OneSpan Inc.
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2022 Investor Day
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Joe Maxa: Good morning, everyone. Welcome to OneSpan's 2022 Investor Day. Thank you all for coming, and thank you to those attending remotely. I'm Joe Maxa, VP of Investor Relations. Today we're going to share with you an exciting transformation that's happening at OneSpan and how we plan to build upon our strong foundation to expand our market and accelerate growth.

Our agenda today consists of Matt, Sameer, and JK walking you through our three-year plan and financial targets. We'll have time for questions after our second break. For those attending remotely, you can submit questions through the portal. After Q&A, Matt will wrap up with key takeaways and then we'll meet you out in the common area for lunch. We'll post a PDF of the presentation slides following the conclusion of today's event on the Investor Relations section of our website at investors.onesspan.com. A replay of the webcast will also be posted as soon as it becomes available.

Bear with me as I go through our safe harbor language. Today's discussion may include forward-looking statements. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected in these statements. Please refer to our Form 10-K, 10-Q, and other forms that we may file with the SEC for additional information on these risk factors.

We will also discuss non-GAAP financial measures today related to OneSpan's performance. You can find reconciliations of these measures to the most closely comparable GAAP financial measures in our quarterly earnings press releases and in the slides we'll post on the website. With that, I'll turn it over to Matt Moynahan, our president and CEO.

Matt Moynahan: Thank you, Joe. Good morning, everyone. It's a pleasure to be with you here today at what is my first OneSpan Investor Day. Over the course of our time together, I'd like to share with you some of the many reasons that compelled me to join OneSpan, but in particular, why I believe that OneSpan is uniquely positioned to capitalize on a tremendous opportunity and become a different type of security company.

What type of security company is that? Well, if you look at the title slide here, we plan on becoming the digital agreements company. That is our new mission. What type of company is that? It is a company that's capable of delivering secure and trusted agreements to enterprises as they conduct transactions with their digital customers, in what has become an increasingly complex cybersecurity and regulatory environment. Everything about the new OneSpan begins with the customer because digital customers are driving enterprise revenue today. No customers, no revenue. It's also because those same customers have become the number one attack surface and are the greatest source of security and operational risk for enterprises.

What's happening in the marketplace is so much more than a PDF or an e-signature on a Microsoft Word document. Let's begin today by talking about some of the market trends that I believe uniquely position OneSpan to succeed. First, and it shouldn't be lost on anyone in this room, is digital transformation. It's been going on for years. As many of the benefits that it has, we have seen recently several challenges with it.

CIOs have lost control over their IT environment, are increasingly challenged to put together a compelling customer experience across the patch quilt environment of SaaS applications, and increased security risk has come because digital users are now the number one attack surface. Also, the number one source of credit risk, fraud, and even greater things happening once the infrastructure compromise has taken place.

Digital transformation has been happening for a decade-plus. It's really in the early innings for many enterprises. Why is that the case? Because the types of digital products and offerings that are now coming to market have fundamentally different requirements than the old point-and-click e-commerce environment. Products like home insurance, loan applications, private wealth management, all have higher service level expectations because of the higher price and value of those transactions, and the increased complexity of the workflow associated with them.

Customers online need more than a shopping cart. They are requiring digital relationships in order to conduct business. They need a more dynamic interaction model than the old e-commerce era. Providing a compelling user experience that drives both customer satisfaction and entices the customer to purchase is the number one challenge of today's digital business officer, particularly when it relates to mobile.

Now, it's not lost on us that the mobile form factor is the preferred for transacting online and that's not going away anytime soon. Enterprises will have to accommodate this form factor forever. While mobile is okay for some transactions and OneSpan today does millions and millions of them daily over the mobile form factor, it's not the best user experience for all digital offerings.

Have you ever tried to read the fine print on a complicated contract on a mobile phone? In fact, it's illegal actually in many cases to use a mobile phone for complicated contracts for regulatory compliance purposes. Have you ever tried to navigate a complex business process with multiple clicks? It's exhausting. I don't go through it. Yet, these are the types of products that are coming online and trying to be offered by organizations. They have a higher degree of complexity and a greater need for user experience.

This is why some physical interactions or the human touch are still very much part of the business model for enterprises with complex product offerings. That higher level of service is satisfied, that last mile of customer satisfaction by interacting with people and branch offices or physical environments until the pandemic, which changed everything.

The extreme conditions of the pandemic shut down physical presence. We all know this. You could not go interact with humans and the dislocation that came to the economy as a result of that became clear. No physical interaction, no product purchases, literally portions of our economy shut down as a result of this loss of physical touch. Complex business processes to support home and remote work employees immediately moved online. What had been historically high-touch interaction models were also forced to go online.

Web 3.0, we will see an acceleration of the types of products that are coming online because it now is a default purchase pattern by consumers who prefer to purchase online, but also for remote work employees who refuse to go into the office. Eventually, the enterprises figured it out and turned to Zoom and Microsoft Teams to restore the physical touch, the human involvement. I mean, isn't it ironic now that the human touch has even gone virtual and it's become okay to some degree?

The disruption of the pandemic was not lost on cybersecurity criminals. Both nation-states and cyber-criminals took advantage of both sides of this equation, attacking the enterprise infrastructure with employees and end users and attacking the end user itself. If you go talk to any CIO or chief security officer, the end users, the unknown customers, the ones they're recruiting to their business are the number one attack vector for an enterprise.

I'm not sure if you knew or not, but 50% of all US credit issued by banks is to people without ever seeing them. Synthetic identities have become commonplace. Today we sit with identity theft and credential theft, as the number one cause of credit loss and fraud, and even greater implications from infrastructure compromised through the digital and mobile channels.

The last megatrend, as crazy as it would seem, is probably the proverbial icing on the cake, and that is global regulation. The rise of the surveillance economy, coupled with the cyber threat environment, has created a double whammy that has caused governments to take action. Global governments are now enacting a complex web, a labyrinth of specific country-level identity, data privacy, and data sovereignty regulations as a result.

This has made it increasingly complex to conduct cross-border transactions. Literally, the requirements of how you identify an end user change country by country. This is so much more than a simple e-signature when you're transacting with a higher value transaction. What a headache this is, and we are just getting going.

What are the requirements for conducting business in today's hyper-connected, global, digital world? It sounds simple, but actually, it's incredibly complex. When Intel purchased McAfee, they had a thesis that security was going to sink into the silicon, sink into the chip. In fact, it went the exact opposite way up into the application and end-user level.

In 2017, I gave a speech around the human point, that everything since then has been around identity issue, the market exploded, because it was clear that humans were the last mile. Even hackers are humans. You have to understand human behavior. Security needs to move into the business workflow of enterprises when it relates to customer journeys.

The key requirements here are difficult to pull off, but ones that we have core capabilities in each of these steps. The first is identity verification. Do you know your customer? Do you know that the person you think you're transacting is actually who you think it is? Likely, not on an anonymous internet. Two, if you believe that they are, go ahead and authenticate them onto a business process of a company. You're granting access to the enterprise because you think you're right, but what if you're not?

That authentication must follow that end-user pre-authentication and post-authentication all the way down to the point of closing a transaction. It is absolutely critical, and you see these monikers around zero trust and continuous authentication taking hold.

The problem right now with the identity market is that the identity companies who do authentication go blind after the authentication process. It's like not testing somebody for COVID-19 and letting them into your building. How do you know if you didn't test? You do your best, you check for a fever, but you don't quite know if they're asymptomatic. You have to understand user behavior throughout the business process.

Next, and this is very difficult for securities to do, is provide workflow in that business process. Most security companies don't have access to that. They operate in the shadows. It is a key requirement to understand the structure steps that go from point A to point B to close the environment and own that process.

Next is enabling the digital signing of that transaction. On the artifact of choice, we'll get to that in a second, but if you look at the e-signature business and our historical authentication business, we do e-signing in both businesses. They're just different. One is the digital representation of an ink signature. The other one is a hash associated with the banking transaction. What's the difference? It's the same thing.

It's just memorialized in the terms of consent associated with the transaction in a way that is legally binding. Lastly, storage. We've done this in the past and we are looking at doing it again; storing the actual artifact of a transaction for the purposes of non-repudiation is critical in regulated industries. In fact, in many cases, you can operate around it. We'll talk about this a little bit later, but the hacks that are taking place in the market are so different than they were 20 years ago.

Now that we've seen the first wave of digital transactions go through, hackers are actually attacking documentation, the registry of deeds, changing homeownership by changing a name on a digital document. There are serious consequences to that and we're just getting going. The classic confidentiality, integrity, and availability. The acronym that's been around for 20 years since I was at Symantec. Out of the C, confidentiality, I, integrity, A, availability, I argue that is the integrity that is the most important of this entire process; the integrity of the person and the integrity of the document that they're interacting with.

What does this mean for OneSpan? Security meets business process. That is the new requirement for transactions happening in this new Web 3.0 environment. What does this mean for OneSpan? Well, we put in place a very important coming of age exercise upon my arrival for OneSpan. That was putting in place a rigorous strategic planning process. I'm really proud of the team and the work that we did together. It made us stronger and allowed us to unite behind a common purpose and mission, but one that was based on data and industry insights, not conjecture from the four walls inside the company.

We were able to have honest, intellectually honest conversations around things that brought us to this period of no growth, and what we needed as a team to move beyond it. Perhaps the most important deliverable was a sense of mission, clarity. Without that, how the heck are you supposed to get from point A to point B, let alone do it in an efficient manner? Clarity and accountability were the number one and number two things this company needed in order to let the good people in the company do the best work of their careers, and do it under an operationally rigorous environment.

