critical to our long-term success. So we've invested ahead of that demand curve. And now we've built the organization to support \$1 billion of ARR and we need to grow into that \$1 billion of ARR. And we have executed to that in a tremendous fashion. I think the platform investments, we're improving efficiency behind the scenes. The team did a really good job around discipline, around hiring and how we think about cloud operations and the needs there and a lot of focus into how we manage our AWS environments and how we manage our cloud infrastructure to realize this page. As we look ahead, we'll see a little bit more growth in terms of head count. We'll see a little bit more growth on the other cost and the infrastructure cost to support our cloud business. But we will still be delivering very, very healthy incremental margins. And we'll talk about that a little bit more on a coming slide.

We've talked about this a lot over the years. As we approach this transition, think about this as chapter two and how Mike thought about the cloud transition and unlocking the cloud transition. There were really three things that we had to manage through. The first is, can you build this? This is a very difficult use case in establishing this cloud architecture is absolutely critical to our strategy and investing to make sure that we capture that platform to support our growth into the future.

The second is, can we sell it? Can we continue to sell it at a high level? Can we have those win rates that we saw in the on-prem world, in the cloud world? And the win rates that John showed today were just tremendous. So the team has done a great job executing on that part of it.

And then can we scale it? Can we deliver a software margin? And I'm very proud of the progress that we have made there. This is probably the last time I will show this slide, because this is very much kind of the orientation around how we thought about the cloud transition. Maybe a little bit of a pat on the back, we feel very good about what we've accomplished. But what is most exciting about this slide is really what it unlocks for us.

And so when we think about the growth pillars and this mirrors what John talked about, many of these growth pillars are what John talked about. We still have a number of very exciting growth pillars ahead of the company. There's still a lot of work to do on migrations. We have approximately 150 on-prem customers. There's a long runway there. We hope to continue to accelerate that. But there's meaningful work to do there as we continue to migrate our on-prem customer base to the cloud.

Modernizations, there's still way too much of this industry running on antiquated systems and that is just the bread and butter of what we do is kind of waking up every day to try to modernize this industry. New products, this has been the Connections where we've really featured a lot of new products and new innovations. So very excited about the potential that that creates and the growth that that will afford us over time.

The marketplace is something that continues to grow in a meaningful way. That ecosystem is very exciting. We have some interesting revenue share partners in there and there's opportunity to grow that base as well. And then finally, M&A is, you should expect us to be thoughtful and measured. This is an industry that there are interesting opportunities, but there's also a lot of horizontal opportunities that we tend to steer away from. You'll think about us looking more at adjacencies rather than consolidation plays, but there's some really exciting stuff here, and this will be part of our strategy as we look ahead.

Okay. I'll pause and let you all kind of consume this slide as this is a slide that we update every year, and I know there's a lot of focus on this, so maybe I'll give you a second to digest it. And then I wanted to walk through a couple of things.

Okay. First off, the FY 2026 targets are the same as the Q4 call. We'll obviously address the full year guide on the Q1 earnings call. We're super happy with the momentum we're seeing this quarter, but want to focus this conversation on the longer term opportunity. So, but the FY 2026 targets are the same.

For the FY 2028 targets we put some thought into these targets as we kind of approach today. Clearly, we were going to be above the \$1.5 billion ARR goal that we had previously. I think all of you were expecting that and all of you knew that we were going to be above that number. These new growth rates, so we've shifted towards a growth range rather than a dollar target, which I think is more appropriate. We originally established the dollar target when we said, hey, what will the business look like at \$1 billion? What will the business look like at \$1.5 billion? Now, as we get closer to some of these targets, moving that to a growth orientation makes more sense. And these new growth rates would imply around \$1.7 billion of ARR, which is a material upward adjustment off of the \$1.5 billion that we talked about previously. So very excited to see that.

This elevated growth also impacts our revenue growth expectations. So we put 15% to 16% CAGR for total revenue and then revenue ex services. So if you remove services from that equation, it's about 17% to 18%. So the revenue ex services should grow roughly in line with ARR. Gross margin expectations are largely the same, with a slight uptick in total gross margins as a result of the higher software mix associated with our new growth rates. However, the gross profit dollar – while the gross margin numbers are largely the same, the gross profit dollars are elevated given the higher revenue base that this model assumes.

