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Nutanix, Inc. (NTNX)

Q1 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day everyone, and welcome to Nutanix First Quarter 2026 Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] Please note this conference is being recorded.

Now, it's my pleasure to turn the call over to Nutanix Vice President of Investor Relations, Rich Valera. Please go ahead.

Richard Valera

Vice President-Investor Relations, Nutanix, Inc.

Good afternoon, and welcome to today's conference call to discuss first quarter fiscal year 2026 financial results. Joining me today are Rajiv Ramaswami, Nutanix's President and CEO; and Rukmini Sivaraman, Nutanix's CFO. After the market closed today, Nutanix issued a press release announcing first quarter fiscal year 2026 financial results. If you'd like to read the release, please visit the press releases section of our IR website.

During today's call, management will make forward-looking statements including financial guidance. These forward-looking statements involve risks and uncertainties, some of which are beyond our control, which could cause actual results to differ materially and adversely from those anticipated by these statements. For a more detailed description of these and other risks and uncertainties, please refer to our SEC filings including our most recent annual report on Form 10-K, as well as our earnings press release issued today.

These forward-looking statements apply as of today, and we undertake no obligation to revise these statements after this call. As a result, you should not rely on them as predictions of future events. Please note, unless otherwise specifically referenced, all financial measures we use on today's call, except for revenue, are expressed on a non-GAAP basis and have been adjusted to exclude certain charges. We have provided, to the extent available, reconciliations of these non-GAAP financial measures to GAAP financial measures on our IR website and in our earnings press release.

Nutanix will be participating in the UBS Global Technology and AI Conference in Scottsdale on December 1, the Raymond James TMT & Consumer Conference in New York on December 8, and the Barclays Global Technology Conference in San Francisco on December 11. We hope to see some of you at these events. Finally, our second quarter fiscal 2026 quiet period will begin on Monday, January 19.

And with that, I'll turn the call over to Rajiv. Rajiv?

Rajiv Ramaswami

President, Chief Executive Officer & Director, Nutanix, Inc.

Thank you, Rich. And good afternoon, everyone. In our first quarter, we saw solid demand for our solutions with bookings that were slightly ahead of our expectations and continued progress with our partners. However, the solid performance of the business did not translate into revenue within the quarter as previously expected. Late in the quarter, we saw more business than expected with start dates outside of the quarter. This resulted in some revenue being shifted out of Q1. As we evaluated the impact of this recent change in our business mix on our fiscal 2026 outlook, we now expect to see more revenue deferred than we had previously planned, driving a reduction in our full year revenue guidance. Rukmini will provide more details on these changes in her comments.

But there are a few key points I'd like to make. First, our view of the fundamentals of our business and bookings growth expectations for the year remain unchanged. Second, these changes do not impact our free cash flow expectations for FY 2026, which we are modestly increasing. And finally, this is solely a timing issue and the amount of revenue we expect to recognize over time from business booked in FY 2026 remains unchanged.

With that said, in our first quarter, we delivered quarterly revenue of \$671 million within our guided range and grew our ARR 18% year-over-year to \$2.28 billion. We also saw another quarter of healthy new logo additions and solid free cash flow generation. In Q1, we continue to see success in the marketplace with our cloud platform.

Our most notable wins, a few of which I'll highlight, demonstrate the appeal of our solution to businesses that are looking to modernize their IT footprint, deploy modern apps and AI, and adopt hybrid multi-cloud operating models. One of our largest expansion wins was with a North American-based provider of agricultural products and services that was looking for an alternative to their existing three-tier virtualization solution that included a potential future path to public cloud.

They chose our Nutanix Cloud Platform to run their mission-critical applications across their global manufacturing and business operations footprint, appreciating the public cloud optionality provided by our Nutanix Cloud Cluster or NC2 capability. They also chose Nutanix Kubernetes platform in anticipation of future deployment of modern workloads, as well as Nutanix Cloud Management and Nutanix Unified Storage. Another example of a new logo win with a customer looking to take advantage of the hybrid multi-cloud capabilities of our platform was a European government agency that was looking for a solution to deploy and manage their modern applications across public and private clouds.

They are planning to run their modern applications on our Kubernetes platform on top of NC2 on AWS. And we continue to add some of the world's largest companies as new customers in Q1, including a seven-figure Global 2000 new logo with an EMEA-based provider of energy products and services. This customer was looking to implement a comprehensive cybersecurity solution. They chose the Nutanix Cloud Platform to run these security applications as well as Nutanix Cloud Management for its common management interface, superior ease of use, simple one-click upgrades and the ability to securely run across multi-cloud environments. They also chose Nutanix Unified Storage for management of their unstructured data.

Finally, a first quarter new logo in our US federal business highlighted the GenAI and modern application capabilities of our platform. This government agency was looking to modernize their infrastructure and to utilize AI to enhance its effectiveness and efficiency. They chose a full-stack Nutanix solution, including our Cloud Platform, Nutanix Unified Storage and Nutanix Database Service, as well as our Nutanix Enterprise AI and Nutanix Kubernetes platform to support development and deployment of their modern and GenAI applications.

Moving on, we also continue to make progress on our initiative to support external storage with our platform, including selling our solutions supporting Dell's PowerFlex to another Global 2000 customer in Q1. During this quarter, we also announced that Nutanix plans to support Dell's PowerStore, with general availability expected in the summer of 2026. And we remain on track to deliver our solutions supporting Pure Storage FlashArray within this calendar year.

Finally, we continue to receive industry recognition in Q1. Nutanix was named a Leader in the 2025 Gartner Magic Quadrant for distributed hybrid infrastructure. Our inclusion in the Leaders Quadrant, along with several leading public cloud providers, reflects the evolution of our offering to a true hybrid multi-cloud platform.

In closing, our business performed solidly in the first quarter, including bookings that were slightly ahead of our expectations, ARR growth of 18% year-over-year, another healthy quarter of new logo additions, and solid free cash flow performance. The change to our revenue guidance relates solely to the timing of revenue recognition. I believe the fundamentals of our business remain healthy and unchanged. We remain focused on delighting our customers, while driving sustainable, profitable growth.

And with that, I'll hand it over to Rukmini Sivaraman. Rukmini?

