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Optiva, Inc.

Second Quarter 2019 Financial Results Conference Call

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Robert Young, *Canaccord Genuity*

Todd Coupland, *CIBC*

PRESENTATION

Operator:

Good morning, everyone. Welcome to the Fiscal 2019 Second Quarter Earnings Conference Call for Optiva Inc. I would like to remind everyone that today's conference is being recorded.

I will now go ahead and turn the call over to Ali Mahdavi, Investor Relations. Please go ahead.

Ali Mahdavi:

Good morning, everyone, and thanks for joining us for the Optiva Second Quarter 2019 Financial Results Conference Call. Joining me this morning are Optiva's Chief Executive Officer, Danielle Royston, and Interim Chief Financial Officer Anin Basu. If you have not seen the news release, it is available on the Company's website at optiva.com as well as on SEDAR along with our MD&A and interim financial statements. I would also like to remind you that a replay of this call will be accessible via the Investor section of the Company's website. Following the presentation, we will conduct the Q&A session. Instructions will be provided at that time for you to join the queue for questions.

Before we begin, we are required to provide the following statements regarding forward-looking information, which is made on behalf of Optiva Inc., and all of its representatives on this call. Remarks and answers to your questions today may contain forward-looking information about future events or the Company's future performance. This information is subject to risks and uncertainties that may cause actual events or results to differ materially. Any information regarding forward-looking statements are made as of the day of this call, and the Company does not undertake to update any forward-looking statements.

Please read the forward-looking statements and risk factors in the MD&A as these outline the material factors, which could cause or would cause actual results to differ. The company will not provide guidance regarding future earnings during today's call, and Management does not anticipate providing guidance in future quarterly or in term communications with investors.

I'll now turn the call over to Anin for his financial review of the quarter. Anin?

Anin Basu:

Thank you, Ali. Good morning, everyone. A reminder that Optiva's second quarter results were released yesterday. Our results are presented in accordance with International Financial Reporting Standards and presented in U.S. dollars unless otherwise noted.

The Company's second quarter revenues declined 11% to $24.9 million. The decline in revenues was mainly due to a continued decline in software and services orders as we continue to focus on customer success and invest in our Cloud strategy. Support and subscription revenues were lower when compared to the same period in 2018, mainly due to delay in renewals by certain customers and the discontinuation of support to customers who had previously notified us of their exit. The Company's gross margin for the second quarter was 64% as compared to 57% during the same period a year ago. The higher gross margin in the second quarter is a result of ongoing cost optimization, operational efficiencies and is comparable to previous quarters after normalizing for loss provisions that were taken in prior quarters.

Total operating expenses in the second quarter of 2019 decreased by 44% to $15 million when compared to the same period last year. Excluding depreciation, amortization and restructuring costs, total operating costs decreased to $12.7 million or 51% of total revenue compared to $21.4 million or 77% of total revenue for the same period last year.

The decrease in overall operating expenses including depreciation, amortization and restructuring costs is mainly attributable to lower general and administrative costs driven by lower headcount and related costs, lower legal and professional fees, lower facilities costs, including depreciation due to closure of various office locations and lower stock-based compensation expense. And lower research and development costs primarily due to lower headcount and related costs incurred under the Company's cost structure optimization plan. Lower DevFactory spend on R&D activities slightly offset by higher spend on the Cloud-based initiatives and development of the SaaS-based solutions.

During the quarter, the Company incurred $4 million of costs towards R&D and Cloud innovation with DevFactory, which is an affiliate of ESW, Optiva's largest shareholder. During the quarter, the Company also incurred $6.3 million in costs associated with its access to skilled workforce through Crossover, another affiliate of ESW.

As a result of the increasing trend in Customer Success, ongoing cost optimization and efficiency efforts, the Company generated $1.1 million of cash from operations when compared to the $12.9 million use in the same period in 2018.

Cash and balance sheet management remains the priority. As of the end of the quarter, cash balance was at $36.3 million.

I will now turn the call over to Danielle. Danielle?

Danielle Royston:

Thanks, Anin, and good morning, everyone. Thank you for joining us on today's call. To start, I'd like to recall the framework that we're using for 2019. Number one, drive the Company every day towards obtaining our Customer Success goal of 100%. Two, continue to invest heavily in Cloud innovation and focus our sales and marketing resources and making us the leading vendor in the transition to the Cloud.