As we see numerous opportunities for growth, we do see opportunities to invest more. As a result, we've adjusted our operating cash flow, our operating and cash flow margin targets down a bit in this model. In this plan, much of the incremental gross profit dollars are being reinvested in the business.

So just doing some simple math for you all. If you look at the midpoints of these ranges, our updated numbers project a little bit over \$100 million in incremental gross profit dollars in FY 2028. But our plan shows about \$30

million of incremental operating cash flow dollars in FY 2028. So we're going to be reinvesting some of these elevated growth rates back, reinvesting back in the business, we think that there's tremendous potential right now with everything that's going on in the world to invest more in this business and that's a reflection of the opportunity that we believe exists to keep this upper teens growth rate over a fairly long durated period.

So those are the primary changes and adjustments that we've made to the FY 2028 targets. We still believe very strongly in the 80%/40% plan. We released this plan last year. This is still a guiding light for us. This is the right framework to think about how we will eventually evolve Guidewire. And we're going to lean towards focusing on growth over accelerating the timeline to this right now with all the opportunity that exists. But we will always kind of have this in the back of our minds as our framework. So you'll see us calibrate a little bit more towards growth than rushing towards this plan, but we still think this is the right way to think about the long-term terminal margins for Guidewire.

I will touch quickly on capital allocation. We maintain a very strong balance sheet, so about \$1.5 billion in cash and cash equivalents on the balance sheet today. In FY 2026, we expect about \$360 million in cash flow from operations, about \$28 million in CapEx and capitalized software development costs. So puts us in a very healthy position with respect to our overall capitalization and this is important for us right now. I think where we are as a business for a long time, M&A wasn't a focus, but with the investments we've made in the platform, it's the right time for us to make sure that we're keeping those strategic avenues open for us. And so I think you will see us maintain a strong balance sheet this year. We always do have regular conversations with our board, think about capital return options. We will continue to do that unlikely to have a stock or meaningful stock share repurchase program this year. But as we look ahead, ultimately, I expect us to get to a place where we have a programmatic approach to how we think about capital return and stock repurchases.

And that's kind of it for me. I wanted to just quickly finish on the highlights. We're really thrilled about how this business has progressed over the last four years as we've worked through this cloud transition. And there's all these new opportunities for us that even at the start of this transition that we had no idea that would be presenting themselves. So a tremendous time at Guidewire and super excited about the future and what's to come. So I will tick quickly through the GAAP to non-GAAP reconciliations and then I will invite the rest of the management team up on the stage for Q&A. Thank you.

QUESTION AND ANSWER SECTION

Jeff Cooper

Chief Financial Officer, Guidewire Software, Inc.

A

Rishi?

Rishi Jaluria

Analyst, RBC Capital Markets LLC

Q

I'm in charge. All right. All right. Perfect. Can you hear me loud and clear? Thanks so much for this. Really appreciate all the details. Great to see the momentum of the business. Maybe I want to ask just a deeper dive in thinking about AI and the longer term implications on the business, Mike, I know you've been taking AI seriously since day one, and it's clearly resonating with customers and partners that we've been talking to at Connections. Really great to see that. Obviously, the keynote yesterday outlined that.

So maybe just a two-parter. Number one, as we think about the priority of investments in AI, maybe can you outline what does that look like? And you're picking and choosing your spots where you want Guidewire to be the one doing it versus allowing partners to do it and other vendors and working with them and having that interoperability. And then now maybe taking it to the financial model, Jeff, appreciate the raised ARR targets and obviously investing for growth. As we think about the cost of inferencing, layering that into the model, how do we think about that impact on gross margins and maybe some of the incremental engineering dollars you need to put to work on AI to productize this and really kind of transform yourselves into more of an AI first company over the next couple of years. I know there's a lot there, but any color there would be helpful. Thank you.

Mike Rosenbaum

Chief Executive Officer & Director, Guidewire Software, Inc.

A

Yeah. Okay. Great question. So I think you asked me to prioritize this, I don't know if I get it exactly right, but I'll try. So from a product perspective, there is a very clear opportunity in underwriting, in commercial lines underwriting, okay. This space is just materializing right in front of us, and we want to attack that in two ways. One is just outside of AI. We think that there's a real opportunity for UnderwritingCenter to be the backbone for how this should work in the industry. With our advanced product designer, insurance products, do what we've done for ClaimCenter and PolicyCenter for underwriting and then really create what I'd like to say in hindsight will be our first AI native application that without AI it doesn't make any sense. And so there is a very clear opportunity there for us.

