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Call Participants

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Presentation

Operator

Good afternoon. Thank you for attending today's Procore Technologies, Inc. FY '25 Q4 Earnings Call. My name is Tamia, and I will be your moderator for today's call. [Operator Instructions] I would now like to pass the conference over to your host, Alexandra Geller, Head of IR.

Alexandra Geller

Head of Investor Relations

Good afternoon, and welcome to Procore's 2025 Fourth Quarter Earnings Call. I'm Alexandra Geller, Head of Investor Relations. With me today are Ajay Gopal, President and CEO; and Howard Fu, CFO. .

Further disclosure of our results can be found in our press release issued today, which is available on the Investor Relations section of our website and our periodic reports filed with the SEC. Today's call is being recorded, and a replay will be available following the conclusion of the call.

Comments made on this call include forward-looking statements regarding, among other things, our financial outlook, platform and products, customer demand, operations and macroeconomic and geopolitical conditions. You should not rely on forward-looking statements as predictions of future events. All forward-looking statements are subject to risks, uncertainties and assumptions and are based on management's current expectations and views as of today, February 12, 2026.

Procore undertakes no obligation to update any forward-looking statements to reflect new information or unanticipated events, except as required by law. If this call is replayed or viewed after today, the information presented during the call may not contain current or accurate information. Therefore, these statements should not be relied upon as representing our views as of any subsequent date. We'll also refer to certain non-GAAP financial measures to provide additional information to investors. A reconciliation of non-GAAP to GAAP measures is provided in our press release and our periodic reports filed with the SEC.

With that, let me turn the call over to Ajay.

Ajei S. Gopal

President, CEO & Director

Thank you, Alex, and welcome, everyone. I'm excited to join you today to discuss our Q4 and fiscal year 2025 results. As this is my first earnings call as CEO, I want to start by expressing my strong conviction in Procore's future.

During my first few months, I have been spending time with customers and employees and evaluating the business objectively to ensure our strategy is built for long-term value creation and that our operations of scale for peak efficiency. These initial months have reinforced my belief that Procore assesses the hallmarks of a best-in-class vertical software leader and is building 1 of the most mission-critical vertical software platforms as a crucial system of record for the built world, our ability to drive collaboration across all construction stakeholders creates a powerful network effect.

Furthermore, I believe Procore is uniquely positioned to lead in the AI era, driving unprecedented efficiency gains across the entire construction life cycle. I am confident that the scale of our business, the capabilities of our products and platform and the depth of our customer relationships give us a clear path to drive durable growth, meaningfully expand margins and compound free cash flow per share over the long term. I am incredibly energized by the opportunity to scale this company to its full potential. My evaluation is happening in lockstep with disciplined execution across the company. As our Q4 and fiscal year 2025 results demonstrate, our operational pace continues to improve as we strengthen our position in the market.

Let me shift to business performance. Building on 4 consecutive quarters of strong business momentum, we ended the year with an exceptional Q4 that exceeded the high end of our guidance. For the full year,

we delivered 15% revenue growth and 14% non-GAAP operating margin, which represents year-over-year expansion of 400 basis points. I'm particularly pleased with these results given the ongoing headwinds from a challenging construction environment, with the U.S. Census reporting negative growth for the combined nonresidential and multifamily sectors.

Let me take a few minutes to walk you through some of the highlights of our strong quarter. I'd like to start with the largest and most mature part of our business today, U.S. general contractors. I am encouraged by how much opportunity exists within the segment. From new logos to volume expansion and product cross-sell I believe this cohort of our business remains a cornerstone of our growth. In Q4, we added 3 new ENR 400 logos and expanded our run rate with more than 70 ENR 400 customers. One of our new ENR 400 additions joined Procore as our largest new logo win of the quarter and displaced an incumbent vendor.

They partnered with Procore because of our unified enterprise-grade platform and their strong internal demand for our products. They also adopted Procore Pay to automate their manage processes and Procore resource management for their growing fleet of capital assets for their self-perform work. With Procore, they expect to achieve a return on their investments in a few key areas the ability to scale labor efficiently, drive schedule and cost predictability at the portfolio level and gain new levels of enterprise governance and visibility.

