



Asana, Inc.

Second Quarter Fiscal Year 2022 Earnings Call

September 1, 2021

C O R P O R A T E P A R T I C I P A N T S

Catherine Buan, *Head of Investor Relations*

Dustin Moskovitz, *Co-Founder and Chief Executive Officer*

Chris Farinacci, *Outgoing Chief Operating Officer and Head of Business*

Anne Raimondi, *Incoming Chief Operating Officer and Head of Business*

Tim Wan, *Chief Financial Officer*

C O N F E R E N C E C A L L P A R T I C I P A N T S

Brent Bracelin, *Piper Sandler*

Steve Enders, *KeyBanc Capital Markets*

Brent Thill, *Jefferies*

Analyst, *RBC Capital Markets*

Pat Walravens, *JMP Securities*

Alex Zukin, *Wolfe Research*

Andrew DeGasperi, *Berenberg Capital Markets*

Keith Weiss, *Morgan Stanley*

Matt Koss (phon), *JPMorgan*

Rob Oliver, *Baird*

P R E S E N T A T I O N

Operator

Good day and thank you for standing by. Welcome to Asana's Second Quarter Fiscal Year 2022 Earnings Conference Call.

I would now like to hand the conference over to your speaker today, Catherine Buan. Please go ahead.

Catherine Buan

Good afternoon and thank you for joining us on today's conference call to discuss the financial results for Asana's Second Quarter Fiscal 2022.

With me on today's call are Dustin Moskovitz, Asana's Co-Founder and CEO; Tim Wan, the Company's Chief Financial Officer; and Chris Farinacci, the Company's outgoing Chief Operating Officer and Head of Business; and the Company's incoming Chief Operating Officer and Head of Business, Anne Raimondi.

Today's call will include forward-looking statements pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding our financial outlook, market position and growth opportunities. Forward-looking statements involve known and unknown risks and uncertainties that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

Forward-looking statements represent our Management's beliefs and assumptions only as of the date made. Information on the factors that could affect the Company's financial results is included in its filings with the SEC from time to time, including the section titled Risk Factors in the Quarterly Report on Form 10-Q filed by the Company for the quarter ended April 30, 2021.

In addition, during today's call, we will discuss non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. Reconciliation between GAAP and non-GAAP financial measures and a discussion of the limitations of using non-GAAP measures versus their closest GAAP equivalent are available in our earnings release, which is posted on our Investor Relations webpage at investors.asana.com.

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

Dustin Moskovitz

Thank you, Catherine, and thank you to everyone for joining our earnings call today.

We had another great quarter in Q2. We accelerated revenues, accelerated enterprise customer growth and increased dollar-based net retention rates across the board. Revenues of \$89.5 million grew 72% year-over-year, accelerating 11 percentage points versus Q1. This is a very significant acceleration in the third quarter in a row of acceleration. We're now at a \$358 million GAAP revenue run rate. For customers spending over \$5,000 or more on an annualized basis, our revenues grew 97% year-over-year. We added over 7,000 net new paying customers, continuing the strong pace from last quarter, putting our total number of customers over 107,000. The number of customers spending over \$50,000 on an annualized basis grew 111% year-over-year, which reflected an acceleration in our largest enterprise customers. And dollar-based net retention rate increased across all of our customer cohorts, and increased over 175% for customers spending \$5,000 or more on an annualized basis. For customers spending \$50,000 or more on an annualized basis, an increase of over 145%, and our overall dollar-based net retention rate increased over 118%.

Based on our outlook for the rest of the year, we're raising full year guidance by 6% to a range of \$357 million to \$359 million, representing 57% to 58% growth for the year. Q2 guidance represents 58% to 60% growth. There were several drivers for the business.

First, customers are adopting Asana everywhere. We're seeing record top-of-funnel volume, demand around the globe and rapid expansions within our customer base.

Second, we're seeing continued momentum in the enterprise. We're closing larger deals and expanding teams (phon) across departments and geographies quickly in large organizations. Our largest customers are recognizing the increasing value and scalability of our unique Work Graph data model. This is reflected in our over \$50,000 customer cohort growth and the expansions in the base. The investments in our product strategy and the Work Graph are paying off and this is just the beginning.

Third, customer adoption and retention is as good or better than it has ever been. Our focus is to build great customer experiences with human-centered design principles and help customers experience the best version of Asana right away, which drives our adoption and revenue. As a result, our NPS scores are the highest we've seen to date. Our adoption metrics are strong and our retention rates are at record levels.

