

Wix Third Quarter 2021 Results Conference Call November 11, 2021

Operator: Ladies and gentlemen, thank you for standing by, and welcome to the Wix Q3 2021 Earnings Conference Call. (Operator Instructions) I would now like to hand the conference over to your speaker today, Maggie O'Donnell, Director of Investor Relations. Please go ahead.

Maggie O'Donnell: Great. Thanks, Jeff. Good morning, everyone, and welcome to Wix's Third Quarter 2021 Earnings Call. Joining me today to discuss our results are Avishai Abrahami, our CEO and Co-Founder; Nir Zohar, our President and COO; and Lior Shemesh, our CFO. We also have Joe Pollaro, our GM of U.S., who is going to moderate a Q&A.

During this call, we may make forward-looking statements, and these statements are based on current expectations and assumptions. Please consider the risk factors included in our press release and most recent Form 20-F that could cause our actual results to differ materially from these forward-looking statements. We do not undertake any obligation to update these forward-looking statements.

In addition, we will comment on non-GAAP financial results and key operating metrics. You can find all reconciliations between our GAAP and non-GAAP results in the earnings materials and our Interactive Analyst Center on the Investor Relations section of our website, investors.wix.com.

With that, I will now turn the call over to Joe, who will be moderating the Q&A with the team.

Joe Pollaro: Thanks, Maggie. We got some good feedback that this format is a good way to conduct our earnings calls. We're going to do it again this quarter. So thanks again, everyone, for joining.

Avishai, let's start about Q3. We beat our expectations, which is great. Talk a little bit about what we're seeing right now in the economic environment?

Avishai Abrahami: Of course. So hi, everybody. Thank you for joining us. So if we look at this year, right, we saw in the summer that it was continuously declining. And since then, we're now starting to see that there is a recovery, right? Apparently, the uncertainty and the slowdown is, in some places, bouncing up. And because of that, we believe there is some recovery in the economy, and I think this is a very global phenomenon.

And of course, it's influenced by COVID, where we see more COVID and less COVID. For us, what it means is that nearly every area of our business outperformed expectations in Q3. And as a result, we are increasing our outlook for the year. Growth is better than we thought last time we spoke.

Joe Pollaro: Great. That's great news. So, let's dive in a little bit more on our results. You said nearly every area of our business outperformed. What specifically drove the results in Q3?

Avishai Abrahami: Well, first of all, we have more new users than we had believed. Conversion is still very strong and better than expected. Renewals continue to beat our expectations. Average collection per subscription continued to increase. And Wix Payments is doing very well, and we believe we are in line with our target of \$10 billion of GPV this year, which is 85% year-over-year growth.

Joe Pollaro: That's correct. So obviously, you look much further ahead in the business, obviously, than just a quarter here. So, what are you seeing in the business beyond these results that are exciting for you right now?

Avishai Abrahami: Well, I think that the most interesting for me is that, obviously, there is a slowdown of the economy, and we all know that COVID is a massive impact globally. But if you look at the underlying leading indicators for what makes Wix work, then I'm very excited.

And one of the first signals for me is that designers and agencies on Wix has grown 92% year-over-year, which is amazing, right? This is one of the things that it not just shows the strength of our product, but it also will generate compound growth because those people, right? Those companies tend to build more than 1 website. So by adding them at that quick rate, we are obviously going to get compounding growth in the next couple of years.

Performance for websites built on Wix has continued to improve. And today, according to Google, Wix is the fastest among all of our competitors. And then that's really important for our customers and especially for the professional customers that we have.

Customer care, big improvement. Of course, COVID, when we had so much demand, made it go to a very hard place for us. We have fully recovered. The metrics that we use to measure that grew by 118% year-over-year, which is, again, fantastic. Wix Payments, again, 85% growth year-over-year.

Commerce- so we have a lot of product development there. And even though lot of them are still influenced, heavily influenced by COVID, right, we've still grown 47% year-over-year. That's amazing, right? You have to remember that our commerce is so much more than just a shopping cart. It's scheduling and event tickets. It's a lot of things that are still very influenced by COVID and even so, up 47% year-over-year.

And of course, business-to-business partnerships, right, which is a way for us to -- in most cases, to acquire very large agencies that build websites for their customers -- is growing at a crazy rate like 9x year-over-year.

