Hello, everyone. Welcome to Amplitude’s Second Quarter 2022 Earnings Conference Call. I’m Yaoxian Chew, Vice President of Investor Relations. Joining me are Spenser Skates, CEO and Co-Founder of Amplitude; and Hoang Vuong, the company’s Chief Financial Officer.

During today’s call, management we will make forward-looking statements, including statements regarding our financial outlook for the third quarter and full year 2022, the expected performance of our products, our financial goals, our expected quarterly and long-term growth, investments and our overall future prospects. These forward-looking statements are based on current information, assumptions and expectations and are subject to risks and uncertainties, some of which are beyond our control that could cause actual results to differ materially from those described in these statements.

Further information that could cause actual results to differ is included in our filings with the Securities and Exchange Commission. You are cautioned not to place undue reliance on these forward-looking statements, and we assume no obligation to update these statements after today’s call, except as required by law.

Certain financial measures used in today’s call are expressed on a non-GAAP basis. We use these non-GAAP financial measures internally to facilitate analysis of our financial and business trends and for internal planning and forecasting purposes. These non-GAAP financial measures have limitations and it should not be used in isolation from or as a substitute for financial information prepared in accordance with GAAP. A reconciliation between these GAAP and non-GAAP financial measures is included in the earnings press release, which can be found on our Investor Relations website at investors.amplitude.com.

With that, I’ll hand the call over to Spenser.
Spenser Skates - Amplitude, Inc. - Co-Founder, CEO & Chairperson

Thank you, Yao, and hello, everyone. We appreciate you tuning in for our Q2 2022 earnings call. Amplitude had a great second quarter. We’re seeing many opportunities for growth in our early market. We closed our second quarter with $58.1 million in revenue, up 48% year-over-year and above the high end of our guidance. Our dollar-based net retention rate was also strong at 126%. And as you’ll hear from Hoang, we are also raising our top and bottom line guidance for the year.

We hosted 1,500 product leaders in person at Amplify, our annual user conference. It was great to see so much of the product and data community there in person for the first time in 3 years. At Amplify, we made our biggest set of product announcements in company history. This included a brand-new product, Amplitude CDP and lots of new features in our core analytics product. We also hired our first-ever company President, Thomas Hansen. Thomas will lead all of our go-to-market efforts and help us reach the next stage of maturity. There is a lot to be proud of for Q2, but we are just getting started at Amplitude.

Our vision is to help every company build better products through data. We are a digital analytics platform that gives self-service visibility into the entire customer journey. When teams understand how people are using their product, they can deliver better product experiences. With Amplitude, they can understand what product features are working, where users are getting stuck and what actions lead to the right outcomes. Nothing is more critical to driving digital revenue growth.

Amplitude’s digital analytics platform is made up of 3 products: Amplitude Analytics, which provides real-time digital product data and is the core of everything else we offer; Amplitude CDP, which creates a single source of truth for customer data and; Amplitude Experiment, which powers, runs and analyzes product tests. Amplitude is fundamentally different from legacy analytics solutions. Legacy analytics focus on page views instead of understanding the end-to-end customer journey. They’re not self-service for an organization.

If your company is building a digital product, you need Amplitude to know what’s driving impact and what to build next. Amplitude’s success is driven by 3 megatrends that are impacting every business. The first is digital transformation. Companies have made massive investments in digital products, and now they need to show a return on that spend. Amplitude helps companies optimize their digital products to drive revenue. The second is data-driven products. Companies are moving from an intuition based development process to a data-driven one. Amplitude makes that switch possible. The third is product-led growth. The best businesses view the product itself as their #1 revenue driver. Amplitude connects the product you build to revenue and business outcomes.

We have an elite engineering team that puts rapid innovation at the core of everything it does. At Amplify, we announced our biggest set of product launches in company history. Product innovation at Amplitude remains the most important priority for the long term and how we create and sustain value for our shareholders. We believe our most valuable innovations have come from when an engineer with deep technical expertise is combined with a strong understanding of the customer problem.

We launched 4 new features that improve the value of our core analytics product, which is foundational to everything we do. The one I’m most excited about is campaign reporting. This enables teams to understand which acquisition channels users are coming from and how marketing programs impact product goals. The second is metrics. It lets users tie customer behaviors directly to business outcomes, not just product wise, like sales and customer lifetime value.

The third is our new data tables, which allow customers to measure multiple KPIs in a single view. This is critical for advanced analysis of reporting because it enables side-by-side analysis. The last is experiment results. Experiment results allows companies to use their own AB testing infrastructure while they analyze the results of Amplitude. This makes our experimentation capabilities more accessible to large enterprises who prefer to use their own feature flagging infrastructure.

We also launched a brand-new product at Amplify, Amplitude CDP or customer data platform. Now companies can collect, analyze and activate customer data in a single platform, Amplitude Recommend. Our audience segmentation and targeting capability will be folded into our CDP and become an add-on for it. Our goal of entering the CDP space is to make it easier to start with amplitude. We never want the need for a CDP to be a blocker and Amplitude CDP provides an easy entry point for companies to get started with us. We want to reduce duplicative spending for our customers so they are not paying different vendors for CDP and analytics.
Amplitude CDP has the benefit of being integrated with our analytics product, which allows you to use the same tools to manage data across both products. While there are a number of benefits to using Amplitude CDP, we’re agnostic as to whether customers use our CDPs or third-party CDPs. We want customers to keep their data wherever it best fits their use case. We will continue to work with other CDPs in the same way we have before. Amplitude is already the top destination for many other CDPs. Launching Amplitude CDP allows customers another choice as the CDP space becomes commoditized.

