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OTEX - Open Text Corp Enfuse 2018 Product Teach-in for Investors

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PRESENTATION

Greg Secord - *Open Text Corporation - Vice-President of IR*

Okay. Thanks, everyone. Good afternoon, thanks for joining us at Enfuse 2018 in Las Vegas. This is OpenText Annual Security Digital Investigations and New Discovery Conference. The product teach-in today for investors will include presentations and an interactive Q&A with Mark J. Barrenechea, OpenText's Vice Chair, CEO and CTO; as well as Muhi Majzoub, EVP, Engineering and Cloud Services.

Today's presentation is being recorded and will be available for replay. Presentation materials, as well as conference call replay, can be accessed on the Investor Relations section of our website.

Also point investors to Slide 2 of today's presentation for our safe harbor statement. Please note, during today's presentation, we may make statements related to the future performance of OpenText that contain forward-looking information. While these forward-looking statements represent our current judgment, actual results could differ materially from the conclusion, forecast or expectation in any of the forward-looking statements made today. We undertake no obligation to update these forward-looking statements unless required to do so by law and specifically refer you to the risk factors contained in our Forms 10-K and 10-Q and our other public filings.

In addition, our discussion today may include certain non-GAAP financial measures. Reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures may be found within our public filings and other materials, including today's presentation, which are available in our website.

And with that, I'd like to introduce the first presenter, Mark Barrenechea, OpenText's Vice Chair, CEO and CTO.

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

Greg, thank you. And thanks for joining us today here in Vegas as well as those on the phone. And we position today to be more of a -- kind of a technology teach-in. And I just want to thank you traveling in, I know we all make priorities and are spending -- we spend time away from our families to make a trip like this. And I'm personally thankful for you taking the time to spend with us here in Vegas and get to know OpenText and the team a little better. I always try to describe inside-out who we are, and I just think it's so invaluable when you can spend time inside the company.

So with that, I know we have 1.5 hours put aside today. We're happy to fill that 1.5 hours. If not, that's fine as well. I hope we can spend the time just having to get to know the company better whether it's 30 minutes, 1.5 hours or longer.

So I'm going to just start with a few slides. And Greg, I believe we posted these on OpenText.com, the IR section of OpenText.com? Great. I'm going to use a few slides from my keynote yesterday. And ultimately, I think there are 2 points I'd like everyone to come away from on this technology event. The first is there are 6 key areas in terms of our market and product strategy and 1 on financial strategy, and we could talk about those things today, too, of course.

But from a go-to-market, a product, that $100 billion market that we talked about, there are 6 key areas, and we're talking about 1 of them today. You have our platform, and our platform includes all our content services from content, from capture to information archive, content management, Content Suite, Documentum, all those platform technologies, which is our heritage. That's 1 of 6 areas.

Second area is a newer area for us, but of the 6 squares that we want to own is the application space. The applications that sit on top of that platform and our network, which will be the third area I'll talk about, whether those applications be case management, contract management, quality management systems, electronic invoices, product catalogs. There's a whole application family that we believe is relevant sitting on top of our platform. And you'll hear more through us through time on our application strategy. It will be a big part, actually, of enterprise world.

The third area of our 6 is our network. EasyLink, GXS, ANX, Covisint and more to come, our trading grid, our B2B business network, our connectivity of ERP to ERP, cloud to cloud, machine to cloud as a third area for us.

The fourth area we just call security. And I think it's security, it's information, forensics, it's privacy, it's discovery, but we give it a simple word of security. And we think a lot of these topics, and go through a few today, are coming together.

The fifth area is AI. We think business needs to be AI-driven. And we got to get the automation right, which is the platform, the apps, the network, the automation rights, but AI needs to drive into that automation for more insight, for augmented intelligence. Through time, there are many different scenarios of self-directed AI, autonomic-type decisions. We can put our sci-fi hats on very easily. But we're very focused on the applied side of AI, providing insight, and I'll give a few use cases here today.

The sixth area, which is a -- still a young area for us, so if it's platform, apps -- as my first takeaway that I'd like from today is there are 6 areas. It's the platform, it's our apps, it's our network, it's security, AI and the last is the developer. And the developer is important, the information developer, because what we need to do is AI -- API-driven. And if you have an API, you need a program to it. API is useless until you write a program on top of it. And I'll make an observation that what differentiates the large from the very large software companies is the developer network. And this is my observation, I think it's -- I look forward to input on it, but what differentiates the large to very large is being able to attract in mass, developers. Developers on top of your network to API. Developers on top of your information forensic platform for APIs. And that's why a tool like AppWorks and APIs are so important to our go-to-market strategy.

So I'd say the first takeaway -- I just want to make sure -- before I get into any slides, if you will, is that these are the 6 go-to-market areas that are strategic for us that our $100 billion market strategy fits underneath. The second, and it might sound repetitive, but it's okay to be repetitive, is I think you see total growth in action when we talk total growth in action here at Enfuse. We -- the centerpiece to our total growth is our acquisition strategy. We are a consolidator. We'll continue to be a consolidator. We are growing organically. We will continue to acquire. But you see here, both of those elements. We acquired Guidance. And you can see the customers that we're bringing to OpenText, the adjacent strategy we're bringing to OpenText and the ability to cross-sell, right? Being able to bring the Guidance portfolio and EnCase sort of dominates the conference here a little more than other tools, but our ability to bring this and cross-sell it back into our installed base. So at the most macro level before we kind of get into a recap of the keynote, Muhi's going to walk through the product. I'm sure we'll have a spirited conversation. Those are the top 2 things. I just want to emphasize that there are 6 main squares on the chessboard that are strategic for us. We're talking really about 1 today, not all 6. We can go anywhere you'd like. Second, I think you are seeing total growth in action with the acquisition of Guidance and our ability now to bring those products into our installed base.

And I'd be remiss if I didn't mention fiscal 2021 and our medium-term target of generating $1 billion in operating cash flow as we exit 2021, our emphasis on ARR and the margin for the ALM profile that supports that. So I just wanted to make those key points upfront before I kind of get into, first, my recap and feel free to ask questions along the way, no need to wait to the end.

QUESTIONS AND ANSWERS

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

Yes, please. Please go ahead.

Unidentified Participant

So you mentioned the 6 different areas that form the $100 billion market. What would you say security represents of that entire $100 billion?

