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IDEX.OL - Q1 2019 Idex ASA Earnings Call

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PRESENTATION

Stanley A. Swearingen - *IDEX ASA - CEO*

Good morning, everybody, and welcome to IDEX Biometrics Q1 presentation. I'll draw your attention to the disclaimer. And as previous presentations, I will be giving some forward-looking comments. And please read this relative legal language around those sort of comments.

So when we started roughly 5 years ago, we had a thesis. And the thesis was if we put a biometric fingerprint sensor in a credit card format, it would bring significant value to many different verticals. So frequently, I look at this, and I look at market indications and are market indications reinforcing this thesis or causing us concern? So security, convenience and commercial value were the 3 pillars of this thesis. And I can say with excitement that everything we see further validates it. This is a compelling proposition for the market whether it'd be feedback from pilots we've done or feedback we're getting from issuers. It's clear that this is a winning value proposition.

When we look at the market, it's huge. And this is the market for total SmartCards. And the question really is this market, it's healthy, it's significant, how much of this market will be penetrated with the biometric fingerprint sensor? So the blue here -- and this is for all verticals, and we're going to get into some detail a little further on in the presentation. But the credit card is a well-used format globally. It's very convenient, the infrastructure is in place, and it happens fast, which is very important because any solution that we would bring to market, the latency, if you will, how long it takes from detecting your finger, matching your finger to authorizing the payment, has to happen in lightning speed. So when we look, the blue is IDEX's judgment of the penetration rate. Needless to say, this can move quite a bit. But given the breadth of integrators we're working with and breadth of schemes we're working with, we feel like we have a unique perspective. And so this is what we think the market will represent over the coming years.

So when we look at verticals, and the different verticals are banking and payment, which is the largest vertical, and I'll get into details in each one in government, health care, transportation, retail, ID cards and the value proposition for each segment on the right. But I'm pleased to say, we have active programs in every single vertical now, which is exciting. So not only are we very active in the banking and payment, but you saw recent announcement, which I'll get into more detail around it, access and control application. So what we're seeing is now that we have a credit card format, with a fingerprint enablement, we're now seeing that our card integrators are promoting that offering across multiple verticals. So exciting trend.

So when we look at financial inclusion as government and health care, and we're quite proud to have been part of the Edenred pilot with Mastercard, which we did a press release on. And this was really exciting from the financial inclusion side, but also for validation of the technology because this pilot was done with pensioners. And some of these pensioners were up in their 80s and early 90s. And from a fingerprint technology perspective, as you age, your fingerprint gets worn away actually, and you can get a lot of scarring particularly if you were a manual laborer as your profession. So we're quite excited to see with this really challenging demographic how well our technology performed. And so we had exceptional performance with that demographic, which was wonderful to see.

And so for people who didn't get a chance to read the press release, Edenred worked with Mastercard and did a pilot with the Mexico government where they have cards that they issued to pensioners, and this is how the pensioners go and get reimbursed and buy goods. And so on the top right, you'll see from president of Mastercard in Mexico, by simplifying the transaction, it create -- brings great benefit. But the important -- one of the important things was the pensioners also spoke about what it meant to them for their independence because a lot of them forget passwords and PINs and were quite embarrassed about it. And the fact that they don't have to worry about that anymore was quite rewarding for us. So here's the first proof-point of something that we have been talking about for a couple of years, and to see that come to reality was a very rewarding experience for us.



The next is access control. I'm just really proud of this win for us because it represents so much for IDEX. So this -- the company that chose us has been using biometrics in their application for 15 years and is considered one of the thought leaders in how to deploy biometric for access control. And the fact that they looked at every single company, every single technology on the planet, and they chose us. And they chose us for the reasons I've been talking about, how we're different and why we're going to win. They chose us because of the power of our architecture. But equally, they chose us because the team we've assembled when they sat across from them, they said this is the team we can collaborate with and we can invent with. And so this is a multiyear, multimillion dollar opportunity, so it's the most significant win for the company. And it just released the first of many to come. I'm confident because why they chose us and why we won is a 100% applicable to all the markets we're talking about.

What was you've seen recently, and I'll talk a bit about the manufacturing, which I talked about in the last earning call. We now have multiple integrators that are now out promoting cards. And what's that represent? That represents they're now confident they can manufacture these cards in volume. So we've shifted from the manufacturing challenges I've talked about last quarter to now we have many integrators across the globe now actively promoting this solution not only to the banking sector, but also to all the other verticals. And this is just a representation of some of the companies.

