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PRESENTATION

Operator

Good morning, and welcome to Dun & Bradstreet's Third Quarter 2022 Conference Call. As a reminder, today's call is being recorded, and your participation implies consent to such recording. (Operator Instructions)

With that, I would like to turn the call over to Sean Anthony. You may proceed.

Unidentified Company Representative

Thank you. Good morning, everyone, and thank you for joining us for Dun & Bradstreet's financial results conference call for the third quarter of 2022. On the call today, we have Dun & Bradstreet's CEO, Anthony Jabbour; and CFO, Bryan Hipsher.

Before we begin, allow me to provide a disclaimer regarding forward-looking statements. This call, including the Q&A portion of the call, may include forward-looking statements related to the expected future results for our company and are, therefore, forward-looking statements. Our actual results may differ materially from our projections due to a number of risks and uncertainties. The risks and uncertainties that forward-looking statements are subject to are described in our earnings release and other SEC filings.

Today's remarks will also include references to non-GAAP financial measures. Additional information, including reconciliation between non-GAAP financial information to the GAAP financial information is provided in the press release and supplemental slide presentation. This conference call will be available for replay via webcast through Dun & Bradstreet's Investor Relations website at investor.dnb.com.

With that, I'll now turn the call over to Anthony.

Anthony M. Jabbour *- Dun & Bradstreet Holdings, Inc. - CEO & Director*

Thanks, Sean. Good morning, everyone, and thank you for joining us for our call today. I'll begin with an update on our third quarter results and then provide a general business overview, including some of the more strategic initiatives we have going on. Following my commentary, Bryan will provide additional detail on the third quarter results and an update on the outlook for the remainder of the year. After that, we'll open up the call for questions.

The third quarter was another strong quarter of financial and operational execution. Adjusted revenues for the total company grew 2.7% or 6.6% before the effects of foreign currency. On an organic constant currency basis, we grew 3.9%, while also bringing adjusted EBITDA margin back up to 40%, driven by margin expansion within our organic results.

As global macroeconomic conditions continue to deteriorate, I'm proud of our team's resiliency and ability to deliver results in this challenging environment. While many businesses are facing significant headwinds, we are impacted very little by these external factors, which has allowed us to show our defensible growth profile. With 51% of our revenues under multiyear contracts and 96% gross revenue retention rate and 95% recurring revenues, we continue to build our business into a sustainable mid-single-digit growth engine with further upside from increased innovation, continued market expansion and better leveraging pricing power.

Organic constant currency growth for the total company remains balanced between our North American and International markets. Beginning with North America, the segment grew 4% overall and mid-single digits overall when adjusting for the impact of the GSA. Our Finance and Risk solutions continues to be the primary driver of growth as clients and prospects alike are focusing their efforts on leveraging the highest quality data and analytics during these times of heightened risk and uncertainty. Driven by strong double-digit growth in our Know Your Customer and Know Your Partner platforms, along with the direct integrations of our third-party data and supply chain risk analytics, our Risk business has grown strong double digits for its seventh consecutive quarter.

On the Finance side, we continue to see significant lift in our midsized and large-sized clients as they fortify themselves for the foreseeable future and continue to extend their multiyear contracts that include built-in pricing escalators. On the Sales and Marketing front, we grew 12% overall and 3% on an organic basis, with solutions like Master Data management growing high single digits and our digital marketing solutions growing low double digits.

And while solutions we have invested in, like Hoovers, are now heading in the right direction, we continue to have a mix of legacy solutions and solutions that are in the process of being turned around that are still offsetting the significant progress we have made in the Sales and Marketing solutions set. Overall, with 4% growth in our largest segment and 5% when excluding the impact of the GSA, I'm pleased with the continued momentum we are building upon in North America.

Turning to our International markets. We had another consistent quarter of 4% organic growth on an organic constant currency basis. Similar to North America, Finance and Risk was a key driver as European and Asian businesses are, in some ways, even more exposed to the current geopolitical and financial conditions. And our clients and prospects in those markets are looking to tighten up their credit, compliance and overall risk standards. With the global data set now covering over 500 million entities throughout the world, we give our clients an unparalleled view of current and future financial performance for their borrowers, customers, suppliers and other third-party vendors.

Despite the evolving market and macro landscape, we continue to be laser-focused on delivering long-term value through our guiding strategic principles: innovate solutions and localizing throughout the world; increase our wallet share with strategic clients through expanded data sets and complementary solutions; approach and monetize the small business channel in new and innovative ways; and continue to grow International in both our owned and worldwide network markets.

On the product innovation front, we continue to make significant progress in the rollout of new and innovative solutions and have further improved our Vitality Index to nearly 16%. Most recently, we integrated our fraud and cyber risk products into the Risk Analytics suite, launched D&B Connect Manage, improved Hoovers and expanded it into our e-commerce channel and extended our business disruption offering to include economic uncertainty scores and services.

As stated earlier, we are seeing strong demand for our integrated risk solutions and therefore, recently added the fraud and cyber risk solutions into our comprehensive risk analytics suite to provide clients with a singular end-to-end platform for full risk assessment, underwriting and portfolio monitoring. In addition to strong demand for our risk products, we also see strong growth in our Master Data management solutions.

Our D&B Connect platform, which helps clients to connect to our best-in-class data cloud to clean, consolidate and enrich their data, was expanded in September with the launch of D&B Connect Manage. This powerful new platform layers in additional artificial intelligence and machine learning capabilities to fill in the gaps where there's incomplete data available and identification and resolution of commercial entities. We are already in the process of building pipeline and look forward to closing sales as we gear up for a few of our largest opportunity months in November and December.

