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PRESENTATION

Operator

Good day, ladies and gentlemen, and thank you for standing by. Welcome to the First Quarter 2018 BlackLine Earnings Conference Call. (Operator Instructions) As a reminder, this call may be recorded.

Now, I would like to welcome and turn the call to Maria Riley with Investor Relations.

Maria Riley - *The Blueshirt Group, LLC - Director*

Good afternoon, and thank you for your participation today. With me on the call is Therese Tucker, Founder and Chief Executive Officer of BlackLine; and Mark Partin, Chief Financial Officer.

Before we get started, I would like to note that certain statements made during this conference call that are not historical facts, including those regarding our future plans, objectives and expected performance are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent our outlook only as of the date of this conference call. While we believe any forward-looking statements we have made are reasonable, actual results could differ materially because the statements are based on our current expectations and are subject to risks and uncertainties. We do not undertake and expressly disclaim any obligation to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Also, unless otherwise stated, all financial measures discussed on this call will be non-GAAP. A discussion of why we use non-GAAP financial measures and a reconciliation schedule showing GAAP versus non-GAAP results is currently available in our press release, which may be found on our Investor Relations website at investors.blackline.com or on our Form 8-K filed with the SEC today.

Now I will turn the call over to Therese to begin. Therese?

Therese Tucker - *BlackLine, Inc. - Founder, CEO & Director*

Good afternoon, everyone, and thank you for joining us today. We are happy to report that the year is off to a good start, and we are pleased with our solid first quarter performance. It is still early in the year, and Q1 is traditionally a seasonal quarter for us, yet we like the trends that we saw and are encouraged by our prospects for this year.

Our demand environment, competitive positioning and renewal rates all remain strong. And we are making progress on our key priorities for the year. I would like to share with you a few key highlights. We achieved 34% revenue growth and delivered positive net income. We've added 89 net new customers, which reflects 24% growth over Q1 of last year, and we now have approximately 2,300 customers with over 200,000 users from broad and diverse industries across the globe.

In a few minutes, I'm going to talk about some of the customers we have added and how we are helping them use our products to modernize and transform their accounting functions.

The customer growth in the quarter was well balanced between both enterprise and mid-market customers, and across all geographies and industries. And we had another good quarter for our strategic products, the Intercompany Hub and Smart Close. We continued to see greater expansion opportunities with Smart Close, as customers experience first-hand the benefits of using robotic process automation for their financial close. For example, this quarter, one of our large Fortune 100 technology customers that began using Smart Close last year is expanding and now rolling out the solution to more of its entities in order to simplify, standardize and automate their financial close in SAP.

Earlier this year, I laid out the top initiatives for 2018 that we saw as the key building blocks for our long-term growth strategy. And in Q1, we executed well on them. During the quarter we made good progress with our partnership initiatives and activities. The investments that we have made in our partnerships, along with the increase in joint marketing events have continued to build our pipeline and deliver results as 6 of our top 10 largest deals in the quarter, and over 50% of the deals over $100,000 were partner influenced.

Notably in the last few quarters, our win rate is higher when we go to market with a strategic partner. Their consulting services and references helped move the ball forward in large and increasingly complex projects like finance transformation. This year, we will continue to explore new avenues to expand and leverage our global footprint through our partners.

I am pleased to report our recently appointed COO, Marc Huffman, is fully on board and growing our sales and customer-facing organizations. I am sure that many of you are curious to know more about what he's been up to since joining BlackLine, but it is still early days. As Marc has seen firsthand, there's a great deal of interest and demand for our solutions as companies face the future of finance and digital transformation.

It is the underpinning of what we believe is a large total addressable market that remains largely unpenetrated. Marc's experience in large deals, leveraging partnerships and moving into new international markets are all areas where we see opportunities for BlackLine to scale, and where he can bring a lot of value. For example, just last week, Marc spoke at NetSuite's annual customer event, where he discussed the value companies can realize by using BlackLine alongside their NetSuite ERP.

And finally, it would not be a BlackLine call if we did not spend some time talking about our great customers. We have many efforts underway to ensure that they have the best user experience they possibly can with BlackLine. For us, this not only includes lavish customer support and great software to make their lives easier, but it also involves expanding our thought leadership and creating an environment where our customers can thrive.

