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PRESENTATION

Yaoxian Chew - *Amplitude Inc - Vice President - Investor Relations*

Hello, everyone. Welcome to Amplitude's second quarter 2024 earnings conference call. I am Yaoxian Chew, Vice President of Investor Relations. Joining me here are Spenser Skates, CEO and Co-Founder of Amplitude; Andrew Cassey, Chief Financial Officer; and Mike Dean, VP, Corporate Controller.

During today's call, management will make forward-looking statements, including statements regarding our financial outlook for the third quarter and full year 2024. The expected performance of our products, our expected quarterly and long-term growth, investments and 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 on the risks 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 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 should not be used in isolation from or as a substitute for financial information prepared in accordance with GAAP.

A reconciliation between this GAAP and non-GAAP financial measures is included in our 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 - Chairperson of the Board, Chief Executive Officer, Co-Founder

Thanks, Yao, and good afternoon, everyone. Welcome to our 2024 second quarter earnings call. I'm going to focus on three topics today. Q2 financial results and what we're seeing, how we're going after our market opportunity, and continued product innovation and customer stories.

I'm pleased to report that we beat across all guided metrics this quarter. Our second quarter revenue was \$73.3 million, up 8% year-over-year. Annual recurring revenue was \$290 million, up \$5 million from the end of the first quarter. We now have more than 3,200 paying customers. In Q2, customers representing \$100,000 or more of ARR, grew to 547, an increase of 10% year-over-year. We are operating responsibly and have generated \$5.7 million of free cash flow year-to-date.

Before we get into the quarter's details, I want to call out that we are revising our annual guidance lower on non-GAAP operating profit for the year while raising revenue. This is due to a change in Russian sanctions announced in June. Without this, operating profit guidance would have been unchanged. We'll go into more detail shortly.

Our top priority at Amplitude is reaccelerating growth, we are making great progress. New business remained healthy in the second quarter. Amplitude's value proposition continues to resonate, and our win rates are strong. In spite of tight IT budgets, companies are investing in digital experiences. I would characterize the macro environment as stable quarter-to-quarter. We continue to feel great about our competitive position, particularly against point solutions and legacy players. We have a differentiated platform approach. Customers find value quickly and privacy regulations are helping to drive incremental demand.

As expected, churn also remained high in the second quarter. This was driven by some of our most severe legacy contract resets, which we have been highlighting for several quarters. We are optimistic that the significant majority of overbought to optimization contracts of this nature are now in our rearview mirror. We are building momentum from the many improvements we've made in go-to-market.

Amplitude Plus, our self-serve offering continues to gain momentum with customers of all sizes and types. Plus performance was strong in Q2. New onboarding improvements and a simplified data setup process are driving uplifts and activation. Plus also continues to serve as a valuable feedback loop informing our win simple approach on core Amplitude.

Our named account approach led to higher quality deals in Q2 than in prior quarters. We also saw better platform attach rates and steady improvement in enterprise land ASPs. Improved account management is letting us better align with customer initiatives and land larger customer engagements from the start.

We are growing our ability to gain mind share and budget across product, marketing and data buyers. The customer expansions we are unlocking are also of higher quality. During the start of the pandemic, data volume increases drove many of our largest expansions. Today, customers are expanding because Amplitude is viewed as the right future-proof enterprise-ready platform in a world where companies win and lose based on their digital experience.

I'm also very encouraged by the continued green shoots that we called out in prior quarters. Customer relationships are healthier post-renewal with customers using more of our platform and attaching services. We are more aligned with our customers' current growth ambitions than we have been in the last year.

In our top 100 customers, underlying utilization trends continue to improve quarter-to-quarter. Cohort health is visibly improving. For customers who have optimized with us one-time, a majority of the associated ARR either renews flat or grows off of that base.

For customers acquired in the second half of 2022 and later, gross and net retention patterns continue to show better dynamics than those from 2020 and 2021. Pipeline signals also are encouraging for the second half of the year and into 2025, thanks to coordinated efforts across marketing, sales and partnerships.

We are seeing particular strength in our US enterprise business. International markets, while behind the United States in terms of maturity are demonstrating the same level of latent demand. Average deal size in our second half pipeline is up by 25% year-on-year and we're seeing a significant increase in large deal opportunities.

Now let's address the item that accounts for the change in non-GAAP operating profit outlook. In April 2022, we stopped all new sales activity in Russia and Belarus. We also terminated all contracts with customers that we knew to be targeted by US sections. Russian government-owned, Russian oligarchs-owned or Russian government-controlled news outlets. We continue to serve customers who did not meet that criteria.

On June 12, the US Department of the Treasury increased the scope of sanctions in Russia, leaving us unable to serve any customers in Russia and highly unlikely to be able to collect from these previously unaffected customers. If not for this isolated incident, our outlook on operating profit for the year would have been unchanged.

While this weighs on what would have been a much stronger Q3 and exit growth rate, I would like to draw focus to the bigger picture. We are raising revenue guidance for the year despite facing a material headwind in Q3.

The business improvements we have put in place are starting to deliver results. We believe ARR and revenue reacceleration are both well within our reach. We expect to be free cash flow positive for the year. We continue to invest behind the biggest driver of long-term growth for Amplitude, product innovation. Next slide, please.

Our thesis is that analytics is a center of gravity for any workflow that touches customer and product data. Without analytics, the rest of the stack is much less useful. Session replay is making rapid progress in its second live quarter. There is a lot of customer pain experience from fragmented tooling. Our platform is continuing to displace point solutions, aid in renewal discussions and offer a shorter time to value for our platform.

