

Intellicheck, Inc.
Q3 2023 Earnings Call
November 8, 2023

Presenters

Bryan Lewis, CEO

Jeff Ishmael, COO and CFO

Gar Jackson, Global Investor Relations

Q&A Participants

Mike Grondahl - Northland Securities

Rudy Kessinger - D.A. Davidson

Scott Buck - H.C. Wainwright

Daniel Hibshman - Craig-Hallum

Operator

Greetings. And welcome to the Intellicheck Q3 2023 Earnings Call. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star and then zero on your telephone keypad. As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Gar Jackson. Thank you. You may begin.

Gar Jackson

Thank you, operator. Good afternoon and thank you for joining us today for the Intellicheck third quarter 2023 earnings call. Before we get started, I will take a few minutes to read the forward-looking statement.

Certain statements in this conference call constitute forward-looking statements within the meaning of the Private Security Litigation Reform Act of 1995 as amended. When used in this conference call, words such as will, believe, expect, anticipate, encourage, and similar expressions as they relate to the company or its management, as well as assumptions made by and information currently available to the company's management, identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements are based on management's current expectations and beliefs about future events. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances and the company undertakes no obligation to and expressly disclaims any obligation to update or alter its forward-looking statements, whether resulting from such changes, new information, subsequent events, or otherwise.

Additional information concerning forward-looking statements is contained under the headings of Safe Harbor statement and risk factors listed from time to time in the company's filings with the Securities and Exchange Commission.

Statements made on today's call are as of today, November 8, 2023. Management will use the financial term adjusted EBITDA in today's call. Please refer to the company's press release issued this afternoon for further definition, reconciliation, and context for the use of this term.

We will begin today's call with Bryan Lewis, Intellicheck's Chief Executive Officer, and then Jeff Ishmael, Intellicheck's Chief Operating Officer and Chief Financial Officer, who will discuss the Q3 2023 financial results. Following their prepared remarks, we will take questions from our analysts and institutional investors.

Today's call will be limited to one hour. And I will now turn the call over to Bryan.

Bryan Lewis

Thank you, Gar. And good afternoon, and thanks for joining us everyone today, for our third quarter 2023 earnings call. It was another solid quarter of year-over-year growth, with SaaS revenues up 17% versus the prior year quarter.

I am beginning today's call with an update on some of the recent changes we have made as an organization. As I have shared with you before, I have continued to review organizational needs with an ongoing focus on staffing as a critical component in building our company and accelerating revenue growth. I continue to believe that key to our continued progress is putting the best people into operational positions that will enable us to drive growth and significant product evolution.

Since Jonathan Robins came onboard as our VP of Engineering, he has made significant contributions and is engaged with our customers to really seek out what they need and address any issues or concerns that they might have. His efforts reflect our renewed focus on being proactive in partnering with our customers, recognizing that one size doesn't fit all.

Without getting too deep into the technical details, here are just a few highlights regarding what Jonathan and his team have accomplished so far. Recognizing that we need to reduce transaction abandonment, Jonathan led the team in the redesign of our digital user interfaces to simplify the customer experience during ID validation. We believe that this reduction in abandonment will drive additional revenue, but more importantly, will help our clients onboard additional clients faster and more efficiently.

The team has redesigned our API and servers to improve security and reliability. We are no longer dependent on only one cloud provider. We are now platform agnostic, and this provides a tremendous amount of flexibility that had been previously lacking. Again, this is something that we believe will benefit our customers and better position them to work more effectively. Additionally, this is expected to further reduce our platform costs in 2024.

And Jonathan and the team have ramped up our data science and machine learning R&D with an eye toward creating new products and furthering our fraud detection expertise. We believe this will lead to additional revenue opportunities in the future and will further position Intellicheck as top of mind when it comes to fraud prevention.

We believe that this is only the beginning. As a result of the rapid strides he has made and the product and customer first deliverables, Jonathan was promoted to the role of Chief Technology Officer in September.

Following up on point number three, we believe that there is a significant opportunity to monetize the vast amount of data that we collect on fraud, including when, where, and how it is occurring. We believe that this data will be beneficial to many different organizations. With that in mind, during the quarter, steps were taken to advance our efforts. We are augmenting this team with data scientists, and we anticipate that it will start to be a revenue contributor in 2024.

