ISSUERDIRECT
Trading Under the Symbol: ISDR

Transcript of
Issuer Direct
Fourth Quarter 2018 Earnings Call
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Participants
Brian Balbirnie – Chief Executive Officer
Steve Knerr – Chief Financial Officer

Analysts
Mike Grondahl – Northland Securities
Todd Felsey – RHK Capital
Mike Schellinger - MicroCapClub

Presentation

Operator
Ladies and gentlemen, thank you for standing by, and welcome to the Issuer Direct Corporation fourth quarter and year ended December 31, 2018 Earnings Conference Call. Today's call will be conducted by the Company's Founder & Chief Executive Officer, Brian Balbirnie and its Chief Financial Officer, Steve Knerr, before I turn the call over to Mr. Brian Balbirnie, I'd like to read you the companies 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, estimated impact of tax reform, 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 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 – Chief Executive Officer
Welcome, everyone, and thank you for joining us. After the market close today, we issued a press release announcing our results for the fourth quarter, and year ended December 31, 2018, a copy of the press release is now available in our Investor Relations section of our website and our ACCESSWIRE Newsroom for you to reference during today's call.

The fourth quarter marked a solid end to the year for Issuer Direct, in revenues, customer count and key hires, all of which put us in firm position to execute against our corporate goals in 2019.

Q4 achieved $3,648 million in total revenue, which represents a 7% increase over Q4 of last year and 12% sequentially over Q3 2018. This growth was driven by the continued expansion of our Platform and technology business, which posted revenue improvement of 24% when compared to Q4 last year, and 7% sequentially over Q3.

We ended the year with 2,412 platform and technology customers, during the fourth quarter, we successfully added 593 new customers, which is up 33% over Q4 of the prior year. We feel this customer base is just the beginning as we continue to make headway in our public, private and conference businesses.

As previously announced, we also added to our leadership team with the addition of Dick Bromley, as our new EVP of Sales, and promoted 12-year vet to our business Preston Burnett to Director of Operations.

At this point I'll turn it over to Steve for a deeper dive on the financials, and following I'll elaborate further on some of our developments and to provide an outlook for 2019, Steve?

Steve Knerr – Chief Financial Officer

Thank you, and good afternoon everyone, I'll begin by going over our results for the fourth quarter and full year of 2018 and then turn it back to Brian who will provide his operational review and outlook, followed by a Q&A session.

As Brian mentioned, the Q4 marked another successful quarter for us as we continue our path toward growing the business. We worked toward the completion of acquiring the VisualWebcaster Platform from Onstream Media Corporation, which was completed on January 3, launched our conference management module and continued to make enhancements and additional sales of Platform id.

Turning to the results for the quarter, total revenue increased 7%, or $249,000, to $3,648,000 for the fourth quarter of 2018, as compared to $3,399,000 for the same period of the prior year. Contributing to the increase in revenue during the fourth quarter was approximately $157,000 of revenue from customers acquired from FSCwire in July 2018. Revenue for the full year ended December 31, 2018 increased 13%, to $14,232,000, as compared to $12,628,000 for the same period of the prior year. On a Year to Date Basis, revenue from acquired customers of FSCwire and Interwest, which was acquired in October 2017, contributed just under $1.5 million of the increase. Of this amount, approximately $243,000 of revenue came from additional subscriptions to Platform ID or services cross sold to these customers.

Platform and Technology revenue increased $432,000, or 24%, to $2,230,000 for the fourth quarter of 2018 and increased $1,512,000, or 21%, to $8,593,000 for the full year of 2018. Platform and Technology revenue increased to 61% of our total revenue for the fourth quarter of 2018 and 60% for the full year of 2018 compared to 53% and 56% for the same periods of 2017. The increase in revenue for the quarter is due to a combination of the addition of FSCwire, continued success of our Accesswire news distribution offering and additional licenses of Platform ID. During the quarter we entered into an additional 20 licenses of Platform ID with a combined annual contract value of $226,000, bringing our total to 109 net new subscriptions for the year with an annual contract value of $1,134,000. These additions, as well as growth in our transfer agent module due to the addition of customers from the Interwest acquisition, contributed to the increase on a year to date basis. These increases were offset by the continued decline in revenue of our shareholder outreach offering that are specifically tied to our annual report distribution services.