I think second I want to make sure we are doing exactly what our customers need us to do in terms of facilitating their use of AI inside their enterprise and that doesn't necessarily create a direct product opportunity for us, but it helps us, I hope, sell more core systems. And I think that that is like the most important thing we can do. So, and that's all the things that like we talked about in the keynote the other day is like we like to take this platform first approach to building product. And so we say, hey, we need a underwriting product, what platform services do we need? Okay, let's build those platform services, let's make those platform services available to partners, available to customers. That's the second most important thing we could do.

And maybe the third most important thing we could do is like use AI ourselves for our development organization. And if we do that and we execute that and we get – Diego should comment on this, if we get the unlock that we

think might be possible, the entirety of our company will accelerate. And I think we do all those things and we're going to create a lot of shareholder value.

Jeff Cooper

Chief Financial Officer, Guidewire Software, Inc.

A

Yeah. I mean, just on the modeling side, it's very early, right. So I would say we have – right now as our approach to AI, as Mike hinted at, is more on the investment side, right, rolling it out to the development organization, ensuring we're investing in those tools and capabilities before we see the productivity gains. But right now, we're more in the investment cycle. As we think about how it's going to impact the revenue and gross margin model into the future, it's still too early for me to comment on that yet.

Adam Hotchkiss

Analyst, Goldman Sachs & Co. LLC

Q

Great. Thank you very much. Adam Hotchkiss with Goldman Sachs. I'd love to tag on to the last question and ask it in a little bit of a different way. You are launching a significant number of new products, it is obviously a completely new time for the company. Your win rates continue to be really impressive and improving. When we think about that part of the market that is still living on these legacy and antiquated systems and you bring all of these new products to market and that innovation gap relative to those legacy systems seemly is accelerating. What have you been observing in your prospect conversations around their willingness to move into the cloud and be with Guidewire today, maybe versus where we were one to two years ago?

Christina Colby

Chief Customer Officer, Guidewire Software, Inc.

A

One of the things that I've noticed definitely in a lot of prospect conversations because of some of the new capabilities that we're talking about, like PricingCenter as an example, it's a much easier entry point for them to work with us rather than thinking about the totality of moving all the way to PolicyCenter, which I don't mean for that to sound truly as massive as it might, but it really is a significant lift for them to think about, even for perhaps a small line of business. Just that alone is a major decision for a carrier to make. And it's a decision point that doesn't come up terribly frequently.

The thing that I like so much about PricingCenter and UnderwritingCenter, people can start to work with us around much smaller and more narrow use cases, perhaps starting out with particular lines of business, and then start to see what that experience is like. Of course, Paige was mentioning, we have spoken about it on main stage too, PricingCenter and UnderwritingCenter don't require InsuranceSuite to sit under them. We think that it's a significantly better experience and there's a lot more that we can do leveraging the entire capabilities of InsuranceSuite, but I think those to me are some really interesting ways about starting to think about working with carriers in smaller steps rather than expecting them to make a full decision to move straight away from a mainframe as an example.

John Mullen

President, Guidewire Software, Inc.

A

I'll add one thing to that is if we zoom out kind of from the product set from a second, and think about the seat that the decision makers are sitting and inside the carriers, the pressure on them has amplified quite a bit. Some of it's very unstructured in a way it's come out of them from get a hurry up and go after agentic architecture, hurry up and deploy agents. What I'll say is in the conversations we're having with the customers and the very real condition right now is the distance between winners and losers is both increasing in the gap and the space at which that gap is created. It's very real pricing, it's probably first and foremost amongst those, but the idea of

sweating the asset and kicking the can down the road, that's really still very much a conversation we have to have and navigate for business case and prioritization in sequence. But the pressure to act is increasing more so than I've seen in the past 20 years.

Ken Wong

Analyst, Oppenheimer & Co., Inc.

