



Q3-20
Management's Prepared Remarks and
Q&A

November 10, 2020

Operator:

Ladies and gentlemen, thank you for standing by. Welcome to the Radcom Ltd. Results Conference Call for the Third Quarter of 2020. All participants are present in a 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, and will be available for a replay from the company's website at www.radcom.com later today. On the call are Eyal Harari, Radcom's CEO, and Amir Hai, RADCOM's CFO. 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 the link on the investor section of RADCOM's website at www.radcom.com/investor-relations. Before we begin, I would like to review the Safe Harbor provision.

Forward-looking statements in the conference call involve several risks and uncertainties, including but not limited to the company's statements about its continued investment in technology and R&D, the expected transition to, and rollout of 5G networks and other market trends, the company's market position, cash position, expected gross margins and potential growth, the Company's expectations with respect to its contract with Rakuten and continued relationship with AT&T, the potential of RADCOM's ACE product, the Company's expectations regarding the impact of COVID-19, and its revenue guidance.

The company does not undertake to update forward-looking statements. The full Safe Harbor provisions, including risks that could cause actual results to differ from these forward-looking statements are outlined in the presentation and the company's SEC filings. 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 stock-based compensation expenses, non-GAAP results provide information that is useful in assessing RADCOM's core operating performance, and evaluating and comparing results of operations consistently 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 earning release, which is available on our website.

I would like to repeat the information about the presentation. If you have not downloaded it yet, you may do so through the link on the Investor section of RADCOM's website at www.radcom.com/investor-relations. Now, I would like to turn over the call to Eyal. Please go ahead.

Eyal Harari:

Thank you, Operator. And thank you all for joining us today. Earlier this morning we issued a press release, stating our third quarter results for 2020.

We are pleased with the results as we continue to execute against our full-year growth plans in the third quarter, which was highlighted by increased revenue and an improved bottom line. As you may have seen total revenue for the third quarter of 2020 was 9.8 million dollars. Based on our solid visibility and focused execution, we expect 2020 to be a growth year and reiterate our full year 2020 revenue guidance of 35 million to 38 million. We continue to strengthen our position as the leading 5G assurance provider in the third quarter, while meeting our financial goals. We believe, the R&D investment we made and continue to make over the last few years, and our current customer engagements, will continue RADCOM's growth in the years to come.

Last week, we announced the 5G assurance contract win, that is one of the industry's first standalone 5G assurance contracts. This is an additional multi-year agreement with Rakuten Mobile to assure their 5G network with our 5G assurance and analytics solution, RADCOM ACE, launched in August. Rakuten has selected our solution for its non-standalone 5G service launched in September, and its standalone 5G service launch expected to occur in 2021.

Our automated cloud-native assurance solution will be critical component of the Rakuten communication platform. Our solution will help Rakuten identify service issues in real time and troubleshoot them, which is essential for smoothly migrating Rakuten's customers to the new 5G network and onboarding new customers. These selections represent a significant milestone along our 5G journey. It is also an acknowledgement of RADCOM leaderships as a 5G assurance vendor and is the result of our focus investment in R&D and product innovation. Additionally, we continue to support Rakuten's existing 4G network needs to deliver top quality services to their customers.

At the end of September, just 6 months after its full-scale commercial launch of the world's first fully virtualized mobile 4G network, Rakuten launched its 5G mobile service. We are excited to continue our partnership as Rakuten expands its coverage. In the U.S., we continue to deliver cutting edge software releases for AT&T and provide support for the initial evolution of its cloud network, that backs its nationwide 5G rollout. Last month, Ookla ranked AT&T number one for having the fastest nationwide 5G network as it continued its emphasis on high quality network to deliver connectivity to businesses and consumers alike.

Our work with world leading customers, such as Rakuten and AT&T, provide us with invaluable experience and knowledge that can prove to be vital as operators transition to 5G. Currently we are involved in multiple 5G opportunities and trials at various stages at selected customers. The expertise we have built along with our continuous technology enhancements, position us well for the evolving market. The telecom industry has been robust throughout the third quarter as connectivity proved vital following global lockdowns.

Businesses and families continue to rely heavily on high quality network performance for managing day-to-day life, even as restriction eased. As a result, our customer's needs were as crucial as ever. We are very proud of our team for how they have continued supporting our customers, despite the challenges of the COVID-19 social distancing restrictions.