As everyone is probably well aware, we're currently experiencing one of the biggest workplace transformations in history. Even after a year of surprising changes, the situation remains fluid. It can be difficult to achieve organizational-wide clarity under normal circumstances, and from the past 18 months this challenge has hit an entirely new level. The reality of the moment is that increased workloads and too many emails, messages, meetings and video calls are barriers to productivity. According to our annual survey, called the Anatomy of Work, limited employee bandwidth has meant that over a quarter of deadlines are missed. A key driver is a lack of clarity caused by unclear processes. Large enterprises, in particular (inaudible) an inability to successfully pivot as needed and add up to the significant drain on resources, revenue and profitability. While the symptoms around these types of pains have evolved, (inaudible) have been with us for a long time. Through it all, Asana's mission to help (inaudible) thrive by enabling the world's teams to work together effortlessly has remained constant.

Our product road map continues to be strong, and with our Asana Work Graph, we are uniquely equipped to help companies find best paths to reach their goals and to shift as needed along the way. We've built products to give clarity to individuals, teams and executives.

In the first half of the year, we announced Asana Partners, which featured over 200 technology partners, the Channel Partner Network, in seven new languages. Asana is now available in 13 languages spoken by 4.2 billion people across the globe. We also launched Universal Reporting, giving real-time actionable insights into team's progress across the entire organization enabled by Work Graph.

In June, we added a suite of new features designed to help individuals achieve greater focus (inaudible). These include video messaging and partnership with Vimeo, Supercharge My Tasks, the Asana Desktop App and our Clockwise Smart Calendar system integration.

I'm also excited about our deep integration with Zoom. You can create a new Zoom meeting and join it right from inside Asana Task. While in Zoom, teams can quickly create Asana tasks so that details and action items don't get lost. Once the meeting is over, the report and the transcript can be added to Asana and action items assigned to owners, so that everyone has a record of what was discussed and what needs to be actioned. Asana for Zoom leads to better meetings with clear agendas and actionable next steps.

On October 20, at our enterprise event called Scale (phon), we'll be unveiling a suite of new features to help large organizations orchestrate work across departments and geographies to achieve their goals.

And finally, we remain on track to launch our entirely (phon) new take on workloads at the end of our fiscal year.

Before I hand it over to Chris, I also want to highlight that last week Asana was officially listed on a long-term stock exchange. In conjunction with that, we launched our first consolidated steps towards ESG reporting by providing our first ESG fact sheet on the Investor Relations website. Enabling the world's teams to work together effortlessly is an expansive mission and requires commitment to our long-term strategies. We're continuing to build structures to execute on these long-term strategies and align with partners, such as DLTSE (phon), with common guidance. With our ESG reporting we endeavor to provide the same clarity and transparency that our product offers. We are committed to expanding our reporting in the coming year. You can find more information about this on the Investor Relations website.

Lastly, I'm proud to highlight that we've been recognized by Fortune 50's Great Places to Work as one of the best small and medium workplaces for 2021, marking the fifth year for Asana in the list of top 10 rankings.

And now, I'll hand it off to Chris.

Chris Farinacci

Thanks, Dustin.

We accelerated revenue growth again to 72% year-on-year in Q2. Some highlights from the quarter's business performance include the following.

First, we posted strong customer growth again this quarter, adding another 7,000 net new customers, and we now have over 107,000 paying customers. We continue to see record top-of-funnel growth. We also completed the additional language roll-out for the year and now have 13 languages in total.

Second, we continue to see strong expansion within our existing customer base, particularly with our larger customers. The net retention rate for customers spending \$50,000 or more with us annually increased over 145%.

And third, we're seeing our investments paying off in Enterprise, driving continued Enterprise momentum. The number of customers spending \$50,000 or more annually grew 111% to 598 in the quarter.

Our value proposition is clearly resonating with our customers. In fact, IDC recently released an independent study of the business value of Asana and the research demonstrates the substantial impact that Asana has on an organization's ability to focus on higher value work and customer delivery. Participants in the study reported higher employee productivity, more effectiveness and more on-time work, and ultimately, higher customer satisfaction. Some of the highlights on the recent study by IDC include: 224% one year return on investment; 33% less time spent on emails, and 42% faster execution of business processes.

The IDC study validates what some of our existing larger customers already know. Last quarter, we shared our largest customer deployment expanded to 50,000 seats. This quarter, we saw another Fortune 50 company expand their deployment to more than 25,000 seats. This further illustrates the scalability that the Work Graph enables and shows our value proposition is resonating with some of the biggest enterprises in the world.

We had some spectacular customer wins this quarter, including mass media and entertainment conglomerate, ViacomCBS. Additional customer highlights from the quarter include the following.

Fujitsu, the eighth largest IT service provider in the world, expanded their use of Asana in Q2. Founded in 1935, they're undergoing a company-wide digital transformation. Asana's being used across the

transformation office, designers, marketing, business planning and business systems project teams to gain more visibility and clarity into their cross-functional working processes so they can execute and make business decisions faster.

