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DOMO.OQ - Q4 2023 Domo Inc Earnings Call

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PRESENTATION

Operator

Good afternoon, ladies and gentlemen, and welcome to the Domo Q4 Fiscal Year 2023 Earnings Conference Call. (Operator Instructions) Please be advised that this call is being recorded. (Operator Instructions)

And now at this time, I'd like to turn the call over to Mr. Peter Lowry, Vice President of Investor Relations. Please go ahead, Mr. Lowry.

Peter Caldwell Lowry - *Domo, Inc. - VP of IR*

Good afternoon, and welcome. On the call today, we have John Mellor, Josh James, our Founder and CEO; Julie Kehoe, Chief Communications Officer; and David Jolley, our Chief Financial Officer. Julie will lead off with our safe harbor statement and then onto the call. Julie?

Julie Kehoe - *Domo, Inc. - Chief Communications Officer*

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, including statements about financial projections, the plans and expectations for our go-to-market strategy, our expectations for our sales and new business initiatives, the impact of macroeconomic and other conditions on our business and our financial condition.

These statements are subject to a variety of risks, uncertainties and assumptions. 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 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.

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

John Mellor

Thanks, Julie, and thanks to everyone for joining us on today's call. Before we delve into our results for the fourth quarter and fiscal year 2023, I'd like to begin by discussing our leadership succession notes. As you saw today, I have decided to step down as CEO and Josh James has been reappointed CEO.

Let me say at the outset, what an honor and privilege it has been to be part of the Domo team for almost 4 years to lead as CEO over the last year. I'm so proud of what a highly engaged, talented team we have here, which operates with incredible commitment and integrity. When I became CEO, my focus was to drive ongoing innovation for customers and further drive a disciplined go-to-market strategy. One year later, we have optimized our business to tighter internal alignment and advanced our strategy for growth, all while striving to build and promote a culture of inclusivity at the highest level.

Most importantly, our team has demonstrated an unwavering commitment to our customers. One of the many reasons that I am confident Domo will continue to be a key player and market disruptor for years to come. After being a steward of the company for the last year and helping put the company in a better place, I feel like it's a good time for Josh to run this. And I'm excited he's happy to come back.

As Domo's founder, Josh spent more than 11 years building this company. He is passionate about Domo's business, mission and customers. And given that he has served in this role for so many years, I know he will hit the ground running. Also joining Josh on today's call is Domo's newly appointed CFO, and David Jolley, who succeeds Bruce Felt. Bruce and I look forward to following the company's continued success under Josh and David's leadership.

I will now turn things over to Josh to discuss Domo's fourth quarter and fiscal year 2023. Josh?

Joshua James

Thank you, John. This is an exciting time at Domo, and I sincerely appreciate all your contributions over the last year. I love Domo. I know this business, and I'm excited to hit the ground running. I look forward to more in-depth conversations with all of you in the coming days and weeks.

Before I begin, and as I'm sitting here reflecting on the quarter, I'm looking forward to getting Domo back to being a high-growth company. And I'm very pleased with the internal alignment that has been created as well as our sales capacity outlook in support of those goals. I'm also very much looking forward to locking arms with sales and getting on the road to meet face-to-face with customers to attract and grow new business.

As you have read today, we have a few other updates to the management team. I'd like to welcome David Jolley to the company as CFO and also thank Bruce Felt for his many contributions over the years.

David Jolley is a highly accomplished financial executive with more than 30 years of experience working with and advising innovative market-leading companies. For many years, David was the Office Managing Partner of Ernst & Young, Salt Lake City office. During which time he was involved with many significant IPOs. He then went on to have several national leadership roles at EY, most recently serving as the Americas growth markets leader, where he worked with go-to-market teams in North Central in South America to engage with high-growth companies and world-class entrepreneurs.

In addition, Jeff Skousen has been named our Chief Revenue Officer, succeeding Ian Tickle. As before, it's important to me to have the CRO role here in the States. We are thankful for the many contributions Ian brought to the company, including his operational rigor and the mentorship he provided to many sales leaders. That said, Jeff is more than ready to assume this position and has been one of the most consistent leaders at delivering targets and has delivered well over half the company's ARR. He's energetic, well-liked and a fighter who does what it takes to hit his number.