We have a track record of displacing incumbent vendors and we believe this is yet another example of the construction industry realizing that Procore is the gold standard. Of course, our USGC opportunity goes well beyond the ENR. To illustrate this market depth, we signed more than 30 100,000-plus ARR agreements this quarter with contractors outside of the ENR 400. An example of this is with an enterprise general contractor based in Georgia, who returned to Procore as a significant win back. After leading Procore in 2024 for a cheaper solution, they returned to us in Q3. And then in Q4, they deepened their partnership with Procore even further. They adopted our platform enterprise-wide and added Procore Pay and resource management, resulting in a high 6-figure expansion.

With Procore, they expect to enhance efficiency, support growth and anticipate savings of more than 27,000 labor hours per year. the equivalent of adding roughly 13 full-time employees. While we never want to see a customer lead, this win back reaffirms the simple truth. The value of Procore creates an advantage that price alone cannot match. These wins illustrate the clear value on GC customers realize from using Procore. Our newer products, including Pay, Resource management, preconstruction and analytics or compelling value drivers. We see these products as notable expansion opportunities for our global GC customers to drive incremental growth.

Beyond US GCs, we see substantial opportunity with the other stakeholders we serve, specifically owners and subcontractors. With our demonstrated product market fit, and our continued product innovation. These stakeholders represent extensive white space globally and will serve as significant growth levers for Procore. In the interest of time, let me focus on owners, the most diverse group of customers spanning industries such as technology, energy, utilities, education, health care and real estate. Our business continues to scale with Q4 marking another quarter of consistent growth in this segment.

To meet their evolving needs, we are planning to launch a suite of specialized products later this year, including portfolio management, planning, funding and asset management. This empowers owners to more effectively manage their project portfolios, mitigate risks and optimize costs. I'm also proud to report that Procore government achieved FedRAMP Moderate authorization this quarter and is now available in the FedRAMP marketplace. This milestone validates our commitment to some of the more stringent data security standards and software, which will unlock further opportunities with U.S. federal and state government customers. A primary example of the growing demand for these solutions is in data centers, where AI infrastructure is driving unprecedented investments.

Procore is the clear leader for data center construction. While data centers currently represent a modest 2% of total U.S. construction activity, the growth trajectory fueled by the global demand for AI is compelling. Procore is ideally positioned to capture these tailwinds as this sector becomes a more substantial component of total construction spend. For example, our largest international Q4 deal as 7 figures annually, was a big up-and-coming hyperscaler in the U.K. data center market. This customer

selected Procore in Q4 to establish a full source of truth and ensure consistency across the global projects. And within weeks, they expanded construction volume to meet accelerated data center deadlines.

Moving beyond data centers. We also added new owner customers, including the Central Ohio Transit Authority, and 1 of Canada's largest real estate developers. We also expanded with existing owner customers such as a globally recognized online retailer and a leading semiconductor manufacturer. I would now like to move to a discussion of strategy. There are rare moments in history when a technological shift accelerates industry-wide adoption. At Procore, we last saw this with the ubiquity of broadband and the rise of mobile devices. This was a major catalyst for our business, as Procore was initially built to bring efficiency and collaboration to the job site, unlocking value for the people with mounded boots.

We believe AI stands to be an even more meaningful catalyst than any that we've seen before. Procore's category leadership position did not arrive overnight. We started as a system of record for the built all and we have evolved into a system of collaboration as we hit scale across the globe. Over time, we earn the right to turn trusted dynamic data interaction. Today, Procore is a digital window into the build world. We are where physical assets and activities are digitized and where actions are taken to change the physical world. This journey is what makes our move into a agentic AI feel inevitable rather than opportunistic. And our recent tuck-in acquisition of Data Grid leverages its leadership position to accelerate our AI strategy.