So the opportunity in the ecosystem. So on here, our ecosystem partners that we've announced or have been demonstrating our card. So not only are we now diversified across many different integrators on the left, we're now diversifying across many different schemes, and we're also working with many secure element providers. And I'll talk a bit about secure element providers.

So as a CEO of a company, it's really important that you focus your team early on. So we're very focused, very focused partnered with Mastercard. And during that period, we worked in creating our technology and innovation. And not only that, but our tools. So we built a team, the tools we needed to support customers and the technology. That phase has been complete for us. Now we're all about scale. So now I'm confident we can go across multiple issuers, we can go across multiple schemes and we can go across multiple verticals. And that's what you'll see in the coming months as you're going to see a lot of different -- our presence in a lot of different places.

As far as secure elements, the secure element is if you have a chip card today, non-biometrically enabled, you see a little gold contact plate, that's something called a secure element. And there are many secure element providers. So what we have to ensure is that our technology is seamlessly integrated with everybody because different issuers who choose different secure element providers. So I'm quite pleased to say our team has done a phenomenal job on getting our solution to easily integrate with all secure elements. And so what you'll see over the coming months is also much more this cadence of us collaborating with more secure element providers, collaborating with more display card integrators and collaborating with more schemes.

So we look -- now I think, at one time, the question was will biometric payment card? Will the banks adopt them? Will they deploy them? I think we're past that phase now. Recently, the Royal Bank of Scotland launched a pilot, so now we have a global bank launching -- piloting the concept, and all the feedback has been overwhelmingly positive. So we talk about Bank of Morocco, also Fransabank, Bank of Cyprus. Edenred is not a bank, an issuer per se, but they're a financial provider. So I think we can check the box, which is it's a compelling proposition. The issuers want to deploy it, so I think that question or that risk has been addressed.

The other things we've talked about, and I'm super proud of is remote enroll. And we talked about back several years ago as being a leader and working with a market maker like Mastercard. We were getting insights into important elements of the solution. And what was identified, and I think validated by VISA and Mastercard, and the people that have done pilots, that remote enroll is what makes this happen, makes this market mass deployable. So without remote enroll is really going to limit how broadly this technology can be deployed. And so back in that time, we have some very bright inventors. They came up with an elegant solution, and we patented that. And those patents were issued to us, one in early April, one on May 7, and we did a press release on this. I think if you read these patents, exceptionally broad, I mean, exceptionally broad patents. So this is an important asset for us because it really helps us position ourselves. It's not just we're selling a sensor, right? We're really quite a different company. We're looking at the totality of the solution, and we're investing in the intellectual property to protect our inventions, and this represents us. And this is just one of many, so we included another concept. So we have some really exciting industrial design concepts for the potential of this technology. So just simplifying the registration process. You get this in the post, you slide the card in, you touch, you just follow the light guide a few times, you're enrolled, you recycle this and you go to the bank. So pretty straightforward, very elegant and powerful in its deployment.



So as we look in the last presentation, I talked about the challenges. So there's really -- were 2 things we were focused on in the past quarter. One was manufacturing and what were the challenges of getting this to be a high-yielding mass, something that could be built in the tens of millions, hundreds of millions, so something that fit the capacity of the current integrators and could yield at appropriate yields. So really it was around the fact that the current infrastructure didn't have an embedded circuitry. They could build the card, but the card was very -- a plastic laminate, you mill out a cavity and you put in a chip. Now we're talking about essentially a circuit of flex with -- that has multiple components, and now you have to laminate that and then mill or embed. So the biometrics -- the need for this embedded circuitry, well, there's 2 types of lamination, one called cold lamination, one's called hot lamination. Cold lamination didn't present the problems for a lamination phase. The problems are really represented by hot lamination because of all the expansion and contraction of the plastics, which caused adverse effects to the circuitry. So that was the challenge.

The other thing we've been spending a lot of energy on is certification. So certification, there is an existing process for an existing card. That's well understood. But a new certification process had to be established for a biometric card, and that has to be established. The certifications are administered by the schemes, so there's a VISA certification, a China UnionPay, Mastercard. So they're defining how do they certify those card. And then the challenge is, not only how do you do the certification, but then the testing houses that have to test to ensure the certification is compliant.

