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PRESENTATION

Operator

Welcome to comScore's Fourth Quarter and Full Year 2020 Financial Results Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded. (Operator Instructions)

Now it's my pleasure to turn the call over to your host for today, Ms. Jackie Marcus.

Jacqueline Marcus ***Alpha IR Group LLC - Assistant VP***

Thank you, Victor. 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, March 10, 2021. 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 will 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, Jackie, and thank you, everyone, for joining us today. Yesterday, our stockholders approved the strategic transaction we announced on January 7, and we expect it to close today. The completion of the transaction represents an important milestone for us. Together with our new strategic investors, Charter, Qurate and Cerberus, we will substantially eliminate our outstanding debt and provide us the financial flexibility to invest in the next-generation products, enhance our existing core products and capitalize on market trends as the shift to audiences and impression based measurement is happening. Simply said, measuring wherever an ad is placed and wherever content is consumed with a high degree of precision. That's what our clients want and expect from comScore. We are focused and excited about our ability to grow revenue with our new strategic partners as we are coming out of the pandemic.

As we officially bring 2020 to a close, I want to thank our outstanding employees who have continued to be dedicated, resourceful and successful throughout the last year. I appreciate their efforts, and I am proud to be representing them on the call today.

Our business, particularly in Movie and Custom solutions, continued to be impacted by the pandemic in the fourth quarter. We believe that Custom solutions will return to growth in 2021, given the advertising recovery that we are now seeing this year, and our expanded rights from our strategic partner. We will start to grow our Movie business again as large studios sign up for our everywhere measurement service that we've been demonstrating to them and as movie theaters continue to reopen. We have seen positive signs across many of our business lines. Our local, our national and our international connected TV business continues to perform well. We're gaining momentum with advertising agency clients or increasingly embracing our advanced audience metrics and rallying around our local market currency because of our innovation and our precision. We expect our TV business to grow this year with the inclusion of Comcast, de-identified set-top box information and our expanded data rights with Charter and our expanded rights with connected TVs.

We continue to see our core digital services stabilizing in the United States, which has been building on the trend established over the last year with large enterprise-wide clients. While our international digital services, which represents about 25% of our syndicated digital services was harder hit by the effects of COVID. We believe our digital services can resume growth later this year. Despite those challenges, I am pleased to say that in the fourth quarter, we generated $9.4 million in adjusted EBITDA. For 2020, we have recognized a more than $25 million increase in adjusted EBITDA compared with 2019, demonstrating that we are well positioned for even a stronger EBITDA performance as revenue rebounds. Greg will cover the details later in our financial section of the call.

As I have said before, we are at an inflection point in media and advertising as the pandemic accelerated the velocity of the change in the media landscape. Impressions, not just gross rating points, are starting to reviews more rapidly to evaluate the success by planners, sellers and buyers regardless of where content and advertising are viewed and consumed by customers.

Because of our census measurement, we believe, and many of our clients tell us, that we are positioned to be a leader.

I would like to spend a few minutes talking about the (inaudible) world. We are in a strong position to take advantage of this opportunity. One area that we're uniquely positioned is Activation. The combination of comScore panels and our expansive web crawling positions us well to meet market needs as activation moves away from audience created by third-party cookies. comScore's predictive audience solution provides a tool for reaching granular audiences through privacy friendly contextual signals. We are the only solution to be able to offer this at scale across multiple providers. An example of companies taking advantage of this capability was the recent announcement regarding TransUnion, IHS Automotive and PlaceIQ who are leveraging comScore's predictive audiences.

comScore strongly supports the privacy's safe measurement, and we have been preparing our syndicated digital measurement solutions for this new world for some time. In addition, building systems that will be interoperative with industry solutions like the WFA, known better as the World Federation of Advertisers. We have been preparing incremental services on top of them to provide clients with the best available measurement solutions.

We're also building alternative solutions for publishers who want measurement outside of the WFA framework and to support measurement from the largest sites to the smallest, leveraging extensive online panel assets in many kinds of census information. We are uniquely positioned to offer measurement in this evolving privacy focused world.

