Transcript of
Issuer Direct Corporation
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Participants

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Tim Pitoniak - Chief Financial Officer

Analysts

Mike Grondahl - Northland Securities
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Walter Ramsley - Walrus Partners

Presentation

Operator

Greetings. Thank you for standing by and welcome to the Issuer Direct Corporation Fourth Quarter and Year Ended 2022 Earnings Conference Call. Today's call will be conducted by the company's Founder and Chief Executive Officer, Brian Balbirnie, and its Chief Financial Officer, Tim Pitoniak.

Before I turn the call over to Mr. Brian Balbirnie, I'd like to read to you the company's abbreviated Safe Harbor statement. I'd like to remind you that statements made during this conference call concerning future revenues, results from operations, financial position, markets, economic conditions, product releases, partnerships, and any other statement that may be construed as a prediction of future performance or events are forward-looking statements, which may involve known and unknown risks, uncertainties and other factors, which may cause actual results to differ materially from those expressed or implied by such statements.

Non-GAAP results will also be discussed on the call. The company believes the presentation of non-GAAP information provides useful supplementary data concerning the company's ongoing operations and is provided for informational purposes only.

With that said, Mr. Balbirnie.

Brian Balbirnie - Founder and Chief Executive Officer

Thank you, operator. Good afternoon, everyone and thank you for joining us today to discuss the company's fourth quarter and year-end 2022 results. Shortly after the market closed, we reported record revenues of $7.1 million for the fourth quarter and $23.5 million for the full year 2022. This is a quarterly increase of 25% over fourth quarter last year and a 7% increase for the full year.

It should be noted, we only recognized two months of Newswire's revenues in our quarterly and full year results. Customer accounts also had record numbers, totaling 4,691 for the quarter compared to 3,667 during the same period last year, a 28% increase. I will talk more about customers, our 2023 KPIs and subscription numbers later in the call.

I'm encouraged by the entire team's efforts for our integration plans to combine both Newswire and ACCESSWIRE editorial, distribution back office and sales and marketing teams into one cohesive efficient operation. This work will enable us to recognize the full potential of growth and cost savings over the fiscal year.

It was important for us to spend the first couple of months of our acquisition getting to know everyone, their day-to-day the operations beyond what due diligence can do, by investing this time, it puts us in a good long-term position to have a full efficient operation cohesive plan and an alignment of staff in tune with the right departments. I personally recognized this does have short-term impact on results. But as everyone knows, we are a long-term focused management team that has and will continue to build stable long-term profitable growth at ISDR.

Before I turn the call over to Tim for his prepared remarks, the quarter and full year, I want to provide an important update in regards to the short-term note we utilized to help finance the Newswire transaction. The $22 million 1-year 6% seller's note has a maturity date of November 2023.

We have been focused not only on the integration of the assets we acquired, but also refinancing the short-term obligation, with a longer-term facility with a banking partner that meets the business needs today and in the future. The business has debt capacity and we're looking to close what should be a 5-year facility that will enable us to positively impact our bottom line and balance sheet. Additional term of the financing will be forthcoming this month. There is a lot more to talk about today.

So I'll turn the call over to Tim to cover the fourth quarter and year-end results. Tim?

<u>Tim Pitoniak - Chief Financial Officer</u>
Thank you, Brian and good afternoon, everyone. As Brian mentioned, quarterly and year-end results were primarily driven by our acquisition of Newswire and growth in our ACCESSWIRE news brand, which resulted in our press release revenue increasing 65% over the prior year, while contributing to increased gross margins, and enabling us to increase gross margin percentage to 74%.

The Newswire acquisition further enforces our commitment to scaling our communications business, as well as continues to execute our capital allocation strategy. I will now highlight some of the financial results we achieved during the fourth quarter and full year ended 2022.

During the fourth quarter of 2022, we achieved record revenues of $7.1 million, a 25% increase from $5.7 million in Q4 2021. For the full year, total revenue was $23.5 million, a 7% increase from $21.9 million in 2021. The increase in the quarter and year-to-date revenue was primarily driven by our Communication revenue stream, partially related to the acquisition of Newswire, which is included in the Communication revenues, as well as a 7% and a 11% increase in revenues from our ACCESSWIRE news brand, respectively, due to an increase in average price per release.

For the full year, we also have increased revenues from the licensing of our Investor Relations Websites and Data Feeds. These increases were partially offset by a decrease in events and webcasting revenue due to less demand of our virtual products, as conferences and meetings began to move back to in-person during the current year.

