

Transcript of



Second Quarter 2022 Earnings Call
August 10, 2022

Presenters

- Brinlea Johnson - Investor Relations, The Blueshirt Group
- Zvika Netter - CEO & Co-Founder, Innovid
- Tanya Andreev-Kaspin - CFO, Innovid
- Tal Chalozin - CTO & Co-Founder, Innovid

Q&A Participants

- Shweta Khajuria - Evercore ISI
- Laura Martin - Needham & Company
- Andrew Boone - JMP Securities
- Vasily Karasyov – Cannonball Research

Operator

Greetings. Welcome to Innovid's Second Quarter 2022 Earnings Call. At this time, all participants are in a listen only mode. A question and answer session will follow the formal presentation. If anyone today should require operator assistance during the conference, please press star zero on your telephone keypad. Please note this conference is being recorded.

At this time, I'll turn the conference over to Brinlea Johnson, with Investor Relations. Brinlea, you may now begin.

Brinlea Johnson, Investor Relations:

Thank you, operator, and everyone for joining us today. Welcome to Innovid's second quarter 2022 conference call. Before we begin, I would like to remind our listeners that certain information provided on this call may contain forward-looking statements. The safe harbor statement contained in today's earnings release also pertains to this call. If you have not received a copy of the release, please direct yourself to the Investor Relations section of the Company's website.

Changes in our business, competitive landscape, technological or regulatory environment, and other factors could cause actual results to differ materially from those expressed by the forward-looking statements made today. Our historical results are not necessarily indicative of future performance. As such, we can give no assurance as to the accuracy of our forward-looking statements and assume no obligation to update them, except as required by law.

In addition, our discussion today will include references to certain supplemental non-GAAP financial measures, which should be considered in addition to, and not as a substitute for our GAAP results. We use these non-GAAP measures in managing the business and believe they provide useful information for our investors. Reconciliations of the non-GAAP measures to the corresponding GAAP measures, where appropriate, can be found in the earnings presentation available on our website, as well as our earnings

release and our filings with the SEC.

Thank you, Brinlea, and thank you all for joining us today.

Innovid delivered strong results in the second quarter of 2022. Despite a more challenging environment, we delivered revenue in line with our guidance *and* EBITDA at the higher end of our guidance reflecting the strength of our business model. Revenue increased by 45% year-over-year to \$33.1 million on an as-reported basis. TVSquared contributed \$6.8 million, or 21% of reported revenue, reflecting 31% year-over-year growth for the TVSquared business, following the acquisition closing on February 28, 2022.

Our net profit was \$4.3 million and adjusted EBITDA was negative \$1.7 million, at the high end of our expected range of negative \$1.5 million to negative \$3.5 million. We believe our ability to record a strong adjusted EBITDA bottom line, even when facing challenges, is a testament to the strength of our business model, strong margin profile, and our ability to control expenses.

By far the most exciting development of the second quarter was the launch of InnovidXP. InnovidXP, our newly expanded converged TV measurement offering, was brought to life through the integration of Innovid's extensive CTV advertising dataset combined with TVSquared's robust linear TV dataset - creating a first-to-market global cross-platform TV measurement solution that has quickly gained traction.

As a reminder, Innovid's focus, and emphasis spans *all* forms of television. Whether the TV content is delivered via broadcast, also known as linear TV, or streamed across devices such as connected TV, mobile TV, or desktop TV. CTV contributed 47% of total revenue in the second quarter, when excluding TVSquared. As we continue to gain traction against our roadmap and vision to unify advertising delivery, personalization, and measurement for the converged TV landscape, we believe CTV will continue to be a driving force for the business.

I'd now like to build on the update we provided in our last conference call and share more details on the current and future development of our overall business and the momentum that we've built around measurement and InnovidXP. Specifically, I will provide these updates within the context of our four key growth drivers which are: Volume Growth, Product Upsell, Geographic Coverage, and Client Base Retention and Expansion.

Let's begin with Volume Growth.

I'm pleased to share that CTV set a new record in the second quarter. For the first time ever, 50% of all TV ads delivered through our platform were streamed to a connected TV.

If you recall, Innovid was founded on the premise that one day, the majority of TV content will be delivered through streaming channels. That prediction is coming to life and our volume outlook is further supported by the ongoing migration of TV viewership toward not just CTV, but ad-supported CTV which is the foundation of

Innovid's business.

