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TENB.OQ - Q2 2019 Tenable Holdings Inc Earnings Call

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PRESENTATION

Operator

Greetings and welcome to the Tenable Second Quarter Earnings Call. (Operator Instructions) As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Andrea DiMarco, Vice President Investor Relations and Strategy. Please go ahead.

Andrea DiMarco - *Tenable Holdings, Inc. - Head of IR*

Thank you, operator, and thank you all for joining us on today's conference call to discuss Tenable's second quarter financial results.

With me on the call are today Amit Yoran, Tenable's Chief Executive Officer; and Steve Vintz, Chief Financial Officer.

Prior to this call, we issued our earnings release for the second quarter financial results, which is available on the Investor Relations section of our website.

Let me remind you that we will make forward-looking statements during the course of the call, including statements relating to Tenable's guidance and expectations for the third quarter and full year 2019, growth and drivers in Tenable's business, changes in the threat landscape in the security industry and our competitive position in the market, growth in our customer demand for and adoption of our solutions and planned innovation in new products and services. These forward-looking statements involve risk and uncertainties, some of which are beyond our control, which could cause actual results to differ materially from those anticipated by these statements. You should not rely upon forward-looking statements as a prediction of future events. Forward-looking statements represent our management's beliefs and assumptions only as of today and should not be considered representative of our views as of any subsequent date. We disclaim any obligation to update any forward-looking statements or outlook. For a further discussion of the material risks and other important factors that could affect our actual results, please refer to those contained in our most recent annual report on Form 10-K and quarterly report on Form 10-Q filed with the SEC and subsequent reports that we file with the SEC, which are available on the SEC website at sec.gov.

In addition, during today's call, we will discuss non-GAAP financial measures. Our earnings release that we issued today includes GAAP to non-GAAP reconciliations for these measures.

And now let me turn the call over to Amit.

Amit Yoran - *Tenable Holdings, Inc. - President, CEO & Chairman*

Thank you, Andrea, and thank you for joining us on the call today. For the second quarter, revenue grew 34% year-over-year to $85 million, and calculated current billings grew 27% year-over-year to $98 million.

We exceeded guidance across all metrics for the quarter, and we are raising our revenue target for the full year and improving our profit outlook. We also saw a continued strength in our enterprise business across multiple sectors including financial services, healthcare and energy and global geos including Japan, Latin America, India, among others.

In conjunction with our larger enterprise transactions, we are seeing longer and more complex enterprise sales cycles, which we are applying to our outlook for the year resulting in a broader range of calculated current billings. This is now reflected in the $407 million to $417 million guidance for 2019 on calculated current billings.

With that, I'd like to provide some color on what we're seeing in the market. Customer interest and demand for vulnerability management and Cyber Exposure remains very strong. We are pleased with the demand generation and sales activities we are experiencing. Organizations are turning to Tenable because we are uniquely able to address the broadest set of use cases across very complex technology environments. In particular, we are seeing significant interest from a growing number of enterprise prospects that are evaluating sizable deployments of Tenable. This is evidenced by the 44 net new 6-figure customer wins in the quarter and the 352 new platform adds, which represent a new record high for us. This is great validation of our Cyber Exposure strategy and demonstrates the need for risk-based solutions in the vulnerability management market.

We remain very positive about the outlook for Tenable. We have developed a highly differentiated portfolio of best-of-breed solutions that address a large, growing and highly strategic market opportunity. We are confident that we are on the right path and well positioned for the future. This shift from compliance-based to risk-based solutions continues to be reinforced in the marketplace. And again, our new platform adds and 6-figure adds provide a clear indication that we are experiencing increased traction landing customers at scale in the enterprise market.

As a reminder, Tenable measures and manages Cyber Exposure, the foundation of which is accurately identifying assets, investigating their level of exposure and providing risk metrics and prioritized recommendations for mitigating and reducing risk.