[redacted]

First, let's talk about Customer Success. We have finished another measurement cycle covering the period June to December 2018, and we have finished at 44% of the revenue reporting to us that yes, they feel our teams and our results are aligned to their success, and we are helping them achieve their goals. This is an increase of 11% compared to our last reported measurement of 33%, and up from 20% when I started the Customer Success program two years ago. I'm encouraged by our forward momentum as we continue to fix each customer one-by-one on request to achieve 100% success.

During the quarter, we continued to invest in our transition into the Cloud. In late February, we participated in Mobile World Congress in Barcelona. Our attendance at MWC was a great success with twice the amount of traffic coming to our booth as compared to the previous year. We had a high number of meeting requests, which resulted in us being fully booked throughout the conference. As part of our $100 million Cloud transformation plan, this quarter we announced our second Cloud offering, the Optiva Revenue Management Suite on Google Cloud platform geared towards CSPs looking for the lowest cost end-to-end turnkey solution.

Additionally, several customers have embarked on price upgrades to position themselves to be able to migrate to a new Cloud product, and we announced our first charging customer who will move on to GCP in 2019.

Our sales leads and opportunities continue to grow, and we are encouraged by the robust interest in our Cloud vision from our customer to a new process. Our ability to demonstrate a 10x faster solution was up to 80% lower TCO is working and we will continue to work to deliver on this vision. A transition to the public Cloud will be a great pivot story, but I need to remind you the obstacles ahead. As an investor in Optiva, I think one of the most important things to think about is our legacy revenue base. Previously, we had said that the revenue base could go as low as $90 million to $120 million. As we look at all the known departing revenue, customers who have purchased another system and are planning to swap this out, when you added (inaudible) of our legacy business, its closer to $75 million. We don't know exactly when each customer will roll off, and we don't have clear visibility when and if the Cloud growth will kick in, but this is an important reality of our business to understand. This is why we have established a flexible cost structure to ensure we remain cash flow breakeven, even under the worst-case scenario.

As mentioned, we are managing the (inaudible) business to cash or breakeven. Our highly variable cost structure allows us flexibility as we manage our expenses, and we will continue to prioritize our gold investing for Cloud against other discretionary (inaudible). Given the Cloud opportunity in front of us, we still see a case for raising additional funding in order to accelerate our strategic plan. We are currently evaluating different funding options, and while we haven't made any decisions, we are reviewing all avenues, such as debt, equity and the sale of noncore assets. As you know, there are tradeoffs to each of these approaches, which we are considering as we understand our reality and look to the future.

Every day I wake up and think about how I can improve customer success, manage our expenses and get to the Cloud as quickly as we can. It's an exciting and ambitious strategy, but when it works, it will be an amazing transition.

At this point, we are ready to open the call for Q&A.

Operator:

Thank you. If you'd like to ask a question, please signal by pressing star, one on your telephone keypad. If you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, please press star, one to ask a question.

We'll take our first question from Steven Li with Raymond James.

Steven Li:

Hi, thank you. Hi Danielle and Anin. Maybe I will start Anin with the $1.1 million of CFO, did you disclose how much restructuring disbursements this quarter and how much more is left to go? Thanks.

Anin Basu:

We have about $7 million to $8 million of restructuring to go, and we paid out about $1 million, maybe $1.1 million this quarter.

Steven Li:

Okay, perfect. And the support revenues that is sequentially down from last quarter. So finally, are we seeing those customers that indicated they are switching leave the platform, or is that something else?

Anin Basu:

So Steven, the overall revenues are in a declining trend and the drop from comparable quarter last year is due to customers who have left our platform, and have not renewed their support. We continue to see that decline, which is what Danielle alluded to. So, the trend is lower and that's what we had mentioned before.

Steven Li:

So, there were no other factors, like maybe the renewals didn't come in on time before the quarter or something like that, Anin?

Anin Basu:

There are always some customers that renew late, and while they have not notified us that they are swapping, we fully expect them to renew. The information we have is, it's most likely that those revenues will be caught up in subsequent quarters.

Steven Li:

Okay. That's helpful. And Danielle, the legacy run rate comment, has there been more customers indicating the intention to leave, which prompted this new valuation? Thank you.

