

REFINITIV STREETEVENTS

EDITED TRANSCRIPT

AMPL.OQ - Q1 2022 Amplitude Inc Earnings Call

EVENT DATE/TIME: MAY 04, 2022 / 9:00PM GMT

CORPORATE PARTICIPANTS

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

Spenser Skates *Amplitude, Inc. - Co-Founder, President, CEO & Chairperson of the Board*

CONFERENCE CALL PARTICIPANTS

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

Claire Phoebe Gerdes *UBS Investment Bank, Research Division - Associate Analyst*

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

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

Shrenik Kothari *Robert W. Baird & Co. Incorporated, Research Division - Senior Associate*

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

Nicole Borsje

PRESENTATION

Nicole Borsje

Great, and hello, everyone. Welcome to Amplitude's First Quarter 2022 Earnings Conference Call. I'm Nicole Borsje from the Blueshirt Group. Joining me today are Spenser Skates, CEO and Co-Founder of Amplitude; and Hoang Vuong, the company's Chief Financial Officer. During today's call, management will make forward-looking statements, including statements regarding our financial outlook for the second quarter and full year 2022, the expected performance of our products, our expected quarterly and long-term growth, accelerated investments and our overall future performance.

These forward-looking statements are based on current information, assumptions and expectations that 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 on today's call are expressed on a non-GAAP basis. We use these non-GAAP financial measures internally to facilitate analysis on 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 a substitute for financial information prepared in accordance with GAAP. A reconciliation between these 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. - Co-Founder, President, CEO & Chairperson of the Board*

Thanks, Nicole, and good afternoon to everyone. I appreciate you joining us for our Q1 2022 earnings call. Amplitude had a strong first quarter, reflecting the market's increasing demand for digital optimization. We closed out the quarter with \$53.1 million in revenue, up 60% year-over-year. We also added more than 100 paying customers, which was up 49% annually and totaling just over 1,700.

We continue to see great traction with our new products, Experiment and Recommend, and strong expanding usage of our Digital Optimization suite. This was further demonstrated by a dollar-based net retention rate of 126%, which increased by 800 basis points year-over-year. Amplitude's vision is to help every company build better products through data. We are pioneering a new category of software called Digital Optimization, the

next wave of digital transformation. Digital Optimization arms organizations with real-time product app and web data so they can make strategic decisions that accelerate innovation and increase revenue.

Amplitude's success is propelled by 3 mega trends: digital transformation, data-driven products and product-led growth. Today, companies must optimize the massive investments they've made in digital transformation and digital product creation. Amplitude's Digital Optimization System transforms product strategy from an intuition-based process to a data-driven one. That means organizations can use first-party data to understand every behavior and action taken in the product, which is a huge competitive differentiator for modern businesses today.

Finally, the very best businesses out there are focusing on the product itself as their #1 revenue driver. This gives product teams more spending power and influence within organizations. That's why companies are turning to Amplitude to be the command center for managing, measuring and optimizing the business value of their digital products. With our #1 Product Analytics solution, companies of all sizes can unlock customer insights, build winning products and drive customer growth.

We have a robust product cycle planned for the year, which we executed against in the quarter. We added new capabilities to give product leaders deeper insights into what it takes for customers to convert, including new visualizations and measurement tools to show how product changes impact conversion rates. We also built a new set of experiment life cycle features to make it easier for customers to set goals and incorporate statistical data into metrics as well as new SDK enhancements to integrate instrumentation and experimentation.

And finally, to unlock advanced targeted messaging and personalization use cases, we launched support for real-time audience delivery, customizable propensity models and up to 25% better performance for one-on-one recommendations. A key differentiator for Amplitude in our product suite is the open approach we take to helping customers move data into our Digital Optimization System. In Q1, we built new integrations with Google Pub/Sub, Braze, INTERCOM, AppsFlyer and Qualtrics, which will enable our customers to set up more event streaming destinations and better understand user preferences.

We also launched an AWS Marketplace to make it easier for organizations around the world to find test, buy and deploy Amplitude. Now product, marketing and business leaders have a simpler pathway to using data to optimize their digital business. Beyond our own product innovations, we're actually seeing an important shift in the market. Over the next year, Google Analytics is requiring all of its universal analytics and universal analytics 360 customers to shift to GA4, a different and less sophisticated platform.

Current universal analytics customers will lose all of their existing data. This friction-filled experience will prompt every GA customer to ask themselves a critical question, is Google Analytics still the best option? We're hearing from customers that the answer is no. This gives us a huge opportunity to convert GA users to Amplitude so they can stop relying on surface level metrics and start understanding the entire customer journey. We're offering discounted GA migration services for enterprises ready to upgrade to Amplitude.