Based on what I've seen from my team, I could not be more excited with the mission and vision. The new OneSpan vision and mission. The first one is a very big concept. We believe in a world of trusted digital interactions and agreements. It's very simple, but it's very big. Businesses are moving to the internet to reach their customers and transact efficiently. That is the number one reason they're doing that. The internet is insecure.

Think about this global internet as just a bunch of users attached to it with the enterprises trying to reach them over an insecure backbone, trying to conduct transactions that generate revenue. Those interactions need to be secure and the transactions that flow from those interactions need to be secure. It's all about dollars. In order to do that in a way that's compliant with global regulations, it has to be secure.

Our mission is really a combination of the 20 years of proud heritage and the assets we have inside. This is a very different mission for a security company. Our goal is to accelerate our customers' digital transformations by enabling secure, compliant, and refreshingly easy digital customer agreements and transactions. This may sound straightforward, but no security company on the planet has done this before because they don't sit in the customer-facing workflow. No e-signature company has done this before because they don't have the global expertise around identity. Even DocuSign today sits with 85% of their business in North America. The vast majority of ours comes from international global customers. It's important that we have a new sense of accountability to execute this vision.

Our new management team that we've brought on board since my arrival has brought a different level of expertise and scale, and they're all signing up to be accountable for executing this vision with us.

Please note also the three green boxes there, which is a formation of a new office of the CEO, Sameer, Meg Ryan who runs our business transformation office, and Mahmoud Samy sitting over in Dubai who runs our international salesforce. The three of those individuals report directly to me and their day job is ensuring that the go-to-market elements of this plan are executed according to plan with metrics in place.

Very proud of this team we've assembled. We have two to three key open positions, but we have line of sight to those positions. The open position, our chief revenue officer, chief customer experience officer, and CFO. We're thankful to have Jan Kees van Gaalen with us as our interim CFO, he's been doing a great job for us over the past several months.

If I could, I'd love to have my management team step up here and just quickly point them out. You've got JK who you'll hear from speaking, Joe Maxa who you know, we have Giovanni Verhaeghe who's been here for 15 years, Sameer who you'll hear from on go-to-market, Tom Aurelio, our new chief human resources officer, Eric Hanson, our new chief marketing officer and several others who aren't here, so thank you, team, for coming here with me.

It's really important also that we have-- go to the next slide, please, alignment at the board of directors level. It's a very unique situation to have a new management team with a new board of directors and a new mission and vision. I can tell you that the board of directors were an important part of my assessment process of the OneSpan opportunity. I can tell you all the words and commitment they showed me during the recruiting process have born true, have come as advertised in the post-signing and the execution of our strategic plan which they just recently blessed.

Equally important, half of the board of directors is new within two years, I do think this has given the board a completely new feel. I've found it to be incredibly powerful to be able to align with them and educate them on what I believe is a unique opportunity is, and we are 100% aligned on the growth agenda ahead.

Next slide, please. It's also important that you know that I've taken to heart your comments in the first four or five months on the job. I think I'm speaking to most of you in the room and I know several of you online, and your feedback has been incredibly important. In fact, a lot of people ask whether there's a difference between what the market thought and what I thought coming in always, comparing the outside versus inside view, and quite surprisingly or maybe not surprisingly, it's the same.

We have a huge opportunity to operate this business with the great team we have, more effectively and more efficiently. I hope you come away today with a renewed sense of stewardship in our company and a belief that we are committed to an open communication model and engagement with the investment community. This feedback has very much been part of this three-year planning process.

What are you going to hear today? You're going to hear that we've made significant progress since Day 1. We are actually right now implementing OneSpan 2.0's plan. There's no more planning after today. It's onto execution and I can't wait to get there. You're going to hear that OneSpan is truly a unique company. There is no company on the planet that has the combination of e-signature and the depth of identity verification, authentication, and transaction signing as OneSpan in the market.

You're going to hear that we need to grow up. We've had enterprise-class products serving some of the most discriminating customers on the planet, but we have never had an enterprise-class company. It's different. A crisp enterprise go-to-market is absolutely required to grow this company. We need to move from a fragmented three salesforce model to punching with a closed fist with a unified go-to-market and Sameer will talk about that.

Clarity. I cannot answer any more questions on these investor calls about the confusion. Before we get to the fun stuff, we're unpacking this and going to give you visibility into what's required to manage this business effectively and capital efficiently. Lastly, we do have a strong balance sheet. We have $120 million in cash on the balance sheet and no long-term debt. We believe that's a point of strength for the company, both for shareholder value creation, both organically and inorganically.

Let me start with some of the key foundations and I'll move quickly through these. OneSpan, many of you know, but many of you may not know, we're truly a global company. This is a competitive advantage. 850 employees, over 3,000 global customers, many of them, some of the largest and most discriminating enterprises, across $215 million in revenue, a strong balance sheet, and we have, this is something that many people don't know, 4 billion authentications per year. That's incredibly important given the nature of what we do in a relatively niche industry. We dominate the authentication process for banks that are doing new account openings and other critical, mission-critical processes.

We have 65 million active Digipass keys out there. Notice that I didn't use the word "hardware". I'm going to strike that from the vernacular. This is not a piece of hardware. It makes it sound like we're carrying a server around. This is a very fundamentally different product. That's a key part of our future going forward, but it needs to be managed differently.

Of course, we have two segments in the business. They have different profiles, which we'll get to, but the core competencies that come from those are incredibly important with what we're doing. We have so many strengths that we will leverage that I believe have been underleveraged and underutilized in the past.

Obviously, the security DNA is critical given where we plan to take the company. Global compliance is critical and we have not yet proven that we can leverage the blue-chip installed base to these global customers. A lot of it was an artifact of a fractured go-to-market, but we intend on proving this out. We have some of the most discriminating customers that are angry with us, not because we've done something bad, but because we're not doing enough, we need to do more with global blue chip customers, and we will.

Next slide, please. I'd like to touch briefly on what I believe is a better operational construct for the company. We will be one company, but it's clear we have two different portfolios. One, a more legacy form factor that is done in the company very, very well in the terms of on-premise software, baked into the back office of banks, and the mobile authentication capabilities of the banking institutions. We have on the other side of the house a digital agreements or e-signature business that is largely modern cloud, 100% ratable subscription, other than a few legacy customers.

These two businesses have different growth profiles and require different operational models. One high investment, high ROI, the other one steady cash flow to fuel our growth opportunities inside of the business. This increased transparency and clarity is useful both externally to help you gauge and track our progress, but also internally to direct the teams on how we're going to run the business.

When I was at Symantec 20 years ago, John Thompson came up to me. He was CEO at the time, I was running the consumer division. We were $2 billion of the $3 billion for Symantec. He said, "Matt, you've got one job. We're going to go build an enterprise security company, and you're going to make as much cash as you can in the consumer division, and then I'm going to go sweep the bank account every month and take it and go grow the business."

This feels very similar. We're fortunate to have an annuity stream in conversations with the world's most important customers who are on the cutting edge of technical adoption and innovation, and we're not doing enough with them. What a beautiful thing and a beautiful challenge. We'll talk about some of the things that we can do to leverage that conversation in a different way than having disconnected parts. That said, the way we view this business needs to be different because they're different parts of the business.

Let me go into the solution strategy. We have six key solution differentiators, and I'd like to address each one very briefly. The first one that I spoke about is having all the key pieces to those requirements for modern transactions in a digital environment. Each of these building blocks are products that we have in-house today, our teams that we have with core competencies in each of these areas.

We have some of the world-leading identity verification capabilities. We can identify individuals through over 2,700 modalities. What is a modality? Passport, driver's license. It could be anything, bank account, utility bill, this is critical. Something you have is always more secure than something you don't have. This is a very, very important piece to our puzzle, something that every company is going to need going forward, and that's been part of the explosion of the identity and verification market.

Authentication, it's really critical before you know your customer, and after, obviously, this is part of our sweet spot on the security side. Virtual room is critically important, this is the interact phase. This is a diamond in the rough for us right now. Virtual room, as many of you have heard about in the past, is currently a feature of our e-signature platform, it needs to be a product in itself. The amount of users working, or the amount of customers trialing virtual room has doubled quarter over quarter, we have to get this out there.

Think of this as essentially the secure version of Zoom, where you can actually interact and conduct business. For high-value transactions when a human in the loop is needed, where that extra service touches needed, come in, and you can insert a human, not a chatbot, but an actual human to close the deal. This is going to be increasingly important.

Is Zoom really a collaboration, or is it just a better version of WebEx? Not much happens over Zoom other than conversation. Think about it. How do you transact with a human when you're not physically present? I believe this is a serious opportunity for the company.

E-signature, obviously, are the components that allow us to assemble documents, assemble users, and bring the artifact of need to close the deal. It could be a PDF document, could be Microsoft Word, what have you, and transaction signing, we do billions of these transactions. I don't care whether it's an ink signature, represented digitally, or actually a hash; complete capability to sign transactions that is critical for global regulatory compliance.

These are the building blocks that no other company in the planet has, and we intend on bringing them together. We have three core differentiators, global, which I talked about, if you look at the structure of the market and the e-signature market, and Sameer will talk about this, there is no global number two, there's massive fragmentation. There's DocuSign and everybody else, and we're the leader of that pack, and we're not close.

There is a role for number two provider. I don't know one market that hasn't needed a number two, I don't know any company that has started-- that has 75% market share and went to 85. Structurally, it's very hard to do. We intend to be the number one alternative to DocuSign as a global transaction provider.

