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00:00:02,080 --> 00:00:22,609

Andrew Page: Okay, welcome everyone. Today. We're really thrilled to welcome back will lopes from catapult. This follows up from a conversation we had in June of last year. A lot has changed since then. Of course, share price is doing a lot better. That's encouraging. But more importantly, it's been underpinned by consistent growth in team adoption, in revenue, in operating profitability. All the good stuff

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00:00:22,750 --> 00:00:32,460

Andrew Page: for those that do need a bit of a refresher. Catapult sits at the intersection of sports and technology. So it offers wearables, video analysis, athlete tracking systems.

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00:00:32,500 --> 00:00:55,230

Andrew Page: Essentially, it's all designed to reduce injuries and enhance performance, which is pretty important stuff when you're at the pointy end of elite sports. And look, this is really being widely adopted. More than 4,200 elite teams across the globe. That's 40 different sports, 137 odd, different countries. Essentially, it's got a presence in every major league around the world.

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00:00:55,230 --> 00:01:05,420

Andrew Page: The broader story, especially under Will's leadership since late 2019 has been a successful pivot from this hardware led upfront sales model to a recurring Sas model.

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00:01:05,420 --> 00:01:19,689

Andrew Page: That shift takes time to sort of put those pieces in place, but it is really starting to bear fruit, and we've seen some really great operating leverage emerge as the business scales and the market, finally starting to take notice of this.

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00:01:19,730 --> 00:01:38,890

Andrew Page: It's got a large addressable market ahead, too. So this story is really only just getting going, and we're really thrilled to, sort of, you know. Join, be joined by Will, and find out more about it very quickly before I do welcome him to the screen. None of this is advice, as everyone knows, and if you do have any questions, make sure you use that Slido link. Okay, it's all said and done will good to see you again.

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00:01:39,900 --> 00:01:41,510

Andrew Page: Yeah, thank you for having me appreciate it.

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00:01:41,880 --> 00:01:51,340

Andrew Page: Look, there's a million places we could start, but I'll throw it to you as an open question, you know, since June of last year, what what would you say? Have been the big achievements for the business.

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00:01:52,270 --> 00:02:10,899

Will Lopes: Yeah, you know, I think it's it's, you know, if you could look at the financial side. And then you look

at sort of the product side. Right? So I think on the financial side, you know, I think we we probably are most proud of the stage that we reached a rule of 3rd and the rule of 40 which really is trying to measure, you know, sort of growth rate, plus your profit margin rate.

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00:02:11,335 --> 00:02:23,430

Will Lopes: You know we we've we've hit 31 that which actually, you know, while it's not 40, it's already putting us, you know, some some elite sort of you know, company

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00:02:23,974 --> 00:02:30,795

Will Lopes: and that's up from where we were 2 years ago. 3%, right? So you know, I think last year when we probably spoke.

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00:02:31,270 --> 00:02:37,420

Will Lopes: I can't remember the exact numbers, but it's probably like in the low twenties. So it's it's been coming a long way

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00:02:37,450 --> 00:02:54,239

Will Lopes: now, growth has always been consistent for for catapult, right? So we've always been sort of sitting on that 20% a year acv, you know, sort of subscription revenue growth. But really, what's going to change is exactly, I think, what you said at the top here is, you know, that that leverage is starting to show up

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00:02:54,240 --> 00:03:14,940

Will Lopes: on the bottom. And so you know, our growth this year came with about 13% profit margin. So you know, we're we're, you know. It's the beauty of a subscription business, you know. Once it it takes a while to get that snowball going, but once it gets going you know it's it's really hard to stop along the way. So we're really, really proud of the leverage and what we build from a, you know, sort of

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00:03:15,290 --> 00:03:17,220

Will Lopes: company design.

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00:03:17,535 --> 00:03:21,860

Will Lopes: But that, you know, I think, Andrew, I think probably the most exciting is that we were able to do that

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00:03:22,060 --> 00:03:43,560

Will Lopes: in a year where I think it's been, you know, probably the most productive for us in terms of launching new products. And you know, I think we've been, you know, working for the last 3 years to bring our next generation of hardware to market. And we launched that in April, and that's, you know, been about 3 years of of work. Really culminating in this past year.

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00:03:43,845 --> 00:04:02,949

Will Lopes: The new set of hardware. It really is no longer just a device. It's more of a platform. It allows us to see what's happening anywhere in the world within device. It allows us to have that device connect with multiple devices in the body, so that, you know, not only can I measure what's happening with the athlete from a work load perspective.

