

**TECSYS INC.**  
**Second Quarter FY2017 Results**  
**Financial Analyst Call**  
**Friday, December 2, 8:30am**

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**Operator**

Good morning ladies and gentlemen. Thank you for standing by. Welcome to the TECSYS second quarter fiscal 2017 results conference call. At this time, all participants are in listen only mode. Following the presentation, we will conduct a question and answer session. Instructions will be provided at that time for you to queue up for questions.

Please note that the complete second quarter report, including MD&A and financial statements were filed on SEDAR after market close on December 1, 2016. All dollar amounts are expressed in Canadian currency and are prepared in accordance with International Financial Reporting Standards and are unedited.

Some of the statements in this conference call, including the question and answer period, may include forward-looking statements that are based on management's beliefs and assumptions. Actual results may differ materially from such statements. I would like to remind everyone that this call is being recorded on Friday, December 2, 2016 at 8:30 a.m. Eastern Time. I would now like to turn the conference over to Mr. Peter Brereton, Chief Executive Officer at TECSYS. Please go ahead sir.

**Peter Brereton**

Thank you and good morning everyone. We appreciate you joining us for today's call. Yesterday, after market close, we issued our unaudited fiscal 2017 second quarter financial results and a copy of those results is available on our website at TECSYS.com. Joining me today is Berty Ho, our Chief Financial Officer. I'll start by summarizing the key events for the quarter and reviewing our Q2 financial results. I'll then close with a few comments on our outlook for the remainder of fiscal 2017 followed by a Q&A session.

In the second quarter of 2017, we delivered robust recurring revenue growth and made significant progress in adding new accounts. As well, we continue to keep our operating expenses essentially flat such that once adjusted for certain items, more of that revenue fell to the bottom line. In the quarter, base account sales were impacted by the distraction of the U.S. election and were slower than expected. That being said, since the end of the quarter and the conclusion of the election, we have seen activity pick up considerably.

In the quarter, we signed four new accounts. One was a large IDN. Another with a non-hospital healthcare organization and two for complex distribution solutions.

These new contracts amounted to \$.39 million, a higher proportion of total contract value than we've seen in previous quarters. Total contract value bookings were 10.9 million compared to 13.4 million in Q2 of 2016.

The difference is largely due to one large contract for storage products worth 2.3 million that we booked in the second quarter of 2016. We continue to be very pleased with the progress we have made in complex distribution, which reflects the decision we made last year to reorganize our sales force so that each of our divisions is served by its own dedicated team.

In fact, new account bookings for complex distribution in the first half of fiscal 2017 have exceeded the total new account bookings for complex distribution in all of fiscal 2016. Total revenue in the quarter was 16.5 million, up 5% over 15.8 million achieved in Q2 of 2016. Financial or currency change impact contributed about 150,000. On a trailing 12-month basis, revenue was up 13% to \$69.4 million for the 12 months ending October 31, 2016 from \$61.4 million for the same period ending October 31, 2015. Recurring revenue on an annualized basis grew 15% year-over-year to 26.5 million representing 38% of trailing 12 months revenue.

For the quarter, proprietary product revenue was down 3% to 2.9 million compared to the previous year. Third party products decreased by 12% year-over-year largely as a result of the impact of that large storage contract we received in Q2 of 2016. Our services revenues, which includes support and implementation grew by 10% to 11.2 million. The growth in services revenue is a reflection of our backlog and new order flow. We began the second quarter with a backlog of 42.1 million. At the end of the quarter, backlog was 43.7 million indicating that the service backlog will continue to be strong into the foreseeable future.

Gross margin for the second quarter of fiscal 2017 was \$8.3 million or 50% compared to 7.8 million or 49% in the second quarter of 2016. The improvement is primarily the result of higher margin from services, which was 46% in Q2 of 2017 compared to 45% in the prior year. Looking at gross margins for the trailing 12 months ended October 31, 2016, we are pleased by the overall trend with 18% growth to 35.5 million up from 30.1 million for the same period ended October 31, 2015. This represents a gross margin of 51% compared to 49% in the previous period.

Our total operating expenses in Q2 of fiscal 2017 were 8 million or 48% of revenue compared to 7.3 million or 46% of revenue in Q2 of 2016. If we compare the operating expenses during the quarter to the previous year's quarter, we had three significant cost items worth mentioning. First, our user conference. The user conference, by the way, occurs approximately every 18 months. So it never lands in a quarter where you've got a comparable user conference in the same quarter prior year.