Prioritization has been a huge challenge for the vulnerability management market. Tenable's Predictive Prioritization technology addresses this challenge head-on. We leverage machine learning to correlate our own vulnerability data with threat data across multiple data sources. Our assessment of how exploitable a particular vulnerability is, dramatically improves remediation activities by focusing efforts on the vulnerabilities that matter most.

In the months leading up to Edge, our user conference in Q2, we launched Predictive Prioritization capabilities on both Tenable.sc and Tenable.io. A few months later, some of our early adopter customers got up on stage and talked about their experience with this new capability. One of our large healthcare customers talked about the importance of prioritization, sending a constant churn of awareness and stress over deciding what do we patch first. Their CISO shared insights into how Predictive Prioritization provides critical context about the real-world threat potential of a particular vulnerability. Our Predictive Prioritization technology significantly enhanced engagement across their security and IT operations teams. The customer indicated that Predictive Prioritization made the patching process much more efficient and productive.

Another customer, a midsized information services company, mentioned how powerful the Predictive Prioritization capability is for them. They said it is saving their staff a tremendous amount of time focusing only on what needs to be remediated.

I'm very pleased to say, at Edge we unveiled a demo of Tenable Lumin, our Cyber Exposure analytics platform. Lumin enhances our Predictive Prioritization innovation by shifting the analysis from a threat-centric approach to a risk-based approach. Initially, Lumin adds asset criticality, the first of many metrics we'll bring together to correlate with vulnerabilities to measure Cyber Exposure. With Lumin, organizations can accurately score, trend and benchmark their Cyber Exposure based on the likelihood that a particular vulnerability would be exploited and the business criticality of the impacted asset. Lumin is currently being evaluated by select group of customers. Based on the great feedback we are getting, we'll be significantly broadening the number of customers participating in the eval.

With that, I'd like to now highlight just a few 6-figure wins from the quarter as evidence of vulnerability management's growing strategic importance, our role in securing the cloud and continued investments in Cyber Exposure.

One of our new logo wins, a global technology company, had a newly formed division for which the information security team needed to audit their asset inventory and secure an infrastructure spanning multiple countries. They also had to secure heterogeneous cloud environments across multiple public cloud vendors. For this customer, Tenable.sc with cloud connectors for asset discovery solved their needs along with our integration with Splunk, AWS and other technologies. In addition, the customer told us that Tenable's brand equity helped win this new logo as the decision-maker used sc at a prior company. This win is a great example of our brand reputation and a rapidly expanding coverage for cloud assets.

Another new logo win, a very competitive win, was a Fortune 500 healthcare company. This customer was accelerating the maturity of their VM program and needed better prioritization and reporting capabilities and better API integration with partners such as ServiceNow. This customer chose a full turnkey suite of Tenable products: Tenable.io and Tenable.sc combination with web application scanning, container, PCI capabilities and professional services. This is a great example of our ability to cross-sell multiple products as part of a unified platform.

Tenable's improved accuracy and performance made the point, scanning in 2 hours what took a competitor 3 days. All of these wins are evidence that the market continues to prioritize the best-of-breed strategic approach to understanding cyber risk, positioning Tenable as the go-to-solution in this critical category.

I'm also excited to announce that we have appointed Dave Feringa as Head of Worldwide Sales. Dave has extensive experience running sales at high-growth public software companies such as F5.

During his tenure at F5, he oversaw growth from $300 million to $1.8 billion and has tremendous experience with larger, more strategic enterprise sale. Dave has been with Tenable since the beginning of the year.

Before I turn the call over to Steve, I want to acknowledge the departure of John Negron, our Chief Revenue Officer, from the organization and thank John for his contribution to Tenable's growth.

With that, I'd now like to turn the call over to Steve to walk through our financial results for the quarter and for the year.

Stephen A. Vintz - *Tenable Holdings, Inc. - CFO*

Thank you, Amit. I will discuss our Q3 and full year guidance momentarily, but I'll start with a review of our Q2 results. I'll begin by reminding you that except for revenue, all financial results we will discuss today are non-GAAP financial measures, unless stated otherwise.

