Good afternoon, and welcome. 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 onto 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 future and prospects or financial projections and cash position; statements regarding the potential of our consumption-based pricing; statements about our sales team and technology; our expectations for new business opportunities, transactions and initiatives; statements regarding our channel of 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 the 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 the most directly comparable GAAP measure, which we have posted to the Investor Relations section of our website at domoinvestors.com.

With that, I'll turn it over to Josh. Josh?
Thank you, Pete, and thank you, everyone, for joining the call today. In Q2, even in the tough macroeconomic environment, our year-over-year total revenue growth was still at 5%. Our subscription revenue growth was 6%, and billings declined 2%. Our results for Q2 were in line or better than our guidance, and I'm pleased with the progress we've made in the past few quarters, particularly with our consumption-based pricing, our AI strategy offerings and road map and our sales force retention. That being said, I expect our return to growth may take longer than we would all have hoped for due to some macro headwinds that seem to be affecting most companies we're familiar with.

Let me give you an update on some of the progress we've made and what gives me confidence in our longer-term growth prospects. First, I'm confident that we have the people and technology to get back to the growth we've experienced in the past and to do so responsibly by managing our costs.

I continue to spend my time on the road with our current and our prospective customers, and the conversations I'm having in the market are reinforced by optimism. We hear time and time again that Domo can solve complex data problems that our competitors simply can't, and we do it in record time. Many of these promising interactions are happening through our customer Connections Tour, where we've gained some candid insight into why organizations choose Domo over leading competition.

One customer from a large publicly traded advertising group expressed that Domo offers superior speed and computing power and significantly reduces the effort to create reports, train their data specialists to focus on higher-value business deliverables. I believe there is potential for conversations like this to translate into significant transactions for Domo in the near to midterm that could drive upside to our guidance.

Second, I believe our increased focus on consumption-based pricing can be a growth driver and create stronger relationships with our customers as we've removed the limitation on number of seats in an account by granting access to all employees of a customer and only charging for data usage similar to Snowflake, AWS and others.

Because we can charge for usage while offering seat licenses and visualization for free, consumption pricing solves many of our historic barriers to adoption and more directly aligns our pricing to the value realized by our customers. Thanks to this, consumption pricing is opening more doors for upsell opportunities.

One of the very encouraging trends we see with our consumption customers is an increase across key metrics, including data flows and connector runs, which represent a significant source of potential growth. Over the past year, we have seen almost a 30% increase in contract size for new logos going on consumption-based pricing compared to new logo customers going on seat-based pricing.

Also, for customers renewing who have converted to consumption pricing from seat-based pricing, we are seeing almost a 60% increase in the number of user accounts created and somewhat surprisingly, a higher log-in rate of the total users on the consumption model versus the seat-based pricing model.

We're also seeing momentum in increasing the percentage of new logo customers who choose consumption pricing. 50% of our new logos in Q2 were priced on a consumption basis. That's up from about 30% of our logos -- of our new logos in Q1, and we are targeting 75% this quarter in Q3 and even higher in Q4, setting us up well to have a substantial impact on the way we go to market and even convert renewing customers to the consumption model aggressively next year. We have over 250 customers on our consumption pricing model as of July 31, which represents over 10% of our customer base and over 13% of our ARR.

Another benefit to Domo is that our consumption pricing contracts are structured as subscription contracts. This means the revenue is recognized ratably, mitigating some of the lack of predictability associated with pure consumption-based models.

Beyond these direct benefits for Domo and our customers, our consumption pricing is also expected to improve our competitive positioning. Some customers see our competitors’ visualization offerings as essentially free because their visualization tool is included as part of an enterprise license agreement. We think including visualization with the free seats under our consumption model is a compelling selling point for enterprise and corporate customers and prospects and positions us better against some of our competitors.
Another positive in the quarter was that we once again had much lower-than-forecasted attrition in the sales force. Year-to-date, we have stemmed the sales force attrition we saw last year when 30% of the sales team churned.

Next, I continue to be excited about the potential for AI to be a growth driver for Domo. I believe we are strongly positioned to be a leader in delivering AI-powered data experiences, in governing those data experiences and in enabling businesses to achieve the data readiness required to capitalize on the broader possibilities of AI. Domo gives you the ability to apply the power of AI to your business now.

