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Perion Network Ltd.

First Quarter 2021 Earnings Conference Call

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CONFERENCE CALL PARTICIPANTS

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John Egbert, *Stifel*

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Eric Martinuzzi, *Lake Street*

Jeffrey Martin, *ROTH Capital Partners*

Chris McGinnis, *Sidoti & Company*

John Nobile, *Taglich Brothers*

PRESENTATION

Operator

Welcome to the Perion Network First Quarter of 2021 Earnings Conference Call.

Today's conference is being recorded. The press release detailing the financial results is available on the Company's website at perion.com.

Before we begin, I'd like to read the following Safe Harbor statement. Today's discussion includes forward-looking statements. These statements reflect the Company's current views with respect to future events. These forward-looking statements involve known and unknown risks, uncertainties and other factors, including those discussed under the heading Risk Factors and elsewhere in the Company's annual report on Form 20-F that may cause actual results, performance or achievements to be materially different and any future results, performance or achievements anticipated or implied by these forward-looking statements. The Company does not undertake to update any forward-looking statements to reflect future events or circumstances.

As in prior quarters, these results reported today will be analyzed both on a GAAP and a non-GAAP basis. While mentioning EBITDA, we will be referring to Adjusted EBITDA. We have provided a detailed reconciliation of non-GAAP measures to their comparable GAAP measures in our earnings release, which is available on our website and has also been filed on Form 6-K.

Hosting today's call are Doron Gerstel, Perion's Chief Executive Officer, and Maoz Sigron, Perion's Chief Financial Officer.

I would now like to turn the call over to Mr. Doron Gerstel. Please go ahead, sir.

Doron Gerstel

Thank you, and good morning, everyone. There is no doubt that our first quarter represents a very strong start to the year, continuing the momentum we enjoyed in 2020 and setting the stage for another successful year in 2021 and beyond.

In the first quarter, we delivered revenue of $89.8 million, a 36% increase from the first quarter of 2020. Display and Social Advertising revenue was a main growth driver with 61% increase to $38.1 million. Search and Other revenue increased 22% to $51.7 million. We remain highly profitable as GAAP net income increased by 148% and Adjusted EBITDA by 41%.

From a capital position, we have fully repaid all our outstanding debt. For the first time since 2014, Perion is debt-free. We moved the Company from having negative $42 million net cash in 2017 to positive $128 million by the end of the first quarter. I'm proud of this accomplishment, which first and foremost reflects our Management's fiscal discipline, as well as our ability to deploy our capital to grow shareholder value without coming up against leverage constraints.

To that point, we completed a successful and oversubscribed follow-on offering in January, grossing $66 million. Strong balance sheet and debt-free situation allow us to further invest in technology to continually improve our competitive position in the marketplace. We accomplished this growth, increased our profitability and saw significant improvement in our balance sheet, thanks to our belief that execution is an essential part of our strategic plan, which many of you heard us speak at length at our recent Investor Day.

Our strong performance during the first quarter of 2021 was due to our ability to capitalize several macro factors. First, millions of consumers were stuck at home and increasingly surfing the web during the pandemic, which dramatically benefited the ad-supported internet. Second, many advertisers pulled back their budget during the uncertainty of the early weeks and months of the pandemic last year. They released those budgets late in 2020, and this momentum has continued into 2021. Third, while travel advertisers slashed their budget overall during last year, the rise of e-commerce meant that more marketers had reason to shift advertising dollars online, where they could influence a purchase close to action. This offset declines in travel and entertainment.

Finally, a lot of you are wondering about the extent to which some of the new consumer behavior will stick and which will revert to the way it was. Let me tell you, we continue to see a meaningful shift in consumer behavior as the pandemic has accelerated the digitalization of nearly all aspects of our lives.

Consumer spending and increasing amount of time online and more and more of this time is dedicated to shopping. Consumers are ordering meals online for pickup or delivery, they are cutting the cord and turning to digital sources, as well as rapidly growing new platforms, like CTV for sports and entertainment and news consumption.