While we focus on delivering on our customer commitments, we also ensured our employees', vendors' and customers' health and safety. With working from home and virtual interactions, the new norm, we believe technology trends that they rely on 5G are priority for more and more operators. 5G is expected not only to increase network speed and performance, but it is also likely to unlock new application for telemedicine, remote machinery, virtual reality, and countless other applications.

5G rollouts are multi-stage process, which operators choosing their network equipment provider first, then evaluating 5G assurance solutions, as the technology continues to roll out. We consider these 5G contracts with Rakuten Mobile and other current customer engagements and trials is a good sign that the 5G market is evolving. It supports our view that some operators are already moving beyond the initial step of selecting their network providers to choose assurance vendors.

We believe this gradual market shift will spur new opportunities for us, and that we are well-positioned to capitalize on this with our innovative solution, RADCOM ACE. Based on the latest 5G market status reports from the GSA, at the beginning of October, they were already over 100 5G networks worldwide. This compares to 60 5G networks at the beginning of 2020. The same 5G report states that the overall more than 397 operators are currently investing in 5G.

This includes trials, acquisition of licenses, and network planning. So, we are encouraged by the industry's advancement in 5G. Some operators have been waiting for more 5G devices to be commercially available before launching 5G services. We saw in the third quarter, the number of commercially available devices almost doubling.

In October, Apple held the virtual event under the slogan "Hi, Speed," in which they highlighted the benefit that 5G has to offer. That means that if consumers buy a new iPhone 12, it will be 5G enabled. As a harbinger of mainstream technology adoption, we believe that the Apple's entrance into the 5G market sends a strong signal that the 5G revolution is underway and evolving. Expect initial 5G investment and solution evaluations for early adopters to ramp up into 2021.

So far, the customer feedback we have received for the RADCOM ACE has been very positive. RADCOM ACE is fully cloud native, designed for the new 5G network architecture and has a built-in AI and machine learning capabilities to deliver automatic real-time insights for operators to ensure a superior 5G customer experience.

We believe that the RADCOM ACE is the most advanced solution for automated assurance and need to differentiate it by its capabilities, which position us very well to capture market share, as more operators transition to 5G and select their assurance vendor. With that, I would like to turn the call over to Amir Hai, our CFO, who will discuss the financial result in details. Amir, please go ahead.

Amir Hai:

Thank you, Eyal, and good morning, everyone. This quarter, we continue to grow revenues with healthy gross margins and benefits from COVID-19 related lower expenses, which ultimately improved our bottom line.

Now, please turn to slide 6 for our financial highlights. To help you understand the results, I will be referring mainly to non-GAAP numbers, which exclude share-based compensation.

We ended the third quarter of 2020 with revenues of 9.8 million dollar, an increase from 9.4 million dollars for the – in the third quarter of 2019. On a GAAP and non-GAAP basis, our gross margin was 76% in the third quarter of 2020.

We expect full year non-GAAP gross margin to be at a similar levels as previous year. Please note that our gross margin can fluctuate depending on the product mix.

Our gross R&D expenses for the third quarter of 2020 on a non-GAAP basis, were 4.6 million dollars, a slight increase of 100 thousand dollars compared to the third quarter of 2019.

During the quarter, we received grants from the Israel Innovation Authority for 478 thousand dollars.

Sales and marketing expenses for the third quarter of 2020 were 2.3 million dollars on a non-GAAP basis compared to 2.6 million dollars in the third quarter of 2019. The decrease is mainly related to a reduction in travel expenses due to COVID-19.

G&A expenses for the third quarter of 2020 on a non-GAAP basis were 798 thousand dollars compared to 812 thousand dollars in the third quarter of 2019.

Operating income on a non-GAAP basis for the third quarter of 2020 was 239 thousand dollars compared to an operating loss of 1.2 million dollars for the third quarter of 2019.

Net income for the third quarter of 2020 on a non-GAAP basis was 246 thousand dollars or a net income of 2 cents per diluted share, compared to a net loss of 988 thousand dollars or a net loss of 7 cents per diluted share for the third quarter of 2019.

On a GAAP basis, as you can see on slide 5, our net loss for the third quarter of 2020 was 442 thousand dollar or a net loss of 3 cents per diluted share. This compared to a net loss of 1.7 million dollars or a net loss of 12 cents per diluted share for the third quarter of 2019.