We expect a larger unlock when we launch mobile Session Replay later this year. Experiment and CDP landed with marquee customers and some of our largest expansions this quarter were catalyzed by our non-analytics offerings. A confluence of tight customer budgets, enhanced product maturity and improving field enablement are letting us lean in.

Today, 21% of our annual contracted customers use more than one product, up from 15% at the same time last year. Customers who use more products retain better. Industry analysts are also recognizing our leadership. Amplitude was named as the only leader in the latest Forrester Wave for feature management and experimentation. We achieved the highest possible scores across 11 criteria, with particular call outs for our platform breadth, depth, user interface, pricing and vision.

We announced the general availability of Amplitude Snowflake native offering in June. Our warehouse native approach is all about extending what has made Amplitude successful, being one of the most open, agnostic and trusted ways to access and find insights from customer data. Early interest here is encouraging.

We've made other huge strides in our mission to win the enterprise. Large, sophisticated enterprises have different needs, and one of their top requests is for enterprise-grade controls. That's why I'm excited to announce enterprise-grade data access controls and data mutability. These advancements help to eliminate data drift, ensure compliance and reduce friction around managing data privacy.

With our enterprise-grade digital analytics platform, customers can keep data in sync with their data warehouse, confidently control who sees what. With improved security, scalability and privacy, we're confident we can convert the most conservative chief data officers into Amplitude Champions.

Last quarter, I talked about radical simplicity. We've always been a self-serve platform, but now we want to eliminate the learning curve altogether. This is one of the most ambitious projects we've taken on as a company. We've reimagined our product experience from top to bottom, and we will be launching our new Amplitude on September 10. We're offering users a single line of code to get up and running, default dashboards out of the box, auto capture and visual tagging, bundling of Session Replay and experiment SDKs with analytics out of the box, new navigation and user interface and a new conversational version of our AI assistant and search.

Analytics today is hard. We are going to make it easy. All the priceless customer behavior, product and community knowledge embodied in Amplitude will be approachable to everyone. It will be radically easier to get started, get insights and get value. We want Amplitude to be a daily habit, and our new platform will help get us there. We can't wait to share more.

Turning to customers. In Q2, we landed and grew with HubSpot, Fanatics Live, Cloudflare, SketchUp, Writer, Character.AI, Volvo, Icelandair, Cook Children's Healthcare System and Farmers Business Network.

A notable highlight this quarter is SketchUp, a business unit of Trimble. Globally, they are one of the largest 3D modeling tools in the construction and industrial industry with tens of millions of monthly users. With this renewal, product and data teams are drastically increasing the amount of data from their web and mobile applications in addition to going live with Amplitude CDP.

SketchUp aims to democratize data across the business, empowering product managers with self-service insights. With Amplitude, SketchUp will be able to enact PLG best practices, everything from encouraging free-to-paid upgrades, keeping users engaged after the initial learning curve and identifying churn as it happens. We're excited to support SketchUp in their ongoing data-centric transformation and look forward to contributing to their continued success.

We also had a win with Cook Children's Health Care System, one of the largest non-profit pediatric medical centers in the US. They are migrating from Google due to data privacy and HIPAA compliance concerns. With a focus on digital transformation and optimizing the patient experience, they chose Amplitude to power user insights with their newly launched web experience. Amplitude will let them connect web and mobile patient journeys to increase patient appointment conversion and identify channel performance across marketing campaigns.

Character.AI has been an Amplitude customer for less than a year and is already expanding its use cases and adoption of Amplitude. They are one of the fastest-growing AI companies, empowering users to create and interact with various AI characters that feel alive. Amplitude has proven critical in tracking their users' onboarding flow and the success of new feature releases. This is especially important as they roll out their new voice feature, which allows users to hear characters speaking to them in one-to-one chats. They are consolidating their analytics efforts by adding our whole suite to this renewal.

Another great win this quarter is with a Global Job search platform, which saw the potential to consolidate multiple point solutions and for Amplitude to become their single source of truth. Before Amplitude, the team couldn't trust the results of the experiments they would run. They spend more time arguing than running tests.

By moving away from Optimizely onto Amplitude, they could finally scale their experimentation program by eliminating two big blockers, a lack of data trust and the painful overhead associated with integrations and data pipelines. This is a great example of how our Amplitude approach solves pain with unbeatable value.

With our digital analytics platform, Amplitude is able to bring together product leaders, data scientists, engineers and growth teams to make data-driven decisions, streamline workflows and connect insights to actions at scale.

Before I turn the call over, I want to thank Mike Dean for his contributions during this period of transition at Amplitude. He is one of the rock stars at this company and has done an amazing job rising to this occasion at an important time for Amplitude as interim finance leader.

I'm excited to introduce our new Chief Financial Officer, Andrew Casey. Andrew has more than 25 years of battle-tested enterprise software experience. He has had senior finance roles across ServiceNow, Oracle and HP. More recently, he took WalkMe public in its IPO and was CFO of Lacework.

I've gotten to know Andrew well recently. He's a fantastic combination of strategic thinking while being able to get into the details operationally. He also has a genuine passion for the space we're in. We're both in it for the long-term, and I'm looking forward to working closely with him as we write the next chapter of growth for Amplitude.

We have been up-leveling every area of our business and building momentum. We continue to see more pockets of strength than weakness. We will turn our green shoots into something more as we build a defining generational software company.