As TechCrunch has said, and I quote, "We saw five years' worth of e-commerce growth in just a few months. As a result, online advertising use of measurable performance based cost per action buying models made it easier to justify increased investment." Two-thirds of online advertising revenue came from performance pricing models, while 32% use CPM models. This performance-based model impacted our search business.

Performance advertisers love search advertising. It is high-intent category where they can easily see the return of their investment. The long-term renewal with Microsoft Bing helped us even farther, giving publisher confidence in our search offering and help drive our 22% growth in this segment.

While the pandemic is declining and life is starting to resemble what we remember as normal, it is clear that consumer behavior will be forever changed. Digitization is here to stay, and the brands that do not respond will face an extinction level event. What that means is our clients, brand and advertisers, are intensively monitoring consumer behavior and adjusting their spend on platforms that are winning the war for attention.

Perion is positioned perfectly for this data-driven advertiser insight. Wherever and however advertisers seek to invest to attract consumers, Perion has a solution. Our diversification strategy lets us pivot our marketing and sales efforts to where digital advertising dollars are shifting.

As I mentioned, Perion has a unique capability to generate revenues from both the demand and supply side of the open internet. On one hand, we are a demand side platform that serves agencies and brands with innovative suite of cross-channel and high-impact creative units, including running and managing interactive digital CTV ad campaigns that we deliver to Smart TVs.

We're also a publisher site platform that brings first and third parties a content monetization system for owned and operated assets as well as sites such as Newsweek and Entrepreneur and other prominent websites. We also developed a solution and innovative products that connect publishers with the leading search engine like Bing, delivering high-quality leads.

We sit at the hub, at the center of where the supply and demand side meet. We enjoy a holistic view and benefit from the virtuous feedback loop that provides unique and accurate insight, making our data inherently more valuable. We generate first-party data that will be invaluable as cookies become part of a digital history.

Paragon.AI, our SaaS Actionable Performance Monitoring platform, integrates massive amount of data from across social channels. We process that using proprietary technology and algorithms to drive enhanced ROI for customers across their advertising program, each data advantage that becomes more valuable and sustainable as we grow.

Paragon's release earlier this year exceeded our internal expectations. We ended the first quarter with seven new clients, and we believe this number will increase significantly in the quarters ahead. This will weave together to put Perion in a unique place with a large technology mode within the digital advertising ecosystem.

With that, I'd like to turn the call over to Maoz to review the financial results for the first quarter. Maoz?

Maoz Sigron

Thank you, Doron.

Q1 reflects continued strength of the business momentum from the second half of 2020, and we expect this trend to continue throughout 2021 and in the following year. Our performance during the quarter was echoed by a 26% pro-forma revenue growth and improved Adjusted EBITDA margin.

Turning to the quarterly results. During the first quarter of 2021, revenue for Perion totaled $89.8 million, an increase of 36% from $66.1 million in the first quarter last year. This revenue is composed of $38.2 million from Display and Social Advertising, representing 42% of 2021 first quarter revenue with Search, Advertising and Other revenues contributing $51.7 million and representing 58%.

On a pro-forma basis, assuming we own Content IQ and Pub Ocean in both periods, revenue for Perion increased 32%. Our Display and Social Advertising revenue increased 61% and 32% on a pro-forma basis. This increase was primarily due to A, a CTV solution, serving as a key driver for expanding our customer base and a contributor to 11% increase in average deal size; B, the successful launch of Perion Actionable Performance Monitoring SaaS system for social advertisement that was already chosen by seven new customers; C, the contribution and synergies from Content IQ and Pub Ocean, which were acquired in 2020.

Sales advertising and other revenue increased by 22% as a result of a higher number of daily monetizable search queries we delivered to Microsoft Bing and others. Our daily number of searches was 17.7 million compared to 12.2 million last year. In addition, we added 13 new publishers to our network during the quarter.

