



BigCommerce Fourth Quarter and Fiscal Year 2024 Earnings Call: prepared remarks

February 20th, 2025

Tyler Duncan; Vice President, Finance and Investor Relations

Good morning, and welcome to BigCommerce's fourth quarter and fiscal year 2024 earnings call. We will be discussing the results announced in our press release issued before today's market open. With me are BigCommerce's Chief Executive Officer, Travis Hess; and Chief Financial Officer, Daniel Lentz. Today's call will contain certain forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements include statements concerning financial and business trends, as well as our expected future business and financial performance, financial condition, and our guidance for both the first quarter of 2025 and the full-year 2025. These statements can be identified by words such as expect, anticipate, intend, plan, believe, seek, committed, will or similar words. These statements reflect our views as of today only and should not be relied upon as representing our views at any subsequent date, and we do not undertake any duty to update these statements. Forward-looking statements, by their nature, address matters that are subject to risks and uncertainties that could cause actual results to differ materially from expectations.

For a discussion of the material risks and other important factors that could affect our actual results, please refer to the risks and other disclosures contained in our filings with the Securities and Exchange Commission. During the call, we will also discuss certain non-GAAP financial measures, which are not prepared in accordance with generally accepted accounting principles. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures, as well as how we define these metrics and other metrics is included in our earnings press release, which has been furnished to the SEC and is also available on our website at investors.bigcommerce.com.

With that, let me turn the call over to Travis.

Travis Hess; CEO

Good morning, everyone, and thank you for joining us today. I'm excited to share our progress and outline our plans for 2025.

I joined BigCommerce in May last year because I believe in its potential to lead modern commerce. And when the Board asked me to take on the CEO role, I was excited to lead the company and do just that. While we haven't yet achieved the growth this company is capable of, we're taking bold steps to improve our performance. Today, I'll focus on the specifics of those changes.

First, the numbers. We finished 2024 with non-GAAP operating income exceeding \$19 million, a \$25 million improvement over 2023 and nearly double our original forecast. Our non-GAAP operating margin expanded by 767 basis points, and we generated \$26 million in operating cash flow, a \$50 million improvement from last year. We made these gains by cutting ineffective sales and marketing spend, by reducing headcount approximately 10%, and by focusing on high-quality bookings with our customers.

This last year was a reforming one. We made major changes to our management team, rearchitected our go-to-market organization and implemented an operating model for profitable growth. It was a year of progress, but not nearly enough to meet our potential. We did not achieve our revenue growth targets, and that remains our number one priority today. We finished 2024 with \$333 million in revenue, up 8% year-over-year. Our ARR ended at nearly \$350 million, a 4% increase, and average revenue per enterprise account rose by 9%. We can and must do better. To get there - step one - we must improve the efficiency and efficacy of our sales, marketing, customer service and strategic partnerships. This is crucial to unlock the company's full growth potential.

Net revenue retention for enterprise accounts finished at 99%, which is below past performance and also below what I'm confident we can achieve. Non-GAAP sales and marketing expenses were 36% of revenue, a notable improvement from 41% in 2023 and 46% in 2022. We want growth but it has to be efficient, and the changes we have been implementing have set us up to do so.

Now I want to talk about the decisive actions we are taking in three key areas:

1. Recruiting top leaders with SaaS and commerce expertise.
2. Revamping our go-to-market organization—sales, marketing, strategic partnerships, customer success, and operations.
3. Transforming our product and market positioning to drive growth.

Let's address each.

First, our leadership team. In the last few months, we've added exceptional leaders to drive BigCommerce's next growth phase. Michelle Suzuki joined as Chief Marketing Officer in January, bringing expertise from Glassbox and Instructure. Rob Walter joined as Chief Revenue

Officer in late January, bringing extensive experience from Oro, Salesforce Commerce Cloud, and Channel Advisor. Marcus Groff, our new SVP of Engineering, joined in January from AWS and formerly Salesforce Commerce Cloud and Demandware, and Tracy Turner, our new SVP of Revenue Operations, joined in November from Hootsuite. Together, they bring expertise that will be instrumental in transforming our business. Over the last year, we have replaced the majority of senior executive roles in our sales, marketing, operations, and customer success teams. The new team is in place, and I'm excited about the talent and enthusiasm this team has brought to our transformation efforts.

Second, we have completely rearchitected our sales, marketing, strategic partnerships, customer success, and operations organizations. We have three owned products in our portfolio today: our flagship commerce platform, BigCommerce; our AI-based product data feed management platform, Feedonomics; and our brand and commerce site builder and visual editor, Makeswift. Prior to the fourth quarter of 2024, teams, systems, and operational processes for these three products functioned largely in separate silos. We have integrated all three products both operationally and commercially and have organized the teams around three offering groups: B2C, B2B, and Small Business. We have a dedicated general manager over each of these three offerings, and our sales and marketing teams are now aligned with these offerings - rather than exclusively by product.

We are leveraging AI to enhance sales efficiency, enabling sellers and account managers to identify opportunities and create targeted outreach. Specifically, AI analyzes customer and prospect attributes, use cases, patterns and market needs and aligns them to capabilities our products have in the market. AI is also improving product support and core features, from commerce site migration and development in BigCommerce to optimizing inventory availability, product data and order routing in Feedonomics for more profitable and frictionless customer experiences. In short, by predicting what our customers want and what barriers they may be facing in their particular market or segment, AI is enabling us to service them better, faster and less expensively.

