



BlackBerry Limited

Fiscal Year 2020 Third Quarter Results

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C O R P O R A T E P A R T I C I P A N T S

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P R E S E N T A T I O N

Operator:

Good morning, and welcome to the BlackBerry Fiscal Year 2020 Third Quarter Results Conference Call. My name is Jack and I will be your conference moderator for today's call. During the presentation, all participants will be in a listen-only mode. We will be facilitating a brief question-and-answer session towards the end of the conference. Should you need assistance during the call, please signal a conference specialist by pressing star, zero. As a reminder, this conference is being recorded for replay purposes.

I would now like to turn the call over to Christopher Lee, Vice President of Finance. Please go ahead, sir.

Christopher Lee:

Thank you, Jack. Welcome to the BlackBerry Fiscal Year 2020 Third Quarter Results Conference Call. With me on the call today are Executive Chairman and Chief Executive Officer John Chen and Chief Financial Officer Steve Rai. After I read our Cautionary Note regarding forward-looking statements, John

will provide a business update and Steve will then review the financial results. We will then open the call for a brief Q&A session.

This call is available to the general public via call-in numbers and via webcast in the Investor Information section at BlackBerry.com. A replay will also be available on the BlackBerry.com website.

Some of the statements we'll be making today constitute forward-looking statements and are made pursuant to the Safe Harbor provisions of applicable U.S. and Canadian securities laws. We'll indicate forward-looking statements by using words such as "expect," "will," "should," "model," "intend," "believe," and similar expressions. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are relevant. Many factors could cause the Company's actual results or performance to differ materially from those expressed or implied by the forward-looking statements, including the risk factors that are discussed in the Company's Annual Information Form, which is included in our Annual Report on Form 40-F and in our MD&A. You should not place undue reliance on the Company's forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, except as required by law.

As is customary during the call, John and Steve will reference non-GAAP numbers in their summary of our quarterly results. For a reconciliation between our GAAP and non-GAAP numbers, please see the earnings press release and supplement published earlier today.

I will now turn the call over to John.

John Chen:

Thanks, Chris. Good morning everybody and welcome to our call. As a reminder, I will be referencing non-GAAP numbers in my summary of quarterly results unless otherwise stated.

I'll start. I'm encourage by our progress in the third quarter as revenue grew sequentially in all of our Software businesses. The total company revenue was \$280 million, growing 23% year-over-year. Total Software and Services was \$275 million. It grew 26% year-over-year. This is a new record high for the quarter. We also recorded double digit percentage billings growth in the same period.

Software and Services revenue growth excluding Cylance, was 9% sequentially.

Earnings per share came in at positive \$0.03 and reported free cash flow was a positive \$37 million. We continue to invest in product development and go-to-market to drive long-term sustainable growth.

Let's move to the business segment and provide you some commentary. Let's start with the IoT business. IoT revenue grew 8% sequentially. Within IoT, both BTS and ESS, the Enterprise Software Solutions, reported sequential growth in billings and revenue. In BTS, QNX, the largest part of BTS, continued to perform well. In the quarter, we had a total of 31 design wins of which 11 were in the Automotive market and 20 were in the general embedded market. Within the general embedded market, we are experiencing good demand in the industrial vertical. As noted last quarter, growth in the general embedded market has been a stated strategic objective and priority for us this quarter—this fiscal year, sorry, this fiscal year. There were several very positive developments in the quarter that align with BlackBerry QNX's strategic goals of increasing ARPU and volume in the Auto sectors. These developments also extend our market leadership in Automotive. I'd like to share a few of them with you.

First, I will highlight Hyundai Autron, a leader in electronic control software, has selected BlackBerry QNX for two design wins. One is in the ADAS design, which is Advanced Driver Assist, and as well as their autonomous driving platform. This is a meaningful Tier 1 relationship, that provides BlackBerry QNX an opportunity to work directly with Hyundai. Hyundai happens to be the sixth largest auto OEM in the world and we also could extend the work with its affiliate for the first time.

In addition to winning the traditional OEMs, we are also winning with emerging smart-ups. Chris has sneaked this word in here. Smart-up, like smart start-up. Anyway, as an example, Arrival, an electric commercial OEM based in the U.K. has chosen BlackBerry QNX as a safe and secure foundation, again for the ADAS features in the self-driving vehicles.

