



**LiveVox**

**Fourth Quarter 2021 Earnings Conference Call**

**March 10, 2022**

## C O R P O R A T E P A R T I C I P A N T S

**Alexis Waadt**, *Head of Investor Relations*

**Louis Summe**, *Chief Executive Officer and Co-Founder*

**Gregg Clevenger**, *Executive Vice President and Chief Financial Officer*

## C O N F E R E N C E C A L L P A R T I C I P A N T S

**Parker Lane**, *Stifel*

**Michael Funk**, *Bank of America Merrill Lynch*

**Mike Latimore**, *Northland Capital Markets*

**Quinton Gabrielli**, *Piper Sandler*

## P R E S E N T A T I O N

### Operator

Welcome to the LiveVox Holdings Fourth Quarter 2021 Earnings Conference Call.

As a reminder the conference is being recorded.

I would now like to turn the conference over to Alexis Waadt, Vice President, Head of Investor Relations. Please go ahead.

### Alexis Waadt

Good afternoon, and thank you for your participation today.

With me on the call are Louis Summe, Chief Executive Officer and Co-Founder of LiveVox, and Gregg Clevenger, Executive Vice President and Chief Financial Officer.

Before we get started, I would like to remind you that comments made during this conference call and webcast contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to risks and uncertainties. Any statement that refers to expectations, projections, or other characterizations of future events, including financial projections, or future market conditions, is a forward-looking statement. The Company's actual future results could differ materially from those expressed in such forward-looking statements for any reason, including without limitations, those listed in the risk factors sections of our SEC filings. LiveVox assumes no obligation to update any such forward-looking statements.

Please also note that past performance or market information is not a guarantee of future results. Certain information discussed on this conference call was derived from third-party sources and has not been independently verified, and accordingly, the Company makes no representation or warranty in respect of this information.

During this conference call, the Company will discuss non-GAAP financial measures as defined by SEC Regulation G. A reconciliation of each of these non-GAAP measures to the most directly comparable GAAP financial measure can be found in the earnings press release, which is available on the Investors Relations website, [investors.livevox.com](https://investors.livevox.com).

A recorded replay of this call together with related materials, will be available on our Investor Relations website, [investors.livevox.com](https://investors.livevox.com). LiveVox's earnings release and Form 10-K will also be available on the Company's website.

With that, I'll turn the call over to Louis to begin.

### **Louis Summe**

Good afternoon, everyone, and thank you for joining us. My name is Louis Summe, and I'm the CEO and Co-Founder of LiveVox.

Today, I'm pleased to share with you our strong finish to 2021, as well as our path to a strong 2022. We had record revenue in the fourth quarter with contract revenue of \$24.3 million and usage revenue of \$7.5 million for a total of \$31.9 million, all of which were at the high end of our guidance range. Full year 2021 contract revenue was \$90.5 million, up 26%, and total revenue was \$119.2 million, up 16%.

I'm also pleased to share that 2021 was a record bookings year, up 31% year-over-year, a key driver of this is that the size of our new logo bookings was up over 50% year-over-year. Additionally, the channel program we began implementing last year is already bearing positive results. The momentum in the CCaaS market continues to be strong, and the ease of use and full functionality of our next-generation, fully cloud-enabled platform is resonating with both new and existing customers.

As larger, more risk-adverse enterprises increasingly adopt cloud solutions, security, compliance and reliability are becoming even more important to contact center buyers. Powered by our contact center CRM and our public cloud platform, these capabilities are core strengths of LiveVox, and they helped drive performance during the back half of 2021 and will be a key driver of 2022's success. Many of these larger enterprises have a significantly higher bar when it comes to security, compliance, and reliability.