Danielle Royston:

Yes. It's not so much that. It's more just adding it up, and really, we spent some time as we've been looking towards potentially other avenues of funding. We really wanted to take a future view, and the last time we had done that, sort of multiple years into the future, was really when I came in, in 2017. So, it's been a couple of years since we had really gotten into it. I know a lot more about the customers now. I have met almost every customer personally. I know their story and I have a little bit better grasp of the business. And so, given that, we were really able to know what's going on and who is likely to leave and who's already announced, and so when we did that and added it all up, we're coming in that sort of $75 million, $80 million range.

[redacted] I mean, it is a worst-case scenario, it assumes that sort of everyone leaves at once, it assumes that no one extends. We've seen extension. People don't all leave at once. But, one of the most important things about managing this business is really about managing my expenses. And so, it's just important that we have a really strong grasp for that and we have a good plan for that scenario.

Steven Li:

Thank you.

Danielle Royston:

Yes. You're welcome.

Operator:

We'll take our next question from Robert Young with Canaccord Genuity.

Robert Young:

Hi good morning. In the past, you'd said that this year would be a shrink year, and now that you've lowered the bottom end of this revenue go-post range, would you say that, that expectation of shrinkage would continue into 2020?

Danielle Royston:

Yes. Robert, I think so. I mean, it really depends on when that Cloud piece starts to kick in and if it kicks in. I think we have a really strong message. We have a great demand from the—our internal—you know, our customer base. We're getting great interest outside of the customer base from cross back. But as you know Telco moves really slow, it's a pretty significant system. They likely already have a system. So anyone moving to this, it's at least an upgrade in the best case, and it's a migration sort of in the—when attract new customers. And that takes—it takes a long time to implement, it takes a long time to select that vendor. So it's really just a matter of kind of predicting when the Cloud revenue kicks in. And so, yes, I mean, given this, I think, yes, probably into the future, it's a shrink year until we have more announcements of closing of new business.

Robert Young:

Is it fair to say that new wins in the Cloud side of your business is growing now? Would that migration conversion cycle be shorter? Or, should we expect the same?

Danielle Royston:

The sale cycles might be a little bit longer because just in my experience, in talking to existing customers that they're familiar with their product. They're familiar with us. We don't have to do as much selling on us as a Company, and so that sort of gets fast tracked. But, we are spending a lot of time educating our customers around, why did we pick Google Cloud platform over AWS. What's the right (inaudible) management platform to use. How does the network—how does the connection from our network to GCP work, how fast is it? What are the questions around data privacy and data regulation, and literally, in every single country, it's going to be different. So, there's a lot of work to be done in that education, and in general, the TCOs (phon) and their team are kind of new to this concept. Now what I am seeing is, they're learning really fast, right? They're learning on their own. They're excited about this idea and they are doing their own research, so every time I talk to the same customer and over and again, it's kind of leaps and bounds that they have advanced their own knowledge, which is fantastic. But, I think compared to a new prospect, yes, a customer will go faster, but not twice as fast. I think it's still going to, maybe, 20%, 30% faster, maybe.

Robert Young:

Okay. It'd be helpful for me, maybe, for other people, if you were to just quickly summarize the wins that you—I know you have now two products in the Cloud. What are—what's the customer engagement? What are the wins you've had in each of those projects? Just kind of an overall summary of the Cloud adoption.

Danielle Royston:

Yes. So, a couple of quarters ago, not this last quarter, but the previous quarter, the December ending quarter, we had a customer move, not a charging product, our mediation product to GCP. So, that was kind of the first customer that took it out of there, bare metal on trimester on the ground data center and moved it up into one of the big Cloud providers, and that's been great cost savings and really easy and really successful. And so, we're trying to take that same model and roll it out to the other customers using that same product. And so, we're in progress of that. Nothing has been close but we have one finished and we're tackling the rest.

This last quarter and just prior to MWC, we had a named press release with Truphone to the U.K. provider that uses what was the unified charging system, so it's the Nokia product, if you are keeping track from way back then, which we have now relabeled and rebranded as the Optiva Charging Engine. They were interested in an upgrade originally. They're on a very old version. Let’s say I think 40, 45 versions back. It's some ridiculous high number of versions, and their hardware was old, and they were looking at revitalize. And we went in and said, "You know, let's look at the upgrade and how much that costs." It’s always an expenses endeavor to do that work, lots of professional services, lots of time. We're like let's look at this with a new lens and look at it in cloud. And originally, they were very standoffish and didn't really want to listen, and we said just give us an hour, and we pushed them on GCP, and they walked out saying, "Okay, this is really encouraging and exciting. We want to know more." And so, we worked through it. And, now instead of upgrading, they're going to upgrade, and then they're going to move it to GCP. And so we're really excited about that announcement. We were lucky to get that announcement in before MWC. So, I think it's generated a lot of interest to smaller providers, but they're moving to GCP, and I think that they're going to save between 40% and 60%. And I think I talked about this maybe with you at—in Barcelona.

