

# MongoDB, Inc. NasdaqGM:MDB

## FQ1 2020 Earnings Call Transcripts

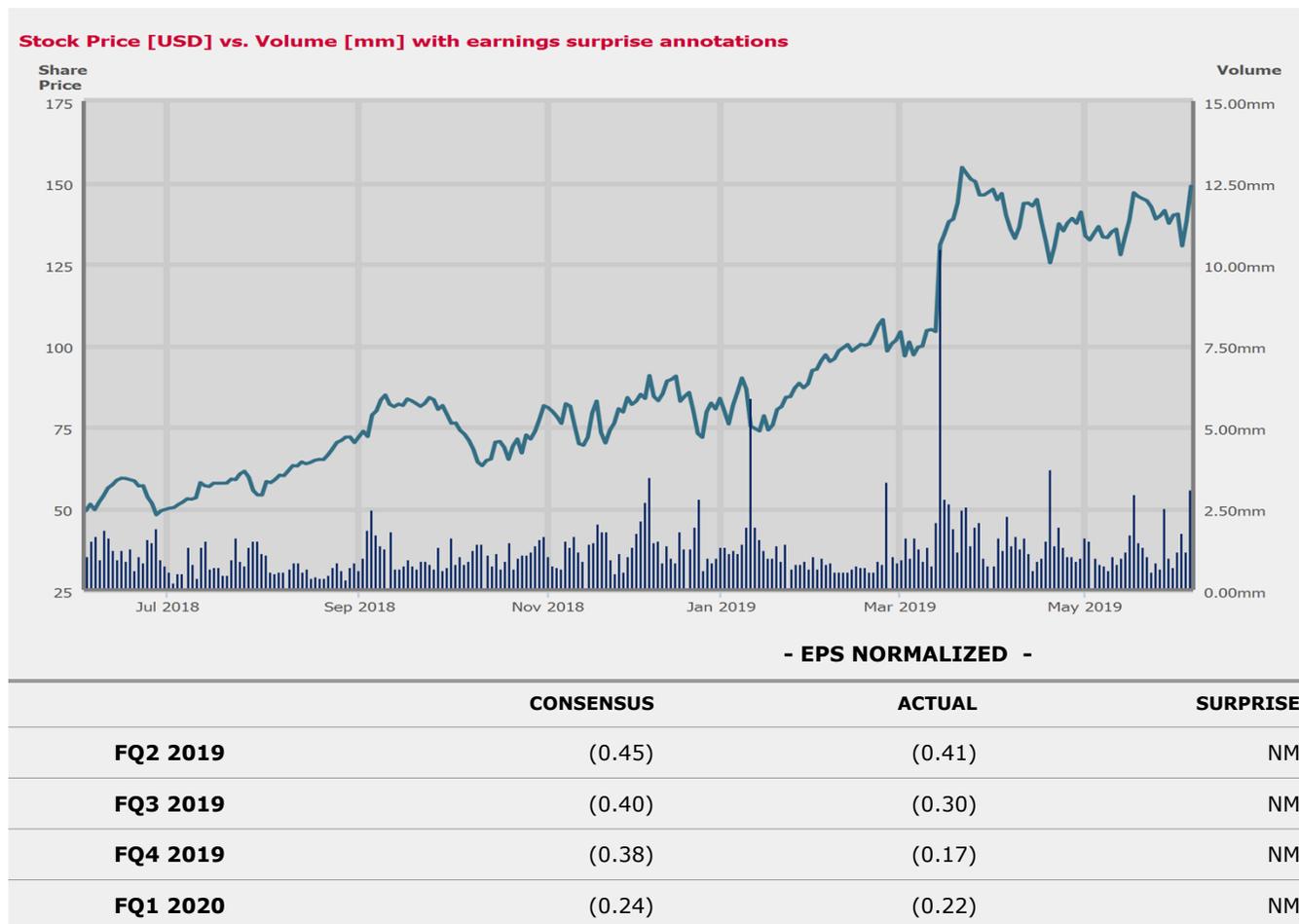
Wednesday, June 05, 2019 9:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ1 2020-			-FQ2 2020-	-FY 2020-	-FY 2021-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
<b>EPS Normalized</b>	(0.24)	(0.22)	NM	(0.27)	(1.00)	(0.70)
<b>Revenue (mm)</b>	83.50	89.39	▲7.05	87.88	372.46	488.37

Currency: USD

Consensus as of Jun-04-2019 10:51 AM GMT



# Table of Contents

Call Participants	.....	3
Presentation	.....	4
Question and Answer	.....	10

# Call Participants

## EXECUTIVES

**Dev C. Ittycheria**  
*President, CEO & Director*

**Michael Lawrence Gordon**  
*COO & CFO*

## ANALYSTS

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**Sanjit Kumar Singh**  
*Morgan Stanley, Research Division*

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## ATTENDEES

**Brian Denyeau**  
*ICR, LLC*

# Presentation

## Operator

Good day, and welcome to the MongoDB First Quarter Fiscal 2020 Earnings Call. Today's call is being recorded.