Services revenue of $1,418,000 for the fourth quarter of 2018 decreased 11%, compared to the fourth quarter of 2017. The decrease was due to continued decline of revenue from our legacy annual report service, as well as, decline in revenue from our compliance services as we continue to face pricing pressure or customers begin to take advantage of our platform offerings. Services revenue of $5,639,000 for the full year of 2018 increased 2%, compared to 2017. This increase was due to an increase in transfer agent services, due in combination to the addition of Interwest customers as well as an increase in activity of our longer-term Issuer Direct transfer agent customers. These increases were offset by the declines of our annual report and compliance services I just mentioned.

It is important to note, when comparing results to previously filed reports, $133,000 and $683,000 of revenue during the three months and full year ended December 31, 2017, respectively, which were previously reported as Services revenue, were reclassified to Platform and Technology revenue. This was the result of the adoption of a new accounting pronouncement as of January 1, 2018, that required us to separate the revenue in bundled contracts for our ARS, or shareholder outreach offering, which include both electronic and physical hardcopy delivery of our customer's annual reports. The reclassified amounts represent the allocation of contract value of electronic delivery of the annual reports. All results have been appropriately adjusted for comparison purposes.

Moving to gross margin, our overall gross margin percentage was 71% for the fourth quarter and full year of 2018, compared to 73% for the same periods of the prior year. Cost of revenues increased $152k and $708k during the three and twelve months ended December 31, 2018 compared to the prior year. A majority of this increase is due to an increase in amortization of capitalized software placed in service in 2017, which accounted for $141,000 and $514,000 of the increase during the fourth quarter and full year of 2018, respectively. Platform and Technology gross margin percentage was 78% and 79% for the three and twelve months ended December 31, 2018, respectively, compared to 83% and 84% for the same periods of 2017. Again, there was an increase in cost of revenue due to the increase in amortization I noted earlier, as well as additional costs as we continue to expand our news distribution capabilities. Absent the increase in amortization costs, Platform and Technology gross margin percentage would have been 84% and 85% for the fourth quarter and full year of 2018. Gross margin percentage from our Services revenue stream was 59% for the three and twelve months ended December 31, 2018, compared to 61% and 59% for the same periods of the prior year.

Switching over to operating expenses, we had an increase in operating expenses of $423,000, or 21%, and $1,761,000, or 24%, during the three and twelve months ended December 31, 2018, as we continue to invest in our business for top-line growth. G&A expenses increased 38% for the quarter and 21% year-to date due to acquisition related expenses, increase in corporate headcount, stock compensation expense as well as an increase in bad debt expense. Sales and marketing expenses increased 7% and 15% for the quarter and YTD due to an increase in our sales and marketing teams and costs associated with expanding our distribution capabilities. On a year over year basis, product development which was 9%, due to expense increased due to less capitalization and continued development of enhancements to Platform ID. We expect this expense to be more comparable going forward. Lastly, amortization expense increased due to additional amortization resulting from intangible assets acquired as part of both the Interwest and FSCwire acquisitions.

Our income tax expense was of $127,000 and $373,000 for the three and twelve months ended December 31, 2018, compared to a benefit of $307,000 and expense of $131,000 during the same periods of the prior year. The benefit in 2017 was related to the passage of the Job Cuts and Tax Reform Act of 2017, specifically the re-measurement of certain deferred tax liabilities to the new statutory rate.

For GAAP purposes, we recorded net income of $65,000, or $0.02 per diluted share, for the fourth quarter of 2018, as compared to net income of $745,000, or $0.24 per diluted share for the same period of 2017. For the full year of 2018, we recorded net income of $837,000, or $0.24 per diluted share, compared to net income of $1,871,000, or $0.62 per diluted share for 2017. The decrease in net income and earnings per share was primarily due to the higher operating expenses and income taxes noted earlier.

