

Company Name: **Perion Network Ltd. (PERI)**

Event: Oppenheimer 28th Annual Technology, Internet & Communications Conference

Date: August 13, 2025

<<**Jason Helfstein, Analyst, Oppenheimer & Co. Inc.**>>

Good morning everyone and thank you for joining us for the fireside chat with Perion Network. I'm Jason Helfstein, Head of Internet Research at Oppenheimer. Very excited to have CEO, Tal Jacobson; and Chief Revenue Officer, Stephen Yap. Gentlemen, thanks for joining me. So the format fireside. If anyone online has some questions, there is a box you can put in and I can ask your question or email me at Jason.helfstein@opco.com.

So, gentlemen, thank you for joining. So to start off, for those not familiar and perhaps because the company has morphed over time, just describe what Perion does and why you think its offering is unique for clients.

<<**Tal Jacobson, Chief Executive Officer**>>

Yes, absolutely. Thanks for having us, Jason. So, yes, as you said, Perion has been around for many years. In the past few years, we've concentrated mostly on the supply side of advertising. So we were kind of an SSP, a bit different in the mechanics, but kind of an SSP. In the past two years, we've realized that there is a major shift within our industry and we wanted to focus mostly on the demand side, so mostly on the people that are actually spending \$1 trillion a year over digital advertising. And we morphed the entire company into becoming a centralized platform for marketers, mainly CMOs, to be able to orchestrate those trillion dollars' worth of spend in a very fragmented industry.

So just making everything smoother using AI through our entire technology. And we're now announcing more and more features. We just announced a new algorithm for performance CTV, which is – CTV is one of our biggest selling products, but we have so many other products like Digital-out-of-home and other products. But our main focus is focusing on the CMO, focusing on our client, and we're shifting in between channels to get them the best outcome.

<<**Jason Helfstein, Analyst, Oppenheimer & Co. Inc.**>>

Great. So Stephen, thanks for joining us. So for those of you who don't know, Stephen joined the company. Was it late last year?

<<**Stephen Yap, Chief Revenue Officer**>>

No, it's February.

<<**Jason Helfstein, Analyst, Oppenheimer & Co. Inc.**>>

February earliest, you're right. So I guess tell us like what was appealing about - your longtime ad tech executive at much bigger companies - what was appealing about joining Perion as Chief Revenue Officer?

<<Stephen Yap, Chief Revenue Officer>>

Yes, well, and again, I echo Tal. Thank you for having me. Yes, I mean, as you know, I'd spent 17 years at Google, right, and I was blessed with the opportunities during that time, take multiple products to market. I built a few like Google Analytics or the LaTam platforms business for Google, some of the different reporting tools, Tag Manager and things like that. And during that time, what I really started to understand and fundamentally enjoy, right, was the ability to build and architect solutions for the marketplace, right, and then get them to scale obviously inside a huge place like Google.

My last stint I was placed in charge of Google Marketing Platform and kind of was asked to rebuild that. And after about two years, there is an opportunity that kind of came across through a friend of mine, who said he kind of floated my name. And when you look at Perion, which was the opportunity, there are very few companies in our industry right now that kind of have the position where they kind of approach their business like a startup. They have the cash to kind of back up all of their innovation aspirations and they're really just kind of looking to rebuild solutions for kind of the modern marketer. All of those combined how often do you get a chance in your career or even your lifetime quite frankly to rebuild the company and a public one at that. And so, given the vision of Perion One, for me it was really just a no brainer.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

Got it. So let's talk about it's a great segue, almost thinking on my questions. Let's talk about Perion One strategy, right. So Tal, kind of just broadly like what is the Perion One strategy?

<<Tal Jacobson, Chief Executive Officer>>

Yes, you want to.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

Or Stephen?

<<Stephen Yap, Chief Revenue Officer>>

Right...

<<Tal Jacobson, Chief Executive Officer>>

From a customer standpoint, why would that be...

