Prepared Remarks of

theTradeDesk®

First Quarter 2020 Earnings Call

May 7, 2020

Chris Toth, Vice President Investor Relations

Thank you, Operator. Hello and good afternoon to everyone. Welcome to The Trade Desk First Quarter 2020 earnings conference call. On the call today are our Founder and CEO Jeff Green, and Chief Financial Officer Blake Grayson. Jeff and I are in the office in Ventura and Blake has dialed in remotely.

A copy of our earnings press release can be found on our website at thetradedesk.com in the Investor Relations section. Before we begin, I would like to remind you that, except for historical information, the matters that we will be describing will be forward-looking statements, which are dependent upon certain risks and uncertainties. I encourage you to refer to the risk factors referenced in our press release and included in our most recent SEC filings. In addition to reporting our GAAP financial results, we present supplemental non-GAAP financial data. A reconciliation of the GAAP to non-GAAP measures can be found in our earnings press release. We believe that providing non-GAAP measures combined with our GAAP results provides a more meaningful representation of the Company's operational performance.

I will now turn the call over to Founder and CEO Jeff Green. Jeff.

Jeff Green, Founder and CEO

Hello and thank you for joining us.

It's been an extremely challenging and unusual last few months for the world. But while there will continue to be uncertainties in the near-term, I am very optimistic about the future.

Our number one priority right now is the health and safety of our employees, our families, and the communities we live in. As we take every precaution to self-isolate and ensure that we will emerge from this in a safe and healthy way, we are starting to see our customers plan for that future.

With that in mind, I want to cover three main things with you today.

First, I want to reiterate our solid financial foundation and how we are operating in this environment.

Second, I'll provide some perspective on the most recent market trends and what we are seeing in our industry.

And third, where I would like to spend most of my time, I'd like to talk about the opportunity in front of The Trade Desk.

While these are very challenging times for everyone, I think there is a shift in media that started about 9 weeks ago that is accelerating the move to data-driven advertising. Nowhere is this more apparent than in Connected TV. And even though it is too early to predict exactly when the economy will start firing on all cylinders again, we do have a sense of the role advertising will play in that. And I'm confident that The Trade Desk will be on the front lines of recovery. It will present a major land-grab opportunity, and our ability to be successful in that environment rests solely in our own hands.

As it relates to what global recovery looks like, keep in mind that in order to grow and reopen for business, companies need to get the word out. We believe that data-driven advertising is on the front lines of recovery where advertising fuels and even ignites growth, and where growth fuels more advertising. As The Trade Desk is one of the leaders in data-driven advertising, we strongly believe that we will play a critical role in the global economic recovery.

So first, our financial foundation and how we are operating in this environment.

As we have said many times on this call, from the beginning we have always prioritized profitability and building a strong balance sheet. We could have raised more venture capital in the beginning—all of our competitors did. In the last few years, we could have spent more of our earnings - like many of our SaaS peers did - given our unique combination of high growth and profitability. We didn't because we wanted to grow responsibly. We wanted to instill good discipline that would serve us well in moments like these. In short, from the beginning we wanted our business to be sustainable. That discipline and commitment to sustainability is what enables us to focus on what's valuable to our customers. It allows us to prioritize, innovate and invest wisely. It also has put us in the enviable position of being able to invest in our technology to ensure we stay years ahead of our competition. It's why we have historically grown so rapidly. We will never be a commoditized player.

It also ensures that we can manage our way through this global crisis. We can weather near-term impacts and continue to invest in our business. Our goal is to emerge from this environment a much stronger company.

Beyond the balance sheet, we started asking our employees in Asia to work from home starting at end of January. By the middle of March, we had closed all of our offices, and the vast majority of them remain closed. With Shanghai and Hong Kong among the few where most of our employees are already working in the office again. Nevertheless, globally almost everyone is working remotely. Our teams around the world have responded and we are operating almost as seamlessly as if we were all in the office. As a technology company, we are pretty damn good at utilizing the most effective collaboration technology. Whether it's for customer meetings, internal collaboration, marketing development, or agile engineering programs -- we operate virtually, shoulder to shoulder, as much as we possibly can without being in the same physical proximity.