In the quarter, we also entered into a partnership with ETAS, to develop a safety critical platform using AUTOSAR Adaptive Standard. Bosch, the world's largest automotive supplier and the parent of ETAS, decided to join forces with BlackBerry to develop this common software platform that would enable the production of safe and secure connected and autonomous vehicles for the future.

Let me give a brief update on the Radar business. In the quarter we added 15 new customers—one-five—including an initial order of 2,000 units from CP Rail. We were very pleased with that, obviously, and we had repeated purchases from a number of our customers including Lowe's, Flexivan and Bimbo Bakeries. We are also starting to explore expansion in Europe and the Middle East arenas.

Now a few comments on our Enterprise Software and Services business progress. The sales team is getting back into form and operating with better discipline and accountability. The team has restored a normal cadence in managing the pipeline and converting the pipeline to billings. As a result, our pipeline increased nicely in both number of opportunity and dollar size since the second fiscal quarter.

Revenue for UEM, AtHoc and Secusmart all grew sequentially. These included contributions for our new continuous authentication product, BlackBerry Intelligent Services; we named it BIS. BIS is gaining traction in the market as evidenced by high profile wins such as the Department of National Defence in Canada and Julius Baer Group. Julius Baer Group is one of the oldest and largest banking institutions in Switzerland, and as a reminder, we only released this product in August.

Next on the customer front, our regulated industry business remains healthy and stable. We had a number of new logo wins in the competitive situations across federal government agencies worldwide, including in Canada, Germany, Panama, Poland, Romania, Saudi Arabia, as well as United States. Furthermore, in the United States state agencies, we won the Alaskan Army National Guard and the California Department of Technology, just to name a few. We also achieved notable progress in the financial services and energy verticals with wins like Bank of China, Mizuho Bank, Great Eastern Life Assurance. Great Eastern Life Assurance happens to be the largest life insurance company in Singapore and Malaysia. We also won Scottish Power. I'm obviously naming just a few of our new wins.

On the U.S. national security front, we partnered with CACI International and to provide a first secured and certified mobile communication applications utilizing BlackBerry's SecuSUITE secure voice and secure text technology. The initial target market will be more than 4 million United States government issued cell phones. Our application meets the NSA's stringent Commercial Solution for Classified program requirements and it's the only solution of its kind in the FedRAMP certification.

Lastly, on the product front, we introduced CylancePROTECT for mobile endpoints. This mobile threat defense, which we now refer to from now on as MTD—this MTD product integrates AI endpoint security capabilities from Cylance and for as well as the endpoint management functionality from UEM. This second generation MTD product which we delivered only eight months after the close of our acquisition

demonstrates the collaborative teamwork of the two development teams. The teams worked very well together to execute a common product roadmap and shared the same vision. We have a total of 14—four—14 beta customers, which includes several top multinational financial institutions and notable telecommunication companies. They all have shared very positive feedback. In fact, we received our first customer order during the quarter.

Spark, our secure IoT platform, is progressing well with the addition of those two products, the MTD product I just mentioned and the BIS product I mentioned earlier.

Moving on to our Licensing business, revenue increased double-digit percentage year-over-year growth, which is slightly ahead of our expectations for the quarter. We maintain the full-year outlook that we provided last quarter for our Licensing business.

Now on to the BlackBerry Cylance business. Revenue increased 13% year-over-year—one three. ARR was \$171 million, up 15%—one five—year-over-year. Our dollar-based net retention rate was 99%. And we ended the quarter with 20% year-over-year growth in active subscription customers. We anticipate stronger growth in the future as we have now released an enhanced endpoint detection and response—the EDR technology—product, and as well as a single agent platform. The lack of these features in the past had prevented us from winning more deals as well as the larger size deals, of course until now.

By adding BlackBerry resources, we were able to deliver both products at the end of the third quarter, which are the OPTICS 2.4, which is the EDR product that I mentioned earlier—shipped in October this year—followed by the release of our single agent platform—our internal code name called Cocoon—last month. These new products improved our capacity to address our customers' cybersecurity needs across the entire spectrum.

Cylance's endpoint security is best known for its AI-driven prediction and protection. Our team has won a number of new deals in competitive environments with the enterprise-sized customers. I will name a few for you. Such as the AmBank Group in Malaysia, the International Container Terminal Services in the Philippines, the AES Corporation, Deloitte and Molex in the United States.

In the quarter, we also released our Managed Service offering, CylanceGUARD. Market demand and pipeline has been strong, especially in the SMB, small medium business sector. The complete offering of these products and services will no doubt help drive stronger revenue growth next year.