As a strong leader of these capabilities in the cloud contact center, LiveVox is prepared to meet the challenge. Evidence of this is a year-long security audit we recently passed for a top five U.S. bank customer. It's a rigorous and time-consuming process, yet one that we achieved and it's a clear point of differentiation for us. To be certain, the functionality and continued evolution of our platform is key, including seamless integration of omni-channel, AI, CRM, and workforce employee management. You have to have the goods, but when you add in our leading security compliance and reliability capabilities, it's very attractive to a wide variety of enterprise prospects. That's exactly what we're seeing in our bookings and in our pipeline.

The following Q4 enterprise wins and upsells help illustrate my point. A top five U.S. Bank implementation has gone live after extensive due diligence and vetting of security policies and infrastructure. In one call center alone, we are estimated to save them \$7 million a year by increasing agent efficiencies and connection rates. In Q3, we sold the consumer credit operations of a leading U.S. tire retailer, a \$1.9

million deal for annual contract revenue with 18 products. In Q4, by leveraging the infrastructure of the original deal, we added an additional department to the engagement, resulting in incremental annual contract revenue of \$1.5 million.

A leading FinTech provider started with us as a voice-only customer doing 30k contract revenue per month in early 2020. In Q4, they added seven products and they are now at 113 contract revenue per month using 10 products across our platform, including virtual agents. More than 10% of our customer base now uses 10 or more of our products, and that percentage continues to grow.

A leading outsourcer added three new financial services customers onto their platform, displacing a legacy on-prem system with the full LiveVox suite of products. They've gone from 10 k of contract revenue per month in 2019, to a 126 k of contract revenue per month now.

Finally, a new logo win against direct competitors for an online retail providing consumer leasing solutions for power equipment signed an initial deal with eight products, including voice, digital channels, CRM, and our quality management solution. This customer will have their voice solution online in 30 days with our SmartStart implementation program, which was announced in Q4. We're excited about these wins and even more excited about the opportunities in our pipeline. It's a good position to be in.

The security and the compliance and reliability conscience (phon) segment represents the majority of the CCaaS space. According to analysts, it's one of the areas that is driving secular growth, especially as large banks announce their intention to increase cloud migration. We intend to continue to take advantage of these tailwinds and capitalize on the strength and differentiation of our platform.

As we reflect on 2021, there were a number of noteworthy accomplishments. First and foremost, as a result of us entering the public market, it was a year of significant investments. Our two key areas of focus were to accelerate our go-to-market investments to help facilitate growth and to migrate 100% of our customers to the public cloud. I'm pleased to share that we've made significant progress on both fronts. From a go-to-market perspective, we accelerated hiring in 2021, growing our go-to-market headcount by over 60%. The team is in place and ramping, and we believe we have a terrific foundation to take us to the next level. We've implemented extensive sales productivity metrics and targets to ensure that our aggressive investments are paying off.

Additionally, we built a channel program from the ground up, that in less than 12 months is already contributing to bookings. In addition to building a strong team of seasoned leaders, we signed six master agents for complete coverage in the U.S. This is strategically important as 40% to 50% of enterprise customers prefer to conduct business through the channel.

Lastly, we significantly boosted our marketing spend to amplify our brand awareness and lead generation efforts. As mentioned, our other key area of focus investment was to complete the migration of our customers to the public cloud. I'm excited to share we've accomplished this and now 100% of our customers are in the public cloud. We're one of the first CCaaS platforms to hit this milestone. This enables numerous advantages relative to many of our competitors including significantly less technical debt than private cloud data centers, which simplifies product management, operations, engineering, and support, and increases the velocity of new feature development, while making it easier to deploy redundant data centers and on-demand capacity utilization which are strong levers for increasing reliability and cost efficiency. Now that the migration is complete, we can optimize our AWS costs above the gross margin line, helping overall profitability.

I'm also excited to share that we made significant progress with our product in 2021. U17, which will be GA in Q2 of this year, is a transformative release for us, taking our platform to the next level. This release enhances our fully integrated contact center platform, making it even easier for our customers to take

advantage of our contact center CRM, AI, and the breadth and depth of our broad array of omni-channel communication tools, and the full richness of data and insights that inform the contact center.