As Andrea mentioned, at the start of the call, GAAP to non-GAAP reconciliations may be found in our earnings release issued earlier today and posted on our website.

Now onto the results for the second quarter. Revenue for the quarter was $85.4 million, representing 34% growth over the same quarter last year.

It's worth noting that approximately 91% of our revenue recognized in the quarter was recurring, which is a benefit of our subscription model.

Calculated current billings, defined as the change in current deferred revenue plus total revenue recognized in the quarter, grew 27% year-over-year to $98.1 million in the second quarter of 2019.

One of the highlights of the quarter is customer momentum. We added 44 new 6-figure customers in the quarter, bringing the total number of customer spending in excess of $100,000 annually to $538,000. This healthy rate of new 6-figure customers is a result of our continued focus in investment in the enterprise market, where we are adding resources, including named account reps, to generate higher land and expand.

Another important point to make is that we still continue to see a robust greenfield opportunity from customers without a formal VM-wide enterprise program.

In the second quarter, we added 352 new enterprise platform customers. As a reminder, as much as 1/4 to 1/3 of our new logo adds in any given quarter can come from greenfield opportunities, and we expect this to continue as vulnerability management and Cyber Exposure more broadly become increasingly strategic spending priorities.

I also want to note that renewals continue to be strong. Our net dollar retention rate for the quarter was 117%. And when you include upsell from perpetual license customers, the rate was 124%.

Keep in mind, there will be natural fluctuations in this rate quarter-to-quarter.

I'll now turn to expenses and profitability.

Gross margin was 85% in Q2, which is on par with Q2 last year and Q1 of 2019. This is better than expected as investments we are making in public cloud infrastructure with the delivery of our Tenable.io platform are scaling more efficiently.

Overall, Tenable continues to enjoy attractive gross margins on increasing demand and adoption for Tenable.io globally, all while providing a product platform that offers hybrid deployment options based on our customers' requirements. We continue to add new functionality and additional points of presence globally.

Now turning to operating expenses. We are focused on improving operating leverage in our business over the long term and continue to see some natural leverage in the business in Q2.

Sales and marketing expense in Q2 was $51.8 million compared to $41.2 million in the second quarter last year. This represents 61% of revenue for the quarter, down from 65% in Q2 2018 and essentially flat with the prior quarter.

As a reminder, sales and marketing expense, as a percentage of revenue, is typically higher in the first half of the year due to a large number of industry and other events as well as incremental investment in sales capacity, which is expected to produce leverage over time.

R&D expense in Q2 was $19.3 million compared to $17.2 million in Q2 of last year. As a percent of revenue, R&D was 23% versus 27% in Q2 of last year and down from 25% in Q1.

Innovation remains the top priority for us across all of our products but especially around data science, analytics and coverage of new paradigm assets, including OT, IoT, cloud and containers.

G&A expense was $12 million for the quarter compared to $8.9 million in Q2 last year. As a percent of revenue, G&A was 14%, which is flat from Q2 of 2018 and down from 15% last quarter. The year-over-year increase largely reflects new costs associated with being a public company.

Now onto non-GAAP loss from operations in the quarter, which was $10.7 million compared to a loss of $13.3 million in Q2 last year.

Non-GAAP operating margin was negative 13% compared to negative 21% for the second quarter last year, and negative 16% in Q1.

Pro forma non-GAAP loss per share was $0.10, which is $0.04 above our guided range of a loss of $0.15 to a loss of $0.14 per share.

Approximately, $0.02 of the beat was attributed to better-than-expected revenue with the remainder due to better overall gross margins and operational efficiency.

Our EPS guidance for the full year has increased approximately $0.10 as we continue to realize leverage in the operating model.

Now focusing on the balance sheet. We finished the first quarter with $297 million in cash and cash equivalents and short-term investments.