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00:04:02,950 --> 00:04:25,880

Will Lopes: but now I could see, you know. Can I put a hydration patch on him and understand the cortisol level? Can I have her wear, you know a shoe that's smart and understands what how hard they're stepping. Right? So it really starts to spread our ability to capture more of the athlete. And in a way that, I think, is really going to revolutionize how sport is done. The other thing is, last year.

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00:04:26,100 --> 00:04:44,730

Will Lopes: probably around the time you and I connected, we had just introduced a sideline product for American football and we've taken that product now to show up in practice sessions and and and really started to get really nice adoption along the way. And along with that we probably introduced another 5,

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00:04:44,800 --> 00:05:01,359

Will Lopes: you know, sort of derivative products along the the video world. And just most recently. You know, I actually mentioned this something this morning. I said it was 2 weeks ago, and I realized it. You know, it's just last week. I think the days are going really fast. We did an acquisition

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00:05:01,680 --> 00:05:20,209

Will Lopes: which is now giving us the ability to capture some data in the gym. And so you know. So I think our capacity to continue to add elements to our platform, and in this platform give us the ability to, you know, capture more more usage, more more solutions to our customer.

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00:05:20,480 --> 00:05:25,190

Will Lopes: Given the leverage we're having. I think it's putting us in a really great place. So you know, I think

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00:05:25,290 --> 00:05:38,670

Will Lopes: you know I never take credit of the share price, because I've I've seen it go the other way at times. But you know, I think we're we really are delivering, and I think the promise of the company started to really come true and and really cement itself this past year.

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00:05:38,810 --> 00:05:58,990

Andrew Page: Yeah. And yeah, gosh, so much has happened in that year. There's a lot to unpack there. But I did want to come back to the rule of 40 and drill into that a little bit more so for those that don't know it's trying to sort of balance margins and growth, and it comes up with a figure. That sort of represents a nice balance between the 2. It makes a lot of sense

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00:05:58,990 --> 00:06:11,609

Andrew Page: theoretically, but what I'm curious about will is, how do you and the team operationally drive? That I would state that for any business of any size or any style.

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00:06:12,190 --> 00:06:30,130

Andrew Page: growth is always a sort of a focus there. So is it really just a question of trying to make sure that those costs the fixed cost base is just sort of balanced proportional to the level of growth that you're achieving? Or is there more to it than that when the rubber hits the road? How do you actually engineer a rule of 40.

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00:06:30,620 --> 00:06:50,179

Will Lopes: Yeah. So we we tend to work backwards from like, where do we want to get to? And then we break down sort of where our cost bases. And you know, and then where? Where's the growth coming from? Right? And so let me. What I mean by that is ultimately as a company. We, you know, we think a really good successful company should be actually higher than 40

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00:06:50,415 --> 00:07:00,770

Will Lopes: and that probably means that, you know, from a profit margin. We want to be as high as we think. You know, we could probably get and feel pretty comfortable right? And right now our target is 30, right? And so that means that

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00:07:00,890 --> 00:07:10,339

Will Lopes: you know, I'm trying to build a company to get to 30 profit margin. So the way we work backwards from that is, go. All right. Let's break our cost into 2 2 sets of areas.

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00:07:10,480 --> 00:07:31,420

Will Lopes: our variable cost of growth meaning, if I need to add, a dollar of revenue tomorrow. I'm gonna have to spend some sales and marketing dollars. I'm gonna have to, you know. Do some service. I'm gonna have to do some support? What does that look like? And where are we today? And can we get more efficient? So today, for example, our variable cost of growth is around 50.

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00:07:31,854 --> 00:07:55,129

Will Lopes: So every dollar cost me 50 cents to sort of add, maintain and support. And we're really trying to get that down to 45 and the way we think about that 45 is, look, you know, the more products our salespeople have, the better quality of our products, the less support we need to do. And so, you know, we last year we were 55 cents. You know, 55% of variable cost this year. We're 50.

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00:07:55,130 --> 00:08:13,789

Will Lopes: Well, well, in our way of getting to our target of 45. The other aspect is, you know, and and sorry. And Andrew, then the other thing. Then you're trying to figure out is, you know, if you spend more right in that variable, can you actually drive more growth or or not? And sort of that's kind of like the sort of the scenario we kind of tend to design.