And then we have several pilots running around the world, different sizes. We have a couple of pilots of people speaking about moving to GCP. So we're setting up demos, we're letting them play with the GKE console and things like that. And then, we have a couple of other pilots that are running on a hybrid cloud. So, it's a private cloud installation using Optiva Charging Engine. A lot of these people, I mean they haven't been—they haven't upgraded in several years. Different levels of legacy products. We have people on version 42. We're now at version 85. So, we do sequential versioning. They are 40, 40-plus versions behind. So, what I think you're going to see is a lot of upgrade announcements as people move it to a more current version. So then they’ll hop into the cloud, it’s a short hop. It's not quite as drastic. And we have, I would say, five customers doing that right now, doing their big upgrade to get to a more current version so they can do that small hop into the cloud. And so, I would say—yes, go ahead.

Robert Young:

Okay. No, you go.

[redacted]

So, I'd say one or two customers have signed, and then we have probably five-ish pilots, and then we have probably five-ish people moving into position.

Robert Young:

Okay. And then the licensing side of the business had a little bit of strength. Is that the companies that are positioning for seeing some upgrades of the current versions planning to go into the cloud? Or, is that some other factor?

Anin Basu:

These are—Robert, it's Anin. So, these are legacy customers who were part of the older business completing projects that were in progress.

Robert Young:

Okay. Last question for me is just on the warning you are given about potentially for additional capital. I think you said it could be equity. Maybe if you could line—outline the priority in the MD&A. I think you put a number on it at $25 million—or not to exceed $25 million. If you could talk about the priority and then talk about the size and timing, that would be great. And I'll pass the line.

Danielle Royston:

Yes. I think we put something at the MD&A that was a little bit more precise than my remarks. Again, we haven't made a decision on which avenue we're going to take. We had a really great conversation yesterday with the Board of Directors kind of, again, exactly what I said, pros and cons to each approach. I think (inaudible) is a little bit faster, easier way to get there and maybe take on sort of a relatively small number. It's mostly to have, let's say, some dry powder waiting the wings that we have easy access to. So, I think that's kind of what we're thinking. It's not going to be this huge round with equity and a large raise. We know that's super time-consuming. It would take me away from really spending time with customers, which is what I think is probably the most important thing for me to do right now. And so, maybe I'll just sort of do the quick and easy approach which is debt (phon).

Robert Young:

Okay. And then timing, is that something that would happen in 2019? Or is that something that's not…

Danielle Royston:

Yes. I think it's something we're considering in this calendar year for sure, yes.

Robert Young:

Okay. Thanks. I'll pass the line.

Operator:

Well take our next question from Todd Coupland with CIBC.

Todd Coupland:

[redacted] scenario? I mean, if you're not burning cash, you have 36 on the balance sheet. Why are you raising capital? Just talk us through that please.

Danielle Royston:

Yes. It's really just to accelerate the cloud investment, right? Compared to some of our competitors that obviously are, I mean, hundreds of times bigger than us, the amount we're investing per year relative to that is pretty low. And so, the only reason we'd be asking for additional funding will be to basically increase our investment in the Cloud. We can manage our core business the way it's set up. Cash flow breakeven. We're in great control of our expenses. But it—sort of just to juice the cloud effort is really the only reason to go do that.

Todd Coupland:

Okay. And then just to sort of think about the business. So, $75 million sort of legacy run rate. You're just now starting to put the cloud products out there. So, would you—as you imagine this over the next few years, would a goal be the majority of that or all of that ultimately transition to your cloud products? Is that how you're thinking about it?