Just Eat Takeaway, a leading global online food delivery marketplace, has expanded the use of Asana's Enterprise Solution in Q2, with a multiyear agreement that enables all employees to manage their work in the Asana platform. Asana is being leveraged heavily across operations, building out their logistics network, global marketing campaigns, client services and streamlining their integrations of recent acquisitions. Just Eat chose Asana because they needed a platform that could help them drive their strategic objectives forward, expanding supply chain, rapidly deploying marketing brand campaigns, and elevating their customer experience.

Cohesity is a software company that delivers next-generation data management to thousands of businesses around the globe. Just as Cohesity is focused on simplifying data management, the company turned to Asana to simplify their work streams and processes. Cohesity determined that Asana was the best platform to help them increase transparency into work happening across their organization to drive operational efficiencies and help them scale. In Q2, they chose to standardize on Asana's Enterprise solution. It's now heavily used across their engineering, marketing, IT, operations, customer success and leadership teams.

These are just a few of our Q2 customer wins. But as you can see, organizations of all sizes across industries and regions are adopting our work management platform to increase productivity, coordinate their work and provide real-time clarity and alignment across their teams and organizations.

As we look forward to the second half of the year and beyond, we're continuing to focus our business on three major growth drivers: acquiring new customers, expanding our existing customer base, and maintaining our enterprise momentum. As we saw from the results, the playbook is working for us. Going forward, it's all about adoption and scale. We're just at the beginning of this journey.

With that, I'll turn it over to Tim to go through our financial results.

Tim Wan

Thank you, Chris, and thank you, everyone, for joining us today. We are very excited to report another great quarter with strong results across the board.

Q2 revenue growth accelerated into the quarter to \$89.5 million, up 72% year-over-year. We now have over 107,000 paying customers at the end of Q2. This represents a 31% year-over-year increase.

We have 12,806 customers spending \$5,000 or more on an annualized basis, up 61% year-over-year. Growth in our larger customers is even stronger. We now have 598 customers spending \$50,000 or more on an annualized basis, which accelerated again this quarter to 111% year-over-year. As a reminder, we define customers spending \$5,000 or more and \$50,000 or more based on annualized GAAP revenues in a given quarter.

Revenue from customers spending \$5,000 or more represented 66% of our revenues in Q2, compared with 58% in the year-ago quarter. This segment of our business grew 97% year-over-year. Our overall dollar-based net retention rate increased to over 118%. As a reminder, our dollar-based net retention rate is a trailing four quarter average calculation. Among customers spending \$5,000 or more, our dollar-based net retention rate increased to over 125%, and among customers spending \$50,000 or more, our dollar-based net retention rate increased to over 145%.

Before turning to expense items and profitability, I would like to point out that I will be discussing the non-GAAP results in the balance of my remarks.

Gross margins came in at 89%, up from 87% in the year-ago quarter.

Research and development was \$36.6 million or 41% of revenue. We continue to invest heavily to fuel innovation at a high velocity.

Sales and marketing was \$58.3 million or 65% of revenue, reflecting the investment in both our self-serve and direct sales motion.

G&A was \$23.4 million or 26% of revenue. Operating loss was \$38.6 million, and operating loss margin was 43%. Net loss was \$39.8 million, and our loss per share was \$0.23.

I will note that we converted our outstanding convertible debt during the quarter. This resulted in an increase in shares outstanding of \$17 million.

Moving on to the balance sheet and cash flow. Cash and marketable securities including long-term investments at the end of Q2 were approximately \$382 million. Our RPO is \$171.1 million, up 100% from prior year. Our free cash flow is defined as net cash from operating activities, less cash used in property and equipment and capitalized software costs, excluding nonrecurring items, such as our direct listing fees and expenses and the build-out of our San Francisco office. In Q2, free cash flow was negative \$9.3 million.

We are very proud of our achievements and the business momentum. Now, moving to our Q3 and fiscal year '22 outlook.

For fiscal year '22, we expect revenues of \$93 million to \$94 million, representing growth rates of 58% to 60% year-over-year. We expect non-GAAP loss from operations of \$49 million to \$47 million. We expect loss per share of \$0.27 to \$0.26, assuming basic and diluted weighted average shares outstanding of approximately 184 million.

Looking out to the full fiscal year '22, we are raising our previous guidance and now expect revenue to be in the range of \$357 million to \$359 million, representing a growth rate of 57% to 58% year-over-year. Given the large opportunity ahead, we will continue to invest for growth to maintain our leadership position. We expect full year non-GAAP operating margins to improve from fiscal year '21.