For capacity planning, if a company needs to know the number and type and timing of employees they need to hire to achieve a business goal, they can do that right now. If a company wants to run simulations to dynamically price and bundle their offerings, they can apply AI to that problem in Domo now. If a lender wants to perform a risk assessment model on patterns of behavior and other factors, they can use AI to apply that to the data they have in Domo right now.

This month, we announced progress showcasing our commitment to this ongoing ambition, including mobilizing the full force of Domo's AI technology, expertise and vision as Domo.AI. Data and technology are important foundations, but real transformation comes from making them useful and reliable in the hands of many. Domo.AI is championing a future where AI-powered data experiences truly transform business by amplifying a very powerful asset, human curiosity.

The hurdle I think many businesses will need to overcome is building in the safety and efficiency required to effectively democratize AI. That’s why Domo’s approach goes beyond wiring OpenAI to the end user experience. It’s about embedding AI responsibly into the very fabric of the entire business.

Let me tell you about some of the ways we’re making this possible through Domo.AI. Our suite of AI tools empowers users with chat-style data exploration and provides flexible model creation, efficient model management, seamless deployment and superior governance and security. Domo’s AI service layer lets businesses capitalize on the power of AI without getting bogged down by its complexities. Users can easily manage, deploy and optimize any AI model they choose right in our data experience platform to support real-world use cases that matter to everyone.

AI is now easily accessible in Domo Bricks, Domo’s app dev framework, and in Workflows. Even low-code tools such as Magic ETL are designed to tap into AI model management, making the power of AI accessible even to those without technical expertise. All of this and more is featured in our newly launched Domo.AI website, where we’ll continue to share our progress in creating a new future for data and AI.

We’re also excited to be hosting our first ever innovation summit focused on AI this month, a free online event that will highlight just how Domo.AI solutions are already helping businesses overcome real-world challenges to accelerate innovation and growth. AI is only as powerful as the data connected to it. We have a well-connected end-to-end data stack, opening up many possibilities for Domo to reimagine what data can do for business.

I encourage all of our investors to follow Domo’s AI journey, starting with visiting the website and attending our virtual innovation summit on August 29 in North America and EMEA and August 31 in Asia Pacific, where almost 3,000 people have already registered.

While we’re optimistic about these significant long-term growth drivers, the IT spending environment remains challenging. Enterprises are carefully scrutinizing vendors, and many are consolidating their spend among fewer vendors. We’re seeing sales cycles elongate, and even satisfied customers are being asked by their IT and finance departments to evaluate their spend upon renewal.

David will go into more detail, but we’re also evaluating our renewals on a granular basis. And while each one is unique, we do see some risk to some of the larger renewals, which we have incorporated into our guidance for the second half of the year. We would not expect to see some of these discussions in a more normal spending environment or in an environment where these customers were already in a consumption model.

And then on the new business front, as an indication that this is purely macro driven, we saw conversion rates fall across each stage of the funnel, which is further evidence of the challenging IT spend environment that we’re facing. However, we continue to find opportunities to deliver significant value to our customers, and we do have several notable wins to share from the quarter.
We closed a very significant upsell with a Fortune 500 U.S. financial institution to provide a custom app for wealth management operations powered by our data platform. Domo stood out for automating previously manual, time-consuming workflows and offering custom smart content that is specific to each employee across thousands of employees. Ultimately, the customer chose Domo because our platform provided a complete elegant solution to a business challenge at scale.

Another example, we worked with a nonprofit subsidiary of a high-profile private university and we drove a significant upsell to support their digital corporate learning solutions. This customer rolled out the entire Domo data experience platform to 600 new users after successfully improving learning experiences, thanks to real-time insights into course interactions. This win is a strong endorsement of our impact and a great example of how our consumption-based pricing model is opening doors to grow existing business.

We also won a significant new logo with a global health care leader that chose Domo to provide a unified view of their marketing performance. We are in this business after a successful proof-of-concept trial to improve marketing performance across multiple brands and countries.

In addition to the fantastic customer wins, we also continued to create movement within our industry. This quarter, Domo was ranked the #1 self-service business intelligence vendor by Dresner Advisory Services. Domo was also recognized as an overall leader in Dresner’s 2023 Wisdom of Crowds study, which included our perfect recommendation score for the seventh consecutive year. Among our best-in-class categories were integrations with third-party technologies, our ease of installation and our ease of administration, all of which showcase our readiness to help businesses seize the imminent opportunities for data.

