

Transcript of  
Issuer Direct Corporation  
Issuer Direct First Quarter 2022 Earnings Conference Call  
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**Participants**

Brian Balbirnie - Founder and Chief Executive Officer, Issuer Direct Corporation  
Tim Pitoniak- Chief Financial Officer, Issuer Direct Corporation

**Analysts**

Brock Erwin - CleverInvesting  
Walter Ramsley - Walrus Partners

**Presentation**

**Operator**

Thank you for standing by. And welcome to the Issuer Direct Corporation First Quarter and 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 you the company's abbreviated Safe Harbor statement. I'd like to remind you that statements made in this conference call concerning future revenues, results from operations, financial position, markets, economic conditions, product releases, partnerships, and any other statements 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 that 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, Issuer Direct Corporation**

Thank you, operator. And good afternoon, everyone. And thank you for joining us today to discuss the Company's first quarter 2022 results. Just a few minutes ago, we issued a press release announcing our results for the quarter, a copy of which is available in our newsroom for reference during today's call.

I'm pleased with our first quarter results, which were up 6% year-over-year. We also drove margin improvements which Tim will cover shortly and increased our deferred revenues and

bookings over the prior periods. ACCESSWIRE's double-digit growth continues and compared to the market, we continue to outpace incremental growth compared to the Victory Newswire in Q1. During the call today, we will spend some time talking about our platform progress, total customers and plans for the year as well as some additional corporate initiatives.

But before I turn the call over to Tim for his prepared remarks of the quarter, I want to provide an update on the company's recently announced repurchase plan. On March 5 of this year, the board announced a \$5 million repurchase program. Given the short periods between the announcement and the end of the quarter, we were only able to purchase 6,200 new shares of our common stock between \$28 and \$30 per share for total proceeds of \$182,000. As you would expect, we're in the market this month. And in fact we bought back another 9,000 shares for approximately \$250,000 in April.

We will continue to repurchase our common shares under the plan subject to limitations of average daily volume. As I said in the past, we believe share repurchases are a good thing for good profitable companies like us that generate cash and want to take advantage of share prices at or below certain levels. We remain confident in our business, our growth and our cash flows generated from operations, repurchasing is an ideal way to reward our shareholders. And with that, I'll turn the call to Tim.

#### **Tim Pitoniak- Chief Financial Officer, Issuer Direct Corporation**

Thank you, Brian and good afternoon everyone. As Brian mentioned, 2022 is off to a good start driven by both sides of the business. However, we are most encouraged by the continued growth in the Newswire business, and subscription sales made during the quarter. The investments we are making in our sales and marketing team are paying off and we intend to continue this while also increasing our investment in our products and technology. I will now highlight some of the results we achieved during the first quarter.

Total revenue for the first quarter of 2022 was \$5.3 million, an increase of \$308,000 or 6%, compared to \$5 million for the same period of 2021. Our Communication business led the growth increasing \$196,000 or 6% to \$3.4 million, or 64% of total revenue. During Q1 of 2021, Communication revenue also accounted for 64% of total revenue. The increase in revenue was driven by our ACCESSWIRE branded Newswire, which was partially offset by a decrease in revenue from our event and webcasting business. ACCESSWIRE revenue increased 16% over the first quarter of 2021 due to an increase in volume as we continue to benefit from our e-commerce platform and spend on digital marketing.

Compliance revenue grew 6% or \$112,000 during the first quarter 2022 compared to the same period of 2021. This increase was driven by revenue from our print and proxy fulfillment services due to an increase in projects, which was partially offset by a decrease in our transfer agent services due to less corporate actions and a decline in our Legacy ARS business due to customer attrition.

Switching over to gross margin. Our overall gross margins increased 13% or \$470,000 to \$4.1 million. Gross margin percentage was 77% for the first quarter of 2022 compared to 72% for the

same quarter last year. Gross margin from our Communication business increased from 73% in Q1 of 2021 to 78% in Q1 of 2022 due to additional scale in our ACCESSWIRE business as well as lower teleconferencing costs.

