REFINITIV STREETEVENTS

EDITED TRANSCRIPT

Q2 2020 Comscore Inc Earnings Call

EVENT DATE/TIME: AUGUST 10, 2020 / 9:00PM GMT

CORPORATE PARTICIPANTS

Christopher L. Ferris *comScore, Inc. - Director of IR*
Gregory A. Fink *comScore, Inc. - CFO & Treasurer*
William P. Livek *comScore, Inc. - CEO & Executive Vice Chairman*

CONFERENCE CALL PARTICIPANTS

Alan Steven Gould *Loop Capital Markets LLC, Research Division - MD*
Laura Anne Martin *Needham & Company, LLC, Research Division - Senior Analyst*
Matthew Thornton *Truist Securities*
Richard Alan Kramer *Arete Research Services LLP - Senior Analyst*
Surinder Singh Thind *Jefferies LLC, Research Division - Equity Analyst*

PRESENTATION

Operator

Welcome to the comScore Second Quarter 2020 Financial Results Conference Call. (Operator Instructions) As a reminder, this call is being recorded for replay purposes. It is now my pleasure to turn the call over to your host for today, Mr. Christopher Ferris, Director of Investor Relations at comScore. Sir, you may begin.

Christopher L. Ferris ***comScore, Inc. - Director of IR***

Thank you, operator. Before we begin our prepared remarks, I'd like to remind all of you that the following discussion contains forward-looking statements. These forward-looking statements include comments about our plans, expectations and prospects and are based on our view as of today, August 10, 2020. We disclaim any duty or obligation to update our forward-looking statements to reflect new information after today's call.

We will be discussing non-GAAP measures during this call for which we have provided reconciliations in today's press release and on our website. Our actual results in future periods may differ materially from those currently expected because of a number of risks and uncertainties, including those related to the COVID-19 pandemic and its economic impact. These risks and uncertainties include those outlined in our 10-K, 10-Q and other filings with the SEC, which you can find on our website or at www.sec.gov.

I'll now turn the call over to comScore's Chief Executive Officer, Bill Livek. Bill?

William P. Livek ***comScore, Inc. - CEO & Executive Vice Chairman***

Thank you, Chris, and thank you, everyone, for joining us today. I'd like to start by providing you with a brief update on our strategic review, which has progressed despite some delays from the pandemic and related closures. We have conducted a fulsome process with our financial advisers and are in active discussions regarding strategic alternatives to maximize long-term shareholder value. We expect to conclude these discussions and announce by our third quarter earnings release, either our entry into a definitive agreement or our decision to continue our efforts to execute on our strategic plan as an independent company.

Since March, we made every effort to ensure the health and the safety of our employees while providing great service to our customers. Our global workforce has successfully transitioned to working from home. Our team has done an outstanding job of maintaining our IT systems and our infrastructure. Our employees have risen to the challenge, remained focused on our business plan, and most importantly, our customers. I'm truly proud of everyone's efforts, and I'd like again to thank every employee and their hard work and dedication.

Considering the challenges presented by the global pandemic, we had a solid quarter. With revenue in some areas of our business impacted by COVID, other areas experienced year-over-year and sequential growth. I'm also pleased to say that the second quarter, we generated $9.2 million in adjusted EBITDA, the highest quarterly figure since 2016, and a $12.5 million positive swing versus prior year. For the first half of 2020, we have recognized $21.3 million in a positive swing in adjusted EBITDA compared to 2019. This is a testament to a great team effort by everyone at comScore. Greg will dig into more detail on our financials later in the call.

Our financial success demonstrates that our plan is working, and we're focused on the right opportunities to grow revenue profitably going forward. We are a leader in measuring media consumption with long-term relationships in blue chip customers that trust us for planning, transacting across all platforms for media. As the world is changing, we have adapted to this new world and we are serving our customers.

In the first half of 2020, we demonstrated velocity in developing future products, and this is allowing us to expand our services to meet future needs of the advertising ecosystem. We must not let the pandemic stop us from innovating and bringing new products to market. This quarter is a testament to decisions that we made last year to bring our engineering and product development teams together under one leader.

To date, in 2020, we have augmented our syndicated TV business with some transactional-based solutions; we have expanded our local TV services; we have developed new opportunities in digital, working with business partners in a privacy focused way; and we have enhanced our movie server's user systems with features that allow our customers to use our improved database in a more functional kind of way. Let me walk you through how we're applying these developments to our business and driving growth.