At this time, I'd like to turn the conference to Brian Denyeau, ICR, Investor Relations. Please go ahead.

## Brian Denyeau

*ICR, LLC*

Thank you, Jonathan. Good afternoon, and thank you for joining us today to review MongoDB's first quarter fiscal 2020 financial results, which we announced in our press release issued after the close of the market today. Joining the call today are Dev Ittycheria, President and CEO of MongoDB; and Michael Gordon, MongoDB's COO and CFO.

During this call, we may make statements related to our business that are forward-looking under Federal Securities Laws. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements related to our financial guidance for the second quarter and full year fiscal 2020; our market opportunity; the impact of market trends on prospects for future growth; the benefits and impacts of recent acquisitions; the anticipated benefits of our products for our customers; and the opportunities presented by our partnerships. The words anticipate, continue, estimate, expect, intend, will and similar expressions are intended to identify forward-looking statements or similar indications of future expectations. These statements reflect our views only as of today and should not be construed as representing our views as of any subsequent date. We do not have plans to update these statements except as required by law. These statements are subject to a variety of risks and uncertainties that can cause actual results to differ materially from expectations.

For a discussion of the material risks and other important factors that could affect our actual results, please refer to those contained in our annual report on Form 10-K filed with the SEC on April 1, 2019, and our other periodic filings with the SEC. These documents are available in the Investor Relations section of our website at [www.mongodb.com](http://www.mongodb.com). A replay of this call will also be available there for a limited time.

Additionally, non-GAAP financial measures will be discussed in this conference call. Please refer to the tables in our earnings release on the Investor Relations portion of our website for a reconciliation of these measures to the most directly comparable GAAP financial measure.

With that, I'd like to turn the call over to Dev.

## Dev C. Ittycheria

*President, CEO & Director*

Thanks, Brian, and thanks to all of you for joining us today to review our first quarter results. We are very pleased with our performance in the first quarter. Our great start in fiscal 2020 reflects strong execution by the MongoDB team and continued momentum across all aspects of our business. We are also benefiting from the previous product and go-to-market investments we made to ensure we fully capitalize on one of the largest market opportunities in software.

In fact, IDC recently updated its forecast and expects the worldwide database software market to grow from \$64 billion in 2019 to approximately \$98 billion in 2023. We believe that much of this incremental \$34 billion will come from modern applications and new workloads, which we are well positioned to capitalize on.

Looking quickly at our first quarter financial results. We generated revenue of \$89.4 million, a 78% year-over-year increase and above the high end of our guidance. We grew subscription revenue 82% year-over-year. Atlas revenue grew more than 340% year-over-year and now represents 35% of revenue. We had another strong quarter of customer growth, ending the quarter with over 14,200 customers. These

results are a powerful indication of how MongoDB continues to benefit from a number of positive market trends.

First, for a new platform to succeed, it has to be embraced by the developer community given the disproportionate influence developers have regarding technology decisions. Our developer mindshare and financial results demonstrate that MongoDB has clearly established itself as the most popular modern database platform in the world. Second is the growing recognition that because working with data is so critical in building applications, using a modern, general-purpose database platform enables businesses across every industry to innovate faster and respond more quickly to new market opportunities. Customers are increasingly choosing MongoDB for their mission-critical workloads to drive innovation.

Third is the increasing importance of being able to easily move applications across any compute environment. Customers want the flexibility to run applications on-premise, in a private cloud and in the public clouds without being locked in with any cloud vendor. Moreover, we see a significant portion of our customers gravitating towards hybrid environments with a mix of workloads on-premise and in the cloud. With MongoDB, customers can run applications anywhere in any compute environment on the same data platform and feature set without having to rewrite any code.

We are at the early stages of the largest platform shift in history with the move to the cloud. Customers are still figuring out this transition and there are a number of approaches being taken. MongoDB provides complete optionality for customers to make this transition without locking themselves into a course of action and gives them the ability to make continuous adjustments. In short, customers can confidently future-proof themselves by choosing MongoDB.

At MongoDB, we're always looking ahead of what's next and how the needs of our customers will evolve. To accelerate our mobile efforts, we recently acquired Realm, one of the most popular mobile database and synchronization platforms. Data synchronization is the single biggest challenge in building compelling mobile applications and Realm has developed a comprehensive synchronization platform that is a natural complement to MongoDB Atlas and Stitch. Realm reinforces our run-anywhere strategy and, like MongoDB, is focused on giving developers a far more flexible, intuitive and comprehensive way to work with data. We will be providing more details about our future plans for Realm and how it creates value for customers at MongoDB World later this month.