The introduction of ad-supported offerings from large, global streaming publishers is a win for all. More affordable content for viewers, and a wider audience to reach for advertisers. Netflix recently confirmed its plans to introduce a lower-cost, ad-supported tier in early 2023. Disney+ will introduce its ad-supported tier later this year and plans to expand internationally next year, and Warner Brothers Discovery just shared advertising is core to HBO and other networks growth strategy. We believe a substantial share of streaming's future will be ad supported.

It's also important to note that Innovid derives revenue based on the volume growth of ads served or measured by our platform and not a percentage of media spend or "take-rate". This means our business is typically less impacted by fluctuating media costs. In fact, we often benefit from dynamics that increase pricing pressure as, assuming similar budgets, lower media costs equate to more volume - and therefore more revenue - to Innovid. We remain optimistic about our volume growth outlook.

As the CTV market matures, more and more TV media platforms are being added to the ecosystem on a regular basis, each fighting for their individual piece of the streaming pie. This reinforces the need for an independent scalable platform like Innovid to integrate across (all) platforms and partners, enabling brands to tap into the opportunity for enhanced reach, engagement, *and* performance through CTV advertising.

Our second growth engine is Product Upsell.

Right now, the entire TV industry is undergoing a transformation, a quest for better metrics and measurement that brings linear TV and streaming TV together.

Advertisers need a simple, scalable, independent, and actionable view of their investments - whether they buy direct, programmatically, or both - across all forms of TV. That's fundamental to the future of television. More than that, they need a unified solution that allows them to achieve timely analysis to inform, test, invest, and optimize, continuously throughout the campaign lifecycle.

Last quarter we shared that Innovid had successfully completed the acquisition of leading independent global TV measurement and attribution platform, TVSquared. This quarter, the acquisition came to life through the launch of our unified measurement platform for converged TV, InnovidXP.

InnovidXP is the first global, unified cross-platform measurement solution directly integrated with ad serving data and creative personalization. The InnovidXP name reflects the direction where Innovid and the industry are heading – a cross-platform TV marketplace requiring independent, consistent measurement and outcomes across platforms and screens, regardless of where, when, and how people watch.

We have seen early success with upselling our existing ad serving clients to InnovidXP this past quarter including several leading multinational and national restaurant chains and a worldwide employment platform.

Additionally, we have won several new clients, including an international design platform, further expanding our client base.

We have also bolstered our measurement footprint through strategic partnerships spanning programmatic via Magnite's expanded measurement and attribution program, forged a political TV advertising partnership with AdImpact, and integrated with FreeWheel by Comcast's newly launched international AudienceXpress offering.

Overall, measurement grew to account for 22% of total revenue in Q2, and we predict measurement will be a driving force for our growth story moving forward.

Why? We believe our foundation in ad serving gives us an edge in measurement. Think about it - our platform already has the certifications and scale to deliver ads everywhere - which means InnovidXP is an out-of-the-box solution for brands with no additional implementation requirements. It's automatic, and best of all through our unified platform, your measurement is tied to ad serving - which is the way the digital ecosystem already transacts. The launch of InnovidXP comes just one quarter after the acquisition of TVSquared, demonstrating our commitment to measurement innovation.

Beyond measurement, our advanced creative and personalization solutions continue to see significant growth in adoption. Revenue from creative solutions grew 39% year-over-year this quarter, driven by a greater emphasis on experiences and performance.

Our third growth engine is Geographic Expansion.

Our international revenue, measured as ads delivered outside of the US, grew 51% year-over-year in the second quarter. The launch of InnovidXP introduced a true global measurement platform to the market - supporting the needs of global, regional, *and* local advertisers through measurement across 75 markets outside the US. We have several significant developments underway to expand InnovidXP's footprint and coverage internationally and feel confident our differentiated offering will unlock future opportunities in the international markets.

And last but definitely not least, Expanding Our Client Base.

This past quarter we secured numerous new advertiser clients for our ad delivery and personalization solutions including a multinational e-commerce company, a leading multinational restaurant chain, an international travel company, and one of the largest U.S. health insurance providers, and - as previously mentioned - we successfully grew our measurement advertiser client base.