During Q4 2022 and full year 2022, Communications revenue accounted for 78% and 69% of total revenue, respectively. In the prior year, Communication revenue was 64% of total revenue during both Q4 and full year 2021.

Revenue from our Compliance business decreased 22% for the fourth quarter and 5% during the full year compared to the same periods of 2021. The decrease was primarily related to revenue from our Transfer Agent business, due to a reduction in market activity and corporate actions, and a decrease in revenue from our Disclosure Reporting and legacy ARS service due to customer attrition.

The quarter was also impacted by a reduction in revenue from our Print and Proxy Fulfillment Services due to large one-time project that did not reoccur in the current period. For the full year of 2022, these decreases were partially offset by an increase in revenue from our Print and Proxy Fulfillment Services, due to large transactions and an increase in projects during the current year.

Changing gears to gross margin. Our overall gross margin percentage was 74% and 76% for the fourth quarter and full year of 2022, compared to 73% and 74% for the same periods of the prior year. Gross margins from our Communication business decreased 3% for the fourth quarter primarily due to higher Webcasting and Events revenue, which produced lower margins, as well as additional revenue from Newswire, which currently has a lower margin than our ACCESSWIRE business.

As we work through synergies of the integration, we expect gross margins between the two businesses to become aligned. For the full year, gross margins for the Communication business increased 1%, which is related to an increase in revenue from our high margin ACCESSWIRE business as a percentage of Communication revenue. Gross margins from our Compliance business increased 4% both the fourth quarter and full year 2022, compared to the same periods of the prior year.

This increase in gross margin percentage is primarily due to lower amortization costs associated with our disclosure and software, which became fully amortized in the prior year, partially offset by an increase in print, postage and fulfillment costs associated with increased revenue from our Print and Proxy Fulfillment Services.

Moving down to operating income. We posted operating income of $44,000 for the fourth quarter of 2022, compared to $698,000 during Q4 2021. For the full year, operating income decreased to $2.7 million from $3.7 million in 2021. For both periods presented, the decrease in operating income, despite an increase in revenue and gross margin is related to an increase in operating expenses, primarily amortization expense attributed to intangible assets related to the Newswire acquisition, coupled with an increase in bad debt expense.

Additionally, we experienced increase in stock compensation expense, employee-related costs, recruiting fees, and other sales and marketing expenses, all which are associated with our continued investment for future growth.

G&A costs increased 24% and 20% for the 3-months and 12-months ended December 31st of 2022, compared to the prior year, due to incremental costs associated with operating the Newswire business, as well as an increase in stock compensation, bad debt expense, employee-related costs, and other corporate initiatives associated with future growth.

Sales and marketing costs increased 47% and 21% for the fourth quarter and full year compared to the same periods of 2021. These increases are due to incremental costs associated with operating the Newswire business, as well as our continued investment in advertising, digital marketing spend, and automation enhancements. The increase is compared to the prior year were partially offset by a reduction in sales commission, while the quarter was partially offset by a reduction in consultants.

Product development costs increased 95% and 21% for the quarter and full year compared to the same periods of 2021, which is directly attributed to the additional costs associated with operating the Newswire business. It is important to note, that we had an increase in depreciation and amortization costs for both the quarter and full year due to additional amortization associated with intangible assets acquired in the Newswire acquisition.

On a GAAP basis, we had a loss of $109,000 or negative $0.03 per diluted share, compared to net income of $616,000 or $0.16 per diluted share during Q4 2021. Net income was $1.9 million or $0.52 per diluted share for the full year of 2022, compared to $3.3 million or $0.86 per diluted share in 2021.

Looking at some non-GAAP metrics. EBITDA for the fourth quarter of 2022 was $589,000 or 8% of revenue compared to $987,000 or 17% of revenue during Q4 of 2021. For the full year of 2022, EBITDA was $3.7 million or 16% of revenue, compared to $5.3 million or 24% of revenue during 2021.

You'll notice in the release this quarter, we have added a few other non-GAAP metrics such as adjusted EBITDA as well as free cash flow and adjusted free cash flow. We feel these measures provide additional useful information when reviewed along with our other non-GAAP measures and GAAP measures to help analyze results of the company as well as identify any trends. With that being said, our adjusted EBITDA for Q4 2022 was just over $1 million or 14% of revenue, compared to $1.3 million or 23% of revenue during Q4 2021.