We believe that the combination of Procore Helix and data grid will generate notable product synergies due to our highly complementary capabilities and road maps bringing premier advanced reasoning and broad third-party integration capabilities into Procore. We call this combined offering Procore AI. To demonstrate the potential of Procore AI, I'd like to share a recent example from the superintendent and a joint Procore and data grade enterprise GC customer that showcases our most recent advanced reasoning capabilities.

Like most superintendents, their day consists of walking the job site and taking videos to share with off-site stakeholders. On this particular walk, they noticed a potential issue with a structural column. They took a video and sent the footage to our AI agent with a simple prompt, identify the issues here. Using advanced reasoning, our agents didn't just watch the video. It understood, by simultaneously analyzing the audio and video Qs, the agent identified the exact column and utilized reasoning to know where to go in Procore to pull the growing, specifications and documents related to that column.

The agent concluded that the column has been incorrectly coded, determined the required rework automatically created the work order and notified the relevant stakeholders. The agents also triggered related downstream workflows in Procore, halting further work in that area and scheduling the rework. Historically, these tasks would have demanded several hours of manual efforts and individual expertise to navigate across project specifications. This is not just a hypothetical possibility. This is a real-world example of Procore AI, turning a standard job site walk through into an autonomous resolution. This illustrates the true power of Procore AI's construction aware multimodal reason.

This scenario occurs thousands of times across the job site. This is true special purpose AI built for construction. It has a domain expertise to understand the context, the access to search records and the authority to trigger actions. And it was built for project teams out of the field delivered through the tool they use every day. This seamless integration of intelligence and utility direct result of 4 foundational points that will enable us to lead in the AI era.

First, as construction's mission-critical system of record with nearly 3 million active users, Procore has a massive proprietary dynamic data set. And the value is not only in the volume of data, it's in the depth of its context. We map the complex dynamic interactions between people, workflows and the physical job site, capturing and continuously updating every document allocation and day-to-day change. This dynamic relevance is exactly what's needed to power high-stakes agentic AI.

My second point is trust, a fundamental prerequisite for AI adoption. It's crucial that construction stakeholders trust how the technology provider will use their data. And that's why we've built a scalable, enterprise-grade infrastructure to ensure that every AI action is secure, compliant and contextually relevant. It's only through this combination of contextual data and trust that a platform can provide the industry with needed productivity gains. The third point is our network effect. For AI to automate and

complete tasks, it must work where the users work. On a typical project, a customer often connects with dozens of different companies, all collaborating on the platform every day to get their jobs done.

So for serves as a central hub where everyone in construction comes to connect and collaborate, making the platform not just a system of record, but a true system of collaboration accelerating the flywheel of our network effect. The fourth point is Procore agentic solutions perform critical actions, not just provide insights. As the critical orchestration layer for every stakeholder in construction, we believe our platform is capable of delivering a true digital coworker to help construction workers get more done with less. This is paramount for an industry facing chronic labor shortages of nearly 350,000 workers in the U.S. alone according to associated builders and contractors.

Today, Procore delivers agentic AI directly to the crews in the field as well as to the teams in the office, embedding intelligence directly into the natural workflow. By supporting each of our nearly 3 million active users with digital coworkers, we can provide a scalable solution to the industry's labor shortage. Long time Procore customer [Casco] is already benefiting from digital coworkers. By deploying Procore AI on a single project, their initial ROI was immediate, saving superintendence hours per day on mundane tasks. Within just 6 months, they went from 0 AI usage to expanding to several projects with the intent to deploy across their portfolio. The productivity gains were so impactful that [indiscernible] is now looking to empower everyone on their construction teams with digital coworkers from Procore.

One way to conceptualize the value of these productivity gains can be seen in comparison to the cost of labor, which is significant within construction. For every dollar of construction volume, a contractor spends a material portion of labor. With digital coworkers from Procore, we believe customers will materially increase their output without corresponding labor growth, leading to meaningful savings. Capturing just a small fraction of that ROI represents an incremental market opportunity for Procore expanding beyond our traditional solutions. The economic value of our traditional solutions is supported by our construction volume-based pricing model. Because we price on project scale rather than see count, our traditional revenue remains insulated from head count fluctuations as AI drives industry efficiency.

