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Q1 2022 Earnings Call

Company Participants

- Cameron Lessard, Director of Investor Relations and Capital Markets
- Joe Walsh, Chairman and Chief Executive Officer
- Paul Rouse, Chief Financial Officer

Other Participants

- Arjun Bhatia, Analyst
- Daniel Moore, Analyst
- Scott Berg, Analyst
- Shrenik Kothari, Analyst
- Zach Cummins, Analyst

Presentation

Operator

Ladies and gentlemen, good afternoon. My name is Abby and I'll be your conference operator today. At this time, I would like to welcome everyone to the Thryv First Quarter 2022 Earnings Conference Call. Today's conference is being recorded and all lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. (Operator Instructions)

Thank you. And at this time, I would like to turn the conference over to Cameron Lessard, Director of Investor Relations and Capital Markets. Mr. Lazard, you may begin your conference.

Cameron Lessard {BIO 22232939 <GO>}

Good morning, and thank you for joining us on today's conference call to discuss Thryv's first quarter 2022 financial results. With me on today's call are Joe Walsh, Chairman and Chief Executive Officer; and Paul Rouse, Chief Financial Officer.

Before we begin, I'd like to remind you that shortly before today's call we issued a press release announcing our first quarter 2022 financial results. We also published an investor presentation on our website at investor.thryv.com. Please note that information regarding our quarterly performance and guidance, can be found towards the back of the presentation.

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I would like to remind listeners that some of the comments made on today's call and some of the responses to your questions may contain forward-looking statements about the operations and future results of the company. These statements are subject to the risks and uncertainties described in the company's earnings release and other filings with the SEC. Thryv has no obligation to update the information presented on the call.

Also on today's call, our speakers will reference certain non-GAAP financial measures, which we believe will provide useful information for investors. Reconciliation of those measures to GAAP will be posted on the Investor Relations website.

With that introduction, I'd like to turn the call over to Joe Walsh.

Joe Walsh {BIO 18001809 <GO>}

Thank you, Cameron and thank you all for joining us on today's call. Q1 was yet another strong quarter for Thryv with revenue and EBITDA all beating. So we're raising it. Let's jump into the headlines. Total SaaS revenue grew 29% in the first quarter. SaaS subscribers are growing nicely now at 47,000 subscribers. So on track for double-digit subscriber growth. We had previously said that we thought we could achieve a little better balance between subscriber growth and ARPU growth and that's beginning to play out, I think being demonstrated by these numbers.

Engagement is still really good and increasing. Monthly active users were up 16% year-over-year. Our daily and weekly cohort is growing even faster at 21%. So people really engaging and using the software, which has been our North Star driving to that engaged user. Retention remained solid, season churn is steady in the mid-ones, which is world class when you're dealing with very small businesses, we are, and season net dollar retention is now 93%. We had an Investor Day about a month ago in New York City and it was really exciting for us to get a chance to meet a lot of our investors who have gotten behind the story and meet them in person, which was great.

We outlined the way we see this decade playing out, the mega trend of small businesses adopting the cloud, tools following enterprises from last decade. We talked about the platform roll that we believe Thryv can play within this greater ecosystem. We outlined a goal of getting to $1 billion in SaaS revenue in 2027, $4 billion in 2032 and we still are really confident that that's a very realistic type goal, and we laid out the measurements by which you can kind of keep an eye on our progress, the levers we're going to use to get there and the signposts along the way.

So if you missed that Investor Day, you can go to our website and you can dig in and see the presentation, see some video on it, learn more about us there. We believe that this year is off to a terrific start.

So with that, let me turn it over to Paul Rouse, and let Paul take you through the numbers.

Paul Rouse {BIO 18940808 <GO>}

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Thank you, Joe. As a reminder, we are going to focus on total SaaS and total marketing services results which includes both domestic and international operations. This is how we provide guidance to start the year and will be the case going forward. We do feel this will be more helpful in modeling the business.

Okay. Let's talk about our first quarter results, starting with our SaaS business. First quarter total SaaS revenue was $48.2 million, an increase of 29% year-over-year, and ahead of our guidance range. First quarter SaaS adjusted EBITDA loss was a negative $6.8 million and better than our initial outlook. The reason for the improvement was due to delaying key product and engineering investments to future periods.