We welcomed Thomas Hansen as our first ever President last month to help us get to the next stage of growth. He will lead Amplitude's go-to-market efforts. This includes sales, customer success, marketing, partnerships and revenue operations. Thomas’ track record speaks for itself, having led multiple businesses towards $1 billion in revenue in his roles as CRO of UiPath, CRO and COO at Carbon Black and senior leadership roles at Dropbox and Microsoft.

A few things really stand out to me about Thomas. He has an exceptional ability to develop and hire great leaders. He also has experience scaling companies at Amplitude stage of growth towards $1 billion in revenue. Most importantly, Thomas is someone who embodies the cultural values that we built Amplitude around: humility, ownership and growth mindset. I've been impressed by his level of empathy as well as his ability to navigate who Amplitude is as a company in his short time here so far.

In Q2, Amplitude was named a strong performer in the Forrester Wave Customer Analytics Technologies report. We received perfect scores on 8 criteria, this includes product vision, performance, customer journey analytics, next best experience analysis, user personas and more. Amplitude also ranked #1 in 8 categories in the G2 Summer 2022 report. We ranked #1 in product analytics for the 8th quarter in a row. We ranked #1 in mobile app analytics for the third quarter in a row, and we also ranked #3 in digital analytics for the 6th quarter in a row. These are big validators for our leading position in the market.

Organizations of all types are increasingly understanding the importance of taking a data-driven and product-led approach. Some big wins in Q2 include UiPath, Groupon and Dynata. You might recall that last quarter, we talked about how Google Analytics is shifting its customers to a new platform. We continue to view that as an opportunity to introduce many of their customers to the power of Amplitude. I'm happy to say that this catalyst helped drive 2 of our biggest clients in Q2. Amplitude's sophistication and ability to go beyond surface level metrics truly resonated with them. I think we're early on in attacking this opportunity.

Our land and expand strategy continues to pay off. We had several notable customer expansions in Q2, including Webflow, Chick-fil-A, Jersey Mike's, Al Jazeera U.S. and Cisco Innovation. Companies need to prioritize their digital product experiences regardless of the environment. A great example of an enterprise win is Groupon, the global online marketplace for services and experiences. After relying on another tool for the last 1.5 years, the Groupon team realized it needed a better digital analytics solution that could handle its heavy event volume and return queries in seconds. That's why Groupon selected Amplitude Analytics. Now it’s product, engineering, analytics and marketing teams are using Amplitude to build better customer and merchant experiences.

Jersey Mike's, the sub sandwich restaurant with more than 2,200 locations across the U.S. has been an Amplitude customer since 2019. After overhauling a path to drive online sales, the Jersey Mike’s team needed a better way to get the right messages and promotions in front of the right people. A big portion of its daily online sales are driven by MyMike’s loyalty members. So it used Amplitude to identify which customer cohorts would be the most likely to join a loyalty program based on average order value and number of items purchased. With that insight, the Jersey Mike’s team was able to serve tailored messaging and incentives to that cohort in order to drive more loyalty program sign-ups. And in Q2, it renewed and expanded its work with us to include Amplitude Recommend.

Dynata, the world’s largest first data party data platform for insights, activation and measurement purchased Amplitude Analytics in Q2. In the past, Dynata used a combination of log-based data and customer feedback to inform product road map decisions and allocate developer resources, but its team was ready for a more sophisticated approach. Now Dynata’s product, engineering and customer success organizations are using Amplitude to access actionable customer data and make more informed decisions.

TAG Heuer, the luxury watchmaker, owned by Fortune 500 company LVMH, started working with Amplitude at the end of last year to better understand the performance of its connected smartwatch. In Q2, TAG Heuer expanded its partnership with Amplitude by adding Amplitude
By using Amplitude’s advanced audience segmentation capabilities, the TAG Heuer connected team can make better decisions that benefit the end customer.

I know the topic on everyone’s mind is the current economic environment. I’ll give you my high-level view and I’ll let Hoang speak to it in more detail. I’m encouraged by the continued demand I’m seeing for Amplitude based on customer conversations. On expansions, once up and running, our customers tell us that we are a mission-critical part of their technology stack. We saw several $1 million-plus expansions this quarter and drove more multiyear deals. This is a very strong validation of Amplitude’s value even in challenging times.

We've said the exact timing of expansions is hard to predict. That remains a work in progress for us. We’ve seen an outsized benefit from many companies leaning into their digital efforts over the past several years. We’re cognizant of our exposure to some specific businesses, namely COVID beneficiaries, crypto and early-stage startups. As it relates to new business, we are playing in and helping shape an earlier category of software. This is a process that takes time and focused education within the market. Product analytics continues to be seen as a strategic must-have by many. Despite this, there should be no surprise that new buying decisions are taking longer and are subject to more approvals in this environment. Some regions and industries that have been notably more challenged than others, specifically parts of Europe and within the SMB market.

We are operating with the assumption that it will be more difficult going forward for early-stage start-ups and smaller companies. Long term, Amplitude is a must-have for any organization. I've never been more excited about our market opportunity. We see more validation today than ever before. Amplitude is one of the ways that customers can do more with less in a world where that incremental dollar is harder to come by.