We also completed the modification and integration of Hoovers into our e-commerce channel with a new self-serve option and commercial pricing model that allows clients to pay monthly based on usage. With a new UX, enhanced intent data, over 46 million e-mails and 25 million direct dials, we are now positioned to aggressively pursue Hoovers' opportunities with a modified sales model and dedicated seller approach. Early indicators are showing a changing trajectory in sales, and we are excited about the positive momentum as we head into our largest sales opportunity in the fourth quarter.

As we continue to execute and deliver on our new solutions, we also continue to expand our data sets. As stated earlier, we grew our business coverage data cloud to over 500 million DUNS, with 110 million of those in the United States alone. Our partnership with Google continues to perform as we work with their partner, Climate Engine, to create new climate risk products and further leverage that data within our ESG solutions.

And finally, as we head into the fourth quarter, we are focused on helping our clients and prospects to minimize the impacts of a recession. As previous cycles have shown, 3 prevailing themes arise during times like these: First, lending portfolios come under a greater risk of generating losses, if not proactively monitored and actioned upon; second, business fraud rises significantly; and third, capital becomes even more precious. We have already seen the demand for our best-in-class data and analytics rise, and we are adding to it through forward-looking alternative data sets and additional insights such as our blended score.

On the fraud side, we have launched a number of solutions that have already begun to help clients fend off increasing attempts of business identity theft, business misrepresentation and first payment default. And finally, on the capital liquidity side, we are working with a large financial institution where we have modeled a view of their portfolio that could allow them to reduce their need for over $1 billion in capital reserves.

By taking their portfolio and analyzing it at a more granular level and business-specific level, we have provided them the tools to more accurately measure one's true risk, which is imperative in allowing them to free up more capacity to create economic returns on previously inaccessible cash reserves. This is yet another example of where we have gone even closer to some of our largest customers and continue to find and expand use cases that solve some incredibly challenging yet very rewarding problems.

Speaking of solving major issues for large and complex customers, I'm pleased to report that our success with strategic customers has continued to be a pillar of our growth acceleration. Beginning in North America, we won new business with Databricks, a leading data cloud provider that is growing rapidly with a focus on scaling its business to maintain or increase its growth trajectory.

The Databricks sales operations team required additional information to help build its vertical market territories. Through our D&B Data Cloud and our ability to deliver data in a variety of manners, including native API integration into the CRM, they saw the power of the DUNS, its peerless matching capabilities and the broad set of data elements we bring to bear. We were also able to add in members of our data advisory team, which helps clients take their data to even higher levels of value through deep expertise developed through being power users of D&B data in the past.

On the renewal side, 1 of the big 5 American tech companies, and a client that has now been with us for 20 years, renewed and expanded their multiyear contract for our products and data to support several use cases across their business functions, including finance, sales operations and their developer relations organization, where they are fully standardized on the DUNS.

We also renewed and expanded COPAS, a French credit insurer that operates worldwide, in addition to offering debt collection services, factoring and business information and bonds. They continue to use our API solutions to support their underwriting risk processes and have expanded their relationship with us in our MDM practice through the use of D&B Optimizer.

The need to integrate multiple databases throughout the globe was a complex challenge. However, with our single global data cloud, we're able to meet their needs and provide a baseline solution that sets us both up for future success.

And before we move on to our International markets, I wanted to touch on a strong example of how ESG is beginning to make its way into some of our largest clients. For instance, at IBM, the team is looking at ways to better assess the ESG footprint of their vendor base with corporate families for segmentation and remediation of low scoring companies.

While public company data is becoming more readily available, our focus on private companies, both domestically and internationally, is a unique proposition for many of our most significant clients and prospects as we use our proprietary data to drive actual analytics versus modeled ones. With ESG data now being available in our Risk Analytics platform this past quarter, we are beginning to see the green shoots of growth and what we believe could be a significant source of opportunity for us in the coming years.

On the International sales side, we renewed a significant deal with Zurich Insurance and expanded our relationship with Dentons Group, one of the world's largest multinational law firms. We also won a multiyear 7-figure deal with Toyota Material Handling out of Sweden. They will be using our solutions to manage their credit process across 21 European countries, through our Data Blocks API that directly integrates into their SAP system.

Our local presence in Asia has continued to pay dividends with key wins. For example, at Alibaba, we expanded the relationship to include our Master Data management tools to help them organize and update their customer and supplier records in an ongoing and sustainable manner.

And with one of the largest banks in the world, we won a new business to provide a solution that helps them to screen their client shareholders and ultimate beneficial ownership data on a global basis. This win has placed a key competitor in the region and is the first major deal we have landed with this large financial institution. As we continue to take share in our Asian markets, the depth of data and more comprehensive solution sets are creating a differentiation for us in this market.

And finally, we landed a deal with Fresenius Medical Care in Germany. They operate multiple centers throughout the region, with 122,000 employees and over EUR 17 billion in annual revenue. And they selected our Data Blocks API to facilitate stronger compliance practices and for their Master Data management applications.

While large businesses throughout the world are looking to tighten lending standards and make better credit decisions, SMBs are on the other side of the equation. For that reason, we are looking for more and different ways to illuminate the true credit profiles of small businesses and allow them an enhanced ability to access capital.

For instance, last week, we released a new SMB business launch offering that helps new pre-revenue businesses establish themselves with a combination of our existing solutions and our new DUNS registry seal, which displays the D&B branded logo that provides credibility and authenticity for a business online.

In addition, last quarter, we announced our partnership with Lendio and have already completed 2/3 of our integration. This is allowing both newly formed businesses and ones that are already growing to have rapid access to small business capital offers through our My D&B portal. While the focus is initially with North American SMBs, we're also localizing these solutions to bring them to bear in our markets throughout the rest of the world.

And with more and more localization, our International business continues to accelerate across all markets, including the UKI, Europe and Asia. For example, with the continued rollout of localized solutions, our revenues for the D&B products in Europe grew 22% in the quarter. As discussed on the last call, we continue to focus on the remaining migration of legacy finance solutions onto our latest Finance Analytics platform and are also progressing with the migration of smaller legacy solutions that are spread throughout our product segments.

