Information Services (Q2 2020 Earnings)
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Corporate Speakers

- Jonathan Hackshaw; Information Services; Director of Investor Relations & Capital Markets
- Jeff Stusek; Information Services; President & CEO
- Shawn Peters; Information Services; CFO

Participants

- Stephanie Doris Price; CIBC Capital Markets; Analyst
- Paul Michael Treiber; RBC Capital Markets; Analyst
- Jesse Pytlak; Cormark Securities Inc.; Analyst
- Trevor Reynolds; Acumen Capital Finance Partners Limited; Analyst
- Colin Stewart; JC Clark Ltd.; Analyst

PRESENTATION

Operator: Ladies and gentlemen, thank you for standing by, and welcome to the ISC Q2 2020 Earnings Conference Call and Webcast. (Operator Instructions) Thank you.

Mr. Jonathan Hackshaw, you may begin.

Jonathan Hackshaw: Thank you, Carmelie, and good morning, ladies and gentlemen. Welcome to ISC's conference call for the quarter ended June 30, 2020.

On the call today are Jeff Stusek, President and CEO; and Shawn Peters, Executive Vice President and Chief Financial Officer. Jeff will provide some opening comments about the quarter and the acquisition of the assets of Paragon Inc., which was announced subsequent to the end of the quarter. This will be followed by a review of operational and financial results for the quarter by Shawn Peters, who will also speak to some of the financial and reporting aspects of the Paragon transaction. Jeff will then make some closing remarks before we open up the call for the question-and-answer session.

Before we begin, we would like to remind everyone that we will only be summarizing results today. ISC's unaudited, condensed, consolidated interim financial statements and notes and management's discussion and analysis for the period ended June 30, 2020 have been filed on SEDAR and are also available in the Investors section on our website under Financial Reports. We encourage you to review those reports in their entirety.

I would also like to remind you that any statements made today that are not historical facts are considered to be forward-looking statements within the meaning of applicable securities laws. The statements may involve a number of risks and uncertainties that are described in detail in the company's SEDAR filings, in particular, in ISC's Annual Information Form for the year ended December 31, 2019 and ISC's unaudited, condensed, consolidated interim financial statements and notes and management's discussion and analysis for the three and six months ended June 30, 2020.

Those risks and uncertainties may cause actual results to differ materially from those stated. Today's comments are made as of today's date and will not be updated except as required under applicable securities legislation. This includes statements regarding the acquisition accretiveness and the integration and growth.

Today's conference call is being broadcast live over the Internet and will be archived for replay shortly after the call on the Investors section of our website. I'll now turn the call over to Jeff.

Jeff Stusek: Thank you, Jonathan, and good morning to everyone joining us for today's call. I hope everyone is safe and continues to stay that way as we start to open back up across the country. While COVID-19 continues to have a serious worldwide impact on both individuals and businesses, our business remains strong. As you will see throughout our reporting documents for the quarter and here this morning, our quarterly results were impacted by the economic conditions created by the pandemic, but the resiliency of our business segments is evident in our results, and to date, the company has not qualified for Canada's Emergency Wage Subsidy program.

In response to the impacts of COVID-19, the company implemented certain items to reduce its operating costs and mitigate the impact of COVID-19. These included a, permanently reducing our lease expense by exiting our Montréal office location in favor for our team working from home; b, pausing discretionary spending in various business units; and c, temporarily laying off employees due to reduced customer activity. I'm confident we have the right team, a strong balance sheet and have taken appropriate action to reduce operating costs to allow us to get through the pandemic, maintain our long-term focus on growth and doing the right thing for our employees, customers, shareholders and other stakeholders.

At the end of June 2020, the Multi-Jurisdictional Registry Access Service went into operation in the Saskatchewan Corporate Registry, along with the other initiating provinces of BC, Alberta, Manitoba, Québec and Corporations Canada. It enables businesses in Canada to register seamlessly in select provinces and territories without having to provide the same information to each jurisdiction.