At the end of the third quarter of 2020, our headcount was 278. Turning to the balance sheet. As you can see on slide 9, our cash, cash equivalents and short-term bank deposits at the end of the third quarter of 2020 was 65 million dollars.

We believe that our strong balance sheets provide us with the flexibility to execute the opportunities ahead of us and adapt to the ongoing global uncertainty. That ends our prepared remarks. I will now turn back the call to the Operator for your questions.

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 & Company. Please go ahead.

Alex Henderson:

First off, congratulations. A very nice quarter pretty much across the board. I wanted to ask a couple of questions. One, relative to the COVID situation. Obviously, there's been a lot of delays at most companies that are dealing with service providers as a result of the inability to fully get into the labs and to meet with the right people and service providers across the globe.

However, it does sound like there's been some progress on that. I was wondering if you'd give us your sense of how challenging it was to execute it in that environment, and whether that's starting to improve, and therefore starting to free up some of the opportunities that are obviously in front of you.

Eyal Harari:

Hi, Alex, good morning. I think that we are now already starting to get used to this new normal, while definitely COVID-19 add some restrictions and travel is very limited. We really adapt the company for working from remote.

I think that as a software company focused on virtualized technology, we are well-equipped to do a lot of the activities with customers, definitely conference sessions, video sessions, and also thrive using connectivity from remote. It does require everyone, us and our customer community, to adjust to this new environment.

But we see also some benefits, as it allows us to have also a bigger reach to more customers, because everyone is now in a click of a button. You can have more engagements, more sessions. Yes, they are different. It's not like onsite meetings, and in some area, it adds some difficulties. But overall, I think we are very proud of the team and the overall execution, as you can see in the result, is quite positive.

Alex Henderson:

Looking at the pipeline of activity that you've pulled in, and the obviously good success with Rakuten and AT&T, is it reasonable to think at this point that you will expect some additional contract to help drive continued growth in '21? Any thoughts on the shape of the curve there? Or conversely, is the slowdown from COVID, you know, diminishing the rate of acceleration.

Eyal Harari:

No. So I think the market and – we see there are lots of activities with existing and new customers, exploring our new – newly launched RADCOM ACE, our new cloud native 5G assurance solution. And as I pointed, the message we get is very positive. There is an increased number of operators that are starting to invest in 5G, while, as I mentioned before, most of them are in the initial stage, but we are very encouraged by the industry moving forward and investing more and more in 5G.

The best example, I believe, is – most of you probably saw the Apple event with launching the new iPhone 12. I think, I mentioned it also a few months ago, that as many of us use iPhones for connectivity, until Apple will support 5G, for many of us it won't be relevant. Now the iPhone – the new iPhones are coming and the demand from the customers for 5G will increase. And I believe this will drive forward the operators' investment into 5G.

So, we are definitely seeing that there are more opportunities that could arise in the next months, and the COVID-19 is adding complexity, but it's not that the market is not moving forward. It definitely moves forward and there are a lot of indication of the continued investment in this space.

Alex Henderson:

If I could just delve into Rakuten for a moment. Obviously, it's a big improvement there, but they've had some issues with their network. Have they decelerated the rate of deployment because of, you know, I think it's a little bit of – a little bit of an overly aggressive strategy causing some issues on their deployment? Or are we now past all of that and they're reaccelerating things.

Eyal Harari:

So, without getting into Rakuten confidential and specifics. I think the one thing you cannot say about Rakuten, that they are decelerating. Rakuten just launched their 5G network last month. This is only 6 months after commercial launch of their 4G network. I think this is record speed for any operator.

They are continue pursuing innovation, and we are working with them on multiple tracks, and this contract is a great sign, probably one of the first operators to commit on a 5G standalone assurance, which is the 5G longer term that they are expecting to launch in June 2021.

So, activities are very high with Rakuten, and they are continuing to invest full power, and they are fully committed to the 5G. And we are very active with them, both on the current 4G agreement and the new 5G implementation that is starting with their network that was just launched for the non-standalone, and activities to make sure that they are launching a high-quality network for the standalone mid 2021.

Alex Henderson:

One last question, then I'll cede the floor.

The competitive landscape, you know, it's been a while brewing to get to these 5G deployments. Have any of the competitors managed to step up their game? Or do you still have the commanding lead that you've had, you know, for the last several years?

