

Boardwalktech Software Corp.

Second Quarter 2024 Earnings Conference Call

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CONFERENCE CALL PARTICIPANTS

Mike Stevens

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PRESENTATION

Operator

Good afternoon, ladies and gentlemen, and welcome to the Boardwalktech Software Corporation Second Quarter 2024 Earnings Conference Call. At this time, all lines are in listen-only mode. Following the presentation, we will conduct a question-and-answer session. If at any time during this call you require immediate assistance, please press star zero for the operator. This call is being recorded on Wednesday, November 29, 2023.

I would now like to turn the conference over to Graham Farrell. Please go ahead.

Graham Farrell — Investor Relations, Boardwalktech Software Corp.

Thank you, operator. Good afternoon and welcome, everyone, to Boardwalktech's quarterly conference call. This call will cover Boardwalktech's financial and operating results for the second quarter fiscal 2024 period ended September 30, 2023. Following our prepared remarks, we will open the conference call to a question-and-answer session. Our call today will be led by Boardwalk Tech's President and Chief Executive Officer, Andy Duncan, along with the Company's Chief Financial Officer, Charlie Glavin.

Before we begin with our formal remarks, I would like to remind everyone that some of the statements on this conference call may be forward-looking statements. Forward-looking statements may include, but are not necessarily limited to, financial projections or other statements of the Company's plans, objectives, expectations, or intentions. These matters involve certain risks and uncertainties. The

Company's actual results may differ significantly from those projected or suggested in any forward-looking statements due to a variety of factors, which are discussed in detail in our regulatory filings.

Today we issued our second quarter fiscal 2024 financial results, a copy of which is available in the Investor Relations section on our website, www.boardwalktech.com, and posted on SEDAR.

I would like to remind everyone that today's call is being recorded on Wednesday, November 29, 2023.

I will now turn the call over to President and Chief Executive Officer of Boardwalktech, Andy Duncan. Please go ahead, Andy.

Andy Duncan — President & Chief Executive Officer, Boardwalktech Software Corp.

Thank you, Graham. I'd like to welcome everyone to Boardwalktech's quarterly earnings call to discuss the Company's financial results for the second quarter of fiscal 2024 ended September 30, 2023.

After experiencing a breakout year of growth in fiscal 2023, Boardwalktech continues to make progress to return to that level of growth as we enter into our next phase of expansion from both new product offerings and sales efforts. To date, fiscal 2024 has been driven by strategic teaming agreements and new product launches. Our recently announced teaming agreements with Hexaware and LTIMindtree have provided Boardwalk with two large and highly specialized sales and professional services teams with a focus on accelerating new business with our Velocity product within the banking and financial services sector.

As for new products, we continue to roll out initial engagements for our new Unity Central offering to augment our existing industry-leading Digital Ledger platform, which together provide a holistic supply chain and information management solution for large enterprises. The Company garnered a lot of attention with this product after we jointly presented its functionality in May with Meta at Gartner's Supply Chain Symposium. Our announcement on Monday of the expansion and full license with a Fortune 50 company will certainly help drive more interest for this product and solution. This deal may have taken longer to close than originally expected, but we believe the longer-term impact to growth and earnings have and will be worth the wait, not just for this one deal but tangential ones as well. Our pipeline is already growing with regard to new potential opportunities for the Unity Central product, which also has increased interest in our Digital Ledger product, both in the enterprise supply chain space.

The sales pipeline remains robust and we have not lost any prospective customers once they get into the later stages; however, challenging market headwinds and internal customer issues, such as the year of efficiency efforts with large multinational organizations and financial institutions, have caused delays to take longer to close deals. We believe these factors and delays are not so much related to the sales cycle of a customer choosing our product per se, but more customer-centric delays, be it layoffs or bureaucracy. As CEO, it's very frustrating to have license agreements out for signature and be forced to wait on issues that are out of our control; however, the reason to be optimistic is that these delays are after customers have chosen us and these data management challenges that are facing these customers and the industry are not going to exist for just one to two years but are decades-long market opportunities that Boardwalktech solutions can enable customers to resolve. Our team has developed a strategic marketing plan that outlines and supports these three large fertile addressable markets and how

Boardwalktech's approach and focus on these target markets can enable \$50 million of potential revenue from each in five years, which we are glad to discuss in more detail.