In addition, subsequent to the end of the quarter, we launched Registry Complete, a redesign of our heritage technology platforms in our Services segment that enables law firms, financial institutions and others to take advantage of more tools, faster turnaround times and a greater array of services. Crucial to the redesign was our ability to incorporate customer feedback and best practices and develop Registry Complete as a best-in-class platform that provides a higher level of efficiency and performance. Thanks to simple and consistent forms, users can effectively search and register across Canada.

All transactions are saved in a secure environment, which offers expanded reporting capabilities, allowing customers to access historical files and the action as needed.

With respect to our long-term focus on growth, since acquiring ESC in 2015 to diversify our business beyond Registry Operations, we have continued to increase our market share based on a reputation for excellent customer service, strong product offerings and attractive pricing. In that regard, as most of you know, last week, we announced the acquisition of substantially all of the assets of Paragon through our wholly owned subsidiary, ESC, for $70 million. These assets now form part of ESC's Recovery Solutions division. This acquisition is consistent with ISC's long-term strategy of acquiring companies with competencies or operations in our industry space. It is a strong strategic fit for us. It's highly accretive on both an earnings per share and a cash flow basis. It's an economically resilient business that performs well in any economic situation, and it has a proven track record to look -- to back it up.

As a result, our Services segment is even better positioned to support the growing needs of the financial institutions and legal firms by providing a portfolio of solutions in the credit life cycle, from loan origination to recovery, including credit due diligence, protection and asset recovery solutions.

On the customer side, and this is a really important point, we will be able to consolidate the customer base and other strategic partnerships, while the combination of our PPSA business and our Recovery Solutions division offer a strong value proposition to our clients. I know that our business development team at ESC is excited to tell our customers all about it. I'm also very pleased to welcome 53 great people to the ISC family.

I'll now ask Shawn to summarize our financial and operating performance for the quarter.

Shawn Peters: Thank you, Jeff, and good morning, everyone. I'll provide you with some of the highlights of our quarter on a consolidated basis and then provide some further commentary about each of our reporting segments and their performance for the reporting period as well as some further color from a financial perspective on our recent acquisition.

As Jeff said, our second quarter results were encouraging in the face of the economic conditions created by the pandemic. The restrictions that have been put in place to control the spread of COVID-19 have negatively affected the ability of our customers and ultimately their customers to transact, which has had a direct impact on our revenue and EBITDA in our Registry Operations and Services segment and ultimately, our net income.

More specifically, on a consolidated basis, revenue for the quarter was $31 million, a decrease of $3.3 million or 9.5% compared to the second quarter of 2019. Net income was $4.5 million or $0.26 per basic and diluted share compared to $5.8 million or $0.33 per basic and diluted share in the second quarter of 2019. Our consolidated expenses were $24.6 million, a decrease of $1.7 million compared to the same quarter last year. And EBITDA was $9.2 million compared to $10.8 million in the same quarter last year, a decrease of 14.8%.

The EBITDA margin for the second quarter was 29.5% compared to 31.4% in the same quarter in 2019. Adjusted EBITDA was $10.2 million for the quarter compared to $10.9 million in the same quarter last year, with an adjusted EBITDA margin of 32.9% for the quarter compared to 31.8% in the quarter of 2019.

Turning to our business segments. Overall revenue in Registry Operations was $16.2 million for the quarter, down $2.3 million or 12% compared to the same period in 2019 and was $31.7 million year-to-date compared to $34.8 million last year, down 9%. As you would expect, transaction volumes across all registries were lower on a year-over-year basis, resulting in decreased revenue in our Land Registry and Personal Property Registry for the quarter. The pandemic and related restrictions limit the ability or willingness of customers to undertake the activities that result in registry transactions, including home and auto purchases.

As some of the restrictions have started to lift in Saskatchewan, we've seen volumes improving, specifically towards the end of the quarter. The registries have remained operational throughout the pandemic, and our staff have continued to provide service to customers virtually, either online or by telephone.