For the full year, adjusted EBITDA was $4.9 million or 21% of revenue, compared to $5.5 million or 25% of revenue. Adjustments in this measure include adding back stock compensation, acquisition and/or integration expenses, and other non-recurring expenses.

Non-GAAP net income was $665,000 or $0.18 per diluted share for Q4 of 2022, compared to $894,000 or $0.23 per diluted share during Q4 of 2021. For the full year of 2022, non-GAAP net income was $3.5 million or $0.95 per diluted share, compared to $3.7 million or $0.96 per share in 2021.

Switching over to cash flow metrics. We just completed our 32nd consecutive quarter of positive cash flows for the company. Cash flow from operations for Q4 of 2022 was $1 million, compared to $1.4 million for Q4 of 2021. For the full year of 2022, cash flow from operations was $4 million, compared to $4.7 million in the prior year.

However, adjusted free cash flow was $2 million for Q4 of 2022, compared to $1.5 million for Q4 of 2021, and $5.1 million for the full year of 2022, compared to $4.7 million in 2021. As noted earlier, adjusted free cash flow is a new non-GAAP measure we have added that adjust for cash paid for acquisition and/or integration costs and other unusual items.

The current quarter and full year ended December 31st of 2022 includes $500,000 paid for rep and warranty insurance associated with the Newswire acquisition, as well as $325,000 of payments related to Newswire opening balance sheet liabilities that were not recouped until Q1 of 2023.

Lastly, our deferred revenue balance continues to decline. This is revenue we expect to recognize over the next 12 months, which increased to $5.4 million as of December 31st of 2022, compared to $3.1 million as of December 31st of 2021, an increase of approximately 75%. A majority of this increase relates to incremental deferred revenue associated with the acquisition of Newswire.

I will now turn the call back to Brian, who will provide some updates on the business, our new products, and everything else we have planned for the remainder of the year. Brian?

<u>Brian Balbirnie - Founder and Chief Executive Officer</u>
Thank you, Tim. Appreciate it as always. You thoroughly highlighted the financials for the quarter and year. So I'd like to take everyone through the business, operations and other metrics I'm tracking today and into the future.

First, to touch on the Newswire transaction, I want to thank every one of ISDR, and Newswire that have been involved in the integration, the training, and implementation and execution. We are ahead of our plans in many ways, and now have our sights set on unlocking the value that we saw in this asset.

Over the last 90 days or so, we have completed merging both organizations' research and development teams, consolidated our sales and marketing teams into and with a new go-to-market strategy, and our back office accounting and finance, as well as HR. And lastly, our clients' success and onboarding teams have all come together nicely.

As a result, we have realized some cost savings in duplicate vendors and services, and on an annual basis, these duplicative cost savings between both organizations will be approximately $2 million. This also resulted in our headcount coming down at year-end from 137 to 121 at the end of February. With that said, we are going to continue to invest in our business both in R&D and sales and marketing, as we feel confident in our overall operations, strategy and business outlook.

Specifically on a product development team that is led by our new CTO, Mark Lloyd, our recent hire, his team includes 16 Product Engineers, DevOps and IT Professionals. Mark's focus post integration of our platforms will be to lead innovation and execution from our strategic plan. As such, R&D spend this fiscal year will continue to be approximately 5% to 6% of revenues.

Innovations will come from product optimizations based on customer feedback and industry intel. It is important for us to bring to market impactful and highly sticky feature sets, like we have in the past with our targeting tools, our collaboration engines and our integrated new suite features Brand Asset Manager and Contact Manager.

This coming year it will be more about our newly acquired media database, monitoring and pitching tools. Once done, we will turn our focus to our new recommendation engine, a collaborative AI, narrative-based suggestion platform for content optimization across all communication mediums. We look forward to sharing some of these advancements with you soon on the next call.

Moving on to sales and marketing, Jennifer Hammers, our EVP, who has led the team for almost two years has approximately 40 talented and highly motivated professionals in our organization, both new business, clients success, corporate and brand marketing. Jen's team continues to add new logos quarterly and is highly focused on both public and private organizations globally. Key accounts like Moderna, KnowBe4, Insperity, Kimberly-Clark, and Bausch + Lomb, have been won under her leadership, just to name a few.

