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Stratasys Ltd. (SSYS)
Stratasys to Acquire Origin Conference Call
December 09, 2020 08:30 AM ET

Company Participants

Yonah Lloyd - VP, IR
Yoav Zeif - CEO
Lilach Payorski - CFO
Chris Prucha - CEO, Origin

Conference Call Participants

Jim Ricchiuti - Needham & Company
Shannon Cross - Cross Research
Ananda Baruah - Loop Capital Markets
Greg Palm - Craig-Hallum Capital Group
Wamsi Mohan - Bank of America Merrill Lynch
Kenneth Vallace - Berenberg

Presentation

Operator

Greetings, and welcome to the Stratasys to acquire Origin conference call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. [Operator Instructions] As a reminder, this conference is being recorded. I would now like to turn the conference over to your host, Yonah Lloyd, Vice President, Investor Relations.

Yonah Lloyd

Thank you, and thank you all for joining us today to learn more about the acquisition agreement between Stratasys and Origin that was announced earlier today.

With me on the call are Yoav Zeif, CEO of Stratasys; Lilach Payorski, CFO of Stratasys; and Chris Prucha, CEO of Origin. This call is being webcast live on Stratasys' Investor Relations website, and the webcast and accompanying slides will be available for replay for six months following this call.

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During this call, we may make forward-looking statements based on current expectations. These are subject to a number of significant risks and uncertainties, and our actual results may differ materially. For a discussion of factors that could affect our results and business, please refer to our most recent forms 6-K and 20-F and the 6-K that we are furnishing today to the Securities and Exchange Commission.

All our statements are made as of today, December 9, 2020, based on information currently available to us. Except as required by law, we assume no obligation to update any such statements.

With that, let me turn the call over to our CEO, Yoav Zeif. Yoav?

Yoav Zeif

Thank you, Yonah, and good morning, everyone. Thank you for joining today's call.

This is a big day for strategy, for Origin, for our customers and for our industry. Today, we announced that we have signed an agreement to acquire 3D printing start-up, Origin, for a total consideration of up to $100 million, including cash and stock. This is an important step in advancing our strategy to lead in polymer 3D printing by expanding into mass-produced production parts, the fastest-growing segment of the 3D printing industry.

We believe that combining Origin’s innovative technology with our industry-best global footprint will help drive our leadership position in polymer additive manufacturing, adding up to $200 million of incremental annual revenues for Stratasys within the next five years. Most of this revenue will be generated from manufacturing applications, including end-use parts, an industry segment that we estimate could reach $25 billion by 2025.

We conducted a careful benchmark of Origin’s technology against the competitive landscape and found it to be the best-in-class on several dimensions. I would like to give Origin’s CEO Chris Prucha an opportunity to summarize what makes their technology so compelling. Chris?

Chris Prucha

Thank you, Yoav.

All of us at Origin are so enthusiastic about combining forces with the Stratasys' team. It's really a great opportunity to accelerate the impact that our platforms have on the additive manufacturing industry.

As you may know, I founded Origin with our CTO, Joel Ong, in 2015. From the beginning, we took a very different approach. I was a software engineer at Apple, and Joel was a software engineer at Google. We believed that we could use software to finally bring 3D printing to new

levels of speed, accuracy, consistency, and most importantly, to give access to industrial-grade materials. We call all of this P3 or Programmable PhotoPolymerization. P3 for additive manufacturing is software-based and cloud-connected. That means our systems and the parts that are built on them are being monitored continuously and optimized, while they're running. They get better over time. And we are able to meet the demanding requirements of real-world production applications.

Our first system, Origin One, gives our customers a best-in-class combination of detailed mechanical properties and print throughput. With our competitors, you typically have to choose just one of these dimensions. We can also print exceptionally large parts, and we have one of the most extensive material portfolios in the entire industry. This includes everything from aerospace grade, fire resistant materials to biocompatible materials from leading companies, like the world's largest chemical company, BASF, or Henkel and DSM. All of these are developed and optimized with our technology.

There are a lot of industries that need these parts. For example, the dental industry is a $1 billion market opportunity today and growing incredibly strong. They need fast and accurate aligners, dentures, splints, guards, tooling models and molds. The wider medical industry is also a $1 billion-plus opportunity for us. In fact, this year, we 3D printed and shipped hundreds of thousands of nasopharyngeal swabs for Origin -- for COVID-19 testing as well as spare parts for ventilator systems and other PPE efforts.