But in this case, our user conference was in September and incurred net expenses of approximately 250,000. Secondly, R&D capitalization during the second quarter was 27,000 compared to 280,000 in the second quarter of the prior year.

And thirdly, we had an exceptional legal expense that accounted for about 416,000 compared to 162,000 for the same period last year for the defense of a civil action filed against the company in the United States District Court for the District of Colorado. A trial was held from September 12 to September 23 of 2016 and the court jury ultimately returned a unanimous defense verdict that is in our favor. It is likely, of course, that the plaintiff will move for leave to appeal once the Court officially enters judgment.

Adjusting these costs for both periods, our profit from operations in the quarter would have been 959,000 against 383,000 for the same period of last year. We believe that the exceptional legal fees and the R&D capitalization are now behind us. We believe we have sufficient resources in place to support the business, including expected growth in volume and will continue to keep operating expenses essentially in line. The user conference, legal expenses, and capitalized R&D in the quarter also impacted EBITDA, which was 935,000 for the second quarter of 2017, down 19% compared to 1.2 million in Q2 of 2016.

However, adjusted EBITDA was 1.6 million, a 52% increase over the same quarter prior year. This represents an EBITDA margin of 9% compared to 7% in Q2 of 2016. On a trailing 12-month basis, EBITDA even without adjustments was 6.9 million or 64% higher than the 4.2 million achieved in the 12 months ending October 31, 2015. During the same period, EBITDA margin on a trailing 12-month basis also improved to 10% from 7%.

We ended the quarter in a strong position with cash and cash equivalents of 11.5 million compared to 9.7 million at April 30 of 2016, the end of our last fiscal year. This increase is a reflection of the cash generated from the record revenue we recognized in the fourth quarter of fiscal 2016.

Given the strength of our balance sheet and our confidence in our rising free cash flow, the company has declared a dividend of 0.045 per share, a 50% increase to the current quarterly dividend.

In summary, we are pleased to deliver strong recurring revenue and adjusted EBITDA growth. We experienced some delays in base count upgrades, which we believe is attributable to the uncertainty of the U.S. election. Since then, business is coming back to normal and we're optimistic we'll be able to execute our strong pipeline in the back half of our fiscal year.

Leveraging our relationships with partners and resellers to extend our sales reach also continues to be a key strategy and we are currently working closely with a couple of partners and we expect that we will be able to provide more detail in future quarters. One example is a large IDN, which also has come on board as a partner that is in the process of deploying our operating room solution.

In the second quarter, this solution was fully implemented in one of their hospitals and went live in the first week of November. It has been a great success so far and we are looking forward to further rollout within the IDN's other hospitals. This unique solution has generated a lot of interest that we expect will turn into orders later this fiscal year.

Before I open the call to questions, I'd like to comment on an advantage in our business model that we have been seeing in our results. While we deploy one common technology platform, it is robust and versatile such that it provides effective solutions in multiple sectors.

Especially since we have split our sales, we have been seeing the benefit of serving two diverse sectors, healthcare and complex distribution, where each has different sales cycles and is effected differently by external events. Going forward, we expect to continue to benefit from this two prong approach, which we believe will build a consistent order pipeline quarter-to-quarter.

With that, I will turn the call over to questions.

## **Operator**

Thank you. Ladies and gentlemen, if you would like to register a question, please press the one followed by the four on your telephone. You will hear a three tone prompt to acknowledge your request. If your question has been answered and you would like to withdraw your registration, please press the one followed by the three. If you are using a speakerphone, please lift your handset before entering your request. One moment please for our first question.

Our first question comes from the line of Amr Ezzat with Echelon Partners. Please proceed.

## **Amr Ezzat**

Good morning. Thanks for taking my questions. Peter, you mentioned in your prepared remarks that business is coming back to normalized levels post the uncertainty leading up to the election. I'm just wondering how conversations with clients have evolved since the election of Trump and all the talk regarding just repealing the Affordable Care Act?

## **Peter Brereton**

Yes, there seems to be -- I mean generally, they seem to be kind of relaxed with the subject. For some reason, there was a lot of distraction and consternation in the market in September and October and we actually saw it not only a slowdown in new bookings but even in existing projects that generally the consulting levels and so on, particularly in the early fall, were quite slow and started to come back as we got right into the -- sort of right close to the election.