In addition to this outstanding recognition, Domo was also included on 2 Constellation ShortLists, which are published to help organizations search for technologies to meet their digital transformation goals. Domo’s placement on 2 ShortLists, the list for multi-cloud analytics and BI platforms and the list for embedded analytics, is a strong endorsement for our reputation of driving customer success.

I’m also proud to share that Domo was once again named to the Parity.Org list of Best Companies for Women to Advance. This marks our fourth consecutive year of being recognized for our commitment to support women through career advancing opportunities. We believe that diversity makes organizations stronger and view our continued progress in this commitment as a factor in Domo’s future success.

In closing, while there are certainly some near-term challenges driven by the macro and current IT spending environment, I’m as confident as ever in our team, our technology and our long-term growth opportunity. And with that, I’ll turn it over to David.

David Jolley - Domo, Inc. - CFO

Thanks, Josh. In Q2, we posted 6% subscription revenue growth and 5% total revenue growth. We exceeded the billings guidance we provided at the beginning of the quarter and delivered Q2 billings of $70.6 million, a year-over-year decrease of 2%. In reviewing the metrics that will impact the remainder of the year, current RPO was $232.1 million, an increase of 3% year-over-year, and our total RPO grew 2% to $357.6 million as of July 31, 2023.

Our ARR grew in line with subscription revenue growth. An area where we saw continued success was multiyear contracts. On a dollar-weighted measure, we now have 67% of our customers under multiyear contracts at the end of Q2, up from 64% a year ago.

Our gross retention improved from Q1, was just under 90%, while our net retention was just below 100%, down from Q1. Our net retention was driven by a challenging upsell environment, which I’ll talk about in a moment.

Q2 total revenue was $79.7 million, a year-over-year increase of 5%. Subscription revenue represented 89% of total revenue and grew 6% year-over-year. International revenue in the quarter represented 21% of total revenue, down slightly from Q2 of last year. Our subscription gross margin was 84.9%, down 0.4 percentage points from Q2 of last year and down 1.1 percentage points from Q1, primarily due to our move from a fully depreciated data center. We would expect to remain in this range in the near term.
I'm also pleased that in Q2, our non-GAAP operating margin was positive 5.7%, up 12.2 percentage points from a year ago. Our non-GAAP operating margin primarily excludes stock-based compensation as well as executive severance, which was related to the transition of C-level executives. Our net loss was about $800,000, an improvement from $8.2 million a year ago, and our net loss per share was $0.02. This is based on 35.9 million weighted average shares outstanding, basic and diluted.

In Q2, cash provided by operations was approximately $600,000. In total, our cash balance declined $2.1 million from last quarter to $63.9 million. We expect Q3 cash from operations to be near breakeven, and we continue to expect full year fiscal ’24 cash from operations to be positive. We believe we’ve got adequate cash in order to continue to pursue our business objectives.

In terms of guidance, let me share some thoughts. As Josh mentioned, the IT spending environment has been challenging for us, similar to some others in our sector. There are 2 factors I’d like to highlight. First, while our sales rep attrition has been less than forecast in Q1 and Q2 and we continue to build our sales capacity, our conversion rates, new leads and resulting new business have also been less than forecast.

Part of what we’re seeing is a sense of caution even greater than 6 months ago across the board with customers looking carefully at their software spend. While we believe we have a superior technology, some customers and prospects are already paying for another solution as a part of a broader enterprise-wide license agreement where their BI tool can be perceived as incrementally free, and they may be already using that BI tool for a big portion of their organization, leading some customers and prospects to consolidate their spend on these solutions. As Josh mentioned, I think our consumption-based pricing helps our positioning against this specific challenge.

The second factor is that ongoing uncertainties about the macroeconomic environment are presenting challenges with renewals with some large customers. Oftentimes, this is due to the conflicting objectives of business use cases versus the overall IT spending mandates. Based on what we’re seeing, we believe our return to growth will take longer than originally anticipated. And as a result, we’ve lowered our new business and gross retention forecast for the remainder of the year.