On the national television front, we're excited about the new opportunities presented by the addition of Comcast, de-identified data sets. We're expanding the number of highly targeted networks reported in our national measurement service. These additions have proved to be valuable as we signed 2 network deals in the first 50 days of 2021. Additionally, we reinvented our branded content business by entering a new partnership with leading enterprise AI solutions provider, Hive. This partnership allows us to move away from a highly customized solution to a syndicated, scalable solution that is based on comScore's TV Ratings and Planning services and new data sets generated using Hive's AI.

Last quarter, I mentioned that we began our connected -- we began to expand our connected TV measurement footprint. We are squarely positioned to take advantage of the opportunity with the connected TV marketplace. Currently with the agreements in place with both the Inscape and Samba that spans the U.S. and international markets, we have won the largest connected TV footprints being used to provide analytics and insights into brands, agencies and sell-side customers.

Our launch of the international connected TV measurement began in European markets and expanded in the fourth quarter to Australia. We will continue to evaluate expanding the footprint in 2021 into new markets.

Connected TV information is important. But it is the combination of CTV information, integrated with our full census media footprint that includes linear TV, digital, OTT, video-on-demand, addressable and other media that contains the real power of unduplicated reach and frequency for planning and buying. This is where comScore is in a unique position because of our close relationship with the MVPDs and our patents.

We saw an increase in the fourth quarter for our Activation products. We continue to be focused on comScore's connected TV, contextual activated solutions for both on-demand and live streaming. These solutions go beyond brand safety and allow our clients to increase their monetization through enhanced direct sales, open exchange programmatic sales in this cookie free environment. We are excited about these solutions and believe they will significantly increase our Activation revenue in 2021.

Our LiveRamp partnership is generating revenue, and the volume has been performing above our initial expectations. This includes the fourth quarter launch of our next-generation outcome-based measurement, Data Plus Math powered by comScore, which I described in detail last November. Our initial clients are seeing the benefits of this service, and they're now seeing the results of their campaigns in Data Plus Math powered by comScore.

I'd like to take just a moment to talk about our movie business. This business continues to be impacted by theater closures, but we expect to see a rebound later in 2021 now that theaters are reopening in bigger cities in New York and in California. We continue to see encouraging signs of the global recovery. China, which is now the #1 global market for movies, delivered the highest grossing box office weekend on record during the Chinese New Year celebrations. This record was even more impressive when you consider that much of the country is still operating under audience capacity restrictions. I'm confident the industry is evolving toward our strength of measuring all screens.

We are the leader in box office measurement, and we believe the business can return to prior levels and beyond as the pandemic ends. comScore is uniquely positioned to combine information and analytics in 1 place, whether a consumer sees a movie in a physical out-of-home theater or in their home.

Finally, I'd like to note the recent successes with our customer renewals and wins across our product suite. In the fourth quarter, we secured new syndicated digital business with Texas Monthly, Pocket Outdoor, Team Liquid and Anzu; and secured renewals from Hearst, Reader's Digest Canada, Trusted Media Brands and Magnite; as well as securing renewals with 4 Fortune 500 technology companies.

On the TV front, I mentioned that we had strong support in our agency vertical, where we expanded a long-standing relationship with dentsu Media to incorporate comScore's local television audience and impression-based solutions in local markets, and secured an exclusive local television currency agreement with the Moran Group for 20 local markets and strong automotive across 20 markets. Based on this agency success, we secured renewals with 10 of our key station groups, including an expansion with Gray Television, which we now support 87 of their 94 markets.

In summary, despite a unique environment that everyone had to deal with in 2020, we are proud of our accomplishments, given the challenges that we faced, closing out the year with another solid quarter of customer wins and renewals. We are excited for 2021, and we will work closely with our partners and our investors to bring new revenue-generating products to market from new commercial agreements.

Now I'd like to turn the call over to our Chief Financial Officer, Greg Fink. Greg?

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

Thank you, Bill. Today, we reported fourth quarter revenue of $90 million compared to $95.2 million in the fourth quarter of last year.

