SoundHound AI, Inc. Second Quarter Conference Call Script

SoundHound Participants
Keyvan Mohajer, SoundHound AI, Inc., Co-Founder and CEO
Nitesh Sharan, SoundHound AI, Inc., CFO
Scott Smith, SoundHound AI, Inc., Head of Investor Relations

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Michael James, Latimore Northland Capital Markets, Research Division, MD & Senior Research Analyst

Scott Smith, SoundHound AI, Inc., Head of Investor Relations
Thanks, Jillian. Hi, everyone. Good afternoon, and thanks for joining our second quarter 2022 earnings call. With me here today is our CEO, Keyvan Mohajer and our CFO, Nitesh Sharan. We will begin with some short remarks before moving to Q&A.

We'd also like to remind everyone that we'll be making forward-looking statements on this call. Actual results could differ materially from those suggested by our forward-looking statements. Reported results should not be considered as an indication of future performance. Please refer to our filings with the SEC for a discussion of the factors that could cause our results to differ, including those described in our prospectus filed April 8, 2022, in connection with our business combination.

In addition, we may discuss certain non-GAAP measures. Please refer to today's press release for further details on the definitions, limitations and uses of those measures and reconciliations from GAAP to non-GAAP.

Also note that the forward-looking statements on this call are based on information available to us as of today's date. We disclaim any obligation to update any forward-looking statements, except as required by law.

Finally, this call in its entirety is being audio webcast on our Investor Relations website. An audio replay will be available shortly following today's call.

And with that, I would like to turn the call over to Keyvan.

Keyvan Mohajer, SoundHound AI, Inc., Co-Founder and CEO
Thank you, Scott. Before we get started, I wanted to welcome Scott Smith to the SoundHound team, our new Head of Investor Relations. Welcome, Scott.

And thank you to everyone for joining the call today. We are pleased to welcome you to our first earnings call as a public company. We celebrated our listing on NASDAQ under the ticker SOUN on April 28 of this year.

Today, we are excited to share with you our strong second quarter results. We grew our cumulative booking backlog by 3x compared to the prior year, and our monthly queries have more than tripled since early last year, showing that our technology is being adopted at an accelerated rate. SoundHound has spent many years building our foundation for this moment. We began this journey 17 years ago in a small dorm room at Stanford University, where my co-founders and I decided that within our lifetime, we should be able to talk to the computers the way we talk to each other, and we embarked on the journey to make that happen.

We know that now is the time to scale and that's exactly what we are doing. Earlier this year, we welcomed Zubin Irani as Chief Revenue Officer to our leadership team. Zubin brings tremendous experience to help us achieve our growth ambitions. We are ramping up our sales and service organizations and continue to invest in our R&D organization to rapidly expand adoption of SoundHound's voice AI technology. We have already expanded to almost 450 employees globally, and I want to take a moment to thank those that have been with us from the early days right up to our public listing. At the same time, I also want to welcome the many new and talented employees that share our passion and excitement about this new opportunity.

While we are aware of the macroeconomic environment and the high levels of uncertainty surrounding it, we believe it is the perfect time for our value proposition. Innovation around legacy voice AI technology is long overdue. At the same time, AI and business process automation resonates even more than ever in times like these. We also know that customers are rapidly pushing for the next evolution in how humans interact with technology, and consumer expectation for convenience are rising.

The world is in the process of becoming voice-enabled, and so it is unavoidable that the current status quo and the familiar shortlist of incumbent players needs to be reexamined. For too long, innovation around voice AI had been static. We believe we have taken it to the next level with the technology that is at the forefront of the next major disruption of computing: conversational AI.

When we unveiled our disruptive technology in 2016 after more than a decade of self-innovation, it caught the world by surprise. Some players even denied that it was real, and others have been trying to catch up to us for years and have not succeeded. Let me play a short clip from one of the earlier demos that highlights some of the unique strengths of our conversational AI technology.

(Demo)

Conversational AI is undoubtedly the future, and we believe SoundHound offers the only global, independent, cross-industry conversational AI platform. As you can see in our demonstrations, our technology is unmatched by the incumbent players, including the big tech. Our ambition and opportunity are to make conversational AI that is even better than humans in understanding, but as human and natural as possible in the way it responds and interacts, making people more productive and the world a better place.

We are in a unique position to maintain our leadership due to our core technology DNA and our track record to solve extremely difficult problems with our breakthrough inventions and constant innovation. Furthermore, while other players that are pure technology vendors are under constant customer pressure to lower their licensing fees and face the real risk of declining revenues. our unique 3-pillar monetization ecosystem that Nitesh will soon highlight puts us on a trajectory of increasing revenue per user and increasing adoption due to the revenue share with the product creators.