Longer term, we believe that we can execute on our growth strategy and that our best-in-class gross margins and strong unit economics will provide the leverage and flexibility to invest into the enormous market opportunity. We believe this investment will provide durable and sustainable growth as we pursue this large market opportunity with a best-in-class product.

Before turning it over to the Operator for questions, I'll turn it back to Dustin for some additional comments.

Dustin Moskovitz

Thanks, Tim.

As you may have seen, we announced that Anne Raimondi joins us as of today as our new COO and Head of Business. I'm thrilled to have Anne on the team. Her background as a customer-centric operations executive will be indispensable as we continue building our enterprise offerings and work to

help all of our customers succeed in achieving their missions. Anne has been serving on the Asana Board for the last two years, so she has co-created the strategy that she will now be helping to lead. I couldn't be happier to have that kind of continuity between two great executives.

After helping us achieve six years of very rapid growth, including two independent cycles of accelerating growth rate and tremendous success throughout the organization, Chris will be enjoying a well-earned retirement. Chris, thank you so much for all of your contributions to get Asana to this stage.

Chris Farinacci

Thanks, Dustin.

It has been the privilege of my career to be a member of the Asana team since 2015 and I'm incredibly proud of the Company's success to date and the significant growth opportunities ahead for the Company. The two things that I'm most proud of we've built over the past six years are our world-class team. I want to thank everyone at Asana for their support over the last six years, and our amazing customer base, and we're enabling to spend more time on their missions.

I worked closely with Anne during her time on the Board. Anne is a very strategic thinker and has a deep understanding of the Asana business. I couldn't be more excited to pass the baton to Anne. And, of course, I'll be here to ensure a smooth transition until the end of the fiscal year.

Anne Raimondi

Thanks so much, Chris and Dustin.

When Chris and Dustin first approached me about the idea of joining as part of the Executive team, I was honored and thrilled. Having been a customer myself and a Board member, I've had the chance to see what an incredible team, business and opportunity we have. Chris' leadership has helped us build and scale a fast growing business and a remarkable team, and my goal is to continue the momentum.

The strategy at Asana is clearly working and I'm very excited for this opportunity. Asana is addressing one of the most pervasive problems across organizations. It's been the top issue in all of my conversations with CEOs and C-suite leaders over the last few years, and the market is enormous. We are just at the beginning of the adoption curve and already there is tremendous momentum, especially at Asana.

I'm going to be hosting our Enterprise event in October, and I look forward to seeing all of you there.

Catherine Buan

Wonderful. Thanks, everyone.

With that, Operator, we'll turn it over to questions.

Operator

Our first question comes from Brent Bracelin with Piper Sandler. Please go ahead.

Brent Bracelin

Good afternoon, and Thanks for taking the questions here. Dustin, maybe we'll start with you. Historically, Asana has been deployed as more of a departmental solution. I think what I find interesting here is the pace of enterprise expansions. You're seeing kind of broader deployments at Just Eats, Cohesity, Fujitsu. You talked about the 25,000 seat deployment at a Fortune 50.

My question here, what's resonating most with enterprise customers that are looking here to go wall to wall? Why now? Is it the hybrid work reality or are there other reasons why you're starting to see much broader adoption here? Thanks.

Dustin Moskovitz

Well really I think that the problems that were solving and creating clarity and alignment for customers are really part of much longer-term trends. The need for clarity really preexists COVID and the pandemic and work from home by many years, but certainly those things have accentuated the pain and brought more awareness to the problem space that we're solving. But I think a lot of what is generating the momentum in the enterprise is seeing our product strategy pay off and be able to deliver on creating great workflows for these organizations and then they're seeing the success at our existing customer deployments, they're seeing the success within smaller deployments they might have in their own company and wanting to replicate that and expand that really quickly.

Is there anything you want to add, Chris?

Chris Farinacci

Yes. Maybe I'll just add a couple more customer examples just to sort of give you the customer perspective.

So I talked about Just Eat and Cohesity in my prepared remarks. Cohesity needed to simplify and streamline their processes and projects company-wide so they could really get clarity and transparency at scale, so they expanded their use of Asana Enterprise as the standard tool to do that.

Another one that I did mention in the pre-remarks is Gorillas. Gorillas is a German grocery deliver company that's expanding really quickly. They're the fastest growing unicorn in Europe. And to support their rapid growth and scaling these we did a three-year ELA for Asana wall to wall with them this prior quarter—or this past quarter to coordinate all their projects and processes and work across the business. A really interesting use case that's pretty typical and I think a sweet spot for Asana is creating standard processes for rapidly launching their services in the new cities and countries to move faster and sustain their rapid growth. I think any sort of cross-functional use case, like launches of any kind is a killer use case that we're seeing drive a lot of the broad adoption.

