

Wix First Quarter 2021 Results Conference Call May 12, 2021

Operator: Ladies and gentlemen, thank you for standing by, and welcome to the Wix Q1 2021 Earnings Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded. (Operator Instructions) I would now like to hand the conference over to your speaker today, Maggie O'Donnell, Director of Investor Relations. Thank you. Please go ahead.

Maggie O'Donnell: Thank you, Cindy.

Good morning, everyone, and welcome to Wix' First 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.

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 Avishai.

Avishai Abrahami: Hi, and thank you for joining us today. I'm sure you all heard and the disruption here in the last 24 hours. And I wanted to report that everybody in Wix is safe at this moment, and nobody got hurt. Obviously, in this country, we are all very well aware and have the knowledge of how to keep ourselves safe. And so we do that and we know how to work in those situations. So I don't see any or predict any disruption to our business because of the situation, wishing everybody will actually be resolved as quickly and as safely as possible.

I want to say that in Wix, we have Jewish, Muslims, Israelis, Palestinian all working together to deliver a product. And we think that this is the best way to create peace, by working together to do amazing things.

And going back to business, I wanted to mention something else. A year ago we were asked how will Wix do after coronavirus has passed And we are starting to be at the end of that. And we predicted that we think we're actually going to grow faster at the end of the period of coronavirus.

And today, we can say that we've probably been correct. You see that the numbers actually show that we're actually growing faster. And a lot of it is due to the diversified nature of our business. We don't just serve one specific segment that is all about online. We actually serve many different things from restaurant, to events, to fitness centers. And as the off-line world is coming back, we also grow faster.

Another factor, I think, is that the more time, as time passes, we can continue to learn about the advantages of a SaaS model compared to a bunch of hosting companies coming together open source software where you don't have the way to maintain it, you need to spend a lot of energy just to have it running.

And of course, security risk and very hard to modify. So this old model, I think compared with our new model, I think the gaps are growing and the knowledge of how much mobile we get with it is also spreading. And I mean all of that is contributing to our continuous growth. I'm very excited about 2021. And again, wishing to everybody to keep safe. And with that, let's go to your questions.

Maggie O'Donnell: Great. Thank you, Avishai. Operator, I think we're ready for our first question.

Operator: (Operator Instructions) Your first question comes from Ron Josey from JMP.

Ronald Josey: Great. Avishai, obviously, glad to hear everything is safe there. Hopefully, that continues. I want to ask 2, please. One, just something you just said, actually, Avishai, if you can provide some more details. I think you said as the off-line world comes back, we grow faster. And so as you -- can you talk about that specifically.

Clearly, we had the point-of-sale product and others. But any insights that you're seeing that gives you confidence there would be great. And then one other question that we constantly get, I guess, is just you're seeing continued strength in global payment volume. I think you reiterated the \$10 billion-plus

goal this year and net revenue retention is improving, I think, but can you just talk about potentially being more aggressive here on sales and marketing?

I mean it's hard to say given how much -- how fast sales and marketing grew. But just talk about how you might be able to move faster? Or do you want to? Is this a regulating growth because of product launches and things along those lines?

Avishai Abrahami: Of course. So as the offline world come back into business, right, I think a lot of them had a chance to think about how what they want to achieve, how they want to grow. A lot of new businesses are being founded as a lot of businesses were closed. And I think this is something that allow us to actually provide really good solutions for those customers. and help them in their recovery or rebuilding of a new business.

And because of Wix, again, right, if you look at some of our peers, you see that they are focused a lot about online transaction. But we also support one of the off-line activities, right? So restaurants, events, consultants, right, doctors, there's so many things that we serve that are based a lot on off-line-line activity.

And as that segment recovers, right, it's more than composite for the online business says that we're growing really fast during COVID. I think that this is what we're seeing now, and that's why we're feeling confident that what we predicted a year ago about growing faster after COVID is really what is happening now.

Nir Zohar: Ron, it's Nir. About your second question. So it's a great one. And obviously, we're not in a position to put numbers against it at this stage. But definitely, And absolutely, we're looking into being more aggressive in sales and marketing. And I think that we're seeing 2 key interesting changes in what happens in our model that are driving us to look into it and even experiment in it.