Two is trusted, we talked about this, if there's no trust, what's the point? Any enterprise will always pick the most secure version of something as long as the user experience doesn't create customer friction, always. That's why security companies stay in the shadows. They don't want to be known. They don't want to get in the way, they're going to get ripped out. We have a unique opportunity for the third to be frictionless because we sit in the workflow, because we have teams that are great at UI and UX. Let's make it invisible.

What's the next version of Duo? What is Okta 3.0? It's continuous authentication and monitoring, and then users to make sure as they go through the purchase process, it is who you say they are, and then ensuring the documents that they sign aren't tampered with after so that you don't end up in an orange jumpsuit or the court of law.

That is what modern business is all about, and we've got these pieces. This will enable us to go and interact in a truly differentiated way, and I've done this with customers already, around our worldview. It allows us to go to a trusted relationship and advisor status.

OneSpan transaction cloud platform. Our competitor, DocuSign, puts documents at the center of the universe. They're getting into redlining and multi-party transactions, and contract life cycle management. That's great. I think DocuSign is an amazing company, but we don't think like that.

DocuSign came up through the SMB market in the warm and fuzzy, friendly environment of real estate transactions, and it shows, so did Adobe. That's not our world. We come at it from global transactions with the biggest banks in the world that if you go down, you get kicked out, and you don't get back in. We transact globally every single minute of every single day.

When you come from that background, our world looks differently. It's just a bunch of end-users and enterprises transacting a whole bunch of stuff. Forget about whether it's called a transaction or agreement or two people consenting to something. It should be secure. That's a big playground. So when you look at this slide, I would encourage you to go down to the transaction type. This is so much bigger than a PDF document or Microsoft Word. We don't care what it is. We're sitting in the flow with banks, doing business-to-business wire transfers using our Digipass devices to authenticate before they press send.

We've seen this time and time again, where big banks send some big wire transfer to someone that they didn't mean to. Some prints somewhere and some country somewhere, that happens all the time. That one transaction could wipe out an entire profit of a business center. Again, we think the future's bright with this mindset, and we're organizing behind it. I don't care if it's a PDF, a smart contract, NFT, or any other type of artifact.

It really is around the use case of the enterprise, engaging with the customer, and that will change over time I guarantee you. I like our odds. I actually think that the market is moving more towards completely digital headless transactions, which is the history of VASCO Data Security and not DocuSign. This is moving in our direction, and I think this worldview is well-suited for who we are as a company. We're not trying to be somebody we're not.

Behind this, in owning up and being intellectually honest, we've had some missteps in the past. We had a trusted identity platform that for the past two or three years was-- Go to the next slide, please. Trusted identity platform over the past three years that I would say was sound in concept and poorly executed. You've seen this from time to time, a company that has done one thing really well, trying to branch out and it stubbed its toe.

We own up to it. This is different. This is a modern cloud platform built by people with modern cloud experience to create a foundation for this company to compete in a way that it hasn't historically been able to do. Get to market faster, get more efficient, and begin engaging customers in a more modern way. By the way, many of the cloud companies out there that are doing well now are 10 to 15 years old. We believe this is an opportunity to put in place a foundation that is solid for the next 10 years of OneSpan.

So, where do we play? What is our playground? When everything looks like a transaction, you have to have an organizing principle of how you're going to attack it. Think of the lower left-hand quadrant, just to walk through what this slide says. On the left-hand side, you have the value of the transaction. On the horizontal axis, you have the identity security, or assurance level required for that transaction. The higher the value, the more important it is to get it right and the higher the consequence. The e-signature market, which Sameer will talk about, being about a $5 billion market growing at 30%, was largely built on that lower left-hand quadrant.

We are just getting going. These are internal documents, statement of work, NDA, there's very little consequences of these, very little. On the upper right-hand quadrant is when things get really serious. You move from B2E, business-to-employee, to business-to-business, think of two treasury departments communicating and doing wire transfers, to business-to-consumer, buying auto loan, home financing, everything is going online. That is our sweet spot.

Next slide, please. We intend to focus on those use cases with our sales force and get them educated on how they work in the workflow and what's required in the vertical markets with high assurance requirements. We're doing it today. This business without focus grew 40% last year. Yes, we have some kinks to get out of the system, but it's mostly on the go-to-market side. We have the capability to do this, and some of our big wins, which Sameer will talk about, show that we have the ability to go head to head when we play like an enterprise in this market.

Next slide, please. I'd like to talk briefly about the "hardware". The hardware or physical form factor, which is probably a better word for it, yes, is a more slow growth market than the pure software, but when you think about authentication and devices that do it, please think about two. There's two types of hardware. There's a physical device that is many times purchased from companies like ourselves, Gemalto and RSA. Yes, it's physical, and then there's software, but that software goes on a physical device. It's called a phone. We've put hardware in a corner historically and not focused on it.

Yes, Hardware should be an ever-decreasing portion of our total portfolio because software is the faster growing preferred form factor, full stop, but it's not bad. In fact, it's great. Hardware will be an important part of any step up multifactor authentication process that requires the highest of assurance models.

Why does a government still give out RSA tokens? Why is OneSpan even in business? Because it's needed. Whether it's for regulatory requirements or you just can't get it wrong. We need to modernize our approach to this, but an attached hardware-as-a-service model to software will be a competitive differentiator versus software-only or cloud-only competitors. I promise you that. This is critical.

This is the new form factor. It's attached to the cloud and it's updateable over the cloud. This is not what our 65 million out there are doing, but what a wonderful conversation to have with a bank. The banking industry's completely changing. FinTech. This is FinTech, we have a unique opportunity to give the sales team a reason for the first time in years to go have another conversation, and also talk about how this is going to attach to a virtual room.

You need a virtual branch? Let's not call it "virtual room". Let's call it "branch modernization project". Notary. There's all sorts of use cases when high assurance is involved, and government regulations. Next slide, please.

Moving through, what are the requirements? Then I'll bring this all together, and I'll talk about how you should hold us accountable for executing. User experience is key. What's required right now for enterprises is to stitch together the different pieces of solutions themselves to deliver a secure end experience. When someone buys Duo or someone for step-up multi-factor authentication, it's clunky.

I woke up the other day, had my coffee, and before noon, I think I did 15 transactions with some step-up multi-factor authentication sending me a code, and eventually, a couple of the applications I didn't even go to. That's not really that useful. What you want to do is understand contextually the requirements of the end user and the enterprise and deliver the best most streamlined user experience possible. Every transaction wants to be done with as much security as possible and as few steps as possible. What a beautiful space to innovate.

Because of our history-- go black, please. We have the ability to verify in any modality that's required by a global regulator. Again, passport, identity, documentation, this is our sweet spot. Go to the next slide. You then need to authenticate that user. Make sure they are who they are and then continually authenticate them into that environment. We can do this with software or hardware. Next, interact with them. This virtual room is going to be critical. Give them a secure environment to go in and have a secure conversation that is fully audited in case you need it.

What does that mean? The video should be signed, the documents should be signed, the actions of the end-user should be signed. When the pandemic hit, the CIA didn't know what to do. They couldn't go into a secure facility anymore. The conversation stopped. Certain environments that require high-value transactions need to be done under the regulatory and compliance framework of that enterprise.

The interaction through video is really important for transactions that require dynamic collaboration, not just static workflow. OneSpan can accommodate both of them. Transacting, you need to be able to go provide all of the capabilities and workflow, next slide, please, associated with the actual signing of an artifact. We do this time and time again, every single day in the banking world with headless transactions.

E-signature just has a face to it. Great. We'll sign the transaction with a digital representation of it. How do you move from basic electronic signature to advanced electronic signature to qualified electronic signature? It starts to feel a lot like the old VASCO. Signing transactions is never going to go away. In fact, that's what blockchain is all about. Signing the transaction once, non-repudiation, and it's not going to change unless we all agree. It sounds like something OneSpan might want to get into.

Storage. Next slide, please. This is critically important. We have a large auto dealer that is subject to F&I regulations. They have to have proper storage. I'm not talking about Iron Mountain storage. I'm talking about the due process and regulatory framework that understand when a document comes in, that it's actually the artifact that you say it is, and it keeps that document sacrosanct until it's needed in the court of law. That is very different than an online storage box or other generic cloud solutions.

Lastly, how do you get back to the old days of innovation in VASCO? Next slide, please. We are institutionalizing what we used to do very well. When I got the call for OneSpan from the recruiter, they said, "Oh, there's this public company, cybersecurity. It's been around a long time." I said, "Who is it? I've lived in this industry for a long period of time." They said, "OneSpan." I said, "I'd never heard of them. It sounds like a utility company." They said, "Oh, it's the old VASCO Data Security." I was like, "Okay." It gave me comfort because that brand meant something back in the day.

VASCO, there was no better company on the planet that would go in and talk to sophisticated customers, listen to them, and act on them. It made the company, and we've lost our way. We're getting it back. We've funded an innovation lab inside of the company that is in a completely separate part of OneSpan, that its sole purpose is to engage with customers, and our sales team and rapidly innovate separate, separate from the commercial product development process. We have to move faster, and this group's charter is simply that; move faster, innovate faster, and don't come home until you do.

How do you hold us accountable? Go to the next slide, please. Next slide. First, this slide really came from the people in this room and online. All of the left area here, where we were, the "from", is obvious. I don't want to belabor it or beat a dead horse. We are 100% laser-focused with a clear strategy to rinse and repeat from an operational standpoint.