Customer acquisition costs in the first quarter of 2021 were $54.9 million, or 61% of revenue, compared to $36.1 million, or 55% of revenue, in the first quarter of 2020. The increase as a percentage of revenue is primarily due to the acquisition of Content IQ and Pub Ocean, which carry a higher traffic acquisition cost and product mix. Our media margin remained stable at around 39%. In fact, this margin has remained stable, around 40% for each of the last four quarters.

While total revenue increased significantly during the first quarter of 2021 compared to the first quarter of 2020, GAAP SG&A totaled $14.7 million, or 16% of revenue, compared to $13.6 million, or 21% of revenue, during the first quarter of 2020. This improvement is a result of an ongoing management efficiency effort, demonstrating the scalability and leverage potential of Perion business model.

Perion’s GAAP net income for the first quarter of 2021 was $3.3 million, or $0.09 per diluted share, compared to $1.3 million, or $0.05 per diluted share, in the first quarter of 2020. Non-GAAP net income in the first quarter of 2021 was $7 million, or $0.19 per diluted share, compared to $5 million, or $0.17 per diluted share, in the first quarter of 2020.

Adjusted EBITDA increased to $8.8 million, or 10% of revenue, for the first quarter of 2021 from $6.2 million, or 9% of revenue, in the first quarter of 2020.

Cash from operating activities for the first quarter was $13.5 million compared to $2.5 million last year. As of March 31, 2021, we had unrestricted cash, cash equivalents and short-term bank deposits of $128 million compared to $60.3 million as of December 31, 2020.

As previously disclosed, in January, we completed a follow-on public offering, which was oversubscribed 7 times, generating net profit of $61 million. We paid off $6.2 million of our debt early and ended the quarter with zero debt on the balance sheet.

This concludes my financial overview. I will now turn the call back to Doron for a closing statement.

Doron Gerstel

Thank you, Maoz.

As a closing note, I'd like to take a moment here to thank my Management team and every Perion associate around the world for their talent, passion and resilience. We would not be in a strong position we are without their efforts. We are delivering on Phase 3 of our business evolution, which is based on financial excellence, strategically growing each business segment and through that, increasing our profitability. We now have a fortress balance sheet with $128 million in cash and no debt.

Despite the global pandemic, and to some degree because of it, Perion continues to excel. Based on the strong first quarter, and our continued momentum, we're increasing our 2021 annual guidance. We now expect revenue between $390 million to $410 million, and Adjusted EBITDA between $39 million to $41 million.

To provide a cushion of confidence, I want to note that our 2021 guidance does not anticipate a material rebound from travel-oriented advertisers, nor does it assume any additional acquisitions. Both would represent upside to our guidance, and the fact that we are not including any projections of this incremental opportunity demonstrates the confidence we have in this expected performance.

Looking farther out, we remain laser-focused on achieving sustainable and highly profitable double-digit annual revenue growth. With that, we are reaffirming our strategy to deliver substantial value to our stakeholders and achieving our $500 million annual revenue goal sooner than originally anticipated.

It is important for our investors and our team to declare a long-term mission and organize behind it. It is a measure of my confidence in our plan, our technology, our market understanding, and most of it, the team beside me.

With that said, Operator, will you please open the call for questions. Operator?

Operator

Thank you. We'll now take our first question from Laura Martin of Needham. Please go ahead.

Laura Martin

Can you hear me okay?

Doron Gerstel

Yes. We can hear you. Hi, Laura.

Laura Martin

Hi, hi. Congratulations. I love the fact you've paid down the debt and you're raising guidance. The question is—I'm going to push on this guidance. Twenty-two percent growth is the midpoint of the range, and I'm just wondering why you wouldn't have gone higher? It feels like momentum is much more robust. Also specifically, why you wouldn't include travel, which is such a big driver of Bing and other search engines? Why wouldn't you include travel, and why wouldn't you expect higher growth than what you're updating the guidance to?

