Babylon Holdings
Third Quarter 2021 Results - Earnings Call
November 12, 2021

<u>Presenters</u>
Ali Parsa - Founder and Chief Executive Officer
Charlie Steel - Chief Financial Officer

<u>Q&A Participants</u>
Daniel Grosslight - Citi
Richard Close - Canaccord Genuity
David Larsen - BTIG

Operator
Good morning and welcome to Babylon's Third Quarter 2021 Earnings Conference Call and Webcast.

All participants will be in a listen only mode. If anyone should require operator assistance during the conference, please press "*", "0" on your telephone keypad. After today's presentation, there will be an opportunity to ask questions. If you would like to ask a question, please press "*", "1" on your telephone keypad.

Please note this event is being recorded.

Leading the call, today, is Dr. Ali Parsa, Founder and Chief Executive Officer and Charlie Steel, Chief Financial Officer.

Before we begin, we would like to remind you that certain statements made during this call will be forward-looking statements, as defined by the Private Securities Litigation Reform Act of 1995.

These forward-looking statements reflect our current expectations, based on our beliefs, assumptions, and information currently available to us and are subject to various risks and uncertainties that could cause the actual results to differ, materially. Although we believe these expectations are reasonable, we undertake no obligation to revise any statements to reflect changes that occur, after this call.

Descriptions of some other factors that could cause actual results to differ, materially, from these forward-looking statements can be found in the Risk Factor section on the company's registration statement on Form F-1, filed on November 9, 2021, and as other filings with the Securities and Exchange Commission.

In addition, please note that the company will be discussing certain non-IFRS financial measures that they believe are important in evaluating performance. Details on the relationship between these non-IFRS measures to the most comparable IFRS measures and reconciliation of historical non-IFRS financial measures can be found at the end of the press release, as posted on the company's website.

With that, I'd like to turn the call over to Babylon's CEO, Dr. Ali Parsa. Please go ahead.

Ali Parsa
Thank you. I would like to welcome everyone and thank you for your time and interest in Babylon.

This is our first earnings call as a public company, to review our third quarter, 2021, financial results.

I'm joined, today, by Charlie Steel, our Chief Financial Officer.

While we had an opportunity to meet with many of you during conferences and our investor education meetings, over the last few months, I wanted to start the call by providing more fulsome color about Babylon, including what we do and how we are working towards re-engineering every touch point in the healthcare continuum in time for the global population.

I will then provide some high-level thoughts on our quarterly results, new contracts and growth strategy and our mission to make healthcare accessible and affordable for all.

Charlie will then provide more detail on the financial results and our outlook, before we open the call for your questions.

I'm happy to report on the successful via SPAC merger transaction with Alkuri, which closed just three short weeks go with Babylon shares initiating trading on the New York Stock Exchange on Friday, October 22.

This milestone for our company puts us on a position to finance our continued growth trajectory. But before I focus on that growth, I wanted to take this opportunity to tell you a little bit more about Babylon as a company and about our philosophy.

We believe the healthcare sector is mis-named. It is really "sick-care". It is, primarily designed to react to emergencies and crises in a sector where some 70% of expenses reported yearly, are predictable and often preventable. This is as senseless as it is harmful for members and expensive for payers.

Instead, we believe by managing members, proactively, we can avoid unnecessary crises and costs and improve members' experience and health.

So, while most companies are, incrementally, tinkering on the edges of sick-care, Babylon has a long-term view to transform this reactive sick-care model that is focused on managing crises and emergencies to a proactive healthcare standard, designed to keep people healthy, for as long as possible.

By harnessing the ubiquity of the digital devises around the globe and combining tapping their technology with best-in-class medical expertise, we have demonstrated that we can, materially, improve access to quality and affordability of healthcare, regardless of geographic location.

Babylon is contracted to serve 24 million people in 15 countries, across four continents and has facilitated 13 million virtual consultations and interactions, worldwide.