First, transactional-based products. While we will continue to focus on building our syndicated services, many of our new products being developed to augment these services and generate revenue on a transactional basis in addition to their base syndicated contract. For example, in addressable advertising. The addressable market, moving to television is a critical and fast-growing long-term driver where Comscore is being used as currency. The marketplace and our customers have made it clear that national addressable advertising will grow dramatically. We are well positioned to capitalize on this shift. National addressable allows TV networks to optimize their inventory, selling a network TV ad unit to one advertiser and then delivering a different ad to homes based on their household characteristics. For example, think about a car company that buys a national ad unit. Greg may get an ad for an SUV, and I may get one for a sedan. We are working closely with our MVPD partners to develop national addressable solutions to deliver integrated and impression-based measurement for both addressable impressions and national advertising under addressable impressions.

Our initial approach is uniquely MVPD-centric, and that supports rather than competes with our MVPD partners as some others are doing.

Another key example is our shift to incremental transactional revenue is our renewed agreement with OpenAP.I'm also excited to announce that we have expanded our partnership with OpenAP, designed to support the industry-wide effort of scaling audience-based advertising across TV publishers. This multiyear agreement enables OpenAP members to benefit from comScore's advanced audience information, and we earn a percentage of the media spend. We believe this partnership will continue to drive adoption of our data-driven solution and pairs with our national addressable offerings. comScore offers the only single methodology solution unified across local, national, advanced audiences and addressable solutions. We believe this partnership will ultimately drive adoption of our data-driven cross-platform audience measurement, making it easier for both publishers and advertisers to scale campaigns targeted to precise audiences across premium video environments.

Our partnership with LiveRamp is also how we're leveraging the transactional model on top of the syndicated model as we combine our collective television and video intelligence to develop new outcome-based offerings. Together, we are leveraging comScore's trusted viewership and behavioral information across platforms with LiveRamp's unrivaled identity and conductivity to provide better accountability for marketers and monetization for TV ad sellers. We are already generating licensing revenue from this partnership and we expect that it will also generate additional transactional revenue in our TV and our Activation segments.

The second development I'd like to focus on is our expanded local TV offering. comScore is also always viewed itself as an expert in measuring local markets with our unrivaled data footprint in these local markets. Local markets for comScore adds up to our national numbers, that's a big advantage. And as we look at 2021, we see 3 key drivers of revenue growth in this area.

First, we are enhancing our unique TV measurement capability with the integration of Comcast data sets, which remains on track for implementation by the end of the year. Once completed, we will possess an unmatched measurement service, covering over 75 million television sets and the only measurement provider covering all local markets with the census-level service. We believe this capability will drive revenue growth from new TV stations, particularly in Comcast markets and with station groups and key advertising agencies.

Second, we recently launched QuickScore, providing viewership insights within 24 hours in the top local TV markets. QuickScore has been met with excitement from the industry and it makes our services more actionable than ever before by allowing in-advertising campaign adjustments to be made in real time, a major advantage in driving the efficiency and the effectiveness of local television ad campaigns. In our view, faster, more granular reporting is a solution our partners are willing to pay for, particularly as the media world continues to shift.

And today, I'm also pleased to announce a local market partnership with Consumer Orbit, a leading aggregator of consumer behavioral based information. Together, as we announced this morning, we are developing comScore's Consumer Intelligence, or CCI, for local markets, a new solution that will tie local shopper behavioral segments to television viewership in a category-specific segments in near real time. This will allow media outlets, brands and agencies to plan, transact and evaluate local media performance in new and exciting ways. We expect this offering to be available in all local markets by the end of 2020.

Third is digital. We are delivering measurement across devices while innovating and planning for a more privacy-compliant cookieless world. As you may have seen in our recent blogpost, we are proud to announce that we are the first company to provide advanced advertising reach measurement via an integration with Google Ads Data Hub, ADH for short, for our Validated Campaign Essentials, vCE product. Incorporating ADH in our digital measurement is the latest installment in comScore's multifaceted approach to digital measurement. comScore's diversified approach to digital measurement enables us to address the complexity of evolving privacy and technology dynamics of the digital system. This partnership further emphasizes comScore's and Google's focus on privacy by allowing advertisers to receive YouTube and Google Video partners ad reach measurement in a privacy-centric manner. This is but one example of how we will continue to grow revenue as we continue to emphasize user privacy. Our continued investments to improve reporting along with the ADH integration demonstrates the speed of which comScore can innovate and bring improved products to market even during this pandemic. Additionally, integration with many streaming services, such as Twitch, highlights the future of our digital offerings, which will provide enhanced insights in the gaming space within our suite of digital products.

