SoundHound AI Acquires Amelia, Significantly Expanding Its Scale and Reach In Conversational AI Across New Verticals and Hundreds of Enterprise Brands

Amelia brings a strong legacy in enterprise AI along with customer service contracts from multinationals across finance, insurance, retail, and healthcare

SANTA CLARA, Calif.--(BUSINESS WIRE)--Aug. 8, 2024-- SoundHound AI, Inc. (Nasdaq: SOUN), a global leader in voice artificial intelligence, today announced the acquisition of Amelia, a leading enterprise AI software company. The business combination positions SoundHound AI as the foremost provider of voice and conversational generative AI, with reach across multiple industries – including retail, financial services, healthcare, automotive, smart devices, restaurants, and more.

This press release features multimedia. View the full release here: https://www.businesswire.com/news/home/20240808316868/en/



SoundHound AI Acquires Amelia, Significantly Expanding Its Scale and Reach In Conversational AI Across New Verticals and Hundreds of Enterprise Brands (Photo: Business Wire)

The companies will bring together decades of experience in conversational AI – and highly complementary product portfolios – to offer best-in-class, scalable customer service support to a vast spectrum of businesses. These include some of the very largest multinational enterprise brands, top 15 global banks, and Fortune 500 organizations, with the combined company spanning nearly 200 marquee customers.

For SoundHound AI, the deal marks a significant and strategic expansion of its existing customer service pillar, adding breadth and depth to a division that has seen substantial growth amid the accelerated adoption of voice and conversational generative AI solutions. The acquisition positions the company at the center of this burgeoning space, as enterprise spending on generative AI is forecast to gather more momentum, reaching between $175 billion and $250 billion by 2027 (McKinsey, June 2024). Customer service is identified as a key area for disruption.

Combination Synergies:

- **Leading Position In Conversational AI:** Combination of AI expertise, proprietary technology, complementary product offerings, and extensive cross-industry deployment gives the unified company a distinct competitive advantage in the burgeoning conversational AI space
- **Vertical Expansion Into Large Addressable Markets:** Introduces new, sizable vertical industries – massively increasing the combined company's addressable markets – with reach into industries such as healthcare, insurance, financial services, and retail, with the potential for more
- **Diversification of Customer Base:** Hundreds of large enterprise brands, with no single customer accounting for more than 10% of total combined revenue
- **Revenue and Cost Advantages:** Unlocks cross-selling and up-selling revenue opportunities, while SoundHound's proprietary tech and cloud migration is expected to create cost savings
- **New Monetization Opportunities:** Expansive voice commerce opportunities, from ordering food, to buying tickets, and making appointments from millions of devices powered by SoundHound AI
- **Integrations and Capabilities:** Deep integration with multiple large enterprise customers and channel partners as well as a global presence that includes a strong R&D center in Bangalore, India

Acquisition Financials:

- Purchase price of $80M in cash and equity, with partial payment and assumption of Amelia's debt, as well as future earnout potential aligned to revenue milestone achievements
- Combined revenue in 2025 is expected to exceed $150M, with Amelia contributing over $45M in recurring AI software revenue, plus other non-software revenues such as professional services and agent-related fees
- Transaction is expected to be accretive to SoundHound earnings in the second half of 2025, with meaningful revenue and cost synergies driving growth and profitability expansion in subsequent years
- At closing, the combined company holds approximately $160M of cash and $39M of debt

As well as accelerating and scaling SoundHound AI's customer service offering, this move also allows the company's vision of a voice commerce ecosystem to become more ambitious in its scope. With its recent acquisition of food ordering marketplace Allset, SoundHound AI began to expedite plans to bring voice transactions – like food ordering – to its range of voice-enabled products, including vehicles, TVs, and devices. Now Amelia brings new industries to this monetization pillar, with the potential to add consumer transactions across healthcare, financial services, and retail to the vision.

"SoundHound AI has emerged as a leader in bringing voice-enabled conversational AI to products and services. Now with more businesses choosing voice AI technology for customer service – and more consumers expecting a seamless, AI-powered service – this acquisition positions SoundHound as a strong force with range, scale, and world class technology," **said Keyvan Mohajer, CEO and Co-Founder of SoundHound AI.** *"Amelia is an innovative company that shares our passion for AI-fueled conversations. We are looking forward to leveraging our shared capabilities to offer the best AI customer support solutions available anywhere."*

"We're excited to bring Amelia's experience and relationships to SoundHound AI, bolstering the company's growing AI customer service business to form a new category leader in the space," **said Lanham Napier, President of Amelia and Co-Founder of BuildGroup.** *"With impressive penetration into a range of vertical industries, proprietary technology, and decades of combined AI experience, SoundHound is well positioned to take advantage*

of burgeoning interest in conversational AI customer support."