And Babylon employees join for our mission to make high-quality healthcare accessible and affordable for everyone on earth.

Our business model is the structural advantage. Advances in technology have made it possible to, truly, imagine service, experience and a standardized clinical quality in healthcare landscape. In a sector where a significant amount of costs are people-related and is spent on predictable and preventable ailments, technology can also be a powerful engine for automation and prediction.

A brick-and-mortar model does not benefit from the applications of Moore's Law and, therefore, has a structural disadvantage, no matter how brilliant the management or how hardworking their team.

By utilizing a digital-first model, we are the beneficiaries of accelerating advances in computing power, bandwidth, data collection, prescriptive, analytics, artificial intelligence, robotic processing, virtual interfaces, remote monitoring, and so much more.

In time, accumulative compounding advantages will create an unsurpassable moat, as our physical world transforms into a digital one.

We believe that the leaders in healthcare will be those who use accelerating digital capabilities to transform the healthcare experience and overhaul its cost structure.

Everything we do at Babylon is focused on, sequentially, analyzing and re-engineering every touch point in healthcare continuum in time.

We are building a robust platform of data, products and services to combine capabilities that create an integrated experience for our members.

At the core of this platform is a world-class data infrastructure that will allow us to develop the holistic view of each individuals' health condition.

Our technology suite has positioned Babylon to deliver consistent, high-quality care to hundreds of thousands of our members, proven by our 95% user retention rate and five-star rating from more than 90% of our users.

Turning to our third quarter financial results, we continue to produce very strong financial performance and remain one of the fastest growing global digital healthcare companies in the world.

As quar--as third quarter revenue grew by 371%, year-over-year, to $74 million. We have also signed several initiatives that will expand our presence further, significantly.

As previously reported in late October 2021, we signed four new agreements to add, approximately, 80,000 value-based care members in the United States, which includes serving new Medicaid beneficiaries in Georgia and Mississippi and new Medicare beneficiaries in California, as well as an additional 55,000 lives in the United Kingdom.

We have already launched some of these contracts, otherwise, will be operational by the start of 2022.

With these contracts, some 135,000 additional covered lives across the U.S. and UK, will have access to the Babylon platform. This brings our global managed lives to 350,000, by the start of 2022, more than double the number at the beginning of 2021.

With the launch of these four new contracts, Babylon will be generating total run rate revenue in excess of $16 million, per month.

Our track record puts Babylon as one of the fastest growing companies in the digital care healthcare industry, worldwide.

For reasons I described earlier, I believe our momentum is a structural, rather than incidental. And this just the beginning for us.

We think exceptional growth is an early indicator of future market leadership. While ours may seem extraordinary in the healthcare universe, it is not unlike the level of many destructive digital innovators in other sectors that have already been digitally transformed.

The leaders in those sectors also showed triple digit percentage growth in their take-off years. Similar to what happened there, we believe we are witnessing the dawn of the structural digital overhaul in healthcare.

To put this in context, let me share with you some data from our technology effort to demonstrate some early operational benefit.

Today, 48% of all our member interactions are done purely through our technology platform with no human interaction and 84% of our consultations are now entirely virtual.

We have integrated over 100 data sources, resulting in excess of 80 billion data points that fuel our artificial intelligence, which we call the "Babylon Brain."

While our technology costs comprised of platform and application expenses and R&D expenses, increased 18% during the first three quarters of 2021, we drove revenue growth of 430%, during the same period, which resulted in significant leverage with technology cost as a percentage of revenue, decreasing from 144% to 32%.

On October 18, we announced the collaboration with Microsoft that will enable millions of people to access the Babylon platform through one click in the Microsoft Marketplace.

Through this partnership, Babylon digital health software solution and Babylon's Cloud Services were made available on the Microsoft Azure Marketplace on October 12, which currently reaches more than 4 million monthly active users, across 140 geographies.