Our growing popularity has made MongoDB an attractive partner for many companies. Expanding our partner ecosystem is a strategic priority in an area we have been investing additional resources. We had our strongest performance ever with partners in the first quarter which reflects the healthy returns on investments we have made. Some highlights include our biggest quarter ever with systems integrators. We are seeing strong traction with these strategic partners in almost every region. Much of the deals SIs bring to us would most likely have involved longer sales cycles and smaller initial deals without their involvement. Their trusted relationships gives those customers the confidence to sign larger initial deals with us and to include MongoDB at the core of their digital transformation initiatives.

We believe there's a significant opportunity to further deepen our relationships with SIs. We also signed several large deals through our IBM relationship including a substantial win with one of the world's largest insurance companies.

Last but not least, we were excited to recently announce an expanded partnership with Google, who will now be offering MongoDB Atlas as a first-class service on their Google Cloud Platform. Being offered as a first class service means Atlas will be integrated directly within the GCP Console and marketplace, providing a unified user experience by tightly coupling Atlas with GCP's identity and access management, logging and monitoring, Kubernetes and Tensorflow. GCP customers will also be able to purchase and pay for Atlas the same way as any other GCP service and apply Atlas towards their spending commitments.

We are moving forward with joint go-to-market efforts and Google salespeople are highly incentivized to sell MongoDB Atlas, further extending our market reach. We believe this partnership is a clear indication that Google recognizes that to provide the best customer experience, it is important to integrate with the best-in-class products, like MongoDB, in the marketplace.

I'd like to spend a few minutes reviewing some customer vignettes. The need to innovate and to provide a compelling user experience has become an imperative for companies in every industry around the world. We believe companies that are not leveraging a modern data platform like MongoDB for mission-critical applications are increasingly at risk of being at a competitive disadvantage. The following are a small sample of the customer wins and interesting use cases in the first quarter.

When Splunk needed robust handling for nonrelational data to complement their extensive IP, they naturally chose MongoDB. Splunk embeds MongoDB into the search head component of every deployment of MongoDB Splunk enterprise to store application state and configuration data. TIM, formerly Telecom Italia, a leading telecommunications provider in Italy, is adopting MongoDB for their customer usage data, which was traditionally stored on a relational database. MongoDB is also used with their new service delivery platform as one of the fast data layers to guarantee quick access to information.

Renewable energy provider Enphase Energy is a global energy technology company and the world's leading provider of solar micro-inverters. They decided to migrate from DynamoDB to MongoDB Atlas. Atlas will provide Enphase with the ability to reduce risk, automate processes, scale elasticity and meet their future global availability needs.

Autotrader U.K., the U.K. and Ireland's largest digital automotive marketplace has been using MongoDB since 2011. They recently made an internal decision to move to the cloud and saw immense value in using MongoDB Atlas for removing the operational overhead of their existing deployment. Everbridge, a leading -- a leader in critical event management and enterprise safety software applications, utilizes MongoDB as the core data platform within their suite of products. MongoDB underpins their high-availability strategy, which enables them to move data globally without sacrificing scalability or performance. As Everbridge continues to expand geographically and deal with ever-growing regulatory requirements, MongoDB is a key component enabling flexibility with their application architecture.

FanFight, a fantasy cricket league based in India, built their business on MongoDB to accommodate the dramatic fluctuation in concurrent users anywhere from 10,000 to 100,000, depending on the team or the match. They chose MongoDB Atlas to get a better insight into real time monitoring, improve their scalability, lower response times and take their platform to the next level.

To be clear, customers are increasingly turning to MongoDB to increase their pace of innovation and improve business performance. Innovation is the core of what we do at MongoDB. From the very beginning, we are focused on creating a better way for customers to work with data to improve their business performance. We were pleased to have been named the leader in the 2019 Forrester Wave for Big Data NoSQL, where they gave us top marks for our ease-of-use, simplified model, on-demand elastic scale, multicloud support and comprehensive tooling. We were also named the leader in the most recent Forrester Wave for Database-as-a-Service, where we received top marks for high availability, disaster recovery, multimodel support, automation, user access, road map and 6 other categories.

I will note that the only other vendors to be named a leader in this category were AWS, Google, Microsoft and Oracle. We look forward to sharing our vision and many specific product announcements at MongoDB World, our annual user conference taking place in New York on June 18 and hope to see many of you there.