Let's summarize our unique positioning and opportunity. Natural language understanding is an especially challenging form of artificial intelligence. It is complex. It takes a long time to perfect and requires a full technology stack to deliver value. This creates a very high barrier to entry, which is why there are not many companies delivering conversational voice AI. With our proprietary Speech-to-Meaning®, Deep Meaning Understanding® and Collective AI® breakthroughs, along with our industry-leading cloud and edge offerings, we believe we have the best-in-class technology.

Our technology bridges 2 major industry gaps: legacy, inflexible, expensive competitors whose technology is outdated; and big tech players whose voice assistants overwrite other brand connection with the consumers and replaces them with hidden agendas and conflict of interest. The competitive and technological differentiation is why we win. We aim to power billions of devices and services. And rather than being a simple technology vendor, we help product creators innovate and monetize while delighting their users, which increases our adoption and revenue potential.

SoundHound's technology is already voice-enabling millions of cars, TVs, mobile apps, and IoT devices on a global scale—thanks to our extensive set of languages and international presence. We are doubling down on all these services as we ramp our go-to-market organization, thus enabling us to address the strong demand from our existing customers where we see tremendous opportunity to expand further. We are seeing robust demand from new and existing customers, and it is clear our technology is resonating and delivering on expectations. For example, in Q2, we announced a new 7-year agreement with Hyundai, and we entered into a new relationship with Square. Our momentum has continued with more recent announcements, delivering voice AI to the most popular Stellantis vehicle brands in Europe and entering in an agreement with LG Electronics.

Our business gained momentum in Q2 with cumulative bookings backlog increasing to $283 million, more than 3x year-over-year and making the third consecutive quarter of triple-digit

growth. We are clearly taking market share and driving exceptional growth at the same time. Our revenue grew by 43% from the previous quarter, and Nitesh will discuss our financial results in more detail shortly. Our user queries, one of the key measures of customer adoption into our conversational AI platform, was also up by triple digits year-over-year. And in just 1.5 years, our monthly queries have increased by more than 3x.

We are also seeing more penetration into new devices while we continue to expand with existing users. This expansive growth gives us confidence that we are continuing to deliver meaningful value to end consumers. We further continued our momentum with new products, enhanced new customer agreements, and added key relationships in Q2. For example, we launched SoundHound for Restaurants, an AI assistant that allows restaurants to automate the phone ordering process, addressing the twin challenges of staffing shortages and increased demand for takeout so that restaurants can take more orders and maximize sales. Not to mention that in the current environment, these businesses are seeing increasing wage pressure. The initial customer feedback has been extremely positive and additional customer interest is building rapidly.

We have already seen some well-known brands sign up and with interest with hundreds more. Together with this product launch, we announced our first POS integration with Square, which will allow restaurants to use SoundHound's automated conversational AI phone ordering with Square's thousands of point-of-sale systems. This is the start of a new tremendous market opportunity that we believe we are perfectly positioned to address. Voice-enabled food ordering is particularly challenging. It requires specialized speech recognition and complex natural language understanding, which match our key differentiators very well. This is clearly an amazing product market space, and the demand from restaurants is significant.

We have shown amazing success with the types of partners we have announced so far. And while we are strong—and while they are strong, it takes years to build that strong foundation. What excites me the most about SoundHound for Restaurants is that the time to customer adoption is extremely fast. We have already seen customers up and running in a matter of days, and this should only improve as we scale into thousands of customers. This new offering has great potential to make an impact in a much shorter time frame due to the shorter sales cycles and faster deployment rates.

One of those existing relationships where we are now seeing the strong foundation play out is with Hyundai. This quarter, we announced an expanded agreement with multiple brands and multiple languages around the world. The new agreement brings SoundHound's Edge+Cloud voice AI technology, music recognition software, voice commerce solutions, and multiple languages to Hyundai, Genesis, and Kia brands. The size and scope of this agreement will allow them to bring the power of voice AI to drivers in every class of vehicles in markets around the world.