<<**Stephen Yap, Chief Revenue Officer**>>

Yes, so the Perion One strategy again, when you look across our industry, right, like one of the things that really stands out is just how innovative the industry has been over the course of its inception. That's also kind of provided some of its challenges. With every piece of technology or every challenge that you have in digital marketing, there is another piece of technology for it and another one. And so, what we've ended up seeing across the industry plane has been a very siloed, very disconnected approach in technology. And it makes it for a lot less efficient, much less cost effective than the industry originally had been for a while.

When we look at Perion, we saw the opportunity in Perion – in this concept called Perion One to actually unify across people, processes and technologies, right. In its simplest form, when you look at where we were, you had multiple technologies, so up to like five different sales teams calling on a single person, right.

Now we've actually unified that group. So you're only speaking to one and you're talking about the entire spectrum of your digital marketing challenges. Around the technology side of it specifically, it's how do I start to envision when I want to deliver a digital marketing campaign, how do I do that in the most objective way possible across both technologies and media that allows for the biggest impact, right, that I'm actually going to have.

And so what Perion One allows us to do is create connective tissues between all of these technologies, between the channels and allow the systems to dictate, hey, based on the performative nature of your KPIs or the goaling that you have set forth, the system can help you actually achieve those goals by being very channel agnostic as well as being kind of media agnostic. So we don't necessarily care where it runs or how it runs, so that it just simply delivers that impact for you. And so that is kind of what our aspirations and our vision for the Perion One platform going forward.

<<**Jason Helfstein, Analyst, Oppenheimer & Co. Inc.**>>

And look, I know investors' ad tech can be very confusing. The term DSP is broad. There is managed service, self-service. So – and like why does a customer, let's say, choose your buy-side tools versus let's say like a Viant or Trade Desk, there is other solutions out there. Why do they pick the Perion One solution?

<<**Tal Jacobson, Chief Executive Officer**>>

Right. I think that's a great question and we're actually getting that quite a lot from investors, less so from our customers. The way we're building Perion One is not to replace other DSPs. It's a way of having a centralized platform to orchestrate your media investments versus to replace them, right. So think about it this way. The majority of the market is actually closed gardens, right? So

you have Meta and you have Google and now you have TikTok and you have Reddit and you have Pinterest. We're not going to replace their DSPs, right, and that's the majority of the business, the majority of digital advertising.

But what we can do is saying, let us sit in between you guys, let us optimize your spend, let us optimize your creative, let us optimize your data. And with that because we're sitting in between that and it's a centralized platform, we can actually tell you what works best. So maybe for Meta, a specific creative would work better for them, on TikTok or on YouTube, a different creative, right. But because it's in one place, you can now actually compare them. Now we do get some customers that are saying, listen, you guys are great, but I do love to work with The Trade Desk and we think The Trade Desk are great. We're not trying to replace them.

But we do have a feature called sidekick, which we would tell our customers, listen, you can do a lot of things over our platform, but if you want to use The Trade Desk, and that's totally fine, just click on a button and that will push it towards The Trade Desk. Now we do get our fees from data or planning or anything else, but we're not trying to replace The Trade Desk. We're not trying to replace Google or Meta. We're just trying to make a sense out of the whole mess of what digital advertising has become.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

So does that mean like you're targeting a specific size advertiser that, let's say, the largest – is it the largest advertisers maybe can kind of either figure this out on their own or maybe they get kind of a bespoke level service from like The Trade Desk or Google, Amazon, whereas like a medium sized or smaller advertiser is not getting that. So maybe talk about what you're like – what maybe the average spend per advertiser today or like what's the sweet spot?

<<Tal Jacobson, Chief Executive Officer>>

Yes, so we haven't broken it down in our data yet, but what I can tell you is our sweet spot would be advertisers that are using at least two or more DSPs, right, so maybe customers that are spending money with YouTube and Meta. Smaller companies that tend to push older budgets towards one platform don't actually have that issue, right. They have one platform. They don't need our help. Bigger companies, the 1,000 brands of the U.S. or worldwide definitely need us and we're working nicely with a lot of them, but we're also getting into the middle market, not S&Ps but middle market. And we're seeing tremendous help that we can provide to our technology. So those are the kind of audiences that we're targeting.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

And so I think about like going back two years ago, a good chunk of the business was managed service DSP like kind of more customized campaigns that were like harder to run programmatically. So on a self-service you really needed like people with your expertise, but yet

like that isn't the most efficient. You've been transitioning away. So how much of the business would you say is still managed service DSP right now?

