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DOMO.OQ - Q2 2025 Domo Inc Earnings Call

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PRESENTATION

Operator

Greetings and welcome to the Domo Q2 fiscal year 2025 earnings call. (Operator Instructions) As a reminder, this conference is being recorded.

And with that, I will hand it over to Peter Lowry, Domo's Vice President of Investor Relations. Thank you. You may begin.

Peter Lowry - *Domo Inc - Vice President, Investor Relations*

Good afternoon. On the call today we have Josh James, our Founder and CEO; and David Jolley, our Chief Financial Officer. I'll lead off with our Safe Harbor statement and then on the call.

Our press release was issued after the market close and is posted on the Investor Relations section of our website, where this call is also being webcast. Statements made on this call include forward-looking statements related to our business under federal securities laws. These statements are subject to a variety of risks, uncertainties and assumptions.

These include, but are not limited to statements about our future and prospects, our financial projections and cash position, statements regarding the potential of our consumption model, statements about our sales team and technology or expectations for new business opportunities, transactions and initiatives, statements regarding our channel communication and upcoming events, statements regarding the potential of artificial intelligence and its impact on our business and statements regarding the impact of macroeconomic and other conditions on our business.

For a discussion of these risks and uncertainties, please refer to documents we file with the SEC in particular, today's press release, our most recently filed annual report on Form 10-K and our most recently filed quarterly report on Form 10-Q. These documents contain and identify important risk factors and other information that may cause our actual results to differ materially from those contained in our forward-looking statements.

In addition, during today's call, we will discuss non-GAAP financial measures, which we believe are useful as supplemental measures of Domo's performance. Other than revenue, unless otherwise stated, we will be discussing our results of operations on a non-GAAP basis.

These non-GAAP measures should be considered in addition to and not as a substitute for or in isolation from our GAAP results. Please refer to the tables in our earnings press release for a reconciliation of our non-GAAP financial measures to their most directly comparable GAAP measure, which we have posted in the Investor Relations section of our website at domoinvestors.com.

With that, I'll turn it over to Josh. Josh?

Josh James - Domo Inc - Chief Executive Officer, Director

Thank you, Pete. Hello, everyone, and thanks for joining us on the call today. I'll start with our quarterly results. In Q2, we exceeded our revenue guidance. Our gross retention bounced back to 88% at the high end of our guidance, which was a highlight for the quarter and a dramatic improvement over the last few quarters.

While we aspire to return to north of 90% for the long-term, I'm very pleased with this progress. On our biggest deal of the quarter, it was at our option to secure an additional year on the contract term if we agreed to accommodate a quarterly billing schedule.

This strategic decision caused our billings to be just below guidance this quarter. Otherwise, we would have met our target had this customer been billed annually. I'm particularly excited about this customer story and our first contract ever with an eight figure total value, and I'll talk about that a little bit later.

Additionally, in order to give us more runway for the initiatives we've been pursuing, we decided to extend the maturity of our debt to August 2028. And in connection with this amendment, we also were able to reduce our overall interest rate and reduce our cash interest rate by a substantial amount. We'd like to thank BlackRock for their continued support of our business.

We also made good progress on our growth initiatives, including our partnership efforts and our shift to consumption. I believe these are absolutely the right moves. And while it may take some time for them to translate into top growth, the signs are very encouraging that we are better positioned than ever to pursue a huge market opportunity.

I'll start by sharing more about this opportunity and the great response from our strategic partnership initiatives. Domo was founded to help organizations leverage their data more effectively. To achieve this, we developed a comprehensive modern analytics stack that lets users store, prepare, analyze, visualize and distribute data amplified by AI, providing a complete agile cloud-based data solution for our customers.

But as the industry evolved, companies started incurring their data strategies around cloud-based data warehouses or CDWs. Recognizing the shift, we've advanced our platform to seamlessly integrate with these CDWs, positioning ourselves as a partner rather than a competitor.

This approach has enabled us to engage in more strategic conversations with our customers. One of the primary benefits of the CDW partnerships is that instead of cobbling together solutions from four or five different vendors, a customer can achieve the same outcome just with their preferred CDW and all.

We've been told that no one can get data into the CDWs faster than Domo. The speed and scale in which customers get value from their data has always been one of our key differentiators and is something we think makes us a unique player in today's ecosystem.

