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PRESENTATION

Operator

Good day. My name is Savannah, and I will be your conference operator for today. At this time, I would like to welcome everyone to the Thryv Second Quarter 2022 Earnings Conference Call. Today's conference is being recorded. (Operator Instructions)

Thank you. And I would now like to turn the conference over to Cameron Lessard. Please go ahead.

Cameron Lessard ***Thryv Holdings, Inc. - Director of IR & Capital Markets***

Thank you for joining us on today's conference call to discuss Thryv's second quarter 2022 financial results. With me on today's call are Joe Walsh, Chairman and Chief Executive Officer; Grant Freeman, Chief Customer 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 second quarter 2022 financial results. We also published a Q2 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.

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 would like to turn the call over to Joe Walsh.

Joseph A. Walsh ***Thryv Holdings, Inc. - Chairman & CEO***

Thank you, Cameron and thanks to everyone for joining our call today. Hopefully, you've seen our press release and the strong financial results we delivered in the second quarter, which exceeded all our guidance measures. We've made tremendous progress on our strategic priorities that enable this quarter's performance and our outstanding performance for the first half of '22. As a result, we're raising our full year guidance.

Total SaaS revenue for the quarter was up 26% over last year, and the $52.2 million in quarterly sales figure marked the highest in the history of Thryv SaaS. We hit 50,000 SaaS subscribers, up 11% year-over-year, with the strongest growth we've had in a couple of years. We said for this year that we would have more of a balance between subscriber growth and ARPU growth. We both are double-digit in this quarter.

We also meaningfully overperformed on adjusted EBITDA in SaaS. This happened in part because of some progress we made where we kind of overdelivered on our ability to hire some engineers through our Vivial acquisition. We picked up a couple of excellent -- number of

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excellent react developers that would have otherwise been a recruiting process. So that saves us some money. We also have been much more efficient with our overall SaaS marketing efforts. And so that's allowed us to invest less spend a little less than we thought we would need to.

We initially guided to a loss in SaaS of $21 million to $25 million for the year. We now believe the SaaS EBITDA loss will narrow and Paul will provide updated guidance in his remarks.

Marketing Services continues to show predictability and resilience in billings with high EBITDA margins. We've made some really big gains in our active users of our software this year. It's been one of the big stories of the year, one of the things I've mentioned before, it's our Northstar, the thing that we're the most focused on. And so to make such a quantum jump that we've made this year, we think is a leading indicator on how we're going to do in the future.

And so to update you on some of those recent engagement trends, our Chief Customer Officer, Grant Freeman is with us. Grant?

Grant Freeman ***Thryv Holdings, Inc. - Chief Customer Officer***

Thank you, Joe, and good morning, everyone. I'm excited to be here today to update you on the progress being made as our clients continue to increase and deepen their engagement with our software platform.

As I shared before, our Northstar is an engaged client, and I'm pleased to report that we have seen a 30% increase in engaged users over the first half of the year. Now this has been accomplished by, first, focusing on selling to the right client, making sure that they are ready to implement our software at the point of purchase. Next, we clearly identified the problem that they want to solve and help them understand the impact that problem is having on their business. After that, we create a customized onboarding experience, ensuring we deliver a best-in-class time to first value. And finally, we deploy additional human and tech touches that encourage deeper engagement in our software across the entirety of their journey with us.

One of the great things about our client base is who we sell to. We don't have a ton of restaurants and retail establishments. Our clients tend to be those who are almost always needed. An example that comes to mind is if you have a plumbing issue, you're probably still going to call the plumber regardless of economic conditions. Or if you have a dental issue, like a cavity or a toothache, you're probably going to contact the dentists. We find that these businesses are more resilient to any softening of demand in the marketplace. Now we also see these businesses as being primed for modernizing the way they operate, so they can gain efficiencies and accelerate growth.

Every Thryv prospect receives a customized demo of our software, where we show them how our platform will solve their problem before they purchase. We have found that this motion yields higher engagement and low churn. It ensures our platform is a fit for the needs of that SMB. Because of this, when we dive deeper into the data, one of the things we noticed is an increase in usage of Thryv software features that help businesses be more efficient when dollars are tight.