By continuing to sundown and transition legacy solutions, we gained the benefit of accelerated growth, increased stickiness and enhanced upsell opportunities on the back of our most modern and innovative solutions. The International business continues to consistently strengthen, and as we bring new and modern solutions to the markets, we are confident in our ability to accelerate growth and profitability in the regions.

Overall, I'm very pleased with the way we have executed year-to-date and believe Dun & Bradstreet is uniquely positioned in the market due to our combination of high-quality revenues, increasing innovation, strong margins, solid balance sheet and disciplined capital allocation. I look forward to continuing to report on our progress over the coming quarters. And I'm especially excited to host many of you at our upcoming Investor Day in February of 2023. I look forward to having the opportunity to provide a detailed review of our solution sets, their expected longer-term growth prospects and some in-person demos and discussion with our fantastic management team.

With that, I'd now like to turn the call over to Bryan to discuss our financial results for the third quarter in more detail and the outlook for the remainder of 2022.

Bryan T. Hipsher - *Dun & Bradstreet Holdings, Inc. - CFO, Executive VP & Treasurer*

Thank you, Anthony, and good morning, everyone. Today, I will discuss our third quarter 2022 results and provide an update on our guidance for the remainder of the year.

Turning to Slide 1. On a GAAP basis, third quarter revenues were $556 million, an increase of $14 million or 3% compared to the prior year quarter and 7% before the effect of foreign exchange. Net income for the third quarter was $8 million or a diluted earnings per share of $0.02 compared to a net income of $17 million for the prior year quarter or a diluted earnings per share of $0.04. The decrease in net income of $9 million for this quarter was primarily due to investments in data and data processing and higher nonoperating costs.

Turning to Slide 2. I'll now discuss our adjusted results for the third quarter. Third quarter adjusted revenues for the total company were $556 million, an increase of 3% or 7% before the effect of foreign exchange versus the prior year quarter. Revenues on an organic constant currency basis were up 3.9%, which included a 1.1% headwind from the roll-off of the GSA contract.

Third quarter adjusted EBITDA for the total company was $223 million, an increase of $3 million or 1%. This included a headwind of $4 million from the impact of foreign exchange resulting from a strengthening U.S. dollar. The $7 million of underlying increase was driven by organic revenue growth, partially offset by investments leading to higher data and data processing costs.

Third quarter adjusted EBITDA margin was 40%, a decrease of 60 basis points compared to the prior year quarter. However, excluding the impact of acquisitions, adjusted EBITDA margin expanded to 41%. Third quarter adjusted net income was $123 million or adjusted diluted earnings per share of $0.29 and remained flat in comparison to the prior year quarter. This was driven by higher EBITDA, offset by higher nonoperating expenses.

Turning now to Slide 3. I'll now discuss the results from our 2 segments, North America and International. In North America, revenues for the third quarter were $404 million, an increase of 8%. Excluding the impact of foreign exchange and acquisitions, North America organic revenues on a constant currency basis increased 3.8%.

In Finance and Risk, revenues were $224 million, an increase of 5%, primarily due to strong double-digit growth in our third-party and supply chain risk management solutions and solid single-digit growth in our Finance Solutions, partially offset by lower revenues in our public sector, driven primarily by the conclusion of the GSA contract at the end of April.

In Sales and Marketing, revenues were $180 million, an increase of 12%. The growth was primarily driven by our marketing solutions, which includes Eyeota and NetWise as well as growth in our Master Data management solutions. Excluding the acquisitions, Sales and Marketing grew 3%.

North America third quarter adjusted EBITDA was $188 million, an increase of 2%, primarily due to higher organic revenue growth, partially offset by investments leading to higher data and data processing fees. Adjusted EBITDA margin for North America was 47% or 48%, excluding the acquisitions.

Turning to Slide 4. In our International segment, third quarter revenues were $153 million, a decrease of $15 million or 9% and an increase of 3% on a constant currency basis. Organic revenues on a constant currency basis increased 4.3%.

Finance and Risk revenues for the third quarter of 2022 were $102 million, a decrease of $7 million or approximately 6% and an increase of 6% on a constant currency basis. Growth was driven across all markets, and in particular, higher sales from our finance solutions in Europe and Asia.

Sales and Marketing revenues for the third quarter of 2022 were $51 million, a decrease of $9 million or 14% and a decrease of less than 1% on a constant currency basis. The decrease in revenue compared to the prior year period is due to the divested B2C marketing business in Germany. Excluding the impact of the divestiture, growth was approximately 2%.

International third quarter adjusted EBITDA was $52 million, a decrease of $2 million or 4% compared to the prior year period. The decrease was primarily due to the negative impact from the strengthening U.S. dollar, partially offset by organic growth in the underlying business. Adjusted EBITDA margin was 34%, a 160 basis point improvement versus the prior year period.

Turning now to Slide 5. I'll now work through our capital structure. As of September 30, 2022, we had cash and cash equivalents of $204 million and total principal amount of debt of $3,651 million. The $3,651 million in principal is made up of: $460 million of unsecured notes at 5%, which mature in 2029; term loans of $2,687 million at LIBOR plus 325 that matures in 2026; $458 million at SOFR plus 325 that matures in 2029; and borrowings of $46 million under our revolver.

The LIBOR-based term loan has $1 billion floating to fixed swap effective through March 2024 at 0.467%. And the SOFR-based term loan had $250 million swapped from floating to fixed through February 2025 at 1.629%. We also have 3 cross-currency swaps at $125 million each that settle in July of 2024, '25 and 2026.