Revenue from Ratings and Planning in the fourth quarter was $63.6 million, compared to $66.8 million reported in the fourth quarter of last year. The decrease is primarily from our syndicated digital products.

Syndicated digital revenue declined year-over-year representing 47% of our Ratings and Planning revenue in the quarter compared to 50% in the fourth quarter of 2019. However, sequentially, syndicated digital was flat to the third quarter.

TV revenue was higher compared to the prior year, partly from our international expansion, and we expect that momentum to continue into 2021 as we add new countries.

Revenue from Analytics and Optimization in the fourth quarter was $19.3 million compared to $17.7 million in the fourth quarter of last year. The increase was due to higher custom digital marketing solutions revenue compared to the fourth quarter of last year and increased Activation revenue.

While the fourth quarter of 2020 was higher than the prior year, we did experience some customer delays around custom projects in the quarter where customers pushed out projects that we expected to deliver in 2020 to the first half of 2021 due to the pandemic.

Movies reporting and analytics revenue in the fourth quarter was $7.1 million compared to $10.7 million in the prior year quarter. Revenue continues to be impacted by ongoing theater closures as a result of the pandemic and was lower than our expectations as customers continue to hold off on restarting services until further certainty of content and theater openings is clear.

While the timing of theater reopening at scale is uncertain, based on where we sit now we think we are bottoming in the first quarter, and we believe we will begin to see improvement in revenue as the year progresses.

Turning to operating [costs]. Our core operating expenses, which includes cost of revenue, sales and marketing, R&D and G&A, declined $10.9 million year-over-year in the fourth quarter. The reduction in operating costs relate to the actions we implemented over the last few years, as well as some impact from temporary actions we took related to the pandemic. Cost of revenues decreased by $3.3 million in the fourth quarter compared to the year ago quarter due to lower headcount and professional fees, as well as a $2 million onetime noncash expense reduction related to a revenue share agreement. Moving forward, we do expect cost of revenue to increase starting in the first quarter from higher data costs associated with the new long-term MVPD contracts we signed in conjunction with the transaction, as well as additional data required to support our international expansion. As such, we expect margins to improve over the course of the year as revenue increases.

Selling and marketing expense declined $2.7 million as compared to the year ago quarter, and R&D decreased $3.3 million from staffing reductions and decreases in most areas of our cost base.

G&A expense for the fourth quarter decreased $1.5 million compared to the prior year quarter from lower headcount and professional fees. We do expect our operating expenses to rise from these levels as we invest in new product [offerings] that should lead to higher revenue later this year. Additionally, last quarter, we began to focus our hiring efforts to expand our capabilities in regions outside of the U.S. Over the long term, this will allow us to increase headcount to support our growth initiatives while continuing to maintain our focus on costs. We made good progress on this initiative during the fourth quarter, but expect the transition to increase expenses through the first half of 2021.

In the fourth quarter, we reported a net loss of $13.2 million compared to a net loss of $21.4 million in the same period last year. For the fourth quarter of 2020, adjusted EBITDA was $9.4 million compared to $5.5 million for the same period last year. Despite the business challenges from the pandemic and lower revenues, we generated more than $32 million in adjusted EBITDA for the full year 2020 compared to $6 million in 2019.

We ended the fourth quarter with total cash of $50.7 million compared to $66.8 million at December 31, 2019. The decrease in cash during 2020 was primarily a result of cash interest payments. We are pleased with where our cash position ended the year.

As part of closing of the transaction, the company will issue preferred and common stock as was outlined in the proxy materials. After the transaction is completed, we will have approximately 165 million shares outstanding, excluding the [CBI warrants].

Looking forward, based on current trends and expectations, we believe 2021 revenue will increase between 3% and 5% based on the new agreements and partnerships we signed during 2020 and continuing into early 2021. More specifically, we believe that revenue increases will take hold beginning in the second half of 2021 and accelerate as we exit the year.