Let me share a win from Q2 that highlights the opportunity with CDWs. We had previously engaged with a brand communications business that unfortunately ruled Domo out after deciding to implement Snowflake. However, soon after launching Domo's Magic ETL on Snowflake in May, we were reintroduced to the conversation with this customer by one of Snowflake's important integration partners who strongly recommended us over the other choices the customer was considering.

And that customer is now using Domo alongside Snowflake. Clearly, we're very excited by the ecosystem and other partner opportunities in front of us. We acknowledge that the results of these efforts aren't impacting our numbers yet but they are affecting our pipeline.

So let me give you some color around the partner pipeline that we're building. The number of joint deals in our pipeline being worked between us and CDW partners has increased from zero to over 60 deals over just the last two quarters. We closed five new customers from Domo everywhere partners during Q2.

This represents a completely new source of deal flow. And although it is small right now, we believe this represents a channel that will grow rapidly. We signed 26 brand new channel partner agreements recently, several of which are elite service partners of Snowflake and Databricks.

We've trained five sales teams at CDW partners with another five sales teams on the calendar. This is where the rubber really hits the road, and we are thrilled to be invited to train these sales organizations. We are in advanced conversations with other partners, including two of the global top 10 software companies by revenue.

One of which is one of the world's largest cloud ERP providers to deliver joint solutions to their expansive customer bases, enabling their customers to get fast and actionable insights from their data. It is extremely convenient that two of their biggest competitors are also our two biggest competitors as we believe the alignment will naturally drive market behavior advantageous to us.

One other partner share that we have helped them win more than 20 new opportunities than they otherwise would have lost, cementing our relationship with them, of course. And then another company recently expressed urgency in getting a partner agreement signed with us because they found an opportunity with a nationwide retailer that operates over 800 stores, and they believe the linchpin to them closing their deal is the Domo platform.

This past quarter, we also had a big presence at the Snowflake and Databricks user conferences. I'd so many great conversations, introducing Domo's capabilities and the tremendous value we can deliver to our mutual customers. I came away from these conversations feeling more excited than ever about Domo's place in the ecosystem.

In conclusion, we are seeing great signals. Their ecosystem partnership strategy is working and starting to produce results. So we are going to run this play. And if it turns out like we believe it will, then we should get back to meaningful growth. And as I indicated last quarter, it may take 12 to 24 months for that growth to show up in our financial results as we evaluate our strategic options and become much closer to the players in the ecosystem.

At this point, we're only one quarter in from going live with Snowflake and just doing the math, we still have several more quarters to play the strategy out before I want our place in the world to be truly defined. Our shift to consumption-based pricing is also fundamental to capitalizing on this partner opportunity and driving expansion with existing customers.

This strategy goes beyond assigned consumption agreement. Our goal is more customers fully embracing Domo across their entire organization, whether it's consumption contract for an enterprise-wide license agreement with the data cap, we want to put our customers in a position where they can quickly achieve wall-to-wall adoption of Domo.

Last quarter, we discussed the positive impact that consumption has had on our customer retention. And again, for the Q2 consumption cohorts, we saw even better gross and net retention rates on a substantially larger renewal base than we did in Q1.

Today, we have over 45% of our ARR on consumption contracts and expect to achieve our goal of having a majority of our ARR on consumption by year end. And let me remind you why transitioning to consumption is a key strategy for our business. It aligns realized value with price as it allows our customers to have companywide exploration of our products with very little risk upfront.

It makes it easier to work with partners. It removes hurdles that delay product-led growth and use case expansion and protects our customer accounts as customers will now openly standardize on us, thereby limiting the number of accounts that have us for a few departments and a few of our competitors for other departments, which is never as stable as we would like.

It makes it easier to explore the full breadth of our platform to build use cases from actually using the product versus from a sales pitch. And it facilitates the sunsetting of legacy competing solutions that our customers may still be using in various parts of their organization.

A new multinational customer we acquired in Q2 described consumption as a no-brainer because instead of adopting Domo in one country, consumption facilitated a global rollout across six countries while setting them up for rapid expansion going forward.