So if you look at what's IDEX doing, right? Because we can't just sit idly and wait for these challenges to be addressed. We have to take an active role in helping address them. So on the right-hand side, you'll see a chart, and the chart is really -- if you look at a card, a biometric card, it's a sandwich of layers. And so there's one core layer, which is a pre-lam, pre-lamination. And then on top of that lamination, you have 2 printing layers, that's where they have your card numbers or your logos. And on the back it has the 800 number to call. And then on top of that is an overlaying protection. So all these layers have to be adhered together. And so there are players in the ecosystem. Their focus is just to produce a pre-lam. And what they'll do is produce a pre-lam, and that has all the circuitry and the flex, and then they'll shift that pre-lam to a card integrator and all -- in one model, the card integrator will just put layers of plastic, mill it out and put the chips in. There are card integrators that are vertically integrated that will do this whole stack up. So for us, it was important not only to work with the integrators who do the whole stack up, but to also work with the integrators that do the pre-lam. Because if you have a finished pre-lam and it goes to a card integrator, you've solved a lot of manufacturing problems for that downstream integrator. So I'm happy to say we not only helped with this, we provided significant expertise because it's not so obvious, but because we are off-chip, we had to make investments in flex expertise and advanced materials expertise. So we're fortunate enough to have some of the world experts on material science and flex technology. And we've been using those experts to help our partners work through all the scientific problems, if you will, to get this lamination to work in high volume.

So if you look at certification, we mentioned, by being a leader, we work very closely with Mastercard, so we have insights in the certifications. So as I mentioned, multiple schemes are defining their certifications. We, today, are the only vendor that has a certified -- has been through a certification process with our contact card. I'm pleased to say our technology is ready to be certified. So we're quite confident the technology we have today will facilitate certification across multiple schemes. It's really now the card integrators that have to go do the work with all the testing and report filing and so forth, and that's in process. And so we believe the collaboration we have with Mastercard, much like I talk about remote enroll, gave us very unique insights into this whole process so that we could look at our technology and make sure, when it goes through this process, it goes through this process smoothly.

So on the road map, we talked about where we are today, and this is -- we have our dual-interface solution. And really, a lot of effort underway to reduce cost because part of back to the first slide when I talk about how many cards will have biometric enablement, it's going to be tightly coupled to the cost structure. So we're continuing to maniacally drive our cost structure down.

Next year, we'll introduce a new piece of silicon where we'll integrate the MCU and the power management capability, which will further reduce the cost of the card. And the reason -- the timing of this is quite important because integration happens once the market stabilizes, right? So you don't want to -- if certifications are moving around and requirements are moving around, the last thing you want to do is integrate because if you integrate then something changes, your product won't be fit for that particular application. So we're confident now that the market is at a stage where the technology has solidified enough that we can start now saying, okay, now is the time to integrate. So we'll be introducing that chip in 2020. Not only will it be integration, but through integration, we'll significantly improve the security and performance.



And then in 2021, we will -- out past 2021, we'll introduce a single chip. And the single chip will be integrating the entire solution onto a single piece of silicon. And we'll also be introducing some exciting new display integration on backplane technologies.

So if we look, I've talked about this team, exceptionally proud of our team, not only the technical team, our sales and marketing team, I think across the board, we have an exceptional team for the size of the company we are. And I've worked for some of the best Silicon Valley companies. I would stack ourselves against companies 4, 5x our size.

What you'll see here is we're -- is our patent portfolio. So patents are really super important, right? Our investors gives us their precious dollars to invest. We want to make sure that we do our best to protect those investments to intellectual property and patents. So what you can see in the black here, these are pending patents. But a few things I want to note is the breadth of our innovation, right? We're not just innovating an off-chip, which if you look back in time, primarily our patent portfolio was very heavily weighted towards off-chip. What you're starting to see now is systems, packaging, algorithms, remote enroll. And what you'll see -- you see the 2 patents that had been issued, but there's a lot in the pipeline for remote enroll as well as our own matching algorithm. So the breadth -- and we're being very selective, right? This isn't the person with the most numbers wins. It's a person with the highest value, best written applications that creates a defensive barrier. So again, exceptionally proud of the team and the breadth of what we're innovating.

So on Q1 scorecard, I won't read each one. I'll talk a bit about the second one, because once again we met the spirit of the bullet. We did have several pilots with dual interface. But to be honest, we felt that they would be much more publicly visible then they turned out to be. So one of the things with news, and it's really -- I sent out e-mail to Henrik, it's when it rains, it pours, like we get 3 things on 1 day, right? And it just -- the timing is really difficult because they happen when they happen. When the patent office issues a patent, we don't control that. When a pilot or Mastercard issues a press release, we don't control that. So we really -- the spirit of this bullet was we felt we would have a few more high-visible pilots announced, and that didn't materialize. Doesn't mean that the pilots aren't in process and doing well, it's just a matter of how visible are they to our investors.