Thank you for your interest in Amplitude. I'd now like to turn it over to Andrew for a brief introduction before Mike walks you through the financial results.

Andrew Casey - *Amplitude Inc - Chief Financial Officer*

Thank you, Spencer. I'm very excited to be here. I joined Amplitude because it solves a universal critical business need with an elegant solution. I've never been a company that ever said that I want to understand my customer less or that they don't really care about their digital products.

Over the last few days, I've spent meeting many people across our organization, and I found that there are so many great materials that have already been put in place over the last year. I have been most impressed by the passionate customers, the world-class platform that Amplitude provides and the team that Spencer is building. I can't wait to turn the page together and have a part in leading Amplitude towards the next chapter of growth.

I look forward to getting to know many of you in the coming weeks. And with that, I'll pass it over to Mike to share more details on results and outlook for the quarter.

Mike Dean - *Amplitude Inc - VP & Corporate Controller*

Thanks, Andrew and Spencer, and thanks to everyone joining us today. I'm happy to report that we beat across the board on all guided metrics this quarter.

Turning to our second quarter results. As a reminder, all financial results that I will be discussing with the exception of revenue, are non-GAAP. Our GAAP financial results, along with a reconciliation between our GAAP and non-GAAP results can be found on our earnings press release and supplemental financials on our IR website.

Second quarter revenue was \$73.3 million, up 8% year-over-year and 1% quarter-over-quarter. Total ARR increased to \$290 million exiting Q2, an increase of 8% year-over-year and \$5 million sequentially.

Here are more details on key elements of the quarter. New ARR was about one-third land and two-thirds expand driven. Churn was down slightly quarter-to-quarter as customers on multiyear contracts optimized their renewals. Linearity on churn was better than expected, which resulted in sequential revenue growth.

The total number of customers representing \$100,000 or more of ARR in Q2 grew to 547, an increase of 10% year-over-year. Underlying utilization trends across our largest customers continue to improve quarter-to-quarter, which is also impacting gross margin. We believe that the worst excesses of the pandemic surge embedded in our ARR are now behind us.

In-period NRR was 96%, and NRR on a trailing 12-month basis was 98%. Gross margin was 76% for the second quarter, down 2 percentage points year-over-year and 1 percentage point quarter-over-quarter. Investments in enterprise-related professional services, along with improving utilization caused the sequential margin downtick.

Sales and marketing expenses were 48% of revenue, up 3 percentage points year-over-year. Here, we are focusing investment around our named account approach. Increased investment in our international efforts and travel expenses were also key drivers of the year-on-year increase.

G&A was 15% of revenue, up 1 percentage point year-over-year. There was approximately \$0.6 million of non-recurring expenses in the quarter related to executive search, severance and legal fees. Total operating expenses were \$59 million, up 11 percentage points year-on-year. We continue to be judicious about hiring across the board.

Operating profit was negative \$3.7 million or negative 5% of revenue, which represents a 4 percentage point decline on a year-over-year basis. Net loss per share was \$0.00 based on 122.6 million of basic and fully diluted shares compared to net income per share of \$0.02 with 126.3 million diluted shares a year ago. Free cash flow in the quarter was positive \$6.8 million, or 9.3% of revenue, compared to \$19.3 million, or 28.5% of revenue, a year ago. Free cash flow was impacted by lower operating profit and early timing of some payments.

Now let's turn to our outlook. We are assuming that the macroeconomic environment continues to be challenging throughout the rest of the year. Spencer mentioned that we are seeing a greater number of larger deals in our pipeline. We believe this warrants additional conservatism as buyer scrutiny remains high.

Now let me unpack how Russian sanctions affect our financials. We estimate a negative impact of \$3 million to full-year ARR. We also estimate a negative impact to full-year operating profit of \$4 million. This is due to a combination of lost revenue and changes to our expectations of our ability to collect open receivables. It is important to note that our full-year operating income guidance would have remained unchanged without these sanctions. As a result of these factors, we are expressing heightened caution on Q3 ARR.

For the third quarter of 2024, we expect Q3 revenue to be between \$73.5 million and \$74.5 million, representing an annual growth rate of 5% at the midpoint. We expect non-GAAP operating loss to be between negative \$2.2 million and negative \$1.2 million. And we expect non-GAAP net income per share to be between \$0.0 and \$0.01, assuming diluted shares outstanding of approximately 131.6 million.

For the full year, we are raising our full-year revenue outlook to be between \$294.5 million and \$296.5 million, an annual growth rate of 7% at the midpoint. We are reducing our outlook for non-GAAP operating income to be between negative \$5 million and negative \$2 million. We expect non-GAAP net income per share to be between \$0.05 and \$0.08, assuming shares outstanding of approximately \$131.4 million as measured on a fully diluted basis.

And here's more color for your modeling purposes. We continue to expect end-period NRR to remain below 100% and NRR to trough in the mid-90s this year. We continue to expect year-over-year ARR growth to trough in Q3 of this year in the mid-single digits. We continue to expect to be free cash flow positive for the full year.

Our long-term opportunity remains unchanged. We are controlling what we can control. We are delivering on free cash flow and investing appropriately against opportunities that we expect will drive long-term value. We believe ARR and revenue reacceleration are both well within our reach.

With that, I'll open it up to Q&A. Over to you, Yao.

QUESTIONS AND ANSWERS

Yaoxian Chew - *Amplitude Inc - Vice President - Investor Relations*

Great. Spenser and Mike will be answering questions. (Event Instructions) Our first question comes from Koji Ikeda, Bank of America, followed by Tyler Radke from Citi.