So all these things together, right, if you look at them, they are the leading indicator of how good a business is going to be doing in the next year, after that, and they are following that. I think all of them are growing super fast, and it makes me really excited about where we are. I would say that probably we're coming out of COVID stronger than we've ever been since the IPO.

Joe Pollaro: That's great. So let's dig into each of these areas. You mentioned several kinds of things. And I want to start with B2B partnerships. So Nir, let's go to you. Why is B2B partnerships such an exciting opportunity?

Nir Zohar: Well, I think it's something that evolved and grew very fast from an initiative in 2019, where we just had one singular deal made with one partner. We grew it into something which is significant and sustainable and wielded influence on our business in 2021.

In essence, as Avishai said, it's the continuation of the partners. The agencies and partners are just really massive ones that are joining us and working with us. And also, I think that it's a fantastic signal when really big companies say to us, "We want to adopt your technology in order to cater to the needs of our customers." It's a great testament to our brand and obviously to the maturity of our product.

And lastly, I think for us, it's another fantastic go-to-market strategy when we are basically taking the same product, the same innovation that we have and adding it across the board in another new channel of new users.

Joe Pollaro: So what's typically been an area that has been getting many questions is around the business model here. How is the business model the same as what we're already doing elsewhere?

Nir Zohar: Well, I think the unit economics are pretty much the same. In this case, the partner is the one who is spending the marketing dollar instead of us. And then we provide the product without any additional costs for us in terms of care or development or hosting or anything like that.

And when you think about it, it then behaves very much like our regular cohorts, because there are going to be adoption and activation of subscriptions and then renewals over time and then actually expansion with more people using business solutions and adding Ascend and using Wix Payments and generating GPV, et cetera.

So in that aspect, it behaves like any other recurring subscription business in other parts of our business, and it stacks over time. Just as an example, if we take that major partner we had in 2019 and see how it evolved over time, if you look at the last 12 months, that deal generated 9x the revenue that it generated the 12 months before that - just because of that compounding effect, it's exactly like a cohort.

Joe Pollaro: Great. So, another area that Avishai touched on is commerce. So, Commerce showed strong growth. It's obviously becoming a larger portion of our business. Talk about our progress there?

Nir Zohar: Yes. So, I think we really highlighted that last year, I think 2021 was a great expansion year in that aspect. It was expansion of payments. It was expansion of the different business verticals that Avishai just mentioned. Obviously, as we said, it's very diversified.

So we have the stores and products, but we're also selling services and restaurants and events and hospitality and so on and so on. And for that reason, it keeps us paying off where there is 47% year-over-year growth, the \$10 billion GPV mark that we're on track to hit by the end of the year. So, we're extremely excited about it.

Joe Pollaro: Great. And just to kind of touch on one thing specifically around the e-commerce strategy. Avishai, we announced last week Wix Fit. Talk about how this fits into our commerce strategy?

Avishai Abrahami: Well, we've seen that we're starting to get more and more fitness, trainers, and gyms. And we realized that it might be a good thing for us to package that into a current offering, right? So, because a lot of those guys are scheduling the sales staff, have a store, offer online courses and

videos. And we felt that if we turn that into a more of a solution, which is very well packaged, we might see a really good effect.

A big part of the strength of our e-commerce is that we didn't have to develop that from scratch. We just used the components that we have and rearranged them and made a very clear messaging around it. And so that's what we did, and we're seeing really good results on that.

Joe Pollaro: Great. And just another area that you touched on, Avishai, agencies and partners. So, provide us an update on where we are with that initiative? Obviously, we saw growth. So, share a little more.

Avishai Abrahami: Yes. Well, we did grow, right? 92% year-over-year. A large part of it, I think, it can be contributed to the improvements in product. And of course, we have the agents that help them and account managers supporting them. But Wix, the classic Editor and Editor X have really strong value and proposition for agencies. I think that's a big part of the move.

Another part is that the combination of those tools creates so much better productivity for our customers. I think that is why they're so loyal and again telling their friends, which is a big contributor to growth here.

If we look at all of those, the security, the performance, the different Editors that you can use, we are seeing clear indications that we are rapidly gaining market share, mostly from Wordpress.org. So, we're very excited about that. And I mean, we think that this is really one of the best leading indicators for Wix's future.

Joe Pollaro: That's great. And then one other area that I know before we get to Lior, one other area, Nir, that a lot of investors have been thinking about lately is around marketing. There have been a lot of changes in the online marketing landscape. How have we managed through that?