Total SaaS ARPU was $352 for the first quarter, an increase of 16% year-over-year. Total ending SaaS clients were at 47,000 for the first quarter. As has been previously stated we expect more balance between subscriber growth and ARPU expansion, which is reflected in our 2022 SaaS revenue guidance. Season net dollar retention was 93% in the first quarter. As a reminder season net dollar retention represents clients that have been with us for over one year. Monthly churn remained stable in the quarter.

Moving over to marketing services, first quarter total marketing services revenue was $260.2 million, and ahead of guidance. The reason for the over performance was due to the Vivial acquisition, which contributed $23 million in the quarter, on a reported basis.

First quarter total marketing services' adjusted EBITDA was $90.5 million, resulting in an adjusted EBITDA margin of 35%. Please note that our recent acquisition of Vivial Holdings had a negative drag of approximately 380 basis points on adjusted EBITDA margin in the first quarter. First quarter total marketing services billings, excluding Vivial were $222.6 million, a decline of 19% year-over-year. As is consistent with previous earnings calls, we are providing billings and additional operational metrics to give our investors better insight into our operational performance.

Billings data will show a very consistent and steady decline in our marketing services business, which has shown to be lumpier on an accounting basis given the extended life cycle of our directories. This is provided in our first quarter investor presentation available on our Investor Relations website.

Turning now to profitability leverage for the consolidated business, first quarter consolidated adjusted gross margin was 67%. First quarter consolidated adjusted EBITDA was $83.7 million, representing adjusted EBITDA margin of 27%. Finally our net debt position was $567.5 billion in the first quarter after accounting for the $22 million we borrowed for the acquisition of Vivial Holdings. Our leverage ratio for the first quarter, in accordance with our credit facility was 1.55 times net debt-to-EBITDA and well below our covenant of three times.

Let's talk about guidance for 2022. For the second quarter 2022 we expect total SaaS revenue in the range of $50.5 million to $51 million, representing growth of 22% to 23% year-over-year, and an adjusted EBITDA loss in the range of $6 million to $6.5 million. For the full year 2022 we are raising our guide for total SaaS revenue in the range of $208

million to $209 million, representing growth of 22% year-over-year. We are reiterating our SaaS EBITDA loss in the range of $21 million to $25 million.

For the full-year 2022, we are raising our guide on total marketing services revenue in the range of $905 million to $920 million, and raising adjusted

EBITDA range to $315 million to $320 million, representing an EBITDA margin of 35%. Consistent with previous calls, we will provide quarterly ranges for marketing services revenue for the remainder of the year, which can be found in our first quarter investor presentation on our website. We provide these figures because sales canvas [ph] process allows for strong visibility into future revenues and because print publication timing is not generally consistent quarter-to-quarter.

Now I will turn the call back to Joe. Joe?

Joe Walsh {BIO 18001809 <GO>}

Thanks, Paul. A few more items before we go to Q&A. First, I'd like to start with Vivial. We made the Vivial acquisition in Q1 and we're off to a really great start with Vivial. We picked up some excellent people, people that really understand the local market, have good customer relationships and they're going to be really additive to the overall Thryv story. We're really excited about the Vivial employees.

We also picked up with Vivial, a bunch of great customers and they're already beginning to buy the SaaS product. So when we look forward to '23, you will see strong growth coming through from this additional leg we just added, this big customer base from Vivial, that we added. We're really excited of our growth as we go into '23.

Another area that I think will be very strong next year is international. We recently hired Marie Caron. She came in as President of International Markets. Marie has a lot of SaaS experience. She has worked around the world, created partnerships, affiliates and it will be her job to really rapidly expand Thryv internationally and she's got the chops and the experience to do it. So as you look at your models and our plans for '23, International is going to become a bigger part of the story, in addition to the very strong results, we're continuing to get from the US. So pretty excited about what international can do and can add.

So with that, I'd like to turn it over to questions. Operator?

Questions And Answers

Operator

Thank you. (Operator Instructions) And we will take our first question from our Arjun Bhatia with William Blair. Your line is open.