At our best practices summits, we bring together partners, customers and prospects to share use cases, insights and the power of BlackLine's transformational Continuous Accounting framework. We had close to 200 companies attend the best practices summits we held this quarter in New York and Los Angeles.

One of the recurring themes we heard at these events from companies of all sizes, industries and verticals was that the company-wide digital transformation is becoming a bigger part of the conversation in the C-suite. BlackLine is at the forefront of the financial transformation wave. As we have said previously, we have a few customers that have fully transformed, but the vast majority of our customers and prospects are either just beginning or in the early innings of planning their financial transformation, which provides us a long runway.

Our job is to ensure that companies embrace comprehensive finance transformation with BlackLine as the critical technology in their transformation toolkit, and as a complement to their ERP. Our partners can play a big role in this effort, given that companies are looking to consulting firms to help them, guide them through their transformations.

Now I would like to share with you a few new customers that are beginning their journey with BlackLine and financial transformation. A Fortune 500 company in the semiconductor industry: this new customer recently completed an acquisition and selected BlackLine to help centralize and standardize their global account reconciliation process. The ability to integrate with their various source systems, provide visibility into the account reconciliation status and optimize close processes with best practices' automation were critical selection criteria. These capabilities will be the key to enabling their leadership team to more effectively manage the close and establish a system of controls to achieve greater compliance and auditability as the organization continues to experience growth.

Another Fortune 500 company, one of the largest software companies in the world, selected BlackLine over their current solution for our unique ability to integrate with and complement their existing SAP environment. The leadership team will rely on the BlackLine platform to build standardization and automation into their global accounting processes. Their goal, ultimately, is to scale accounting operations, enable real-time analysis of business information and improve collaboration and alignment across their various business units.

Efforts will initially be focused on optimizing the account reconciliation process, with the potential to expand into additional BlackLine solution areas as the team works towards this strategic goal.

A top 5 retailer and one of the largest chains of pharmacy stores in the United States, selected BlackLine to modernize their accounting and finance department. This was a competitive takeaway from an existing, on-premise vendor and major ERP player. The company is migrating their ERP from Oracle to SAP, and needed a complementary cloud solution capable of unifying their data and workflows on one common platform for performing financial close processes.

BlackLine helps them do that and provides scalability, growth and configurability, all of which are required to enable better integration in a multi-ERP environment, and improve reporting across multiple legal entities and shared service centers.

And finally, to round out our customer examples, a venture-backed digital experience software company selected BlackLine to help them improve the efficiency of their close process, while also decreasing risk and enforcing controls. For this leading edge company, automation, integration with their ERP and visibility into key financial processes as they grow were key decision factors.

In summary, we are pleased with our first quarter results. The fundamentals of the business remain strong, we executed well on our initiatives and we maintained our intense focus on the customer relationship.

Before I turn the call over to Mark, I want to thank all of you for your ongoing support and evangelism of BlackLine, which continues to bring us new customers. As a result, we have seen that some of our large investors are also becoming customers. If you have not done so already, we ask that you talk to your CFO about BlackLine, and of course, we still welcome your other referrals too.

Now, I'll turn the call over to Mark to discuss the financials.

Mark W. Partin - *BlackLine, Inc. - CFO & Treasurer*

Thank you, Therese, and good afternoon, everyone. As a quick reminder, all numbers mentioned during my remarks today are non-GAAP. Additionally, we have adopted the new revenue standard ASC 606 effective this quarter, and our results and guidance discussed on this call are on the new standard.

As expected, the revenue impact from the adoption was minimal. And there was a benefit to the non-GAAP net loss resulting from the capitalization and amortization of certain commission costs. I will discuss the impact in more detail in a few minutes.

We delivered a solid first quarter, achieving better-than-expected revenue, cash and profitability.

Total first quarter non-GAAP revenue grew 34% year-over-year to reach $51 million. Several factors helped us achieve the better result, including higher demand than expected in a seasonally adjusted Q1, and higher services revenue, which grew 64% year-over-year.

Our services team has been working hard to catch up on the new demands from larger deals, strategic products and more partner engagements. And we are pleased with their progress and results.