The first quarter and first half of 2021 will continue to be impacted by lower movie revenue, which we expect will bottom in the first quarter. Some custom projects that have been delayed because of the pandemic are expected to be delivered in the coming quarters. Additionally, we have seen significant interest in both our connected TV expansion internationally and activation products, which we expect will result in additional revenue in 2021.

As for adjusted EBITDA, we expect margins to be lower in the first half of 2021 compared to the prior year, but increase in the latter part of the year and be between 6% and 8% for the full year.

In the first quarter, we expect to record a noncash charge that will include extinguishment of debt and associated derivatives, issuance of 3.15 million conversion shares to Starboard and an antidilution adjustment to the Series A warrant exercise price, which is expected to reset to the transaction price of $2.47 upon closing. The noncash charge at closing is estimated to range between $15 million and $25 million on a GAAP basis based on recent trading prices, but could vary depending on the market price of our common stock on the closing date and other variables. The charge is not expected to have an impact to adjusted EBITDA.

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

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question will come from the line of Surinder Thind from Jefferies.

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

I'd just like to start with a bit of a big picture question here on the investment spend. So when you talk about kind of investing in the next-generation of products, kind of where are we in that roadmap in the timeline? And how do you kind of think about the current portfolio, and where you think you want it to be?

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

Good question. Thank you. When we talk about investments, what -- we think they're just on the margin. As you know, no one has the type of footprint that we have in television, measuring 75 million screens in the United States and almost 200 million desktops, 200 million mobile devices, over 200 million, and digital panelists.

When we're talking about new product innovations, it really is the combination of all those data sets. Those of you who have been following us and investing on us for a while, we've taken the perspective that the world is going to be different in the future. But homes are going to be connected by the best high-speed data that there is, and with television that either comes through a connected TV or comes from the cable satellite telco operators.

It's the combination of those data sets that really gives an advertiser and the seller of media, something that is super special. So when we're talking about investments, there are going to be products off those data sets. Greg, do you have anything you'd like to add to that?

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

No, I think we've made good progress. We did announce quite a few new products over the course of 2020, and we talked -- highlighted some of those things earlier on the call. I think we're well on our way to delivering those, which will be additive to revenue of 2021. But there are more things that we will be doing, as you outlined, Bill, and we'll be seeing those later in the year.

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

And then a question on connected TV. Can you talk a little bit about the -- I guess, the importance of partnerships in the CTV space and maybe how that impacts the competitiveness of the marketplace? Obviously, you've talked about some of the relationships that you guys have forged both domestically and internationally. But then at the same time, there was a recent announcement by one of your major competitors with an agreement with the platform. Can you talk -- can you provide a little bit of color on your thoughts around the partnerships and the importance of those, and the competitive environment for that?

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

Look, our perspective is you don't have to own everything. You have to have partnerships where there is something in there for both parties. The partnerships that we have, we help those partners sell advertising more effectively. And what's in it for us is that we get those data sets to use in a privacy safe way to integrate with other data sets that actually becomes an interdependence win-win. And that's pretty much throughout our product line.

And then in digital, we saw something a long time ago that scraping the web and doing things that were outside of common sense of privacy would not have a long shelf life. And that's proving to be true right now. And we've been prepared for that for a long time.

So partnerships are important, but you don't need a partnership everywhere. You don't necessarily -- it's just picking the right ones, I guess, I'll say. On the competitive question, I think that was something that I would prefer not to respond to. I don't think there's a lot there, I thought it was an interesting press release though.

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

Understood. And then 1 quick question for Greg here. Just a question on the margins. When we kind of think about where adjusted EBITDA margins were in 2020, and then we look at the guidance for 2021, can you talk about how much of the decline is from just kind of the return of the onetime expense savings? And then maybe how much might be from increased investments? And can you maybe talk about the cadence of the margins over the next 4 quarters?

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

Yes, I think the margins are going to improve all throughout the year. I think that there were many things that we did last year to reduce expenses. I refer to them on a temporary basis. How long they last into 2021, whether or not we will go back to the office this year, whether we will travel. I'll remind you that the executives took executive compensation reduction for a portion of last year.