We had $804 million available on our $850 million revolving credit facility as of September 30, 2022. Overall, our weighted average interest rate was 4.8% as of September 30, 2022. Our leverage ratio was 4.0x on a net basis. And the credit facility senior secured net leverage ratio was 3.5x.

Turning to Slide 6. I'll now walk through our outlook for 2022. We expect total adjusted revenues on a constant currency basis to increase 5.5% to 6.5%. And we now expect adjusted revenues after the effect of foreign currency to be in the range of $2,215 million to $2,235 million or an increase of approximately 2.1% to 3.0%. This update reflects a 3.4% headwind to revenue after the effect of foreign currency, due primarily to the continued strength of the U.S. dollar versus the euro; Swedish krona; and in particular, the British pound in the second half of the year. For revenues on an organic constant currency basis, we are narrowing our range to 3.5% to 4.4% for the full year, with the midpoint of our guidance remaining consistent.

Adjusted EBITDA is expected to be in the narrowed range of $865 million to $885 million, taking into account the continued strength of the U.S. dollar I just mentioned. We continue to expect interest expense to be in the range of $185 million to $195 million. And finally, we are narrowing our expectation of adjusted EPS to be in the range of $1.10 to $1.14.

Additional modeling details underlying our outlook are as follows: depreciation and amortization expense of approximately $90 million, excluding incremental depreciation and amortization expense resulting from purchase accounting; adjusted effective tax rate of approximately 24.5%; CapEx of around $180 million; and weighted average diluted shares outstanding of approximately 430 million. With the exception of the continued strengthening of the U.S. dollar, the third quarter came in largely as expected. With organic constant currency growth of 3.9% for the quarter and 4% year-to-date, we are on track to execute against our original growth expectations for the year.

On the EBITDA side, we are narrowing our guidance to account for the full year impact of currency and excluding that, have been right on where we would have expected for the year. In Q4, we look to return to expanding both organic and total EBITDA margins as revenue growth comes on at more normalized contribution margins. We are mindful on focusing our team's time, attention and energy on continuing to drive increased value to our clients and thus allowing our continued improvement in organic constant currency growth.

With new innovations, material enhancements to existing solutions and an expanding global portfolio, we are excited about the opportunities in front of us and look forward to discussing that and much more at our upcoming Investor Day at the New York Stock Exchange on February 22, 2023.

With that, we're now happy to open the call for questions. Operator, will you please open up the line for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) The first question comes from Seth Weber, Wells Fargo.

Seth Robert Weber - *Wells Fargo Securities, LLC, Research Division - Senior Equity Analyst*

I was wondering if you could just comment on just what you're seeing kind of in the sales -- in the selling cycle, whether you're seeing kind of any discussions taking longer than expected, whether you're getting any pushback on pricing? Maybe we'll start there.

Anthony M. Jabbour - *Dun & Bradstreet Holdings, Inc. - CEO & Director*

Sure. Thank you, Seth. What I'd say on the sales cycle is we're, for the most part, not seeing any changes there. Where we are seeing them is mostly in our inside sales focused at the smaller end of our client base. And that segment is less than 10% of our revenues. But we've seen about a 10-day elongation of the sales cycle, so nothing significant.

Bryan T. Hipsher - *Dun & Bradstreet Holdings, Inc. - CFO, Executive VP & Treasurer*

And then, Seth, on the pricing side, I would say a couple of things. One, the fact that we have 51% of our revenue is under multiyear contracts with the built-in price escalators, a lot of that is flowing through, and we're seeing kind of that natural uptick from that perspective.

In terms of how renewals are going or how new customers, it's really been about quality, right? And when you look at this overall kind of macroeconomic environment, things are getting tighter, things are getting tougher and really working with the highest quality data providers, the highest quality analytics, that's where more of the conversation has been going versus a pricing conversation.

Seth Robert Weber - *Wells Fargo Securities, LLC, Research Division - Senior Equity Analyst*

Got it. That makes sense, Bryan. And then if I could just follow up, Bryan, on your comment about margin expansion. Would you expect EBITDA margins to be up year-over-year in both North America and International in the fourth quarter? Or was that comment just overall company margin up?

Bryan T. Hipsher - *Dun & Bradstreet Holdings, Inc. - CFO, Executive VP & Treasurer*

Yes. So I mentioned it overall, but I would expect it to be on both sides, Seth. One of the things, if you remember, going into the fourth quarter, so in the third quarter, we were able to expand what I would call organic margins. If you remember, NetWise and Eyeota had come in, in November of last year. And so we'll be lapping them, and they'll be in our full year results by November and December. And so I would expect to see both organic and total company margins expand, and we should see that across both the International segments and North America.

Operator

The next question comes from Kyle Peterson, Needham.

Kyle David Peterson - *Needham & Company, LLC, Research Division - Senior Analyst*

Just wanted to see if you guys could remind us, particularly on your kind of structure of costs and how FX could potentially impact that. We can see that it is kind of hitting the revenue line here a little bit, but how much of a natural offset is there on the cost side to help kind of protect EBITDA if the dollar keeps strengthening like it has?

Anthony M. Jabbour - *Dun & Bradstreet Holdings, Inc. - CEO & Director*

Yes, I'll start, and then I'll pass it to Bryan. We do have, I'd say, a natural hedge in the business. So we're not an American company building a product here and just selling it overseas. We have thousands of employees overseas in international markets offsetting the -- so having a lower expense base, obviously, with a stronger U.S. dollar and offsetting the revenue. And we also have an expense -- pure expense base in Ireland, where we have a good part of our technology team. So we have some natural hedge built into it.

But Bryan, is there anything else you'd add to that?