We have to get to a point we feel comfortable giving quarterly guidance, not just annual guidance, and we're committed to that. We have to be more transparent to allow you to track our progress. I believe our stock is undervalued. The best way to do that is to execute and give clarity on the proof points that show we're executing. I believe we're in a good position to do that with our new reporting model and JK will walk you through it.

Next slide, please. Really quickly, before I go to some numbers slide. These are our key priorities. I'd just like to walk through them because I think it's important. You hear them for me. My name is on these. First is to improve operational rigor and capital efficiency. We haven't done that to date. It's clear. We spent too much money and didn't grow enough. We have to fix this.

Two, streamline, then expand our enterprise go-to-market. A big reason why this company slowed down was the go-to-market wasn't designed for the complexity of our product portfolios. We have line of sight in this and are already realigning the Salesforce as we speak. Three, our installed base. What a wonderful asset that hasn't been leveraged to the point that it can. We need to get back out there and bring the fight. There are cross-sell and upsell opportunities, particularly jumping from the authentication solutions we have to the virtual room.

Every single bank that I know has some requirement for a branch office modernization project or a virtual room to satisfy some of their product lines. Innovation, as I talked about, is going to be institutionalized. Then we have to think more like a global company. We don't have the balance that a global company has. Our portfolio in Europe and Asia, APAC side is far more predominant in the security side, with North America understandably, given the common law country in English, being the dominant source of revenue for e-signature. We need to change this, I anticipate having an enterprise-class go-to-market to bring more balance globally to our product portfolio.

Next slide, please. Every single one of the functions has key operational milestones. These are milestones that are associated with the OneSpan transaction cloud and our engineering group. They're real. There are dates attached to them, and we will talk about this on a go-forward basis. It's not just engineering who feels more accountable than ever. It's every single function of the company because it's a new day for OneSpan operationally.

Next slide. Before we get off into break, how do I think about success for the company? There's three key categories here, that I love to continually have dialogue around. One is core ARR growth. The company has been undergoing a business model shift as you know, for the past several years. The

ARR conversations had been predominantly driven by that in the past. We are committing as a team to driving 20% plus core, non-business model adjusted growth for the company over the three-year plan.

Two, DBNE, dollar-based net expansion. We're committing to over 120% over the three-year period. That keeps in mind that there are different dynamics happening in that digital agreement side, which is faster growing, and the security side. This isn't just around driving better execution and the cross-sell and upsell of our business. It's around innovating and getting new product into the hands of our sellers to go drive it to 120 and beyond. It's very difficult to drive DBNE if you don't have a continuous pipeline of new products coming in. This growth metric will talk about how we're changing first in the execution of our go-to-market, and then two, in the execution of our product division. More sellers having more conversations with more products drive DBNE.

Lastly, the adjusted EBITDA is just critically important. We need to continue to drive the right balance between our growth and profitability. We commit to getting to the upper bounds of this over the three-year plan. Now, to end, I know that many of you in the room view the rule of 40 as a classic metric to try to judge the success of shareholder creation.

I believe with the execution that this team that we're assembling, that we can get very close if not to 30% at the end of the three-year period. Hold us accountable to these. We will have continuous conversations and my hope is to continue to improve our relationship and confidence in this company because it is a great company. It just takes execution to get us to the next stage.

Before break, I'd like to end on the three key components of the new OneSpan. One is an incredibly strong foundation. If this wasn't here, I wouldn't have come. I don't want to tear something down to the timbers and then rebuild it. This is where I'm building on top of an incredibly strong foundation, and just telling you what's the blueprint for doing that.

We have differentiated solutions. I believe we are in the early innings of the e-signature market. The early innings. You're going to see us moving from basic to more advanced conversations in use cases, and we will have differentiated solutions to be a credible alternative to the market leader. Three, and most importantly, of my commitment, personally, to make operational rigor a key part of the new OneSpan so that we drive our transformation plan and priorities on time.

I thank you for your support, appreciate the first portion of this agenda, and we're going to take a break now, Joe, for I believe 15 minutes, is that right?

Joe Maxa: That’s right. We’re going to take a 15-minute break. When we come back, you’ll hear from Sameer Hajarnis who’ll go through our go-to-market strategy. So, at this time, let’s be back by—well, let’s make it a 13-minute break. 10:05, we’ll start promptly.

Matt Moynahan: Good. Thank you, everyone.

Sameer Hajarnis: Welcome back, everyone. Thanks for joining us this morning. I hope you all are excited hearing from Matt on how we are transforming OneSpan to drive growth. In this next section, I'm going to be talking about how we plan to achieve that growth by optimizing a go-to-market strategy. When we talk about optimizing a go-to-market strategy, I'm going to break it into three broad sections or themes.

You've heard us talk about the digital agreements market space. I'm going to talk about what constitutes, sizing, and how we plan to attack that market. Next up, we'll talk about focusing a go-to-market strategy, allow that overall big plan. Then lastly, we'll talk about our roots to the market and how we expand those roots to the market by being able to monetize this opportunity for our three-year strategic plan here.

With that, let's look at the digital agreement's market. This market, as you've heard, it's large and it's growing and that's the market we're going to be playing in going ahead for the next few years. Let's start with this visual on the left here. The innermost circle, the white circle there, represents OneSpan's current revenue, current revenue in our current serviceable markets, which has largely been our security business around authentication, verification, and transaction signing.

We estimate that market to be around about 900 million. I would say, over the last many years that we've been playing in this market, we've got a dominant share in BFSI today there but Matt also mentioned that we have a digital agreements business on our e-signature side. That's about a $40 million business, which has been growing at a steady clip rate for the last many years. For that, we operate in that e-signature market, which we estimate to be around $5.3 billion, and that's been growing at a 30% CAGAR and we expect that growth to continue for the next many years.

Earlier, Matt walked you through when we started this session, around those megatrends that we see in the market. He also talked to you about our sweet spot, the use cases, and how we approach these enterprises. We are in a unique position to capture those megatrends by providing those high-trust digital transactions. As we start operating in those markets, it opens up a whole new market, which is what we call the digital agreement's market here.

That represents that outer circle, which we think is about two to three X bigger than the e-signature marketplace. Besides including e-signature, authentication and the things that come up with transaction signing, it also includes other adjacencies like remote online notarization. The remote online notary market just in North America is about a $1.5 billion market. It also includes signer verification, signer identity, that is a huge problem today for enterprises. Besides that, it also includes our other products like Virtual Room, which allow enterprises to do a contextual collaboration. When they need that digitally-enabled human interaction for those high trust transactions, it also includes the Virtual Room. Think of it, when you're doing an account opening use case, you want to make sure that fraud detection, there's no fraud happening in this place. That's what constitutes these larger digital agreements market.

We estimate that to be anywhere between $10 to $15 billion. That's the market we're going to be focused on, we're going to be operating in for the next couple of years. It's large and it's growing. You've seen this slide before sometime. What we are looking at here is looking at it from a lens of what a 5% market share, additional 5% market share would mean to OneSpan. It would more than double our current revenue.

When the opportunity is sizable for more deliberate customer targeting to drive share shift here. We might mention DocuSign. They are the dominant player. Absolutely. We thank them for creating this market to begin with, but the problem is, there's no clear number two here. You've got to ask yourself that question, is that even sustainable? We surely don't think so.

In this fragmented market, we see a path for establishing us as the leading alternative vendor, especially when security is critical for those transactions. We are uniquely positioned as Matt was saying, to establish us as that clear number two in this space, because of our heritage, and identity, and authentication, and verification solutions, which are critical for that new today.

When you look at this now, ask yourself the question, what if we can capture an additional 5% or maybe even a 10% additional can do to us, or even 15% market share? The opportunity is big. It's huge. The question is, how do we get there? We get there by having a differentiated target account strategy to focus on those unmet needs in the market. I'm going to show you what those unmet needs are or that whitespaces or open space here in the market is.

Many vendors talk about markets and market sizing, but I think the key is to focus on those needs which people aren't addressing today. What I've done here for just to make it simpler, we've categorized these vendors and we've seen the ecosystem today into incumbent vendors, emerging vendors, and even some regional or niche vendors, who operate in certain geographies, certain niche areas only. When you compare them, when you compare these market offerings for, say, global, who amongst these vendors can actually provide global coverage? Besides the incumbents and us, there's nobody else who really does that.

You got to ask yourself that question. Why is that important? Why would someone care about global coverage? Imagine you're a bank that operates in New York, you operate in London, Dubai, Singapore, Hong Kong. Do you want five vendors? Five different ways to manage your customer journey and experience? No one wants to do that. When you compare these kind of things, you realize that no one's really even focused on regulated markets or regulated industries. Most vendors out there have a very horizontal play.

When you talk about who's got integrated digital agreements and security DNA, it's just very few people. Most people click a few boxes because they have features which do certain things for security. They do certain things for identity, but they haven't built grounds up to provide that integrated workflow. When it comes to deployment flexibility, that's required for these larger enterprise customers, it's very few. It's one-size-fits-all.

It comes to high assurance, high trust transactions with only game in town as Matt said. Because to have that high trust, you need to have something that you own, something that you have with you. That's why you provide high trust. What you see emerging out of this is a very clear picture. There's a clear gap for providing a solution that's global, that's optimized for regulated markets and industries, has integrated security, and has that deployment flexibility that people need.

When you think of it, what you heard from Matt earlier is that is our core competency. We've been doing this for years, that is what OneSpan is. We are going to differentiate our offerings with that to drive share shift and try to drive that market game. I'm going to give you some proof on this as to how, when we have actually differentiated for those unmet needs, we've been able to drive that share shift from incumbent vendors.