Looking at some Non-GAAP metrics, total EBITDA for the fourth quarter of 2018 was $497,000, or 14% of revenue, compared to $646,000, or 19% of revenue, during the same period of the prior year. On a YTD basis, EBITDA was $2,560,000, or 18% of revenue, compared to $2,739,000, or 22% of revenue, for 2017. Non-GAAP net income was $437,000, or $0.10 per diluted share for the fourth quarter of 2018 compared to $546,000 or $0.18 per diluted share for the fourth quarter of 2017. For the full year of 2018, Non GAAP net income was $1,969,000, or $0.57 per diluted share compared to $1,987,000 or $0.65 per diluted share for 2017. The decrease in non GAAP earnings per share despite similar Non GAAP net income was due to the additional shares outstanding as a result of our secondary offering that closed during the third quarter of 2018.

Switching gears to the cashflow statement, we continue to generate positive cash flows from operations as we generated an additional $716,000 from operations during the fourth quarter of 2018 compared to $417,000 during the same period of the prior year, bringing total cashflow from operations to $2,869,000 for 2018 compared to $2,512,000 during the same period last year. Also, our deferred revenue balance has increased to $1,249,000, a 41% since last year, due to additional licenses of Platform ID.

In conclusion, I want to mention that we are excited about our most recent acquisition of the Visual Webcasting platform and the new employees who have joined the Issuer Direct team. VWP has proven to be a reliable product for many years and significantly upgrades our webcasting platform and video capabilities. The dedicated employees have helped for a smooth integration thus far and we look forward to working with our new customers and fostering our partnerships in the future. 2019 will in no doubt be another exciting year in our growth journey.

With that, I will turn it back to Brian who will now talk further about our new products and outlook for 2019 and beyond.

Brian Balbirnie – Chief Executive Officer

Thanks, Steve. As we both just highlighted, the fourth quarter was a good end to the year for Issuer Direct, resulting in annual record revenues, accelerated our brand initiatives and continued the investment in our platform and sales & marketing team.

Our platform business accounted for 61% of our overall revenues for the quarter, and 63% for the 2H of the year. On an annual basis our platform business represented 60% of our overall revenues, compared to 56% in 2017 and 44% in 2016. In order to keep this momentum and further expand out platform strategy, new customer acquisition is extremely important as well as expansion of ARPU from our current customers.

Our goal is to see platform spends reach over 70% of overall revenues in 2019. Helping this will be our growing news brand ACCESSWIRE and new platform modules we will discuss in a few minutes.

2018 had revenue contribution from the acquisitions of ITC and FSC. During the entire year we generated $1.597M in revenues from ITC Customers, which included cross selling efforts from Platform id, and in the last six months $304k in revenues from FSC Customers. We continue to feel good about these acquisitions as they fully integrate into our platform and customer base. ITC Customers lost during 2018 were the results of go-private, M&A and insolvency. Active customers continue to use our services and subscriptions. FSC was fully integrated into ACCESSWIRE during Q4, customer activity during the back half of the year was higher than anticipated and revenues are within management’s expectations.
To continue for a minute on our newswire business – ACCESSSWIRE added a handful of distribution points in Q4 including key platforms like Seeking Alpha. Client growth also continued both organically and because of FSC. In the fourth quarter customers increased 28% to 1,350 from 1,058 in Q3 and on an annual basis, revenues from newswire also increased 22% to almost $5M of our total revenues for 2018.

Not that client count and revenue growth are not important, we also needed to improve infrastructure, begin security and intrusion testing and prepare for our SSAE 60 Type II this coming year. These critical components are a part of our investment were making in our platform and business to be ready to handle the next phase of our growth strategy.

Based on the information publicly available, ACCESSWIRE accounted for over 6.3% of the news business in 2018, compared to less than 1% when we acquired ACCESSWIRE. This obviously makes us the smallest of the 4 major newswires, meaning the momentum is upward and were excited about what the next several years mean for us. We see nothing but upside here and achieving double digit percentages of the market are in sight.