In regard to cash flows, free cash flow burn was $5.2 million for the quarter compared to a burn of $1.1 million for the second quarter of 2018.

The employee stock purchase plan benefited Q2 free cash flow by $3.9 million as contributions from employees received are included in cash flows from operating activities. Such amounts will be reclassed as a financing activity when the related shares are purchased in the subsequent quarter. Notwithstanding this movement on a quarterly basis, the ESPP is not expected to have a significant impact on free cash flow on an annual basis.

Since we're on the topic of cash flow, as a reminder, we continue to expect to use approximately $10 million of net cash for the new headquarters build-out, primarily in the second half of 2019. This consists of a total of $23 million of capital expenditures for leasehold improvements and equipment, that will be offset by $30 million in construction allowance from the landlord. In terms of timing, new HQ CapEx is anticipated to be approximately $11 million in the second half of 2019 and more heavily weighted towards the fourth quarter, and approximately $12 million in the first half of 2020. So just to be clear, only $10 million is expected to be incurred out of pocket for this project, which is consistent with what we have discussed previously on our calls.

The amounts related to the build-out of our new headquarters are in addition to our normal CapEx. We're still targeting to become free cash flow-positive as we exit 2020.

Now let's turn to the guidance. For the third quarter of 2019, we currently expect revenue to be in the range of $88 million to $89 million, non-GAAP loss from operations to be in the range of $12 million to $11 million, non-GAAP net loss in the range of $11.5 million to $10.5 million and pro forma non-GAAP net loss per share in the range of $0.12 to $0.11, assuming weighted average common shares outstanding of 96.7 million.

For the full year 2019, we currently expect revenue of $346 million to $349 million, calculated current billings of $407 million to $417 million, non-GAAP loss from operations in the range of $50 million to $48 million, non-GAAP net loss in the range of $48 million to $46 million and pro forma non-GAAP net loss per share in the range of $0.50 to $0.48, assuming weighted average common shares outstanding of 96.1 million.

As discussed earlier, we are raising our revenue targets for the full year and improving our profit outlook. With regard to calculated current billings, we are seeing continuous success in large enterprises with an increasing mix of larger, more complex opportunities in the pipeline.

While this is a positive evolution of our go-to-market strategy, this combined with the change in sales leadership, makes our outlook potentially more variable. As a result, we believe it's appropriate to guide to a wider range for calculated current billings than previously provided.

It's also worth reminding you of the seasonal patterns of our business. Calculated current billings is seasonally strongest in the fourth quarter and represents our largest quarter for both new business and renewals.

In summary, we're pleased with our Q2 results and in particular the progress we're making in the enterprise market and traction of larger opportunities while delivering continued leverage and growth.

And now I'll turn the call back to Amit for some closing comments.

Amit Yoran - *Tenable Holdings, Inc. - President, CEO & Chairman*

Thanks, Steve. We continue to be excited about the opportunity in vulnerability management and pioneering Cyber Exposure. We are very pleased to see the increasing strategic role VM is playing in the market. We believe the combination of our differentiated technology, even stronger now with Predictive Prioritization, our data integration capabilities and our strategic approach to VM position Tenable to successfully aid our customers in their journey to secure their digital transformation.

Thank you all for joining the call today. We look forward to seeing many of you during our upcoming events. We'll be at Black Hat again this year, and we'll be participating in Citi's Annual Technology Conference in New York on September 4. We'll also be at Deutsche Bank's Annual Tech Conference in Las Vegas on September 10. We hope to see many of you in person. We appreciate your interest in Tenable.

And we'd now like to open the call up for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Sterling Auty with JPMorgan.

Unidentified Analyst

This is Matt on for Sterling. Just wanted to ask about the traction that you guys have seen with the IoT partnerships like Siemens. If you guys could comment a bit on that?