New customers in multiple verticals. I think the big announcement of our marquee win was in the spirit of that. And then as I mentioned, our technology is on track to be certified. So this coming outlook period, we'll see the strength, as I mentioned, across multiple verticals. We'll see more pilots. We'll see some new customers and new ecosystem partners, and we'll also be announcing some license agreements of our remote enroll intellectual property.

So with that, I'll turn it over to Henrik to talk about financials, and we'll open it up for questions. Henrik?

Henrik Knudtzon - IDEX ASA - CFO

Thank you, Stan. So I'll take you through the financials. In the first quarter, IDEX generated revenues of NOK 1.4 million. That's partly shipments of sensors to our customers, range of the customers we've announced, but also service income from the customer that Stan just talked about. And that explains the high gross margin in the quarter, and we're very, very pleased that we've already started to generate revenue from that win. We certainly expect more going forward on shipments of sensors as well.

In terms of OpEx for the quarter, we have a total OpEx of NOK 64.6 million. A lot of that was -- about NOK 7 million of that was noncash costs in relation to the share-based remuneration. As the share price moves, then so does that expense. And the share price was up in that quarter. So a lot of that was noncost. If you look at just the -- excluding the share-based remuneration and noncash effect, then the OpEx level was similar to what we had in Q4.

And the biggest item in our OpEx is payroll. And the payroll costs in the quarter was NOK 38.3 million, which is slightly down from the fourth quarter. And we do expect that level to be slightly -- go slightly down going forward or fairly constant, but not to increase as we are at scale.

On development expense, we spent about -- actually, we spent NOK 9.8 million, and that's down from the average level of last year by 1/4. And we're moving more of the development in-house. That's part of the trend we've seen for a longer time, and we expect that number to decrease a bit in the next quarters in 2019.



And the last item is other OpEx. And that's -- in the quarter, that was NOK 9.7 million, a bit higher than it was on average last year, and that reflects higher activity on a few items, so IP filing and IP activity. And as Stan showed, we've done a lot of IP filing recently and also a lot of commercial discussions, negotiating contracts, which have driven legal costs. But going forward, we do expect to have a fairly stable OpEx level. And in fact, it will go -- our plan is that it will decrease on average for the next quarters in 2019.

In the first quarter, we always also completed the raising of \$25 million, which gives us a very robust balance sheet. It's -- and the cash flow of the quarter basically represents the operational cash flow and some investment in working capital, inventory, accounts receivable and also some payments of royalty fee in connection with the matcher we acquired late 2014. So the cash flow for the quarter is higher than what we expect going forward because of these effects. There's no financial debt in IDEX, and we do expect the cash we have to take us to profitability as we have said before.

So with that, we'll open up for questions.

QUESTIONS AND ANSWERS

Unidentified Analyst

We're currently listed on the Oslo Børs. Can you tell us a little bit about your plans going forward? Are we moving to NASDAQ or the London Børs? And why do we do it? And who is driving you to do it?

Stanley A. Swearingen - IDEX ASA - CEO

Okay. Is that a Morten question? Or is that a -- do you want me to answer, Morten? Or -- and the reason I'm deferring is the decision of that nature is really a board decision, not a CEO decision.

Morten Opstad - IDEX ASA - Chairman of the Board

We have already said, I think, in our quarterly reports that we are working on listing abroad. I think after our investigation, I think we will go to the London Stock Exchange and seek for, as you see it today, a dual listing. So that process have been pushed through, and that's actually the plan to engage with an adviser. And actually, that's high on the agenda. So I can confirm that we are working on that plan.

Unidentified Analyst

Is the Brexit -- does that have any influence on what will happen in there? Or have you decided?

Morten Opstad - IDEX ASA - Chairman of the Board

That's actually not up to me to decide. We don't know. What's important for us is actually to have that adviser and then get the advices which is necessary to take the right decision I think.

Unidentified Analyst

Do you think you will get through revenues this year that will make you in balance in the fourth quarter?



