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00:00:39.670 --> 00:00:48.709

Welcome to the Q. 2, 2024 expensesify earnings. I'm expenseify Cfo. Ryan, Schaefer, and with me I have our co-founder and CEO. I'm sorry

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00:00:49.100 --> 00:00:53.079

I have our founder and CEO not co-founder David Barrett.

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00:00:53.930 --> 00:01:03.110

But before we begin, please note that all the information presented on today's call is unaudited, and during the course of this call management may make forward-looking statements within the meaning of

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00:01:03.440 --> 00:01:15.850

the Federal security laws. These statements are based on management's current expectations and beliefs, and involve risks and uncertainties that could cause actual results to differ materially from these described in these forward looking statements.

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00:01:15.950 --> 00:01:25.429

Forward looking statements in the earnings release that we issued today, along with the comments on this call are made only as of today and will not be updated as actual events unfold.

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00:01:26.000 --> 00:01:37.959

Please refer to today's press release and our filings with the sec. For a detailed discussion of the risks that could cause actual results to differ materially from those expressed or implied in any forward-looking statements made today.

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00:01:38.100 --> 00:01:43.700

Please also note that on today's call management will refer to certain non-gaap financial measures.

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00:01:43.860 --> 00:01:56.839

While we believe these non-gaap financial measures provide useful information for investors. The presentation of this information is not intended to be considered in isolation, or as a substitute for the financial information presented in accordance with Gap.

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00:01:56.910 --> 00:01:59.110

Please refer to today's press release

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00:01:59.190 --> 00:02:06.409

or the investor presentation for a reconciliation of these non-gaap financial measures to their most comparable gap measures

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00:02:07.700 --> 00:02:10.299

that out of the way. Let's talk about the financials.

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00:02:11.900 --> 00:02:15.489

In Q. 2, our revenue was 33.3 million.

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00:02:16.100 --> 00:02:19.040

Our average paid members were 684,000.

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00:02:19.180 --> 00:02:25.809

So these numbers have basically leveled off. They're effectively flat. Quarter over quarter. They're both within 1% of q 1.

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00:02:26.140 --> 00:02:35.350

And also our interchange was 4 million, which is a 14% quarter over quarter increase and a 48% year over year increase.

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00:02:37.020 --> 00:02:42.950

Our operating cash flow is 9.3 million. Again, operating cash flow includes timing of customer funds which can

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00:02:43.520 --> 00:02:45.840

vary, depending on when the quarter ends.

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00:02:46.340 --> 00:02:59.619

Our free cash flow, which excludes the timing of customer funds was 5.7 million, which is a 10% quarter over quarter increase something we're very happy about. We've talked a lot about our cost cutting, cutting measures, and we're pleased with the results that we're seeing.

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00:03:00.270 --> 00:03:02.369

Our net loss was 2.8 million.

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00:03:02.450 --> 00:03:08.990

but our non-gapped net income was 5.6 million, and our adjusted Ebitda was 10.2 million something. We're very happy about.

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00:03:11.140 --> 00:03:13.859

All right now. My favorite topic, the expense by card

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00:03:13.940 --> 00:03:20.049

quarterly interchange from the card grew 48% year over year to 4 million.

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00:03:20.490 --> 00:03:25.880

And now my favorite subject is the program manager

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00:03:25.990 --> 00:03:37.749

issue. So, as you know, we've been transitioning our members from our old car program to our new car program. The new card program has 2 benefits, one, we earn 20% more interchange on every transaction.

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00:03:37.800 --> 00:03:48.710

and also under the new program, our interchange will be considered revenue instead of a contract expensing cost of revenue. So it cleans up. The financial story makes the financials easier to understand.

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00:03:49.030 --> 00:03:53.939

So our net interchange was 3.5 million. Our interchange in revenue is 5 million

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00:03:54.300 --> 00:04:04.239

for a total interchange of 4 million. So the way to kind of read this is 3.5 million on the old program, 5 million or point 5 million on the new program.

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00:04:04.360 --> 00:04:05.040

Total, 4 million.

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00:04:08.380 --> 00:04:12.509

We're also increasing our free cash flow guidance. Previously

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00:04:12.910 --> 00:04:26.070

our guidance was 10 million to 12 million for the year last quarter we increased that to 11 to 13 million. And now we're increasing our annual year guidance to 15 to 16 million, which is a big jump.

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00:04:26.260 --> 00:04:32.759

and I think, testament to the effectiveness of the disciplining that we put into reducing our costs.

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00:04:33.670 --> 00:04:37.919

Again. Our free cash flow is 5.7 million, which is a 10% increase from q 1.

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00:04:40.290 --> 00:04:45.719

As you know, we don't give paid member guidance, but we do show you the actuals from how the

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00:04:46.120 --> 00:04:47.200

current quarters going.

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00:04:47.240 --> 00:04:49.729

So in July our paid members were up

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00:04:49.770 --> 00:04:51.580

to 689,000.

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00:04:51.760 --> 00:04:54.140

If you look at the pink bars they show

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00:04:54.320 --> 00:04:56.530

this current July, and then

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00:04:56.570 --> 00:05:06.139

every July in the past. And normally, July is a bit of a soft month. You'll see that it's we generally see a month over month decrease. But this month we're actually up. So

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00:05:06.520 --> 00:05:07.560

things

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00:05:08.140 --> 00:05:10.629

that's good news. So we're excited about that.

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00:05:12.710 --> 00:05:14.940

All right. Now let's talk about some business highlights.