Some of the new capabilities include multi-channel analytics with built-in quality management capabilities to further close the loop between interaction, auditing, and agent performance improvement. Enhanced ticketing and CRM capabilities enabling care organizations to leverage smart features that make flagging and tracking customer issues more efficient and easier for agents, managers, and back-office staff to resolve collaboratively. More robust customer and operational (inaudible) provide the insights necessary to improve performance at scale. Enhanced digital messaging capabilities help agents optimally communicate with customers on their channel of choice. This includes the ability to ensure omni-channel outreach adheres to industry and government rules and regulations.

Again, LiveVox made significant progress across many fronts in 2021, but now let's turn to 2022. Looking at the year ahead, our focus will be capitalizing on the investments we put in place to accelerate growth and to ensure we continue to offer our customers the best possible service and products.

More specifically, our focus will be to accelerate our sales and marketing efforts, with an emphasis on upmarket, larger seat count opportunities where we can leverage our security, compliance, and reliability advantages; to continue expansion and proliferation of channel relationships and opportunity, where, as we noted we already have strong traction; to focus our development and engineering efforts on new features and functionality that will keep our customers on the forefront of CCaaS 2.0 technology with an emphasis on Digital and AI; and to expand our technology partner ecosystem to increase our appeal to enterprise prospects and customers.

In summary, I'm excited about LiveVox and our opportunity for 2022 and beyond. The CCaaS market remains very attractive, and LiveVox's product strength is uniquely positioned as one of the only enterprise CCaaS providers, 100% developed and hosted on the public cloud. Our best-in-class security compliance and reliability puts us in a strong position with large enterprises handling sensitive consumer information and managing financial transactions, and puts us in a prime position to take advantage of secular tailwinds in the sector like banking, retail, travel, and hospitality and a return to a normal credit cycle. Not only does our public cloud leadership help us grow our revenue, it also positions us to drive steady improvements in our gross margin and EBITDA.

I want to thank our team for all their hard work, our Board and of course our customers. I'll now turn it over to our CFO, Gregg Clevenger to review Q4 and 2021 financials and provide guidance.

### **Gregg Clevenger**

Thanks, Louis, and good afternoon, everyone.

I'll start off by reminding you that all non-GAAP financial figures that I discuss on the call today are reconciled in a presentation posted on the Investors Relations section on our website, in our press release issued just prior to this call, and in our 10-K, which we expect to be filed after the close tomorrow.

First, a few words about our new sales bookings for the year. For the full year '21, our total new sales bookings were 31% higher than 2020, driven by strength in new logo bookings, which finished the year 50% higher than last year. Importantly, our average new logo deal in 2021 was \$280,000 per year of contract revenue in the initial sale versus \$166,000 in 2020, up 69% year-over-year, reflecting the increase in average products for new logo deal, which were 5.9 on average in '21 versus an average of 3 just two years ago.

We ended 2021 with 353 customers, up from 324 customers at the end of 2020, adding 39 new logos over the course of the year as well as 30 customers from our BusinessPhone acquisition earlier in the year, with customer churn largely coming from smaller customers acquired in prior acquisitions. Our average annualized revenue per customer at year-end '21 was \$361,000 a year versus \$347,000 a year at the end of 2020, up 4%, and our average monthly revenue per agent as of the end of 2021 was \$179 per agent per month versus \$165 a year ago, up 8%, all these measures excluding the impact of political customers, agents, and revenue. Finally, we ended the year with 27 customers billing more than \$1 million a year versus 22 customers at the end of 2020, further demonstrating the traction that we're getting with larger enterprise customers.

Now onto the pipeline. Our pipeline as we moved into '22 was as large as it's ever been and it continues to be strong and active even in the face of the uncertain geopolitical environment. Our total Stage 3 plus pipeline at the beginning of the year, deals for which formal proposals have been delivered, was about one-third higher than the beginning of last year, while our total pipeline was about two-thirds higher. Those comparisons have only improved since the beginning of the year, now more than two months in.