Earlier this year, prior to finalizing the TVSquared acquisition, I shared that client-base diversification was one of the key areas the acquisition would advance. We believe expanding our purview and traction across both the buy-side and the sell-side of the advertising ecosystem is critical to fulfilling Innovid's mission to become a

preeminent measurement provider. While the buy-side, which includes brands and their agency partners, is still a north star for the company - we have taken significant strides to deepen our engagement with the sell-side, which includes publishers and pay-tv operators.

To that end, I'm pleased to share we expanded our multi-year measurement partnership with Tubi, Fox's streaming service, demonstrating the power of InnovidXP for always-on incremental reach measurement across both Fox and Tubi.

The continued growth of our strong and increasingly diverse customer base is a signal of the strength of our underlying business.

Next, I'd like to address the macroeconomic factors that have impacted the advertising and technology landscape these past few months, and as a result our guidance for the second half of the year. We, like all companies, are not immune to economic headwinds, however, our emphasis on CTV – and its arguably stronger tailwinds – makes me optimistic about future.

Beyond large players moving to ad-supported models, we see huge upside for CTV at large and believe sports will be the catalyst for CTV's new wave of hyper-growth. Audiences are leaving linear TV for streaming, and live sports are critical content platforms for attracting audiences and revenue at scale. The NFL recently threw their hat in the streaming ring with the introduction of NFL+, a move they see as key to long-term success. This comes on the tail of last year's move of Thursday Night Football to Amazon, and according to NFL Commissioner, a pending motion for NFL's Sunday Ticket to move to a streamer post the 2022 season.

These strong tailwinds have supported our growth despite the headwinds that have impacted the industry such as the prolonged impact of COVID-related supply chain disruption, geopolitical uncertainties, and signs of softening consumer spending.

We continue to take a pragmatic approach to ensure the realization of our long-term vision for the company. This includes our focus on maintaining margins and realizing what we anticipate to be several millions in measurement synergies related to the TVSquared acquisition in the second half of this year.

To summarize the opportunity ahead, I'd like to share a quote from Andre Schulten, CFO of Procter & Gamble, one of the world's largest advertisers. In their latest earnings report, Andre spoke about the importance of measurement to enable transformation.

Andre stated quote "Our ability to improve effectiveness of reach and quality of reach is allowing us to drive cost per effective reach down both in digital and in TV. We've shifted more and more spend into digital. Now more than 50% of our advertising is in digital." End Quote.

We are thrilled to be in the TV advertising business right now and look forward to bringing new innovations to

life in support of our growing measurement focus. We remain committed to our core 2022 strategies and will continue to make investment we believe are strategically important to capitalize on the streaming market and growing converged TV measurement market.

I'll now turn it over to Tanya, who will go into greater detail regarding financial performance and guidance.

Tanya Andreev-Kaspin, CFO:

Thank you Zvika, and good morning everyone. I will start with a review of our second-quarter results before discussing our full-year outlook.

Innovid is a leading independent software platform that provides technology infrastructure for creating, delivering, and measuring TV ads across CTV, mobile, and desktop. Innovid's platform generates revenue from three key offerings: ad serving solutions, creative personalization solutions, and measurement solutions, now known as InnovidXP.

In the second quarter of 2022, our revenue increased by 45% year-over-year to \$33.1 million on an as-reported basis. The TVSquared business grew 31% year-over-year, contributing \$6.8 million, 21% of total quarterly revenue, following the acquisition completed in the first quarter of 2022.

With the acquisition of TVSquared, an independent global measurement and attribution platform, measurement became a significant revenue driver for Innovid, generating 22% of the total quarterly revenue. Ad serving and personalization services drove the remaining 78% of total quarterly revenue. We expect the growth in CTV ad serving and personalization as well as measurement to continue to be our primary revenue drivers.

When excluding TVSquared, our Q2 revenue grew 15% year-over-year to \$26.3 million. CTV contributed 47% of this revenue, up from 45% in Q2 2021, growing 20% year-over-year when excluding TVSquared. Mobile contributed 38% and desktop 15% of revenue and grew respectively 13% and 7% year-over-year, excluding TVSquared.

Revenue from ad serving and personalization services grew 16% year-over-year. This revenue is generated by serving ad impressions through Innovid's platform to various digital publishers across CTV, mobile, and desktop environments.

Speaking to video impressions composition: CTV accounted for 50% of all video impression volume served in Q2, up from 46% in Q2 of 2021, and grew 23% year-over-year. Mobile increased 11% year-over-year and accounted for 38% of all video impression volume, and desktop decreased by 3% and accounted for 12% of video impressions served by Innovid.