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

Thank you, Rajiv, and thank you everyone for joining us today. I will first discuss our Q1 2026 results followed by Q2 2026 guidance and our updated fiscal year 2026 guidance. In Q1, we reported quarterly revenue of \$671 million, within the guided range of \$670 million to \$680 million, representing a year-over-year growth rate of 13%.

While bookings in Q1 were slightly ahead of our expectations, we saw a larger-than-expected proportion of land-and-expand bookings with future start dates late in the quarter, resulting in a shift of some revenue from Q1 into future periods. As a reminder, under US GAAP, revenue recognition generally begins when the license starts, which means booking with future start dates shift revenue recognition into later periods, even though cash collection may occur earlier. This is solely timing related and does not change the overall revenue expected to be recognized over time. If land-and-expand bookings had come in with the proportion of future start dates that we had assumed, Q1 revenue would have been above the high end of the guided range.

ARR at the end of Q1 was \$2.284 billion, representing year-over-year growth of 18%. NRR, or net dollar-based retention rate, at the end of Q1 was 109%, flat quarter-over-quarter. Note that this ARR and NRR are under our updated methodology that started with Q1 2026, as previously discussed on our last earnings call.

In Q1, average contract duration was 3.1 years. Non-GAAP gross margin in Q1 was 88%. Non-GAAP operating margin in Q1 was 19.7%, towards the lower end of our guided range of 19.5% to 20.5%, primarily due to lower revenue.

Non-GAAP net income in Q1 was \$121 million, or fully diluted EPS of \$0.41 per share based on fully diluted weighted average shares outstanding of approximately 297 million shares. GAAP net income and fully diluted GAAP EPS in Q1 were \$62 million and \$0.21 per share respectively. Free cash flow in Q1 was \$175 million, representing a free cash flow margin of 26%.

Moving to the balance sheet, we ended Q1 with cash, cash equivalents, and short-term investments of \$2.062 billion, up from \$1.993 billion at the end of Q4. Moving to capital allocation, in Q1, we repurchased \$50 million worth of common stock under our existing share repurchase authorization and used about \$89 million of cash to retire shares related to our employees' tax liability for their quarterly RSU vesting. Both of these helped to manage share dilution.

Moving to guidance. Our guidance for Q2 2026 is as follows. Revenue of \$705 million to \$715 million. Non-GAAP operating margin of 20.5% to 21.5%. Fully diluted weighted average shares outstanding of approximately 296 million shares.

Moving to the full year, our updated guidance for fiscal year 2026 is as follows. Revenue of \$2.82 billion to \$2.86 billion, representing a year-over-year growth rate of 12% at the midpoint of the range. Non-GAAP operating margin of 21% to 22%, same as our prior guide, despite the lower revenue guide. Free cash flow of \$800 million to \$840 million, an increase from our prior guidance and representing a free cash flow margin of 28.9% at the midpoint.

I will now provide some additional context regarding our fiscal year 2026 guidance. First, as Rajiv mentioned, it is important to note that our full-year bookings growth expectations remain unchanged relative to our last earnings call. We are also pleased to raise our free cash flow guidance for the full year.

However, as we saw late in Q1, we are seeing that the timing of conversion of bookings into revenue is evolving with our business. We believe this is due to a couple of factors, including, one, increased customer demand for greater flexibility to start licenses aligned with their adoption timelines, resulting in more bookings with future start dates. And, two, the growing proportion of our business through our third-party OEM partners, for which we only recognize revenue when our partners ship an appliance. As a result, we now expect more revenue to shift from fiscal year 2026 into future periods, while the total amount of revenue recognized over time remains unchanged.

Second, a note on seasonality. We expect the quarter-over-quarter revenue trend from Q2 to Q3 to be similar to what we saw last year in fiscal year 2025. Third, we continue to balance prudent investments for continued growth, with a focus on efficiencies and expanding margins over time. This is reflected in our updated operating margin and free cash flow guidance for the full year.

In closing, we believe the underlying value of our business remains unchanged. Demand and bookings expectations are unchanged. Our free cash flow outlook is higher. Revenue expected to be unchanged over time, but starting later. And our guidance philosophy is unchanged.

With that, operator, please open the line for question.

QUESTION AND ANSWER SECTION

Operator: Thank you so much. [Operator Instructions] One moment for our first question. It comes from Matt Hedberg with RBC Capital Markets.

Simran Biswal

Analyst, RBC Capital Markets LLC

Q

Hey, guys, this is Simran Biswal on for Matt Hedberg. Thanks for taking our question. So, just to start with NRR, this was flat quarter-over-quarter. Would you be able to speak a bit more to these dynamics? I know, last quarter, you had mentioned that the average deal sizes growing for new logos could be a headwind to the growth rate of expansion. So, how should we think about new logos versus expansions this quarter and throughout 2026?

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

A

Yeah. Hi, Simran. I can take that. So, on NRR, we had talked about, as you said, some puts and takes there where the new logos generally don't affect NRR directly. And because if you think of all the components that add up to our ARR growth, the first one is good retention, making sure we're retaining as many of our customers as we can. And then there is this expansion component which is reflected in NRR. And then the third element is new logos, which then add to make up the full ARR number.

So, new logos in general don't affect NRR. I think the point we had made in the past was that as our average deal sizes for new logos has gone up over time, potentially in some customers, we might be doing a complete migration of their estate onto the Nutanix platform, even at the get-go. And that doesn't happen all the time, to be clear, right? There are bigger customers where it would be a migration over time. We talked about that a little bit in the prepared remarks as well. So, there are puts and takes here. Overall, we saw the NRR for Q1 as reported stabilized. It was flat quarter-over-quarter.

Simran Biswal

Analyst, RBC Capital Markets LLC

Q

Okay. Okay. Got it. And then could you also provide a little bit more color on fed? How did it perform relative to expectations 90 days ago and the impact of the government shutdown?

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

A

Yeah, thank you. Let me talk a little bit about US fed. So, first, I'd say as a reminder, we don't report US federal as a percent of our business, just to give people an idea. But what we have said is that US fed has been 10% or less of our annual revenue, with the seasonal strength, of course, seen in our fiscal Q1, the quarter that we just reported, which is said fiscal year-end.