There is a profound sense of magic when software stops being a tool you manage and starts becoming an expert that manages the project for you, anticipating hurdles and clearing them in the background. The benefits of Procore AI extends far beyond efficiency gains. By reclaiming thousands of labor hours, we are freeing up valuable resources for our customers to deploy on more projects. Procore forward is defined by a powerful economic duality of upside opportunity and downside protection. We will monetize the value and ROI of Procore AI agents even as our volume-based model provides a structural economic foundation for our core business.

I believe Procore will unlock unprecedented value as a definitive winner in the genic AI era. In summary, Q4 was another excellent quarter and closed on a strong year for Procore. My first quarter as CEO exceeded my expectations. And while there is a lot of work ahead, I am incredibly excited about the future of Procore. Procore is a rare company. We have scale past \$1 billion in revenue, defined an entire category, delivered a best-in-class platform and establish a deeply loyal customer base. What Procore built is truly impressive. And this is just the beginning. I joined because I believe our brightest days are ahead of us. We are well positioned for durable growth and margin expansion. As we continue to innovate for our customers and execute towards our goals, I am confident in our ability to deliver substantial shareholder value.

Before I turn the call over to Howard, I want to thank all of the Procore employees. None of the opportunities Procore has would be possible without the incredible culture you've built over the years. Thank you for making me being welcomed, and thank you for your commitment to our customers and to our company. Howard.

Howard Fu
CFO & Treasurer

Thanks, Ajei, and thank you to everyone for joining us. The main topics I would like to cover today include our Q4 and full year financial results, additional color on the business and our outlook for fiscal 2016.

Total revenue in Q4 was \$349 million, up 15.6% year-over-year. Our Q4 international revenue grew 14% year-over-year and was impacted by currency headwinds. On a constant currency basis, international revenue grew 15% year-over-year. Q4 non-GAAP operating income was \$52 million, representing a non-GAAP operating margin of 15%. As for our key backlog metrics, current RPO grew 22% year-over-year and current deferred revenue grew 18% year-over-year. As you heard from Ajei, Q4 was an exceptional quarter to round out a strong year.

Let me share some additional color on our performance. Beginning with the top line, our strength in the quarter came from robust execution across multiple areas of the business. We are seeing broad-based momentum upmarket, higher pipeline conversion and improving renewal and churn rates, which we largely attribute to our go-to-market operating model. Our strength up market is reflected in the number of 6- and 7-figure deals which grew 20% year-over-year on top of a very strong performance in last Q4. The total number of \$100,000-plus ARR customers now totals more than 2,700.

within our strength up market, we ended the year with 115 customers spending more than \$1 million in ARR with Procore. This represents 34% year-over-year growth further demonstrating our ability to scale to the largest customers around the world. We also continue to see strong momentum with Procore Pay, ending the year with nearly 450 customers representing more than 70% year-over-year growth. As we've been messaging throughout 2025, we believe the number of 100,000-plus ARR customers is the best representation of our business performance and our revenue growth as it represents the vast majority of our customer base at 66% of total ARR.

In contrast, our total customer count growth is heavily impacted by our SMB customers and therefore, is not reflective of our underlying business performance. As such, and in line with our commentary to investors over the past year, this will be the final earnings we will be disclosing total customer count. However, we will continue to disclose the \$100,000-plus ARR customer count on a quarterly basis. Our strength in the quarter also contributed to the strength in CRPO. This metric continues to benefit primarily from longer average contract duration when normalizing CRPO for this dynamic, the year-over-year growth is consistent with both Q4 revenue growth and ending ARR growth.

Once contract duration stabilizes, reported and normalized CRPO growth will eventually converge with revenue growth. With respect to margins, we delivered 400 basis points of margin improvement for the year, all while investing in our go-to-market operating model and our platform. While our margin improvement may not be linear within the year, we will continue to deliver incremental margin expansion on an annual basis, which is also reflected in our fiscal '26 guide.