Not sure why even it picked up sort of even a little bit prior to the election on the consulting side, but it seemed to. Now that we're post-election, I've actually in the last couple weeks, I've been out to see two major healthcare networks and in both cases, they feel that even if the Affordable Care Act is repealed, it's really going to be replaced with something that is very similar, at least from the hospital side of things.

The people that have been covered under the Affordable Care Act will likely continue to be covered and there is not expected to be any real change. For instance, Trump has already said that older children still living at home, he expects that they'll still cover them and some of the other vulnerable people groups will continue to be covered and so on.

So the hospitals really don't seem to expect any change there. Their focus is more on what the big insurance companies are continuing to do as co-pays continue to get increased and so on, and the downward pressure that it's putting on their revenue.

### **Amr Ezzat**

Understood. Thanks. Can you give us more color on the healthcare organization and the IDN you signed during the quarter? I don't think you guys gave the contract size less specifically for them than what solutions will you be providing them with?

### **Peter Brereton**

We didn't provide the contract size. I can tell you that it is at the large end of the scale in terms of the size of the contract. It's roughly twice the size of our average IDN contract. It's for a large children's hospital network, actually, and the plan there is to begin an implementation on the central consolidated service center side of things and then move into the hospital from there. So it's a fairly typical sort of approach in terms of starting off campus and then slowly moving onto campus. But size wise, it's roughly twice the size of our average win.

### **Amr Ezzat**

Understood. Then were these direct sales or through your hospital channel partner?

### **Peter Brereton**

That was a direct sale.

### **Amr Ezzat**

Understood. Can you give us an update perhaps on the traction you're getting with your channel partner?

## **Peter Brereton**

Sure, and we're, by the way, our channel partner may end up being involved in that implementation. So we're seeing, in some cases they are sort of bringing us into account opportunities. In other cases, they are helping us to sign the account opportunity by filling sort of part of the capabilities gap that a given hospital organization may have. And so we're seeing that. We've got a number of accounts that we're working on in our pipeline for Q3 and Q4. And they are actively engaged in I would say three or four of the opportunities where it certainly looks like they'll be playing a role in sort of supplementing the capabilities of both our organization and the client hospital organization.

## **Amr Ezzat**

Then maybe just one last one for me. If you could give us an update on some of the new or about to be launched products like the pharmacy OR solution and the traction on One Sprint.

Peter Brereton:

Sure. Yes, those are -- so a couple different things there. So in terms of OR, we're very pleased with where we're at with the OR solution. We're seeing it -- as I mentioned in the prepared remarks it's gone live at one major network. There's another major network that's expecting to roll it out through a number of hospitals in the February, March time frame and we've got several orders in the pipeline that look like they're going to be coming through for the OR solution within the next month or two.

So that product line is -- seems to be rolling along very well and is providing the pay back that these hospitals were looking for and in some cases even beyond the expected pay back. So we're very pleased with our progress on that. In terms of the pharmacy solution, the expectation is that the initial client will go live next summer. We do have a couple of other hospital organizations that are examining the pharmacy solution in some degree of detail at this point. It's hard to predict whether they will wait until the first client has gone live on it or whether they'll be willing to move -- ready to move before then. We'll see how that goes.

## **Man**

One sprint (unintelligible).

## **Peter Brereton**

One Sprint, right. So on the One Sprint front, we signed our first One Sprint project towards the end of Q2, and that implementation is sort of kicking off pretty much as we speak. So we're pleased to see that and I expect that within the next quarter or two, we're going to see several One Sprint implementations. It looks like we're sort of through the initial marketing phase and into starting to see some contract signings.

## **Amr Ezzat**

Great. Many thanks.

## **Peter Brereton**

Thank you.

## **Operator**

Ladies and gentlemen, as a reminder to register for a question press the 1 followed by the 4 on your telephone keypad. Our next question comes from the line of Hubert Mak with Cormark Security. Please proceed.

## **Hubert Mak**

Hey, guys. I just want to clarify, the two healthcare customers that you signed, I know one was the IDN. What was the other one? That's not IDN is it?

## **Berty Ho**

That's a healthcare organization kind of involved in the distribution of healthcare products.

## **Hubert Mak**

Okay, great. Thanks. And can you just sort of touch on the revenue growth? I know you had a decent Q4 last quarter but sort of had pretty good pickup. But if you look at Q1, Q2 this year, you're running about 5%. Can you talk about, give some color and the context of sort of what you're sort of compared out, you're mid to long-term target growth? How do we think about that moving forward here?

