MongoDB, Inc. NasdaqGM:MDB

FQ1 2019 Earnings Call Transcripts

Wednesday, June 06, 2018 9:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ1 2019-			-FQ2 2019-	-FY 2019-	-FY 2020-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	(0.43)	(0.43)	NM	(0.46)	(1.63)	(1.18)
Revenue	-	-	▲3.79	-	-	-
Revenue (mm)	46.46	48.22	-	50.11	214.44	288.26

Currency: USD
Consensus as of Jun-05-2018 7:11 AM GMT
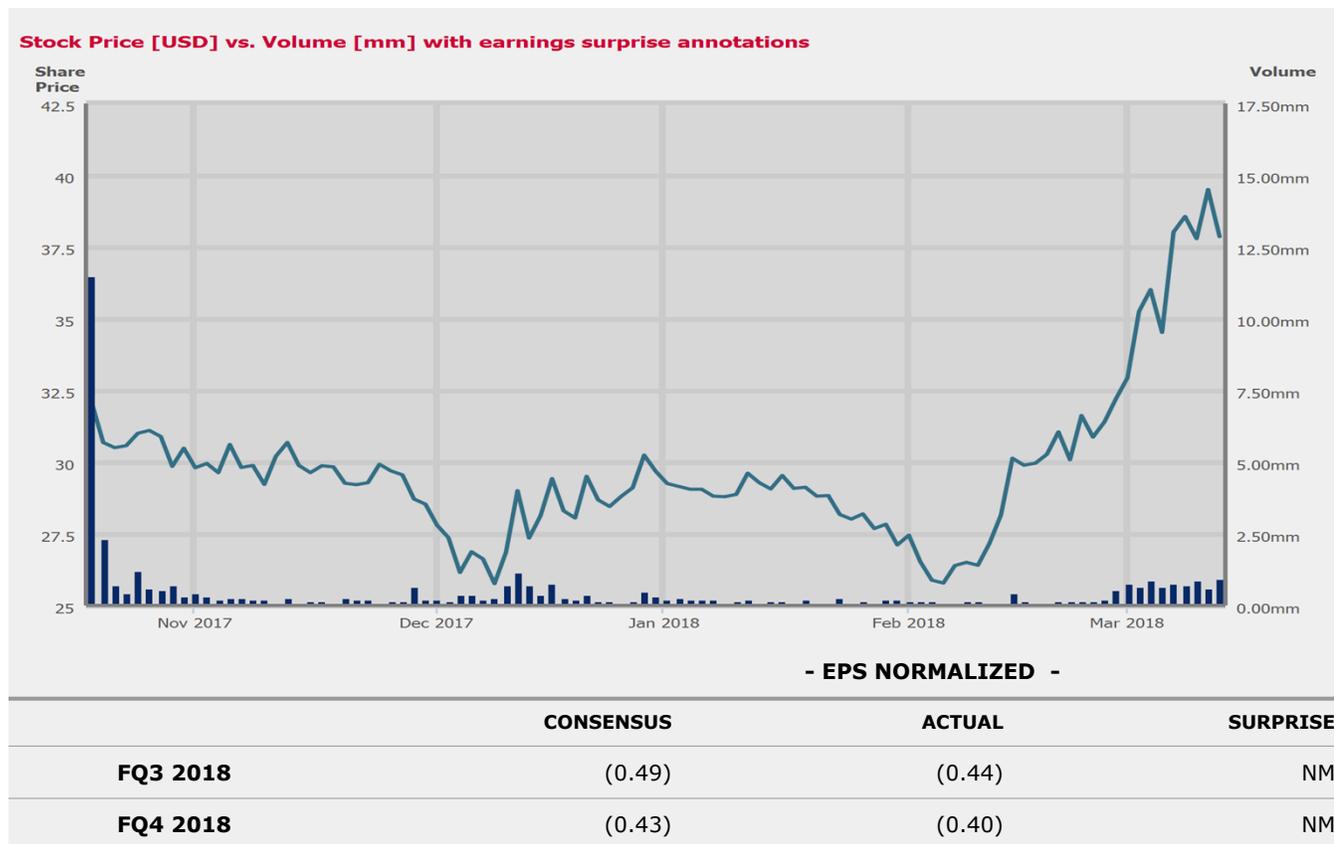
Stock Price [USD] vs. Volume [mm] with earnings surprise annotations

	CONSENSUS	ACTUAL	SURPRISE
FQ3 2018	(0.49)	(0.44)	NM
FQ4 2018	(0.43)	(0.40)	NM

Table of Contents

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2

Call Participants

EXECUTIVES

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Dev C. Ittycheria
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Presentation

Operator

Good day, everyone, and welcome to the MongoDB First Quarter Fiscal 2019 Earnings Call. Today's conference is being recorded. At this time, I'd like to turn the conference over to Brian Denyeau, Investor Relations. Please go ahead, sir.