This is a case study from a recent significant win that we had. The customer is a top five HR and temporary staffing provider. They're a Fortune 500 company, global presence, they probably operate in every large economy that's out there. Then they had an incumbent vendor operating in most parts of their business and they plus also had some other regional vendors, niche players, supporting certain geographies there.

Like I said, like we discussed earlier, that's the kind of problem that they were dealing with. You don't want to have inconsistent journeys and experiences. The reason you digitize is to close a transaction. The reason you digitize is so that people come to your web channel and drive business. If you can't drive that, there's no point in doing it. Last year, they floated a global RFP to replace these vendors and come up-- They had two goals. Come up with a common unified vendor and be able to impact their customer journeys to drive customer enablement and engagement.

We competed on it with many other vendors there, and we were awarded a multi-year contract for about $1.7 million. It's not like everything is done off the plate there, it's just the beginning. They have multiple opportunities out there which we see as potential opportunities for volume growth, for new use cases in terms of new lines of business, and even for doing even higher level of assurance with qualified signatures.

We believe that's almost about in the span of the contract close to $5 million. You get to ask yourself this question as to what drove this win? What drove this win was that we had global enterprise coverage. What drove this win was that the customer saw in us, saw in OneSpan, a trusted advisor. Someone who could provide them global e-signature compliance and regulations. They didn't have to worry about it. What drove this win was that we provided them the deployment flexibility they required to drive their customer journeys in the right way.

That's what drove this win. Just imagine they're with a global leading brand top-of-the-shelf kind of a brand, and they choose us. Someone who doesn't even have a big brand presence in e-signatures. We are going to ask why? Why would anyone do this? They did it for the merit of our offering. They did it because we have offering that focused on those unmet needs that the market wasn't catering to.

They had solutions, but no one is focusing on those unmet needs and that's the waste that we're going to drive to meet those unmet needs in the market and be able to drive share shift from incumbent vendors. This is the proof which tell. When I look at these use cases, it gives me great confidence that we'll be able to drive the strategy forward by focusing on those unmet needs.

We've seen what the digital agreement's market is in terms of sizing and our focus on those unmet needs. Let's now turn to how we focus our go-to-market strategy with our overall product strategy. This starts with aligning our go-to-market with the ideal customer profile.

Today, we are largely letting the market come to us. All kinds of new logos coming. We are moving to a more deliberate and purposeful targeting of enterprise logos going ahead. In that use case, which I just walked you through the case study, we didn't seek that customer, they came to us. We just imagine, if we were to target the weight of our marketing engine behind like customers, what could be achieved with that? We're going to do that. That's what we're focused on.

Our product development has historically been very much driven by customer gaps to their solutions and building to those. Don't get me wrong, we made a lot of customers successful and happy but now we're shifting. We're going to switch to building solutions for a certain category of customers so that we attract those customers to us. That's our shift, that's our focus. It's going to be deliberate towards where we want to go.

As Matt was saying, we've been focusing on banking, around and especially with our security presence, it was largely banking focused. We'll be focused across multiple verticals, industry verticals going ahead. As we drive wherever these enterprise customers fall in those categories, we will go after those multiple verticals, not just banking. We will build sub-vertical expertise so that we have specialization around it to drive our brand recognition and those verticals but we will be much broader than just banking.

From a geo perspective, and we've always seen this kind of dichotomy of sorts, where a North American business was largely e-signature focused and the rest of the world was focused more on the security offerings that we had. We will expand globally with our e-signatures. Starting with common law countries, because it's an easier way to rinse and repeat that in UK and Ireland, Australia, New Zealand, and then expanding to other markets in EU, in LATAM, in APAC, where our offerings are more differentiated.

That is how we will align our go-to-market with our ideal customer profile as we align our go-to markets here. Next up, I want to introduce a program which is critical and key to our go-to-market and we call it the OneSpan 1000. This program has been designed to support our purposeful and deliberate customer acquisition strategy. It supports both new logo acquisition and driving growth in terms of share of wallet with existing customers. It's got a balance of both.

Matt showed you that slide with our blue chip install base. What we have in our sites here is a set of thousand current and target or prospective customers that we will be targeting using this program. We'll target them using a collection of sales plays. E-signatures today are ubiquitous. Every enterprise today is digitizing and e-signature is a big part of it. We will lead with e-signatures. As we get a foothold and expand there, and when they need that contextual collaboration, we will upsell our Virtual Room.

As people are monetizing their mobile channels, we will cross-sell mobile security. When it comes to high trust, we'll bring in our digitized devices. If you see this, we have aligned our sales and marketing teams with these defined sales plays. You'll hear more about us, talking about OneSpan 1000 as we chart through our transformation, but this is pivotal for driving share shift, new logo acquisition, and getting a larger share of the wallet there.

Touching on share shift and new logo acquisition, we will also differentiate with a disruptive pricing and packaging. People ask me, what is the intent of your pricing strategy? It's very simple. Best price per value in the market. Simple and clean, best price per value in the market. What that does is it's providing flexible pricing models, multiple pricing paradigms to make it modular so that we're not trying to do a one-size-fits-all, we can tailor these pricing and licensing models for our enterprise customer base.

Today, what we see in the market is most of the competition is trying to sell SMB product up to their enterprise. Who would buy that? We are focused, as I said, on the ideal customer profiles, enterprise customers, that's what we are focused on. We will provide them with tailored solutions from both from a pricing and packaging, it won't be just a monolithic product.

Bottom line is to be disruptive here. We won't be the cheapest, I'll tell you that, but it'll be the best price for value.

Let's turn to how we reach the market and expand our routes to the market. Next slide, please. I want to say this up front that we are transitioning and transforming the company from a product siloed sales organization to a single enterprise sales team with a unified go-to-market. One sales team, one go-to-market motion.

What you see here on the left side is that we've gone through a segmentation exercise of our current and prospective target customers based on employee counts. Based on those things, we've set up tiers, and based on those tiers, will assign the right sales coverage and partner coverage for it. For example, when you look at enterprise accounts here, we'll have a named account manager cover this with a global systems integrator.

What we're doing here is aligning the right level of touch required and effectiveness in bringing a cost-effective way to acquire new logos. The OneSpan 1000 program that I discussed earlier, that would largely focus on the top three tiers here in the market, so large enterprise and medium. Essentially, if you look at this, we are aligning our top sellers, or our potent sellers with our ideal customer profile, which wasn't the case before, but we are balancing this to have the right touch and the right effect on our ideal customers.

This also includes having the right balance of partner ecosystem coverage for indirect play to supplement our direct efforts. What I mean by that is when you look at things like global systems integrators, they have a strong presence in enterprise customers. We will co-create solutions with them and collaborate with them on sales and marketing to reach those customers. When you look at resellers and distributors, they amplify our reach in markets where we don't have direct sellers and we'll use them to do those things.

All of this sounds pretty straightforward, but it's an important step in having a single enterprise sales team with a unified go-to-market. Next slide, please.

Let's look at our key priorities for our go-to-market. It starts with targeted brand awareness. The question, what do we mean by targeted brand awareness? As our CMO, Eric, Eric's in the room here, and he jokes about this thing, "we're not measuring billboards". You won't see us in Times Square. You won't even see us across from Penn Station, but what we will do is we are focused. We are focused on those influences at our ideal customer profile, that impact the buyers' journey.

We will reach them across channels, whether it's social, it's digital. We'll surround them by who we are and what we do for them. That's what's targeted brand awareness. We spoke about our OneSpan 1000 program and that will help us drive more deliberate and targeted new logo growth, plus the share of wallet, so that's a key aspect of our priorities there.

As we execute this in our primary markets, we look to rinse and repeat this across other geos and across other verticals as well. All our go-to market teams and I mean sales, I mean marketing, customer experience, all of them will be aligned with this product strategy, the market opportunity, and the go-to marketplace, all of them. When they all walk lockstep in unison, that will drive success.

Talking about success, next slide, please. We'll measure success with four simple metrics there. We want to look at new logos, enterprise new logos added, and the associated annual contract values with that. I want to see that trend up. For share of wallet, we'll be looking at ACV associated with cross-sell and upselling in existing accounts. For renewals, we'll track improvements in our churn rate. Then finally, for retention, as Matt mentioned, we're going to be measuring our NDR towards at 120% and above. Those are four key metrics we'll be aligning all our teams to measure success about.

Next slide, please. Folks, one thing I want you to walk away with today is that with one go-to-market team, two integrated product segments, and thousand enterprise customers to acquire, to upsell, and to cross-sell in a market which is way bigger than the $5 billion e-signature market, we are well-positioned to win. With that, I'm going to hand it over to JK for the next section. Thank you.

Jan Kees van Gaalen: Thank you, Sameer. Good morning, everybody. Matt and Sameer have presented to you the new OneSpan 2.0. We have a significant opportunity to grow the company, great team, and a global top-tier customer base. Now, let me take you through what I cover on the next slide. Next slide, please.

Here are the key items that I'm planning to cover. Let me start with the steps that we're taking to align OneSpan for growth. Next slide, please.

We're building a new financial paradigm. The future will be different from the past. We have a clear focus, new segment reporting, and are realigning our capital. What can be observed here is a fundamental change to increase focus, clarity, purpose, and that combined with a strong execution.

One of the key objectives, as Matt discussed earlier, is the need to make our business easier to understand and value. This regard the change of reporting to segment reporting to two segments, we believe will go a long way in achieving this.