Another story from Q2 was with one of our earliest consumption customers. They were recently acquired by a much larger company that was a Power BI shop and we were very much at risk of losing the customer. However, because that customer was on consumption, the acquiring company was able to explore Domo and quickly found that they are able to do things with analytics that they didn't think were possible.

Now instead of canceling, we're exploring upsell opportunities and our biggest deal of the quarter, which I mentioned in my introduction is a great story about the opportunity created by our consumption model.

It was a seven figure upsell, an eight-figure total contract value with a Fortune 500 company that originally chose Domo when they were searching for a partner that could meet the complex integration collaboration and security needs of their multinational business a few years ago.

We won the opportunity two years ago when the company's BI leadership recognized the range of sophisticated tools Domo offers for global enterprise businesses. It didn't take long before the team realized that those tools created benefits they hadn't experienced before.

For example, they completed their first data migration from a legacy tool into Domo in just one week. They also quickly realized they can replace more expensive legacy technologies with Domo. In the two years since, they've applied those benefits broadly across the organization, which started as a use case for 300 analysts has expanded to more than 10,000 users across multiple use cases, including financial planning and analysis, sales forecasting, data science and AI.

Looking ahead, they have plans to expand to more than 50,000 users by the end of 2025. I just love this example because it puts the impact of our strategic priorities on full display and provides a blueprint of how consumption can transform the way Domo is adopted in an enterprise.

We've got in the door to an extremely innovative and collaborative customer with vast growth potential. Thanks to consumption, we got much earlier expansion to users across the organization. We were then declared as the global standard, and this customer now has a four-year term eight figure total contract value.

This is actually the first eight figure contract we've ever had. We've had larger annual customers, but this is the first eight figure multiyear contract that we ever had. And we believe there's still room to grow those customers. The speed and scope of expansion would have been terribly difficult, if not impossible, with seat licenses.

In summary, we are very excited about the traction we're seeing with partners and the customer growth we're seeing as a result of consumption and these partners, I'm extremely optimistic about the growth opportunities with these initiatives as the backdrop.

Now before I turn things over to David, I want to let you know that as a result of some health issues that David has been experiencing over the last year, he has decided to transition to a different role in the organization. David joined Domo during a time of transition, and he has been absolutely fantastic.

I appreciate so much the contributions he's made over the past year and a half. While David will be transitioning out of the CFO role at the end of the third quarter, he will be staying at Domo in the role of Senior Adviser to the executive team, where we will actively continue to leverage his background and experience going forward.

Ultimately, I would be thrilled if David is able to join our Board of Directors when the time is right. But taking over in David's place, I'm happy to announce that Tod Crane, Domo's current Senior VP of Finance will be assuming the role of CFO. Tod has a wealth of experience at Domo and understands the financial dynamics of our business as well as anyone.

He has been here for nearly a decade and held a number of finance leadership roles over that time. As became apparent that David's eye surgeries were not as successful as he'd hoped and that his time in the CFO seat might become shorter than we had anticipated.

We have had Tod work very closely with David in all aspects of the CFO function for meetings, with investors to meetings, with our Board to refinancing our debt to being an active member of the executive team. During this time and even before that, Tod and I have worked very closely, and I have often expressed to him that I would love to see him as our CFO someday.

I'm truly excited to have Tod's experience and insight as we position Domo to get back to growth. I think it's important to note that Tod has broad support from our executive team and from our Board as he steps into this role.

And with that, I'll hand it over one last time to Mr. Jolley. David?

David Jolley - Domo Inc - Chief Financial Officer

Thanks, Josh. Many of you that know me know that I've been experiencing issues with my vision over the past year or so. Unfortunately, I have now lost over 90% of the vision in my right eye. And after a bunch of surgeries, I've recently been informed by my doctors that it isn't going to get much better.

As a matter of fact, with the retina issues I've had in the other eye, I have been told that there's a higher-than-normal likelihood that my other eye will lose vision as well. The last revision has made it challenging to do my day-to-day duties as CFO without serious eye strain and headaches.

After a lot of personal reflection and some discussions with Josh, I've decided that it's time for me to move out of the day-to-day role of CFO, so I can enjoy more time with my family. While I still have at least half my vision. I hope to not lose the other half. But if I do, there's still a lot of stuff I want to see before that happens.