Since I founded the company in 2009, our leadership has had regular communication with all employees on a weekly basis -- a weekly all-hands. That has served us well in this environment, ensuring we are all well connected and informed. There have been some really critical all hands meetings over the years—meetings where we announced fundraising, meetings where we explained we were going public—but I'm not sure any was more important than our all hands on Monday March 16 when all employees were working from home and we tried to offer our teams reassurance and guidance. We reminded them that panicking is not a strategy and we have a critical role to play in the economic recovery. That this is a moment for our team to make a difference. Every week since then we have 1000+ live on every week's all hands.

Our team is incredibly resilient. I've always been impressed by the powerful combination of talent and dedication in our people. They believe in our mission to make data-driven advertising as ubiquitous as electronic trading in equities and they believe in our vision of a healthy, thriving, ad-funded, open internet. I'm incredibly proud of all of them, in every corner of the world.

That said, let me move on to my second point and provide some color on what's happening in digital advertising and our business, beginning with a sense of how the last couple of months have progressed.

We had an amazing start to 2020. $161 million in revenue, up 33% year-over-year. We were tracking ahead of our original projections in January and February. Connected TV was on pace to more than double through the first two months of the year. That strength was partially offset by rapid declines in the second half of March as most advertisers started indiscriminately pausing budgets and indiscriminately reducing budgets. For a brief period of time, programmatic was hurt by one of its greatest features—its agility. You can easily start and stop programmatic campaigns in ways that are not possible in most other mediums, like linear television, that don't move as fast. The strong growth rates we saw the first two months of the quarter serve as a reminder of how strong the secular tailwinds are for data-driven advertising and The Trade Desk.

In early April we saw more advertisers slow spend or hit the pause button, across every channel. Some verticals cut most of their budgets, such as the Travel vertical. Of course, some did remain active, particularly in health and fitness, technology and computing, and home and garden.

In late March and early April, some budgets were cancelled to stop expenses at businesses that knew their businesses were taking a hit from the shelter in place movements around the world. However, many businesses were simply pausing campaigns—not cancelling them—to refresh the messaging. The way a CPG or Pharma company planned to message in January had to be redone. Messaging had to be reworked.

Overall, by mid-April the year-over-year spend decline stabilized. And as April progressed, we started to see stabilization and even some improvement.

I believe that's because there was growing realization among advertisers that panic is not a strategy. Advertisers started to adapt to the current environment. For example, restaurants shifted their messaging to "we are open", or "we deliver". Consumer products companies turned their focus to pantry loading products. And some travel companies started to message that they would waive all change or cancellation fees for bookings.

And beyond the present, many advertisers started to strategize about how they emerge on the other side of this pandemic.

Let me give you an analogy I've shared with our team. Like many of you, I'm sure, I've found myself watching a little more TV in the evenings while working from home. One movie I enjoyed a lot was Ford vs. Ferrari. There's a scene in the movie where there's a crash, and there's a cloud of smoke over the track. As the racing cars come into the cloud, they can't see the next 15 or 50 meters. Everything in that moment is uncertain. But they know exactly how the track is laid out once they emerge from the smoke cloud. So all they can really do with any certainty is start to plan for that.

That's where we are with the advertising industry right now. We're still in that smoke cloud. We don't know exactly when it will lift. And we don't know exactly what the next few meters will look like. But we do have confidence on what will happen once we emerge from this. We know what the track looks like. We've lived it so many times, but now the opportunity is even greater. This is where I asked our team to focus most of their efforts—preparing for the opportunity on the other side of this cloud; the other side of this uncertainty.

Which brings me to my third main point – the opportunity for advertisers and The Trade Desk on the other side of this.

While advertisers are indiscriminate in what they pause or cancel on the way down, they are very deliberate on the way up.

While we can be sure that ad spending will return, we expect it to look a little different than it did immediately before this global health emergency – especially at first.

We expect there will be a staggered return. Some industries will lead, while others, such as travel and entertainment, may lag a little. Some countries will reopen earlier than others. Here in the United States, we're already seeing different timeframes from different states and localities.

This makes flexibility and agility super important for advertisers.

But overall, there will be a massive land grab opportunity. And I expect that marketing will be a critical success factor in that land grab.

Think about it. If you're Uber or Lyft, for example, your business is largely on pause. And you're not advertising much right now. But as we start to emerge from this, companies will start marketing more heavily, because that's the moment a company can gain awareness, loyalty and share. Whichever of those two companies markets more effectively, will gain share. And that same scenario will play out across every industry. Marriott vs. Hilton. Domino's vs Pizza Hut. Toyota vs Ford.