As I have said before, privacy comes first at comScore. And in July, we were awarded a new -- in fact, our 76th U.S. patent in the last 5 years for our ability to protect user privacy during demographic data collection. This technical achievement bolsters our measurement suite and affirms our commitment to superior privacy-safe digital and TV measurement in a cookieless world. We believe this new patent strengthens our competitive position as a leader in privacy-focused media measurement.

This quarter, our focus on privacy enabled us to expand our relationship with global marketing icon Omnicom. This was a major win. This deal expands the integration of comScore's digital audience behavioral information in the comScore's omni platform. This is a global deal and represents the next evolution of comScore's industry-leading Activation suite, which is designed to help brands reach specific demographics, behavioral audiences and TV and OTT audience in a brand-safe, relevant context across laptops, desktops, mobile and now, connected TV platforms. We look forward to working closely with Omnicom with all of our products for years to come.

Finally, let me address our movie business, which has been impacted by the pandemic. To state the obvious, the closure of movie theaters over the past 5 months has adversely affected our movies business. Although most of our business is subscription-based under multiyear contract, a number of smaller non long-term contract customers paused their service during the quarter. In addition, some onetime custom business, which reliably materialize as most quarters as studios tweak their marketing and promotional strategies around new releases did not happen this quarter. These factors caused our movie revenue to decline in the quarter.

However, our large studio customers remain committed to our services and they're actively using our service to plan for the future. In fact, we resigned 8 large customers during the quarter, including 3 large studios, all to multiyear contracts. Despite the challenges, we have kept innovating. We recently unveiled and upgrade consumer experience across our movie reporting and Analytics suite of products. First, we streamlined our system, we improved database functionality and allowed users to access new and historical data on demand. Secondly, we launched new generation of a theater management software platform for our exhibitor partners. Theaters are opening again in many parts of the world, and we are helping our partners navigate this unique period. Some of our studio customers are exploring a direct-to-consumer model, planning to release films on streaming services. We, like them, are pivoting by developing a measurement solution that combine box office and direct-to-consumer viewing metrics in one combined product. This is where our server-to-server integrations with our partners will pay dividends. The movie industry has been on pause, but it's not going away. Regal has announced its opening theaters domestically on August 21, and AMC too has announced their plans. And in Europe, people and families are enthusiastically returning to the cinema. In Spain, theaters have reopened to unprecedented box office results well ahead of expectations with a sequel that did better than the original film. And as you know, that's a rarity.

We are the leader in box office measurement, and I believe our movie service's best days are yet to come. We currently expect our movie revenue to be back to the prior year level within 12 to 18 months and to grow from there.

Finally, I'd like to note the success we had in the quarter in customer wins and renewals across our entire product suite. During the quarter, we secured new business from Bassmaster; Minute Media; Omnicom expansion in digital, as I described; Shout! Studios; Cinedigm in our on-demand suite; Cox Media; Rockfleet Broadcasting of local TV; and Sinclair's Compulse360 for local OTT measurement, just to name a few. It really was a solid quarter. Now I'd like to turn the call over to our Chief Financial Officer, Greg Fink. Greg, please.

Gregory A. Fink *comScore, Inc. - CFO & Treasurer*

Thank you, Bill. Today, we reported second quarter revenue of $88.6 million compared to $96.9 million in the second quarter of last year. While we expected revenue to be lower in our movies business, revenue also continues to be impacted due in part to the timing of closing contracts. Revenue from Ratings and Planning in the second quarter was $63.8 million compared to $68.9 million reported in the second quarter of last year. The decrease was primarily from our syndicated digital products. While enterprise customer renewals continue to be strong, syndicated digital revenue declined year-over-year, representing 48% of our Ratings and Planning revenue in the quarter compared to 50% in the second quarter of 2019. As I discussed earlier this year, we expected syndicated digital revenue to decline early in the year. While the decline is higher than our original expectations due in part to the timing of closing contracts, as I mentioned earlier, we remain optimistic it will stabilize and begin to flatten on a sequential basis in the coming quarters based on our expectation that we will benefit from new business from the exit of some competitors. We have already signed some of those customers, which we expect to be additive to revenue starting in the third quarter.

National TV was flat compared to the prior year, but we began to realize revenue from our new LiveRamp relationship. Local TV revenue continue to grow from new customers and expansion with existing customers.

Revenue from Analytics and Optimization in the second quarter was $16.9 million compared to $17.3 million in the second quarter of last year. The decrease was due to lower Activation revenue from reduced ad spend in the second quarter. Our custom digital marketing solutions revenue was flat compared to the second quarter of 2019, but up sequentially. We also recognized approximately $1 million in revenue from a onetime recovery on a revenue-sharing agreement.

