

The 24th Annual Needham Virtual Growth Conference
ChargePoint Holdings, Inc. Fireside Chat Transcript
January 11, 2022

Vikram Bagri

Analyst, Needham & Company

Good morning, everyone. Thanks for joining us today, we're very pleased to welcome ChargePoint to our 24th Annual Needham Growth Conference. We're joined by Pasquale Romano, President and CEO of the company. Welcome, Pasquale.

Pasquale Romano

President and Chief Executive Officer

Thanks, Vikram and thanks for having me.

Vikram Bagri

Analyst, Needham & Company

First, I will kick off with questions. But I want to remind investors that everyone watching that they can submit questions as they come to mind. And we will get as many questions answered as possible as we go through our discussion. So, let's get started.

Pasquale, for the viewers and investors who are new to this story, could you just share a brief overview and what differentiates you from competition, there is a number of companies who have made their debut on the stock market, there are a ton of hardware companies out there now. So, what makes you leader in level two charging market, what differentiates you from competition?

Pasquale Romano

President and Chief Executive Officer

Hi. I mean, I would just adjust that a little bit. We're a leader in literally, every single segment of EV charging. We don't focus on any particular technology. Charging rates are matched to the natural parking duration, and the application. So, I tend not to think about the industry in general, as split between L2 and L3, that's a pretty common, I think, misconception. We see mix in a lot of deployments and the mix is based on, kind of the parking duration. We're also not a hardware company, even though we do make a lot of hardware. We don't consider ourselves a hardware company.

So, to zoom back a bit, and answer that question a little bit more fulsomely, the company is 14 years old, over 14, actually, it's been public for almost a year. So, March 1 will be the anniversary of our debut on the New York Stock Exchange. And from the sync, from

the very beginning of the company it was founded on a few basic tenets, a few basic principles that were assumed to be true in the future, which is now with respect to electric vehicles.

Number one, it's a parking model, not a drive to a destination to refuel model anymore, because electricity is pervasively distributed. So, the most important thing is you can put electricity everywhere, you can look at a map of the Earth from space at night and see lights everywhere. So, electricity is not regulated with respect to the storage of a volatile fuel, right like gasoline, so it doesn't have the distribution issues, which is why you have to drive some place to get your primary fuel with a gas car. So that's a big difference.

And you have to understand that assumption, cars are parked 96% of the time, it doesn't matter whether you're European or American, it's about the same statistics. So, it's a 4% utilized asset, meaning there's plenty of time to onboard most of the fuel. When you're driving beyond your battery range, you are on a long trip, that's when you need something that looks like a gas station. But that's the only time. And then because it's a parking model, and not a depot model for refueling.

The other assumption tenant for the company was that most of this stuff's going to be unintended. And so, it's the perfect realm for software to enable businesses to use chargers, to engage customers and employees, these things are unattended, so they have to be software driven from either your mobile application or your in-dash navigation system from your car. And those are coming into alignment, CarPlay and Android Auto where you're in the car with your mobile app, on your phone, or good synergy between the environments and the vehicles and the internet at large. So, if you look at it from that lens, and you say it's that big a CapEx problem, and you couldn't possibly be significant, if you're trying to be a CapEx owner, and more importantly, selling power for profit, there's no return on a lot of the assets.

Being an asset owner is something that we avoided, there are certain scenarios where being an asset owner could be profitable, but that's probably going to be in the realm of project investors, which we enable. So, we have that capability in our ecosystem system of partners. So, we decided to essentially be a combination of an equipment company with a big SaaS value-add and so we sell subscriptions to businesses to keep chargers on the ChargePoint network.

I finally got to what we do. We sell subscriptions to businesses, we sell them chargers as well. And to keep the charger on the ChargePoint network, have it appear in ours and many other mobile applications because we roam with a ton of other players, have it be well integrated with the ecosystem and provide all the tools necessary for businesses to be able to really engage customers and their employees. In this new fueling model, that's what we do. So, every time you see a ChargePoint charger, think of it as a source for a recurring payment on an annual basis to us that is not proportional to utilization or

energy. So, we are not utilization dependent, that fee is fixed, and we are not energy dependent, that fee is fixed.