Doron Gerstel

Yes, yes. Thanks for the question. First and foremost, keep in mind that we are still, I think, early in the year. Even though we have a great visibility on the second quarter, and to some extent, definitely to other quarters, we need to be cautious. I think that the most important thing is that we are continuing at the same pace as we finished 2020. In 2020, it was 26%, and our midpoint is 22%. We are definitely allowing ourselves to take, as we are taking every year, a conservative approach, even though we are very happy of the improved guidance that we provide.

As far as to your second question, the word that I was using and referring to travel-oriented advertiser was material rebound. Even though we've seen some changes, it's not to the extent that 15% of our revenue is coming from this vertical, which is travel oriented advertisers. We are between, let's say, 3% to 5% at this point, and what we took is, again, a very conservative assumption that it will be difficult for this segment to recover because we almost approached the summer. It has to do with set up time, this is what we are hearing from our advertiser. Their plan is moderate for this year.

In the context of providing a careful guidance, we were taking this assumption.

Laura Martin

Okay. That's super helpful. Then, maybe stepping back on an industry comment since you're an expert, I'm very interested in, as you think about the industry, when cookies go away. Could you talk about how disruptive you think that's going to be from a headline risk versus a substantive point of view as we go through 2022, next year?

Doron Gerstel

First and foremost, I think that we need to look about those companies that their business model is very much performance, but it's based on retargeting. They very, very much depend on cookies, allowing them to track potential consumers along their journey, and I think that their model is going to face definitely some challenges.

We are very much on—our performance is quite different. We are not depending on cookies because we are very much based, all of our performance advertising, on what's called the search advertising that has to do with our partners, Bing and also Yahoo. To that extent, this change is not impacting the performance part of our business.

As far as the other part, which has to do with display advertising, we need to distinguish between advertising, which is based on a publisher, which is on the network or a publisher that is part of our network. Publisher that is our network, publisher that we owned and operated, or publisher that we are monetizing, their content is completely in a different category, and for us, we definitely recognize it as first-party data.

I think just to end it, I think that one of the main advantages that we as a Company—that we prepared ourselves. Because we knew that this will come sooner or later is the fact that we are able to generate revenue, both from the left side, the demand, and the right side, the supply of the open internet.

It will become an advantage when more and more of the cookies become a constraint for other players in digital advertising, and because we are able to definitely use this as an advantage from a data ability to target our audience. An ability to drive to a higher frequency and reach in order to provide a higher return for our advertisers.

Laura Martin

Thank you very much.

Doron Gerstel

You're welcome.

Operator

Thank you. We'll now take our next question from John Egbert of Stifel. Please go ahead.

John Egbert

Great. Thanks for taking my question. The daily search volume…

Doron Gerstel

Hi, John.

John Egbert

Hi. The daily search volume growth and recovery in revenue was pretty impressive. Can you talk about the on-ramps fueling this growth in recent quarters? How impactful have content monetization synergies been in driving query volume? If people go back in the office en masse in the months ahead, even if they're going in fewer days than pre-COVID, do you have any views on where daily search volumes could settle out at? It seems like a risk that some of the PC queries could shift back to mobile in that environment. I have one follow-up, if I could, after that.

Doron Gerstel

Yes, sure. First and foremost, we are very pleased with the growth. Currently, we are reporting a daily average searches of 17 million searches a day. One of the most important things that we are very much track and trying to bucketize the number of searches, it has to do with three categories. The category that is the most important for us is transactional category. Those categories of search is categories that represent a high intent for shopping, opposed to informational searches or informative searches or directional searches, we are focusing for a reason on transactional type of searches.

What we've seen, it's not just that the absolute number of searches is growing to 17 million, the proportion of transactional search within the other percent of searches is growing, and that's the interesting part, because as you know, that's what very much impacts the revenue, more than anything else.

Now, if this would stay when people will go back to the office, if this will stay afterwards, I think I feel that the quote that I provided from TechCrunch is definitely there. People, because of the pandemic, start to understand that they're able to shop smart and shop online, and that's definitely accelerated adoption.