Nir Zohar: Well, in all honesty, we haven't really been impacted by that. We know how to shift to the places where our TROI works best, and this is the formula by which we invest our marketing dollars. In fact, with the increasing conversion and the higher collection per sub, we actually managed to spend more on the same marginal TROI, which is great.

And I got to tell you, for over a decade of Wix running it in kind of massive growth rates and investing a lot of marketing to support that, we've gone through big changes in marketing almost every year. To name a few, the rise

of Facebook advertising moved in and then out of TV when it stopped being interesting enough. The rise of YouTube advertising. And I think the great thing working for us is that we have an extremely talented and strong marketing team that is actually not only ready for those kinds of changes, but I think they actually excel especially with those challenges.

Joe Pollaro: Great. All right. So, let's move on to the financials. Lior, dive a little bit more into the outperformance on collections and revenue and specifically touch on why we beat the collections guidance much more than the revenue?

Lior Shemesh: So, thank you, everyone, for joining us today. So obviously, we're really happy with the results. I think that it's displayed the improvements in the business environment, as Avishai mentioned before.

So actually, the collections and revenue, they both exceeded our expectations mainly for 2 reasons. The first one is better-than-expected subscriptions than what we initially anticipated back in August. So, we see that the demand was stronger. Conversion and ARPU were actually higher than our own expectations. And also, we saw that conversion actually was better in many, many places.

And I think that Avishai mentioned before, like, for example, Wix Fit and the increase in the number of agencies, up 92% on a year-over-year basis. So obviously, that one has also a contribution to the fact that we managed to beat our own expectations. This portion mainly also affects the revenue.

But in addition to that, and the reason why we beat collection more than revenue was mostly because of better-than-expected B2B partnership in Q3. Actually, one of the deals we are supposed to close in Q4 but was done in the third quarter. And again, B2B partnerships mostly affect collections in the short term, the revenue following that in the next few years.

Joe Pollaro: Okay. Great. Let's talk about gross margins. When should we expect gross margins to start to stabilize?

Lior Shemesh: So I think that, first of all, as always, I want to relate to that in 2 separate things. The first one is about the creative subscription gross margin. They are stabilizing. They have been 77% for the last 3 quarters. Actually, we expected for the year to close at 76% to 77%, and I think that we are even a bit better than that.

We do expect improvement next year for the gross margin for Creative Subscriptions, as we mentioned before. I believe that the gross margin for the Creative Subscriptions is something that was -- again, that was done because of mainly 2 reasons.

The first one is about increasing the investment in performance. And we saw, and Avishai talked about the increase, the fact that the Wix platform is the fastest one in the world right now. So this is something that is really amazing. This is something that we already started to see the contribution of it because in the end of the day, it's contributed to the conversion. It's contributed to many, many things. And again, we are going to see the fruits of it -- very, very soon.

The other thing that where we invested was about the care, and we mentioned that many times before, again, we saw a clear indication of the improvement.

With regards to the gross margin of the Business Solutions, it's mainly impacted by Wix Payments. And again, I do expect that Wix Payments gross margin will improve next year. It is very much in line, the overall Business Solutions gross margin, with what we said is around 22%. But again, we do expect to have improvement in margins specifically for payments.

Joe Pollaro: Got it. Okay. Let's move on to talk about guidance. So let's talk about -- starting with collections here. We gave guidance last quarter and said that most of the uncertainty we were seeing was in Q4. So now we're here, obviously. How has that changed since we gave guidance in August?

Lior Shemesh: Actually, it has changed in mostly 2 aspects. First of all, just to remind everyone, the ranges we provided last quarter was the true range of outcomes. Meaning that if things got even worse, we'll obviously be heading towards the low end. And if things get much better, it would head towards the high end.

What's happened lately, and we mentioned before about the improvement of what we see right now with regard to the demand, with regard to the overall economic environment, based on that and based on the results of Q3, we actually updated the guidance. But we are using the same method.

So, we see the improvement and trends are definitely better than last quarter. And therefore, the right way to look at it is that we are raising the midpoint of the full year by almost \$10 million. We are also raising the high

end of the guidance that we provided before, but still keeping a very wide range for Q4 in order to reflect the volatility that still exists, but less than what we've seen before.

Joe Pollaro: Yes. Okay. And just to be very clear on what you just described. You mentioned earlier around B2B partnerships and a deal that moved from Q4 to Q3. So, explain how this affects the guidance that we gave?