Two other important points to note: First, our land-and-expand strategy continues to roll out as existing commercial relationships are expanding. And the second is the Company continues to make progress toward profitability, as our Q2 numbers reflect, both in terms of a 47% improvement on adjusted EBITDA and positive cash inflows from operations for the third time in the last six quarters.

I will now pass the call over to our CFO, Charlie Glavin, who will provide more details on this, and then we look forward to taking your questions after his prepared remarks. Charlie, please go ahead.

Charlie Glavin — Chief Financial Officer, Boardwalktech Software Corp.

Thanks, Andy. Before I begin, I want to take a moment to remind our listeners that all figures reported on today's call are in U.S. dollars and that our fiscal year ends March 31 with reported figures based on IFRS standards, unless otherwise specified. Additional details can be found in our financial statements and MDA, as filed on SEDAR.

The total revenue, as we reported for the second quarter of fiscal 2024, was \$1.53 million versus the \$1.48 million revenue we reported last year, and this despite a 21% decline in professional services revenue. More importantly, revenue from new and recurring SaaS licenses grew 10% year over year and for the first six months of the year that SaaS revenue grew 16% year over year. Recurring revenue from SaaS licenses has grown at a 49% CAGR over the last three years and, based on recent customer

engagements and announcements, that is the growth rate that we expect to return to once the current headwinds that Andy alluded to ease.

As much as investors and the Company are looking at when we sign our next banking deal, it is important to step back and not overlook the growth from our core land-and-expand strategy. If you remove our Velocity banking customers, our Digital Ledger business grew 22% year over year on a trailing 12-month basis. But, due to slower closing of new deals that Andy alluded to, professional services levels continue to be lower than originally forecasted and expect it to continue to fluctuate on a quarter-to-quarter basis. Last quarter professional services accounted for just 14% of total revenue and it is expected to stay around this contribution level going forward.

The Company defines annualized recurring revenue, or ARR, which is a non-IFRS metric, as the annual recurring revenue expected based on license subscriptions and recurring revenue recognized in the recent quarter. ARR at the end of September was \$5.7 million, but this does not include any impact from the new license revenue we just announced on Monday or other recently invoiced deals.

Gross margin for the second quarter of 2024 was 90.1%, which is comparable to the 90% levels that we reported in both the first quarter of this year and the second quarter of last year. Consistent with our prior guidance, investors should continue to expect comparable margins to the 90% level we reported going forward.

Net loss for the second quarter of fiscal 2024 was \$730,000 or a loss of \$0.02 per basic and diluted share, which is a 40% improvement versus the \$1.2 million loss last year and the \$930,000 loss last quarter.

Adjusted operating expenses were down \$200,000 sequentially and down \$300,000 year over year as we continue prudent expense management given the limited resources. The point being that we continue to be diligent in our spending but are not cutting our way to profitability but growing our way to success.

Non-IFRS net loss, as defined in our filed NDA, for the second quarter of fiscal 2024 totaled a loss of \$377,000 or \$0.01 per basic diluted share, and this is a 46% improvement to the \$695,000 non-IFRS loss last year and a 27% sequential improvement versus last quarter.

In regard to our comments about improvements towards cash sustainability, our adjusted EBITDA for this quarter was a loss of \$359,000, which is a 47% year-over-year improvement from the \$683,000 loss in the second quarter of fiscal 2023 and a 30% sequential improvement from the loss of \$511,000 last quarter. Longer term, we're relying on growth on recurring license, not professional services, to achieve and sustain the profitability.

Also of note, as Andy alluded to, the Company finished this second quarter fiscal 2024 with positive cash inflows from operating activities of \$175,000. This marks the third quarter of positive cash from operating activities in the last six quarters that we reported. And while we are not self-sustainable at cash levels yet, we are continuing to make progress and expect to achieve that goal in the forthcoming year. That said, we do acknowledge that additional resources in sales and marketing would lead the foundation for the upside growth which Andy alluded to.

And with that, I'll turn the call back over to Andy.

Andy Duncan — President & Chief Executive Officer, Boardwalktech Software Corp.

Thank you, Charlie.

We have told our investors that every day our team wakes up looking to increase our ARR by providing new and existing customers with a high ROI solution to address their issues, especially in the supply chain. We have several deals in process of closing, so we look forward to several announcements in the weeks and months to come. As we close those deals, in turn, this will continue to let our numbers do the talking while providing exceptional value to our customers and our investors.

Operator, we are now ready to take questions.

