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PRESENTATION

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

Hello everyone, welcome to Amplitude's third quarter 2024 earnings conference call. I'm Yaoxian Chew, Vice President of Investor Relations. Joining me are Spenser Skates, CEO and co-founder of Amplitude, and Andrew Casey, Chief Financial Officer.

During today's call, management will make forward-looking statements, including statements regarding our financial outlook for the fourth quarter and full year 2024, the expected performance of our products, our expected quarterly and long-term growth, investments, and our overall future prospects. These forward-looking statements are based on current information, assumptions, and expectations and are subject to risks and uncertainties, some of which are beyond our control, that could cause actual results to differ materially from those described in these statements. Further information 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 are expressed in 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 these GAAP and non-GAAP financial measures is included in our earnings press release, which can be found on 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 third quarter earnings call. I'm going to focus on three sections today. First, Q3 financial results and what we're seeing in the market. Second, how we are going after our market opportunity. Third, command AI, continued product innovation, and customer stories. I'm pleased to report that we beat all guided metrics this quarter. Our third quarter revenue was \$75.2 million, up 6% year-over-year. Annual recurring revenue was \$298 million, up \$8 million from the end of the second quarter. Non-GAAP operating income was \$1.6 million, or 2.1% of revenue. We now have almost 3,500 paying customers.

In Q3, customers representing \$100,000 or more of ARR grew to 567, an increase of 13% year-over-year. We put up a better quarter thanks to execution. This quarter's results are especially encouraging when taking into account the unexpected headwinds from the new Russian sanctions that we discussed on last quarter's call. Here are the highlights.

Our integrated platform approach is uniquely suited for this moment. Customers are looking to us to drive consolidation. Today, 23% of our annual contracted customers use more than one of our products. Our competitive position remains strong, particularly against point solutions and legacy players. One callout this quarter is Google Analytics, whose customers are dissatisfied with its persistent usability problems and unresolved privacy issues. This is creating a long tail of opportunities for Amplitude. We are building a higher quality book of business.

Last quarter, I spoke to promising signals across pipeline and attach rates. We believe the nature of larger sales is changing for the better as we make progress to win the enterprise. We are starting customer conversations differently, reaching key decision makers and demonstrating fast value in ways we weren't before. We saw continued healthy growth in our 100k or more ARR customer base and a stronger mix of multi-year deals this quarter. It's worth noting just how different the nature of these deals is compared to the wins we were seeing a couple years ago. We delivered several million-dollar-plus expansions, the majority of which were multi-product wins. I am again encouraged by the continued green shoots that we have been calling out.

Cohort health continues to improve. Newer customer cohorts are demonstrating healthier gross and net retention patterns. Customer utilization is showing stability quarter to quarter. We are entering Q4 with strong enterprise pipeline and feel confident in our ability to execute. I've said that ARR and revenue re-acceleration are both well within our reach.

This quarter sets us firmly on that path. While we are making progress, there is still plenty of work to do. We are past the significant majority of overbought-to-optimization contracts, but churn is still too high. The macro environment is still choppy. Buyer scrutiny remains high, especially for larger deals. Digital natives remain on the defense, while M&A and layoffs are an unpredictable variable impacting end-user demand. Next, I want to share a quick update on the team.

We hired Wade Chambers as Chief Engineering Officer. Wade has an incredible perspective on what a great engineering organization looks like at scale and will bring that to amplitude. I've talked to many leaders across Silicon Valley who consider Wade to be the best engineering leader working today for this stage of company.

Most recently, he was the CTO and SVP of Engineering at Included Health. Previously, he led engineering at Twitter, Telepart, Proofpoint, Yahoo, Opsware, and Netscape. Wade has been an advisor to Amplitude for eight years, and I have learned a huge amount from him. He has a courageous and first-principles approach to tackling tough challenges. His ability to build and run high-functioning teams will enable us to drive execution at scale. I am thrilled to be working with him.