I want to share how we are managing the business in the current macro. Given our vantage point, we were early in taking a conservative approach to the year. We have been selective on both hiring and investment. We’re confident in our ability to continue to execute in this environment. We are driving sustainable growth. We are continuing to make strategic bets in product innovation to further our competitive differentiation. On go-to-market, we’re focused on driving awareness of our category and solutions and maturing our efforts and efficiency. We’ve always had good instincts for how to help our customers. Those instincts are critical in helping us navigate the coming period.

We are building a world-class team here at Amplitude as an early company helping to shape the category, I am confident our best days remain ahead. Thank you for your interest in Amplitude. I’d now like to turn it over to Hoang to walk through the financial results.

Hoang Vuong - Amplitude, Inc. - CFO & Treasurer

Thanks, Spenser, and thanks again to everyone for joining us today. We had a strong second quarter with revenue of $58.1 million, up 48% year-over-year, boosted by large expansion early in the quarter. Paying customers were up 43% year-over-year to 1,836. Dollar based net retention was solid at 126%. We also achieved a new milestone. We generated $8.2 million in free cash flow, our best quarter ever.

Now as a reminder, event volume plays an important role in determining our subscription pricing. The event volume can fluctuate. And last year, we saw very robust growth as COVID accelerated digital adoption. Today, customers face a more challenging and uncertain operating environment. Certain businesses, namely COVID beneficiaries, crypto and early-stage startups are seeing more volatility. We're managing the business using key metrics like SaaS Magic Number, Rule of 40 and [quota theme].

Combined this with the current economic environment, we think it is prudent to lower our risk appetite on investments in the second half of the year. This means we'll be more conservative with headcount growth. And thanks to our diversified customer base and product value, we are confident that we can navigate the environment and come out even stronger. Our long-term opportunity is huge. Customer overall demand for Amplitude remains strong, and we're still very early in our market. For example, a consumer Internet company that benefited from the acceleration of digital during COVID, signed a multiyear million dollar-plus expansion deal this quarter because they embrace product-led growth despite economic concerns.

Geographically, revenue from the U.S. increased 40% year-over-year to $35.5 million in Q2 or 61% of total revenue. And international revenue increased 63% to $22.6 million or 39% of total revenue. The war in Ukraine is impacting our European business. We're no longer going after new business in Russia, and we're also seeing some deals delay in Europe.
Total RPO increased $227.6 million, up 64% year-over-year and current RPO also increased to $170.2 million, up 46% year-over-year. Our strong growth in RPO reflects solid execution in Q2 and customer growing commitment in Amplitude. We wanted to drive more multiyear deal, and we continue to see this increase steadily in the last 18 months.

I’ll be discussing non-GAAP results for Q2 going forward. As a reminder, our GAAP financial results, along with a reconciliation between GAAP and non-GAAP results can be found in our earnings press release and supplemental financial on our IR website.

Gross margin was a record-breaking 74%, up 360 basis points year-over-year. This was boosted by a credit from our hosting provider for reaching certain product milestones. We have made a lot of progress in the gross margins and expect to continue to operate in the range of 71% to 74% in the near term.

Turning to operating expenses in the quarter. Sales and marketing expense was 53% of revenue compared to 49% of revenue in Q2 2021. This is primarily due to our Amplify Conference, where we hosted 1,500 customers and partners in Las Vegas. It was a fantastic event. We also evaluate our spend in the first half and know that we can do better with sales and marketing efficiency. This will be a focus area in the second half.

We are continuing our investment in core product analytics while adding to experiment and CDP. These investments increased our R&D spend to 22% of revenue. We are still hiring but at a more measured pace. Our higher level of investment resulted in an operating loss of $9 million or negative 15% compared to a loss of $4.2 million or negative 11% in Q2 2021.

Net loss per share was $0.08 based on 111 million shares compared to a loss of $0.15 with 29.7 million shares a year ago. Cash and cash equivalents were $310 million at the end of Q2, up from $307.4 million at the end of the prior fiscal year. This was driven by our best-ever positive free cash flow of $8.2 million or 14% of revenue compared to negative 15% in the year ago period. The beat in free cash flow was driven by a few large renewals that happened earlier in the quarter, allowing us to bill and collect for them in Q2 versus Q3.

I will again reiterate our approach for balancing growth and profitability long term. We have never been a growth-at-any-cost company. That’s simply not in our DNA. Our focus is on sustainable growth. We are mindful of this as we invest to win the digital analytics market. By the way, it makes sense for us to invest because of our favorable unit economics and strong balance sheet. At the same time, we are committed to improving operating margins every year through our medium-term goal of breakeven operating margins and positive 10% free cash flow.

Now for our third quarter guidance. We expect revenue between $59.5 million and $60.5 million, representing an annual growth rate of 32% at the midpoint. Non-GAAP operating margins of negative 16% to 17%; non-GAAP net loss per share to be between $0.07 and $0.08, assuming shares outstanding of approximately 112.1 million.

For the full year 2022, we are raising our revenue guidance to $232 million and $236 million or an annual growth rate of 39% to 41%, this is higher than our prior range, $229 million to $235 million. We expect non-GAAP operating margins between negative 15% to 16%, a significant improvement versus our prior guidance of negative 19% to 20%. And we expect non-GAAP net loss per share to be between $0.34 and $0.36 assuming shares outstanding of approximately 111.6 million.