In this Q1, specifically, our US fed business saw double-digit year-over-year growth off of a – admittedly off of a relatively easy comparison last Q1, but we saw nice growth there. And going forward, we continue to expect a

higher-than-historical level of variability in the US fed business given recent personnel changes, some policy changes. Of course, we just came out of the government shutdown.

So, given all of that, we expect some variability there. But overall, we remain optimistic on the opportunity for this business to benefit from our platform's focus on modernization and lowering TCO, which we believe – TCO being total cost of ownership, which we believe is well-aligned with the government objective as well. And we have factored sort of all of this into our Q2 and updated fiscal year 2026 guidance. We have factored this overall uncertainty into the updated guidance.

Simran Biswal

Analyst, RBC Capital Markets LLC

Okay, great. Thank you.

Q

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

Thank you.

A

Operator: Our next question comes from the line of James Fish with PC – PSC. Please proceed.

James E. Fish

Analyst, Piper Sandler & Co.

Hey, guys. Look, let's get right to the point here. If bookings came in better than expected, and granted it's apples and oranges slightly, why did RPO bookings – I'm happy that you guys are finally talking about RPO because I think it's a more meaningful metric, but why did RPO bookings themselves [indiscernible] (00:21:52)? Can you guys help us with what that bookings growth rate was? And, Rukmini, if it really shifted out of fiscal Q1, why does it seem that so much is pushed into fiscal Q4? Because if I look at your commentary here of seasonality, it means we have a pretty large ramp into fiscal Q4 versus fiscal Q3 then. So, help us out here.

Q

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

Hi, Jim. Yeah, thank you for those questions. So, as you pointed out, we've started this quarter providing RPO, remaining performance obligations, in our earnings release, when before we were providing them in our filings, so in our 10-Qs and 10-Ks. We believe that this is an additional relevant metric because, Jim, as you, I think, are alluding to, RPO captures bookings activity in the period that is expected to be future revenue, and it includes deferred revenue, which of course is also on the balance sheet and it also includes non-cancelable backlog. So, those are the components of RPO. I'll also remind folks that RPO is a TCV, or total contract value-based metric. And so, it has all of the revenue, meaning it has duration as well, as opposed to ARR, which is an annualized metric.

A

Now, to your question, Jim, on RPO and why we saw a small decline in our backlog component, which is part of the RPO or subset of RPO in our first fiscal quarter, and I would say that's consistent with our historic seasonality if you look at sort of what backlog does. And then there's a small component that is not visible, which is non-cancelable backlog, that is a smaller – sorry, cancelable backlog, which is a smaller proportion. And so, that also typically does translate into revenue. So, overall, look, I mean, look at RPO, we are pleased with overall year-over-year growth in RPO, which is 26% in Q1.

Your second question, Jim, I think was on the seasonality point. So, when we look at the full year, what I would say is we still see a mix that is similar to what we've seen in fiscal year 2025, last year, for example. So, if you look at fiscal year 2025, our revenue mix first half versus second half was 49%, 51%. And for 2026, the updated guidance we just gave you at the midpoints of Q2 and full year, it's just a touch more weighted towards second half. So, it's not meaningfully different from what we saw last year.

James E. Fish

Analyst, Piper Sandler & Co.

Q

Good. Got it. And then I think anyone that's been following you guys for a while will recall the timeframe when it was out of your control, the supply chain issues a few years ago that led to what we'd all call pushouts. So, can you walk us through in terms of what you're seeing that similar versus different on how we should think about the sort of pushout timeframe? Thanks.

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

A

Yeah. So, why don't I start on that, Jim, and then I welcome Rajiv to add in here as well. And maybe, Jim, it's a broad question, right, so I'll start with first maybe broadly talking about three relevant factors that are related to the recent dynamics that we see in our land-and-expand business specifically.

So, first, with the growth of Broadcom migrations, we're finding that these customers want to commit to us but often need more flexibility to help them match their license deployments with their migration timelines. We have seen some of this in the past, as noted in prior earnings calls, although the impact then was minimal relative to our expectations. We saw this become pronounced late in Q1 and we now expect this trend to continue, which is why we're expecting more revenue than previously expected to be shifted out of 2026 and into future periods. That was a primary factor in the Q1 revenue performance.

The second one is a growing proportion of our business is coming through our third-party OEM partners, for which we only recognize revenue when our partners ship an appliance. Third, and perhaps more directly to your question, Jim, we don't believe supply chain shortages or longer lead times were a meaningful driver of the revenue performance in Q1.

However, based on what we have been hearing anecdotally about component shortages and the potential for longer lead times, we believe supply chain tightness could impact the business going forward. So, we believe now that we have more refined insights based on recent trends on orders with future start dates, partner shipping timelines, and the extent to which these factors impact timing of revenue.

Now, with all that said, I'd like to reinforce a few important points or reiterate a few important points that we said in the prepared remarks. We believe the underlying value of our business remains unchanged. Demand and booking expectations for the year are unchanged. Free cash flow outlook is higher. Revenue is expected to be unchanged over time but starting later. And our guidance philosophy is unchanged.

Rajiv, anything you would add to that?

Rajiv Ramaswami

President, Chief Executive Officer & Director, Nutanix, Inc.

A

Yeah, let me provide a bit more color on the supply chain aspect. I think you covered all the other aspects well, Rukmini. So, on the supply chain, as you said, I mean, we didn't believe that supply chain constraints were a

meaningful factor in our Q1 results. But as we all know, there is a big massive AI buildout being done by a handful of large companies. And that has a potential and it seems to be starting to cause supply shortages in the industry.

Now, we don't see this directly but we are hearing anecdotally about component shortages and the potential for long lead times. Now, this could impact our land-and-expand business. Going forward, renewals aren't affected. So, we are monitoring this closely and we have factored in a modest tightening of the supply chain into our updated outlook.

Now, again, in terms of looking at the supply chain per se, while, again, we don't control the supply chain ourselves, but we have done a few things to help mitigate supply chain issues. I'd say three things. There are four things, actually. First is we do have more server partners now than we've had in the past. Notably, we've added Cisco as a server partner. So, our customers have a choice of server vendors to pick from and they can do that based on who's got the best supply.