Before I turn the call over to Steve, let me make a couple of comments regarding the Cylance integration. We continue to be ahead in the joint integration efforts. We are achieving the product development synergies we discussed when we announced the acquisition, including the MTD product which I discussed earlier that uses the—as well as takes the QNX and Cylance technologies together, both of which will be demonstrated at CES in three weeks.

Both customers and industry analysts have told us our product meets the needs of a large addressable market of both fixed and mobile endpoints where management and security for endpoints are now converging. We are now ready to increase sales and marketing synergies as well as partner cross-selling.

Given the operational efficiency gains so far, we remain comfortable that Cylance will be accretive in Fiscal 2021.

With that, let me turn the call over to Steve Rai to provide more details about our financial performance.

Steve Rai:

Thank you, John. My comments on our financial performance for the fiscal quarter will be in non-GAAP terms, unless specified otherwise. Also, please refer to the supplemental table in the press release for the GAAP and non-GAAP details.

We delivered third quarter non-GAAP total company revenue of \$280 million and GAAP total company revenue of \$267 million. I will break down revenue shortly.

Third quarter total company gross margin was 77%. Our non-GAAP gross margin includes software deferred revenue acquired but not recognized of \$13 million and excludes restructuring costs of \$3 million and stock compensation expense of \$1 million.

Operating expenses of \$195 million were up sequentially by \$2 million, as we managed spending while continuing to invest in product development and go-to-market. Our non-GAAP operating expenses exclude \$35 million in amortization of acquired intangibles, which represents about \$0.06 of GAAP loss per share. Additionally, our non-GAAP operating expenses exclude \$14 million in stock compensation expense, \$4 million for software deferred commissions expense acquired, \$7 million in restructuring costs, and a benefit of \$20 million related to the fair value adjustment on the convertible debentures.

Non-GAAP operating income was \$20 million and non-GAAP net income was \$17 million. Non-GAAP earnings per share was \$0.03 in the quarter.

Our Adjusted EBITDA was \$38 million this quarter, excluding the non-GAAP adjustments previously mentioned. This equates to an Adjusted EBITDA margin of 14%.

I will now provide a breakdown of our revenue in the quarter.

Total Software and Services revenue was \$275 million, representing 98% of total company revenue broken down as follows: IoT accounted for 52% of total revenue; BlackBerry Cylance accounted for 19% of total revenue, and Licensing accounted for 27% of total revenue. Other revenue of 2% is solely comprised of service access fees. Service access fees were \$5 million, down from \$9 million or 44%, year-over-year. Service access fees were expected to decline given the continued wind-down of this legacy business. Recurring Software and Services revenue, including BlackBerry Cylance, was above 90% in the quarter.

Now, moving to our balance sheet and cash flow performance, total cash, cash equivalents and investments were \$970 million, which increased by \$32 million from the previous quarter ended August 31, 2019. Our net cash position was \$365 million at the end of the quarter. Free cash flow, before considering the impact of acquisition and integration expenses, restructuring costs and legal proceedings, was positive \$41 million. Cash generated from operations was \$40 million and capital expenditures were \$3 million.

That concludes my comments. I will now turn the call back to John to provide our financial outlook.

John Chen:

Thank you, Steve. For Fiscal 2020, we are comfortable with the current consensus estimates for the total company which is approximately \$1.1 billion in non-GAAP revenue and \$0.06 in non-GAAP profitability. However, based on the year-to-date performance, we expect to do better than the \$0.06 in the non-GAAP profitability. Our current forecast indicates more like \$0.08 of earnings per share in Fiscal 2020.

On a longer term basis, we are executing upon our strategy of being the trusted provider of secure communication for endpoints. Our customers and industry analysts agree that the endpoint management and securities markets are converging and customers demand better solutions to combat increasing security threats to an expanding set of diverse endpoints. All of these efforts this year, including the acquisition and the integration of Cylance, are to position BlackBerry as the leader in this emerging market. BlackBerry has the assets to solve the industry problems and we are already delivering relevant products such as the zero-trust platform and AI for security as well as many other different products. We believe that we could be a winner in this fast growing \$20 billion-plus market. We look forward to discussing more of our plans and the FY21 financial outlook at our next Analyst Day which happens to be April 21 in San Ramon.

I will now open the call for Q&A. Jack?

Operator:

Certainly. We will now begin the question and answer session. To ask a question, you may press star, one on your telephone keypad. If you are using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, press star, one to ask a question. We'll pause for just a moment to allow an opportunity to signal for questions. Steven Fox with Cross Research, your line is open.