Lior Shemesh: So, in the third quarter, we recorded the collections for Vistaprint. We mentioned that last quarter as expected. But we also had some more deals that we signed in the third quarter and were recorded as part of our collections. One of them was a deal that was originally expected in Q4 but was signed during the third quarter. So yes, I think that was the reason for that.

Joe Pollaro: Okay. Great. So, let's move on and just hit on free cash flow. Talk a little bit about what we're doing on the marketing side and the impact on free cash flow?

Lior Shemesh: So as always, when we see a better demand to our product, it's followed by increasing the investment in marketing. So actually, it's a really good sign for that. So, this is exactly what we did this quarter. We have -- most of the reason why we decreased the guidance for the free cash flow was because of further investment in marketing. And this is something that, obviously, we are always happy to do. Very important to say that we're still within our TROI.

In addition to that, we had the impact of a few million dollars because of the strength of the Israeli shekel compared to the dollar. As you probably know, about half of our employees are paid in Israeli shekels. So obviously, it has an impact.

Joe Pollaro: Got it. Okay. Great. And just before we go over to the phone and take questions, I want to end with Avishai. Obviously, we're coming up on the end of the year. A lot of investors are thinking about 2022. I know we are as well. So, share a little bit about how we're thinking about 2022 and even beyond.

Avishai Abrahami: Of course. Well, of course it's also a bit too early to provide guidance for 2022. However, if you look at all of our signals -- agencies are growing super fast. Commerce is growing extremely fast. B2B partnerships are growing very fast and are really exciting. And we're continuously taking

bigger and bigger market share. Yes, there is uncertainty about the economy. There is uncertainty about how people should behave in this kind of time, but this is temporary. It's very hard to predict how long it will last. But obviously, it will not be forever.

And I think that even now, we're in a stronger product position than we've ever been in the history of the company. It really is incredible. You can see a lot of the results today.

So, I'm very excited about what we can do in 2022. And the other thing I can say is that we have some really cool products coming soon. So, I'm really -- I can't wait to share with you about those products. So overall, very excited.

Maggie O'Donnell: Great. Thank you all. Operator, I think we are ready to turn the call over to some analyst questions.

Operator: (Operator Instructions) Our first question comes from the line of Sterling Auty of JPMorgan.

Sterling Auty: So I want to dive into the B2B partnerships. Inserting a partner into the chain between you and the customer, I think, has a perception of do you lose any type of control. And what I mean by that is how do you drive conversion through a B2B partner as well as what you would drive it when normally just going directly to that customer and your typical go-to-market motion?

Avishai Abrahami: Well, Sterling, it's a very good question. And I think the answer is that it depends on the partnership. In some of the partnerships, we are the face in front of the customer. In some others, Vistaprint is an example or NTT is another one, they are the face in front of the customer. Usually, they actually build the website for the customer.

We still have the ability to communicate with the customer in a direct manner because it's not hidden. It's not like -- it's not a white label partnership. They're building it on the Wix platform. But I think that in many ways, those kinds of partnerships you have are like any other agency, where the agency brings the customer building on Wix. And they are responsible for managing the relationship with the customer. And we are usually doing a lot of communication through the agency. So, through NTT, through Vistaprint or through a small agency.

Sterling Auty: That makes sense. And then one actually follow-up administratively. I didn't get through all the letter and presentation, but are we going to get the typical Wix December event? Are we going to do it in person? And what should we expect out of that event if you're going to do it?

Joe Pollaro: Sterling, this is Joe. I will preempt anyone from saying anything and just say stay tuned.

Avishai Abrahami: Obviously face-to-face is going to be very hard now. That's the other thing. Face-to-face is very hard. You're going to probably -- yes -- but you are very close on the date of something that we wanted to release. Now we're going to have to sync with COVID, of course, and see what we're doing.

Operator: Next question comes from the line of Ken Wong of Guggenheim Securities.

Ken Wong: The first one, just as we touch on 2022, I know we're not quite ready to give guidance yet. But given all the movements from last quarter to this quarter, should we still think that the trajectory of this business is going to look better than what we were seeing in 2019 pre-COVID? Any initial thoughts on how investors should think about the growth profile?