Between the increasing urgency for product analytics and our work toward building the most comprehensive suite of Digital Optimization products on the market, we believe Amplitude is on track to become the system of record for the product organization. This is similar to how Salesforce has become the system of record for sales organizations and Adobe became the system of record for marketing. We believe that this represents a \$37 billion market opportunity today, and that's only going to increase as digital expands its foothold.

To realize this opportunity, we built a team that knows how to scale our product, sales engine and customer-centric approach. Last month, we welcomed Lambert Walsh as our first ever Chief Customer Officer. Previously at Adobe and DocuSign, Lambert has more than 25 years of experience leading customer success, professional services and solutions consulting teams at high-growth organizations. Lambert's expertise in scaling and driving customer success in services organizations will help Amplitude continue to win the world's largest organizations.

We're also proud to continue our position of market leadership, the G2 spring 2022 Report, which is based on customer reviews, ranked Amplitude as the #1 Product Analytics Solution for the seventh quarter in a row. And we ranked #3 in Digital Analytics for the fifth quarter in a row. Amplitude was also recognized in Fast Company's most innovative companies list ranking #3 in the enterprise category. And finally, Amplitude was featured in Gartner's Market Guide for web, product and digital experience analytics, which predicts a convergence across the digital analytics market.

Gartner now recommends combining web analytics with either product or digital experience analytics. This really validates the power of product analytics and Amplitude's opportunity to expand into the broader digital analytics space. We're also making investments for the long term in Europe where the pressure to shift away from third-party data is particularly intense. Companies around the world are looking for privacy-centric ways to create personalized product experiences, making Amplitude the ideal partner.

In Q1, we landed new customers in Europe like Luno and Infobip in London and Groupe Express in Paris. To meet rising demand in the region, we're scaling our team and have opened up new workspaces in London and Paris. Our leadership team has also been closely following the unlawful and unjustified invasion of Ukraine. We've taken several actions since February to help support our employees and give our Ukrainian customers operating flexibility.

We've also evaluated and terminated customer relationships in the region that we know to be either number one, targeted by U.S. sanctions, including subsidiaries of those companies; or number two, Russian government or Oligarch-owned. Hoang will provide additional information about the financial impact of these decisions. Amplitude took these steps to comply with sanctions and make it clear we are against the actions of the Russian government.

Our business continues to grow rapidly, and we believe in the broad-based opportunity for Amplitude. This is evidenced by the strong demand for our products from organizations across a variety of sizes, verticals and digital maturity. In Q1, our customer base expanded by 49%. Several notable new wins in the quarter include Barnes & Noble Education, RetailMeNot, Hopper, BRINKS Security, Snap Finance and Hydro. We also had several customer expands with Dropbox, Block or Square, Venmo, PayPal, OkCupid, the Weather Company, Culture Amp and anghami and we continue to make encouraging progress with the adoption of our new products, Experiment and Recommend.

I'll expand upon a few customer stories from the first quarter to provide additional context on what drove some of these wins and are increasing value to customers. A great example of an enterprise win in Q1 is Bartleby, a student success hub, developed by Barnes & Noble Education, a leading solutions provider for the education industry. The Bartleby team selected Amplitude in Q1 to deepen their understanding of user behavior across their e-learning platform.

With the addition of Amplitude Analytics, the Bartleby team will increase their ability to generate customer insights and further maximize engagement and conversion opportunities. A great example of an expansion from Q1 is Venmo owned by PayPal. Venmo provide seamless digital payments and checkout options for merchants and consumers. Venmo originally partnered with Amplitude in 2016. Today, Venmo teams use Amplitude Analytics to test data-driven hypotheses and products engagement. In Q1, Venmo completed a volume-based expansion with Amplitude.

Next, I wanted to share a great example of a customer bringing on our new product experiment, Amplitude Experiment. Dropbox, a leading global collaboration platform, is a pioneer of product-led growth with hundreds of millions of registered users in a suite of digital products. Dropbox's partnership with Amplitudes enables teams to analyze end-to-end product experiences, run measurable experiments faster and ultimately better understand their customer needs.

In Dropbox -- in Q1, Dropbox scaled their amplitude analytics implementation to more products and added Amplitude Experiment, which allowed them to conclude experiments significantly faster than what they were using before. Another exciting example of a company adding Amplitude Experiment is the Weather Company, an IBM business and an existing Amplitude Analytics customer. In Q1, the Weather Company expanded its partnership to leverage Amplitude Experiment starting with ad placement testing and web platform optimization.