Second, we have continued to expand our hardware compatibility list so that we can include more existing server configurations that customers have already deployed to run our infrastructure. If they're, for example, looking to get rid of their existing software and putting our software on, we can run that more on the existing hardware that they have deployed.

Third, we've also added additional external storage options, such as Dell and soon Pure Storage, that mitigate the need for customers to purchase new hardware to run our software. And finally, we also have more offerings in the public cloud, including now NC2 on Google Cloud, our Kubernetes offerings, et cetera. So, these are all, I think, the overall set of things that we are doing on our end to provide broader applicability of our software across different hardware.

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Operator: One moment for our next question, please. It comes from Matthew Martino with Goldman Sachs. Please proceed.

Matthew Martino*Analyst, Goldman Sachs & Co. LLC*

Q

Yeah, thanks for taking my questions. First one from me, like, on the revenue that slipped from Q1 into future periods, like how much of that was tied to customer-requested future start dates versus OEM shipment timing versus simple deal slippage? And I guess like what evidence more broadly do you have that this is timing only rather than emerging demand softness? And I have a follow-up.

Rukmini Sivaraman*Executive Vice President & Chief Financial Officer, Nutanix, Inc.*

A

Hi, Matt. Thanks for the question. Let me start. So, in Q1, the revenue performance in Q1, I think I want to be clear, was primarily related to the proportion of orders that we saw with these future start dates. And as we said, bookings in Q1 were ahead of what we had expected going in. And so, it's that bookings view, Matt, that gives us – that we were alluding to when we said that, look, we have seen bookings to come in Q1, in fact, slightly ahead of what we had planned. And our view for the full year on bookings also remains unchanged from before. But the primary factor of Q1 revenue coming where it did, which was within the range, and as we said, if those proportion had come in as we had assumed, it would have been above the high end of the range.

Matthew Martino*Analyst, Goldman Sachs & Co. LLC*

Q

Got it. And then for a follow-up, just given the commentary on deal recognition landing in later periods, I mean, how should we think about the duration and the timing there as we kind of think about framing our models for fiscal 2027, kind of given the commentary that you expect unchanged bookings growth, but a delay in that rev rec?

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

A

Yeah. So, when we think about 2027, I think it's part of your question, Matt, which is what does this change for 2026 imply for fiscal year 2027, if I were to paraphrase your question. Look, we've given you our view of revenue for this year. Revenue growth in 2027 is, as in any year, is dependent on three factors. Business deferred from 2026 into 2027, business booked in 2027, and then how much we book in 2027 that might get deferred into future years. So, there's a net effect that, as you can see, along with actual bookings performance itself in 2027. We look forward to providing more color on that, really anything beyond fiscal year 2026 during our Investor Day in April, Matt.

Matthew Martino

Analyst, Goldman Sachs & Co. LLC

Q

Thanks.

Rajiv Ramaswami

President, Chief Executive Officer & Director, Nutanix, Inc.

A

And the only thing I'll add to that, Rukmini, in terms of the demand side of this equation, you talked about, of course, bookings coming in slightly ahead of expectations. The other thing you could look at, Matt, also is the fact that our cash flow is fine, right? In fact, we actually started taking up our free cash flow guide and we're still collecting cash in all those bookings mostly upfront.

Operator: One moment for our next question. That is from Samik Chatterjee with JPMorgan. Please proceed.

Q

Hi. Thanks for taking my question. This is [ph] MP (00:32:35) on behalf of Samik Chatterjee from JPMorgan. I just wanted to ask on the customer spending plans, like we have seen hardware cost particularly impacted by the increased component and component costs. So, think does that any way impact the overall propensity of like customers in terms of spending towards IT? And also, like if you could help us understand FY 2026 guide adjusted for the timing issues.

Rajiv Ramaswami

President, Chief Executive Officer & Director, Nutanix, Inc.

A

So, I'll talk about the first one. I mean, look, we talked about the supply chain. I think, look, I mean, hardware, again, prices could change. Prices go up. Prior lead times could go up. And like I said, our approach is to provide, fundamentally, to provide more diversification to customers, so that they can try and arbitrate amongst all the hardware providers, and provide – we provide the broadest flexibility to run our platform, right, run our software on as many hardware platforms as they can. And that's our approach of dealing with the hardware issues. We don't control the hardware directly, right?

Now, we haven't, to your question, we haven't seen any drop in demand in terms of customers saying, oh, your prices have gone up, therefore we are not going to buy as much. So, we haven't seen that at this point at all.

Rukmini, you want to talk about the guide?

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

A

Yes. So, I think the question was for the full year 2026 guide, what it have – what would it have been if not for the timing of revenue. And look, I think a reasonable starting point to look at that is what we had guided last quarter, which was \$2.9 billion to \$2.94 billion. And our current guide is \$2.82 billion to \$2.86 billion. And as I said, the reason for that is we're expecting more revenue than previously expected to shift out, out of fiscal year 2026.

And the factors, like we talked about, right, one is this – the fact that more customers want to commit to us but are looking for more flexibility to help them match their migration timelines with the one they need licenses from us. Second is the growing proportion of our business that's coming through third-party OEM partners for which we only recognize revenue when our partners ship an appliance. And the third one which we really haven't seen thus far, it was not a factor, a meaningful factor in Q1 revenue, is that the – some of the supply chain shortage or longer lead times, which we're starting to hear about anecdotally and which you alluded to as well.

Q

Thank you. And my follow-up question would be, like, have you seen any increased competitive – increased competitiveness across the space over the last 90 days or something, like overall view around the competitive environment?

Rajiv Ramaswami

President, Chief Executive Officer & Director, Nutanix, Inc.

A

I would say nothing has changed really on that front. We're seeing the same set of competitors as we've always competed with. And we really haven't seen any major change in the dynamics. Like I said, I think the migrations that we're seeing customers do onto our platform, right, I mean, they tend to be staged over time, right? It's not everything coming upfront. And we're seeing – as we see more of those migrations, as Rukmini explained, I think that's driving the customers to need more flexible start dates, right, in terms of when they actually want to activate the licenses so that they can activate those whenever they're ready to actually do the actual migration. So, that, I think, is what we've seen. And I don't – the competitive side of the equation really hasn't changed.

Q

Thank you.