Before I turn the call over to Michael, I want to provide an update on some changes we made to our Board of Directors. Kevin Ryan, our current Board Chairman and one of our cofounders, will not be continuing as a Director after our Annual Meeting of Stockholders on July 10, 2019. From working with the other cofounders, Eliot Horowitz and Dwight Merriman, to create the document database model, to helping raise capital in the company's early years, to his wise strategic counsel as our Board Chairman, Kevin has had a big impact on MongoDB over the last 11 years. Kevin will be devoting his time to a number of early-stage companies he's incubated and developed over the past few years. On behalf of everybody at MongoDB, I want to thank Kevin for everything he's done for the company and wish him all the best in the future.

I'm excited to announce that our Board has named Tom Killalea as the next Chairman to take over when Kevin's term as Director expires. A member of our Board since 2015, Tom is one of the world's foremost cloud computing experts and one of the original executives in charge of creating and scaling AWS. Tom

is a visionary with a deep understanding of how companies are looking to leverage technology and, in particular, the cloud to transform their business. Tom has been a terrific asset to our Board and I would like to congratulate him on this new role.

Finally, we anticipate that the Board will be appointing Archana Agrawal as a Director later this summer. She's currently the Head of Enterprise and Cloud Marketing at Atlassian, where she leads global marketing for all products. Prior to this role, Archana served as Atlassian's Head of Data Science and Growth Marketing, where she helped build and scale the analytics capabilities for their high-velocity, self-serve go-to-market model. We are excited to welcome Archana to the Board.

To summarize, MongoDB got off to a great start in fiscal 2020. Our market position continues to strengthen and customers are increasingly turning to MongoDB as one of their strategic vendors. We are confident we have a long runway to drive high levels of growth for years to come.

With that, let me now turn the call over to Michael.

**Michael Lawrence Gordon**

*COO & CFO*

Thanks, Dev. As mentioned, we're very pleased with our first quarter performance, which reflects best-in-class growth at meaningful scale. I'll begin with a detailed review of our first quarter results and then finish with our outlook for the second quarter and full fiscal year 2020. As a reminder, starting this quarter, we are only reporting our current and historical financial results on an ASC 606 basis. In addition, for convenience, we have also included in our earnings release an additional table with our historical customer count data.

I'll now turn to our first quarter results. Total revenue in the quarter was \$89.4 million, up 78% year-over-year. Subscription revenue was \$84 million, up 82% year-over-year and professional services revenue was \$5.4 million, up 33% year-over-year. As a reminder, our first quarter results include the impact of mLab, which we acquired in November 2018 and performed in line with our expectations. Excluding mLab, the organic growth in the business remained very strong, consistent with the last few quarters and we are very pleased with our first quarter results.

The strength in the quarter was broad-based across geographies, industries and use cases. We are pleased with the increasingly strategic nature of our customer wins, which is driving larger new logo additions and continued strength in upsell activity. We are also seeing rapid adoption of Atlas, which grew over 340% in the quarter and now represents 35% of total revenue, compared to 14% in the first quarter of fiscal 2019 and 32% last quarter.

During the first quarter, we grew our customer base by over 800 customers, bringing our total customer count to over 14,200, which is up from over 6,600 in the year ago period. Of our total customer count, over 1,800 are direct sales customers which compares to over 1,550 in the year ago period. The growth in our total customer count is being driven in large part by Atlas, which had over 12,300 customers at the end of the quarter compared to over 11,400 at the end of the fourth quarter. The sequential growth in total customers includes growth in our Enterprise Advanced customers as well as new Atlas customers. It is important to keep in mind that the growth in our Atlas customer count reflects new customers to MongoDB in addition to existing Enterprise Advanced customers adding incremental Atlas workloads.

We also continue to see healthy expansions from existing customers, which is a key component of our growth strategy. Our net AR expansion rate in the first quarter remained above 120% for the 17th consecutive quarter. We ended the quarter with 598 customers with at least \$100,000 in ARR and annualized MRR, which is up from 394 in the year ago period.

Moving down to P&L. I will be discussing our results on a non-GAAP basis, unless otherwise noted. Gross profit in the first quarter was \$62.8 million, representing a gross margin of 70% compared to 74% in the year ago period. As expected, the biggest impact on gross margin in the quarter was the increased revenue share from Atlas in addition to the acquisition of mLab, which has a lower gross margin than Atlas revenue. We expect the impact from mLab to dissipate by the end of fiscal 2020 as we migrate mLab customers to Atlas.

We continue to see gross margin improvement of organic Atlas as this business scales. However, we continue to expect that we will see some modest reduction in overall company gross margins as Atlas continues to be a bigger portion of our revenue.

Our operating loss was \$12.6 million or negative 14% operating margin for the first quarter, compared to a negative 38% margin in the year ago period. The more than 2,300 basis points in improvement in operating margin is particularly impressive given our growth profile and the investments we are making in the business.