Moving to product updates. We had a big launch with Amplitude Made Easy in September as part of WinSimple. We rebuilt the Amplitude platform to make it easier for new users to get started. We are now offering users a single line of code to get up and running, auto-capture and visual tagging, default dashboards out of the box, and bundling of session replay and experiment SDKs. We've already begun our enterprise rollout following encouraging signals in our self-service motion.

New self-service sign-ups have increased by 40%. We've also seen a 40% increase in new organizations who are sending data per week. Session replay activation has more than doubled as a result of these changes. We are reducing data frictioning, widening the top-of-funnel, and encouraging multi-product behavior. Our mission is to help companies build better products. Our thesis is that analytics is positioned to be the center of gravity for workflows that touch customer and product data. Without analytics, the rest of the stack is much less useful. Amplitude's platform continues to evolve to serve more users, more workflows, and more outcomes.

To win the digital analytics category, we need to deliver the data and insights customers need and help them take the actions that will drive acquisition, growth, retention, and expansion. We see immense opportunity for AI to let us deliver more customer value.

There are two areas of near-term focus. The first is automated insights, which we can surface to customers proactively without human intervention. The second is automated actions, where Amplitude can recommend and take actions that we know will improve the end-customer experience. More on these to come at a future date.

Our recent Command AI acquisition accelerates this ambition. Teams around the world use Amplitude to gain a deeper understanding of user behavior and build great digital experiences. However, customers are often asking us for more. They want a way to take action to influence or learn more about the trends they're uncovering with their analysis. Command AI does this through form factors like guides to help with onboarding, messages to share in-app announcements, and the ability to get user feedback in real-time through surveys.

Command AI provides intuitive AI-powered user assistance to make complex software easier to adopt and navigate. Their product offers in-product nudges and tours, onboarding guides, and surveys delivered in a way that resonates with users rather than annoying them like these tools all too often do.

Command AI's user-focused approach helps create a customer journey that is personalized and unobtrusive. Users love it because it sets them up to be successful. Companies love it because they can encourage the behaviors they want and help users find value faster. In all our strategic conversations with Command AI, it was clear that there would be strong strategic and cultural fit. Their number one position in the G2 digital adoption platform's ranking is strong validation of market momentum. Their amplitude integration was already one of their most popular integrations they offered. Everything they do is more powerful when combined with our platform capabilities.

Analytics and cohorting add context and targeting for guides. Experiment lets users test which interventions and messages are the most effective. Session replay ties user feedback to end product behavior. These are just a few examples of the power of behavioral data driving the right actions. We expect to release an integrated experience early next year.

Product and behavioral data is important to everyone in an organization. We extended our partnership with HubSpot this quarter, allowing teams to combine the power of HubSpot with Amplitude's customer behavior data. With this latest integration, go-to-market teams can easily track product usage alongside traditional CRM data.

Customers can see Amplitude charts in their HubSpot dashboards and target customer cohorts based on product usage or other key buying signals. Teams can also bring HubSpot data into Amplitude to understand marketing campaign performance. Our own product-qualified leads at Amplitude convert better than the average, and we're excited to bring that power into hundreds of joint customers.

Lastly, we continue to grow our platform with the launch of web experimentation. A-B testing tools are often difficult to use and scale, requiring engineering resources. They lack flexibility and introduce page slowness, which impacts conversion rates. With web experimentation, Amplitude now offers a self-serve way to easily run A-B tests across product features and websites. Visual editing and point-and-click interaction reduces the need for engineering support. We are making it easy for product managers, marketers, and growth leaders to A-B test and personalize web experiences.

Turning to Customers In Q3, we landed and grew with customers like Realtor.com, Playrix, DigitalOcean, Fanatics Commerce, Traveloka, ONAG, Phillips, Radio France, Joe and the Juice, and Thomson Reuters. We saw continued success this quarter, displacing multiple-point solutions as customers looked to us to drive vendor consolidation.

Realtor.com helps millions of home shoppers find their dream home. They provide a comprehensive list of for-sale properties nationwide, as well as information and tools to make informed real estate decisions. Amplitude began working with the Realtor.com product team three quarters ago. We delivered fast value by unlocking behavioral insights, democratizing data access, and helping the team ship the right experiences faster. Our initial success helped raise awareness that we could solve larger problems across the organization.