We're not see it growing, even though we are very much U.S.-focused, and we see that the recovery is there, and in most areas life is back to normal. I will call it the new normal because we've seen that every day that goes by, every day that goes by, the number of transactional searches is just growing, just growing. We tend to believe that this definitely will continue.

Now, to the next part of your question, what we did—we very much try and think from a use case perspective, the content monetization in the search. One of the most interesting use cases that we bring in has to do with display to search. Since we are very much defining the content, for those that are reading the content, either on our owned and operated sites, or sites that we operate like Newsweek and Entrepreneur, we are targeting our search unit for those readers that are in exploring stage.

Explore means that they are not ready to make a buy decision. Explore means that they're almost there. They're showing a high degree of intent, but they still struggling between Verizon and the other mobile provider. They are not sure yet, but they are almost there, and for that, we find a very, very effective unit, which for them suggesting keywords that they feel that as if they would like to search more. Those keywords are translating for us in searches that we provide to our partners.

What we like about the fact that we able to combine two assets that we have into a synergy use case that generate a very, very substantial income and a very good margin for us.

John Egbert

Great. Just one follow-up. On CTV, you obviously called it out as a driver, a bigger deal size. Are you able to quantify the contribution to display in 1Q or maybe just a directional sequential trend there? Then, any line of sight, either in new signed deals for inventory or new deals coming in the next few quarters that could take that up to the next level of growth?

Doron Gerstel

Right, right. I think that Dan Aks is on the call. He is the President of Undertone, which is very much behind the CTV driver. Dan, you there?

Daniel Aks

Yes, I'm here. In terms of your question of asking, I can't disclose, for example, our pipeline of deals. But I could answer that more qualitatively to give you a sense of why I think there's going to be substantial growth. Would that satisfy you?

John Egbert

Yes. Any color you can provide would be great.

Dan Aks

Okay. Yes. Part of the reason this is growing—let me take it from two angles—the first thing is our positioning as a business, which is if you are an advertiser that wants high-impact advertising, which is our specialty, we now offer the largest screen in the home. What we do is we create now multiscreen capabilities with our well-known capability for structuring and designing creative advertising that works, and now we could articulate a campaign using that creative across any screen, either in the household on your mobile phone, etc. That's the first thing, that we are the source to go to, and the market is understanding that we are the source to go to.

Secondly, we're applying that creativity now to interactive television. Interactive television, let me explain the different levels of that and why it's a growth driver for Undertone and Perion in general. First, you have just standard CTV, which is just a video you distribute. That's not a lot of value add, but of course, it's good advertising. But on top of that, we create what's called branded advertising, which has allowed us to add creativity on top of the ad itself. For example, if you saw a SpongeBob movie, we can create bubbles arising from the bottom of the ocean and other effects, which make the ad particularly appealing.

The next level is what we call interactive advertising, which is where we actually start creating additional—you can use your television remote to create additional experiences. We might have other videos sitting on the site, and so, you can now, for example, you see a Mercedes video, that's a standard

30-second spot. We'll have other videos you can click on that show the cargo or the interior sections. You could turn the 30-second spot into a 90-second spot or more. This is very powerful for an advertiser, not only they're getting more time, but you're actually getting signals about what a consumer may be interested in.

Finally, there's dynamic CTV, which adjusts the ad-based on personalization factors. This is a tsunami, the ability to add Undertone's creative capabilities to what in the past has been straight video advertising. It's huge. The ability is not just CTV to do a better job for advertisers, but when you combine it with Undertone's well-known positioning for using creative to articulate ads across all screens in the household, is, in my opinion, a very strong business position and will power our growth going forward.

John Egbert

Great. Thank you.

Dan Aks

You're welcome.

Operator

Thank you. We'll now take our next question from Jason Helfstein of Oppenheimer. Please go ahead.