First of almost, the big returns and kind of the shift of people to do business online that we've seen already last year is just continues, and that's clear. But above that, there are 2 interesting factors that we're looking into. One is the fact that now that we have more and more businesses that are commercing.

And as Avishai said before, the online commerce for us is not only -- is diversified. It's not only about online retail stores, but it's also about services and restaurants and hotels, et cetera. And we see significant growth there. It

also means that as we start garnering that GPV, it starts accumulating into the core value, which makes us think about how and when do we want to be more aggressive towards that.

And the second factor, which is also very interesting and also has a big impact on the core value are the partners, which are growing. And they are multipliers basically because they're -- the one designer, the one partner will build multiple websites in many cases, websites with GPV. So generally, they are bringing much more value to the table than just a regular subscription. And those 2 things are definitely things that get us to go deeper in understanding how we can be even more aggressive on sales and marketing going forward.

Operator: Your next question comes from Ygal Arounian with Wedbush Securities.

Ygal Arounian: Glad to hear your staying safe, and hopefully, things resolve safely and quickly there. Two questions. One, just maybe could you help us think through the guidance relative to the beat in 1Q. So the collections, you're guiding above the beat, so you're carrying forward and adding to the functions guidance. On the revenue side, it's kind of opposite, but the raise in guidance is lower than the revenue beat in 1Q. So can you just help us think through those dynamics there?

And I guess I want to ask on Wix 2X and Editor X in general? Can you talk about how that can help get more traction to Editor X. I know it's got good traction already. And maybe a little bit more color just around Editor X? And how it's contributing and what it's doing so far since it came out of beta?

Lior Shemesh: This is Lior. I will take the first question. So in order to answer it, I will actually try to explain in -- for both business solution and creative subscriptions. Let me start with creative subscriptions, I think that we had a really great quarter, kind of setting a new baseline by the way.

When we look at the overall growth that we expect at this early stage of the year, is in a way, it's already the growth that we've seen last year. So I think that it's kind of amazing where we are setting a new baseline. Specifically about the first quarter, so actually, we saw everything that is happening on a positive way. Conversion moving up.

ACPS is actually increasing, net adds actually increasing by -- increased by 50% on a year-over-year basis. That said, we were still a bit less than our

expected numbers for the first quarter for creative subscription because of a certain channel partnership did that actually pushed further to the second half of the year. So this is the reason why we see creative subscription came actually a bit lower than what we have expected last time.

On the other hand, Business Solution was actually was more than what was expected mainly because of 2 reasons. The first one is payment that was performing amazingly well. And the second one, and I guess that it was a much higher seasonality effect with regard to G Suite. So we actually sold more G Suites than more than ever.

Now when we think about the revenue and this change of mix is actually has a different impact on revenue, meaning that business solution is recognized immediately while creative subscription is recognized over time. So this is why we actually beat by a few \$1 million or \$2 million on collection, but much more than that on revenue.

Now when we look for the entire year, collection, there is no change. I mean this certain deal actually pulls to the second half, but its revenue actually pushed to next year. So this is why you see a lower effect or lower increase of guidance on revenue compared to the first quarter beat. So this is in a way explanation. And just to summarize, it's a different mix of product. But still, the first quarter actually, as a full quarter came much better than what we've expected.

Avishai Abrahami: Ygal, in regards to color about Editor X. So I think that we are very happy about the results for now. It's growing really fast. And it's, of course, obviously see small numbers because it's a new product, but we can see that the growth is -- is probably the fastest that we had in any product before. The -- just to put it in perspective, it's 50% quarter-over-quarter. They're thinking about this product, right? It's something really new there, and I'm going to explain.

So obviously, in terms this fantastic editing environment in which you can build, design your site, right? And this is something that we had always doing. And then I expect that. But the one thing that Editor X has that is not so expected is that it has such a strong back-end, right? So you can actually have data bases, you can do scripts, you can connect between different applications. And this is something that is starting to resonate in the market.

And I think that's kind of like make people really surprised that this is not another way that (inaudible) It's actually a food solution for pretty much

anything they want to achieve and build. And we're saying that this is resonating now I think we're going to enjoy that message and to those abilities in the next year. So 50% growth quarter-over-quarter. I think bigger and bigger projects been to that and it's going pretty well.