Realtor.com was looking to streamline access to data with a single, unified view of the customer journey to generate actionable insights and better meet consumer needs. By supporting a simplification of Realtor's digital tech stack, we are reducing friction and increasing trust between the marketing, analytics, and product organization.

This win speaks strongly to the opportunity ahead for Amplitude. Our growing platform breadth, combined with an increasing pull outside of our core product persona, shows that Amplitude can be the single pane of glass for our customers' digital needs. We also grew an ongoing partnership with a major global sports organization this quarter. They say that personalized fan experiences are a priority advancing them towards their goal of 100 million paying subscribers, which in turn drive billions of dollars in broadcast rights.

Over six years, Amplitude has grown steadily from powering their direct-to-consumer arm to a far more strategic deployment across the organization. Usability, scalability, and cost frustrations with their legacy MarTech providers had reached a breaking point. In contrast, Amplitude gave their marketing and product teams a shared and unified view of the customer journey to test strategies, target audiences, and tailor content.

This quarter, they are going all-in with every part of our digital analytics platform as part of a three-year agreement. Our footprint across their organization continues to grow as we are being implemented across dozens of teams and subsidiary leagues. We believe this marks the start of a larger shift in workflows off their legacy MarTech providers towards Amplitude. Their forward-thinking approach is great validation of our platform vision. We see many similar situations out there and think this can open more opportunities for MarTech replacements with other enterprise clients. DigitalOcean, a leader in cloud services, has partnered with Amplitude to revolutionize their marketing and product-led growth strategies. DigitalOcean is looking to build an entirely new muscle in product-led growth. Previously, DigitalOcean relied on a disjointed toolkit, Looker for reporting on Snowflake and Pendo for user insights. This required data analyst work, which limited both broader team accessibility and the ability to take action.

By consolidating onto Amplitude, DigitalOcean has been able to streamline their processes, eliminate fragmentation, and enable comprehensive data analysis. DigitalOcean aims to derive specific insights related to user onboarding, feature adoption, and engagement metrics. With Amplitude, they can more efficiently analyze user behavior on their cloud platform and pinpoint bottlenecks in onboarding flows to enhance the user experience.

I've been very intentional about repeating these three statements. First, our thesis is that analytics is the center of gravity for any workflow that touches customer and product data. Second, product and behavioral data is important to everyone in an organization.

Third, product innovation is the biggest driver of long-term growth and shareholder value for Amplitude. Nothing has changed about our long-term opportunity. We remained well-positioned to win the category as the convergence of buyers and budgets across product, marketing, and experience continues. We have a unique position to be the platform leader that drives continued consolidation of fragmented tooling and legacy offerings.

I've said before that we are going to drive re-accelerating growth for Amplitude regardless of the macro environment. We are on that path and will keep executing with urgency. We are not here to build a single-digit growth business.

Thank you for your interest and amplitude. I'd now like to turn it over to Andrew to walk you through the financial results.

Andrew Casey - *Amplitude Inc - Chief Financial Officer*

Thank you, Spencer. And thanks to everyone joining us today. I'm happy to report that we exceeded all guided metrics this quarter.

Now that I've had some time to work with the team, I'm happy to share that many of my early instincts about the business have been proven right. Amplitude has the right product focus to meet critical business needs and a customer-obsessed culture focused on solving difficult problems. Our platform is uniquely set up to win against the market backdrop of vendor consolidation and the convergence of product, marketing, and experience analytics. We haven't quite turned the corner yet, but the signs are there.

Cohort health continues to improve, and we are building a higher-quality book of business, making progress on our efforts to win the enterprise. Our platform is growing with new product capabilities and our customer use cases, but there is more to do.

As part of my first official earnings call with Amplitude, I'd like to share some overarching financial principles. Hopefully, none of these comes as a surprise.

First, we are not a growth-at-all-costs company. We are investing appropriately to drive accelerating growth, while generating positive free cash flow. And we plan that our growth will come with leverage. There are caveats. We deal with capital allocations decisions every day, and we may adapt this approach when we have attractive opportunities that drive long-term value at the expense of short-term results.