Gross margin percentages from our compliance business improved from 71% to 75% for the quarter, due to a decrease in amortization of our Disclosure software, which was partially offset by additional costs attributed to our print proxy fulfillment services business.

Moving down to operating income, we posted operating income of \$688,000 for the first quarter of 2022, compared to \$707,000 during the first quarter of 2021. The decrease is primarily attributed to an increase in operating expenses due to our continued investment in our sales and marketing, product development and corporate teams, and an increase in bad debt expense, which was partially offset by our previously discussed increase in gross margin.

Sales and marketing costs increased 18% due to an increased headcount and costs associated with digital marketing. Product development costs increased 10% from Q1 of 2021 due to an increase in headcount with inside of the development team. General and admin costs increased 20% due to a one-time executive recruiting fee, an increase in stock comp expense, and an increase in bad debt expense. On a GAAP basis, we generated net income of \$516,000 or \$0.13 per diluted share during Q1 of 2022 compared to \$545,000, or \$0.14 per diluted share during Q1 of 2021.

Looking at some non-GAAP metrics, we generated EBITDA of \$850,000 for Q1 of 2022, a decrease of \$142,000 or 14% compared to Q1 of 2021. As a percentage of revenue, EBITDA decreased to 16% for Q1 of 2022 compared to 20% of revenue during Q1 of 2021. Non-GAAP net income for Q1 of '22 increased to \$830,000 or \$0.22 per diluted share, compared to \$687,000 or \$0.18 per diluted share during quarter one of 2021.

On the balance sheet, our deferred revenue balance, which is revenue we generally expect to recognize over the next 12 months increased to \$3.4 million as of March 31, 2022 compared to \$3.1 million as of December 31, 2021, a 11% increase, the increase in deferred revenue can be attributed to the investments we are making in our sales and marketing team as I discussed earlier in my remarks.

On the cash flow statement, we generated cash flow from operations of \$548,000 for Q1 of 2022, compared to \$1.3 million during Q1 of 2021. The decrease in cash flow from the prior-year is due to timing related to working capital. However, this is the 29th consecutive quarter of positive cash flow for the company.

I'll now hand it back over to Brian who will provide some updates on the business, new products in the pipeline, and everything else that we have planned for the remainder of the year, Brian.

**Brian Balbirnie - Founder and Chief Executive Officer, Issuer Direct Corporation**

Thank you, Tim. Much appreciated. This fiscal Q1 produced the highest revenues in our Q1 history coming in at \$5.3 million. We're delighted to see incremental margin improvements from

72% in Q1 last year, to 77% Q1 this year, we have in the past talked about margin improvement. So I think it's important to message what we expect to see in the remaining part of the year to be more of a blended gross margin in and around 75%.

Furthermore, there are improvements in the business that we have identified. These slight changes will assist in accelerating our growth back to levels previously delivered albeit growth this quarter, we're not satisfied and believe we can continue to further expand in our key product platform resulting in greater customer wins. We ended the quarter with 3,483 customers. Again these customers reported are ones that were active in the platform and contributed to revenue during the period.

We also identified there are another 100 plus customers who have current contracts, but did not do any work in the quarter. Point B, these are not lost customers, but delayed and fully anticipated to seek Q2 customer accounts. Based on this customer accounts were up slightly for the period on a year-over-year basis.

In the prior quarter, we spoke about expanding our KPIs to get even better insight into our subscription product business rather than just platform ID. Accordingly, in the quarter, we've added new KPI disclosures, disclosing active customers who subscribe to our products. To be clear, these products are a combination of any one of the following, for example, our newsroom suite by our platforms, webcasting and events platform, disclosure software, stock transfer account management, and whistleblower.