Before I turn the call to Charlie to review third quarter financial results, I want to thank our team at Babylon for their hard work and dedication, during these past few months and over the last several years, continually delivering results.

Individuals, our employees are a special people, strongly inspired by our purpose and mission, yet continue their growth alongside a merger and listening processes. And that is entirely a credit to the Babylon team and their unwavering dedication to dreaming big, building fast and being brilliant.

I'm proud of our accomplishments, and I couldn't be more excited about where we are going.

This is just the start, as we now have greater access to capital and resources, so we can deliver on our promise of re-engineering every touch point in the healthcare continuum, in time.

With that, I'll turn the call over to Charlie, who will review our financial results in more detail.

Charlie Steel
Thank you, Ali, and thanks, everyone, for joining the call, today. We appreciate your time and interest in Babylon.

Today, I plan to provide some details about our recent SPAC merger and review our third quarter, 2021, financial performance.

Earlier this year, on June 3, we announced our plan to become a public company, through a definitive merger agreement with Alkuri Global Acquisition Corp., implying an equity value of $4.2 billion for Babylon.

We succeeded in raising $460 million in gross proceeds, through a combination of financing of $224 million as sustainability focused debts amount to $200 million from AlbaCore Capital Group with a balance being on Alkuri Cash & Trust.

Proceeds for the transaction were used to repay outstanding debts and transaction fees, and the remainder will be used for the continued growth in our business operations.

As Ali mentioned, we closed the merger with Alkuri Global last month on October 21, and our stock-initiated trading on the New York Stock Exchange three weeks ago, today, on October 22, under the ticker symbol BBLN.

Following completion of the SPAC transaction, AlbaCore debt financing in conjunction with the assessments and transaction fees and the repayment of short-term debt, we had approximately $360 million in cash and $200 million in five-year notes.

Babylon has 410 million shares issued and outstanding, following completion of the merger comprising Class A shares that trade on the New York Stock Exchange and Class B shares held by the founder.

Further details on our share initiative and equity structure are included in our Form SF1 registration filed with the SEC, earlier this week.

As of September 30, 2021, we provided services to around 100,000 value-based care members in the U.S. and 106,000 GP at Hand members in the UK.

Our U. S. VBC members are covered by numerous health plans managing a mix of Medicaid, Medicare and commercialized, and revenue associates would be U.S. VBC members is captured in the value care revenue line.

We have managed care for our GP at Hand members for our network of clinics and other providers in the UK.

This revenue, along with our fee for service virtual consultations is captured in the clinical services revenue line.

Really on to our third quarter financial performance, I'm happy to report that we produced strong financial results.

Our third quarter revenue is $74.5 million, an increase of 371%, year-over-year. Strong topline revenue growth was driven by our value-based care segment, which accounted for 75% of total revenue in the third quarter of 2021.

We entered into the value-based care segment in the fourth quarter of 2020, so the comparison quarter over quarter provided an entirely new revenue stream, which is growing very quickly for us.

Year to date, we have continually added to our value-based care business, initiating a new contract on July 1 for 15,000 new Medicaid members and further signing a new contract for members in the second half of the year.

During the first nine months of 2021, we generated $52.2 million of self-realized continuing revenue of which $26 million was recognized up front in January 2021.

Clinical services revenue was a hun--was $10.8 million during the third quarter of 2021, an increase of 42% from $7.6 million in the third quarter of 2020.

For the first nine months of 2021, clinical services revenue was $28.9 million.

Value-based care revenue was $55.7 million during the third quarter of 2021, featuring initiation of a new contract in New York State covering 15,000 Medicaid members in 60 counties.

Entering in to the VBC segment commenced in October 2020, and as of September 30, 2021, comprised multiple VBC contracts, as well as operations of two independent physician associations in California.

Growth in VBC revenue is demonstrated by the high third quarter revenue contribution of the VBC segment, representing 46% of year-to-date value-based care revenue of $122.1 million.