Additionally, James Michael, who has been in the organization for 17 years has taken over our Compliance business. There is no one I believe in more to lead this business. James has relationships in the Legal Compliance and IR space have come to rely on James's ability to navigate transactional-based shareholder issues, PR and proxy and AGM platform, regulatory and stock transfer services.

Moving along to subscriptions. They have grown 9% in the fourth quarter to 1,002, compared to 922 in the same period last year, and sequentially up from 971 in Q3. We believe our subscription business will continue to grow at double-digit team percentage rates throughout 2023 as we implement our complete communications platform components.

Additionally, we have continued to drive average revenues per customer from $6,948 in Q4 last year, and $7,154 in Q3 to $8,641 in the fourth quarter. This is a 24% increase year-over-year in subscription contract value. Of the 1,002 subscribers going to account for approximately one-third of our overall revenues for the quarter.

And on a standalone basis, our News Distribution business accounted for approximately 60% of total revenues up sequentially. And further, our News Distribution business accounted for approximately 80% of our Communications revenue for the quarter as well.

Our Subscription business is heavily dependent on News Distribution offerings, both domestically and globally, whereby customers bundle their news needs with our IR and PR product sets. Starting this quarter, we will be bringing to market new subscription plans in certain geographic regions. First, we'll be in the Canadian market, where we feel confident that we will continue to make headway in building market share.

Additionally, we will be rebranding one of our products newly acquired from the Newswire transaction called, the Media Advantage Platform or MAP for short, to where we're going to call PR Optimizer or PRO for short in several different levels and options. It will be geared towards our current customers as well as News Distribution bundles as well as new customers that are looking to amplify their stories globally.

As we move to the market over the next 12 months in News Distribution, we have seen year-over-year growth in volumes slow slightly to single-digits. This is exactly what we see at the top three other news providers as well. This industry-wide slowdown in volumes in News Distribution is something we previously spoke about in our last call. As such, recognition of revenues might vary quarter-to-quarter as a result of customers' News Distribution utilizations. This brings me to KPI changes I'd like to highlight.

That said, revenue from ACCESSWIRE core distribution grew 10% sequentially from Q3 and 7% year over year. This does not include additional revenues that we achieved in the acquisition of Newswire. It is important to point out that even though volumes in the market may have slowed, our revenues continue to climb as a result of our sales teams' work on average stated pricing.

Moving along and beginning in 2023, we will be looking to modify our customer count metrics, to account for customers who have active contracts during the 12-month period of measurement. Whereas today, we only report customers who did work for us during the quarterly reported period, improving this KPI will give us a true sense of our annual customers and alignment with what our peers are doing in the market.

We believe the changes in these numbers will allow us to have a consistent message on actual customers under contract, and thus create a less lumpiness on reporting from a News Distribution revenues and gross margins associated with utilization compared to contract values.

That being said, at our 2022 customer metrics, customer numbers ended up at 4,691 for the quarter, compared to 3,667 during the same period last year. These numbers include 1,196 from the two months of Newswire acquisition. As a comparison, ISDR at 3,144 customer in Q3 of 2022, meaning, this was 351 net new customer wins or a 11% increase for the Q4.

Again, we feel confident in our ability to continue to win customers over the long-term. Our objectives are clear, get more products into the platform and grow average revenues per customer, something the entire team is excited about and looking to accomplish this year.

As such, 2023 will be a product innovation year for us. We have our sites at an innovating storytelling process as well as amplifying and measuring the most important components of the story from an engagement perspective.

To accomplish this, we will be bringing to market this year a recommendation engine, driven heavily on the chatGPT open source methodology, whereby customers will be able to input their narrative, points and summaries into our engine, and it will output recommendations based on tonality and messaging for News Distribution first. And later, blog posts and social messaging as well as other customer marketing. This could help us go down the hall in organizations and expand our total addressable market in the future.

Something else I think is important to point out. Over the last eight years, as a small reporting company, we have opted to report like an accelerated filer, something we have taken great pride in accomplishing and always filing on the schedule. With that said, the business has changed and the reporting complexity has also changed.

As such, we are going to be extending our reporting timeline by one additional week going forward in 2023. Meaning, Q1 earnings that was originally scheduled for May 4th will now be May 11th. We will publish the remaining quarters for fiscal 2023 in the coming days on our corporate website.

I thank you for your time today and I look forward to talking to you all and follow-up calls and also coming back with updates on our long-term capital allocation and balance sheet improvements in the coming weeks. We remain confident in the business, our team and our product platform.