In the quarter, we had 964 customers who have active contracts with us compared to 750 customers in the same quarter of last year. When we look at contribution, these customers accounted for approximately a third of our overall revenues for the quarter, something we expect to further progress over the remaining quarters of the year and beyond. With that said, we also do expect to see our active access for our customers continue to grow for the foreseeable future. A business that is leading the conversation piece when we engage the prospect.

We do expect to continue to share with you additional data as we progress in the business and our product lineup. In fact, I'd tell you that in Q1 resulted in our new logo team, which we call our business development managers, spending over \$750,000 in the new business for the quarter. In order to continue to faster this new business and logos. Our data team has been building further reporting to share with our sales and marketing teams to identify opportunities in a more real time and measured process. Over the coming months, we will be sharing these publicly with you in our quarterly calls.

I pulled one from their list to share with you today. Since ISDR is in the index that being the Russell Microcap Index. There are approximately 1,700 companies that are included in this index. We currently do work with approximately 15% or 260 companies in the index. To set this up for coming quarters, we're going to use both indexes and exchanges as a KPI benchmark to share with you publicly in each quarterly call. No doubt we will expand over time as our business continues to expand globally.

Over the past couple of years, we have seen access via our year-over-year growth between 20% and as high as 40% in any given quarter. This quarter's revenues slowed slightly to 16% year-over-year growth, but still on track to deliver 20% plus where we want to be at a minimum this year.

Total Newswire revenue is now approximately 50% of our overall revenues, delivering another record in top-line Q1 revenues as we said earlier. We are tracking an interesting trend, and that the number of customers in our deferred revenue bucket that have plans, subscriptions, our truly active customers, but just did not work with us during the quarter. Something Tim and I have touched on already.

We have not seen it to this extent before. But as we continue our growth and diversify our customers to include both public and private, we are no doubt going to see some quarters become in some way seasonal. Not an indicator of anything more than the customers just don't have a story to tell or a message to release to the market in some periods are variable that we cannot control. Hence why it is important for us to continue to make headway in acquiring technologies that complement our Newswire and newsroom products, delivering a more stable revenue stream over a defined period.

I'd like to talk about our platform for a few minutes and the advancements we're making and a plan this year. As most of you know, last year we launched our newsroom brand asset manager and contact manager. This year, we have updated and added our events suite into them with our ACCESSWIRE platforms, including quarterly calls, virtual AGMs, town halls, and other special events. The remaining part of the year, we're focused on providing significant competitive advantages to both our customers and their audiences.

First our customers, we want to continue to push the boundaries of the creation process. Last year, we introduced one of the first collaboration suites for companies wishing to create, share and track the stories of their teams. This year, we're on track to augment this with a natural language processing engine, whereby this NLP engine can analyze content and make real time suggestions summarizing, paraphrasing in different scenarios, depending on the modes, like professional or formal or simple or standard, which in many cases separates the tonality of a message in the IR and PR worlds.

We are very excited internally about this and believe incrementally this will improve in our customers, in our strength and our abilities, in our communications platform. Secondly, and important for our customers is how we can interact with their content. Recently the American Disabilities Act or ADA, for sure it was updated in its guidelines surrounding was preferred to as Section 508 accessibility to digitally published materials. Under the WCGA most websites are not ADA compliant, let alone their IR platforms or Newswires something we feel strongly we can achieve both for our customers and their brands, but also their underlying shareholders, customers and prospects.

Truth is there are over 3.8 million U.S. adults 21 to 64 that are either blind or have trouble seeing without glasses. And according to the World Health Organization, there are over 450 million people who have hearing disabilities. So what does this mean for us? And what are our

ambitions? Simple, give equal access to content regardless of who and/or what the disability may be. It starts with a Newswire. We're aiming for ACCESSWIRE to be the first major Newswire to be fully Section 508 ADA compliant.