Q

Thanks, everyone. Ken Wong, Oppenheimer. Question for Diego, one for John. Mike, both you and Diego characterize this Connections as being one of the biggest product focus Connections you guys have had in a while. And yet on stage earlier today, Diego, you mentioned how this was just an appetizer. And as you look towards the announcements next year, it's going to be much bigger. I guess, are you able to elaborate on that? And then for John, you mentioned more financial progress with expansions than migrations. Just how much of that is just a lot of the migrations are kind of recent big wins and there's a lag in terms of the financial impact or is it just the expansion activity that's just been so good?

Diego Devalle

Chief Product Development Officer, Guidewire Software, Inc.

A

So of course, we're going to tell you now, everything we're launching next year is exactly how this things works, right? And what I was trying to convey is that we've been working for many years in enabling the infrastructure. There is a lot of work that you do under the water that you don't see, right? And that is critical, especially when you think in term of pick digital. Digital is an aspect of a library, is an aspect of infrastructure to deploy, is an aspect of infrastructure to monitor the deployment, infrastructure to monitor the serviceness of the deployment so there is all this kind of thing that you do once and you needed to do it in a way that is resilient for scale, right. And when you work on that at the beginning, it doesn't really show, right? Because then at the same time you need to build the first half or the first capability on top of this infrastructure.

And typically, when you do that as a project, you can cut a lot of corner and just focusing on delivering quickly the capability. When you do that as a platform, you basically need to make sure that you do all the things that, as I said, they're not as sexy, but they are the thing that then enable you to grow from or grow or stay, grow the COGS or grow the percentage of the COGS. But then all those things have been done across few years and you didn't see it, but now all these are coming to fruition. So in the last year when we started to build new stuff, we started to get all the benefit of the infrastructure serving us, even the acquisition of Quantee. John made it a point that is like it was running on GWCP almost on the point of acquisition and that was because GWCP, we had to build some infrastructure and some capability that then become very useful to kind of do something fairly different that was originally, how to say, envisioned for.

So when I [indiscernible] (01:50:05) today and saying, this is just the beginning is because depending on the decision that Jeff was alluding of, we can invest more. So, if we make decision of investing more assuming that we have the right target on investing more, right, that we have good ideas, assuming we have good ideas now we start to have the financial support and we have an infrastructure that will enable us to accelerate on that direction, right? So from, my comment was on readiness of everything that we have done is unlocking an opportunity that we didn't have before, because before we needed to make sure that the infrastructure was, first of all, was capable to support what we needed to support.

John Mullen

President, Guidewire Software, Inc.

A

I'll make a quick comment on that and then I'll get to the other question. The other one is underwriting in itself. So, the comment around the appetizer was really around UnderwritingCenter. UnderwritingCenter, there are going to

be multiple pathways to get to the capabilities that make up UnderwritingCenter. And so, there's going to be some people like me might skip straight to dessert, some people might actually just eat the salad. But there's going to be – for commercial carriers, there's going to be multiple ways to consume UnderwritingCenter. And if we think about between now and next year, us making all those components thread thoughtfully together and open those pathways, as Christina said, some more bite sized chunks or some more one course at a time take chunks to get on the pattern.

Back to the expansion piece, the math around it really is more around pure expansion not having anything to do with the large migrations. So, if you look at the number of customers around the world that are really on the larger end of the market and think about how many of them are single, single X Centers, ClaimCenter or PolicyCenter, a few just BillingCenter but policy and billing oftentimes in concert but where there's still a lot of estate to go by either line of business, geography or X Center.

The thing that is becoming more and more true in these conversations, well, two things sorry. The first thing that's becoming more and more true is because of the platform and data and things like ProNavigator, the ability to thread decisions through the enterprise and run the enterprise estate on the platform so putting more freight on the platform is really starting to prove out in the business case. So that idea of a customer being full suite rather than singular product is starting to make more sense in that conversation. Sometimes it's a migration, Ken, that opens up that expansion, sometimes it's expansion to cloud and then the migration later. But all of those really are kind of really, truly new estate for us, and I'm excited to continue to go after that because I think that's still yet a relatively large estate.

Dylan Becker

Analyst, William Blair & Co. LLC

Q

Thank you. Dylan Becker with William Blair. Maybe for Diego or John to start. Obviously, we're layering on more product. We're talking about kind of more value accruing to the customer base. But on the implementation side, how are you thinking about automating more components of that process, creating and tailoring, maybe a standardized roadmap to make that easier where customers realize value faster? That's one. And then, Mike, for you on the slide around kind of the aggregate mix or share of the dollar and spend, I think it's like 25% that goes to like administrative cost, within that, where do you see kind of the biggest segments of opportunities if we're looking at it in the \$3 trillion overall base, like minor improvements can be massively valuable?