To put this in context, for the entire fiscal ‘24, our reforecast has resulted in a downward adjustment of about 7.5% in billings and 2.5% in revenue. For Q3, we’re guiding to billings of $72 million to $73 million, down 2% year-over-year. For full year billings, we’re providing a range of $313.5 million to $321.5 million, representing a year-over-year decline of 1% to 3%.

Now to guidance for our GAAP metrics. For the third 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 $0.10 to $0.14 for Q3. This assumes 36.3 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 $316 million to $320 million, representing year-over-year growth of 2% to 4%. We expect non-GAAP net loss per share, basic and diluted of $0.39 to $0.47. This assumes 36.1 million weighted average shares outstanding, basic and diluted. Our EPS guidance implies a positive operating margin for the full year.

In summary, in spite of the challenges we’ve discussed, we are committed to remain operating margin positive for the year and near cash flow breakeven through the second half of the year. And I’m confident we’ve got the right people and technology to execute against our market opportunity.

With that, we’ll open the call for questions. Operator?
James Derrick Wood - TD Cowen, Research Division - MD of TMT - Software & Senior Software Analyst

It sounds like a challenging environment out there. And I’m just wanting to kind of parse out the macro versus potentially internal changes that you guys have made. And really, one of the big initiatives for you guys was to go after this consumption-based pricing model. And it sounds like you’ve had good success and conversion when, I guess, succeeding at that. But has that been a factor in leading to longer sales cycles, more investor education? Just trying to get a sense for how much is external versus how much is internal because on the macro front, it generally feels like things haven’t changed a whole lot in the last 6 months, but it sounds like you guys have seen some more change.

Joshua G. James - Domo, Inc. - Founder, CEO & Director

Yes. We’ve definitely seen more change from our customers. Like we said, our conversion rates have dropped quite a bit over those 6 months. And we’ve -- from a consumption standpoint, that’s actually been a great tailwind. So our sales cycle is not longer from consumption. They’re pretty similar. In fact, they’re a little bit better when we do consumption deals. Our upsells are faster when we do consumption deals. So the repeat business comes in a little bit quicker. Our deal sizes are bigger when we do consumption deals.

And like we mentioned, 50% of our deals this last quarter were consumption deals of the new logos, and we’re shooting for 75% this quarter, and that’s with only still a portion of the teams trained. So we think by the end of the year, we can get that up in the 90s.

And the other thing that’s great about consumption, so it’s -- they’re bigger deals, happier customers, higher retention and quicker upsells. And then I think most importantly, there’s 2 components. Number one, we have a much bigger footprint inside those organizations. So instead of having a customer that’s got us in one room and the competitor in the next room, it gives an ability to get more users since we don’t charge based on users. So we have seen literally a 60% increase in the number of users that we get when customers convert over to our consumption model.

So they had x number of users. And then after they move to consumption, they have 60% higher. So that’s been great. And then not only that, they’re actually logging in more frequently as well. So they’re becoming -- they get adopted by the whole organization. So that’s one piece that’s really exciting.

And then the other piece is just the opportunity to wake up the first of the year and know that you’ve got growth in your accounts, that you don’t have to go in and upsell. It’s just consumption. And we’re seeing good growth from a consumption standpoint. It’s still early to talk about exactly what kind of uptick we’re going to see in those consumption deals, and we need to go through a couple more quarters of that, but we’re very sure that there is an uptick from consumption. And as we work with customers and go through a big chunk of renewals, then we’ll understand exactly what that number is.

James Derrick Wood - TD Cowen, Research Division - MD of TMT - Software & Senior Software Analyst

Okay. I guess that is the silver lining. It sounds like on the other side, there’s -- you’re seeing some headwinds from vendor consolidation. And I’m just wondering if you can piece that out because you guys beat your Q2 number, but there’s a pretty big guide down for second half, and you’re alluding to some tougher renewals. Can you -- is that more in the enterprise side where you potentially are seeing more contract losses? Or is it corporate? And is it concentrated? Is it more prevalent? And what’s informing you on that potential risk in the second half? Just if you could give more color, that would be great.