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00:05:16.040 --> 00:05:27.670

Our SEO keywords have increased 122% year over year. This is important because it's top of funnel, basically in order to be on the 1st page. You have to work your way there. So the progress across our long tail keywords

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00:05:27.770 --> 00:05:32.660

has been increasing quarter over quarter. So we're encouraged by the progress we're seeing there.

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00:05:32.840 --> 00:05:37.480

And this is the more actual results. These are the keywords that are on the front

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00:05:37.730 --> 00:05:44.349

1st page, which get almost all the clicks. So we've seen a 57% increase quarter over quarter in our 1st page.

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00:05:44.490 --> 00:05:46.300  
SEO keywords. So

48  
00:05:46.600 --> 00:05:47.330  
are

49  
00:05:47.590 --> 00:05:50.300  
content. Marketing strategy is working and working

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00:05:50.490 --> 00:05:53.599  
well and quickly. So that's something to be encouraged by.

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00:05:55.030 --> 00:05:58.090  
Also, we continue to see a brisk

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00:05:58.480 --> 00:06:09.480  
improvement in our number of global reimbursement customers. Global reimbursement is important because we're a global company, and our customers want to reimburse their employees, no matter what country they're in.

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00:06:09.570 --> 00:06:10.990  
and these are

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00:06:11.050 --> 00:06:14.929  
generally larger customers, being in many

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00:06:15.350 --> 00:06:27.239  
or further, in the Us. Global reimbursement is important, for you know, large enterprise customers. But it's also important because it allows us to expand globally in countries that we normally struggled, or we have historically struggled to grow in. So this kind of unlocks

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00:06:27.430 --> 00:06:29.180  
of more global opportunity.

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00:06:31.590 --> 00:06:35.389

Additionally, you might have seen that we announced our partnership with Apple

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00:06:35.520 --> 00:06:51.410

for their upcoming. 2025, film f, 1, which is expected to be a very successful blockbuster. We are the title team sponsor in that film. So, as you can see in this Instagram post on the right, you see, Mr. Brad Pitt, with expenseify

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00:06:51.540 --> 00:07:00.019

across his chest. So we are. Our name is on the car. It's on all the Jerseys. It has a very big placement within the film. Something we're very excited by.

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00:07:00.970 --> 00:07:05.000

The movie is still filming. It doesn't come out till next year. And

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00:07:05.100 --> 00:07:09.060

we've already gotten such great coverage and TV

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00:07:09.260 --> 00:07:12.209

on both TV and online that we've reached

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00:07:12.330 --> 00:07:14.310

over 600 million impressions.

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00:07:14.600 --> 00:07:16.260

additionally

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00:07:16.550 --> 00:07:19.889

due to the fact that we have such crazy, good placement on

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00:07:20.290 --> 00:07:22.819

all across the movie. And

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00:07:23.020 --> 00:07:33.530

how much buzz this movie is generating our earned media coverage is estimated to be over 100 million dollars at this point, for those of you not familiar with the term earned media. What that means is

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00:07:34.300 --> 00:07:41.210

what would be the financial equivalent to get all the placement that we have gotten effectively for free due to all the buzz.

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00:07:41.230 --> 00:07:43.790

So if you think about how much does it cost to

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00:07:44.490 --> 00:07:48.240

one of the biggest stars in the world? Have their our name on

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00:07:48.320 --> 00:07:59.359

their chests for months and months, and be filmed by the Paparazzi and covered on the news across. You know the world also all the placement we're getting during f. 1 races and

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00:07:59.530 --> 00:08:06.240

all the Youtube videos and everything that people are creating. They also released a trailer which has been seen

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00:08:07.540 --> 00:08:12.010

over 10 million times on Youtube alone, also across X and other social media. So

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00:08:12.220 --> 00:08:16.320

the coverage that this has generated thus far is estimated to

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00:08:16.670 --> 00:08:17.890

it would have cost

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00:08:17.900 --> 00:08:22.589

us a hundred 1 million to get that. Obviously, we have paid a hundred 1 million for that. So that's what earned media means.



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00:08:24.300 --> 00:08:52.609

With that, I want to hand it over to our CEO. David. All right. Yeah, very excited about the f 1 movie. I think that we've been talking about trying to create a roadmap that builds a sort of mixed consumer business application. And I think the timing is really working out perfect for us. That's good. Alright. So last quarter we talked about just a bunch of functionality we're going to build. And so pretty much I don't have a lot to talk about other than to say, like, we've done pretty much what we set out to do, and kind of walk through some highlights there.

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00:08:53.053 --> 00:09:17.070

So to start first, st however, is just kind of a reminder of the overall strategy. Now, many of you have already seen this before, but there's always some new viewers. So let's just start with kind of the 3 secrets to expensive success. First, st we're trying to capture the 99% of the untapped market of the 300 million businesses in the world, you know, less than a million actually use anything today. And so we're trying to go after a huge, huge global opportunity. As Ryan mentioned earlier.

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00:09:17.160 --> 00:09:37.460

the only way to do that is through a viral bottom up word of mouth lead, Gen. Strategy. You can't just top down, sale your way into 300 million businesses. There's just not enough salespeople in the world to do that. And so there are lots of companies that have gotten to a billion users. And the way they do that is with a viral strategy. And that's why we're all in on sort of viral dynamics that are built in inherently to expense management.

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00:09:37.942 --> 00:09:44.479

And of course we monetize that with high margin monthly subscriptions. It's been our strategy all along. And it's worked really well for us.