Q & A

Operator

Thank you. Ladies and gentlemen, we will now conduct the question-and-answer session. If you have a question, please press star on your touchtone phone. If you wish to cancel your request, please press star two. Please ensure to lift the handset if you are using a speakerphone before pressing any keys. One moment please for your first question.

Your first question comes from Mike Stevens from Echelon Wealth Partners. Your line is now open.

Mike Stevens — Analyst, Echelon Wealth Partners

Hi. Good afternoon and thanks for taking the time to answer a few questions here. My first question, with regards to your teaming agreements announced recently, just trying to better understand. I know, Andy, you've mentioned in the past how these could be leading indicators or the timing of which could kind of indicate that deals are closer than or somewhat near term. Do these teaming partners engage or try to push your product at all before these announcements are made? Or does it kind of start once these announcements are made? Just any color on kind of how the process of those sales cycles when you make an announcement like this.

Andy Duncan — President & Chief Executive Officer, Boardwalktech Software Corp.

Yeah, sure, Mike. Thanks for the question. Most of the time these teaming agreements are not signed unless there is activity from a bank or financial institution that the teaming partner is interested in working with us on. So, are they leading indicators? Yes. We've been frustrated with the length of time that it's taken us to get to kind of the next bank or two and we think that these additional teaming agreements will certainly help. And there are other teaming agreements that we're in discussions with, ah, are other companies with regard to teaming agreements that we're also in discussion with now.

Charlie Glavin — Chief Financial Officer, Boardwalktech Software Corp.

Mike, I've got to chime in, something that Andy normally mentions, but I'm not sure if we've discussed with you, another indication of a leading indicator here and where we could use more resources in training of IT providers. We've uncovered some advertisements for IT companies who are trying to advertise looking for people with Velocity training. We've even encountered a potential teaming partner who we haven't signed yet who has already gone out with a video to banks advertising that they have

capabilities in our Velocity product. So, mind you, we're trying to augment our training and make sure that there is true competency-based training, so anybody who claims that they've got Velocity training is in fact doing that, but it's another indication that these people are going out, these IT companies are going out and advertising our Velocity product to banks and that they can be a partner to bring Velocity to those companies. So it's another leading indicator overall. Now mind you, once we close the deals with the bank, that's the important thing, but these are other indications where literally there is more demand out there even ahead of us and I would call that a leading indicator as well.

Mike Stevens — Analyst, Echelon Wealth Partners

Okay. No, that's great. Thanks for that. And moving to your Radius Control Tower, obviously kind of long overdue but exciting announcement this week, any color on...? You guys have talked about that sort of return on investment process and report that was being done by this Fortune 50 company. Yeah, so is that something that you can kind of go out with? Does that help the sales pitch to other pipeline candidates? Or maybe any color into that report or process that you gleaned that you can kind of use and leverage.

Andy Duncan — President & Chief Executive Officer, Boardwalktech Software Corp.

Yeah, absolutely. So, color around this is that the deal took—everyone knows that we've been talking about this deal for a while. This is a cornerstone deal for us to be able to prove out the ROI and the technology with regard to Unity Central, which we're very bullish about. This particular company that we were working with went through two rounds of layoffs in their effort to become more efficient. And part of the people, some of the people that were actually working on validating this within their internal

organization were part of those layoffs. So we had a lot of kind of start/stops which was completely out of our control.

Now that we made the official announcement that they've signed the agreement moving forward, several things to note. One is that they were not going to sign the agreement until they had clear ROI that they could go upstairs and get confirmation or show confirmation to get the contract signed. That has now been completed and the ROI that we've been able to deliver is measurable and significant. The second thing that I think is important about this deal that cannot be overlooked is that they now have engaged with us in two additional areas within their supply chain, one on returns management and one on managing their contract manufacturers. Contract manufacturers is basically on the other side of the supply chain. As opposed to on the demand side, it's on the supply side. The demand side is where we were working first. Quite exciting to be able to engage with this company on these next two areas and they would not have done that unless we were able to prove ROI and also be able to forecast an outstanding ROI on these two new areas that we're going to go focus on.

Now keep in mind is that when we talk about areas within a particular large company's supply chain, you know, there are 20 or 30 places where we could go to work on. So this is exciting to see them take the next step on these next two. And yes, we have had a number of companies that have been kind of waiting to not only see the ROI results from this but also to see the announcement that we made on Monday confirming this Fortune 50 company moving forward. Again, significant that Boardwalk has been able to land a Fortune 50 company that is going to be focusing a lot of good results on their supply chain on our technology. It doesn't happen very often. It takes a while. So we're very enthusiastic about this, Mike.