Now, let's take a closer look at the new segment reporting on the next slide. Here, you can see our 2021 revenue mix by our new segments. Matt already touched upon this. Digital agreements accounted for 19% of revenue and security solutions for 81%. Changing the reporting from one segment to two segments will allow us to better understand, manage, and communicate how the businesses are performing.

First of all, each of the two segments will have a different strategic focus. Digital agreements will be managed for growth, and that's where most of our capital will be invested. While security solutions will be managed for profitability and will continue to be a strong cash flow generator, and the segment is also expected to return to growth. Now, let's take a look at the details behind the new segment reporting. Next slide, please.

As you can see here, here's a closer look at the revenue disaggregation for the first quarter of 2022. On the left-hand side, you can see the revenue breakdown of our legacy reporting format, with total revenue amounting to $52.4 million. The right-hand shows the new digital agreements and security solutions, again, totaling $52.4 million.

With a strong quarter for digital agreements, total revenue of the segment accounted for 25% of company revenues, and it's expected to become a much larger portion part in the years ahead. As we will see in more details afterwards, the digital agreements segment can occasionally have a certain lumpiness. This is partly driven by the size of the business and partly by larger deals.

Let's unpack both ARR and revenue for both segments in the next two slides, and understand their underlying trends. You can see here the quarterly ARR performance for the last eight quarters. Digital agreements segment consisting primarily of cloud subscription has been growing steadily throughout the period.

Security solutions ARR also had a strong growth over the last two years. However, this was, in a large part, driven by the perpetual to subscription transition. Absent that transition from perpetual to subscription, security solutions ARR would have been lower. When we go to the next slide, we will see how the segment revenues have been impacted.

This is a really interesting slide as it shows clearly for the first time, the strong performance of our digital agreement segment. Now, looking at the slide from left to right. The digital agreement segment has shown strong growth over the past two-year period, with the fourth quarter of 2020 and the first quarter of 2021 seeing some tailwinds from COVID-driven programs.

The segment is also, as I just mentioned, subject to some lumpiness as can be seen in Q1 2022, which was a particularly strong quarter. Looking at the security solutions revenue trends, we see a slight downward trend over the last eight quarters.

Overall, the total company revenue has been relatively flat when reported as one segment. Digital agreements growth was masked by the decline of the security solutions. Even though security solutions has been declining, it has indeed been historically a very strong cash flow generator. Also, as I mentioned, we plan for this segment to return to growth in the coming years.

Going forward, we will provide a clear and transparent reporting showing you the performance of each of the two segments. Now turning to the next point on the agenda.

Let's talk about executing and delivering on our cost reduction program. Late last year, we informed you that we planned to execute on a cost reduction initiative, targeting cost reductions of $10 to $12 million for 2022. What you see here are the three major components of that plan and the first quarter's results. We are substantially complete on the execution of all the actions contained in that plan and we delivered a non-GAAP savings amount of $2.7 million in the first quarter. We expect non-GAAP cost reductions in excess of $11 million to accrue for the full year 2022.

Now, let's look at the next point on the agenda. We've spoken about realignment for growth and the execution of our cost reduction pro initiatives. Now, let's look at the capital allocation priorities.

As you can see here, we have clear capital allocation priorities. Let me touch upon a few highlights. For example, we've made good progress in terms of working capital efficiency. We've reduced our DSO, Days of Sales Outstanding, from more than a hundred days to high fifties as at the March quarter end. In addition, a portion of the $11 million-plus cost reductions are likely to be reinvested in our rapidly growing digital agreement segment going forward.

I also want to point out that our board of directors has approved a new $50 million share repurchase plan authorization as of May 12th, 2022. In addition, the board agreed to certain M&A transactions, mainly technology tuck-ins.

Turning now, let's look at the outlook and our long-term targets. What you see here is our growth profile is expected to change through our three-year plan period. Horizontally, you can see that we expect gross margin improvement. The vertical axis represents revenue growth. The pie chart shows the changing mix of segment revenue with the faster growing digital agreements segment reaching 35% to 40% of total revenues by 2025.

The improved profile should position the company well for continued growth and improved profitability and free cash flow in the future. Let's now look at another way of showing the change of ARR growth profile of the business.

We're putting in place business strategies to drive the underlying growth of both our digital agreements and security solutions segments. Combined, we are targeting an ARR CAGR of at least 20% over our three-year plan, consisting of a 30% to 35% CAGR for digital agreements and a 5% or higher CAGR from security solutions.

Now, let's look at the growth expectations. Here we present our revenue growth expectations over our three-year plan. Although the bulk of the growth is coming from the digital agreement segment, we expect the security solutions segment to return to growth.

What are the major drivers in each of the two segments? This slide recaps what you've heard from Matt and from Sameer. We have strong drivers underpinning the growth of each segment. Now, let's look at the 2022 guidance, and long-term targets.

I'm truly excited about the progress made over the last six months in setting the company on a course of growth. This table brings all the numbers together. First, let me address our 2022 guidance. We affirm our revenue guidance, which is expected to meet or exceed our full-year 2021 revenue. We plan to increase investments in sales and marketing and R&D in the second half of the year to help accelerate revenue growth in 2023 and beyond. Therefore, we are providing an update to our full-year 2022 adjusted EBITDA guidance, which we now expect to be in the range of negative $5 to negative $7 million for '22.

Now, turning to the third column of our three-year plan. We expect a revenue CAGR of 10% to 12%, driven by the rapid growth in digital agreements that we discussed previously. We also expect adjusted EBITDA to return to profitability as Matt was showing, reaching 8% to 10% of revenue by 2025.

I'm confident in our longer-term targets due to our well-thought-out operational strategies, our disciplined management team, our talented employees, and our strong and growing customer base. Now, turning to the next slide.

In summary, we will be providing you increased transparency to our two new reporting segments. We are realigning our capital allocation to enable rapid growth in digital agreements. We have a strong balance sheet and we have confidence in achieving our three-year plan goals and financial targets. Thank you. Now to Joe.

Joe Maxa: Thank you, JK. We'll now take a short break to set up for Q&A. For those online, you can submit your questions at any time. Let's be back and we'll start at 10:50 sharp. Thank you.

Joe Maxa: Welcome back, everyone. It's now time to get started with question and answers. We'll start with people in the room and then I'll weave in a few questions from those online. Who would like to get us started?

Yes, Rudy.

Rudy Kessinger: Rudy **Kessinger, DA Davidson.** In terms of sales investments, how much sales cash do you plan to have throughout the rest of this year? What's the average or expected brand productivity for your sales reps? Remind us just, what's the typical sales cycle?

Matthew Moynahan: Yes. The productivity per sales rep is largely unchanged over the back half of the year, rather. Obviously, the plan was just blessed by the board about a month ago. We're hard at work right now implementing that. There is a little bit of lag time here. The first step is to allocate accounts. We heard the mention of the OneSpan 1,000. About 45% of the OneSpan 1,000 are new accounts that were currently not targeted, new logos. New logo has to be a primary focus of the company.

Then 55% of that, generally speaking, are existing accounts. Think of how many accounts in our installed base that we believe are an opportunity to move from identity verification sale, that is, the core of our installed base, through Virtual Room and/or e-signature. Account prioritization is very important. There will be no modifications to sales plans or quotas, what have you, in the back second half of the year until that takes-hold.

We anticipate that happening in the beginning of fiscal year '23. We do anticipate the gradual layering-on of headcount that will probably double the size of the salesforce over the three-year plan of North America, sorry, named account reps and double the territory account managers as well. Now, that has to, obviously, be done in accordance with the hiring conditions in the market.

Just to give you a sense, DocuSign has somewhere, we believe, between 800 and 900 North American reps, right? We have about 46 sellers globally, right? We believe there's a legitimate reason to invest in the sales capacity, given the opportunity we see from the sort of secular e-signature market.

Joe Maxa: Thank you, Matt. Nick, one second. Could you please use the microphone so the people remote can [crosstalk]

Nick Mattiacci: Yes. Nick Mattiacci, Craig-Hallum

Matthew Moynahan: Hey, Nick.

Nick Mattiacci: [crosstalk] I'm curious if you could break down, in that three-year target, how we should think about new logo contribution. With the ARR target at 20%-plus and the net expansion target at 120%-plus, I know there's a little wiggle room in there, but how should we think about new logo contribution versus existing expansion?

Matthew Moynahan: Yes. We certainly hope that new logo is a significant driver of the business. We have not done very well historically there, and it's a huge focus for us. If you look at the e-signature business, the enterprise e-signature business in North America, just to give you a sense, 80% of that business came from about seven logos, okay? Most of the e-signature business, from a logo acquisition standpoint, has been SMB in the lower half of the pyramid.

Now, our entire focus is the top half. Now, that takes time. We have a new marketing leader in Eric Hanson. In marketing, there's a lag time to the investments, the programmatic approach, or what have you. I wouldn't be in a position right now to break out what that new logo growth would be, but I do believe it will be the most significant driver for the business going forward.

Especially given the waterfall approach of the land and expand cadence that exists on the pure cloud-based e-signature that is very different than the term-based subscriptions and then the smaller authentication market that we work on, most of that will be driven with e-signature. There is a lag between the initial land and the subsequent expand that will happen over the three-year period.

Joe Maxa: Thank you. Bob?

Bob Johnston: Hi, I'm Bob Johnston with Herald Investment Management. With the changes that are just underway for sales, have you talked about the board having given the recent sign-off? To what extent have you gotten with the sales? Is that yet to come? What should we anticipate in terms of changes in the management of sales and more importantly, churned within sales, too? Have you seen churn in general, or do you expect that this gets implemented?