So some of those items, the timing of which from an operating expense standpoint, may or may not evolve over the course of the year. We are signing some new contracts on the data side. Those we'll begin to see in our financial statements in the first quarter. But as revenue improves all throughout the year, you will see margin expansion. And as I mentioned, by the end of the year, at the bottom line, the 6% to 8% will be on an annual basis. So I think we'll be accelerating from a revenue perspective and a margin expansion as we exit 2021.

Operator

Our next question comes from the line of Matthew Thornton from Truist Securities.

Matthew Corey Thornton ***Truist Securities, Inc., Research Division - VP***

A couple, if I could. Maybe starter, Bill, just coming back to the announcement, the partnership between Nielsen and Roku. I'm curious, specifically as it relates to linear addressable, I'm wondering if you view that as maybe something that could accelerate adoption in that market or whether it's just incremental competition? I'm just kind of curious if you view that as maybe positive or negative or somewhere between.

And then, Greg, for you, the 3% to 5% this year, can you unpack that a little bit by some of the different segments, I guess? I think movies will obviously continue to recover over the course of the year. I'm just curious how you're thinking about Ratings and Planning growth for the year and (inaudible) growth for the year. Any color there.

And then just 1 final housekeeping one, Greg, on free cash flow. Just curious how you're thinking about free cash flow this year relative to the EBITDA guidance.

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

I'll take the first stab at your question about Roku, again, I would prefer that you ask Roku directly. But it's our understanding that our competitor tried to get into the linear addressable advertising market where they were delivering an ad. They bought a chassis out of bankruptcy, I understand, and we're trying to make that work. And it looks like they abandoned that strategy and sold those assets. How do we view it? We don't view it as a positive or a negative, it's -- I think it's great for Roku moving along the line of more addressable technology.

You've heard me talk about for years that I do believe that television will be increasingly more addressable when we're in the market for a new car or different car based on other data sets, for example, if the cars that we own in our garage are 4, 5, 6 years old, we're probably in the market. If those data set say that we buy or lease a car every 4, 5, 6 years. So you'll increasingly see ads around your interest. So I think that's a good thing.

One of the things that have prevented addressability for a long time is a lack of common infrastructure. The MVPDs, the cable operators, as such, have been putting together really great platforms for a long time And we've aligned ourselves for a number of years with them because we think, ultimately, there are -- some of them are more significant winners in the space.

The other questions I think were addressed to Greg. Greg?

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

Yes, thanks, Matt. I appreciate the couple of questions. Let me try and unpack, as you suggest, the 3% to 5%. I think when you think about Ratings and Planning, you've seen syndicated digital with significant or large double-digit declines year-over-year. We think that that's coming to an end. Bill mentioned, we hope that we might be able to get that or expect that to grow towards the end of the year. So when you think about that as it relates to Ratings and Planning, we'll call that an even for the year.

Where the real growth is going to come from is on national and local TV, where we have high expectations that over the course of the year, we'll see growth there. Between the first quarter and the fourth quarter, that will just continue to increase sequentially each quarter. That will be the bulk of your increases in the Ratings and Plannings area.

As for Analytics and Optimization, as I said in my prepared remarks, while custom did better in the fourth quarter, we did see some delays. We have high expectations that, that will improve throughout the year. Some of those projects that we had sold but didn't deliver will get delivered in 2021. And we are seeing some real active opportunities there.

And that bucket also includes Activation. And I think Bill addressed this, and we have real high hopes that we'll see some real growth there, although it's been a relatively small revenue piece for us. And we haven't provided in the past. We do think it has some real opportunity to grow over the course of this year with some significant double-digit growth. So we will probably begin to provide some additional color around that as the year progresses.

And then as we talked about movies, it's bottoming out, and so that will be a tailwind for us as we move through, let's call it, Q3 through Q4.

On free cash flow, I think we've seen improvements over the last few years as we've reduced our expenses even in the face of low revenue, we are expecting significant improvement over the course of this year as revenue increases each quarter of the year. We'll be able to see that, so will our cash flows and our free cash flow. You should expect to see benefits from that each quarter as we move throughout 2021.