Before turning the call to Nitesh, I would like to make a few closing remarks. In the first decade of our company's history, we worked tirelessly to create what we believe is the best voice AI

technology and platform. Since launching SoundHound's initial voice AI platform in 2016, we have radically evolved it, globalized it from 1 language to 25 and now have scaled it into major enterprises across several industries. Large brands such as Mercedes-Benz, Hyundai, Kia, Stellantis, VIZIO, Snap, and Pandora have helped build our foundation. We first extended this momentum with major announcements over the past several months, such as with Qualcomm, Netflix, Square, and LG Electronics, among others. We launched SoundHound for Restaurants, the first of many steps to enter the enormous voice commerce industry, creating a huge global advertising market for us.

While the macroeconomic environment has proved challenging for many companies, we are pleased that SoundHound is performing right on plan and delivering against our own expectations for the first half of the year. Therefore, we confidently reaffirm our 2022 revenue target, and the potential opportunity in front of us is only expanding, and we are aggressively moving forward.

With that, I will now turn the call over to Nitesh to talk about our financial performance for the quarter.

Nitesh Sharan, SoundHound AI, Inc., CFO
Thank you, Keyvan. I share Keyvan's excitement about our first earnings conference call as a public company and the opportunity for ongoing dialogue with all of you. With Q2's triple-digit bookings growth and strong customer engagement, we are building and executing on the foundation that will fuel our continued expansion.

Before going into the results for the quarter, I wanted to discuss our business model and how we generate revenue as my remarks will often reference this framework. For some of you, this may be repetitive, but it is very important, so I wanted to start here.

We breakout our revenue into 3 distinct pillars: product royalties, service subscriptions, and monetization. First, we get royalty revenue when we voice-enable products, such as cars, TVs, and the rapidly growing billions of IoT devices around the world. Second, we generate recurring subscription revenue when we voice-enable services like food ordering, appointments, voice commerce, and customer service. And third, we create monetization revenue when we connect those voice-enabled products with the voice-enabled services, such as if you were to order a coffee from a voice-enabled coffee shop by speaking to your voice-enabled car on your commute to work. This natural, seamless interaction unlocks value to all parties involved.

The sale generates revenue for the coffee shop, and we share the revenue that we receive from the transaction with the product creator, or car manufacturer in this example. Most importantly, you get your morning coffee exactly when and how you want it.

These 3 revenue pillars create a network platform effect that compounds, expanding our addressable market and increasing customer adoption. The monetization pillar extends voice AI from a valuable cost component to a new incremental revenue-generating pathway for

customers, meaning, the unit economics become increasingly more attractive as the ecosystem scales and expands. This is the business we have been building. Today, our revenue is more heavily weighted to pillar 1, and that will continue to expand. We already see contributions from pillars 2 and 3, and we see tremendous upside potential.

Now let me move into the Q2 quarterly financial performance. We closed the quarter with a strong cumulative bookings backlog of $283 million, representing a year-over-year growth of 207%. The contracts underlying our backlog range from 1 year to more than 7 years with a 4.5-year weighted average contract length. Our long-term relationships highlight the confidence and commitment our customers have when working with us in partnership to build the future together.

In Q2, we generated $6.2 million in revenue, up 43% sequentially from Q1 2022. Prior year Q2 results were impacted by onetime revenue derived from a customer upon the early conclusion of professional services contract, which added $4.3 million to last year's result. Adjusted for that impact, Q2 this year had a 56% year-over-year growth. Revenues were predominantly driven by product royalties where we continued to scale units and also saw expanding average price per unit.

Our gross margin improved to 60% or up 100 basis points sequentially. Adjusting for that onetime impact in last year's results that I just mentioned, our gross margin was consistent with the prior year Q2. Cost of revenues for the quarter was $2.5 million, up 40% sequentially and up 53% from the prior year. The majority of our cost of revenue is associated with data center costs supporting our customers. Those were impacted in the quarter by our migration across cloud vendors. We are expecting to complete the migration this year, after which we expect margins to expand both over the short and long-term from this and as we further realize economies of scale.

Our operating expenses have historically been heavily weighted towards R&D as we have built our voice AI platform and deep patent portfolio. We are now also ramping up our sales and marketing investments to accelerate growth. At the same time, we continued to solidify our general and administrative functions as a newly public company. Across our operating expenses, noncash employee stock compensation was $7.9 million in Q2, up sequentially and versus the same prior year period due to increased headcount and other adjustments associated with becoming public. In Q2, R&D was $18.9 million, up 35% year-over-year. We continue to expand our headcount and discretionary spend. We will continue to invest in R&D as we move forward to ensure we remain at the forefront of innovation while also helping to develop and scale new products and services.