Operator: Your next question comes from Bernie McTernan with Needham & Company.

Unidentified Participant: Great. Just 2 for me. I was wondering, first, if you could just comment on what's driving the higher take rate expectations on the thought to exceed the 1.25 to 1.3? And then secondly, just on the users -- or on the builders, 340,000 in the quarter, up 25%, I believe, from the end of last year. What's driving the growth there? And can you remind us how builders find clients and what role you play in that? And then also, if you have any insight into how their earnings have been trending, especially with so many more joining the platform.

Nir Zohar: Ben, it's Nir. I'm going to take the first question about payments and the take rate. So we kind of touched about it last time, and I think it's worth expanding. There's a few things that we're doing. It's not one thing, but I think all of them eventually drive that increase in take rate.

One is just general -- keep on improving the product itself and get more and more of our customers to select Wix payments as their preferred go to payment solution when they onboard on Wix. And that definitely is something that is driving it up. The other thing is basically expanding Wix payments into countries and geographies that currently we do not support. So naturally, once we do that, we get deeper into the GPV running in those geographies.

And lastly, I think it's worth mentioning the initiative we have around our POS. It's still early. It's in soft launch mode, but we expect it to keep on increasing throughout the second half of the year and definitely into 2022. And that's another great value that is -- naturally, it expands our reach into the GPC again because it has the -- certainly connects us to the off-line component of it.

And also from what we're already hearing from the users who are participating in the soft launch, they are extremely happy about it because it connects all the dots for them. It connects basically -- it's not only about the website, it's really an operating system for the business now because they have the website and the web and the mobile versions of the back office.

They have the online payments and now they can also connect off-line payments. So it's -- everything is happening in one place in a very seamless manner. So they're very, very happy. And of course, that will increase our take rate on the GPV over time.

Avishai Abrahami: Second part.

Nir Zohar: Sure. So in terms of the partners, as you can see, we've seen a very significant increase there. I think it was roughly a 4-month difference at a 25% growth to 340,000 partners. They find -- there's multiple ways in which they find clients, some of them they bring on their own. Another big part is the Wix marketplace that drives a lot of traffic of people who come to weeks.

They either don't want to do it themselves really or they start and they bump into some hardship on the way and decide that they want to have someone professional do it for them and we help do the matchmaking there. And then we also are developing all the time more and more partner programs and benefits.

We have the account management teams working out of mainly New York but also already in other geographies, just helping them run the business better, get more traffic and more clients but also understand their product needs. So our side of the product becomes better, so we can be more successful with the more professional audience.

Operator: Your next question comes from Deepak Mathivanan with Wolfe Research.

Unidentified Participant: Can you provide additional color on what specifically led to trends below forecast on the creative subscription side from the channel partnership that you noted. I mean, along those lines, how should we think about the size of the subscription business currently between various buckets? Like can do it just buying a product directly, coming from agencies, partnerships and then other professionals doing it. Anything you can share there qualitatively or quantitatively would be great.

Lior Shemesh: So with regard to the first question, Deepak, about the channel partnerships. This is something that is still not that significant at Wix. I think that I believe that next year, it will be more significant. And this is part of the thing that also Avishai mentioned before about Wix serving more and more people.

And again, I think that essentially, we are talking about B2B and B2B has its own a kind of way of closing agreements. And in a way, we are learning that, obviously. But this specific deal was actually pushed up to the second half of the year. I feel that it's going to be closed. Again, it's not something significant. It's a few millions of dollars. But obviously, it has an impact.

So I think that we better understand how to forecast those kind of deals. But we are going to see more and more of them in the future. So obviously, still the core of our business is growing and growing fast. I mean, we mentioned that. We saw that the net subscription has actually increased by 50% on a year-over-year basis. So I do believe that this is kind of the core that is still going to continue to grow.

And in addition to that, we are going to see more and more B2B businesses using Wix because essentially, it's the best platform out there. So obviously, when someone has a different kind of customers and you want to serve Wix, it's actually contributing to its own success. But again, it's not something significant for our business this year. I'm not sure that also next year, but it's really, really interesting.

Unidentified Participant: Got it. Got it.