Danielle Royston:

That's totally how I'm thinking about, right? I mean I'm really trying to move Optiva from being a hodgepodge of products largely on-premise, very sort of 1990s approach to enterprise software to really revolutionize it and take advantage of the cloud and position us to be a cloud company. That is a very bold vision, right? I'm super excited about it. I'm encouraged by the conversations I have with customers. I'm not like—the door's, by no means, getting slammed in my face. But that is quite a transition from sort of this old-school enterprise IT teams managing the application to a SaaS company, right? So yes, I mean, my goal is, that's all I ever talk about, that's all I ever want to talk about, and every—my goal is to meet every single CTO of every telco, and get in front of them and tell them how much of an opportunity they're missing by not working on public Cloud today, right?

Todd Coupland:

And then when you look at sort of the $75 million that's remain—like, you sort of called out the U.K. provider as being, you know, limping along on version, whatever, 40 ago, and they're making this change. So, do you view that as a lighthouse customer? Or, are there still some major carriers that you—once you get your cloud products up and proven that you can sort of like start waving a flag around them. I may be recalling this incorrectly, but I thought you had some fairly high level European telcos as customers in that base. So they—are they still around and planning to stick around so then you can waive the flag around those? And again, I would've thought those customers were—had already fully accepted Cloud as an option. So, maybe just give us some insight on what's left in the customer base that you can move over?

Danielle Royston:

Yes. I think the customers that you're thinking about and talking about are still around, and they're still with us. I think this industry is a little bit cautious to be the first person to embark on new technology. You kind of want to see other people move. And then, once other people move, everyone sort of follows pretty quickly.

The first customer that we've signed that I put out a press release on, Truphone, they're a pretty innovative provider. They are a leading eSIM provider for Apple, and so they're pretty progressive. And so, I wasn't necessarily surprised that they were the first ones to do this. But, we have some properties with some large group providers that have sort of global presence, and they are definitely more advanced on Cloud thinking. They had not put a system like BSS into the public cloud. No one really has done that like the whole way and like what we're talking about.

So, everyone sort of circling like sharks, waiting to see for something to happen, asking us to prove it. And so, like I spoke on Robert's question, we have a couple of pilots running, and I think everyone's watching that. They're aware of that. And when that goes well, I think—I hope they start to jump on the bandwagon, and they start their sales cycle and they start their own personal pilot.

Todd Coupland:

So your baseline for the whole BSS market is less than 5% cloud adoption? At this point?

Danielle Royston:

Yes, I think so. I mean, yes. I guess that's true. I mean just across all the telcos, when you see announcements around Cloud, they're doing things like, oh, we're going to do our analytics on the top of Cloud, or we're going to take a noncritical but related BSS module, and we'll put a piece of it on the Cloud. And what we're talking about is your charging engine, your lifeblood, the heart of your revenue, run that on the public Cloud. It's fast enough. It's secure enough. It's 80% cheaper. You should do that. And so again, that's a scary idea for a lot of these people, but we're proving it, and we're just going have to prove it one by one, right? Everyone's going to come with special concerns because of their country or their location, or GCP isn't in my country yet or whatever else. Lots of questions but no one is saying, no, I don't want to talk about that. Talk to me about perpetual license on bare metal, right? I'm not having any of those conversations.

Todd Coupland:

And then in terms of your feature set versus other options in the market, like who else is getting serious consideration for cloud transition? I mean, Amazon has certainly played in some spots within telco services, but is—do you see them in BSS? Or, is it other players?

Danielle Royston:

No. I mean we're still seeing the traditional people that we competed with I think for years, right? The Huaweis, the Ericssons, the Amdocs, the Netcrackers, right? So, these guys are the people that we see in sales cycles. The list tends to be about the same. There's a list if you're a tier 1 with multiple millions of subs, and then there's sort of a second maybe slightly different players list when you're going a little bit down market and see the sub 2 million sort of group mostly driven by price or cost to maintain. But, it's usually the same players. I'm not really seeing new names pop up.

Everyone talks a little bit about Cloud. We all talk about it a little bit differently. So, I think I'm the most extreme on public cloud, public cloud, public cloud. I'm very clear about that. That's right. That's where I think the biggest savings are. I don't think there's savings in moving to private cloud, right? You got to go to public cloud to get the 80% savings. And customers will start out with, "Okay, that sounds great, but can I get 80% by doing public cloud? Or, can you get Google Cloud Spanner in my data center," right? I'm like, "No, you got to go all the way to public cloud." So...

Todd Coupland:

To satisfy those anxieties, when you go in and make the Optiva pitch, you go, "Here's the charging engine with the Google banners." So, you're a relatively small company. People look at your balance sheet. They go, "Well, who knows like if we're going to do this?" But having sort of Google on the side together with your pitch, does that put that anxiety to rest, and then it's more of a technical discussion?