Bryan T. Hipsher - *Dun & Bradstreet Holdings, Inc. - CFO, Executive VP & Treasurer*

Yes, Kyle. I mean what's interesting is if you kind of think about, hey, start with the International segment margins where they're around 30%, that would be the flow-through. But to Anthony's point, with our operations in Ireland that really support the overall global enterprise, it brings that down to something that's more in the, call it, 15% to 20% incremental impact range. And so when we talk about 3.4%, which is roughly, call it, $75 million, you're talking $11 million or $12 million of EBITDA impact on a full year basis.

So again, really nice that we have our expenses, our teams, our costs in those regions to kind of offset any of that revenue FX volatility.

Kyle David Peterson - *Needham & Company, LLC, Research Division - Senior Analyst*

Got it. That's really helpful color. And then just a follow-up on capital return plans. Obviously, good to see EBITDA and cash flow remain really strong here. Just wanted to get your appetite for potentially returning capital to shareholders through the form of buyback. Obviously, it's nice to see the quarterly dividend, but at least with the stock at these levels, kind of what are your thoughts on potential buybacks here? Obviously, the math seems like it would make a lot of sense here.

Anthony M. Jabbour - *Dun & Bradstreet Holdings, Inc. - CEO & Director*

Yes, I'll take that. What I'd say is we still believe, obviously, the highest and best use of capital is investing in our organic acceleration of growth, and we continue to have a lot of confidence there. We're also still looking for M&A, but obviously, being very thoughtful around that.

And what I'd say in general, private markets have not caught up to public markets. And so it would have to be something obviously that would drive real shareholder value for us to do something in terms of a tuck-in acquisition. But we'll continue to pay down our dividend, delever below the 4x, like we've talked about.

But to your question, Kyle, we'll also look for strategic opportunities to repurchase shares. And as liquidity continues to open up in the share base, we'll consider a more structured repurchase program.

Operator

The next question comes from Andrew Jeffrey of Truist Securities.

Gustavo Andre Gala - *Truist Securities, Inc., Research Division - Research Analyst*

It's Gus stepping on for Andrew. I wanted to talk a little bit about the new product introductions and see -- get your comments on success of cross-sell there.

Anthony M. Jabbour - *Dun & Bradstreet Holdings, Inc. - CEO & Director*

Yes. What I'd say was a key focus for us was on accelerating the innovation here and driving more value from that. And we just had a client advisory Board meeting last week. And the feedback from them was very positive in terms of really where we're taking the business, the type of new innovations that we're bringing to market.

I'd say the ones that we mentioned are typically our latest one. So from a pure sales cycle, we're at the stage of building pipeline versus closing deals, they're very new that we're introducing to you. And we're excited about the pipeline building across all of these. But I really feel, like I said, by staying close to our clients, really understanding their challenges and opportunities, we can co-innovate, and that's what they want to do with us. And we're very excited about the amount of new capabilities that we're bringing to market and the pace of them.

Gustavo Andre Gala - *Truist Securities, Inc., Research Division - Research Analyst*

Got it. And then on the S&M side, there was like about 3% underlying growth in the U.S. Looking at ZoomInfo, it got tattooed yesterday, for lack of a better word. Could you talk a bit about the competitive environment there?

Anthony M. Jabbour - *Dun & Bradstreet Holdings, Inc. - CEO & Director*

Yes, sure. What I'd say, we have between $90 million and $100 million of revenue of our business that competes with ZoomInfo and many others in that segment, so a relatively smaller part of our business. And it was an area where we hadn't focused initially as we were transforming the broader company. We were focused, like I said, more on the bigger boulders and rocks.

But we have been very steadily investing in and really, I'd say, have crossed an inflection point with our Hoovers' capability and where we have a very competitive offering now that we're very proud of. As I mentioned in my prepared remarks, we've got a dedicated sales team reaching back out to clients who have left over time and winning back. And we're seeing a good number of those come back from competitive takeaways. So we're excited about the offering that we have right now across the data, the user experience.

But also, as we talk about, every dollar needs to count. And so for sales and marketers now and going into next year, also tying in some of our other capabilities such as what's the risk of selling to a client that won't be able to pay you in the end anyway, is that where you want to focus your resources and efforts? So we're bringing in everything that we have into that discussion as well with our clients. And so we're excited with -- like I said, we see a different trajectory in that business right now, and we're really excited to see the investments starting to pay off.

Operator

The next question comes from Stephanie Moore of Jefferies.

Hans Peter Hoffman - *Jefferies LLC, Research Division - Equity Associate*

This is Hans in for Stephanie. You guys kind of talked about ESG data being sort of a big opportunity for you guys, starting to see some green shoots. Could you maybe just frame for us how big that is today? And maybe how big it can get? Just any additional detail you'd like to provide.

Anthony M. Jabbour - *Dun & Bradstreet Holdings, Inc. - CEO & Director*

Yes. Maybe I'll start with some feedback. And Bryan, you can quantify it?

Bryan T. Hipsher - *Dun & Bradstreet Holdings, Inc. - CFO, Executive VP & Treasurer*

Sure. Yes.

Anthony M. Jabbour - *Dun & Bradstreet Holdings, Inc. - CEO & Director*

Really, with many of our clients, ESG is just one of those topics. It's one of the most -- I also saw a chart on what CEOs across industries are talking mostly about an ESG sustainability climbers, that whole group is in that top quadrant of where everyone is focused on right now. So for us, it's a great addition to our risk analytics platform as you look at the total risk with the counterparty. And so as we look at what we're trying to provide to our clients, it's really that holistic 360-degree view. And ESG is clearly one of those. So we mentioned the 1 client with IBM in the prepared remarks, but we've got lots of exciting things I'd say cooking there.

Bryan T. Hipsher - *Dun & Bradstreet Holdings, Inc. - CFO, Executive VP & Treasurer*

Yes. And so we're just in kind of the early innings, right? And so I'd say, we have a few million in sales and certainly a large amount of pipeline building and discussions progressing. One of the things that we've mentioned before too is the more regulation that comes out, and you're seeing some of it solidify, for instance, from the SEC that starts to talk about Scope 3 emissions, for instance.