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00:09:44.780 --> 00:10:11.330

It's kind of like break into that market. That 1.3 billion untapped users. There's a huge fraction of the market that's basically under 250 employees. Huge market is under like 10 employees and so forth. And so we're kind of going for this giant Vsb, S. And B. Market. Now, of course, we still have enterprise customers and growing there and so forth. But we think the much bigger opportunity is actually, to, you know, 100 x the market size itself.

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00:10:11.900 --> 00:10:23.320

and the way we do that is by leveraging the natural, inherent, inherent, viral sort of component of the various use cases of expensive management expense.

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00:10:23.390 --> 00:10:41.739

a chat application mixed with a payment application mixed with a document sharing application, and notably all 3 of those are the most viral applications on the Internet. And so we think that we can find the the viral. Then sort of then overlap between these 3 different use cases. And that's what's going to propel us into. You know, this massive scale opportunity.

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00:10:42.160 --> 00:11:01.239

And so the way we do that is to kind of like map. How that works is we can say something like, you know, Alice, an individual consumer or an employee submits an expense to Bob, who basically turns around and sends an invoice to Kathy, who splits the invoice with her roommates, and then maybe that one of those roommates, you know. Books travel with their company

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00:11:01.240 --> 00:11:17.470

every time you use expenseify as a product, you can't help or promote us to the people around you. That's the viral dynamic we're leaning into. And by building a super app that can leverage all these different applications in a single app package, they're making it sort of a super virality effect. That's what we're going for

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00:11:17.760 --> 00:11:45.909

to kind of, you know. Walk through some highlights of that. So first, st we've been building this for a long time, and we're getting to the point where we're launching it. We're testing with real users, and we are preparing for just a much bigger migration of away from our classic messaging of the past and towards our new messaging. And towards that we're just about to release a new homepage. It's been a B testing a million variations for a long time. Not the most exciting thing in the world, but it is a highly visible thing. So I just want to give you a heads up.

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00:11:46.362 --> 00:12:06.040

Also, I would say, one of the most exciting things which is kind of subtle is we've built something we call our hybrid app. Now recall that we have millions of users on our existing app. We're using the classic experience. And so, in order to migrate them to the new experience. We don't want them to have to download an entirely new app, lose all of the SEO and review history, and so forth that we have.

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00:12:06.110 --> 00:12:35.230

But the new app is a complete rewrite. It's a completely different technology stack and everything. And so the way that we're sort of bridging that gap is we've made a hybrid app. We're in the process of upgrading all customers today to this new app that actually has both

apps packaged inside of it that you can switch back and forth between. Now that sounds really easy. It's actually super duper hard. And so we've worked very hard on that. We're very proud of it. And we're launching that right now. And that's basically a key part of allowing for a reunification or basically this process of

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00:12:35.300 --> 00:12:38.049

taking old customers and moving them to new experience.

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00:12:38.734 --> 00:12:52.090

Next something else we've been talking about super excited about. We launched a full fledged travel management system built into a new, expensive buy. And so travel management. Obviously, you know, travel and expense. It's like peas and carrots. They go together to the dawn of time.

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00:12:52.090 --> 00:13:08.889

And so we have brought the travel management experience into the product which is incredibly powerful. We think that it can scale up to up to the top of the market. It has very, very powerful functionality that can go head to head with anyone else out there, and it's built into the same super app experience that everything else.

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00:13:08.910 --> 00:13:17.369

Additionally, we bring our unique flavor to it as well. In that we are chat enabling all this functionality. And what that means is

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00:13:17.920 --> 00:13:39.179

typically like we like to say that we do a travel and expense at the speed of chat, because, historically, if you're doing any kind of a collaborative application online, you can only go as fast as the other person in the collaboration. And if that collaboration is happening over email, that means that you're collaborating at the speed of email. And I don't know about you. I'm always days, or maybe even weeks, behind on my email.

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00:13:39.380 --> 00:13:53.869

And so that means that any collaboration that someone wants to do with me via email is super duper. Slow expenseify is a real time chat application. And we're bringing that real time chat functionality to all of our approval flows especially travel approval. So, for example, imagine you need to

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00:13:53.980 --> 00:13:57.589  
someone's requesting a flight, and

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00:13:57.670 --> 00:14:09.719  
in the United States every flight gets 24 h free cancellations, but only if you cancel in that 24 h. And so it's in the business's interest to have those approvals happen incredibly fast, faster than you can realistically get done via email.

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00:14:09.720 --> 00:14:30.909  
And so that's what I mean about moving at chat speed, not just for travel, but for all of our expense management is just removing the delay in all of the collaboration process and bringing it onto a single platform that lets it happen so much faster, because the only way to make expense management faster is not by just making the button click faster. We need to make the people involved act faster. And that's where the new design really shines.

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00:14:32.022 --> 00:14:44.540  
Also, just, you know, a lot of nuts and bolts work, you know. This might sound kind of boring. But now you can enter a billing card in no expenseify up until this point it just was impossible to actually buy. But now you can buy.

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00:14:44.540 --> 00:15:02.910  
And so what's exciting about this is, we are in a position to begin genuine revenue from new, expensive, I starting in Q. 3. So we're very excited and looking forward and optimistic for the future, for adding new expensiveify as a new revenue stream, as well as adding travel bookings as a new revenue stream.

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00:15:04.740 --> 00:15:21.100  
on top of that more just sort of like nuts and bolts, expensiveies. Historical strength has been our incredibly good accounting connections. And so we're migrating all of that over to new expensiveify. Now you can connect to 0 netsuite, you know, quickbooks intact all of these basically directly from inside of a new expenseify.