<<Tal Jacobson, Chief Executive Officer>>

So, you're absolutely right. And as we said six months ago, so we only launched this new strategy and this new platform six months ago and we said that it's a transition phase, right. So as we're going to look at the future in the next couple of years everything is going to be Perion One, hopefully most of it is going to be self-serve, but we still have all those amazing working products that some of them actually need managed service.

Now having said that since we're getting into the AI era and we just announced our new COO that is coming in, she is going to focus mainly on how do we make managed service streamlined through automation and AI versus manual work, right. So that will free a lot of our people to do more things to our customers versus just doing manual work. So even managed service today, I think Yap here, I love that he has a phrase of instead of self-serve, he calls it AI served, right. So even our managed...

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

That's where we're going.

<< Stephen Yap, Chief Revenue Officer >>

Yes, I mean, and I think that's...

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

And the machines – well, eventually all of the managed service becomes AI served actually. That's a better comparison, right.

<< Stephen Yap, Chief Revenue Officer >>

Yes. I mean, and I think right now it's – I think there are a lot of things that are driving that, right. It's also one thing that we often don't talk about is it's the education and the evolution of the end advertiser and the marketer, right, like how sophisticated are they and there are obviously a lot of companies that we know that still do last click attribution and things like that that we came up with like 15 years ago as an industry. So I think the important thing too is that as we move into the AI world, it becomes AI serviced, right, and so it becomes much more efficient on that level. But the cool thing is that our ability to pivot and meet kind of the marketers where they are in that moment, right.

So look, if you're using one channel, that's great, we can help you there if you need. If you're totally self-sufficient, wonderful. We'll give you the keys to the tools and off you go. And we begin

to layer on our AI on top of that to help you be more efficient. If you need a hand, so we hold your hand all the way through the process, which we have a lot of clients. Our job is to also partner with them, right, to help them in their journey to get them to be more sophisticated. So it's the optionality exists for both and I think a lot will also depend on how the marketers evolve over time, right given...

<<**Jason Helfstein, Analyst, Oppenheimer & Co. Inc.**>>

I mean, I think that's actually kind of maybe an overlooked aspect where it's like...

<<**Stephen Yap, Chief Revenue Officer**>>

100%.

<<**Jason Helfstein, Analyst, Oppenheimer & Co. Inc.**>>

When you think about self-kind of – again, historically to do self-service, I wouldn't say it needed a level of simplicity, but like you needed a level like of standardization, right. We all know it's gotten more complicated, more features, whereas like things that you really couldn't figure out how to get the machine to do you had people do, hence managed service. That being said, the AI becomes the replacement of the machines. And if you were the one doing that, presumably the advertiser will look to you first with a machine based solution as opposed to – no one is really talking about it, but I think that is an opportunity for Perion if you can move fast enough, right.

<<**Stephen Yap, Chief Revenue Officer**>>

Yes, I mean, it's a huge opportunity and something that we are number one, completely focused on and heavily invested into. But yes, it presents a really cool opportunity, I think, to again direct the market versus follow it.

<<**Jason Helfstein, Analyst, Oppenheimer & Co. Inc.**>>

So I'll talk about channels for a minute. In the first half, your breakdown was 63% open web, 23% Digital-out-of-home and 14% CTV. How do you see that mix evolving with the new products? And you also announced the new CTV offering as well, if you want to kind of weave that into the conversation.

<<**Tal Jacobson, Chief Executive Officer**>>

Yes, absolutely. So, as I said, our business is not focusing on channels, it's focusing on the client, right. So within that we're constantly going to see fluctuations in between the channels as long as we can get more and more budgets and more and more customers. Having said that, we do feel very optimistic about how our CTV solutions are going to grow. We're already seeing, we have good indications in Q3 and the pipeline. So we're feeling very comfortable with saying that we're

going to beat the market in terms of – the market growth in terms of CTV. I mean, we're feeling more than comfortable with more than 20% on an annual base. But again, I think, there's – because we're evolving into a new type of company, I think there's a lot of confusion still about – I think some of the people think that our channels are like separate businesses and they're not, right.