Now let's turn to our North Star metric, free cash flow per share. We delivered our strongest free cash flow quarter in history, generating \$90 million in the quarter, bringing full year free cash flow to \$215 million, representing 69% year-over-year growth and a 16% free cash flow margin. This result reflects our strong bookings which translated into higher billings and collections as well as continued margin expansion. We are also focused on limiting our share count dilution rate. Our weighted average diluted share count grew less than 1% in Q4, which reflects our continued discipline on equity compensation we believe our share count growth is a leading indicator of SBC leverage over the long term.

SBC, which is a lagging indicator can be impacted by accounting rules that have no impact on dilution. Our Q4 results were an example of this, with SBC increasing to 23% of revenue, driven by a onetime charge of invested equity related to the transition of our former CEO. This charge only impacted the P&L and was not an acceleration of equity compensation payout. Excluding this onetime charge, SBC would have been 16.6% of revenue, which is in line with Q3.

Our Q4 and full year results demonstrate that we remain focused on delivering durable growth margin expansion and modest share count growth in order to compound free cash flow per share. And our strong results and momentum were all achieved before any material top line benefits from AI that we expect to realize in the future. Looking back on the year, I am proud that we delivered on the commitments we made for fiscal '25, particularly while facing ongoing headwinds from a challenging construction environment.

Our go-to-market motion is yielding tangible and more consistent results, characterized by improved sales productivity and a noticeable shift towards larger enterprise-wide relationships. This motion, combined with the compelling ROI of our platform has not only solidified our category leadership, but has also created a more durable business. And more importantly, we have achieved this while remaining laser-focused on our North Star metric, free cash flow per share.

With that, let's move on to our outlook. For the first quarter of fiscal 2026 we expect revenue between \$351 million and \$353 million, representing year-over-year growth of 13% to 14%. Q1 non-GAAP operating margin is expected to be between 14% and 15%. For the full year of fiscal '26, we expect revenue between \$1.489 billion, and \$1.494 billion, representing total year-over-year growth of 13%. We expect our non-GAAP operating margin guidance for the year to be between 17.5% and 18%, which implies year-over-year margin expansion between 340 and 390 basis points. Additionally, to closer align our guided metrics to free cash flow per share, we are now formally guiding free cash flow margin on an annual basis. We expect free cash flow margin for the year to be 19%, which implies year-over-year margin expansion of 270 basis points. To wrap up, we are pleased with how we ended the year and the momentum we have across multiple aspects of the business, and we are confident that we can deliver on our promise of a stronger P&L in fiscal '26. We expect our category leadership, strong execution and AI capabilities to drive shareholder value in the years ahead. With that, let's turn it over to the operator for Q&A.

Question and Answer

Operator

[Operator Instructions]

The first question comes from Saket Kalia with Barclays.

Saket Kalia

Barclays Bank PLC, Research Division

Okay. Great. a nice finish to the year. Ajei, maybe to start with you. I appreciate your prepared remarks, particularly around AI. But I was wondering if we could just dig a little deeper on what your customer conversations have been like on the topic of AI? And maybe specifically, do you see customers trying to maybe build Procore like tools themselves someday? .

Ajei S. Gopal

President, CEO & Director

So Saket, the example that I gave you in the script. Frankly, that gave me goosebumps, and I hope it gave you guns well because it's so compelling. It shows how different the construction use cases from the general horizontal office application or the commercial use case -- a general consumer use case of AI. And that's why this laser focus that we've had on construction is so important to our customers. And so to your point, I mean, thinking about it from a customer perspective, our customers, they neither have the time nor the inclination to become AI experts. They're in the business of construction, and they just want to build better. And that's their business. .

And they want to make sure though that their tech vendor is taking advantage of the best and the latest technologies including, of course, AI, and that's the conversations that I have with my customers. And I'm excited that we have the structural advantages and that we have also taken the operational actions to emerge as an AI winner. Now as far as Procore AI is concerned, we're seeing pure customer adoption. So we have something like 66,000 unique active users who are using Procore AI. We've got something like 700 customers nearly who have created thousands of agents on Procore. And these customers, they skew up market.