Now, turning to our third 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. Third quarter revenue was \$75.2 million, up 6% year-over-year and 3% quarter-over-quarter. Total ARR increased to \$298 million, exiting Q3. An increase of 9% year-over-year, and \$8 million sequentially.

Here are more details on key elements of the quarter. New ARR was largely expansion-driven this quarter. As Spenser mentioned, we had several expansions that exceeded seven figures. Linearity was more pronounced than normal in the quarter, as our mix of enterprise business continues to grow. The number of customers representing 100,000 or more of ARR in Q3 grew to 567, an increase of 13% year-over-year. In-period NRR was 98%, and NRR on a trailing 12-month basis was 97%.

Large expansions contributed to the better-than-expected result. Gross margin was 77% for the third quarter, down 2 percentage points year-over-year, and up one percentage point quarter over quarter. The sequential margin increase was driven primarily by optimizations with our hosting services.

Sales and marketing expenses were 43% of revenue, flat year over year. Sales efficiency is not where we'd like it to be and we are focusing at driving improvements, investing against increasing proof points to better enable our enterprise success. G&A was 16% of revenue, up 2 percentage points year-over-year, reflecting increases in legal expenses and bad debt expenses related to new Russian sanctions. G&A also needs to improve as a percentage of revenue over time. Total operating expenses were \$56 million, up 7% year-on-year. We had previously estimated a negative impact to operating profit of \$4 million due to new Russian sanctions, the actual net impact ended up being closer to a negative \$3 million.

Operating profit was \$1.6 million, or 2% of revenue, which represents a 2-percentage-point decline on a year-over-year basis. Net income per share was \$0.03, based on 131.3 million diluted shares, compared to net income per share of \$0.05, with 128.1 million diluted shares a year ago. Free cash flow in the quarter was positive \$4.5 million, or 6% of revenue, compared to \$7.5 million, or 11% of revenue, a year ago. Now, let me take a moment to talk about our philosophy as it relates to mergers and acquisitions.

There are three questions we always ask ourselves for every opportunity we look at. First, can we accelerate our strategy through what we're buying, and are we better together? Is there a strong, long-term cultural fit, and does this make financial sense? Elements of our product strategy always involve a buy-versus-build decision, and we will continue to balance both, all in the service of building a more robust platform.

Now, turning to Outlook. We are assuming that the macroeconomic environment continues to be challenging in the near future. Every new logo remains tough, and buyer scrutiny remains high. We think caution continues to be warranted. Stabilization is simply not enough. We believe that every incremental point of market share in this stage of the cycle will be magnified on the recovery. We plan to reinvest appropriately against our platform opportunity, and we will not shy away from making big bets where we see favorable outcomes. We are reinvesting against increasing proof points to better enable enterprise success.

On gross margin, we believe we have the ability to drive continued efficiencies with our hosting providers over the medium term. However, any material expansion will likely be offset with continuing investments we're making in professional services, especially for larger enterprise customers. All numbers and guidance include the impact of the Command AI acquisition and associated feeds.

For the fourth quarter of 2024, we expect revenue to be between \$76 million and \$77 million, representing an annual growth rate of 7% at the midpoint. We expect non-GAAP operating loss to be between a negative \$2.1 million and a negative \$0.1 million. And we expect non-GAAP net income per share to be between \$0.00 and \$0.01, assuming diluted shares outstanding of approximately \$134.9 million.

For the full year, we are raising our full-year revenue outlook to be between \$297.1 million and \$298.1 million, an annual growth rate of 8% at the midpoint. We are reducing our outlook for non-GAAP operating loss to be between negative \$6.3 million and negative \$4.3 million. We expect non-GAAP net income per share to be between \$0.04 and Sixth Sense, assuming shares outstanding at approximately \$131.7 million, as measured

on a fully diluted basis. I'm confident in our ability to drive long-term growth to a level above where we are today. Our long-term opportunity remains incredibly compelling.