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Q - Arjun Bhatia {BIO 17340929 <GO>}

Perfect. Thank you. Joe, maybe if I can start with you, I just wanted to get a sense for what you're seeing in the customer base, and the broader S&P market in terms of sentiment and appetite to invest in software at this time. I know there has been obviously a lot of macro headlines with inflation and interest rates and recession risk, etc. But I'm curious it seems like it was always a good quarter from a customer adds perspective but would love to hear what you're seeing and hearing from customers.

A - Joe Walsh {BIO 18001809 <GO>}

Thanks, Arjun. Yeah, you're right. There's certainly a lot of external noise from the war to interest rate changes and certainly challenges in hiring, and we do hear these things. It's, I would say that small business morale -- small business mindset it's not quite as bright as it was maybe back earlier when we were totally on the gas with all the quantitative easing and all the other incentives that were going on out there. But it hasn't affected sales. I mean, customers are -- we're seeing still really strong demand in that macro unstoppable trend we talked about of people moving from analog to digital, moving to the cloud. It's very much still in play.

And I would say if anything the challenges around hiring sort of cause you to want to modernize, because it actually is labor saving. Some of the elements of Thryv, our key marketing automation tools, our appointment taking and scheduling tools, reminders, some companies have people. In fact just before this call started I got two different calls from my dentist trying to confirm my appointment later this week. And by the way my dentist has Thryv. They're just 100 years old. I'm having a hard time getting them to use technology.

But anyway, I think it's very much labor savings and I think it's making a difference in terms of them realizing that adopting this technology can actually help them with that issue. So overall demand continues to be strong and obviously we're reporting here out on what happened in the first quarter. We're well into the second quarter and I think things are continuing to go really well. We're very bullish on the year as seen by the fact that were upgrading and increasing our targets for the year.

Q - Arjun Bhatia {BIO 17340929 <GO>}

Perfect, thank you. And maybe I'll introduce you to my dentist who's still not digitally adept at this point. Maybe a follow-up for Paul, I think you mentioned that in SaaS EBITDA there were some product and engineering investments that were delayed into the future. Should we -- is that hiring environment that drove that, maybe just give us a little bit of background and then, is there anything that we should think about in terms of impacts on the product roadmap as a result of those delayed investments?

A - Joe Walsh {BIO 18001809 <GO>}

Paul and I are going to share this answer because I'm tramping all over, like always. One of the big pieces of that was Vivial. We had planned to hire product people and engineers. We plan to hire some additional sales reps and in the Vivial acquisition in early January, we got all of that. We've got a whole bunch and it allowed us to sort of acqui-hire those in

and jumpstart our plans for the year. So that's part of our real bullishness on how we're going to do this year.

It happened as a part of the acquisition price as opposed to a whole bunch of individual expenses. Now you might get -- your follow-up question might be, well does that mean you're going to tuck that under your belt, not spend that money. We're still spending. We're pretty excited about what's happening here. And we're -- the targeted amount that we're going to invest for the year, I think we're going to stick with and just smooth it through the year. So Paul, sorry to trample on you but you can add to that answer if you want.

A - Paul Rouse {BIO 18940808 <GO>}

Perfect.

Q - Arjun Bhatia {BIO 17340929 <GO>}

Perfect. Thank you, both. Very helpful. Take care.

A - Joe Walsh {BIO 18001809 <GO>}

Thanks Arjun.

Operator

Your next question comes from the line of Scott Berg with Needham and Company. Your line is open.

Q - Scott Berg {BIO 16265995 <GO>}

Hey, everybody. (Inaudible) appreciate you taking my questions. First just wanted to peel the onion on engagement, a little bit. Just what are some of the things that you're seeing resonate the most, your thinking in the context of add-on module, some newer features that you've launched, investments across customer success. Maybe if we can drill into that a little bit more, that would be helpful? Thank you.

A - Joe Walsh {BIO 18001809 <GO>}

Yeah, I mean the progress on engagement is just stunning. We were just -- we had a Board meeting last couple days and we were looking at the growth in engagement relative to the growth in customers, and I mean the engagements outpacing customer growth by 5 to 1 is spectacular. But we consider it really firm leading indicator on retention and low churn going forward and our ability to really bed these customers down and grow ARPU by delivering more products to them over time. I would say the biggest driver of this really strong engagement is continuing perfecting our onboarding process.