Eyal Harari

So, the overall message we get from our existing customer and new opportunities is, it's great that they appreciate our technology. I think the in-depth of our virtualization expertise is shown and while you are looking on 5G, virtualization is a consensus. No one is implementing using proprietary hardware, any new 5G build.

So, while I believe, if before we were working in a – in the virtualization, that was a niche in the 4G, for 5G, this is – center stage. All 5G networks, or most of them, at least, are going to be based on virtualization, and our technology advantage is appreciated by the customer, by the market, and we believe that we are very well positioned with this space.

We didn't see any – anything significant from competitors so far, but I am sure that competitors are also looking on the 5G opportunity, because most of the carriers today are in a stage that starting to look into their assurance solution. They are looking on their 5G network. Some of the early adopters like Rakuten already closing the agreements. Some it will take a couple of years, but 5G is where everyone is targeting. So, competition is eyeing also on this space. But we believe our technology, some of it is patented, is going to be – position us very well in those opportunities.

Alex Henderson:

Great. I'll cede the floor. I look forward to seeing you next week. I understand you have a very packed schedule, so – we look forward to that. Thanks.

Eyal Harari:

Thank you, Alex.

Operator:

The next question is from Matt Stotler of William Blair. Please go ahead.

Matt Stotler:

Hey, good morning. Thank you for taking my questions. I guess, first, we'll start off with, maybe, just asking, you know, Alex's Rakuten question a different way. So you've talked about kind of moving pieces here. You're supporting the 4G network. Obviously, they had a limited 5G launch, you know, last month, and are planning that the standalone network in, you know, mid – middle of 2021.

I would love to just get an update on how you're thinking about, you know, how this, you know, partnership, this progress is being reflected in numbers? And how it's expected to be reflected going forward, given these moving pieces? And then on top of that, maybe an update on, you know, thoughts on other adjacent opportunities with Rakuten from here?

Eyal Harari:

So, this deal is, as you pointed out, is very important milestone in the 5G space. But it is also a multimillion-dollar deal that is going to be spread over a multi-year agreement. It's cemented our partnership with Rakuten, and it's increased our visibility to 2021, as a significant part of the revenue is going to – is planned into 2021 onwards. There are additional opportunities as we go and as we continue to maintain healthy relationship, and we continue to work with Rakuten on different innovations.

But, for sure, the 5G agreement is very strategic for us, as being one of the first, if not the first, contract for 5G automated assurance in our market. We see this not only as the multimillion-dollar deal that is significant for us, but also on the partnership that will continue – first of all, it's a proof of our technology, but also that this will drive us to continue to innovate, to continue to invest in our product and will help us also in other opportunities.

As we all follow Rakuten news, Rakuten are looking and actively marketing their RCP, the Rakuten Cloud Platform, globally, to different operators and projects around the world. As being the assurance provider of choice, gives us a lead position if those opportunities will evolve. So, there is a – currently the activity we are doing with them is in Japan. If and when Rakuten will be able to expand above Japan, this might be an additional opportunity for us, but we are not expecting this is in the very short term.

This is, maybe, a mid-term opportunity, and depends on Rakuten's success to market their technology.

Matt Stotler:

Right, right. That's helpful. And then, just in terms of, you know, kind of, the broader set of POCs that you guys have, you know, kind of a process at this point. You talked about having a number of, you know, POCs and workshops. You've spoken previously about, you know, kind of having ongoing POCs with tier 1 customers.

Can you just give us an update on the number of proof-of-concepts that you have in progress, and are you seeing an increase in POCs and workshops at this point? And I mean, any other details that you can provide on how that pipeline is shaping up today?

Eyal Harari:

So, we are seeing a – I would say, an overall increase in the 5G environment. It's an increase that is becoming – because of the 5G market, is getting the momentum. We were waiting for the 5G to mature and for operators to take a more serious investment in this space.

And I believe also that the time pass between operator investing on their 4G till now, that their 4G incumbent solution are getting, in some cases, outdated, make operator more open to look into investment in the new assurance solution.

So, I think the overall message is positive. I'm not sharing exact numbers for competitive reasons. But the overall momentum is positive. We see the market is growing, and we are expecting this to continue, where – while more and more operators will start to invest in the 5G network, and then will need new 5G assurance solutions.

Matt Stotler:

Right. That's super helpful. Just a couple more for me. You know, given where we are in, you know, at the early stages of operators thinking about, and becoming more serious about investing in 5G adoption, we're kind on this precipice.