Tooling is another attractive opportunity that is a $600 million-plus market. For the first time, we are moving 3D printing into true production class molds, beyond the prototyping molds that we see with other 3D printing technologies. And these molds have high dimensional stability, heat deflection and durability at just a fraction of the cost of traditional tooling.

And in aerospace, we recently won a gold medal at the U.S. Air Force Advanced Manufacturing Olympics for designing a 3D printed hydro clamp for the F-16 fighter jet. These are just some of the ways that we can move major industries towards 3D printed production parts with our P3 platform.

This is a perfect time for us to join up with Stratasys. We've worked incredibly hard to fine-tune our platform with our early units and customers. And we already have Origin One systems installed at customer sites across nine countries. It's time to scale that effort with Stratasys' incredible, global go-to-market resources. We look forward to making this happen together.

I'd like to hand the call now to Stratasys' CFO, Lilach Payorski, who will review the terms of the agreement. Lilach?

Lilach Payorski

Thank you, Chris.

Under the agreement, the total consideration for the transaction is comprised of $60 million, paid on closing and deferred payments, of which approximately $35 million is paid in cash and the

remainder in stock. The remaining $40 million is subject to performance-based earnouts over the next three years. Of this, approximately $20 million will be paid in cash and the remainder in stock. The transaction is expected to close in January 2021.

We ended Q3 with $308.2 million in cash and cash equivalents and short-term deposits with no debt, which enabled us to capture this opportunity and still remain in a very strong financial position. We will continue to serve select customers while preparing for the full global launch under the global Stratasys' go-to-market organization towards mid-2021. We expect it will be slightly dilutive to non-GAAP earnings per share in 2021 and accretive to our non-GAAP earnings per share by 2023.

I will now turn the call back to Yoav for some closing comments. Yoav?

Yoav Zeif

Thank you, Lilach.

This past summer, we shared our new corporate strategy and how it will drive our actions going forward. We continue to be laser-focused on leading the polymer 3D printing market, the largest value pool in additive manufacturing. Our plan is based on delivering the most innovative next-gen technologies to address the fastest-growing and most transformative manufacturing applications for our customer. The P3 platform, from Origin, will be a major component of that approach.

Stratasys now has the most complete set of 3D printing solutions in the industry. We are the full package. And with this full package, we can meet the diverse needs across all major industries with FDM, PolyJet, stereolithography, PhotoPolymerization and soon powder bed fusion. Leading customers like GM, Boeing and Siemens, already trust Stratasys for industrial grade parts that work under the most demanding circumstances. When combined with our GrabCAD software and connectivity solutions, industry expertise and global go-to-market infrastructure, we are well-positioned to be the trusted partner for additive for the world's leading companies. We look forward to sharing more details on this exciting journey in the months ahead.

Yonah Lloyd

Thank you, Yoav. Operator, if you could please open the call now to questions.

Question-and-Answer Session

Operator

[Operator Instructions] The first question today is from Jim Ricchiuti of Needham & Company.

Q - Jim Ricchiuti

Hi. Thank you. Chris, maybe a question for you. You talked about having customer sites in nine countries. Can you give us some sense as to what your installed base is since you've launched the product, which I guess was back to, when, in 2019?

A - Chris Prucha

Hi. So, we launched Origin One to very early customers at the tail end of 2019, and hits our general availability this year in 2020. And we are -- we've now built hundreds -- the low hundreds of systems, and shipped those to our customers, which are predominantly in the United States, but are now in up to nine countries.

Q - Jim Ricchiuti

Got it. And there is clearly a software component. I'm trying to understand how you plan to and Stratasys plans to monetize that software component, since it is -- it does sound like it's a key part of the technology?

A - Chris Prucha

I'll speak to the software component and then Yoav can speak to monetization business model. But, the Origin platforms -- the Origin One is -- it's cloud connected, and the printer runs a special software that we've written from the ground up, one of the few in the industry to create an entire stack from the bare metal all the way up to the cloud. And multiple Origin One systems can work together connected to our cloud platform. And that software allows remote monitoring and fleet management as well as other features. And the printers, when they connect to our cloud, provide a web-based interface that works across all devices. So, this is a very modern way to approach software development, and it's very scalable for organizations that are moving from offline equipment to more of an industry 4.0 digitized cloud connected environment.