We affect the energy transaction for the site owner so they can set a price, we meter the energy, we can build drivers for that we do on a regular basis. So, we deal with all the payment management, if there is payment, we deal with all the authentication, we deal with all the enforcement of the hours of operation or the access rules. But what we don't do is get in the way of the ultimate way that the businesses that are our customers. So, we are a B2B, ultimately, we are a B2B company generally. And in that B2B chain, we enable businesses to in an unfettered way use charging any way they want. So, it could be pure amenity – we don't care because we're not in that economic chain of the energy.

So, if they give the energy away, we don't care. In fact, most want to or use it, they want to use it as an incentive, as a reward, as an employee benefit, as a signal to customers about their ESG alignment, etcetera. There's so many reasons why businesses why want to embrace charging.

On the fleet side, it's quite a bit different. I won't get into as long-winded discussion here. I think it's more straightforward. Fleet operators need charging, it's of core their business, they need very complicated software systems from us, that enable the scheduling of vehicles so that the best economic conditions are met for the cost of the electricity as fuel, and that things are loaded on time, onto vehicles for their next shifts, planned routes. And there is a lot of software that has to get integrated with the route planning systems that a fleet and the telematics systems, that fleet to enable that. I'll pause there, Vikram.

Vikram Bagri

Analyst, Needham & Company

That's great. That's very detailed. Thanks, Pasquale. Two questions we get most frequently about ChargePoint are one, obviously growth and second about margins. So, I'm going to ask you one question each on both those strategies. In terms of growth strategy, you've had a pretty busy year, last year, you made two acquisitions, basically it has to be you entered into multiple partnerships with Mercedes and Vex.

Could you just talk about the integration of acquisitions, your learnings from those acquisitions, how your thought process is growing? You wanted a third of your revenues, the target was a third of revenues from Europe at some point. Where are you in achieving that target? When you see that happening? And the nature of your partnerships, how big they can be, both Vex, Mercedes and other partnerships that you've entered?

Pasquale Romano

President and Chief Executive Officer

Yes, there's a lot in that question.

Vikram Bagri

Analyst, Needham & Company

Yes. I'm going to combine multiple questions given limited time.

Pasquale Romano

President and Chief Executive Officer

Yes. That's the mother of all questions there. So, let's start with the integrations of acquisition. So, the two acquisitions we made serve very different purposes. And in our opinion, both have gone quite successfully for us in their early innings.

I'll start with ViriCiti. Since we closed that one, first, I'll just do it in that order. That was to enable an advancement of the fleet functionality that we had in software, ViriCiti has focused more on the vehicle management and telematics side, which for certain fleets, especially in the transit sector, and the heavy sector was underserved. So, we integrated that. But even with their third-party telematics providers, their reporting, battery health monitoring, etcetera, capability was a good add or it fit like a puzzle piece in with our existing fleet management software, because we hadn't focused on that today, but it was on the roadmap. So, it was a way to pull that forward.

We also had good customer synergy with them, meaning there was certainly customers in the fleet space that we had or they had pre-acquisition that neither one of us had. And then there was an overlapping set where they were using some vehicle services from ViriCiti and our charger controls. So, it was a good consolidation from that perspective. The team there, as in with the has-to-be acquisition, are mostly engineers, and, all software engineers. Software engineering is one of the hardest talent markets in the world, bar none. And getting a prebuilt known pressure tested team on two acquisitions in an area that's challenging to hire in is a very good thing.

And so, for all those reasons, we're progressing nicely. We've been moving our customer bases forward, jointly, I think, in a very organized way. So that one is going well. has-to-be is going well, as well. That one is more native ChargePoint, in terms of what we had done commercially. has-to-be, I think, emphasis was on the customers that wanted to own assets and be service providers themselves, many of them are electricity retailers.

In Europe, it's a different regulation market for energy so you see a lot more diversity there in asset ownership. And in Europe, they had a very, very, very strong position as a

software provider, as a network provider effectively. So, it was hand in glove with our roadmap.