We have a very slick onboarding tool, onboarding widget now that's helping people get up quicker and get going. We've really altered and improved our onboarding process and just getting a lot more people using the tool more quickly. We also have kind of focused

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our sales call and our onboarding on the specific problem that small business is trying to solve as opposed to kind of make it a product or going into a lot of different areas.

We know going into it, there a prep call before we do onboarding. We know that this is why this guy bought because he is trying to get scheduling figured out, he is trying to deal with payments, or he is trying to fix social. And that's where we go. And then we confirmed at the end of the call from the beginning, that that's what they want to do it. At the end we confirm that we've accomplished that.

And then we say or in future calls, we'll build on that. And so that's really getting people right in and using it and it's just we are using a rifle instead of a shotgun. We are really getting right at the topic that's an issue. Now we are innovating the product. We have had -- so far this year, we have had more product releases and product innovation then we had all of last year or in any year because of the level of investment we have got now in product and engineering. And the product is getting better. I can't point to any one product improvement that's driven it as much as just the process I think.

Q - Scott Berg {BIO 16265995 <GO>}

Got it. That's helpful. And then second, just wondering if you could give us an update on the mix of new customer growth from conversions versus some of the new channels that you guys have been ramping. Thank you.

A - Joe Walsh {BIO 18001809 <GO>}

Yes, thank you. A simple way to think about this, is our customers come in three buckets. Approximately one-third are coming from our existing marketing Services legacy customer base. Sometimes we call it the zoo [ph], something in the zoo our existing customers. In addition Berg, our referrals coming from those happy customers there. So it's our local sales force just selling the friend of the customer that already bought, and that -- the pace of those referrals is really picking up as we are driving our Net Promoter Scores up, as our churn numbers are driving down, and our engagements going up.

We are seeing more referrals than ever. So occasionally investors will ask me, when are you going to run through the whole zoo. And the zoo is self-generating because it keeps generating more referrals and of course we keep selling new businesses into the zoo. So one-third from our local traditional base, one-third referrals out of that base. The final third is coming from all the various new channel activities that frankly we are still learning at, and still improving. Each quarter we get a little bit better at our inbound sales activity.

We are doing all kinds of content marketing online or directly advertising online, driving people to our website. They are clicking on hey, I want a demo and they are coming down through a funnel and they're buying. Or we've got a partner channel or we are working with partners affiliates resellers. And then we have got multi-location franchise channel. And that franchise channel in particular is off to a super-fast start this year, but those areas are all developing at various speeds and improving. They are not perfect. I wouldn't point to those as our absolute best areas. We are making really good progress in those areas and sales are breaking out about a third, a third and a third.

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Q - Scott Berg {BIO 16265995 <GO>}

Awesome. Thank you guys.

Operator

And your next question comes from the line of Zach Cummins with B. Riley Securities. Your line is open.

Q - Zach Cummins {BIO 20380773 <GO>}

Yes, hi, good afternoon. Joe and Paul. Congrats again on the strong results here and thanks for taking my questions. Joe, in terms of ARPU growth in the SaaS business, I know you've outlined that were a more balanced approach between new customer growth and ARPU growth this year. But can you talk about some of the opportunities to continue to grow that ARPU number and there's a lot of that really dependent upon rolling out these new centers that you outlined at your Investor Day?

A - Joe Walsh {BIO 18001809 <GO>}

I mean it's certainly new centers are going to be a big part of it. And we -- if you think about kind of a long-range targets we laid out at our Investor Day, broadly speaking, it's sort of imagined average revenue per customer going from about $4,000 a year per customer to more like $6,000 over the next say five years. And I would contrast that with like HubSpot where they're getting nearly $12,000 right now. So we don't think that that's all that high-step and we think that's very, very possible.

And we see our customers as they engage more, using more of the product. They're getting more of their employees' licensed. One of the things I'm really excited about is our customers are growing. In the local marketplace to drive customer, is a tremendous advantage to a small business that's unclouded. I mean they're going to be found easier online, they're going to be really easy to do business with. They're just going to do better. They're going to compete for more carpet cleaning jobs or whatever they do.