Mike Stevens — Analyst, Echelon Wealth Partners

Okay, great. No, it sounds very promising, obviously, and it was nice to see that come out earlier in the week. A couple more questions quickly. On the macro challenges front, obviously, you know, you've said, you've highlighted we know that deals are out for execution or signing and they haven't really materialized, but you've also said in the MD&A today that since the last earnings report you've seen a pickup of license agreements in the process of execution. So what are you seeing with that environment? Do you think there's any easing going on or do you think it's just pretty stagnant at this point? And I know it sounds like it's internal issues going on at these companies, is this like a budget, like a moving target on budgeting? Are they trying to haggle on pricing? Or any other kind of color on why these deals aren't getting executed, I guess.

Andy Duncan — President & Chief Executive Officer, Boardwalktech Software Corp.

Yeah, again, look, I don't want to make any excuses, Mike, about this. There are multiple factors that are in play here as to why these things have taken time. The biggest factor is that look at how many companies that we're dealing with. We're dealing with large enterprises. Like we're not dealing with a \$100 million revenue company in the Midwest some place. We're dealing with big enterprises. And many of them have been going through layoffs over the past year, again, in a focus of efficiency. Look, even just Citibank has announced again more layoffs. And so a lot of these companies are really reeling. And whenever they go through these reorganizations and layoffs, they effectively put any new technology on hold until they figure out who's on first and who's going to manage it, no matter how big the ROI is. So it's been quite frustrating for us as we've been kind of coming through this process of having contracts out,

having proven ROI, having a terrific solution that really can help the enterprise, and having it be put on hold because they've got ancillary things that are happening within their organization that cause the contract to be delayed.

We haven't lost any contracts when we get to this later stage. It's just, oh, Andy, you've got to wait until our layoffs are completed and we figure out who's going to take responsibility for this. And we get that quite a bit. Is that easy? I think it is. I think, again, there are a lot of macro issues around companies being very concerned about interest rates and many other things in the macroeconomic world and so we have to continue to just push hard and drive trying to get some of these deals closed. And that's what's happening. Is it easing up? I think some of the deals that we're working on where we've got paper out now for signatures, they are end-of-the-year things that people just kind of want to get completed, which is good for us, and that is showing certainly some promise.

Mike Stevens — Analyst, Echelon Wealth Partners

Okay, no, that's helpful. And then just the last one, it might be for Charlie, but obviously it's great to see the cost structure continually coming down and you guys are relatively lean yet executing at the same level. In terms of going forward, you always say that you could use, everyone can use more resources, of course, to kind of invest in growth. How much do you think that this sort of lean structure is hindering progress and are there any avenues, debt wise or other, that you could get some reinvestment into growth? Or is it kind of just waiting for that big deal to come in and then, at that point, it's much easier, more room to start investing in growth.

Charlie Glavin — Chief Financial Officer, Boardwalktech Software Corp.

Can I say yes to all of those, Mike? It is a complicated one, because having to answer to so many different parties and being conscious of it, when people are telling us you're doing better than your other comparables in the microcap sector, that's not much consolation. We know we can grow further. There are a lot of pots on the back burner in terms of tracking traits where we have a partner setup but we don't necessarily have the resources to chase it. The training, quite frankly, Mike, in terms of doing the training, we're doing it and we're, I'll say plodding along, because I think if we had some additional resources we could get that training up quicker and more efficiently overall. So it's that balance of being prudent where, with the level of growth equity there, it would definitely work.

Based on our previous experience with debt, we've been a little debt averse, and there's always somebody who's trying to offer non-dilutive financing, which usually ends up being they want another cut from a royalty aspect. So we're trying to play that off. But we are getting to the point where prudence from cost cutting is, I would say, a bit of a hindrance. Like I said, there are markets, and this is one of the things that attracted me to Andy, was Andy was not a CEO who's going to go chase ten different markets and do it in a mediocre fashion, but rather focus in on three or four and do it well. And that still leaves the others that you could go into. And I can tell you that the pharmaceutical market, there's the food safety market area where we've already done testing and passed testing with the Defense Logistics Agency in the United States where we'd be qualified, but do we have the resources to go commercializing? And quite frankly, we don't. We don't have all the resources. And that's a little bit of a high-class problem, but it doesn't help us in terms of not being frustrated, which Andy mentioned. It is a little frustrating overall. And we need that snowball to pick up.