With both Amplitude Analytics and Amplitude Experiment, they are now equipped to pursue several strategic initiatives aimed at advertising and product capabilities on the Weather channel website and apps. A great example of customer expansion and adding Amplitude recommend is Culture Amp, a market-leading employee experience platform. Organizations of all sizes use Culture Amp to gather organizational feedback through engagement surveys to drive development and performance.

The Culture Amp team originally partnered with Amplitude in 2020 to deepen customer insights for a new product growth team. In Q1, Culture Amp renewed their partnership with Amplitude and expanded the volume of events they ingest. Culture Amp also added Amplitude Recommend

so customer success, customer experience and user experience teams will be able to connect with users at the right time to help them get more value out of Culture Amp.

Last but not least is Hydro, the leading at home connected fitness rolling machine known for its patented technology and immersive live and on-demand content. After relying on Amplitude starter plan for several years and experienced an exponential growth during the pandemic and beyond, Hydro chose to become a paid customer of Amplitude Analytics in Q1. Hydro uses Amplitude Analytics to understand customer behavior and drive adoption and retention in their apps. They are now expanding their relationship to leverage Amplitude Analytics for their B2B data as well.

Hydro is investing in a data-driven culture, product-led growth and Amplitude will be key to this initiative.

Now let's take a look ahead to Q2. We have been making significant investments in our product development over the past year, and you'll be hearing about the early outputs of those investments at our marquee conference, Amplify, the #1 Product and Growth Conference. The event is taking place in person in Las Vegas and online from May 24 to 26 and will be gathering product leaders from around the world to learn about Amplitude's latest product innovations, participate in the Amplitude training sessions and hear from an amazing lineup speakers, including Emmy winning Comedian Hasan Minhaj, Philadelphia 76ers former General Manager, Sam Hinkie, and product and growth leaders from the NBA, Okta, Under Armour, HubSpot, Miro, Qualtrics and more.

In closing, I'm pleased with our Q1 results, and I'm proud of our team's continued execution. I believe we're at the beginning of a significant market opportunity, and we're investing aggressively in our pursuit of capturing that. Thank you for your interest in Amplitude. And now I'd 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 joining us today. Our team delivered a strong quarter, overcoming a couple of headwinds. First, I want to discuss a large customer churn in Q1. Twitter, because of their massive user activity and monetization of those activities, decided and made sense to build a tailored internal solution. Combined with the fact that they acquired in Tirana, a product analytics company in 2020, we believe this is an isolated case.

The conflict in Ukraine has also been a headwind. We made the right decision to show our support by seizing new business and ending our relationship with certain customers in the region, but those decisions will have an impact on the results of this year. I will elaborate on those impacts in a moment.

Despite this, we saw robust growth in new customers. We have the second largest expansion quarter in the company history, which translated to strengthen our net retention rate, saw fantastic growth in RPO and had our best quarter ever with Amplitude Experiment.

These results support our confidence in the long-term opportunity for Amplitude and a market for Digital Optimization. For Q1, revenue came in at \$53.1 million, representing 60% annual growth. We ended the quarter with 1,701 paying customers, an increase of 49% year-over-year. We saw customers expanding usage of our platform to drive product-led growth, which is reflected in our dollar-based net retention rate, or NRR, which increased 300 basis points sequentially and 800 basis points year-over-year to 126%.

Strength in NRR was driven by strong expansion, the second largest quarter in number of million-plus deals and total expansion dollar value. NRR also benefited as quarters with COVID-related churn dropped off. Our strong NRR reflects the long-term underlying expansion opportunity of our business as our customers embrace product-led growth where we expect to see ongoing fluctuation in NRR in the quarters ahead as we digest the timing of large expansion and customer churn.

From a geographic standpoint, revenue from the U.S. increased 59% year-over-year in Q1 to \$33.5 million, and international revenue increased 62% to \$19.5 million. The U.S. was 63% of total revenue versus 37% for international, consistent with the prior year. As a result of the actions we

took related to the Ukraine conflict, combined with churn due to associated collection risk, we estimate about \$1 million in quarter revenue impact beginning in Q2 and a decrease in FY '22 customer count by about 2% to 3%.

Turning to remaining performance obligation, or RPO. In Q1, total RPO increased to \$194.4 million, up 84% year-over-year. Current RPO also increased to \$149.6 million, up 62% year-over-year, representing approximately 77% of total RPO. The strength in RPO growth is driven by expansion, coupled with early renewals and longer-term contracts, reflecting customers' increasing confidence in the value of our digital optimization services.