So our customer base is growing and they're adding locations, they are adding employees, good things are happening for our customer base. We've just been looking -- I've been at a Board meeting last couple of things, looking at case studies of individual customers whose spend with us has expanded five-fold, as they've been growing with us. So part of it is genuinely helping them succeed, is helping us grow their ARPU. But adding new centers is certainly as an important piece of it. Payments [ph] we don't talk about much but it's the sleeping giant. I mean it's still $100 million and climbing fast and there's a little teeny bit of revenue attached there. We never talk about that we don't position ourselves as a payments company we think of it more as a retention tool.

You never cancel software that's paying you, let's be honest. But actually it's driving revenue too. So that's another element. And there are a bunch of add-ons. There are a bunch of cool things that we offer for people, where they can buy a HIPAA compliant version, if they really need that extra level of security, et cetera.

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There's lots of things that we're able to do for customers. So centers is an important part of it. We are planning at least a big center a year as we look at the roadmap for the next few years.

Q - Zach Cummins {BIO 20380773 <GO>}

Understood. And final question for me is around Vivial. I mean can you talk about the revenue contribution we saw here in Q1? It's definitely I think above what I had in my model. So pretty hot start out the gate, but can you talk about the opportunity there, just synergies within your existing domestic marketing services business and maybe potentially the opportunity you see to convert some of their customers over to the SaaS platform.

A - Joe Walsh {BIO 18001809 <GO>}

The last thing you said is why we bought them. We want to be able to get SaaS customers. To some of you that might seem counterintuitive because they're not SaaS customers. They were buying marketing services. But we've sort of perfected a process of getting in there and having that conversation. And we're off to a really good start. Hundreds of Vivial clients have already bought SaaS, and it's just been literally weeks. We just trained sales force. But the sales force is so excited about having this new future, this new mission of guiding small businesses into the cloud and helping them really be competitive in the marketplace.

Helping those businesses have a strong advantage against everybody else in the local market. The sales force is really excited about it and they are signing up people very fast. So I think the reason that we did the deal was we think that we will get thousands and thousands of additional SaaS subscribers out of the Vivial base over the next three years. That's why we did the deal.

On the marketing services side, it was a slam dunk and we were able to crystallize a bunch of synergies because there were a bunch of duplicate costs and those marketing services fulfillment just run over our rails. And it's just, it was a home run as far as that goes. So it actually couldn't honestly be going any better. We're really, really happy with Vivial.

Q - Zach Cummins {BIO 20380773 <GO>}

Understood. Great to hear. Well, thanks for taking my questions and best of luck here in Q2.

A - Joe Walsh {BIO 18001809 <GO>}

Thanks Zach.

Operator

(Operator Instructions) And your next question comes from Shrenik Kothari with Baird. Your line is open.

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Q - Shrenik Kothari

Hey, this is Shrenik on for Rob. Firstly, congratulations on the Entrepreneur Award, Joe, that's very well deserved. SaaS ARPU was kind of flat sequentially. And I guess to your point, by design that you reiterated again, and the customer growth is kind of picking up nicely. SaaS grew like 6% year-on-year from low-single digits previous quarter.

So can you talk a little bit about the drivers and strategies, especially from the verticalization of the offering standpoint? I know you highlighted the dentist example here, and you guys talked about carving out specific offerings for different verticals, dental, HVAC [ph] and so on. So can you can you talk about the traction you're seeing there in terms of customer adds and overall contribution?

A - Joe Walsh {BIO 18001809 <GO>}

Sure. Yeah, I mean look Thryv has set out to be the platform that small businesses will run on. We believe that these guys, that sort of dipped their toe in the water and try one point solution or two little point solutions pretty quickly get frustrated with having to buy all these different point solutions from different vendors, logging in and out of (inaudible), sticky notes all over their desks and the data doesn't share and they want to graduate to a more complete platform, more complete tool and we're just sitting there waiting for them.