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00:08:14,160 --> 00:08:26,720

Will Lopes: and below that variable cost is really sort of our fixed cost, right? So how much money are you putting into R&D, you know, what does it take to run the company right rent people from a gna perspective?

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00:08:27,279 --> 00:08:39,720

Will Lopes: And and you know, and and our target there is to get to around 25 percent this year, I think we were probably about 35%. So we're, you know, a little a little bit it's still ways to go.

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00:08:40,080 --> 00:08:40,409

Andrew Page: Yep.

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00:08:40,419 --> 00:09:08,069

Will Lopes: But you know, we did a bunch of investment years ago to basically get ready for the company to scale build the products I talked about right? So it takes a while to get those products into market. That the way we view it is, you know, your variable cost is gonna grow linear with your revenue, you kind of could look at that and basically make a straight line and say, Look, if we could become a little bit more efficient. Every every percentage of efficiency we get that percentage goes directly to the bottom line

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00:09:08,289 --> 00:09:15,759

Will Lopes: and then on the fixed cost. It's really around. Look, you have this cost base that you now know you could build products.

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00:09:15,879 --> 00:09:18,429

Will Lopes: You probably don't want to increase it too much.

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00:09:18,519 --> 00:09:26,269

Will Lopes: you know. You obviously want to support your your team. There's gonna be inflation. So you're gonna have some salary increases. Maybe you add a couple of peoples here and there.

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00:09:26,329 --> 00:09:40,999

Will Lopes: But the reality is that we don't anticipate our fixed cost, growing linear with our revenue. Right? And so then then it's really a game of math, right? It's really, look, you know, if your fixed cost is growing 5, 7% a year, you know what that's gonna look like?

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00:09:41,317 --> 00:10:03,279

Will Lopes: You you could anticipate that you look at your variable cost, and say, do we want to add more? Does it make? Does? Is it efficient? Right? If we added more? Is that efficiency going from 50 to 55 again, or or is it staying to 50? Or is it even getting better? And we and all you're trying to do is force your team to think about. We want to grow. But we want to improve the efficiency of the growth.

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00:10:03,280 --> 00:10:03,940

Andrew Page: Yes.

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00:10:03,940 --> 00:10:18,369

Will Lopes: Wanna build new things. But you now have this cost base that that's the sandbox to be creative in. Then you and that allows you to them to say, Okay, growth should be, you know. Let's call it, you know, 20 ish percent from historic perspective.

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00:10:18,750 --> 00:10:22,710

Will Lopes: But that fixed cost is staying steady, and you're starting to just increase your profit.

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00:10:22,950 --> 00:10:44,279

Andrew Page: Yeah, yeah, I love that framework. I've seen too many companies. I mean, growth is good. We all love growth. But when it's growth at all costs it can really come back to bite you. So I love the framework there is. It really just instills a kind of discipline and gives you a nice north star, and the mass, as you say, just works out really nice as things continue to scale.

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00:10:45,050 --> 00:11:05,519

Will Lopes: My early part of my career was during the.com bubble and and you know, I I got to experience the grow at all cost only to discover that, you know, if you didn't have a nice balance of profit, you could find yourself in a position where there's no money left for you to grow right. And so so we're very disciplined around it.

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00:11:05,520 --> 00:11:25,010

Andrew Page: There's an old saying, you can grow yourself broke, which sounds really counterintuitive, but it absolutely happens just on that before we move on, will. How do you think about it at the Npat line? So this is all framed around operating profit. And with that the big items are sort of stripping out there is largely sort of depreciation.

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00:11:25,060 --> 00:11:36,440

Andrew Page: What what does the the team think about in terms of net profit? And how should investors sort of consider the the difference sort of between the operating profit and the net profit which is still in the negative.

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00:11:36,810 --> 00:11:52,429

Will Lopes: Yeah, yeah, look, I always say, I pay attention to operating profit, because that's really what the company is delivering. And the impact. I know investors pay attention. But that's an accounting metric right in in my mind. But if you look at, you know sort of what's happening in our impact.

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00:11:52,801 --> 00:12:09,389

Will Lopes: you know, we're basically, I think we're probably you know, our DNA sort of depreciation

amortization is going through about. But I think it's about 20 million a year, and and it and that number has been, you know, we'll continue to grow, because, you know, we're adding more devices along the way. And and we're building things.