Diego Devalle

Chief Product Development Officer, Guidewire Software, Inc.

A

Okay. So I'll take a product angle or a technology angle. What – when we talk about the APD, when we talk about digital, when we talk about all those things, you have to go back and look at what was like the bigger cost of implementing Guidewire in general before cloud. The biggest cost to us was implementing integration, big chunk. There was of course implementing the product model and then it was implementing digital. Now if you look at these three things, we came with APD. We came with a new integration framework that it does not require to go through anymore. And we came with the JDP, the Jutro Digital Platform. So those three things have reduced a lot the cost of implementation, a lot of the sort of success that you've seen Guidewire having especially on the net new deal. At some point if you really look at our Easter in the last five years, the model initially was expecting us to be faster in migration and not so to say, successful on net new deal. And the net new deal start to come kind of at – at some point even surprise us a little bit. And the reason they surprise us, it was because of those innovation on digital, on APD and on the integration. So we have today a product that is way more efficient to be implemented compared to what it was.

Now, with that said, with GenAI and with the technology that is coming, we think that we're just scratching the surface on that, especially on things that typically require a lot of manpower for things that are fairly, fairly pedestrian, like, oh, you need to refactor X, Y, Z, you need to adjust this implementation to modernize it in some aspect and so on. So I think that it is a huge opportunity for us to continue to eventually evolve a product. We'll also have the ambition to go downstream, right? You saw the initial slide from Mike on Tier 1, 2. The product was originally kind of conceived for Tier 1, 2/3. And now we start to have some economy of scale that we can start to consider some of the specific configuration to go to Tier 4 and even further down. So 100% what you're saying, we have seen improvement.

And the last thing I want to close is what we talked on yesterday about Jutro Studio is one more of this evolution of saying hey, you don't need to implement an InsuranceSuite and then implement digital. We're going to go into a direction in which you do one implementation and that implementation serve both master. And so that again is in the direction of speeding, speeding up and accelerating implementation.

Christina Colby

Chief Customer Officer, Guidewire Software, Inc.

A

I'll just add to that maybe from a project standpoint. I think if you look at a number of the migration, well, the majority of the migration projects to cloud that have happened in the past few years, a lot of the time has spent truly in heavy lifting, right, and a lot of the things that Diego was talking about not necessarily even scratching the surface, it could be sort of removing a lot of the habits of the past and creating a meaningful test harness that helps you to be able to take advantage of things going forward. So I would say very similar to the patterns when someone would have actually been migrating from one version of on-prem to another version of on-prem, but it's the last one and so people put the effort into that.

In addition to a lot of the things that Diego was describing relative to now being able to take advantage of the new features, we have been investing to take out a lot of that just effort and the heavy lifting which caused things to be more emphasized around sort of this concept of lift and shift, right? The idea we're going to move it to cloud, then we can start to adopt to the new features later, specifically by being able to take out a lot of the testing effort, which in some cases I think can take maybe 30% to even 40% of a project's time and perhaps not even necessarily get to the full surface of all of the application capability. Being able to do that now means that you can start to think about the adoption of all of the capabilities that Diego was describing.

Historically, those have been things that people did is sort of a fast follow on, if you will. Then that presents the question that you also asked, which is, is there a standard value map that talks about how do you prioritize those things? We've put a lot of work into identifying what we think those can be potentially for any carrier, but there genuinely is no standard that we've been able to determine which I think is actually a great thing. It allows us to be able to decide those aspects that we're going to transform or going to deliver at the most immediate business value based upon that specific carrier's priorities. So it could be, as Diego was describing, the Jutro much better digital experiences and something that helps them to get closer to their customer so much faster. It could be something that they're looking to actually improve bottom line and looking at loss ratio instead. And so at least by having maybe some consistent possibilities for measures, we can start to talk about benchmarks that we've seen elsewhere. But it really does need to be something that we tailor. And it's actually a huge advantage that we get to tailor it. And I know you had...

Mike Rosenbaum

Chief Executive Officer & Director, Guidewire Software, Inc.