Joshua G. James - Domo, Inc. - Founder, CEO & Director

Yes. It’s with some of our enterprise customers that -- we’re really seeing some pretty good stability there better than with corporate, in fact. But enterprise customers are more susceptible to having multiple vendors in there. So when you look at vendor consolidation, which is definitely a theme, I think, across the broader IT industry, our enterprise business is more susceptible to that for sure.
So thankfully, over the last 5 years, we’ve been working on this consumption model, and we’re really excited about what that’s going to do for the business. With the enterprises in particular -- because what we’ll see is we’ll go into an account, they’ll switch over to consumption, and what was happening to us before is now happening to the other vendors.

And what I mean by that is our customers will come to us and say, yes, there’s these other 4 projects that we have. And now since we’re not paying you for seats, I guess, we could go eliminate this other vendor where we have this data project that we’re doing, and we can go eliminate vendor B where we have this small project in this other division. And then vendor C, we’ll kind of have to see how that plays out with you guys.

So that’s been a huge boon to us and our relationships with our big enterprise customers. But there’s a handful where that happened to us or we think it may happen to us and just the idea that it might force us to say we got to be conservative here in our guidance as we get that new information. I think that, in conjunction with just seeing, yes, we have more sales capacity, but the conversion rates being down in the process through the pipeline forces you to look and say, do you want to spend that incremental marketing dollars to feed the sales team. And it doesn’t seem like that’s the right way to go because we want to make sure that we’re staying really fiscally sound, staying cash flow positive and staying net operating margin positive.

And we can do that with this great, I think, awesome transition that’s going to happen in our business as we move more and more to consumption. And as we’re able to take advantage of things like freemium because we now have a consumption model, and we’ll be seeing that over the next quarter as well.

James Derrick Wood - TD Cowen, Research Division - MD of TMT - Software & Senior Software Analyst

Okay. And just one for David. I mean, how low can that revenue retention rate go in the second half? And I guess to Josh’s point about staying breakeven, do you need to make any kind of OpEx cuts or head count cuts? Or how are you feeling about the initiatives for second half around OpEx spend?

David Jolley - Domo, Inc. - CFO

Yes. I think to that point, specifically, we’ve sat down, take a look -- taken a look at the business for the second half to say, okay, if we don’t produce the same number of billings that we originally forecast and we don’t have that cash as a result, how do we manage that? And we’re confident that we can bring down costs in areas that aren’t going to affect our ability to go out and compete effectively in the market and win in the market.

Joshua G. James - Domo, Inc. - Founder, CEO & Director

A lot of it was incremental spend that we were -- that we had originally forecast. And so we just take the incremental spend out. You don’t hire a bunch of new folks. You’re really careful with your spend on outside consultants. And I think that’s where the -- cost savings that we needed. And we found some efficiencies. I mean really since we got here, we’ve been finding efficiencies. And with those efficiencies that we’ve already found, we feel really good about our ability to hit the margin number.

Operator

Your next question comes from the line of Patrick Walravens with JMP Securities.

Patrick D. Walravens - JMP Securities LLC, Research Division - MD, Director of Technology Research & Equity Research Analyst

So I guess, first of all, with respect to the large renewals in H2, have some of those large renewals already informed you of their intention not to renew?
Joshua G. James - Domo, Inc. - Founder, CEO & Director

No, we've got -- I mean, there's certainly a couple of them that we know about, and that's why the guide is where the guide is. And then there's others that we just -- we're seeing a low renewal rate with the vendor consolidation. So as we get further into conversations, just trying to figure out what's the right percentage to apply to that as we're doing our forecast. And that's where we came up with -- what we came up with.

Patrick D. Walravens - JMP Securities LLC, Research Division - MD, Director of Technology Research & Equity Research Analyst

Okay. And then I mean, if you look at those large renewals and take them as a whole, I mean, just rough ballpark, what percentage of the business are we talking about? 1%, 5%, 10%?

Joshua G. James - Domo, Inc. - Founder, CEO & Director

If you go look at our top 50 customers, there's only a handful. It's only 5, 6 customers that you're worried about, and you have great relationships with the rest of them. And we have great relationships with the 4 or 5 that we're worried about, but the 4 or 5 that we're worried about -- we know there's other vendors in there. We know that they're talking about vendor consolidation. We know that they're beating us up on price, that they're negotiating. And so again, just trying to hedge the right amount and make sure that we're being conservative enough.