So, it moved us up the curve, a good customer roster, moved us up the market share curve well. And we're continuing that integration, we picked up with that some very, very good pieces of technology they have some incredible capabilities in the billing and invoicing area, which we thought were just very well architected that we're integrating. All our systems will be joint, we're not maintaining either acquisition as an independent thing. So, everything will be joined. And has-to-be because they existed in your, as a hardware, less company, meaning they don't make hardware. They had to deal with just a myriad of compatibilities with legacy hardware, which we have as well, there, we have a lot of third-party hardware on our network.

And so, when you take the compatibilities that they have for legacy hardware plus ours, it's pretty unmatched with respect to compatibility with the plethora of hardware that's in the ground already. So, we're very happy with both.

And that's how it moves us up the curve to your question on market share. We've certainly moved up the curve quite a bit on a port count basis, we're at close to 50,000, or whatever the number was that we reported in the last earnings call – its in that ballpark in Europe. But most importantly, it's an all-software business there. So, all of that business is of the high margin, software ilk. We can sell hardware into that customer base now that we are a joint company so we hopefully can amplify the revenue from the existing customer base and continue to add with has-to-be and same with ViriCiti in Europe.

In terms of how we get to a third of the revenue, that's how you get to a third of the revenue. You've seen our comments, we comment on the billings number, not the revenue number but the billings number from your earnings call. So, I won't repeat which you can see in transcripts. But you see that marching up the percentage of our total revenue. So, I think it was a plus or minus 10% or so of our revenue last quarter and we will continue to climb.

Vikram Bagri

Analyst, Needham & Company

And remaining on the same topic, Pasquale, have you seen any positive or negative surprises from these acquisitions? Have you seen upselling opportunities from ViriCiti acquisition? I guess, the hardware costs that you're charging is, I think, it's at \$5 per vehicle for fleets. Have you seen upselling opportunities with your current customers, how successful you have been in doing so? Anything you can share that you learn from these acquisitions?

Pasquale Romano

President and Chief Executive Officer

What price did you just quote Vikram?

Vikram Bagri

Analyst, Needham & Company

\$75 per vehicle.

Pasquale Romano

President and Chief Executive Officer

Yes, well, there's per vehicle fees, there is per charger fees and there are per site fees. For a fleet there's a lot of options.

Vikram Bagri

Analyst, Needham & Company

I was just focusing on ViriCiti portion.

Pasquale Romano

President and Chief Executive Officer

On the ViriCiti portion, yes, they is and has been upselling capability now that we are a joint company and have all the functionality plus the hardware under the same umbrella. So, yes, we are very proud of the comprehensiveness of the fleet portfolio on the software side, before the ViriCiti acquisition. Afterwards, it's pretty unmatched. I mean, it was unmatched before, but I just don't see a like-for-like out there right now.

Vikram Bagri

Analyst, Needham & Company

Okay. And then moving on to margin side, Pasquale, I think, one of the push backs you get is the equipment side of the business, leaving out the SaaS side. The equipment side of the business is that it's very difficult longer term to maintain an edge over your competition in designing the equipment and providing bells and whistles which differentiate you from competition.

So, what's your view about long-term margins in that business, which always is like when people are trying to calculate terminal value, when all the growth is behind it? You guys, what's sort of the terminal value of these assets?

Pasquale Romano*President and Chief Executive Officer*

Yes. So, it's an age-old argument. I'm going to point to a couple of examples in other industries, and then I'll give you some specifics about our industry that, I think, address that question. So, if you look at other industries, let's take the PC industry, I'm sitting here on my nice Mac. And the banking community and investment community are much more PC oriented – poor you guys. And BlackBerry is finally gone, thank God.

So, if you look at the PC industry, though, even though I just made fun of it, it has converged back into, if you look at Microsoft, they now are making their own hardware. They still enable the third-party hardware OEMs. But they are far fewer of them. And the reason is reliability, support and being able to move features as fast as a company that's integrated and it's not that there isn't a standard set out there that you have to be compatible with, we're compliant with all of the standards of communication between our network and the endpoints. But there is always extensions to those standards, because the standards just will never keep pace with the pace of change, and the feature requirements being driven by our customers.