Please also note that net retention rate is a trailing 12-month number. We expect it to decline in the near term as a reason -- as of the record expansion from Q2 2021 become part of the base. Our guidance reflects recent customer conversations, spend environment and event volume trends. For context, our assumptions on the macroeconomic environment result in a negative $1 million to $2 million impact on our Q3 revenue and a negative $3 million to $4 million impact on our fiscal ’22 revenue guidance.

In summary, we delivered strong Q2 results, and we'll continue to manage the business for sustainable growth. Our long-term opportunity is more clear today than it's ever been. In talking with customers, it is clear Amplitude remains a key priority. With the new talent we're bringing in and new products to grow our market, we are confident that we'll continue to execute as we scale.

With that, we look forward to your questions.
QUESTIONS AND ANSWERS

Operator
(Operator Instructions) Our first question will come from Koji Ikeda, Bank of America, followed by Tyler Radke of Citi.

Koji Ikeda - BofA Securities, Research Division - VP & Research Analyst
Can you hear me okay?

Spenser Skates - Amplitude, Inc. - Co-Founder, CEO & Chairperson
We can hear you great.

Hoang Vuong - Amplitude, Inc. - CFO & Treasurer
Great. Great.

Koji Ikeda - BofA Securities, Research Division - VP & Research Analyst
So just 2 questions from me. You guys brought on Thomas to really help up with your go to market here. I guess a question maybe for Spenser or Hoang or Thomas, if he's available. How do we think about kind of the balance focusing on expand versus focusing on new logo growth over the next 12 to 18 months. And with the prior commentary about a more prudent approach to the sales and marketing spend in the second half, he is new to the organization. So how to think about where he's going to be putting dollars to work from a go-to-market strategy?

And I guess, Spenser, how involved are you going to be or not going forward with any sort of go-to-market activities? Are you going to be seeing clients out there, too? Or you just kind of stepping away from that?

Spenser Skates - Amplitude, Inc. - Co-Founder, CEO & Chairperson
No. So I appreciate the questions, Koji. I'll try to get to each 1 of them. So I'll continue to be involved in go-to-market. I spent a lot of time with customers. I went to Europe in Q2 and got to hear firsthand from a lot of the product and data leaders out there, and I'm going to be continuing to be involved in key deals and helping shape our go-to-market.

Thomas joining is really about setting ourselves up from the past from here to $1 billion in revenue. And as part of that, I'm always looking to mature and improve how we execute from a leadership perspective across the board. We obviously talked about bringing in Lambert last quarter, and that was a huge part of that. And then Thomas this quarter is just another part of getting someone who’s seen that journey to $1 billion before.

I think from my standpoint, you always get the best results when you combine people who have seen that journey and who have the experience with great internal talent that has the context from Amplitude. And then in terms of your comment on spend, I think to Hoang’s point, we've never been a growth-at-all-cost company. It's always been -- we've always been relatively efficient given our size and staging growth rate. And so I think both looking at in the context of the macro as well as having Thomas join in, it's not like we're expecting to make any massive changes to how we invest or totally change. It's about maturing to the next stage in terms of how we serve our customers. And I'm really excited to welcome him to the company to help us drive that.
Hoang Vuong - Amplitude, Inc. - CFO & Treasurer

I’m sorry, I’ll add to that Koji a little bit. For us, I think there are 2 areas. Obviously, I think on the land side, I think there is a huge opportunity we’re currently only at 1,800 customers. And so I think there is a huge opportunity for us on the land side. On the expansion side, we’ve always had really great success once a customer really adopt product-led growth. I think the real opportunity is trying to figure those early customers, how do you increase awareness, the relationship so that they get to the point where it is a no-brainer that they need to be product-led and critical to that success. And so that beginning motion expansion and the land are a real critical focus areas for us.

Koji Ikeda - BofA Securities, Research Division - VP & Research Analyst

Got it. Got it. And then just 1 quick follow-up. I appreciate all the commentary on kind of the prudent approach here in the second half. I really appreciate that. And my question kind of goes the other way. What are you maybe kind of looking for in the end markets or maybe the pipeline or anything else out there, where would maybe get a green light for you to step on the gas a little bit harder?

Hoang Vuong - Amplitude, Inc. - CFO & Treasurer

Yes. I think we look for just like what we -- I was saying, I think we continue our conversation with the customers. I think that our awareness and raising that awareness and education of product-led is still an investment that we want to do, and that's why Amplify is so important. I think the single just become when we hear feedback and more examples where people go, I got to get it now. This is critical, there's no other way to drive growth in a ROI world. And we really believe that, obviously, that the best investment you can make is around investment in product-led growth.

And so I think when you cross that, call it, a bridge or that CASM at that point, I think that's when we would really continue to speed up again. But I think we always want to be prudent and continue to evaluate our spend to make sure that we're being efficient.

Spenser Skates - Amplitude, Inc. - Co-Founder, CEO & Chairperson

Maybe to say it a different way, I think we are making the investments now. Amplify was obviously a big investment in Q2 just to see the amount of engagement coming out of COVID and so many people showing up to an in-person conference. That's a kind of great way to raise awareness. On the product side, we're continuing to make investments in new products, CDP was just the latest. I'd even go -- Q2 was the largest set of product announcements in company history. So we're still making all the investments across the board. I think where we want to be cautious is on the margin. So we definitely don’t ever want to get into that growth-at-all-cost company and overspending because that's just not how we're built and so times like this in a lot of ways are -- it’s good because we can continue the same approach of investing that we always have while continuing to grow our market share.