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00:12:09,500 --> 00:12:10,860

Will Lopes: But it's gonna grow

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00:12:11,060 --> 00:12:24,150

Will Lopes: pretty pretty marginally right? So I you know, I think our expectation is, you know, maybe you know, next year is another. You add another 3 million, and the following year you're probably adding another 3 million based on sort of our growth rate trajectory. But our Ebitda

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00:12:24,220 --> 00:12:51,509

Will Lopes: is growing. I like, you know, this past year was like 220, right? So I think you know. So so you anticipate that it's pretty easy to kind of say, look, their their DNA has been growing this way. Pretty steady. You know, their ebit is growing much faster and at some point that's gonna surpass it and impact will will kick in right? So it's just a matter of looking at how fast you think we're going to grow and and sort of doing a, you know, sort of a back of the napkin view. But

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00:12:51,630 --> 00:12:56,190

Will Lopes: the reason we, you know, we are very focused on that operating profit is.

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00:12:56,400 --> 00:13:11,350

Will Lopes: you know, the Ebitda sort of line, and the DNA line is not very controllable, right? I can't control what we depreciate. That's you know most of it has already been bought, spent. You're depreciating in and and there's a schedule to it. You know.

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00:13:12,100 --> 00:13:32,830

Will Lopes: Can't control sort of you know the the anything below that that number. But what we could control is how much profit we're doing on the operating side. And and right now our focus is grow that, as you know, as quickly as possible, so that you know, you could get to an impact positive. And we're not that very far away from it. If you look at just if you look at, you know sort of how how it's changed. I think

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00:13:32,890 --> 00:13:45,170

Will Lopes: I don't have the number in front of me, Andrew. But I, you know, like, you know, I think our our impact this year actually improved by like 8 million dollars. So you know, we were negative. Last year at 17 million this year.

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00:13:45,170 --> 00:13:45,560

Andrew Page: Jump.

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00:13:45,560 --> 00:13:46,080

Will Lopes: 8

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00:13:46,260 --> 00:13:52,720

Will Lopes: and I. You know our anticipation is that you know, like given how our ebit is growing and and sort of our DNA is growing.

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00:13:52,910 --> 00:13:56,489

Will Lopes: We should be, we should. We're not that far away from a positive impact.

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00:13:56,630 --> 00:14:06,889

Andrew Page: Yeah, it's a good point you make in terms of it being an accounting measure, an important one. But I guess where it matters for investors is more just sort of the

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00:14:07,190 --> 00:14:29,389

Andrew Page: the capital that is available to continue doing what you're doing. And I guess investors have to distinguish between the operating cash flow. That's sort of coming through cash on the balance sheet and allowing you to do what you do. I guess that that leads to the next question, which is acquisitions aside. Do you feel as though the business has got enough sort of fat there to sort of see it through to that statutory profit level.

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00:14:29,880 --> 00:14:50,119

Will Lopes: Absolutely. I think you know, I think we've I think the the thing to to know. And I think people forget, you know. So we just released a bunch of products right? You know the hardware we released. You know, we've invested about 100 million dollars in the last, you know 3 and a half years, because it's been a pretty steady investment while we're doing that, you know, we've grown our free cash flow.

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00:14:50,120 --> 00:15:03,450

Will Lopes: you know. I think last year we're we, you know, for the year we're about 4.5 million dollars this year. I think we're you know. We were almost 10. I think we're 9 9 million dollars. Our anticipation is that you know, we're building strength in our cash balance at this stage.

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00:15:03,786 --> 00:15:19,533

Will Lopes: You know, we have more than enough to kind of write our way into impact positive, particularly, you know, given the the leverage that we're having and you know, and then the other aspect for us has been, you know, our equity has a bit more value. Right? So. And even if thinking about

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00:15:20,100 --> 00:15:27,719

Will Lopes: and you know some some level of acquisition. You know you. You now have an ability to kind of, you know. Use that instead of cash, right?



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00:15:27,720 --> 00:15:30,129

Will Lopes: Yeah. Cheers on at the end of the fairly positive.

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00:15:30,130 --> 00:15:33,480

Andrew Page: Yeah, it's a lovely option to have. I'll go back to the

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00:15:35,240 --> 00:15:53,719

Andrew Page: The different kind of growth leaves, because I know another thing that you've been really consistent on here, and a key part of the strategy is the idea of land and expand where you kind of get the foot in the door with a wearable, or, you know, one line of products, and then the customer sort of broadens its relationship from there.