Movies Reporting and Analytics revenue in the second quarter was $7.9 million compared to $10.7 million in the prior year. While many of our movie contracts are long term in nature, in the second quarter, revenue was impacted by the timing of some studio renewals as well as from smaller customers that paused service. While the timing of theater reopening is uncertain, we do expect theater closures to continue to have an impact on movies revenue. Revenue should improve as theaters reopen.

Turning to operating costs. Our core operating expenses, which include cost of revenues, sales and marketing, R&D and G&A, declined nearly $25 million year-over-year. The significant reduction in operating costs relates to the actions we implemented throughout last year and further reductions we took in 2020. Cost of revenues decreased by $7 million in the second quarter compared to the year ago quarter due to lower headcount and professional fees. Selling and marketing expense declined $7.3 million as compared to the prior year, and R&D decreased $7.1 million from staffing reductions and decreases in all aspects of our cost base. G&A expense for the second quarter decreased $3.2 million compared to the prior year quarter from lower headcount and professional fee.

As I discussed in May, we took additional short-term actions to reduce costs. We reduced executive compensation, instituted a hiring freeze, initiated limited furloughs, hold to travel and temporarily suspended some internal projects. Much of this cost reduction was realized in the second quarter. And we have begun to restart some of these activities as we look to make operational investments in the second half of 2020. As such, while we continue to focus on improving our long-term cost structure, we expect quarterly expenses to increase back to around the levels reported in the first quarter of 2020.

In the second quarter, we reported a net loss of $10.4 million compared to a net loss of $279.5 million in the same period last year. The second quarter of 2019 net loss included a $241.6 million noncash impairment charge and a $5 million charge related to the conclusion of the SEC investigation.

For the second quarter, adjusted EBITDA was $9.2 million compared to an adjusted EBITDA loss of $3.2 million for the same period last year. The $9.2 million was the highest level since the merger 4 years ago, and the improvements in adjusted EBITDA reflects our ongoing cost reduction efforts.

Our non-GAAP net loss for the second quarter was $2.8 million, which compares to a non-GAAP net loss of $10.8 million reported in the year-ago quarter. We ended the second quarter with total cash of $55.5 million compared to $66.8 million at December 31. The decrease in the first half of 2020 was primarily a result of cash interest payments. These payments were offset by a $9.4 million upfront payment received in a long-term contract. Looking forward, we expect revenue to continue to be impacted by ad spending in movies. We are optimistic that new agreements and partnerships we have signed over the last 6 months will benefit us in the second half of 2020, particularly if the economic headwinds abate. However, we remain cautious about revenue growth until we have better visibility into ad spending.

Now let me turn it back to the operator to take questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Surinder Thind of Jefferies.

Surinder Singh Thind ***Jefferies LLC, Research Division - Equity Analyst***

I'd like to start with a question about the TV segment. Over the last quarter or 2, you guys have been providing some increasing color. We're seeing growth in local. You talked about growth in addressable. Any additional color you can provide in terms of maybe the size of the segments or maybe where things are heading? How we should be thinking about maybe the magnitude of those rates? Just trying to get a little bit more quantitative view of maybe what's going on underneath.

William P. Livek ***comScore, Inc. - CEO & Executive Vice Chairman***

Greg, would you like to take that one, please?

Gregory A. Fink ***comScore, Inc. - CFO & Treasurer***

Sure. So when you think about Ratings and Planning. We provide the percentage that is syndicated digital in that metric that I just had in my prepared remarks. While there are a few other smaller products that fit within that area, Ratings and Planning, the bulk of that comes from our TV business. And as we think about that portion of revenue within Ratings and Planning, as I mentioned, we are seeing growth in local. And year-over-year, we saw some incremental benefit starting in the second quarter from our LiveRamp relationship. As we move forward, we expect those to improve and be better than they were here in the second quarter, as I had mentioned before. But I think mathematically, Surinder, the easiest thing to do is, for the most part, provide the digital percentage, which we've done now for a few years to try and break out the TV aspect.

Surinder Singh Thind ***Jefferies LLC, Research Division - Equity Analyst***

Sure, absolutely. I think that's fair. I guess my question was more about within the TV subsegment itself in terms of as one grows and maybe the other as the digital -- syndicated digital has gotten smaller, is there maybe the thought of trying to provide additional quantitative color? I guess that was my question beyond what the percentages that you guys provide.