Now that said, I am not leaving Domo, and I'm grateful that Josh has given me an opportunity to stay involved in a senior advisory role. I'm excited for Tod to be stepping into the CFO role and have the utmost confidence in him, given his experience and deep financial knowledge of Domo. I fully intend to see this turnaround through no pun intended, and I'm looking forward to a very long relationship with the company.

Now onto our Q2 results. While we're still seeing a challenging market environment, we slightly exceeded our revenue guidance. Total revenue was \$78.4 million, a year-over-year decrease of 2%. Subscription revenue represented 90% of total revenue and was flat year over year.

Q2 billings were \$68.6 million. As discussed, we had one large customer that we agreed to quarterly billing terms in exchange for a longer contractual term. Had we build this customer annually in advance, our billings would have met our guidance.

A highlight in the quarter was our gross retention of 88% at the high end of our guidance and up from 83% in Q1. As a reminder, our gross retention is a measure of in-quarter retention. While our net retention is based on our ARR retained year-over-year. Our year-over-year net retention was [90%]. On an in-quarter basis, our net retention was closer to [100%].

For the consumption cohort, our gross retention was 98%, and our net retention was 118%, up from Q1 on a substantially larger renewal base. As we mentioned last quarter, this is not something we plan to disclose regularly but think it's important to highlight this quarter as the consumption customer base performs substantially better than the rest of our business, and it will be 50% to 60% of the overall business by the end of the year.

I'm also very pleased that we are refinanced our debt to extend the maturity date to August 2028 and reduced our overall interest rate and our cash interest rate. We believe this provides improved financial flexibility as we pursue our growth objectives.

Now let me review some of the other Q2 metrics. Current RPO was \$225.4 million. And as a reflection of our customers standardizing on the Domo platform and making longer-term commitments, our total RPO was importantly up year over year to \$358.9 million as of July 31, 2024.

Coincidentally, this improvement and longer-term contracts will also help us improve retention. Also in the good news department, our average contract duration for deals closed in Q2 was up more than 10% year over year. On a dollar-weighted measure, we continue to have approximately two-thirds of our customers under multiyear contracts. Multiyear contracts benefit us in a number of ways, particularly on the retention front.

Moving on to margins and profitability. Our subscription gross margin was 82.4%. Because we believe consumption will better align revenue with costs, we expect gross margin to stabilize over the next few quarters at about the current level and then to improve to the [mid-80s] longer term.

Non-GAAP operating margin was 2.5% as we strive to keep our cost in line with our revenue. Non-gaap net loss of \$2.7 million compared to [\$0.8 million] a year ago. Net loss per share was \$0.07 based on 38.4 million weighted average shares outstanding. Because we're in one net loss position, all share and per share amounts are the same for basic and diluted.

In Q2, adjusted free cash flow was negative \$5.6 million, resulting in a cash balance of \$55.7 million. We previously commented on our free cash flow objectives for the year, noting that there would be variability from quarter to quarter, and we will continue to manage our cost structure and cash balance in response to our financial performance and take action as necessary.

Now let me talk about guidance. Looking forward for Q3, we're expecting non-GAAP billings of \$70 million to \$75 million. We expect Q3 GAAP revenue to be in the range of \$77 million to \$78 million. We expect non-GAAP net loss per share of \$0.14 to \$0.18, assuming 38.9 million weighted average shares outstanding.

For the full year, we expect billings of approximately \$305 million to \$315 million and GAAP revenue of \$313 million to \$315 million. For the full year we expect non-GAAP net loss per share basic and diluted of \$0.69 to \$0.77. This assumes 38.5 million weighted average shares outstanding basic and diluted.

Our guidance range reflects the variability that may result from making decisions that will benefit longer-term growth at the expense of short-term billings as we did this quarter with the eight figure contracts. We believe the longer-term opportunity for growth lies in the ecosystem, and we're confident we're on the right path.

Our customers love the product. We've got a durable business with close to \$300 million in annual recurring revenue. And that's a substantial foundation from which to build. We're executing on our partner strategy and it's going to take more than a quarter or two to meaningfully impact our financial results. We believe that growth will follow.

With that, let me turn it back to Josh for some closing comments.