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00:15:53,720 --> 00:16:15,659

Andrew Page: And it's always nice when you have any kind of company that's offering a product where it sort of gives the customer something that's kind of cool, nice to have, and then very quickly becomes deeply embedded into the workflow. And is that absolutely mission critical? And I probably being a little biased here. But I sort of see that as with catapult, it's very much in that latter category

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00:16:15,780 --> 00:16:31,519

Andrew Page: going forward. What do you think is the the big? I mean? I'm sure there's there's a lot of opportunity on sort of both threads. But are you at? Or when would you be at the point where it's the expand part which is going to be the more prominent driver as opposed to the new customer. Acquisition. Part.

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00:16:32,590 --> 00:16:53,550

Will Lopes: Yeah, look, I, I think I I still think we got probably a few more years where where that starts to become, you know, sort of the core aspect of our growth, I think historically. You know, I think probably about half of our growth has come from new customers. And then the other half has been a mix of upsell and cross. Sell you know. In into our world. You know, I I

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00:16:53,850 --> 00:17:04,579

Will Lopes: core to our strategy is that expand component. So I I think it's gonna be a little bit but we're we're seeing some really great results. Right? So I think you know from from last year

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00:17:04,710 --> 00:17:10,059

Will Lopes: our average, you know, acv per customer. So that that's our our metric.

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00:17:10,060 --> 00:17:10,400

Andrew Page: Yep.

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00:17:10,400 --> 00:17:17,590

Will Lopes: We went from about 24,000 a year, an average, I think, to this year, I think, was around close to 2027, I believe.

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00:17:17,599 --> 00:17:17,989

Andrew Page: Yep.

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00:17:17,990 --> 00:17:20,999

Will Lopes: You know, good sort of 12 and a half, 13% growth.

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00:17:21,445 --> 00:17:45,100

Will Lopes: In the meantime, the amount of customers that we were able to bring into multiple solutions. Right? So multi vertical solutions for us that grew around 53% which is, you know, just really an impressive number. You know, I think added almost you know, almost like 300 or so customers that you know kind of came in. And now we're using at least 2 of the our verticals.

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00:17:45,410 --> 00:17:57,520

Will Lopes: Having said that, you know I I the reality is that the the wearable side sort of the the performance side is still, there's still a lot of sort of open green field, right? And and I think the

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00:17:57,730 --> 00:18:04,140

Will Lopes: you know it. It's such a great way to start the relationship with our customers, because

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00:18:04,220 --> 00:18:19,480

Will Lopes: at the end of the day their most important asset in the team is the athlete right, their their their best correlation of success is which of their athletes are on the field, and how healthy they are. And so I think you know.

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00:18:19,480 --> 00:18:34,360

Will Lopes: it's something that's so relatable to every team, every region every sport. You could kind of go in and say, you know, if you could keep all your best athletes healthy in a peak condition. Is that a positive? And everybody would say, Yes.

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00:18:34,360 --> 00:18:35,000

Andrew Page: Oh, yeah.

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00:18:35,000 --> 00:18:53,900

Will Lopes: Right? Right? And then then it's just a matter of you know, you know, do you? Do you have the capacity to use the technology. Do you understand it? Can we help you? But I, you know. And so I think at the end of the day we have about 3,000, you know, probably a little over 3,000 customers that are in the wearables

business, and there's about 20,000 professional teams. So

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00:18:54,010 --> 00:19:07,219

Will Lopes: while you know, catapult has been probably around the the Asx. For a bit. The reality is, the technology in sport is still fairly nascent. You know. I love to say internally here, still, like day one for us. It's still pretty early days.

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00:19:07,220 --> 00:19:08,190

Andrew Page: Yeah, yeah.

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00:19:08,530 --> 00:19:27,929

Andrew Page: I've got so many great questions coming in, and I often have a habit of running too long on my own questions. So I'm going to just throw some of the viewer questions at you if I can, will. I've got some good ones. Here's 1 from Michael, a key feature of vector 8 is its ability to integrate with 3rd party sensors. Actually, you touched on that just a moment ago.

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00:19:27,930 --> 00:19:39,770

Andrew Page: such as those embedded in the insoles of shoes. How do you see this area evolving? Will you partner with other sensor companies, create a made for vector certification program and or develop 1st party sensors.