Brian Denyeau
Senior Vice President

Thank you, too, Laurie. Good afternoon, and thank you for joining us today to review MongoDB's first quarter fiscal 2019 financial results, which we announced in our press release issued after the close of market today. Joining me on the call today are Dev Ittycheria, President and CEO of MongoDB; and Michael Gordon, MongoDB's 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 2019; industry and market trends; our go-to-market and growth strategies; our introduction of future product enhancements and the potential advantages of those enhancements; our market opportunity; our ability to expand our leadership position to drive revenue growth, the opportunity presented by our partnership with IBM and the broader partner ecosystem; our ability to maintain and upsell existing customers; our ability to acquire new customers; our ability to expand our relationship with partners and the anticipated benefits of our platform for our customers and partners. 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 reflected upon 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 could cause actual results to differ materially from expectations. For a discussion of 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 March 30, 2018, and our other periodic filings with the SEC. These documents are available in the Investor Relations section of our website at www.mongodb.com. A replay of this call will also be available 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 their most directly comparable GAAP financial measures.

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

Dev C. Ittycheria
President, CEO & Director

Thanks, Brian. Thanks to all of you for joining us today to review our first quarter results. MongoDB began fiscal 2019 with strong financial and operational performance, which reflects our market momentum and all the drivers behind our growth. To quickly summarize our first quarter results, we generated revenue of $48.2 million, a 49% year-over-year increase, which is above the high end of our guidance. We grew subscription revenue 53% year-over-year. We ended the quarter with over 6,600 customers, up 83% compared to a year ago. We saw strong growth across all major regions, including North America, EMEA and Asia. And Atlas is now 14% of revenue. Our position as the leading modern general-purpose data platform get stronger each quarter with customers, partners and the larger ecosystem, putting us in great position to continue generating strong top line growth.

Digital transformation has become one of the most important IT initiatives for all companies in all industries. While these digital initiatives hold the promise of a more nimble enterprise that can respond

quickly to changing market conditions and provide a better experience for its customers, executing on these initiatives is far easier said than done. In my meetings with senior executives around the world, it's clear that companies are highly motivated to use modern technologies to transform their businesses to create a competitive advantage.

In the first quarter alone, I had more than 20 meetings with the C-level executives at large global organizations across many industries to discuss how MongoDB can be a partner in their transformation process. The scope and frequency of these senior-level conversations are far different than the types of conversations we had even 18 months ago. Previously, there were typically exploratory conversations to learn more about the company and the technology and what projects they could start with MongoDB. Now these conversations are focused on how to use MongoDB for some of the most important digital initiatives that their businesses are undertaking. Moreover, many of these executives rarely meet with any vendors at all, reflecting one, the importance of what we do and the impact we can have on their business; and two, our credibility as a strategic partner.

Turning to our first quarter results in more detail. We saw a healthy mix of new logo wins and strong upsell activity, both of which include the customers' migrating workloads from legacy databases to MongoDB. Our performance in the first quarter exemplified the power of our land, expand and expand model and our multiple vectors of growth. During the first quarter, we grew our 6-figure customer count by 47% compared to the same period a year ago and added a number of new enterprise customers, including Anadarko Petroleum, AppDirect, Extraordinary Systems, Hawaiian Airlines and New Balance Athletics. We also expanded our relationship with customers such as Guidewire Software, Highspot, Mediaocean, NeoReach, PEMCO, state of New York and Urban Outfitters.

These customers are just the tip of the iceberg for us. Our opportunity is massive and global. We're closing deals in every corner of the world with highly sophisticated businesses, in some cases, in areas where we have no or only limited sales coverage today. This truly speaks to the size of our market opportunity and the broad appeal of our platform. It also demonstrates the attractive returns we are generating on our investments and underscores the number of additional high ROI opportunities we see ahead of us to invest across product, sales and marketing.

Examples of our wins include a large European online electronics retailer, which built a single-view application of MongoDB Atlas to improve its customer experience, quickly identify fraudulent activities and comply with GDPR privacy regulations. Multiple wins in China, including Volkswagen China, which built a new energy vehicle management platform on MongoDB; and a leading airline that's using MongoDB to support a block-chain-based application for its revamped rewards program; one of Italy's largest energy companies, Eni gas e luce, which chose MongoDB to modernize its content management platform; wins with 2 of the largest financial institutions in Australia, building important applications for online payments as Australia pushes aggressively towards a cashless society; a large deal with a Latin American bank that chose MongoDB for over a dozen applications, including a loyalty application, a customer service application, offloading and mission-critical application from the mainframe and other use cases across different business units; and a deal with one of the largest media companies in the Middle East, which is modernizing its legacy infrastructure and building a highly sophisticated platform to share exclusive content with its customers.

While we monetize existing demand of our platform with these customers, we also continue to plant seeds around the world to further drive adoption. One way we do this is by hosting a worldwide tour of customer events. For example, we hosted 7 of our top local events with thousands of developers in Bangalore, Munich, Los Angeles, San Francisco, Seattle, Sydney and Tel Aviv. We also hosted joint events with our cloud partners in London, Milan, Mumbai, San Francisco, Seoul, Singapore, Stockholm, Sydney and Tel Aviv. At all these events, we were able to get in front of tens of thousands of developers, database administrators and executives to increase awareness of MongoDB and showcase the power of our platform.