Key financial highlights include the following. We added 89 net new customers globally across both enterprise and mid-market. This brings our total customer count to approximately 2,300, representing 24% growth year-over-year. International revenue continued to grow nicely, representing 20% of the total, up from 18% in the first quarter of 2017.

Mid-market growth was on pace, and today represents 17% of sales, up from 16% a year ago.

In Q1, we landed a very large mid-market deal with the help of one of our partners. The total initial deal eclipsed the typical mid-market deal size, and we believe that is a testament to the experience and maturity of that team and the developing ecosystem.

The total number of BlackLine users grew to over 200,000, representing 18% growth year-over-year. As we have discussed previously, growing sales of our strategic products like Transaction Matching, Smart Close and the Intercompany Hub increases our overall deal size. But it does not add users and it impacts this metric.

Sales of strategic products as a percent of the total sales for the quarter were consistent with previous quarters, and within our range of our balanced expectations. The pipeline continues to build and mature for strategic products. And the packaging, pricing and partnering continues to help streamline the sales process.

Our dollar-based net revenue retention rate was 110%, which was within our expected range of 108% to 110%. Importantly, the underlying renewal rate remained consistently high in Q1.

As we discussed last quarter, we expect 2018 to be a profitable year. In Q1, we made good progress on that goal as most of the revenue overperformance flowed to the bottom line. In Q1, we reported net income of $300,000, and this compares to a net loss of approximately $2 million in Q1 of last year.

For the remainder of the year, the timing of certain investments can cause our non-GAAP net income and cash flow to fluctuate on a quarterly basis.

We ended the first quarter with approximately $114 million of cash, cash equivalents and marketable securities. We generated approximately $2 million in cash from operations and invested just over $3 million in CapEx, which brings our free cash flow for the quarter to negative $1.5 million. And we continue to expect to be cash flow positive for the full year.

Before I move on to our second quarter and full year 2018 outlook, I would like to walk you through the impact of adopting ASC 606 on the Q1 2017 comparative results that are presented.

As expected, the restated Q1 2017 revenue had a $500,000 decrease, or approximately a 1% impact. The Q1 2017 reduction to OpEx was $1.7 million, and also in line with our estimates.

The historical quarterly results for all of 2017 will be restated under ASC 606 and presented in each respective quarter in 2018, and we believe the adjustment to the 2017 remaining quarters as a result of ASC 606 will be relatively consistent to what we saw in Q1. And lastly, this adoption has no impact to free cash flow in prior periods.

Now let's move to our second quarter and full year 2018 outlook, which as a reminder incorporates the new ASC 606 standard.

Starting with Q2. Total GAAP revenue is expected to be in the range of $53 million to $54 million. On the bottom line, we expect to report non-GAAP net loss in the range of $1.1 million to $100,000. Utilizing weighted average shares of 53.7 million, we expect non-GAAP net loss per share in the range of $0.02 to break even.

For the full 2018 year, total GAAP revenue is expected to be in the range of $222 million to $225 million. Non-GAAP net income in 2018 is expected to be in the range of $0.5 million to $1.5 million. Utilizing diluted weighted average shares of 57 million, we expect non-GAAP net income per share between $0.01 and $0.03.

And lastly, as I mentioned earlier, we continue to expect to be free cash flow positive for the full year.

Now, Therese and I would be happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question is from Bhavan Suri with William Blair.

Bhavanmit Singh Suri - *William Blair & Company L.L.C., Research Division - Partner & Co-Group Head of Technology, Media, and Communications*

I just want to touch first on the non-seat-based products. In light of sort of the solid uptick you're seeing in product that are not seat-based, -- or sorry, not priced on a per user basis, can you just talk about sort of the uptick of those products and the mix that they contributed? And sort of how you think that plays out through the year? Sort of assumptions around there or sort of how those products play out, the growth those products play out for the rest of the year?