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

We haven't broken out each of the areas. But I would say directionally, when we look -- I'm just going to the -- yes, right there, that the gap between -- I've sort of thought of us in phases, from a search company to ECM to EIM to the information company. And security is sort of in that $50 billion to $100 billion jump. I mean, it's got -- you pull a TAM from Gartner, you're probably looking security between $15 billion and $20 billion as a market size. It's in that very significant range. And you can see it on the slide of what sort of brings us up a scale from $50 billion to $100 billion, it's mid-market security, AI and a few other things. So it's a big marketplace. And I think you can find value assets as we did with Guidance, and we'll -- and continue to.

PRESENTATION

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

So just on the conference, I welcomed -- it's our first opportunity to kind of in mass welcome Guidance customers to OpenText. We had approximately 1,500 attendees, close to 600 companies, 100 sessions, 40 countries were represented here. 3 days, and we really wanted to send one message to Guidance and the majority -- and the big product area of EnCase is that we're all in, in the security market. So it's a key message for us. I think you can see that around the halls.

I used this slide and this message when I was in Europe a few weeks ago on our information tour. And I used it here and it's intentionally complex. And it's digital makes business very complex today. There are a lot of priorities for CIOs, a lot. And I've been in software for -- I don't want to sound like an old person, I'm not an old person, but 30 years; I feel 20 at heart. But I really have never seen it that complex, a changing workforce. Next couple of years, Gen Y and Z will be the majority of most workforces. New business models, [scape] economy. Every company is looking to become a software company, and I think companies do struggle with that. Data scientists is the new job. Cloud, AI. I know we're going to talk a little bit about GDPR and the U.S. CLOUD Act as well. I think a key thing that we're seeing is the roles of a CIO; the role of a chief information security officer, CISO; a chief data officer, those keeping master data management clean; and a chief data protection officer, a DPO; and then you have those who are doing governance and compliance, they need some center -- they need some organizing principle. They need something to trust in the center. And our heritage of automating systems around governance and compliance gives us a voice at the table around discovery, information privacy and I think the endpoint as well.

So there's just a lot of complexity on the table. So what we -- what I tell my employees and I tell our customers, we just need to prioritize. It's not going to get slower. Again, I'm doing a summary of the keynote. Part of the message is it's not going to slow down. It's going to keep moving probably even at a faster pace. Therefore, we need to prioritize. We need to prioritize into security right now and we need to prioritize security as a digital platform and we need to prioritize into AI.

So if we look at a graph kind of describing the 6 areas, they're going to be a little more than 6 bubbles here on the chart. But I think it's one graph that is sort of encompassing our answer to that complexity, which is the intelligent and connected enterprise. We have our digital information platform and our digital apps. And then off that platform, we have the developer, we have our managed services, which I'll talk a little more later in the slide deck. Customers are struggling finding the best security experts. A lot of them have outsourced IT. They can't find the right IT individual. So we're here to say, "Let us solve security for you. Let us solve the privacy challenges for you. Let us become the experts in that cloud platform." And that's why we're going faster into our cloud platform and managed services right now. We think we have an opportunity.

Our business network. And we broke out IoT, I have an example in this slide deck. I'm talking about a biotech customer and how they're bringing all the pieces together in a clinical trials' example. And then, obviously, right off that platform is security, forensics discovery and security, which were the key messages here in the conference.

On the other side are applications and kind of the style of applications that we're building. Our customer experience applications, our employee engagement apps, People Center -- a new application we brought to market. Asset utilization, supplier efficiency, our ActiveApp family -- that's gone now through its third generation since we acquired it from GXS; it's called -- it's an -- it's the Active family.

And the organizing principle over here on apps is very simple. We follow the big data sources: employees, big data source; assets, big data source, assets such as engines, airframes, fleets, and engine has 100,000 parts. So we do very well in MRO scenarios, where we need content services and an application for assets, suppliers, invoices, orders. So these are the big areas of information we follow. Then at the center is our digital core and artificial intelligence. So this is kind of the one picture, if you will, to describe our product strategy. So I'm going to really kind of focus a little more on the security side and, again, kind of giving a recap of the keynote.

I think there are 2 things. And certainly, in this audience at Enfuse, we didn't have to educate them on how the velocity of attacks continue. But the nature is kind of interesting. And I'm going to get to the nature of a few of them. The nature and the type of data is changing. And thus, the need to have content services and endpoint security. You look at Boeing, and it's too early to tell. This is around assets and parts and how the security of that information is managed. Maersk is around a bill of ladings and that type of content information.

You -- so I think the -- not just the velocity is increasing, it's the nature of the data that is changing. And again, to kind of build on -- this is going to be a long-term theme for OpenText in the market. GDPR is a long-term theme. Security is a long-term theme. I found these 2 reports very interesting, and thus, put it up in my keynote. The one here on the left is from The World Economic Forum. It's their 2018 report. So they come out with a global risk landscape. And they're pretty good thinkers, and I like how they think and how they publish. There were -- if we look at the top 4 risks according to The World Economic Forum, one category is acts of god. And I spell god with a lowercase G. Acts of nature, climate, weather, acts of -- from a legal and insurance standpoint, acts of god. The other one is machines, cyberattacks. It's now on the upper right-hand quadrant as the official risk index, high and right in The World Economic Forum, and I think we all need to pay attention to this. And we have a point of view that we should be taking engine designs off our laptops and put into content management -- into content management platforms. Endpoints need to be secured. So we're going to put OpenText in the middle of this discussion because we think this is a long-term driver from our customers. If we're building these platforms, discovering them, we could do information forensics and security as well.

Verizon published a 2018 report. We can make both of these available. I'll provide you links to them. But I also thought interesting was if we looked at the nature of breaches, that 72% are external and 28% are internal. So insider threats or the internal threats are demonstrable. And we can help more on the inside threats than the outside through information governance, policies and platforms. So I am -- no one wish -- it's not a wish of ill on anything. But as the -- as this internal number and behaviors become more known, I think we have a role to play to decrease these. For example, on our CAB, our Customer Advisory Board here, we talked about the next generation of EnCase, where today, we take snapshots. And Muhi's going to talk a little bit about this. We take snapshots from an endpoint -- I'll talk about a lot of endpoints coming up here in a minute, and from that snapshot, we do information forensics. We'll do an investigation. We can do electronic discovery. But from that snapshot, we can also do threat hunting. So we capture enough artifacts that were used in scenarios of threat hunting. The next -- the progression of this universal agent is to be able to real time be able to send information back, to look at behaviors and then be able to, through AI and algorithms, be able to talk to security systems real time about threats and behaviors. So this is why the endpoint management for us is so important because we believe it's about that behavior's centralized content management. But it stems around what we think is a big -- going to be a big demand driver for us, which is the internal threats.