Lior Shemesh: Ken, this is Lior. Again, I think that there is a lot of interesting stuff going on. And I think that Avishai mentioned before that we're actually exiting the COVID in a position that was never, never been the same. And I think that it's amazing. We talk about the variety of our product, agencies, commerce, the B2B payments. So, all of it is obviously a very, very good sign, and we are very excited about it. I think that it's too soon to talk about what to expect from next year. But certainly, we have all the tools in order to execute in a really good way.

Ken Wong: Got it. Okay. I appreciate it. Fair enough. And then just on the B2B side, you guys previously told us about \$70 million in collections for the back half. Any rough sense if that number has moved up given that it sounds like there's a lot more activity there? And then just on the pull forward from Q4 to Q3, any rough quantification of the impact in the quarter?

Lior Shemesh: So, with regard to the first question about the \$70 million, we are about the same. And what was the question about the fourth quarter? The pull forward? It was about...

Ken Wong: Yes, just any implication...

Lior Shemesh: Yes, it's about \$4 million.

Operator: Next question comes from the line of Brent Thill of Jefferies.

Brent Thill: I was curious, given the rebound of what you're seeing, there have been many questions about how that's trending in October and into November. If you can just directionally give us a sense of if the demand trends that you saw closing out the quarter continuing into this current quarter? And a quick follow-up.

Avishai Abrahami: So, the answer is that we continue to see improvement from the summer. However, it's very hard to predict the future because how the world economy behaves after COVID, this is the first time. But we do continue to see improvement in the United States and in some places in Europe. And so yes, the answer is that we continue to see improvement.

And of course, we're not yet back to normal on many things. The supply chain issues, we are seeing -- of course, everything has to do with physical, face-to-face meetings or events is influenced. So, there is a rebound. There is coming back. We hope that summer was the bottom. But I think there's still a lot of uncertainty, and we hope that as this clears out, okay, this uncertainty plays out into 2022, we're going to continue to see improvements.

Brent Thill: And just a quick follow-up on the free cash flow. Certainly, I understand the reinvest back in the business. But if you look back, this is your lowest free cash flow margin since 2014, I think investors are trying to understand. Has something structurally changed in the business that you have to change actions here? Or do you feel like this is just temporary and we should see a resumption to normal trends here going forward on free cash flow?

Lior Shemesh: Yes. So, first of all, you're right about -- you know about the number of where we are actually ending up this year, but it's very important to mention. The free cash flow in terms of the core business or the traditional core business of Wix has not been changed, still strong, very strong as it used to be in the past. Usually, when you start a new business, for example, like payments or like the B2B partnerships, you don't see the immediate effect on free cash flow. You are growing the business. You are investing, and then it's followed by the cash. So, this is something that is very important to mention.

So, for example, we are closing many, many deals with B2B partnerships. Do we see the cash immediately? The answer is no. Are we going to see this cash? Absolutely, yes. So, I think that many of the effects that we see right now are the temporary effect, and we are going to go back actually to the same contribution. But again, very important to mention on those deals, on those kinds of platform or core business, what we had like many, many years ago, the profitability in terms of the cash is actually getting better.

Operator: Next question comes from the line of Nick Jones of Citi.

Nick Jones: I guess just one on kind of the 4Q guide. I mean how are you thinking about kind of the seasonality heading into 4Q? I think we've heard from other kind of SMB-focused businesses that there's a risk that kind of increased travel, fewer people with their computers and potentially harder to get net adds in 4Q. And then I have a follow-up.

Avishai Abrahami: I think that historically, Q4 was a bit always slower for us in terms of new subs. We, of course, included that in our projection for Q4. This year, it might be different. I don't know. Again, things acted very different this year than the other years. But if you look at the business of our business -- of our customers, it's usually been doing much better than Q4. So everything that we do with Wix Payment, GPV, transactions of our customers usually tended to do much better than Q4. And I think we're going to see that again this year.

To say what is the magnitude? Again, it's the first time we have a year which is post-corona or half post-corona or post-corona in some countries or not in some other countries or some states or not some other states. So it's very hard to predict. But I would say I think that our customer business is probably going to do very well in Q4. And due to some recovery, some uncertainty is clearing and which, of course, will influence the GPV and Wix Payment and business.

On the other hand, what we predicted in terms of slowdown in subs, which is traditional to Q4, I actually believe it's going to be smaller than other years. I think it's going to be a higher rate. However, this is my personal belief in the way we calculate the guidance, we took the same factor that we added historically.