Josh James - Domo Inc - Chief Executive Officer, Director

Thank you, David. As you know, we've been shifting our efforts in investment over the last several quarters towards ecosystem led growth. While these efforts are not yet making a market difference in our reported financial metrics, we are beginning to see promising early results.

For example, just this last week, we had a new partner bring us into a deal on Friday, and it closed the following Monday. This deal never even hit our pipeline. It went from nothing to closed in one business day. This sort of opportunity would not be possible without our ecosystem partner strategy and is the type of signal that gives us great confidence in the strategy.

To accelerate as being even more tightly aligned on our ecosystem oriented strategic growth initiatives. I'm excited today to announce some natural progressions taking place in our sales organization, which will better position us for future success.

RJ Tracy, our SVP of Strategic Development and Channel has been leading our ecosystem and consumption efforts. Given the early successes there as well as the fact that RJ has been one of our most successful leaders to date over the last 10 years, we see it as a natural evolution to move RJ into the expanded role of CRO.

RJ is absolutely the right individual to take on these elevated responsibilities, align our strategic initiatives between partner and sales and lead us back to growth. In conjunction with that promotion, I'm also very excited to announce that Jeff Skousen moving into the role of President of Worldwide Sales and Field Operations.

I've been working with Jeff for the better part of 30 years. He's a strong leader and was the one who hired RJ and identified him as the next CRO. The CRO responsibilities will roll up to Jeff, and he will continue to own international growth while supporting our ecosystem initiatives, consumption conversion and mentoring RJ throughout the process.

As we look forward, I believe that leveraging partnerships in the broader ecosystem is the best path to return us to growth. And I'm excited to see the impact of these initiatives and the broad, passionate, innovative and dedicated efforts of our entire team at Domo.

And with that, we will open up the call for questions. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Derrick Wood, TD Cowen.

Derrick Wood - TD Cowen - Analyst

Thanks for taking my question. Congrats on the P&L outperformance. And David, it's been great to work with you, best of luck in tackling your health challenges. And Tod, great to reconnect. Congrats on the new role.

Josh, I'll start with you. You've indicated that you're now having more strategic conversations with customers given your partnership status with CDWs. Can you drill down a little more on why this helps change the perception of Domo? And I know you guys have always tried to evolve how you engage with CIOs, is this helping you strengthen the partnership on the CIO front?

Josh James - Domo Inc - Chief Executive Officer, Director

Yeah, for sure. It helps to address the relationship with the CIOs. In many cases, we walk in and we want to talk about their broader data strategy, but we haven't historically been the vendor, especially in the enterprises that they want to have that conversation with.

The CDWs on the other hand, that is where they're settling those conversations and what we found is often when we go in and we think that we're competing against just one of our smaller competitors or against somebody that's focused just on visualization, and we think that's the competition.

The reality is the competition might be Snowflake plus their integration partner plus their ecosystem of partners who are all in there selling together. And we don't realize that there's a selling motion that is 4 or 5 times the effort than the one that we're putting in.

So being aligned with the Snowflake and Databricks of the world, we think it's going to have a meaningful impact as justified by these experiences that we were describing and including the one where we got kicked out early on.

And we got brought back in because it wasn't even Snowflake, but it was the integration partner of Snowflake who is installing Snowflake said to the customer. These other choices that you're making to integrate with Snowflake. They're not the right choices. Domo is the right choice, and we got the phone call. We got the deal. So it does change things dramatically.

The CDWs are definitely a big strategic component of every CIO's data strategy, and we're excited to be so broadly accepted now from the CDW. I mean, the excitement is palpable. The fact that we talked about five sales teams being educated and five more coming on. Those are the entire sales team, that's not how it happens.

It's -- hey, here's the Eastern mid-market sales team, we will have an off-site, when you guys come in and do a training and it kind of happened one by one, and you have to build those relationships. But then as you build those relationships, we're starting to see reps that went through a training. They call us to dip their toe in the water. They brought us into a deal, we close a deal, they call us immediately the next day for being introduced into another deal.

So that's the attraction and progression that we're getting. It's just very different CAC. Then you spend more money on Google to put them in your pipeline to go in by yourself and try to compete and create the value proposition. It's much easier when you have four or five other people touting what you can do for those customers. So it's been just a totally different experience and one that we're all really excited about.

