RADCOM

Q1-17 Financial Results Conference Call Management's Prepared Remarks and Q&A

May 4, 2017

Operator:

Ladies and gentlemen, thank you for standing by. Welcome to the RADCOM Ltd. First Quarter 2017 Results Conference Call. All participants are at present in listen-only mode. Following Management's formal presentation, instructions will be given for the question-and-answer session. For operator assistance during the conference, please press star-zero.

As a reminder, this conference is being recorded, May 4, 2017. On the call today is Yaron Ravkaie, RADCOM's CEO, and Ran Vered, RADCOM's CFO. By now, we assume you have seen the earnings press release, which was issued earlier today. It is available on all the major financial news feeds.

Please note that Management has prepared a presentation for your reference that will be used during the call. If you have not downloaded it yet, you may do so through a link on the Investors section of RADCOM's website at www.radcom.com/investor-relations.

If you have any trouble, please send Michal Fridman an e-mail at michalf@radcom.com, and she will send it to you right away. Before we begin, I'd like to review the Safe Harbor provision. Forward-looking statements of the conference call involve a number of risks and uncertainties, including but not limited to product demand, pricing, market acceptance, changing economic conditions, product technology development, and the effect of the company's accounting policies and other risk factors detailed on the company's SEC filings.

The company does not undertake to update forward-looking statements. The full Safe Harbor provisions are set forth in the presentation. In this conference call, Management will be referring to certain non-GAAP financial measures, which are provided to enhance the user's overall understanding of the company's financial performance.

By excluding certain non-cash charges, non-GAAP results provide information that is useful in assessing RADCOM's core operating performance, and in evaluating and comparing our results of operations on a consistent basis from period to period. The presentation of this additional information is not meant to be considered a substitute for the corresponding financial measures prepared in accordance with Generally Accepted Accounting Principles. Investors are encouraged to review the reconciliations of GAAP to non-GAAP financial measures, which are included in the quarter's earnings release. I'd like to repeat the information about the presentation.

If you have not downloaded it yet, you may do so through a link on the Investor section of RADCOM's website at www.radcom.com/investor-relations. If you have any trouble, send Michal an e-mail at michalf@radcom.com, and she will send it to you directly. Now, I'd like to turn over the call to Yaron. Please go ahead.

Yaron Ravkaie:

Thank you, Operator. Thank you all for joining us today. Before discussing our results, I wanted to take a few minutes to highlight some of the important milestones over the past year since we completed our capital raise to support our growth. To start, we were very excited that the AT&T publicly announced that they were using RADCOM's MaveriQ product suite as the basis for the service assurance component of their new NFV network.

Their public endorsement, as well as ongoing expansion orders, highlights AT&T's confidence in our leading-edge technology. We expect AT&T to remain an important customer and key reference for the company as we continue to play a major part in their network virtualization strategy over the coming years.

During the past year, we saw an increasing number of companies evaluating their NFV strategy. One quarter into this year, we see carriers introducing more key virtual elements into their networks compared to last year, which is driving additional interest in our product.

Our proofs-of-concept with several key carriers, are progressing well, with very strong feedback into our technology leadership in the market. We are concluding some of these proofs-of-concept and evaluating commercial next steps with these new potential customers, as well as engaging additional carriers and planning for additional proofs-of-concept.

Being a first mover in this space and participating in the most aggressive transformation today allows us to solve carriers' service assurance challenges that introduce many new moving parts into their networks. As a result, we have remained committed to innovation to extend our technology advantage. This is evident, but the recent general availability of MaveriQ A+ already installed in AT&T, which boosts performance for carriers to assure customer experience across both virtual and physical networks.

As we have mentioned on past calls, this hybrid approach enables a path to NFV and future proof in their purchasing decision. Consequently, we continue to feel strongly that our strategy of running a virtual NFV service assurance solution in a hybrid world of both physical and virtualized network elements is the right one. Our investment in infrastructure across the company from R&D to professional services and our senior leadership is bearing fruit.

We see our pipeline is healthier and our relationship with our existing strategic customers is strong, while our positioning with potential new customers is maturing. This infrastructure is key to our ability to scale and we feel very satisfied with the progress that we have made, which is in line with our company's strategy.

Over the course of the last year, we increased our R&D by over 50%; we formed a strong professional services team, which is focused on our customer's success; and together with our new senior leadership, we see it bringing the desired business impact.