I will be discussing non-GAAP results 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 improved to 72% compared to 70% in Q1 2021. We're excited about the progress towards our long-term goal of 75% as we continue to scale the business. Moving now to operating expenses. For Q1, sales and marketing expense was \$24.9 million compared to \$15.9 million last year and represented 47% of revenue compared to 48% of revenue in Q1 2021. R&D expense in Q1 was \$12 million compared to \$6.1 million last year. This represented approximately 23% of revenue compared to 18% of revenue in Q1 2021.

As planned, we caught up on our investments in product development so that we can extend our leadership in product analytics and build additional solutions to serve as the Chief Product Officer role. G&A expense was \$9.2 million for the first quarter compared to \$4.6 million in the first quarter of last year. G&A was 17% of revenue versus 14% of revenue in last year due to incremental cost of operating as a public company.

As a result, loss from operations in the first quarter was \$7.7 million compared to a loss of \$3.2 million last year. Operating margin was negative 15% compared to negative 10% in the same period last year. Net loss was \$8 million compared to \$3.5 million in the first quarter of 2021. Net loss per share was \$0.07 based on 109.6 million shares compared to a loss of \$0.13 in the first quarter of 2021 with 27.9 million shares.

Turning to free cash flow. Free cash flow was negative \$9.6 million or negative 18% of revenue compared to negative \$1.1 million or negative 3% of revenue in the first quarter of 2021. Turning to our balance sheet. Our cash and cash equivalents were \$300.4 million at the end of Q1, down from \$307.4 million at the end of the prior quarter. Before turning to guidance, I wanted to offer some high-level perspective on our strategy for balancing growth and profitability long term.

Our top priority is still growth. But because of our favorable unit economics, we're committed to improving operating margins every year as we target breakeven non-GAAP operating margins and positive 10% free cash flow in the medium term.

Moving to guidance. For the second quarter of 2022, we expect revenue to be between \$54.5 million and \$55.5 million, representing an annual growth rate of 40% at the midpoint. This takes into account about a \$2 million negative impact from actions in Ukraine and Twitter.

We expect non-GAAP operating margin loss of 23% to 24%. We expect operating loss to be the widest in Q2 due to our Amplify event, which is being held in person in Las Vegas. This also incorporates higher expenses from travel and return to office. We expect non-GAAP net loss per share to be between \$0.11 and \$0.12, assuming shares outstanding of approximately 111.6 million.

For the full year 2022, we expect revenues to be between \$229 million and \$235 million, representing an annual growth rate of 37% to 40%. Given our strong Q1 performance, we raised the midpoint of our range by \$2 million. We expect non-GAAP operating margin loss between 19% and 20%, an improvement from our previous expectation of negative 20% to 22%. And we expect non-GAAP net loss per share to be between \$0.39 and \$0.41, assuming shares outstanding of approximately 112.6 million.

We had some unexpected headwinds in Q1, while our team responded with strong execution, delivered a very successful Q1 on a number of fronts. We believe that we're well positioned to drive attractive revenue growth as we hope the company build better products upon the foundation of our Digital Optimization System. We're looking forward to continuing our discussion with all of you over the coming months and are excited about Amplitude market opportunity.

With that, I will open the call for your questions.

QUESTIONS AND ANSWERS

Nicole Borsje

Thanks, Hoang. And at this time, we will turn the call over to the Q&A portion of the discussion. And our first question today will come from Tyler Radke with Citi. And following him will be Arjun Bhatia with William Blair.

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

And appreciate all the disclosure on the moving pieces in the forecast, Hoang. Spenser, I wanted to start kind of a broader question for you. So you talked a little bit about the convergence of some of these analytics categories. Obviously, the Google product change too. Just how are you thinking about kind of the broader opportunity in that lens? I mean clearly, your roots are in product analytics. You have some interesting traction in Experiment and Recommend. But how do you go after that broader opportunity without kind of staying focused on kind of the traditional strength of Amplitude?

Spenser Skates - Amplitude, Inc. - Co-Founder, President, CEO & Chairperson of the Board

Yes, for sure, Tyler. Happy to answer that question. I think there's -- the first thing to understand is that what we're seeing in the market is that customers don't really think about themselves differently if I'm in the marketing experience versus if I'm in the product experience. It's just all one end-to-end journey about customer experience. And so one of the big reasons that we talk about digital optimization as opposed to product optimization or product data is that, from a customer standpoint, it doesn't really matter.