As Jonathan noted at the opening of the call, please do refer back to our financial statements and our MD&A for further explanations on the impact of COVID-19 in the quarter. In particular, in our MD&A, we have included a graph in Section 3.1, which shows the monthly trending of our registry transactions over an 18-month period. The graph demonstrates the normal stability, consistency and seasonality of our business year-over-year and the clear impact of COVID-19 on Registry Operations beginning in March.

However, what's also important to note is that with the start of the reopening of the economy, we're seeing transaction volumes rise to more normalized levels by the end of the quarter. To the specific registries, revenue for the Land Registry decreased to $11.2 million in the quarter, down from $13.2 million in Q2 of 2019. The decrease compared to the prior year was due to transaction volumes that were down 18.4% for the quarter, a direct result of lower volumes during April and May due to the restrictions imposed for COVID-19. High-value property registration revenue, where each high-value registration generates revenue of $10,000 or more, was down in the quarter at $0.5 million when compared to $1 million in the second quarter of 2019.

Turning to the Personal Property Registry. Revenue was $2.4 million for the quarter, down $0.4 million or 13.4% from the same quarter in 2019. Overall volume was down 16.3% compared to the same period in 2019, where the impact from the restrictions imposed for COVID-19 were observed in April and May, nevertheless, a strong performance in a COVID-restricted environment. Registration revenue in the quarter was down by 13.6% from 2019, while volumes were down 15.8%. Search revenue was down 18.4% on lower volumes, which were down 18.3% compared to last year.

Maintenance revenue was down 3% compared to the same period in 2019 on lower volumes, which were down 5.9%. Revenue for the Corporate Registry for the quarter was $2.5 million, flat compared to the same period in 2019 as pricing changes that came into effect during the third quarter of 2019 offset lower volumes for this quarter. Pricing changes resulted in maintenance revenue growing by 4.2%. Registration revenue declined by 6.3% compared to the same period in 2019, while search revenue was 8.5% lower in the quarter compared to the same period in 2019. The net result is that EBITDA for Registry Operations for the quarter was $7.5 million compared to $10 million for the same period last year, directly as a result of the impact of COVID-19.

In Services, overall revenue for the second quarter was $12.4 million, a decrease of $1.4 million or 10.2% compared to the same period in 2019 and was $24.2 million year-to-date compared to $24.8 million last year, down only 2.4%. More specifically, revenue in Legal Support Services for the quarter decreased slightly to $2.2 million, down $86,000 or 3.8% compared to the second quarter of 2019. Revenue in Financial Support Services for the quarter was $10.2 million, down $1.2 million or 10.8% compared to $11.5 million for the same period of 2019.

As with our Registry Operations, revenue overall was down in the second quarter due to the public health restrictions implemented in response to the COVID-19 pandemic, which negatively impacted transaction volumes in April and May. Again, as with our Registry Operations, as some of the restrictions have been lifted across the country, we've observed volumes improving, particularly towards the end of the quarter.

EBITDA for Services was $2.3 million for the quarter compared to $2 million for the same period last year and was $4.4 million year-to-date compared to $3.5 million last year, up due to the reduced expenses year-to-date.

Finally, Technology Solutions saw revenue of $4.9 million for the quarter, flat compared to the second quarter of 2019. Revenue from external parties for the quarter was $2.4 million, an increase from $2 million compared to the same period in 2019. Internal-related party revenue was down to $2.5 million in the quarter from nearly $3 million in the same quarter last year as a result of less resources used or consumed internally, particularly in Registry Operations.

EBITDA for Technology Solutions increased $0.9 million for the quarter compared to the second quarter of 2019 and was $1.4 million year-to-date compared to $0.2 million last year. EBITDA was up primarily due to reduced expenses as we continue to work to decrease the cost of delivering information technology services overall as well as some minor COVID travel and other related cost reductions.

On to other items. Our capital expenditures were $0.3 million for the quarter compared to $0.8 million for the same period in 2019. Given our current work-from-home environment, certain capital expenditures planned in the quarter have been deferred. With respect to our debt, at June 30, 2020, the company had $17 million of total debt outstanding compared to $18 million at December 31, 2019.