Mark W. Partin - *BlackLine, Inc. - CFO & Treasurer*

Sure. I'll start and then Therese can add if she'd like. So Bhavan, we actually saw really good build in pipeline and demand. And we're sort of maturing all 3 of these strategic products and are very comfortable with what we saw in that progress on initiative in Q1. Our expectation, and what we saw in Q1 is that we'll maintain a balanced approach to this demand for strategic products, which we like to think of as kind of an 80/20. 80% in the core and investing and building towards that for this year, we think that's the right balance. And 20% in the strategic products, which we think through the pricing, promotion and partnering that are all still very new, it can start to move that pipeline and that demand to deals. So our view is that we'll see a consistent theme in kind of the users, and also in the balance of strategic to core for the full year.

Therese Tucker - *BlackLine, Inc. - Founder, CEO & Director*

I have nothing to add to that, Bhavan.

Bhavanmit Singh Suri - *William Blair & Company L.L.C., Research Division - Partner & Co-Group Head of Technology, Media, and Communications*

So, I will ask Therese a question then directly here, really quickly. But you've obviously sort of made these seemingly strategic major relationships change, you called out that mid-market deal, you called out sort of seeing some of that strategic area for some of the -- for the more Intercompany Hub and Smart Close products. Can you just talk about sort of the deal activity around Intercompany Hub? And then more importantly, as you're thinking around the contribution from ICH for '18 and '19 change, are you see anything there trend-wise, inflection-wise, type-of-customer-wise that might change how you're thinking about ICH as contribution to the business over the next 12, 24 months?

Therese Tucker - *BlackLine, Inc. - Founder, CEO & Director*

Nothing has changed in terms of this year's guidance, and the contribution by strategic products. I think it continues to be early days. I think that we are still learning, but we're learning good things.

Operator

Our next question is from Rob Oliver with Baird.

Robert Cooney Oliver - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

First for Mark, actually they're both for Mark, sorry Therese. Mark, what it is, and when you mentioned when you called out the mid-market deal, and the mid-market team sort of ripening, if you will. And I just wondered if we can get a little bit more color on that? Strikes us as a potentially interesting opportunity, as traditionally you guys have been kind of hunting big game, so to speak. And it sounds like that also can be a land and expand opportunity. So wanted to get a little bit more color on that, and then I just had a very quick follow-up.

Mark W. Partin - *BlackLine, Inc. - CFO & Treasurer*

Yes, no problem. We have been -- seen really good consistent sales in mid-market. One of the trends that we called out in Q1 that occurred recently is that they're moving up market. They have a very large range of customer sizes they go after, and historically, it's been $50 million to $500 million in a revenue range. And they get more and more comfortable moving up market. And the expansion opportunity for companies that are bigger is greater than companies that are smaller. And we see that not just in the expansion but also in product uptake. And so, to have a partner involved in the mid-market for us we felt was notable for the quarter, and wanted to call that out. We'd like to start seeing that more and more in the future.

Robert Cooney Oliver - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Okay, great thanks. And then just a quick on the financials. Just wanted to double check that there was no impact to deferred revenue from the 606 adjustment?

Mark W. Partin - *BlackLine, Inc. - CFO & Treasurer*

Yes, no problem. I think they're -- if you look at the numbers that we presented as restated under ASC 606, you'll see that there was an impact to deferred revenue at the end of 2017. So on the 12/31/2017 number pre- and post-, there's about a $2 million difference. So if you're calculating implied [billing], look at the new number post 606, it's in the press release at $104 million.

Operator

Our next question is from Jesse Hulsing with Goldman Sachs.

Jesse Wade Hulsing - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

Therese, your comment on finance transformation is interesting because we're seeing a lot of companies that sell software to finance departments going public and getting to the pretty decent size. I'm just wondering, how pervasive do you think this trend is? And do you think it's going to step up the size of transactions that BlackLine typically does?

Therese Tucker - *BlackLine, Inc. - Founder, CEO & Director*

Jesse, I think it's a tsunami of change that's coming. Honest to God, I do, okay. I mean CFOs in -- historically, our buyer base has not loved change, okay. But this is a wave of change. We see every partner, everybody out there is basically moving in this direction right now. And I believe that CFOs are feeling the pressure to either get on board and modernize their accounting operations or they will be left behind. So I think that it is a very large movement. We do see it being carried forward not just by our partners but by forward-thinking CFOs, and I think it's a good wave for BlackLine to ride. That's a great question. Thank you for [answering] that because we're seeing digital transformation, financial transmission everywhere right now.