It is important to note, however, that this data harvesting goes beyond monetary benefit. We believe this also solidifies our position as experts and thought leaders in the field of fraud and positions us to be an industry leader and speaker on fraud with exclusive material.

During the quarter, we also announced the addition of David Jurgens to head up our Channel Partner Program, and he really hit the ground running. Jeff worked with David in the past at Cylance, and David was a standout there. He built out the successful channel program from scratch that was a significant contributor to their growth.

We recognize that we are good at bringing in the age-restricted accounts on one end of the spectrum and whales that take time on the other end of the spectrum. The channel program, we believe, will be good to augment mid-tier sales growth. Although David has only been here just over a month, he's off to a solid start, and we are very excited about the program he is putting in place.

Looking now at our third quarter results, total revenues grew to \$4,760,000 compared to \$4,012,000, and SaaS revenue was a record \$4,635,000 versus \$3,970,000 when compared to the same period a year ago. And we continue the trend. Our trailing 12-month SaaS revenues have grown each month for the last 45 months.

Real estate transactions continue to be a market vertical with significant fraud, and as a result, we have expanded our market penetration to reach beyond title companies. We have now gone live with the leading digital closing platform that is used by title, escrow, real estate, and mortgage lending professionals to transform home buying and selling into simple, secure, enjoyable experiences for millions of homeowners each year.

Their platform provides a system of record for the real estate settlement ecosystem through a suite of workflow, accounting, reporting, and collaboration products, as well as its expansive product and service integrations. We believe that this not only protects customers against fraud and transactions that can be very large and involve significant amounts of money, but also marks an important milestone because it further embeds Intellicheck into the real estate transaction ecosystem.

We continue to see growth in the title business. The nation's second largest title company started a paid pilot that launched in mid-October. Initially, they purchased a bucket of 50,000 transactions for their use in the Florida and Georgia markets.

Looking at our continued efforts in the banking market vertical, the two regional banks that we have been talking about continue to make progress toward revenue generation. Both of the pilots we have spoken about, with the two regional banks totaling over 4,000 branches, are off to solid starts. Although this took longer than originally anticipated, through Jonathan's teamwork on the technology side, we have evolved the product to better fit their needs. As a result, we are seeing good velocity of use during this pilot period, and extended use cases for both banks are anticipated.

In the automobile market, we are working with a 2,700 unit auto dealership on some requested technology updates. Jonathan and his team have updated the front-end capture to work better to fit their workflow. We continue to believe that the auto market is significantly underpenetrated and that it is another market where it doesn't take much fraud to add up to significant losses. The manufacturer that this company is working with was hit very hard by the UAW strike, so the launch has been slower than both anticipated. But the technology is now being evaluated by two additional automotive manufacturers in their network.

On the age-restricted front, we are continuing to build on the terrific success we had in Charleston, South Carolina. The extensive positive media coverage has reflected how well our public-private sector partnership has been and it continues to receive high marks from the mayor, the city council, and the business community. We believe this program can be replicated in other communities struggling with the underage access issue that have had a negative economic and reputational impact on their communities.

Right now, we are in discussions with the city of Clemson, South Carolina. The potential program was discussed at the recent city council meeting, and we are looking forward to seeing how their deliberations evolve.

On another note, on our successful partnership with Charleston, this program is being recognized for its innovative approach to addressing underage access to alcohol. I was honored to be a featured speaker at the Pennsylvania Liquor Control Board 2023 Education Conference, where speakers roles are highly coveted. A highlight for me was when a Pennsylvania Liquor Control Board officer spoke up during the Q&A. She offered to demo our technology, saying they use it and love it.

We are also continuing to make strides with the branding agency. We believe that raising awareness about Intellicheck will help drive interest and leads in markets where we know accuracy is important because the stakes are so high. So as you can see, we're making significant progress on a number of fronts that we believe will accelerate our growth in 2024.

I'll now turn the call over to Jeff.

Jeff Ishmael

Thank you, Brian. I'm pleased with the continued progress we've been making across all levels of the organization as we continue our efforts to redistribute our spend and investment into the areas that will fuel our future growth and profitability.

Our third quarter revenues were 19% higher versus the prior year. We continue to report a higher average price per scan versus the prior year, and we continued our progression towards adjusted EBITDA neutral results for the year. We are pleased to see the continued trailing 12-month growth progression in SaaS revenues each month, which has been achieved consecutively for the last 45 months.