And obviously, we expect this momentum to continue to increase with the breadth and the depth of the capabilities that we have now that we've concluded the data grid acquisition. And at the risk of sort of repeating some of the comments from the script, I think it's important to recognize that we rode the wave when mobile became mobile and broadband became ubiquitous, we rode that wave to deliver digitization to the construction industry. And we were able to bring technology to the frontline work is in a manner that was appropriate to how they work and where they work. And obviously, we built up a tremendous amount of trust with the industry at that time, and we have the same opportunity for AI today. And if you think about what I discussed, there's sort of structural and operational aspects. And so let me just sort of talk a little bit about the structural.

Our solutions are at the interface between the physical and the digital world. I mean we're the ones who are digitizing activities and we're the ones where action is taking place to affect the physical world. And as I mentioned in my script, we are the system of record [Audio Gap]

Unknown Analyst

And maybe just as a quick follow-up to Ajei's point about international and great to see the continued go-to-market changes taking hold. So as you think about kind of these go-to-market changes continuing and Ajei, now that you've got a little bit more time in the seat, as you think about the international footprint, what kind of gets you most excited about that opportunity? And any thoughts on how a channel could help kind of build the feet on the street, so to speak, in coming years?

Ajei S. Gopal

President, CEO & Director

Yes. I mean I think, obviously, I've been in seat for about a quarter, but everything that you point to in terms of channel, in terms of international, all of these things are opportunities that we are continuing to look at and evaluate from my perspective there. My experience, obviously, has been with businesses which have had channel with significant channel presence -- and that's obviously an opportunity for us as well as significant international presence. So that's something that I continue to look at as we look at future evolution of our business.

Howard Fu

CFO & Treasurer

Adam, this is Howard again. I'll just tell you, we would have liked to have been further along on the international side in terms of top line. International is still facing the same types of macroeconomic challenges that is impacting the progress there. But having said that, the model that we put in place, we still believe is the absolute right model. We are seeing the good results internationally as well as domestically in terms of that model being put in place with respect to folks like the technical specialists, and we continue to see progress. We believe in the opportunities we have product market fit, and continue to build towards more product market fit. So longer term, it is still absolutely an opportunity for us. And so we're excited about it. We would like to be further along. It is something that we think over the long term will still continue to contribute to our growth. .

Operator

The following comes from DJ Hynes with Canaccord. .

David E. Hynes

Canaccord Genuity Corp., Research Division

I'm going to go reverse order and start with you, Howard. I'm curious what you saw in terms of trends of volume commitments during the Q4 renewal cycle. And maybe you could compare that to kind of how it was a year ago and I don't know if as part of that, what kind of price you're taking on like-for-like renewals? Any color there would be helpful. .

Howard Fu

CFO & Treasurer

Yes. In general, we're not going to disclose the specific number. But last quarter, we talked about ACV commitments on the platform crossing \$1 trillion, and that continues to grow in Q4. So we continue to see strength there. And that also exemplifies and is evidence that we continue to gain share as well. And so it's grown off of that \$1 trillion.

David E. Hynes

Canaccord Genuity Corp., Research Division

Okay. And then, Ajei, maybe we could go a little bit deeper on data grade. I'm curious where the data that's not inside of Procore resides where data grid will help you. Is it in other construction point solutions? Is it in other systems of record, like what is that data that needs to come into the system that will help kind of power your AI efforts?

Ajei S. Gopal

President, CEO & Director

Well, I think it's important to understand, Ben, what our architectural construct is as we put together the whole solution. As you -- as we announced at groundbreak, our strategy at the baseline is to have essentially well-thought through APIs, which are appropriate for agnetic workflows to have a platform for agenetic applications and AgenticAI solutions and then to build out AI agents themselves. So it's a 3-layer structure, I platform and the platform includes the ability to do things like advanced reasoning, multimodal reasoning that's construction aware as well as, of course, to be able to monetize activity.