So, I always tell [inaudible] the employees, you know, get a little, I'm a bit bipolar, I'm going to push back on cost but give me a reason to spend. Give me a higher ROI to spend. But I've only got so many arrows in the quiver at this point. But yeah, we could definitely be growing a lot quicker than we were if we had available, mostly marketing and sales resources, not in the R&D. I just want to be clear on that. This is not a matter of having to develop a new product or filling the gap. This is a matter of tapping into fertile markets.

Mike Stevens — Analyst, Echelon Wealth Partners

Great. Okay. Thanks again for all your insights, guys, and all the best. Cheers.

Andy Duncan — President & Chief Executive Officer, Boardwalktech Software Corp.

Thanks, Mike.

Operator

Thank you. Ladies and gentlemen, as a reminder, should you have any questions, please press star followed by the number one.

Your next question comes from Ed Sollbach from Spartan. Your line is now open.

Ed Sollbach, Analyst, Spartan

Good day, guys. Congrats on the Fortune 50 company.

Andy Duncan — President & Chief Executive Officer, Boardwalktech Software Corp.

Thank you, Ed.

Ed Sollbach, Analyst, Spartan

You talked about, you know, that you're optimistic growth is going to resume after the headwinds subside, I think I heard that correct, so when do these headwinds subside? Like do you have any visibility there in terms of when you get back on that growth horse?

Andy Duncan — President & Chief Executive Officer, Boardwalktech Software Corp.

Yeah, again, we're focused on, Ed, and I think it's important for people understand, we kind of feel like we're doing this with one hand tied behind our back. So the growth is, I think, is certainly going to pick up, but I think it also can't be overlooked that we are also watching expenses. And the positive movement with regard to that over this past quarter and over the past few quarters has been, I think, significant. As Charlie said, could we grow if we had additional sales and marketing resources? Absolutely. And so we're threading the needle, if you will, and trying to make sure that we're controlling costs but also growing the company at a rate that it would be acceptable. And we're still not satisfied. When will these headwinds begin to lighten up a little bit, I think we're starting to see some movement there. And again, we do have contracts out for signature and we're grinding through them. And I'm hoping that we're going to be able to get there and start to see growth like we had a year ago.

Charlie Glavin — Chief Financial Officer, Boardwalktech Software Corp.

Yeah, Ed, I would concur with Andy. I think anybody who's lived through the 1990s remembers the rolling recession and this is kind of the reverse of that. You're starting to see the release, which is why we

felt comfortable enough saying, you know, look for announcements over the next several weeks and several months. But the one thing we learned is we're not going to preannounce anything at this point. And that was the biggest factor was there were a lot of customers who wanted to move forward, but they were also experiencing things internally. That aspect, I think, has eased, by indication of what I got on my desk or Andy and I have on our desk right now as far as pending what to sign, finalizing last deals. It is better than, say, August, definitely from that standpoint. But it's not across the board. There are still some headwinds in a couple of other areas, which has been a little surprising.

But again, the point is we haven't lost the customers. And to Mike Steven's point, for the most part, it's not people coming back and renegotiating overall. I think it's, ah, and I'll use this reference to PwC, they had a survey out last beginning of the year saying there is 86% of supply chain executives who didn't see proof of investments they're in there and I think what we're seeing is people doing a belt and suspenders more than anything else. So they agree, they see the value, they're hearing the value from referrals. And remember, a lot of our customers are coming in from referrals of other existing customers. I think people are just double checking the belt and suspenders and that's really, you know, a little frustrating for us, but, to Andy's point, we haven't lost anybody who's actually engaged with us and has begun the negotiation or done a proof of concept. Once we get them there, they see the value and they move forward, but the closing is just taking a little bit longer.

Ed Sollbach, Analyst, Spartan

Okay. Well that's, yeah, I mean I want to say that's great that you are controlling expense, because that's very important always. And, yeah, certainly you had a big announcement this week, if you get a

couple more in the next couple of months or before year end, and then yeah, I mean you would just extrapolate that there's going to be growth just from that alone, right?

Charlie Glavin — Chief Financial Officer, Boardwalktech Software Corp.