Operator

Our next question is from Mark Murphy with JPMorgan.

Mark Ronald Murphy - *JP Morgan Chase & Co, Research Division - MD*

You had mentioned that competitive takeaway in the quarter, I think it sounded like maybe it was an Oracle replacement, as a guess. I'm just curious were there multiple takeaways along those lines? Or was that -- is that more of a one-off situation that just happens just once in a while?

Therese Tucker - *BlackLine, Inc. - Founder, CEO & Director*

You know, Mark, we never publish who we take away from, even though we maybe allude to it a little bit. But -- so we don't publish those because, really, it's such a large greenfield market that I shouldn't put the emphasis on it that I do. But I so enjoy the competitive takeaways that I can't help but sort of call them out.

Mark W. Partin - *BlackLine, Inc. - CFO & Treasurer*

Yes, and also I'll add to that just to answer the question specifically. In the last several quarters, we see just handfuls of takeaways, a very small percentage of the total number of customers added. But again, as Therese mentioned, meaningful in terms of the fact that it's a high switching cost and the fact that someone is doing it is a relatively big deal.

Mark Ronald Murphy - *JP Morgan Chase & Co, Research Division - MD*

Okay. And then I wanted to ask you as well when -- thank you for mentioning the billings number because I think we're -- on the surface, we look at 17%. I think if we adjust it, we get 24% or something like that. When you think through that kind of trajectory and then also the -- when you look at the user growth, is about 18%, and I understand there's more of the strategic products that are getting layered in. But when you think through those numbers, is anything restraining that growth at a little lower level than say, where it was 9 or 12 or 15 months ago? Or is that a level that you kind of feel good about for where you are at this point?

Mark W. Partin - *BlackLine, Inc. - CFO & Treasurer*

Yes. So for Q1, you're right, it's a 24% on the adjusted basis so on the implied billings, you got that right. Q1 of '17 had a headwind from a really large deal, if you recall. But Q1 is traditionally a seasonal quarter. So we start out -- whether it's users or customers or billings -- we start out and then typically build through the year. So it's not a precursor for the year. It's met our expectations of what we did in Q1 as a seasonal quarter. So I think that's probably the best way to think about that 24%.

Mark Ronald Murphy - *JP Morgan Chase & Co, Research Division - MD*

Okay. And one last one. Are you able to approximate the percentage of revenue that is coming from reconciliations today? Because it sounds like it is, that is broadening out in a positive fundamental way. But I'm not sure I know exactly what that mix is.

Mark W. Partin - *BlackLine, Inc. - CFO & Treasurer*

We don't actually do that, that way. However, the vast majority of our customers, that's the anchor product. And they've bought reconciliations. I think what we've been -- our initiatives over the last 12 months and then even going into this year is to expand their usage of the full platform, whether they bought it or not, being able to get them through the customer journey, so to speak. It's not just the strategic products and transforming their enterprise, but it's also the upsell of the other products of the core platform. And usage drives satisfaction in a lot of ways. But I think to your question, Account Recs is still the main product driver of the core platform.

Operator

Our next question is from Brent Bracelin with KeyBanc Capital Markets.

Brent Alan Bracelin - *KeyBanc Capital Markets Inc., Research Division - Senior Research Analyst*

A couple here but I'll start with Therese. I was hoping you could provide a little more color on the tone of business coming out of the first quarter. As you think about CFOs, they have a lot on their plate right now. We have GDPR, ASC 606, there are a lot of pressing issues that CFOs are dealing with. So maybe walk through the pipeline build, tone of business coming out of the first quarter. Was it as you would expect? Better than you expect? Any color there would be helpful given the challenges that the CFOs are facing at this point.

Therese Tucker - *BlackLine, Inc. - Founder, CEO & Director*

I think that we're right on track, Brent, and when we look at the long-term fundamentals, they're solid. The reality is there are always new things that are facing CFOs out there. And as a company, we try not to make an excuse out of ASC 606 or whatever other regulation happens to be coming down the pipe at any given time. We try not to just say wow, if that hadn't happened, because there will always be those sorts of things happening.