And Cisco did this, by the way, in the router space. So, you can look at the phones, mobile phones, you can look at PCs, you could look at network gear, you can look at anything, and the market leaders tend to have control, or at least the ability to have control of both sides of it, where we depart a little bit. And I guess the analogy there with Cisco is that we're fully compatible. If you want the compatibility with that third-party hardware, we're fully compatible, but you can get state-of-the-art support and state-of-the-art features. If you use our hardware, assuming we have a piece of hardware that's applicable. And sometimes we're not going to make everything. We're not going to make every niche of chargings worth of hardware that's just intractable and much like Cisco.

So, if you look at the universe, what we'll continue to do, I think, is build leading edge stuff that really has a reason to improve the support, picture, its high volume has a reason to exist, essentially, we need to make that stuff, so we can be in control of our destiny. If that were to change, we could reconsider, but just don't see it changing and it hasn't changed in other industries.

And if you look specifically at our customer base, this is the pivot into kind of the reasons that are really unique to us in this market. This is for most people something that's in their parking lot that they really want to have there, but they don't want to have to manage it. And so, you need one entity that's supporting the whole thing that can help you from first sales engagement to installation and commissioning, best practices and consulting on how to use it, how to set it up, how to integrate it with your IT and your HR systems in your, whatever type of business you are, your customer systems, if you're a retailer, your reservation systems if you're a hotel, etcetera.

That really needs to kind of come from a single company. If you've got a fleet that wants to buy best-of-breed and wants to invest in, the particulars of having kind of being the integrator, maybe even there we find that that's not that comment and attitude. But if the customer really wants to be the integrator they can. We just don't see that many applications where a customer has the motivation to be the integrator. It's just not something that they care about.

Lastly, on price sensitivity, let's address that one because, I think, it was kind of a tangent to one of your multi part questions The price sensitivity is kind of interesting in a space. While there's always price sensitivity, most path at least of the install cost of a port of charging is installation, which means that if we cut the price of a charger in half, it only affects total installed cost. It only takes the total install cost down by about 25%.

So that natural labor component which is not compressible and it's not that different. In fact, we think we have easier installation practices with our hardware. So, we could make an argument that our hardware's going to have lower install costs, but let's say it was equivalent across the board. That natural ballast there being so large desensitizes the total invoice from the specific price of the hardware. So, you've got a little flexibility to be a premium hardware player.

Vikram Bagri

Analyst, Needham & Company

Yeah. And staying on that topic about premium hardware, Pasquale, what is the next generation of products that you envision ChargePoint will have two, three, five years from now. You've seen V2Gs, you've seen companies coming up with all different connectors, you have optionality to buy the connector you want to install? You have companies, which...

Pasquale Romano

President and Chief Executive Officer

We pioneered that.

Vikram Bagri

Analyst, Needham & Company

Yeah. And you've seen companies installing batteries with their chargers, which provides a boost to charges, a level two charger sort of operates like a fast charger, like what do you envision in a few years will from ChargePoint?

Pasquale Romano*President and Chief Executive Officer*

So ChargePoint's Hallmark from the beginning is flexibility, it's we focus on total cost of ownership. So, in and I think that wins the day at the end, because these are outdoor assets that have to be bulletproof, that have to be super reliable and when they break, they have to be easy to fix and it has to be easy to have a network of technicians to not only install, configure, but also repair in the event that something where we're not operating. That's why we invest so much in our ashore product, where it's sort of Apple Care, ChargePoint charger, you can leave it to us and we'll take care of things if things break.

So, if you look at the modularity, let's take the last fleet announcement we made where we had the fleet hardware product line, which was the worst kept secret in the industry, because it was a very well-known health care form before we announced it. But let's take the power link, which is the super dispenser that we have that can be mounted on a gantry, put on a pedestal. It's just got a million different mounting configurations, the little the screen and the brains is in a module, it's in a sub-assembly, you can't tell from looking at the unit that it's not – that it's a Lego block.