And so if we look at what the hackers -- it is interesting, there are like -- there's multiple audiences for OpenText, what are the hackers looking for and what are the investigators looking for, or what are the compliance and internal audit teams look for when they deploy our technology, right? So it's an interesting 2 sides of it. But the picture here on the left is a cover from The Economist. And The Economist came out with a cover story here over the last few months that information is now the world's most valuable resource. And you know what, I kind of believe them. I'm about to kind of go through a list of threats from customer information, what are the hackers looking for? Employee information, product designs, payment orders, invoices, IoT, machine data and more. And if we look at a series of breaches and why our technology can help customers be more secure, how they can harden their platforms, avoid insider threats.

I just listed 4 examples. Equifax, I think this goes to how records are actually stored and if there's a professionally-managed content platform, we can be helpful. I would note a couple additional things that are very unique in this particular breach. One is it was a 90-day breach. The -- getting

inside and dwelling -- there's dwell -- there's a concept called dwell time, when a -- you have to assume that the bad actor's already in and they're dwelling and looking for the right moment to act. In this case, it was a 90-day breach, which most reports show that was going on for 90 days. And second, the data hasn't shown up on the dark web. So it's often some other place, probably a nation-state. But it hasn't shown up on the dark web.

If we look at Saudi Aramco, this was a 200-day breach and attacked desktops, shut down desktops through the Shamoon virus and basically wiped away 70% of all data on PCs. Our view, of course, is that should be professionally managed on an enterprise side in a content services platform or you should be able to share and collaborate with confidence in an online system and you never want 75% of your endpoints infected, but you certainly don't want that information to be then destroyed and you can never get it again. So we think this is a relevant example of how our platform can help run an organization.

SWIFT, this is -- there's Bangladesh Bank there, but that's where the breach started. This is a SWIFT breach. And this is where there were -- $81 million was stolen, maybe even more, off the SWIFT network. Evidence erased. And this is the insider threat. And again, we think with good content platform strategies, this could have been avoided.

And the last example is a joint strike fighter, where again, it was not a professionally-managed environment in our view, from what we read. And if we had that digital platform in place for the endpoint management -- aircraft design, airframe, engine, weapon systems, takeoff, landing, cockpit design, all that has been stolen. And we think, again, with a professionally-managed platform, this could have been avoided.

So there is a need and we have a platform that can help answer this. So this is a little bit of a condensed slide and maybe there's a better visual, but there's not going to be a better point. I think we can be the point of trust. The first is to provide endpoint security and forensics via our EnCase product. The second is, look, the best way to get security is design it in and to have a professionally-managed content service environment. And that's where Content Suite and Documentum comes in. If you need to share files and to collaborate, we think it should be done through OpenText Core or Hightail, and you should be able to collaborate securely in that way, but we have a role to play there. We and a company we purchased, ICG, has a whole set of redaction technologies, and that plays a role that even as we manage and secure things, we need to redact information. And so ICG, the product is named Brava.

When you do need to recover, this is where our Discovery and Recommind comes into place, again, as part of that point of trust. And we think we can feed Magellan and our AI tool from artifacts. I'm going to throw a couple of examples of how to go from -- as Director Comey spoke about today, millions of documents down to just a handful that's needed, and our Discovery technologies and Magellan can do that. But next is InfoFusion of enterprise search.

And then lastly, Covisint's Identity and an Internet of Things. We think Identity and Access Management -- every person, device or machine, needs an identity. And we talked about AAA recently as a win. There's a combined win of Identity Access Management and the Internet of Things for connected cars and identities.

So we've been building our portfolio to bring us into -- again, of those 6 boxes, we're just talking security, to bring us into the information security space. And this is the main product lineup to be able to do that.

So let me walk through and bring some of that technology together. I want to talk about a customer, a pharmaceutical customer. We haven't done a press release with the customer at this point, so I'm not going to speak to the name. It's a major pharmaceutical customer and let's think of the endpoints. This is a solution we put in place, on the left side are endpoints. Let me just keep teeing up the example here. This is a customer who is automating biotech, who's automating clinical trials. And their view is if they can accelerate a clinical trial for a new drug, a new therapy, a new protocol from 4 years down to 2 years, or 4 years down to 18 months, it's a massive competitive advantage for them in the marketplace. And they have a vision of doing that, of connected endpoints. These are connected endpoints, sites, labs, wearables, emerging technology and laptops are using our Internet of Things gateway connecting into the OpenText Cloud and to our managed services. And in there, we've deployed our Suite to enrich the data, alert notifications, workflow, evidence support -- using Magellan -- both for analytics and a little bit of algorithmic work, a bit of data model transformation, event management, and these are all things that -- it's a hospitals lab, it's a wearable, all-in clinical trials, sending trusted information into our cloud. We then manage that, process it and then push it back to them. We push it back to them through our cloud again into their ERP system, into the quality management system, their ECM system, their CRM system and their compliance system. We're then able to receive

information back and push it to regulators, FDA and device manufacturers like Phillips. And this is how we think that being able to manage the endpoint, some of the unstructured information, clinical trials, IoT, pushing it into our cloud, going off and that B2B connectivity in enterprise and then pushing it back out to device manufacturers and regulators. On top of this is a set of custom apps through our APIs. As well, I probably should add that to the diagram using our APIs. So I think this is a great example of some of our components in motion, at work, delivering from endpoints to our cloud, Magellan for our customer solution in clinical trials. I think it's a great example.

Here's a second example. And this is, in fact, call it a Fortune 1000 in the U.S. had a security breach and needed to respond to that through their legal process. And this is a [rack a mind] example, using our search products, using Axcelerate and the OpenText Cloud. We needed to collect in this particular investigation, 48 million pages of data, 48 million pages. So we went out and collected 48 million pages. We then had a cull-through in an automated way, automated collection and processing, getting that down to roughly 13 million, 13 million pages. We then, through our service, we have humans that then augment that and got that human review down to 645,000 pages, then applied a redaction technology and got this down to 141,000. And then ultimately, in the legal matter, ended up only producing 142 pages for the client. So this, again, is our forensics, our Discovery, our redaction and the power of our Cloud. How does a client actually get you 142 billion pages? Well, simple, through the Cloud. How do we process it in our Cloud. So I think this is just a great kind of a customer in action of -- and it happened to be a security event, having to go from 48 million pages down to the 142 that were used in evidence of using our Cloud and our technology. So I thought that would be helpful to put up here as well.