Sales and marketing expenses were $4.4 million, up 334% year-over-year off a small base. This is a primary area of investment as we grow the team to drive improvements in lead generation, new customer acquisition, expansions into new verticals and ultimately, market share capture. General and administrative expenses were $9.4 million, up 127% year-over-year. This includes headcount growth and non-headcount spend across our global functions to support the

operational activities needed as we scale the public company. We expect this to expand over the next 12 to 18 months and then start to become a source of leverage on the P&L.

Our operating loss was $28.9 million in Q2, an increase from the prior quarter. Adjusted EBITDA, which excludes the noncash charges of stock compensation, depreciation and amortization, and other nonoperating activities, was a loss of $20.4 million.

Net loss per share in Q2 was $0.19. Please note that the 162 million weighted average shares outstanding used in the quarterly EPS calculation are impacted by our transition going from private to public. And as of June 30, our ending share count was approximately 197 million shares.

Our cash on hand at quarter end was $65 million. Our business model is capital-light, so the P&L results largely flowed through to free cash flow. That said, we are a newly public company and investing for growth. To do that, we are leveraging the proceeds we received from going public in April while continuing to infuse new capital.

Moving to guidance now. As we messaged last quarter, we believe offering annual revenue guidance is most appropriate given our rapidly evolving industry and significant growth potential. We are delivering on near-term commitments while focusing on the long-term potential in front of us. As such, for full year revenue 2022, we reaffirm guidance and continue to expect revenue in the range of $27 million to $33 million. This expectation has not changed since we first communicated it well before the market dislocations of this year, and we continue to feel confident in this outlook.

In closing, given where we are as a business, progress will not always be linear, but our current momentum is unquestionable. We are excited to be at this juncture and extremely excited about our path forward. Thank you, and we will now move to Q&A.

Michael James Latimore, Northland Capital Markets, Research Division, MD & Senior Research Analyst
Congrats on getting public here. So, the bookings were very, very strong, and it seems like you've almost hit your goal for the year there. I guess the -- I'm thinking the momentum would continue to carry through the second half of the year here. So, I guess how are you thinking about bookings trajectory throughout the rest of the year?

Nitesh Sharan, SoundHound AI, Inc., CFO
Yes. I'll start with that. So first, I'll say that we -- I'll make a comment on guidance, and I'll give you a little more color commentary on the bookings, if that's all right. So, as I noted, we've sort of established that we think giving revenue guidance on an annual basis is probably the best way to translate how the bookings will flow through. And so, again, we continue to feel confident of that outlook that we just provided of $27 million to $33 million. As you noted also, we're very pleased with the bookings results through Q2, $283 million, up 3x from prior year, just indicates strong momentum and strong conversations that we're having with customers.

So, while we're not articulating exactly where we expect to end the year, we're having a lot of great conversations with existing customers on how we expect to potentially expand across regions, products, brands where, as we noted in the prepared remarks, the second pillar, services offerings particularly with respect to food ordering and the SoundHound for Restaurants offering, we're seeing tremendous traction. Our sales team, now that it's scaling significantly has been on the ground, talking to a lot of customers, a lot of restaurants. And there's just almost insatiable demand for what we're providing to them, particularly in this backdrop of labor pressures, wage pressures. It's a solution just very well suited for what they're looking for. And so really, we have a backlog of people trying to get onboard, and we have work to get them through the funnel and on.

So, we're feeling great about the momentum. I would lastly say that bookings are one indicator. I know, Mike, you know this, but just more broadly, I'll say that bookings represent sort of pillars 1 and 2 when we voice-enable product and we voice-enable services. They capture that. We're bringing these ecosystems. Having a lot of great conversations and bringing those together through monetization and these are not reflected in revenue. So, monetization is not reflected in bookings. So that will actually just naturally flow through without hitting the bookings number. So, I didn't mean to dance entirely off your question, but hopefully that gives some context and color commentary on that.

Michael James Latimore, Northland Capital Markets, Research Division, MD & Senior Research Analyst
For sure. Super helpful. I think you said also that the price per unit was going up a little bit. I guess, one, did you say that? And two, is that specific to royalties? Or does that include all 3 pillars here?

Nitesh Sharan, SoundHound AI, Inc., CFO
So, I did say that. I said average price per unit we saw go up in Q2. We've actually seen it continue to sort of go up. And my comment was generic. But I could tell you that most of our revenue is in product royalty, so it was applicable to product royalties. And the composition of that is multifold. Number one is we're, again, expanding across customers, across product sets. We've had a long steady track record on cloud solutions. We are bringing cloud hybrid and, Keyvan mentioned, sort of edge products. They all have different compositions of pricing per unit. But as we are just scaling and we're seeing both units grow and price per unit grow. So that's a good constructive signal and sort of indicative of what we see in the model and what we expect going forward.