In addition to seeing strong global demand for our platform, we're also seeing customers adopt MongoDB for a wide variety of cutting-edge use cases. A great example is Koinex, a cryptocurrency exchange and trading platform based in India. Koinex provides real-time trading of a rapidly growing number of

cryptocurrencies. They're using MongoDB Atlas to focus on scaling their trading capacity by 50x while minimizing the use of DevOps personnel.

Another important win was with a large automotive manufacturing company that is working on object detection for autonomous cars. The company created a machine learning application to ingest and process large amounts of unstructured data. They chose MongoDB because of our abilities to easily support a large variety of data from cameras and sensors and to scale out the dataset as it rapidly grows.

Third, we expanded our relationship with U.K.'s biggest public service department, the Department for Works and Pensions or DWP, which is similar to the Social Security Administration in the United States. A number of new services are being built on MongoDB from benefit delivery platforms to a service that helps people obtain the status of their pension payments. DWP is essentially using MongoDB to better serve the citizens of the United Kingdom.

We also had an exciting win with New Balance, who's using MongoDB for real-time analytics related to managing their raw materials, specifically around costing, planning and procurement decisions.

We also see -- we also continue to see tremendous customer interest in Atlas. In the first quarter, Atlas represented 14% of revenue versus 4% a year ago and 11% last quarter. A fast growing percentage of this business is coming through our direct sales efforts, though self-serve is still the majority of Atlas sales. Atlas is a key part of our run anywhere strategy, and its success among enterprise customers makes it clear that Atlas is not only great for small- and medium-sized businesses but it is also a compelling solution for the largest organizations in the world. We anticipate field sales of Atlas will continue to increase as we introduce Enterprise Advanced features and more into Atlas starting later this year.

We also continue to see growth of our Atlas business with partners. Two of our largest Atlas deals in Q1 closed through the AWS Marketplace. The ability for customers to buy Atlas through their preferred cloud partner makes it easy to do business with us, reduces sales cycle times and accelerates the growth of our business.

Speaking of partners, our strong momentum is driving partners to further incorporate our platform into their technologies and go-to-market initiatives. In fact, our new business sourced from partners has more than doubled over the past year.

Furthermore, we signed an exciting new ISV relationship with IBM as part of its private cloud initiative. With this deal, IBM will activate thousands of global sales reps who will be incentivized to resell MongoDB as part of IBM's ICP or IBM Cloud Private and Analytics Platform for enterprises. This deepens our partnership with IBM and will greatly expand our reach into new markets and opportunities where IBM has an influential presence.

Innovation is the core to our DNA and to our success. We're continuing to invest in our platform and have a robust product road map that will make it even easier for customers to work with their data. In 3 weeks, we'll be hosting our annual user conference, MongoDB World, in New York City. The highlight of MongoDB World will be the formal introduction of MongoDB 4.0, including multi-document ACID transactions. While ACID is not required for many applications, its announcement has already led many companies to evaluate MongoDB, including those organizations who haven't looked at MongoDB recently and those who have never used MongoDB before.

Initial customer reaction to MongoDB 4.0 has been very positive. The features in this new release are helping our sales team land meetings with customers and playing an important part in elevating our strategic importance among prospects. We plan to make a number of other exciting product announcements in MongoDB World that we believe will energize the customers and further expand the adoption of MongoDB in the developer community. We welcome all of you listening to the call to attend MongoDB World right here in New York City on June 27.

So in summary, the first quarter was a great start to the year. We're executing across the business and believe our strengthened product portfolio and go-to-market capabilities position us well to continue driving best-in-class revenue growth.

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

Michael Lawrence Gordon
Chief Financial Officer

Thanks, Dev. As mentioned, we're very pleased with our first quarter performance. I'll begin with a detailed review of our first quarter results and then finish with our outlook for the second quarter and full year fiscal 2019.

Total revenue in the quarter was $48.2 million, up 49% year-over-year. Subscription revenue was $44.6 million, up 53% year-over-year, and professional services revenue was $3.7 million, up 14% year-over-year.

The strong performance of the business was broad based during the quarter with healthy new logo and upsell activity among enterprise customers as well as continued rapid adoption of Atlas. Atlas represented 14% of revenue during the quarter, up 4% in the first year -- first quarter last year.

We continue to see strong global demand for our offerings. During the first quarter, we grew our customer base by approximately 900 customers, bringing our total customer count to over 6,600, which is up from over 3,600 in the year-ago period and over 5,700 at the end of last quarter. Of our total customer count, over 1,550 are direct customers, which compares to over 1,450 at the end of the prior quarter and over 1,300 in the year-ago period.