No, that's very helpful, Lior. And then if I can ask 1 quick follow-up. a little bit of a big picture question. How much do you think is the \$10 billion in GPV -- or \$10 million plus in GPV that you're kind of expecting this year account for the total potential of the platform. You talked about expanding it into more geographies. But are there more verticals, more different types of businesses that you can grow this out, say, over the next 2 to 3 years and then potentially take this \$10 million to a significantly higher levels on the platform?

Nir Zohar: Deepak, it's Nir. So I would say, yes, absolutely. I think that you already see that about 40% of our GPV is coming from the non-online stores segment. And that will expand, okay? It will expand because we're still -- we're missing components of what is needed there for the full business solution for them. As well as critical pieces, I would say, like the POS that I mentioned before.

If you're running a yoga studio, then you might do some of your transactions online, but you definitely need something physical that can be deployed and used quickly when customers and when the trainees come in. And I think you've seen that we are improving and expanding the product. We're going

to expand the POS solution with some of our acquisitions -- with some of our acquisitions to date are aimed exactly at that.

If you look at both the Rise AI bot and the Speedy Tab acquisitions, they are aimed at expanding the business solutions for, in this case, restaurants and stores. By the way, Rise AI, which is initially for stores because that's the existing product that they have and is already being used, our plan is to actually take that offering, expand the loyalty and gift card solutions that it supplies to all of our verticals.

So basically make it into a full horizontal offering across our platform. And those will complement and increase both our reach and the reach into the GPV, meaning the take rate but also they are improving the ability of the business itself to transact. It means that the size of the GPV will continue to grow.

Operator: Our next question comes from Jonathan Kees with Summit Insights Group.

Jonathan Kees: Great. And great to hear that everyone's safe and healthy there. And also sounds like Wix is -- has taken a big step towards its ESG goals by being a model of inclusiveness and peaceful coexistence. So that's great to hear, too. My questions are revolving around S&M. I want to double-click on the commentary earlier about the aggressive levels of sales and marketing. Obviously, Q1, it's seasonally high, 50% year-over-year, and I expect that to trend down like with seasonality.

As we look past 2021, I mean you've obviously given the guidance for 2021 in terms of where sales and marketing is as a percentage of collections, but we look past 2021, are we -- should we think that there's going to be continued elevated levels of sales and marketing? Or are you going to have more just like a shift within sales and marketing?

Like right now, with Q1, you talked about you had a higher degree of branding spending as well as account management expansion. Will that taper down, be more in the maintenance level in 2022 and beyond? Or is that going to remain pretty high for the foreseeable future?

Lior Shemesh: So Jonathan, this is Lior. So look, I think that in order to try to answer your question, let's look at 2020. 2020 overall sales and marketing were about 37% out of collection. By the way, it's better to look at it as a percentage of collection because TRY is based on collection. And this year,

we expect it to be about 4 points less than that, meaning that we started to feel the leverage, and we explained that last time, meaning that we increased the sales and marketing significantly in a very short period of time because of the large demand that we started to see to our platform. And we've talked about it a lot over the last few quarters.

By the way, with the same TROI, and obviously, we see that it's actually continued. Meaning that we still expect this year to invest a lot about sales and marketing. We also invested a lot about creating the infrastructure So the account management guys to support agencies and so on, and Nir spoke about it. But also investing a lot about our branding, the Editor X for our creators, for agencies, for partners.

And this is very important to mention because some of these investments in branding is something that we are going to see the fruits of it. Next year, when this line of business is actually going to be more and more significant. And then you start to see the leverage of this investment, meaning that in next year, I assume that we are going to continue investment in series marketing actually in dollars.

It's going to be higher than this year, continuing what actually we are doing today. But as a percentage of collection, we are going to see more leverage, so it's going to go down. So this is kind of the way that we are looking at it. And by the way, this is what happened in the last few years.

Jonathan Kees: So do you see also just the shifts within the branding? Or is branding is still going to stay pretty elevated?

Lior Shemesh: It's going to stay pretty elevated at least for this year. Next year, you're going to start to see the fruits, the benefits of this investment. This is why I think that next year, you're going to see more leverage even more than this year. When we talk about the sales and marketing.

Operator: Your next question comes from Brent Thill with Jefferies.