Yeah. The other point we really wanted to make in terms of stressing this, yeah, of course we want to sign the next bank, but we don't want all the focus be there. Our bread-and-butter Digital Ledger products have been growing at over 20%. And as Andy has alluded to, we're not going to make announcements for the singles or doubles, but the runs start to post up on board and when you have a couple of quick scores up there people should take note of it. And longer term, like with this Fortune 50 company, it was worth the wait. Was it everything that we originally had been indicated and projected to investors? Yeah, it took a little bit longer, but it was a one step back for three steps forward. If you took a look at a 12-month period where we really have to take a look at our decisions less in terms of quarter by quarter, especially as a SaaS company, and more in terms of what's the impact for this and is this a prudent deal to keep going on for the returns to the company and to investors over the next 12 to 18 months? It was worth the wait. But it's not to say that we weren't frustrated with the delays. Nor was the company itself. Our prime business person wanted to move forward as well and he was getting internal headwinds as well.

Ed Sollbach, Analyst, Spartan

Okay. And maybe just take a bit of time and outline the opportunities you see [inaudible] in terms of different sectors. Like I think last year I thought, it seemed to me that there is a lot of opportunity for you in the financial sector, like you had some big wins there and there was hope that you could follow up

with some other, you know, there's so many banks in the world, obviously, but which sectors are you focusing on do you see the opportunity in the coming year?

Andy Duncan — President & Chief Executive Officer, Boardwalktech Software Corp.

Yeah, Ed, so we've got three focus areas and I'm really making sure that the company stays in these areas of focus. So one is our Digital Ledger platform that, as Charlie stated, we've got over 20% growth. I'm not going to put press releases out on singles and doubles there. We're continuing to grow that business and we think that that business is still ripe for growth and very focused on helping large companies transition their manual-based Excel processes over into an enterprise system, which is what the Digital Ledger is. So that's area of growth number one and we're going to continue to focus on that.

Area of growth number two is certainly in the financial services sector with Citibank as our as our large cornerstone bank and financial services company that is rolling out our Velocity solution. And again, we think that there's a \$50 million opportunity there over the next few years of being able to land, call it, 25 banks at \$2 million a piece, to be able to solve this problem of helping them with regard to improved process management and compliance.

And then the third area is on the Unity Central side and on our supply chain visibility. Again, I don't want to make it sound like we're small, but little Boardwalk landed a Fortune 50 company where we are running mission-critical processes for them in their supply chain and that this is a different technology than anything that they've seen before. And we think that this opportunity is really ripe and we actually have existing customers with paper out right now to transition over to getting them started on the Unity Central platform. And this is, again, stuff that we haven't announced, but it's coming. And again, we think

that this is a massive opportunity and one that could even exceed kind of the \$50 million revenue mark that we're talking about over the next four or five years, as long as we execute.

So those are the three core areas that we're focused on. We call it our, you know, it's a three-pronged plan utilizing existing technology to focus on these opportunities in very specific areas. So again, we're not drifting into pharmaceuticals or anything like that. We're focused on executing right now and that's what we're going to do.

Charlie Glavin — Chief Financial Officer, Boardwalktech Software Corp.

Ed, the other thing that I would point out is we're not so arrogant to try and do this alone. I'll give you an example. We've been trying to partner or we've been in discussion with a RFID partner. Because when you take a look at supply chain, particularly upstream, you know, from where Incoterms and other change of ownership occurs, that's a really imperative one. So it's not a point of sale. And we've been talking about that along with, with existing customers, what's called the MoCRA, which is within the general cosmetics, because that's about active ingredients. And where I'm going with this is these are natural evolving problems that customers are coming to us with and recognize that our Digital Ledger technology could help. That's why, within financial services, it's not about compliance per se, but about risk management, which if you think about it, is very similar to supply chain within shipping of goods. Do you have visibility? Is everyone working on the same data? And there's a video by Steve Turk, the Head of Data Management for JPMorgan, which, if anybody gets a chance, go take a look at TechTrends from Steve Turk, he's basically talking and advocating for something like our Digital Ledger, because it does not exist within the financial services market. And what we've also experienced from the Gartner conference is it's

not [inaudible] in the supply chain as well. Digital Ledger and Velocity is effectively a derivative of that, is essentially the same one that can provide that data management, provide the visibility, which does not occur with current solutions right now because they're perpetuating legacy systems right now, not trying to look to the essence and resolve the fundamental problem of data reliability. The tagline is: we don't make your model; we make your model better. Same thing in terms of other opportunities as well. And that's the traction that we're seeing right now, that recognition.