Overall, we are pleased with our year-to-date revenue performance and are encouraged by the impact the value-based care revenue has made in the first full year, as part of the Babylon suites of services.

(INAUDIBLE) September 30, we started new contracts in the U.S. and UK that are expected to add 135,000 new lives, by the start of 2022.

Following from Ali's comments, I want to provide a bit more perspective on the membership growth under the global managed lives contracts, as follows:

At the beginning of October 2021, we began rolling out Babylon's value-based care service to 55,000 people across Wolverhampton in England with the aim of introducing an integrated and accessible digital-first healthcare experience to these residents.

We also launched a contract on October 1 to support 63,000 value-based care members, who are Medicaid recipients in Georgia and Mississippi.

At the beginning of 2022, we will be adding 17,000 VBC members in California, who are covered through Medicare.

We are undertaking efforts to onboard these new VBC members to provide 24/7 access to primary care doctors and nurses and to manage overall interim care with the aim of better health outcomes at lower cost.

Increases primarily resulting from new contract launches resulted in increase of monthly run-rate revenue to around $38 million in October 2021.

During the third quarter of 2021, the cost of care delivery margin, which we define as revenue less cost of care delivery, was $6.1 million, or 8.2% of total revenue, compared to $7.7 million, or 49% of total revenue for Q3, 2020.

As we increase the revenue contribution from the value-based care segment which has a low initial margin in our other business lines, you should expect to see it decline in the blended cost of care delivery margin percentages, as we add new contracts.

Once we engage with members, the management to our digital-first approach, we expect that margin improvement to take place, over time.

Year-to-date through September 30, 2021, cost of care delivery margin was $42.8 million, or 21% of total revenue, an increase of $31.3 million, year-over-year.

In January 2021, we recognized additional licensing revenue of $26 million for that nine-month period.

We continue to see software licensing deals provide ourselves to--to a broader member base and believe that this product offering is a differentiator for us.

I want to touch a bit further on our cost of care delivery margin contributions. We have seen several factors lead to an increased cost of care delivery expense, including cost of inflation and an increase in medical expenses, following COVID.

While virtual engagement has become more common--commonly accepted by members, we are starting to see a transition to pre-COVID utilization levels, traditional medical expense, in conjunction with pressures from Georgia qualified medical providers, which has further narrowed our initial cost of care delivery margin.

This has meant that our improvement today resulted from a lower baseline, but we are seeing cost improvements.

Adjusted EBITDA for this quarter was a loss of $47.5 million, compared to a loss of $32.6 million in the third quarter of 2020.

Our model substantially leverages fixed cost to our revenue continues to grow at a triple-digit percentage rate.

Given our significant revenue growth, we drove meaningful leverage for certain operating costs. Platform and application expenses was $7.1 million for the third quarter of 2021, compared to $10.9 million in the third quarter of 2020.

As a percentage of revenue, platform application costs were 9.6%, compared to 69.1%, a year ago.

Research and development expenses were $19.3 million during the third quarter of 2021, compared to $10.4 million in the third quarter of 2020.

As a percentage of revenue, R&D costs were 26%, compared to 65.7%, a year ago.

Sales, general administrative expenses were $42.2 million, third quarter 2021, up from $23.7 million in the third quarter of 2020.

As a percentage of revenue, SG&A expense was 56.6%, compared to nearly 150% in Q3, 2020.

Our adjusted EBITDA was a loss of $101.6 million for the nine months ended September 30, 2021, an improvement of $7.2 million, over the prior year period.

Our balance sheet from September 30, 2021, was essentially recapitalized with the Alkuri transaction closing three weeks after the quarter ended. So, I'll provide the most relevant balance sheet in cash flow position and some context on the changes.

As of September 30, 2021, cash and cash equivalents totaled $37.1 million. With the proceeds from the transaction closing and debt financing, massive fees and debt repayment, our cash balance has increased to approximately $360 million.

