

Understanding C3 AI Professional Services Revenue

REDWOOD CITY, Calif. — Sep 8, 2024

Our Professional Services Revenue includes Service Fees and Prioritized Engineering Services (PES):

Service Fees:

Service fees include revenue from services such as consulting, training, and paid implementation services. For service fees, revenue is typically recognized over time as the services are performed.

Prioritized Engineering Services (PES):

Prioritized Engineering Services are undertaken when a customer requests that we accelerate the design, development, and delivery of software features and functions that are planned in our future product roadmap. When we agree to this, we negotiate an agreed upon fee to accelerate the development of the software. When the software feature is delivered, it becomes integrated to our core product offering, is available to all subscribers of the underlying software product, and enhances the operation of that product going forward.

Such PES results in production-level computer software – compiled code that enhances the functionality of our production products -- which is available for our customers to use over the life of their software licenses.

Per Accounting Standards Codification (ASC) 606, PES revenue is recognized as professional services over the period in which the software development is completed.

For the fiscal year ended April 30, 2024, PES accounted for 80% of our professional services revenue. For the fiscal quarter ended July 31, 2024, PES accounted for 77% of our professional services revenue.