Ed Sollbach, Analyst, Spartan

Okay. And so, if you think about the three prongs that you're talking about, so the Digital Ledger is still growing, that's right? 20%?

Charlie Glavin — Chief Financial Officer, Boardwalktech Software Corp.

Correct.

Ed Sollbach, Analyst, Spartan

And you're getting wins there, but they're of smaller scale, so you don't announce them. Is that right?

Andy Duncan — President & Chief Executive Officer, Boardwalktech Software Corp.

Yes.

Charlie Glavin — Chief Financial Officer, Boardwalktech Software Corp.

A combination. We're getting some, but we won't announce small deals. Yes.

Ed Sollbach, Analyst, Spartan

Yeah. Okay. So, if I think about your revenue run rate now, it's about \$6 million or \$7 million, I guess, annualized, which, if you think about those three prongs, the stool, what would be the breakdown in terms of the revenue now in terms of the three?

Andy Duncan — President & Chief Executive Officer, Boardwalktech Software Corp.

Well, that's kind of hard to project, because we just don't know. We're hoping that all three of them catch fire and that we're there with the best solution and we'll execute. Will one of them be bigger and one of them be in the middle and one be smaller than what we're projecting? It's normally the way that it happens. But I think it's encouraging when you take a look at this and say we've got three different and unique markets that we're going after with patented technology solutions that's built and validated by companies like the Fortune 50 company in Menlo Park, along with companies like Citibank and other companies like Estee Lauder on the Digital Ledger side. And so this is real, it's happening, and we're going to put effort across all three of them and continue to push. I think all three are great markets and you'll see acceleration.

Charlie Glavin — Chief Financial Officer, Boardwalktech Software Corp.

In terms of the breakdown to your question, so, as of today and what we've reported even here today, so about a third of our revenue has been coming from the general financial services market right now. The other two thirds is all Digital Ledger. Unity Central has not contributed yet. And just to make

sure that we're setting expectations, Unity Central is not going to be the bigger driver probably over the next couple of quarters. But that's okay because part of that is, as Unity Central is growing from virtually zero to a material amount, we're also getting traction within our Digital Ledger.

And by that, well, yeah, a customer that we've previously announced, Sekisui is using our Digital Ledger but they're also taking a look at our Unity Central as well. And our Head of Sales, J.B. Kuppe, has been mentioning that, as he's gone out with Unity Central and people say, hey, you guys have this solution for resolving unstructured data within documents, emails, and other signals, couple that with your Digital Ledger, that's a holistic solution, and so we're actually getting a symbiotic relationship. Put a different way, when you take a look at surveys coming out of EY, McKinsey, and others, 55% of critical data is in spreadsheets. A lot of the other information is in documents. My point being is you can't do an either/or. We now can present to existing and prospective customers a holistic solution. So, going forward, we will probably have a lot of these customers who will be doing both the Digital Ledger and Unity Central. And that is the point I want to make. So if you're looking for who won that, it's both. This is, you know, Unity Central and digital lender together present a holistic solution. No longer the Henry Ford, sure, you can have any color so long as it's black. We can now go on and say, Where is your data? Oh, it's in the documents or spreadsheets. Yes, we can address that. It's not a matter of trying to put the square peg in the hole.

So, going forward, we're not going to be, we don't anticipate doing a split between the revenue overall. And what I'm saying is a standalone Unity Central revenue is probably going to be mixed with a Digital Ledger. Why do we know that? Because existing and prospective customers are asking for that. So I'm giving you a picture right now, but going forward both will be driving it. The question is how do you

land it? One could be driven by Unity Central first or by Digital Ledger. But do not look at those as being an either/or. And that's the power of our platform.

Ed Sollbach, Analyst, Spartan

No, that's great that there's a synergy between the two products. And thanks very much and I look forward to you seizing those opportunities on the three-legged stool.

Andy Duncan — President & Chief Executive Officer, Boardwalktech Software Corp.

Great. Thank you, Ed.

All right, operator, we're at the top of the hour and I think we'll go ahead and I'd like to thank everyone for your attendance on the call and look forward to our next quarterly call and appreciate everybody's focus and interest on Boardwalktech. So this will conclude the call. Thank you very much.

Operator

Ladies and gentlemen, this concludes today's conference. Thank you for joining. You may now disconnect.