We're excited about the impact that our go-to-market investments are having in terms of new opportunities and we're confident in our ability to convert these opportunities into another strong bookings year in 2022.

Now, moving onto our revenue results for the quarter and for the full year. Our total revenue for the fourth quarter was \$31.9 million, 13% higher than the fourth quarter of last year and 4% higher than last quarter, and at the higher end of our guidance range of \$31.2 million to \$32.2 million. This was supported by continued strength in our contract revenue, which was \$24.3 million for the fourth quarter, 21% higher than the fourth quarter of last year, 6% higher than last quarter, and at the higher end of our guided range of 23.9% to \$24.4 million.

Total revenue for the full year was \$119.2 million, 16% higher than 2020, and at the higher end of our guidance of \$118.6 million to \$119.6 million, behind the strength of our full year contract revenue of 98.5 million, which was 26% higher than last year, and also at the high end of our guided range of \$90.1 million to \$90.6 million. Our excess usage revenue remained flat in the fourth quarter at \$7.5 million, down 7% year-over-year, and in the middle of our guided range of \$7.3 million to \$7.8 million. This was largely due to new dialing rules for collection agencies, which I will expand upon shortly.

A full year excess usage revenue of \$28.7 million was also in the middle of our guided range of \$28.5 million to \$29 million and down 6% year-over-year. The usage multiplier for the fourth quarter, remember that's total revenue divided by contract revenue was 1.31x, slightly lower than the 1.32x multiplier in the third quarter and well below the 1.4 multiplier in the fourth quarter of last year.

During the fourth quarter, at the beginning of December, new dialing rules for collection agencies went into effect which temporarily impacted the usage volume from our collections customers. While the rule change had been in the works for over a year, and our customers have communicated to us that they did not believe that rule change would appreciably alter their overall dialing volumes, it did have a bigger than expected impact on volumes in December and into the first quarter, and while volumes have now largely recovered to pre-December levels, the initial dip was deeper than we expected. As a result, some of our customers have requested that we provide them some relief to their minimum commitments or contract revenue, and so we have worked with them to resize their contract commitments going forward.

While we're seeing a quick recovery towards the pre-December volumes from these customers, these contract amendments will decrease our contract revenue relative to our prior expectations although we do expect that the volume recovery will be reflected in higher excess usage revenue largely, if not fully

minimizing the impact to total revenue. I'll get to that in more detail in a minute when I talk about the outlook for the first quarter and full year.

Our adjusted gross margin for the fourth quarter was 59% a decline of 50 basis points versus last quarter, driven primarily by higher AWS costs as we continue to build capacity to migrate the final batch of our customers from our own data centers to our public cloud platform on AWS. Importantly, finally, we completed the last customer transition in December, so we're now 100% in the public cloud for all development and for all current and future customers and we expect to be able to now drive gross margin expansion from this fourth quarter low point and I'll talk about that more in the guidance section.

We continue to increase our headcount in the quarter although at a slower pace ending the year at 672 employees, an increase of 33 in the quarter and 166 for the year, up 33% since the end of 2020. Roughly half of that growth, both in the quarter and during the full year, was in our go-to-market functions which grew by over 60% year-over-year to 210 by year-end.

Our Adjusted EBITDA for the quarter was a negative \$7 million, about \$700,000 lower than last quarter, negatively impacted by the continued increase in OpEx, in line with our headcount growth, and mostly offset by the increase in revenue quarter-over-quarter. That brings our Adjusted EBITDA for the full year to a loss of \$16 million, which has been negatively impacted by COVID-related financial stimulus for most of the year. Otherwise, we would've been in positive territory for the full year.