As many of you would have seen this morning, subsequent to the end of the quarter, we announced an increase to our credit facility from $80 million to $150 million with a two-year term. We would like to thank RBC for their continued support as well as welcome CIBC as a new lending partner, whose support we also appreciate in providing this new and increased credit facility. The new facility is available on a revolving basis to finance permitted acquisitions and capital expenditures and for general corporate purposes. Further details on our debt and our credit facilities can be found in our MD&A and our financial statements.

From a liquidity perspective, as at June 30, 2020, we held $24.6 million in cash compared to $23.7 million at December 31, 2019. At June 30, working capital was $22.5 million compared to $17.7 million at the end of last year. The increase in working capital is primarily the result of increased accounts receivable due to revenue growth, increased prepaid and expenses and deposits related to our growth activities and decreased current liabilities due to the timing of accruals related to our short-term incentive plan.

Consolidated free cash flow for the quarter was $7.8 million compared to $8.6 million for the same period in 2019. Again, the decrease in the quarter was due to lower operational results from the impact of COVID-2019 (sic - COVID-19).

Before I conclude, I would like to add a few comments to Jeff's remarks on our recent acquisition. First, from a reporting perspective, with the addition of Recovery Solutions as a new division for our Services segment, beginning in the third quarter, we'll begin to report results on all three of the Services subsegments, Legal Support Services, Financial Support Services and Recovery Solutions.

Second, from a financial perspective, the revenue model for the Recovery business is comprised of various service fees depending on the repossession activities performed, such as a recovery management fee, transport fees, search fees, various pass-through fees and other disbursements and the sales or brokerage fee on the asset sale. Expenses are primarily wages and salaries for employees who provide the recovery management, sellers' fees, IT costs for the case management technology, rent and other various sundry costs.

As we move forward, we don't expect any significant capital expenditures in the business, but we do anticipate some onetime integration costs as we bring the business onto our enterprise shared services systems and move the technology onto our platforms. We also expect some ongoing IT costs as we move to a managed service platform.

Finally, as you're aware, as a result of the uncertainty created by COVID-19, we will not be providing guidance for 2020 at this time, and that includes the potential revenue and EBITDA impact of this acquisition. However, as we noted in our announcement, for the

12 months ended June 30, 2020, Paragon realized revenue of approximately $12.6 million and EBITDA of approximately $7.1 million. And as with most businesses, including ours, as we talked about earlier, there has been some impact to Paragon from the COVID-19 restrictions, particularly in April and May. However, again, like our overall business, this impact is expected to be temporary. If you have any questions, I'll be happy to answer them when we get to the Q&A session.

To conclude then, we also announced yesterday that our Board of Directors approved our quarterly cash dividend of $0.20 per share. The dividend will be payable on or before October 15, 2020 to shareholders of record as of September 30, 2020.

I'll now turn the call back over to Jeff for some concluding remarks.

Jeff Stusek: Thanks, Shawn. Obviously, it's been a busy year for all of us here at ISC since mid-March, but it has been for everyone. What's most important is that everyone here at ISC remains healthy and safe. And I can't stress enough how important it is to me and the executive team that our focus remains on ensuring the continuity of our services with the health and safety of our employees, customers and stakeholders a top priority.

I believe that it is because of this focus that we've been able to deliver a great quarter under the circumstances as well as execute on a transaction that we expect will add value for all of our stakeholders. Given all of this, it would be remiss of me if I didn't recognize everyone across the company, from Dublin to Vernon, for their dedication, hard work and support. Without them, we simply wouldn't have been able to deliver 27 consecutive quarters of profitability since going public in 2013.

During this time, we've successfully diversified the business into new but complementary verticals. We've also expanded our footprint from Saskatchewan to span Canada and added a base in Dublin, which provides solutions to customers around the world. The uncertainty surrounding the duration and potential outcomes of the COVID-19 pandemic remains for the foreseeable future. While we position the company to manage through the situation, as Shawn noted, we continue to be unable, at this time, to predict the full impact of our financial results for the remainder of the year.