We also think, as we talked about on the last earnings call, we're tapping the gas a little bit to go a little faster on the OpenText Cloud. Here's a few observations. Customers are struggling for resource and expertise just in IT itself. They have a lot of demands as I put up on a previous slide. They're struggling with delivering compliance, GDPR and security, and we have an answer to that, outsource your process to us in the OpenText Cloud. Outsource your content platform to us. We've done it near 2,000 times. We've built confidence, procedures, protocols, reference ability, global platforms, data centers, service level agreements, a whole playbook time to go live, lessons learned. We've done it near 2,000 times now and near $1 billion business, so we're -- it's time to go faster. We can go a little go faster. We'll lean into this a little more for customers to outsource both their content platforms, their customer engagement platforms, their supply chains, their discovery platforms, all those major 6 boxes, we want to -- we're providing as a managed service. We'll be responsible for security. We're offering 99.99% of availability in our cloud today. We offer this on a global basis, whether your data zone is Europe, U.K., Canada, U.S., Latin America, Japan, Southeast Asia, Australia, New Zealand, we offer 99.99% of availability of moving into our Cloud. We also have a service that you never have to upgrade again. Once you come to the service, we'll do the upgrade for you. We do it all based on standards, NIST, ISO, SOC, GDPR. We provide one contract and one service level agreement back. And just to put this in scale, we have over 1 exabyte under management right now. Amazon recently was asked how much data they have under management, Amazon. And they said, "Eh, we think it's an exabyte." Well, I'll tell you, for us, it's a little larger than exabyte. And I do this just to kind of put the sense of scale that we have in place of the data, the size of the data that we're managing.

So we think another answer to security and compliance and privacy is outsource field from text cloud. So we need to invest a little more -- within our current expense envelope, we're investing a little more on a bit more automation, a bit more infrastructure. And we need to just make some short-term investments, all within our current expense envelope, but we're going to tap the gas a little faster to be able to grow this space for us.

QUESTIONS AND ANSWERS

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

Yes?

Unidentified Participant

(inaudible) some of this (inaudible).

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

A lot of them are hybrid. I'm sorry?

Unidentified Participant

I just want to hear. Mic, that's okay.

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

So the question is are a lot of these customers completely in the cloud or hybrid? And the answer is many, many of them are hybrid. We -- many. I can rattle off a lot of examples where we may have an EDI supply chain app in the cloud but content management on-site or we may have customer experience management on -- in the cloud or do the asset management in the cloud but discovery on-site. So it really is quite a hybrid, quite a hybrid, which I think it's really, really strong for us, really strong.

PRESENTATION

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

I'm just going to make a couple of notes on AI and Magellan and there's really just one point. I think it's in the deck, just follow me, yes, okay, it's the next slide. We introduced Magellan at Enterprise World last year, and it hasn't been a year yet. And our learning is way up, being the year for -- in the market, not even a year. Our learning is way up on how we can help customers. I'm going to share some of those learnings on the next slide. But even on market position, I -- you have the automation, right? We got to automate content. We got to automate a quality management system. You have to automate contract management. You need good automation. But you also need the insight that comes out of it. And that's why I think Leonardo would do well with SAP because it's deeply integrated to the automation. I think Einstein will do well at Salesforce because it's deeply automated to the integration. We're going to win our installed base with Magellan because we're deeply integrating it to the EIM. So this notion of nonintegrated, independent, standalone, very expensive, slow-to-move AI tools, I think just is flawed from a design standpoint. I think the AI has got to be deeply integrated into the automation, and that's a technology decision we've made and everything we see is ripe, that's why I think Leonardo will do well going into the SAP installed base, Einstein will do well going to Salesforce installed base and we're going to go win our installed base with Magellan understanding the EIM data. So that is a learning over the first year, which is great.

The second learning is customers want to experiment. They want to move quickly. They want to be able to -- they know their business, they know their data and they want to be able to -- they want a data scientist to sit down, take out their EIM data, maybe take out some data from a few other third-party sources, run a transformation, apply an algorithm and they want an answer. They want to experiment, they want to iterate. It is innovation through iteration. These are not 1-year-long projects or 2-year-long projects. They can turn into bigger transformations. But customers want to have the ability to experiment, get it right, then go larger.

So in our first year, that's why I kind of call it an AI-powered business. So here are some use cases, close to 100 proof of concepts that we've gone through. And our learning is way up in financial services, regulatory filings, know your customer, fraud prevention, customer experience, product recommendations, segmentation, asset industries, a lot -- there's a -- this is a very known use case, a high-value use case for AI, predictive maintenance resource scheduling. We're seeing a lot of activity in where we store HR information on hiring, retention, potential and case management.

We have a customer we're working with, a big U.S. -- again, excerpts from my keynote yesterday, a big U.S. County. They have state regulations, local regulation. This is a big county, we're looking 100,000-plus employees. And if they don't respond to an employee case within a certain amount of time, they get fined. And they're being fined about $15 million a year right now through case management, through employees. And they think by applying AI into their case management, they can shrink that fine down close to 0. Over a 5-year window, it's -- there's $75 million of fines that if we can deploy Magellan, reduce that by 80%, we're in a pretty good place. And now security, looking at behavior, log events, data movement and real-time protection. So these are some of the high-value use cases that we're seeing from Magellan.

So in summary, and then Muhi is going to walk through the products a bit more specifically, we see this -- we see a growing information market. Privacy, security, compliance and governance is a topic that is coming together, and we think that's going to be a great trend for OpenText, and that's for the CIOs, CISOs, the chief protection officers and chief data officers. We're taking a -- this a market, it's 1 of the 6 squares on the chess board that are strategic to us. And we're taking a comprehensive approach, security, identity, forensics, discovery, search and collections, right? And this is what we've built through our total growth strategy over the last 3 years. We got key solutions available today that -- not just for what we acquired, but to bring into our installed base. And I think we have the opportunity to be the point of trust as the information company on this. There's this long arch of trust. And being the trust point for identity, the trust point for content services, the trust point for an endpoint or that trust point for an application like clinical trials, I think gives us a strong entry into what we call security.

So Muhi, I'll hand it over to you for some points.

Muhi S. Majzoub - *Open Text Corporation - EVP of Engineering & IT*

Thank you, Mark.

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

Yes. Thank you.