Christopher Lee:

Hey Steven.

Steven Fox:

Hi. Good morning everyone.

John Chen:

Good morning.

Steven Fox:

A couple of questions, if I could. First of all, John, you mentioned that the UEM revenues rose quarter-over-quarter but I didn't quite get the details behind that in the quarter. Can you maybe just provide some colour as to what drove the sequential increase? Then looking ahead to the fourth quarter, it looks like you're looking for some further sequential increases in revenues. Can you talk about where you're most confident in revenues growing fourth quarter versus third quarter? Then, I have a quick follow-up.

John Chen:

Okay, great. Thank you, Steven. Yes, the UEM product we just happened to—if you think about it, a quarter ago we signalled that the pipeline is still strong. We had a little bit of conversion problems—that was in Q2. Q3 we have much better focus on converting the pipeline to revenue and so we are fortunate to close a number of businesses that we were expecting. It's really general UEM as well as the customer be impressed with the products and the roadmap and security, especially the BlackBerry Intelligent Security Solutions which are quite slick, if I say so myself.

The combination of really a better focus as well as the ability to deliver the roadmap, especially above industry category or calibre of security help us drive more business. And yes, we expect to see a continuous strengthening of that in Q4.

Steven Fox:

In UEM in particular?

John Chen:

Yes. UEM, yes.

Again, all three businesses have done well. I mean all three components of the Enterprise Software business which was Secusmart and AtHoc. Secusmart are more government based. We have a number of pilots going. We have got the very committed partners in CACI which is helping to be one of the largest system integrators in the United States federal government as well as in the AtHoc space. The AtHoc space we see a lot of opportunities obviously, not only the federal space but as well as the state and education sector.

Steven Fox:

Great. That's very helpful. Then just a quick follow-up, you mentioned momentum now building with QNX on the non-auto side and you mentioned industrial. What is the timeline for turning some of those wins into revenues? Is it much different than auto? Can you just comment on that?

John Chen:

Yes, it should be faster than auto. The design win could go into production a lot sooner and go for a development cycle and then deliver in the production a lot sooner because if you notice the auto business, you have to win the design win with the Tier 1 and the OEM and then they would then incorporate it into the design of the car and then the car comes out in a year or two later, so there is a period in there of at least two to three years that you see a lull in the revenue and then it goes up as they ship it. In a GEM market, the cycle to the market is a lot faster than the auto sectors.

Steven Fox:

Okay. All right, thank you very much.

John Chen:

Sure. Thank you.

Operator:

Gus Papageorgiou with PI Financial, your line is open.

Gus Papageorgiou:

Good morning. Thanks for taking my question.

John Chen:

Hey, Gus.

Gus Papageorgiou:

I also just wanted to focus on the QNX progress outside the auto vertical. Can you just talk a little bit about the ASPs in that vertical versus the auto? I know that in auto there's several QNX modules that go into a—potentially several modules that go into a car, but if you look at the non-auto, can you compare the ASPs there? I guess, can you just kind of highlight what industries you're having success in?

John Chen:

Yes. A quarter ago, we were having success in the energy sectors and I would say, Gus, I didn't really focus on the ARPU or the ASP, but kind of an educated guess on my part, the numbers are probably a little lower on an ARPU basis, however, the volume is going to be a lot higher. So I would think overall revenue on a constant runway basis will probably be higher than the auto sectors.

By the way, I forgot also the medical sector.

Gus Papageorgiou:

Over what timeline do you think, John, you'd see the non-auto would eclipse auto revenue?

John Chen:

As I said earlier to Steven, the timeline for the GEM is going to be faster, the gestation period is going to be faster—on the revenue is going to be faster than the auto side.

Gus Papageorgiou:

Great. Thank you very much.

John Chen:

Sure.

Operator:

Daniel Bartus with BofA Securities, your line is open.

John Chen:

Hi Dan.

Daniel Bartus:

Hey guys, thanks for taking my question.

John Chen:

Sure.

Daniel Bartus:

First, I just want to ask about Cylance. It's great to hear about the new EDR update, but can you give us a sense of how much of the customer base already buys EDR. Obviously, just curious about how significant of an upsell cycle that could be.

John Chen:

It's interesting. In general—this is a generalized statement. In general, the SMB market are more focused on EPP. The very large institutions are more focused on EDR. There has always been, even prior to BlackBerry involvement, there's always been that tug of war in the market, is EPP which is protection more important than remediation, detect and remediation? This is kind of the ongoing discussion in the industry.