Our revenues, margins and customer wins, as well as average revenue per subscriber maintain or grow, our brand is becoming more recognized globally and our team is just hitting a stride and produce sustainable growth for years to come. I cannot be happier about where we are headed and I look forward to sharing 2023 results with you each quarter.

Operator, can we please begin the Q&A portion of the call?

Operator
Certainly. At this time, we'll be conducting a question-and-answer session. [Operator Instructions] Your first question is coming from Mike Grondahl from Northland Securities. Your line is live.

Q: Hey guys, good afternoon. A couple of questions and maybe I'll ask them up front. But just curious how ACCESSWIRE kind of performed against your expectations? And then secondly, what should we look for the next six months with the Newswire integration? Like what are a couple milestones you guys want to convey? And then thirdly, if you could just maybe quantify the bad debt situation and what sort of drove that? And then lastly, what stuck out on the subscriptions for you guys? I'll let you hit those. Thank you.

Brian Balbirnie - Founder and Chief Executive Officer
Thank you, Mike. I will hit the first couple and leave Tim to talk about bad debt, and I'll come back and talk about subscriptions. Look, I think from a revenue perspective, ACCESSWIRE continues to perform at our expectations. New customer logos continue to perform and within our expectations and our plan, and subscription revenues attributable because of ACCESSWIRE also continue to perform based within our expectations.

I think what the differences are, is what the entire industry is seeing. And this is a little bit of utilization, meaning, your customer will commit to a subscription plan of $12,000 to $15,000 in a year that includes some IR product and PR distribution, that news distribution is recognized as some of the units get distributed or released throughout the year. We're starting to see that slowdown in quantity impact some of the revenues there and also impact some of the volumes in the market.

So, look, I think our objectives from the sales and marketing perspective is, market the brand, attain the new customer wins every quarter at the contract values that we can do, as long as we continue to do that, we believe that the volume in the industry that is being disrupted will work itself out over the period. So, I think we're within our expectations, okay.

Now we tell you and as everybody knows, we want more, we still believe that ACCESSWIRE in combination with Newswire, can grow far beyond its 5% market share, and get to 10% over the next couple of years, the industry is going to need to loosen up a little bit in volumes in order for that to happen.

But I would tell you, we analyze our competitor, you know, volumes as much as we do ours on a weekly basis, and we're seeing the same volume leveling out with them as we are with us. So we don't have an alarm, meaning, that the customers are moving from us to other providers, they're sticking with us, our retention rates are good there. So I don't think we have any issues.

And so, if I move to the second part over the next six months between ACCESSWIRE and Newswire, I would tell you that the original integration plan was to complete by June, full editorial operations through all of the ACCESSWIRE distribution network and not any of the partner networks that Newswire used. We were able to complete that sooner that went live two days ago in our network.

So all news through the Newswire platform now is coming 100% through ACCESSWIRE and not one of our competing Newswires. The benefit of that is part of the savings I discussed earlier in the prepared remarks, is there's about $800,000 to $1 million here in savings there that $2 million that will come by way of that. So we're ahead of our plan expectations there from an integration perspective, which I think is good news for us.

Stuck out in subscriptions, I'll jump over bad debt and let Tim finish. If we think about, Mike the subscription business, incrementally from a dollar value perspective, we've been able to increase significantly far greater at the 20-plus percent range that we thought we would on subscriptions, we candidly thought to end the year, we'd hold firm at average revenues there.

But I think these new brands and these larger companies that I mentioned, are starting to help drive some of that larger ARPU spends. We're also seeing customers commit to more products on their subscriptions, which is a good indicator that there's one platform on contact [one check] [ph] concept is really working for us.

And so we see a pipeline that is very strong in those numbers and beyond, I will tell you, as we re-launched the MAP product as a PR Optimizer product that we talked about late this quarter, we're going to start to see that number even move, because the average subscription rates for a PR Optimizer product is going to begin about $12,500 a year, plus their additional press release distribution services.

So we feel confident that those numbers going to get into the low teen numbers by this time next year or even greater. So, I think that we're in good shape with again, the metric KPI for me personally, internally, I've got to look at new customer wins and average revenue per contract [technical difficulty] those are the biggest things for us. And so, maybe I'll turn it back to Tim and talk a little bit about the bad debt side to your last question, Mike.