Total debt at the end of the third quarter, 2021, was $47.8 million. We did borrow support working capital needs, prior to the closing of the transaction with Alkuri but all short-term loans were repaid with proceeds from the transaction.

In early October 2021, we secured $200 million of debt financing, through sustainability linked investments in AlbaCore Capital Group, which focused on ESG investments.

With additional capital help was through our rapid growth funds over the next two years. The debt instrument is a five-year unsecured note with 0.5% penny warrants capped at $15.00 per share, with an interest rate of 8% that increases to 12%, over the time of the loan, up to a 50% peak at our discretion.

The AlbaCore note is the only debt outstanding, at this time.

Net cash use and operating activities during the first nine months of 2021 was $60.4 million, an improvement from $120.9 million during the nine months ending September 30, 2020.

I now would like to move on to guidance.

Babylon reiterates its previously provided public guidance and continues to expect revenues of $321 million to 2021. For 2022, we have signed new contracts, which results in an excess of $60 million of monthly run rate revenue, once launched.

Our guidance on full year, 2021, adjusted EBITDA, is now in a range of $165 million loss to $175 million loss, which reflects the impact of incremental cost relating to investments and resources to support new contracts, public company operations, wage inflation and cost of care delivery expenses.

Increased investments and resources for supporting signing and operationalizing new contracts is expected to position the company for dynamic growth in 2022.

To close our prepared remarks, today, I'd like to reiterate Ali's sentiment that we'd not be where we are today, without the extraordinary dedication of the Babylon team. I want to thank all of our employees for their hard work and dedication, providing the highest quality care to our patients and for helping deliver our strong financial results.

Operator, we're now ready to open the call for questions.

Operator
Thank you. At this time, we'll be conducting a question-and-answer session. If you would like to ask a question, please press "*", "1" on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press "*", "2" if you would like to remove your question from the queue.

For participants using speaker equipment, it may be necessary to pick up your handset, before pressing the star keys.

Our first question comes from the line of Daniel Grosslight with Citi. Please proceed with your question.

Daniel Grosslight
Hi, guys, thanks for taking the question, and congrats on a strong debut in the public markets. You've seen a nice increase in value-based care PMPMs, this quarter. Can you provide some details on what's driving that uplift?

And as we think about 4Q and 2022, should we expect to see a continued shift to higher PMPM patient populations?

Charlie Steel
Hi, Daniel, it's Charlie. Hey, yes, in fact, it's the same we see in a--a really, really strong third quarter, both in signing new contracts, so, for example, a New York contract, which we previously announced where we rolled out to 15,000 members, across New York.

We did that in the space of six weeks from signing to all, which I think shows the quality of our model.

And then, yes, we continue to see some further contract rollout to getting in Georgia and Mississippi, as we previously announced. And those will come through the fourth quarter and then through to the $60 million a month run rate revenue that we talked about for next year.

Daniel Grosslight
Okay, great. And then, Charlie, you mentioned you're seeing higher cost of care for, you know, a variety of reasons-wages, COVID, utilization, coming back to pre-COVID levels.

One of your competitors, more analog competitor purchased a virtual specialty provider to help offset some of the cost increase, there, seeing. As you think about building up your product suite, do you think you'll get bigger into the virtual delivery of specialty care?

Charlie Steel
Yes, so, I think there are two things on this. I think, first of all, we have not seen, by any means, the surge in cost that the other people are seeing. I think that shows the quality of our business model, the fact that we are a digital-first operation and, therefore, by its very nature, being remote, you're not subject to the same elements, that others have seen around COVID.

Saying that, though, the same time, though, yes, we all are seeing a lot more specialty care, as well, to answer your question.

We already have behavioral health, and we're seeing that as one of the big areas of being faced for us. And, and we look to observe all that, remotely, going forward.

Daniel Grosslight
Got it, thanks. Congrats, again.

Charlie Steel
Thank you.