And so when you're building a -- whether you're building the marketing experience for a -- for your customers, you're building the product experience, you want all of those to be seamlessly integrated. You want to understand how signing up and doing the free trial impacts your long-term usage of your product. And so we believe that all of those things are going to be converging over time, and that's a huge opportunity for us.

And so I think, historically, you've seen marketing and product be quite separate, separate functions, separate teams, separate infrastructure stacks, but we see those converging over time. I think the updates that Gartner's Market Guide provided where they said, "Hey, marketing analytics is going to converge with product analytics/digital analytics." It's just kind of another sign. And often with the analysts, they really just playing catch up to what they see in market. We're already seeing this.

I mean, one of the crazy things that I've seen a lot of tech companies is that CMOs will actually have a product background. Facebook CMO has that. There's a bunch of other companies that have that case. And so I think, from a data perspective, that means you just need one platform to unify it all. And so things that were built for just a marketing analytics world like Google Analytics are no longer going to be enough to serve that end-to-end product journey.

The last thing I think I'll close out with is our strength has been product. It's always been product. It's been our focus. And our core -- our product is product analytics. But -- and so we expect that to continue to remain true while we brought in out into these other areas of digital or marketing or what have you analytics.

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

Great. And if I could ask a follow-up for Hoang. So I appreciate the help on the moving pieces. I guess if we look at current RPO growth in the quarter, does that include some of those headwinds? I mean that grew 62% year-over-year, I think, accelerated a little bit from Q4.

Yet, obviously, the revenue guidance is about, I think, 20 points -- 15, 20 points lower here for Q2. So just help us understand if those headwinds aren't in current RPO guidance? And what will kind of explain that slowdown in revenue if they are?

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

Yes, Tyler. Absolutely. We gave that additional color to mainly try to connect those point. So the headwinds in terms of like whether it's the churn that we may have taken related to Ukraine or Twitter are reflected, obviously, in your CRPO. But the main thing is most of those and I say, they were already running through most of what was already in the remaining performance obligation. So you already were coming down to a quarter balance and now it's zero. So you're not just adding any new one from the renewals, right?

Now the reason RPO and CRPO is growing at a faster rate, now, obviously, it's growing 62% year-over-year, but you annualize a quarterly growth rate, CRPO is up 42%. Obviously, both is still a great number. But that does factor is, obviously, as companies and we mentioned this, companies are more and more saying, "Hey, we want to bet on Amplitude. We trust it." And so we're seeing also longer-term contracts.

And so you have longer-term contracts. The movement from long term RPO to CRPO is actually causing a little bit of that increase in CRPO year-over-year. And that's why you're also seeing RPO outpace CRPO.

Nicole Borsje

Next, we'll take Arjun Bhatia with William Blair. And following Arjun, we'll take Koji Ikeda with BofA.

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

Hoang, maybe I just wanted to start with you. I think to continue on maybe some of the commentary and the discussion we had last quarter around uncertainty with the timing of expansions. I'm curious how your visibility into that expansion cadence has changed that over 3 months later into the year? And I'm curious if Twitter was one of those customers that was on your mind when we're talking about uncertainty and expansion last quarter, risk now behind us, if there's going to (technical difficulty)

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

Yes. I think when we talk about last quarter, our visibility into large expansion stays the same. I think what we are factoring in last quarter, when we're looking at some of the macroeconomic conditions, we are confident that these customers will expand with since a question of like, is the exact timing of when?

And I think what we saw in Q1, both kind of the fact that we hit a 126% net retention rate, the fact that we had our second largest expansion ever, we actually saw a customer going, no, we really do believe product-led growth is very critical, and we're going to move on and we're going to keep doing it. And so we actually saw really large -- good large expansion and happening in Q1, which is -- our timing was a little bit uncertain whether they were going to exactly happen. So we wanted to make sure we were being smart about our forecast.

But I think we executed extremely well and the team really delivered on that front. I think as far as Twitter, the churn in Twitter, obviously, we don't ever want to lose any account. And I think at the beginning of the quarter, we thought that we were going to be able to save the count. The count there wasn't necessarily an expansion, but it was going to be something that was saved.

I think I mentioned in my prepared remarks, just given the unique circumstances that were actually happening, and there's actually a lot happening in Twitter. And so when you think about that combined with just the amount of data they have, and the monetization of that data, along with the fact that they did acquire in Tirana, they made the decision towards the end that they were going to obviously build something internally. And so that was not something that we expected.