A - Yoav Zeif

Thank you, Chris. Maybe I will add about monetization and the role of software in our business. We find software very, very important to our business and for our business model going forward. This is one of the reasons we are so excited about combining forces with Origin, because Chris and Joel are bringing in a breath of fresh air to the whole industry in terms of their view and their -- how progressive they are in the role of software in our industry. We divert or shift significant resources to develop the software platform that you will see us launching gradually over the next few phases of moving into manufacturing and we are going to monetize on it, starting from next year.

Operator

The next question is from Shannon Cross of Cross Research.

Q - Shannon Cross

Thank you very much. Chris, I have a couple of questions for you, and then Yoav, I have a couple. In terms of the business model, Chris, because you're not actually, I believe, making any recurring revenue off of supplies, is it purely just the hardware sale? And then, I assume there's some maintenance. And then, also, is this -- are you selling as subscription, or were you just selling it as a transaction?

A - Chris Prucha

Yes. So, to answer your question, the way that Origin's business model works, and of course, Yoav can speak to, how this will evolve is, Origin is the recurring subscription business, sort of like a SaaS company. So, we provide subscription to our customers that includes access to the software, access to the hardware in terms of sort of like a lease as well as the maintenance, all bundled into one subscription that scales for mass production applications. That's primarily how our business model works on a subscription basis. We do have the ability to sell hardware in a CapEx model for certain customers, like government customers as well. And today, we currently do not manufacture our own materials. Those are made by our partners. But, there are different models that Yoav will -- can discuss around the material business model.

A - Yoav Zeif

Thanks, Chris. Shannon, maybe I'll add a bit to Chris's answer. So, we are going to polymer manufacturing. I think, it's clear, we said it so many times. And it's the biggest profit pool in our industry and the fastest-growing one, period. Now, within this big pool of profit, it's all about partnership and cooperation because you want to capture as much value as you can from the hardware, but also from three other value streams. One of them is the materials, but there is also value -- significant value in services, where we are the leaders in service quality in the world and also from software, as we discussed a few minutes ago. Within the materials, we are going to keep cooperating and to build a unique business model, where we are capturing significant share from the profit pool. And just an anecdote, in this type of business, the unit economics is the best one, much better than any prototyping. So, there is a lot to share here. So, this is the vision.

Q - Shannon Cross

Okay. And then, Chris, curious why you're selling out at this point. You just launched your product. I mean, obviously, there was COVID. Was that the big concern in terms of access to capital? Because if you look at the valuations of carbon, and obviously, desktop metal right now is running at -- there's a lot of interest in next-gen 3D printing. So, I'm curious as to your thought process and why now?

A - Chris Prucha

This is my favorite question so far. So, this is very interesting because prior to COVID, we created an initiative at Origin to raise capital after we had launched Origin One on a Series B financing. And that's when we began working with Stratasys, and then COVID hit. And I'm actually happy to report that earlier this year, when we were going to raise a larger financing, we've been able to ship a substantial number of Origin One systems to our customers, which this

year alone, has been used to print millions of parts, into the millions. And that has actually kept our cash flow relatively stable throughout this entire year, which I think is very unique for a company at our stage with the financing structure that we have today. And compared to some of those other companies, we've been far more capital-efficient because of the lower amount of capital that we've raised, as well as this focus on generating revenue by shipping.

And the reason that we're joining Stratasys here is we believe Stratasys has, by far, the best global service and go-to-market platform of any 3D printing company. We know that as a start-up, we don't have that infrastructure, and we'd have to build it. Those other companies that you name have not built it. And so, we really do see this combination as allowing us to really achieve our vision and getting that installed base globally with Stratasys. I think that's really important.

Another important key point is, throughout this process, as we've scaled this year and we've been working in the industry for a couple of years, we've had options. There are other companies that we talk to and approached us. And we didn't have to choose to merge with Stratasys as a survival. We had various options, and we decided that joining Stratasys, especially working with their new management team under Yoav, was again by far the best outcome, not only for Origin, but we believe it will be the best outcome for our partners and our customers as well.

Operator

The next question is from Ananda Baruah of Loop Capital Markets.

Q - Ananda Baruah

Hey. Thanks, guys. I appreciate taking the question. Interesting deal and combination here, by the way. I guess, just two for me. Yoav, would there be -- is there any potential for some of the market segment -- like some of the existing systems on the Stratasys side to port over to the Origin side as you move forward here? Like, do they just get some of the stuff that you're doing currently today in a way that's a better fit? And then, I have a quick follow-up.