And when you start to think about the assets that sit in our data cloud and the ability to really match that parent-child relationship and understanding not just the vendor or your partner, but the vendors and the vendors of their vendors. All of that kind of hierarchy and connectedness puts us in a pretty unique position to solve, not just kind of public company type of disclosure, right, but really when you think about supply chains and third-party networks in those private companies, that's where we feel like we're going to have differentiation here over the next few years.

Hans Peter Hoffman - *Jefferies LLC, Research Division - Equity Associate*

Got it. That's very helpful. And then I guess my follow-up. How should we think about D&B's pricing strategy going forward? How do you think about price increases, maybe enterprise versus seat-based contracts, multiyear versus annual contract exposure? And anything else you want to call out?

Anthony M. Jabbour - *Dun & Bradstreet Holdings, Inc. - CEO & Director*

Yes, I'd say we continue to execute against our pricing strategy that we talked about previously. We have a mix of multiyear contracts that have CPI-like increases in them. We've also increased base prices this year due to the inflationary environment with some of the pricing escalators. But it's a solid lever of growth for us overall. And it's going as we expected.

Certainly, some products will have more pricing power than others, and certain clients will be more price sensitive. So again, like we're seeing the smaller clients being more price sensitive than the medium to larger clients. But for the most part, like I said, it's really right down the middle of the fairway in terms of what we said we'd be doing is what we are doing. Thank you, Hans, sorry.

Operator

The next question comes from Manav Patnaik of Barclays.

Unidentified Analyst

This is [Brendan] on for Manav. I just want to ask real quick on the guidance. Typically, Q4 is the strongest quarter, obviously, for not just the revenue value, but also for the growth. And you've done 4% through 9 months. So it seems like for Q4, you're kind of seeing a similar number for growth. Now I know the old GSA contract's running off, but that's also been on the last couple of quarters too, that's been a headwind. So just -- is it -- is there a little conservatism just around the sales cycle? Is it just conservative? Or if you could just talk more on that.

Bryan T. Hipsher - *Dun & Bradstreet Holdings, Inc. - CFO, Executive VP & Treasurer*

Yes, I'll start off. I mean if you think about it, you hit it right. Year-to-date, we've been at 4%. If you look at the midpoint, it's right around that 4%. We did 3.9% in the third quarter, and the GSA does have the kind of biggest impact in the fourth quarter, consistent with what it was in the third quarter. So we gave and tightened up the range from that perspective. There's always a little bit of give and take from that perspective in terms of sales delivery, usage for future, all those different things.

So again, I think for us, we're very confident in our ability to continue to execute. And so that's why we were able to, one, maintain the range that we provided at the beginning of the year, which, as you know, a lot of other businesses have had a lot of more volatility from that perspective.

And second, again, just tightening that, right, as we close into the fourth quarter, which you mentioned big sales opportunity for us and a big revenue opportunity for us. So again, I think we were pretty consistent in how we thought about the quarter coming in.

Anthony M. Jabbour - *Dun & Bradstreet Holdings, Inc. - CEO & Director*

The other thing I'll add to that, Brendan, is we worked at flattening out the quarters over the past number of years with these multiyear contracts and having them renew at different times versus always in the fourth quarter. Because obviously, it's a lot of risk going into a fourth quarter, that's when all the sales are going to happen. So we've been intentional about spreading them over the past few years.

Unidentified Analyst

Okay. Great. And then just a follow-up, and you might have given this, but can you give us the growth numbers this quarter for NetWise and Eyeota?

Bryan T. Hipsher - *Dun & Bradstreet Holdings, Inc. - CFO, Executive VP & Treasurer*

Yes. So NetWise and Eyeota grew each in the double digits, Brendan. And so when you look at the overall Sales and Marketing North America, it was up closer to 8%, in Anthony's remarks, and then we were about 3% on an organic basis. So that translates into teens growth for those 2.

Operator

The next question comes from Ashish Sabadra of RBC Capital Markets.

Ashish Sabadra - *RBC Capital Markets, Research Division - Analyst*

I just wanted to focus or drill down further on the margin question earlier. Data and data processing -- increases in data and data processing costs have been also weighing on the margins a bit. You're talking about margin expansion going forward. My question was what are we seeing from a cost perspective? And as some of the pricing increases and operating leverage starts to roll through, how should we think about margin expansion not only in the -- we are getting obviously margin expansion in the fourth quarter, but also setting up for next year. Any preliminary color will be helpful.

Bryan T. Hipsher - *Dun & Bradstreet Holdings, Inc. - CFO, Executive VP & Treasurer*

Yes, sure, Ashish. Thanks for the question. And as we talked about in the first and second quarters actually on a total and on an annual organic basis, those day-to-day processing cost investments were actually weighing on margins. And so this quarter, we saw organically, it expanded. And so call it about 20 bps. And then by the time we get into the fourth quarter, we will have strong revenue growth flowing through at the right contribution margins. And then NetWise and Eyeota will be in that comparison of Q4 of last year to Q4 this year.

And so as we set up into next year, we've really lapped, I would say, a majority of those headwinds. We'll have the GSA in the first quarter of next year at a full 3 months. But outside of that, certainly, the investments that we've made, whether it's in ESG data, whether it's in shipping data, whether it's in these other alternative data sets that are really giving us a differentiation in the market right now, an ability to continue to accelerate our organic growth, we'll see that natural flow through we've talked about, which is generally on like mid-single digits, 50 to 100 bps of margin expansion. So we'll get into, obviously, guidance and discussion in February.

Looking forward, obviously, I know Anthony and I, through reporting results and talking about 2023, but also in the Investor Day, being able to speak about what we think the new kind of medium- and longer-term growth prospects are. And that will reinforce, obviously, our ability to continue to expand margins on this leverage business.