We've also added 2 new Board members. I'd like to welcome both Dan Strong and Renée Soto, who complement the strength of our leadership team. Dan brings more than 30 years of CFO experience for both public and private companies and Renee as Co-Founder of Reevemark adds close to 20 years of strategic communications, advising CEOs, founders and boards. These changes and the excellent team that's already here from rather sales leaders to Wendy Steinle, our fabulous CMO, to our incredible HR leaders and all the other teams, coupled with the very recent promotions of Daren Thayne to lead all of tech and product and [if] Mark Maughan, to all our -- to leading all of our client services. It puts us in a fantastic leadership position for our go-forward plans.

Before David goes into more detail on the quarter, I'll touch on a few topics, including a review of the quarter, regarding the macro, an update on our sales force and why we think we are positioned entering fiscal year '24 despite a challenging macro environment, and then lastly, our market opportunity and why we feel we continue to be well positioned to execute on a larger opportunity. Okay. So let me touch briefly on the quarter.

In Q4, our total revenue growth was 14%. Our subscription revenue growth was 18% and billings declined 3%. It's no secret that the macro has added complexity to the software sales process for tech companies in general, elongating deal cycles, increasing deal scrutiny and responding to end-to-end customer challenges. Like others, we saw that as well in Q4. In a moment, Dave will talk more about the dynamics behind these numbers and our response.

In Q4, despite the challenging macro environment, Domo continue to concentrate on areas where there was the greatest control, which includes costs. As a result, I'm happy to report that Domo's operating margin continued to expand. In Q4, Domo posted a sequential increase of 280 basis points, reaching an operating margin of 3.5%. I believe a continued focus on controlling costs near term will strengthen our position as we move through fiscal year '24, and we'll be better positioned longer term for accelerating our growth as conditions improve.

So now let me talk about why as we enter fiscal year '24, we feel well positioned. To begin, Domo remains a great, highly differentiated business with 80-plus percent gross margins. There have been no material changes to the competitive environment for the business, and we remain bullish on Domo's long-term prospects. Overall, the size and the quality of the pipeline is healthy. We believe that responsibly managing our growth will continue to lead to expanding margins and higher profitability longer term.

Next, I want to focus on our market opportunity and why Domo remains well positioned. As companies have become more conservative with spending, they must do more with what they have. And in many cases, they must do more with less. Our sales teams are hearing this from many customers and prospects. As we move into our fiscal year 2024 and beyond, I believe businesses will want to continue to prove rapid ROI as they make decisions, and this is where digital transformation comes in. The industry has been talking about digital transformation for more than 20 years.

I've seen this firsthand. However, digital transformation won't fulfill its promise until people are using data in ways that they don't even have to think of as BI. Since Domo's founding, more than 10 years ago, our vision has been to put data to work for people across entire organizations to transform the way businesses are managed. In the early days, that looked like BI, analytics and dashboards. But traditional BI is not going to solve the adoption challenge that exists inside organizations. If we have to teach store managers or truck drivers, how to be data analysts, well, then we have failed.

The future is to deliver new data experiences that work the way people do. You'll hear many examples of this at Domopalooza, our annual customer event happening on March 29. From companies like Ford, ClearChoice Energy (sic) [CleanChoice Energy], Grunenthal, Regional One Health, Sephora and UnitedHealth Group. These will be human-first experiences that deliver personalized insights and put those insights in the context of the job that person is doing, then connect those insights to other internal systems, so it's not just passive consumption of data.

It's action that leverages their time more efficiently and effectively so they can multiply their impact faster. It's like the story of a scrap manager at an aluminum products company, who is saving his time, his company tens of millions of dollars a year by using Domo to shave 10 minutes of the time it takes each truck to move through the production process, or it's the restaurant store manager who is using Domo to deliver better and more profitable customer experiences and operations people using Domo to improve employee satisfaction by significantly reducing the time it takes to get tips from thousands of daily transactions, deposited into the bank accounts of more than 4,000 individual employees.

Beyond the value that customers are getting today, leading IT analyst firms are finally touting the value of fully integrated stacks like Domo because they eliminate the armies of people needed to implement and manage all the underlying technologies required to get well governed data from the source into the hands of people everywhere. It's more efficient to work with a stack that is fully integrated like Domo. But what I really think points to the future is when industry analyst firms talk to the rise of the composable enterprise, where modern systems are quickly configured to support a more agile data experience down to the team and individual level.

At the same time, companies have millions of processes that are not modernized yet. Meaning, they are slow and inefficient, and they are costing organizations money. As an example, our team had a recent conversation with a very large enterprise that's still using Lotus Notes. Today, the solution that we set out to create more than 10 years ago is becoming a primary ingredient in business performance, which means there is opportunity everywhere for what we do.

