Samsara

What it does

Samsara runs cloud software that turns customers' 'dumb' physical assets, such as commercial vehicles, trailers, industrial equipment, and warehouses, into smart assets. Their sensors help to increase the efficiency, sustainability, and safety of physical operations, helping to save money, minimise injury and reduce environmental footprint.

Why we own it

- Addressing a potentially huge market which has been slow to digitise, with no incumbent to displace, and a suite of plug-and-play products optimised for ease of adoption.
- Commercial vehicles, Samsara's bread and butter, are the linking thread which turns a complex, heterogeneous market into a coherent, addressable opportunity.
- Every product in their portfolio has been developed through an extremely strong customer feedback loop. A customer led product roadmap should increase the odds of success in newer initiatives.

How it could be worth many times more

- Businesses with some form of physical operations make up as much as 40% of global GDP. This is a market that hasn't historically bought much software, so there remains plenty of greenfield opportunity.
- With a market penetration of 1-2% there is significant scope for growth.
- Samsara's ambition is to become the software that becomes the system of record or single source of truth, making it the Salesforce, ServiceNow or Workday of physical operations.
- As well as the core vehicle products (safety and telematics) which dominate revenue today, Samsara has already built the beginning of its second act through non-vehicle products. Nearly half the customer base has adopted these newer products such as connected sites or equipment, resulting in an opportunity to increase revenue per customer and add durability to growth.

Where we might be wrong

- Hardware remains a core feature for longer as economics prove more challenging.
- Non-vehicle products provide insufficient ROI and therefore adoption remains low.
- Success is limited to North America.

Short 10 questions

1. Can sales double in the next five years?

Increased customer count and higher revenue per customer.

2. Ten years and beyond?

Becomes a pure software provider (expanding margins), combined with optionality from non-vehicle products.

3. Competitive advantage?

Extremely fragmented market, no incumbent to displace. Growing data points provide intra and inter customer returns to scale.

4. Is the business culture different?

Process-oriented, organised, and disciplined. Founder-managed with significant skin in the game.

5. Customers like you? Contribute to society?

+100% retention rate. Provide operational efficiency (cost saving), reduce injuries, improve environmental footprint.

6. Are returns worthwhile?

High gross margins and a compelling path to profitability if growth continues.

7. Will they rise or fall?

Rise – they have succeeded to unlock and grow rapidly into a largely undigitized market. Continued growth will expand margins and returns as there is strong operating leverage in the business.

8. How is capital allocated?

Organic growth prioritised – currently small number of products, with significant scope to increase.

9. Could it be worth 5x as much?

Vehicle products in the USA alone could achieve this at a 50% 5-year growth rate at 8x revenue.

10. What doesn't the market understand?

Underestimate the scale of the opportunity and the dearth of competition.

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