Tim Pitoniak - Chief Financial Officer
Yeah, Mike on the bad debt side, we recognize a little over $100,000 of expense. You know, this is something that we constantly monitor, we have a tool that does that. And, you know, looking going into year-end as Brian said earlier in his prepared remarks, we've spent a lot of time with the Newswire team.

You know, sometimes when you do that, you pull time away from other things. And so, you know, we're going to get back on it. I would say, this is a little bit of an ebb and flow. And, you know, as they go into Q1 and Q2, we'll get that number back in line.

Q: Got it. Thank you, guys.

Brian Balbirnie - Founder and Chief Executive Officer
Thank you, Mike.

Operator
Thank you. [Operator Instructions] Your next question is coming from Brock Erwin from CleverInvesting. Your line is live.

Q: Hey, guys, congratulations again on all the work that you've done on the acquisition, especially switching over the distribution in Newswire last couple days. That's good to hear. So, keep going. I know there's probably still a lot more work to go, but good job. I wanted to ask a little bit though about EBITDA margin.

So, I know, you know, shareholders have been important to you over you know the course of the business and looking back at a couple years ago, middle of 2021, EBITDA margins hit 30% for a little bit there. So I'm not asking really for a forecast. I just want to know, how do you think about EBITDA margins going forward? And do you have any goals around that metric? Thanks.

Tim Pitoniak - Chief Financial Officer
Yeah, appreciate the question. So listen, I'd point out a couple things, right. So, typically we've only shown EBITDA inside of our financial statements. This quarter, we added adjusted EBITDA and the reason we did that is, because there's item that impact the quarter, either non-cash or one-time that we don't think is truly reflected of how we manage the business, right.

So, I would say I would look at those numbers. So when you do, you know, year-over-year, we're down about $600,000 in EBITDA, we've mentioned this in prior quarters, right, we're continuing to invest in the business. And that's why you've kind of seen, you know, the margins decrease a little bit year-over-year.

But, you know, I think historically, we've always wanted to try to maintain a 20%, 25% EBITDA margins or in this case an adjusted EBITDA margin. And I think would going forward, I still think that's our goal and I know that's something that we can do, which is one of the things that Brian talked earlier about with, you know, managing expenses and managing headcount to make sure that we can keep those margins up. So, that's what we're planning to do. Brian –

Brian Balbirnie - Founder and Chief Executive Officer
All right –

Tim Pitoniak - Chief Financial Officer
Do you want to add anything?

Brian Balbirnie - Founder and Chief Executive Officer
No, no, that was perfect. Yeah. Thanks, Brock for the kind words at the beginning too. Appreciate it.

Q: Yeah, yeah, yeah. One other question was about sales and marketing spend, that looks like it was up a little bit this last quarter, can you give a little more color about what your – like what was going on there? What you're spending money on and how you expect that spend to in the future to go forward?

Brian Balbirnie - Founder and Chief Executive Officer
Yeah, absolutely. We spent a good part of last several years of being very wise in marketing budget dollars focused around customer acquisition, digital spend, pay per click SEO, as you probably likely have seen over the past, you know, three months to four months, there's a good amount of news flow now about partnerships, and conferences and organizations that we're sponsoring, you know the PR Daily, PDAC Shows other things that we're doing, we're committing hard dollars there, there's branding exercises to go through, there's webinars to be done.

I can tell you personally, I sat in with a couple of our team members just about 30 days ago and did a PR Daily event which had to 800 to 1,000 of the largest PR professionals in North America that resulted in pipeline for us, which is significant. And so, for that, that is something that we have to continue to do. Those are hard dollars, we're going to continue to do that.

I will tell you, opportunistically, we likely will continue to spend money on additional digital ad spend where we haven't maybe in the past with the brand like newswire.com, press release.com and all the other wonderful brands that we've got, we'd be foolish not to continue to invest more there as we see the return on ad spend continue to be consistent or better than quarters and past. So we're going to continue to spend there. That's why we ramped that team up and ramped budgets to accomplish that and apologize if you didn't hear everything as we had ambulance that's flying by here.

Tim Pitoniak - Chief Financial Officer
Hey, Brock, the only thing I would add to that, too, right is in the current quarter, a big piece of the increase is because of the Newswire business. So I think that's one thing that you just have to take into account as well.

Q: All right, appreciate that. Thank you for the color. Good luck, and I'll talk to you again next quarter.

Brian Balbirnie - Founder and Chief Executive Officer
Thanks, Brock.

Operator
Thank you. [Operator Instructions] Your next question is coming from Walter Ramsley from Walrus Partners. Your line is live.