Matthew Moynahan: Sure. In addition to the CEO, you're also talking to the chief revenue officer of the company. I made that decision about a quarter ago, so I'm very intimately involved with the sales team and the leadership in the company. We have augmented and made several changes at the sales leadership level already. That happened within the first quarter of my arrival.

As far as churn goes, we actually have had an abnormally low churn. I think there was a nervous excitement upon my arrival for what the company was going to become. Now that we have a plan that's blessed by the board and we have a clear vision and mission, we think that is going to be a galvanizing force as opposed to a disruptive force. We did have several departures that were involuntary that we effected at the end of the year with that $10 to $12-million restructuring plan as it related to the performance of certain individuals in the salesforce.

That was part of that. I don't anticipate material churn in the salesforce going forward. I would say that the challenge, obviously, is a challenging hiring environment. It's highly competitive there, and I'm more focused on that and getting our employee value proposition out there than I am on churn, based on what I see with our internal sales conversations.

Joe Maxa: Thank you. A reminder for those online, to ask a question, just type it into the question box. Next, we'll go with Sagar

Sagar Gupta: Hi. Thanks. I saw this morning that there was another round of realignment or restructuring that was announced, Phase 2 of roughly $20 to $25 million of annualized cost savings. Could you discuss that? Is that incremental to the $10 to $12 before and the phasing of that and if that flows through the targets that were discussed today?

Matthew Moynahan: Yes, sure. I'll answer high-level and then, J. K., certainly feel free to add. The second phase of cost savings is in addition to the original $10 to $12. As J. K. mentioned, we targeted $10 to $12 with a December action, and we were pleased that we'll be coming in an annualized savings at a little bit north of the midpoint: $11 million-plus.

Now, there are some puts and takes that J. K. can speak about regarding other uses of funds from internal categories such as travel and merit increases in salary adjustments, so we can talk about those puts and takes.

The balance of the savings from the second cost reduction is really primarily tied to portfolio management. We have made several decisions around products, some of them as part of the TID platform that obviously was well-documented over the past three to four years that we will be sunsetting over time. That sunset has a pretty well-established staggering between what we're able to effect in Year 1 with immediate actions around locations and headcount tied to portfolio products that we will end-of-life and end-of-sale.

As I'm sure you're familiar with, there is a tail to any of these decisions. That $20 to $25 million will be realized over the course of the three-year plan where we expect that to be fully realized exiting 2025, but we will have annual savings each year as we take these staff from current levels and move them into other parts of the company or out and effect that change from current development down to pure maintenance mode at the end of 2025 until they're exited.

Speaker: Is that factored into the targets?

Jan Kees van Gaalen: That is factored into the targets, yes. All of that.

Matthew Moynahan: That is correct. All that's baked into the three-year plan.

Jan Kees van Gaalen: Both Phase 1 as well as Phase 2.

Joe Maxa: Thank you. Next, we'll go with Gray Powell from BTIG.

Gray Powell: Okay. Great. Thank you very much. Good presentation.

Matthew Moynahan: Thank you.

Jan Kees van Gaalen: Thank you.

Gray Powell: I'd just love to get some color and maybe you hit on this already, but just can you talk about the linearity as you make your way towards your long-term targets? Specifically, we're looking for 16% to 18% ARR growth this year going to 20%-plus in 2025. Is this going to be just a straight-line path upward? Is it back and loaded? Just how should we think about that path?

Matthew Moynahan: It's certainly not going to be an escalator because we're not there right now. There's an operational reality to what we're doing, but there's going to be a little bit of lumpiness along the way. The company is at an interesting size where we win or suffer from the law of small numbers on any given day. You saw that with the overperformance of our business in e-signature in Q1.

You also see that with security from time to time. There are three primary sources of lumpiness, if you will, with our customers. One is unplanned purchase from hardware, which comes from enterprises that we may or may not have visibility to replenishing their stock. Obviously, hardware is still, right now, a perpetual model. You do see bumps from that time to time. You do see bumps on other software-based security products that are term-based that have other term-based revenue recognition policies associated with them.

If a new bank is rolling out mobile, that mobile is term-based revenue recognition, you would see a bump in revenue from that or a compensatory decrease if it was a customer that decided not to purchase in a particular year. Then, e-signature, given the size of the business and our increasing focus on the enterprise, you will see lumpiness from time to time with large deals coming in. That will create more of a staircase, if you will, than an escalator, but I intend to have that smooth out over the back half of the plan as best we can.

Gray Powell: That's totally helpful. Can I do one more?

Joe Maxa: Please do.

Gray Powell: Great. Thanks. That leads to my next question, and it's obvious, but the macro-environment is more volatile today than it was just a few months ago. You all had a pretty clean Q1 report, but there are some moving parts to the story, sales reorganization. How do you feel about the visibility that you have on your pipeline today and your forward-looking growth? Just like, how do you feel there today versus five or six months ago when you were just starting things up?

Matthew Moynahan: Yes. The first play or the first phase of visibility is getting access to the data. I think this is going to be a continuing story around the maturity and becoming more enterprise-class. I feel like there isn't a day that we haven't become more mature or more enterprise-class. Is there work to be done? For sure. Right. We have a new CMO, we're retooling the executive team, and that takes time to take root, if you will, and impact the performance there.

Our eyes are on target. We have a good pipeline, we've proven our ability to close, and we just need to go continue to execute with the pipeline that's in here and, in parallel, have Eric Hanson and the marketing team continue to build that pipeline. As far as dislocations law, J. K. talked to the FX. We do see some top-line pressure coming from the movement based on the current situations in EMEA and our footprint in Belgium, obviously, where we do transact business.

I do feel fairly comfortable with the continued stickiness and nature of the annuity stream on the security business. That is, by far, the largest piece of our business. While we are coming off, just like DocuSign, a fairly frothy environment from COVID and then seeing some little bit contraction there, I don't feel like at this stage, it's economically driven, and I do feel like we're being well-positioned in the marketplace with the price-per-value conversation that Sameer has discussed that should work in our favor as customers who are using e-signature for low-value transactions are looking not to pay premium prices.

If we were in a situation right now where we were the incumbent and trying to raise price in this environment where things are getting a little bit tighter, that would be very different than us coming in and being the one that can offer a price-per-value proposition that enables them to switch from one global provider to another and still maintain the digitized process.

That process is not going to go back to paper. I think that the nature of the e-signature business really, I don't want to say, is not impacted by the economy, but digital transformation hasn't stopped. In fact, if you look at any of these statistics, executives are saying they plan on spending as much today as they did last year on digital transformation. The question is, at what price?

Joe Maxa: Thank you. We'll now take a couple of questions from online, the first one being: Considering the secular growth rate and your belief of expanded TAM for digital agreements relative to e-sign, what is preventing you from growing faster?

Matthew Moynahan: I really think this is just a pure execution issue, quite frankly. That takes time. From the operator's view on this, it's just not "Add water and green sprouts start shooting." That really is it. One of the things that I'm most bullish on really is the way the message is resonating in the marketplace to attract executives to complement the talent that's already here, but I have a little bit different scale DNA.

It's a very different thing to get a company from $50 million to $100 million versus taking it from $2 to $5 with the portfolio we have. That's what we need. I'd say the biggest issue preventing us from growing faster is just a function of team and time, and I'm very confident on both. We're hard at work to make sure that we get as much of that done in the back half of the year and the front half of 2023 so we have a good three-year run over the life of the plan.

Joe Maxa: That's great. Next question is, "When Matt was speaking about the rule of 40 and the comment on 30, could you clarify if you were talking about ARR growth or revenue growth?"

Matthew Moynahan: A combination that would be revenue growth and adjusted EBITDA.

Joe Maxa: I think that's pretty clear. Thank you. "How integrated or intertwined are the digital agreements and security solutions products today?"

Matthew Moynahan: It's a great question. I would say I just want to bring a point of clarification. The security portfolio is alive and well. It is baked into the back office of many banks, and it's not going anywhere. It's strategic, it works, and many have an "if it's not broken, don't fix it" approach. It's very, very important. It's very much part of the banking infrastructure of the world. I think it's fair to say.

When I refer to the new OneSpan 2.0, it really is a new cloud platform that all future security offerings will be built on and integrated into. We have integrated, today, identity verification into our e-signature platform. It's there, it's working, customers are buying it, and it'll be a big focus for us. Think of us now as having a very thoughtful approach, to what other elements of our security portfolio and in what order will we report to this new platform?

All future development of new capabilities will be cloud-based on this new platform that we're building. That really is the sequencing of this, but we do have security today integrated into the e-signature platform. In fact, if you listen to the earnings announcement of DocuSign, e-signature, the identity verification module as part of their e-signature sales process is one of the faster-growing pieces of their business because you have to know who you're transacting with when you're providing e-signature capabilities. We'll continue that process for the company.

Joe Maxa: Great. Any other questions in the room? Yes, Rudy?

Rudy Kessinger: On the claim buy back authorization you (inaudible) through cash flow (inaudible) you think upon that (inaudible) free cash flow or do you anticipate drawing down the cash in the balance sheet?

Jan Kees van Gaalen: Drawing down cash and balance sheet.

Joe Maxa: Any other in the room? Gray?

Gray Powell: I guess maybe just a follow-up question on the long-term targets. We're looking for modest EBITDA losses this year, going to 8% to 10% EBITDA margin by 2025. I think you mentioned doubling sales headcount in 2023. Again, how should we look at the path there? Then, any sort of directional commentary between EBITDA margins and free cash flow margins would be helpful.