Nick Jones: Got it. And then a follow-up. You mentioned in the letter and on the call earlier about Wix being the fastest platform versus its peers. How does that benefit manifest? Does this impact retention more? Or is this a

criteria that new potential subscribers are looking for when they're choosing a platform?

Avishai Abrahami: Well, if you look at the more professional market, then obviously, they're doing benchmarks. They're actually comparing, and they're doing benchmarks before they join and of course, after they join. And so, this is for the most sophisticated customer, and which is pretty much all of those agencies we spoke about and partners and B2B businesses, all of them actually care about that. And I think being #1 on that is very significant in the contribution to those growing so quickly on Wix.

Operator: Next question comes from the line of Trevor Young of Barclays.

Trevor Young: Two for me, if I may. One, just unpacking the revenue guide for 4Q, if we assume kind of steady trends on Creative Subs, it implies a pretty material decel on Business Solutions, potentially being up only slightly Q-on-Q in terms of nominal dollars. One, is that the right way to think about it? And two, why would that be the case given the ramp that you're seeing in payments and obvious seasonality there. And then second question, just can you talk about where we are in payments take rate versus the 1.25% to 1.3% guide earlier in the year?

Lior Shemesh: Yes. So first of all, we do expect that Business Solutions is going to be stronger in the fourth quarter. I think that Avishai mentioned that before, mostly because of payments, it's the holiday seasons. And this is something that we think that's going to be really positive for us with regard to that.

The second thing about the take rate, we are on track. Actually, it is something, and we said before that it's improving. And indeed, it is improving. So this is really exciting. I do believe that this is something that will continue to improve also next year.

Operator: Next question comes from the line of Mark Mahaney of ISI.

Mark Mahaney: It looks like one of the regions that may have outperformed others was Europe. Any particular color behind that? And then an update, please, on the point-of-sale solution traction?

Avishai Abrahami: Of course. So yes, we did see in some countries in Europe, faster recovery than in other places. I think that Germany and France, we've seen that. We also invested a lot in utilization in those countries. As for point

of sale, I'm not -- don't think we want to -- I'm sorry, do you want to talk about it?

Joe Pollaro: I can -- again, not to take too much of that. I can say, though, that we are very evolved in our beta phase. I think early next year, we can probably start expanding it, and we are extremely happy with the results so far, both the reception as well as the usage and the volumes that we've seen on the point of sale are exceeding our expectations. So, we're very excited about it.

Operator: Next question comes from the line of Bernie McTernan of Needham & Company.

Bernie McTernan: Just one for me. Just in the shareholder update, while you discussed increased sales and marketing expense in the fourth quarter, just wondering how long that takes to really come through and help the top of funnel?

Avishai Abrahami: So we always spend marketing according to a predictive time to return the cash. So, cash back period of about 8 to 10 months. So normally, within 10 months, we will get back all the money we spend on marketing from those customers. That's good.

Operator: Next question comes from the line of Matt Pfau of William Blair.

Matt Pfau: Just wanted to ask one on the commerce component. And so you do have a mix of different businesses within that group. So I was wondering if you could provide some more detail in terms of what you're seeing with maybe product-based e-commerce businesses versus some of the more service or content-related businesses. And then you kind of alluded, there's a group within there that's still being significantly impacted by COVID. So, would you expect to see some material acceleration within that group once we come out of this?

Nir Zohar: Sure, Matt. So again, about commerce, obviously, we're not going to break down each and every type of business and the percentage. We can say that we're seeing ongoing growth of the portion of the nonproducts share of the commerce. It doesn't mean that the products portion is slowing down. It actually means that just the services part is growing faster. And today, it's almost 50-50 on our platform between the products and the services, which, again, we think is great since we have that wide diversity of e-commerce usage.

Avishai Abrahami: And this is one of the reasons that we expect to see even bigger growth when we're coming out of COVID. Because a lot of the services that require face-to-face meetings or conferences or all of those things are so much less now.

And if you think about, we're a global business. We have places that are still very heavily affected by COVID like Latin America and some countries in Europe. And we really believe that when we come out of COVID, those will have an additional boost into growth. So even that our commerce today is growing at 47% year-over-year, if there would be no COVID, we'd probably be growing much faster than that.

Operator: Next question comes from the line of Ygal Arounian of Wedbush Securities.