Muhi S. Majzoub - *Open Text Corporation - EVP of Engineering & IT*

Good afternoon and welcome, it's great to see all of you. So let me dive a little bit deeper into the product areas and where engineering is focused. Again, Guidance is only 8 months with OpenText, but I hope if you attended the event earlier this morning and yesterday's keynote, you see the value that Guidance brings. But let's look at the areas that are important to us.

First of which is taking EnCase as a solution, both the software from an investigation and approach and the hardware units that we provide, also part of the Guidance portfolio, and improving on those. And I'll share with you a little bit more detail and tell you where the opportunities that we see that in the past, Guidance did not act on. Second, identifying as always with every acquisition that we bought -- and this is, I believe, acquisition 14 since I started working for Mark in June of 2012. With every acquisition, you will see there's a purpose to it and there are opportunities where we bring other pieces of the portfolio in very quickly and easily integrate. I'll also give you a few examples there. Then integrating into AI, and Mark touched on that quite a bit. The last area is an area that, I believe, is very important to me, is the integration into IoT and bringing some of the knowledge and the technology in the IP and Covisint in the platform with Identity Access Management and IoT device management and integrating it with EnCase to secure and protect these.

Let me build this quickly since you've seen the slide before. I think what's very important here, OpenText, the information company, is with every acquisition, we brought great pieces to complete a platform that today no one in the industry can come and compete at the same level and check every check box that OpenText can deliver. Security falls very, very well. If you think of today, everything EIM has done in the past 15, 20, 25 years since OpenText existed is managing humans and managing information generated by a human. But we all know with a trillion devices coming to be on the Internet, executing and pushing data, we know the machine is going to play a big part of the next 20 years to 30 years and beyond. And for us, that's where it's important. If you look at our business network today, interacts with human a lot, but in the future, this is all going to be machine communicating with machines, pushing orders, pushing logistics information. One example that really made me think on the flight down to Vegas from Northern California, this trip I flew out of Sacramento International and on the runway next to the fight I was in was a Prime, Amazon Prime airplane. So Amazon now have their own airline fleet. I would encourage you to research it and see if you go to even images.google.com, you will see pictures of these airplanes. But it made me think because now Amazon has these airplanes that are assets of the company. They are generating gigabytes of data every time that aircraft takes off from one A point to a B point, delivering goods, integrated fully back into the warehouse in that location where point B is, integrated directly into these fulfillment vans, trucks, whatever form of media in the future, maybe drones, other robot, driverless vehicles that will come and deliver your merchandise to you, all of these are now connected and securing these become more and more important. So bringing IoT and Guidance together is a big opportunity for us.

Let's look at the 4 areas and look a little bit deeper. Today, there are 2 areas in Guidance that are very important: the EnCase software and then the hardware units that comes that law enforcement agencies, government agencies have learned to rely and use as the gold standard in what they do. And you'll see -- you saw many examples at the conference, if you attended hopefully this afternoon. In the demo area, you will see many examples of these customers really coming to learn and absorb some more and give us feedback. Earlier this week in the Customer Advisory Board, with Mark, they gave us a lot of feedback of where they'd like to see OpenText go. An opportunity for us to look at going deeper into making these stronger in future set. Few examples. Today, EnCase do snapshot discovery. So I schedule or I execute a discovery at a point in time and it will go against the connected devices and bring some data back that I can analyze and make some decisions against. Continuous discovery is one of the big opportunity for us, meaning a company or an agency or law enforcement department can do 24/7 continuous discovery of all the information and then bring these information into massive Hadoops, Spark Apache clusters where they can put Magellan or tools like Magellan to analyze and do predictive -- of security breaches, do prediction of fraud, do prediction of failures or maintenance or any other things that are important into the area. That's one area of opportunity.

Another area that is very important that Guidance today when we acquired Guidance didn't have support was for Mac OS and the iOS devices, iPads and iPhones. Those are another area of focus for engineering to very quickly put project plan and team to go after building these solutions and bringing them to where EnCase not only works very, very well on Windows, but can work equally on a Mac, equally in the future on a Linux environment and then all the iOS and Android devices that comes with these platforms. These are the 2 very big areas that we're looking at in EnCase. And of course, listening to our customers, making sure we understand the need, making sure we understand where they believe the product can be improved, whether it's usability, whether it's opening the UI. Mark touched a little bit in his keynote on the universal agent. That is at the end, in the back end is all API work that we have to do to really open up the access where the device today may be law enforcement and government agency related. But in the future, the device could be a ship. The device could be containers that you have in the electronic device on every container that is giving you certain telemetry and certain data back at regular times, so you can ensure the security and the safety of these equipment and these devices. In the future, the devices can be driverless vehicles and all the sensors on them. We want to be able to integrate and secure any of these IoT devices in the future.

Another area of opportunity and this is where bringing EIM together is a great thing, because in the future, Guidance could then leverage a great product like Axcelerate that came to us from Recommind. And Mark gave a great example where 800 gigabyte translated all the way down to 2.4 megabyte and several hundred pages that were needed out of millions of pages at the end.

Integrating EnCase into Axcelerate where EnCase does the discovery, EnCase does the analysis piece and then pass it on for processing in Axcelerate, processing, review and then elimination of the content and focusing, bringing that funnel smaller and smaller to where they come together and you're able -- the investigators are able to look at subset of the data, letting the machine do majority 80%, 90% of the work and allowing the human to focus on the remaining 10% to 15%. That's also another area of opportunity. We have already started developing plans and putting a roadmap for this work. At Enterprise World this year in Toronto in July, I promise you, you will hear a lot more detail about the road map and the committed dates of when these capabilities and innovation will be brought into the product.

Taking all the data that EnCase generates during its process of investigation and discovery, and integrating Magellan into it, it's a huge opportunity for us. And we are already talking with several customers at the conference here that have come in and met with engineering and product management with the goal to give us some feedback of where they see the need for that integration, to be very easily able to take the massive amount of data, bring it to Magellan and then write a simple algorithm and let Magellan go after the data, analyzing the information and then producing either prediction or producing some analysis plus some trending data, showing you historical information of that. That's a huge opportunity for us. That's also another thing that we are doing is bringing 2 teams together between Magellan and EnCase to work on putting the road map for this product. And again, at Enterprise World, you will hear a lot more of that information.