Operator
Our next question comes from the line of Richard Close with Canaccord Genuity. Please proceed with your question.

Richard Close
Yeah, thanks. Congratulations. I was--Charlie, I was curious if you could just give an update on the platform. Obviously, you've signed some contracts, here in the third quarter and thinking about the fourth quarter.

Previously, you gave, I think, some metrics around a pipeline of opportunities and average contract size. And any update there would be helpful.

Charlie Steel
Yeah, sure. So, when we think about pipeline, we continue to have a strong pipeline. We're not going to be disclosing pipeline, going forward, specifics, as nobody else does that.

And I think that really what we want ourselves to do when we did that originally, demonstrate the fact that we can uplift revenue extremely rapidly. And I think for the last couple of quarters, we've really shown the revenue growth is consistently high and will continue to be consistently high.

That pipeline continues to grow, and we continue to have a lot of faith in there, through that pipeline through to solve the revenue growth. But it's in '22 and '23 and beyond.

Richard Close
Okay, I appreciate that. And then, with the 55,000 UK members, I just want to be clear. Where did those hit the P&L? Does that come in, in the clinical services area?

Charlie Steel
I think that comes through in the value-based care business line results.

Richard Close
Okay, thank you.

Operator
Thank you. As a reminder, if you would like to ask a question, please press "*", "1" on your telephone keypad.

Our next question comes from the line of David Larsen with BTIG. Please proceed with your question.

David Larsen
Hi. Can you talk a little bit more about the U.S. market and what's enabling you to win share, in the U.S.? There's certainly no shortage of competition. Maybe just any thoughts on like the Medicaid market, how it compares to the Medicare market.

And a bunch of plans have talked about these digital-first plan designs. What's enabling you to win business? Any thoughts on the nature of the conversations you're having with those plans. Thanks very much.

Charlie Steel
Ali, I think you're on mute, at the moment.

Ali Parsa
My apologies for this. This must be the most used phrase in the last 18 months-"you're on mute."

David, what we tell our partners is simply that most of their expenditure, if they're a payer, is a way for crises and emergencies to happen and then pay for those, often, at high prices.

And what we can do at no extra cost to them is just to take that budgeted medical losses and then by managing people better, more proactively, we can save costs, which will become our profit.

So, the members get better care, felt better valued and can, and it is no extra cost to our payers. So, that is why it is so attractive to our payer members and it's growing so well.

Frankly, we're not seeing a lot of competition, where we are, right now. Partly because most of our competitors are brick and mortar, first. And therefore, for them, it's much more difficult to roll out across, say, 60--out of the 62 counties in New York, a deal we did recently, where we could deploy our services in a matter of weeks, as opposed to if we had to build clinics, where that's taking years to finish.

David Larsen
Okay, so, it's--it's speed to deployment, the digital-first solution --and the depth of the technology itself, which is leading to cost savings, enabling you to win share.

Ali Parsa
That's--that's almost right.

David Larsen
Okay, and then, can you maybe talk about, you know, from the signing of the contract to go-live, over what period of time does it typically take to, you know, bring a cohort of lives to EBITDA profitability?

I would imagine when you initially sign, you've got to be sickly, stabilize all the patient lives, you know, get them to a healthy place and then, as you can implement your care processes, bring these cohorts up to EBITDA profitability.

What period of time do we typically look at for that?

Charlie Steel
Yeah, so, I think, Charlie here, I think it depends on the cohort and, and like some which we can do that very quickly, depending on the nature of that cohort, and some take a little bit longer to do.

I think we provided guidance, previously, that we basically see around 5% growth margins at the end of the first year of doing that. And then, moving on post that. But at the same time, though, what I would say is that we are very, very focused on maximizing dollars to the bottom line, rather necessarily, against each margin.

So, I think in answer to your question, how quickly can we get those to profitability, we can do that very quickly and--in a very short period of time, when we're seeing that across our contracts, so far, to date.