And it's a trickle right now it will be a wave over the next couple of years, of people graduating to this more all-in-one big, big platform. And look being a platform probably wasn't cool a few years ago. It's actually hard to sell the platform because they were barely ready for a point solution, let alone the platform. But we are-- every dog has his day we're kind of in the right place as this market unfolds over the next couple of years.

So we go to the market with that advantage. The way some people would compete with us is they go in and say, well, we're especially for pest control guys, like this is what we do. We keep track of when you apply the chemicals and what the humidity was that day and the temperature and that's right there in the customers file. And so taking our tremendous strength within home services and beginning to verticalize that just seems like a logical step to us, both from the way we present and the way we market to them and the way we fulfill, when you deal with the product.

So as you come through and you tell us you're a plumber or you tell us you are a roofer or whatever, we start to interact with you that way. And the product -- the whole experience starts to customize that way. We're still honestly pretty early in that journey and I think there's a lot left for us to do there, but it's clearly beginning to get some traction. You can see it in the customer growth numbers. We said that we would balance growth this year between -- I guess one of the criticism last year was well, Jesus, you grew a lot, you had really strong growth. But a lot of it came from ARPU growth. That scares us.

And I said, don't worry, all the initiatives to drive subscriber growth are kicking in right now, because we have a lot of forward visibility and I promise that we would be able to grow double-digit and really balance those two this year. And I can tell you, sitting here in May I

mean that's exactly what's happening. It's playing out. We're seeing some growth come on very, very strong and I think it continues to be scope for more ARPU growth as we go through the year. So that's going to drive strong growth and some of it will come from the verticalization.

Q - Shrenik Kothari

Got it, got it. That's really helpful. Just one quick follow-up on the Thryv pay. So it seems like the traction, still continues to grow. I saw that the TPV number up $100 million annualized, which was I think up from $60 million that you guys kind of highlighted last quarter. So just wanted to kind of get a sense of the attach rates and the market share kind of progress thus far. I remember you mentioned it was greater than 50% last quarter. So, just some status update there.

A - Joe Walsh {BIO 18001809 <GO>}

Yeah, the trend continues within our customer base, within Thryv subscribers. It's now the most preferred payment options. You are allowed when you come in to bring your square or bring whatever you are using, no problem. We're Switzerland, we will take anybody. We are totally an open shop. But pretty quickly they seem to switch to Thryv there, because it's just so slick and so fully integrated, the fees are lower and it just works so well. So that's a continuing trend, we see more and more and more of our customers coming over that way.

What's earlier in its life and much earlier in its success is our Thrive Pays freemium app. That's when you haven't yet bought a Thryv. You just turn off around on one of the app stores looking for a payment option and you find Thryv Pay which is free. It's a freemium tool, download it and begin to use it. That is beginning to bubble up now.

It took us a little while to sort of work out getting people approved and getting it moving. But we are seeing strong momentum there. And I would expect in the coming year or two, that's going to be an important contributor and we are hoping, honestly. It may even actually help us find some new SaaS subscribers for the software too. Although I don't--I can't point to any of those was just yet. It's all just early days but what Thryv Pay more than anything is it just locks customers in.

I mean if your software is paying you, you don't churn.

Q - Shrenik Kothari

Got it, got it. Thanks a lot Joe. Appreciate it.

A - Joe Walsh {BIO 18001809 <GO>}

Thank you. Thanks for your questions.

Operator

And your next question comes from Daniel Moore with CJS Securities. Your line is open.

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Q - Daniel Moore {BIO 4869128 <GO>}

Thank you, Joe and Paul and thanks for all the color. You covered most of my questions. Maybe one more, at the Analyst Day, you talked about the franchise customer penetration as being kind of a key driver mid and longer term in terms of growth. Can you just talk about how you plan to go to market there and is there any -- can you maybe scale the size and scope of the opportunity. Thanks.

A - Joe Walsh {BIO 18001809 <GO>}

Yeah, I would be glad to. That's off to a really good start this year. Dan, one of the weird things is that when you are trying to work the franchise market and you can't go to the franchise shows because there aren't any, where they all virtual it's just really tough to get traction. So those came back last fall. And they are meeting in person again, those franchise shows are happening all over the place. And we are there and we have built some great social media presence in and around that, and we are seeing lots of signings of new contracts, of new franchises come through. So we're really encouraged about the momentum there. One change that we haven't really announced externally, it's an internal thing but Marie Caron our International Leader is actually going to take that on. She's got a lot of experience in working in this type of space. It's just fresh-thinking and bunch of new ideas and so she is excited. We're excited about her potential future impact on that.