All of these companies, and every other company out there, is figuring out, right now, how they use advertising to connect with consumers and gain share once the gears of the economy start cranking again. What will they advertise, using what kind of creative, to what kinds of audiences, in precise locations, using what kind of channel. It's all being strategized right now.

And as they increase their spend again, not only will they do so aggressively, but they will do so much more deliberately than ever before. With this kind of market disruption, companies are under maximum pressure to be as effective as possible with every dollar of expenditure, including, maybe even especially, in advertising.

In that way, this is not dissimilar to the 2008 recession. Remember -- Programmatic advertising came of age during that recession. And that's because ad spend migrated to where the advertising dollars were measureable and comparable. The GFC and downturn of 2008 and 2009 was an important learning experience to prepare for this. Back then, Display and Mobile advertising were the big winners. They won despite being weaker at winning hearts and minds than video, tv, or audio. They won share because measureable and comparable are what it takes to win outsized budgets during a recovery. CMOs more than ever have to defend their spending to CFOs—that's of course best done in data-driven advertising.

The same dynamic will happen here. Spend will migrate to what works best. Today it is connected TV and digital audio. Advertisers will apply data-driven advertising more aggressively than they did before this. They will place more value on those ad impressions that are measurable and comparable.

Nowhere will this be more apparent than in TV advertising.

We've talked about the CTV opportunity many times before. We've talked about the consumer shift to streaming services. We've talked about how broadcasters are moving to streaming platforms. And we've talked about how advertisers are eager to apply data to their massive TV ad campaigns for the first time.

We thought this CTV revolution would play out across the next two years. But the last 8-10 weeks have changed all of that.   I believe that the media landscape changed forever starting in the middle of March. Every channel and every participant is in a different position today versus a few months ago, because of one dramatic shift. Linear TV's shelf life has shortened as viewers have moved, en masse, to CTV. The biggest loser in all of this is traditional, linear TV. CTV is the biggest winner.

Let's outline why Linear is losing.

First, Consumers are under pressure. Cable is the most expensive item on the TV menu and there are more choices on the menu than ever with all the new OTT options coming from the likes of Disney and NBC. eMarketer predicted in the summer of 2019 that the US would have what's become standard—a 4% annual decline from 86.5 million households having cable to 82.9. We did a survey a few weeks ago with thousands of consumers. Across all households, 11% of those who still have cable plan to cut the cord by the end of the year. That number goes up to 18% for the 18-34-year-old age group. Compared with eMarketer's estimates, that would be a massive and unprecedented acceleration to cord cutting.

Second, according to the same survey, of those that still have cable, the number 1 reason they were hanging on to it was sports. In fact, according to our research, 60% of those with cable keep it primarily for live sports. The longer live sports remain suspended, the more these audiences move away from those expensive TV packages Sports being cancelled is a big hit to the traditional linear TV business model.

Third, Not only is the TV audience shifting, but perhaps just as important, the linear TV revenue model is jeopardized. Often the majority of TV ads are sold in the upfront process. The upfronts are usually done in late April and May and those events are largely suspended this year. According to a new IAB survey of 390 media buyers, planners and brands, Linear TV ad spend will fall an estimated 41% in March and April, and buyers expect to spend 20% less in the upcoming upfront marketplace than they had initially planned.

That's because those big in-person Fall preview events in NYC and LA are not happening. And for the most part, they don't even have any new Fall content to preview because production is shut down. There's only so much advertiser interest in Jimmy Kimmel and Ellen DeGeneres broadcasting from home, much as we love those entertainers.

For advertisers, this can be liberating. I hear it from brands and agencies every day. For them, the upfronts are a bit of a burden. They're asked to commit billions of dollars to content they don't know much about, chasing audiences they can't measure. Now they have the freedom to be more deliberate, agile and data-driven in their TV ad investments.

Now, before I transition to discuss why CTV is the biggest winner in this shifted landscape, Let me make one thing clear. This isn't case of new media companies versus old media companies. It isn't Disney and NBCU versus Amazon and Netflix. All four companies (and hundreds of others) can and do create amazing content. The linear pipes will eventually go away because consumers prefer to watch on demand content. But traditional media companies are adapting even faster to the on-demand nature of CTV.

Here is why CTV is winning.

First, With the vast majority of consumers largely confined to home, the consumption of on-demand TV content has skyrocketed. You only have to look at the incredible numbers posted by both the subscription platforms and the ad-supported services.