Koji Ikeda - *Bank of America Corporation - Analyst*

Hey, guys. Thanks so much for taking the question. I wanted to dig in a little bit more about this Russia impact. I might be a little bit confused here, but I just wanted to make sure I run through these numbers properly.

Okay. So, essentially what happened was there was additional considerations for Russia business, and it's affecting ARR. But just trying to understand why operating income goes down but revenue goes up. I'm trying to understand those puts and takes there of why that happens because it seems like ex-Russia, the guidance would have been raised quite a bit. I'm just trying to understand that a little bit more, please.

Mike Dean - *Amplitude Inc - VP & Corporate Controller*

Yeah, certainly. Thanks for the question. One of the big impacts is bad debt. So, there's aged receivables there. And so with that, you're going to have an OpEx impact, as well as revenue. Talking about raising revenue for the full year, though, that's because we believe that we're in a fundamentally different place as a business. And as a reminder, we've beat our expectations for the first half of the year. And so, with that, naturally that's going to flow through to the full year. And so the Russia impact is a mix of both lost revenue, but there is a large bad debt component to aged receivables at that time.

Koji Ikeda - *Bank of America Corporation - Analyst*

Got it. Now that makes a lot more sense. Thank you. And just maybe to follow-up there. And one more, if I may. Is Andrew going to be on the call, too, or are you holding them back for maybe the next one?

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

No. We do have him here. I just want to --

Andrew Casey - *Amplitude Inc - Chief Financial Officer*

I'm here.

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

-- make it clear he's only been here for -- since Monday of this week in the business. (multiple speakers) And so the representations come from me as CEO, as well as Mike as Interim Head of Finance, so.

Koji Ikeda - *Bank of America Corporation - Analyst*

Got it. So just one quick follow up there on the Russia impact. Is this just a second half effect or should we expect any sort of bleed through into 2025?

Mike Dean - *Amplitude Inc - VP & Corporate Controller*

So most of the impact is going to be felt in Q3, but there is a lost revenue impact as well. And so with that, there will be some impact into 2025 as well.

Koji Ikeda - *Bank of America Corporation - Analyst*

Okay. And then maybe just one quick one for Andrew. I do realize that you started on Monday. Welcome to the team. Super excited to be working with you. But just thinking big picture perspective, what are some of the first priorities or things that you'll be looking at maybe over the next six months?

Andrew Casey - *Amplitude Inc - Chief Financial Officer*

I think it's really important as a new leader joining an organization that you spend time to really understand how the business has been run. Spenser and the team have built a really vibrant business with a really great customer base. And I want to understand how we are aligning our strategic objectives, our long-term growth perspectives around those objectives, and then see how I can lean in.

As you may or may not know, I've had a lot of experience with respect to scaling businesses in the past, and I spend a good amount of time meeting with customers and helping the sales teams work with our customers to drive the greatest value possible. And I figure that's probably where I'll spend some of my initial time is to understand what processes we have in place and how best I can help the teams really drive that growth.

Yaoxian Chew - *Amplitude Inc - Vice President - Investor Relations*

Next question, Matt Pryde from Citi, followed by Arjun Bhatia from Blair. Matt, go ahead, please.

Matt Pryde - *Citigroup, Inc. - Analyst*

Hi, team. Just one quick question on AI. Just curious if what you see in terms of event volume intensity for GenAI use cases like Character.AI.

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

Yeah. I think these are software applications first and foremost. Now, obviously, the interface is a little different in that you'll have a chat or a conversational interface versus one where you're pointing and clicking or using a touch interface. But at the end of the day, what we track is customer behavior, and so it ends up being the same thing underlying.

Character.AI has huge amount of use, as you might expect. We also work with Midjourney, who has a huge amount of use as you'd expect, and they're tracking similar things. What does the onboarding funnel look like, where are users getting stuck, whether things correlate to upsell or to long-term engagement and retention. And so, even though the interface with generative AI is different, the underlying idea that you're tracking a user journey and you're trying to figure out how to improve that is all the same.

Yaoxian Chew - *Amplitude Inc - Vice President - Investor Relations*

Arjun, go ahead. Next question after Arjun, Nick Altmann from Scotia.

Arjun Bhatia - *William Blair - Analyst*

One for you. Maybe I'll start off. It's interesting to hear and encouraging to hear that you're seeing strength in the US enterprise business and large deals in the pipeline. I'm curious how the constitution of those enterprise customers that are evaluating Amplitude is different perhaps from what your customer base was three, four years ago.

What's new and what's maybe not there that was there several years ago? And then part of that question is, why now? Because we do hear of macro challenges in the enterprise. So what's your perspective on why these businesses are looking at Amplitude right now?

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

Yeah, so let me hit the macro challenges piece and then I'll talk about how the composition has changed over the last few years. I think even during the worst parts of macro in the last few quarters, new business demand for Amplitude and digital analytics generally has always been strong. I

think the growth deceleration that we've seen has been largely as a result of the optimization of the contracts. And now that the significant majority of those in our rearview mirror, that is a structural change to how we're going to be set up for growth. Even if you were to look internally at the new numbers, any particular quarter, they'd be quite good.

In terms of the customer base, I think the changes that Thomas has been driving over the last two years in our go-to-market enterprise motion, we're really starting to see some great impacts from that. A lot more conversations with traditional companies like we're talking with some of the largest quick-serve restaurants in the world as example, healthcare companies like Cook Children's Health Care System. That was a really big win in Q2.