Ashish Sabadra - *RBC Capital Markets, Research Division - Analyst*

That's very helpful color. And maybe drilling down further on Europe, looks like -- I just wanted to see, with this whole legacy migration mostly behind us, how is the Bisnode growth trending? You obviously talked about some pretty good sales momentum there. How should we think about growth in Europe going forward, particularly in light of some of the macroeconomic challenges there?

Anthony M. Jabbour - *Dun & Bradstreet Holdings, Inc. - CEO & Director*

Yes, I'll start then, Bryan, you could add on.

Bryan T. Hipsher - *Dun & Bradstreet Holdings, Inc. - CFO, Executive VP & Treasurer*

Yes.

Anthony M. Jabbour - *Dun & Bradstreet Holdings, Inc. - CEO & Director*

We're very pleased with the results, like I mentioned, in D&B Europe, the D&B products, growing 22% and us migrating to our Finance Analytics suite. We've migrated thousands of clients. And again, as we keep pointing to the decisions we made for the long term, an initial migration takes more cost and priority than it drives revenue, but it sets you up to then cross-sell a lot of products into your latest suite and to drive a lot more new products to your client base to renew more strongly, have stronger pricing power.

So it's a really strategic important thing that we're doing, and I'm really proud of the team and the great execution of really thousands and thousands of flawless migrations for clients in Europe. But Bryan, anything else you want to add to that?

Bryan T. Hipsher - *Dun & Bradstreet Holdings, Inc. - CFO, Executive VP & Treasurer*

Yes. Ashish, Bisnode actually, in what we call now D&B Europe, stepped up and is growing now similar to the overall growth rate in the third quarter for the international market. The rest of the markets in the UKI and Asia grew well. The worldwide network had a pretty tough comp in the third quarter year-over-year. But then in the fourth quarter, you'll continue to see that strength in Europe and then the rest of the markets continuing to accelerate.

So really, I think to Anthony's point, proud of the change of what was, in essence, a negative 2% growing business to now something that's in that kind of low single digits and starting to catch up with the International segment that was growing more in the mid- to high single digits. So really great progress there and again, look forward to continuing that momentum through the remainder of this year and really into next year.

Operator

The next question comes from Andrew Steinerman of JPMorgan.

Alexander Eduard Maria Hess - *JPMorgan Chase & Co, Research Division - Analyst*

This is Alex on for Andrew Steinerman. I want to briefly just return to the discussion of fourth quarter organic constant currency revenue growth. When we spoke last quarter, you guys had still been guiding towards 4Q accelerating on an organic constant currency basis from 3Q. Is that still the case? And to what degree your maybe lower amounts of forfeitures or usage in the fourth quarter are going to maybe weigh on that?

Bryan T. Hipsher - *Dun & Bradstreet Holdings, Inc. - CFO, Executive VP & Treasurer*

Yes. So Alex, thanks for the question. Again, if you look at the progression of how things have gone, we did about 3.9% in the third quarter. So obviously, anything at kind of 4% puts you in that strike zone of continued acceleration. But really, for us, to Anthony's point, we've kind of balanced out and tried to derisk, obviously, the fourth quarter as much as possible. And so executing on the third quarter was very important. And then again, executing again in the fourth quarter is what we have in our mind. So it's right in that strike zone, and again, very consistent with the 4% year-to-date growth we've shown already.

Alexander Eduard Maria Hess - *JPMorgan Chase & Co, Research Division - Analyst*

Got it. And then as a follow-up, maybe looking out for an early -- going to '23, you have NetWise and Eyeota sort of coming into the organic constant currency number in 4Q. You have a lot of sort of product innovation. You're lapping GSA in the first quarter of next year. Are there any maybe drags to being sort of in the mid-single digits or even the higher end of that mid-single-digit range in 2023 that maybe haven't been discussed on the call thus far?

Bryan T. Hipsher - *Dun & Bradstreet Holdings, Inc. - CFO, Executive VP & Treasurer*

Yes, Alex, certainly, we want to get into more guidance discussions in February, right, when we get things formally -- but you're right, when you look at the things like NetWise and Eyeota continuing to grow and grow strongly, you're right, the GSA has the first quarter. And then remember, it's about a month, right, because it came off in April, the second quarter. But outside of that, I think that's the road that we've been on, right, and the progression that we've been on, the continued ability to express price increases, right, the continued high retention rates, the introduction of new products, the acceleration and migration of the Bisnode in the Europe acquisition.

And so those are all the things that continue to allow us to execute against what has been our original kind of road map, which is that mid-single-digit -- sustainable mid-single-digit growth.

Operator

The next question comes from Heather Balsky of Bank of America.

Heather Nicole Balsky - *BofA Securities, Research Division - VP*

I guess my first question is with regards to your Master Data management. You talked about a fair amount, it's doing well. Can you talk about sort of your business proposition with regards to what you offer, how competitive you are and why you think that business is pretty defensive, especially if we go into a downturn?

Anthony M. Jabbour - *Dun & Bradstreet Holdings, Inc. - CEO & Director*

Sure, Heather. If you talk to any of the executives, everyone will say that they want to leverage data and insights that they can drive from that data to really drive their business. And so at the heart of it, you'd say, do you have confidence in the quality and the depth of the data that you have? And what we've been able to provide to clients and what we continue to enhance, like with the latest announcement we made around D&B Connect Manage, is that we're constantly adding more and more capability. With the latest release, it's identifying maybe clients where there's not lots of information about certain businesses, but being able to use AI and machine learning to identify them and to bring more visibility to our clients about some of these other businesses that are out there.