Danielle Royston:

I think it helps. I don't think it puts the anxiety completely to rest. But absolutely walking into meetings or inviting Google to our—to meet with our customer CTOs is always fantastic. I'm super thankful for our partnership. It's a very close partnership, and it definitely alleviates some concerns around our size and certainly our history. But, I think what really helps is we have a group within Optiva called the business value team that sits down with our customers to really spend thoughtful time building the business case for public cloud. And, I think that helps the most, right, where we show literally a spreadsheet of how much you're spending today on your BSS system and how much you can save by moving to the public cloud.

And, that probably is the most powerful thing because it's numbers, and it's data, and it's objective, and we build it with them. It's not just our numbers. And we're like, "Okay, here is the goal. This is what we're going to go try to do." That probably is the most convincing selling point. I mean, Google obviously helps but I think that is in a very concrete, personalized TCO savings estimate that we then rely on and we use throughout the project.

Todd Coupland:

One last question from me, and then I'll pass the line. So are there any catalyst windows beyond sort of like the cost savings? Obviously, cloud transition stories are very well understood in many markets. But like do these carriers need like a window like, I don't know, 5G or something along those lines to actually get them over the hump? Or, is it literally just decide on the savings and this is the offer and you're satisfied they don't need 5G or another catalyst? How are they thinking about that?

Danielle Royston:

Well, in countries where they're still on 3G, those countries are still—I mean, cost is a big driver, and so cost message is very strong. In other sort of first world countries, yes, I think 5G and IoT is a catalyst, right? They're thinking about how do I—what's the hardware I need to set up and anticipate for 5G or IoT when I don't really understand what that demand is going to be, right? And the elasticity of the cloud, right? Not having to prepurchase that and being able to grow within—literally deploy within minutes versus the lead time you need to set up hardware today when you think about sizing and capacity planning, procurement. Now this stuff has to be shipped. Now it has to be broken out of boxes and set up. That's like six months, minimum. So, when I come in and say, "Oh, you can deploy additional nodes in GCP in like a minute," they're like, "Okay, this is awesome." Because now we're going to play a little bit of an arbitrage game here where they're not putting all their money into a hardware that just sits there, and they're wrong, and they planned for years. And instead, they can spend their money elsewhere and just grow elastically as the demand ebbs and flows.

So, it's kind of a—maybe a Japan customer is thinking about IoT and 5G, but maybe an African customer is more worried about the cost, and you're attracted for the cost. But I think regardless, anyone can move now. I think cost is such an—I mean, it's not like 10% or 20%. It's 80%, right? We have a customer that's like moving all the way to cloud, and they could save 76% by just moving up into—moving the disaster recovery into public cloud and keeping the rest on the ground. So it just—it's an amazing true story. The first thing I say to (inaudible), let me team come in and just do the math for you, and we'll see what it is for you. And then...

Todd Coupland:

[redacted] total, have you set any goals along those lines?

Danielle Royston:

I haven't set any specific goals around that. I mean, I've cautioned on these calls last couple of times. It's going to be a long sales cycle, right? I mean, besides the fact that these sales cycles are long anyways, right? Even when you're just talking about stuff on the ground, stuff that are very—that customers are very comfortable with, we're doing the extra piece of having to educate them about cloud. So, I haven't really put any goal markers. But again, we would like to see progress. I think the end of '20 and the end of '21, if we don't see notable progress, I think we would reconsider how much we're investing and if this is the right plan for this business. I don't think it's endless investing without anything to show for it. I really want to show that this is working and there's a return on this investment, and if that doesn't work, I think my Board of Directors and myself and Anin would sort of look in the mirror and say, "Is this the right thing to continue to do?"

Todd Coupland:

That's great. I appreciate the color. Good luck.

Danielle Royston:

Yes, thanks Todd.

Operator:

And that does conclude our question-and-answer session for today. I would now like to turn things back over to Ali Mahdavi for any additional or closing remarks.

Ali Mahdavi:

All right. Thank you. On behalf of the Optiva team, I'd like to thank you for joining us on today's call, and we look forward to providing you with further updates and speaking to you again on our third quarter call. That concludes today's call. Have a great day.

Operator:

That does conclude today's conference. Thank you for your participation. You may now disconnect.