Amit Yoran - *Tenable Holdings, Inc. - President, CEO & Chairman*

Yes. I think it's early in the IoT and operational technology and the control system technology's security adoption cycle. But we're seeing increased interest and several notable transactions, which we've highlighted in some of our previous earnings calls. We continue to see that momentum building, and we think we're extremely well positioned as CISOs and IT security teams start increasingly playing a critical role in securing operational technology. So we think we're well positioned. It's early in the market, but we think it's a great future opportunity.

Operator

Our next question comes from the line of Gur Talpaz with Stifel.

Gur Yehudah Talpaz - *Stifel, Nicolaus & Company, Incorporated, Research Division - Analyst*

So Amit, you mentioned longer and more complex enterprise sales cycles being, in part, a driver of the wider range here in the end in current billings guide. I was hoping you could elaborate a bit more on that. Is that being driven in part because of perhaps some of the broader expansion you're seeing in terms of asset coverage? Or maybe just give us some incremental color here as to why these sales cycles are becoming inherently more complex?

Amit Yoran - *Tenable Holdings, Inc. - President, CEO & Chairman*

Yes. Thanks, Gur. I think it's definitely part of it. To me, this is just proof of the increasing maturity of the Cyber Exposure market. More enterprises are taking their cybersecurity and their assessment of risk with greater seriousness than they have previously. Core to that is their VM program, and so we're seeing enterprises being a lot more strategic in how they're approaching VM in Cyber Exposure. I think that's evidenced by the increasing number of new enterprise platform wins in the period as well as more 6-figure transactions. And so we see this trend where enterprises are being more strategic about their VM, their engagement around VM, and that's translating into larger transactions but also more complex sales cycles with more people involved in the process. It's sort of just the maturity of VM accelerating.

Gur Yehudah Talpaz - *Stifel, Nicolaus & Company, Incorporated, Research Division - Analyst*

Okay. That's helpful. And then in the quarter itself, you did launch Lumin. I was hoping maybe you could give us some color as to what you've seen kind of thus far with Lumin sort of being out in the marketplace for a few months now. What's the customer response been like? Has that also been sort of a contributor to this increased complexity but also this increased strategic value you just alluded to?

Amit Yoran - *Tenable Holdings, Inc. - President, CEO & Chairman*

Yes. We have Lumin available to a subsegment of our customer population, and recently -- or I'm sorry, over the next short period, we'll be increasing the number of customers on the platform. I think the initial response has been incredibly favorable, enterprises looking at it and saying, hey, this is really changing how we think about exposure and risk. In several cases, they've actually brought their CIOs into the conversation as this starts elevating people's understanding of risk. And in other instances, large enterprises looking and saying hey, we've been trying to build out a similar type of lens organically, and we like where you guys are going with this. So we think it does speak to the more strategic nature of Cyber Exposure.

Operator

Our next question comes from the line of Jonathan Ho with William Blair.

Jonathan Frank Ho - *William Blair & Company L.L.C., Research Division - Technology Analyst*

Can you hear me okay?

Amit Yoran - *Tenable Holdings, Inc. - President, CEO & Chairman*

We can, Jonathan.

Jonathan Frank Ho - *William Blair & Company L.L.C., Research Division - Technology Analyst*

So just with regards to the sales leadership change, could you give me or give us a little bit of additional color in terms of the potential impact that potentially could be there as well as whether there's any impact to hiring at all?

Amit Yoran - *Tenable Holdings, Inc. - President, CEO & Chairman*

Yes. I don't think there's a particular impact on hiring. I think you've seen over the last couple of years an increase in size and quality of the sales organization and company's continued growth. We brought Dave Feringa in earlier this year, who has tremendous experience in scaling enterprise and complex sales, cycles and larger transactions. So we think this is just the next stage of evolution of the path that we began 3, 4 years ago becoming a more enterprise-focused, enterprise-oriented security partner.

Jonathan Frank Ho - *William Blair & Company L.L.C., Research Division - Technology Analyst*

Got it. And then with regard to Predictive Prioritization, can you talk a little bit about whether you're seeing that impact win rates? Or maybe what customer reception has been for that product or that augmentation?