Second, this proved to be a really great moment for new AVOD launches like NBC's Peacock. At a moment its hard to make content and harder to charge for it. On demand AVOD is skyrocketing. Ad inventory on these platforms has skyrocketed too. Ad impressions are up as much as 30% over the last several weeks, as content providers chase these eyeballs and make more content available on more platforms. 30% in weeks! That's something no one could have predicted. This has led to outperformance in Connected TV. Through the first 20 days in April, we estimated Connected TV spend on our platform increased about 20% year-over-year. Over the last 10 days in April Connected TV spend accelerated even more. During that period, we estimated that Connected TV spend increased about 40%.

Third, I mentioned before that programmatic's agility hurt it when advertisers were mostly cutting and pausing campaigns. However, the agility and data-driven nature of our platform is hugely helpful in winning new budgets.

As I said, according to eMarketer, total US households with cable would fall below 82.9 Million this year. Our research suggests it could be below 80 million. This year, we expect to reach well over 80 Million households via CTV in the United States. This is an important point. The Trade Desk is the largest aggregator of CTV ad impressions, across every major content provider. And that massive scale is a great leading indicator of future spend on our platform. This means that in 2020 The Trade Desk will likely surpass traditional TV in reach capabilities for the first time in our history.

We're already seeing this shift as brands strategize on our platform. For example, a large US based restaurant chain was wary of committing millions to the upfronts while their business remains severely impacted. They wanted flexibility in their ad spend. On our platform they can time their campaign launches when they have more certainty on consumer attitudes and intentions. They can also target by location, where their stores are open. With large upfront commitments and national TV ads this is simply not possible. We are seeing this demand for flexibility and precision across all our verticals.

Another recent example was a large technology company that was looking to run a major CTV campaign in short time frame. They needed the flexibility to act quickly and to activate against their target audience at scale. Something that could never be accomplished within the confines of an upfront arrangement. On our platform, they were able to successfully meet their reach and frequency goals for their campaign. To quote them directly: "CTV scale on The Trade Desk is a given. But it's the ultimate flexibility on your platform that makes you the DSP of choice."

Fourth, CTV is getting what Linear is losing from the expectedly weak upfronts. Its one main reason why CTV spend has been steadily increasing. We are winning incremental spend that would have historically been committed in the upfronts.

I do not mean to imply that traditional TV broadcasters are not adapting fast. They are. Every one of them has either launched, or is about to launch, a major AVOD platform. Disney has Hulu. Fox has Tubi. Viacom/CBS has Pluto. Comcast has Peacock, Xumo, and recently acquired Vudu from WalMart. And we are partnering with all of them directly. We recently announced that we're integrating with Comcast's Freewheel Unified Yield products, which allows advertisers to work across direct buying and programmatic buying seamlessly. For premium content providers, our value is only increasing. Relevant ads, higher CPMs and lower ad loads are the only way content owners can compete with subscription services.

To capture this opportunity, our engineers have shipped one of our most important product releases in our history. One of the most interesting features of this launch is the ability for advertisers to manage frequency in TV advertising, across all channels and devices. This is a breakthrough for CTV advertisers. Not only is ad frequency the number one consumer frustration about TV advertising, it's an issue that has been a problem for advertisers as they shift more spend to CTV. They want the ability to manage frequency as a consumer moves between streaming platforms and their multiple devices. And now, for the first time, they can do that.

We also continue to strike partnerships that bring the best premium video content and workflows to our clients. Whether it's a partnership with TikTok in APAC which we recently announced, or deals with Samba TV, Dish TV, RTL, Channel 4 or Freewheel, we continue to outwork our competitors in building an ecosystem that allows them to apply data to the widest variety of premium inventory.

You might think I'm a bit of a broken record on CTV but let me reiterate why I spend so much time on it. Advertisers view CTV as way to break their dependence on Walled Gardens. There is no one dominant player in TV as there is in search or social. TV is a much more fragmented market and the cost of content development means that a single dominant player is very unlikely to emerge. No studio, no channel, no cable company, no MVPD -- no one has the leverage to pull that off in TV. And because we think video in all its forms will be about half the trillion-dollar advertising pie, we continue to predict that CTV will be the trojan horse that eventually forces all walled gardens to change course. And no company is better positioned than The Trade Desk to grab share from the $200b linear TV worldwide market as it moves to digital.