As a final point, I am pleased to announce that we have been able to remain profitable on a non-GAAP basis and generate cash from operations throughout the year, while at the same time, executing our strategy of investing to support future growth.

Now, moving on our results, for the first quarter, I hope you have our presentation in front of you, and I will begin with slide 6. We're very pleased with our first quarter results, which mark a strong start to the year for RADCOM. As you can see, revenues for the quarter increased by 23% year-over-year to 8 million dollars and we achieved a non-GAAP net income of point-3 million, or 0.02 dollars per diluted share.

Our focus during the first quarter was to continue executing on existing contracts, expanding with current customers, running trials with new customers, and investing in our engineering resources in anticipation of potential new projects. As I mentioned, we are moving forward with AT&T as they implement our MaveriQ A+ product suite as the service assurance component of their new NFV network. As a reminder, AT&T is very aggressive and advanced in its NFV program and plans to virtualize approximately 75% of its network by 2020. On their most recent earnings call, AT&T credited their network virtualization efforts as one of the key factors for their improved operational efficiency.

In addition, AT&T stated that they are well underway to virtualizing 55% of their network functions by the end of 2017, up from 34% at the end of 2016. As a result, we continue to expect AT&T to remain an important customer and key reference for the company as we continue to play a major part in their network virtualization strategy over the coming years.

During the past quarter, AT&T materialized their intent to open source ECOMP. In fact, they even took the process a step further by merging with OPEN-O, another open-source NFV orchestration group to create the cornerstone of the newly formed Open Network Automation Platform, ONAP. That brings holistic production improvement software to an even greater market. With its recognized value, we see carriers starting to formally announce they are evaluating ONAP as their NFV transformation strategy.

As a result of our close relationship with AT&T, we are highly integrated with ONAP providing a very advanced level of automation, which becomes available to any carrier implementing ONAP and will want to implement MaveriQ A+.

As this trend continues, we expect this to drive further demand for MaveriQ A+. In regards to our pipeline, we continue to seek top-tier operators planning their migration to NFV, and we are starting to seek tenders for pure NFV architecture. As I said in the past, the sales cycle for these types of deals are longer as top-tier carriers are looking for comprehensive solutions for big transformation projects.

As a result, they move carefully before making any commitment. That being said, given the progress we are making, our overall visibility with customers is improving and we remain confident that these activities will materialize into new deals. As we continue to engage with many of the top-tier carriers in the world, we expect to see carriers that will gradually virtualize their networks over several years, as well as seeing several carriers being more aggressive in their transformation strategy.

It is expected that carriers will virtualize new services that they introduce into the network, which, again, is good for us and will drive demand for virtualized service assurance and our solution. Furthermore, it is clear today that emerging technologies such as 5G and IoP will require carriers to virtualize their networks.

While the 5G revolution is expected to gain momentum in 2019 and beyond, we already see carriers trying out the technology and Radcom is well-positioned to benefit from this trend. During the quarter, we also met with many top-tier carriers both at Mobile World Congress and in C-level meetings across the globe. And we continue to receive strong validation of our direction and of the disruptive role we play in the industry.

So, to summarize, we continued to see accelerated engagements with leading top-tier carriers relating to their respective NFV strategies, as Radcom remains the go-to NFV vendor for customer experience. Carriers are adopting the AT&T architecture with ONAP; our trials and engagements with potential new customers are progressing, and our infrastructure is progressing to give us the ability to continue to scale the company. And this is exactly the point where we want to be.

We remain focused on executing our strategy and leveraging the investments we have made to support our growth, as our message of future proof in NFV migration continues to resonate with carriers globally. With that, I will stop and turn the call over the Ran Vered, our CFO, to discuss the financial results. Ran, please.

Ran Vered:

Thank you, Yaron. Since you have the financial result, I will just go over the highlights in slide 6. To help you understand the results, I will be referring mainly to non-GAAP numbers, which exclude share-based compensation. Revenue for the first quarter was 8 million, up 22% year-over-year.

Our gross margin for the quarter was 75.4% on a non-GAAP basis, in line with our expectation. As a reminder, we have said we expect gross margin to continue to fluctuate, depending upon the mix of each quarter's revenue.

Our gross R&D for the quarter on a non-GAAP basis increased to 2.4 million from 1.7 million in the first quarter of 2016, which was in line with our ramp-up plan and highlights our strategy of investment to support future growth.