<< Jason Helfstein, Analyst, Oppenheimer & Co. Inc >>

Well, they used to be, but they're not anymore.

<<Tal Jacobson, Chief Executive Officer>>

Absolutely. I think that's where the confusion comes from. And I think once you know it's one business and it's okay if a budget moves in between channels, as long as it stays with us, it's fine, right. I think people think, well, if that moves down, maybe that specific business, which is CTV is going down, no, it's not a business. It's a channel within a platform, right. But we do feel comfortable with CTV going up just because we think we have a great solution there. We have actually three solutions. We have the high-impact CTV. We have the performance CTV and now we have Perion algo, which is actually the Greenbids part, which offers algorithm for CTV over YouTube, right. So all of those solutions should provide...

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

Maybe I just go into a little more detail on that. So, like, what is that? Why is that appealing to an advertiser of that product?

<<Tal Jacobson, Chief Executive Officer>>

Perion algo?

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

Yes.

<<Tal Jacobson, Chief Executive Officer>>

Absolutely. Do you want to take that?

<<Stephen Yap, Chief Revenue Officer>>

So the Perion – I mean it's incredibly appealing because when you look at CTV, right, a lot of the questions around CTV were when it first came into the industry was a lot of – basically it's digital TV, right? So it's how do you measure it, right. What are the metrics in which we can measure? What has been really kind of cool to watch is as Greenbids has kind of taken shape and now as

we kind of move it into kind of the Perion algo, we find our customers, what they're able to do is they're able to give us their goals and their objectives, right? So here are our KPIs. This is what I need you to hit. And when you consider the ways in which this is approaching versus here's my budget, here's kind of my creative, here are the channels I want to be in, they're simply saying, here are the KPIs I need you to hit, can you have your AI systems begin to optimize that?

Now, obviously, Greenbids was primarily focused on DV, YouTube via DV for a long time. But when you look at kind of the impact that they've had, they've been able to outperform basically every single client that they had signed on all of their KPIs, right.

What's really interesting about that business as a marketer going into kind of the AI era is and this kind of almost goes back to the channel conversations. But when you talk to a lot of our customers, it's this mindset shift within the industry of wow, so I can give you a budget, and give you objectives and then you can optimize for outcomes in those objectives, right, because the marketers of the future, what eventually is going to happen is the CFO who is going to give the CMO a budget and say, here's \$20 million and I want a 5% return in this type of ROAS, it's going to not matter...

<<**Jason Helfstein, Analyst, Oppenheimer & Co. Inc.**>>

Basically we're saying it's PMax, it is Advantage+, it's these basically products that the biggest walled gardens have created. And it's almost like they've made the new standard and everyone is going to have to like the goalposts have been shifted, right? So...

<<**Stephen Yap, Chief Revenue Officer**>>

Yes and no in that, like yeah. I mean the Pmax, I think, PMax was like the first iteration of this kind of based campaign metric. But again, when you kind of go back to where we're really unique is that, look, we're agnostic from media, technology and chain.

<<**Jason Helfstein, Analyst, Oppenheimer & Co. Inc.**>>

Right, right. That's PMax in their solution as opposed to...

<<**Stephen Yap, Chief Revenue Officer**>>

Exactly. And so, this is what you're also saying from the industries, everyone is developing AI capabilities on top of their silos. So you're basically having siloed AI. Our intent is we need AI to actually work like GreenBids does, across multiple channels and multiple entities, so that instead of me saying, oh, you buy more YouTube, it's... look, the system is delivering outcomes for whatever circumstances they are based on the data. So a great example of that is look, like in the dead of winter of New York when you're experiencing a blizzard, the system pulls in the weather data and figures out, look, I'm going to start pulling budgets from digital out-of-home because no one is walking the streets in New York. I'm going to put it all to CTV because everyone is at home, nice and warm on their couch.

So, being able to do very simple things and do them objectively with no other intention of I want to drive you to my media or I want to drive you to technology, I think, that's kind of where GreenBids gets really exciting, being able to layer kind of objective AI on top of all channels and allowing the system to then operate in an intelligent way based on all the data feeds that we have.