Let me go ahead and share a few examples. We help businesses make sure their calendars are full. Our scheduler and automated reminder features ensure customers of our clients show up for scheduled appointments, whether out of beauty salon or for roofing estimates. We help eliminate no shows. We offer far more than tech support. We offer coaching to our clients. Recently, we have been working with owners who have been impacted by supply chain shortages.

An example that comes to mind is a garage flooring company that was not receiving the epoxy supplies needed to run his business. We brainstormed with them and encourage them to communicate with existing and new customers sharing with them that he now provides garage cleanouts, which requires no supply chain impacted supply. This allowed him to generate revenue and keep his crews busy while waiting for epoxy.

We've also been helping clients with cash flow. A great example of this is because of our integrated CRM and are estimating and invoicing tools, customers can more quickly issue estimates and then invoices upon completion of services. This reduces outstanding balances and gets them paid faster. Furthermore, if they offer Thryv pay, their customer can also pay quickly and efficiently and in many cases, help them save on fees, which goes straight to the bottom line.

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It's important to understand that our entire client success team knows that our onboarding and 24/7 service is a key differentiator for Thryv's model. We have the attitude that no small business should be left behind. We coach and inspire small business owners during onboarding, focusing on solving the main problem the client is trying to resolve within the first 10 days. We focus on their engagement with our software because we know that at the end of the day, it helps them succeed.

A recent industry study among small businesses found that 4 out of 5 SMBs cited increased productivity, increased profitability and a better customer experience for those businesses who had shifted to cloud-based tools. And that's really no different than the feedback that we get from our own clients.

So let me just share with you a couple of quotes about a couple of their experiences with investing in technology. One of our clients said no more repetitive reminders to staff less phone calls to clients more time spent giving spectacular client service. Another one shared from allowing potential customers to book their own appointments to receiving payments to sending follow-up confirmation messages to reviews among many, many other aspects, I see Thryv benefiting my business in categories dang near across the board. All these efforts culminate in our highest engagement numbers to date and corresponding low churn for the first half of the year.

Clients are using the product more than ever, and they are staying with us because they realize that Thryv, they have more than just a platform. They have people helping them succeed. And that's something we are very proud of.

So with that, let me turn this back over to Joe.

Joseph A. Walsh ***Thryv Holdings, Inc. - Chairman & CEO***

Thank you, Grant. You and your team have done an excellent job of helping our customers find time to first value and getting them onboard in a smooth way that's contributed to strong usage. And that usage, that engagement for me is a forward indicator as to how we're going to do in the future. It's also a great indicator of how we're going to do on net revenue retention going forward because as those customers become more engaged and as they succeed, they tend to buy more. And growing the ARPU, growing the revenue per customer, having those add-on sales is a big part of our product road map going forward into the future. So thank you for that. Thank you for enabling that. I appreciate all that you guys are doing.

Next, I'd like to turn to Paul Rouse, our CFO. Paul?

Paul D. Rouse ***Thryv Holdings, Inc. - CFO, Executive VP & Treasurer***

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 provided guidance to start the year and will be the case going forward. We do feel this will be more important in modeling the business.

Okay. Let's talk about our second quarter results, starting with our SaaS business. Second quarter total SaaS revenue was $52.2 million, ahead of our guidance range. This represents an increase of 26% year-over-year and 8% quarter-over-quarter. Fueling this increase in revenue was a balance between ARPU and subscriber growth, both increasing 11% year-over-year. Annualized spend per client was approximately $4,300 for the second quarter.

Second quarter SaaS adjusted EBITDA loss was a negative $2.2 million and better than our outlook. As Joe said in his remarks, the reason for the overperformance was due to key engineering talent we acquired in the Vivial acquisition and more efficient and effective marketing efforts, particularly in our new acquisition channels. Seasoned net dollar retention was 91% in the second quarter. As a reminder, seasoned net dollar retention represents clients that have been with us for over 1 year. Monthly churn remained stable in this quarter.