In terms of geographical breakdown, the U.S. is the main contributor to our revenue, accounting for 89% of

total revenue and growing 44% year-over-year on an as-reported basis. Our total international revenue grew 51% year-over-year on an as-reported basis and increased its share to 11% of the total quarterly revenue, up from 10% in the second quarter of 2021. The majority of our clients are global advertisers and operate at a significant scale. Innovid serves customers globally through a delivery footprint covering over 70 countries. We plan to continue to grow our footprint in international markets in order to meet the needs of our global customer base.

Moving to costs:

Total operating expenses for the second quarter, including cost of revenues, were \$42.3 million and grew 87% on an as-reported basis from \$22.6 million in the second quarter of 2021. A number of factors contributed to the increase in operating expenses. First, nearly 50% of the increase, \$9.6 million, or 23% of operating expenses were attributed to the inclusion of TVSquared operating results in the second quarter of 2022. Second, approximately 26% of the year-over-year increase in operating expenses was primary driven by the increase in stock-based compensation, one-time acquisition-related, and de-spac transaction-related expenses. Lastly, the remaining 25% of the increase was a result of organic expansion of the operations.

Net profit in the second quarter was \$4.3 million or an EPS of \$0.03. Net profit in Q2 benefitted from Finance Income of \$13.3 million, primary derived from our warrants being revalued as a result of market volatility impacting the Company's share price. Net loss attributable to TVSquared in the second quarter was \$2.3 million, inclusive of \$0.7 million of intangible assets amortization.

Adjusted EBITDA for the second quarter of 2022 was negative \$1.7 million, representing a negative 5% adjusted EBITDA margin. A decrease in adjusted EBITDA from \$1.9 million in the second quarter of 2021 was a result of increased cost of revenues, R&D, sales and marketing, and G&A expenses, following the inclusion of TVSquared operating results in the Q2 financials for the first time for the full quarter, as well as organic growth in the operating expenses, as I've noted before. Starting in Q3, we expect the realization of certain post-acquisition synergies to positively impact the Company's profitability in the second half of 2022 and beyond. Considering the current macroeconomic and geopolitical uncertainty, we believe that close monitoring of the macro trends and agility in expense management will allow us to adapt to any significant changes as quickly as necessary.

Moving to our balance sheet. After the acquisition of TVSquared our cash and cash equivalents ending balance on June 30, 2022, was \$44 million. Given our margin profile, we believe that we are well capitalized at this time.

The total common stock outstanding as of June 30, 2022, was \$132.4 million.

Finally, I would like to go over our guidance.

In the second quarter of 2022, we delivered a solid quarter, and we achieved results within guidance.

While we are seeing strong growth momentum in our client base in the start of the third quarter, the broader advertising market outlook in the current macroeconomic environment remains uncertain. Our guidance for the second half of the year considers the potential impact of the current worldwide macroeconomic and geopolitical trends on the advertising industry and reflects a potential pullback in digital ad spending in the second half of the year.

For the third quarter of 2022, we expect revenue to be in the range of \$33 million to \$35 million, reflecting 41% to 49% year-over-year growth on an as-reported basis, and 12% to 19% year-over-year growth on the pro-forma basis. We expect adjusted EBITDA in the range of minus \$2 million to breakeven.

For the full year of 2022, we expect revenue to be in the range of \$127 million to \$132 million, including TVSquared revenue. This guide reflects 41% to 46% year-over-year growth on an as-reported basis, and 17% to 22% year-over-year growth on a pro-forma basis. We have revised our prior outlook for the full year of 2022 assuming impact at comparable rates across all revenue streams. The change in full year guidance does not anticipate a disproportionate effect on any single line of business.

Total annual adjusted EBITDA, now following the TVSquared acquisition, is expected to be negative \$(6.0) million or higher. We expect the adjusted EBITDA for the second half of the year to be nearly breakeven to positive, compared to the total adjusted EBITDA in the first half of 2022 of negative \$(4.7) million. The significant operating leverage of our robust, profitable core business and the realization of the post-acquisition synergies are the main drivers for the anticipated adjusted EBITDA improvement in the second half of the year.

With that, I'd like to hand the call back over to Zvika to take your questions.

Zvika Netter

Thank you, Tanya, and thank you fall for joining us on this call. We'll now open the line for questions. Operator, please go ahead.