That's the same exact one that we use in the new AC charger that was in that fleet picture. It's the same exact one. So, if you were to be a fleet or even a consumer, because those pieces of hardware are the same ones we use for consumers in our commercial business, if you were to stock spares, you stock one thing, when that box gets replaced into an AC charger, it wakes up and says oh I'm in this particular model of AC charger with this configuration. I know how to act when it gets locked into a DC dispenser that's on a feeling convenience store for long haul consumer driving, it wakes up it knows what to do and knows how to contact our network and knows how to configure itself.

So, the modularity in how few things we build for how many configurations we can hit is really our hallmark. User installable cables, this company pioneered that in terms of and we're doing more and more stuff with cable options. So, if you look at that same dispenser that was that I referred to that was in that press release, the DC cables, the communications to the vehicle are in a little tiny piece of circuitry in the connector that plugs that cable into the charger itself. So, do you have a new version of CCS that comes out? No problem change the cable? It's that simple, right? And so, we've dealt with all of these things ad infinitum. Let's get to storage because that's an interesting one. Centralize the storage. If you have you very few occasions, are you going to have one port of DC charging is awesome.

Okay, there are some more that's applicable. The minute you have more than one port of DC charging, stick the cabinet with the storage centralized, so it can be shared in whatever the stall closest to the door is going to get more use, right? And so, you don't want that charger's battery to be depleted and the charger, forestalls away to have plenty

of juice. And now the one that wants to get the regular use gets the short end of the stick because the charge rate isn't there, you really want to centralize storage if you use storage; if the application warrant said there's some ifs around that there are great applications for storage, but it really demands centralization. I also think margin akin batteries in a charger, no one's willing to tell about that one.

Okay, margin stacking something that is effectively a commodity we deal with that as balanced system. We don't want that running through our books. If you look at solid state disk drive market, who owns that now? It's the people that make the flash chips. We expect that the battery cell manufacturers will make storage cabinets before too long. And when they make storage cabinets, that's not something we can compete with because they make the commodity that is dominating that bill of materials, so not something we want to be part of.

Vikram Bagri

Analyst, Needham & Company

Changing gears, I wanted to talk about the margins in SaaS also, it's somewhat has been a topic of debate, since you guys have been public. That that margin unfairly sometimes get compared to margins of SaaS companies out there and that it should be in 60% range not sometimes not realizing there is network services in there. There's depreciation in there, there is assure maintenance fees in the cause of that margin. Where do you see that margin stabilizing? There are certainly economies of scale in that business as well and expectations I guess are, it stabilizes in mid-50% range. Where do you think it stabilizes? When do you think you get there? And what causes frankly volatility in that margin to quarter-to-quarter?

Pasquale Romano

President and Chief Executive Officer

I don't think there's much cause for volatility in that margin. And so, I don't think volatility is a factor unless you really have a reliability issue, which we don't have a history of having. So, if you do then we want to continue to invest into our job right there. So, the black swan events notwithstanding volatility in the SaaS margin isn't really our concern. The SaaS margin, or the services line margin, because you lumped assure into your comment, which is where it shows up, subscription shows.

Vikram Bagri

Analyst, Needham & Company

Subscription.

Pasquale Romano

President and Chief Executive Officer

Yeah, and that makes sense. That's fine. So, I'll just give you a couple of examples that will help, I think the listeners understand where the margin structure will go and where it's coming. We're not guiding that specific margin line. So, I can't give you a specific target.

Vikram Bagri

Analyst, Needham & Company

Of course.

Pasquale Romano

President and Chief Executive Officer

I'm not being evasive, but I'll give you how to think about it. The M2M costs, the backhaul costs for the cellular communication to the units, first of all is in our network fees. Also, driver support is currently lumped into that and we don't charge consumers anything, it's part of our value add. There are definitely economy of scale issues at the current size of the market, especially when you look at 24/7 365 care for drivers and then you also deal with station owners, not necessarily all 24/7 365, but pretty aggressive SLA terms there, now, in multiple countries, in Europe, Canada, North America, with all the languages you need to support everywhere.