In summary, ACCESSWIRE has several key components early in 2019 that have been anticipated by many of us. 1) critical distribution expansion to the broker community – that is on track and anticipated at the end of March. 2) an updated customer platform that will include single click customer news formatting into our enhanced html. In plain English, this advancement will shorten turnaround times for complex press releases with financial tables from hours down to minutes. Of the four newswires today, we will be the only one with the advanced customer-controlled editing feature – something we anticipate will help drive customer acquisition in the agencies, and larger volume news customers.

Another module of our platform we're excited about is our Conference software, 1x1 and event marketing platform. This subscription is targeted at investment banks and non-bank conference organizers who are conducting company presentation conferences globally. It is our estimate there are over 1,000+ conferences a year of all sizes with thousands of companies and hundreds of thousands of investors interacting both onsite and virtually. As of today, we have almost a dozen events either live or planning to go live here early this year, with a growing pipeline. To keep up with this demand we have hired additional full-time resources to be dedicated to this cause as we expect to be a market leader in 2 years.

This business will have the opportunity to be material in nature to us in 2019 in several ways – 1) subscription revenues from the conferences, 2) webcasting and event production, and 3) follow-up subscriptions from the presenting companies to harness our analytics and engagement modules. These three are the immediate opportunities early in 2019 and as we approach some proven volumes and credibility in the market, we will then release a partnered enhancement that will extend functionality to the corporate access professionals to conduct deal and non-deal roadshow bookings and scheduling from within our platform.

The deliberate launch of the conference software first will help drive our analytics component that we plan to see revenues early on in the 2H of 2019. As I have mentioned before, customers will be able to take advantage of direct insights and engagement from conference activities, shareholders meetings, earnings events like this one today and general investor requests and interactions, all while being managed in a shareholder distribution and engagement module.

As a customer, when you step back and look at the entire platform subscription offering with analytics and engagement, it's going to be a compelling offering and something we believe companies of all sizes will have to at least seriously consider. In contrast and in the past, we have been susceptible to pricing pressures, commoditization of individual components or services, and beholden to printing and legacy fulfillment businesses, whereas today our focus for client and revenue growth is on highly scalable, high margin repeatable platform subscriptions that we believe we can not only compete but one day be a leader in the market.
In conclusion, I want to take a minute here to fully explain what's ahead for Issuer Direct.
We have historically reported client count numbers in both our platform business and services business, without having insight into customers that are public, private and a part of our new conference business. In 2019, our shareholders should expect to see even further transparency into our business, client counts and arpu, which will be a tell-tale sign of our customers trends and growth.

This is different than we have provided in the past – as we typically reported total ARPU on subscriptions in a given quarter. We now will be providing ARPU on a customer classification, which will be total customer revenues for the period reported.

So, in short, we will provide:

- # of customers in each of the three areas, Public, Private, and conference businesses, for a given period, and YoY comparisons.
- ARPU spends for each of the three areas, and YoY comparisons
- Continued percentages of total revenues between platform and services
- And to the extend material - Trends, and what products are contributing to growth or not, like we have done in the past with ACCESSWIRE.

The reasoning to make this change is because costs to acquire these types of customers are drastically different, and conversely the spends from public to private are also different. 2 years ago we began segmenting customers whom purchased platforms and services, then this past year we have further detailed arpu spends on new platform id subscriptions, but this is not telling the full story, there are even more customers renewing individual modules each year, this is why it is necessary to further segment our customers spends by the public, private, conferences.

Something else I think is worth mentioning on today's call - On December 5th we repurchased approximately 5% of the issued and outstanding shares in the company in a private transaction. The repurchase of these shares at a per share price of 12.25 is byproduct of the confidence management has in the business and overall value were building. Optimally our cash on-hand of almost $6M during this time, and secondary offering of $13M we did in August of 2018 was not a reason to conduct this by-back, but we had an opportunity, and we felt it was in the best interests of all shareholders at an attractive price. Obviously, our plan is to deploy the capital prudently and to accretive, synergistic opportunities, like the recent January webcasting transaction.