And we didn't really see those companies if I were to go -- rewind the clock two or three years ago, and so I think the strategic focus across the board with go-to-market with the named account structure that we rolled out, drove more focus from marketing partnerships and sales and SDRs.

And then with everything we're doing on the product side, like we just announced both data mutability and data access controls, which are a big deal for those traditional enterprises, has really helped show that, okay, we are a viable player and this technology is not just for digital native tech companies, but it also applies to anyone with a digital experience, including if you're a traditional company.

Now, obviously, we're still seeing a lot of great traction with tech companies and expect that to be a significant part of our customer base for some time. But it's great to see us making progress on that crossing the chasm moment to the rest of the enterprise.

Arjun Bhatia - *William Blair - Analyst*

Yeah, for sure. No, that's great to hear.

Andrew Casey - *Amplitude Inc - Chief Financial Officer*

And then actually --

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

Andrew. Sorry, do you have something?

Andrew Casey - *Amplitude Inc - Chief Financial Officer*

I was going to say just one additional thing. I think a lot of times in industry we get a little focused on the soup du jour, if you will, of macro things that are going on. But digital transformation is a multi-decade process, and every company is going to go through a process and steps through which they're going to digitize their methods of reaching out to customers and their business processes. And ultimately, I think Amplitude has a really great opportunity to be a lead player in that transformative event for most of those customers.

So I think it's great that even though we have a macro background, which isn't great, these types of investments, these types of focuses, they take many, many, many years to evolve, and it's great that we're starting to make those investments now.

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

Yeah. And you're going to do them regardless of the macro. As I mentioned, like, this is a top priority for so many companies that we talk with, even though they're thinking through tighter budgets, more scrutiny, more questions and ROI.

Arjun Bhatia - *William Blair - Analyst*

For sure. Yeah, there's a secular trend there. And then the follow-up actually, on the product side, Spenser. The Warehouse-native analytics and the work that you're doing with Snowflake, how should we think about where that impacts your customers? Is that ease of implementation? Is that cost savings? Is that better outcome? What is the ROI that the customers will see from that?

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

Ease of implementation and access to that existing customer base from the cloud data warehouse, particularly Snowflake to become Amplitude customers more easily. So the big deal with warehouse-native Amplitude is instead of having to create a data pipeline from your cloud data warehouse to an analytics product like Amplitude, you're just running SQL queries directly on top of that data.

And so if you have that data already collected on the customer journey, then you can just turn Amplitude on top of it and be off and running with a lot less implementation cost. And so we've already seen it come up -- it's early. We just launched it in June. We've already seen it come up as a consideration, particularly in larger companies that have made big investments into the cloud data warehouse.

I was in one conversation with a traditional company a few weeks ago where they called it the biggest differentiator we had versus everything else they were looking out on the market because they knew that it would make it much easier to get some of their smaller teams up and running more quickly.

So philosophically, it's -- we want to be data agnostic. So as the proliferation of different ways to set up your data stack continues, we want to make sure to work with every different one. Warehouse-native is just another way to do that. And then for us it's about how do we win the applications on top of that data. So analytics, experimentation, CDP, Session Replay, we'll have more to come.

Yaoxian Chew - *Amplitude Inc - Vice President - Investor Relations*

Next question, Nick Altmann from Scotia, followed by Rob Oliver from Baird. Nick go ahead please.

Nick Altmann - *Scotia Bank - Analyst*

Spenser, you guys highlighted how some of the go-to-market adjustments are starting to bear fruit. And when you think about the historical drag on net new ARR, right, a lot of that has been macro induced and churn induced.

But when we think about the upswing, when the macro gets better and you guys are sort of lapping this churn dynamic, how much of the improvements in go-to-market -- how impactful can the improvements in the go-to-market motion be as things progress, you get through this renewal base and hopefully we get a little bit of a better demand environment here?

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

Yeah. So, Nick, I want to be clear like, the path to reacceleration as I look through the next few quarters and in 2025, we're not dependent on any improvements in macro. We're saying, hey, macro stays as bad as it is and we're still set up to accelerate in terms of how much net ARR we're putting up a quarter. I'd say, the changes that we've been driving with the enterprise focus, massive, massive improvement.

I mean, those customers are just stickier, long term. We're talking about starting out at a three-year contract instead of a one-year contract. We're talking about doing much larger, wider deployments across hundreds or thousands of people in some cases. The change that we made at the start of this year was we moved to a new named account structure that halved the total number of companies we were going after.

So it went from about 24,000 to about 12,000. And that focus has driven really great execution that we're starting to see. So that shows up in the pipeline call-out that I made for second half in Q4. That shows up in larger lands. That shows up in just healthier renewal rates and healthier expansions. That shows up with more of the platform being landed right at the start.

And so you're using those expensive human resources to where you're going to have the greatest ROI. So I'd say, that's going -- without that, we'd be in a much, much worse place as a business. And so that will set us up for reacceleration even if the macro continues to stay bad over the next few quarters.

Nick Altmann - Scotia Bank - Analyst

And then the second question just kind of dovetail off that answer, right? You have customers who maybe, historically speaking, you wouldn't be in discussions with. I think you said the ASPs in the pipeline are up 25%.

So there's definitely sort of bigger deals in the pipeline. The challenge with that is maybe sales cycles can elongate and things maybe take longer to close. So I guess what have you seen maybe over the past couple of quarters with those big deals? Have they taken a little bit longer to close? And on the flip side of the equation going forward with -- when you look at this pipeline with larger deals out there, are you guys sort of baking in sales cycle elongation or stuff to kind of move around from quarter to quarter? Just any commentary around sort of the flip side of the equation in terms of those large deals would be helpful. Thanks.