As an example, to ensure every image of our platform contains alt text to guarantee visitors with visual impairments and given context to a picture and every news release on our platform that is read aloud to them just like the message itself. This technology upgraded is now available to our customers this quarter. And is just one example. There are dozens more advancements of the new editorial platform that will automatically be alerting our customers and suggesting corrective measures to ensure they comply with this regulatory system. This will be released throughout the year and anticipate being completed by the end of this year.

These updates will also be included in our new IR platform for an upgrade set the launch in Q2, giving our customers an updated interface that offers real time access to add, edit and create content in their Investor Relations website. This new update will give customers the ability to choose from fully managed, self-managed, or jointly managed speeds flyer websites for newsrooms. As an example, customers will be able to schedule and synchronize updates to their Investor Relations page, collaborate with colleagues and practitioners to get feedback and approvals, as well as build pages on the fly with an intuitive drag and drop feature, as well as an app integration to social platforms, marketing systems, and leading analytical engines.

Based on this technology update, we could not be more confident in our platform and where we are headed both short and long-term. Innovation is part of our core go-to-market strategy. We can't be a price driven organization expect to grow both top-line revenues and expand margins. Our innovation has always been driven from our strategy, which contains a very deliberate business process improvement focus, or simply stated, one platform one contact. We are committed to making our platform easier for the customer and revered by the market.

From a team perspective, we continue to optimize our workforce both in the types of professionals we have, but also where they work. We anticipate investing further in our team during Q2 to serve our global customer base. We also have made some changes to our sales and marketing headcount in the last couple of months, which remain approximately 30% of our entire workforce in the sales and marketing teams.

Last year, we did an access forgiving conference in July. This year, we're not a 100% confirmed on the date. But we are however continuing to fulfill our obligations under the pledge 1% that we joined last year, and we will announce the date for the Second Annual Access to Giving Conference shortly.

As we spoke about last quarter, we have planned significant internal initiatives that we have been in the process of rolling out. The first and just last week, we released our initial corporate diversity, equity, and inclusion and belonging strategy. I encourage you to visit these messages in our company section of our website that is now available. In the coming weeks and hopefully before the end of Q2, we will also be releasing our corporate ESG plan and strategy, something that we will share with you on our next call.



And lastly, just last week, we filed our Annual Meeting materials under notice of access and we intend -- we invite our shareholders rather to come visit us June 8 at 9:00 AM. This Annual Meeting like others in the past will be broadcast live for those that cannot join us in-person. But since we're almost back to a normalized life post-COVID it occurred to me that we have added, promoted, and greatly improved our management teams and our overall organization, since the last time we were able to visit.

Therefore as part of our activities June 8, we are going to have a segment after the formalities of the meeting, where shareholders attending will be able to visit with members of our team, including our management for a bit of informal one-on-one. And we look forward to seeing whoever can attend and getting to reconnect with you. And for some of you meeting you for the first time. It is always a pleasure spending time with you talking about our results and where we're headed. Thank you for listening today.

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

**Operator**

Certainly, ladies and gentlemen, the floor is now open for questions. [Operator Instructions] Your first question comes from Mike Grondahl from Northland Securities. Your line is live.

**Q:** Hey guys, this is Luke on for Mike. Congrats on a nice start to the year here. I just wanted to touch on the ACCESSWIRE expansion in into International markets. I know last call you guys mentioned expanding into Europe by mid-year and then Asia-Pacific and South America in late 2022. Just wondering if that's kind of still on track to reach those during this year?

**Brian Balbirnie - Founder and Chief Executive Officer, Issuer Direct Corporation**

Hey, Luke. Yes, how are you? This is Brian. Yes, we are, matter of fact most of the European distribution is finalized by agreement being implemented now. We've got a couple of partners left to complete both testing from a regulatory perspective as well as quality assurance and timing. Once that's done here by mid to end of this quarter, it absolutely will be live for our customers and followed right behind to your point, will be then the rest of the markets that we've outlined previously. So we're excited about that. I think it helps both our domestic customers here in North America be able to reach and build brand and further audiences around the globe.