However, one thing is clear. ISC has a strong foundation and has grown into a versatile business that cannot only perform but continue to grow even in the most trying circumstances. Not many other businesses can make this claim. I've often said that I'm optimistic or excited about the future. Now you know why.

With that, I'll hand the call back over to Jonathan.

Jonathan Hackshaw: Thanks, Jeff. Operator, we would now like to begin the question-and-answer session, please.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions) Your first question comes from the line of Stephanie Price with CIBC.

Stephanie Price: Just wondering if you could talk a little bit more about the integration plans for Paragon and how we should think about upside from cross-selling here as well.

Jeff Stusek: Well, hey, Stephanie. So at the -- sort of at the outset, Paragon was a stand-alone business, and we plan to sort of keep that business running, business as usual in many ways. However, the great strategic advantage of this is it fits very tightly with some of our customer interactions. And so we've already begun the work on how we can take some of maybe our current customers that need this part of the business and work with them. It also introduces potential new customers that we're looking for the full suite, the end-to-end, if you will, on the credit cycle. And we're already formulating plans and making contacts as it relates to that.

This is a division of our ESC business, and so there will be some sort of natural integration as well as integration with the rest of ISC generally, whether it be through financials and legal and human resources. We're going to take a methodical approach to that integration. We did not acquire this business to remove costs from the business, and that's not the value proposition. The value proposition is around revenue growth and sort of growing our customer base.

Stephanie Price: Okay. That's helpful. And you mentioned some COVID impact in kind of April and May at Paragon. Just wondering what you've seen since that time and how we should kind of think about the business' countercyclical nature.

Shawn Peters: Hi, Stephanie. It's Shawn. Yes. So like most businesses, April and May were tough just because of the restrictions imposed. It was hard to go about any repossession activities during that time when everyone was sort of told to stay home. So there was an impact. Then we started to see that come back in June towards the end of the quarter, as we talked about with our business. And we do expect that will probably continue over the course of the summer. It is a bit hard at this point to predict the total impact of COVID-19 just based on duration and if we see a second wave and that impacts it.

But it does perform, to the second part of your question, I mean, default or recovery performed fairly well in tough economic times. But this is a business that's actually performed very well based on the cost structure and the service levels that it provides. It's performed very well even in the last few years, which have certainly been a positive economic situation.

Stephanie Price: Okay. And maybe one more for you, Shawn. I just wanted to ask a little bit about the sustainability of the current margins into the back half of the year. We noticed some cost cuts and some additional measures that you've taken in the quarter. Can you kind of talk about that sustainability at the back half?

Shawn Peters: Yes. Generally, we expect margins to be similar. As I mentioned, there will be some onetime integration costs and a little bit of extra cost as we scale the platform and move it on to a managed service provider, which is consistent with how we run it. But by and large, we expect margins to remain pretty similar.

Operator: Your next question comes from the line of Paul Treiber with RBC Capital Markets.

Paul Treiber: Just in regards to Polygon (sic - Paragon), the historical growth has been quite strong. Can you outline some of the drivers of that historical growth? Was that impacted by any acquisitions at all? Or is it all organic? And then could you speak to the potential, even market share opportunity or market opportunity on a go-forward basis?

Shawn Peters: Hi, Paul. It's Shawn. So yes, the answer to the first part of your question is that was all organic growth, much like we see and saw in our former AVS acquisition, fairly new companies starting up in the market and winning market share. That's what we're continuing to do with the collateral management side of our business, the part of the AVS that we acquired, and we see the same potential here. It's still a fairly new entrant into this market, and we believe there's lots of upside in the market to gain more market share for that.

Paul Treiber: And turning to the -- your core business, could you speak to -- the chart in the MD&A regarding registry transactions has been very helpful. Can you speak to the linearity of transactions on the Services segment, what you saw through the quarter? And you mentioned that you're now normalized. Can you provide a little more granularity in terms of what that is in comparison to the historical growth that you've seen in that business?

Shawn Peters: Sure. So great question. In some ways, it would be similar. The challenge with that business was it's been growing for us fairly rapidly, and so doing the same type of graphing to show that stability didn't really work. But in the legal subsegment, where it has been fairly stable, you would have seen a fairly similar trend line with just the slower growth.