Brent Bracelin

Well certainly happening faster than I would have expected. Great to see. Thank you.

Operator

Your next question is from Steve Enders with KeyBanc.

Steve Enders

Hi. Great. Thanks for taking the question here. I just want to touch on the expanding net retention that you saw in the quarter or year. Just want to get a better sense for what's driving that. Is there any kind of

change in the mix between new seats and plan upsells? And I guess kind of more broadly, is there something about the demand environment that's bringing more people to expand quicker or is there something about your reps and your customer success teams that are beginning to drive some of that expansion activity there?

Tim Wan

Hi. Hey, Steve. This is Tim. I think from a metric standpoint, it's definitely twofold. I would say we're seeing increased expansion on a cohort basis and we're seeing improved adoption on a cohort basis. So, both of those have really helped in terms of the net expansion rate improving over the last—kind of over this past quarter. So, we're really encouraged by the results and all the trends are going in the right direction.

Chris Farinacci

Yes, I might just add. This is Chris. I might just add, on top of what Tim said, the business imperative right now is growing, so organizations are now preparing for the new normal and they want capabilities to coordinate work no matter where their employees are, so the need for this is rising. We made a lot of investments in product and customer success to support that adoption over the last year and we're just starting to see it bear some of the fruits of that. I think you also mentioned the mix. We really are seeing balanced growth in terms of sort of ACV going up but we're really seeing strong seat (phon) growth as well and it's really related to that bottoms-up adoption of the product.

Steve Enders

Okay, that's great to hear. Just on some of the new products that you introduced in the quarter across Universal Reporting and some of new video messaging functionality, I guess, how are you kind of seeing the adoption curve so far of that within the customer base to date?

Dustin Moskowitz

Yes, we've seen a lot of excitement, especially around Universal Reporting. So we're actually just diving in with some stats in the past few weeks and our largest customers in each of them we see hundreds of dashboards being created and shared. We're also hearing a lot of feedback from our sales team that customers are excited when they're on prospect calls coming up in a large number of the back to sales conversations.

Steve Enders

Great. Thanks for taking my questions.

Operator

Your next question is from Brent Thill with Jefferies.

Brent Thill

Good afternoon. Dustin, just back to the large enterprise deployment. I think you know thinking about large scale and building on networks. I'm current, when you think about the scale of some of these larger deployments that you have today, could you just provide a little more color about where you're starting to reach in terms of seat deployment and complexity and maybe just help us better understand how that's building out over the next one to two years?

Dustin Moskovitz

Yes. So it's really a variety of things. We're really excited about the 25,000 seat deployment and that's on top of what we announced last quarter, with a 50,000 seat deployment. Both of those are Fortune 500 companies. We also have a number of examples of other customers that are in the many thousands and we're starting to see—and when they're at that scale we do tend to see it's an entire division or maybe parts of multiple divisions. And then additionally, with customers that are more in the thousands of seats range, we're starting to see more sort of wall to wall deployment. So really seeing customers adopt Asana for work management across all of their employees.

So, really excited about that for customers we've been talking about recently with Cohesity and Gorillas, both deploying Asana throughout the organization, and that's when you really start to see the sort of magic of the unique Work Graph data model where they're able to engage in cross-functional workflows and leverage the flexibility to have everyone aligned around a shared source of truth.

I think that covered the first part of your question. Was there a second part?

Brent Thill

Maybe for Tim, just you're coming off of the highest growth in five quarters. I know you'd always said to us don't look at billings but an 80% billings and then coming into a 59% midpoint guide for next quarter. I think many investors are just asking, is there something that we should think about just lapping these big comps you're pushing or is there something specific to next quarter that we need to think through that might be an anomaly, just curious how you would frame the guide relative to what you've been putting out.

Tim Wan

Yes. I think we are coming off, I would say, the first half, where it's a bit more of an easy comp for us. Essentially, we still have about a third of our customer or revenue base that's still on a monthly SKU, so the billings is not necessarily the best indicator of our growth. But we're really encouraged by both the calculated billings and the RPO growing so substantial—having really strong growth, and that's really indicative of the momentum that we're seeing on the Enterprise side, that contracts and deals are getting larger, some customers are even doing multiyear deals with us.

So I think those are all really encouraging signs around the Enterprise side of the business.

Brent Thill

Great. Thank you.

Operator

Your next question is from Rishi Jaluria with RBC Capital Markets.

Male Speaker

Hey. Thanks. This is (audio interference) on for Rishi. Thanks for taking the question. Nice to see continued leverage on the sales and marketing line. When I think about the kind of top line outperformance you have in the quarter and accelerated revenue, can you talk about, are you revising

your expectations on quota carrying sales capacity hires? And then maybe more broadly, just talk about the competitive market for talent acquisition and sales capacity. Thanks.