So to summarize the hardships for linear TV:

1. The consumer is under an economic pressure they weren't a few months ago.
2. Live sports are completely cancelled.
3. The upfronts are mostly cancelled.
4. On demand is a better way to watch everything that isn't live. And consumers are binging right now.
5. All leading to what looks to be an unprecedented year in cord cutting.

Let me summarize why CTV is winning.

1. Everyone is consuming more right now.
2. On demand is better for everything, especially when live sports are paused.
3. CTV is data-driven. Its measureable and comparable in a way that linear isn't.

4. The agility of programmatic is picking up dollars that would have otherwise gone to the upfronts.
5. AVOD CTV now has close to the same reach in households that linear does and 2020 may represent the changing of the guard for all television content as a result of the changes in the media landscape.

Let me wrap this up by reiterating that we are operating in unprecedented times. As I said earlier, we don't know exactly when this smoke cloud will lift. But we do have some certainty on what it will look like once we're through it and we are starting to see some bright spots emerge such as in Connected TV.

The secular transition to data-driven advertising was incredibly robust in January and February. But then advertisers just hit the pause button. And they did so somewhat indiscriminately. We were impacted because programmatic advertising is easy to just switch off when you have to very rapidly take stock of a changing environment.

But what we've seen since then is a much more deliberate approach. Advertisers are being much more strategic and data-driven in their decisions as they adjust for the present, and plan for the future. And we will benefit more than most in this recovery as a result. We are already seeing some very positive signs.

The front-line industries in the recovery – technology, home & garden, consumer-packaged-goods – they represent some of our largest sectors. We will be on the front lines with them, helping them make every advertising dollar count. Data driven precision will be more important than ever. Think about it. Even today in the U.S., states and cities are reopening at different speeds, in different ways. If you're an advertiser, you need to be able to tailor your message to specific regions at specific times. That can only be accomplished on a platform like ours.

And advertisers are eager to jump back in. Some already are. Because they understand the recovery will present an opportunity to grow share in that crucial land-grab time. They understand the role advertising plays in driving their growth, and that growth will drive more advertising. Indeed, in the last 10 days of April we saw a gradual improvement in spend on our platform to a negative high teens year-over-year decline, which is an encouraging early signal. A major contributor to this is the relative performance of CTV which has increased about 40% in those same 10 days.

While programmatic may have been dialed back indiscriminately at the beginning of this crisis, it will be turned back on more aggressively as we recover from it. Because advertisers understand the role it plays in driving their own growth. And no company is better positioned to be on those front lines with them than The Trade Desk. And this gives me confidence in our future. As I said at the outset, we're financially healthy to ride out the uncertainty.

And because of our continued investments in our platform, in our inventory partnerships, and in our amazing team, I'm confident that we will gain share and outperform our competition as that starts to happen.

I'd just like to close with something that has been a bit of an upside surprise.

As they work through this planning with us, many advertisers and their agency partners are using this time to upgrade their skills. We recently relaunched our training platform, The Trade Desk Edge Academy. And we've made it available to anyone, free of charge, for the first time, through the end of the year. We've already had more than 12,000 advertisers, agency staff, and brand marketers sign up for the new courseware in the single month since the relaunch. Just for perspective, through the first *6 years* of the original trading academy, we handed out 11,000 professional certifications. That one data point alone should provide some indication of the skyrocketing demand for data-driven education during this uncertain time.

Personally, that too gives me confidence about the future.

Let me turn the time to Blake to discuss the financial performance.

Blake Grayson, CFO

Thank you and good afternoon everyone. I hope you and your families are all doing well and staying as safe as you can in this unique situation.

As Jeff mentioned, Q1 was on pace to be a strong quarter. Revenue for the quarter was $160.7 million representing 33% year-over-year growth and adjusted EBITDA was $39 million. That said, like other ad-funded companies, we saw a sharp deceleration in the second half of March. The Trade Desk was on track for revenue growth acceleration to start this year and we believe we are well positioned for future growth acceleration when macro conditions improve.

From the channel perspective, Q1 included strong year-over-year spend growth in Connected TV, Mobile Video, Mobile in-App and Audio channels.

Geographically in Q1, North America represented 88% percent of spend and International represented 12% of spend.