## **Peter Brereton**

Yeah, I mean I think the challenge for us, of course, is that the overall -- I mean our business continues to be lumpy, right, and we're continuing to see that. We have opportunities in the pipeline that are very large and if and when those hit -- and I'm confident they will hit -- we're going to see sort of more exceptional quarters. So - but unfortunately, some of the in between quarters we see sort of more boring levels of growth like we're seeing in Q1, Q2 kind of thing.

So our focus is to continue to maintain the business model focus, driving up recurring revenues, maintaining the operating expenses, pushing to get the EBITDA up into the high teens as we've been talking about. I mean that continues to be our focus but we recognize that it is still a lumpy business and we're going to have quarters of exceptional growth and we're going to have quarters of lower growth.

The slowdown that happened - you know, Q1 was just a fairly typical first quarter. I mean Q1 is - that summer quarter is always pretty slow. This particular quarter, I have to admit, we were somewhat caught off guard by sort of the impact what seemed to be the distraction of the U.S. election.

I mean we know it was a bit of an unusual election cycle and we definitely saw a number of accounts sort of take their foot off the gas pedal and hold.

That seems to have returned to normal where, you know, we actually had a pretty strong first month of our third quarter, typically a first month of a quarter is weak. It was actually a pretty strong first month so it seems like we're back to normal but -- so we're not really seeing any change in overall - you know, in our overall expectation of growth going forward other than to sort of continue to caution our shareholders that it's still a lumpy game.

### **Hubert Mak**

Okay. And can you sort of give us some color in terms of your pipeline for the healthcare systems, like how that's changed, like, has it strengthened, continued strengthening? Are we moving more - a little more toward the mainstream adopters. Can you just sort of describe how that's evolved maybe over the past, say, four quarters?

### **Peter Brereton**

Sure. I mean, I would say the big change in it really has been the move to provide - or push to provide a much more flexible way to start to modernize your supply chain is starting to pay off. So two years ago, if you signed with us, there was really only one thing to do and that was you had to start by putting in a WMS and delivery management. You know, then we began to add the perioperative solutions, and the cath lab, and the OR, and so on.

And what we're now seeing, if you look at our pipeline today, it's a substantial pipeline. We're very pleased with it. It covers ranges right across the U.S. We've actually got a couple good Canadian opportunities now and as well as in the U.K. And we're seeing a much broader mix of the types of supply chain solutions the hospitals are coming to us for, not just sort of warehouse and offsite distribution, but the full range of point of views and so on.

So we're pleased with that. Most of them expect to, over time, build out the full supply chain solution but they are starting in a range of different areas and, you know, we find that pretty exciting in terms of, you know, what it does for total addressable market.

### **Hubert Mak**

Okay. And then to that point then, in terms of your existing customers, which -- at least the IDNs -- I think you probably have around 31 or so to date now.



What is your penetration now in terms of the upsell opportunity? Do you think that's sort of 30% of your product? Can you describe where we are with your average in terms of your customer base?

### **Peter Brereton**

On average, we think we're about 12% penetrated. So if you look at the IDNs that are there, we believe that we're about -- if you look at sort of all the white space within those IDNs, we've got about 12%. We've got an 88% up side inside the account base. And then in the market in general, we think we're still around 6% of the market in terms of the actual named accounts that we're pursuing in the IDN space in the U.S.

Once you go further afield, start looking at Western Europe, U.K., et cetera, there's obviously a lot more. But just looking at the U.S. market, we've got 6% of the names and inside those names, we've got 12% penetration.

### **Hubert Mak**

Okay. And then I know you've talked about your target EBITDA margins. Just in terms of over the next few quarters, how do we think about expenses? Obviously, you guys increased your dividend here by 50%. It sounds like you guys - your R&D is slowing at least based on your remarks or your commentary here. So is that really how I should think about what your expense is starting to be able to scale here on revenue?

### **Berty Ho**

I think the expense side, as we've indicated in the past, Hubert, is going to stay pretty flat. I think we're not planning to add any more resources from an OpEx standpoint, and as such, any type of blip would really be related -- as we've said in the past -- related to incentive, commission, et cetera, et cetera.

### **Hubert Mak**

Okay, great. Thanks. I'll pass it on.

### **Peter Brereton**

Okay, thanks.