The growth in our total customer count is being driven, in large part, by Atlas, which had over 4,400 customers at the end of the quarter compared to over 3,400 at the end of the fourth quarter. The 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 both new customers to MongoDB as well as existing EA customers, adding incremental Atlas workloads.

We also continue to see healthy expansion from existing customers. Our net AR expansion rate in the first quarter again remained above 120%. We ended the quarter with 394 customers with at least $100,000 in annual recurring revenue and annualized MRR, which is up from 354 in the fourth quarter and 268 in the year-ago period.

Driving expanded adoption and spend among existing customers is a key component of our growth strategy and has been a consistent area of success. Even among our largest customers today, we believe MongoDB represents a small fraction of their total database spend, which represents a large and attractive growth opportunity for us over time.

Moving down the P&L. I will be discussing our results on a non-GAAP basis unless otherwise noted. Gross profit in the first quarter was $35.0 million, representing a gross margin of 72.6% and consistent with the year-ago period. We are pleased with the gross margin performance in the quarter, particularly in light of Atlas' growth. Atlas includes the underlying infrastructure, and our success in reducing the infrastructure costs related to Atlas has resulted in improved Atlas gross margins. We still anticipate Atlas will be a modest headwind to gross margin overall, but we are tracking well relative to our original expectations.

Our operating loss was $21.7 million or a negative 45% operating margin for the first quarter comparing to a negative 47% margin in the year-ago period. Net loss in the first quarter was $21.6 million or $0.43 per share based on 50.4 million weighted average shares outstanding.

Turning to the balance sheet and cash flow. We ended the quarter with $271.5 million in cash, cash equivalents, short-term investments and restricted cash. Operating cash flow in the first quarter was negative $8 million. After taking into consideration approximately $400,000 in capital expenditures, free cash flow was negative $8.4 million in the quarter.

As a reminder, the second quarter is typically the low point in the year for cash flow due to seasonally lower collections, and the second quarter is usually our heaviest investment in marketing investments like MongoDB World. In addition, we expect to see increased capital expenditures starting this quarter related to our New York City office move.

Short-term deferred revenue was $119.9 million, up 45% year-over-year, while total deferred revenue of $141.8 million was up 47% year-over-year. We believe longer-term trends in deferred revenue are directionally correlated to the underlying momentum of our business. That said, as Atlas continues to become a larger portion of our business, it is important to appreciate that it is a usage-based model and does not generate meaningfully deferred revenue. Also, as a reminder, Atlas is often billed monthly in arrears versus the annual and advanced billing terms we see with our Enterprise Advanced customers. Lastly, quarter-to-quarter comparisons of deferred revenue can also have some level of variability due to the timing of events that may occur.

I'd now like to turn to our outlook for the second quarter and full year fiscal 2019. Beginning with the second quarter, we expect revenue to be in the range of $51 million to $52 million. Non-GAAP loss from operations is expected to be in the range of $23.5 million to $23 million and non-GAAP net loss per share to be in the range of $0.46 to $0.45 per share based on 51.1 million weighted average shares outstanding. For the full fiscal year 2019, we are raising our revenue outlook to $217 million to $220 million. Non-GAAP loss from operations is expected to be in the range of $84 million to $82 million and non-GAAP net loss per share to be in the range of $1.66 to $1.62 per share based on 51.6 million weighted average shares outstanding. Our increased revenue guidance reflects strong underlying trends in the business and given the high ROI investment landscape we see, we have maintained our full year outlook for non-GAAP loss from operations.

In closing, we got off to a strong start in fiscal 2019, and we're excited for what's to come in the rest of the year. We're executing well on our strategic priorities and are well positioned to drive strong growth and improving profitability over the long term.
With that, we'd like to open up to your questions. Operator?

Question and Answer

Operator

[Operator Instructions] We'll take our first question from Raimo Lenschow with Barclays.

Raimo Lenschow
Barclays Bank PLC, Research Division

Dev, first question on the IBM deal. Can you give us a little bit more insight here? Like, historically, we have seen smaller software companies do deals with these large vendors. And on the one hand, on paper, they look good. Often, there is not that much in reality coming through. Can you talk what's the incentive structure? How does it work for you guys? Why is it exciting for the 2 of you?

Dev C. Ittycheria
President, CEO & Director

Yes. Thanks, Raimo. What I think IBM have seen, and they're the ones who actually first approached us, was that they're seeing, frankly, MongoDB being adopted everywhere in their customer base, and they're seeing specific demand from their customers to -- for MongoDB. And they wanted to use MongoDB for their private cloud initiative and use some of the proprietary features. What's interesting about this transaction is that their salespeople actually are incentivized through quota relief to sell MongoDB. So this is not just one of those Barney announcements. There's real motivation by IBM to activate the 7,000-plus salespeople around the world to resell MongoDB, and they see a big opportunity in front of them. Why it's attractive to us is that even though we're a fast growing company, we only have a certain amount of reach, and we're very attracted by the opportunity to expand our reach through their presence in these markets and accounts and where they have a lot of influence, where they can embed MongoDB more quickly than, say, we were trying to do ourselves. So we're very excited about this relationship, and we think it will pay dividends in the future.