Stanley A. Swearingen - IDEX ASA - CEO

We're working very hard to do that very thing. The question is what's the steepness of the ramp, right? I think the ramp, as we talked about with this first marquee customer, we're now proud that the ramp is starting to materialize. The question is really the inflection of that ramp. And so there's -- as I said, we've now got quite a few card integrators out promoting this across multiple different verticals. So I believe that the ramp will materialize. It's really a question of the steepness of that ramp. And Henrik said we feel good about our cash position, and that is the best knowledge we have is that ramp will facilitate us getting to breakeven with a cash position we have. Is that Q4, Q1? It's really -- I'd be disingenuous to say I could give you that level of precision.

Unidentified Analyst

Right. But do you think that China will be the first market, they are fast movers and adopt quicker than...

Stanley A. Swearingen - IDEX ASA - CEO

I can't really say. It's really because there's -- the major European providers are equally aggressive in their own way. I think the thing that will materialize quicker is some of these things like insurance cards, access ID because you don't have the certification. So the time from when you have the technology to time to money is compressed. And I think you see that with our access control, right? We just announced a win, and we'll start shipping that in volume in Q4. So that's why it's important to us to not only have diversification for card issuers and diversification schemes. But by having diversification on multiple verticals, that will help accelerate our time to money.

Henrik Knudtzon - IDEX ASA - CFO

On the point of diversification, that's another point which gives us more comfort because over the last 9 months, we've announced a lot of new customers. So we're not dependent on a single customer, but we have a range of customers. A lot of them we have announced, and we're working with a lot of other customers and hoping to announce.

So -- and when you have a lot of card integrators working on it. Number one, it's a very good signal that this market is about to happen because a lot of people are investing and making it happen. But they also spread the risk because someone will be first. And the more people you have working, then the faster it will happen. So that's something which has mitigated the commercial risk of IDEX significantly over the last 9 months when we announced all these wins.

Unidentified Analyst

Back to the information to the market. I think you've been much better than you've been in the last years. It's getting better and better, and Stanley is doing a fantastic job on a...

Stanley A. Swearingen - IDEX ASA - CEO

And Stuart.

Unidentified Analyst

And Stuart, of course. But when you come with a -- like this contract that you got now for volumes, why can't you say anything about this will give us NOK 100 million or NOK 10 million or NOK 50 million? Because people are tired of IDEX, the way they are reporting and giving information to the market because there's no new collaboration contractors. People are looking for cash. What is in this contract? What is in the contract? And if



you say it's NOK 1 billion or NOK 2 billion or NOK 50 million, no one knows who it is. So you know -- I understand that you have to protect your customer, but the figures, you should be reporting a little bit more about.

Stanley A. Swearingen - IDEX ASA - CEO

I lose a lot of sleep on that very topic because I -- my style is to be very transparent with investors because you need to know where the business is, you need to know these things. The challenge with that -- so that's the desire. The challenge is we have legal contracts with customers who are Fortune 50, Fortune 100, and they don't want details of their business and what they're paying people. So what we try to do is create this fine balance, which is to give you the attributes so that the attributes of the customer you can imply the implication. And we said multimillion dollars, right? So if it was only 1, we would have said 1. If it was 10, we would have said 10, right? So we try to give an indication of magnitude. And we also said it's a minimum, right? So as you can imagine, a customer of the stature making a minimum is going to expect to do more than the minimum, right? So what I try to do as CEO is inform the investors with the magnitude, the implications without saying who it is and exact numbers. And we'll continue to try to refine that over time, but there are some customers who -- what you see in Asia, Asia they do press releases. They give us quotes. They -- so different cultures will also be more or less supportive of more information. So what we start -- every time we start, we ask for we want to be able to name you, we want to be able to tell you to say what the numbers are, and then we have to -- it becomes a negotiation. In some instances, it's like a single word, capital N, capital O, right? So -- but we'll try to be better. And I think you've seen when I first took over as CEO, I talked about the importance of PR and IR and communication with our investors. So it's high on my agenda, and I think we've done a very good job. We're considered a thought leader now. We've actually got opportunities where people have come to us to our PR, "Hey, I read a FindBiometrics article, I want to talk to you. We're thinking about doing a biometric card." And so we're already seeing dozens of opportunities we wouldn't have seen otherwise. But I take the point, and we'll continue to try to refine that to help you guys.

Unidentified Analyst

Is it possible maybe one time to try to get Mr. Woodford here and talk why he put NOK 1 billion into this company?