Operator

Tyler Radke from Citi, followed by Taylor McGinnis from UBS.

Tyler Maverick Radke - Citigroup Inc., Research Division - VP & Senior Analyst

I wanted to ask you a little bit more about your assumptions on the guide and specifically kind of going back to some of the comments Hoang made on how the quarter played out. So I guess first, is it fair to say that the guide implies things getting worse from what you saw in the second part of the quarter? Or are you assuming those dynamics kind of carry on throughout the rest of the year? And then I'm just curious in terms of your comment on net retention, are you seeing any churn or down sales that's impacting that? Or is it simply just slower expansions?
Hoang Vuong - Amplitude, Inc. - CFO & Treasurer

Thanks, Tyler. So first, on our guidance, our -- the way that we approach guidance hasn't changed. I think we start every quarter and we look at information that's available. And in particular, for now, we've looked at basically what we saw in June and in July and we've actually incorporated that into the guidance. And I think that's what we're seeing, when we say that the macro environment we believe will cause us to kind of reduce our Q3 revenue by $1 million to $2 million and our guidance for the full fiscal year by $3 million to $4 million.

And so I think we'll continue to reevaluate every quarter. But any potential kind of risk like that was actually already incorporated into our guidance.

On the net retention rate question, again, just as a reminder, net retention rate is a trailing 4-quarter number. And we talked at numerous times about the fact that we had some really large expansion in Q2 2021 that now has come completely and rolled down into the denominator.

And then also, if you remember, in Q1, we mentioned that we had a huge churn coming from both what we took as our decision to seize doing businesses in Russia. And so that churn along with the churn from Twitter obviously has a headwind. And so you can also imply from the fact that we do see some small potential risk to churn in Q3 and Q4, and that's what is impacting some of our guidance number with some of those businesses. But all that put together, we do feel like there is headwind coming to the trailing 12 month number for net retention rate. And so that's why we're saying that net retention rate will decline over the next couple of quarters.

But I will finish off, I guess, on the last piece is where we would think that retention rate is in the long term. We actually have a lot of confidence that our net retention rate in the long term will be above 120%. And why do we believe that? We're still very early in the market. We're only at 1,800 customers. A lot of those customers are still very early in their adoption of product-led growth, and we're also launching new products. And so as those customers expand and the product becomes attached to it, we're confident that our net retention rate will be healthy in the long term, even though we may have a few headwinds in the near term.

Tyler Maverick Radke - Citigroup Inc., Research Division - VP & Senior Analyst

Great. And can you talk just about what you're seeing on the expansion side from maybe industries that are outside of these digital native or COVID winners, any change in expansion trends there at least in your assumptions of those expansion trends?

Spenser Skates - Amplitude, Inc. - Co-Founder, CEO & Chairperson

I think on the customer side, we're still continuing to see strong expansion. I think in Q2, we had multiple million dollar expansions. And so that was a very encouraging sign for me. We actually had a customer that was doing multiple millions that announced a hiring freeze during the quarter, and my first reaction on that was concern. What ended up happening is they increased spend on Amplitude in Q2 as well as they committed to a 2-year engagement. And so it just spoke again to the long-term value that we have. And that we are a big part of helping them become #1 position in their space.

Operator

Next question is from Taylor McGinnis followed by Nick Altmann.

Taylor Anne McGinnis - UBS Investment Bank, Research Division - Equity Research Analyst for Software

So maybe just to go off the question that Tyler just asked. But you talked a lot about like your exposure to COVID beneficiaries, the start-up community. Can you like just quantify if I know exactly what that exposure looks like for us a little bit better. And then just in terms of what's embedded in the second half guide, is that the $1 million to $2 million that you talked in 3Q and the additional conservatism for the rest of the year. Is that additional conservatism across the COVID beneficiaries and the start-ups? Or is it -- it's just 1 or the other? Maybe you can elaborate exactly what's driving that?
Spenser Skates - Amplitude, Inc. - Co-Founder, CEO & Chairperson

For sure. I appreciate it, Taylor. Let me give some high level of what I'm seeing in our business, and then I'll let Hoang speak to the specifics. So first, on the exposure side, we wanted to make sure to call it out. However, if you look at our customer base overall, we've always been very diversified across lots of other verticals. So B2B, media, fintech, quick-service restaurants, lots of things that are not have the same level of exposure. And so we feel good about our ability to continue to grow regardless of what happens with that segment of customers.

I think the second thing is within those areas that do -- those customers that do have that exposure, we are still seeing that we're existential to those customers. And so forth, a lot of SMBs or for a lot of crypto companies or for COVID beneficiaries, we are going to be one of the largest spends because we're so important to how they succeed and drive revenue growth through their digital products.

And so we'll end up being one of the last things shut down whenever they have challenges. And so I feel good about our position even within those companies.

Hoang Vuong - Amplitude, Inc. - CFO & Treasurer

Taylor, thanks and first I wanted to make clear, our guidance incorporates not just any potential risk return that we may see from any of the segment that we're talking about, whether that be crypto or early-stage funding or the COVID beneficiaries, but also any kind of impact we're having from the fact that we're no longer doing new businesses in Russia. If we're seeing any kind of build delay or slowdown potentially that's coming from Europe, so even new land business. So I think that our guidance kind of reflects all those trends that we're kind of seeing from both June and July.