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00:15:21.978 --> 00:15:30.760  
One of the most exciting features, I would say, has got to be our search platform. Now we've always been talking about search, and this idea of universal search, and how cool it is.

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00:15:30.770 --> 00:15:35.060

But you really get to. So get a sense of how cool it is when you sit down to use it, and that is.

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00:15:35.110 --> 00:15:48.869

there's a lot of competitors out there that have a suite of kind of disconnected applications. That means like travel over here. Then you sign into a different place for invoices. And maybe it's kind of like, you know, the same sign in to get to different places. But they're fundamentally different experiences.

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00:15:48.870 --> 00:16:07.970

Expensive is very different. It's a super app meaning that all of these different data types and all these different applications exist within the same app container. And that means because we've combined all the data together. We can search it in a universal fashion. And we're not talking just like very simple search. We're talking like Gmail style, Boolean, search logic where you can. Custom craft

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00:16:07.970 --> 00:16:19.690

very, very specific searches for exactly what you want, and then save those searches for use later. And so we think that we're going to bring the most powerful search experience across any expense management solution bar none.

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00:16:19.810 --> 00:16:27.509

And we're doing it because the super app design allows us to combine data into a single place, such that it can be searched together in a single place.

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00:16:28.486 --> 00:16:51.800

Then, maybe finally, as we're talking about essentially onboarding, and that because we're getting to a point where the core functionality is starting to work pretty good, we're spending more and more time on just the onboarding flows themselves. I started talking to the homepage. But also, when you sign up, we're adding things like welcome videos. Concierge is assigning you specific tasks based upon what you've indicated. You want to do and things like this.

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00:16:51.880 --> 00:17:03.279

And so we're just very excited to be moving out of the sort of R&D mode and more into a go to market mode. And so that's a pretty exciting thing that we're going to talk more about in upcoming quarters.

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00:17:03.790 --> 00:17:17.520

So overall, I would say that it's it's been a great quarter, I mean, like q. 1 was good. Q. 2 is even better, and I think that it's nice. That sort of as Ryan mentioned, the the core business itself is stable. It's basically like

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00:17:17.520 --> 00:17:35.840

things are a strong foundation. And also our cash flow is growing, which is fantastic. I think we've delivered a tremendous amount of engineering progress on new expenseify. And we're in the process of actually rolling it out to existing customers, new customers, and also enrolling it out in new travel markets, which is great.

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00:17:36.382 --> 00:17:39.040

I would say, looking forward to Q. 3.

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00:17:39.100 --> 00:17:42.609

We hope that new, expensive buy is adding an entirely new revenue stream.

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00:17:42.700 --> 00:18:03.450

We hope that new extensified travel is adding entirely new revenue stream, and we think that kind of, as Ryan mentioned, that we can be making tremendous progress in migrating our existing extensified card spend onto a new extensified card program which is treated as revenue, and also earns 20% more in interchange. And so it's a lot of really exciting things in the works

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00:18:03.570 --> 00:18:12.309

as always, where our product. Managers are available to talk more about any of this. And me too. So just like, scan this QR code, click this link and come talk to us.

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00:18:12.820 --> 00:18:15.400

and with that I think we'll open up to questions.

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00:18:39.520 --> 00:18:41.100

Niki: Perfect. Okay.

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00:18:41.490 --> 00:18:43.370

Niki: let's start with Jp. Morgan.

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00:18:45.370 --> 00:18:47.042

Alexei Gogolev (JPMorgan Equity Research): Hi, David! Hi, Ryan!

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00:18:47.470 --> 00:18:52.749

Alexei Gogolev (JPMorgan Equity Research): I was wondering if you could comment a bit more on the dynamics that you've seen in July

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00:18:52.930 --> 00:18:57.669

Alexei Gogolev (JPMorgan Equity Research): related to the slight uptick in customer numbers.

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Alexei Gogolev (JPMorgan Equity Research): As we mentioned in the past, it would typically be a slow month. What drove the improvement.

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00:19:05.780 --> 00:19:08.009

Expensify: Yeah. So great question. Also good to see you again

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00:19:08.050 --> 00:19:09.110

Expensify: pass. No.

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00:19:11.480 --> 00:19:21.460

Expensify: in terms of what drove it. It's I don't think it's any one thing we've been talking, you know, for a lot of quarters about how we're making a lot of small changes. And I think it's

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00:19:21.530 --> 00:19:24.759

Expensify: it's not one specific thing. It's not, you know, just travel

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00:19:24.880 --> 00:19:28.339

Expensify: or or anything like that. It's that we.

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00:19:29.350 --> 00:19:31.140

Expensify: It's the sum of, you know.

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00:19:31.300 --> 00:19:33.660

Expensify: 1,000 steps, basically. And

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00:19:34.970 --> 00:19:38.042

Expensify: we think that, you know I'm not gonna say that

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00:19:39.560 --> 00:19:55.410

Expensify: we won't see decrease in users going forward. But I think we're pretty encouraged on kind of leveling off. And what we're seeing in July. So yeah, I mean, we did go to new conferences as well. And so we've been constantly messaging users. And just, you know, just giving fan service to the people who use us. So I think that all adds up, Yeah, we've been

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00:19:55.620 --> 00:20:02.279

Expensify: got a lot of buzz from the you know, apple movie as well. A lot of exciting stuff going on in expense by land.