A - Yoav Zeif

It's very simple. It's really minimal overlap between the portfolios. We are talking here about maybe a little bit in dental. But in general, we are going for new applications. And this is one of the strengths of this merger acquisition because we are complementary. The technology of Origin is complementary. Remember, we already announced that we have an interest in VAT. We made the whole search. We looked all over actually. We analyzed every company that exists with any type of VAT. And Origin stands -- they have outstanding technology, and even more importantly, the personality stand out from the entire crowd, and we are very happy that we have the opportunity to work with Chris and Joel. And this is a huge opportunity. You take our laser-focused direction to go to manufacturing with our full package, because going for manufacturing is everything. You need to go to market, you need service, you need materials, you need support, you need software. And now you combine this with one of the leading best-in-class technologies. Sky is the limit, so. And it's really minimal overlap, just to summarize again.

Q - Ananda Baruah

That's helpful. That's really helpful. And just my quick follow-up, this is probably for Chris. What do you see as -- and Yoav, if you want to contribute as well, what do you see as the headwind to the $200 million over the next couple of few years?

A - Yoav Zeif

Yes. Maybe I'll start and then I'll let Chris answer on the technological side. To be honest, other than COVID - and we just heard that in the UK, they started to vaccinate people, so other than -- so we are very optimistic, other than COVID, I don't see real headwinds because there is a real demand out there. And the pandemic just emphasized how important is 3D printing in our world.

Q - Ananda Baruah

That means if you -- really -- I mean, that's really, really nice revenue generation for you guys.

A - Yoav Zeif

Realistic. Chris, do you want to add something about technological trends or something?

A - Chris Prucha

Yes. I think, just in general, the biggest challenges from COVID are behind us. I can't predict the future, but we are a start-up. We were in the middle of trying to start a fundraising initiative when COVID started and we adapted. We were the only 3D printing company that actually 3D printed swabs in-house and didn't outsource it. And we've been, as a start-up, extremely agile in terms of restructuring ourselves relative to the environment. And so, I do think the worst is behind us there.

And going forward, I think the biggest risks from a technical side in terms of hitting these revenue milestones is going to be scaling the team and resourcing. But, these are things that were -- throughout this year, we've been scaling production of our system, even during COVID quite successfully in hitting our milestones. And I have a lot of faith that together with Stratasys that we'll be able to continue to push the limits there. And we're going to remain here in San Francisco, our team, and maintain the start-up agility that's really benefited us over the last five years.

Q - Ananda Baruah

I'm going to sneak a quick one, and sorry, I apologize for this, guys. Origin sells the systems, so it's $200 million of systems or under the current Origin business model, system service software. Is there, Yoav, an additional materials opportunity for you on top of those systems over the next couple of few years?

A - Yoav Zeif

Yes. Very, very clear. Our business plan is a mix of hardware, service, software and material, the whole four. This is what we know to do, to give the whole package. This is what differentiates us. This is why we are being trusted by the leading companies in manufacturing in the world.

Q - Ananda Baruah

And that $200 million, is there materials, or is that fully in Origin current business model target?

A - Yoav Zeif

No. It's everything. And I want just to emphasize, what is important to understand that there is a very tight link between the material developer -- by the way, we have the capability to develop material, here in Israel. We have a big group of chemists. But going forward, we believe that to win on material in manufacturing environment, you need to have an ecosystem. Same like the ecosystem that we are building in software. It's the same concept. System and material, it's the same concept. You need an ecosystem, like we have now in cooperation with nTopology and with KeyShot, we say will be with materials. So, you need to build this ecosystem, but there is a very tight link. No one can do anything without the other, because the whole Programmable PhotoPolymerization that Chris and Joel invented is based on the fact that you are being able to tweak the development of the material through the software of the machine, which is great. So, I see really different mix and prototyping, but we are going to sell the whole package.

Operator

The next question is from Greg Palm of Craig-Hallum Capital Group.

Q - Greg Palm

Yes. Thanks. I know this was talked about some, but any sense for who or what Origin's customer base is today? I mean, what end markets, Chris, have you made the greatest inroads in? I mean, how would you expect this to progress? Just trying to get a sense for kind of what are the largest opportunities that you see out there for your technology?