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

Understood. And Spenser, I know, it seems like you're getting industry recognition, the categories going forward, customers are increasing on the investment back to being as partner. When you think about Experiment and Recommend, you gave us some great examples of customers that are using that now, should we think about that as still an expansion opportunity when we talk with customers and make the investments? Are they either considering what was customers are increasing on investment as partner. (technical difficulty)

Spenser Skates - *Amplitude, Inc. - Co-Founder, President, CEO & Chairperson of the Board*

It's a little hard to hear you. I got most of that, though, and go ahead.

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

No. Maybe I don't know last it's very bad, but it's very cold. So hopefully, it's better. But I was just curious if customers are landing with Experiment and Recommend of the that you see customers on and make a platform decision kind of an expansion at this point?

Spenser Skates - *Amplitude, Inc. - Co-Founder, President, CEO & Chairperson of the Board*

Yes. So we definitely have a few cases of where customers have landed with Experiment, and that's been a big part of the deal. But both in the case of Dropbox and IBM and most of our largest experiment customers, those tend to be expansions on top of the core analytics. I think what makes me really excited is always close to both the Dropbox and the IBM deals and use cases.

And what was exciting about those from my standpoint, was -- those -- they had decided in both cases to move away from an internal system of doing experimentation on to Amplitude and Dropbox that was partly driven by cost savings because they just had so many engineers that are running it. And in IBM's case, it was really driven by the goal of just running more experiments. They were at like 5 or 6 experiments a quarter, and they wanted to increase the number of experiments they were able to execute to 30 or 40.

And both those customers had already been very successful customers on the analytics front. And gotten a lot -- a ton of value out of there. And so I think it was really a breakout quarter for the Experiment product from my standpoint because I think before we had mainly seen, it was commercial SMB teams, maybe an enterprise using it for a side use case here and there. But in both of those cases, it was like, hey, we're going to move our main experimentation muscle onto Amplitude Experiment. And so I think that gives me a lot of confidence over the long term that we'll continue to see more enterprise customers like that. And as we get into 2023 and beyond, that experiment can be a big driver from a revenue perspective on the expansion side.

Nicole Borsje

Great. And our next question will come from Koji Ikeda with BofA. And following Koji, we'll take Shrenik Kothari with Baird.

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

I wanted to ask you guys a question on a recent press release I saw. I noticed that you announced you're now in the AWS Marketplace as of March. I guess, could you talk a little bit about how this could potentially increase the adoption of the platform maybe from an awareness perspective or also from a maybe removing friction of the adoption of the platform being available in the marketplace?

And also, could you please remind us, are you available in the Azure marketplace or GCP marketplaces right now?

Spenser Skates - *Amplitude, Inc. - Co-Founder, President, CEO & Chairperson of the Board*

Yes. So we're not available in Azure or GCP. AWS is the first one that we've gotten into. I think the really big deal there is folks can use either credits or committed revenue from AWS on Amplitude as a product. And so we just got that agreement in place. And so I think unlocking that is just another channel from a partnership's angle has the potential to be big over time.

As you know, any SaaS company as you get towards the \$1 billion in ARR mark, so much of the revenue comes through the channel as opposed to direct, which is the vast majority of the business today. And so our expectation is that will happen over time. Now they really want to -- in terms of any channel partner, it's like they really want to see that you can drive business for them, so it's not until your business is sufficiently big that they're going to care and send you stuff.

But the fact that we've set it up on AWS is like a really huge deal and allows us to work with a broader spectrum of customers than we might otherwise. And so yes, really pleased that we got that out the door in Q1.

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

Got it. Got it. And then just one follow-up for me here, too. Actually digging in a little bit more on the partner channel strategy, I just kind of quickly went to the website, noticed you had about 23, you call them solution partners kind of worldwide. How do we think about this channel expanding? Really kind of thinking about expanding or partnering up with some of the regional SIs or maybe even the GSIs over time? And I guess I should ask how do we think about the partners from a technology and integration partner number 2 from technology and integration partner network too from here?

Spenser Skates - *Amplitude, Inc. - Co-Founder, President, CEO & Chairperson of the Board*

Yes. So let me take the technology one, and I'll leave it to Hoang for the GSIs and the solutions partners. I think the big thing from a tech standpoint is that the data -- product data lives in so many different places in companies. It could live in your own -- could you live in a Kafka queue, it could live in your Snowflake data warehouse, it could live in GCP, it could live in like a million different places. And so the more places that you integrate with and make accessible, the more surface area you have to be able to work with customers that have product data in those places.

And so I think it's a big contrast with what I think of as kind of the previous gen. You look at Google Analytics and Adobe where they're really most -- for the most part, pretty closed ecosystems, and they don't have the list of built-out integrations we have where they can send and receive data to all these places. And so it makes it tough to keep up with all the different use cases and applications for product data that are out there.