Tim Wan

Yes. I would say we're really encouraged by the performance of the sales team and the sales—all the sales reps that we've hired and that's been with us. We're not making any changes right now but I think what we're seeing is kind of the demand in the market continues to be strong. The conversations are becoming more strategic and that the types of deals are being much more complex and thoughtful over a longer period of time. So I think those are just like all really encouraging signs.

And then, Chris.

Chris Farinacci

Yes. Maybe more color on we just have sales capacity and hiring. So, we're aggressively hiring around the world on the sales and go-to-market teams to ensure global coverage for demand. One bit of news that's new is we're opening a new Chicago office this year to serve the untapped demand in the United States. And then the other thing I would add is beyond how big the market opportunity and how fast we're growing and our differentiation, it's helping us to attract talent that we're seen as one of the best places to work in tech. And we see that as a real strength and opportunity to help us keep growing quickly.

Male Speaker

Got you. That's helpful. And then one more for us on guidance. It looks like 4Q guidance implies a bit of a deceleration there. Can you just talk about your assumptions on the full year guide?

Tim Wan

Yes. I think we're really encouraged by the momentum that we've seen in the business, kind of both on the top of the funnel customer growth and seed growth, as well as ACV, ASP growth. What I would say is we've already increased guidance to \$20 million and really encouraged by the momentum we're seeing in the business.

Male Speaker

Totally fair. Thanks everyone and congrats on the quarter.

Tim Wan

Thanks.

Operator

Your next question is from Pat Walravens with JMP.

Pat Walravens

Great. Thank you. And let me add my congratulations. The momentum is really remarkable to see. So, Anne, congratulations on the new role. I am guessing that you took the opportunity to talk to a bunch of senior executives about the space and about Asana before taking the job, and I would love to know what you heard. And then maybe related to that, what's your sort of number one priority right now?

Anne Raimondi

Thanks so much, Pat. I'm so excited to be here. You're right. The conversations I've had over, especially the last year, for executives, the importance of clarity and really knowing who's doing what by when in an environment of such rapid change and uncertainty has boiled to the top of their list of the things that they have to solve, and so having spent the last two years on the Asana Board and seeing the strength of the team and the strategy, my priorities really are just to continue to invest in the momentum that we have and the incredible team.

Pat Walravens

Okay. And how do you do that?

Anne Raimondi

So, as Chris had mentioned, we are continuing to make sure that we're bringing the best people in and ramping our sales and marketing team in every geography. We've been really impressed with the progress with our GMs. So, that's a top priority. And then continuing to make sure our large deployments that we've been talking about are really successful and fueling that adoption. I think that those are key priorities for all of us.

Pat Walravens

Awesome. All right. Well, congratulations again.

Anne Raimondi

Thank you.

Operator

Your next question is from Alex Zukin with Wolfe Research.

Alex Zukin

Hey guys. Congrats on another great quarter. I guess, maybe for anybody. The question's maybe in two parts. You clearly—the net adds are fairly exceptional in the first half, the strongest in your history, but at the same time you're also seeing great enterprise traction from your existing customers. So, maybe, first, how should we think about the pace of net adds in the second half and beyond? And also, if you look at the bookings mix, how are we thinking about or how are you thinking about the split of bookings from new versus existing customers, and how does that kind of trend forward as you get some of these much larger opportunities within your base?

Tim Wan

Yes. Hey Alex, this is Tim. Just from a kind of net add perspective, obviously, I think there's always going to be some quarterly fluctuations. I think I may have mentioned it before on this call that generally in Q3 40% of our business is outside of the U.S., and in August, Europe is a little bit slower. So you can kind of expect a little bit of a slower month in terms of Europe from a customer perspective. But over the long term, I think if you kind of look at our net adds on a customer basis, we've been growing our customer

base anywhere between 20% to 30% year-over-year. So I think that's a trend that we're focused on and want to continue to drive.

And then from a bookings perspective, what I would say is from new bookings generally we see anywhere between 40% to 45%, and then expansion from existing customers is anywhere from 55% to 60%. And that trend, I would say, we are seeing more of the trend shifting towards more expansion as we get more larger deals, but it's really important for us to continue to add new customers and teams of all sizes because we know once they adopt, our net expansion rate, as you've seen, that it's over 118% and as we get more teams adopted those rates tend to move up as our spend increases.

Alex Zukin

Perfect.

Operator

Your next question is from Andrew DeGasperi with Berenberg.