Jason Helfstein

Thanks. I'll ask you guys two. As we're coming out of COVID, it's super clear that the traditional ad agency is in a tough place as most of their infrastructure is set up for linear or non-digital, and just it's clear that much more that we're not going backwards. Can you talk about how that sets you up to the extent that you should see more demand for your DSP and agency-related products, and again, CTV being an example of a product that would benefit from more demand coming through you? Then, the second question, updated thoughts on M&A? Are we likely to see any transactions this year? Thank you.

Doron Gerstel

Yes, thanks. Hi. I think that this year or so, for advertisers, also very important, and I think it's the fact that they were trying more and spend more on digital advertising. They spend more not just on digital opposed to their conventional way of advertising, it allows them very much to measure the return of ad spend. What we've seen with our advertisers that this ability to correlate advertising spend to performance, to revenue, to something which is an actionable and meaningful way, definitely shifting dollars towards digital advertising, more on the performance side for that reason. Something which I think it's more interesting, the tools allows advertisers, as I mentioned on the call, to track very much consumer behavior. The ability is to what extent advertisers able, and I want to emphasize alive, on the spot, on shifting dollars where consumer is very much spend their time. I think that this is definitely this agility and ability to do it…

Jason Helfstein

Doron, let me ask it this way. Maybe the question wasn't clear. Agencies try to do certain things in-house. They have outside services they bring in, like yours, right? What I'm asking is, given that agencies seem like they're going to be under a lot of cost pressure coming out of COVID, and most of them did not downsize headcount during COVID, I wonder if that positions you to win more agency business because of that. In other words, are you seeing more client wins, both on the advertiser side and the agency side relative to six months ago, a year ago? Maybe talk about that.

Doron Gerstel

Yes. The only thing that we basically see, and as I mentioned, we increased our average deal size. It very much has to do with something which is quite basic, and it has to do with the performance. I think that agency understands that in order to retain their customers, they must show them a higher return on ad spend, so even though they are in a huge cost pressure, and they very much would like to do everything in-house, they are under greater pressure to showing better results.

I think that this is very much drive more dollars into these type of companies, like us that are investing on technology. They're trying to be ahead, and Dan was mentioning the fact that we have the ability to run one containing in multiple screens.

By the way, if we're talking about the cost pressure from the agency side, we definitely see our Agency would like to minimize the number of vendors, which gives us another advantage because the fact that we cover the three main pillars of digital advertising, is very much in line of what they are looking for, is to have less vendor that they're able to adjust their offering across those three channels.

What we've seen is that agencies are very much forced to work more with companies that providing the sophistication and the technology that they able to show to their brands, and in this way keep them for years to come.

Jason Helfstein

Then the M&A question?

Doron Gerstel

On the M&A question, we are working intensively on our M&A pipeline in various areas, which I mentioned on a previous call. We're doing some progress. We're not in a stage that we definitely can disclose it, but it's taking more and more of our management time.

Jason Helfstein

Thank you.

Operator

Thank you. We'll now take our next question from Eric Martinuzzi of Lake Street. Please go ahead.

Eric Martinuzzi

Congratulations as well on getting the debt paid off.

Doron Gerstel

Thank you, Eric.

Eric Martinuzzi

A major milestone going back to your arrival, Doron. That's terrific.

Doron Gerstel

Thank you.

Eric Martinuzzi

I had a question on the seasonality of the business. Historically, I would say, and this is Q1 versus Q2. Normally, I have those roughly flat on both the Advertising and the Search. Maybe it's a question for Maoz. Where do you see the seasonality in Q2 versus Q1 on the two segments?

Maoz Sigron

If we ignore in 2020 as not reflecting here with the COVID, we're expecting 2021 to move back to normal. Starting slowly with Q1, and then Q2 and Q3 are similar, and higher level of revenue in Q4. Again, if we're moving to the segment, Search and Advertising. Advertising, we're also expecting the same trend, Q3 and Q4 should be the same, and Q4 should be stronger. On advertising, the improvement of the increase in Q4 is much higher than the search.