Brent Alan Bracelin - *KeyBanc Capital Markets Inc., Research Division - Senior Research Analyst*

Fair enough. And then shifting gears to the product side, Smart Close, you talked about a Fortune 100 rolling that out. RPA, clearly a high priority within the financial services space. Walk us through the interest level that you're seeing in kind of Smart Close? And as you think about some of those RPA projects are getting pulled into those because of the benefits of Smart Close, walk us through what you're seeing interest-wise in Smart Close specifically.

Therese Tucker - *BlackLine, Inc. - Founder, CEO & Director*

I would love to. That's such a great question. Okay, the thing about Smart Close is the way we've been sort of defining it is ERP automation, okay. It's robotic process automation for the ERP. And the experience -- RPA has been a very frothy term over the last year or so with companies throwing a lot of money at it. I think you'll find across the board that if they don't have an overall strategy around financial transformation, that simply putting a bot where a person was is not going to give them the returns that they're looking for.

The difference with what we do with Smart Close is that it's actually automating the work streams inside of an ERP. So the outcome that they get from those automation of those work streams is actually very tangible and very valuable to our customers. So we have seen very, very good response to our Smart Close, and how it's being positioned and the actual results that it gives. I'm looking forward to -- now, longer term, we want to build the Smart Close platform and product for all the different ERPs that are out there. And I find that to be just a really interesting area.

Brent Alan Bracelin - *KeyBanc Capital Markets Inc., Research Division - Senior Research Analyst*

Very helpful. And then one for Mark here. I wanted to ask a question around the sales side and level of sales investments. On one hand, you're seeing the last 2 quarters, really strong uptick of partner-influenced deals. On the other hand, you brought in some new leadership. Marc's been on board for 4 months now. How are you contemplating changes to the sales team? Do you have any sort of plans to material change the trajectory of investments there? Walk us through those 2 factors, and how you're kind of thinking about sales investments here for the rest of the year.

Mark W. Partin - *BlackLine, Inc. - CFO & Treasurer*

Yes. I'll -- tell you what, I'll start that. I know Therese wants to add to it. Our investment plan for this year is to fully invest in many of these initiatives that we've put out, like our partner and our expanding our direct sales and our growth model, our strategic product. So we've been very careful with our guide and with our conversation that -- over the last several years where we've gained significant operating leverage that this year we will maintain profitability, but also it will be nominal profitability so that's the guide philosophy. The upshot of that is that we're putting that money behind people and partners and investments.

And I think you wanted...

Therese Tucker - *BlackLine, Inc. - Founder, CEO & Director*

And it has been good to have Marc on. I think it's only been 3 months. But he is fully on board, and I have to say that it's really great to have a fresh pair of experienced eyes, and I think he's a great addition to our team. That being said, it's still early days. And where I see his benefit, the benefit of his experience, is in the large deals, the international expansion, leveraging the partnerships. It certainly was awesome that he spoke at the NetSuite conference last week. So early days yet, but I'm pleased with what I see so far.

Operator

(Operator Instructions) Our next question is from Courtnei Sanders with SunTrust.

Courtnei Smith Sanders - *SunTrust Robinson Humphrey, Inc., Research Division - Associate*

Therese and Mark, this is Courtney on for Terry. I had a question on your partnerships, first on SAP. Is that relationship fairly static at this point in terms of areas where you collaborate with them? Or could you see, perhaps, any incremental opportunity there in the future? And then maybe an update on global SIs? Are those relationships tracking to your expectations? How quickly can those become actionable or maybe does it vary too considerably from one to the next to really say?

Therese Tucker - *BlackLine, Inc. - Founder, CEO & Director*

Well, thanks Courtney. We continue to have a really good relationship with SAP. And our endorsed business solution has been -- partnership has been in place since 2013. So we continue to do that, and we continue to always evaluate, which I think is the right approach. And in Q1, it ticked up again and it's now 22% of our revenue, comes from SAP customers. So we'll continue to look forward to additional synergies as we go. That being said, we're also super pleased with the progress of our Smart Close product, right? Because it automates the financial close for SAP and it's compelling for companies that want to automate. Now that's -- so it's a good relationship, it continues to move forward.