The asset purchase of Visual Webcasting from Onstream is the third acquisition in 18 months. These bolt ins including Interwest and FSCwire are the latest demonstrations of a solid track-record of integrating accretive acquisitions. We continue to believe our industry will further consolidate. As such, we are focused on additional accretive opportunities in the market. This is part of the reason why we raised the additional capital.

More specifically, the asset purchase from Onstream expanded our office footprint to now include New York and Florida, a great group of employees and team members and a customer reach in a business line we feel is a perfect fit with our conferencing product and overall communications subscription. We have put ourselves in a prime position to capitalize on this tremendous opportunity in front of us.

We are encouraged by our continued client expansion, specifically the customers that are purchasing our platform, and the investments were making in the business, both in our new product development and our employee base, which will put us in a position to further grow and scale the business.

We have enjoyed speaking with you today and look forward to your questions and visiting with you again soon. Don't forget – many of the investor conferences you might be attending this year will be using our technology, which means, we want your feedback, we want your experience to not only be as good as they were before - but better.

Operator, could we please begin the Q&A portion of our call.

Operator
Thank you. We will now be conducting a question and answer session. In the interest of time, we ask that you please limit yourself to one question and one follow up and rejoin the queue for any additional. [Operator instruction]. One moment please while we poll for questions.

Our first question comes from the line of Mike Grondahl with Northland Securities. Please proceed with your question.

Q: Hi, guys. Maybe first, as it relates to ACCESSWIRE, I know you said things were kind of progressing through the first quarter, but specifically with TD Ameritrade, Schwab, and Merrill Lynch, where do those kind of stand?

Brian Balbirnie – Chief Executive Officer
Hi, Mike. It's Brian. Yes, one of those is in testing and delivering to them and scheduled to be turned on at the end of this current fiscal quarter. Both of the other two are in negotiation and very close to a very similar type of timeframe, which means we should see that in Q2.

Q: Great. Then you could repeat what you said—I think you said ACCESSWIRE clients, at year end, were up to 1,350 from what was the previous number you gave? Was it 1,058? I just—I didn't quite catch that.

Brian Balbirnie – Chief Executive Officer
Yes, it was 1,058. Yes.

Q: Got it. If I could ask one or two more. The sales staff, I know you hired a new person to sort of run sales and then you were looking at maybe adding someone on the East Coast, someone on the West Coast, out in the field. Where in the process are you with adding a little bit more help there?

Brian Balbirnie – Chief Executive Officer
Yes, we are actively recruiting for those markets. That was part of Dick's process for his EVP of Sales was to find additional enterprise sales folks in the field. He and a good portion of our team are focused on that, conducting interviews out in the field and drawing to conclusion. It should be done here shortly. We're focused on it. We know it's a big part of what our growth strategy is for early on in this year, fiscal year, and into the coming years. So we think we're on track. There have been folks displaced in the market that we've identified and folks from other industries with good enterprise [indiscernible] experience that we're also courting as well. I think we're on track there and we look forward to those individuals joining us shortly.

Q: Okay. Then, did I hear that for the conference module, there's 12 conferences signed up with a pipeline and then in the second half of the year the insights and analytics module will be live and you'll kind of be able to cross sell that to the people attending the conferences?

Brian Balbirnie – Chief Executive Officer
Yes, that's correct. So how this works is many folks listening to today's call have been a part of these conferences from an investor perspective. A lot of investing banks have multiple conferences a year and a lot of non-bank conferences also do have multiples so, as we think about the dozen that we have in our pipeline, it is what's going to happen here in the first half of the year and what will come to us in the back half of the year. A good percentage of those have even more conferences at the back half of the year that we have not signed up yet today or are not part of our subscription plans for the first half of the year. We feel good about that and that's part of our pipeline.

So the deliberate launch of the conference software first, its mobile app, which was launched just here recently last week. It's available both on Google Play and the iTunes Store, gives us the ability then to start to understand engagements even further like the webcast call today, like our IR platforms and news distribution engines. So we're going to be able to come back to the IR communities and our customers and the ones presenting at conferences to let them see the true engagements of what transpired during that event. We feel that's a bigger value to what we're building as a platform. It absolutely puts us above our competition and what they're able to offer. We're super excited about that and part of our sales strategy, from a growth potential, is find the folks that have experience selling these types of solutions.