Continuing to cast a critical eye to the metrics of our SaaS revenue, it's encouraging to see an 18% increase in our average price per scan versus the prior year as we've continued the right sizing of legacy accounts and have enforced internal disciplines on CPI increases. This is especially encouraging as it continues to speak to the testament of the value realized by our customers and that we continue to have pricing power.

We also continue to maintain our focus on operating expenses to ensure that we achieve the expected return on our investments in this area. Within the Q3 period, we made additional changes to the product group. We saw the promotion of Jonathan Robins to CTO, as well as new hires to increase the skill set of the group across the engineering, development, and data science teams.

We are continuing the implementation of our channel program to be completed by the end of the year, which I will provide more details on later in my remarks. We expect this program to have a noticeable impact in our 2024 pipeline growth and bookings. We believe that the combination of the efforts discussed above will provide the necessary support for the sales team to drive increases in customer engagement, bookings, and revenues in 2024.

Turning now to our third quarter results. Total revenue for the third quarter of 2023 increased 18.7% to \$4,760,000 compared to \$4,012,000 in the same period of 2022. Our SaaS revenue for the third quarter of 2023 grew 16.8% to \$4,635,000, and \$3,970,000 during the same period of 2022.

Gross profit as a percentage of revenues was 91.0% for the third quarter of 2023, compared to 91.1% for the same period of 2022. As we discussed during the first quarter earnings call, we continue to model gross margin performance at a range of 90% to 91%, while we continue to evolve our cloud resource infrastructure and may experience some cost overlap that could nominally impact our current gross margin performance. We will continue to scrutinize our cost structure to maintain the 90% to 91% gross margin level.

Operating expenses, which consist of selling, general, and administrative, marketing, and research and development expenses, increased \$769,000, or 17.6% to \$5,147,000 for the third quarter of 2023, compared to \$4,378,000 for the same period of 2022. This increase was primarily driven by higher headcount-related expenses, primarily across the R&D team, related to the full accrual of severance-related expenses. Excluding the \$395,000 in severance-related expenses, operating expenses increased \$374,000, or 8.5%.

Included within operating expenses for the third quarters of 2023 and 2022 were \$342,000 and \$729,000 respectively of non-cash equity compensation expense. We expect our total non-cash expenses will continue to decrease and comprise approximately 10% to 11% of our operating expenses, with stock-based compensation comprising 90% of that figure. This compares to our prior historical trend of 13% to 15%.

We are continuing to implement aggressive expense reviews to ensure we are effectively allocating to the proper areas to support our growth initiatives. With respect to our Q3 operating expenses, we enacted personnel changes, primarily within the R&D group, that resulted in a Q3 severance accrual of \$395,000, which was fully accrued within the quarter. From an annualized perspective, we do not anticipate a reduction in our R&D expense as the broader product team was recalibrated during the Q3 period.

As we have discussed in our prior calls, we expect to continue realizing leverage in our operating expense structure. In this quarter, six-point reduction in expenses adjusted for severance, reflects our commitment to ensuring we scrutinize and properly allocate our spend.

Turning to net income and EBITDA. The company reported an improved net loss of \$644,000 for the third quarter of 2023, compared to a net loss of \$724,000 for the same period of 2022. The net loss per diluted share for the third quarter of 2023 improved to \$0.03, compared to the net loss per diluted share of \$0.04 for the same period of 2022. Severance-related expenses accounted for \$0.02 of our EPS results.

The weighted average diluted common shares were \$19.3 million for the third quarter of 2023, compared to \$18.9 million for the same period of 2022. We also continue to ensure we are properly managing our cash reserves, which generated \$179,000 in interest income versus \$7,000 in the same period of 2022.

Adjusted EBITDA for the third quarter of 2023 was a loss of \$271,000, compared to a gain of \$75,000 for the same period of 2022. It's worth noting that \$264,000 of the severance accrual was not adjusted out of the current quarter as these were not permanent reductions within the team.