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

A

Thank you.

Operator: Thank you. Our next question comes from the line of Wamsi Mohan with Bank of America. Please proceed.

Ruplu Bhattacharya

Analyst, BofA Securities, Inc.

Q

Hi, it's Ruplu, filling in for Wamsi today. I have two questions, one for Rajiv. When you look at the rest of fiscal 2026, how do you see the pipeline of large deals and the impact from that? And you talked about a growing proportion of revenue from the third-party OEM partners. So, Rajiv, what percent of revenue this year is coming from those third-party OEMs? And can you give us any updated expectations for revenue from Dell and Cisco specifically? And I have a follow-up for Rukmini.

Rajiv Ramaswami

President, Chief Executive Officer & Director, Nutanix, Inc.

A

Okay. So, first on the large deals, second on the OEM. So, look, I think we continue to see our share of large deals. At any point in time, we have a pipeline there. We have a good number of large deals with this uncertain timing. And when you have these deals, larger deals, it takes longer to really prosecute them and little less clear about when, right? So, we don't factor in all those views into our forecast, but some likelihood of some subset of them hitting.

I would say we're seeing a quite – it's a good mix, right? We're seeing – we did more million-dollar deals last year than the prior year. We probably will do more this year as well as we go through the year. It's still early in the year. So, we certainly have the pipeline of several deals out there that we should be – we are working currently on that front.

Now, on the OEM side, I will say that we haven't broken it down yet in terms of what percentage of our revenue is coming from it. But it's clearly growing, right? Cisco has now been out there for a while and they have continued to ramp along nicely. Dell is still early in that lifecycle. But I think as we've now got PowerFlex on, we will have PowerStore on sometime next summer, and so in general, our alignment with Dell is getting better. And so, I would expect that to continue also growing.

And we've also had historically, Lenovo, although they're a smaller OEM partner. That's been there for a while and it's business as usual on that front. But I will say, I would expect the mix of Cisco and Dell both to grow for us over time. We haven't quantified it yet.

Ruplu Bhattacharya

Analyst, BofA Securities, Inc.

Q

Okay. Thanks for the details there, Rajiv. Rukmini, one for you. Sounds like there's a structural change in the business where more bookings going forward will have future start dates. I guess the first thing is like how – what is giving you that confidence that this is a permanent change and not something just specific to the near-term or fiscal 2026? So, am I reading this correct that this is a structural change?

And then second, and part of this question is, on slide 10, it says that you're going to balance prudent investments for continued growth with a focus on margins. And you're keeping free cash flow more or less same, up \$10 million at the midpoint. Is there any risk that investing less now can hurt future revenue growth in outer years? So, if you can just comment on that.

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

A

Yeah. Thank you, Ruplu. So, on the first point you made in terms of the change to future start dates and why we think it's going to continue, one thing we said earlier was that one of the factors we think that's driving this, right,

the primary factor has been sort of this growth in Broadcom migrations. And we're finding that these customers, they want to commit with us. They often need more flexibility, though, to help them match their migration timelines and so on.

And so, that dynamic, as we've talked about for a while, we expect those migrations to be sort of a multi-year journey for us and so on. And we're always looking to balance customer needs with our own business goals. And so, we'll continue to do that. The reality, though, is for some of these migrations, typically the larger ones where the customer might say, look, I need these licenses over time rather than all upfront, depending on their own migration timeline. So, that's the underlying dynamic around that.

Second, to your question around we're keeping margins, the same margin guidance, operating margin guidance same as before, why we've taken revenue down relative to before and same on free cash flow. I think I would take free cash flow up slightly, I think relative to last – what we told you last quarter. So, if you think, I'd say, right, on the operating margin side, we do want to balance those two things, which is continuing to invest, investing prudently in growth while looking to grow margins over time.

I will say a few things on this. So, one is with revenue getting deferred or shifted out of 2026, there's some commission expense that gets deferred with that. We're also seeing slightly higher partner payments, these non-recurring partner payments we've talked about before, they're slightly higher than what we had assumed when we gave you the guide three months ago. And then, overall, we're always looking to manage the business efficiently, right? So when I think about all of that, we feel good about the balance between investments and growth.

And then again on free cash flow, the one other factor I would say on free cash flow is that while we're seeing this more revenue shift out of 2026, we still typically invoice on bookings and collect cash upfront regardless of when the license deployments occur. So that's another thing to keep in mind when you think about free cash flow and cash collection.

Rajiv Ramaswami

President, Chief Executive Officer & Director, Nutanix, Inc.

A

And let me add one more thing, Rukmini. Sorry on that front. So when you talk about the structural change to the business, I think one element of it is structural which is more of our business is going through our OEMs, like Cisco and Dell. And there is a structural aspect of that in the sense that, in that case, what we do is we give them our software and then they put it along with their hardware. They create an appliance kind of model and then they sell that, right?

And so, for us, fundamentally, at that point, we only recognize revenue when they ship, right? We don't recognize revenue when we just provide the software to them but only when they ship to their customer. So that, I think, we do expect that side of the business to continue growing, right? And that means that, yeah, from the time we get a booking to the time that we could get revenue for that, I think, it's going to be fundamentally delayed, right? And so the more the mix, the more of that we'll see.

Ruplu Bhattacharya

Analyst, BofA Securities, Inc.

Q

Okay. Okay. Thanks for all the details.

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

A

Thanks, Ruplu.

Operator: Thank you. Our next question comes from Nehal Chokshi with Northland Capital Markets. Please proceed.

Nehal Chokshi

Analyst, Northland Securities, Inc.

Q

Thank you. I do have a couple of questions. First one, Rukmini, so the bookings came in ahead of expectations. Did you actually state how much were bookings up on a year-over-year basis?

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

A

We did not, Nehal. We don't typically report or give you specifics on bookings, so we did not call that out specifically.

Nehal Chokshi

Analyst, Northland Securities, Inc.

Q

Okay. And so that's why you were talking about the different components of bookings, those being RPO and cancelable orders as well then, is that correct?

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

A

Yes. So just to be clear, right, so RPO captures a lot of things. RPO has deferred revenue, which is obviously coming as a waterfall from prior periods as well. The majority of deferred is support, ratable piece of our business. And then there are some that's licenses that are coming from prior quarters and that's the proportion that's increasing. And then we also have in RPO, the other component of RPO is non-cancelable backlog.