Mark touched on Covisint. Covisint brings to us 2 things in IoT and Identity Access Management. And I'll give you one example of where we see Identity Access Management very, very important for EIM. Our business network today has millions of identities in it, millions of users, 100,000-plus customers. Making every customer that interacts and conducts business and commerce in our business network and identity in one place in our system, where we can monitor, monitor their access controls, monitor their permissions they have and understand the tasks and the transactions that they're executing is very, very important. That's a project underway at OpenText today, where the business network team is looking to consolidate our trading partner grid in one place, one identity for every customer in the trading grid.

Being able to do authentication and integrating Identity Access Management with OTDS to date, our OpenText Directory Services, and be able to deliver single sign-on across multiple platform, whether it's Covisint, Identity Access Management, Covisint IoT, Identity Access Management or EnCase Security or any of the other platforms, business network, content services, media services and others becomes important, and be able to deliver directory services for all of these through one place in Identity Access Management. And then integrating and delivering statistics and insight about who's accessing what.

So OpenText, for the last 1.5 years we've been introducing -- leveraging the Magellan tools to build dashboards for Content Suite. We are building similar dashboards for Documentum and Media Management that allow you to access and predict certain patterns or behavior. I'll give you an example. We want to know if there is a user account in our content services platform with multiple failures of login. Because it means the identity may have been stolen and a bad actor is trying to predict or figure out a password to log into our system. The same thing we want to be able to understand and predict behavior of users in our platforms. If a user for the last 3 years has only on the average downloaded a document once a week from our system and all of a sudden, that user is downloading 10,000 documents, we want to track a notification or an alert in our NOC, if it's in the cloud or in our internal IT data center to be able to say something is not right here, 10,000 files are being downloaded in one day. This is a behavior that has never happened before. Quarantine, understand, analyze and then make a decision whether you stop it or do something else. All of these things we're introducing in Content Suite out of the box. So we introduce a security dashboard last year and we're working to add to it and to improve it in the coming quarters, in the coming releases. And lastly, being able to predict and analyze the information, but also be able -- if you look at the bottom of the screen, as Mark highlighted, we will always be a hybrid company. Today, EnCase is delivered on-premise all the time. In the future, we're seeing the need in the market to start introducing certain workload in the Cloud. So we're looking at the opportunity and what workload can be integrated into EnCase on-premise, but be introduced as a service in the OpenText Cloud as a hybrid to allow EnCase to partially play on-premise, but also have workload that could run in the cloud and be delivered part of the OpenText data center -- OpenText Cloud.

Again, the end goal is with every acquisition, we take the knowledge and the IP that comes with that acquisition to make EIM better, to make the complete platform better to manage information, secure information, govern information. We want to be able to provide a hybrid solution. We want to be able to provide a complete solution that could be modern, scalable, global, can be segmented to support GDPR or safe harbor privacy policies and rules and be able to deliver value to our customers.

Let me pause and see if you have any questions.

QUESTIONS AND ANSWERS

Greg Secord - *Open Text Corporation - Vice-President of IR*

Feel free to take a seat and love to take any questions. Thank you, Muhi.

Unidentified Participant

(inaudible) snapshot, is that going to be on the road map?

Muhi S. Majzoub - *Open Text Corporation - EVP of Engineering & IT*

It is on the road map. And we are finalizing the development plan and getting them through the approval and hoping to have a time line by the time we are at Enterprise World that we can communicate to our customers. Yes, this is one of the top features, the continuous discovery plus the Mac OS support are to do -- 2 top features that we're looking at.

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

And we can -- and we take snapshots today. We can take very frequent snapshots. But it's kind of crossing that chasm to where it's like a dial tone, right, versus a pulse. We think it's kind of a breakthrough for us.

Unidentified Participant

Mark, if we step back for a second, how should we think about the bounds around security? There's a large market, there's things like network infrastructure, where should we be drawing the line in our own minds of where OpenText likely won't go or how you're sort of defining this?

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

Yes, yes, a great question. So where there's big pieces of information, and we have adjacency, I think we have the permission to secure it. And so one aspect is the enterprise platform. So things around -- anything that kind of touches that platform of enterprise content services, we feel we have permission to go there for security, forensics, discovery. New market is the endpoint. Now we won't be a malware company, that's -- or a SIM company. We'll feed SIM providers, but we want to be able to incorporate -- and endpoints are changing. They're not just our PCs, if you will, and as Muhi said we need more OS support, we need to collect more artifacts but the nature of device is changing, so a drone we think is fair game for us. We think a jet engine or a brake system on a train is sort of a nature of the endpoint for us. So I would say the boundaries of things that are adjacent to information platforms on the enterprise, the widening nature of what an endpoint in machine means, and I probably put a third element there, which is our -- which isn't kind of the Enfuse conference today, but it's our network services as well. For example, we have a single database that talks about all trading partners. And we have over 1 million trading partners running on our business network. Things that provide the identity and security from single sign-on to who you are trading in a digital world on our trading grid, I think is also fair game for us. I think it's a little easier to answer where we want to go versus everywhere you don't. But malware, I mean, would not be where we want to go.

Unidentified Participant

Two questions, they're related though. The first one's -- so Muhi mentioned a platform of scalability. The -- one of the developments of Red Oxygen was integrating all the different pieces together. I imagine there's a lot of different code bases. So is that an inhibitor to scalability as you add more pieces on? Or do you have enough in place with the APIs? And then related to that from an R&D perspective, how much of the spend now is on new features and innovations versus maintaining or supporting existing software and how does that compare versus like 5 years ago?

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

So again, great set of questions. First question is integration will never be done, we'll never be done integrating. And we've set as a goal that when we -- when we buy a company -- well, first of all, we will weed out companies if we don't ever think we can integrate them. So we're not interested -- we actually -- we'll weed out targets based on culture, we'll weed out targets based on platform. And I know the world doesn't see all the things we say no to, but we obviously say no a lot and our reasons to say no: financial, cultural, technology. What we set as a rule, we'd like to have anything we purchase integrated within the first 2 years of operations. And that may take us 2 releases, if we're thinking of a release every year, sort of a 2-release cycle where we'd like to be on a common user interface, common technology stack, pieces of data that are key to be integrated. So all that framework is helpful. Second, we're not breaking out right now kind of our R&D spend per new feature versus maintenance. So I can't get into maybe any insight there. Maybe there's another figure you're going at there.

Unidentified Participant

Well, another point you mentioned, though, is that -- I think it was yesterday, you mentioned in a couple of years, 50% of your staff would be overseas like in India and Philippines. Obviously, significant [driving to 0] when Muhi arrived, around that. How important is that to the R&D spend and your efficiency in R&D spend?