<<Tal Jacobson, Chief Executive Officer>>

I think there's another big shift happening now in the last few years where marketers are looking at themselves like basically traders, like, right, investment managers and they want to get the best yield. So think about the GreenBids or Perion algo as we call it now, more like an algo trading, right. I'm putting a \$1 million of investment, I want the best yield. And we've proved that to our customers that we can get up to 40% better yield on the same budget.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

That means that you don't have to, maybe the comparison in trading would be as opposed to having a trader who's like watching a bid and being like looking for patterns and trying to make sure they're like, okay, now I'm going to place my order like the algorithmic basically, it's going to get you maybe not like the top 98%, but you're going to be within the top 10%. And if you can save that time, it's a good value trade off to give up the other eight points or something.

<<Stephen Yap, Chief Revenue Officer>>

And it's managing a portfolio, right? Like that's why it's so similar versus managing just a simple... I'm just trading this stock. This is all I'm going to optimize for.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

Right. So I mean, when we think about Connected TV, I think, a lot of like initially, first of all, we still have somewhere between \$90 billion and \$100 billion that's still in linear TV. Okay. When we think about CTV the most premium channels, right, the initial view was like, oh, you don't need Ad Tech to buy it, you're going to mostly buy it direct or it's going to be like programmatic guaranteed. And the Ad Tech fee for that's going to be like pretty small. Yet like as we're now fast channels, right, are growing faster than kind of SVOD right now and you're just seeing like more of a proliferation. And then where does like YouTube go, right? Like if you watch YouTube on your television, is that CTV or is that like online video? And so I mean, maybe talk about how like the explosion of more outlets like kind of plays into that strategy where like maybe this wasn't something that was even available to Perion like two or three years ago.

<<Stephen Yap, Chief Revenue Officer>>

Yeah. So, I think it's a great question. It's also a great example of why Ad Tech is actually needed, right. We created our own problem, now we're trying to solve for the very problem that we

created, which is the proliferation of channels. When you look across the digital ecosystem, I think, that's always been the issues like there is content being created everywhere and anywhere at any given time. And now we're seeing that in the video channel realm as well. What we need the technology to do is understand, hey, based on where your audience is, based on kind of what you're watching and then even you're going to start to layer in things like brand suitability, right, those types of metrics, having the system be able to intelligently go, okay, so we want this type of audience and this type of content, not this type of content. And I think when you look across the Ad Tech ecosystems it is very relevant. I mean when you look at something like YouTube, right, YouTube has bought the ad where it's and, or it's bought via DV. And there is something to be said because there is a, I would actually argue a vast majority of the YouTube buys happen via DV. And the reason...

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

And just for reference, you don't mean double verify?

<<Stephen Yap, Chief Revenue Officer>>

No, no, sorry, sorry, sorry, he's already corrected me.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

You're using your legacy.

<<Stephen Yap, Chief Revenue Officer>>

May be 360, the DSP.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

Yeah.

<<Stephen Yap, Chief Revenue Officer>>

But there is something to be said of, hey, like, marketers understand that they really need technology to cut through and make these buys much more efficient and optimize them. And so your ability to do that in a tool is worth that investment. And so it's a lot of the reasons why you have DV360, which customers are willing to pay for to buy YouTube, which is also owned by Google. I do think technology is going to serve the industry much better and more efficiently, especially in the AI era, where you're able to very clearly define, here's the target, here's the accepted brand suitability I'm looking for in terms of a grade, and then here is the budget that I've got, and then allow the systems to actually optimize across the web for that.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

I mean, it's interesting, right? Like, I mean, look, the ad agencies are merging to try to get efficiency and end of the day, like they're going to use AI to do more with less people. At the end of the day, it's going to be like their AI talking to your AI talking to the publishers' AI. I mean, that's kind of where this ends up going. I mean, everyone will give it the commands, but like there was a whole lot of stuff in the middle that was manual. That's basically going away, right?

<<Stephen Yap, Chief Revenue Officer>>

That's right. And look, I mean, I think, when you look at the agency world, right, like they're combining for those two things, right? Efficiencies and the data play, right? Because they also understand fundamentally, which is again why we want to be into all of these different channels, because not only do we want the optionality for our customers and say, look, we'll deliver your ad wherever your customer may be, but also AI is only limited to whatever data pools it sits on top of.