And what I think what I was answering the prior question or the one before earlier from Jim, I think, was around the fact that RPO does give you a sense of what is expected revenue in future periods. We give you CRPO as well, which is next 12 months that is coming off of either the balance sheet or from this non-cancelable backlog. So it does – that is – embedded in there is some proportion of the bookings that we had in Q1 but did not yield revenue in Q1.

Nehal Chokshi

Analyst, Northland Securities, Inc.

Q

Okay. Cancelable backlog, though, you have said something about cancelable backlog in one of the other questions. What [indiscernible] (00:44:09) say about that?

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

A

Yeah. I was just saying that there's a small component of cancelable backlog relative to the RPO number, it's small, that we don't put out. But that's also eventually most of it does turn to revenue over time.

Nehal Chokshi

Analyst, Northland Securities, Inc.

Q

Understood. Okay. Rajiv, for you, in your best estimate, what market share do you think Nutanix is picking up on VMware migrations?

Rajiv Ramaswami

President, Chief Executive Officer & Director, Nutanix, Inc.

A

Look, I – that's a little hard to estimate, right? I mean, if you look at the customers who are doing the migrations, I mean the choices are us, Red Hat and then I would say public cloud which being, I would say, a minority, right? And I can give you some qualitative color. Quantitatively, it's very hard for us to really say. I would say, look, I mean, the proof of the pudding is we've got 2,700 customers-plus who we added last year. And we added another product, 640 or so this quarter. That's well on top of that. And those are all customers who are doing migrations.

Perhaps the one that might be pertinent is Red Hat, right? And if you look at it, I think we are winning a good chunk of business compared to Red Hat in terms of these customers migrating. Red Hat tends to be playing primarily where containerization is the main thing. Our platform is very solid when it comes to virtualization, the ability to run mission-critical workloads and the flexibility to provide both virtualization solutions as well as container solutions.

And we see some significant events, some of which are public, right? So take Finanz Informatik as an example, a large bank in Germany, all the regional banks. And, for example, they had IBM and Red Hat significant existing deployment and, of course, a big VMware shop. And they're migrating their VMware workloads over to Nutanix. And that's just one example of a win. So I don't have an exact quantification to your question on the number, by the way. But we do believe we are winning a significant portion of those migrations.

Nehal Chokshi

Analyst, Northland Securities, Inc.

Q

Okay. And then with respect to this container versus mixed environment, is it fair to say that, increasingly, organizations are looking for the modernized container-only solution or is it more organizations are looking for a mixed solution?

Rajiv Ramaswami

President, Chief Executive Officer & Director, Nutanix, Inc.

A

Most companies that we talk to, most customers that we talk to have a mix with – the majority of them is still very much virtual machine-based. And the newer stuff, everything that's new, net new being built is being built on containers. So almost everybody we talked to, at least, it's a mixed environment with more of the existing asset being virtual machine-based.

Nehal Chokshi

Analyst, Northland Securities, Inc.

Q

Okay. Thank you.

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

A

Thank you.

Operator: Thank you so much. And as a reminder, ladies and gentlemen, please limit your questions to one and one follow-up. Our next question is from Jason Ader with William Blair. Please proceed.

Jason Ader

Analyst, William Blair & Co. LLC

Q

Thank you. Good afternoon. So I think, Rajiv, what you guys have been saying is that the pushouts on the license start dates are due to the complexity of migrating off VMware and it just takes a while and we kind of knew that. But you've been doing these migrations for almost two years now. I guess, why do you think this pushout issue didn't pop up sooner? What makes this current time period maybe special? Forget about the OEM part of the business. But just on the flexibility question, do you think it's a budget issue, a macro issue or some other issue?

Rajiv Ramaswami

President, Chief Executive Officer & Director, Nutanix, Inc.

A

Yeah. First of all, by the way, to your point there, it's not entirely new, right? We've seen this in the past, too. We've talked about how, on some prior large deals, we've had to provide this kind of flexibility to align with the migration timelines. Now, I think in the past they were a smaller portion, right, of our business. Now, we've got a growing set of Broadcom migrations, right? So, as said, that growth, again, we're finding that again, there's more of this that requires that flexibility. And that's really, I think, is the inflection that we saw. And we saw this very late in Q1 as well on this front. So I would say it's just the fact that we have more of this coming. Now, that's the primary driver.

Rukmini, do you want to add any color on this one?

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

A

I agree, Rajiv. I think you've covered it.

Jason Ader

Analyst, William Blair & Co. LLC

Q

Okay. Great. And then as a follow-up for you, Rajiv, also, one of the comments we've heard from the channel is that when people compare the renewal from Broadcom compared to the upfront pricing including hardware from Nutanix, it's not that different. And I know that you guys – you've talked about this. But I guess the question is, should you be more aggressive on upfront pricing to win business? And then is it going to be more problematic on that delta between the renewal for the customer versus the full hardware refresh with the NAND pricing going up as much as it is? So I guess that ties into the supply chain question that we discussed earlier. But how do you think about sort of upfront pricing and how that might change over time?

Rajiv Ramaswami

President, Chief Executive Officer & Director, Nutanix, Inc.

A

Yeah. No, that's a very good question, right? And I think a lot of it is also, do they need to buy new hardware or not, right, tied to that. Because, look, from a software perspective, we're not leading with price but we aim to be very, very competitive, right, with Broadcom. Otherwise, we will not win the account. And especially when we're landing a new customer, I think we will be aggressive. Now, I think the big barrier is they do need new hardware and they have to purchase new hardware. Now, there, again, that's why this hardware timing, timing of hardware refreshes, it's a very important question, right?

So now, of course, so on our part, we've been doing a lot to try to get our software to work on as much of the existing hardware that our customers have. Whether it's external storage now with Dell and Pure or even their existing servers that you may have running, for example, VMware vSAN or their equivalent of hyperconverged. So, we've been trying to reduce that hardware portion of the outlay for the customer. And that will help us also, of

course, the more that we're able to do there, the easier it is for us to insert. So those dynamics haven't changed really significantly.