Operator

Our next question will comes from the line of Alan Gould from Loop Capital.

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

Bill and Greg, now you finally have a balance sheet where you can start investing. How should we think that you're going to approach things differently? I mean, for example, R&D, for logical reasons, was really cut back dramatically. Are you going to start investing more there? And Greg, what kind of bank line do you have? Or what kind of bank line will you be able to get now that you've got a cleaned up balance sheet?

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

Yes, I'm going to take the first question, thank you, Alan. When you think about us investing, it's so much easier not having the type of cash covenants and the restrictions that we have. You should not think about us investing as not respecting profit. The one thing that we will do, and we're going to work hard and diligently at it, is growing the top line, and that top line being profitable. We've got a great chassis that is largely syndicated. So each new dollar of revenue is a very profitable dollar coming into the adjusted EBITDA, and we're going to be focused on that.

So the decisions that the company had to make when it had the debt and the loan covenants that it had, it always had to be very cautious with the cash component of those investments and couldn't look out beyond a short distance. This gives us the ability to look long term, midterm and, of course, short term. We're focused on revenue growth and that revenue growth being profitable.

Greg, on the bank line?

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

Yes, let me just add 1 quick thing, though, on the R&D. As I mentioned in my prepared remarks, as we've (inaudible) over the last couple of quarters, our ability to increase our headcount using a global workforce and still being focused on cost has allowed us to increase our number of folks at the company over the last 6 months. And many of those in the IT and product area. And so we are being able to add folks, which will allow us to invest in products over the course of 2021. As we've onboarded those folks, they'll be focused on cost and bottom line. So yes, our costs have come down, but we're very focused on making sure that we have appropriate [bandwidth for] what we need.

On the bank line question, we don't have one today, but given the situation that we were in over the last few years, but it's top of mind. And company will be focused on that. We want to ensure that we have appropriate liquidity to run the business moving forward, and we will be working through all of that over the course of...

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

I think we lost you a little bit, Greg. Alan, anything else?

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

No, that covers it.

Operator

Our next question comes from the line of Rich Kramer from Arete Research.

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

So Bill, 2 questions for me. First of all, your 10-K shows that you've had steadily declining payments to MVPDs but increasing data costs. And with the fresh investment backing led by Charter, can you talk about how you're going to attack that opportunity in national and local over the course of this year? Since, obviously, your main measurement rival talks about having sewn up quite a few key accounts in that market with long-term renewals.

And then second, just to draw on a point you mentioned earlier about moving to contextual for Activation, and we've obviously heard quite a lot about the well-flagged sort of phase out of cookies, but can you talk about your approach to anticipating risks of e-mail-based IDs becoming less prevalent. It's obviously been quite a topic of conversation in the ad tech world in the past week or so.

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

Yes, the one misunderstanding I think that's out there, Richard, is that customers only buy from 1 company. That's just not true. We live in a world where customers use a basket of currencies, really 2 principal currencies. And what we have done with our census measurement has the result of the audiences being stable and predictive. And because of how we approach it, we've been insulated with our basic product from the effects of the pandemic. If you have a 40,000 sample that's national in nature, and you have to maintain that by going in people's houses, I would suspect that, that panel is deteriorated over the course of the last year. And with census measurement, it's the only way that you can combine audiences about the products that you buy. You need 40 million households versus 40,000 sample. I use that as a reference point.

Just to articulate that, our product is being used by TV networks and by TV stations and local cable sellers, and importantly, local TV and national TV buyers to make decisions on where they should be placing their dollars. That's where our growth is going to be coming from.

What more agencies using us as a principal currency? Exclusive in some cases but not necessarily required to have media companies continue to subscribe to us, and those that don't subscribe to subscribe to us at increasing rates.

And in terms of all the craziness of cookie list, we've been preparing for that since 2019 with our Predictive Audiences solutions and our Atomic ID. So we think we're in a really good place to capitalize on this opportunity because we also think there will be a number of companies that just won't make it through that change. So we're comfortable.