And we look to continue doing that.

David Larsen
Okay, that's great. And then, with regards to the networks that you, do you implement new networks with these various plans like in Georgia, California and Mississippi, where you have preferred general practitioners that you work with in the U.S.?

Or do you use the existing networks that the plans have in place, and you simply use them, more effectively?

Charlie Steel
Exactly - it's the latter. We employ our own clinicians, to deliver things, virtually. And nearly in almost every case, around nine out of ten cases, that solves the problem.

When people need to have an in-person consultation for whatever reason, we then refer back into our, our payers' network, again.

David Larsen
Okay, so they don't have to disrupt their entire network when they deploy Babylon, they can use the networks that they have now, they just use them simply more efficiently. And I imagine that's one of the reasons why you might be seeing or gaining some traction in the U.S. market. Okay.

And then just my last one, can you talk about any new countries that you might be entering into? I mean, it looks like you have license and deals in 12 countries. Like I'm impressed that you're in Rwanda.

Any other countries that you're looking at entering into, over the next, say, 12 to 24 months?

Ali Parsa
David, we, we don't share that kind of information. We're obviously, constantly approached by different countries, governments, partners.

We need to look at each opportunity, and weigh it against its size but also, the, the focus it takes away from what we are doing in the United States, right now.

The opportunity that we are seeing in United States is huge for us. I mean, if you look at where we are, right now, even if we get 1% market share, that will be 100-fold, to increase from where we are, right now.

So, our focus is to win in the United States. We're seeing fantastic tailwinds behind us, there.

Now, if other countries provide a good opportunity for us to act, opportunistically, and doesn't take away from that focus, we will expand there, too. But we have no current plans that I--we can share.

David Larsen
Okay, thanks very much. I'll hop back in the queue. Appreciate it.

Ali Parsa
Thank you, David.

Operator
Thank you. Our next question is a follow up from Richard Close with Canaccord Genuity. Please proceed with your question.

Richard Close

Yeah, thanks for the follow up. I was just curious on the Microsoft relationship that you highlighted.

Just wondered if you could provide a little bit more details on that, how you see the growth opportunity with that relationship.

And as that, you know, as people sign in through that relationship, where does the revenue go on the P&L?

Ali Parsa
So, the revenue will go into our--that long trial services business when they do. This is very early on in that relationship.

We just established that relationship with Microsoft. The relationship is based in either to allow each of us to use and leverage each other's artificial intelligence, machine learning, cloud technologies.

Our capabilities will be, immediately, available on Microsoft Marketplace. But it will take us time to develop that customer base. And we are looking at that relationship much more as a long-term partnership that's something that will, immediately, have a big effect.

But we have lots of plans, on that area and both of us--and I'm sure if you talk to Microsoft's team, are excited about what we can do, together.

But these things take time to be done properly and to be done in a way that is beneficial to both of our end customers.

Richard Close
Okay, thank you.

Operator
Thank you. Ladies and gentlemen, we have reached the end of the question-and-answer session. I will now turn the call over to Ali Parsa for closing remarks.

Ali Parsa
Thank you very much, Operator. Thank you everybody, for listening to this third quarter's question and answer.

We have a long way to go. This really isn't isn't day one for us. We are at the beginning of what we think will be an overhaul of the healthcare industry. We think that those who are the digital-first model have a significant advantage, a structural advantage over others.

We think that the healthcare industry, like others, is going to go through that overhaul, and we're excited to be a part of that.

We hope that we continue to work with you. This has been our first, if you wish, maiden quarter. It's been a very strong quarter, but we think that we will continue to deliver more and more strong quarters on the back of the tailwind of a transformation of an analog industry that is reactive to a digital industry that will be proactive.

Thank you for that. I look forward to working with all of you, for years to come.

Operator
Thank you. This concludes today's conference, and you may disconnect your lines, at this time. Thank you for your participation and have a wonderful day.