In addition, we did not receive anything from the Israel Innovation Authority during the period, so our net R&D for the quarter was the same as the gross amount.

We expect the gross R&D expenses in the coming two quarters to be roughly the same level or slightly above. Sales and marketing expenses for the quarter increased to 2.8 million on a non-GAAP basis, up from 1.5 million in the first quarter of 2016, due to the headcount increase we had over the past year, aligned with our go to market strategy. G&A expenses for the quarter on a non-GAAP basis totaled 724 thousand compared to 639 thousand in the first quarter of 2016.

Operating income on a non-GAAP basis for the quarter was 193 thousand compared to 1 million 57 thousand for the first quarter of 2016. Net income for the quarter on a non-GAAP basis was 284 or 2 cents per diluted share. The results included no benefit related to the grant from the Israel Innovation Authority, same as Q1 of 2016.

On a GAAP basis, as we can see in slide 5, we reported a net loss for the quarter of 336 thousand dollars or 3 cent per diluted share compared to net income of 903 thousand or 10 cents per diluted share during the first quarter of 2016. Turning to balance sheet as you can see on slide 9, our cash and cash equivalents at the end of the quarter were 40.7 million.

We believe that our strong cash balance places the company on solid footing for addressing the big Tier 1 opportunities. Turning to guidance, we're starting the year with good momentum and remain in position to increase market share and extend our technology leadership.

As Yaron mentioned, our order visibility with existing and potential new customer is improving, and we expect growth to be higher in the second half of 2017, as we close some of the opportunities in the pipeline. As a result, we are reiterating our fiscal 2017 guidance range of 36 million to 39 million in revenues.

As a reminder, this guidance assumes ongoing traction with AT&T as well as from other existing Tier 1 customers and potential new customers. In terms of profitability, while we are still not providing specific EPS guidance, what continues to be important for the company is to have the infrastructure to execute several projects in parallel, so we can capture the disruption that's happening with the NFV.

Similar to revenues, we expect our profitability in the second half of 2017 to be better than the first half of the year as a result of the revenue growth in the second half. As a reminder, we view and continue to manage our business on an annual basis, because our quarterly results can fluctuate due to the timing of the implementation milestones. With that, let me turn it back to you, Yaron.

Yaron Ravkaie:

Thank you, Ran. In summary, we are very pleased with our execution during the first quarter as well as improved visibility. Radcom remains well-positioned to maintain the momentum given the ongoing high level of activity we see from top-tier carriers globally. With that, we'll do Q&A.

Operator:

Thank you. Ladies and gentlemen, at this time, we will begin the question and answer session. If you have a question, please press star-one. If you wish to cancel your request, please press star-two. If you are using speaker equipment, kindly lift the handset before pressing the numbers. Your questions will be polled in the order they are received.

Please stand by we poll for your questions. [pause] The first question is from Alex Henderson of Needham and Company. Please go ahead.

Alex Henderson:

Great. First, a couple of just housekeeping stuff. Can you give us a headcount, and what the 10% customer concentration looks like?

Yaron Ravkaie:

So – well, at the end of the quarter our headcount was remained stable at 192. Actually in the last month it was increase by 8, but we are actually almost in the same level where we end up 2016.

Alex Henderson:

Okay. And the customer concentration?

Yaron Ravkaie:

So – AT&T in the quarter was yet again our biggest customer with 60% of our total revenue, almost the same as in 2016 when it was at 62%.

Alex Henderson:

Right. Going back to the NRE comment that you made, I just wanted to make sure that I understood. Are you saying that it's going to stay essentially flat at zero, that was posted in 1Q? Or are you saying that it's going to be flat for the full year, similar to what you did last year which was a billion – a million seven or so in NRE?

Ran Vered:

So – actually, Alex, when you have submitted these programs to the government, on the first quarter you – and it's in the last years, it was almost the same in the last years, you don't get it on the first quarter. We do anticipate to get it, but we don't know yet if it's going to be on second quarter or the third quarter, but it is a part of our plan to get it. In the same ratio, in the same amount as at 2016, in the range of 1.6 to 1.7 million dollars.

Alex Henderson:

I see. So we probably ought to slide out of June quarter and into the September quarter though, is what I think I'm hearing you say.