Andrew DeGasperi

Yes. Thanks for taking my question. First, I guess, on international. I know you addressed the mix outside the U.S. I was just wondering, how is that expansion plan trending? You've launched that channel program earlier this year. If you could elaborate on that and maybe provide us an update on how that's going.

Chris Farinacci

Okay. Hey, this is Chris. Thanks for your question. So, on the regional side, we see strong growth across the global markets that we focus in. The split hasn't really changed too much. Asana's now available in 13 languages. So they're all live now and clearly that will drive growth in a lot of the new markets. I think the combined net new languages bring us—the TAM to 4 billion information workers worldwide. And the big wins and expansions we've talked about across the regions, we're really—the big wins this quarter really spread across the regions.

And on the channel side, the sort of two focused investment areas there. One is continued focus on our technology and integration partners. And there a couple of new things to note. We mentioned over the quarter that we announced this integration with Vimeo and we're seeing really good early traction with that technology embedded with Asana for video messaging and enables asynchronous status updates in an engaging way. The other is we did a feature partnership with Zoom when they launched their app store, and I'm really excited about the deep integration we're seeing there. It brings structure and accountability to meetings. Zooms also actually a fast growing customer and growing partner.

And then on the channel side in the regions, the program continues to grow quickly. We're seeing particular traction from our Enterprise focused channel partners. The channel network is across 75 countries. It's a growing and important part of our business. It's not yet a material part of the business, but it's bearing fruit. As an example, we closed one of our largest channel deals in Q2 in India.

Andrew DeGasperi

That's helpful. And then maybe I'm seeing that non-recurring (phon) deferred inching up over the last few quarters. I'm just wondering, should we be seeing more multiyear agreements coming through as you expand markets, so to speak?

Chris Farinacci

Yes. So ELAs and multiyear contracts are more common as we're engaging with larger enterprises more and more. We don't do all you can eat forever ELAs. We work with customers to structure pricing at scales with usage. So typically tiered by seat numbers. I mentioned some of the customer examples of ELAs and earnings. I'm going to give you a little more color on one or two more.

So that large global 50 company that Dustin talked about, that was on top of rapid adoption and that's a two year global ELA and that's really driven by employee demand for a better tool to coordinate work. It's being used for hundreds of use cases, including road map planning, content production, marketing campaigns, new hire, recruiting, all those sorts of things. And a number of the other deals we've talked about were two or three-year ELAs as well.

So, yes, that's becoming more common as we move up market.

Andrew DeGasperi

Thank you.

Operator

Your next question is from Keith Weiss with Morgan Stanley.

Keith Weiss

Excellent. Thank you guys for taking the question. And congratulations on a really nice quarter and really an outstanding first half of this fiscal year. I wanted to dig in a little bit more on that customer count number. I'm looking at the 12,806 (phon) in the spreadsheet, that (inaudible), that's up 1,534 from last quarter, a 161% increase from what you guys added in the year ago period. I know Tim you were talking about sort of easier comps. That's an outstanding number right there. Two questions on that.

One, does that come solely from just expanded investment in the traditional kind of go-to-market channels, or is there any change in go-to-market, anything that really opened up for you guys to allow for that customer count to increase?

And then two, we're seeing good results across a lot of your competitors as well. It seems like the market is really hot right now overall for these types of solutions. Is some of this a release of pent-up demand that came from last year and we should be a little bit wary about extending this type of strength too far into the future, or do you think these trends are going to really prove durable over time in terms of how quickly the demand is coming to you guys within this marketplace? Thank you very much.

Chris Farinacci

Yes, sure. That was a lot. I want to make sure I got it. What was the first question? I want to make sure I heard that correctly.

Keith Weiss

So first question was more about distribution. Any significant changes in distribution that enabled that customer count to grow so much?

Chris Farinacci

Yes. So, I mean, our top-of-funnel strategy is working really well. As we mentioned, we have record top-of-funnel in a demand. It's a blended paid organic product led growth approach. The thing that's sort of net new or incremental to your question recently is those new languages. So, those new languages are opening and expanding Asana up in new markets and we're definitely seeing growth in terms of new customer logos in those new markets where those new languages are driving it.

Tim Wan

Yes. I would just add that, just to be straightforward, I don't always see it as a pent-up demand thing, I think it's more about the category maturing and our product offering maturing and the value propositions' really resonating and this is really just the beginning. So, I think there's going to be a lot more big deals in our future and a lot more expansions. I would also note, just the way you framed the first question, not all of the new customers in that greater than 5K segment are new landed deals. Some of them are ones that started smaller than that, and moved across the line as part of our land and expand model.