Spenser Skates - Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder

Yeah, I mean, I think one of the changes that you have to go through when you're going after that sort of business is to be having a longer-term outlook versus just the quarter in front of you. And so I'd say, one of the motions that I've kind of glossed over, but to your call out is very important, is we're now looking at pipeline multiple quarters out.

We're looking at renewals a year out from when they would versus just fighting quarter to quarter to maximize that particular quarter, which is why I gave the callout on Q4 pipeline. We're already looking at renewals in 2025. And so that's a natural part of going upmarket, is that you'll get those longer valuation cycles.

I will say they're not that much longer in terms of total time. There is an urgency to get -- like, a lot of -- so many companies have made big investments into their data stack. And you have CEOs and product leaders and marketing leaders asking, hey, when is this actually going to get some ROI out of this? And we're such a key part of that equation because we drive that self-service, otherwise the data is all locked up and trapped within whatever their data stack is.

And so there's like very much an urgency from the customer side around, hey, I want to demonstrate some quick ROI. Like, I'll tell you one story where we had a meeting with a customer in Europe a few months ago, Decathlon, and they had been longtime Google Analytics users. They weren't happy with a bunch of the changes with Google Analytics 4, they had actually driven their entire team to switch over to Amplitude and their goal was to complete that within a 12-month period.

So they've gone from 0 to about 600 users on Amplitude in two quarters. That is the fastest ramp I've ever seen for someone getting up to speed with analytics. And then they have the goal to get to multiple thousands by the end of this year. So I was blown away by the urgency that they had to make that switch. And as we make them successful, that's going to be a great lighthouse story for other retail customers. But it really speaks to the urgency that we are seeing a lot of buyers have in this environment.

Mike Dean - Amplitude Inc - VP & Corporate Controller

And adding on also with your question of how it impacts our guidance, we recognize this increase in pipeline and ASPs is also against a backdrop where buyer scrutiny remains high. And so with that, that's fully baked into our guidance as well.

Yaoxian Chew - *Amplitude Inc - Vice President - Investor Relations*

Next question, Rob Oliver from Baird, followed by Taylor McGinnis from UBS. Rob, go ahead, please.

Rob Oliver - *Robert W. Baird & Co Inc - Senior Research Analyst*

So just one from me, Spenser, on -- really just a follow-up on Nick's question. The customers paying over \$100,000 grew 10%, accelerated sequentially. You called out some success on the non-analytics side as well and it sounds like most of this is self-help. So very encouraging signs.

I'd be curious to know what you're seeing in terms of consolidation in the market. Are we at the point now where some of those -- and I know you've said customers that are post '22, are continuing to expand with you guys? But are you getting a sense when you look at your pipeline that there is a significant opportunity around you guys consolidating other vendors as well? Is that part of what's happening in the market, notwithstanding the fact that there's a tough macro?

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

Yeah, absolutely. I think. Well, first, the tough macro is actually driving the consolidation because people want fewer vendor relationships. They want to have lower total cost of ownership, never mind the advantages of having the platform be integrated.

And then there's just -- these tools work better together. And that was one of the -- that was the founding thesis for Amplitude, which is, analytics is the core of the stack. So I cited that SketchUp, moved on to our CDP, I cited a large global job company ended up moving from Optimizely to Amplitude.

It's part of why Forrester called us out as the leader is because our vision is for the entire platform and they're hearing that from buyers, hey, I just don't want a point solution for experimentation, it's got to be integrated with the analytics and it's got to offer something more broad than that.

Every single company that -- whenever I have a conversation with a customer, universally, whether it's Session Replay, whether it's experimentation, whether it's some of the other stuff we're planning further out in our roadmap, there is a desire to move on to the platform. So yeah, that is a huge, huge trend driving our business generally. And I think that's going to -- doing that right, doing both the creation of the platform and the suite along with the motion to get it into the hands of customers is going to be a big driver of our success in the space.

That's why we had -- we talked about our strategy in the past, one of the pillars being win the category. And so it's not just about analytics anymore, it's about how does that work with Session Replay and experimentation and other parts of the stack.

Rob Oliver - *Robert W. Baird & Co Inc - Senior Research Analyst*

And then just a quick follow-up on international. Does the move toward named account, which clearly is having a positive impact on your go-to-market, does that also include international? And can you talk a little bit about it? One of the call-out wins that you cited was international. So if you could talk a little bit about how the international sales force is structured as well. Thanks.

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

Yeah, named accounts. Yeah, the named account approach, both applies to US, applies to Europe, and applies to Asia. So the way we've done international is we look at, we've chosen a few Tier 1 markets. For example, UK, France, Germany, Europe, Japan, Korea and Asia. There's the US, obviously, as well as Canada and Brazil. I'm sure I missed one in that list.

But -- and then within those markets, we're saying, okay, let's make sure to focus our enterprise sellers and our emerging enterprise sellers on these 12,000 named accounts. And then anything else goes into our velocity bucket. So we actually -- we made an announcement we just hired a new leader in Europe, Lee Edwards, who's going to be running the sales team out there. So very, very excited. We have a lot of great accounts there.

I mentioned Decathlon earlier. We have Le Monde, we have a lot of other great enterprises. And it's about how do you bring the same success that we've had in the US there.