Eric Martinuzzi

Okay. Then, I missed it when you gave the pro-forma numbers on the total revenue and then the advertising revenue. Could you give those again for Q1?

Maoz Sigron

Yes of course. Just a minute. As a whole, we're talking about 26% consolidated. On advertising, we're talking about 32%.

Eric Martinuzzi

Okay. The Search is all organic at 22%, correct?

Maoz Sigron

Right, right.

Eric Martinuzzi

On the Search side. This is my last question. Obviously, we've got Verizon Media is going to be changing hands here coming out of Verizon and going into Apollo Group. I know the transaction is still yet to close, but what are your thoughts on potential—because I would assume that part of your relationship with Bing is there's the demand from the advertisers who are trying to gain access to the Yahoo, AOL properties as well. What are your thoughts on potential impacts to Perion from the sale of Verizon Media?

Doron Gerstel

Right, right. Great question. First and foremost, Yahoo and Verizon Media is a valued Perion partner. We wish them a great success as a private company. I can say that we expect to continue fruitful partnership. We believe that under the new management, it should expand even with new synergistic opportunities.

As far as I can tell, and we've not really disclosed before, but we had a conversation yesterday with some key executives that are managing our account. I think that Yahoo—let's put it this way, I think that now they will be under greater pressure as being a media-only company to further increase their revenue and to find new—as I said, opportunities—to work with their partners. I'm looking it in a very optimistic way.

Eric Martinuzzi

Understand. Thanks. Congratulations on the quarter and the outlook.

Doron Gerstel

Thank you. Thank you.

Operator

Thank you. We'll now take our next question from Jeff Martin of ROTH Capital Partners. Please go ahead.

Jeff Martin

Thanks. I echo the compliments on the guidance and the balance sheet improvement. It's great to see.

Doron Gerstel

Thanks.

Jeff Martin

I'm wondering if you can give us an update on Connected TV. You disclosed 41 clients, 64 deals in Q4, $6.5 million of revenue. Do you have those metrics for the first quarter?

Doron Gerstel

Yes. We have the metrics on the revenue side. As I mentioned, first of all, the focus was for us since we are also in the multi-screen, especially when it comes to new accounts, is to very much focusing on having CTV as part of the offering. As I mentioned on the press release and on the call, we've seen it as a key driver of our ability to acquire new customers by adding the CTV element and a big screen capability into our holistic multi-screen type of offering. It was more important for us to use it as acquiring new deals than to have CTV dollars by itself, which is in the neighborhood of $2 million in the quarter.

Jeff Martin

Okay. That's helpful. Thanks. Then, on the Search business, you added seven publishers in the first quarter. What does that bring your total to on the platform? What are the implications for Search growth for the balance of the year?

Doron Gerstel

Seven publishers. No. It's not seven. The seven is on the Paragon.AI. On the Search, we're talking about 13 new publishers. Thirteen new publishers on the search side of the business, search advertising, and 7 new brand clients that are using Paragon.AI, which is our SaaS platform, optimizing social spend for brands. A platform that we released on January this year, and we are very happy with the progress that they're doing.

Jeff Martin

Okay. Could you help us get a framework for what your growth expectation is for Search for this year?

Doron Gerstel

We are providing a consolidated guidance that we believe that the trend that we have seen in Q1 will continue.

Jeff Martin

Very good. Thanks for your time.

Doron Gerstel

Thank you.

Operator

Thank you. We'll now take our next question from Chris McGinnis of Sidoti & Company. Please go ahead.

Chris McGinnis

Good morning. Thanks for taking my call. Nice quarter, and congrats on the balance sheet.

Doron Gerstel

Thank you.

Chris McGinnis

Maybe just to get into the CTV. You just talk about the different formats and the dynamic sounded the most intriguing. Can you talk about the demand you're seeing in higher pushing maybe to certain areas, whether it's that dynamic or whether it's the standard you're seeing? Thanks.

Doron Gerstel

Right. Dan, do you want to take this one (multiple speakers).