And so for us, it's just like we're thinking about getting a constant steady stream of every single time we see a customer that has data in a new place we want to unlock that as a use case. We'll actually be announcing a product around that at Amplify in a few weeks, which I'm excited about. And so obviously, we had GCP last quarter. We had Snowflake the quarter before that we announced.

We'll expect to continue to announce more integrations and more ways to get data into and out of Amplitude and that will just further cement our differentiation versus the previous gen of the analytics players.

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

Yes. Thanks, Spenser. And on the solutions side, I think, early on, we saw that there is a bunch of companies, especially the outside of tech that we're interested in going into product setting up their data infrastructure or the growth stack. And they would go to a regional kind of solution partner to help them with that. And so we start partnering with those because they were coming and say, "Hey, we want Amplitude to be part of that solution."

As we look out, we kind of see that as being a huge opportunity because I think when you think about the work it takes to actually get the data ready, go to the activation and implementation, that's one aspect. But the more interesting and more compelling part is even once you have it going, companies don't need help and resources to kind of understand the data, make recommendations of the data and how to really kind of interment -- implement some of those recommendations.

And so we think there's a ton of work out there for the right partner that has the right relationship with those clients. And so I think that, that partnership is going to be a big growth driver for us as we kind of go out to other verticals where they need that external home. And so we continue and we've mentioned it before during our Investor Day, we started investing in partnerships and solutions group and the technical solution partner group both about 1.5 years ago, and we'll continue to building that out and you're starting to see continuing dividends coming from that.

Nicole Borsje

Great. And we'll take our next question from Shrenik Kothari with Baird. And following Shrenik, we'll take Michael Turits with KeyBanc.

Shrenik Kothari - *Robert W. Baird & Co. Incorporated, Research Division - Senior Associate*

So the number of paying customers still growing very nicely, 49%. You highlighted the integrations with a bunch of players, Braze, Qualtrics and the GA migration services conversion from Google Analytics. I believe it's been like over a quarter now since you launched the Adobe extension, which is kind of a similar GA conversions from Adobe.

So if you can offer some color there, how we start progressing? How much, if at all, is that contributing to the land motion? And just the go-to-market learnings from that as you embark on this bigger Google opportunity with a big migration catalyst that you talked about?

Spenser Skates - *Amplitude, Inc. - Co-Founder, President, CEO & Chairperson of the Board*

Yes, for sure. Happy to answer that Shrenik. So I think Google Analytics has always been a great source of leads. It's pretty ubiquitous on the website, and so it's a very common starter product for most companies out there. And I think we've consistently quarter in and quarter out gotten a huge number of customers that have migrated or upgraded off of Google Analytics onto Amplitude.

I think this recent forced move from Universal Analytics to GA4 is just going to accelerate that. So we just put out a campaign last week to really target current Universal Analytics customers who are very unhappy. And there's -- what's really interesting is, if you hear the party line from Google, they say, "Hey, everyone's happy on this migration." But their customers and partners are just -- or anything, but -- and so it's -- I think that will -- we'll continue to see more customers landing and having switched off of Google Analytics to amplitude.

On the Adobe front, it's a little earlier for us. And so as you know, Adobe is very entrenched in the ecosystem, and they have a lot of customers who have built out massive stacks on them. And it's not just the analytics product. They have 60 different products as part of their marketing cloud. And so there's a few that we are working with actively to have them look at Amplitude as a potential alternative, but it's really early there.

And in most cases, we actually play pretty well alongside Adobe in terms of Adobe customers being able to get great product analytics from Amplitude and vice versa. I think in the long term, we do see, as I mean, as the Gartner report suggested and I mentioned that on previous answer, we do see those spaces converging. And so we'll continue to build out more capabilities there. But it's still pretty early days for that.

Shrenik Kothari - *Robert W. Baird & Co. Incorporated, Research Division - Senior Associate*

Got it. Got it. Just a quick follow-up on the net retention. It kind of inflected higher from last time and the previous quarter. So you highlighted the second largest expansion, the best experimental quarter, Dropbox and so on. I know you kind of discussed a bit, but just trying to unpack these contributions a bit. Was it like core product analytics still the main driver for expansion within department, cross department as you have stated

that you sit at the periphery to course still in these fortune top companies? Are these examples from recommend and experiment are also moving the needle now in a meaningful way when it comes to expansion?

