



ASX Announcement  
ASX: DUB

30 April 2019

## March 2019 Quarterly Market Update

### Highlights:

- Revenue increased **23%** from **\$1.27m** to **\$1.57m** in line with expectations given a seasonally slow period in the service provider industry
- Cash receipts increase **42%** from **\$752k** to **\$1.07m**
- Telecommunication Service Providers taking deployment of the Dubber Platform increased from **92** to **103**.
- Telecommunication Service Providers at the stage of billing increased from **35** to **40**.
- End user subscribers increased from **68,575** to **73,157** in line with internal expectations.
- Dubber's service launched for the Cox Business service in the USA, the largest privately held telecommunications carrier in the US
- Dubber deployed in Australia by Optus as part of their BroadCloud based, Optus "Loop" service
- Successfully raised \$22m via the placement of 29.33m shares at \$0.75 to institutional and sophisticated investors subsequent to the end of the quarter.

Dubber Corporation Limited (ASX: DUB) ('Dubber' or 'the Company'), the world's most scalable cloud call recording service, is pleased to release its Appendix 4C with the ASX for the quarter ended 31 March 2019 and provide an update on the growth in key performance indicators.

The March quarter has been the most significant in the Company's history in terms of expanding the global opportunity for its services. Market conditions, customer requirements and the continued development of consolidated and cloud services in the telecommunications sector has enabled the Company to capitalise on its position in the market, placing it in a position where it can grow its business on a global scale throughout the rest of 2019. Subsequent to the quarter's end, the Company completed a \$22m capital raising to institutional and sophisticated investors which enables it to truly fulfil the global opportunity ahead of it.

**Managing Director of Dubber, Steve McGovern said:** "Following the March quarter, we are well positioned to be a significant global player in the call recording, data capture and AI sectors.

"The agreements already in place represent some of the world's largest telecommunications service providers and global technology sales channels. With a technology that is designed to meet large scale requirements, the business itself is in a position to scale to capitalise on the opportunities it has developed.

“We are seeing large enterprise customers moving quickly towards AI (and thereby call recording) requirements, particularly in Australia and the US. We also believe that a number of significant AI specialist companies will be requiring voice data en masse in future quarters. The Company now has the ability to deploy the necessary resources to take advantage of these opportunities.

“The Company’s short-term goals also remain unchanged - to continue to procure additional key carrier agreements to build out the global backbone of call recording, to grow revenues on a quarterly basis, and to be cash flow positive on a monthly basis this calendar year.

### Growing Revenues

The Company’s unaudited revenues for the quarter were \$1.57m, a 23% increase over the previous quarter. The result was in line with the Company’s expectations, considering a flat January and February, which is consistent with a seasonally slow period in the service provider industry. Importantly and pleasingly, growth accelerated towards the end of the quarter and into April. During the quarter, the Company continued to develop its existing telecommunications service provider relationships to ensure sustained growth during 2019 and beyond and retains a primary focus of becoming cash flow positive as quickly as possible this calendar year.

### Revenue - Quarter on Quarter Growth



## User Numbers

User numbers for recording services increased from 68,575 to 73,157, reflecting the seasonality of the sector and the Company's focus during the period. The Company expects the core user numbers to return to growth at higher rates during the rest of 2019 and beyond. The Company also started to see some unique characteristics develop which will slightly decrease the focus on absolute user numbers in the short-term. These characteristics deal primarily with the emergence of different margin bands for Dubber services, and pleasingly, increases in several higher value segments based on a robust application of Dubber's analytics suite and higher value industry segments (such as the financial services vertical) being targeted by a number of the Company's service provider customers.



### Dubber's Market Position Significantly Enhanced in the March Quarter

The Company is experiencing an increase in demand for its services as recording in general, and voice data capture/transcription specifically, becomes a core requirement in a number of market sectors. This trend supports Dubber's long-term strategy of remaking the call recording market and providing access to *Artificial Intelligence (AI) for every phone*.

The quarter has seen a substantial increase in engagement in the following areas:

- Telecommunications Service Providers globally
- Enterprise customers in Australia and North America
- Extension of Dubber's opportunities via Cisco/BroadCloud
- Continued commercial progress via the IBM partnership
- Third party requests for platform integrations

Continued growth in Telecommunications Service Providers

The Company continues to believe the development of its telecommunication service provider relationships as a key metric and indicator for the business. There remains significant long-term opportunities for Dubber to become the defacto market leader as the sector seeks a homogenous set of features and services across multiple networks. The Company believes that in partnering with a significant majority of telecommunications service providers globally in the future, it will help achieve significant market share and therefore consolidate a long-term defensible business model.