But also then for us to begin to put troops on the ground at some point to begin to build those markets out like we've done here in the U.S. and Canada.

**Q:** Awesome, that's great to hear Brian and then in the Communications business, are you guys still expecting to reach the 4,500 customers by the end of 2022? I think that's the number that you guys had mentioned on the last call has thrown that out that number?

**Brian Balbirnie - Founder and Chief Executive Officer, Issuer Direct Corporation**

Yes, we're bullish on our customer count numbers. We're confident that ACCESSWIRE continues to garner both the Lion's share of new logos on a quarterly basis. But we're also very confident that the rest of our product platform as we continue to upgrade, we're going to be able to find new opportunities, whether that be with customers buying additional products from us, that maybe don't use Newswire today are just finding new opportunities to gain big blocks of customers throughout the next several quarters. But yes, I would suggest that number and beyond, we're absolutely very confident and where we're headed there.

**Q:** Okay, great. And then just lastly here, on the updated event ordering suite, which was going through a full integration with ACCESSWIRE, this fully integrated today or is or how long is that process or just kind of any?

**Brian Balbirnie - Founder and Chief Executive Officer, Issuer Direct Corporation**

Yes, it is. Today and that's actually really a good point, Luke, and something I likely didn't articulate or talk about at all. For a great many years now, we've built this wonderful ACCESSWIRE platform, and we've invested heavily and its advancements. And one of the strategic reasons why we're going to now talk about our product subscriptions and that Platform id is because essentially ACCESSWIRE has become Platform id.

Our Newsroom product is built into there, the event ordering platform. And as far as virtual annual meetings, non-deal do road shows, earnings conference calls, and the like are embedded into that platform. It's all synchronized with the same contact managers, the same user base permissions, the cross collaboration, all the new things that we talked about today, including the IR platforms that are being upgraded are going to be moved to that suite as well. So as we gear up for potential assets that we'll be looking to acquire and or further build, it's all going to be in that one platform to allow customers to synchronously move between products and subscribe to products right, quite candidly, that's what we're looking for.

**Q:** Okay, awesome. That's it for me, guys. And thanks for answering my questions and congrats again on a nice start to the year.

**Brian Balbirnie - Founder and Chief Executive Officer, Issuer Direct Corporation**

Perfect. Thanks, Luke.

**Operator**

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

**Q:** Hi, guys, thanks for taking my call. I know you've been messaging about how your year-over-year growth is looking pretty good. But sequential growth from last quarter of 2021 is down a bit. I'm just trying to maybe unpack that a little bit more, try to understand what happened with those customers. Now you say that you still have the customers, they just didn't do business with



you. I'm just wondering like, how do you know that, what gives you the confidence that they're still there and orders are going to come?

**Brian Balbirnie - Founder and Chief Executive Officer, Issuer Direct Corporation**

Yes, those are very good points. First, I think part of it is the instability of what's going on in the event business. And for those that are on the call that have been to physical investor conferences that two plus years ago went all virtual, and then became more frequent are now beginning to go back to a physical or hybrid event. And they're moving all the time. And some events that we had Q1 of last year that were virtual have now been moved to physical that are happening in Q2 and Q3 of this year.

We've got signed contracts on those, some of which were going on this week. So we're confident in that regard. The second point is the reference that Tim and I made about the 100 or so customers that we believe are active that didn't do work in the period that we don't recognize revenue from and they don't count, and our customer numbers, a lot of them are focused on the fact that there are very small reporting companies that should have filed their annual report, which would have been for the 12/31 fiscal year end by March 31.

And a good many of them actually weren't able to file their 10-K timely. And so as most of you know, they file extensions, and those extensions, put them into April. And so what happens then in mid-April, you get both their EDGAR and compliance side of the revenue to be recognized, their earnings call then does happen and their press release then happens thereafter. And we have evidence and we're seeing that occur. So we have a good amount of confidence in the system, we would be very careful and cautious to never talk about that in a forward-looking perspective and not have certainty that that's the case.