It actually is an expensive proposition at even in the scale we're at isn't insignificant, but it's insignificant relative to where it's going. It's just not at a point where it's up the optimization curve. And then our own investment in tools to really make more of that self-serve, and automatic – there's a massive investment going on right now in ChargePoint to get our business systems in line with where we know through good data and 14 years of information telling us where the optimization real advantages are.

We're investing to basically shrink that. So, you will see improvements on the cost structure of that line. Right now, because it's the early days with market is not the time to try to cut corners on customer satisfaction. You won't live to tell about that phase. And if you look at how much growth is in front of us, not something we want to shortchange at this point. We want to do it through investment in automation tools, and systems and then just let scale handle the diversity of language and locale and hours of operation with that fill in the optimization blanks, so to speak, over time. So those margins should head in a good direction over time with that scale and our own investment and then it'll be capped by a couple of things that won't let it go to pure SaaS margin. It won't let it go to pure SaaS margin numbers. I don't think it'd be that far off, because we're burdened with the M2M costs, and we're burdened with the additional driver support costs, which will drag

that down a little bit. And that's how I think about it. It's going to be a very healthy business over time. It actually is a very healthy business now, it'll just get better.

Vikram Bagri

Analyst, Needham & Company

So, and then just tying it all together, both the subscription margin and the equipment margin, your face supply chain and logistical issues like all the competitors, and everyone else in the market who has anything to do with shipping. And that has impacted your margin last quarter was 3 percentage point impact. What's the expectation? What are you seeing in the market in terms of those two scores? It seems like shipping costs have stabilized. But they've not gone down. When you think that impact goes away this year, one? And two, I noticed some of your products are backordered. It seems like the residential charger is backordered. Is there a thought to change the pricing strategy until things open up until the shipping costs come down and you capture sort of support the margin and take care of the back orders as well?

Pasquale Romano

President and Chief Executive Officer

It's complicated. Again, that's a whole fireside chat in itself there that question. It's really great question, by the way. So first of all, I think there are very few companies out there, we are one of them, that have been able to beat and raise guidance in a supply chain constrained environment and still make margin progress without having major pricing actions. We've still made forward progress on margins and as I even have to explain to my own board, the things that work across purposes when you're in supply chain constrained environment, our assurance of supply and progress to margin. And the reason is when you lock in supply literally in many cases by taking the inventory, if you have to, or building ahead or guaranteeing payment on things that are really in tight supply.

What you do is you have now a pipeline of materials that you can't change, because it's sunk now, so cutting in cost reductions in the form of alternative supply, in the form of design changes in the form of any number of things, those are challenging to do. And then the contract manufacturers, they're impacted by COVID on the labor side. So, churning the training, so even things that improve time and motion on an assembly line, changing test procedures to reduce test time, all that sort of improved yield all that all the stuff that you do to improve margin. Everything just hits friction, because of either labor impacts by COVID, or needing to make commitments to assurance of supply. And even with that, we've improved margins.

So, imagine what our ops team is facing when our sales team says, we need more cookies and they are like, you're kidding me, right? Do you know what chocolate chips how hard they're to get? And so, they're out there, finding more of them and figuring out how to

make more supply for sales force and our customers, so we're incredibly happy about that. In terms of it breaking, I think the best position to be in is a position of assurance of supply right now, given the scale in the market. And so, you have to take a conservative position with respect to any estimate of when this thing is going to subside.

So, our attitude internally is until we see it, change meaningfully assume it's not going to change. And if we did the same thing with our employees, with COVID, we say totally see, it's really over, we're not going to assume it's over. Even in our own internal operations and so, here's Omicron, so we never even set our expectations with anybody, our employees, our customers, our investors, that things are going to break until they break because it's just there's too many variables. So, we're being incredibly careful with respect to that. We don't want to disappoint customers right now. That's the number one thing is do not disappoint a customer if you can avoid it.