It also gave us one motion, not just domestically, but internationally as we go about this. And a lot of these franchises have designs on moving outside the US, or are already on actually. So we think that will work really well. So more to come on this, but our little internal number it's about to get blown away for the year here in another month or two where we're really doing well in this area. It took a little while to gestate and the pandemic didn't help but it's coming on nicely now.

Q - Daniel Moore {BIO 4869128 <GO>}

Perfect. Maybe one more, if it's in the prepared docs, forgive me if I missed it. Vivial, what are we thinking for sort of the revenue and EBITDA contribution embedded in the full year guide? Thanks again.

A - Joe Walsh {BIO 18001809 <GO>}

Paul, I don't know what that number is. Do you?

A - Paul Rouse {BIO 18940808 <GO>}

Yeah. We haven't broken that out significantly. We did that intentionally since we're blending the two organizations and Vivial is going to be selling Thryv products and vice versa. And also we're merging the operational expenses. So I think it's best to think of it as one organization and not as a separate one. We're not going to try to talk about Vivial going forward. It's just part of us.

A - Joe Walsh {BIO 18001809 <GO>}

Yes, think of us as taking Vivial and just discuss sort pouring its customers over our rails. So it's going to be pretty hard to track what the heck happened to Vivial in a minute. So it's

just going to be the marketing services stuff, of the marketing services and their digital customers will largely convert to SaaS or in some cases keeps our digital offering, but be fulfilled over the Thryv rail. So it's just sort of going to go away, but it's definitely going to flatter our numbers for the year, no doubt.

Q - Daniel Moore {BIO 4869128 <GO>}

All right. That's helpful. Again, I appreciate it. Best of luck in Q2.

A - Joe Walsh {BIO 18001809 <GO>}

Thanks.

Operator

And there are no further questions at this time. I will now turn the call back over to Mr. Joe Walsh, for closing remarks.

A - Joe Walsh {BIO 18001809 <GO>}

Thank you very much. So just to wind up here, we're in a really good spot. It's fun to deliver numbers that are better than the promise and it's a lot of fun to be able to raise your guidance and we got to just to do both of those again. We've been able to do that a bunch of quarters and we're pretty conservative with what we guide. So we hope to be able to do that in the future as well.

But there is a megatrend happening here. It's so big I mean the trend in the 2010s was enterprises moving their computing into the cloud. It was a big deal and a lot of big businesses were built, a lot of money was made.

This next trend of small independent businesses moving to the cloud, will be many, many times bigger than the enterprise trend was. There are just so many more of them. It's a big imperfect market. They will come on for different reasons at different times. But they will come on and it will be an enormous way and it's really important because those independent businesses in order to compete with global e-commerce, in order to compete with these rollouts by private equity and all that kind, they're going to need those tools. And we think it's a noble mission that we're on it.

We're deadly serious about guiding small businesses in to the cloud and helping them take full advantage of the devices they already own, the phone in their pocket, that tablet that they're carrying around to run their business, and the freedom to move around anywhere they want to keep track of what's going on in their business. When it's time to do their taxes or whatever they push a few buttons and they are all-in. It's just that simple. When customers call them and they are right in the middle of providing service to one customer, there could be an auto respond that responds to them, they can get back to them, so they don't lose that customer.

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All those simple things and we're providing those things. It's important work and our employee base, the Thryv employee base is so passionate about the service that they give. It's easy to keep regenerating that passion because the feedback that we get from our customers every day is just one giant thank you, thank you, thank you. What you've done for me has made such a difference in my business and it just makes you want to kind of run three miles (inaudible) when you get off the phone with these guys, because we are making a big difference in their business. And so that's the mission that we're on and it's conveniently is turning into an incredible business. And now we're so glad that you investors with us have supported it and helped us get to here and now we're really excited about the balance of this year. So thank you very much.

Operator

And this concludes today's conference call. You may now disconnect.

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