So I think those two elements do make up a lot of it. I will tell you that, the other part of this is as the Newswire business continues to grow and now at about 50% of our overall revenue for the quarter and it is going to likely continue to increase the seasonality of some of that is going to become a little bit more unpredictable. So there may be some times that you do see on a sequential basis that the company does deliver less than sequential growth and then some quarters that deliver greater than sequential growth. And I think that's because to our point that we said in the call, but how many amount of Newswire business is not subscription based, it is a use space, they buy a plan, a bundle for the year, or a pay as you go.

And if they don't do work for the quarter, you're not recognizing revenue. So you're going to have a little bit of lumpiness there. And as I've messaged for the last year, having additional products that we build or buy is very important because it begins to flip that business more to a reoccurring subscription, MRR ARR type of business. And so that is where we're still very focused on looking at. So I think those three components do drive some of that, Brock.

**Q:** Okay, I appreciate that. Thanks. If I could just follow-up a little bit, another question. I think a lot of what I heard you say was around public companies, their filings, events that they need to do and press releases. But that doesn't -- to me that doesn't really speak to the private side, which

should be growing at a more rapid clip. Do you have -- can you give some insight into how your private news our customers are looking? And are those still strong?

**Brian Balbirnie - Founder and Chief Executive Officer, Issuer Direct Corporation**

Yes, look, I think it's a very, very beginning of my opening remarks, I did talk about the optimization we've made in our go-to-market strategy to change a little bit, and we're confident that it's back on track. We spent a good amount of the beginning of the year, and in our younger sales teams that we refer to as SDRs that are outbound dialing, and building relationships with customers to transcend into opportunities for our business development, new logo teams on public companies, and less on private.

So it did have a net effect on the net new number of private customers that we had for the period. We recognize that, we need to blend and do that a little more meanings have focused explicitly on both. And so those are changes that are made and things that we're addressing. We don't see an indication that there can be an issue in growth of private company customers. The volumes in the industry, I'd tell you are likely still the single-digit kind of gross numbers. We monitor and track our competitors all the time to look at what they're doing, some of which are down on a year-over-year basis and volume, some of which are flat on a year-over-year basis.

So I still think the private company business by vast and away is still the majority of the Newswire opportunity for us. We just strategically wanted to focus on mid market clients in greater and spent a lot of time in the sales team early on this year doing that.

**Q:** Got it. Okay. And I just have one more question. So earlier, you were talking about your customer counts goal for the end of this year. I think previously you've talked about part of that goal, I think is achieving some percentage of the tangible market and growing to that size, at least run rate. Can you speak to what your -- how your progress is on that goal? And if it's still achievable by the end of this year?

**Brian Balbirnie - Founder and Chief Executive Officer, Issuer Direct Corporation**

Yes, I think we talked about 3% to 5% in historic calls about a market share of the Newswire business. I think we talked about that being at the end of 2023. And I think we talked about the differences between 3% to 5%, 3% being if we don't have as additional products to sell these customers, we may see not as big of growth in the market. The 5% side of being are more bullish is that the conference of having additional assets to sell these customers.

I will tell you, on a Q1 analysis, we looked at public company news, only public company news right index two companies that exchange traded in North America. And we accounted for about 5.5% of the news distributed in the market. So on a price -- on a public company, since we're there. However, as I said earlier, the majority of the news in the market is private company based. And as such, we're not scratching the surface there probably likely less than a 1.5% of the market.

So we definitely have work to do there. But on the public company side, we absolutely are making the headway and likely will continue to progress there further as we go. And that's the point I made about using the Russell Microcap Index, we're going to continue to use those incentives to our sales teams to be able to have penetration in all of these indexes that we'll talk about as KPIs. And at 15%, I tell you it may found okay, but it definitely is something that we're happy with. We want to target 25% by the end of this year to look at that index and be a predominant provider of our communications products there.