I think on our part, we've been working to, again, make our software more broadly applicable so that our customers don't have to go reinvest in hardware. Now, when they do reinvest in hardware, by the way, I think the other point that we should not forget is that a lot of the VMware deployments, 80% of it is still three-tier storage. And if they move from three-tier storage to HCI, including the hardware, there is a significant TCO benefit. As long as they're ready to go replace their hardware, there is a significant TCO benefit there, too. So we monitor this, we look at every deal, we look at the situation with the customer and then decide our strategy there.

Jason Ader

Analyst, William Blair & Co. LLC

Thank you.

Q

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

Thanks, Jason.

A

Operator: Thank you. Our next question comes from the line of Mike Cikos with Needham. Please go ahead.

Mike Cikos

Analyst, Needham & Co. LLC

Hey. Thanks for taking the questions here, guys. I just have a quick one and then a follow-up. I wanted to add, so just to make sure I was clear on it for the first question, when I look at some of the guidance commentary here and, specifically, the second point around the growing proportion of business through third-party OEM partners, is the point here that you're dependent on those partners as far as their timeline to ship those appliances? Or does that default back to, again, the flexibility that these customers are requesting? And the heart of the question is, is there anything you can do on your side to help those OEM partners move boxes out the door?

Q

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

Yeah. I'd start, Mike. It's more – the point you made about our revenue recognition is tied to when they ship the hardware, at which point, then our license provisioning is tied to that. It's less so, we believe, tied to this customer dynamic, which is why we called them out separately, Mike. So it's more the ability of the OEM partner to get the hardware shipped from their side. Then our license deployment is kind of linked to that leading to our rev rec.

A

Rajiv, do you want to add anything to that on what we can maybe help them with in terms of...

Rajiv Ramaswami

President, Chief Executive Officer & Director, Nutanix, Inc.

I mean, not really, right? I mean, we don't quite control when they ship, right? So it's up to the OEM partners to ship their hardware. And so we don't quite control that.

A

Mike Cikos

Analyst, Needham & Co. LLC

Q

Understood. Thanks for the additional color there. And then for the follow-up, I was just hoping to add something, Rukmini, I understand there's a complexity of layers as far as how you put the guidance out there. But if I look at some of the delta here that we're talking to between the bookings and the timing of revenue, how much of the – if I look at the full year guidance reduction here of about \$80 million at the midpoint, how much is based on what we saw exhibited in Q1 versus what is now expected to transpire as we get to Qs two, three and four? I just wanted to see if there's any way to triangulate or conceptualize the different moving pieces there. And I know that's a complex one. But again, just trying to get a little bit more of a firmer understanding.

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

A

Yeah. So I think what we said for Q1, Mike, was that if our assumptions had played out as we had expected from when we gave you the Q1 guide that our revenue for Q1 would have been above the high end of the range. And instead it was \$671 million, right, which is what the reported revenue number was. And then that gives you, I guess, a better sense of how much we were expecting in Q1 before we saw that late in quarter dynamic that we've talked about here. And so that's maybe – I'll leave it there, Mike.

We're not sort of breaking it down more than that, right, in terms of specific quarters or so on. And then the other comment I made which I'll say again is around seasonality like first half, second half. Where for fiscal year 2026, if you take the first half, Q1 actuals, Q2 guide and then compare it to what second half will be, that mix is – may not meaningfully different from what we saw last year. So that could be one other way to think about the contributions.

Mike Cikos

Analyst, Needham & Co. LLC

Q

Very helpful. Thank you very much.

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

A

Thanks, Mike.

Operator: Thank you. Our next question comes from the line of Ben Bollin with Cleveland Research. Please proceed.

Ben Bollin

Analyst, Cleveland Research Co. LLC

Q

Yes. Good afternoon, everyone. Thanks for taking the question. Rajiv, I think you've touched on this a couple of times indirectly. I'm interested in your thoughts on the progress you're making with large customers in making this transition from Broadcom to Nutanix, what you're doing to make that process easier either reducing the duration of the POC or aiding in the reengineering and the re-platforming and the training. You talked about the hardware relationships. I'm interested in your thoughts on some of the things you're doing to improve that process or make it easier for customers. And then I have a follow-up.

Rajiv Ramaswami

President, Chief Executive Officer & Director, Nutanix, Inc.

A

Yeah. I mean it's a very good question. And these larger customers tend to have more complex environments, right? Typically, if you want to go win them, there's of course a POC phase. And we do actually a pretty good job with the POC. It's not really a technical issue, right? So the POC is rarely, actually a sticking point. So we get

through that usually easily. There are all these other factors that come into play, right? The commercial relationship and the dependency that they have potentially across multiple products with Broadcom, right? That's a big dependency.

The hardware piece which, again, is we try to do support as much and more of their hardware as we can. So that they don't have to go to fresh hardware when they switch to us. The third thing that we've been working on, of course, is making sure that we can support the bevy of applications that they have. Now, I would say this is kind of the 80-20 rule. We support the vast majority of applications and being certified on a hypervisor. There is always going to be maybe a handful of outliers that aren't fully supported.

I'll give you one example. This is Cisco's unified communication appliances. And those until recently were not – they used to work on our platform, but they were not officially certified by Cisco. And so customers would be reluctant to run those on a Nutanix platform. But now, it's certified, right? So we are working on getting it certified. Cisco has officially said they're certifying it now. So that's a barrier that we have to overcome, in some cases, for specific applications. Then, of course, the migration itself in terms of professional services required, almost every one of these larger customers needs a project team to go help them with their migration. So we have that. And then, of course, for the larger deals, we also have a deals pursuit team that looks at all of these aspects in terms of putting together an appropriate commercial proposal.

Now, that said, Ben, for the very largest customers, we typically tend to find insertion points as opposed to trying to do a complete Broadcom take-ups, right? So we try to find places where we can actually – they can use our solution for, say, a specific workload, specific use cases. And for example, we have a pretty good database management solution.

We have a good Kubernetes offering. So these are things where, I think, we try to differentiate and also try to get in with subset of applications. And so that's, I think, typically what we do. Then, of course, the last piece, I would just say as we go through security audits and we've gotten pretty good at doing that as well and carrying that across through, so we have won a fair share of what I would call, certainly, Fortune 500 customers. I think as you get to the Fortune 50 at the very top of the pyramid, it's very hard to do a full displacement, right? And like I said, those would be partial entry points for specific workloads.