The good thing about this quarter is we finally just put that discussion to rest. We just—we will provide whatever the customer would want. We have the best EPP technology the market acknowledged, and now we have a very strong EDR as well as single install. The other thing about the single agent was also a factor that customers find it tedious to do multiple installs, so we could now do one and then we also added Managed Service.

So, a very strong lineup and so it serves all spectrums of the market, the very large which have literally thousands of people, like banks, you'd be familiar. Then you have the very small SMB market which volume-wise is quite high but this 10, 100, 1,000 uses type. EPP, depending on what sector you're talking about, they have a little bit of bias between EPP and EDR. The good news about us is we eliminate the bias; we don't need to worry about that any more. People want EPP? We are about the best there is in industry.

Daniel Bartus:

Great, that's helpful. Then for my quick follow-up, on Licensing, could you just talk about if the recurring level is starting to grow and is that a story for next year perhaps? Maybe, in general, if you could just give a little bit of colour on what continues to drive the outperformance on the Licensing. Thanks.

John Chen:

Yes. The recurring part, we kind of pretty much maintain relatively steady, roughly about \$160 million a year. Then the total number bounces around about \$250 million, and so there is a lot of opportunity to do Licensing business. It's just a little bit hard to predict quarterly. It's not like a sell cycle with a science of where you are you could kind of predict a little bit with better accuracy in when you're going to close it. This one, it's a little bit hard to manage in that. But on an annual basis, you should expect us to do about \$160 million in a recurring basis and then the rest of them we will have to bring it in as the quarters develop.

Daniel Bartus:

Makes sense. Thanks, guys.

John Chen:

Okay, thanks.

Operator:

Paul Steep with Scotia Capital, your line is open.

John Chen:

Hey Paul.

Paul Steep:

Great. Good morning. Good morning, John.

John Chen:

Good morning.

Paul Steep:

Could you talk a little bit about the opportunity into 2021 and integrating Cylance further into that EMM base product and how you're feeling about that and what you think the timing sort of looks like for any uptick on that side?

John Chen:

Let's see. A very good question, thank you. I'm feeling very good about it and the hint is in my script. We work with a lot of industry analysts. We know from their customer contacts, which are big, and our customer contacts, the customer wanted to have a more orderly platform to integrate many parts of their enterprise software, especially in the security space. These are anything from the endpoint management, the application managements, the management of travellers, accessibility through the cloud or on-premise and so forth. They have so many solutions it's just not funny.

We have a very strong platform in Spark that we will deliver the zero-trust platform technology which involves and combines everything I just named, including identity management.

We're working extremely hard. Cylance was a very important part of the puzzles. We now have it. We're integrated. The teams are working well together. We will deliver the Spark platform with zero-trust capability for the combination of both management and security with not only mobile but fixed also. We are very excited about these things and we will do much more discussion at our Analyst Day with you all, but this is the great opportunity for us. We believe we are not only at the leadership and the DNA for it and the technology for it, we're earlier than anybody else.

I'll leave it at that without getting too excited about telling you the product name.

Paul Steep:

That helps. Maybe just as a final one to follow on the teaser there, as I recall, you didn't have the capability around fixed. Should we think that either one of three options? You're either building it and have developed it in-house. Would you look to acquire a large existing base? Would that be something? Or would it be a partnership? Then we'll say happy holidays. Thanks.

John Chen:

Why don't I wait to tell you that? I don't think acquisition is my first choice. Partnership is probably more relevant.

Paul Steep:

That makes sense. I'll wait to hear more in the New Year. Thanks, guys.

John Chen:

Okay. Thank you. Happy New Year.

Operator:

Trip Chowdhry with Global Equities Research, your line is open.

John Chen:

Hey. Hi Trip, how are you?

Trip Chowdhry:

I'm doing wonderful. Again, congratulations on the phenomenal execution.

John Chen:

Thanks.

Trip Chowdhry:

A couple of questions I would like to ask is, when you think about security and especially the new paradigm in which Cylance and BlackBerry are these days with machine learning and using that as a way to proactively better the security place before it really happens, I was wondering what do you think is the reason that traditional security heavyweights like RSA, TrendMicroSymantec, they haven't been able to pivot themselves to the new work? What is your sense? What is happening in industry that prevents them from doing something like what you guys are doing?