Net loss in the first quarter was \$12.1 million or \$0.22 per share, based on 54.7 million weighted average shares outstanding. This compares to a loss of \$0.37 per share on 50.4 million shares outstanding in the year ago period.

Turning to the balance sheet and cash flow. We ended the quarter with \$476.9 million in cash, cash equivalents, short-term investments and restricted cash. Subsequent to the end of the quarter, we acquired Realm for \$39 million. Operating cash flow in the first quarter was positive \$3.2 million, driven in part by the collection from strong fourth quarter bookings. After taking into consideration approximately \$400,000 in capital expenditures, free cash flow was positive \$2.8 million in the quarter. We're pleased to have generated positive free cash flow for the first time as a public company.

Of note, this occurred earlier than we had expected and reflects the scalability of our business model. As a reminder, we would expect the second quarter to be our largest cash burn quarter due to seasonally lower first quarter bookings and incremental expenses related to our MongoDB World event. Despite the strong Q1, we continue to expect that we'll burn cash in full fiscal year 2020 as we continue to invest significantly in the business.

Short-term deferred revenue was \$128.3 million, up 47% year-over-year, while total deferred revenue of \$143.7 million was up 39% year-over-year. Please note that the adoption of 606 materially impacts our deferred revenue balance, and quarter-to-quarter comparisons of deferred revenue can also have some level of variability due to timing.

As Atlas is a usage-based model, it generates less deferred revenue than Enterprise Advanced. As a reminder, the majority of Atlas revenue is billed monthly in arrears versus the annual in advance billing terms we see with our Enterprise Advanced customers. For example, currently, approximately 2/3 of Atlas revenue is not reflected in deferred revenue. Given these invoicing dynamics and Atlas' increasing share of our overall business, we believe looking at growth in deferred revenue is becoming even less relevant in evaluating our business.

I'd now like to turn to our outlook for the second quarter and full fiscal year 2020. For the second quarter, we expect revenue to be in the range of \$90 million to \$92 million. We expect non-GAAP loss from operations to be negative \$16.5 million to negative \$15.5 million and non-GAAP net loss per share to be in the range of negative \$0.29 to negative \$0.27 based on 55.4 million weighted average shares outstanding.

For the full fiscal year 2020, we now expect revenue to be in the range of \$375 million to \$381 million compared to our previous guidance of \$363 million to \$371 million. As a reminder, year-over-year growth comparisons and quarter-to-quarter results will likely be more variable under 606 due in part -- due to the timing of multiyear contract signings. As an example, and as we have described before, we are facing noticeably larger compares in the second half of fiscal 2020, particularly in the third quarter. In addition, the fourth quarter will be the first quarter where we will have mLab in the base period. And as we have described before, we have expected some deterioration in the revenue from former mLab customers.

For the full fiscal year 2020, we expect non-GAAP loss from operations to be negative \$63 million to negative \$59 million and non-GAAP net loss per share to be in the range of negative \$1.11 to \$1.04 per share based on 55.6 million weighted average shares outstanding.

Please note that our updated earnings guidance reflects the impact of the Realm acquisition, which we completed in early May. Realm will have a de minimis impact on revenue. There are 2 factors to call out in

our operating loss outlook: better-than-expected performance in the core business more than offset by the additional expense associated with Realm.

To summarize, MongoDB continues to perform at a very high level. We are delivering growth at scale that few companies can match. We are disrupting one of the largest markets in software and we're well positioned to drive high levels of growth for the foreseeable future. With that, we'd like to open it up to questions. Operator?

# Question and Answer

## Operator

[Operator Instructions] Our first question comes from Raimo Lenschow with Barclays Capital.

### **Raimo Lenschow**

*Barclays Bank PLC, Research Division*

Congrats for a great quarter. Dev, I apologize for the question already, but can you talk a little bit about Realm? Because -- so when we talked to the guys in the field, they were super excited about it because it seems like mobile is a really important part of what's going on but I'm not quite sure I fully get it. Could you just talk me through that? And then I have a follow-up for Mike.

### **Dev C. Ittycheria**

*President, CEO & Director*

Yes, sure. Much like the founders of MongoDB, Realm's founders came from Nokia, so they had a lot of experience building databases for mobile devices, especially feature phones, and they saw all the challenges with those legacy solutions. So they built a database optimized for the mobile device, including very sophisticated data synchronization protocol to basically synchronize data back and forth from the mobile device to the backend server and vice versa, especially dealing with slow or intermittent connections.

Moreover, they built a very sophisticated API, so as data changes, the UI will be updated in real time. And the trend now is to build these very rich mobile applications that represent data in real time and data is at the biggest challenge with mobile. And so we were very attracted to Realm because of the developer mindshare they have. Much like MongoDB, their data model is very similar to ours. And so they had a lot of developer traction. And we will be making some specific product announcements at MongoDB World about how we're integrating Realm into the larger MongoDB platform.