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00:20:03.810 --> 00:20:06.029

Alexei Gogolev (JPMorgan Equity Research): Would you mind providing a bit more detail

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00:20:06.300 --> 00:20:08.749

Alexei Gogolev (JPMorgan Equity Research): on on this initiative?

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00:20:09.429 --> 00:20:17.579

Alexei Gogolev (JPMorgan Equity Research): So when do you think we will see the expense related to the sponsorship at the Pml.

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00:20:19.360 --> 00:20:23.289

Expensify: So it's recognized when the movie comes out. So the.

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00:20:23.950 --> 00:20:25.550

Alexei Gogolev (JPMorgan Equity Research): So 2 q of next year.

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00:20:26.780 --> 00:20:29.439

Expensify: Yes, it's estimated to come out in June of next year. Yeah.



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00:20:30.370 --> 00:20:34.729

Alexei Gogolev (JPMorgan Equity Research): Okay, perfect. And would you be able to quantify it? At least, ballpark.

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00:20:36.007 --> 00:20:38.703

Expensify: I I am unable to do that. Unfortunately.

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00:20:39.670 --> 00:20:40.320

Alexei Gogolev (JPMorgan Equity Research): Okay

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00:20:40.940 --> 00:20:41.595

Alexei Gogolev (JPMorgan Equity Research): and

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00:20:42.848 --> 00:20:51.320

Alexei Gogolev (JPMorgan Equity Research): it sounds like there has been quite a lot of investment done to ensure that. As David said, the 2 apps are working

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00:20:51.430 --> 00:20:54.160

Alexei Gogolev (JPMorgan Equity Research): together the release of new travel product.

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Alexei Gogolev (JPMorgan Equity Research): And you talked about moving out of the R. And D mode. When do you think we'll see more pronounced optimization of the R. And D. Expense.

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00:21:04.730 --> 00:21:09.149

Expensify: Oh, interesting a more you're talking about. How are we optimizing the R. And D's expense itself?

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00:21:10.030 --> 00:21:16.710

Alexei Gogolev (JPMorgan Equity Research): Well, your comment, David, about the fact that you're coming out of the R. And D mode, does that imply that R. And D. May.

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00:21:16.710 --> 00:21:24.160

Expensify: Oh, great question. I didn't mean to suggest anything specific about R&D expenses. I just mean that because I think

148

00:21:24.831 --> 00:21:43.399

Expensify: maybe I'm not. You're referring to an accounting term. I just mean, in terms of like, we're optimizing the sales process which involves a different kind of R&D, it's basically R&D for streamlining, the ability for people to onboard as opposed to R&D to enable people to make payments. This is kind of different in that way. I don't know if that yeah, just for

149

00:21:43.690 --> 00:21:51.100

Expensify: most people probably understand this, but for people that don't. When you launch a product, and you keep working on it. That's no longer considered. R&D, it's considered a cost

150

00:21:51.160 --> 00:21:53.150

Expensify: of revenue. So the same people who

151

00:21:53.160 --> 00:21:57.110

Expensify: are fixing things or building things on, you know.

152

00:21:57.500 --> 00:22:06.709

Expensify: the day before, and then they have to fix on the day after that it's no longer an R. And D. Expense, but internally, we still would consider that person, you know.

153

00:22:06.820 --> 00:22:08.630

Expensify: building a new product. Yeah. So.

154

00:22:10.200 --> 00:22:19.719

Alexei Gogolev (JPMorgan Equity Research): And then, if I may squeeze one more question, please. The comment about the revenue coming in in 3 queue for new expensive file.

155

00:22:19.780 --> 00:22:25.410

Alexei Gogolev (JPMorgan Equity Research): Would you be able to quantify your estimate on that, and maybe a more broader question.

156

00:22:25.480 --> 00:22:28.340

Alexei Gogolev (JPMorgan Equity Research): what sort of metrics are you looking at

157

00:22:29.410 --> 00:22:31.689

Alexei Gogolev (JPMorgan Equity Research): to get you some comfort

158

00:22:31.790 --> 00:22:36.190

Alexei Gogolev (JPMorgan Equity Research): in order to provide longer term guidance for revenue matter going forward.

159

00:22:37.260 --> 00:22:40.094

Expensify: So I think it's too early to

160

00:22:40.780 --> 00:22:44.789

Expensify: Give a revenue number on new expense. 5

161

00:22:45.070 --> 00:22:47.170

Expensify: less than a million like.

162

00:22:47.570 --> 00:22:50.649

Expensify: significantly, probably between around.

163

00:22:51.290 --> 00:22:56.221

Expensify: I'm not gonna do it. But it's not a huge, a huge amount, right?

164

00:22:56.940 --> 00:22:59.520

Expensify: but way more than 0, anyways.

165

00:23:02.770 --> 00:23:04.700

Expensify: And so what what was the second part of the question.

166

00:23:04.700 --> 00:23:07.710

Alexei Gogolev (JPMorgan Equity Research): The long-term guide that you stop providing.

167

00:23:08.360 --> 00:23:10.122

Expensify: Oh, yes, okay,

168

00:23:11.020 --> 00:23:20.139

Expensify: I think as the business becomes more predictable, we'll obviously, we've we've started giving some guidance on on free cash flow, and I think our goal is to

169

00:23:20.460 --> 00:23:22.543

Expensify: provide more guidance in general.

170

00:23:23.910 --> 00:23:31.200

Expensify: we, I think we need to see a little bit more stabilization or a longer period of stabilization in the business before we feel comfortable

171

00:23:31.280 --> 00:23:35.849

Expensify: doing that. But that's top of mind for us, for sure. Yeah.