Moving over to Marketing Services. Second quarter total Marketing Services revenue was $281.8 million and ahead of our guidance. The reason for the overperformance was due to stronger-than-anticipated digital revenue and the addition of Vivial. When we acquired Vivial back in the first quarter, we assumed a higher level of client churn as we work to integrate the sales and client success teams. This did

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not happen. And in fact, we have seen better renewal rates for Vivial products than our original expectations. Vivial contributed $30 million to Marketing Services revenue in the quarter.

Second quarter total Marketing Services adjusted EBITDA was $118.2 million, resulting in an adjusted EBITDA margin of 42% due to a strong print publication quarter. Second quarter total Marketing Services billings, excluding Vivial, was $216.4 million, a decline of 17% year-over-year and within our expectations, which has been consistent for many years.

As reported in prior earnings calls, we are providing billings an additional operational metrics to give our investors better insight into our operational performance. The billings data will show a very consistent and steady decline in our Marketing Services business, which is shown to be lumpier on an accounting basis, given the extended life cycles of our print directories. This is provided in our second quarter investor presentation available on our Investor Relations website.

Turning now to profitability and leverage for our consolidated business. Second quarter consolidated adjusted gross margin was 71%. Second quarter consolidated adjusted EBITDA was $116 million, representing an adjusted EBITDA margin of 35%. Finally, our net debt position was $542.4 million in the second quarter. Our leverage ratio for the second quarter in accordance with our credit facility is 1.5x net debt to EBITDA and well below our covenant of 3x. Our pension obligation is now $115.7 million.

Now let's discuss updated guidance for 2022. For the second quarter 2022, we expect total SaaS revenue in the range of $53.7 million to $54.2 million and an adjusted EBITDA loss in the range of $4.8 million to $5.3 million. For the full year 2022, we are raising our guide of total SaaS revenue in the range of $209.5 million to $211 million, representing growth of 23% year-over-year. We are updating our SaaS EBITDA loss outlook in the range of $16 million to $19 million, which is an improvement of our previous guidance of $21 million to $25 million loss.

For the full year 2022, we are raising our guide for total Marketing Services revenue in the range of $955 million to $970 million and raising our adjusted EBITDA in the range of $335 million to $340 million, representing an EBITDA margin of 35%.

Now back to you, Joe.

Joseph A. Walsh ***Thryv Holdings, Inc. - Chairman & CEO***

Thanks, Paul. A few more items before we go to Q&A. We hired Tami Cannizzaro as our Chief Marketing Officer. Tami comes to us with a proven track record of over 20 years' experience building tech companies, building category leaders working within the SaaS space. She will play a pivotal role in our growth strategy going forward.

I wanted to comment on Marketing Center. We rolled out in the spring, the fact that we were doing centers as a strategy and that we would have a Marketing Center coming out later in the year. Well, the beta has gone really well. We learned a lot in the direct contact working with customers on the product. We now have got a couple of limited sales teams outselling Marketing Center. And our plan is to rollout Marketing Center to the wholesales organization before the end of the year. So '23 should be a time when you'll see Marketing Center come to life and start to see some revenue from that, and we're looking forward to additional centers even beyond Marketing Center.

I want to talk a little bit about growth. There's a big debate out there in the market about growth and speed of growth and how much cash people use. We are really disciplined stewards of cash. We're really careful with cash. And this is that moment. Every dog has its day. This is the perfect company for the climate that we're in. We have a big edge. The advantage of 400,000 standing accounts that on average have been with us for over 10 years. So these are long-established companies that provide vital services in their community. This is -- your air conditioning doesn't work. These are the basics. And our customers are very resilient.

That's part of why our Marketing Services business performs in such a steady way. And it's benefiting our SaaS company because the SaaS business has the ability to have a conversation with this giant zoo of customers. And those conversations are resulting in more and more conversions.

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There isn't any way to stop the transition that's taking place where small businesses are following big ones into the cloud. That's going to happen. The pace might speed up or slow down, but it's happening and it's continuing to happen. And you can see in our results year-to-date, we're doing really well, and you can see it in the guidance that Paul has given you for how we're going to do for the year.