Ygal Arounian: So, a lot of focus on the B2B side and the agencies and the strength we're seeing there. What a lot of investors have tried to do with us, especially since you gave a \$70 million number last quarter, kind of strip that out and try to get a good sense of what the DIY side or the direct-to-consumer side of the business has been doing. So, can we dive into that for a little bit, what you're seeing there? If that's rebounding similar levels across the board and just in general, what you're seeing in DIY?

Joe Pollaro: I'm not sure...

Avishai Abrahami: I'm not sure, Ygal, that I understand the question.

Ygal Arounian: So, I'm trying to rephrase it...

Joe Pollaro: You're talking about the B2B businesses, partnerships? I'm trying to understand.

Ygal Arounian: Outside -- right. So okay. So if you're talking B2B, a lot of strength of B2B, a lot of strength from agencies, right, those that are building sites for others or coming through the B2B channel. How are trends in the DIY side of the business?

Avishai Abrahami: It's still going very well. I think that maybe one of the misconceptions that is happening is that we always had agencies. We always had partners. We always had big partners. And we broke out the first one with NTT Townpage, the Japanese company. We broke it out in 2018, and we spoke about it.

But we always had those. So, they've always been part of our growth. And it was -- and a lot of them are really organic. So when you look at our customer base, I think that, yes, the agencies is growing, but everything is growing. So, I'm not sure you should break it out.

Ygal Arounian: Okay. That's actually really helpful, and a lot of them just have been thinking from those lines. So and then on -- I guess on -- yes, go ahead.

Avishai Abrahami: Maybe this one is on us. Maybe because when we broke it out, we didn't provide enough color. But really, there's nothing new there. This is the same thing we always had. Okay, yes, we never had something in the size of the Vistaprint specific deal. But we have a lot of these, right? We have a lot of partnerships in the past that were very similar to that. And they've been working for us.

And of course, like everything else that is working for us, we invested there. I think Vistaprint is a signal saying, "Hey, even companies that used to be competitors of Wix are joining." So, there is consolidation now that is happening around our product, which is a very good sign. However, in the past, this used to always happen with smaller companies and bigger and bigger companies. And we're now at a place where we felt we should do is break it out.

Ygal Arounian: That's really helpful. And then on the agency side, just to clarify, when you say 92% growth there, you're specifically talking about agencies? So that is ex B2B. And then you noted a bunch of the products that are helping support the growth there. You've highlighted in the past some specific numbers around Editor X and uptake there. Anything you could share on Editor X and the growth you're seeing around that?

Avishai Abrahami: Yes, of course. So I think that we're very happy with Editor X, and there are 2 reasons. On itself, it's going fantastically fast. And we think that it really shows that the market needed a product like that. It's the only thing where you can actually design, easily design, what the industry is calling a responsive design so we can build given design to every different resolution that actually knows that to dynamic move.

And but it also has its own CMS, it's own programming language, databases and of course, all of the business stack that Wix has. And that's Wix in it. There's nothing else similar to that. And this is contributing to a really fast growth.

The other side of it is that Editor X, because it's becoming a brand and so many agencies are trying that, it also is attracting new partners to Wix. And a lot of them will not use Editor X for all their projects. They will use it for the big projects or the special projects, but they will use the classic Editor for the other project that they just want to continuously very quickly finish and move to the next one. The combination is a big driver to our success at agencies, with agencies and partners.

Operator: Thank you. Next question comes from the line of Elizabeth Elliott of Morgan Stanley.

Elizabeth Elliott: I just have one. I wanted to ask on trends in average collections per subscription in the quarter. I think we have to strip out the B2B collections because it doesn't sound like those subscriptions are quite active yet. So, could you just provide some color on how collections per average subscription trended quarter-over-quarter?

Lior Shemesh: Yes. We continue to see that it's actually increasing both on a year-over-year basis, but also on a quarter-over-quarter basis. Very important to understand that also the mix of our customers change, and it keeps on changing. We see more business-type of customers. We're actually contributing more to the overall ACPS.

So, I believe that this is something that we will continue to see increasing also next year. By the way, just on a side note, the B2B partnerships are multiple businesses. Because when you think about those kinds of partnerships, usually, its business is going to those partners and build the website with them and using all kinds of services. So, they are actually mostly businesses.

Maggie O'Donnell: Thanks for the question, Elizabeth, and everybody else. That's all the time we have today. Thank you all for joining us and have a good day.

Lior Shemesh: Thank you.

Joe Pollaro: Thank you, guys.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect. Have a great day.