With increased discipline and execution, I believe we'll be in a great position to capture it. With that, I'll open it up for Q&A.

Over to you, Yao.

QUESTIONS AND ANSWERS

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

(Event Instructions) Koji Akeda, Bank of America.

George McGregor-Henon - *BofA Global Research - Analyst*

Hey, thanks guys, this is George McGregor-Henon for Koji. I wanted to start out with kind of a bigger picture question, just about, you know, with all this talk of AI agents, and how they're becoming more powerful. And, you know, maybe we'll see one day where they become so fully functioning that they can interact with apps on their own. I kind of wanted to ask, in a world like that, how does Amplitude play in to kind of capture the interactions that the AI apps or AI agents have with apps?

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

Yeah, so we're talking a very different world from the one that we live in today. I'll give you kind of two different views as to how we plan. So I think first is there's always some interface between the human world and the digital world. And our thing is how do we capture all those touch points and help companies make those experiences be the best they possibly can be. So even with agents, you know, there's a point where you're asking them to go do something. If you look at any of the trends for times humans spend interfacing with digital, the stuff is just, you know, continuing to go up and to the right. And so, you know, even if you're delegating more and more tasks to agents, you know, in net, I expect humans will spend more time, more and more time interfacing with the digital world. And so that's just a great thing for us. The second opportunity I'd like to call out with respect to AI agents is a little more, you know, and this is like, you know, exactly how it's how is it going to play out, but that one of the really exciting things about our position in that world is we have this enormous repository of data of customer behavior, one of the largest in the world. And so if you think about, okay, we get to train that on not just humans, but AI agents in that world and help figure out, okay, well, how can you make an AI agent more successful in this digital experience or this digital interface versus one where you're not tracking that? And so we think of it as like, hey, we instrument a digital product journey, and whether it's a human using it or an AI using it, you want to maximize that as a company, no matter what.

George McGregor-Henon - *BofA Global Research - Analyst*

Could I ask one, too, just in terms of, where are you guys, could you give a little bit more color perhaps on where you guys are seeing room for incremental investments, kind of what's giving confidence there, just kind of in regards to revenue guide going up and reform operating income guide going down a bit.

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

Yeah, so obviously we did the command AI acquisition, which is driving the bulk of the change and guidance on operating income side. As we go into next year, I'd say the biggest place we want to continue to invest is in product innovation. And so that means continuing to build the teams, continuing to so that we can ship a lot of stuff and be on the bleeding edge there. There are tons of things customers are asking us for. A big part

of why we did the Command AI acquisition is because customers were asking us for this sort of functionality and we wanted to be able to deliver it. I expect us to continue to be very aggressive with getting new products and innovation out to market and we'll grow the team. On the go-to-market side, we've made the investment that we need to make, and so what we're going to be looking to do is drive re-acceleration through Q4 and 2025 with roughly the level of investment and the headcount that we have. The places that will make adjustment is we'll continue refocusing that motion more and more upmarket to the enterprise side over time, while automating the low end of the market with self-service and either fully or semi-automated ways.

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

Brent Bracelin, Piper.

Brent Bracelin - *Piper Sandler Companies - Analyst*

Thank you, guys. Quick question here for me. First one is going to be around the Command AI. Could you talk a little bit about – it sounds like you had an integration with them existing. How much overlap, customer overlap, was there with that platform? And could you just quantify the revenue opportunity there? Typical customer might spend \$85,000 in Amplitude. Could it provide if you bundle both, could it provide a 10%? 20%? 50% uplift? Would love to better understand the overlap in economics and one quick follow up for you, Andrew.