Amit Yoran - *Tenable Holdings, Inc. - President, CEO & Chairman*

Yes. We've had fairly strong and very favorable win rates against our competitors for some period of time now. So we haven't -- at least, I'm not aware that we would attribute a change in win rate to Predictive Prioritization but certainly continued commitment to the VM and Cyber Exposure use case. We've heard anecdotally that customers view this as -- and are using this as a method of changing the strategic nature of how their security team engages with IT operations, and that it's a pretty significant competitive differentiator for us. We haven't quantified it.

Jonathan Frank Ho - *William Blair & Company L.L.C., Research Division - Technology Analyst*

Got it, got it. And then just one last one for me. In terms of the mix between Tenable.sc and .io, was there anything meaningful there in terms of the composition?

Stephen A. Vintz - *Tenable Holdings, Inc. - CFO*

No, the Tenable.ios continue to represent a growing and sizable percentage of our new enterprise sales, and we're -- this quarter was no different.

Operator

Our next question comes from the line of Dan Ives with Wedbush Securities.

Daniel Harlan Ives - *Wedbush Securities Inc., Research Division - MD of Equity Research*

So maybe as you're looking at the landscape in terms of sales cycles and just deals in the enterprise, are those consistently -- from a competition perspective, are there any changes there in terms of who you're seeing as well as ones that are even being noncompetitive now as you're going into some of these enterprise deals?

Amit Yoran - *Tenable Holdings, Inc. - President, CEO & Chairman*

No, actually, we have -- we've really seen no material change in the competitive landscape over the past quarter and say over recent quarters. The most notable thing is just our continued focus on the market as a best-of-breed provider and commensurate with our investment both in go-to-market and R&D, I think, we enjoy a favorable position in the competitive market.

Daniel Harlan Ives - *Wedbush Securities Inc., Research Division - MD of Equity Research*

Okay. And then just in terms of billings, as we go throughout the year, just maybe just dig a little more into some of the variability as we go into the back half of the year on the billing side and point into your guidance?

Stephen A. Vintz - *Tenable Holdings, Inc. - CFO*

This is Steve. So as Amit commented earlier, we are seeing more larger deals. This is a positive evolution of our go-to-market strategy. Recall, last year we began hiring named accounts for the first time. It was around midyear. Coming up on the anniversary of that, we are seeing larger deals, and we're having success filling the top of the funnel. So that combined with the sales leadership change creates the potential for variability, and we think that necessitates a wider range and the wider range we're offering today is $10 million and that's not unusual given companies of our size.

Operator

Our next question comes from the line of Gray Powell with Deutsche Bank.

Gray Wilson Powell - *Deutsche Bank AG, Research Division - Research Analyst*

Maybe just at a high level, how do you feel about the broader demand environment in 2019 relative to 2018? And has anything changed your view on that, just the last few months?

Amit Yoran - *Tenable Holdings, Inc. - President, CEO & Chairman*

No, I think the demand environment remains exceptionally strong. And if anything, we're seeing the increased number of enterprise platform lands and the increased number of 6-figure transactions and the increasing strategic nature of the enterprise procurements as further validation that the market remains healthy and strengthening. So demand continues to grow, and we remain excited about the opportunity with Cyber Exposure.

Gray Wilson Powell - *Deutsche Bank AG, Research Division - Research Analyst*

Okay. And then I know, obviously, you guys aren't going to give like 2020 guidance on this call, but have you seen anything that would change your long-term view of the growth opportunity?

Stephen A. Vintz - *Tenable Holdings, Inc. - CFO*

The answer is no. We don't provide guidance beyond the current fiscal year, but what we can say is that we remain just as confident in our ability to drive long-term sustainable growth now than before, especially given the size of the Cyber Exposure market that we're pioneering. So we think all the elements are in place for a strong growth, and we believe we're well positioned in our market.

Operator

Our next question comes from the line of Joshua Tilton with Berenberg.