Operator

Thank you. We'll now be conducting a question-and-answer session. If you'd like to ask a question today, please press star one from your telephone keypad and a confirmation tone will indicate your line is in the question queue. You may press star two if you'd like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment please while we pull for questions.

Thank you. And our first question is from the line of Shweta Khajuria with Evercore. Please proceed with your questions.

Shweta Khajuria

Okay. Thanks for taking my question. I guess could you please help us understand how you monetize InnovidXP? So, what your go-to market strategy is? And then how monetization is incorporated into the business? And then the second question is, could you please talk about vertical performance across the strong verticals maybe shopping, travel, et cetera, versus maybe some of the weaker ones, including auto and geographical performance as well. And the follow up to that is what do you think is the difference that's driving the performance versus Trade Desk, for example, that has a strong CTV revenue growth? So, could you help us try and understand the differences and similarities there too, please? Thank you.

Zvika Netter

Sure. Good morning, Shweta, and thanks for joining us. So, there are, I think, three to four questions here. I'll take them quickly one at a time. The monetization of XP is -- so obviously we're very excited that we integrated the platforms, the CTV and linear TV measurement, into a single offering within three months. Obviously, we had six months to prepare for this. So, we're now in market with InnovidXP, a combined CTV and linear TV measurement solution.

So, there's three main -- and I'm trying to make it short, three main areas of revenue growth there, the classical existing client base of TVSquared when we acquired, a lot of direct-to-consumer smaller local advertisers, then there is the sell-side, which we're making a lot of progress, deals with publishers, et cetera. And the third one, which is the most exciting from our perspective, is the upsell to our large ad-serving clients, large CPGs, autos, et cetera. And I have to say that we're positively encouraged by the level of interest and actually we were able to close already several deals, upselling to our ad-serving clients. That was our main driver of the acquisition and it's actually happening.

At this point, it is part -- the monetization is based on annual agreements that are factored based on the media budget, so less on the impression level, but more on the media budget and on an annual contract. But I believe these are the early days that we may explore other ways to monetize it. So, currently, it's based on the size of the media, but not a percentage, but the size of the budget of the customer and annual deal.

Your second question was on vertical. In vertical except the -- what we saw in Q4, the drop in auto, which was across the board, we are not seeing at this point a dramatic change in any of the verticals, we're seeing a more generic like spot decisions by certain brands that could be either strategic -- not strategic, I would say, looking into the economical environment and we are absolutely still seeing supply chain challenges that influence, you know, there's a large CPG that was -- they were publicly in their earnings call mentioning running short on supplies for two major product categories, lowering the media spend, and then increasing it again in Q3 when their supply came back. So, we believe this is going to continue; for the foreseeable future, we'll be more about volatility rather than across the board an entire vertical changing.

Last, regarding the Trade Desk question, obviously, we don't monitor other companies in terms of earnings and how....I would say that the key -- the key difference between us and most of the media companies, definitely

the media buying and selling platforms like the DSPs and the SSPs, is the take rate. It's basically -- that doesn't exist at Innovid. So Innovid is a pure volume play, so things go up, we go up, when volume goes down, we go down, which behaves very differently than -- can behave differently from how a percentage of media take rate, right?

There's more flexibility. It's a bigger take rate and it's more narrow. So we charge volume across the board, including the walled gardens, including the open internet, including everything, while the DSPs are obviously charging for what is only running on their platforms. It could be 15%, 20% of the plan. And based on the inventory they're buying and how they price the media, so the actual revenue, because they don't report the volume growth, the actual revenue can go up and down. And I would argue there's more control by the platform on that on the short-term. On the long-term perspective, I believe Innovid is more immune to price pressure, price compression, or margin compression because we're just, it's a flat fee for volume. And I believe, and thank you for asking this question, I believe this will continue as the markets continue to evolve, I believe this will be a point that we'll continue to discuss and for people to better understand the different dynamics between how the unique business models innovate versus the media platforms.

Shweta Khajuria

Okay. Thanks, Zvika.

Zvika Netter

Sure. Thank you.

Operator

The next question comes from the line of Laura Martin with Needham and Company. Please proceed with your questions.