But then to help you size it, let's kind of think about it, I think we're really lucky, we actually have a very diversified customer base. And being a lot of time people kind of believe our business is a lot bigger in certain segments or concentration than they are. So just to give you an idea, for instance, in the early-stage funding start-up company, that represents a little bit less than 15% of our current revenue today. And on the crypto side, that's about a little bit less than 5% of our revenue today.

The COVID beneficiaries is much harder, call it, breakouts because you have B2B enterprise software and then you have consumer Internet companies and there, you also have financial and payments company in there. And I think that's obviously a pretty big swath of big segments and big industry. What we see there is that it's not all in 1 bucket. You have certain customers in that, call it, COVID beneficiary that are actually still growing. And there may not be as strong as it was early last year, but they're still growing pretty well. And then you have others that where their growth is slow and then you have others that do have a small contraction that they're seeing.

But net-net, we kind of added that all together. And we think our exposure there, combined with the new business, combined with some of the delivering expansion is exactly what we reflected in the guidance.

Taylor Anne McGinnis - UBS Investment Bank, Research Division - Equity Research Analyst for Software

Perfect. And just as a follow-up on the CRPO growth, it looks like that decelerated pretty material in the quarter. I think part of that is a function of some of the larger expansions that you flagged earlier. But can you just talk about how much of that is really just lapping some of the expansion activity last year versus maybe some of the macro things that you highlighted. And just as we look ahead, anything to keep in mind from a seasonality perspective that might change relative to last year as we think about the second half of the year in that guide?

Hoang Vuong - Amplitude, Inc. - CFO & Treasurer

Yes, Taylor, great question. I do think that our CRPO growth is actually still strong. I mean, obviously, it's come down from the [60] that it was in prior quarter. I think that is a reflection of some of our business and some of the large expansions that happened early last year kind of acting both as a base and kind of where we are.
I think that as we look at according to guide, I would also call out that we had about $10 million or so in early renewal expansion, which we think are often great because we wanted to make sure a customer that builds the need to that we knew and expand as early as possible. But that resulted in about $10 million, call it, billing or collection that we would normally have expected in Q3 to pull into Q2. And that is part of the reason why we obviously generated $8 million in free cash flow for the quarter also.

Operator

Next question, Nick Altmann from Scotia, followed by Clarke Jeffries from Piper.

Nicholas William Altmann - Scotiabank Global Banking and Markets, Research Division - Analyst

Yes. Earlier, you sort of alluded to how you're keeping a close eye on the event volume side of the equation. I'm just wondering, can you quantify how much of the revenue is really tied to sort of the event volume side of the contract versus the platform fee side?

Hoang Vuong - Amplitude, Inc. - CFO & Treasurer

Yes, sure, Nick. First of all, the way that we determine our pricing is we look at both the product and the event volume together and that basically becomes the pricing of your subscription. As a reminder, we're not a consumption-based model for revenue. We take that subscription pricing, and we recognize it ratably over the period of that contract. And so it's the combination of all of those events and a product and divided by the period.

Nicholas William Altmann - Scotiabank Global Banking and Markets, Research Division - Analyst

Okay. Okay. That's helpful. And then, I guess, maybe just a little bit more of a higher level question for Spenser. You guys have sort of expanded the product portfolio nicely over the past couple of years. You just made a segue into CDP. I guess my question is, what sort of gives you the confidence as to why these other products sort of outside core analytics can become meaningful growth drivers? And why not just sort of focus more on the core analytics offering given that's sort of the bread and butter of the business and perhaps a little bit of a more attractive TAM?

Spenser Skates - Amplitude, Inc. - Co-Founder, CEO & Chairperson

Yes. I think first and foremost, we are always going to be playing offense when it comes to product innovation, whether that's in our core where we do really well in product analytics or whether that's in these new products. I think as part of the journey of getting to $1 billion in revenue, almost every SaaS company that has gone through that journey does get into multiple products. And so it's important for us to start flexing our muscles in that early. We obviously announced CDP. That play was less about driving more expansion dollars for Amplitude as it was about lowering the barrier to entry and removing reasons for why people can't get started with Amplitude now.

And so a lot of the features within CDP are already -- people are already using on the analytics side. And so that was just a packaging from our customers where it's all about how they think about those pieces of value and consuming and digesting them.

On the experiment side, I think even though it's only a year in, I think we've seen a lot of really strong synergy between analytics and experiment. I think there's just a lot of -- we saw a lot of big expansions in Q1. And we also -- the -- it's been a pleasant surprise to me at how much value someone gets off just having those 2 things together. And so as see this space play out for the long term, there's kind of a suite of products that kind of pull end up combining under the same umbrella from a customer side. And if you want to make sure to meet the customer needs that we're hearing from there.

And so it's all driven from the requests that we hear from them. And so I think what we have to do on the product side is make sure that we're always having the dominant position within analytics while still continuing to innovate on these new areas.
Clarke Jeffries - Piper Sandler & Co., Research Division - Senior Research Analyst

Spenser, coming out of Amplify, I think what struck me was the number of features that you're building to help marketers better utilize Amplitude and the commentary around 15% of power users being -- marketing users today was interesting. Could you help us frame how significant marketing -- the marketing department could be as a long-term opportunity and what functionality do you see as maybe commoditized or too overlapping with the marketing automation players that you may stay away from?

Spenser Skates - Amplitude, Inc. - Co-Founder, CEO & Chairperson

Yes. So the goal of launching campaign reporting as well as some of the other marketing analytics is to make it easier for customers to transition from things like Google Analytics onto Amplitude. I think almost every product and engineer out there knows and has context in what Google Analytics is. And so the easier that we can make that transition for them by offering the same set of capabilities that they're already used to in marketing analytics, the faster that transition can happen.