Derrick Wood - TD Cowen - Analyst

Yeah. I mean, it sounds like the partnership or kind of well beyond just the CDWs, but with a lot more of the ecosystem partners in there. And I guess on that? I mean going from 0 to 60 deals in the pipeline with partners, how are you thinking about the timeframe and going from pipeline build to deal closure. Any sense or color on what average deal sizes could look like? Or how many quarters are you now that you start seeing more conversion on those deals?

Josh James - Domo Inc - Chief Executive Officer, Director

Yeah. There's nothing more than that we want than being able to say, two quarters out, you're going to start seeing an uptick in billings. We want to say it so desperately, but we still need some more data.

In terms of the deal size, we do have -- like you referenced some of these other partners in the ecosystem not just CDWs. It's really been fun because they feel like they're extremely defensible partners and we go in we help them create a joint solution. They've got 500 customers, 2,000 customers, 20,000 customers, and we've got a joint offering.

In some of those cases, the ASP might be smaller. But then again, in other cases, it's higher than our average deal. So I think overall, it will probably average out. We also have customers that are coming to us and saying, can we work on a freemium type solution for 8,000 customers that we can introduce this to next quarter.

And we're just licking our chops because it just -- that's exactly the kind of relationship that we want because one of the challenges that you have is how does that customer get that first bit of value? What's the time to value for having that integrated data visualize showing up on executives' phones in their apps getting alerts and that first bit of data connections always hard.

We have a partner, they've got the data, you do the integration, they roll it out to 8,000 customers. We're just really excited about what's going to happen as we start integrating with some of these types of partners well beyond CDWs.

Derrick Wood - TD Cowen - Analyst

If I could squeeze one more in for David. The sales and marketing expenses dropped down quite a bit. I know there's some Domo pools expenses that come out, but it seems like perhaps there were other cost controls that came into play. Can you just talk about anything that you guys did to drive additional efficiencies in sales and marketing this quarter?

David Jolley - Domo Inc - Chief Financial Officer

Yeah. Sure. In sales and marketing, I mean, a lot of that that we saw in Q2 is headcount related. And so, we've had some natural attrition. And then we've been a little bit active on some others and really trying to get that dialed in. And right now, we're balancing that as we're moving into this partner motion.

And I think over time, we expect to see that as a much more efficient sales process. So that should bring our CAC down naturally as we shift more into the partnership and the ecosystem. So I don't see that as a onetime blip in terms of efficiencies and cost reductions. So now, that said, if we get a lot of leads and opportunities, I think it'll come in pro rata, that hedges we need them. But right now, I think we're in a pretty good place.

Operator

Patrick Walravens, Citizens JMP.

Patrick Walravens - *Citizens JMP Securities, LLC - Analyst*

Thank you. And David, first of all, I really love working with you and I'm praying for your vision to stabilize and improve. So number one, congrats on the refinancing. What can you tell us about the terms of the new loan and the covenants? And Josh, you mentioned a couple of quarters ago that you weren't happy with some of the other offers you had around the covenant?

David Jolley - *Domo Inc - Chief Financial Officer*

Yeah. So I'll take the point on the deal. So we're able to extend it out from four years from closing. So four years from August. We think that gives us the kind of runway that we need to do what we want to with partners and see some of that success.

And so, we were able to bring the interest rate down a bit, but we were able to bring in the cash interest component down to what is it -- so for [plus 300, so about 8] and a quarter on cash interest net to considerable cash savings over where we have been. And then we've got about 500 basis points of pit on top of that, and that will be on file. The agreement will be on file, but those are the general terms.

Patrick Walravens - *Citizens JMP Securities, LLC - Analyst*

Okay, great. And then, Josh, for you on the partnerships with the CDW and to the extent you can be more specific, I mean, Snowflake, you guys I clearly have -- Well, can you name it? I mean, Databricks, is that went public? (multiple speakers)

Josh James - *Domo Inc - Chief Executive Officer, Director*

Snowflake, Databricks, Google, Oracle, IBM, Dremio. We're working with all of them.

Patrick Walravens - *Citizens JMP Securities, LLC - Analyst*

That was all live?