### **Operator**

Our next question comes from the line of Nick Agostino with Laurentian Bank. Please proceed.

### **Nick Agostino**

Yes, good morning.

## **Peter Brereton**

Good morning.

## **Nick Agostino**

Just going back to the U.S. election and the impact on the business, and in the commentary around the fact that the first month was strong. Can you guys maybe quantify, just give us a sense of how much business you think has been deferred as a result?

## **Peter Brereton**

Nick, it's hard to put a precise number on it. I would have thought going into the second quarter based on our pipeline of where we're at, I would have thought we would book sort of more in the 13 million to 14 million range. As it turned out, we booked about 11 million. If you look at our consulting organization, those projects slowed down. A number of projects slowed down as customers just sort of held back on moving to next phases of existing booked projects and so on. So there was probably another half million bucks that came out of the consulting revenues there.

So we saw it sort of across a range. What has surprised -- I can say what's surprised me in a way, because we all know it was a surprise outcome to the election -- but it literally seemed like the second it was done and it was sort of settled is that what the outcome was going to be, we were back in full gear again or high gear again. So our November consulting revenues, for instance, were exceptionally strong and our November bookings were also quite snug.

So will there be a catch up? Can we catch up? Sometimes it's hard when you miss a quarter, when you miss bookings, a few million like that. Can you actually catch up in the next couple of quarters? That's yet to be seen but certainly, the indicators are that there's a lot of people looking to buy solutions.

## **Nick Agostino**

Okay. That's very helpful. And I apologize if I -- if you guys called it out, but I haven't seen, what was your backlog?

## **Berty Ho**

The backlog was almost 44 million.

## **Peter Brereton**

It was up about, what, 1.5 million.

## **Berty Ho**

Yes, it was up from the beginning of the quarter, was up by about 1.5, 1.7 (unintelligible), or something like that.

## **Peter Brereton**

That's quarter-over-quarter?

## **Peter Brereton**

Yes.

## **Nick Agostino**

And then last question. I think you obviously had a large IDN win in the quarter. I believe you had zero wins the prior quarter and you've kind of suggested you can do about six to eight IDN wins over the full year. Given that we've got I guess another two quarters left interest he fiscal period, are you still comfortable with that six to eight range or how should we be looking at that number?

## **Peter Brereton**

I think so. What keeps happening each year, and maybe I should learn, but what seems to keep happening each year is we've sort of projected the quantity of the IDNS will rise a bit over the prior year and instead, what happens is the quantity stays the same but the average deal size rises. And we may be into that scenario again this year, but certainly based on the pipeline and what we're seeing and what -- even the number of situations where we're already selected and we're working on contracts and so on, we certainly expect that we'll still be in that six to eight range.

## **Nick Agostino**

Great. Thank you.

## **Operator**

Our next question comes from the line of Gabriel Leung with Beacon Securities. Please proceed with your question.

## **Gabriel Leung**

Good morning. Thanks for taking my questions. Two things. First, going back to I guess next question around the six to eight IDNs that you've historically I guess guided to for annual wins. Is that -- given where you're at now, is that even a relevant metric anymore or do you find that sales into the existing network being a more relevant metric? And is there some way for you to provide -- quantifier -- provider metrics around that on a go-forward basis?

## **Peter Brereton**

We're looking at trying to sort of improve the metrics that we can provide in that area. It is an interesting point. We're seeing a -- as you start getting up to 35, 40 IDNs, if I look out a year or two, I love to see us get close to 50 IDNs. As you start getting close to that kind of level, obviously the opportunity in the base accounts becomes very, very large and in some ways, you're more interesting metric over time may be that percent penetration metric. I mean we're saying we think we're about 12% penetrated. Well, how much progress we are making in terms of getting the other 88%.

So that's something we're continuing to look at. And I think although for the next -- for the foreseeable future, our plan is to continue to hold OpEx flat, certainly our belief is that as we at some point begin to further expand the sales team, the first place we'll be looking is on the base account side of things in terms of increasing our focus on going after the rest of that base account opportunity.

## **Gabriel Leung**

Got it. And just last question, you've already indicated that you expect OpEx to be largely flat over the short to midterm. How about professional services? Remind me again, so I think you did about 6.7 million in professional services, call it consulting, in the quarter. Remind me again what your professional services revenue capacity is right now based on the number of consultants or implementers you have in that division? And what are the plans around that over the midterm?