172

00:23:36.190 --> 00:23:38.564

Alexei Gogolev (JPMorgan Equity Research): Any specific metric. If any.

173

00:23:39.040 --> 00:23:42.763

Expensify: How? How do we measure the success of new, expensive? Yes. Okay, so,

174

00:23:44.200 --> 00:23:53.229

Expensify: essentially, we are measuring. There's kind of 2 flows for that we we get business. It. There's bottom up where the employee downloads it 1st brings it in

175

00:23:53.330 --> 00:23:55.329

Expensify: to the business, then they convert.

176

00:23:55.410 --> 00:24:03.239

Expensify: and that generally doesn't involve any sales. The employee basically acts as the salesperson there and then a top down, which is the more traditional Sas

177

00:24:04.300 --> 00:24:10.829

Expensify: process where so someone at the top talks to a salesperson. So we are tracking both

178

00:24:10.990 --> 00:24:13.570

Expensify: conversion of both of those flows

179

00:24:14.450 --> 00:24:21.709

Expensify: and then doing that for our 2 payment plans which are collecting control. So there's basically 2 different segments.

180

00:24:21.910 --> 00:24:26.560

Expensify: smaller businesses and larger businesses. So we are. Those are the.

181

00:24:26.900 --> 00:24:38.090

Expensify: do you agree? Those are the 4. Yeah. I mean, there's a lot of different ways. It all kind of adds together like different, you know, creeks all flowing to the same river. But maybe we can follow up, more in different calls.

182

00:24:39.060 --> 00:24:42.530

Alexei Gogolev (JPMorgan Equity Research): That's great. Thank you very much for all your answers. I'll jump back into the queue.

183

00:24:45.020 --> 00:24:47.110

Niki: Perfect. Next up we have city.

184

00:24:49.590 --> 00:25:02.759

George Kurosawa: Hey? Thanks this is George. On for for Steve. Thanks for taking the questions David and Nick I wanted to ask about. Nick, your favorite topic, the new expenseify card program. Really exciting that it's rolling out. I did want to get some clarity

185

00:25:03.141 --> 00:25:19.150

George Kurosawa: the 34% of spend migrating. That's a really helpful disclosure. I did notice that you also disclose kind of point 5 million out of 4 from the new program, which seems like less than a 3rd I mean, maybe there's some complications with timing, but I I guess I would intuitively expect it to be higher. Given your

186

00:25:19.200 --> 00:25:22.569

George Kurosawa: collecting more interchange. Kind of can you help square the circle? There.

187

00:25:22.980 --> 00:25:26.491

Expensify: Absolutely and just for the transcripts and everything.

188

00:25:27.690 --> 00:25:30.290

Expensify: this is Ryan. Nick's our head of Ir.

189

00:25:30.290 --> 00:25:32.130

George Kurosawa: Sorry. Ryan and David.

190

00:25:32.130 --> 00:25:39.230

Expensify: Hey, I just, I don't want the transcripts to get confused. So great question, I thought we might actually get that question. So

191

00:25:40.390 --> 00:25:48.160

Expensify: the 34% is representative of what percentage of our spend had been transitioned over at the end of Q. 2.

192

00:25:48.980 --> 00:25:55.199

Expensify: But in order for the it to be exactly 30% total revenue. We would have had to start the quarter there.

193

00:25:55.220 --> 00:26:09.000

Expensify: because at the beginning of the quarter it was like 10%. So it's it's a transition over a 3 month period. So at the end of the quarter, we've transitioned 34% of spend. But a lot of that actually happened in the last.

194

00:26:10.250 --> 00:26:15.540

Expensify: I think, like 25 days of the quarter. So it's kind of that's why it looks like it does.

195

00:26:16.490 --> 00:26:24.050

Expensify: because we put out some banner notices and push notification stuff in the app, and those super

196

00:26:24.639 --> 00:26:29.589

Expensify: effective at pushing people over. So that's does that make sense for you? It's it's.

197

00:26:30.350 --> 00:26:47.229

George Kurosawa: Yeah, that makes perfect sense. I figured it was just a timing thing. And then, in terms of that spend that's migrated over. I know kind of baseline. We would expect a 20% uplift. But I'm kind of wondering. Part of the appeal here is that there's more features on the new card program. Do you notice any kind of change in terms of like transaction volumes from people who have migrated over.

198

00:26:47.750 --> 00:26:49.760

Expensify: Mushroom, maybe a bit of early for that.

199

00:26:50.696 --> 00:26:51.363

Expensify: Yeah,

200

00:26:53.700 --> 00:26:58.809

Expensify: Most of the people have migrated over in the last like 60 days. So it's tough, I think, to draw

201

00:26:58.830 --> 00:27:02.380

Expensify: yeah, some sort of trend there. But that's something I look at

202

00:27:03.370 --> 00:27:04.600

Expensify: in general.

203

00:27:04.970 --> 00:27:06.090

Expensify: I mean.

204

00:27:07.360 --> 00:27:12.479

Expensify: I think when we get a company spend, we get most their spend. Yeah, it's pretty all or nothing.

205

00:27:13.830 --> 00:27:17.330

George Kurosawa: Okay, that makes sense. And then just one last one for me on the

206

00:27:17.410 --> 00:27:32.790

George Kurosawa: decision to kind of come back into the conference circuit. Maybe you could talk about maybe the history of why you left that channel. In the 1st place, you obviously have a lot more products and you expense by a lot of exciting stuff to to talk about. So just maybe the decision to come back there, and any kind of implications from an opex standpoint.