And so you're seeing the agencies plague because they now sit on top of these huge, traditionally large data companies that they've acquired over the last couple of years. And so that's kind of the efficiency play, they recognize, hey, when we get the AI laid on top of this, we'll be able to do that.

Now I think it's also interesting, right, like, because you do have siloed AI, all these tech companies are making their little silos of hey, I've got AI for search, I've got AI for this, I've got AI for that. So again, I think taking a more channel agnostic approach is what really the industry needs to get...

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

An AI that sits on the AI.

<<Stephen Yap, Chief Revenue Officer>>

An AI for the AI, exactly. Yeah.

<<Tal Jacobson, Chief Executive Officer>>

So I want to say on that, when we getting into the AI era, it's not about AI, AI is great and it becomes a commodity, right?

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

Yeah. It's an efficiency tool, it's all about outcomes at the end of the day, that's kind of, that's what you're going to be judged on by your client.

<<Tal Jacobson, Chief Executive Officer>>

Absolutely. And within that, AI - it's not about the algorithm or the model, it's about the data. Because if AI has the wrong data, it will destroy everything you do. Right? And we see that that AI is hallucinating, it's becoming worse and worse because it now reads its own articles and making decisions based on whatever it said before. Right. So, our goal is if we're going to have a unified, centralized platform, we're going to have so much data and the quality of data is going to be so high that you will be able to depend your business upon versus silos, right, which is always harder to understand.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

So let me ask a macro question. So I mean, look, we've seen the business kind of pivot back to positive now there's obviously a lot of noise and in the numbers on a year-over-year basis. But I mean, did you see any kind of, in your opinion, macro impacts on the second quarter or not really? Again, was there any kind of tariff or, did you see any categories pull back because, with blaming macro or not really in the results I just got reported.

<<Tal Jacobson, Chief Executive Officer>>

I think what we saw at the beginning of Q2, we saw people getting more nervous and that's why they've asked to push some of the budgets from CTV towards web, where it's proven to be more performative, they're getting better results. But as we moved on to the last phase of Q2, we saw it coming back. We saw CTV coming back, we saw people getting more relaxed. Now within the current situation in the market, I'm not sure anybody is fully relaxed but things are getting – we're feeling that things are getting back to normal. Again within our customers, we're feeling very comfortable of them coming back, spending more and spending more on the more premium channels like CTV.

<<Stephen Yap, Chief Revenue Officer>>

Yeah, I would agree. I think as we enter into, especially if you look at advertising, right and digital ad spend, the vast majority of the industry holds – they basically have this kind of ramp effect all the way going into late Q3 and into Q4 as you enter the second half of the year where they now, okay, so the budgets have to go now from now until Q4, this is where we're going to start to see the ramp up. And I think anything that kind of from a macro level, anything that kind of shakes the market's confidence a little bit in ad spending, I think, the marketers go, well, hang on, don't know, let me hold this for a minute, and then we'll start to go.

So to Tal's point, yeah, they're a little bit nervous, right and hesitant at the start of Q2, but then we just saw it basically go right back to where it was towards the end and speaks to the ton of confidence we have in looking at the early indicators of our Q3, yes, we're seeing the net effect of that.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

I want to go back to gross margins for a second, kind of tying back to Perion One. So, gross margins peaked around 90% in '22. It's on track for something like 74% in our model this year. As you move towards CTV playing a bigger role, is that like positive or negative for gross margins?

<<Tal Jacobson, Chief Executive Officer>>

So CTV, but not only CTV, as we move more towards a platform play and a lot of our features are going to become more and more self-served, we're going to become more efficient on the margin side.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

You'll be supporting less systems. So there'll be less cost to support desperate systems.

<<Tal Jacobson, Chief Executive Officer>>

Absolutely. So less system, less manual work. The opportunity to scale – not necessarily with scaling the amount of people at the same magnitude, right. So, we do predict that the company will become more, and more and more efficient.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

And then just maybe asking the same question on sales and like sales and marketing head count and like what's – just how do you see that kind of like playing out like as the strategy goes, I mean, if the business moves to more self-service, maybe there's less people executing but then you have more people selling, like you shift those resources and then that gets you more growth. But that more growth is on a higher incremental margin.