So there's sort of that -- those 3 layers. We announced our strategy and obviously, we were building towards that. We saw with Data Grid the opportunity to be able to accelerate that growth because they had focused a lot on areas that we hadn't focused and we had a complementary way of approaching the market. Now they have -- between us, we have connectors in to a large number, I think, of third-party systems, including ERP systems and others, which allow us to collect information and bring it together. What's really important as far as data is concerned, when you think about the volume of our data, we've got something like 3 million active users in our system. We've got all kinds of information in our systems, including what's really important things like annotations and changes, which are sort of unique data elements as well as the dynamic view of how that data has changed.

So there's a lot of resources that we have been in a position to bring to bear in terms of the information that's within Procore, the ability to be able to outpace activities and have data grade is essentially accelerated the strategy that we had in place, bringing some really interesting reasoning capabilities as well as some interesting connectivity capabilities that they had built into the overall Procore AI story.

Operator

Moving forward, the next question comes from Matthew Martino with Goldman Sachs.

Matthew Vincent Martino

Goldman Sachs Group, Inc., Research Division

Ajei, maybe sticking with the Procore AI for a moment. Like can you elaborate on the specific monetization strategy for this? Should investors expect a new premium SKU sort of platform-wide price uplift or consumption model tied to the ROA -- ROI that you intend to generate for your customers here?

And if I could just slip in a quick 1 for you, Howard. What looks like head count grew about 5% total for the year, even with the go-to-market changes. Looking forward, Procore's guiding to around 400 basis points of margin expansion. Do you feel that the business is sufficiently resourced from a go-to-market perspective, especially if we were to see kind of the construction cycle turn over the next several quarters?

Ajei S. Gopal

President, CEO & Director

So let me just answer your question about monetization of AI and then I'll turn it over to you to Howard. Look, as in any business and new business opportunity, the first thing you've got to do is to establish a compelling ROI and we believe that we're doing that. We know that we're doing that. Our customers are seeing benefit and value from the technology, as I described in the example, where they're saving time and are able to do things that they wouldn't have otherwise been able to do given the shortage of labor and given the limited amount of hours in the day that they have. .

And so the first thing you have to do is to make manifest that ROI. And obviously, from our perspective, the labor cost elements that our customers are facing, that is 1 of the significant and most important line items for our customers. And having digital coworkers do the work, we think generates that significant ROI and even if we can monetize a small fraction of that, we have a significant and incremental upside opportunity that we believe will drive upside to our business at the same time that we support our customers. And we are likely to be including some of those AI offerings within upcoming bundles that are part of some new packaging we're also likely to be including component based -- some consumption-based components.

Now this is obviously relatively new to the market. So we're likely to experiment, and we're likely to evolve our approach. But look, I'm excited about our path forward. I'm excited about our ability to monetize AI, and we'll be sure to keep you posted as we proceed.

Howard Fu

CFO & Treasurer

Matt, this is Howard. Let me just answer your question around capacity and leverage and so forth. So the first thing is we -- the short answer is yes. We have enough capacity. We have planned for enough

capacity going into fiscal '26 to be able to sufficiently invest in the business. Let me go through a couple of more details here.

One is, remember what we talked about from a go-to-market perspective, fiscal '25 was an investment year. We are going into fiscal '26 with largely the capacity that we already need on the go-to-market side and then the focus is really on productivity increases. And so that's the first thing. With respect to the places where we are adding more resources and more headcount, it's largely focused on the R&D side of things, and those are largely going to be added in lower-cost geos for the most part. And in addition to that, we continue to see leverage across all parts of the OpEx lines as we did last year, as we're doing this year as we will do continuing going forward, and also keep in mind, although we are using internally AI, and that is having a benefit, a lot of those improvements that we have done last year and this year is largely just getting better at the foundational ways that we operate.

And as we think about leverage going forward and the resources that we need, the AI piece is actually going to be an additional tailwind to our ability to find scale and leverage in the business going forward.

Operator

The next question comes from Ken Wong with Abenheimer.

Hoi-Fung Wong

Oppenheimer & Co. Inc., Research Division

Fantastic, Howard, I wanted to ask about the guidance. Previously, you guys had this growth profit dynamic where it was it was somewhat inversely correlated. Should we think about elevated margins coming at a lower growth rate? Or is that no longer the case? And then just any philosophical changes in terms of incremental conservatism as you guys embed some some of the [indiscernible] and some of his learnings over the coming quarters?