But I think it's also important, I didn't want this to be hidden in the prepared remarks either, but we also are cognizant that we think it's one of the strengths of our business model because I think there are other, I'll just say, peers out there who -- the solution is just a cost component to their customers and they feel pressure because they're constantly having conversations about how do I bring the cost of goods down with their customer. We're having a very different set of conversations. It's about, obviously, providing a better solution ultimately to

their customers. But as well, it's about bringing solutions that can actually help realize greater value and ultimately for us, that's increasing revenue per user. And that's why we believe it's not just distinctive tech here. It's also positioning and business model differentiation that gives us confidence to where we're going.

Michael James Latimore, Northland Capital Markets, Research Division, MD & Senior Research Analyst
Yes. Okay. Great. And then I know you've hired a CRO, and he's been hiring salespeople. I guess how many salespeople are you up to now? Or how many do you want to get to by year end?

Nitesh Sharan, SoundHound AI, Inc., CFO
I'll touch on maybe the numbers briefly, and then I'll let Keyvan add more on the excitement we have with Zubin onboard and what he's been doing to his team. So, as I mentioned year-over-year at least, the numbers are up 3x in sales and marketing. So, we're investing not just on the sales side, but also in marketing. I think you've illuminated in your research how sort of even with the limited business development team previously, we were still able to get pretty sizable deals and now with Zubin onboard, really scaling that significantly. So, we aren't breaking out the per sales. But overall, our company is growing. We're at about 450 people. The sales team that used to be sort of single digits is growing well into the double digits, moving towards the tens of sales folks. But beyond that, it's also lead generation and marketing investments that you're doing.

So, we're starting to get traction early. But the other point I'll raise is just the things we're going after, 2 large enterprise deals concurrent with like small, medium-sized restaurants that we're addressing a lot of different areas and what he's attacking, which gives us excitement. Maybe with that, I'll let Keyvan add.

Keyvan Mohajer, SoundHound AI, Inc., Co-Founder and CEO
Yes, I would add and highlight that a lot of our historical booking's success came from these long-cycle deals, which are amazing when you close them, but they do take a long time to achieve them. And we will continue to invest in that as pillar 1. But in pillar 2, the cycles are a lot faster. So, you could go from the meeting to being live with the customer. It could be on the same day. And that's super exciting because we are seeing that. I mean that's what we predicted when we designed that strategy, but now we are actually seeing it live in the market.

Brett Anthony Knoblauch, Cantor Fitzgerald & Co., Research Division, Research Analyst
Congrats on getting the first quarter on the books. I was just wondering if you can maybe walk through how we should think about bookings and that backlog flowing through to revenue. What needs to be met? Is the entirety of bookings consisting of noncancelable, I guess, contracts that have been signed? I guess any insights on how we should think about that flow-through, call it, over the next year or 2 or 3 years?

Nitesh Sharan, SoundHound AI, Inc., CFO

Yes. Thanks for the question, Brett. Maybe let me try to characterize it this way, and then maybe I'll give some other color commentary, if that's okay. So first, I mean, I'll just make the statement, our strong bookings backlog sets us up well for future revenue. In our view, bookings are a conservative measure of our success and doesn't include all of the revenue components, such as monetization. Bookings, they represent committed contracts with large enterprise customers, basically, pillar 1, product royalties; and pillar 2, subscription services. And they're based on minimum guarantees where applicable and customer volumes where we have confidence in such forecasts. And we might get them from the customers directly, and we may hedge them down if we don't believe they're conservative. Any overages that we see, which we do see in our contracts by the way, those just flow straight into revenue. And therefore, it's further upside.

But to give you a composition of the $283 million of bookings that we have, their average length is about 4.5 years. And there's a skew to the latter half of that, but they range from 1 to 7 years. But that's the average is 4.5 years. So, in other words, we expect to realize those bookings into revenue over the next several years. It just won't happen ratably. And then I think maybe I'll add, because of these dynamics, and I appreciate where your question is going, we decided that given revenue guidance, it was the best way to provide the best visibility of what we're seeing and how that's rolling into the P&L over the near term. And we expect, frankly, to continue to share annual revenue guidance as we go forward.