John Chen:

Well, Trip, that's a good question and I never underestimate our competitors in the market. All those are good companies that you talk about that have built on the security paradigm, whether it is remote like the RSA, whether it is Symantec and more PC-based and so forth. I'm sure that they have their development roadmap and things that they are working on.

BlackBerry happened this one to leapfrog everybody by acquiring Cylance, so we go to the second generation first without even going to the first generation on the AV side. We see the capability that is needed with machine learning as well as using machines to do the policing and the trapping and the correction of potential attacks and threats. I will only speak the fact that I am pleased that BlackBerry is able to execute it. We have the capacity of the dollars. We paid \$1.4 billion. It was a big—you know me well. I mean that's a big commitment on our part, and it works out. We got great product out with the

MTD, for example, in only eight months. Very pleased with that because the teams are working well together. We have great vision together.

We will be a good player. We will be a very strong player in the IoT security world.

Trip Chowdhry:

Beautiful. Also, I was wondering do you have any update on your partnership with Microsoft on various initiatives that you had fostered over the last six to eight months.?

John Chen:

Yes. Microsoft and us, as you know we delivered a Bridge product which put all the Microsoft applications on our platform in a native mode. In a way we are competing with Microsoft because they obviously also delivered Intune with the same capability, but then we have better security—at least we think so—and so the customer doesn't have to choose to move away from security to use a Microsoft application. They obviously are very committed to—most of the customers are very committed to Microsoft applications, so I think this partnership works well for both.

Trip Chowdhry:

Beautiful, beautiful. Steve Capelli has become the Chief Revenue Officer, so it seems like he hits a home run right off the bat.

John Chen:

Yes. He's the one who is hitting the ball.

Trip Chowdhry:

I was just also wondering when, John, you were at Sybase and Steve Capelli and your whole team did extremely well with the U.S. federal government. I was wondering, are we building a pipeline with the U.S. federal government with Cylance or BlackBerry products, and how is it coming around?

John Chen:

Sorry, I didn't get the...

Trip Chowdhry:

In the U.S. federal government, how is that coming along? Are we building our pipeline with the U.S. federal agencies regarding the products and services that...

John Chen:

We are. Yes, Trip, we are very strong in federal. Just for example, in only AtHoc as a product, which is the crisis management and emergency management alert systems, we have multimillions of licenses in the United States government with the federal space. We are very strong and we are continuing to expand that pipeline. I spoke a little earlier about CACI. That's actually a very strong partnership because they're taking us into the secure communications world in the United States government. They have the heritage to do it and they have the credibility to do it. Our product meets the highest standard for Top

Secret or Secret and so we're doing a lot of things together with not only ourselves directly in the federal space but also with the partners.

Operator:

James Faucette with Morgan Stanley, your line is open.

John Chen:

Hey.

Meta Marshall:

Thanks. This is Meta Marshall for James. Just one question for me. You spoke about kind of seeing better discipline and the pipeline increasing amongst your sales force, and I know you were making kind of some changes to go from gatherer to hunter mentality. Do you consider that complete? Are there still some transitions underway? Just on the sales force mentality, particularly around some of the more legacy products? Thanks.

John Chen:

Uh-huh. Yes, thanks. We established a framework. It took us a couple of quarters. There were some—there was a little bit of a glitch on our part when we made some changes, so those changes are behind us, so we have a good platform now. All now what we're doing is to concentrate on not only executing turning the pipeline into billings, creating that momentum, but also hiring more of the sales people that fit into that model. That's the metrics that we focus a lot on inside the company.

We feel good about where we are now, the management team and so forth, and we will continue to add—adding fuel to the fire. I guess maybe that's the way to think about it. We feel we're doing pretty good right now.

Meta Marshall:

Great, thanks.

John Chen:

Thank you.

Operator:

I would now like to turn the call back over to John Chen, Executive Chairman and CEO of BlackBerry, for closing remarks.

John Chen:

Okay. All right. Okay, thank you everybody for joining us today. I'll hope to see you at CES and let me do a little commercial. At CES we have a booth at the north hall. In the past we put in there sports cars, and this time we have either demonstrated our automobile and rumor has it we're going to have a motorcycle there too. We're going to show—what we're going to show you at CES is obviously the continuation of advancement of our QNX technology in Auto, but also to show you the Cylance integration into the car. I

think that would attract a lot of attention. I know there are some government agency people already wanted to come see and have appointment with me. So, I hope to see you there, and in the meantime, have a very happy and safe holidays.

Operator:

This concludes today's call. Thank you for your participation. You may now disconnect.