Q: Thanks. Hey, congratulations. Looks like that acquisition is, you know, coming along really well. Just wondering, you know, you did mention in the presentation that, you know, as a result of it, you know, you're going to change the marketing strategy to combine the two companies into a single you know marketing effort. Can you talk about that a little bit what you have in mind?

Brian Balbirnie - Founder and Chief Executive Officer
Yeah. Hey, Walter. Look, I think that it's obvious that the Issuer Direct and ACCESSWIRE news brands are very corporate-friendly, very public company-focused, very institutional-focused. And conversely, when you look at Newswire and press release.com, these are assets that are in the News Distribution world that are very favorable to e-commerce, very favorable to one-click purchases, very favorable to customer inbound conversions at a much higher rate than you would typically see in a public company side of the business.

And just for clarity, 95% or more of the Newswire revenues generated, all come in prepaid up front when the customer signs up for an agreement or a purchase of press release or a packet of press releases. So, we're going to move a lot of the e-commerce away from the ACCESSWIRE brands into and with Newswire brands and begin to separate it.

So, we've already begun the year separating sales teams, that folks are entirely focused on just Newswire inbound and digital sales. And our ACCESSWIRE teams are very territorial base-focused, that are after public companies, you know, PR and IR agency firms and partnerships throughout North America and globally.

So, I think it's important for us to do that. You're seeing the brands maintain their parity, we're keeping each separate. We will likely continue to do that for a good period of time. Although we may come together as one corporate brand name, at the end of the day, we're going to drive customers to each of those brands. And as the technology platforms fully come together even more over the next couple of quarters, they'll see the same platform from marketing side on both just with different logos, depending on which URL you land on.

So we've got a very strategic 18-month plan to complete all of that, we're about halfway through and we're six months ahead. So I tell you, over the next six months, the rest of it is going to become very obvious, specifically about the new products that we're launching and some of the other things that we have planned for both of those assets.

Q: Okay, that sounds pretty clever. Very good. And right now has the macro economy affected the business at all that you've been able to tell other than the fact that stock market you know is doing very well?

Brian Balbirnie - Founder and Chief Executive Officer
Yeah. Look, I think for a lot of industries and sectors you're seeing some impact somewhere, right. I think for us, as we've discussed over the last couple of quarters, the quantity or volume of news in the market is less today than it was six months ago, six months today than it was year-over-year. But it's less today by single-digits.

And so we're not alarmed by that, that things are cyclical. We've seen this before in the news business when we first got into to becoming a news provider when we launched ACCESSWIRE rebrand product, when we acquired it, we saw that same thing happened then, and it rebounded well, and also for that five-year, six-year period, we saw growth of Newswire at 20%, 30%.

And so now, you know, on a revenue basis, we're barely double-digits, on a volume basis, we're single-digits, we're confident we'll get back there, it's a temporary thing for us. I think the alarm bells would sound here candidly, if we were the only ones experiencing that, and the rest of the market wasn't. But we're seeing it happen with the rest of our competitors.

And to be fair to them, we're actually doing a little better than they are. And we're doing better by holding price at a higher rate than we have in the past, which is also a good indicator for us that the branding and the marketing side of this business is really starting to take off where ACCESSWIRE is really viewed.

And now Newswire is going to be viewed equally to some of these larger brands in the market. So absent of that, I don't think anything. Tim, you may have something you'd like to add to that. But I think that from my perspective, that's all I'm seeing, Walter.

Tim Pitoniak - Chief Financial Officer
Yeah, I don’t have anything to add –

Q: Okay, anyway. Sorry, go ahead, Tim.

Tim Pitoniak - Chief Financial Officer
No, I wasn’t going to add anything. I think Brian touched on all the pieces.

Q: Okay. Anyway, thanks for the update. Congratulations again.

Brian Balbirnie - Founder and Chief Executive Officer
Thanks, Walter.

Operator
Thank you. [Operator Instructions] Thank you. That concludes our Q&A session. I will now hand the conference back to Mr. Balbirnie for closing remarks. Please go ahead.

Brian Balbirnie - Founder and Chief Executive Officer
Matthew, thank you and thank you to everybody for participating in today’s call. We look forward to following-up with you again soon. I hope you all have a good evening. Take care.

Operator
Thank you, everyone. This concludes today’s event. You may disconnect at this time and have a wonderful day. Thank you for your participation.