Obviously, even with that, even with all our efforts there are some things we can't ship that we will catch up on. And so that's how we're thinking about that. When that does break that same team that has still been able to make forward progress on margin improvement and assure supply gets to put 100% of its energy, into cost improvements in new product introduction. So, there's I think the proofs that we've got, I think the good infrastructure in the company to be able to tackle margin challenges on a go forward basis. So, every company has its margin challenges. But I think we've got a team with a very good track record of being able to manage a very complicated supply chain.

Vikram Bagri

Analyst, Needham & Company

Certainly, revenue be in every quarter in your public histories puts you in a unique position and the margin progress is impressive, too. You mentioned, Pasquale, COVID sort of causing the some of these issues, labor shortages and so forth. And you're seeing the spread of Omicron is doing sort of the same thing over and over again. Are you seeing some of the issues you saw three, four or five months ago, resurface because of supply – labor shortages, because people are being asked to work from home all across the globe? Are you seeing some of those issues resurface or early indications of those issues resurfacing?

Pasquale Romano

President and Chief Executive Officer

In our supply chain, depending on where you are in the globe, we've been dealing with hotspot issues, not with respect to labor per se, but we've been dealing with hotspot issues

across the board. I would not be surprised if the Omicron bubble kind of moves through labor right now our contract manufacturers seem to be managing that reasonably well. And remember, all the countries out there aren't synchronized this is kind of hitting somewhat time delayed either ahead or behind, depending on the country you're looking at.

We do manufacture pretty diversely and so we've manufacturing operations in many – contract manufacturers I should say, we don't directly manufacture. But we have teams managing contract manufacturers in a lot of places around the planet because of the complexity of the logistics around the product. And some of the tariff management and certification things that you have to deal with globally that I won't bore you with. So that means that we get a little bit of an insulation, a little bit, not a ton, but a little bit of insulation from a particular hotspot with respect to labor in one location.

Vikram Bagri

Analyst, Needham & Company

That makes sense and I see you have a hard stop, and we have two minutes left. So, I wanted to hand it back to you for any feedback you want to share from the conference, anything that you feel needs to be highlighted, needs to be addressed, maybe it's misunderstood. Anything you want to share on your part?

Pasquale Romano

President and Chief Executive Officer

I think the interesting thing to leave you guys with is that while this industry, I think is starting as it should, to be measured like a run rate industry, and we applaud that, because it should be. You need to be disciplined investors and we need to be disciplined operators. The sheer magnitude of the opportunity in front of a company like ChargePoint assuming we execute, is pretty breathtaking. We're at single-digit percentage penetrations in North America and Europe, into the fleet at large of consumer vehicles and fleet vehicles. In fact, fleet vehicles – commercial fleet vehicles are behind in penetration, because they're supply constrained from OEMs. And yet, we still manage to have the scale of the company that we have. And you look at the growth rate and that growth rate is just look at what's driving its vehicles and look at how few vehicles have actually penetrated, and this is not a substantially build ahead kind of market.

So, the opportunity for investments in the EV ecosystem if well placed, and we think we're a good place to put it because we're broadly enable broad exposure to the EV space. We're not a battery technology company, we're not a particular OEM targeting a single set of verticals, we're broadly exposed. What it presents is a massive investment opportunity over the long haul if we can execute, if we can continue to deliver, which we have if we were we have good confidence in ourselves and our ability to do that, but time will tell.

And assuming we do that, look at the size of this industry in general. Just look at it. It's breathtaking. It's just reengineering transportation globally. And the paradigm shifts to fueling mostly while you're parked because of the pervasive distribution of energy, that's going to completely change the landscape, completely change the fueling landscape. And I think it's going to lead to very, very, very exciting times, not only for companies like ChargePoint but for every everything in the industry and I'm sure, Vikram I didn't get to listen to all the fireside chats, but I'm sure that my comments are not unlike a lot of the other folks in this space.

Vikram Bagri

Analyst, Needham & Company

No, definitely your comments were echoed and most of the discussions. So, on that high note lets end the presentation. Thanks everyone for joining us. Thanks Pasquale. If you have any follow-up questions reach out to me, Pat Hamer at ChargePoint or Pasquale and we'll try to get them answered. Thanks once again, everyone.

Pasquale Romano

President and Chief Executive Officer

Thank you, guys.