Brent Thill: A lot of questions on the Q2 guide. And I'm just curious if you could just talk about anything else beyond the channel partnerships pushing out. I think you guided at the high end of 2.6% sequential. The last 2 years, you've been doing north of 6% sequential. So it's a considerable slowdown, and I think everyone is just kind of curious if there's anything else other than the channel push out to account for that.

Lior Shemesh: No. So remember that the first quarter in terms of its seasonality is very, very strong. And this quarter, also, we had a much higher-than-expected payments, which I believe that it's going also to continue into the second quarter, meaning that the payment portion actually in the second quarter is going to continue to increase even compared to the first quarter.

On the other hand, I mentioned G Suite revenue for the first quarter was pretty high. Again, because of seasonality, the effect and much more than what we've expected. It's not going to continue also to the second quarter. So this is kind of implied to you what is our expectation with regard to the overall business solution. It's going to be more or less flat, but with regard to the creative subscription, besides what I mentioned before, there's no like -- no changes.

So obviously, bear or take into consideration that we are providing the guidance for the second quarter and for the full year. There is also some of uncertainty due to the period, due to the epidemic, due to the -- in different places. Also, obviously, it's less than what we had like a previous time because we are providing guidance, right?

But I do believe that beside of that, there is nothing really significant to report. I think that what is interesting is actually besides of the noises between one quarter to the other is to look at the full year where we actually already set a new baseline for the growth. And I do believe that, obviously, there is kind of an upside that you might expect to have during the year, but I think that we want to be more conservative about it, especially because of the time that we are talking about. But we are very happy and very excited about the full year guidance, obviously.

Operator: Your next question comes from Nick Jones with Citi.

Nicholas Jones: Great. I guess just could you provide an update on your M&A strategy from here? You acquired Speedy Tab, Rada AI loyalty and rewards. Are there any other holes you see or solutions or areas you think would be interesting to add on via M&A?

Avishai Abrahami: Well, I think -- this is Avishai. Thanks for the question. I believe that as we have been demonstrating, M&A strategy is mostly about enhancing the product offering and bringing a better solution for our customers and less about customer acquisition.

And obviously, both companies are such exact companies where we actually wanted to add functionality that we feel that we'll continue to improve our products and make our customers enjoy, which products even better. Going forward, we intend to maintain a similar strategy and continue to approach companies that can make our offering better. We think that we are really good at marketing, and we have a very strong and loyal customer base.

As a reminder, more than half of our customers are actually coming from free social traffic, so mostly somebody recommended, right, Wix to their friends. And that's more than our customers. That's is now 1.6 million every month, right, new users that are coming to Wix and no -- and So it's pretty -- so we believe that what makes sense to us is the ability to continue and just improve our products. We have the customers come to us, and we think that by doing better that we'll be serving them better.

Operator: Your next question comes from Mark Mahaney with ISI.

Mark Mahaney: Let me try 2 questions, please. First, the Latin American growth was relatively slow. I think we've seen this with a couple of companies. Any indication that things are steady or turning around in that region?

And secondly, the customer care growth goals, you added 700 last year. You qualitatively talked about it, that being that you grew that in the March quarter, and that's putting pressure on gross margins. What are your goals in terms of the number of customer care? How much you want to increase resources for customer care this year?

Avishai Abrahami: But the first part, I think that we're all aware that Latin America has been going through some harder periods, both from economy and then from corona. And we hope that the recovery comes soon. And that they will be able to keep safe. And we continue to do our investment there based on TROI.

So we only invest when we know that we're going to get the returns from that in marketing, right? But we will continue to support the product and do everything we need and to provide a customer the best solutions and help they need because this is the time that we should be doing for them. In regard to the second question, you want to take, Nir?

Nir Zohar: Yes, absolutely. Mark, good to hear from you. In terms of the customer care, so naturally, we're extremely happy with the investment we've done. More than anything throughout 2020, it allowed us to support the

massive growth that we've seen throughout the year. And clearly, that growth continues and even surges into 2021. So we are very happy that we managed to scale up the organization the way we did.

As you can remember, when we set out to do it even before the surge of 2020, we were also talking about a change in approach about our need to go more proactively in the way that we work with our customers to not only solve their issues, but actually understand where they are on the journey for whether it's setting up their business or even furthermore to becoming -- making their business successful.