As you kind of laid out, operators are looking at, you know, kind of hardware infrastructure, and kind of getting to the point where they're looking for assurance solutions. So, given, you know, where we are in that process, how do you expect to ramp your hiring or your overall OPEX ahead of this? And then, how do you expect that to be, you know, kind of reflected in the overall OPEX going forward?

Eyal Harari:

So, overall, as you could see in the last few quarters, we managed to keep our operation expense in a similar level. We invested in our R&D ahead of the market because we were looking forward into this technology, and this is what you want to do when you believe that there is a strategic opportunity.

So, our R&D level is currently similar to as you could see in the last couple of quarters. We are now starting our work plan meetings for 2021, and budgeting. And please be patient for next quarter when we can release our plans for 2021.

But we are not looking to – I don't see a need for a significant increase on the R&D, because we have a very sizable technology group that – and the technology and the product was already launched. So, we are going to continue to invest there, but it's not that we are going to double up, or something like that.

Matt Stotler:

Yeah, understood. And then, last question for me. You know, obviously, a lot of, you know, exciting new deals, new customers that are, kind of, layering in for the foreseeable future. When you look at your existing contracts, you know, any meaningful renewals that you would point out that are coming up in 2021?

And, you know, or maybe thoughts on, how much revenue is tied to upcoming renewals, you know, on the other side?

Eyal Harari:

So, you know, in any given time we are busy with renewals. There are – our contracts are typically 3, and up to 5 years. So – and we have typically multiple contracts with each customer, like we see now we have the contract for the 4G with Rakuten, and we have the contract for the 5G.

So, this is our life, and we are used to it. We are working closely with our customers to make sure they are satisfied from our services and appreciate our technology. And you can say in general, that in every given year, you have a portion that is required renewal.

Matt Stotler:

[pause] Got it. Thanks for taking my questions.

Eyal Harari:

Thank you, Matt.

Operator:

If there are any additional questions, please press star-one. If you wish to cancel your request, please press star-two. Please stand by while we poll for more questions. [pause] The next question is from Abba Horowitz of Old School Partners. Please go ahead.

Abba Horowitz:

Hi, good afternoon.

Eyal Harari:

Good afternoon.

Abba Horowitz:

I was wondering if you could talk about the R&D first. At what point do you think that the R&D is going to stop – that there'll be less of a need to invest in that forward R&D, or as a percent of revenues, at least, that the R&D will stop going up?

Eyal Harari:

So, I think that we are not going to stop the R&D investment or decrease it nominally. Because we believe that in our space, innovation is always required. If you look on the last three quarters compared to last year, you see that the R&D percentage wise decreased, I think about 4 or 5%. And this is mainly because our revenue growth. We are

this year keeping about the same R&D investment, while increasing the revenue, and by that the percentage is lower.

As I mentioned to Matt, we are still working now on our work plans, but I would say that we are looking to keep similar levels of R&D also next year, and maybe some modest growth, but not something significant, while our revenue continues to grow. It means percentage wise; it's going to be a bit lower.

Abba Horowitz:

Okay. Because I mean, what I see here is the R&D is your biggest expense. And clearly if you were to get some revenue growth here and keep that R&D somewhat steady on an absolute basis, you would actually be very profitable at that point, because your gross margins are so high. And that's why I want to understand here is, what can we expect for R&D next year? Will it be a 14 – will it – sorry, will it be a 4.5-million-dollar number a quarter? Is that what you're anticipating? Or is it going to be 5?

Eyal Harari:

It's a bit – it's a bit too early, because we are now just starting our work plan for next year. But as I pointed, I could say that a good estimate is that we will keep it on a similar level than this year. As you could see that also previous year was about similar size.

And the reason is because – not because – we don't see any the need for R&D, but because we started the investment 2 years ago, or even more, because we looked forward for the 5G opportunity, and in order to release the RADCOM ACE on time, we needed to have ahead of time a multi-year investment. And this is something we are looking forward that will pay off, now that the 5G market starting to gain momentum. So –

Abba Horowitz:

But if – okay.

Eyal Harari:

I would say a good estimate is that we will keep it on similar level, maybe with a modest growth.

Abba Horowitz:

Okay. Okay, because I think – just before, you talked about, it won't double. So, I was wondering, if it's not going to double, but –

Eyal Harari:

No, no.