Dan Aks

Yes. Happy to say, again, as we've introduced our iCTV components, we're starting to see a growing mix of the demand overall for iCTV, which it plays perfectly into what we want because that's truly a value-adding function. I am convinced that over time, either branded where creative skin, QR codes and the like, are added to the video, then also interactive elements as I discussed earlier. In my mind, undoubtedly become a larger percent of the mix, and we're starting to see that now.

Chris McGinnis

Thanks for taking my question. Good luck in Q2.

Operator

Thank you. We'll now take our next question from John Nobile of Taglich Brothers. Please go ahead.

John Nobile

Hi, Doron and Maoz. Thanks for taking my question.

Doron Gerstel

Hi.

John Nobile

Once again, congratulations on beating expectations. I just have one question. If you could talk a little about your recently launched Actionable Performance Monitoring System. Specifically, how this differs from other performance monitoring systems, and the competitive advantage you believe that this brings to the Company?

Doron Gerstel

Yes. Okay. Thanks for the question. First and foremost, the system is focusing on—there are three layers. At first, we are very much—once the brand's installed the system, we are providing an assessment. An assessment that has to do with the spend across all social channels. Based on this assessment, we are providing the second layer, which is a recommendation, what is the right mix or the right spend that should get the highest return on spend. The third factor, we able to translate those recommendations into action. In other words, shifting dollars from this channel to that channel.

Now, we are working with, I can say, Fortune 500 brands that are spending tens of millions of dollars on social advertising. But the most, to our surprise, at this point, they are not having a consolidated view, not just in terms of reporting, not a consolidated view in terms of what is the total spend, but consolidated monitoring as far as what works, what's not working and what is the best channel to get the desired action. The analogy was very much to Actionable Performance Monitoring that I know of the date of the enterprise software. We try very much to implement it into the digital sphere of social.

I can tell you that the assessment part, before going into recommendation, is a great selling tool. Because without much efforts to implement it, we are able to provide to our customer what is going to be the immediate savings from changing the preferences or changing the investments between the different social channels. That's something that we're being used as a great sales tool, allows us to very much reduce our sales cycle time and ability to get attention of large investors.

The ability to connect between the three layers, the assessment, recommendation and action is something which is unique to our platform.

There is another very important factor, that part of the assessment that we're using, we are very much tracking a lot of data, and we can share with our customer what is the benchmark in their vertical. In other words, when it comes to retail, we can say, okay, for this social spend, retail customer without mentioning the name, you are below or above the benchmark for this vertical. That gives them also an indicator what they can strive, because they have no idea what is the standard and what should be their goals in terms of return on ad spend on social that has to do with their vertical.

John Nobile

How has the feedback been from the clients?

Doron Gerstel

First of all, the feedback was that if—we launched it in January, and by the end of March we had seven clients, and very, very large clients. We are under NDA; I cannot disclose the names.

The fact that we're able to close, what I consider as an enterprise software SaaS deal, which has, of course, a recurring element into it, the highest possible degree of stickiness in two-month cycle time, and something which is new in the market. I'm very, very happy with the results, and this is continuing into the second quarter.

I can already share with you on our Investor Analyst Day that this concept was done together with Havas Media, a Global Agency that has 140 offices around the world that very much standardized all their entire social spend on this platform. They were our design partner and worked with us more than a year to have, in my opinion, a great product market fit, because this is already being used with their customers as well. We are in the midst of rolling it out to more and more of their customers. The overall Havas spend on social advertising is hundreds of hundreds of millions of dollars.

John Nobile

Okay. That's great. Once again, thanks for taking my question, I appreciate it.

Doron Gerstel

Thank you.

Operator

Thank you. Ladies and gentlemen, no further calls at this time. I would like to turn the conference back over to Mr. Doron Gerstel for any additional closing remarks.

Doron Gerstel

Yes. Thank you, guys, for your participation. Thanks again. Bye-bye.

Operator

Ladies and gentlemen, this concludes today's call. Thank you for your participation. You may now disconnect.