So it doesn't feel like -- it definitely doesn't feel like a holistic, we got to be worried about the enterprise business at all. In fact, I'd say it's just -- there's a handful of deals. There's still one deal in there that's COVID related that we're definitely worried about. And that's on the list. That's one of the 4 or 5.

So it doesn't feel like it's some kind of systemic problem that we have. It's just a handful of deals that are dealing with their IT consolidation and these big enterprises. The CIO -- there's one CIO we talked to, and he said to me that he had a several billion dollar IT spend and that when the CEO called him, he said, hey, you have several billion dollars of IT spend. I want $1 billion out. So those are the marching orders. And that's the only conversation we've had thus far, but we know that, that means, hey, we got to be really careful here about forecasting that renewal.

David Jolley - Domo, Inc. - CFO

And I think just from a -- just one thing I might add to that from a defensive standpoint, when we're sitting in 300 or 400 seats in that account, and we know that our competitors are virtually enterprise-wide, it just really drives home the point that we need to be in a similar position defensively. And as we move to a consumption model, that allows us to be in that same position where we've got seats across the entire enterprise. So that really kind of pushes us to accelerate the move to consumption and try to get all of our accounts over there.

Patrick D. Walravens - JMP Securities LLC, Research Division - MD, Director of Technology Research & Equity Research Analyst

Okay. Great. And so Josh, I always ask you under what circumstances this business might be sold, and the way the shares work in Domo, it's basically your decision. So does this consolidation trend impact how you think about that?

Joshua G. James - Domo, Inc. - Founder, CEO & Director

I mean I think about that the same way always. It just depends on if anybody ever brought us an offer and then we would take a look at it and evaluate that relative to the opportunity we have in the marketplace and relative to what we think the long-term value of the shares should be. And right now, I'd say, despite some of the short-term headwinds that I think most people are dealing with, there's certainly a few exceptions as you read everybody's earnings calls. But most people are dealing with a lot of these similar things.
Despite that, like we tried to indicate on the call, we're actually pretty excited about the future. We're really excited about the people that we have here. And we're really excited about the opportunity where we're sitting. We talked a lot about AI. I mean when ChatGPT starts getting exciting and everyone is talking about it and you want to have prompts to enable instead of using Beast Mode or using SQL, you can do it in ChatGPT. That's cool. It's really interesting. It's exciting, and we're definitely excited about that.

But the fact that you can take any BI -- any AI model that's out there and you can automate the whole process inside Domo, you can apply any particular model that's sitting out there in Hugging Face, and you want to get a bunch of data that you have in your business and you want to apply those models to that dataset, how do you do that? Well, we happen to have the first mile done. And then we can allow you to do the second -- to take that model and apply that AI power to your business right now.

And then we have the last mile. You want to move the benefit out of that and distribute that out to people in your organization. You want to have that continue to automatically work inside your organization with updated data as it comes through. We're one of the few places you can do that. So we're really excited about that as well.

Patrick D. Walravens - JMP Securities LLC, Research Division - MD, Director of Technology Research & Equity Research Analyst

Okay. Last one, I'm sorry, it goes along. So what steps do you think you guys can take to help build back shareholder value until we get through this tough macro and until we get through this consumption shift?

Joshua G. James - Domo, Inc. - Founder, CEO & Director

Yes. I mean I think the consumption shift is not -- there's nothing negative about that in our business. So I don't think that's any -- in fact, that's just positive. It's positive as we go through it. It's positive every step of the way. We don't have to wait for the benefit. We're getting the benefit -- every time we incrementally improve that, we're getting a benefit.

And I think the other thing that's really important in this kind of an environment is that you make sure that you're not burning cash, you make sure that you have a positive operating margin. And I think we're being really judicious about that. We have a lot of levers that we can still pull that we don't need to pull yet, and hopefully, we don't have to. And so I think you just continue to hang around the hoop, keep the capacity there and keep building great products, and we feel really good about our prospects on that front.

Operator

Your next question comes from the line of Sanjit Singh with Morgan Stanley.