William P. Livek ***comScore, Inc. - CEO & Executive Vice Chairman***

Well, we're always looking at providing greater transparency so that's always on the docket. But when you think about the pie, in digital, Greg had mentioned in the prepared comments that privacy really matters now. Two of our competitors went out the business in the beginning of the year. And the Omnicom omni deal is a testament to the durability of the product and the need in this privacy-compliant world. Now when you look at the total addressable market in TV, it's a multibillion-dollar market and about $500 million of that comes in local. As you can see from our numbers, we've got a long way to go on growing that business. And we believe a big growth driver will be the inclusion of the Comcast data sets. We knew for a long time that, that was an important piece. And if one tracks our revenue growth in TV, the revenue growth follows the expansion of the data sets. So if you go back over a decade and you look at that, every time we add an important new operator, revenue does grow. Now that's not a prediction for the future, but that what has, of course, happened in the past. So we're excited about all those business verticals.

Surinder Singh Thind ***Jefferies LLC, Research Division - Equity Analyst***

Okay. That's actually very helpful. And then related, the comment about the data privacy, and you guys specifically called out the patent on your earnings call as well as in the press release prior. Can you talk a little bit about the importance of that? Is that maybe a little bit more important than maybe some of the other patents at this point, given the concerns around privacy and data collection at this point? Is there an advantage that, that achieves that maybe -- I'm trying to phrase this the right way, that your competitors can't follow you down that path?

William P. Livek ***comScore, Inc. - CEO & Executive Vice Chairman***

Well, we've always taken the road of privacy on our TV business. We've been, from the beginning, governed by the Cable Act. And also when we add other data sets, legislation around privacy, Gramm-Leach-Bliley. And now you have the California Privacy Act added on top of that. So we've always been hypersensitive, and we always believe that was a big business advantage. Now it actually is happening where there's penalties for companies if they license and use information that is not dealing in the world of privacy. So now it's become a strategic advantage for us. And we believe that those patents will create, along with the other patents that we have. And as you know, all of these are related to one another in some way. It helps promote this deep and wide competitive moat that takes years to build. And it does create a way that we believe that our customers will continue to spend with us. And it's going to be difficult to enter this market more and more. And we have a large number of patents pending that also is along these lines. So these are things that I hope that long term, our investors will see the fruits of those labors.

Surinder Singh Thind ***Jefferies LLC, Research Division - Equity Analyst***

That's helpful. And then maybe turning to the movie business. Can you maybe provide or talk a little bit about the color of maybe some of the long-term implications of the changes that may be going on there, in the sense that there was a recent agreement between AMC and Universal about theatrical release exclusivity? I think that was shortened to as little as maybe 17 days. And so it seems like the fundamental business model might be changing there. And how does that potentially change? You guys alluded to it earlier in terms of some of your product offerings, but does that also change the revenue or growth dynamics? How should we think about that?

William P. Livek ***comScore, Inc. - CEO & Executive Vice Chairman***

We -- I don't think it impairs our growth [payment]. It actually opens them up. So if you look at most movies, the majority of the revenue actually happens in the first few weeks, 17 days. And then AMC to cut their business deal, and I'm not going to comment on that. But what the companies, the content creators need is a real-time system, which is what we have for box office that it refreshes every minute and they can see ticket sales. If you think about a line of numbers that go with a new release that happens in the theater, and then a line of numbers right next to it that shows the buy rates on on-demand and then with the total, that gives the owners of the content a way to manage it. And then when you further dive into the geographic location -- so Greg and I, because of the pandemic, are in different locations right now. You can look at our local market areas of how the ticket sale is different in the on-demand platform and in the theatrical platform. And then the movie company can make a decision how they want to promote that content. So when I say the best days are ahead of us, the movie business is now getting as complicated as the TV business. And that's good for us. Fractionalization and fragmentation is very good for an information business, as long as you can innovate. And we're innovating like the devil here. And we started it in the fall when I joined. And with the pandemic, we've doubled down on our efforts. So I think this is actually a good trend for us.

Surinder Singh Thind ***Jefferies LLC, Research Division - Equity Analyst***

That's helpful. And then one final question here, I apologize. One of the things that you mentioned was that there was a number of renewals within the movie segment. Can you comment on that number in the sense of, was there something that you entered into these multiyear contracts? Was there something that was driven by COVID-19 in terms of that it makes sense to have it? Or was it just coincidence that there are so many renewals that occurred during the quarter?

William P. Livek ***comScore, Inc. - CEO & Executive Vice Chairman***

It was just one of those serendipitous events that as COVID hit America, we had a number of contracts that are up for renewal. And as you can expect, in the month of March and April and May, we were all trying to get comfortable with what the world looks like. So it took longer to negotiate for obvious reasons. And then those contracts get signed. There was nothing unusual other than the pandemic, which created that piece. But thank you for your questions. We appreciate it.