The Company continues to achieve significant growth in the number of telecommunication service provider relationships in the March quarter, as it continued to demonstrate its position as the platform of choice as service providers increasingly move services to the cloud.

Telecommunication service provider growth continues to be supported by Dubber being the exclusive provider of the recording service for the Cisco/BroadCloud platform, which has encouraged service providers to sign agreements with Dubber directly for a variety of their networks.

During the quarter the number of contracted service provider partnerships increased from 92 to 103, with the Company billing 40 of these network partnerships (December 2018 quarter: 35).



In terms of network verticals, Dubber expects its services to be available on multiple carrier networks within each of its existing relationships, notably an expansion into mobile offerings. In terms of geographic progress, North America continues to be a key focus and Dubber is currently engaged with, and expects to provide services to 7 of the top 10 telecommunications service providers (by revenue) in the US market.



Carriers already are increasingly referencing key customers and their requirements for capturing and managing their voice data across multiple networks and devices. Dubber is strongly placed to service this requirement due to the unique scalability capabilities of its platform.

### Cox Business

Dubber's service was launched at the end of February for the Cox Business service in the US. Cox Communications is the largest privately held telecommunications carrier in the US and has adopted the *dubberconnect.com* model. Dubber and Cox have completed a scalable platform integration program that enables customers to utilise an automated sign-up service that will instantly provision Dubber services on the Cox network.

Dubber's recording and Zoe AI suite of services are available to Cox's Unified Communications, SIP trunking and VOIP customers across America and both Cox and Dubber have developed a combined marketing strategy for the current quarter.

### Enterprise Customers

Dubber's core strategy has always been to achieve scale via indirect channels. These channels are engaging Dubber directly with large enterprise customers in Australia and the USA. These potential customers are seeking to capture and manage as many of their customer interactions, and thereby their data, as possible in order to determine market insights and create business productivity outcomes. The ability for large enterprises to go beyond contact centres and switch on recording and AI immediately - as a service from their service providers - for larger sections of their businesses, is a very compelling proposition. Dubber is well placed to provide these services and has been active in designing potential solutions with a number of large enterprise businesses that the Company believes will become "industry" references.

### Cisco/BroadCloud

Dubber's position as the recording platform embedded into Cisco/BroadCloud has enabled the Company to procure agreements with telecommunications service providers, for additional networks, at an increasing rate. Furthermore, the acquisition of BroadSoft by Cisco has created a substantial market opportunity in line with the release of new services announced by Cisco as part of its own Cloud/Voice strategy. The Company believes that this will form a fundamental part of its strategy and resourcing requirements for 2019 given Cisco's global sales channel and sales networks. The March quarter has seen significant progress in this area.

### IBM

The IBM partnership continues to provide real commercial value both in terms of revenues and opportunities. The Company expects this to continue and grow during 2019 in light of market conditions in the Enterprise sector. IBM showcased Dubber at their APAC sales kick off in Singapore during the quarter and Dubber was the featured service at the commercial event surrounding the Melbourne Grand Prix.

Subsequent to the quarter, IBM launched its Multi Zone Region Cloud strategy, again with Dubber as the go-to-market technology capable of capturing voice data on a large scale, thereby enhancing IBM services such as IBM Watson AI. IBM continues to engage with their large enterprise customers regarding implementations of the Dubber service on a 'proof of value' basis leading towards commercial agreements.

#### Marketplace/Third party integrations

The March quarter has seen a marked uptake in potential partnerships with third party integration partners, particularly those companies in the analytics and AI space who are seeking content rich data with which to illustrate value to their customers. The Dubber platform enables the capture of voice data, from the end user's telecommunications provider, delivering an 'open platform', thereby enabling use of the data, with the end user's consent. Third party integration partners/marketplace is a cornerstone strategy for which the Dubber platform was originally designed since it enables added value to the partner, and their customers, while delivering revenue to Dubber.

#### Capital raising of \$22m to accelerate global growth

Dubber's opportunities are global in scale, which has become increasingly apparent during the March quarter. Dubber's capacity to service and nurture these opportunities at scale, from a technology and business perspective, is a key focus for the Company.