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

Oh, it's very important. I -- we have a point of view of how we want to scale our R&D and our cloud operations, and that's why they're both in Muhi's world. So I don't know the precise count. But when I started, Muhi and I started around the same time, maybe we had a couple of hundred employees in Southeast Asia. Today, 1/3, a little greater than 1/3 of our workforce is in Southeast Asia, India and Philippines. And I would look over the next few years, where probably half the company from a workforce standpoint. So even though our R&D spend I think is between 11% and 13% of total revenues, our headcount is growing. And our headcount is growing in India and it's growing in the Philippines. So our headcount is growing. And our ability to deliver features is -- for organic growth is growing. So I don't see us spending beyond the 11% to 13%, but I do see our headcount growing.

Unidentified Participant

You talked earlier about 100 proof of concepts in Magellan. I was wondering if you could talk about that sales process and how you see those rolling out past that proof of concept stage?

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

Yes. Well, the proof of concepts have sort of kind of come full cycle into EP4, where we've taken out of those learnings and put them into EP4. And new learnings will roll and go into EP5 and just continue on Release 16. So that cycle of learning and then getting in the product is actually -- we've completed -- we've circled the track once with bringing Magellan to market, doing proofs of concept, getting feedback, putting the next version out. So we're now looping the track a second time with more feedback, making the product stronger. So it's great to see that loop working, and EP4 is an example of closing that. We'll talk about wins, and we've had wins. We've -- and we are winning business. So we haven't quantified it. So I feel a little hampered there. But I would say that the cycle is working, and it's demonstrated with EP4 and positive organic growth in Q3.

Unidentified Participant

Maybe a follow-on to that one, just in terms of cross-selling, so you've obviously got these 6 products that you're focused on. Can you kind of talk a bit about cross-selling and how the sales team is [incensed] around that?

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

So we look at our sales force and they have a number that they need to make, and that number is made up of a blend of MCV -- or I don't know what that noise is, though it sounds ominous. We'll assume it's not. And AE's quota is made up of MCV or subscription, license and maintenance and when -- they have a number. And we don't restrict what they can sell. They need to know their accounts. They need to bring in experts, subject matter experts from presales or Professional Services to kind of help close that sales cycle. But we don't have product level incentives. We -- I've always felt that -- and the sales leadership, obviously feels as well, it's hard back at corporate to tell an AE in Toulouse, France, right, that they should sell this product into their patch, rather we give them the flexibility based on the customer's needs to sell what they need. Now what we focus on at leadership is obviously important. Because if we're focused on it, they deem it important. And we're focusing on a handful of cross-sell plays. Security is one of them. Our SAP solutions is one of them. And information archive is another for governance and compliance reasons, it's another one of the key plays. And we've demonstrated organic growth in our last 3 quarters. And I think we're actually seeing some of those cross-sells work.

Unidentified Participant

Tied to that, a third opportunity for an overlay sales force, thinking about this selling managed service, most of the account reps aren't going to -- have any experience with it. You'll have either the team from Covisint or GXS. Does it make sense to drop in sort of a selected team to do that on a global basis? And can you talk about the profile of those deals? Sorry.

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

I don't -- quite right. And I didn't mean to jump in too quickly there. I think there are kind of a variety of vectors as we scale, right? We've -- I spend a lot of time thinking about scaling, right, rewinding back to when we used to do $50 million or $100 million quarters and you're doing $600 million, $700 million quarters. That's scaling the leadership team. It's scaling your approach to communications. And we still have a lot to learn, right? We're far from perfect in how we scale the company. But we're intense listeners, and we've listened a lot over the last few quarters. And thank you for all that feedback. One of the places that continue to scale as we think well beyond of our scale today is do we look at more verticals and really get that subject matter expertise to be able to bring this portfolio into financial services, bring it to health care? Do we look at more geographic focus and to be able to scale beyond where we are? Continue to scale at the pace I would say, not beyond, but continue the pace of scale that we're on. So I think verticals is one dimension. I think geography is another because we're sort of product-unit focused. I think another dimension, if we take a playbook from Oracle or SAP, we have a lot to learn from them, a lot to learn from conglomerates as well, but how they manage their top 200, 300, 400 accounts and have that strategic account overlay. And then you have the subject matter expertise as well, where we have very strong pockets of today. So our -- I think our thinking is a little more on maybe the verticals and top accounts. But no one really has that subject matter expertise today that we can draw on. I know that was a medium-winded answer, but what I wanted to maybe give it a little more shape around continuing the pace of scale is scaling geographically, scaling by key vertical and scaling on calling out those top accounts.

Unidentified Participant

You mentioned 1 of your 6 areas is the developer and how it differentiates a large company from a very large company. Can you speak to some of the initiatives you're taking to grow that developer base?

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

Sure thing. On -- and Muhi has a point of view here as well. I would mention 2 big things, AppWorks. AppWorks has come a long way and it's now our tool of choice of building applications. So People Center, completely built in AppWorks. Our new contract center, completely built in AppWorks. Our new business network apps, completely built in AppWorks. And I know it's going to be a central point of what Muhi and I show in July. So I'd say that's one. Two is it's an API-driven world. On a slide I used at the kickoff yesterday, I talked about us in this cognitive era. And one of the things that have evolved from a very monolithic world, client/server, web services, is microservices. And it's all about APIs. Give me an API. Companies want to embed us in what they do and we're very happy to be embedded in what they do. So I'd say the 2 very demonstrable things is the rapid progress in AppWorks and [quick] -- the proliferation of APIs that we're delivering.