A

Yeah. I'll give you a quick answer to the second half of your question. Think about it like it is a super high level, but like let's get 100 basis points out of claims processing without degrading customer experience, but maybe

even improving it. And let's get 100 basis points out of the expenses associated with underwriting and accepting and managing submissions and choosing which risks to take. And hopefully we do a better job selecting the right risks. Both of those things are completely reasonable given the state of the platform and the state of the technology that we see right now. It's not going to happen next week, but if you get 200 basis points out of that slides pretty impactful.

Aaron Kimson

Analyst, Citizens JMP Securities LLC

Q

Aaron Kimson with Citizens. Thank you, guys for the question. On UnderwritingCenter, is it something where you envision you'll start down market and then prove it out like the cloud or is something where there are 10 to 12 other vendors in that space today, all saying they have a workbench, whether they really do or they don't. And you're going to go straight to your larger customers there?

Mike Rosenbaum

Chief Executive Officer & Director, Guidewire Software, Inc.

A

We're going to go to the customers that want to work with us there. And I think we're not going to have any trouble finding 1 or 2 or 3 or 10. And there's probably 100 that are all looking at this in one way or another. And I want to be clear, like, our goal isn't to say we're going to deliver the workbench, because people think of that as like the structure. Our goal is to find the right customer [ph] first (02:00:12) to work with to deliver the agentic system that facilitates underwriting in the insurance industry. And in the process, I want to establish UnderwritingCenter as the backbone for doing that. Okay. And I think, up market, down market, we're going to find the sweet spot. We've got so many people interested in talking to us already. It's been less than 24 hours. We're going to find some good customers to work with here.

John Mullen

President, Guidewire Software, Inc.

A

I think the line of business and interaction with the brokerage community is going to be much more of a driver than size.

Mohit Gogia

Analyst, Jefferies LLC

Q

Thanks, team. Mohit Gogia with Jefferies. I wanted to just unpack the growth algorithm for you over the next few years. So I think expansion seems like obviously will be a major part of that. So as you think about expanding your share of the customer wallet, I think I was speaking to one of the customers on the show floor, and I think I was reminded that, I mean, you are fortunate to have an end market that is flush with cash, right. So, I was told that if a strategic partner...

Mike Rosenbaum

Chief Executive Officer & Director, Guidewire Software, Inc.

A

Who was that?

Mohit Gogia

Analyst, Jefferies LLC

Q

I was told that if a strategic partner like Guidewire can create value, there is always cash that can be spent and obviously that will drive your growth, right. But cloud was a big piece of expanding that customer share of the wallet. But as you look towards next few years, like how you're thinking about obviously new products organic or

inorganic, I'm assuming there is an organic price increase that is part of the [ph] question too (02:01:48). And then there is the AI monetization which as software investors there is some sort of skepticism around how much can different software vendors monetize AI. But just help me understand as to how you think about expanding that share of the wallet.

John Mullen

President, Guidewire Software, Inc.

A

I'll talk about expansion of share just for a second and then monetization of AI, you guys can talk about it. On the expansion of wallet, this is something that in the slide that I showed that we're moving up the strategic road mapping agenda and the strategic intention agenda from applications to CIO to COO to CFO to CEO to board and right at the time when that pressure is coming in the exact reverse order at a very nice time for us. We think working with customers in a way to unlock some of these – the beauty of some of these more ambiguous problems to solve, like UnderwritingCenter, is if we can solve them, there's a lot more value to create and there are a lot more value to capture. And this is not a intensely competed, procurement driven, price beat up conversation. There's one pathway to PolicyCenter, pathway to PolicyCenter is we're replacing a policy admin system is a really big thing to solve for and it has its own -- it has its kind of own cycle.

When we start to solve for how do we enter and exit markets better, what's the risk selection and pricing and underwriting capabilities, you need to do that to unlock value from expert underwriting and pathways to market. That's a whole different conversation. It will – yes, it will be price. There will be a price discovery. Yes, there will be a negotiation on it. But we're solving for the very large side of that dollar that Mike talked about, which is the indemnity and exposure conversation. And that's a conversation that we have to – we have to learn to navigate better. But we have pathways now to capture far more value. I'd like to know who's flushed with cash, but the simple fact is, one of the things we will go after on this is there are a lot of categories that they're already spending in, and we're in a very unique – we're in a very unique spot to go after those in a very efficient way, efficient for us from a capture perspective, but also efficient for them from a standpoint of not satisfying a dozen different companies to solve 12 different problems.