Abba Horowitz:

– is it going to be up 20, 30%. And you're really saying is, it's going to be flattish, for next year.

Eyal Harari:

Yes.

Abba Horowitz:

Okay. Wonderful. Also, can you give us a sense of how you're seeing 2021 unfold, in terms of new contracts? Is there anything in the pipeline that seems as though, you know, that it's almost done? Or is it, you know, is the kind of thing that you feel like it's more second half story in 2021? Or is – are there deals, actually, that you're starting to see even now?

Eyal Harari:

So, we look forward to end of the year and the first quarter of 2021 to see the first deal of – around 5G. We are happy to – that Rakuten agreement, we managed to do it early, the – in Q4, which is ahead of our expectation. And we are continuing to engage both with our existing customer and new opportunities, on multiple accounts.

We see opportunities in different levels. It's very hard to estimate the timeline in the telco space because sales cycle is typically long, and it could move between quarters. But it's a possibility that we will see, also, additional deals in the first part of 2021. But it also might – some of them might delay to the later part.

Abba Horowitz:

Okay.

Eyal Harari:

We are keeping very focused, and – on the tier 1 customers and engagements. And I think what's important to remember is that the overall trend is positive. There is more and more investment in 5G. The market, the service assurance for the 5G is growing, and we are well positioned there. So, it's mainly a matter of time, when we will be able to capture those opportunities.

Abba Horowitz:

Okay. Would you agree, though, that 2021 should be the breakout year for 5G for RADCOM?

Eyal Harari:

So, we are all hoping for that. And we are looking and continue to invest with our customers and opportunities. It's still very early to determine that. But we are going to be fully focused, to execute on our opportunities, and we hope that the market positive momentum and investment in 5G will continue.

And customer will mature. Still, 2021 is still the early adopter for 5G. If you look on the analysts, we are talking about a trend that is going to be with us 2021 to probably 2024 and 5, all the investment in 5G. So, it's going to ramp up. For us, every win is significant. We are do – we are working with multimillion dollar deals, and every new win is significant.

So, we don't need to win tons of account in order to grow the company. But the opportunity is not going to end in 2021, I would say it on the other side, because more operators are going to continue and invest also in 2022, 2023, as it moves from the early adopters to the main market, and then the late adopters, maybe in the less developed areas. I hope this answers your question.

Abba Horowitz:

Yes, yes. No, it's essentially, it's – there's a long runway of business for you guys, over the next couple of years, which I think means it's a multiyear growth story. I also just – I wanted to know – this quarter, did you generate cash this quarter, from operations?

Eyal Harari:

Amir?

Amir Hai:

Yes. In this quarter, we ended the – it's 65 million dollars. In the second quarter, we ended with 66 million dollars. So, it was a small change, and basically, we, you know, it's kind of a breakeven. We didn't burn any cash. There was a kind of a late payment that we received after the quarter end, about 2.4 million dollars. So, this is what – this is – this is the difference.

Abba Horowitz:

So – excuse me. So next quarter, we should see more like 67.5 million dollars.

Amir Hai:

Depends. Depends on the ...
[speaking together]

Abba Horowitz:

Okay.

Amir Hai:

You know, it can fluctuate, 1 million here to 1 million there. It's not – it's nothing dramatic, yeah.

Abba Horowitz:

So last quarter, if I remember correctly, you generate around 4 million dollars from operations?

Amir Hai:

Yeah.

Abba Horowitz:

And this quarter, you generated essentially, with those extra – that extra money, about 2.5 million dollars, let's say?

Amir Hai:

About 1.5, yeah.

Abba Horowitz:

Oh, 1.5, sorry. Okay. Do you expect to be cash flow – generating cash in Q4?

Amir Hai:

That's what I'm talking about. Basically, I think that it's depends on the customer payments. We can, you know, we can be – be less than 1 million, we can be up by 1 million. This is the range.

Abba Horowitz:

Okay. Okay. Fair enough. All right. Very good. Thank you, guys. Thank you very much and congratulations on a really nice quarter.

Eyal Harari:

Thank you, Abba.

Amir Hai:

Thank you.

Operator:

[pause] There are no further questions at this time. This concludes Radcom Ltd.'s third quarter 2020 results conference call. Thank you for your participation. You may go ahead and disconnect.

(End of conference call)