On partners, this one is so interesting to me because these are -- leveraging our ecosystem is one of our highest priorities this year. And we mentioned in our last call that we had 9 marketing events with E&Y, but all of our partners are very, very large companies, and it takes time to get traction with them. It takes time to get aligned. So while I'm very pleased that we had such great involvement in partners in this quarter, I still think that we have a long ways to go there.

Operator

Our next question comes from Brian Peterson with Raymond James.

Kevin Ruth - *Raymond James & Associates, Inc. - Analyst*

Kevin here on for Brian. If I can piggyback on one of the earlier questions, it was interesting to us at the user conference last year, how many of your customers started with Account Reconciliation, then added products over the subsequent years. As you've been expanding the business, is there an effort to maybe pre-package more of those solutions into some higher ACV products that may accelerate that progression? What kind of opportunities do you see from that perspective?

Therese Tucker - *BlackLine, Inc. - Founder, CEO & Director*

I think, as I mentioned in my remarks earlier, I think that we have some customers that have done really well getting through the journey of financial transformation, but the vast majority are still in very early stages. So we absolutely see opportunity within our customer base. And the way you just framed it where that might be more pre-packages, different approaches to upsell, I think is very good. Yes, we see a large opportunity there.

Operator

Our last question is from Pat Walravens with JMP.

Patrick D. Walravens - *JMP Securities LLC, Research Division - MD, Director of Technology Research and Senior Research Analyst*

I have 2 for you, I think, Therese. So the first is just when you mentioned the tsunami of change is coming, when did you notice that tsunami starting?

Therese Tucker - *BlackLine, Inc. - Founder, CEO & Director*

I would say in the last 9 months or so it's become a bigger and bigger drumbeat, right. It's, boy, you just can't do it the old way anymore. The complexities, the changing regulations, it's just not going to work. And so, it just is becoming -- I would say it started gradually, but it's really becoming a resounding voice out in the market.

Patrick D. Walravens - *JMP Securities LLC, Research Division - MD, Director of Technology Research and Senior Research Analyst*

Okay, and then second question is, I mean, it feels like you've gotten a lot of the pieces in place that you were looking for a year ago. So I'm just wondering, so what are your priorities now, for you personally, in terms of how you want to spend your time for the rest of this year?

Therese Tucker - *BlackLine, Inc. - Founder, CEO & Director*

How I want to -- gosh, Pat, I don't think anybody's ever asked me that. I am, as always -- I'm a product CEO. So when I have extra time freed up, that's where I gravitate to. Okay, that's just the honest to God truth. I was looking at some of the ways that we're going to move these Smart Close product functionalities into the core platform so that it can apply to all different ERPs. I was looking the other day at some changes to the import utility. I -- unfortunately maybe for my product and dev team, I still tend to love and be very interested in the products that we're putting out for our customers.

Patrick D. Walravens - *JMP Securities LLC, Research Division - MD, Director of Technology Research and Senior Research Analyst*

So the Smart Close is only -- it only works with SAP, is that it?

Therese Tucker - *BlackLine, Inc. - Founder, CEO & Director*

Currently, yes. And that was how we bought it, and it's interesting because there will always be components of the Smart Close platform that are ERP-specific, right? Because in order to control the ERP, you have to speak the language of the ERP. But there are many pieces of the configuration, the management, the dashboards, the statuses of various tasks and workflows that can be actually displayed through the BlackLine core platform. And think about the power of that, right? The ability to see all of your different ERPs and their statuses and their work streams from a single centralized hub. That's pretty cool. You got me on product. I'll shut up here.

Operator

Thank you, and this concludes our Q&A session for today. I would like to turn the call back to Therese Tucker for her final remarks.

Therese Tucker - *BlackLine, Inc. - Founder, CEO & Director*

Thank you, everybody for joining us today. Before closing the call, I'd like to take this opportunity to thank all of our investors and analysts that voted BlackLine as IR Magazine's U.S. 2018 award for best Investor Relations for an initial public offering. We were thrilled to earn this honor and the entire BlackLine team appreciates your support. We look forward to sharing our success with you in 2018 and beyond. Thank you.

Operator

And with that, ladies and gentlemen, we conclude our conference for today. Thank you for joining. Have a wonderful day.