As we've communicated in the past, we continued to lean heavily into our go-to-market investments over the course of last year to position ourselves for the opportunity in front of us where we believe that this has best positioned us for long-term value creation. Our earnings per share for the quarter were at negative \$0.13 on both the basic and diluted basis versus breakeven in the fourth quarter of last year, again, reflecting our aggressive spending to drive top line growth.

Our Capex for the quarter totaled \$400,000 coming to \$1.6 million for the full year of '21 which was about double our 2020 Capex with the increase driven primarily by new office build-outs in Colombia and India. Lastly, we ended the year with \$55 million of debt, same as last quarter, and \$97 million of cash and cash equivalents and current and longer-term marketable securities.

With that, let's pivot to forward-looking guidance and I'll first start with the first quarter revenue guidance. We expect first-quarter total revenue to be between \$31.1 million and \$32.1 million, 11% to 15% growth over the first quarter of 2021, despite a slightly weaker usage multiplier in this first quarter due to the lingering impact from the regulatory rule change that I discussed earlier. We expect contract revenue to be between \$24.4 million and \$24.9 million, 18% to 20% growth over the first quarter of last year. Again, impacted somewhat by the contract release that I mentioned earlier. We expect excess usage revenue to be between \$6.7 million and \$7.2 million, which is flat to down 7% versus the first quarter of last year, driven by a lower usage multiplier of 1.27x to 1.29x versus 1.35x in the first quarter of last year.

We expect our gross margin in the first quarter to be about the same as the fourth quarter of 2021, 59%, and we expect that this will now trend up towards the mid-60s by the fourth quarter of this year, as we optimize our AWS cost and scale on the public cloud infrastructure. We expect our Adjusted EBITDA to be between negative \$8.7 million and negative \$7.7 million in the first quarter, and we expect this to be the low point of 2022, and for Adjusted EBITDA to trend towards breakeven by the beginning of 2024.

In terms of full-year guidance for '22, we expect our total revenue for the year to be between \$140 million and \$142 million, 17% to 19% growth over '21. We expect the contract revenue portion to grow a little more slowly than we had previously guided, now 20% to 23% versus 25% impacted by the contract relief I mentioned earlier. At the 20% to 23% growth rates, we expect contract revenue for the year to be between \$109 million and \$111 million. We expect our full-year usage multiplier to range between 1.26x

and 1.3x, resulting in excess usage revenue of between \$29 million and \$34 million for the full year growth of 1% to 18% year-over-year.

We expect our adjusted gross margin to be in the mid 60% by the fourth quarter, and we expect our Adjusted EBITDA to be between negative \$24 million and negative \$26 million for the full year and to trend up throughout the year from the first quarter low point on the way towards breakeven by the beginning of 2024, with the improved performance in both adjusted gross margin and Adjusted EBITDA driven in large part by efficiencies we expect to be able to drive in our cost of service now that we have completed the full transition to the public cloud.

With that, Operator, can you please open the line for Q&A?

**Operator**

Thank you.

The first question comes from Parker Lane with Stifel. Please go ahead.

**Parker Lane**

Yes. Hi, thanks for taking the question. Congrats on the quarter.

I wanted to dive into the security audit at the top five bank really interesting development there. Can you talk about the ability to market the capabilities of the platform, the robustness of your solution and how tight you are on the security front across the base? What are some of the measures you're putting in place to sort of benefit from that and drive new demand in that vertical in particular?

**Louis Summe**

Yes, great question. One of the measures that we have in place around security is PCI. So, we adhere to an ongoing PCI process audit by a third-party every year. So, we're at the highest level of PCI certification. We also have other external auditors and other compliance that we go through like SOC and other related audit. But I think that the information security topic when you're talking about larger enterprises, in particular, larger banks, it kind of it goes to the next level beyond that.

Really what they're looking for there, is they're looking for very robust security kit, so that when they start the conversation they see that you've got all of your information well-documented, well laid out, it's thorough and it addresses all of their top concerns. So, us having a strong security kit is an important marketing tool because it will show up in all of our RFP's for large organizations.