The barriers to digital transformation and growth are less about technology and more about a human's ability to use that technology in the context of their job. It's about being able to run your business from your phone. This is where Domo shines. We believe the steps we are making now across the business will make us ready to accelerate more quickly, especially when the external environment picks up.

As I mentioned, later this month, we will be hosting our Annual Customer Conference, Domopalooza, and you are welcome to attend. And we, of course, invite you to our Analyst Day, which we are planning for April. Before I hand this over to David, I want to thank the entire Domo team from executive leadership to each Domo sapient for their ongoing commitment to delivering outstanding care and value to every 1 of our customers around the globe and, of course, to our own business.

I'm excited to get us back to being a high-growth company and for the year ahead. Over to you, David.

David Jolley

Thanks, Josh. It's great to be here as a part of the Domo team, and I'm excited to support you in this next chapter of Domo's growth. I'm also really looking forward to meeting many of you over the next few weeks and months. In Q4, we posted 18% subscription revenue growth and 14% total revenue growth. The results in this quarter were driven primarily by the sales to our corporate customers, which experienced 19% revenue growth. Revenue growth from our enterprise customers experienced 9% growth. We delivered Q4 billings of \$104.5 million, a year-over-year decrease of 3%. This decrease was driven by a tough compare on the one hand, but also by a challenging macro environment that affected our new business growth in our renewal rates.

Several other key metrics were above our billings growth. Current RPO of \$243.8 million grew 10% year-over-year, and our total RPO grew 12% to \$378.2 million. Our ARR grew at a higher rate than our total RPO growth. An area where we saw success was multiyear contracts. On a dollar-weighted measure, we now have 65% of our customers under multiyear contracts at the end of Q4, up from 62% a year ago.

On gross retention, we faced some of our larger customers reducing their footprint in response to their business challenges causing dollar gross retention to be less than 90%, bringing our full year gross retention to 89%, down from 90% a year ago. The net retention rate dropped, but we still remained above 100%.

Q4 total revenue was \$79.6 million, a year-over-year increase of 14%. Subscription revenue represented 88% of total revenue and grew 18% year-over-year, down from 22% growth in Q3. International revenue in the quarter represented 21% of total revenue, down from 22% in Q3. Our subscription gross margin was 85.7%, up 2.9 percentage points from Q4 of last year and up 1.1 percentage points from Q3. We're pleased with the results as it reflects success in continued proactive management and optimization of our third-party hosting services.

In Q4, our operating cost decreased compared to Q3, mostly due to lower personnel expenses in Q4. Our non-GAAP operating margin was up 18.4 percentage points from a year ago, and up 2.8 percentage points sequentially. Our net loss was \$0.8 million, down from \$13.6 million a year ago, and our net loss per share was \$0.02. This is based on 34.7 million weighted average shares outstanding, basic and diluted. In Q4, cash used in operations was \$2.8 million, in part from slower cash collections as customers stretch payments which we attribute to the macro.

Our cash balance declined \$4.6 million from last quarter to \$66.5 million. We expect Q1 cash flow from operations to be positive and our cash balances to increase from Q4. We expect full year fiscal 2024 cash from operations to be positive as well. We believe we've got adequate cash in order to continue to pursue our business objectives. Our fiscal year 2024 planning and guidance incorporates what we are seeing in the macro, including elongated sales cycles and more challenging renewal discussions.

That said, we entered Q1 with more pipeline than we had a year ago. For Q1, we are guiding to billings of about \$69 million, which is down 5% year-over-year. For full year billings, we are providing a range of approximately \$335 million to \$353 million, representing a range of 4% to 9% growth. And I know, Josh, these are not the growth numbers we're playing for, but we feel comfortable with this range. We do see a path to higher growth rates, potentially into double-digit growth. And we look forward to updating you on our growth plans as the year progresses.

Looking ahead to the second half of the year, we believe we're in a good position to accelerate our billings over the first half outlook. Now to guidance for our GAAP metrics. For the first quarter of fiscal '24, we expect GAAP revenue to be in the range of \$78.5 million to \$79.5 million. We expect non-GAAP net loss per share, basic and diluted of \$0.15 to \$0.19. This assumes 35.3 million weighted average shares outstanding, basic and diluted. For the full year of fiscal '24, we expect GAAP revenue to be in the range of \$323 million to \$330 million, representing year-over-year growth of 5% to 7%. We expect non-GAAP net loss per share, basic and diluted of \$0.27 to \$0.39. This assumes 36.2 million weighted average shares outstanding basic and diluted. Our EPS guidance assumes we'll have a negative operating margin in Q1, but a slightly positive operating margin for the full year.