Ben Bollin

Analyst, Cleveland Research Co. LLC

Q

Okay. Okay. That's really helpful. And I guess the follow-up would be, when you look at the enterprise footprint you are working with, obviously, AI is soaking up a lot of mindshare and dollar share. I'm interested how you think enterprise investments in AI may or may not be influencing your opportunity to go out there and capture bigger footprint. Are they trying to do too much at once? They've got to pick their priority. How do you think about that? Thank you.

Rajiv Ramaswami

President, Chief Executive Officer & Director, Nutanix, Inc.

A

I mean, it's a very fair question, Ben. I mean, almost everybody that we talk to has got AI at the top of their minds. But I would just say that it's not – I mean, the vast majority of our customers are, I would say, more experimenting with AI right now than really deploying it at some massive scale. There are exceptions. There are some subset of customers that are further along the journey. But most of our customers are still very early. So it's not like they have devoted the bulk of their spend to AI. And so we haven't quite seen that yet in our subset of customer. And keep in mind, our customers are in the AI-native companies, right? They are the typical industrial and financial services and manufacturers and retailers who are all wanting to use AI but still fairly early in their adoption.

Ben Bollin

Analyst, Cleveland Research Co. LLC

Thanks, Rajiv.



Operator: Thank you. One moment for our next question, please. And it comes from Param Singh with Oppenheimer. Please proceed.

Param Singh

Analyst, Oppenheimer & Co., Inc.

Hi. Thank you. And really appreciate you taking my questions. I have a couple. So, Rajiv, Rukmini, and sorry to harp again on the migrations piece but really want to understand the impact, right? I would have assumed that with migrations, we would probably have larger deal sizes because migrations from VMware are be much bigger. So that should layer on and impact your RPO in a much more positive way rather than just a seasonal impact to RPO this current quarter.



We really haven't seen that. So please, if you could help me understand that. And if it is true that you are getting all these migrations, I would assume, since migrations take multiple years, as you get more and more migrations, your revenue would technically start to accelerate into next year, right, like this year's revenue to next year plus whatever else you get. So you will see an accelerating trajectory into 2027. Am I wrong in this?

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

Yes. So let's first start with the first question, Param. Thank you for those questions. So on the migrations, you're right that, in general, it's for the typically bigger ones where they would say – where a customer might say, look, like can I have these licenses phased out over time versus all upfront? And so what we're saying is that in Q1, we did see bookings come in slightly higher than our expectations. And the mix of orders that came in with these future start dates that we saw late in Q1 meant that more of that revenue got pushed or shifted out into Q2 and beyond than we had previously expected. And so, that's the point around just migration and so on.



Now, if you look at – I think you were trying to tie that to RPO. And so if I look at RPO, like I said, it includes deferred revenue waterfall, which is pretty standard, right, and you can see in the balance sheet. And it also includes just non-cancelable backlog which what I said earlier was that, in Q1, seasonally, you do expect that portion to be lower quarter-over-quarter. And that's what we saw in the Q1 as well. And if you look at the RPO growth, it's quite significant year-on-year, which is a good thing, right, when you look at total RPO growing meaningfully over time. So that's, I think, the first piece of the answer.

And then I think the second part of your question was around, again, fiscal year 2027 and why wouldn't there sort of the – maybe an acceleration in 2027, I think, is how you phrased the question. Param, so what I would say there, right, look, I think this is – if this was sort of a onetime thing, you're right, then we sort of have some kind of a catch-up. And we've talked about three factors here as we thought about the forward-looking view, one was these migrations. And if we believe, as we do, that these migrations are going to continue and we're going to be able to prosecute more against the Broadcom displacement opportunity, that we will see more of this sustain.

And we expect bookings to grow as well over time, right? So even if you assume that the proportion of orders with future start dates stays the same and you expect bookings, in general, to grow over time – land-and-expand bookings to grow over time, the dollar amount that's getting shifted out that will be higher than shifted in, right? So there's a net effect there that will matter in any given period including in 2027. And then like I said earlier, right,

2027 overall revenue will also depend on our bookings expectations for 2027 which, again, not commenting on today, but we intend to cover some of that in our Investor Day.

Param Singh

Analyst, Oppenheimer & Co., Inc.

Q

Okay. Sure. Sure. Thank you for that, Rukmini. And really quickly, as my follow-up, strategically thinking about this, right, obviously, there's an opportunity to check on VMware here. Why not be more aggressive for the rest of the VMware business here? I know you're going through your reference architectures. But is there a way to accelerate that? Or maybe not – or you don't want to compete in that. I don't know how you're thinking about it on the standalone virtualization side and how aggressive you want to be attacking that market. So anything you could share? I would appreciate it.

Rajiv Ramaswami

President, Chief Executive Officer & Director, Nutanix, Inc.

A

Yeah. That's another good question. I think on the standalone virtualization, again, we – look, I mean, we have been adding, right, and we have been investing fairly aggressively to expand the support for third-party storage, right? So we have now Dell PowerFlex, then number two coming onboard very shortly is Pure. We have Dell PowerStore. And, yes, there will be more, right?

Now, at the same time, we have to also balance those investments versus investing in our future, right, where Kubernetes and cloud-native and AI on the other side. So we have to strike that balance, right? We don't want to go too far backwards in time to go support everything that's out there, if you want to support the big ones. And if you look at it, once you've got Dell and Pure, I mean that's a big chunk of the market, right? And we'll probably get the other big ones, too, out there. So we'll focus on, again, getting sort of the big picture, big ones out there. And then not trying to go meet everything. And then also balance that out with investing in cloud-native and AI.

Param Singh

Analyst, Oppenheimer & Co., Inc.

Q

Understood. Thank you so much for answering my questions, Rajiv and Rukmini. Really appreciate it.

Rukmini Sivaraman

Executive Vice President & Chief Financial Officer, Nutanix, Inc.

A

Thank you, Param.

Operator: Thank you so much. And with that, ladies and gentlemen, we conclude our Q&A session and conference for today. Thank you all for participating and you may now disconnect.

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