This article by Jim Roumell is excerpted from a letter of Roumell Asset Management.

Marchex (MCHX) continued on its path to segue from a call-generating marketplace platform to one focused on call analytics to major corporations. The past three years' heightened R&D spend is paying off: customer analytic wins are growing and the company's cash burn has stopped. The company announced that it added more than 40 new clients in 2017 and we believe the vast majority are analytic wins. Moreover, Adjusted EBITDA in the fourth quarter was $1 million versus ($2 million) in the fourth quarter of 2016; 2017's overall Adjusted EDITDA came in at $1 million versus ($6.6 million) for 2016. MCHX appears well on its way to pivoting to a leading call analytics platform generating recurring revenue that is no longer dependent on generating customer referrals for sales.

RAM had anticipated $10 million of cash burn in 2017. In fact, MCHX was free cash flow neutral for the year and confident enough in its business trajectory and liquidity profile that it announced a special $0.50/share dividend, or roughly $25 million of its $100 million cash hoard. This will still leave roughly $1.75/share in net, U.S. domiciled, cash.

On the product development end, MCHX continued to strengthen its speech analytics capabilities using artificial intelligence to help customers understand what is happening on inbound calls from consumers to businesses. During 2017 MCHX announced strategic partnerships with Facebook and integrated its software with Adobe. We met with Mike Arends, Chief Financial Officer in January and came away with renewed confidence that the company is executing on its plan to be a leading call analytics platform powered by artificial intelligence. We believe the company's shares remain cheap.