In closing, while we're in somewhat of a challenging macroeconomic environment, we believe we're entering fiscal year '24 with a better aligned and positioned sales force, and I'm really looking forward to working with Josh to help drive our long-term growth.

With that, we'll open the call for questions. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And we'll take our first question this afternoon from Derrick Wood of Cowen.

James Derrick Wood - Cowen and Company, LLC, Research Division - MD of TMT - Software & Senior Software Analyst

Josh, welcome back. Nice to be reconnected and John, good luck in your next chapter. Josh, could you just walk us through what your top initiatives may be to drive growth reacceleration? And I think there's particular interest on the enterprise side of things since that part of the business has faced more adversity over the last year. So as you're getting back into the field and you look across investments from corporate to enterprise, what are some of the top initiatives you'd like to push forward?

Joshua James

Yes. Thanks, Derrick. Great to reconnect as well. Yes, I'd say a couple of things. Number one, I think it's just going to be a real focus on growth. That's what I like. That's what I do. I think that's what -- I know John said he was excited getting me back for and the management team in sales, especially just going to go out and talk to a bunch of customers and close some deals. So I think it's a lot of blocking and tackling and then there's the macro headwinds.

But if you look at a couple of the metrics inside the quarter and inside the year, there's a few things that actually point to enterprise being a real strength. I think we've seen our customers in terms of the ones that are on multiyear contracts that actually increased this year in a meaningful amount. So that shows real strength of relationship with your customers. And another thing that -- another metric that really stood out to me is

I've been just really pouring through the numbers over the last couple of days is we had almost a 30% increase in the number of companies that have over -- an ARR over \$500,000 last year.

And we also had almost a 30% increase in the number of companies that are paying us over \$1 million a year in ARR. So despite some of the macro stuff, the people who had good relationships with us continue to increase their business with us. And I think that points to real opportunities as some of the macro headwinds start to dissipate, hopefully, here in the short term versus the long term, but we'll have to see how that plays out. But we feel really well positioned.

James Derrick Wood - Cowen and Company, LLC, Research Division - MD of TMT - Software & Senior Software Analyst

Yes. Okay. And great to hear some of those stats. I guess, just on the other side, you mentioned kind of being bullish based on your sales capacity and your pipeline outlook. Just wondering if you could touch on those, especially on the sales side. I think there was some elevated churn midyear that subsided in Q3. How did that track in Q4? And I don't know if you can give us a sense for kind of what the level of growth and productive sales capacity is as you enter the new year and what you're thinking about in terms of hiring?

Joshua James

Yes. Last year, it was a variety of reasons why we ended up churning quite a few salespeople, and that just hit us quite hard in the capacity front. And you wake up and you're looking at the quarter and as I was talking to John and Bruce, you wake up and look at the quarter and there's just not the capacity there. So even if your sales teams are performing the way you'd expect and there just weren't enough numbers because of that retention issue that we had last year. And that retention issue seems to already be getting fixed. If you look at just what's happened in the first 5 or 6 weeks of the new year. We're definitely in a better position relative to where we were last year and how we were trending. I think with some more of the alignment, I think maybe we were a little overindexed on enterprise last year.

I don't know, I wasn't here specifically, but that's the reports. And we definitely are seeing success in the corporate business. And I think we've placed the right amount of investments there. So I think when you look at throughout this year, there's an opportunity to really accelerate through the year. Now that's all conditioned upon the macro. But all things being equal, it looks like we should have some real upside to what we did last year just based on the sales capacity the alignment of the sales organization in terms of where they're focused. And then also those metrics that I pointed out again, enterprise is a great business for us. It will always be a great business for us. It will be a big business for us. Our biggest customers are renewing and upgrading and upselling. And I think if you look at a year where growth was anemic for most software companies, it was difficult compared to the previous year. But yet we had a 30% increase in the number of customers that are paying us over \$1 million.

And then the band between \$500 million and \$1 million, we had a 30% increase in those number of customers as well. So that's pretty exciting to see the commitment that we're getting from our customers. And that, coupled with the longer contracts, I think it's a really good sign that we can be successful there for a while.