**Q:** All right, great. Thank you for answering my questions. Good luck for the next quarter.

**Brian Balbirnie - Founder and Chief Executive Officer, Issuer Direct Corporation**

Thanks, Brock.

**Operator**

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

**Q:** Thank you. Hey Brian, congratulations, good quarter. And a question about the natural language processing technology. Could you elaborate some more on that? How it's going to work and what the potential impact might be?

**Brian Balbirnie - Founder and Chief Executive Officer, Issuer Direct Corporation**

Yes, it's -- I think we're seeing this is then a lot of the senses, gets back to some of the comments that Brock was asking about, when we look at private companies, public companies are very well formed, either they have budget for IR, or PR firms to help them draft and craft their story, their message. When you get into the private company area, they don't necessarily have the budget for that. And they struggle with building their message. And they use our platform to collaborate with their own teams, and ideate all the product that they're trying to build out of the messaging, but likely, they're not capturing the right tonality.

And so what we've been doing is, we've been looking at articles that have, I would say greater than the average number of engagement in the market, greater than the average number of journalists pick up from our platform that we see from a click ratio of engagement, starting to analyze what they're doing. And then begin to take that tonality with NLPs that's in the market that's open source, and begin to be able to do some work with them. So when they type a message that talks about a particular product launch, and they use certain words, we're going to suggest to them different ways to produce that same content based on the audiences.

So they're going to go through a wizard, they're going to select what type of target audience they're looking for. And our editor is going to be able to suggest to them what they should or shouldn't use to the process. We firmly believe products like that, like we did with our collaboration engine last year is differentiating ourselves from the market even more. And as we really want to build to the market. As you -- I think you all know, we don't want to be a PR firm,

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right? Our goals are not to ever be a PR or IR firm, our goals are to support those firms, and technologies like that will support organizations in the private sector that just don't have the budgets for PR. So we feel that we can fill a void for them without infringing upon the partnerships and relationships that we have.

Q: Yes, it sounds pretty exciting. How big of a business do you think that could turn into?

**Brian Balbirnie - Founder and Chief Executive Officer, Issuer Direct Corporation**

I think at this point, Walter I would tell you, your guess, is as good as mine right now, right?

Q: Yes.

**Brian Balbirnie - Founder and Chief Executive Officer, Issuer Direct Corporation**

When we talk to customers, we build product based on customer feedback. We don't build product based on black box or white box thinking. We really want to understand what the customer need is. And like our collaboration engine, I would tell you that less than 10% of our customers are actively using it. Right half the customers have used it. And it depending on the type of article dictates how often they use the collaboration suite. We're not taking these technologies and rolling them to market to make our editorial process better and up charging.

We're giving it to them as a way for us to differentiate ourselves in the market, so that there's always an end one with us and never a competitor. So we're going to begin likely Beta client testing here in early Q3. Get additional feedback. And I think we'll be able to come back to the market and talk more about our expectations are there. I think it's just really important for us at this stage to really give some forward-looking to what we're doing. And talk about it more openly with people.

Q: All right. Well, thanks for explaining that. Appreciate it.

**Brian Balbirnie - Founder and Chief Executive Officer, Issuer Direct Corporation**

You're welcome. Thank you, Walter.

**Operator**

Thank you. That concludes our Q&A session. I will now hand the conference back to Brian Balbirnie, Chief Executive Officer for closing remarks. Please go ahead.

**Brian Balbirnie - Founder and Chief Executive Officer, Issuer Direct Corporation**

Thank you, Matt. And once again, thank you to everybody for participating in our call today. And we look forward to following up with you again soon. We are excited about what we're doing here in Q2 and beyond not only in growth, and sustained profits, but also in our product

maturity and competitiveness. Anyway, I could talk about this for hours. So I will let you go on that note. Have a wonderful day.

**Operator**

Thank you ladies and gentlemen, this concludes today's event. You may disconnect at this time and have a wonderful day. Thank you for your participation.