Muhi S. Majzoub - *Open Text Corporation - EVP of Engineering & IT*

Yes, I mean, to echo a little bit, modernizing the API into microservices is one of the first things to allow our big platform to be able to deliver small mobile application that are very targeted or develop applications that are very targeted. AppWorks today can integrate to any of our platform through these microservices, to expose them and to build a simple application, being a business analyst, not a Java or a C developer and deliver that application and then at a push button, can create a both iOS and Android mobile app through the AppWorks gateway. So AppWorks is both an application development platform and a mobile gateway. And through the integration between the 2, we could build the quick application and push one button, and I have an Android and an iOS. An example of this, all of our trading grid, mobile apps are built on AppWorks, Content Suite is built on AppWorks. We are building Documentum on AppWorks. Media Management mobile app is built on AppWorks. So that's from the technology perspective. But then how do you grow the mindset of developers and newcomers into the programming world? We are tapping into our internship program. So we now have our interns -- we have approximately 150 interns worldwide every year. We're looking to grow that

program. We're looking to start targeting interns that will come to do nothing but work on AppWorks. So for example, in Silicon Valley, we're bringing 2 interns this summer to work with us on developing application on AppWorks. What the goal is we want to understand from this newcomer that has never seen AppWorks, how easy it is for them to adapt and learn and develop application, take their feedback to bring it back into our engineering process, to improve AppWorks and this becomes a continuous ongoing cycle that we do, learn from people who are coming and helping us, improve the product and roll it out to more people. But also, the goal when they go back to their universities and to their world, they now know about AppWorks. We're also partnering with customers. So we have a customer that we -- a very big consumer in the oil and gas that is sending engineers to come and work for a year at OpenText. They become part of the OpenText AppWorks team. They will work in Silicon Valley. They will live with us for a year, learn the product with the goal they take AppWorks back into the IT department and this is a very, very big company that has 7 or 8 global locations, including Saudi Arabia and the U.S. and several others. But those are 3 examples of how we will grow the mindset to want to use AppWorks in our customer base.

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

I think it's a -- that's why we call it out as one of the top 6 squares with a lot of prethought. And I don't think I can say it any better than saying I think it differentiates large and very large companies. And I would maybe put those -- our combined thoughts maybe into like a continuum. The first is it's good enough for us and we've met that threshold and it's really exciting. And at Enterprise World, you'll see it front and center. The next is customer usage. And we -- from customers looking to embed themselves inside of us right now, we're working with a third-party logistics provider who wants to use all our network APIs. They know the app they want to write, but we can get them 80% there if we can embed our business network into the app they want to write. So we now have AppWorks talking to our APIs and to our network-driven world. If you know CityConnect as a product, that's all API-driven on our network as an example. So I think the next continuum is driving big customer usage through the tool and our interfaces. The third is partners. In our Customer Advisory Board meeting here, we had a couple of partners who say, "We have just this API, we could write this app that could help you." And then third, I think, is what people -- lastly, the fourth part of that continuum is where you can attract new apps from third parties that are just available in the marketplace. So we're on this journey of a continuum of -- we've gone from -- there's 4 levels and I think we passed Level 1, which is very exciting to see. Us and customers and partners and then an app world, and we're beyond Stage 1.

Unidentified Participant

Mark, different topic. But in one of your slides earlier, you had GDPR as a long-term opportunity for the company. There's a hard deadline in a couple of days and maybe they make an example of some big names like Google. Why would you not expect this to be a short-term boost to OpenText? Is it because you don't feel an enforcement? The thinking is maybe it doesn't get enforced or...

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

No. So I see it as a long-term driver. I think that may -- I get the privilege of talking to a lot of companies, including my own, of how they're looking at GDPR. So obviously, there's GDPR in Europe. There's GDPR companies doing business in Europe and then I think GDPR's coming to North America. And companies have really looked at their privacy policies, compliance, security and they're kind of wrapping it all into -- the best-run companies are wrapping it into a long-term strategy. It's not like Y2K. I think there's notions around GDPR that May 24, there's a light switch that goes on and we're done. There are things that you need to do for May 24. You need to have a data protection officer in place. You need to have data protection agreements in place. You need to have the ability to take a call and opt out a third party consumer or user. And there's some other things that you must do by May 24. But the best run companies are going. "What is that long-term compliance strategy and how is it automated? What is the -- where do I really need to architect an information platform strategy?" So yes, there is short-term need, but the best-run companies are looking -- that digital as a top-down strategy, I think companies are looking at this, the best-run ones, as a security, privacy, an opportunity for compliance long-term strategy. So there are things you need to do for May 24, but I think there are multi-quarter and multi-year demand drivers that companies are looking at. So I don't see it, again, as a light switch. I see it as more like a dimmer control, where there's going to be kind of a continuous GDPR drumbeat, but it's privacy, it's compliance, it's more U.S. companies jumping on board, it's the same need coming to North America. So I'm actually optimistic that's going to help us over the coming quarters and not just be a light switch on May 24, which is tomorrow, I guess.

Unidentified Participant

Just on AI, so it's 1 of the 6 areas. In a lot of the panels or discussions here, there's a lot of interest it seemed in Magellan and sort of -- it's at a theoretical stage, though. At what point does it move from theoretical? Like -- so when should we expect products other than what you have in the -- with the POCs and sort of a standalone? When would it be integrating another OpenText product? And how do you monetize it? Like is it a free feature in new versions or -- I don't know.

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

Yes. So I'd expect over the next year to see the next wave of products. So I think by EP5, we're going to see the next set of products. So we have Magellan, we have Magellan integrated into EIM. We need to have EnCase integrated to Magellan, which is what you're hearing at the conference, and I'd expect that over the next year. Monetizing it, it's going to be a feature that we're going to sell. We're not going to give it away. We're not going to kind of embed it into the price. It will be a standalone add-on product or add-on capability, but we don't intend to give it away. The big piece is that taking the endpoint and having it continuously talk and that continuous talk -- let me just -- easy to conceptualize that in 10,000 endpoints, while continuously talking, sending artifacts, streaming into Magellan, Magellan running an algorithm, real-time detection. I think we expect that over the next year. First taking a snapshot and snapshotting almost every 30 minutes.

Unidentified Participant

I'm going to go to the other end of the spectrum here. When you're talking about cross-selling, you mentioned SAP. It's a very long-term relationship you guys have had. Can you give us an update on that and where you think the cross-selling opportunities are?

Mark J. Barrenechea - *Open Text Corporation - Vice Chairman, CEO & CTO*

Yes. So I'll start with the cross-selling opportunities. So being able to bring Extended ECM to the Documentum installed base. So that is a clear cross-sell opportunity you've got for us. Second, we have a great relationship. It remains incredibly strong and we completely support the SAP cloud. So if you want to run a managed service at OpenText, we support that. But if you want to take our SAP solution and run it in the SAP cloud, this is a new certification, a new support, we fully support it. So those would be 2 examples. The third is -- I'd stop at those 2. I -- yes, I'll stop at those 2. We think of SAP as an endpoint, and we're at an endpoint conference. That is a longer-term opportunity as well. So is -- can we provide a better secure endpoint for the 100 million endpoints of an SAP? Yes.

All right. Well, thank you very much. And that will conclude today's call. Thank you for attending and we'll speak soon. Thank you.

Muhi S. Majzoub - *Open Text Corporation - EVP of Engineering & IT*

Thank you.