### **Raimo Lenschow**

*Barclays Bank PLC, Research Division*

Okay. Perfect. That helps. And a follow-up for Mike. Mike, as you said 2/3 of Atlas revenue is not in deferred. Is there a way to think about, like, maybe ARR or something to kind of give us more visibility? Or what's the best way you suggest for us to kind of track the progress?

### **Michael Lawrence Gordon**

*COO & CFO*

Yes. So I think as we've talked about before, it continues to be revenue is the core way of looking at it. We'll try to provide some additional slices given both the self-serve nature as well as the sales-sold nature. But as we've talked about before, specifically looking at deferreds is really -- winds up missing the picture, which is why we wanted to provide the incremental sense for like the order of magnitude of how much of Atlas currently is not flowing through at deferreds.

## Operator

And next will be Sanjit Singh with Morgan Stanley.

### **Sanjit Kumar Singh**

*Morgan Stanley, Research Division*

Congrats on another excellent quarter. Dev, I want to start -- maybe just to start off on, and a follow-up to Raimo's question on, serverless, can you give us a sense of where serverless adoption in terms of workloads are versus maybe like containers and the Kubernetes movement? Is this lagging by a year or 2? Like, what's the uptake on serverless? And probably outside of AWS, is that beginning to start to gain some traction as well?

**Dev C. Ittycheria**

*President, CEO & Director*

Yes. We're seeing -- I mean, obviously, serverless got a lot of hype a couple of years ago. I would say we're just starting to see customers really start adopting serverless. It's still very, very early days. Frankly, our announcement of Stitch was our version of serverless, which is a much more sophisticated version than, say, Lambda, with the capabilities we had in terms of providing data access and being able to integrate to other third party services. And I would say that it is a trend that we foresee in the future, an increasing trend in terms of how applications are built and that is something that we're planning for.

**Sanjit Kumar Singh**

*Morgan Stanley, Research Division*

Excellent. And then maybe just a sort of mark-to-market on some of the trends around MongoDB overall and Atlas. And I remember sort of at the time of IPO, we were talking about most of the use cases around the document models supporting transactional applications but there was a potential opportunity to get more analytical workloads and maybe graph or database workloads. Where are we in terms of that multimodel adoption as customers sort of subsuming multiple use cases onto the database platform, any sort of color there?

**Dev C. Ittycheria**

*President, CEO & Director*

Yes. So we believe that the docu model is a superset of the relational and the key value stores. So for example, we support joins. We have far more function than the key value storage, though we can limit a key value storage especially with the tunability of our consistency model. And then in terms of analytics, in fact, we recently announced on Atlas analytic nodes, where you basically have now read-only secondaries, where you can use our BI Connector to run reports on your production workloads without impacting user performance. This is something that other databases just cannot do. So that is something that we support, and you're going to see Analytics continuing to be a big part of the MongoDB story going forward.

**Operator**

Our next question comes from Heather Bellini with Goldman Sachs.

**Heather Anne Bellini**

*Goldman Sachs Group Inc., Research Division*

Yes. Dev, I was wondering, I mean there's been a lot of, I guess, challenges in the overall infrastructure software market, obviously, predominantly the on-premise vendors over the last couple of trends that we've seen over the last few weeks. I was wondering if you could share with us kind of anything you're noticing from a deal closing environment or just kind of commentary on overall IT spending that you could share with us that you're hearing from customers. And also if there was anything that you could share with us just about how you've seen customers respond. It doesn't seem like AWS's offering is gaining much traction, but just kind of if you've seen, if you've heard from any customers about feedback and if it comes up in any customer conversations at all.

**Dev C. Ittycheria**

*President, CEO & Director*

Yes. So on the infrastructure spending environment, we feel very good about the environment. In fact, we just finished up our QBRs with our sales teams around the world, and a big push is to recruit more aggressively because we see a very big market opportunity in front of us. And so we feel very good about our positioning. We feel very good about our competitive advantage against all the alternatives and substitutes out there. We're seeing more and more customers adopt us for mission-critical workloads. And it's not just a North American phenomena, we've seen that in EMEA, LatAm and Asia Pacific region. So we feel really good about the trends that we see.

And part of that reason is that if you think about what's happening in the macro environment: the way apps are being built and the decomposition of monolithic apps into microservices; the move to the

cloud and the need for a hybrid environment; the desire to consume infrastructure as a service; the desire to support multi-cloud environment, all play to our strengths, and I think the recognition that the document model is the easiest way to work with data. So we feel really good about that. And while this is a big market, obviously it attracts a lot of big competitors, we don't see any changes in the competitive environment. And I must remind you that this is not a winner-take-all market. So other vendors don't have to die for us to win. And we feel very good about the market trends and the opportunity in front of us.