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

No, sorry. Yes, that's a great question. I think absolutely, product analytics for us is still the main product and the main of our expansion. You guys remember both Experiment and Recommend were in our third quarter, we're extremely pleased with kind of the progress. I think last quarter, we reported that we had over 100 customers using both products, and now we just talked about some really large expansion at the IBM and that Dropbox around Experiment.

And so we're starting to see continuous pickup, but it's still in the early days of both of those new products, and they don't make up a material portion of either the expansion or the net retention rate yet. But given the progress and momentum we have there, we hope to see that soon.

Nicole Borsje

And we'll take our next question from Michael Turits with KeyBanc. And following Michael, we'll take Claire Gerdes with UBS.

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

This is Michael Vidovic on for Michael Turits. So thanks for giving the clarity on the Russia commentary. But are you seeing any extension of that to Western Europe or any broader impacts from the ongoing war?

Spenser Skates - *Amplitude, Inc. - Co-Founder, President, CEO & Chairperson of the Board*

Yes. I'd actually say we have not. Our Europe growth continues to be strong. As we mentioned, international growth actually outpaced domestic growth by a little bit in Q1. We had a lot of great lands. I mentioned earlier in the prepared remarks, Luno and Infobip in London and Express in Paris. We're continuing to grow and invest our team in the region, open workspaces in both London and Paris now that we're starting to get to the other side of the pandemic and then we're continuing to scale our investment.

I just huge shout out to the team in Europe for continuing to deliver in spite of what's going on with Russia and Ukraine. And so I think in the short term, we obviously have that onetime hit that Hoang mentioned for moving out a bunch of Russian customers, but growth from everywhere else in the region is very strong.

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

Great. Appreciate that. And then just a quick follow-up. Last quarter, you talked about challenges with customers being either slower to expand or building in-house solutions kind of you being more of an evangelical sale. I guess, are you doing anything to combat that? Or any changes you're making internally against that motion?

Spenser Skates - *Amplitude, Inc. - Co-Founder, President, CEO & Chairperson of the Board*

Yes. I mean that's a top focus of the team. I think it's also -- we had -- because we had a really strong expansion quarter in Q1, that was driven by a lot of focus and execution by the folks on the ground. So really proud of the team's work there as we focused on getting more repeatability and predictability in the expansions.

I think -- to be clear, I think we haven't seen that factor change. I think when we see us land quite consistently and then it's really that kind of first expansion to a core product or to a suite of products where we become standardized on Amplitude that can have variability in timing because that depends on when different executives are bought into product-led growth and data-driven products that depends on proving out that success in the first product.

And there's a bunch of different factors in play for that. In terms of what we're doing about it, I think there's 2 things I think about the air war and the ground war. The air war is really just continuing to educate to evangelize what it is that we do and why product data is so incredibly important. We're actually really excited about our Amplify Conference. We wouldn't know if we'd be able to get a lot of people to turn up in person, but we already have over 1,000 folks registered for the conference, and that's going to be a huge part of driving the idea of this is the way to do it. And that's a long-term play there.

On the ground war side, this is where I think we've had a kind of good foundation with some of our customer-facing teams, but we're always looking to mature there. I mentioned we brought in Lambert Walsh as Chief Customer Officer. So I'm really excited about the leadership he's going to be able to provide and bringing us to the next level of maturity with helping teams out with customized services, things around training and implementation that we might not have been able to do before, and those will help accelerate that.

And so I think I have confidence that the combination of those things over the long term will make that motion much more predictable and repeatable. And to be clear, it is a repeatable motion, and we see all the signs. It's just the precise timing can vary. And so that's what we're looking at improving as we go throughout this year.

Nicole Borsje

Great. And our final question will come from Claire Gerdes with UBS.

Claire Phoebe Gerdes - *UBS Investment Bank, Research Division - Associate Analyst*

Great. So I just wanted to follow up a little bit on the full year guide. You, of course, mentioned the impact from the conflict in Ukraine. But is there anything else to call out that you're either seeing in the environment or you've touched on expansion activity so far. But anything to call out that's influencing your outlook for the rest of the year?

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

No, I think we raised the midpoint of the range by \$2 million, while we're narrowing it. And I think that just shows that not only did we had a great Q1 but we actually have more confidence given where the net retention rate is and where the new products are trending. We feel really confident in the market, and that's what's in the guidance.

Nicole Borsje

Cool. As we close things out here, I just want to make a quick plug for Amplify in Las Vegas. So come join us May 24 to 26 in there. I promise that if you come join us, I'll go hang out with you in person. We would love to see folks there.

DISCLAIMER

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2022, Refinitiv. All Rights Reserved.