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

Yeah, so I think command AI gives us two big new opportunities from a product standpoint. And then one additional thing on the AI front. So first is guides and the second is surveys and so doing those in the forms of interacting back with your customers is very valuable to tie with our analytics. And, you know, I think I expect over the long term, yeah, majority of our accounts could use this sort of functionality with the analytics. Now, in terms of uplift, it's early to say, but, you know, you could easily see 20%, 50%, potentially more depending on the criticality of that functionality to your business. The other thing I'll call out on the Command AI side is actually their user assistant product, which we're really excited about, which is basically an end user, like a, it's an agent that exists to help the end users of our customers. So you have this thing that pops up on the website that says, hey, what do you want to do? And then it figures out how to guide you through the experience and you can interact with it in different ways. to help you get things done on the product. And they've actually, so even though that's a new product for them in the last year, they've actually seen the most growth from that new product. So I expect, you know, this is going to be a big part of our offering in the same way that, you know, we expect Experiment and Session Replay and a whole bunch of our other stuff to be as well.

Andrew Casey - *Amplitude Inc - Chief Financial Officer*

Maybe just to add on to that, the Command-A acquisition was really one that brought great product capabilities and a great team. There was very little revenue overlap, and it's a very small company, but they had such a great offering that when we did our analysis, it was very clear that it was much better for us to bring them on as part of the team than try to go build that ourselves. So it will absolutely be a better-together story.

Brent Bracelin - *Piper Sandler Companies - Analyst*

Certainly makes sense. And then just for you, Andrew, if you think about NetNew ARR, pretty healthy in light of some of the headwinds you had relative to some of the Russia contract changes there, the distributor. You mentioned it was mostly on the expansion side. Why now? Why do you think you saw some big expansions? I mean, the last time I think we talked, you were a little more nervous around renewals and downsizing, and we've seen that kind of pressure on NRR for the better part of the last couple of years. What changed?

Andrew Casey - *Amplitude Inc - Chief Financial Officer*

I think this is where Spenser was talking about earlier. We made investments early on this year about moving more and more of our sales coverage to enterprise clients. We're introducing more and more product capabilities, and that better together, value for the money, driving greater efficiencies in their operations, really made sense to a number of our existing clients, and they trusted us, and we earned the right to have those expansions. Now, I think that we need to have more of that. We need to be broader with our customers. We need to see more of customers who are recognizing Amplitude as the consolidator in the market. So we've got our work cut out for us, you know, but definitely is very positive in that respect. It's just got to be broader.

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

Yeah. Brent, just to give you one example, The realtor contract that we did, typically in the past, that would have taken us a few years to get that point. Because we built relationships with the Chief Marketing Officer, Chief Product Officer, and Head of Data at Realtor, we were able to accelerate that from a few quarters from the first trial deployment to a full end-to-end deployment across multiple products. And so, you know, I attribute that back to the focus on when the enterprise and the execution there and the great things that Thomas and folks across the Board and go to market have been doing to be able to drive that expansion to do the one with the global Sports League to do a lot of the very larger ones that we did this past quarter. Now, as Andrew said, we certainly have our work cut out for us in terms of replicating and scaling that as we go into Q4 in 2025 but some great early fruit points, very helpful. Thank you.

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

Matt Pryde, Citi.

Matt Pryde - *Citi*

Hey guys, thanks so much. I was wondering if we could just dig into the increase in operating loss expectations and if that should be a normal cadence like heading into next year.

Andrew Casey - *Amplitude Inc - Chief Financial Officer*

Matt, I'll take this one. Matt, I would tell you that what really colored our guidance change on op loss was related to assuming the operating expenses associated with command AI, the deal-related expenses, and some of the ongoing legal expenses we have with outstanding lawsuits. That's really the predominance of the change.

Matt Pryde - *Citi*

Got it. And last quarter, you mentioned that your average deal size in the pipeline was up about 25%. I guess in terms of the size of the deals, has that changed at all in the most recent quarter? in terms of the size of deals that you're seeing in the pipeline?

Andrew Casey - *Amplitude Inc - Chief Financial Officer*

Well, I would tell you that we talked about the number of deals that we saw that were over seven figures in the quarter. So that should tell you that when we've seen that earned right to expand with clients, they're rewarding us with those larger deal sizes. So I think that that speaks to the potential of our ability to execute in a broader sense with our customers and drive those big deal sizes. Got it. Thank you.

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

(Event Instructions) Arjun Bhatia, Blair.