James Derrick Wood - Cowen and Company, LLC, Research Division - MD of TMT - Software & Senior Software Analyst

Got it. If I could squeeze one more. I mean it was great to hear that kind of vision around the technology, Josh and how you aim to kind of transform the market a bit more. Anything to highlight on kind of pricing or packaging changes with regards to the platform? Or is it too early to talk about that?

Joshua James

Yes. No, I think it's actually one thing that you'll hear us talk about a lot over the coming years. And that is the opportunity to package and price this in a way that makes sense for customers and how they're becoming accustomed to purchasing out there.

When we started the company, there really -- it was too complicated to charge anything other than per seat. We just -- it was too complicated of a platform to do anything other than that. And over the last -- and it's really been a 4- or 5-year initiative of trying to figure out how can we normalize all the different fruits in the fruit basket that we're selling to our customers, how can we normalize each 1 of those to a metric that we can come up with a compute, "compute metric", so that we can go to customers and charge them for consumption.

And instead of having the customers have all of these road bucks internally, every time they want to add a seat, any time the new department wants to add a seat, then they've got their IT partner in that department that's shutting things down, there's CIOs that are shutting things down, there's CFOs that are shutting things down. Whereas when you go to a compete model that's more like Snowflake, AWS, there's just a lot less friction because you know it's based on real usage. And even though you'd hope the user pricing would be a proxy for usage, it's just -- it's so much easier for companies to put blockades up based on user pricing. So I think there's a real opportunity for us now. We have had a ton of progress the last several years, including the most this last year with pricing things in a compute model. And we've got a bunch of customers now, we've got a big enough sample size, then we have an ability to really go in and make sure things are priced appropriately. And what we're seeing is customers that might have churned otherwise jump on that. Customers that we're going to just renew and have it be a flat renewal when they switch over to compute, but they're increasing their relationships with us.

And then when it comes to adoption, there's no friction when it comes to adoption anymore inside the organization. And the most beautiful thing about Domo is we put the data in the customer's hands where they can use it and how they can use it. So if we remove that roadblock because we're only charging for compute, who knows what can happen with this place. We got it to 30% growth the quarter before I left. There's been a bunch of macro things that have happened since then, but we can definitely get back there. You throw a compute on top of it, and I like the prospects for the long term.

Operator

And we'll take our next question now from Sanjit Singh at Morgan Stanley.

Sanjit Kumar Singh - Morgan Stanley, Research Division - VP

Welcome back to Josh. I wanted to talk a little bit about some of the retention patterns you saw in Q4? And I get, look, it's a tough environment out there. New business is hard to come by, particularly now. I was a little bit surprised to see the degradation in the gross retention rates and particularly around even though like analytics and real-time intelligence has been a high priority in this area -- era stuff like supply chain issues and whatnot. So I'm a little surprised that the gross retention rates come down to the extent that they did. Any patterns there in terms of market segments, industries, or anything else that you want to sort of talk about that can provide more context on why we're seeing the churn that we are in Q4.

Joshua James

Yes. Great question. I'm glad you brought it up, actually, because I think there's some interesting color there. If you recall, a few years ago, we were kind of saving our bacon with some COVID deals. And unbelievably, we renewed those deals in year 2. And in year 3, we've seen massive declines in those COVID contracts. Thankfully, the team has done an amazing job at building those relationships and saving a bunch of the relationships, but just a big decline in the amount that we were getting paid for those contracts. I think if you take that out, then the renewal rates were right back where we would want them to be. So it's just kind of -- it was just kind of a onetime thing with COVID.

And going forward, we'll see with how the macro plays out. sometimes those relationships are at risk, but we hope that we can keep those numbers right around the 89%, 90% renewal rate. And with Mark now responsible for customer service, for client services and that group really getting aligned and really focused on adoption with the additions. The other additions that we have on the management team with people like Mohammed, I think there's some real opportunity to drive those numbers even further, but it's just the macro that we're going to have to balance. But I do think Q4 really had a lot to do with those with COVID renewals.

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

That's super helpful context. I really appreciate that, Josh. As my follow-up question, and I apologize if you guys had sort of addressed this in the beginning part of your script, I joined a little bit late. But I think the difference between today and when you were last CEO, Josh, is that the focus on efficiency and profitability is orders of magnitude higher? Any sort of look at some of your peers in sort of similar market cap, similar growth profiles. We're talking about expanding their margins 1,000, 1,500 basis points over the next 12 months and some of them even more than that. And so I wanted to get -- I mean you mentioned like growth being like job number one. And I think there's probably some low-hanging fruit there to accelerate that growth. But how do you think about the profitability margin expansion side of the equation over this year and the following year?