Maybe last comment. I'll just say we are scaling and I hope this isn't too duplicative, but we're scaling into new verticals across new product offerings, expanding across geographies. Most important for us is to focus our efforts on building each opportunity thoughtfully in a structured manner. So new revenue streams that we build may have different financial profiles. For example, annual subscription revenue is very different than the nature of royalties that we get and these long-term enterprise contracts that are committed, as you noted. And it's different from, like I said, when we sign up a restaurant on a recurring basis. And so, we'll keep evaluating which measures make the most sense. And as we scale in different components, we'll happily keep calibrating and making sure that you're getting the right information. But hopefully that gives a little bit of color commentary on that.

Brett Anthony Knoblauch, Cantor Fitzgerald & Co., Research Division, Research Analyst
Sorry, I was on mute. But I guess just to add another question, could you just elaborate on what the $4.3 million was in the compare period, the early termination of professional services? I guess what happened there? Why was there a termination? Any additional color on that?

Nitesh Sharan, SoundHound AI, Inc., CFO
Sure. I'll start, and Keyvan can add more color. We had a contract modification actually with an existing customer. The customer effectively sort of had a pathway they were going towards and then ultimately sort of shifted gears, and we continued to work on expansion with them. But the existing contract was basically that we concluded the professional services. The cash was collected. The termination clause said we sort of recognize revenue at that point in time versus

spreading over a longer period of time. And we are working on other stuff with them. So that was the context. It was sort of a lumpy impact to the prior year quarter in Q2.

John Anthony Katsingris, Wedbush Securities Inc., Research Division, Research Analyst
This is John Katsingris on for Dan Ives. So, we've seen enterprises start being a bit more selective with capital due to increasing costs due to inflation. Have you witnessed any potential slowdowns in the pipeline? Do you expect anything along those lines or any rapid acceleration of bookings?

Keyvan Mohajer - SoundHound AI, Inc. - Co-Founder and CEO
Yes, I'll start, and Nitesh, you can chime in. We've seen the opposite, in general, mostly because we are in AI and automation business. And that really resonates in markets like this when people are either trying to save costs or increase their revenue or become more efficient where staffing is -- that challenging with staffing. For example, the SoundHound for Restaurants product, restaurants aren't able to pick up their phone. And when they do pick up the phone, the customer experience is not very good. So that solution is resonating with them. We have actually a waiting list for restaurants that want to sign up for that service.

And then if you look at what's happening in the automotive industry or other devices like TVs and so on, the team is increasing revenue from those products as opposed to how it used to be you sell the device and your relationship ends with the end user and you have low margins. But if you can monetize the user interaction, that's a new paradigm that a lot of device companies are signing up to. And we are a big part of that solution because the voice AI interface to these devices, we bring services with our 3-pillar models, and we provide a path to generate revenues while delighting the users. So, the market conditions actually help our business.

Nitesh Sharan, SoundHound AI, Inc., CFO
Yes, I mean, I might just add a couple of brief things. I mean I think the pathway we've been on certainly for the past year and leading to this conference call as a public company, the fact that I highlighted that we're maintaining our expectations, we're able to deliver against that in a sort of macro environment where a lot of things have happened over the last 9 months, to say the least, from inflationary pressures to geopolitical dynamics and so forth.

And I'd chalk it up to, one, laser focus from the team and commitment to delivering on our customer commitments. I also believe it has to do with we're delivering solutions and to amplify what Keyvan said, we're delivering solutions that customers really need and want. And I'd say, in a lot of ways, they're fed up with the status quo and incumbent opportunities that they have. And when they see our technology and they understand how it can help amplify their solutions, they're continuously sort of attracted to continue to engage with us and work with us and buy from us.

And so we're scaling and innovating and in a recessionary environment, in a difficult environment, we have a strong value proposition. But even longer through whatever business cycle, it's about creating a much more seamless interaction of how humans interact with

technology. We believe it's the next modality that will really step function change how we interact with technology that is becoming more and more pervasive in our world. And so we just think we're really well suited to deliver on these decade plus of great innovation that Keyvan and co-founders and the team here have built. So we're excited.

Keyvan Mohajer, SoundHound AI, Inc., Co-Founder and CEO
Thank you. When we founded SoundHound, we have a vision to see conversational AI in our lifetime, and we are now a leader in this space.

We have made a series of significant technological innovations, and we are now focused on rapidly scaling our business. With our Speech-to-Meaning, Deep Meaning Understanding and collective AI breakthroughs, we believe we have a competitive and technological differentiation.

Conversational AI is, undoubtedly, the future. And we have the only global, independent, cross-industry conversational AI platform. That is why we win.

With that, I thank you for participating in our call today.