During April, subsequent to quarter end, the Company completed a placement that successfully raised \$22m via the issue of 29.33m shares at \$0.75 to institutional and sophisticated investors. The capital raising was managed by Morgans Corporate.

The use of funds for the capital raising match the requirements generated by the Company's current commercial opportunities.

- *Wholesale provision of services to telecommunications service providers*
  - Sales personnel to take advantage of opportunities to procure more network agreements
  - Account management personnel to assist with revenue/sales generation
- *Extension of the dubberconnect.com managed service*
  - The Company expects this managed service to be prevalent with larger carriers as they seek speed to market and standardised offerings
- *Support and 'sell through' via channel such as IBM and Cisco*
  - The company expects to have global reach via the sales networks and to support the channels of both of these organisations
- *Development of end user AI applications/ integrations*
  - To enable third party integrations e.g. CRM systems/ trading platforms which have Dubber generated data at their core

- To create simple, consumable examples of AI services which are easy to consume and pay for via a telecommunications service provider

The capital raised enables the Company, for the first time, to scale its operations to match its technology, systems and commercial opportunities and, thereby, become a global company of significant importance in the technology industry.

### **Notes to the Appendix 4C**

The Company's cash receipts continue to reflect the revenues of the previous quarter, consistent with billing cycles. In the March quarter, there was one significant debtor which was outstanding, which the Company anticipates it will receive from this account in the current quarter.

There was an incremental increase in expenditure against forecast during the quarter, as the Company determined that it could reasonably anticipate funding via a capital raising, which was subsequently completed in the first week of the current quarter. The increased expenditure is reflected in the forecast for the current quarter.

### **Events Subsequent to the Quarter**

#### Cash Balance

The Company's cash balance of \$3.7m at the end of March has since been augmented by:

- Proceeds from the \$22m capital raising in April
- \$500k shareholder approved placement to Directors
- \$40k Government Export Market Development Grant (EMDG)

### **Dubber Deployed by Optus**

The Dubber service has been deployed in Australia by Optus as part of their BroadCloud based, Optus "Loop" service. The deployment makes the Dubber service available to Optus Business and the Optus Reseller channel on BroadCloud. The availability of the service with Optus enables fulfilment of a number of end user businesses and enterprise requirements which are apparent in the Australian market.

### **Investor Relations and Reporting**

One of the key attributes of the Dubber platform is its flexibility to meet the commercial requirements of potential customers and their end users. The Company is witnessing significant growth in demand for Artificial Intelligence products and services which require the capture of a "data set" to be able to demonstrate customer value.

As part of this process, the Company has continued to expand its product offering to include various consumption based plans, particularly with regard to current near-term deployments with large service providers in the US and Europe. Examples of this are 'pay as you go', 'per minute' and 'per call' rate plans. Recently, the Company has also developed a platform access/license fee product offering where the number of users are aggregated, meaning the Company does not have visibility to the exact number of end users for some services. Further, the Company expects its services to be deployed in the near term on large SIP trunking and Inbound networks, where one channel or phone number may actually apply to many multiples of users. An example being a customer service 1800 line for a large contact centre.

The above dynamics mean that user numbers may not be wholly representative of the Company's progress, in that the relationship between revenues and end users may not be as simple as being a multiple of a single rate, as mentioned earlier. Accordingly, the Company is currently reviewing its reporting metrics in order to provide shareholders with the best possible understanding of the Company's business.

The Company intends to conduct an investor roadshow in mid-June 2019 as part of a general market update which highlights progress in the year to date.

#### **About Dubber:**

Dubber is the world's most scalable call recording service which has been adopted as core network infrastructure by multiple global leading telecommunications carriers in North America, Europe and Asia Pacific. Dubber is a disruptive innovator in the multi-billion dollar call recording industry, its Software as a Service offering removes the need for hardware, productisation or capital expenditure.

As the telecommunications sector moves towards Cloud services, Dubber has also been chosen by BroadSoft, Inc., a Cisco Systems Company, for its global leading Cloud telecommunications platform, BroadCloud, as the recording and voice data capture service for its network of telecommunication Service Provider Customers.

Dubber provides the opportunity for the capture of voice data across these networks enabling further monetising opportunities, in addition to regulatory compliance, in the areas of analytics, artificial intelligence and 'Big Data' - expanding the potential market for call recording to every phone.

#### **For more information, please contact:**

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