Turning to the company's liquidity and capital resources. As of September 30, 2023, the company had cash and short-term investments in the form of U.S. Treasuries that totaled \$8.9 million, as currently on deposit at Citibank and Capital One. Working capital, defined as current assets minus current liabilities, of \$8.1 million, total assets of \$22.4 million, and stockholders' equity of \$17.1 million. It's worth noting that the U.S. Treasuries will mature in December with a weighted average rate of 5.1%. The company has a \$2 million revolving credit facility with Citibank that is secured by collateral accounts. There are no amounts outstanding under this facility, and the facility was not utilized during the quarter.

Turning now to our internal initiatives. Our third quarter continued to maintain a focus on improving our operational effectiveness and ensuring that we have the proper team and foundation in place to achieve adjusted EBITDA neutral without compromising the necessary investment in the business.

As mentioned in earlier remarks, we continue to leverage our cost structure, which when adjusted for severance, improves six points versus the same period last year, as well as improvements over the last three quarters. During the prior quarter, we also discussed the early efforts regarding the formalization of our channel partner program, and I'm happy with the results that we are seeing.

As Bryan mentioned during the quarter, we announced the hiring of David Jurgens as our Head of Channel and Technology Alliances. He is not wasting any time in his efforts to activate his network and securing discussions with potential partners. He has already attended key trade shows in Miami and Las Vegas to further expand his early conversations.

We are also ready to go live with our new PRM platform, where we will be onboarding new partners, conducting deal registration, as well as providing our partners with the needed collateral for their success. As Bryan mentioned, I worked with David at Cylance and have seen what he can do to build and deliver on a channel program.

In consideration to our expense management, we will continue to improve the ratio of our operating expenses to revenue as we continue our progression towards adjusted EBITDA and neutral in 2023. We will continue to implement disciplines that will improve our expense ratio by approximately 800 basis points versus 2022, maintain our focus on gross margin performance in 90% and 91%, while continuing a fundamental shift in our expenses towards funding sales and marketing initiatives.

In closing, we are committed to the continued improvement of our corporate performance. I'll now turn the call over to the operator to take your questions.

Operator

Thank you. We will now be conducting a question and answer session. If you'd like to ask a question, please press star and then one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star and then two if you'd like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handsets before pressing the star keys.

The first question we have is from Mike Grondahl of Northland Securities. Please go ahead.

Mike Grondahl

Hey, guys. First question, I think you said that you saw an 18% increase in average price per scan year-over-year. Could you just explain that a little bit? Is that driven by some price increases? Is it driven by some newer clients, like maybe this real-estate area where the amount you get per scan is a lot more than the average book? I'm just trying to, in my head, wrap it around an 18% increase in the average scan price.

Jeff Ishmael

Yeah Mike, Jeff here. So this is an initiative and a process we've been going through well over the last year. As Bryan and Chris have been working with existing clients, but we've brought those contracts up to renewals, both at the lower end of the spectrum, including the whales that we have in the queue and addressing those legacy prices, prices that shouldn't have been written in the first place. And so as we start to anniversary and see the traction on those contract updates, that is the effective impact to our average price per scan.

Bryan Lewis

Yeah. And Mike, we're certainly increasing pricing on new clients. So it's not just that we're doing price increases on existing. We are continually pushing the pricing. We think that because we are, I think, so easy to use, and the way we're looking at it, we're more than just fraud prevention. We're actually a way to gain more clients.

And I think a good example of that is just today my team was talking to one of those two regional pilots that we had talked about. And their goal when they started, when they used us there for their online applications, they hoped to increase customer conversions by 2%. The words they used were ecstatic, because they're actually seeing customer conversions increase by 20%. So when you think about the fact that we're not just cutting fraud, but we're also adding clients with a very high LTV, that's why we're certainly pushing pricing. We're more than just fraud prevention. We're customer acquisition.

Mike Grondahl

Good. That's great. And if SaaS revenue grew 18% and pricing was up 18%, am I correct in seeing kind of volume flattish? Is that because maybe some -- you lost a couple of customers because you tried to raise price that, you know, what I mean, they didn't want to pay more? I'm just trying to understand volume and price a little bit.

Bryan Lewis

I'd say that if I look at overall, certain things were up and it really depends on the region or the industry that you're looking at. If I look year-over-year -- for the full year, I should say, you know, so first nine months of the year versus the first nine months of last year, retail is up about 9% and that's a really mixed bag. Electronics are flat. Some of the specialty women's apparel retail are down as much as 30%. And we also now have an increase over the same period of like 16% increase in retailers who are using us.