So with that, let's turn it over to Q&A. Operator?

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions) Our first question will come from Arjun Bhatia William Blair.

Arjun Rohit Bhatia ***William Blair & Company L.L.C., Research Division - Analyst***

Perfect. Joe, maybe I want to start with you. Obviously, one of the benefits that you have is you have a pretty broad platform that can kind of be this operating system for your customers. As you're talking to customers and you're seeing the trends in this macro environment, are you starting to see customers consolidate spend on Thryv more because you do have capabilities because they do trust you? Or is that something that you anticipate will come in the future as they eliminate perhaps some of these point solutions that they may be using?

Joseph A. Walsh ***Thryv Holdings, Inc. - Chairman & CEO***

Yes, Arjun, there's definitely a bit of that that goes on. we find that if I go back a couple of years, almost all the customers that we were working with were what I call the unclouded, they had really nothing in the cloud, and we were introducing them and bringing them in for the first time. And there's still some of that.

But increasingly now, we're beginning to find customers that have put a toe in the water. They've used 1 or 2 point solutions or they've done something in the cloud. And they're asking the question, isn't there some more integrated, more complete solutions. So I don't have to have multiple sticky notes on my computer where I'm logging in and out of different things, and it's somewhat unwiely to use many point solutions taped together because the data doesn't share back and forth. And it's difficult to train your staff know how to get into these. The user interfaces are different and so on.

So we very definitely are now seeing people that are using point solutions come on with us and then over time, more consolidate with us. One of the positives that Thryv is we have an app marketplace inside of Thryv, where a lot of the commonly used tools that are out there, we offer in our app store. So there's a full integration already in place. So if you come to us and you say, well, look, I'm already using Mailchimp. I'm already using Constant Contact. I'm already using QuickBooks or MyoPro [indiscernible] or whatever. We can just connect those and they work seamlessly in the data shares. So we do find sometimes one of the conversations that comes up is I'm already using this, and we say no problem. That works perfectly, and I'll help you get off to a good start.

As far as whether they or could they or might they drop that point solution, I certainly have seen stories, examples where that's happened. I won't say it's a massive trend. But I do feel like we're in a stronger place with such a broad application. There's true labor saving in Thryv. And if you're looking to -- you're having a hard time hiring staff or you're looking to make your business more efficient or cut costs, Thryv is a definite way to do that.

Arjun Rohit Bhatia ***William Blair & Company L.L.C., Research Division - Analyst***

Got it. That's very helpful. And then just one more, if I can. In terms of your customer acquisition motion, you mentioned just at the end there that you have this advantage of the 400,000 accounts that have been with you for a decade. When you look at your customer acquisition motion going forward, do you sense that, hey, maybe we'll lean more into that Marketing Services base and try to transition those customers faster? Or is there -- are you still kind of keeping that 1/3, 1/3, 1/3 framework that you've pointed to before in terms of new business that's coming to the software side?

Joseph A. Walsh ***Thryv Holdings, Inc. - Chairman & CEO***

As of this writing, as of right this minute, we're still running that 1/3, 1/3 and 1/3. I mean it certainly would be an option for us. I've read some of the stuff where people have all these doomsday scenarios that the market is going to be awful in the future or something. That

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would certainly be a high out for us to go deeper into that if we wanted to. But I have to say we haven't seen any doom and gloom so far. We're continuing with that 1/3, 1/3 to 1/3. Things are actually going very, very well right now.

And I would just also add, Arjun, that if -- times got really tight, some of the loss-making SaaS companies that are running around the Internet how can they aware, they might actually have some of their losses curtailed and may be less competitive out there to find prospects that are coming down through the funnel. So that could be another outcome. It may not all just be a bad thing. There may be also some good guide to that.

Arjun Rohit Bhatia ***William Blair & Company L.L.C., Research Division - Analyst***

Got it. Perfect.

Operator

Our next question will come from Scott Berg with Needham.