Sanjit Kumar Singh - Morgan Stanley, Research Division - VP

Going back to the topic of consumption. I was wondering, with the 10% of the base that has moved on to consumption, has there been -- is there any sort of accounting rev rec headwind that's associated with it? So if you're bringing a customer on via subscription versus consumption, is there any sort of rev rec differences that we should be aware of that could also be a headwind to revenue? I know you said deal sizes are bigger with consumption. So does it sounds like on a TCV basis that there's any impact there? But just wanted to kind of check if there was any headwinds as customers move from -- come on board via consumption versus subscription.

David Jolley - Domo, Inc. - CFO

Yes. Thanks for that question. It's an important observation. So the way that we have structured our contracts and then the way that we have structured our consumption model, that still allows us to have ratable revenue recognition, so providing the same level of predictability that we've
got today. We've spent a lot of times working -- a lot of time working together with our outside accountants to make sure that our contracts are structured in a way that will allow us to retain that.

And so we don't really see anything on the near-term or even medium-term horizon that would cause that to change, unless the rev rec rules change somehow. But we're pretty comfortable with the way we've structured it and the resulting ratable recognition.

Sanjit Kumar Singh - Morgan Stanley, Research Division - VP

Great. And Josh, I've covered a couple of companies who have gone through a transition to consumption. And some of the things that have come up in the past is around the customer incentive to move to consumption. And I get the idea that there's no shelfware and things like that. But when you talk about deal sizes being larger in consumption versus subscription, like what's sort of in it for the customer? Because in the sense, they still outlay more dollars to work. And I get the removal of the seat-based friction. But like what's in it for the customer to make that initial conversion, particularly the existing customer base, from subscription to consumption?

Joshua G. James - Domo, Inc. - Founder, CEO & Director

Yes. It's a great question. I think the first thing is, again, there's lots of projects internally that they're like, oh, we can apply this to all these different projects. We don't have to worry about the incremental cost of having to go back and get more seats. And then the other -- the big piece is they get access to the whole platform. So there's lots of pieces of our platform that we charge incrementally for. And on consumption, we charge incrementally, but we charge it as you use it.

So for instance, our data science functionality is used 4x more frequently by our consumption customers than it is by our seat-based customers because it's an incremental expense that you have to go through a budgeting process, you have to call us. And now in consumption, you just click on it and start using it. And if you like it, you keep using it. And they like it, and they keep using it. They're using it at 4x the rate, and that's great because it drives consumption for us.

So I think having access to the full -- to all the benefits that we offer, to being able to have apps and building apps for all the different projects that you have internally, just it increases their commitment to us because they see the future that they can build with us.

Operator

Your next question comes from the line of Eric Martinuzzi with Lake Street Capital.

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

I was curious on the billings reset for the year. I was just looking at the midpoint of your prior outlook on billings at $344 million and then comparing that to the new midpoint at roughly $318 million. So about an 8% lower number. And I wanted to try and size that up between new logo and renewal. Did we get more pessimistic on new logo? Or is it the same level of conservatism that we had 90 days ago, and it's really more about the renewals?

David Jolley - Domo, Inc. - CFO

Yes. I mean there's definitely an impact to both of those. I would probably, at this point, on a weighting perspective, it might weight a little bit more towards the renewals for the second half of the year.
Okay. And then for the -- you talked about ramped capacity historically that -- and it sounds like you’re pretty happy with the progress. But what metrics can you give us as far as maybe a percentage of the total sales force that’s ramped versus 90 days ago versus a year ago? Because we kind of -- it was a year ago that it first came to light that we were having issues with the ramped capacity?

David Jolley - Domo, Inc. - CFO

Yes. So if you -- if we go back and look a year ago, when we lost essentially, in a relatively short period of time, about 30% of the overall capacity, and that’s kind of ramped and unramped, that you figure that walked out the door over a short period of time. So we had to rebuild the head count and then get them ramped.

We’re to a point now where we’re, I would say, relatively highly ramped. We’re continuing to ramp some of those folks through the rest of the third quarter and a little bit into the fourth quarter. But we feel pretty comfortable with where we’re at in terms of the overall head count.

We have the capacity to hit the numbers that are out there. It’s just that we’ve seen, again, the productivity levels have not been what they have historically. And so that’s been -- that’s where the challenge is. But in terms of the head count and the ramped capacity, we feel pretty good about where we’re at from that standpoint.

Operator

This concludes our Q&A session and today’s conference call. Thank you for attending. You may now disconnect.