Operator

Our next question comes from Laura Martin of Needham.

Laura Anne Martin ***Needham & Company, LLC, Research Division - Senior Analyst***

Okay. I will do all 3 of mine at once. So great cost control in the quarter. Can you remind us of the lag between when you integrate these Comcast costs compared to when you start raising prices? So how it affects the P&L? How long that lag is? It sounds like you're not going to get them integrated till a year-end. So do I start seeing the positive aspects of Comcast only next year, but I'm getting cost into this P&L over the next couple of quarters? That's my first question. The second is, I've always published that 75% of your movie revenue is under long-term contracts. We did have movies down 26% year-over-year. So my question is, maybe I'm hoping my number was right, and that means that this is going to be the bottom for movies, even though it might go on for a couple of more quarters. And if -- and I'm specifically interested is, if they aren't successful opening in August and this goes through year-end, is by movie downside just where it is now, which is like this kind of $8 million level because everything else is under long-term contracts? And then third is great renewals off new business. My question is, did we capture all that revenue upside in the quarter? Or a bunch of these partnerships that you've announced that you signed in the second quarter going to be -- actually, we'll see them rolling in, in the second half of this year and those will be buoying revenue coming from this point forward?

William P. Livek ***comScore, Inc. - CEO & Executive Vice Chairman***

Thank you very much, Laura, for those questions. The new business and renewals that we signed, there's very little revenue in the quarter that just passed that will roll out in subsequent quarters. And on the movie business, although my crystal ball definitely broke with the pandemic, I believe that what we're seeing is the bottoming out effect. And I'll let Greg comment on that further. But we are not anticipating any new blockbuster movies coming in the theater. But what I have been personally surprised at, Laura, are the resiliency in Spain. As we all know, Spain was one of the first countries in the pandemic, and they got locked down pretty badly. And then actually, the theaters, they were going back and forth on when to open them. And using the analytics that comScore provided, they actually decided to open this movie, loosely translated, it's called "Father There's Only One 2." And sequels rarely do better than the original. This family-focused movie actually beat the original, and it shows that week-over-week, attendance and ticket sales are growing. So it feels like this is the bottom as theaters start to open up. And then we'll see -- and I think your numbers have been right on here. And we're going to see the effect of an accounting treatment. I'm going to let Greg address. And on the Comcast piece, before I turn it over to Greg. Yes, we're recognizing costs now. And we will not see revenue until next year. Greg, would you like to comment on any of those?

Gregory A. Fink ***comScore, Inc. - CFO & Treasurer***

I think you hit all the salient points there, Bill. I think, Laura, on the movie side, I think we were -- when you think about it, we're trying to be clear about pausing of service. And as theaters open, those small customers and those on long-term contracts should come back. And so as you see, that data improved around number of the year openings, we think that, that will benefit us going forward. So I would reiterate what Bill said on that. And on Comcast, yes, we are building that out and recognizing cost today, and we should see the benefit moving forward when that's fully done.

Operator

Our next question comes from Matthew Brom of Truist Securities.

Matthew Thornton ***Truist Securities***

Maybe a couple of quick ones, if I could. On the first one, maybe for Greg. As we think about revenue linearity for the year, is there any reason we wouldn't see some sequential improvement 3Q and in 4Q, just given, obviously, 2Q was kind of like a -- it felt like maximum pain. Is there anything unusual that would prevent sequential growth, not getting into any magnitude, but anything that would prevent sequential growth as we think about 3Q versus 2Q and 4Q versus 3Q? That was the first question. Second question, can you just remind us what political has meant for you guys in prior cycles, as we just kind of think about what a lift versus kind of normal run rate looks like in a political year? And then just finally on the strategic review. And I apologize if this was covered, I jumped on late, but I seem to remember there was a date around the Starboard agreement that was sometime in August, maybe early August. I'm just curious, with the extension of the strategic review, how that date kind of comes into play, whether that agreement has been extended or what the implications of that are? Any update there would be really helpful.

William P. Livek ***comScore, Inc. - CEO & Executive Vice Chairman***

Greg, would you like to take this first?