And being sure that we -- that our care is helping them move along that way, not only solve one specific problem at the time. And I think what's one of the great things that happened to us throughout the year is not only did we manage to scale, we also managed to work through that change in approach. And we've started to see that pay off. First of all, the NPS in the places where we are exercising it, went up over 50% and is still growing.

And our goal is obviously to expand that to basically all of our geographies, all of our languages all across the globe. That being said, I think specifically, if you look at the growth of the organization in 2021, we were very happy actually to overachieve a lot of our growth plans throughout the first half of the year.

So we expect to still be growing it through the second half, but probably at a slower level and slower pace because we feel we are very well geared now to go after all of those goals that I mentioned, well, goals that will improve the conversion. We'll improve our user success. We'll strengthen our brand. And obviously, it will also positively influence us financially.

Operator: Your next question comes from Sterling Auty with JPMorgan.

Sterling Auty: I want to circle back to the creative additions and kind of the push out that you mentioned. Was this 1 partnership? Or was it a group And just separately, are you still getting the same -- I know you managed TROI, but are you getting the same dollar-for-dollar impact on your customer acquisition spend that you were, let's say, 1 or 2 quarters ago?

Avishai Abrahami: I missed the first one? What was the first one?

Lior Shemesh: Yes. Can you repeat the first one, Sterling?

Sterling Auty: Yes. So the first one, just looking at the creative additions, I think you talked a little bit about a push out towards the second half. I want to make sure I better understand that. Was that a particular partnership? Or was that a group -- I wasn't clear what was actually pushed out.

Lior Shemesh: Okay. Yes, yes, it was a particular partnership. If you remember, we announced in the past a few of them like entity in Japan or Turkish Telecom or the Vodafone deal that we closed. So basically, something that is really similar that actually pushed to the second half of the year.

Sterling Auty: Got it. And then the second part was just when you look at your spend for customer acquisition, I know you managed the TROI. But is it still getting more expensive? Are you getting the same kind of impact dollar for dollar that you have been getting to stay in that TROI kind of boundary that you set for yourselves?

Nir Zohar: Sterling, Mir here. So I think dollar to dollar be getting similar returns as we had before. And it's still -- we still work underneath the TROI formula as we always have. That being said, with an eye for growth, Going back to something I mentioned before, we are seeing 2 interesting phenomena now that are driving basically the cohort value and therefore gets us to think about what should be the right TROI target at least to some extent.

And those are the fact that as we see more commerce happening on our platform and we touch more of the GPV, then naturally, that spills over value into the cohorts. And because of the nature of businesses building GPV over time, it usually takes a bit longer to materialize.

But as we're getting more and more of those, we can start to quantify that, and we have enough data to start to make plan and experiment marketing according to it. And the second 1 is, again, is the adoption by partners who, again, are multipliers of value because they build multiple websites for multiple clients, in many cases, also contributing GPV through those websites. So again, that's something that drives an uptake on the cohort value for those specific kind of users, and we wanted to try to understand what we can do there in terms of being more aggressive with our marketing dollars.

Operator: Our next question comes from Ken Wong with Guggenheim Securities.

Ken Wong: And I hope you guys are going to stay safe. So first, I mean, we've been catching quite a few of your quirky WordPress videos over my social media stream for the last couple of months. So very creative there. Avishai, clearly, you guys have struck a bit of a nerve there with the WordPress guy. Just wanted to know kind of how this marketing bit is resonating with partners? Are you seeing more conversion of board pressure agencies? Any color there would be great. And then I have a follow-up.

Avishai Abrahami: Of course. So obviously, the company was our marketing guys as having a bit of fun and enjoying themselves. And they were pointing out the obvious, right, the differences between the philosophy of WordPress and the philosophy of Wix, where you have a fully -- you have a lot of open source come on a survey and somebody has to magically maintain it, and there's a ton of security and vulnerabilities compared to a solution where everything is done for you, fully managed for you. It's very easy to it's very easy to work with. And the reaction, of course, was well, the truth can be painful.

And we do see continuous and very accelerated growth on the partners and designers, which that campaign was aimed for them. So I have to say that I'm very happy with the results of that campaign. I think they are -- and it just shows that creating something with a good taste and sense of humor and is actually pointing out obvious truths. It's just probably the best way to do marketing. It simply works.