And certainly, the ability to leverage the DUNS number is always a very, very strong advantage. It's embedded in the workflows of many of our clients. It's proven to be very, very sticky. And as we're heading, what many believe, into macroeconomic uncertainty next year, making sure that they have the most up-to-date and accurate data is critical for any business. But we're seeing it in the conversations we're having with our clients, and we're also seeing it in the buying patterns from them. So we feel really good about our Master Data management capabilities, and we're going to continue to advance them.

Heather Nicole Balsky - *BofA Securities, Research Division - VP*

And I have another question on price. I know you already got a question on kind of your pricing strategy, but can you just update us on, one, where are you shaking out on price this year versus, I think, you had said 2% for the year? And then as you look into next year, kind of what you're on track to do with regards to price?

Anthony M. Jabbour - *Dun & Bradstreet Holdings, Inc. - CEO & Director*

Yes. We had targeted to 2% this year, and that is where we are. In terms of next year, I know we'll discuss that in February.

Bryan T. Hipsher - *Dun & Bradstreet Holdings, Inc. - CFO, Executive VP & Treasurer*

Yes.

Anthony M. Jabbour - *Dun & Bradstreet Holdings, Inc. - CEO & Director*

As part of the overall plan. But I'd say all the actions that we've been talking about over the last few years in terms of growing the business and the operational initiatives that we have underway, I'd say, are all on track.

Bryan T. Hipsher - *Dun & Bradstreet Holdings, Inc. - CFO, Executive VP & Treasurer*

And, Heather, definitely, as we've progress through the year, right, as the kind of multiyear contracts come up into that 12-month, it stacks all on each other. So we'd expect it to be north of up 2%, right, as we head into 2023. And especially, we're really running a similar type of playbook, I would say, in Europe, right? And so the first big step was to get a lot of those legacy solutions, kind of aged solutions migrated over onto Finance Analytics and our more modern products and then take that next step to start to take price, right?

And again, it's difficult to be taking price on something that hasn't been updated in 15 years, right? It's a lot easier when it's on your best, brightest and most modern applications. So very much on track and look forward to that continuing to be a lever of growth for us in '23 and frankly, beyond.

Operator

Our final question comes from Craig Huber of Huber Research Partners.

Craig Anthony Huber - *Huber Research Partners, LLC - CEO, MD & Research Analyst*

My first question, I just want to get a sense, if we go into much tougher economic backdrop here, how much flexibility you think you have in your cost base maybe on a percentage basis, like in the U.S., to take out cost in a much tougher environment? For example, if -- like sort of worst case, if next year, if organic revenue growth was, say, flat next year in North America, could you keep margins flat for the year without doing damage to your business long term? That's my first question.

Bryan T. Hipsher - *Dun & Bradstreet Holdings, Inc. - CFO, Executive VP & Treasurer*

Craig, what I would say is that from an organic growth perspective, obviously, the contribution margins are quite high, right? So if you're talking like 60%, 70%, to be flat from that perspective would clearly put pressure on keeping margins flat on a year-over-year basis and making sure that we continue to invest and take opportunities as we go forward.

That being said, look, Anthony, myself, the team, we've been through these cycles before. We've been in businesses that, frankly, have a lot of volume sensitivity when we look back into the Fidelity days, we look back into some of the other businesses we've been a part of. And so certainly, we have that kind of downturn, "downturn playbook mentality" where we'll rightsize variable costs, we'll rightsize kind of ongoing administrative costs where necessary and protect profitability, I think, as good as anyone could during that type of environment.

Craig Anthony Huber - *Huber Research Partners, LLC - CEO, MD & Research Analyst*

My other question is -- we'll stay in North America here. What percent of the revenues in North America do you view as defensive? And what parts are those in a tougher economic environment?

Anthony M. Jabbour - *Dun & Bradstreet Holdings, Inc. - CEO & Director*

Well, like I said, certainly, our Finance and Risk business is very defensive, and we see that. Like I said, when -- in recessionary times, as we've seen in the past, credit comes under a more important category. Fraud does as well. And we help in both of those. So in some ways, the lower-cost providers undercutting us with lesser quality is less of an issue for us in a tougher market because the quality of the data just matters that much more. So we feel good about it there.

Then on the Sales and Marketing side, like a big chunk at our Master Data management, we feel, is pretty defensible as well. We feel the digital marketing is really providing a great return on investment, so that is as well.

So I'd say, for the most part, like I said, we've always believed we had a very defensible business. And when you look back to the Great Recession in '08, and it took our business now and went back then, it'd be flat. Where other S&P 500 companies averaged about a 13% decline in revenues, we were minus 2% at that time with the print business that was included that's no longer here. And minus that, it would have been flat.

So we've seen in tough economic times that we are a defensive growth company. And we're certainly seeing mixed signals heading into next year as, obviously, we've got a very great database. We're not seeing increases in serious delinquencies. We're seeing an increase in credit card issuance right now, but nothing that is concerning. The one concerning thing we see across the industry is a 30% decrease in maritime shipping orders, right?

But their mixed signals is what we're seeing. And like I said, when you have the type of insight that we have, and you could take the shipping orders, tie them back to a DUNS number, that's really valuable information. And so we feel, like I said, pretty good about our capabilities, the defensive nature of our business. And as you can imagine, we're working hard around the clock, trying to continue to add to that capability.

Operator

Thank you. At this time, I'd like to turn the conference back over to Anthony Jabbour for any closing remarks.

Anthony M. Jabbour - *Dun & Bradstreet Holdings, Inc. - CEO & Director*

Thank you. As always, I'd like to thank my Dun & Bradstreet colleagues for their exceptional efforts to sustainably grow our business for the years to come and to our great clients for their partnership and for their guidance. Thank you for your interest in Dun & Bradstreet and for joining us on the call. Have a wonderful day.

Operator

Thank you. This does conclude the conference call for today. We thank you for your participation and ask that you please disconnect your lines. Thank you, and have a good day.