As I talked about a few minutes ago, it's going to make a customer have to stop and take a look and we're really excited about putting a platform in place to a customer that absolutely has to see something that not only gives them the insights that they've never had, but also gives them the ability to do the work that they've historically done with several different vendors in one platform. That is a better position for us to be in a strategic directive more so than talking about price always to win customers. We tend to make that a lesser of a priority so, yes, that's kind of the deliberate path that we're on and we're super excited to see where it's headed so far.

Operator
Thank you. [Operator instructions]. Our next question comes from the line of Todd Felsey [ph] with RHK Capital. Please proceed with your question.

Q: Just recently got involved with the stock and was just wondering if you had considered doing a forward split to make the stock a little more tradable and easier to pick up a position. I know it seems to trade by appointment [ph] with so few shares outstanding and for those of us who try to buy stock, it becomes a little frustrating.

Brian Balbirnie – Chief Executive Officer
Hi, Todd. You know, that's a great question. A lot of folks have asked it and I will tell you that, from our perspective, we are absolutely heads down, focused on what we need to focus on as a business and delivering the revenues and the growth necessary and client count numbers. We've always viewed liquidity as something that will take care of itself over time. With that said, we have a lot of fans and shareholders that are passionate about our company, just like our customers are and our employees are, and that's a good thing, but it can be a patience game, picking up what's available at the right times and the dips. So I encourage you to keep on being patient there. I don't think that that's something that we as company, or as a board, would look at doing anytime soon. We have enough going on and candidly focused on investing the capital that we have, to put it to work, and make the liquidity take care of itself naturally.

Q: Sure and with any future acquisitions that you do would that be in cash like the last couple or would you look to do that possibly with a combination of equity and cash?

Brian Balbirnie – Chief Executive Officer
Yes, we're confident in the cash flows we generate for the business. Steve and I have had this conversation many times and what we believe we need to keep on hand in cash and access to an operating line [ph] as needed, so we want to use the cash that we raised and our current cash to do transactions if we're presented with an opportunity that we can get a bigger get, so to speak, a company that's a little larger than maybe what we've historically bought, we won't be afraid to use equity as an instrument as part of the transaction in a restricted form and maybe in an earn-out capacity. But, we've, like you and like a lot of us, we love it like gold [ph] so we don't want to have to give it up if we don't have to.

Operator
Thank you. Our next question is a follow up from Mike Grondahl with Northland Securities. Please proceed with your question.

Q: Yes, Brian, can you just talk a little bit about the progress up in Canada at FSCwire?

Brian Balbirnie – Chief Executive Officer
Yes, we've done well there. The client count numbers have been strong, meaning clients that we acquired in the transaction that have been integrated into our platform continue to do work at a higher pace than what we perhaps anticipated. We had a view of their past historical news work, what they've done in the past and they seem to have much more activity there. What that really means, specifically, is that not only are they running news distribution from a Canadian perspective but they're also looking at other options for global, North American distribution, as well as regulatory filings [indiscernible] in Canada, so I think we're doing really well there.

We have clients and test managers there and operational folks in the field working with customers to be sure that they get to learn the rest of what Issuer Direct has to offer. A brand like FSD [ph] was around in the market for a long time so we're working hard to indoctrinate those folks into ACCESSWIRE and what Issuer Direct is. I think we still continue to see plenty of momentum there, interest in the market, so I don't think it's just an acquisition of maintenance, I think it's an acquisition of growth, that we're still going to be able to find additional customers and we still continue to see customer growth coming from that market without investing a lot at this present time. So we're encouraged by it and we continue to see it as an opportunity to invest there.

Q: Got it. I guess you've owned [ph] the webcasting platform for not quite two months yet, but what's just kind of your initial take away from that acquisition?