Scott Randolph Berg ***Needham & Company, LLC, Research Division - Senior Analyst***

Joe, I wanted to start off on the customer growth in the quarter. Your subs was pretty positive. You mentioned double-digits plus in the quarter. Are you seeing anything different in terms of the types of customers you're able to attract to the platform? Maybe I don't know, initial size of customer, your landing cadence or maybe even something different geographically.

Joseph A. Walsh ***Thryv Holdings, Inc. - Chairman & CEO***

Not hugely, but you've asked the question, so I'll try to parse a little bit and answer it. We are, as we continue to innovate the software. And our road map is going faster and faster and faster because we've got a lot more engineers now than we had, say, a year ago. One of the things we're doing is making the software easier to use, making it more interoperable with other tools in the market. And also some of the things we're solving for are some of our power users. And our power users tend to skew a little bit larger. And I don't mean they have hundreds of employees. I'm saying that instead of having 2 or 3, they maybe have 23. And so we are becoming a better and better tool for that really established a little bit bigger business. And so I would say it's subtle, but there is a slight movement upmarket happening in our customer base.

Now please don't write down that the move to enterprise because that's not what I'm saying. I'm just saying that the selection of us getting -- instead of chucking 2 trucks, we're getting chuck with 7 trucks, a little bit bigger small businesses are kind of being targeted by our business advisers, and this is really making a lot of sense to them and is more suited. So I would say there's a ever-so-slight upward movement within that base. And I think that bodes well longer term for more upsell, selling more seat licenses and all the things that go with it. Our long-term plan, as you know, is to grow our net dollar retention to be kind of 100 and to drive a business with a little bit larger ARPU than where we currently are.

Scott Randolph Berg ***Needham & Company, LLC, Research Division - Senior Analyst***

All right. So the title of my note is Thryv moves into the large enterprise. I like -- all right. And then kind of a follow-up. I know Arjun asked the question before about becoming stickier because I know there's a lot of concerns just in general about any software vendors selling into the smaller businesses given the macro backdrop. But how do you think about the payments business right now? You're still seeing nice growth there. But as you think about payments maybe on a per customer basis, how is, I guess, like the ARPU trend for customer on payments trending? And I don't know if it's a valid kind of metric or thought process to think about your business. But more holistically, are you seeing any trends around -- maybe the invoices your customers have, which maybe might speak to the health of their own business.

Joseph A. Walsh ***Thryv Holdings, Inc. - Chairman & CEO***

Yes. It's funny. It's -- I see it every single day at noon. I get a little automated report that pops onto my phone every single day at noon. I can see how many transactions occurred in the last 24 hours for what dollar amount. And so I can literally see like when 4th of July came along, everything will slow down and quiet it down. You can see every little tiny pebble in the road. It's unbelievable.

Overall, the trend is strongly up for us. Our payment tool is being adopted by more and more businesses. So the number transacting per

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week, per month is rising week-over-week, month-over-month pretty quickly. And we're continuing to see that adoption and that growth. And so I don't have a perfect barometer on the market because we keep adding more merchants and keep adding more transactions. So I'm not looking at it.

But I have to say, I can see things like when -- like the 4th of July, that whole beginning of July was just super soft. People took off before the fourth, they took after the fourth. You could just see it in the numbers, where everything just softened up coming into it, stayed soft through it, and then you can see it come back and in the payment volume and payment transaction. I think it was just probably a barometer on the people just taken some time off. That was all. But all in all, I'd say it's Rocketman, it just continues to pick up steam.

Scott Randolph Berg ***Needham & Company, LLC, Research Division - Senior Analyst***

Great. Thatâ€™s all I have.

Operator

(Operator Instructions) Our next question will come from Daniel Moore with CJS Securities.

Daniel Joseph Moore ***CJS Securities, Inc. - MD of Research***

Maybe sticking with the SaaS theme, if you could just update us on your verticalization efforts more generally and within that accelerated net new customer growth that we're seeing, any vertical standing out where you're perhaps having a little bit more success.