A - Chris Prucha

Yes. As you can see from some of the press materials on the polymer side -- so to back up for a second, we're really focused on mass production applications, which for additive manufacturing, we're just in the beginning as an industry. So, we're focused on customers that are printing lots of parts, not just prototypes. And today, there's really one industry that I think everyone would agree upon, that really fits this, and that's dental. And so, that's one of our key segments. But, everyone's been looking for the next production opportunity in polymer additive manufacturing. And this is where I'm excited to say that Origin is heavily differentiated from other companies in the space. So we, just like Stratasys, have solutions for government as well as the aerospace market. As you know, we won the gold medal in the Advanced Manufacturing Olympics. And Stratasys has already built a really great business there on the FDM side. We're able -- we've

started to build that type of business where more exotic material properties and high detail are required. And so, we can address that sort of aerospace, government. And we can go beyond that into the broader industrial space, including automotive. We have solutions there.

Another one that we're really excited about that we uniquely target is production tooling, molding. Our process has the ability to print completely solid, really large parts. Our competitors typically -- you'll see that they usually demonstrate printing things like lattices and things that look cool, but not very, very large solid parts with print technologies that are more similar to us. And that's something that is at the heart of P3 that for five years we've been developing is to maintain high throughput, while printing very large parts.

And so, with these advanced materials, we've actually been able to work with -- as you see in the press release, multibillion-dollar footwear manufacturer, ECCO, on a new direct injection process technology for their footwear. And we're working with many other customers in tooling that require these advanced materials. And I think, Origin is uniquely suited there.

So, those are -- all of those markets are $1 billion-plus opportunities today, and we're uniquely suited for those. But, the material exploration capability of our platform, where we've been working with partners for many years, has been allowing us to discover and unlock new markets that have not been addressed in additive manufacturing. And I think, we're already seeing the fruits of that.

Q - Greg Palm

Interesting. All right. Thanks for the color. And I assume there's some amount or level of patents on the technology. What's the IP profile look?

A - Yoav Zeif

Chris, would you like to take this on the patent?

A - Chris Prucha

Yes. I can go ahead. I was just going to see if you're going to comment first. Yes. So, we at, Origin, we have -- we've filed many patents. We have patents issued, which we're very proud of actually this year around our core technology as well as some of the more advanced features that are built into Origin One with a patent that was just issued actually a couple of weeks ago. And we have a unique patent strategy where -- as Origin, as a stand-alone company, we'll speak to our current patent strategy, where we like to patent technologies that are very unique and have a lot of value because we're a start-up. We don't like to patent -- have -- just get in a race for numbers. And we also don't like to publish our innovations too early for various reasons. So, we have a process where we file full patent applications as provisionals and go through that whole process. And when we eventually do patent -- file for patent, it will -- the priority date will usually go back a few years from the original provisional.

And then, we also file patents that include a lot of technologies. So, when they get restricted, we can file lots of continuations from our patents. So, for example, some of the core patents that have been issued to us, we believe we can file, in many cases, 5 and maybe even upwards to 20 continuations from those patents. So, we view IP as a really important part of our business.

A - Yoav Zeif

We did due diligence, and there is a clear competitive technological advantage.

Operator

The next question is from Wamsi Mohan of Bank of America Merrill Lynch.

Q - Wamsi Mohan

Yes. Thank you. Could you help us just think through how much -- I know you said that this is going to be slightly dilutive to non-GAAP EPS in '21. Can you just tell us how much revenue and expense we should expect in '21? And I have a couple of follow-ups too.

A - Yoav Zeif

Maybe I'll ask Lilach to address this question. Lilach?

A - Lilach Payorski

Hi. Good morning. It will be, as we disclosed, as we basically discussed in the script in the call that we will introduce Origin product of.. in 2021. It will be a slow start, and going to go through a full general process within Stratasys. So, we expect couple of revenue in the year. It will be, as I mentioned, not accretive at the beginning. It will be -- it's supposed to be accretive more toward 2023. And currently now, we are not sharing specific details about this business.

A - Yonah Lloyd

Right. Wamsi, just one note on -- just to help you guys a little understand the cadence of the year. Origin is going to continue selling the Origin One product and the full solution set as they are today, pretty much for the first half of the year. And then, towards the middle of 2021, is when it will transition over to the Stratasys' go-to-market. And from that point forward, we would all expect that you'll see a more notable ramp in the sales.

Q - Wamsi Mohan

Okay. Thanks. And then, I'm curious about the structure of the deal as both, the stock and cash deal. Can you help us understand why you decided to go down this route, especially given where Stratasys stock is?