**Heather Anne Bellini**

*Goldman Sachs Group Inc., Research Division*

And then I just had a follow-up, if you don't mind. Atlas now is, I think, you said it was 35% of total revenue. I mean if you look out 3 years, like, what do you expect that to be? How do you see that growth trajectory on a percentage of revenue basis kind of continuing?

**Dev C. Ittycheria**

*President, CEO & Director*

It's hard to answer that question with any level of specificity but I'll tell you directionally that we definitely believe the future is in offering cloud services. As we've mentioned in the past, a few quarters ago Atlas and Enterprise Advanced were the feature parity. Now we're leading with new features on Atlas itself. So you actually see new features introduced on the Atlas platform before it gets incorporated back into our on-premise product. And so we're big believers in the move to the cloud. We're big believers in the fact that customers will not want to put all their workloads in 1 basket.

So multicloud model will be important, and for larger customers, who made large investments in their own infrastructure that are some costs, they'll want to also have a hybrid environment of an on-prem cloud environment. So we think we're well-positioned there as well.

**Operator**

And next will be Brad Reback with Stifel.

**Brad Robert Reback**

*Stifel, Nicolaus & Company, Incorporated, Research Division*

Dev, maybe sticking with Atlas first. Can you give us a sense of what the net expansion rate looks like in that business versus the overall business, maybe on a cohort perspective?

**Dev C. Ittycheria**

*President, CEO & Director*

Yes. The net expansion rate is definitely higher than our overall blended business. I mean, we don't publish that number but it's just a function of the fact that customers can consume infrastructure more quickly. They don't have to go provision more internal capacity or deal with any of the operational issues of provisioning more capacity. And so we find that the net expansion rates are higher than our blended rate that we've disclosed which is, for the 17 quarters in a row, it's been over 120%.

**Brad Robert Reback**

*Stifel, Nicolaus & Company, Incorporated, Research Division*

Great. And just following up on your commentary around the SIs and the strong traction you're seeing there. Are there any commonalities around use cases, verticals, geographies?

**Dev C. Ittycheria**

*President, CEO & Director*

Yes. So I would say the commonalities is that customers are increasingly using SIs as their application development arm. And they're obviously at the forefront in terms of how applications are being built. And so there's a natural synergy between us and them because as they build apps and they choose MongoDB, that drives revenue for us and obviously drives meaningful application to develop and revenue for them.

So there's a natural synergy between us and the larger SIs, and we're working with a number of them, people like Accenture, Capgemini, Infosys, TCS, Cognizant and a bunch of boutique vendors all around the world. And the use cases are quite varied, to some on size or a focus on the financial services sector or the healthcare sector, others are more horizontal; others have more of a geographic focus. So it really depends on the partner, and so we typically try and work with a partner that's best positioned in a particular customer account. And then we have, obviously, some strategic relationships that span all theaters. And it just depends on the situation of who we partner with.

**Operator**

Next will be Brent Bracelin with KeyBanc Capital Markets.

**Clarke Jeffries**

*KeyBanc Capital Markets Inc., Research Division*

This is Clarke Jeffries on the call for Brent. Maybe, Dev, for you. As you start to invest in these technologies maybe outside of the core document database, what are the core considerations that you're mulling over as you choose technology? What do you see as will having the lasting benefit to the developer? Do you see there are being plenty of opportunity to be tactical on just reliving the pain points of the legacy technology?

**Dev C. Ittycheria**

*President, CEO & Director*

Yes. I mean our vision is that we want MongoDB to be the best platform to build modern data applications. And so that's our overriding strategy. I will tell you that I don't want to steal our thunder from MongoDB World but we will be making some very interesting announcements there. As I mentioned, we'll be talking about how we plan to integrate Realm into the core platform and a bunch of other new announcements. But it's all in the spirit of making MongoDB truly the best platform to build modern applications.

**Clarke Jeffries**

*KeyBanc Capital Markets Inc., Research Division*

Great. And then Michael, just given the relative strength of, maybe, the Enterprise Advanced business and deferred revenue, were there any significant multiyear deals signed in the quarter that may have been a benefit to revenue? And as you look at the full year, is that 5% contribution to this year changing at all?

**Michael Lawrence Gordon**

*COO & CFO*

Sure, yes. No, I think as we said in the prepared remarks and as we've seen pretty consistently over the last several quarters, the performance is quite broad based and so whether that be by geography or product line or channel, however we want to think about it, it's really been quite broad-based and Enterprise Advanced had yet another good strong quarter as well. There were no -- it's not a disproportionate amount of multiyear deals relative to what we would have expected in this quarter. And I don't know what the 5% that you're talking about is. I don't know what that references.