Mike Rosenbaum

Chief Executive Officer & Director, Guidewire Software, Inc.

A

I should rehearse my answer to this. I have to be pretty, I don't know, you guys can judge me, I guess how artful I am in responding to this. I think outside of AI, we have a tremendous growth opportunity ahead of us at Guidewire, okay. We have to and I think we will successfully migrate 100% of our on-prem customer base to our cloud. We are completely committed to doing that like you saw like oh we're all excited about the AI features and everything like we also develop these systems still like provision them in environment, test their code base, move their code base to the cloud, help them migrate from their old product model to advanced product models like we're doing all of this work to get those customers to our cloud system. That's a growth opportunity.

We have the baseline growth opportunity in the modernization potential in the industry, and now we have this potential in PricingCenter. We have this potential in UnderwritingCenter. Even if the agentic AI comes from somebody else, I think that there is a tremendous opportunity for us to grow the company and even like underwrite an investment thesis for the company right now. The AI, it is unclear, like let's say like how do we monetize that. But I say basically before I think I very logically said, hey, what if we get 100 basis points here and 100 basis points there and that kind of like triples the addressable market for us and we're going after another component of the value chain in the industry that we serve that is far beyond the IT spend currently allocated to core systems. And so that's how I think about it. That's how we're trying to run the company. If we're going to do our job, we're going to move our customer base to the cloud. We're going to win the modernization opportunity at

the same win rates that we've been winning up till now, maintain 100% referenceability, earn the trust, as Daniel said, every single time. And I think that the AI potential will manifest over time.

Jeff Cooper

Chief Financial Officer, Guidewire Software, Inc.

A

And the only thing I want to add here is, is as we think about the targets and the financial model underpinning that to get to the targets we outlined in FY 2028, that is still very much primarily the cloud transition story playing out and the increased acceleration that we're seeing in modernization and the fat part of the migration curve that is still very much ahead of us over the next three years. How we make that upper teens durable for a decade is kind of as PricingCenter, as UnderwritingCenter, as some of these new capabilities come into the fray.

But there's multiple ways that we can get to those targets in FY 2028 and one of them could include, none of this stuff that we're talking about today. Obviously, we're going to execute and we believe that that will show up in the financial model before FY 2028. But I just wanted to make sure that that was understood in those targets.

Diego Devalle

Chief Product Development Officer, Guidewire Software, Inc.

A

And one things that going back to my point of work that is under the water that you don't see immediately, but you will see a little bit later. We've been working a lot to make the product more extensible in different country. So Mike did show a slide into which as long as there is one customer, the country was yellow. So now that is kind of is a good way to market a lot of country yellow, but there is like a difference between you have one customer and you own the country, so to speak, right?

So a huge direction for us of growth is still in some of those country to sort of penetrate to a point of owning the entire country and not in every yellow country we are in that place, right. Because historically the product was trustable and it was capable to deliver what's needed to be delivered. But you cannot scale horizontally across older customer, you needed to going back to the question about cost of implementation there was a cost of implementation that was maybe prohibitive for many customer.

And now everything that we're doing from an extensibility perspective, implementation perspective, and also the fact that the pressure top down CIO and so on is opening up doors in country, that is going to be part of our strategy. And on top of that there are few countries that is not even yellow yet, that is kind of creating [indiscernible] (02:08:13), right. So, keep in mind we have the best product on the market and that is sort of still as gigantic runway to sort of penetrate independently from anything else that we've been discussing in new product.

Jeffrey Parker Lane

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Hey, it's Parker Lane from Stifel here. Jeff, maybe on the financial targets you have. You talked about the investment you're going to make of the incremental gross profit dollars through 2028. Maybe zoom in on what the key priorities are there? I know Mike talked about development velocity picking up in an AI world. So how do we reconcile development velocity picking up with maybe also increased investment? Is it just a matter of delivering more innovation than you ever had before? Or are you going to start seeing some of those efficiencies in your R&D process as well?

Jeff Cooper

Chief Financial Officer, Guidewire Software, Inc.