Joshua Alexander Tilton - *Joh. Berenberg, Gossler & Co. KG, Research Division - Associate Analyst*

Just 2 quick ones for me. The first one, was there any benefit in the quarter from Fed deals that would have closed last quarter but they were pushed out a little because of the shutdown?

Amit Yoran - *Tenable Holdings, Inc. - President, CEO & Chairman*

No. Very little. Most of the Fed business from the shutdown came earlier in the year in Q1, to a lesser extent in Q2, so very little.

Joshua Alexander Tilton - *Joh. Berenberg, Gossler & Co. KG, Research Division - Associate Analyst*

Okay. And then just a follow-up on the elongated sales cycle, I know it's been asked a lot. But there's more people involved in the transaction, should we expect larger land deals as these organizations look to be more enterprise-wide in their deployment off the bat in regards to maybe assets under management?

Amit Yoran - *Tenable Holdings, Inc. - President, CEO & Chairman*

I do -- we do see both larger lands and I think larger expands because enterprises are definitely treating their VM programs and their understanding of cyber risk and Cyber Exposure more strategically. And I think that's consistent with more strategic procurement of security technologies in other segments of the security market. The sales cycles and complexities are no different than -- at this point then you see in other strategic segments of the security market.

Operator

(Operator Instructions) Our next question comes from the line of Nick Yako with Cowen and Company.

Nicholas Andrew Yako - *Cowen and Company, LLC, Research Division - VP & Senior Analyst*

Just a couple on Lumin. Just curious if you could talk about the pricing model for that product? And then just how you're thinking about overall revenue contribution, maybe not in '19 but when we get into 2020?

Amit Yoran - *Tenable Holdings, Inc. - President, CEO & Chairman*

Yes. I'll take the first part of that, and then I'll turn it over to Steve. We have not yet finalized or disclosed the pricing model for Lumin. But we currently anticipate it to be aligned with the pricing model we have for the rest of the product portfolio. So specifically anticipate a per asset-based pricing model, increased number of assets, increased price, and that seems to scale well with customer requirements as well as market expectations. And Nick, is there a follow-up to that question?

Nicholas Andrew Yako - *Cowen and Company, LLC, Research Division - VP & Senior Analyst*

Yes. I guess maybe more longer term, obviously, Lumin is a big focus area for the company in '19 but just curious if there's anything you can share around the product road map beyond Lumin, and sort, of key investment areas in the back half of this year and into 2020?

Amit Yoran - *Tenable Holdings, Inc. - President, CEO & Chairman*

Yes. I think from Tenable's perspective, our road map activity remains focused in 3 specific areas, all around this core use case around assessing and understanding the Cyber Exposure and risk and helping you better manage that risk. So the first fanatic capability is around the breadth of visibility. So computers -- not just desktop, server, workstation but helping enterprises with their cloud environments where we've done a lot of work in recent periods, their OT environments, their DevOps environments and helping people really reflect where the exposure exists in their environment.

The second road map theme that is a focus area for Tenable is in the analytic work that we're doing, translating what's historically been volumes of data about vulnerabilities and helping people -- helping enterprises prioritize which vulnerabilities matter most and are on the most critical assets to help them prioritize -- and understand risk and prioritize what to remediate as well as how they benchmark relative to their peer group and other forms of analysis that we'll be introducing as those capabilities mature.

The third thematic -- theme to -- thematic element to our road map is really focused on the ecosystem. As a best-of-breed provider we've got a very open set of APIs, we also have tight integration with strategic enterprise IT technologies. We enjoy strategic partnership with ServiceNow, with Splunk, with AWS, with other providers, enterprise providers in the market and believe that our best-of-breed approach minimizes the competitive overlap with those providers, and we end up enjoying a preferred status both from a go-to-market perspective as well as from an integrated capabilities perspective.

Operator

Ladies and gentlemen, we have reached the end of the question-and-answer session. And this does conclude today's conference. You may disconnect your lines at this time. Thank you for your participation.