And I think there was a third question, but I don't remember it.

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

No, I guess the question specifically about moving to contextual and getting beyond cookies is the next stage of that seems to be casting aspersions on IDs based on hash e-mail addresses or using e-mails as an identifier, which is certainly the basis of many ID solutions out there. Are you preparing for that also to be deprecated and something that you need to find an alternative for?

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

We have found alternatives to make sure that we're in a good place. The deal that we just announced with TransUnion and PlaceIQ and IHS Auto is an example of that. We think that we've been market-leading in that. And our whole business is not dependent on that.

I said in my prepared remarks the importance of a digital panel, and for years, folks did not fully appreciate or understand having that one-to-one relationship with a wide variety of folks and what you can do with it in a permissioned way.

I think as we look out into '21 and '22 and '22 looking backwards, investors are going to be happy that comScore has world-class panels augmenting our census measurement.

Operator

And our next question comes from the line of Laura Martin from Needham.

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

So just following up on that question right there, you just said that most companies take more than 1 measurement source. Could you talk about in local markets specifically what percent are only using you versus shared with your largest competitor? Are you 50/50 now where people have kicked out the other guy and you're sort of the de facto currency in those local markets? What's that ratio right now?

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

That's a good question, Laura. The number of exclusives, it continues to grow. If you look at our strength, it's in the local market where the ad agencies work in this ecosystem with local stations, in markets where we have all the TV stations or the majority of them, they use us to present and to price off of. So that number is growing. And I'll get back to you. We'll get back to you on the exact percentage.

But I also believe that what has happened in the past will continue to happen. The incumbent lowers their price to make room for 2, not because they want to, but because the marketplace demands it and they can cancel. And that's how the free market is supposed to work. And I think it's working very well that way in local.

On the national front, I think simply because of the audiences that can be combined with these large data sets makes us unique. And customers will buy too for a long time. But ad agencies who are now thinking about how they rationalize their costs are looking increasingly at us as being the principal service.

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

Okay. That's super helpful. Back on the Flax that Google announced this week. Under the hypothetical that Flax win in the open Internet and it's sort of in the open Internet, we're not going to use e-mail or individual identifiers, what does that do in terms of your measurement requirements and costs to adopt to Flax? Because I don't even understand how you would measure Flax. Can you talk about that if Flax ends up being a winner-take-all in the open Internet?

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

Yes, I'm not sure what ultimately happens there, Laura, to be candid. As you know, we have a very constructive relationship with the large tech companies. We also have constructive relationships obviously with LiveRamp and the Trade Desk. So we're hedged in either direction, depending on what happens and I think it's too early for me to call a winner. But I'm comfortable where we are revenue-wise that we have minimal risk and a significant upside.

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

And then my last 1 is on international. So I just don't get this. I understand that we're spending a fortune, getting data and that products based in the U.S. around that data, leverage that data best because we've already spent the money on data, so why not just have products. I don't understand can you explain to me why it's important to spend money offshore and why that's a positive focus rather than a distraction for management rather than just focusing on making the most of the data expenses we have on the P&L this year.

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

Right, so if you think about this as country specific, if there are large sponsors, and there are large sponsors that will pay us to go into certain countries where we get a good margin to enter it, we will continue to enter it and then sell to other large tech companies.

So it's one of those situations, we will not go into a market internationally unless we believe the margin will be accretive to the company. The days of us going in without that consensus are well behind us. It's more of a strategic point of view of satisfying the large U.S.-based tech companies on what they want and doing it profitably in partnership with them.

Operator

I'm not showing any further questions in the queue. I'd like to turn the call back over to Bill Livek for any closing remarks.

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

Thank you so much, Victor.

I hope you can hear from the tone of Greg and myself, that we're very excited about the future in 2021 and well beyond. And I'm pleased with the progress that we made in '20 despite of all the challenges.

Thank you all for being investors and following the company, and we look forward to sharing our progress with you in the upcoming quarters.

Thank you for joining today, and we'll talk to you all soon. Take care.

Operator

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