Raimo Lenschow
Barclays Bank PLC, Research Division

Perfect. And then another follow-up. On Atlas, obviously, the growth, I think, in our calculation, is like 400%, so that's really, really healthy. Can you talk a little bit about how you see that evolving in terms of direct? And you 2 commented on some more direct [hill] deals in the quarter where it's self-served. How do you see that evolving over time? And then what's the enterprise features you kind of talked about? How will that change then the dynamic in the second half of the year?

Dev C. Ittycheria
President, CEO & Director

Right. So if you remember, we launched Atlas a little less than 2 years ago, and it's only about this time last year that we really started getting our sales teams really focused on selling Atlas directly. And I think we're seeing the returns in that investment starting to pay off. Obviously, as part of our run anywhere strategy, we're giving customers choice about not only where they want to run MongoDB but how they want to consume MongoDB. And we're starting to see a lot of large customers want and like the optionality of basically procuring MongoDB as a service through Atlas. And that's definitely driving a big part of the growth. We're really excited about the traction we're seeing not just here in North America but frankly, all around the world and not just with small customers, with some of the largest companies and frankly, some very arguably industries that are probably more -- have reputation to be more slow moving who are aggressively moving to the cloud and see Atlas as a very attractive alternative. It also speaks to the fact that when people use MongoDB, in some ways, they future proof their applications because they can start on-premise, go to the cloud, manage it themselves or consume it as a service and have it delivered on AWS, on Azure or on GCP. So it gives them real optionality. And I would tell you that Atlas is the only Database-as-a-Service offering that's available in 54 regions around the world by virtue of us being able to run Atlas across the 3 largest cloud providers in the world. No other provider can say that.

Raimo Lenschow
Barclays Bank PLC, Research Division

Okay, perfect. And maybe if I can squeeze in one more question for Michael. Like, if I look -- like, at the moment, your revenue is kind of running faster than we had modeled, but you kind of also keep investing. Like, how flexible -- like, as you said, on the call, you kind of are kind of playing -- being very dynamic with the investments given the high ROI. But like, how does it work for you? Like how does the planning work for you, whether cost allocation or the investment decisions? How does it work for you that you can kind of react so quickly?

Michael Lawrence Gordon
Chief Financial Officer

Yes. So in general, given the market opportunity that we're going after, there are shorter lead time investments and longer lead time investments that we can make. And so obviously, in the planning process, it's a mix of doing both of those. We obviously saw very first -- very strong first quarter performance, and we've been able to invest. Well, the 2 main areas that we will invest as we see incremental opportunities will be on the sales and marketing side and the R&D side. Both of those obviously have somewhat ramp times but the engineering ramp time for return to value is longer given product cycles. But those are really the 2 main areas that we look to and we look to reinvest in with continued strength of the business. And as long as we see high rates of return for both of those, we will continue to do that within the context of showing the continuing operating leverage that we're showing overall as a company.

Operator

[Operator Instructions] We'll move next to Keith Weiss with Morgan Stanley.

Keith Weiss
Morgan Stanley, Research Division

I think after Raimo asked 7 questions, we should all get at least 3. I think that's only fair. Furthering on sort of the Atlas conversation. Could you talk to us a little bit on how you're seeing kind of those use cases develop? What kind of use cases are you seeing going towards Atlas versus what traditionally would be on the EA -- like an EA customer would be doing? And in the cases where you have sort of an existing EA customer expand to Atlas, maybe talk to us a little about sort of the use case that drives that as well because it seems like there's been a significant overlap, at least 100 customers, that went from EA to Atlas as well.

Dev C. Ittycheria
President, CEO & Director

Yes. So great question, Keith. I mean, I would say you should think about -- again, we launched Atlas less than 2 years ago, so you can see -- as you can imagine, a lot of the early customers were doing a lot of dev test workloads, doing a lot of early prototyping work on Atlas. It's easy to get started with. They didn't have to procure any hardware. They didn't have to worry about getting their internal teams to support the infrastructure. As the comfort with Atlas has grown, you're starting to see people move to -- move more production and mission-critical workloads to Atlas. And we've seen that -- we saw that in our inside sales channel earlier, but now we're even seeing that in our direct sales force. And we're seeing a number of large deals move to Atlas. And so it speaks to, one, their comfort and familiarity with Atlas. Two, we've continued to expand the envelope of Atlas coverage. As I mentioned, we're now in 54 regions around the world. Three, we've added more and more features. We've made it easier. We built tools and content to make it easy for people to quickly migrate their on-prem installation to Atlas with minimal kind of effort. And so all those things are really helping customers to move workloads to Atlas. We've also introduced or plan to introduce a bunch of, what I call, enterprise features, things around LDAP, security, auditing and so forth, that will continue to encourage customers to be more comfortable in moving mission-critical workloads to Atlas. And to your point, about EA customers moving to Atlas, you should think about the fact that they might be very different workloads. It might be that there -- have certain set of workloads on-premise but other workloads, they think, are a better fit or they're more --

they want to move more quickly to Atlas. In fact, you've seen many situations where sometimes a large enterprise may see some unexpected demand in a particular product or service offering and the internal teams can't keep up with that demand, and then they'll quickly choose to move to Atlas because of the elastic nature of that service.