As Jeff had highlighted, in terms of our verticals, during the last two weeks of March and into April, Auto, Shopping, Style & Fashion, and Travel were our weakest verticals for those that represent at least 1% of our spend. We saw resilience in Health and Fitness, our largest vertical in 2019, Technology & Computing, Home and Garden and Education.

Operating expenses were $150 million in Q1, up 30% year-over-year. While Sales and Marketing and Technology and Development costs both grew more rapidly than our revenue, Platform Operations and G&A costs both grew at a much slower pace than revenue. G&A's deceleration was driven partly by delayed corporate events due to Covid-19. This approach to our operating expenses continues to reflect how we actively allocate capital within the company toward areas that can drive growth and efficiency in the future and that we discussed in our Q4 2019 earnings call.

Adjusted EBITDA was $39 million in Q1, up 58% year-over-year and representing a 24% margin.

Income tax was a benefit of $13.7 million in the quarter mainly due to the tax benefits associated with employee stock-based awards, the timing of which can be variable.

Adjusted Net income for the quarter was $43.4 million or $0.90 per fully diluted share.

Net cash provided by operating activities was $53 million for Q1 and free cash flow was $33.4 million.

I am going to use the remainder of the time today to walk you through what I believe are the key considerations in how we manage the company through the current environment. Everything in the near term is about being mindful of cash management and maintaining a fair level of liquidity. This is about weathering the storm, retaining our operational flexibility with a strong cash position, and managing expenses deliberately to make sure we continue to focus on the areas we believe will drive our future growth, like CTV.

We exited Q1 with a very strong cash and liquidity position. Our balance sheet had $446 million in cash, cash equivalents and short-term investments at the end of the quarter.

In the 3rd week of March, out of an abundance of caution, we pulled down our revolving line of credit. While we do not see a need to use this additional capital in the foreseeable future, we felt it was prudent to take the funds to the balance sheet to provide ample liquidity. We believe the capital on hand provides flexibility for a number of different scenarios, whether it’s a slower than expected recovery or providing ready working capital to fund growth in a rapid recovery, or opportunistic M&A similar to our approach with Adbrain, the company we acquired in 2017.

Our DSOs at the end of Q1 were 92 days, a decrease or improvement of three days from the same period a year ago. DPOs for Q1 were 69 days, a decrease of seven days from the same period a year ago.

Given the uncertainty in this environment, at this point, we are not providing specific gross spend, revenue or adjusted EBITDA guidance for the second quarter or full year 2020. Because of this, and to be as transparent as possible, I will provide an overview of current trends on our platform, that Jeff also alluded to earlier.

Like other ad-funded companies, we saw a sharp deceleration in spend during the second half of March. Spend for the last week in March ended in a negative mid-teens year-over-year decline. In early April, the year-over-year decline in spend continued to increase. By mid-April, the year-over-year decline in spend stabilized. During the last 10 days in April we started to see more stabilization and then some improvement primarily driven by CTV as Jeff had described. Over that ten-day period, total spend improved to a negative high teens year-over-year decline.

There is still a significant amount of uncertainty in this macro environment, so I caution you extrapolating this most recent data. However, we are encouraged and cautiously optimistic by the stabilization trend and improvements in late April.

From an expense management perspective, we've already taken a number of actions in light of the current environment, and still have additional levers available to us should things deteriorate from today, although as Jeff said earlier we're seeing very recent signals of improvement. Some of the actions we've taken so far include reducing our 2020 hiring expectations by over 50%; pulling back on Q2 marketing costs by over 50%; pausing discretionary expenses like company events, along with the natural pausing of T&E due to the current situation; and right-sizing future facilities capital investments where we can based on updated hiring plans.

We entered this crisis period in a position of strength, as our profitable business model with healthy EBITDA margins allows us the flexibility to handle reductions in top-line relatively well. Adding that to our additional liquidity, we believe, sets us up to weather this storm better than most companies in our space.

While lower spend in the short-term hurts, and our EBITDA will be impacted, we are well positioned, as we emerge from this, to gain trust from our customers and suppliers, differentiate ourselves from peers and gain market share. If conditions were to get worse, we have levers available to us to manage cost even further. But at the same time, we believe we have the structure in place to accelerate growth and gain share when things get better, as we believe they will. By balancing those decisions, we believe that once we get through to other side of this crisis, we will be more ready to add value to our customers by helping them reach more of their customers than we ever have before.

That concludes our prepared remarks. Operator, let's open it up for questions.