Joseph A. Walsh ***Thryv Holdings, Inc. - Chairman & CEO***

Well, our verticalization program continues. We continue to work around Thryv Home, Thryv Health, Thryv Legal. There are product managers around those verticals. And there's -- as soon as we find out you're one of them, we sort of slot you into that whole kind of funnel process and tune the experience. Same thing in when you bought Thryv early on and we find out what your vertical is. We customize around you and the terms and the tools and the elements that you need. And so it's a gradual process. I have to say we have a lot of engineering priorities. That's not the only one that we're working on. But it is continuing to get more and more tuned to those verticals, and we're continuing to have a lot of success with it.

I can't say that we've seen any big change in -- which verticals are leading. We tend to do very well in service businesses. Obviously, everything around home services, everything around personal services, the chiropractor doctor, dentist, just everything around psychotherapist, just everything around personal services and a whole lot around car services and things like that. So which is not to say we don't have anything other than services, but that definitely is our strongest area. And that's part of why we feel good about resiliency in a potentially challenging market because we really are not into optional or luxury items. This is my tooth hurt, I'm going to go get it fixed. So -- but I haven't really seen a lot of change in who's flowing in.

I have to say the Vivial acquisition that we made in hopes of penetrating that base and bringing those customers over, and that's going really, really well. So we're delighted with that. That would be, I guess, one trend that we've seen. But we did say for the year that we would -- if you remember last year, you guys were asking us, geez, a lot of your growth is coming from ARPU expansion, it'd be better if you had a balanced approach. And I think this quarter, we were exactly 11% and 11%, double-digit on both. So maybe we hit the sweet spot of the balance team now.

Daniel Joseph Moore ***CJS Securities, Inc. - MD of Research***

Very good. And maybe just one more for me. With -- in relation to the updated and upgraded EBITDA guide, maybe just talk about free cash flow expectations for the remainder of the year. Have they sort of increased in line with projected EBITDA, working capital puts and takes, et cetera?

Joseph A. Walsh ***Thryv Holdings, Inc. - Chairman & CEO***

I want to bring Paul in and let him make some comments. Paul?

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Paul D. Rouse ***Thryv Holdings, Inc. - CFO, Executive VP & Treasurer***

Yes. Thank you. Yes, we're pretty happy with the trend in free cash flow. So yes, so that's moving around pretty nicely along with the guidance.

Operator

And we will take our next question from Zach Cummins with B. Riley.

Zachary Cummins ***B. Riley Securities, Inc., Research Division - Analyst***

Joe, since you mentioned it, I mean, can you give us any sort of update on the Vivial acquisition? It seems like it's off to a great start here. So just what you've seen thus far and what sort of opportunity is still available to you on the SaaS side?

Joseph A. Walsh ***Thryv Holdings, Inc. - Chairman & CEO***

Yes. It's gone really, really well. I want to caution that Vivial wasn't a huge company or a huge acquisition. But our hope was to integrate it quickly. And we have done that. I say that in past tents because almost all the integration is actually done. There are some things that are just rolling out now, but we figured them all out and we're just executing.

In terms of the SaaS opportunity, we've been pleasantly surprised in a couple of areas. I'll start with the people. We've picked up a lot of excellent people. I think Paul mentioned in the prepared remarks that we picked up some great engineers that were just a really nice surprise to us. We picked up people at all different kinds of functions that we've added to our team, which we're excited about. But I think the most important is we picked up a large group of business advisers that came to us from Vivial that brought over their relationships that brought over their customers that are delighted with how good the Thryv product offerings are.

And right now, I'm referring to on the Marketing Services side. And they're having really good success at bringing those customers into Thryv software. It's kind of a whole new wing of the zoo that just opened the price that we're hunting in. And it's going really well. And it's still early days. There's a lot more to go. The Vivial transaction happened at the end of January. And obviously, it took us a few weeks to get things organized and go. They were selling by the beginning of May. And so we're really pretty early on in biting into that Vivial customer base. But it's going well and I expect customers coming out of that cohort, not just for a year, but beyond the year, just as customers are still coming out of the original old Dex Media footprint. I think that they'll be coming out of the Vivial footprint for a long time to come. So that will be a source of strong growth for us for a while.