A - Yoav Zeif

Yes. Maybe I'll take this one. It’s Yoav. So, in general, I think that the deal is -- first of all, it's good for everyone, otherwise, there was not a deal in. But, it's really helpful for us because we are very lucky, to be honest. And we worked hard to be lucky. We add to our portfolio, one of the best technologies in additive manufacturing, and we strike a deal where everybody is happy. But, practically, in terms of cash, we are preserving our cash. Because we’re really gradually only paying in cash a significant amount of the transaction, as we just shared in the press release, is based on stock. So, the impact on cash will not be significant or material for our financial stability.

Q - Wamsi Mohan

Okay. Thank you. And then maybe one for Chris as well. I know questions came up around technology, and you guys alluded to some of the elements of technology that make you superior. But, I was hoping to maybe just get a little more detail around the technology differentiation of Origin with other photo polymerization companies in the market. I know, Yoav, you also mentioned you did extensive diligence. You think that the patent portfolio backs it up. The products are superior. Can you maybe just help us think through two or three different dimensions of superiority in Origin's portfolio or the way you see it evolve that you think really separates it from the other companies? Thank you.

A - Chris Prucha

Yes. So, I think, the primary differentiator -- so, we're not a single technology that you patent and that becomes all the value. That's what we've seen in traditional additive manufacturing for a long time. We started this company with a software first approach, and every part of our platform reflects that. So, we're able to build a product like Origin One that is smaller than a lot of -- from a physical size standpoint than some of the major competitors you see. So, we have a superior production capacity per square foot. And the way that we're able to do that is simplify the hardware so that we can have really high-quality compact hardware and move that -- a lot of that complexity that you traditionally have into software. And we do that by having a lot of closed-loop sensors and feedback in the printer. We joke that it's kind of like a chemical reactor in a box. And it really enables us to write software that allows our partners to develop new materials and technologies. For example, if you look at the F-16 clamp, that's a two-material part. So, there's actually a material change that gives a unique feature on that part. And so, there's these production capabilities where you can print these really advanced materials with a new additive manufacturing process, for example, for that clamp, with just software changes. And that, combined with the hardware and the cloud connectivity, we believe are game changers. I mean, that's what we wanted to really bring to this industry.

I think, the best analogy by far is, you look at a self driving car, Tesla in their early days, they announced full self-driving capability, and they put all these sensors in the car. And now you get software updates. That's how Origin One works. Our early customers that have Origin Ones, they get software updates and they get new capabilities. We believe that's what the future of additive manufacturing looks like. And we've developed a lot of IT around this in terms of our process and a lot of the technologies we've built. And we think that that is the right platform for the

future of additive manufacturing instead of having a silver bullet technology. And we're really excited about it. And the results speak for themselves with -- in terms of -- as well with consistency and high throughput of our system.

A - Yoav Zeif

Maybe just to add on what Chris said. And maybe I'll take the customer perspective, talking about technology, but from the customer perspective, because at the end, we are serving our customers. There are four very important things here. First of all, it's software. Software is going to be key in our offering, and it's very important to the customer because it creates flexibility. You can control what you are doing and what will be the output and the results of your production process. And the third other thing is that this technology that is based on software that Chris has just elaborated on, produce the best accuracy in the industry, the best mechanical properties and the fastest throughput in DLP, which is amazing.

Operator

The next question is from Kenneth Vallace of Berenberg.

Q - Kenneth Vallace

Hey, guys. Congratulations on the deal. Obviously, covered a lot here, but I guess, what I wanted to get at a little bit was just perhaps the opportunity on the software side in terms of applying what Origin has in place to other technologies, like FDM and PolyJet. Is there any kind of opportunity there? And then, perhaps just kind of alluded to initially but monetizing the software here. Just any further details there would be really interesting and appreciated.

A - Yoav Zeif

We are definitely going to do it. It's an amazing approach. As I said, breath of fresh air. It’s completely new to our industry. We are so strong in PolyJet and FDM, and it's part of the group now. And of course, we will make sure that there is knowledge transfer between our units. No doubt.

Operator

The next question is from Shannon Cross of Cross Research.

Q - Shannon Cross

Okay. Just a quick question on dental. Chris, how close are we to having basically aligners be able to be printed directly, and what are the impediments there? Obviously, that would be a huge market opportunity.