We already saw a number of lands, big lands on that in Q2, and we expect to continue to see that more, especially as Google Analytics start to sunset Universal Analytics going into next year. I think on the short term, I expect the marketing and product spaces to be quite distinct. And so we have no plans to go into any of the marketing automation stuff that you might see from a braze or any of the other folks in the space. In fact, those -- they are some of our strongest partners and we have a lot of overlap in our customer bases, and so we expect to continue to do that.

I do think over the very long term, we do see the marketing technology space and the product technology space start to converge because from a customer journey standpoint, a customer doesn't care which -- they don't think I'm in the marketing experience or am I in the product experience. It's all part of the same journey. And so we're cognizant of that. And we want to -- and that's why we're offering a bunch on the marketing analytics side as well.

Clarke Jeffries - Piper Sandler & Co., Research Division - Senior Research Analyst

Yes. Makes sense. And then Hoang operating loss guidance going down from negative $20 million to negative $16 million is that overwhelmingly explainable by the hiring ambitions? Or was there any kind of benefit to your expectations on gross margin? And then how do you think the impact to free cash flow will flow through? Do you see a similar impact in terms of putting that to free cash flow?

Hoang Vuong - Amplitude, Inc. - CFO & Treasurer

Yes. I think going back to it, I mean, our overall plan is to make sure that we're kind of (inaudible) for sustainable growth. We feel like we've increased spend and investment quite a bit in the first half. We want to make sure that we're evaluating that and making sure that spend is properly invested in the right area. We obviously are still hiring and still investing. We just think that given the macro picture, it is smart to kind of slow that down.

And so that slowing down of those growth in terms of investment is what's generating the operating margins versus any kind of real significant improvement in gross margins or anything like that, maybe.
Spenser Skates - Amplitude, Inc. - Co-Founder, CEO & Chairperson

Yes. A lot of the gross margin things from a scale standpoint, we want to pass those benefits on to the customer side as we continue to make improvements there because the more data they have in Amplitude, the more valuable it is to them. And so we don't want them sending data to Amplitude to be a blocker.

Operator

Arjun, you're up next, followed by Fiona.

Arjun Rohit Bhatia - William Blair & Company L.L.C., Research Division - Analyst

Here we go. Maybe I'll start off with Spenser. I know it certainly seems like there's going to be a portion of your customer base, but it's going to be more challenging to sell into the SMB customers, right, the COVID beneficiaries. What changes do you make in this interim period where we're still trying to digest how the macro unfolds in your go-to-market motion. Do you lean more into those traditional businesses and maybe some of the legacy customers that are trying to modernize, is that something that you can do with your pipeline? Or are there any other adjustments that you're making as you look out at the back half of the year?

Spenser Skates - Amplitude, Inc. - Co-Founder, CEO & Chairperson

I think that's for sure part of it, you want to make sure that we're set up to focus our expansion motions on the customers we actually do think can expand. And so on that, like -- so that's 1 big thing. I think another big thing is on helping them understand how Amplitude can be really valuable at a time like this. So I think one of the things you talk about I talked about with a lot of CEOs, this is a great time to cut back and build muscle and building muscle is all about building long-term sustainable growth in your business, which is namely investment in your product and understanding of your customers so that you achieve better product market fit, because the investment there will compound over a really long term, where investments in things like sales and marketing don't have that same effect on not only impact the current period.

And so I think managing some of those top -- having some of those top tracks with customers to help them understand how we fit into that. Everything I'm seeing from the current customer conversations that is resonating product -- digital product is the one place we still continue to see really strong investments even in those companies. I think I mentioned earlier, that's one of the product investments in digital product and the infrastructure behind it is one of the last things that get shut down for a lot of these companies because they understand how important it is for their growth.

I think another top track that's been resonating more at the higher end has been consolidation of spend, particularly from data engineers and data scientists. A lot of these companies have built out really crazy teams on that front and being able to consolidate a lot of those needs into a self-service platform like Amplitude gives them a huge amount of leverage without having to invest in really heavy people resources in order to understand and operationalize product data.

And so I think it's a -- we're obviously conscious of the change in how some of these companies may be impacted, but because we are so existential kind of no matter where you're at on the spectrum, it really is just helping them, it really is changing our messaging and positioning so that we're feeding into their current priorities.

Arjun Rohit Bhatia - William Blair & Company L.L.C., Research Division - Analyst

Okay. Got it. That's very helpful. And then Hoang, I think in your prepared remarks, you mentioned some deals getting delayed. Was that -- I couldn't tell, was that specifically related to Europe? Or is that something that you're seeing more broadly? And maybe just at a high level, if you can address that, if that's expansion customers, new customers, where that's concentrated?
Hoang Vuong - Amplitude, Inc. - CFO & Treasurer

Yes, Arjun. I think it's pretty consistent probably with what you're hearing from other software company. I think that for us, what we see is when a customer that's existing and they're expanding, we're not really seeing delays to that at the moment. And in fact, they really understand how critical it is, how important, so that's happening.

I think when is potentially a new customer or they're just kind of getting into that first phase of expansion, there is a higher level of scrutiny around the ROI, the finance and so it's going through more layers of approval. And I do think that like Europe has gotten hit a little bit harder earlier in that.