Willow Ahn - *William Blair & Company - Analyst*

Hi, this is [Willow Ahn] for Arjun Bhatia. Thanks for taking our question. So, I'm going to start off with the self-service A-B testing and web experimentation announcement. How are you monetizing this product, and how has early customer reception been?

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

It's very similar to our other products out there. We're directly selling it. We've already seen some deals that have been closed, even though WebExperiment's only been out for about a month at this point. I think the key thing with WebExperimentation is it's very friendly for marketers and growth teams, and so teams that might not have access to engineering resources to make coding changes, where they can just point and click on a website in order to run an A-B test. We've already monetized it in a few of our enterprise deals, and I think it's a great combination with our traditional server-side experimentation and feature flagging.

Willow Ahn - *William Blair & Company - Analyst*

Can you comment on the competitive environment? Has there been changes? Are you seeing new players you haven't traditionally seen, like marketing players, for example?

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

I'd repeat the themes that I've been talking about the last few quarters, which is that both versus the legacy MarTech players as well as versus the point solutions, there is a drive towards consolidation and a drive towards buying the next generation stack. Part of the reason that we're being so aggressive with launching these other products, Web Experimentation, the Command AI Acquisition, we're going to be getting out Mobile Session Replay soon, is because there's a lot of asks for consolidation from our customer base where they want to use all the same provider and they want to standardize on whoever they've chosen for analytics, which is us. I think the one call-out I'd say that's a little bit more interesting this quarter is we see a lot of increased dissatisfaction with Google Analytics 4, where a lot of their enterprise customers have been forced to use that for the first time for the last quarter in Q3, and they're realizing the lack of depth as well as a whole bunch of issues around the privacy side makes it so that they have to go find something else, and that's where they ended up talking to us.

Willow Ahn - *William Blair & Company - Analyst*

Thanks for taking our questions.

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

(Event Instructions) Jackson Ader, KeyBank.

Jack Nichols - *KeyBanc Capital Markets Inc. - Analyst*

Hey guys, this is Jack Nichols on for Jackson Ader. I wanted to touch on if you guys could talk about how contract renewals are coming in relative to your expectations.

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

I think so We are past the significant majority of the optimization from 2021 and 2022, so that's been great, and we expect to, you know, there's still a tail of them, but that's continuing to reduce as we go into Q4 and 2025 as far as the visibility we have. I think newer cohorts also tend to be healthier, both on growth and net dollar retention, so that's good. But I would caveat that overall with we are not happy with where renewal rates are at and need to continue to make progress as we go through 2025. And as we do, that will naturally lead to acceleration of business. One, a big part of our like me talking a lot about when the enterprise is to focus away from SMB and mid-market customers where you have a lot of tech startups that frankly are not doing well and so the renewal rates are adversely impacted.

Jack Nichols - *KeyBanc Capital Markets Inc. - Analyst*

Great, that makes sense. Maybe as a follow-up, can you talk about kind of the levers that you can pull to increase the sales efficiency that you guys were talking about early on the call?

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

I think it so I think it as I was saying on an earlier question I think it will naturally as a result of like we've built out the team that we need to and then as we go into Q4 in 2025 an acceleration on the top line will naturally lead to a whole bunch of metrics there improving.

Andrew Casey - *Amplitude Inc - Chief Financial Officer*

Do you want to? I think it's a natural evolution of how a sales force, when increasingly focused on an enterprise motion, invariably those sales cycles are longer, so you have to be a little bit more focused on delivering and proving out your value over a period of time. We're also introducing a lot of new product capabilities that are augmenting an increasingly stronger value proposition in a better-together platform story. And the sales team is getting more and more adept at demonstrating that to new and existing clients who maybe didn't think about Amplitude to solve some of those really complex problems in the past. So I think this is one where we have to be diligent, we have to be focused, and we have to be wanting to have a little bit of patience as we get better and better at that execution.

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

Actually, just to be really clear on that, one of the big drivers that we're going to focus on in 2025 is adoption of the full platform. We are at 23% multiple product adoption, which, you know, great progress, but we need, I want to get that to 100% because we see those customers are much stickier in terms of their renewal rates, they buy way more, they get to much higher ASPs, there's just a lot more value created from buying the whole platform, so that's going to be a really big focus of ours.