## **Berty Ho**

Gabe, the best way to answer this question, in my mind, is to look at the total revenue for services on a quarterly basis. And as we've indicated in the past, we have a capacity right now to reach about 12 million on a quarterly basis.

## **Gabriel Leung**

Got it.

## **Berty Ho**

As you know, in Q2, the results we just released, we did 11.2 million and based on the number of people we've added in the last, I would say in the last little while, we have enough capacity clearly right now to be able to deliver 12 million on a quarterly basis.

## **Gabriel Leung:**

Got it. Perfect. Sorry, maybe one last thing just on the dividend. Remind me again, is there a target payout ratio that you want to hit or that you're comfortable with?

## **Peter Brereton**

It's something we sort of alluded to in the press release there. We're looking at sort of payout rates in the 30% to 35% range. As we look at growth, there is not a high capital requirement in this business, right. We're not building out our own datacenters to any great extent or that kind of thing. So really, as the business grows, the primary requirement for capital is working capital for accounts receivable. And since we typically run with a less than 90 days DSO, the simple math is that sort of 10% growth in the business means that AR is up by 2.5%. So when we look at sort of free cash flow as we're currently seeing, we're saying a 35% payout ratio still leaves us with a fairly rapidly fattening balance sheet over time.

## **Gabriel Leung**

That's great. Thanks a lot for the feedback, guys.

## **Operator**

Our next question comes from the line of Gianluca Tucci with Cantor Fitzgerald. Please proceed.

## **Gianluca Tucci:**

Hey, guys. Just a question on the short-term pipeline entering the second half of 2017. I mean are you seeing more traction on the healthcare side versus the complex distribution side or is it pretty split 50-50? Can you comment on the short-term funnel?

## **Peter Brereton**

The pipeline is at this point about two-thirds healthcare roughly and the healthcare side continues to be very strong. At the same time, I have to say we are delighted with where we're at on the complex distribution side. I mean we started that team really 18 months ago. They did 4.4 million in the first year. You know, here we are halfway through the year. They're already close to 5 million and in fact, they had another win in early November that now puts them past that. So it certainly looks as though that team has a shot at doing 10 million in bookings this year, which for their second year is, you know, excellent.

## **Gianluca Tucci:**

It's pretty impressive, yes.

## **Peter Brereton**

Yes, and I think bodes well in terms of that side of the business. I mean that side of the business has been flat for a number of years. We rewrote the entire product line in new technology and finished that, you know, about a year ago and what we're seeing is that there is, you know, significant market demand

for that product. So I think we're going to see the side of the business that's been flat for a number of years get back to some reasonable degree of growth now.

**Gianluca Tucci:**

Perfect. And then just secondly on the healthcare opportunity that you're seeing in the U.K. Can you comment on what excites you about that opportunity and how quickly it could be scaled from a healthcare perspective?

**Peter Brereton**

Yes, I mean we'll see how that plays out. I mean what's interesting about that is that we're seeing sort of the worldwide trend towards IDNs and they may call them differently in different regions. In the U.K. they talk about health trusts and in the U.S. they talk about IDNs and whatever, but it's all the same concept.

You take 8, or 10, or 15, or 20 hospitals and instead of every hospital trying to be all things to all people, you assign specialties to different hospitals so that they can have a deeper bench of specialization and so on. And then the hospitals end up working together from an administrative standpoint, billing, and of course supply chain.

So what had sort of started, really, I would say as a U.S. sort of trend, you know, 10 or 12 years ago has really become a worldwide trend. So to me that's the exciting part about the U.K. is to see that sort of that trend is continuing and the opportunity is becoming much more worldwide.

**Gianluca Tucci**

Perfect. And then off the top of your head, if you had this information, approximately how many IDNs are in the U.K. -- IDN equivalents?

**Berty Ho**

We understand that there is about 150 trusts - you know, health trusts so that would be the information we have.

**Gianluca Tucci:**

Perfect. Okay, guys. Thank you. I appreciate it.

**Operator**

Mr. Brereton, there are no questions at this time.

**Peter Brereton**

Great. Well, thank you very much everyone. Thank you for joining us and as always, if you have any additional questions, please feel free to reach out to us and we'll look forward to talking to you at the end of Q3. Have a great day. Thanks.

**Operator**

Ladies and gentlemen, that does conclude the conference call for today. We thank you for your participation and ask that you please disconnect your line.

\*\*\* END \*\*\*