Keith Weiss
Morgan Stanley, Research Division

Got it. And perhaps just my one follow-up for Michael. With sort of the increase in Atlas and sort of the conversation you're talking about, how a lot of that is billed in arrears or sort of billed on a the consumption basis. The rebound that we saw in current subscription billings from last quarter and into this quarter, they're probably more predicated on sort of EA strength versus Atlas. The Atlas strength that we saw in the quarter was sort of just more so just at the income statement. Is that the correct way to view it?

Michael Lawrence Gordon
Chief Financial Officer

Yes. I think, in general, I mean, we saw strength across the board. There are different cash flow and deferred revenue aspects to each of them, which is correct. And just for everyone -- so everyone's on the same page, the self-serve Atlas is the majority of Atlas today as opposed to Atlas sold through the sales force. Self-serve Atlas bills monthly in arrears, and so it is a very different dynamic. But we benefit, obviously, from the incremental cash flow of that as well, so that's sort of additive to the story. But we've got multiple engines of growth both on the Enterprise Advanced side as well as on the Atlas side.

Operator

We'll move next to Brad Reback with Stifel.

Brad Robert Reback
Stifel, Nicolaus & Company, Incorporated, Research Division

Dev, Atlas revenue per customer has continued to expand at a really healthy clip here sequentially over the last few quarters. And given your commentary just before to Keith around the enterprise features for being additive going forward, should we assume that most of that growth thus far has been existing customers expanding implementations, and then, over time, there's opportunity for even more lift as they add these enterprise features?

Dev C. Ittycheria
President, CEO & Director

No. Actually, Brad, I would say it's actually both. We're seeing, obviously, strong expansion of existing customers, but we're also seeing newer customers start bigger on Atlas. And so I think that's again a function of the fact that those tend to be more mission-critical workloads versus dev test or early prototypes. And people now are starting to view Atlas as a very, very viable platform to run mission-critical applications. And the one thing I should also point out is that one of MongoDB's strength is the distributed nature of our database platform. And a lot of those features and those distributed capabilities are actually even better exposed than Atlas in terms of placing workloads closer to users, working around GDPR or other privacy regulations in particular countries. That really shows the power of MongoDB. And so we're actually seeing customers realize that with Atlas, they actually do more things on MongoDB than they could in their own data centers.

Michael Lawrence Gordon
Chief Financial Officer

Yes. Brad, maybe just from like a math or sort of breaking down like the piece parts, the simplest way, I think, to think about it is the self-serve customers are exhibiting very strong underlying cohort behaviors, so there's very good expansion in the self-serve customer base. But also, we're seeing an increasing percentage of the Atlas customers are sales sold, and those customers have a higher price point or a

higher ASP. So the combination of those 2 things lead to generally increasing average revenue per Atlas customer, if that helps.

Brad Robert Reback
Stifel, Nicolaus & Company, Incorporated, Research Division

Sure, sure. And then one real quick follow-up on that last point. The 2 big deals you talked about being sold on the AWS Marketplace, were those sold by the AWS sales force or by you guys or by self-service, we'll say?

Dev C. Ittycheria
President, CEO & Director

It was definitely sold by us, Brad, but I would tell you that the AWS sales team really worked with us to make sure those transactions happened. Obviously, it's early days, but it was a really great sign of partnering in the field. And we're really excited about what the future may hold there.

Operator

Next we'll move to Heather Bellini with Goldman Sachs.

Heather Anne Bellini
Goldman Sachs Group Inc., Research Division

I had a couple questions. I wanted to start out first with just the kind of comments from you, Dev, on kind of about the competitive environment. And in particular, Satya Nadella on their conference call, commented about Cosmos and how quickly that's gone from 0 to $100 million in annualized revenue. I'm just wondering if you could share with us kind of how you see them in the market, where there might be overlap. Or are you complementary? And then I had 2 quick follow-ups.

Dev C. Ittycheria
President, CEO & Director

Sure. So we basically -- one, I would say that we feel very comfortable about our competitive positioning. We have talked to customers who tried Cosmos, and frankly, the feedback we've heard has not been that positive. They're trying to do some sophisticated things, and many customers have said that -- they have said like they tried to make Cosmos work because they were already on Azure and have realized that just couldn't meet their needs, so they came to MongoDB. We've had some large ISV relationships who have strategic partnerships with Microsoft, who had every incentive to try to make Cosmos work, and it didn't work for them. Now there's no question being a cloud provider and just being in the flip screen of all the deals going -- or all the workloads moving to the cloud that they are definitely getting business, but when it comes to head to head, we're feeling very comfortable about our positioning. And we feel very excited about the future.