Brian Balbirnie – Chief Executive Officer
Yes. It's a fantastic product. We have done earnings events here since the beginning of PrecisionIR's history, right, if you go back to an acquisition that we did a long time ago, so we have a deep history and understand the earnings events webcast marketplace and what I think the live event concept as a production of an event that comes from every other webcast other than earnings is what the Visual Webcaster product got for us. So if we conducted an earnings event today, let's say [indiscernible] then there's 100 to 500 people on the call. We have been able to, with capacity and technologies acquired, do calls that have 30,000 to 40,000 individuals registered and participating. So the scalability that we get is phenomenal.

The people that we've been able to integrate as part of our team are absolutely top notch and the customer base and the clients that we work with is very encouraging for us. We have two really good sales individuals in the field managing customers that have a good deal of spend there and we feel confident we're going to be able to move some of the platform ID [ph] products into them. I think it was a great pick up. It's a good asset to get. We needed it from a communications path of our platform and we're encouraged here that our Issuer Direct customers that have used our old legacy platforms are going to be able to be introducing a presenter controlled slide concepts into their webcast like we'll do beginning in 2019, as well as some video, so we're excited about it and I guess, bluntly, it's everything we expected it to be thus far.

Q: Got it. Just, I guess, a follow up to that, when do you think you'll begin to start cross-selling it?

Brian Balbirnie – Chief Executive Officer
I would say that in very small doses it's already occurring right now but not a meaningful number, not a number that's worth us having a detailed conversation about. I think that by the end of Q2 we're going to see full integration there. We've already started some developmental plans internally about what needs to be done to allow folks to integrate news distribution on that side, meaning at the click of a button, make it a press release to tell the world that you're having a call. So there are things we already have in place that we expect to be done here in the next 90 to 100 days that we'll start to see revenue from pretty quickly.

Operator
Thank you. Our next question comes from the line of Mike Schellinger with MicroCapClub. Please proceed with your question.

Q: Yes, I have some questions about, or a question about the platform and technology statistics. In the customer account metrics, in the press release, it says that there are 2,412 customers during Q418 versus 2,143 during Q2, so like almost a 300 customer increase. Then later down it says this quarter we entered into 20 net new licenses with new or existing customers. I'm wondering, there's something I'm not understanding between those two sets of metrics. If you could explain that, that would great

Brian Balbirnie – Chief Executive Officer
Yes, thanks, Mike. That's why we alluded in the call that we're going to start to break it out even more granular to make some of this a lot clearer. Those full subscriptions, right, our communication platform subscriptions we talk about are one part of it. The other part of it is news distributions, so we think about our platform subscription business being in the form of news that isn't a full platform ID subscription. It may be a news subscription. It may be a news bundle or a defined period of time during that Q4 period that folks bought access to that news network. That makes up the differences.

Q: So, if I understand correctly, what you're saying is you added like 250-plus ACCESSWIRE customers during the quarter?

Brian Balbirnie – Chief Executive Officer
Yes, that's correct.

Q: Okay. Great. Then just one other question. Regarding operating expenses, I know you're going through a number of different growth initiatives. Can you give us some color on how we should think about operating expenses going forward, maybe as a percentage of revenue, or maybe you're driving more towards top line revenue growth. How should we look at that?

Brian Balbirnie – Chief Executive Officer
Yes, we really are focused on the top line revenue growth and we recognize and I think that anybody that knows the story in the business knows that we've had a very lean team here for quite a long period of time. We've made strides to improve management teams, to broaden help to Steve and I to help build critical mass with us because we obviously can't do it alone and we need good folks to do that so, with that said, does come a little bit of G&A increases. I wouldn't suggest that this maybe is the new norm. I think it may be a little higher than what it will be in the coming years, but we're definitely focused on that top line growth, which will take care as a percentage, take care of it.

Operator
Thank you. There are no further questions at this time. I would like to turn the call back over to Mr. Balbirnie for any closing remarks.

Brian Balbirnie – Chief Executive Officer
Thank you, Michelle. I do really want to thank everyone for their time today and to our employees, customers, and investors for their continued support. We look forward to updating you on our next call. Thank you and have a great day.