So I think a lot of it really depends on, is it a legacy customer where some of that pricing, like Jeff said, almost never should have been written, because it was done so, so long ago and we're still trying to bring them up.

Banking is an area that is definitely growing for us. If I look at two of our largest banks, their volumes are up as they use us in new places within the bank, one up 28%. The almost (ph) is over double. So again, mixed bag, because some transaction volumes are up, but it might be somebody who's using us purely for parsing the data. So even though the volumes aren't up, it doesn't have a huge impact on revenue because you can't charge as much for pure parsing as you do for both parsing and filling out the application and fraud prevention. So a little bit of both, if that makes sense.

Mike Grondahl

Got it. And then, hey, just lastly, how do you feel about the pipeline, new customers?

Bryan Lewis

I am -- it's funny, we had a board meeting today and we were talking about that a lot. I think that we have said pretty much all year that this was going to be somewhat of a growth year for the new sales team and that we expected them to start bringing things in in the back half of the year. I think that they are definitely, definitely doing that. If I look at just last quarter we closed 27 age-restricted places, nine title companies, in addition to that software company that should hopefully get us to a bunch more.

We did an online survey company, an online therapy company, a new auto finance company, a handful of automotive dealerships, in addition to the ones brought into us by our resellers. So between what I'm already seeing and the pipeline, I think that the team is making good on what we said and what we anticipated and planned for.

Mike Grondahl

Got it. Hey, thank you.

Bryan Lewis

Thanks, Mike.

Operator

The next question we have is from Rudy Kessinger of D.A. Davidson. Please go ahead.

Rudy Kessinger

Hey, great. Thanks for taking my question. I just want to clarify, Jeff, on the R&D. So you're saying there's \$395,000 of severance, but only \$131,000 you back out for adjusted EBITDA?

Jeff Ishmael

That's correct. Yeah, there was only one position that ultimately we didn't replace. The rest was a recalibration and an uptick in the skill sets of that team.

Rudy Kessinger

Okay, got it. That's helpful. Bryan, it sounds like, you know, you just mentioned quite a few deals that were closed in the quarter, but it seems like these are smaller deals. I guess, what was the average contract, ACV of those deals signed in the quarter? And did you sign any larger deals in the quarter that could turn into six-figure customers or no?

Bryan Lewis

We -- what I'd say is part of our issue is -- I'll answer it in two parts. Some of these could be rather large because auto finance company can be pretty big. I think the software company that provides basically the backbone for most of the small and mid-sized title companies could be very big. We

talked about the number two title company in the country, so we've got a lot of things that I think are potentially be very big.

The only thing is, a lot of our very, very large clients, which it's almost where -- that's where we really sort of have to show people, don't want to be discussed at all. So I can say that I am very happy with the things that we've announced. I'm very happy with what the team is doing. And I think that as we said, we were building a lot into the second half of the year, continued growth going into, you know, I look at the pipeline, what we're doing, what the sales team is bringing in, very, very, very robust.

Then I also combine that with what Jonathan and team have done. Now we can go out and in two seconds white label our product to match what somebody who wants to make their product look like in a digital world. It can be installed with absolutely almost no work, just a redirect on the URL. Those are the types of things that speed up deals because it's basically almost -- it's turning what was a major integration into an almost near no integration onboarding. So yes, I would say that we have.

Rudy Kessinger

Okay. And then on the two southeast regional banks, it seems like those deals have continued to push quarter-after-quarter. Are those pilots generating revenue? And if not, when do you think those two deals will start generating revenue? And then just lastly, sneaking two in one here, just what is your expectation for the seasonal strength in Q4 in scan volumes relative to past years?

Bryan Lewis

So two parts. They certainly should start generating revenue in Q1 at the absolute latest. I mean, like we said on the call, they are both blown away by what they are seeing. They both told us that they were just getting destroyed by fraud. And now for both of them, we're not only stopping that fraud destruction, but we're also getting them new customers very quickly. So that's why they are now looking, how do we get it all over the place? And I think Chris has been very busy with them in trying to figure out how we get to everywhere they want to as quickly as possible. I will say that so far, I'm not seeing any reduction through basically kind of yesterday in terms of volumes from -- in terms of the seasonality, so, so far so good.