We are ramping up our sales team, adding experienced B2C and B2B sellers to target key opportunities and increasing the number of Account Managers to drive expansion among our existing customers. We are on track to double our quota-carrying sales team by mid-2025.

Finally, we are transforming our product and market positioning. The recent launch of Catalyst at the National Retail Federation conference in New York in January is a prime example. Catalyst is our accelerated reference architecture which leverages best-in-class components and tech partners - taking advantage of the scale and agility of composability at a fraction of the cost, time and complexity typically associated with composable architectures. This means robust capabilities, scale and industry leading agility for brands, retailers, manufacturers and distributors - with significantly reduced total cost of ownership. Catalyst also provides best-in-class visual editing via Makeswift for business users and marketers without the need of developers. We are planning a hosted version of Catalyst later this year which will also include a self service version of Feedonomics targeted at lower mid market and small business B2C and B2B customers. The overall response from customers, partners, and commerce industry

analysts has been overwhelmingly positive, and we plan to introduce more bundled solutions like Catalyst in 2025, tailored to specific markets and industries.

As we move into 2025, we remain committed to our three strategic priorities:

1. Reaccelerating revenue growth profitably—our top priority.
2. Operate with discipline and focus—eliminating non-core initiatives to drive long-term growth.
3. Execute our sales and marketing transformation—we've set the strategy, aligned the teams, and recruited critical leaders. Now, it's time to deliver.

Transformations are challenging, but I believe in BigCommerce's potential to lead the future of commerce. We have the right team, a differentiated approach, and an immense market opportunity. I remain confident in our path forward, and I'm excited to continue this journey with all of you. With that, I'll turn it over to Daniel.

Daniel Lentz; CFO

Thank you, Travis, and good morning, everyone.

I'm pleased to walk through our Q4 and full-year 2024 financial results, highlight key progress areas, and outline our 2025 expectations.

In Q4, we delivered revenue growth in line with expectations and significantly outperformed on profitability. Q4 revenue reached \$87 million, up 3% year-over-year, while full-year revenue grew 8% to \$333 million. Non-GAAP operating income, which excludes stock-based compensation, restructuring costs, acquisition related costs and amortization of intangible assets, was just over \$10 million in Q4 and \$19 million for the year - a strong improvement from \$5 million in Q4 2023 and a \$6 million loss for full-year 2023. Our non-GAAP operating margin improved to nearly 6% in 2024, up from -2% in 2023 and -17% in 2022.

Cash flow also improved meaningfully. Operating cash flow hit \$12 million in Q4 and \$26 million for the year - a \$50 million swing from 2023's \$24 million loss. We reduced stock-based compensation as a percentage of revenue by 254 basis points for the full-year and will continue prioritizing minimal net dilution in our equity program. For the twelve months ended, basic shares outstanding were 77.6 million, up 3% year-over-year, and fully diluted shares outstanding were 79.5 million, down 4% year-over-year.

We closed Q4 with an annual revenue run rate (ARR) of nearly \$350 million, up 4% year-over-year. Enterprise ARR grew 7% to \$262 million, now representing 75% of total company ARR. Non-enterprise ARR declined 4% to \$88 million.

Profitable revenue growth remains our top priority, and 2024 marked a transformation across the business. We instilled greater discipline and rigor, delivering significant improvements in

profitability and cash flow. We streamlined operations, restructured go-to-market teams, and reduced headcount by approximately 10% as of the end of year. We also repurchased a portion of our 2026 Convertible notes by an additional \$59 million early Q1 2025, leaving us with \$154.1 million in total convertible debt - \$4.1 million maturing in 2026 and \$150 million maturing in 2028 - and \$126 million in cash, cash equivalents and marketable securities after these repurchases. Net debt now stands at roughly \$28 million. Our financial position is strong, and our outlook supports servicing and repaying this debt.

For Q1 2025, we expect revenue of \$81.2 million to \$83.2 million. We expect non-GAAP operating income of \$4 million to \$5 million. For the full-year 2025, we expect revenue of \$342.1 million to \$350.1 million and non-GAAP operating income of \$20 million to \$24 million.

While we expect an improving pipeline as a result of our go to market adjustments and new hires, early 2025 growth will likely mirror Q4 2024 as our transformation actions take root. We are targeting mid-single-digit growth rates for the full year, with ARR growth gradually accelerating. We were pleased with our better than expected margin expansion in Q4 and are aiming for additional low-to-mid single-digit operating margin expansion in 2025. We plan to reinvest where ROI is strong - balancing continued margin expansion and reaccelerating revenue growth.

Our outlook assumes consumer spending and business investment trends remain consistent with 2024. Given macroeconomic uncertainties, we are taking a conservative stance - but to be clear, we are not satisfied with these projected growth rates. Transformations like the one we are undertaking take time, but we are laser-focused on unlocking this company's full potential and excited about what lies ahead.

I look forward to sharing more at our Investor Day in New York on March 11.

Operator, let's move to Q&A.