Gregory A. Fink ***comScore, Inc. - CFO & Treasurer***

Sure. Let me start with the first question, Matt, around sequential growth. As you know, we removed guidance back in May. So we haven't given specific guidance as it relates to 2020. What I'll say is that some of the items that we talked about today and talked about last quarter around timing of contracts, movies, customers pausing service, lower ad spend in the second quarter, and as I mentioned, as certain things change over the course of Q3 and Q4, those could be positives for the company. And I think in my closing remarks, I used the term optimistic and we are optimistic about that. But giving specific guidance as to how that will turn out is difficult, given the environment, as you can imagine. And yes, Q4 tends to usually be a better quarter for the company if you look back historically, given a fair amount of custom business that's done in the fourth quarter of the year as well as areas like Activation. So I think there's some room for optimism here. But as far as specific sequential growth, I think we have to wait to see how that plays out. On the political side, we've never specifically given an amount that we typically generate. If you go back in time, presidential elections have been better than mid-year elections. And we thought coming into the year that 2020 would be pretty strong, more like 2016. We haven't seen that develop to date. But we do have a fair amount of contracts that are what we call minimum commitments, and we do expect to see some of that here as we enter the back half of the year and as the election approaches in the fall. So I think we've never given a specific number, but we do expect to see some benefit from that as we move through Q3. And then as it relates to your last question around the agreement that we had with Starboard, you're correct. It did expire on the -- on August 5, and we're currently working to resolve and bring to conclusion the strategic review as quickly as we can. And as Bill said in his remarks, we're looking to do that before the end of the third quarter earnings call.

Operator

Our next question is from Richard -- our next question comes from Richard Kramer.from Arete.

Richard Alan Kramer ***Arete Research Services LLP - Senior Analyst***

It's Richard Kramer from Arete. My first question is about the MPVD-centric national addressable solutions you mentioned. And I'm just trying to square your -- the size of your revenue base and the opportunity and engagement with some of these large MPVDs with how you can break into these accounts that historically worked with some of your competitors who currently claim to be getting a regular stream of renewals. And can you just give us a little bit more sense of your market entry strategy, your go-to-market strategy, whereby you can -- you will take share? Because that's something, I guess, we're not seeing yet in your numbers. A second question I have, and maybe this is a longer-term one. You see quite a few tools providers, the Mediaoceans of the world, making acquisitions. You see new companies springing up, trying to bridge digital and video like HudsonMX. How do you see yourself fitting into what seems to be a consolidating space? And is that something you think you'll need to address at the end of the strategic review? And maybe a very quick third one. Can you just be a little clear on the economics of the Ramp deal, the LiveRamp deal you mentioned? And also I don't know if you can break it out, but the customer that made prepayments, I don't know if you can identify them or it's material to your sales or not, but that would also be interesting. .

William P. Livek ***comScore, Inc. - CEO & Executive Vice Chairman***

All right. I'll share this, Richard, with Greg. I'll take the Mediaocean, HudsonMX to start with. We are not in a system, we are not in the business of providing software like they are. They are our partners. And Mediaocean and HudsonMX are super valuable partners, and we believe that they will be for a long, long time. On the addressable piece of the puzzle, we were the first company to measure in that space. So we had first-mover advantage with people like DISH and with AT&T. And that was with the local addressability piece. And then as national -- and that was with inventory that was largely on the cable networks. We see what's happening now. The networks, the broadcast networks like Viacom, CBS, as an example, and others, are working with OpenAP to take a network piece of inventory and then segment it, like I gave in the example before. An auto manufacturer buys 1 spot in a particular program. And then because of our tool, they can decide that Greg is a great customer for an upscale SUV and I may want to -- I'm a great customer for an old man for a 4-door sedan. And that commercial will be shot down that cable infrastructure. So we believe that we have the best solution out there. Time will tell, of course. And our customers are excited by it. But the ramp has also taken more time here, in part -- when you listen to the television networks, it's been before infrastructure. Now infrastructure is out and the pandemic has pushed back what was supposed to be a bumper year in 2020 as advertisers were pulling back. But I think we're in a super good place. And on the LiveRamp piece, I'm going to pass that one over to Greg. I think that was a financial question.

Gregory A. Fink ***comScore, Inc. - CFO & Treasurer***

Yes. Thanks, Bill. As it relates to LiveRamp, we don't really provide any specific details around specific customer contracts or the economics around. And as we stated in our prepared remarks, we began to recognize license revenue in the quarter. And obviously, we will have that revenue moving forward given the structure of that deal.

Richard Alan Kramer ***Arete Research Services LLP - Senior Analyst***

Okay. And just maybe one quick follow-up. Just to understand, when I'm thinking about someone like Comcast, they're involved in NCC, which is, I guess, renamed Ampersand, they've got the block graph. How do you compete for attention or to become their preferred solution, given that they seem to have so many irons in the fire and many of the MPVDs seem to have so many irons in the fire in this addressable market?