**Parker Lane**

Got it, very helpful. Then, Gregg just thinking about the impact of the collections business. I think I understand it pretty well, what you laid out there and how that will flow through into Q1. But in the past you've talked about, I think 37% of the business was collection customers, revenue from those customers in 2021. Can you give us a sense of how that's shook out here at the end of '22 and where you expect that to trend here? I know it's becoming a smaller component of the business, but maybe give us a sense of what that can look like over the mid-term.

**Gregg Clevenger**

Yes, it was about 33% last year, so it is continuing to trend down. We expect it to continue to do so. It's not a rapid transition because we all are adding business from collections customers along the way. But it is on the downward path.

**Parker Lane**

Got it. Appreciate the feedback. Thanks again.

**Gregg Clevenger**

Thank you.

**Operator**

The next question comes from Michael Funk with Bank of America. Please go ahead.

**Michael Funk**

Yes. Thank you for taking the questions today. A couple if I could.

I think I understand the guidance for 2022 and the comments around the amendments. I'm sure you appreciate in the current market even companies that are guiding up, the stocks aren't reacting that well. So, just to help us in the market understand this better, are you finished with the contract amendments? How many contracts were amended? What's the level of certainty or visibility at this point into the guidance relative to where you were a few months ago?

**Gregg Clevenger**

Yes, I wouldn't say that we're completely finished but we certainly have a kind of ring-fenced what we believe is going to shake out. So, we've taken that into consideration when we've set the guidance. So, we're comfortable with how we've set guidance, but all loose ends. Nothing is ever sure in this world and we're not fully insulated from things that may happen that we don't anticipate, but we think we've got everything ring-fenced in a way that it gives us confidence to be able to give the guidance that we've given.

**Louis Summe**

Yes, and one thing that really triggered the adjustments was the fact that their customers sort of had to adjust to some new regulations created by the CFPB. So, we saw that really kind of impacted than a little more than they anticipated in December, but at this point, you can see that the customers have 99% adjusted to it at this point. So, that transition for them to adjust to these new roles is—it's over at this point.

**Michael Funk**

Okay. That's very helpful. Thank you for that. Good to see the hiring progress last year. Pretty significant lift. I think you said 60% increase in the go-to-market headcount. Can you just comment on retention though? I heard for a number of companies, retention has become more difficult obviously, higher and remained challenging across industries. Do you have any metrics to provide us on either retention, retention efforts, or building hire?

**Gregg Clevenger**

I would say that historically, our retention rates at LiveVox, have been a lot better than the industry norms that you would peg us to. We have seen a little bit of step-up in the retention rates or I guess attrition rates over the past quarter, quarter and a half or so. But, I still think well below what others are experiencing. We've got a great culture here and people are super committed. In the U.S. as well as in India and Colombia, we have still—have retention rates that are a lot higher than what we understand the software and tech kind of averages are.

**Michael Funk**

Okay. Thank you. I want to keep it at two, but thank you very much for the questions.

**Gregg Clevenger**

Okay. Thank you.

**Operator**

The next question comes from Mike Latimore with Northland Capital Markets. Please go ahead.

**Mike Latimore**

Great. Thanks. Congrats on the year and getting all the customers onto the public cloud here.

I guess just in terms of the pipeline, it sounds like that has grown well. Can you try to provide a little more color on the verticals that are maybe more selling into the pipeline, and then the split of customer engagement versus collections there?

**Louis Summe**

Yes, absolutely. I mean the sectors that are really looking strong right now for us in our pipeline include banking, retail, travel, and hospitality. A little bit of return to normal if you think about it. Some of those sectors were impacted negatively during the pandemic for a variety of reasons, and now of course they're back into a normalization and/or a growth mode. So, that's a big part of what we're seeing in our pipeline.

**Mike Latimore**

Great and then...