Howard Fu

CFO & Treasurer

Ken. So the first thing is there is no change to our guidance philosophy. You can expect the same type of cadence that we did in fiscal '25 for what we're going to do in fiscal '26.

The first question I want to make sure I address, though, we've talked about this before. It's not really a trade-off between top line versus bottom line. What we optimize for is still our North Star metric around free cash flow per share and that's what we're going to optimize for both the numerator and the denominator of that equation so that we provide the best return to our shareholders.

Operator

The next question comes from Dylan Becker with William Blair.

Dylan Tyler Becker

William Blair & Company L.L.C., Research Division

Gentlemen, I appreciate it. Maybe, Ajay, for you kind of stepping back, if we double-click on the owner segment, maybe it ties into kind of the enterprise momentum and some of the larger players being more insulated here. But could you give us a sense on what you're hearing from those owners as it pertains to kind of CapEx deployment in 2026, maybe the network dynamics of their opportunity to kind of mandate proforma taken throughout the platform. And maybe, if anything, where Fed RAMP? And I know you guys have a good data center business as well here, but what that can kind of unlocking for in fully as more dollars are allocated to that trail. .

Ajei S. Gopal

President, CEO & Director

So from an owner's perspective, 1 of the nice things about the owners segment, as I said, is that the owners represent customers from multiple verticals. And obviously, I talked about data center deployments where there is a massive amount of increase in expenses as people start to build out in data

centers. So you see incremental spending in certain areas -- but because it's owners -- essentially any enterprise customer as an owner, you see the natural fluctuations of those end markets being reflected in the way owners think about their own real estate investments. So -- but our value proposition to owners goes beyond the value proposition that we have to general contractors.

As I said, our value proposition to owners is around portfolio management, it's about being able to manage the complexity of all of the activities that they have going potentially working across multiple GCs and multiple locations. And you're absolutely right. There is -- the network effect that I talked about earlier is a really important aspect of our business. We talked about -- I mentioned that in the context of -- but it's certainly very important in the context in just the broader context of owners mandating a particular solution, resulting in the GCs taking advantage of that solution, resulting in the subtaking advantage of that solution.

And that we've been seeing essentially since we began as a company. So that allows us to create this deep well of users who are tied to Procore in a much more intimate way than perhaps with other solutions might have. The other thing, you mentioned FedRAMP. FedRAMP represents -- for us, obviously, the federal government represents an incremental opportunity as we start to look out. The fact that we have FedRAMP certification allows us to support opportunities that we were not able to, before we achieved that certification.

Operator

The final question comes from Jason Celino with KeyBanc.

Jason Vincent Celino

KeyBanc Capital Markets Inc., Research Division

Maybe just for Howard. If I kind of adjust for the duration, it looks like you've had the biggest bookings quarter ever. So big congratulations there. Just wanted to ask if there was any deals that might have been pulled forward, not pulled forward, but closed earlier than you would have anticipated. And then when we think about kind of that normalized CRPO, if it is consistent with revenue growth, would that suggest that it did uptick versus the prior quarter as well.

Howard Fu

CFO & Treasurer

So first of all, yes, Q4 was a fantastic quarter. And it was the biggest quarter that we had from a bookings perspective. So the answer is yes there. And in terms of where that came from, it actually didn't come from any 1 specific deal or even a couple of deals. The strength was actually more broad-based across both large deals as well as the broader commercial segment. And what we saw was really the engine starting to really gain momentum building again on 4 quarters of really strong and consistent execution. And so that gives us a tremendous amount of confidence and momentum going into fiscal '26.

In terms of normalized CRPO, the only thing that we'll continue to disclose and tell you it is still consistent with Q4 revenue growth and ending ARR growth. I think that gives plenty of information about where we expect things to go in the near term .n

Operator

Thank you. This concludes today's conference call. Thank you for your participation. You may now disconnect your lines.

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