Josh James - *Domo Inc - Chief Executive Officer, Director*

They're all live in one form or another. We start off with being able to read the data, then we can write the data that we have Magic. Our Magic ETL incorporated into their back end and being able to drive consumption in their back end and leave the data on their back end.

And as we go through those steps, we get more and more appealing to them. So right now, Snowflake is the furthest along and Databricks, Big Query, I guess, Amazon as well, Oracle, IBM, they will all be in the next one, two months. So it's come in hot and heavy for sure. And it's allowed us to start the conversations because it's just right around the corner.

Again, it's stuff that we've been working on for years. And as we started seeing the traction that we're getting on the business side and with customers. And one of the things that's really fun. We love Gong around here and being able to leverage Gong and instead of having to go visit a bunch of customers. You can listen to the Gong calls instead of having to go and shadow a bunch of reps. You can listen to the Gong calls.

You can type keywords into the Gong calls and one of our favorite things to do is to type Snowflake or Databricks or Google into Gong and to see the frequency that those conversations are appearing and then to dive in and listen to how the reps are talking about those things and hear how we're being involved and incorporated into strategic conversations.

And I know that one of our RJ's stated goals who's now taken over CRO is to make sure that every single deal we have, we have a partner in there. And that's not dissimilar from where Jeff was that as well. But this is going to be -- this is the flag that he's carrying, and we're really excited about that because it does change the dynamic dramatically.

Well, it feels like you're on the team of everybody's in there trying to pitch that customer. And the most important thing to be honest is that CDW. So we feel very optimistic about how things are going to evolve over the next couple of quarters.

Operator

Sanjit Singh, Morgan Stanley.

Sanjit Singh - Morgan Stanley - Analyst

Hi. Thanks for taking the questions. And sorry, I missed the top of the call. That said Databricks Summit earlier this month and saw the Domo present at some time on the Domo booth and sounds like some of the exciting developments that will be the official home sort of a partnership.

And that's -- but certainly a lot of work you're doing with Databricks, and it's certainly been a theme of this call. When you look at what's their product roadmap is, they do seem to want to lean into sort of the modern BI use case, whether it's modern dashboards or real-time business alerting. The stuff that Domo has done historically in the past.

To what extent does -- like how the, I guess, the competitor -- how do you think through the competitive elements as you partner with the CDWs over time? Are you fine with them taking maybe the BI use case and you guys become the ETL -- Magic ETL layer? Just want to think through how you're thinking some of those co-op petition dynamics with the CDW?

Josh James - Domo Inc - Chief Executive Officer, Director

Yeah. That's exactly right. Each of these relationships is a little bit different. And yeah, we're more than happy just to provide whatever it is that helps the customer get the solution that they need. CDWs are definitely focused on consumption of their data warehouse. And there's some that have more of an AI focus.

And in that case, we've had customers tell us that -- we had one recently tell us that besides Databricks, we had the best AI strategy solution and products to market than they had seen. And so, you're right in the middle of these conversations. And one thing that these the CDWs are not focused on is how do you distribute all this information out to the end users in the organization.

What's all the governance around all that data? They want governance around AI data, but what are governance about who gets to see what. What's the governance around the alerts that happen? What's the governance around when employees roll off, how do you make sure that I have access to all that information? How do you take that data and extend it out into an app? How do you make that app that show up on someone's phone?

And that's the stuff we've been doing for 10 plus years. And so, all of these people recognize that we really are extremely complementary and your question's right on because the puzzle piece fits a little bit differently for the for each CDW. But once we're tied in and we hydrate their CDW. They just get really excited because the time to value is quickest with us. Do you want to sign up for five vendors to help you get your solution along with the CDW or just us and the CDW. And we saw that.

I think the other thing is just seeing that these CDWs are mostly excited about who can help them build solutions and apps as well. And that's another area where -- we've been talking about apps for seven, eight years, been building apps for seven, eight years.

And one of those examples that we highlighted in the prepared remarks, we talked about a customer that in the last two years has gone from zero users, 10,000 users, kick that all the other legacy vendors is multimillion dollar customer for us, eight figure contract and is planning on moving to 50,000 users.