**Clarke Jeffries**

*KeyBanc Capital Markets Inc., Research Division*

Last quarter commentary on, maybe, multiyear contribution to revenue being about 5% for the full year.

**Michael Lawrence Gordon**

*COO & CFO*

Yes. So the 5%, just to be clear, was just -- it wasn't multiyear. It was just simply the impact of 606 relative to 605. So it wasn't a multiyear comment in general, but it was just the impact of including the term license component as opposed to have everything be ratable. Yes. So no -- I'd say no, we haven't seen anything that would have us alter that view.

**Operator**

[Operator Instructions] The next question will come from Ittai Kidron with Oppenheimer.

**Vinod Krish Srinivasaraghavan**

*Oppenheimer & Co. Inc., Research Division*

This is Vinod Srinivasaraghavan on for Ittai. Congrats on the quarter. I just want to talk about the SSPL for a second. How are your talks with industry stakeholders going, and can you comment on any future placements and figures at this time?

**Dev C. Ittycheria**

*President, CEO & Director*

Yes. So just to make sure one is up to speed, I mean, all our products today are licensed under SSPL. We did withdraw ratification of the SSPL with the OSI because we thought it'd be best to just work with them on coming up with a license that would basically meet our needs but as well as let the OSI help drive the formulation of a new license.

So if it's consistent in principle to what SSPL, we will end up potentially adopting that new license. I should note that we've already seen a number of other vendors come out with their own licenses that are somewhat consistent with the spirit of SSPL. I think just dealing with the challenges of building open source business in the cloud era, and so I expect this trend to continue. And in terms of our discussions with other people for our customers has been a complete nonevent. Our partners have been very supportive and we feel very good about the defensibility of our IP.

**Operator**

And the next question comes from Rishi Jaluria.

**Hannah Rudoff**

*D.A. Davidson & Co., Research Division*

This is Hannah on for Rishi. Just starting off, I know last quarter you were talking about adding sales capacity in the field and growing the self-serve business. And I'm just wondering if you can give an update on that and any new initiatives you've done on that.

**Dev C. Ittycheria**

*President, CEO & Director*

Yes. So we are definitely trying to add a lot of sales capacity. We're actually recruiting in all theaters around the world. We've added leadership capacity, which is a precursor to adding field capacity. And we're spending a lot of time not just on recruiting but also on onboarding, the onboarding program, so our new reps can ramp to productivity as short as possible. I was spending a lot of time on training and other development activities not just for reps but also for our leadership.

And in terms of self-serve, that's also a big push. There's a lot of focus on our self-serve business. We've added a number of resources to that team. It's a big part of the senior management's attention and focus. And you'll expect us to add more capacity in that group. And as I mentioned in my prepared remarks, Archana Agrawal, who's going to be joining our Board in August, she ran and built the self-serve capabilities at Atlassian. And the reason her experience is very relevant because that was a developer-focused product. Their business is predominantly self-serve and so her experience -- and she's obviously worked in a very high growth, rapid growth environment, so that experience will be very relevant to what we're doing here. And we're excited to get her assistance and counsel as we scale our business.

**Hannah Rudoff**

*D.A. Davidson & Co., Research Division*

Okay. Great. That's really helpful. And then second, I was wondering if you had any commentary around churn you're seeing from the mLab customer.

**Michael Lawrence Gordon**

*COO & CFO*

Yes. What we talked about is it's less about churn as we gave our forecast and our guidance. But it's more about sort of price compression is resulting of the fact that we offer different pricing plans. And our philosophy has been to be customer friendly. And if they have a lower plan previously, they would get the benefit of the lower plan. And if the Atlas plan represents a price reduction, they will get the benefit of the Atlas price reduction.

And so far the integration has gone smoothly. We're only a couple of quarters into it, and most of the migrations will take place in the latter half of this year. And so I don't think there's anything material to report there, but so far we've been very pleased with how things have gone and the performance of mLab and the integration steps that we've made over these first 2 quarters.

**Operator**

And that does conclude today's question-and-answer session. I'll now turn the conference back to Dev Ittycheria for any additional or closing remarks.

**Dev C. Ittycheria**

*President, CEO & Director*

In summary, we're really pleased with the start to fiscal 2020 with our Q1 performance. We believe the investments we're making in both the product and go-to-market areas are yielding high returns, and we're really excited about the future. And so we thank you for your time and we hope to see many of you at MongoDB World in New York City on June 18, 2019. Thank you.

**Michael Lawrence Gordon**

*COO & CFO*

Thank you.

**Operator**

Well, thank you. That does conclude today's conference. We do thank you for your participation. Have a wonderful day.

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