Stanley A. Swearingen - IDEX ASA - CEO

He is a very busy man. I am -- yes. No, I -- A, we're quite fortunate to have Neil and his backing. It's very unique position, and I'm extremely grateful for his support as well as Invesco's support and all your support, right? So I don't delineate. But yes, I'll all ask him. I'd say -- he's probably -- he may be listening as we speak. So next time I get the chance to talk to him, I'll ask him. Yes, very proud to have an association with him. And just he's super smart. He's one of the smartest financial people on the planet. And the fact he's decided to invest in us says something. And so yes, I'll pass on the request.

Henrik Knudtzon - IDEX ASA - CFO

Let's use that. Let's use that.

Unidentified Analyst

You have a collaboration with several of the biggest payment schemes, Mastercard and UnionPay. Do you have any process or plans to have a collaboration with Visa?

Stanley A. Swearingen - IDEX ASA - CEO

I think I answered that question. I said we're going broad across all schemes, right? So we -- again, early on, we're so small. The danger is when -- if you go too wide too quickly. But as I said, we're at a point now where we're going exceptionally broad because we can bring on another customer

and it doesn't put a big drain on our team. It puts a drain on our team and it's constantly measured, but I feel very comfortable we can go now across multiple schemes and multiple app -- verticals.

Unidentified Analyst

Correction. How about the certification process and when do you think that will end? Your competitors had said H2 2019. Do you expect this application to finalize next quarter or this quarter?

Stanley A. Swearingen - IDEX ASA - CEO

Again, it's totally -- it's sort of analogous question, when will the inflection or ramp happen. It's not our process. It's the card integrators with the schemes. So I think we've done our part to support that on timing, but really it's for the scheme and integrator to kind of give more guidance on that.

Unidentified Analyst

Just 1 short question, too.

Stanley A. Swearingen - IDEX ASA - CEO

What would I do without you...

Unidentified Analyst

This might not be right, but I just heard the contract you have with Mastercard is expiring this -- in the fall this year. And if that's correct, are you then -- will they renew or -- if it's correct?

Stanley A. Swearingen - IDEX ASA - CEO

Well, I can't comment on the contract. So -- but I can tell you the relationship with Mastercard have never been stronger.

Unidentified Analyst

Could you please comment on competition on the supplier side?

Stanley A. Swearingen - IDEX ASA - CEO

Sure. I think one of the things I've been pretty, pretty open about is we need competition. This market is going to be a big market, so more than 1 supplier is required. So right now, the competition that we see is FPC. And FPC is a very capable competitor. And I think when we -- when I look as a technologist around our off-chip versus silicon, I think we're exceptionally well positioned. And I think the recent win will tell you where we stack up versus competition. So I'm very paranoid. I continue to look and ask, okay, where are we? Our win rate is exceptionally high, so one of the indicators for me around where are we competitively is our win rates. So when we go into a competitive situation, do we walk away with a win or a loss? And I would say we check the win box way more than we check on the loss box. So really the competitive set, I'm comfortable with and I'm comfortable with our position. And of course, they're working exceptionally hard to change that dynamic where they get more wins than we do and they're a very capable company as well as -- NEXT is another competitor in the space, but it's a pretty finite competitive set. And given it's such

a big market, I think there's going to be plenty of room for other competitors. We've consistently said there's going to be competition. We believe we'll be the leader, and leaders have at least 30% share, if not more, kind of how we think about it.

Henrik Knudtzon - IDEX ASA - CFO

One other comment on that. And every time our competitors have a win, we also applaud that because what we need is for the markets to accelerate and to be built. But having said that, we believe that IDEX can actually address a wider universe of customers than our customers because we have a full systems approach, which means that we can actually help our customers that doesn't have that knowledge in integrating the biometric sensor into their solution, helping them solve the problem, offering the reference to sign, whereas some of our other competitors, they are more of a provide a sensor as a component. So it's -- and we can do that as well. So we can play with that model, but we can also offer more as a full systems provider, which gives us a wider playing field.

Stanley A. Swearingen - IDEX ASA - CEO

And I think the important thing to educate investors on is the pilot, so let's take recently in our pilot. That pilot is for the bank to experience biometrics in the card form factor. So it's really all around do they want to deploy a biometric payment card. When the time comes and they're going to deploy this in millions of dollars, then there's going to be a decision of who is the right supplier to supply that technology. So those are 2 separate things. Sometimes they're interwoven, but a lot of times, they're very distinct and separate. Okay?

Henrik Knudtzon - IDEX ASA - CFO

Thank you.

Stanley A. Swearingen - IDEX ASA - CEO

Well, thank you, everybody, for your time, and it was great seeing everybody. Thanks for the questions.

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