Ran Vered:

We don't know. It may be in the second quarter, and we may get it in the third quarter. At this point –

Yaron Ravkaie:

Last year it came in Q2. The year before, it came in Q3,

Ran Vered:

So –

Yaron Ravkaie:

There is no way to know.

Alex Henderson:

Right. Okay. Going back to your pipeline, which is really the crux of the questioning here – I think you talked in the past about having nine programs that you were putting a lot of resources into, in trials. Can you give us an update on how those are progressing, if there's anything that's getting closer to coming to fruition, whether they have run into any hang-ups, has anything slipped out of that group, have you added other companies to that group?

Yaron Ravkaie:

Okay. So, we said in the past, you remember we managed – we said two numbers, nine and four. Nine overall carriers that we have started to engage with, and we start to progress with four trials. The nine number has grown, because we have gone through more than a quarter and a half of sales and marketing, including a big Mobile World Congress.

So, we're engaged with more carriers now. We are maturing this. I'm not going to disclose the exact number. Under actual trials, they have matured. So – we – I need to be very sensitive now on the geographies, or things like that, because primarily of competitive reasons.

But we are moving now to ramping up the trials and to see next steps, things like that. And to anticipate the next question, when are we going to have the IPO, or something like that. The real answer is, I don't know. This where we're at, and we're working hard to finish in wrapping these things up, but they get a life of their own with these carriers.

Alex Henderson:

Yes, understand. So, just to be clear, are you now, sort of, tapped out on your ability to take on these trials and customer engagements?

Yaron Ravkaie:

No. Actually, we did I think a very strong job on the foundation of the company. I think, if you recall, like – if I recall correctly, two quarters ago, I explained it I think in more details, and we are getting the fruits now.

We can do more trials this year, and we are planning to. It's – we see some of these new carriers that we've approached, they will want the trials in probably more Q3, Q4. Some maybe even this quarter, and that the company is geared up not to disappoint these top-tier carriers.

We also – we put a lot of R&D in the last year, and the product has matured also into this very high level of automation, that the trials are becoming more and more easier for us. So I think you will see – in our customers – or our potential customers, we see a very nice cadence in our ability to trial the software, and to move to commercial – to commercial.

I will also say that as we do see some of these things move to projects, we will need on a constant basis to evaluate what Ran mentioned. What's going to be – our investments going forward. We have a plan, and if things get ahead of the plan, we might need to do some more investments, but hopefully this will also come with the revenue.

Alex Henderson:

Any change in the competitive landscape at all? And then one last question, then I'll cede the floor. The 75.4 gross margin non-GAAP – that's well above the trend line. Should we still be using more like 70, 71, going forward?

Yaron Ravkaie:

So, with the second one, I think Ran is nodding his head. You should use the 70, 71 number. It's – this quarter, the mix was more on the software side. Now, we mentioned that our trajectory will be upward trajectory as we move to more software deals. We still expect this to be the case, but we still have our existing accounts in the various regions that are doing very nice expansions with us that have, again, just a regular cost component which takes the gross margin to be lower, but not the foundation of the company. What was your other question?

Alex Henderson:

Any change in the competitive landscape?

Yaron Ravkaie:

Yes. The interesting thing of what I see, and we've been getting a lot of questions on NetScout, and I think everybody knows that NetScout has a big portion of the legacy market after they acquired Tektronix. They start to come out with the software and marketing material that looks more like ours.

So, we see that they publicly announced a software version of their equipment probe. They use the words NFV lightly. We haven't seen an NFV product yet. And just as a reminder – the people that have been following the company knows this – but we were in software in 2014.

So, I think the good sign is when a very formidable company starts to – and big company like NetScout starts to mimic our behavior, it's a very strong market validation of our strategy. And I think the good thing for us is, we remain confident that we have a very high technology edge in the marketplace, which we see from what they are announcing and we also see it from a strong feedback that we get from our customers, that a lot of them have been running some of these technologies.

On the other players in the market, we see similar things, but they are smaller and it's less visible – NetScout is always visible.

Alex Henderson:

Does the NetScout Chief Technology Officer getting elected as the Co-Chair of the open networking user group monitoring analytics committee have any impact on you at all?

Yaron Ravkaie:

No. We say today the main efforts in the marketplace, are two efforts: ONAP, which we're very highly engaged. And any, as I mentioned, any carrier that will adopt ONAP and will decide to go forward with RADCOM is going to get a ton, a ton of benefit, and carriers are starting to evaluate this and see. And the second one is that – no, there were three.