**Gregg Clevenger**

Yes, Mike, just a little color from a collection standpoint. Like I said, we have collection opportunities that are still in our pipeline and they're not insignificant, but they are declining over time relative to where they have been historically and we expect that will continue to decline.

**Mike Latimore**

Got it. Then on the amendments related to contract revenue, did all your collections customers ask for that or was it just a subset of them?

**Gregg Clevenger**

No, definitely not all. Not all had any reason to. So, it's really concentrated in a small handful.

**Mike Latimore**

Okay. Got it. Just last, professional services as a percent of revenue, what was that again?

**Gregg Clevenger**

I think about—I think 2%. I think it's a little higher than last year was. These are hard rounds. I think it was 1% last year, 2% this year.

**Mike Latimore**

Okay. Great. Thanks a lot.

**Louis Summe**

Thank you, Mike.

**Operator**

The next question comes from Jim Fish with Piper Sandler. Please go ahead.

**Quinton Gabrielli**

Hey guys. This is Quint on for Jim. Thanks for taking our questions.

Maybe first from a pipeline perspective, talking about larger banks and really just larger contact centers looking to move over from on-premise to the cloud. As you guys target the up-market, are there further professional services investments that you guys will need to make to kind of help these larger enterprises or to basically hold their hand, as they move from an on-premise solution to a cloud solution?

**Louis Summe**

A little bit, but we really design our platform to be easy to deploy, easy to implement, easy to configure, easy to optimize. That's the benefit of getting a more complete, integrated platform is that that work is smaller. So, as you saw our PS tick up a little bit, go from let's say 1% in '20 to 2% in '21; you could see that kind of movement again in the years to come, but not a substantial shift there. Because again, we're designed to be easy to implement and that's the focus on how we've engineered it.

**Gregg Clevenger**

That makes sense. Then maybe diving a little bit deeper into the top five banking customer that you guys talked about. Can you give us an idea of what's penetrated today? Is it just one contact center that you guys were able to win there, or maybe what percentage of that overall wallet share did you guys take? Then with them specifically, what was the use case that drove the choice for LiveVox, or what's the main use case you're doing for them right now?

**Louis Summe**

Yes. We're inside one department and it's a small percentage of the bank. There's a tremendous opportunity to expand with the bank and we're already engaged in additional RFPs, but you sort of win

the business department by department for sure. The use case that they focused around for us was compliance and helping them out, ensure that they stay in alignment with federal and state regulations.

**Quinton Gabrielli**

Makes sense. Then last one for me is, you guys are really known and have been known historically for a really strong outbound effort, especially around security and compliance. It seems like LiveVox has talked about less on the inbound side, even though you guys do have those offerings. So, what feature of their functionality does the team need to invest more behind, or is this just more of a marketing and education issue that needs to be worked out with further spend? Thank you.

**Louis Summe**

Yes. I mean look, the big opportunity for growth is in digital and is in AI. So, we don't really talk about how much is outbound or inbound versus how much is going digital, because that's really where people want to get to. That's actually why bigger organizations have been slow—they've been slower to adopt digital and AI because of concerns around security and reliability of clients. So, when we bring a full digital and AI suite that gives that enterprise level of security and compliance, that's really kind of—that's our recipe right there. That's really what drives adoption and that's where we need to continue to invest and continue to mature to make that more and more mature for larger and larger organizations because that's really where they want to get to. It's not so much inbound or outbound, but digital and AI.

**Quinton Gabrielli**

Makes sense. Thank you.

**Operator**

This concludes the question-and-answer session. I would like to turn the conference back over to Louis Summe for any closing remarks.

**Louis Summe**

Great. Thank you. I want to thank our team for all the hard work and our Board, and our customers. I'm grateful for all that we've accomplished and excited about all we've accomplished this quarter. I thank them and I thank you all for joining us today. I look forward to talking to you all soon. Thank you.

**Operator**

This concludes today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.