Joshua James

Yes. I don't think -- I mean, it depends on which company you're talking about and what size they are and where they're out in their market and what their growth profile looks at. And we got down to where growth was anemic the last few quarters. We just -- we need to get it higher. So at the same time, the market is what it is. And I think we have to be financially prudent right now. They did a great job squeezing out a bunch of efficiencies that if growth was at a different place, we probably wouldn't have done. But given where growth was, then that's really your only choice has to show that you can financially manage it. And I think that's part of the guidance that we gave this year is that we can be operating margin positive for the year. That's the only responsible thing to do, and we can manage cash flow very effectively. So I think you'll see that out of us and then trying to put us in a great place so that as things get more and more comfortable, we'll be able to lean into growth in a very quick and easy way.

Operator

And we go next now to Kamil Mielczarek at William Blair.

Kamil Mielczarek - *William Blair & Company L.L.C., Research Division - Research Analyst*

Welcome back, Josh. There's been a lot of excitement around Generative AI this year. Can you talk about the exposure that Domo has as a data platform to these trends? How big [from] the data science products like AutoML are today? And what can Domo to lean into the tailwinds.

Joshua James

Yes. I mean there's a great opportunity there, and it's something that -- I know the team has put out a couple of webinars on and we've got a lot of conversations with customers. But when you think about, finally, there's a place where all of your data is digitally connected. And it's not just thrown in a data warehouse somewhere. It's digitally connected with metadata around what each of those data components are, then you could have AI go through and find correlations that you didn't know existed. And not only that, you could say these correlations exist and where they exist, we found efficiencies, let's automatically take effect on those efficiencies or let's automatically double down on something that's working. The challenge has always been digitally connecting that. That's what Domo does.

So it presents a real opportunity when you think about AI and like you said, AutoML and a variety of other technologies that will come to play and come to bear over time. So I think that puts us in a good position. We're not going to be the ones that declare the winner, but we'll just -- we'll partner with all the different technologies out there. And then as our customers are having success, then we'll get cozy up to folks that are providing that kind of technology.

Kamil Mielczarek - *William Blair & Company L.L.C., Research Division - Research Analyst*

Got it. That's helpful. And just a quick follow-up. Can you update us on how demand varied across geographies in the quarter? And given the changes in sales leadership, how do you think about prioritizing investments internationally?

Joshua James

Yes. We have a pretty healthy international business and have for a long time. It hasn't grown as a percentage, it's been about flat for a long time. But we do have a great business in Japan. We've had flashes of success in EMEA, some great customers over there that -- we have customers in both EMEA and Japan that are really global customers that drive and shape our products. And then Asia Pac keeps performing. So really in all the areas, probably no dramatic changes just continuing to build that at the same pace that we build the rest of the organization, not overindexing or getting too aggressive with any of them other than Japan, it seems like there's a real opportunity to invest a little bit more aggressively there.

Operator

(Operator Instructions) And we'll go next now to Eric Martinuzzi at Lake Street Capital Markets.

Eric Martinuzzi - *Lake Street Capital Markets, LLC, Research Division - Senior Research Analyst*

What was the actual ARR net revenue retention? I know you said it was over 100%. What was the number?

Joshua James

Let me see what we put in the script. Yes. It was just over (inaudible) Yes. Go ahead, Pete.

Peter Caldwell Lowry - *Domo, Inc. - VP of IR*

Yes. It was just over a 100%. And we'll have that in our 10-K.

Eric Martinuzzi - *Lake Street Capital Markets, LLC, Research Division - Senior Research Analyst*

Okay. And then where did the headcount finish out FY '23? And given the forecast for the 6% revenue growth this year, where do you expect headcount based on that guide?

Joshua James

We're not guiding to head count for the future. We've got our plans, but we also adjust them on a monthly basis based on the performance and the results of not only the sales team but also the marketing organization and how leads are performing, what the close rates are, et cetera, where they ended up -- should we put that in the script either? I think -- Yes, it was about 950 is where we ended up.

Operator

Thank you. And gentlemen, it appears we have no further questions this afternoon. So that will bring us to the conclusion of our call. Ladies and gentlemen, I would like to thank you all so much for joining the Domo's Q4 Fiscal Year 2023 Earnings Call. Again, thank you so much for joining us, and we wish you all a great evening. Good night.

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