So, those were two, which now became one with the merger with the ECOMP. And the second one is OSM, and we just concluded this quarter a very nice trial with OSM led by Telefonica, which is a very strong OSM participant, and we publicly announced it.

So, we're playing in all the right places and we're ahead of all the curve on – specifically in the service assurance space. So, we feel comfortable that we have a leadership role, including a thought leadership role.

Alex Henderson:

Okay. I'll cede the floor. Thank you very much.

Yaron Ravkaie:

Thanks, Alex.

Operator:

The next question is from Dmitry Netis of William Blair. Please go ahead.

Dmitry Netis:

Okay, great. Good afternoon, there in Israel, gentlemen. Couple of questions. First, I got a modeling question for you. As you progress through the year, and specifically in Q2 timeframe, how do you expect the revenue trend? Would that be more of a flattish type quarter, or do you expect growth in the June quarter as well?

Ran Vered:

So – our expectation is that the second quarter will be slightly above the first quarter in terms of revenue.

Dmitry Netis:

Okay, great. That's good. And then, on the OpEx side of things, how do you expect the operating expenses to trend, as well, in the Q2, and then maybe in the back half of the year? I know – I noticed you said you do think once the revenue spikes in the second half, you will see some improved profitability. So, how do you reconcile that with the expense management?

Ran Vered:

So, I'm disregarding currently the grant from the Innovation Authority, I'm talking about the OpEx without this. So our run-rate in the first quarter was 5.9 million. We expect it to be at the same level or above in the next quarter. And during the remainder of the year, when new products, new ones will come, we may see some growth, and will need to reevaluate our plans. But it's going to – it's not going to be a huge spike. We are going to be roughly above this run-rate.

Yaron Ravkaie:

And if we will need to strike, by the way, it's a good sign.

Ran Vered:

Yes, exactly.

Yaron Ravkaie:

So, I think everybody will understand that we are doing another transformation.

Dmitry Netis:

Understood. Understood. Just so I am clear. It's flattish, so you did 5.9, so you think flat in June, and then builds up in September and December, kind of sequentially. Is that fair?

Ran Vered:

Yes, it's fair.

Dmitry Netis:

Okay. All right, very good. And then, just to touch on the largest customer, AT&T. You did 18 million last year. What is the – how much are you expecting, I suppose, out of AT&T this year? And provided it's your year two with them, are you starting to get, like, a maintenance revenue stream from them? Was there any up-sale, or do you expect any up-sale from them? Just – I know you said it was 62% this quarter, but what's, sort of, the projection there for the year?

Yaron Ravkaie:

[pause] So – we expect, first of all, AT&T remain a large portion of the revenue into this year. We expect – we are expecting to grow additional new logos this year. But because the – we expect new deals to come towards the second part of the year, and we don't – I mentioned that I don't know exactly when they will come.

Our estimate is that AT&T will be roughly 50%, five-zero. This can change, based on timing of other deals. With AT&T, we're getting all sorts of revenue, we will start to get maintenance, as well, and we have committed business, where we have potential business, and upside as well. And all of this is in the works. So the relationship is healthy there, and we are very responsive to AT&T.

Dmitry Netis:

Okay, very good, that's good commentary. So there's good profitability of up-selling, maybe, additional functionality, additional features, as you progress through the year. So –

Yaron Ravkaie:

Yes.

Dmitry Netis:

That's the plan. Okay, great. And then, as I look on the deferred revenue line, you only did about a million this year, I noticed – and maybe because it's more of a ratable now, rev rate, with your larger customer, AT&T. But how do you reconcile that million versus what you'd received, maybe, Q1 of last year, which was a big spike in deferred. So can you give – is that just a change in rev rate, so most of the, sort of, revenue now flows straight through the P&L, and doesn't really go the balance sheet, so –

Ran Vered:

Yeah.

Dmitry Netis:

Can you just explain what's going on there?

Ran Vered:

So – if you're – so, this is exactly as we described it, Dmitry. So, if you recall, in the first quarter we get a huge amount upfront, which almost all of it went into deferred revenue. And now we adjust the realization of it into revenue. As we don't expect to get such an amount with AT&T with such numbers, so deferred revenue will probably be in the same level, or slightly above, it depends on specific milestones we are going to invoice. But what you say was correct. Is this answering your question?

Dmitry Netis:

Yes. So, it pretty much goes straight to the P&L, is what you are saying.