A - Chris Prucha

Yes. I think that's a great question. So, the initial answer is, at Origin, we print aligners all the time. We can do it efficiently and at a low per part cost today. And the reason direct print aligners aren't in the market, there's sort of two angles to this. One is, sort of the regulatory and the workflow. You have to have a customer able to do that. And so, we won't speak to some of the customers that we're working with under NDA on that portion. The second part is, it has to be better. It has to be better than the existing products that are out there. And the existing products that are out there from -- especially from some of the companies that have been there in that space for a very long time, are highly refined products with the 20 years of improvement. And what we see in additive manufacturing is you might be able to print a direct print aligner, maybe you can get the costs right, but it's not actually better than the products that are molded over a 3D printed mold. And that comes down to the material. You need a really, a low-cost biocompatible, but really advanced material that has properties for comfort and also from the clinical -- the medical side of things. And that's where our key advantage, with Origin, we have a material development platform that is deployed at our chemical company partners. And that has been out in the field for almost five years now.

If you read the press release from -- that we issued, Stratasys – this quote from BASF that they've had our platform prior -- many years prior to Origin One. And so, the real key is being able to develop a really unique material. And you need a really powerful material development platform to do that and really create chemical technologies. And we have that with our partnerships and we have that in terms of our material platform and we also have the installed base with our material partners of having those systems for many years. And we believe that applications like direct aligners, we will have a competitive advantage in that segment versus some other companies in the space because of those key aspects that I mentioned.

Operator

Our next question is from Jim Ricchiuti of Needham & Company.

Q - Jim Ricchiuti

Thanks. Just two follow-up questions. Chris, I'm wondering the timing of this. How does this potentially accelerate your technology roadmap? Does it enable it, move things along faster? And I wonder if there's anything you can say with respect to the technology roadmap?

A - Chris Prucha

Yes. I think, it's a great question. So, the elephant in the room here is, right, we're a start-up. And we've been able to do a lot with very little compared to even other startups in this industry. And that's really, thanks to our software first approach, our talented team, our ability to attract great talent here in the San Francisco Bay Area. So I think the most important thing here is we're able to leverage Stratasys' global go-to-market infrastructure and expertise, but we're still staying here in San Francisco and our team is staying together. I think, that is critically important in terms of the post-merger integration. So, I think, a lot of mergers are messed up. This one, I think, is really on the right track here. So, I think, that's the crucial component.

The second component here is, the investments that -- and Yoav can speak to this as well, but the investments that Stratasys will make in our technology, will allow our team to really focus on the technology versus the other aspects of running a standalone business. And that will accelerate the rate of work that we're doing today in terms of technological process and development, but also importantly, we have one product today, Origin One. We'll be able to really accelerate bringing other types of products to market that are based on our technologies are adjacent as well.

Q - Jim Ricchiuti

Got it. And Yoav, a question for you. You indicated that one of the attractions of the way the transaction was structured was that it preserves cash. And clearly, you've got other developments underway. We're anticipating more news flow on the powder bed fusion product. But, I wonder, if you look at the portfolio, the way it's emerging, do you see an ongoing focus on M&A to further round out the product portfolio or technology portfolio?

A - Yoav Zeif

So, we have a great portfolio now adding the powder bed fusion. It's a complete portfolio with the best-in-class technologies, by the way. We have the best-in-class technology in powder, in PolyJet by far. We have the best-in-class technology in terms of reliability in FDM. And we are the only one with high-end certification with all the aero and the auto. And we have very high-end technology in our next-generation that Chris and Joel and the Origin team are bringing to Stratasys. And we have best-in-class technology in powder bed fusion. Add to it the fact that we are going to invest and we shifted resources to software. When you combine all this together, now, it's all about execution. And of course, we will keep looking for add-on acquisition, cooperation, any type of business development. But, in this direction, we have a strategy and we do everything to implement the strategy. And this is a very significant move in implementing our strategies and everything is open.

End of Q&A

Operator

There are no additional questions at this time. I would like to turn the call back to Yonah Lloyd for closing remarks.

Yonah Lloyd

Actually, I'll turn it over to Yoav for closing remarks.

Yoav Zeif

Thank you, Yonah. So, thank you all for joining us for this exciting announcement. The combination of Origin's exceptional P3 platform technology with Stratasys' industry best go-to-market will accelerate the pace of mass production additive manufacturing in coming years. For us, this is a journey. Looking forward to updating you again soon.

Operator

This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.