Heather Anne Bellini
Goldman Sachs Group Inc., Research Division

Okay, great. And are there any areas where you could be complementary to what they're doing or not really?

Dev C. Ittycheria
President, CEO & Director

I think, no. With a database -- I mean, typically, a database is pretty much an architectural decision, so I think where we see the complementary nature is less about the database and more around the ancillary infrastructure, where we can help customers consume more kind of compute and storage services and other services that the cloud proprietor may offer. And so we're seeing that not only with Microsoft, but we're seeing that with the other partners as well, which is why they're very motivated to work with us.

Heather Anne Bellini
Goldman Sachs Group Inc., Research Division

Great. And then just 2 quick follow-ups. You had really strong international results this quarter. I was wondering if you could share what drove the strength there. And then just a follow-up. I think Raimo might have asked earlier a little bit about the -- if you could give us an idea of the EA features in Atlas in better driving adoption and what customers are asking for in particular for EA in Atlas, that would be great.

Dev C. Ittycheria
President, CEO & Director

Yes, sure. So the international growth is really driven by the fact that we've been investing with teams in EMEA and Asia for the last couple of years, and we're really starting to see the results of that -- those investments, both in terms of just the size of deals we're doing, the strategic nature of those deals and the relationship we're building. So we're very excited about the opportunity there. And I would tell you that we're still -- we still have wide swathes of EMEA and Asia that we don't have a lot of people in. So there's lots of opportunity to continue to expand our reach. But it's really a function of putting people in market, having good leaders in place who can directly manage them and bring a real focus to that market, and we see good things happening. Candidly, one of the -- the question that was asked earlier with Michael -- for Michael about investments, we constantly get asked, hey, should we put people in the Middle East, should we expand more quickly into Latin Americas. And so it's just a function of how large this market is. And obviously, we want to be disciplined about how we run the business, but there's -- we are not market constrained. There is a massive market out there. And then in terms of EA features, we've introduced and we'll continue to introduce a bunch of commercial features in Atlas around security, auditing, the ability to use our BI connector, which allows people to run reports right off of Atlas. Those are all propriety features that are now available on Atlas, and you'll see that the number of those kind of features grow over time. So that's just, again, expanding and offering more capabilities on Atlas that gets people comfortable at putting mission-critical workloads on that platform.

Operator

We'll move next to Richard Davis with Canaccord.

Richard Hugh Davis
Canaccord Genuity Limited, Research Division

So maybe we'll do some product questions. So you guys have -- my understanding is you have a really good kind of aggregation framework, which is, as we all know, kind of the dirty little secret in data. What's -- the hard part is kind of getting everything lined up so you can actually query it, stuff like that. Can you kind of talk about how this differentiates Mongo from other firms? And then the ancillary question is -- and I think, the answer is 99% chance is no. But is there any overlap with your kind of aggregation framework and things that are offered by companies like Alteryx and Talend?

Dev C. Ittycheria
President, CEO & Director

Yes. So just for everyone else's benefit, what an aggregation framework is, is in layman terms is just the ability to process and analyze data inside the database. And most NoSQL databases do not have this capability. It's one of the things that really distinguishes MongoDB from other more modern databases. Relational databases have this capability, but relational databases suffer from the problem of being an architecture that was built 40 years ago. And so they have trouble scaling and having resiliency in their platform. So what MongoDB does is gives you all the benefits of relational database with the power to scale, the performance and the flexibility of a modern database, which is why it makes such an attractive platform for developers. And so that's essentially what the aggregation framework does, and it's a very attractive part of our value proposition to our -- to those developers and customers who are using MongoDB.

Richard Hugh Davis
Canaccord Genuity Limited, Research Division

Got it. And then you already got 85 questions on Atlas, but I'll ask one anyway. So I think I saw that you lowered the price, is that MongoDB Atlas [cost center] is I think deployed on AWS Mumbai. Is that right, by like 10% to 15%? Is that right? And so can you maybe talk about the logic and expected payoff from that decision?

Dev C. Ittycheria
President, CEO & Director

Yes. And so what we've seen is actually a little bit of a price war going on between AWS and Google in that marketplace. And so as a beneficiary of being a basically a customer of AWS and as they started reducing prices in that market, we were able to pass on those savings to those customers. We think, obviously, that market is also more price sensitive than, say, other markets just because of the cost of labor is it that much cheaper. And we feel like India is a massive market for us. It's one of the highest download sites of any region in the world. And we're very excited about the opportunity there, and we believe that those price decreases will pay off in a big way.

Operator

And next, we have Jack Andrews with Needham.

Jon Philip Andrews
Needham & Company, LLC, Research Division

I was wondering if you could talk a little bit more about the catalyst that enabled you to have the 20-plus conversations with C-level executives. I mean, is that related to the fact that we keep hearing that some of these digital transformations are not going so well? Or just how did you really get an opportunity to have those types of conversations? Was it through direct sales? Partners? If you could shed some light on that, would be helpful.