Ran Vered:

Exactly.

Dmitry Netis:

But if there's … that will get into the deferred, I suppose.

Ran Vered:

Yes.

Dmitry Netis:

And then, if you get a new customer, that should also wind up in deferred initially, is that fair?

Ran Vered:

It's – it depends on how the contract will be – structure will be. If we get, like we got in AT&T, an upfront payment that is all under deferred, so yes. But – yes, we'll be seeing.

Dmitry Netis:

Okay. All right. And, I guess my last question's just, kind of, built on Alex's question. On the four PoCs, I think I heard you say, Yaron, you – I guess I'll ask you the probability of that happening. But I think I've heard you say you may see a new trial end up in revenue this quarter, and then another one, or two, I don't know – maybe you can qualify this better, but – in Q3, Q4 timeframe. So, if – please clarify, that is indeed that case, and what's the probability of that happening?

Yaron Ravkaie:

Okay. I'll do my best. I'm going to be – the sensitivity is not because I don't want to share, some of it is because I don't know, and some of it is I need to be very careful because now it's the sensitive part of materializing these things, and I don't want anyone to guess the customers.

So – look, the – what I said is that some of these trials are coming to conclusion, and we're working with these carriers on concluding them, and the ones that we conclude, on the commercial next steps. So – and I further said, and this is – I – this is – no, the non-guessing piece, that I don't know exactly when they are going to come in. These carriers – to give you more color, some of these – because the technology is very advanced, some of these discussions now is for them to work how they adopt the technology and what's the best way that they need to do, what's – because it's– a lot of it is NFV, how they get ready for it.

So there's things that they need to do, it's not only things that we need to do. All the signs are good. We're getting very strong feedback from the things that we did. Just to give you more color, we didn't see from anyone, okay, that, hey guys, this is boring, go away. We've seen this across the market. On the contrary. What we see is very strong validation.

When we start these trials, the feedback that we get, hey guys, this is impressing us. We haven't seen this is in the marketplace, if you show us this working, this is a very interest for us. When we go and end, and also when they run their business cases around what does it mean to run it virtually, and how it fits into their entire strategy, it blows them off, and we're – we're in a – positively of course – and we're in a very good position.

The thing is, is now we need to be heads down, and we are, to mature this. And the last thing that I said is that over the course of the coming quarters, we expect to start additional trials, as interest in the product continues in what we offer, and we expect to have more trials that we generate during the year, and we also have the infrastructure to support this.

Dmitry Netis:

Okay. So just to be clear, Yaron, we should not be, maybe, expecting anybody – any CSP windup in Q2? I mean if it happens, it happens, but – just to, sort of, have the expectation set right.

Dmitry Netis:

and do you think you can get more than just one ICP, or – sorry, CSP, I guess, in the second half of the year. So – is that fair? Or –

Yaron Ravkaie:

It's a fair expectation. At the end, we are engaged with several. So we'll – we get one, or two, it's hard to say. And it's hard to say also at what timing each one would – will come. But when you're engaged with several and they're all showing positive signs, maybe on the very conservative side, we hope to get at least one. But signs are showing that we will get more. So –

Dmitry Netis:

Okay. And then, more …

Yaron Ravkaie:

… but I think the way that you outlined is – I don't disagree with it, okay.

Dmitry Netis:

Okay. I just don't want us to think we're going to get a CSP. If it lands there, great. But the expectations should be for the back half, third quarter, fourth quarter, whenever it lands. And at least one, is what you said.

Yaron Ravkaie:

Yes.

Dmitry Netis:

Okay, fair enough. Thank you, gentlemen and keep up the good work.

Yaron Ravkaie:

Thank you.

Ran Vered:

Thanks.

Operator:

If there are any further questions, please press star-one. If you wish to cancel your request, please press star-two. Please stand by we poll for more questions. [pause] There are no further questions at this time. Mr. Ravkaie, would you like to make your concluding statement?

Yaron Ravkaie:

Yes. Like I mentioned on the call, we're heads down, focusing on executing what we shared in the past several quarters. We're being – we're getting very strong feedback on our direction. I think we're seeing it also in the financial results, and we will see you now soon again. Thank you very much.

Operator:

Thank you. This concludes the Radcom Ltd. first quarter 2017 results conference call. Thank you for your participation. You may go ahead and disconnect.

(End of conference call)