And you would see the same sort of gap when COVID hit as the transaction slowed down and honestly, the same sort of pickup in maybe a little earlier, end of May into June, that one picked up. It started earlier. The impact of COVID started a little bit earlier in that as Ontario and Québec shut down. But it also came back a little earlier than the Registry Operations, so you would have seen the uptick come late May, early into June and coming back up to the more normalized levels that we would see at this time of the year.

Paul Treiber: And last one for me. Thinking through capital allocation here, you're coming off a fairly large acquisition, and then you just had the regular quarterly dividend announcement. Should we anticipate no change in your plans around capital allocation and continue to be opportunistic around M&A and then continue to pay the dividends for the foreseeable future?

Jeff Stusek: Good question, Paul. I think, obviously, this is a conversation that we have at the Board level fairly regularly. I would say Shawn and I both have talked since 2013 that our intent was to continue to grow the business and look for opportunities to readdress our capital allocation as appropriate. I would say the Paragon acquisition is a demonstration of where we can use capital to grow the business. But at the same time, this is an accretive high cash flow business that might give us the opportunity to take a look at some opportunities, but around the dividend and the like.

But at this point, we're going to stay the course. We still are comfortable with our liquidity, especially with the credit facility adjustments, to be able to execute on growth opportunities as we uncover them or arise -- as they arise, but we are also very comfortable with the business and the cash flow of the business, that we may take a look at some opportunities going forward. But at this point, our plan is to stay the course as it has been.

Operator: (Operator Instructions) Your next question comes from the line of Jesse Pytlak with Cormark Securities.

Jesse Pytlak: Just one quick question. Just given all of the kind of challenges that you've had to work through, through this COVID period, can you maybe speak to some of the best practices that you might have identified that you can kind of implement more permanently as you go forward here?

Jeff Stusek: Good question, Jesse. I think we're still in it, and so we're still learning. I think what was exceptional and not surprising, but I think comforting, was we were able to flip very quickly to a remote work environment for our staff and continue to serve the customers in a very complete capacity. And so there's some good learning there. We made investments in IT that allowed for that shift to happen. I think there's a lot of remote collaboration tools that we were able to take advantage of as a business.

I think we have an example, where our Montréal office, all of our staff were able to continue to work effectively and productively from home, and we made the decision to not reopen that particular facility. We'll continue to take a look at those bricks-and-mortar decisions as they -- as the opportunity arises, if you will.

I would say there's a number of those types of things. Our ability to collaborate across the company was accentuated through COVID because we had to. And we're able to -- we were able -- Shawn and I were able to meet with more investors, and I was able to meet with all the staff members, digitally or electronically. And so I think there's a lot of things we've learned.

We were able to do a fairly big acquisition without being on the ground and utilizing our sort of expertise and tools and our experience and able to execute that fairly seamlessly. So I think there's a lot of things, that I don't have a perfect summation yet. I am not of the opinion that we will never go back to the office because I actually think there's some long-term considerations there, but in some cases, where it makes sense, we're going to make some choices, for sure.

Operator: (Operator Instructions) Your next question comes from the line of Trevor Reynolds with Acumen Capital.

Trevor Reynolds: So the majority of my questions have been answered, but just on the Technology Solutions side, you guys hinted that there might be some delays there. Maybe just an update on that from what you guys are seeing now.

Jeff Stusek: Sure. So we had sort of speculated on that in our Q1 that we might see some impact as we were getting -- setting up working from home and we were seeing financial institutions and lawyers and our other customers do the same. Governments and other jurisdictions were having the same challenge of getting their folks working from home. And so we speculated that, that might contribute to some project delays.

And in fact, we have seen that. Nothing that we would say would be extraordinary or unexpected, but we're certainly seeing a little bit of a delay as they had to put it on hold while they worked on either COVID directly or COVID impacts in their own jurisdiction or just had to get the technology figured out. So at this point, we're still expecting most of what we had thought would happen in 2019 from a Technology Solutions project perspective to happen, just maybe the timing of the quarters might be a bit different.