207

00:27:33.740 --> 00:27:34.919

Expensify: So the

208

00:27:36.600 --> 00:27:45.490

Expensify: We never stopped going to conferences. We did stop going to this one's just going to travel corporate travel conferences. So back in 2,016,

209

00:27:45.620 --> 00:28:00.200

Expensify: ish, maybe 2,017, we were going to travel conferences because we had integrations with people like Agencia, which you know, got bought by Amex, and you know we were. We were trying to be the expense partner to a whole bunch of travel booking tools, and that was

210

00:28:00.560 --> 00:28:04.419

Expensify: moderately successful. I'd say I mean it generated business. But yeah

211

00:28:04.680 --> 00:28:06.613

Expensify: didn't knock our socks off. So we

212

00:28:07.090 --> 00:28:14.299

Expensify: We stopped going to those, and now we have our own booking tools. So we're re kind of re-engaging on the travel side after taking a

213

00:28:15.220 --> 00:28:16.862

Expensify: 8 year hiatus.



214

00:28:18.230 --> 00:28:20.169

Expensify: and in terms of opex.

215

00:28:23.650 --> 00:28:34.240

Expensify: I don't see it dramatically changing anything. There's not a ton of travel conferences. There's a ton of accounting conferences, but not as many travel conferences, so I don't. I don't think it really

216

00:28:34.680 --> 00:28:37.749

Expensify: shifting the I don't think you'll notice it really. Probably not.

217

00:28:38.980 --> 00:28:40.289

George Kurosawa: Thanks for taking the questions.

218

00:28:40.610 --> 00:28:41.540

Expensify: Thank you.

219

00:28:43.020 --> 00:28:45.500

Niki: Perfect. We've got Jmp. Up next.

220

00:28:48.630 --> 00:29:00.509

Aaron Kimpson: Hey? Thanks for the questions, guys, you for me. So the 1st one, how much of the initial demand you're seeing for travel is Greenfield versus replacing another vendor. And who are you bumping into there when it is competitive?

221

00:29:01.570 --> 00:29:04.399

Expensify: 1st of all, great to hear from you, Aaron.

222

00:29:04.560 --> 00:29:06.176

Expensify: Hope you're enjoying New York.

223

00:29:08.740 --> 00:29:12.790

Expensify: it's that is a great question. So we're actually seeing both. So

224

00:29:13.310 --> 00:29:20.539

Expensify: obviously, Greenfield is an easier sale, and you know they see it, though. Wow! This is incredible. How do we start?

225

00:29:20.898 --> 00:29:23.450

Expensify: The sales a little slower when you have.

226

00:29:23.830 --> 00:29:29.492

Expensify: when you're doing a rip and replace. But we're getting a lot of enthusiasm from

227

00:29:30.020 --> 00:29:37.550

Expensify: Even people who currently have a current travel tool. So it's. And also we're seeing a lot of companies.

228

00:29:38.460 --> 00:29:42.709

Expensify: New leads come to us because I saw a travel announcement. And I think it's

229

00:29:44.040 --> 00:29:47.449

Expensify: in the 2,000 tens. I think it was very

230

00:29:48.720 --> 00:29:51.419

Expensify: popular or in vogue to

231

00:29:51.860 --> 00:29:57.220

Expensify: have a whole bunch of different point solutions. Yeah, this is the best in breed of this and this and this and this, and

232

00:29:57.340 --> 00:30:14.950

Expensify: you know, fast forward, 1012 years. And technology's gotten easier and having a platform doesn't necessarily mean your product sucks in 2,010. If you had multiple products, your products were pretty terrible. That's not really the case anymore. And I think platform plays are becoming more popular. And since we've announced T. And E.

233

00:30:15.490 --> 00:30:17.930

Expensify: Travel and expense, we're seeing

234

00:30:18.220 --> 00:30:23.430

Expensify: a lot of customers kind of, or a lot of leads come out of the woodwork being we want both. So I think it's

235

00:30:23.915 --> 00:30:27.455

Expensify: that's not just about cross selling. It's also just been great from

236

00:30:28.300 --> 00:30:32.770

Expensify: bringing new eyes onto expensive item. Yeah, so we we have a lot of

237

00:30:33.170 --> 00:30:41.569

Expensify: brand strength and recognition. But we didn't do travel. And for a lot of companies. That's kind of a deal breaker. And now we do travel. So you know, they're engaging.

238

00:30:43.360 --> 00:30:48.765

Aaron Kimpson: Awesome. That's really helpful. And New York is wonderful. But, like, you know, Ryan, there's no place like Ohio.

239

00:30:49.730 --> 00:31:02.669

Aaron Kimpson: The second question can you clarify for us on the public call. You have a stock repurchase plan authorized. You're generating cash. Have over 30 million in net cash on the balance sheet valuation still near an all time low?

240

00:31:02.780 --> 00:31:16.919

Aaron Kimpson: How does the covenant with your lender that restricts share, repurchases work? What's the waiver you've received from the lender, and is buying back shares right now something that you can do with that covenant and something that you're considering. If so.

241

00:31:17.610 --> 00:31:19.969

Expensify: Okay? Great question. So

242

00:31:20.580 --> 00:31:21.389

Expensify: for

243

00:31:22.610 --> 00:31:25.699

Expensify: the people that don't dig into our

244

00:31:25.870 --> 00:31:32.651

Expensify: deep into our disclosures, we have a covenant with our lender that limits how much we can.