I think the important thing to recognize is just the market's early all over no matter where you go. And so we want to make sure to invest appropriately against that opportunity and that's why we have field teams and all the GLs that I mentioned.

Yaoxian Chew - *Amplitude Inc - Vice President - Investor Relations*

Next question, Claire Gerdes from UBS, followed by Jackson Ader from KeyBanc.

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

Hey, Claire, we can't hear you.

Yaoxian Chew - *Amplitude Inc - Vice President - Investor Relations*

Your audio is not working. Can you give that another try?

Claire Gerdes - *UBS - Analyst*

Sorry about that. Thanks for taking the question here for -- on for Taylor McGinnis. Yeah, I just wanted to ask about the launch of the new Amplitude in September, the new platform. Exciting to hear about that. It sounds like it'll lower some of the barriers to getting started. So I guess what kind of new opportunities are you expecting that will open up? And just any kind of like pricing changes or anything we should be mindful of? Thanks.

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

So we're not doing any pricing changes as part of the launch. The launch is very focused on thinking about what is Amplitude -- what is not just Amplitude, what is analytics going to look like in the future. And so if you talk to any team trying to implement self-service analytics at a company, you will get all these stories about how painful and long the process is. You have to create a tracking plan, you have to get the engineering team to implement hundreds of lines of code.

You have to get data flowing in, you got to train your team on it, you got to learn the semantics of what does a chart mean, how do you do a funnel analysis, and so on. And the goal is to cut as much of that out as possible. So you're only doing one line of code, you're getting a whole bunch of dashboards out of the box, and then you're getting on that train of analytics value as quickly as possible.

So I expect that to a few different things. One, it's going to bring analytics to a whole new set of companies that have wanted it but have really struggled with the cumbersome and long implementation processes that analytics currently takes.

And then two, that'll get them to value that much quicker and start to get on that train. If I think out 5 or 10 years from now about how -- what the winning company in this space is going to look like, there is no way it's going to be as difficult as it is today. So we've been putting in a lot of work on the product development team over the last few months in preparation for this launch about all the different areas that I outlined.

And yeah, we're going to be excited to launch that September 10, and we think that's going to open up a whole new segment of customers that's going to accelerate more companies landing. That's going to get them up to speed and faster.

Yaoxian Chew - *Amplitude Inc - Vice President - Investor Relations*

Next question, Jackson from KeyBanc followed by J.R. from Piper. Jackson. Go ahead, please.

Jackson Ader - *KeyBanc Capital Markets Inc - Analyst*

First question on the sales marketing motion, how much your sales marketing expenses are split between net new go-get versus renewals?

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

So what we're trying to do is obviously minimize the amount that's on renewals at the end of the day. So really focusing the sales efforts on both net new customers, as well as expanding existing customers. And that's really where you're spending the cycle. And the goal is when you're up and running, you kind of minimize that cost.

One of the changes we've made is introducing a premium services package that helps attach specifically just to, okay, let's make sure you've implemented, let's make sure you're getting values, let's make sure you renew. And so that helps separate out some of the costs. Mike, I don't know if we have a breakdown on any of that stuff or any way to characterize it.

Mike Dean - *Amplitude Inc - VP & Corporate Controller*

No, we don't share that publicly. But everything that you've highlighted is there. The other thing that I'd highlight is that we're investing in the enterprise and so professional services related to that is impacting the gross margin specifically. And that's what's happening there. But that's all an investment to better the customer base in the enterprise.

Jackson Ader - *KeyBanc Capital Markets Inc - Analyst*

And then I guess a quick follow-up along a similar line. But I just think if you're leaning into some of the product-led growth on the lower end, is there going to be an opportunity to structurally reshape some of these expense lines, maybe shifting some sales marketing away and into R&D? Like, should we expect more (multiple speakers) Yeah. Can we just talk a little bit about how the structural changes of the expenses might look in the next couple of years?

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

Yeah. So I want to be careful about giving any explicit guidance. Obviously, that's something, as Andrew comes on board, that we're going to be looking to shape together as we think about it. Let me give some high-level points on it, though.

First is that you're right on. I think the key is putting the expensive human resources onto the enterprise accounts where you see, call it, 300,000, 500,000, million-plus opportunity. And then anything below that line, if you're thinking about sub-100,000, you're really getting -- you're automating that more and more. So there's always going to be a need, especially when you talk about a digital analytics deployment at scale.

For human interaction, you need to coordinate stakeholders. There's work to make all of them successful. And then at the low end, like you mentioned, automating more and more of the motion. I think the other benefit of PLG, as you mentioned, is that it makes it much easier. So you don't even need all those human resources for all the implementation.

So I think absolutely, that's, long term, one of the aspirations where you're getting more of the enterprise customer base coming through the PLG motion. We've seen a few early successes there. I mentioned a railway company last quarter, as well as one of the large chip companies out there that came in actually through the Plus motion, and that obviously makes the cost of sale and getting them up and running much, much cheaper. So that's absolutely a lever that we're going to be using to reduce cost, overall expense to acquire customers over time.

We are fundamentally a product company, a product-led company. And so starting with great product and winning with great product is the core of Amplitude. And so on a relative basis, yeah. Investing more there over time is directionally where we're going.

Yaoxian Chew - *Amplitude Inc - Vice President - Investor Relations*

[J.R.] from Piper, followed by Elizabeth Porter from Morgan Stanley.

Unidentified Participant

I'd love to go back to Session Replay for a moment. What's been the competitive response since adding the product earlier this year? And curious if you've seen pricing turn more aggressive there. And just in general, any views on competition this quarter would be helpful.