Zachary Cummins ***B. Riley Securities, Inc., Research Division - Analyst***

Understood. And final question for me. Can you just talk more about your international strategy? It seems like everything with Sensis has gone pretty well. And now since you've hired a new President to lead those efforts, what could we be looking at in terms of entering new markets?

Joseph A. Walsh ***Thryv Holdings, Inc. - Chairman & CEO***

So Thryv Australia has gone really well. The Marketing Services side of that business has outperformed all of our plans and all of our expectations. So it's delivering the cash to EBITDA, all the stuff that we wanted. It's been stable as a rock. And culturally, it's a bit of a love and we really, really like these guys and they seem to like us too. It's gone really well. So we're happy with that.

On the SaaS side in Australia, we've laid down a really great foundation. We were really careful with how we started. And we've got incredible client engagement, incredible NPS scores, very strong brand awareness of the Thryv brand as we've rebranded from Sensis. And the recent employee survey that we did said that our employees are super excited about the future of the company and its chances of being successful in their career within it. So all of that is really good. And then we're seeing strong, strong SaaS uptake and growth when we just -- we look at kind of quarter-over-quarter-over-quarter. It's accelerating beautifully there.

So I think Thryv Australia will be a source of additional Thryv subscribers and additional growth for us for a long time to come. And that should be feathered in and layering into your kind of your growth plans and growth models.

Earlier this year, we entered Canada. We entered Canada initially just online only, with a small kind of online-only sales process. And

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we've had a steady flow of sales coming in from Canada and Marie Caron, our leader -- our President for International, who's Canadian by background, by the way, is very well connected in Canada and is working on a number of initiatives that we'll be announcing in the future that will ramp up and ramp up the pace at which we build out in Canada. So we're really, really pleased with that. And again, I feel like that as we go into '23, you'll see Canada each quarter contribute more and more and more to our overall growth.

And we do have plans for other geography, other country entries. I'm not ready to announce that right now. But you can -- when you're thinking about it or modeling or kind of doing your [lego] work on how our future is going to go, I think you can assume that you're going to have additional countries layering in, and they'll start at 0 or very small and then they'll start to ramp up. And that's part of the sort of geometric pattern of how we see building and sustaining growth.

You'll remember, we sort of gave at our Investor Day that we feel like there's a $1 billion SaaS business here and eventually a $4 billion SaaS business. And we're not going to get all of that out of the U.S. We feel like these other markets, while most of them are behind the U.S. in terms of SaaS adoption are coming along. And there's an advantage to -- that first-mover advantage, getting in early, getting established. Right now, if you do a poll of small businesses about what software is available to them, Thryv now pops up in the top 5 of consideration of possible choices in Australia because of the marketing work that we've done there and set the table.

So we -- you can look at what we've done in Australia. There might be a little bit of an analogy there for what we may be able to do in some other markets. So international will be -- when you think about international, just figure that, that's going to be growing really briskly as Marie begins to execute.

Zachary Cummins ***B. Riley Securities, Inc., Research Division - Analyst***

Understood. That's helpful. Best of luck in the coming quarter.

Operator

And our last question will come from Patrick Schulz from Baird.

Patrick Schulz

So you've touched on the macro environment a little bit. But can you talk a little more about your efforts to push that net dollar retention closer to 100% over time? And what are the main drivers behind ARPU? And how could these metrics be impacted in a macro slowdown?

Joseph A. Walsh ***Thryv Holdings, Inc. - Chairman & CEO***

Sure. That's a great question. Yes. I mean, look, let's be honest, our net dollar retention has been bouncing around a little bit. It actually goes back a little bit this -- during this quarter. It's not some big change of direction. Our core churn, which we measure our -- what we call our seasoned churn has been stable now for 5 quarters. Really, we're getting down -- it's like a golf score. We're down around par. When you're dealing with very small businesses, it's going to be tough to get much lower than kind of the 1.7% season churn that we're running at. And you guys have asked me this before, and I've said, could we get down another tens of a point or 2 maybe, but that would be flawless at that point. So that core seasoned churn number has been very stable for 5, maybe even 6 quarters, just chugging along in that area. We're down around par.