Dev C. Ittycheria
President, CEO & Director

Yes, absolutely. So I would say a couple things. I would say that with regards to a lot of these digital transformation efforts, obviously, everyone has been talking about digital transformation for a while, but what people find is that it's far easier said than done. In fact, one of the blockers to basically getting to where people want to go is the fact that they have trouble using their data. The data is either trapped in silos. It's hard to use. There's a lot of duplicative data and so forth. And so people are realizing that they don't have a way to really manage their data. Their ability to be successful is going to be limited. Second, I would say is that we, as a company, have fundamentally changed a lot over the last few years. Obviously, we went public last October. That was a real signal to customers that we are now a really viable and strategic partner to companies. The maturity of the product has increased dramatically, especially now with the announcement of ACID transaction support. That perked up a lot of people's ears about the fact that, wow, they could use MongoDB for virtually any use case. And I would also say the maturity and the efficacy of our go-to-market efforts, these meetings didn't just happen by themselves because our sales teams are now being much more strategic on how they engage with customers. We're trying to go higher earlier in the sales cycle, and that's yielding these kinds of meetings. And so I would tell you that these -- the quality of these meetings have been outstanding, and it's really a sign of, one, how important this is to all these customers; and two, our credibility as a potential partner to them in their efforts.

Jon Philip Andrews
Needham & Company, LLC, Research Division

And then just as a quick follow-up, you mentioned that people are in the evaluation process of MongoDB 4.0 right now. Could you just talk about maybe just qualitatively the level of interest you're seeing for this particular release of your product versus maybe some other releases? And how optimistic are you of a potential uplift, if you will, from this product?

Dev C. Ittycheria
President, CEO & Director

I would say the interest has been extremely high. It's probably been the most requested feature for a number of years. So when we announced it in February, there was a huge amount of receptivity, positive receptivity to that announcement. That also generated a bunch of new engagements with the customers and prospects, and frankly, it's allowing us to be more strategic. The beta version of the software is available for people to use and test. The feedback has been very positive, and we expect to GA it in the near future.

Operator

[Operator Instructions] We move next to Brian White with Monness, Crespi.

Brian John White
Monness, Crespi, Hardt & Co., Inc., Research Division

On the IBM relationship, how should we think about that ramping in fiscal '19? And IBM has their own cloud, so I'm wondering if you're going to have a partnership with their cloud as well. And will they be selling Atlas?

Dev C. Ittycheria
President, CEO & Director

I would say that we are quite optimistic about the IBM relationship. We feel like it's a real relationship. It's not, again, one of these Barney announcements. And as I said -- and the way it's real is that their salespeople are now incentivized to sell Atlas to their customers. We're already seeing interest and -- I'm sorry, MongoDB. We're already seeing interest in the field, and there's already a bunch of engagements happening in a bunch of different regions. And so I'll defer to Michael in terms of how we think we want to -- how we think it will show up in [the near term].

Michael Lawrence Gordon
Chief Financial Officer

Look, I think it'll take time. The agreement has some time horizon for them to work through the commitment, so it won't be an immediate impact and will take time for them to ramp the global sales force. But we should see the benefit of it over time.

Brian John White
Monness, Crespi, Hardt & Co., Inc., Research Division

And just as a follow-up, 5G commercial network starting to come online this year. And so I'm wondering, what does 5G mean to MongoDB?

Dev C. Ittycheria
President, CEO & Director

Well, I think one of the things about -- one of the trends that we see very clearly is the rise of mobile applications. And MongoDB has been well suited for a long time for people to build mobile apps. One, it's a very -- mobile apps tend to have a very high rate of change because people are constantly adding new features, fixing bugs, and so they need a platform that can enable them to have high developer productivity. Obviously, with certain apps, you can have thousands, if not, millions of users, and so you want a platform that could scale. And with the distributed capabilities, you also want to have fast or low latency as we provide access. And so MongoDB is well designed for those kind of use cases. And as the pipes get bigger, it's 5G today, it could be something else in the future, that only plays to our strength because it will encourage people to build higher performance, more content rich, more streaming content, video and so forth that has more -- requires more bandwidth, and that plays well to MongoDB as people think about building those kinds of applications.

Operator

And everyone, that concludes our question-and-answer session at this time. For closing remarks, I'd like to turn it back over to Dev Ittycheria.

Dev C. Ittycheria
President, CEO & Director

Well, we're really pleased about the quarter. I think we're thrilled about the fact that MongoDB is increasingly being viewed as a strategic vendor by customers everywhere. There's clearly strong demand for MongoDB all around the world, and the breadth of use case continues to grow. We're really excited about the partner ecosystem growing as evidenced by the IBM relationship and the fact that our partner business is really healthy. And obviously, Atlas continues to grow very, very quickly. And as I mentioned in my prepared remarks, we have our MongoDB World Conference on June 27, and so we encourage all of you to visit us here in New York City. Thank you.

Operator
Everyone, that does conclude our conference call for today. Thank you for your participation. You may now disconnect.