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

Yeah, so Session Replay, that has been -- so we just launched it in Q1 and it has been the fastest ramp we've seen in terms of additional products outside of analytics. Every single company that we talk to that already uses our analytics and has another third-party vendor for Session Replay is interested in consolidating. I don't think I've talked to one that says, oh, no, we're happy with our standalone one. It just -- it makes so much sense because you can do have a lower total cost of ownership and then the integration and workflows is actually really key too.

One of the great use cases with using Session Replay and analytics is that you can look at, say, users that encountered a bug or encountered an issue, an error and then watch the sessions to see where they ran into that and what caused it and then go back and fix that. We've already used that. We've seen a lot of our customers use that and it's not something you can do if you have a Session Replay provider standalone. So we're seeing a lot of pull from that end.

In terms of the costs, like, yeah, that is the point. Yeah, we are going to give price pressure to these other players in the market and we can offer something like, I'd say, half the cost, but that's accretive to us, saves the customer money, drives more overall values. Just a win on all fronts. And so, in a lot of ways, we are kind of the lower-cost provider because you're coming onto our platform.

Yaoxian Chew - *Amplitude Inc - Vice President - Investor Relations*

Next question, Elizabeth Porter, Morgan Stanley, followed by Clark Wright, D.A. Davidson. Elizabeth, go ahead, please.

Elizabeth Porter - *Morgan Stanley & Co LLC. - Analyst*

Great. Thanks so much. I actually have a follow-up to Claire's question on the new product rollout. I was curious if you've had prior new platform rollouts and what those -- any sort of changes in KPIs you may have seen in the past as it relates to improvements in retention or engagement? And I'm just looking to any historical precedents that we can look to kind of inform our view on the new opportunity.

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

We haven't done one like that since we've been public. I think the last change that we made in this was probably six or seven years ago. So this is the biggest that we've done since that point in time. So Elizabeth, there isn't a ton of precedent.

What I will say on just some of the quick stats, we're seeing about somewhere between a 40% and 50% increase in data activation. So of the percentage of people that sign up, how many actually end up getting data? We're seeing a lot more engagement from new customers on Session Replay and on experimentation. So that's been a real positive as well.

My expectation is this will lead to us getting more customers, as well as having the customers that do come in be more likely to be successful in activating get through the whole funnel. Now it is our first salvo at this and so we're going kind of to continue iterate and beat the drum past September 10 on this because we want to be the leaders here and so that there's no reason to choose anyone else over Amplitude. And so I'm excited to see and report on the results once we get to the other side of the launch.

Elizabeth Porter - *Morgan Stanley & Co LLC. - Analyst*

Great. And then just as a follow-up quickly on NRR, there was modest contraction, kind of as expected. Would just love to unpack some of the drivers between absolute churn, down sell, and upsell, kind of any areas that you'd call out that actually saw a little bit of better improvement? Kind of what maybe got a little bit worse?

Mike Dean - *Amplitude Inc - VP & Corporate Controller*

Yeah. So we've said that we're going to trough in the mid-90s this year and that's where we are right now. The big impact is obviously the optimizations for the multiyear contracts that happened, and then we're going to have a headwind in Q3 with Russia as well. Absent that, we believe we're in a fundamentally different place to reaccelerate growth and that's well within our reach.

Yaoxian Chew - *Amplitude Inc - Vice President - Investor Relations*

Awesome. Last question, Clark Wright, D.A. Davidson. Go ahead, please, Clark.

Clark Wright - *D.A. Davidson & Co. - Analyst*

So we've seen consecutive quarters accelerating --?

Yaoxian Chew - *Amplitude Inc - Vice President - Investor Relations*

Sorry, Clark, we can't hear you on the audio. Much better, much better.

Clark Wright - *D.A. Davidson & Co. - Analyst*

Good now? Okay. So we have seen consecutive quarters of accelerating customer count growth. And we'd love to understand where these companies are starting at and how do you plan to drive these new logos to your 50K Plus cohort, whether it's through incremental product adoption or seed ads.

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

Yeah. So I want to be clear on customer count, we continue to disclose that because we have historically, but it lumps in the Plus customers as well, which only started at the end of last year. So the year-on-year comparisons are not apples to apples. And so part of the reason why we disclosed 100K customer Plus is because those are like -- you can think of those as real or large or enterprise customers. And so, I'd focus more on that.

With that said, you do see it is great to see so many companies coming on to Plus for the first time. And those are a great feeding ground to where those companies will upgrade to larger plans, use more of Amplitude over time. They're starting to be a small revenue contribution to the quarter as well. So it's all good. But yeah, it's not quite an apples-to-apples comparison with -- if you were to look a year ago. So we don't emphasize it quite as much.

Yaoxian Chew - *Amplitude Inc - Vice President - Investor Relations*

Awesome. Great. Thank you for that last question. With that, I'm seeing no further questions in queue. We will be at the Citigroup Global Tech Conference and Piper Sandler's Growth Frontiers Conference in September. Details will be posted on our IR website. Thank you very much for attending our 2Q earnings conference call. You may now disconnect.

Spenser Skates - *Amplitude Inc - Chairperson of the Board, Chief Executive Officer, Co-Founder*

Thank you, everyone.

Mike Dean - *Amplitude Inc - VP & Corporate Controller*

Thank you.

Andrew Casey - *Amplitude Inc - Chief Financial Officer*

Thank you.

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