The good news is that we -- like in some of the deals, for instance, that we saw -- we're expecting in June, they actually happened in July. And so it's more of a delay versus like a cancellation, which again, goes to the point of what Spenser is saying. I think when you really evaluate what are your company's priorities? What are you really trying to do? Building those muscles, especially around product comes back to, yes, we're doing this. And so we feel good of our positioning, but we do see some of the delays that people -- that the macro environment is kind of brought on other software companies, too.

Operator

Next question from Fiona Hynes of Morgan Stanley.

Fiona Grace Hynes - Morgan Stanley, Research Division - Research Associate

I appreciate the time. So I wanted to ask a follow-up on what you're seeing in terms of the competitive landscape. Earlier on the call, you mentioned sort of what you're seeing with Google Analytics and the opportunity to kind of take some customers and transitioning away from that platform and on to Amplitude. So can you give us a sense of what are the key kind of competitive differentiators that you see resonating in the market with respect to Google Analytics, especially as they kind take the opportunity to change their scheme to a more advanced-based platform, which kind of mimics what Amplitude was forced to do.

And then secondarily, can you give us any color on what you're seeing in terms of competition with the newer entrants to this market, like a Pendo, Heap or Mixpanel.

Spenser Skates - Amplitude, Inc. - Co-Founder, CEO & Chairperson

Yes, for sure, Taylor -- or sorry, excuse me, Fiona. The -- on the Google Analytics front, I think the core of the differentiation is we are focused on helping you understand the end-to-end journey. And so as you go through multiple points in the journey, what is the conversion drop off? Or what are the different paths people are taking? Whereas if you look at the Google Analytics, it was very based around a page view model. And so that allowed you to count how many people are hitting a certain page, but it doesn't allow you to ask questions around how people are navigating through your product and why it is they're doing what they're doing.

And so I think it's clear that the event-based model is going to be the next generation of that. And a lot of what Google has done, to your point, is still catching up to that. And so I think that's a huge opportunity for us. I think the other thing with Google Analytics is because they're facing a ton of regulatory scrutiny on their ads business from being monopoly there, I think there's receiving a lot of pressure from privacy regulators to cut out a lot of what they're doing on the data tracking side.

And so I think Google Analytics has been a casualty in that and a lot of ways, they're backing away from that business. And so that opens up a big opportunity for us. And we saw a bunch of that in Q2. I expect to see a bunch of that as we go into next year.
On the smaller competitor side, I think like any SaaS large SaaS market, we see a bunch of folks at the low end. I don’t think that’s really changed as of the last few quarters, still a similar picture where you have folks that might specialize in different niches or specialize in being the low-cost person and the low-cost company. And so I think our advantage of having the most sophisticated digital analytics platform remains. I think the integration that we have with new products is also a huge advantage. We’re also much more usable by larger teams. And so those advantages are really resonating, particularly larger companies with more complex deployments that have and that have greater needs when it comes to the depth of the analytics.

Operator

Next question, Patrick Schulz from Baird followed by Michael V. who are rounding up.


Congrats on a great quarter. So you touched on the international environment a little bit earlier, but can you also talk about the trends you saw intra-quarter, especially within Europe? The trends continue to like level off and stay bit the end of the quarter and into July? And then were there any specific POs you would call out as areas of strength either from a land and standpoint?

Hoang Vuong - Amplitude, Inc. - CFO & Treasurer

Yes, Patrick. I would say that because obviously, I think we mentioned, again, our positive free cash flow because we actually had some renewal and expansion from some large customers happened really early in the quarter. We actually saw more business obviously in the month of April, May, driven by that. I think when it comes to the land and expansion overall in the picture. I would say that it actually stays fairly consistent. We tend to actually have a stronger third month.

And so for us, that kind of continue to play out although like I think we discussed, there were a few deals, especially in Europe and even Asia Pac in terms in the U.S. where you saw some of those delayed and again, they got pushed out to maybe Q3 and et cetera. But again, someone are already closing now. And so we feel good about it, but it was more across the board, just a slightly slower trend towards the end of the quarter.

Operator

Last question from Michael Vidovic from KeyBanc.

Michael C. Vidovic - KeyBanc Capital Markets Inc., Research Division - Associate

Just a follow-up for me. On the second half conservatism, are you expecting more customers to lower the committed event volumes with Amplitude like renewal? Or is the emphasis really around uncertainty of expansion and new customer adds?

Hoang Vuong - Amplitude, Inc. - CFO & Treasurer

Yes. I think, again, when we look at our guidance, we’re incorporating publicly a little bit of each of those different scenarios that you’re talking about, we do anticipate a few customers potentially reducing their overall commitment as they’re trying to size that with their business. And then we also kind of expect that there are probably some delays that will push out site expansion or new business coming in from different segment and region that kind of causes the delay in revenue going in outer quarter. But we’ve kind of incorporated all that into our guidance that we provided for both Q3 and the fiscal year.
Yaoxian Chew
With that, I'm seeing no further questions in queue. We will be at the KeyBanc Technology Leadership Forum as well as Deutsche Bank's 2022 Technology Conference. Details will be posted to the Investor Relations page of Amplitude's website at investors@amplitude.com. Thank you very much for attending our Q2 earnings conference call. You may now disconnect.

Spenser Skates - Amplitude, Inc. - Co-Founder, CEO & Chairperson
Thank you, everyone.

Hoang Vuong - Amplitude, Inc. - CFO & Treasurer
Thanks, guys.