Alongside partner relationships built over 25 years, Amelia brings additional AI expertise to SoundHound, as well as new intellectual property, and the ability to effortlessly execute on a broader range of integrations with enterprise software. Amelia has a reputation for excellence in conversational AI, being recognized as a leader in the Gartner® Magic Quadrant™ for Enterprise Conversational AI Platforms for 2 consecutive years.

UBS Investment Bank served as the exclusive financial advisor to SoundHound.

Additional Information

In connection with the transaction, the Company is granting an aggregate of 3,738,317 restricted stock units (RSUs) as inducement awards to 350 Amelia employees in accordance with Nasdaq Listing Rule 5635(c)(4). The RSUs are being issued pursuant to the Company's recently adopted 2024 SoundHound AI, Inc. Employment Inducement Incentive Award Plan (the "Inducement Plan"), have been approved by the Company's Compensation Committee and are a material inducement for the retention of Amelia employees following completion of the merger. The RSUs begin vesting after one year of service and will vest monthly thereafter in equal installments through the fourth anniversary of the grant date, subject to the relevant employee's continued service to the Company on each vest date. Additionally, the Compensation Committee approved the granting of 949,450 RSUs to 26 new hires of the Company under the Inducement Plan. The RSUs, which are a material inducement for each employee entering into employment with the Company, begin vesting after one year of service and will vest monthly thereafter in equal installments through the fourth anniversary of the grant date, subject to the relevant employee's continued service to the Company on each vest date.

Learn more about SoundHound AI here.

About SoundHound AI

SoundHound (Nasdaq: SOUN), a global leader in conversational intelligence, offers voice AI solutions that let businesses offer incredible conversational experiences to their customers. Built on proprietary technology, SoundHound's voice AI delivers best-in-class speed and accuracy in numerous languages to product creators across automotive, TV, and connected devices, and to customer service industries via groundbreaking AI-driven products like Smart Answering, Smart Ordering, and Dynamic Drive Thru, an AI-powered multimodal food ordering solution. Along with SoundHound Chat AI, a powerful voice assistant with integrated Generative AI, SoundHound powers millions of products and services, and processes billions of interactions each year for world class businesses.

About Amelia

Amelia is one of the world's largest privately held AI software companies and a global leader in Enterprise Conversational AI. The company's technology is trusted by organizations across an array of industries to automate operations, improve customer experience and optimize business outcomes. Amelia's platform develops and deploys AI tools that manage critical tasks and processes, enabling employees to be more productive and deliver better results while reducing operational costs. Consistently recognized by third-party analyst firms including Gartner's Magic Quadrant 2023 as a market leader, Amelia has powered the voice operations of global Fortune 500 leaders. Backed by strategic investments from the Build Group and Monroe Capital, Amelia is headquartered in New York City and serves customers globally.

Forward Looking Statements

This press release contains forward-looking statements, which are not historical facts, within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," "continue," "likely," "will," "would" and variations of these terms and similar expressions, or the negative of these terms or similar expressions. These forward-looking statements include, but are not limited to, statements concerning our ability to implement our business strategy and anticipated business and operations, including our ability to successfully integrate Amelia and realize the benefits of the acquisition, and our expected financial performance, including our ability achieve our 2025 revenue forecast and be adjusted EBITDA positive by the end of 2025. Such forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by us and our management, are inherently uncertain. As a result, readers are cautioned not to place undue reliance on these forward-looking statements.

Our actual results may differ materially from those expressed or implied by these forward-looking statements as a result of risks and uncertainties impacting SoundHound AI's business including, the challenges and costs of integrating and achieving anticipated synergies and benefits of the Amelia acquisition and the risk that the anticipated benefits of the transaction may not be fully realized or take longer to realize than expected, our market opportunity and our ability to acquire new customers and retain existing customers, including customers of Amelia, and those other factors described in our risk factors set forth in our filings with the Securities and Exchange Commission from time to time, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. We do not intend to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

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