The other impact or the other update we would have is, as we also speculated at Q1, that there might be some pipeline impact to that. And we're working hard. We've been participating in virtual conferences that are happening. And so we're actively working on that front as well. But it is changing the way we do business as well as a lot of other folks have to do business.

Trevor Reynolds: Perfect. And then just on the costs of the integration of Paragon, is it -- I know you're not providing too much guidance on that front. But just, is there any dollar figures to -- that you expect on that front or anything additional to help out with modeling that?

Jeff Stusek: Yes. At this time, I can't really speak to that, but I would say in the context of the overall business, they won't be significant. They will be what you would expect for sort of integration onto an HR or a finance system and in moving to a managed service platform, just changing the technology and moving it up to a cloud. So I can't give you a specific dollar figure, but they're certainly not super significant overall.

Trevor Reynolds: Okay. And that's all available to do remotely, I assume?

Jeff Stusek: Yes. Yes. Having said that, we do have some folks on the ground in Ontario. As you know, Services is headquartered in Toronto and this is in Ontario as well. So we have some of our technology and our operation folks there that are helping that out on the ground.

Operator: Your next question comes from the line of Colin Stewart with JC Clark.

Colin Stewart: Just one quick question really around M&A. And I was just -- I mean, after having executed this transaction, just wondering how this potentially impacts your appetite for future acquisition opportunities. And I mean, do you feel there's a lot of heavy lifting around the Paragon deal that would sort of preclude you from looking at other opportunities near term? And -- or is that not the case?

And then just maybe you can comment from a financial capacity. Obviously, you've extended your credit line and got more -- have more room there now. And maybe just speak to sort of your -- both your interest and your capacity on executing on more M&A if opportunities arise.

Jeff Stusek: It's a great question, Colin. I would say our appetite and interest has not changed or waned through this. We continue to look for opportunities that make sense. I don't know how many times I should say that we're not serial acquirers and then we acquire. But Paragon just -- it fit for us, and there was some heavy lifting and I would suggest possibly maybe a little bit of fatigue, but this ISC team is -- the team always bounces back and we're ready to go, and we have the financial, certainly, capacity to continue to look for opportunities that sort of fit in that space, that either add some customer or competency, customer base competency or product to our suite.

So the short answer to your question is this hasn't limited or caused any reconsideration of our acquisition plan going forward, where it fits. And if for the right price and the right deal, we're going to execute on that, and I would say that hasn't changed for 2020 or beyond. And I think that was your question. Is there a follow-up there, Colin?

Colin Stewart: Yes. Maybe just one follow-on, Jeff. I mean has COVID and what you've seen over the last, say, three or four months, has that sort of changed the acquisition opportunity set? I mean in other words, have you seen fewer opportunities and less deal flow? Or have maybe some companies that are facing challenges or owners who are looking for an exit, have you actually seen an increase in deal flow? Or has there really not been any need to --

Jeff Stusek: Great question. I think I would quantify it as similar to what it was prior to COVID. And I would say it's similar for two reasons. One is there's probably a few more business opportunities that may have faced some challenge. That wasn't the case in Paragon, by the way, that we're facing challenge that maybe have arisen. At the same time, the inability to do those sorts of things have sort of tempered that a little bit. So I think, on balance, it's been about the same. And we continue to look at opportunities all the time, and we say no to many more opportunities than we say yes to.

So I don't think the deal flow has changed through COVID. It's just changed the way we've done them and reviewed them. That's all. And that's -- and I think we're actually, probably, in some ways, better off than we were before. And part of that is the experience and the number of acquisitions that we've done, we're able to take a look at sort of that pertinent pieces of information that we need to see if it fits or not.

Operator: (Operator Instructions) Okay, Jonathan, back to you for closing remarks.

Jonathan Hackshaw: Thank you very much, Carmelie. With no further questions, I would like to once again thank everyone for joining us on today's call. And we look forward to speaking with you again when we next report Q3. Have a great day.

Operator: This concludes today's conference call. You may now disconnect.