We did put a tremendous amount of emphasis on new subscriber acquisitions to try to drive into double-digits, which, as I said earlier, we were at 11%. And we also put a lot of energy in the Vivial integration, and we crossed those and really overdelivered on those. So very, very happy with how the team has done on that.

One of the byproducts is there's a little bit of a bubble in that NDR number. So you asked the question, how do I see that getting to 100%? I'm really comfortable that we're going to be able to do that. We mentioned at the Investor Day this strategy we call our center strategy. And that's essentially building out more capabilities, more functionality for our customers so that we can grow with them as they're prepared to adopt more and more SaaS tools as they're prepared to put their payroll into the cloud, and they're ready to use more sophisticated marketing tools, and we're able to offer them cloud choices to do these things. And we've announced and mentioned that we'll have Marketing Center being sold by the whole sales force before the end of this year, and that will be a contributor to ARPU growth contributor to net dollar retention as we go into '23. And we have other centers planned.

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And beneath just centers, which are great, big rollouts of things, we also have some smaller add-ons to customers, simple things like buying more seat licenses or there are some other functionality. I guess we haven't announced some of these things. I'm just pausing because I guess I can't talk about them. But there are a couple of other very simple utilities that are coming along that customers are going to be able to use that will help them with their day-to-day business that there'll be some small add-ons. And it will be small for the customer, but meaningful across 50,000-plus customers as they adopt it.

So our road map is really all about driving net dollar retention to 100%. And we're at just a little over 4,000 a customer. I think you'll see that gradually rise to 5,000 and then in 6,000 over time. And I don't think that's a huge burden for a really established local business. So that's kind of how we're thinking about it.

Patrick Schulz

Great.

Operator

And that will conclude today's question-and-answer session. I would now like to turn the call back over to Joe Walsh for closing remarks.

Joseph A. Walsh ***Thryv Holdings, Inc. - Chairman & CEO***

Thanks, Savannah. Appreciate that. So thank you everybody for your attention today and listening. We are really, really proud of our results this quarter. And more importantly, we're super excited about looking ahead to 2023 and the momentum that we have as a business.

I mentioned during the questions here that we've got a number of new vectors of growth that are just starting out that are going to be gaining traction and really building going into next year. And that gives us a lot of confidence in being able to sustain good solid growth through next year without a lot of crazy spending. I know we follow what's going on. There's a desire for a path to profitability. And we've had some, what we consider fairly minor investments and EBITDA loss that we've been running on our SaaS business. You can see that we're actually narrowing that this year. And as we look ahead to next year, we don't see a lot of brand-new adventures and brand-new investments. So I think that we're going to be able to harvest the investments that we've made, and that path to profitability should be clear and evident with us.

So we think we can run a very stable business. And we have tapped into the SMB trend. I mean the trend in software really is small business is moving to the cloud. We think that's a very big deal, and we're sitting right in the center of it.

So one of the questions, I think, that a lot of our sort of software peer company space is do they need to raise capital. And those of you that are familiar with our story know that we're throwing off a ton of cash. We don't need to raise capital. We have no plans to raise capital. We can go forever, just the way we are chugging along on our own self generation of cash. So we think that -- I guess, every dog has this day, right? There's a moment for everybody. Having a 400,000 customer base with customers on average more than 10 years with you that like you, that you have a strong relationship, we have NPS to prove it. You've got a seasoned business adviser force that's got relationships with those people. And they're adopting the cloud in a steady way. Nobody is going to put that genie back in the bottle. People aren't going to go back to paper. I mean the pace at which that revolution happens might speed up or slow down a little bit, but it's going to keep coming. So we think that there is a really substantial opportunity for us as a company. We think that we are in pole position to tap into this enormous global total addressable market.

We already have a fully scaled based on this quarter a $200-plus million fully scaled SaaS business that's already been cash flow positive. We are making small investments now, but it's already a profit-making machine. So we think this is a very low-risk place to invest, and we think that there's an enormous upside.

So thank you very much for following us. We appreciate it and look forward to talking to you in the future. Thanks.

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Operator

And that will conclude today's conference. Thank you for your participation, and you may now disconnect.

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