That's not the roadmap for any CDW, but the CDWs love it because when you've got 50,000 people looking at the data that's in the CDW, it makes that data much more valuable and there's a lot of people driving consumption. So that's kind of how we fit into it. That's a very astute question, though.

Operator

Eric Martinuzzi, Lake Street Capital Markets.

Eric Martinuzzi - *Lake Street Capital Markets - Analyst*

Yeah. Best wishes on your health care journey, David. I'm certainly disappointed to hear you're moving on, but I know you're still going to be around in an advisory role. My questions here. So given the billings expectation, I guess it's a pretty substantial reset versus what you guys were thinking.

I know when we entered -- coming out of Q1, we were expecting to see growth in the billings in the back half of the year. Obviously, you guys are having terrific traction with consumption-based pricing. You're having good traction with the CDW partnerships, and that is the long play there.

But it feels like more of a dramatic reset for the back half of the year than I was expecting. Just wondering what is I guess the key one or two reasons for that reset? Was it just hey, we're a little bit closer to the end. We've got a better feel? Or is there something else to be thinking about here?

Josh James - *Domo Inc - Chief Executive Officer, Director*

Yeah. Part of it is we're a little closer to the end, and we have a better feel. But the reason for that is as you you're describing, the beginning of the year, we had zero visibility into how the CDW play was going to go, zero. And there's not a soul over here at the company that doesn't see it every day.

I can't remember any time in our history when people have been this excited to be here. And it's primarily because of what we're seeing in the ecosystem with how all of these partners are like with open arms bring us in.

We've got one partner that we've been working on an agreement for the last three months, negotiating different components of it and all of a sudden, they call us in a panic because they have a customer who's got 800 stores and they can't close it without us being in there. And we're thrilled by that. That's exactly the value that we want to provide to our partner.

But seeing the customer solution and the dollars associated with that driving these relationships versus some press releases that are going out because we're trying to align to brands, has nothing to do with that. Customers are driving this, and that's really exciting.

So yeah, at the beginning of the year, we had no idea how that was going to turn out. We felt we were just going to plod along, build our pipe, watch the conversion funnel and it's going to spit out a billings number. And as soon as we started seeing traction, we started reallocating assets and people.

And you've seen that with the announcement we made today with RJ, who is running ecosystem and was a part of the sales organization, but not dominating the sales organization, whereas now we're like we need this to be our entire sales organization. And so, we've reallocated salespeople that had a quota.

And we said, we need to go invest over here and develop these relationships with all these different partners. And that's not optimizing Q3 and optimizing billings for Q4, but it's also not trying to optimize five years down the road. It's just optimizing next year, and that will also optimize five years down the road.

So I think that was the biggest pieces just as we've seen such encouraging signs with the ecosystem. We decided to redeploy assets to places where we think we're going to get a much better bang for our buck and a much better midterm long term result.

And so, in conjunction with that and as we've gotten closer, we're like, yeah, we should probably bring this number into the range that we described. And, at the same time, we haven't been this thrilled. I haven't been this confident about our business since we started.

I haven't seen the path. It was like more we're going to figure it out one way or the other. I know the people around us who'll figure it out one way or the other. It's a big market will figure it out one way or the other. And finally, we're like, we figured it out. There's the path, let's go, and that's our call today and our guidance reflects.

Eric Martinuzzi - *Lake Street Capital Markets - Analyst*

Okay. And then just on the Q3 outlook, given the revenue range and the loss per share range. The revenue range, I mean, were within spitting distance of where we were in Q2. So just curious to know why the \$0.07 non-GAAP loss in Q2, why that becomes midpoint \$0.16 in Q3? Where our expenses may be creeping up Q3 versus Q2?

David Jolley - *Domo Inc - Chief Financial Officer*

I think in response to that, in Q2, we certainly have been trying to monitor and moderate our costs just based on where we're at with our billings and cash and everything. And so, we'll continue to do that into Q3.

And so, we've got some backfills that we'll want to do in Q3 with some of our Q2 trends. But it's just -- it's a process going forward, and we'll continue to moderate those costs and make sure that we have alignment between our billings, our revenue and our cost structure as we go through Q3 and Q4.

Operator

Thank you. And ladies and gentlemen, there are no further questions at this time. So with that, we will conclude today's call. Thank you all for your participation. All parties may now disconnect.

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