William P. Livek ***comScore, Inc. - CEO & Executive Vice Chairman***

Well, if you look at the world as it's going to be when Comcast is integrated -- I'm calling from the Miami-Fort Lauderdale market, which is a Comcast market. AT&T is your DISH and DirecTV, if you would. In the -- we've been measuring for a dozen years now, the market. First, it was driven with DISH in AT&T Universe, and then it was augmented with DirecTV and soon with Comcast. Once Comcast is fully integrated, I cannot overstate the importance of that because ad agencies understand that. When you have a census approach like we do, you can look at demographics beyond age and gender into very granular information. And then you can look at outcome-based ad schedules, did in fact an ad schedule result in product movement. So I believe the operators, once we're fully integrated, will embrace our solutions because it's complete census for them. So I think we're best positioned in this new world.

Operator

(Operator Instructions) Our next question comes from Alan Gould of Loop Capital.

Alan Steven Gould ***Loop Capital Markets LLC, Research Division - MD***

I've got a few, please. First, Bill, how much -- is there any change in the demand for third-party measurement by the large digital platforms? I mean, to date, a lot of them have said, we can do it ourselves, but it sounds like they're starting to realize they can get better rates, et cetera, that there's a little more transparency?

William P. Livek ***comScore, Inc. - CEO & Executive Vice Chairman***

Yes. On that question, I've seen the demand increase over time. I think part of that is privacy driven. Part of it also, some companies are talking about working with the walled gardens. That's been our approach to work with these folks because they do want third-party measurement. And I think part of that also relates to the political environment that we're now in, that a company doing its own measurement is not necessarily optimal. So yes, I do believe that we're well positioned there. And we're also well positioned because in digital, with our panel, where a few years ago, one could make a case to say panel measurement will be less relevant in a census world. But when you add hypersensitivity to privacy, a panel is an important piece in that also. So I feel good where we are in digital.

Alan Steven Gould ***Loop Capital Markets LLC, Research Division - MD***

Okay. And my next question, how big an opportunity is measuring PVOD for you, both measuring PVOD on open networks and also if it's just inside of one network?

William P. Livek ***comScore, Inc. - CEO & Executive Vice Chairman***

I think it's a significant opportunity, Alan, because it's just too darn complex. The owners of the content certainly has access to information, but they don't have access to what happens on with the other folk's content. So comScore has always meant transparency across all the different operators. And that's why our demand, I believe, will be there for a long, long time, at least in my investment horizon because the need to see what's going on, on everyone's content. Because the success of a piece of content is relevant, right? It's relative to how the competitors' content does. So it's just not about counting dollars on PVOD, it's -- how does it relate to the other platforms? And are they doing great or are they doing good or not so good? I hope that answers that question.

Alan Steven Gould ***Loop Capital Markets LLC, Research Division - MD***

Okay. And then my last question is regarding your strategic review, is there any reason you chose the terms of maximizing long-term shareholder value that long-term is in there?

William P. Livek ***comScore, Inc. - CEO & Executive Vice Chairman***

All right. Now we're dealing with an English class. So I'm going to hand this over to Greg to address that one. Greg?

Gregory A. Fink ***comScore, Inc. - CFO & Treasurer***

Yes. I would just say that we thought about the best way to characterize kind of where we're at. We're going to bring this to conclusion. I think Bill was clear, Alan, in his remarks about we're going to make a decision here by the end of the third quarter. And as we've said previously, we continue to be focused on all potential outcomes to maximize long-term shareholder value.

Operator

Thank you. I'm showing no further questions at this time. I'd like to turn the call back over to Bill Livek, Chief Executive Officer, for any closing remarks.

William P. Livek ***comScore, Inc. - CEO & Executive Vice Chairman***

Thank you, operator. And I'd just like to say in summary, we remain super excited about the future as we manage through this unprecedented period. I'm pleased with the progress that we've made in the company in 2020 despite the environment that we're in. On behalf of myself and our entire team at comScore, I'd like to send our heartfelt best wishes to all of our fellow citizens on the front lines in this pandemic, first responders, health care workers and all essential employees. comScore will continue to do our part, helping our customers and our communities preserve and ultimately recover from the environment that we're in. Thank you, operator, and we look forward to sharing our progress and results with you in the upcoming quarters. Thank you for joining us today, and we hope to talk to you soon. Take care.

Operator

Thank you. Ladies and gentlemen, this does conclude today's conference. Thank you participating. You may all disconnect. Have a great day.