<<Tal Jacobson, Chief Executive Officer>>

So I think as we move towards the platform play, I think, we're going to take a page out of the books of Google and Meta, right? You're going to need less salespeople to sell campaign by campaign, but you're going to transform your people, your salespeople to actually build relationship and implement your platform within bigger organizations and make sure that they're actually using that, right.

So we're going to really transform to a Google, Meta type.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

So basically we're going to go through an upgraded salesforce. You may have less sellers but more experienced, better sellers with deeper relationships.

<<Stephen Yap, Chief Revenue Officer>>

Yeah, I mean, I think, when you start to look at a platform sell versus kind of an IO by IO which was how historically media has been transacted, right, especially in some of the older businesses, it becomes a less transactional based relationship. In those transactions you need to basically resource, right, like kind of almost like a one-to-one relationship with each one of those buyers. In a larger kind of platform play it's a one to many. So, what I would say is, look, I think, that where we are now in this transition, we're moving towards kind of this, in this evolution to get to that platform play when we have it right, when we're kind of organized and ready to, and push into the market, we do expect we're going to have better efficiencies, right and better ratios in terms of, you know, what that revenue per head looks like.

And then obviously we're all about, which is one of the cool things about the company, we're all about looking like how do we invest in more growth, right? So as we see the growth we don't want to just kind of rest on our laurels. How do we invest for more, and so what are the different markets that we can get into.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

So, we have five minutes left. So, just we left kept search till the very end. So Tal, I mean, I guess like the typical investor question is like is there a certain point at which it's not worth keeping search like you shut it down because it's just a distraction to manage, I guess: a) how much of it is that business a distraction to the advertising strategy which is the future of the business. And look, it is generating cash flow, but is there just a point at which it's just not worth the organization's effort?

<<Tal Jacobson, Chief Executive Officer>>

Yeah. Well, I would imagine that maybe not in the next year or two, but at some point maybe that will be the case. But for now, it is generating \$20 million, roughly, a quarter, it's pretty stabilized. We're not putting any new investments in R&D on that product. So, as long as we can continue to generate revenue through that, we're happy with that. It's not...

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

It's not revenue, as long as you can generate, keep cash flow from it.

<<Tal Jacobson, Chief Executive Officer>>

Right, right, absolutely, cash flow, absolutely. So within that, as long as it keeps producing, we're happy about it. We've actually built our new company, the new Perion, in a way that this is not a distraction.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

Got it. So it's a completely side business, effectively, if it got separated out tomorrow, it would have no impact on the organization.

<<Tal Jacobson, Chief Executive Officer>>

Absolutely.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

So, okay, so one question came through online. Basically was asking about, you're generating cash, basically, why you keep so much cash on the balance sheet? Why not expand buybacks, dividends, at the current price, because just mathematically, buybacks are more accretive than pretty much any acquisition you can do?

<<Tal Jacobson, Chief Executive Officer>>

Yeah. So I think we're absolutely aligned. I think you saw that last quarter we accelerated our buyback. I think last quarter we actually bought buybacks pretty much at the same level of the amount of cash we're going to produce this year. And we've done this in one quarter, right. And we're not going to stop. We believe the stock, with everything we have going on, we believe the stock is not going to stay that cheap for so long. And that's why we're very bullish on continuing to buy it. At the same time, we do need the cash, some of the cash to continue to invest. If we have big expectation out of this, we are expecting to change a huge industry in a meaningful way and that also involves investment.

<<Jason Helfstein, Analyst, Oppenheimer & Co. Inc.>>

Great. I think that's a perfect ending. Gentleman, thank you very much for joining us today. If anyone has any more questions online, feel free to reach out to us, we can connect you with the company.

So everyone, wherever you are, have a good rest of the day.

<<Stephen Yap, Chief Revenue Officer>>

Thanks, Jason.

<<Tal Jacobson, Chief Executive Officer>>

Thanks for having us.