And so I think we're really just going to be building on that momentum. And I just want to take a moment to reiterate that the event that we're hosting on October 20, then called Scale, that is all about serving the needs of these larger customers in the Enterprise segment. So we're going to unveil a suite of new features designed to help large enterprises align their teams, automate that cross-teamwork and adapt more flexibly to this really fluid business environment. Anne mentioned earlier, she's going to be hosting that. I'll also have a little segment and our product team is going to be demoing new functionality that's going to help executives with team alignment, workflow and work insights, as well as talk about some of the scale, security and platform innovations that we're going to have for global CIOs and IT teams.

So that's all about how we continue that growth into the future.

Keith Weiss

Outstanding. Thank you so much guys.

Operator

Your next question is from Mark Murphy with JPMorgan.

Matt Koss

Hi, good afternoon. This is Matt Koss (phon) on behalf of Mark Murphy. Thanks for taking our questions. In all of your sales and marketing activities, in which areas do you think you're seeing the best ROI and conversion and are there any areas amongst sales and marketing spending that lend themselves, or that might lend themselves to greater efficiency in the near term?

Tim Wan

Hey Matt, this is Tim. I would say our top-of-funnel has continued to be really strong, and the thing that we looked at is obviously the payback of our sales and marketing. Even when looking back at the last two quarters, our payback has been in the mid teens, and I would say we're testing different channels all the time. There are channels that are more efficient and that we pour more money in to acquire more customers and there are channels that we test and sometimes they're less efficient and over time we dial back those channels. But on a blended basis, the unit economics continue to be strong and our payback has been in the mid teens over the last couple of quarters.

So we feel really confident about the investment that we're making on the sales and marketing.

Dustin Moskowitz

I would also just add that that's a very sort of acquisition focused answer, but the other side of this is really about sales and expansion, and our larger customers expand faster, they retain better and that leads to those much higher net dollar retention rates. So, 145% of our customers spending \$50,000 or more. When we can support those customers and make them more successful, that just directly translates to better efficiency on our sales and marketing efforts.

Matt Koss

Thank you very much.

Operator

For our last question, we have Rob Oliver with Baird.

Rob Oliver

Great. Good afternoon. Thank you guys for taking my questions. I have two. Dustin, one for you, and then Chris, I had a follow-up for you as well. So, Dustin, I'm just curious, as you guys really start to break into these much, much larger enterprise seat opportunities, in some cases, whole companies, you guys laid out this framework around your product early on and pyramid of clarity was one of those things. In your prepared remarks you talked about individual teams and executives. So, just curious as to, assuming you're involved with some of these larger deals, are you starting to see that pyramid of clarity for you guys to extend up to the executive suite in some of these deployments, where even at c-level they're benefitting from Asana and kind of driving some of that operational clarity that we know is happening at the knowledge worker level? And then I have one follow-up.

Dustin Moskowitz

Yes, absolutely. Particularly when we use wall to wall, that's always going to include the executives themselves, but even when that's not true (phon), and yes, the clarity at the top of the pyramid from a product perspective I really think about that in terms of the Universal Reporting functionality, portfolios and goals and all of those have been resonating very well with senior leaders in these large customers. So I think that's a I guess part of our success.

Rob Oliver

Okay, great. Thanks. And then, Chris, just one for you, and congrats on a well deserved retirement. But before—I just had a question on the partner network. You talked about it a little bit in recent months, to a previous question, and it sounds like it is bearing fruit internationally. You mentioned the large deal in India. Assuming that with you guys being in a lot more countries now that channel partners won't matter there internationally. Can you just talk about how you guys are (inaudible) with channel partners here in North America as well and whether they're currently involved in some of these larger deployments and how you see that evolving over the next couple of years, or maybe that's also for Anne. Thank you guys very much.

Chris Farinacci

Yes, sure. No, great question and thank you for the congratulations. So, yes, our channel partners' very strategic, as we talked about recently. I would say that typically the focus is a little bit different in North America than in international. International a lot of it is about coverage in new markets and reach where we don't have reps and that kind of thing. In the U.S., we're seeing a lot more traction. Sometimes it's around new segments where we don't have coverage that complements the team but it's also about services and providing total sort of mind share with the customer with the focus that they want to work with on the deployment and services side. And that's what's driving a lot of the North American deals.

So, I think in the future we could probably add color on the involvement of partners with some of these deals. I'd expect we'll be able to share that with you in the future.

Rob Oliver

That's helpful. Thanks again.

Operator

Thank you. With that, I will now turn the call back over to Catherine Buan.

Catherine Buan

Great. Thanks very much, Operator, and thank you, everyone, for joining us today. Please feel free to reach out and call if you have any follow-up questions, as usual, and we are looking forward to seeing you on the road or over Zoom this quarter. Thanks again.

Operator

This does conclude today's conference call. Thank you for your participation. You may now disconnect.