Rudy Kessinger

Okay, great. Thanks for taking my questions, guys.

Bryan Lewis

Thank you.

Operator

The next question we have is from Scott Buck of H.C. Wainwright. Please go ahead.

Scott Buck

Hi. Good afternoon, guys. Thanks for taking my questions. Brian, I'm curious, you guys price the product differently when you are doing your work with auto or real estate versus the legacy store branded cards. I guess I'm just asking, given that I imagine the number of transactions is significantly fewer, but the dollar volumes we're talking about in the risk is significantly higher.

Bryan Lewis

Yeah, definitely. We sort of have maybe three tiers is the way to look at it. Volume being an indicator for part of the pricing and then age restricted is always very different than fraud prevention. And then with fraud prevention it's sort of the size of the fraud potential in there. So you've got age starting at a lower point for any kind of real volume than we would in fraud prevention. And then the lower the volume, the higher the cost, and then the greater the potential loss, the higher the cost.

Scott Buck

Okay, great. That's helpful. And I'm curious what -- obviously the business has changed quite a bit since kind of pre-COVID in terms of diversification. How much of transaction volume is still coming from kind of the legacy store branded card business?

Bryan Lewis

Definitely the majority of it is still there. Probably 93% to 95%. We're getting our reporting there, so it makes it easier for us to break that out. But my goal is to reduce that as we get into some of these other markets and certainly other areas that are sort of recession proof, where you still need to authenticate yourself, which is one of the reasons we like some of the other markets that we have been moving into.

Scott Buck

Great. That's helpful. And kind of as a follow-up there, I mean, there's been a fair amount of news regarding credit tightening over the past several months and it's becoming more difficult for people to open new credit cards. Have you seen that on your end in terms of transaction volumes?

Bryan Lewis

No, like so far, not. I think more where I'm seeing changes in transaction volumes, it's because the retailer themselves is having problems because there are certainly some retailers who are up. And then again, like I said, there are some of the retailers that are very much down, 5% to 30%. But I'm also seeing other retailers that are flat and others that are up about 10%. So, so far we're not, but that is certainly something that I'm keeping my eye on.

Scott Buck

Sure. I appreciate the time, guys. This is great. Thank you.

Bryan Lewis

Thanks, Scott.

Operator

The next question we have is from Daniel Hibshman of Craig-Hallum. Please go ahead.

Daniel Hibshman

Hey, this is Daniel on for Jeff Van Rhee. Just quick, on the new data product, any thoughts on pricing and or how that would be priced and any thoughts on the expected top line impact from that?

Bryan Lewis

At this point in time, not yet. But we do look at it as doing a number of things. One is, certainly strengthening the existing product. But we have talked to many of our existing clients about it and they have all said that they would find it highly valuable. So we continue to work with them.

Our first step is to get the data light going. We've got a data scientist who's coming onboard who can help us make a lot of sense of it. We've already figured out a few things that we know we can already do. But I think you get somebody who really knows how to sift through the information, it's going to be even better. But certainly that's the thing that we're focusing on in early 2024, is to make sure that we get that plan in place. And again, it's going to be done in collaboration with our clients.

Daniel Hibshman

Thanks for those thoughts. And then just on the cost reductions with moving cloud providers, any thoughts on the potential cost reductions there, what that amounts to?

Bryan Lewis

You mean moving off of -- well, you mean the cloud providers? Like, yeah. I'd say that my CTO and Head of DevOps are promising me the sun and the moon. But I would expect something on the order of at least 20%.

Daniel Hibshman

Thanks for that, and that's all I had. Thanks.

Bryan Lewis

Thank you.

Operator

We have no further questions at this time. I would like to turn the floor back over to Bryan Lewis for closing comments.

Bryan Lewis

So, thank you all for joining us today. Hopefully, as you can see, we're focused on making changes, positioning resources, and growing our market presence and penetration. I think all of our efforts reflect a common theme. We're continuing to work with new and existing clients to expand the ways we can stop identity theft with our proven technology solutions, right. And in addition to that, showing them how we can help them acquire more customers faster, right. And we think between the two of those things, the best is yet to come as we solidify our reputation as an industry leader in both physical and digital identity. So with that, thank you and good night.

Operator

That concludes today's conference. Thank you for joining us. You may now disconnect your lines.