Laura Martin

Good morning. Great numbers you guys, congratulations. So, Zvika, my first thing is you've got quite a wide spread of guidance for 3Q versus quite a narrow guidance range for 4Q. My question is we are hearing that visibility is falling as advertisers are pausing or delaying or just giving much shorter notice. Is your visibility on 3Q falling, which is why I have a 700-basis point guidance range in organic growth. But then I don't understand why it's tightening so much for full year. So, can you talk about visibility in your business please, first?

Zvika Netter

Yes. And thanks Laura for joining. Good morning. So, the dynamic is the volatility, right? So, we are -- we have the headwinds like every company in the space from Google to DSPs, to social, obviously advertising, we believe we'll see some overall advertising, we will see an impact because of the economical situation and you heard it on every call, right? The tailwinds are extremely strong and that's what's, you know, the tailwinds that include the move for Netflix to ad-based model, other platform through ad-based model, we believe we're seeing that the consumption of CTV -- ad-based CTV is growing and will continue to grow. So the inventory will be there. And then we believe some brands while decreasing their spend might actually be able to buy more

inventory, aka, more volume.

So, this dynamic is relatively new. And I think we'll be accelerating the next three to six months, which can create -- to your point can widen the spread. I can even share --I think we shared it on the earning call where we said that we are seeing a strong beginning of the third quarter, stronger than the end of the second quarter, right. It's just that it's in this environment somebody runs out of product or somebody is concerned about something else, that can impact. So that is the reason. So, we want to be of abundance of caution. We don't want to provide guidance that we will miss. And that's the reason for what we're seeing and kind of being more conservative on the fourth quarter and the overall year guidance.

Laura Martin

Okay, cool. And on political I really liked your partnership you announced on political. Do you think that could be a -- like how big could political be in your 4Q this year as a revenue driver? What's your best guess?

Zvika Netter

It's -- political historically and also even with the acquisition so that we are providing a measurement solution, it's not a significant revenue, was never historically significant revenue driver for Innovid since our focuses are the large CPGs and autos that consistently deliver, what was in the past predictable revenue, it's still relatively predictable. So, we're less focused on selling into and monetizing political campaigns. With the acquisition of TVSquared, definitely increased a little bit the exposure in a positive way for revenue through measurement, but strategically it's not a major focus area for the company.

Laura Martin

Right. Fabulous. Thank you very much. Appreciate it.

Zvika Netter

Thank you.

Operator

As a reminder to ask a question today, you may press star one from your telephone keypad.

The next question comes from the line of Andrew Boone with JMP Securities. Please proceed with your questions.

Andrew Boone

Good morning. Thanks for taking my questions. It's exciting to see measurement now reach 22% of revenue. Can you provide us an update on the impact of measurement pricing, maybe where are we now in terms of CPMs?

Zvika Netter

Hey Andrew, so at this point what we start seeing, since we're integrating measurement -- the product is already

integrated. We're now in market upselling to our existing client base. I believe we're going to evolve in terms of how we price it into maybe a more advanced way in terms of -- towards the end of the year, as we're exploring better pricing mechanisms. So, we were cautious at this point, not to -- so technically if you take, you add that revenue, since we don't price it on a volume based, it's more of an annual deals, so subscription annual deals.

So if you take the overall revenue divided by impression we report, you'll get a much higher effective CPM, kind of the per ads delivered, but we didn't want to share this number yet because we may evolve the way we're pricing it. And I think it would be more accurate to combine those numbers if the way we price it is similar. So at this point we're not updating that number. Overall, if you put measurement aside, it's the similar trend, there's no -- we're not seeing any price pressure on any of our products.

Actually, we're seeing great success on personalization. That's growing very fast. CTV is now 50% and XP is being -- it's being adapted faster than we thought in terms of customer like large customer interest. So, I believe that maybe by next year will be more -- we'll come to market and explain how we're combining all the numbers to show an effective CPM. Mechanically, it obviously went up now, but I don't think it would be the right presentation to provide to investors.

Andrew Boone

Fair enough. And then just as we think about the macroenvironment, can you talk about what that's doing in terms of existing versus new clients? Are you seeing an elongation in terms of bringing new clients onto the platform? Clearly, you've had success, right? We talked about GM last quarter, but then how does macro impact the maturation of kind of those cohorts versus new clients? Thanks so much.