Ken Wong: Got it. And then one for Lior. Just you guys mentioned that there's going to be this transition to bookings. I guess, first, just wondering if bookings and collections are meaningfully different today? And then as we think about what's driving that, is it purely just the channel partner business or the are there products in your portfolio that's contributing that we should be aware of?

Lior Shemesh: So this year, bookings equal to collection is 100%. There is no difference because remember that collection is being calculated as revenue plus change in deferred revenue. So obviously, let's assume that we close the B2B business. It was not collected, but it was recognized as deferred revenue. So therefore, it is part of collection, although it is not that significant today.

So I do believe that it was mostly around the meaning of the word, meaning that it's not really changed the way of calculating things. It's mostly about the meaning of the word because sometimes when you sign a B2B business, you

are not necessarily collecting everything in day 1, so therefore, we don't want to use the word collection. So it might be that B2B is part of it is channel partnerships, part of it can be like you know, deals that we are doing with the Wix Answers.

Some of it with other partners that we might close in the future. The more you have B2B, obviously, the bigger it's going to be. But I don't think that also next year is going to be that significant to our business or at least as a portion of our top line. And again, I think that it's kind of booking is more like a standard being used today. So I think that it also makes sense for us to start using kind of the standard term.

Operator: Your next question comes from Josh Beck with KBCM.

Josh Beck: And first, we're all hoping the best resolution for you there in Israel. I wanted to ask about the Business Solutions forecast. So many companies that have a GMV or GPV component are not really providing a full year outlook. And I think part of that is because it's difficult to know what happens as we really start to reopen. So I'm just curious maybe how you built out that forecast, what level of conservatism you baked in. Just would be curious to hear more on that topic.

Avishai Abrahami: Yes, of course. I think that I'm going to let Lior answer all the details. This is Avishai. And I want to say before that, that we assume that usually, if somebody that has not been spent online, it brings plant off-line, and it's been at off-line. And as our businesses, right, are so diversified and provide solutions on so many different fields, so many given the verticals. In many ways, we believe that our prediction.

And what we're seeing now in terms of metrics, we'll continue going forward even if money shift from one area to another. I think that is because if somebody does not spend money doing online shopping, he might spend that money going to a restaurant, right?

Because all going although going to a fitness center, going to a consultant or an Wix serves all of those, right? We think that the same amount of money being spent, we just go for different channels. And that is why the core or believe that we had predicted now. Obviously, of course, we might be wrong, but we feel very strongly about that.

Nir Zohar: I would just want to add that when you talk about business solution, obviously, it's not just payments. It has, like other kind of SaaS products over

there like G Suite, like Ascend, like other applications. But this is like -- this is really easy to predict. It's the same as our subscription model.

On payments, you are right. But I think that since it is kind of the first time that we're actually reporting it, we wanted to provide more color around it, what we are going to do. And this is why, by the way, we also provided our estimation with regard to that. what we took as part of the forecast is very close to the current run rate that we see right now.

So we are pretty much confident about how we're going to end up the year. And I want to believe that it's -- that it's going to be higher than that based on the increasing online commerce transaction. But this is what we took as part of the guidance, and this is why I feel very comfortable about the number.

Operator: Your next question comes from Lloyd Walmsley with Deutsche Bank.

Ross Sandler: This is Ross on for Lloyd. Maybe 2 on the data points on online commerce share of total collections. I guess, first, just can you help clarify what is exactly included in that 33% of total collections from a vertical and subscription basis? And then second, can you just talk a bit more about the slope of the share through 2020 and really kind of how that compares to how you're thinking about the share of collections associated with these -- with online commerce in 2021?

Avishai Abrahami: Okay. So with regard to the first one about the online commerce being 33% basically includes both subscription and weak payments. So let me answer your question. And about the share of online commerce in 2021, yes, I mean it's part of our guidance. And I mentioned before about exactly how we calculate and how we focus it, but it's part of our guidance.

Ross Sandler: Okay. So going from 25% in 1Q '21 to 33%, I think you guys had flagged that you were at 30% for full year of 2020. Does that sort of It seems to imply that there may be a bit of a slowdown there in the, I guess, the slope of that share. Is that -- am I interpreting that wrong? And you just any clarity around that.