A

Yeah. I mean, I think right now some of the tooling and capabilities we're rolling out to the development organizations more in the investment cycle phase, rather than the realization of some of those gains that we expect to take. But, look, the investment is now that we have this cloud platform, now that we've done all the work kind of underneath the layer of water that was invisible, that allows us to infuse more innovation into the industry. That's where the investments are going to be going. So it's primarily in R&D. I wish Diego wasn't on the stage and hearing all this to constrain him a little bit, but a lot of it will be going towards the R&D efforts.

There will be some sales and marketing investments like new personas, some new motions that we have to support. But, we benefit from operating in a vertical where we know our customers very, very well. So we should see some nice leverage on that side. So, and then G&A, it's – you got to – the finance guys need to be paid too a little bit but there's not a lot of growth going into the G&A function. We can continue to scale that. We generally have this structure in place that we need.

Mike Rosenbaum

Chief Executive Officer & Director, Guidewire Software, Inc.

A

But, this isn't a scientific comment, but it kind of connects to what Jeff said, to what Diego said. I want you to understand, like we have a backlog of functional insurance requirements by country, by line of business, and there's many lines of business in countries where in the old world, it didn't make economic sense for us to invest and build out that product feature because we'd only sell to one customer. If we can get these models to work and facilitate an increase in velocity for creating those solutions, suddenly those things aren't going to be logical for us to deliver, and that's going to unlock those countries and that's going to unlock those lines of business, and that's going to accelerate the implementations. And so, I give this speech all the time to our developers. If we can make our developers more productive, I don't want to make the company more efficient. I want to build more insurance product and that's going to help us accelerate.

Joseph Vruwink

Analyst, Robert W. Baird & Co., Inc.

Q

Thanks. Joe at Baird. To predict out to FY 2028, there is a bookings assumption therein and the best I can estimate, it doesn't seem like you need anywhere close to the type of fully ramped ARR growth you've been doing to get to the 17%, 18% CAGR end point. Without getting too exact, is that directionally fair?

Jeff Cooper

Chief Financial Officer, Guidewire Software, Inc.

A

Yeah. I mean, look, the fully ramped number and growth rates on the fully ramped number is one that always makes me a little bit uncomfortable. We had a huge deal with Liberty Mutual that drives a fully ramped outcome that and you're going to see that number bounce around a little bit. But I think you're picking up on the point that I was just making, those targets are very realizable and just the core motion that we're going through today and allowing for some of this new innovation that we're talking about to provide upside to some of those numbers. And so I think you're thinking about it directionally right, I haven't done that math, but it sounds directionally right.

Joseph Vruwink

Analyst, Robert W. Baird & Co., Inc.

Q

And then just a follow-up since you're winning like almost 100% of DWP decisions, what does that say about the pipeline, not just over the next year I suppose but over years? And is there maybe an argument that the movement of mainframe to modernize, if you can show that AI improves speed the value, customers are talking about accelerating their growth by adopting your solutions quicker. Does that pick up the pace? And that's actually a bigger feeder of pipeline than maybe you've been seeing?

Jeff Cooper

Chief Financial Officer, Guidewire Software, Inc.

A

On a qualitative basis that's the conversation, right? Getting the conversation around what does it take to win in tomorrow's market rather than the avoidance of potential risk in a long standing mainframe environment. So on a qualitative basis, absolutely. On a quantitative basis, I'll say that, in the very near term, we feel really good about the pipeline coverage that we have. Some of that's traditional. Some of that is really kind of the – the kind of long standing mainframe – dislocation of the mainframe entrenchment. If we think about – that really ties very closely to the geographic component. So as you go from North America, around the world, there are some geographies that just have a larger footprint and more entrenched mainframe footprint.

So as we continue to develop the things that Mike just mentioned, that gives us some more ability to talk about really predictability of programs and the value of being on the cloud. In Germany and in Japan that is precisely important for operating in the context of those countries. So, in the long measure of time, yes, mathematically, in the very near term and for a long time forward qualitatively, that's the story that we want to continue to make true.

Alex Hughes

Vice President-Investor Relations, Guidewire Software, Inc.

Can you give my mic? Great. Thank you, everybody. We're going to wrap it up there. It's been great dialogue and we will head outside for a cocktail hour.

Mike Rosenbaum

Chief Executive Officer & Director, Guidewire Software, Inc.

Okay. Super, thanks everybody very much.

Jeff Cooper

Chief Financial Officer, Guidewire Software, Inc.

Thank you, all.

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