245

00:31:33.700 --> 00:31:35.729

Expensify: how many shares we can buy back. Now we've

246

00:31:37.490 --> 00:31:40.979

Expensify: currently it's quite low because it's based on a 12

247

00:31:41.350 --> 00:31:43.454

Expensify: month. Look back on

248

00:31:44.710 --> 00:31:48.729

Expensify: free cash flow. And last Q. 3,

249

00:31:48.850 --> 00:31:53.590

Expensify: we spent a lot of money. So that's kind of pulling that down. So we expect

250

00:31:55.080 --> 00:31:57.589

Expensify: after this next Q. 3. Will.

251

00:31:58.130 --> 00:32:03.059

Expensify: That company will be loosened up, and we'll have the ability to buy back more.

252

00:32:04.820 --> 00:32:05.989

Aaron Kimpson: Got it. Thank you so much.

253

00:32:06.389 --> 00:32:09.979

Expensify: It's ever going to, but it's capability. Yeah.

254

00:32:13.770 --> 00:32:16.130

Niki: Great. Next up we have. Bmo.

255

00:32:23.650 --> 00:32:25.709

Niki: do we have Daniel or Kyle on the line?

256

00:32:27.950 --> 00:32:30.059

Niki: Alright, let's hop over to Ft. Partners.

257

00:32:32.570 --> 00:32:34.303

Zachary Gunn: Hey? There, guys, thanks for

258

00:32:34.810 --> 00:32:58.909

Zachary Gunn: Taking the question here, I just wanted to ask on the cards. I think, in the press release. It was said that you're planning on getting 100% by the end of the year. So is the plan, then, to whatever cards haven't been converted to basically forcefully shut them off and ship out new cards or kind of what's the strategy, you know, to get to that 100% conversion rate.

259

00:32:59.360 --> 00:33:01.880

Expensify: Yeah, great question. So we're seeing.

260

00:33:02.090 --> 00:33:04.320

Expensify: So the number we said was

261

00:33:04.420 --> 00:33:10.559

Expensify: at the end of Q, 2, right? So that's like a 45 day old number. So we're seeing great progress even in even since then

262

00:33:10.660 --> 00:33:12.659

Expensify: we do think we're probably going.

263

00:33:13.060 --> 00:33:20.480

Expensify: I think what you're basically angling at is we'll probably get to a very high percentage, and then some percentage will not do anything right.

264

00:33:20.570 --> 00:33:21.610

Expensify: So

265

00:33:26.250 --> 00:33:33.980

Expensify: we haven't decided. If we're going to shut off the cards or not. We don't want to, but I think it. We're going to try to get there just through some aggressive

266

00:33:34.460 --> 00:33:49.750

Expensify: hopefully, they're not listening, but we're probably not. Yeah. Don't tell them. But we're gonna just try to, you know, for account managers and kind of aggressively be like, all right, we gotta we ship them over, because we last thing we want to do is disrupt some business operations, get them all angry, and then they

267

00:33:50.390 --> 00:34:06.570

Expensify: decide to leave us, or something like that, right? So we're trying to move everyone with smiles and carrots. And you know, spare the stick. Yeah, I mean, ultimately, these cars do eventually expire, and so they'll be forced to migrate over one way or another. We're just trying to accelerate sort of the inevitable timeframe.

268

00:34:07.840 --> 00:34:21.229

Zachary Gunn: Got it that makes sense, and then I was just wondering if there's any update on payroll. I think that that was a discussion a few quarters ago, looking at, you know, specific licenses. And so I just wanted to see if there's any updates there.

269

00:34:21.520 --> 00:34:32.912

Expensify: Sure. I mean, it's a payroll we still use internally. We've got all the we've got most of the money list money transmission licensing in place. I think right now, we're just primarily focused on the core business. We have the

270

00:34:33.837 --> 00:34:54.150

Expensify: basically the technology and the accounting, basically in place. But there's a lot of front end work that needs to happen to make it truly competitive in this market, and there's no interest in like launching uncompetitive product. As Ryan mentioned earlier. It's 1 thing to be

able to like, you know, check the boxes that you'd like. Technically, you've got a product and then it's like, that's the 1st 90% of the work, if you will.

271

00:34:54.150 --> 00:35:07.300

Expensify: But then, like the second, 90% of the work is actually making it really good in market competitive. And so I think we're in that second 90% right now. And I don't think we have an exact estimate of when we'll be launching a truly competitive product. But when we do launch it, it's going to be good.

272

00:35:07.550 --> 00:35:12.790

Expensify: and we're also weighing 2 Mtls. And there are a couple offices, too, and they're big ones.

273

00:35:12.790 --> 00:35:20.840

Zachary Gunn: Right? So I think last we talked it was New York, and maybe one other still standing. So that makes sense. Okay, that's all for me. Thanks, guys.

274

00:35:21.170 --> 00:35:21.730

Expensify: You.

275

00:35:23.970 --> 00:35:25.870

Niki: Great that wraps the Q&A section.

276

00:35:26.880 --> 00:35:54.915

Expensify: Alright, thank you all very much. As David mentioned, we are actually in the expense this expense, my chat room, if you want to discuss with us further. I know. In the past we've had a lot of retail traders come in and talk to us, but you don't have to be retail to come and talk to us. Anyone can. So we welcome our institutional friends as well. But we're actually in there. So if you wanna talk to the CEO? Go to this link, and we're there to engage with all of our customers or shareholders. So

277

00:35:55.210 --> 00:35:57.880

Expensify: thanks a lot. We'll see you next quarter. Alright! Thanks, everyone.