Avishai Abrahami: No. Actually, there is no slowdown over there, not at all. I can provide you later with the exact percentage after the call, But no, there is absolutely no slowdown there. Actually, in a way it's actually the opposite.

Ross Sandler: Okay. Great. And maybe just -- you called out that 40% of GPV from non-retail in the letter. Could you just talk about how that looked a year ago and last quarter.

Nir Zohar: Let me -- Chris, it's Nir. It was obviously lower last year and as well as a little bit last quarter, simply because we've seen the massive adoption we're seeing to our services and the business solutions on our platform. For specific and exact numbers, currently, we didn't disclose them. I can maybe look it up and share later, but we definitely see that adoption going up.

So if you would have gone -- if you're going back in time a year or 2 years back, then the mass of the share of the GPV would have been only almost only the online stores whereas today, it is going more and more towards that diversified baseline that Avishai mentioned before.

Operator: Your next question comes from Matt Pfau with William Blair.

Matthew Pfau: I wanted to ask on the strength that you're seeing in North America. And just some more details on what's driving that. How much did the stimulus in March impact that performance? And then as vaccinations have become more widespread and the U.S. economy has opened up a bit more, how have you seen your customer base? Or have you seen any changes in terms of the types of customers you're adding in that region?

Avishai Abrahami: Good. This is Avishai. And I think as we all are aware, right, 2020 was an awful year for small businesses, not for all of them, but the vast majority of them. And today, we are seeing that with the vaccines, and a lot of being -- a lot of stuff has been rebuilt or just founded from 0. And I think that's the highest contributor to our growth. And we can say that we did see some effect of the stimulus, so the simulation.

And I think that was really good and billing high prices to the people behind it because it didn't allow people to start with something which is above 0 and go forward. I think that we're going to see that period of rebuild and founding of new businesses, probably for the next couple of years as there's a lot of things that were destroyed in 2020 and are now being rebuilt.

Nir Zohar: And Matt, this is Nir. For the second question, I think in terms of impact of vaccines, I mean we see that North America. By the way, we've seen it a lot in Israel, by the way, which is a geography in which there's obviously a much more high -- already a high distribution of vaccines and reopening.

So I think it's very interesting because You see some, I would say, on the online stores and the shift of people buying online, maybe there's decline, but lower than you might have expected. I think you've seen that there's an actual change in consumer behavior of people who started buying online through the COVID lockups because they had to. And I'm not willing really to go back to the way it was before.

And then you will actually see what is the kind of the obvious and as expected reopening impact. on businesses such as restaurants and hotels, Obviously, everything has to do with hospitality. A large part, everything has to do with beauty and wellness, again, because these things can now reopen and accept a client.

And in all of those areas, I think we're seeing significant uptake, naturally events, which were, again, in most cases, were prohibited or limited in their capacity. And in those spaces, we see obviously a significant uptake in terms of the businesses going back to transacting and basically growing their business again.

Operator: Your last question comes from Trevor Young with Barclays.

Unidentified Participant: Just real quick on the RISE AI acquisition. Can you talk about the revenue model there and your plans to monetize that digital gift card and loyalty program going forward? And then just on the channel partnership, I think in one of the earlier questions, you said it was a few million dollar impact. Is that a few million dollars per quarter for the full year?

Avishai Abrahami: So for the second question, it's a few millions of dollars for the full year, not for 1 quarter. And with regard to RAISE AI, the revenue model is based on subscription. It is not significant, although they serve hundreds of customers, it's a really good product that already serves hundreds of customers.

The way that we are thinking about how to monetize it is obviously being part of our solution and of our e-commerce solution. And then obviously, it can increase GPV, increase our top line coming from payment, for example, but also increasing conversion of our customers because they're actually are getting a much better native solution to what they are looking for.

Operator: We have no further questions at this time.

Maggie O'Donnell: Great. Thank you, Cindy, and thank you, everyone, for joining us today. Have a good day.

Avishai Abrahami: Bye. Thank you.

Operator: Ladies and gentlemen, this does conclude today's conference call. Thank you for participating. You may now disconnect.