Zvika Netter

Thanks for the question. It's a great question because to make it very clear, and Laura asked about the guidance. On all KPIs in terms of, beside volume, what we're seeing when a large CPG is running out of a home care product and as rightfully as they should in this environment, reduce spending for a month and a half or two, and then come back, all other KPIs are moving as planned up into their right. So I would argue there's actually acceleration, positive acceleration of adoption, because I believe at this point, especially, the Netflix announcement made provide like shockwave throughout the industry, if somebody was sleeping under a rock on the brand side, it's clear right now that in the future all TV will be IP delivered, that most television will be monetized through advertising based model, and not like 25 subscriptions per family.

So, this is clear now where we're heading with this. So the brands also understand that this is the future, and you also understand the need for an independent platform, right? It's rumored that Netflix was in conversation with some of the other platforms out there beside Microsoft, which all of them are in a way also competing with the Netflix business. So the fact that there are multiple, many wall garden, I believe Netflix will also be some sort of a wall garden together with Microsoft. The fact there will be so many of them and for brands like a P&G or a Chrysler or a GM, they need to be everywhere, including Netflix. So that would actually increase, it should increase and accelerate our market share when winning new logos, upselling to personalization, upselling to measurement.

The environment we're in is forcing advertisers to get more for every dollar. So if they reduce the budget, let's say from \$100 million a year to \$80 million a year, they will still kind of do more with less, right. They still want to gain more. The way to do it is through more personalization for ad to get better effectiveness and implement measurement, any measurement tool you can find to better optimize your plan and buy more of this inventory and less of this inventory. These are exactly the two products we're upselling.

So just to summarize on that, I believe and expect to see increase in the amount of customers, the percentage of upsell for personalization, and the percentage of upsell into measurement, while the overall, volume may fluctuate in the short-term, on the long-run, I'm extremely bullish on growth on all KPIs.

Andrew Boone

Thank you.

Operator

Thank you. Our next question will be coming from the line of Vasily Karasyov with Cannonball Research. Please proceed with your question.

Vasily Karasyov

Thank you. Good morning. I wanted to ask a big picture question. Given the bifurcation and performance in connected TV names this earning season, can you tell us what you see in terms of growth drivers wall gardens versus open internet or open connected TV whatever we want to call it? What do you see in terms of trends that are driving the diverging performance from different companies that used to -- they used to look like they performed in the lockstep, but now that's not the case anymore. Thank you.

Zvika Netter

It's definitely very interesting dynamics. I would ask my co-founder and our CTO, Tal, who's working very closely with both wall gardens and what you refer to as the open internet. Obviously, we work with all of them. Tal, would you take that?

Tal Chalozin

Sure. Thank you very much, Zvika. Thank you, Vasily. So first of all, just an important point about wall gardens versus open internet, I think that the future of television and the future of connected television is not going to be a winner takes all. So there's not a one massive wall garden, like we've seen in search or social. So there will be a lot of different companies.

We see right now and we definitely think that it will be a combination. It's not going to be just an open internet with a lot of different small apps obviously as attested by many big apps like YouTube, even Hulu as defined as somewhat of a wall garden, Amazon, and many others, soon Netflix as well, all of those are very large wall gardens. And we think that the future will be a combination of all of them, not one side.

To your question about kind of bifurcation of performance this quarter. I think that there's many differences and reasons to that, obviously lapping hard comps from Q2 2021 and also very different type of advertisers that fuel different platforms from smaller marketers to very large TV advertisers. But I think in the long-term that that's really the big important point is that the long-term of television all linear will move into connected television. And it will be a mix of very large wall gardens and a long tail set of apps that allows users to just start on broadcast television.

Vasily Karasyov

Thank you very much.

Operator

Thank you. At this time, we've reached the end of our question-and-answer session. I'll turn the floor back to management for closing remarks.

Zvika Netter

Thank you, operator, and thank you everybody for joining us today. I really appreciate the time, I know there's a lot of earning calls today, and the time and attention to Innovid. Obviously we're extremely excited about what's going on and how things are evolving for us. We had a very solid quarter and started the year with a strategic move expanding into measurement space with the launch of InnovidXP.

And as we heard in the questions, despite the uncertain micro dynamics we have, and we are delivering on our vision for the future of television, and we definitely plan to further leverage the very strong tailwinds, strategic tailwinds that are creating a huge upside for ad supported CTV all over the industry.

As always, I would like to thank our talented and dedicated employees all over the world, our loyal customer base, and of course, our shareholders and investors. Thank you everybody and have a great day.

Operator

This concludes today's conference. You may disconnect your lines at this time. We thank you for your participation.