Jack Nichols - *KeyBanc Capital Markets Inc. - Analyst*

Thank you guys for answering.

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

Elizabeth Porter, Morgan Stanley.

Elizabeth Porter - Morgan Stanley - Analyst

Great. Thank you so much. I wanted to ask on the command AI acquisition. It sounds like there has been a lot of disruption in the space also with a walkme kind of taken out. So I just wanted to get your view on how bright this market is for consolidation and what the go-to-market process looks like there.

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

Very, very right for consolidation. The reason we did this acquisition is because our customers have been asking us for a consolidated solution. It makes no sense to run a standalone tool, whether that be WalkMe or something else. They'd much rather integrate it all on one platform, not just because there's lower cost of ownership, but because you can target users a lot better. So if you have the analytics data, you know when and where to send a nudge or a pop-up to the user, as opposed to just kind of blanket spamming your entire customer base. So yeah, I think we're going to see quite a bit of adoption of it as we launch it next year.

Elizabeth Porter - Morgan Stanley - Analyst

Great. And then just as a follow-up, I wanted to touch on the pipeline. Understanding there's still two months left in the year, how would you characterize the pipeline thus far heading into 2025 relative to the year-or-no period?

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

It's early to call it out for 2025. I'd say Q4 we're entering with strong pipelines, so that's good to see. Obviously a bunch of work on the execution front to convert it. And the early signals that we see in Q1 and Q2 are similar, but it's early to say exactly where we'll land. I do want to call out, from a pipeline standpoint, we are in a much better spot than we were a year or two ago in terms of the repeatability of our processes. And also in terms of the enterprise out, I think before, we were kind of bucketing everything all in the same where you know, you have S&B and midmarket pipeline be like, oh, we hit our pipeline number when actually, you know, not high enough percentage of it is quality enterprise pipeline. We've since changed that. And so there's a much, much stronger enterprise pipeline.

Elizabeth Porter - Morgan Stanley - Analyst

Great. Thank you.

Yaoxian Chew - Amplitude Inc - Vice President - Investor Relations

Clark Wright, D.A. Davidson.

Clark Wright - D.A. Davidson & Company - Analyst

So, quick question in terms of the long-term RPO number. Accelerated to 49% year-over-year. That's pretty astonishing, given kind of the buying environments and what you're talking about. I'd love to kind of maybe dig into that, what you're seeing, if it's more of the long-term commitments by the enterprises or if it's directly an outcome of your enterprise go-to-market motion changes. Is there anything to call it there? And then I'll have one follow-up.

Andrew Casey - Amplitude Inc - Chief Financial Officer

So I can take that one, Spencer. It absolutely is a result of the focus we've had on building stronger, deeper relationships with clients, aligning our contracts to how customers view their value accretion over a period of time. Enterprises buy in very different ways than SMB and mid-market do.

They don't consider a new vendor or an existing vendor for those types of contracts without having really understood how best to partner with them to drive that long-term value. It's one that we want to do that as well with our clients because it enables us to have, as you surmise, a much better view on the long-term revenue. It gives us greater predictability, and I think it gives us a lot of confidence that we're doing things in the right way, especially since most of those contracts, those customers, have bought into the full platform.

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

And then just following up, are you assuming anything in terms of 4Q from IT budget flushes, or does that represent potential upside?

Andrew Casey - *Amplitude Inc - Chief Financial Officer*

I wouldn't say we've geared our guidance based upon any form of expectations on budget flushes.

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

Got it.

Andrew Casey - *Amplitude Inc - Chief Financial Officer*

Thank you.

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

Great. With that, I'm seeing no further questions in queue. Thank you very much. We know it's a very busy night for earnings. We appreciate so many of you joining the call today. will be in RBC Capital Markets Global TMT Conference in November and at the UBS Global Technology and AI Conference and the Scotiabank Global Technology Conference in December. Details will be posted on our IR website. Thank you very much for attending our Q3 earnings conference call. You may now disconnect.

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