Matthew Moynahan: The salesforce won't double year-over-year. You think of it as moving over the next 18 months I would say is a fair time horizon for the doubling of the salesforce. Sorry, what was the back half of your question?

Gray Powell: Oh. I guess we're looking for modest EBITDA losses this year, going to an 8% to 10% margin target by 2025. With the sales and marketing investments that you're going to be making over the next 18 months, again, just linearity, is 2023 going to be a big sales and marketing investment year such that there's more pressure on EBITDA margins, or is it more of just a steady march higher?

Matthew Moynahan: No, I think it's just more of a steady march higher. The outer years, I would say, are more conservative, given the performance of the salesforce and the uptake and the time-to-competency for the salesforce. I do think that things like average deal size time-to-attainment quotas will see improvement over time in the back half of the year. That's really the gap between or the delta between the numbers you see on the slide of my optimism of our ability to get closer to the rule of 30 based on the performance of the salesforce. That takes the first half of the year to get that or prove that out.

Gray Powell: I guess just the last part of it was operating cash flow margins, should that pretty closely match EBITDA margins, or is there anything that [crosstalk]

Jan Kees van Gaalen: Fairly close, yes.

[00:18:19] Gray: It should? Okay. All right. That's it. Cool. Thank you.

Matthew Moynahan: Thank you.

Joe Maxa: Thank you, Gray. I will take a couple more from online. "Given your success in the international banking industry, what other specific markets are being targeted?

Matthew Moynahan: I'll ask Sameer to comment on this, but when you think about our two businesses, we really made our name in international banking and financial services. It's an incredibly hard industry to penetrate, but it is just one industry, so we need to branch out of that. The e-signature business is global. It started out mostly a North American business. The vast majority of e-signature sales are done in common law countries. Even when you look at the market leader with DocuSign, 80% of their business is from North America, and there's a reason for that. It's messy when you go international. I think there's a huge opportunity for us.

When you think of the three solution sets we have, e-signature on the left, Virtual Room on the right, which we're going to be breaking out as a separate product, and our traditional banking authentication and transaction signing, you could think of the sales motion as moving from our core installed based on OneSpan 1000 to naturally progressing to the Virtual Room product because there are parts of banks that we're not currently serving, things like mortgage lending and loan applications that do require that virtual environment that is a logical extension from the conversation that we're currently having on the security side of the house.

On the e-signature side of the house, we'll start with the e-signature and then move into Virtual Room when those transaction use cases require a virtual element to them. It's an extension of the e-signature. I think the next two or three years, this is all around balance, globally, by having this three-product lineup where before we were a two-trick pony, if you will, completely disconnected from the seller community.

When Sameer talks about a unified go-to-market with a single salesforce, that's exactly what he's referring to, running very crisp sales plays with three product lines for the first time in the company's history.

Sameer Hajarnis: Just to add in terms of markets that we focus on for e-signatures, we've been quite focused on North American common law countries, but we look to expand in larger EU markets. We've got a very strong qualified e-signature solution. Obviously, that's a natural progression of where we will go and then look at even certain pockets in APAC and LATAM as well.

Joe Maxa: Thank you. Another question online. “Considering the current price of your shares, would you consider increasing your buyback beyond $50 million and potentially taking out debt?”

Matthew Moynahan: Right now, that is not the plan. Obviously, we just received a $50 million authorization, and we do intend to enter the market. Part of the reason for the pause is really the need for us to get more visibility into the uses of capital, particularly any inorganic activities that we may do. That’s a really important piece of this puzzle. I think there’s opportunities for us, given the fragmentation of both the e-signature market as well as the security market, for us to be aggressive.

The economic climate, I believe, also works in our favor as it relates to valuations of not just us which works against us but against a potential acquisition may work in our favor. The three-year plan is just fresh off the presses and blessed by the board. We need a little bit more time to determine how aggressive we would be in the market relative to other uses of capital. Certainly, I believe that the company should be entering the market with the share prices and how attractive it is.

Joe Maxa: Thank you. "How much overlap is there at large enterprises among the buying centers for authentication, Virtual Room, and e-signature?

Matthew Moynahan: That is a great question. It's a great question. In some cases, they're a mile apart, and in other cases, they're right next to each other. Let's unpack this for a second. The general buyer of the e-signature is more of a digital business officer. Okay, that's more concerned right now with the digitization process of a paper process. That's why most of the e-signature market today is what I would consider basic e-signature.

On the authentication side, the buyer is typically someone high up in the security chain but typically more even someone who's a product line owner of a banking application or someone responsible for secure access globally to a bank. They are not thinking about e-signature. The commonality between them is the Virtual Room. If you go into a bank, they have many, many departments that would have a requirement for Virtual Room that has business and the e-signatures baked into it.

You're transacting. Again, the online notary, most banks have that. Various lending departments inside of the bank, they have that as well. There's a logical adjacency that our existing buyers are willing to sponsor us into when it comes to a discussion around Virtual Room. Remember, Virtual Room brings with it e-signature. You can think of e-signature signing a document in a virtual room as being a feature in the Virtual Room platform. I am generally indifferent as to whether we work our way into a bank in that modality versus going into a digital business officer and trying to sell head-on into the, basically, e-signature market.

One is premium; one is more of a lower, more commoditized solution. The e-signature market is a unique market because it's the first time that I've ever seen this, but in many cases, there's four, five, six different buying centers inside of a large company that are buying right now. We're in the early innings of the e-signature market because very few enterprises, certainly, I've been in some that have, haven't standardized on a single e-signature provider for the entire business.

Adobe's in there for different reasons. Adobe dominates legal departments, but it's sitting side by side to DocuSign and, in many cases, side by side for us. I think the next wave of e-signature is one of enterprises looking to consolidate into a single platform to accommodate their entire continuum of use cases from basic to complex because, as Sameer mentioned earlier, if you're Bank of America and you're largely a Northern America enterprise and you get dragged into international markets because of your customers who you serve, US multinationals going into markets, you're not going to want to use different providers globally for that single transaction platform.

We're in the early days of this. DocuSign's growth was astronomic during COVID. We benefitted as well, but DocuSign certainly focused on it. You could see that their growth came from the very early days of the basic e-signature market, not what I think is the second wave of consolidation of e-signature platforms.

Joe Maxa: That's a great answer. Another question. "Is executive pay tied to the performance of the company?"

Matthew Moynahan: Yes. It's all I can say [crosstalk]

Joe Maxa: Then the follow-up question, "How so?"

Matthew Moynahan: Well, all my compensation details are public. It's tied to most of the upside. For myself personally, it's tied to the share price of the stock, and it's all public information.

Joe Maxa: "When you talk about the rule of 40 or getting to 30, how do you see that mix as far revenue growth versus adjusted EBITDA?"

Matthew Moynahan: Listen, I think the unique thing about this business is the two pieces with digital signature still being digital agreements, still being 19% of the total. The vast majority of our business is slower growth, producing a good portion of that profit. Right now, that profit, we have a range up there of 8% to 10%, certainly. You can do the math as far as what we anticipate coming from either side.

Again, I think the upside of the business, over time as we go through the course of the plan, is to be more aggressive in managing the security business for cash and then continue to apply some of that fuel, if you will, to the e-signature. If I had to say, "What is the opportunity upside from growth for a subside from cash flow?" I think it's 50-50, to be honest, given the nature of the two businesses.

Joe Maxa: Thank you, Matt. A reminder, if you have any other questions online, please type them into the box. Any questions in the room? Let's give it a minute. [silence] Okay. Well, I believe that ends the Q&A portion of the presentation today. If you have any other questions that weren't answered, you can reach me at joe.maxa@onespan.com. With that, I'll turn it back over to Matt to wrap it up.

Matthew Moynahan: Great, thank you. Next slide, please. First, what I'd love to ask is for your feedback, obviously, with this new engagement model. Next slide, please. With the new engagement model, we are committed to engaging in a very clear and transparent way with the investment community. We would love your feedback. Can you go back, please? [silence] We would love your feedback. I'll leave it there.

Through a link here you'll see, in the presentation, and the QR code there, you'll be able to access this. I would ask this as the beginning of our journey of continuous feedback on the presentation. Second, really, is just a progression. We've had several questions on this. We are hard at work right now implementing OneSpan 2.0. We're executing it now. The plan was blessed in April, and so the next six months are incredibly important for us to plant the seeds that are going to take root and really produce the upside over the next three-year plan.

We're committed to continually communicating through some of the milestones that we talked about here every quarter as we go through that next three years. Then lastly, I am very optimistic on this company. Obviously, there's no shortage of jobs out there in the market, and I consciously chose OneSpan. I believe this company is undervalued. I believe there are assets here that I was privy to before coming that I experienced firsthand, being a 25-year veteran in the security industry.

I believe we're early days of the e-signature business. I like the combination approach between the e-signature and security coming together to secure business processes of large enterprises going forward. In closing, I fundamentally-- Can you go to the next slide, please? I fundamentally believe that the foundation we're building upon is strong and will only get stronger.

The solutions in the marketplace allow us to attack a much larger marketplace with truly differentiated solutions. I like the structural elements of the digital agreement space and our ability to fill the void. Then lastly, and probably the most important thing, OneSpan's brand will change as we execute, and we are 100% committed to that with a detailed plan across every function in the company to make that a reality. Thank you all for coming out today and joining us online. I greatly appreciate it and look forward to talking to you soon. Bye-bye.