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00:19:40,520 --> 00:19:46,740

Will Lopes: Yeah, it's it's a great, it's a great question, you know. I think initially for us is, you know, we're gonna probably have a very

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00:19:46,790 --> 00:20:14,040

Will Lopes: closed partnership environment. I think we're working already with some companies that you know have made some really interesting sort of, you know, different sensors around the body that you know we could bring in. We could help our clients not have multiple infrastructures installed. Right? That's the value proposition to our clients is, you want to have these sensors. But you don't want to have, you know, 5 different things carrying the the data in. And so we could help you get that pretty quickly.

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00:20:14,040 --> 00:20:33,769

Will Lopes: The value proposition to the companies is, look, we have this infrastructure. Sometimes we have the the sales force that could bring you, you know, to our clients. So I think day one, it's gonna be sort of a closed environment, you know. We'll probably handpick very selected. You know, sort of partners make sure that you know those partners are.

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00:20:33,860 --> 00:20:52,249

Will Lopes: you know. I think the other thing to think about, you know, sports, doesn't you know it's a it's a it's a very game of, you know, small centimeters right where, if you don't you know, if you're not there on Game day.

Your clients are very angry with you. So the quality of the technology needs to be, you know, really, on par.

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00:20:52,470 --> 00:21:22,019

Will Lopes: I think phase 2 started probably starts that we are creating some level of certification. You know, some some Api certification system that allows almost like an app store that you could kind of come in if you could pass these barometers if you could, you know, sort of deliver a a sensor that fits you will probably put you in the system. But I think that you know we'll we'll play that by year, based on how the 1st aspect of it occurs.

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00:21:22,190 --> 00:21:48,160

Andrew Page: Okay, great. Another follow up question on that one sorry, separate question. In the recent liveway interview you mentioned a path to 100 to 150 Usk per team up from around 2627 k. At the moment, what's expected to drive that uplift? Is it growth in video, broader software offerings or a larger hardware ecosystem? Or is it more specified? More specialized products for well resourced teams.

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00:21:48,930 --> 00:22:04,049

Will Lopes: Yeah, no, it's a it's a another great question. I think the the way we've looked at this is, you know, I think the 1st and foremost, is really taking what we have and and continue to cross, sell, and probably upsell more feature. Sorry. So we talked a little bit about the wearables aside

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00:22:04,080 --> 00:22:24,179

Will Lopes: as we start to expand that to multiple sensors, as we start to bring more data products. So the other thing is, you know, benchmarking products. Right? So if you want to know, you know how your athletes compared to the top 5% of athletes in your leagues or or areas that we could do some some really you know, sort of

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00:22:24,210 --> 00:22:45,029

Will Lopes: new active products to it. And we anticipated that allows us to kind of create some, some upsell moments on the video side. You know, there are some new things we've launched. We had 3 modules in our video product. We now have 5 and we anticipate that we're gonna continue to upsell and add. And of course, you know, today, we're at 27,

101

00:22:45,230 --> 00:23:12,000

Will Lopes: with only 20% of our customers, you know, using our video solutions. And we know that our Acv and video tends to be about 2 X where they are on the performance side. So you know, every time we do that, we're tripling right? Sort of that, that that that component the other aspect is, yeah, we do anticipate to add some solutions to the mix. You know, there's a lot of other places that sports teams are are spending

102

00:23:12,170 --> 00:23:27,029

Will Lopes: to to basically capture more data, basically to use technology that helps them perform better. You know, as I mentioned, you know, we knew, for example, that we needed to get some data in the gym like we needed to understand what was happening. And how did it correlate

103

00:23:27,130 --> 00:23:29,280

Will Lopes: to the performance you had in field.

104

00:23:29,490 --> 00:23:36,989

Will Lopes: We've done that, and we anticipate that. That will also help us drive some growth on it. So you know, I think it's gonna be a mixture of.

105

00:23:37,130 --> 00:23:44,080

Will Lopes: you know, improving the technology we have, and using that moment from an upsell. Right? We think that's more important.

106

00:23:44,270 --> 00:24:06,810

Will Lopes: Then, you know, just flat out price increase, but we know we have some pricing power along the way, but we like to do it with, you know, sort of features being added along the way. We have 2 great products that we know have roadmaps for the next 3 years to improve that that component. And then we are gonna add solutions like we've done, you know, just this past week. To get, you know, more elements

107

00:24:07,415 --> 00:24:10,610

Will Lopes: more data elements, I should say, into our platform.

108

00:24:10,610 --> 00:24:19,201

Andrew Page: Yeah, great apologies for my screen as well. The sun's just come up now, and it's playing havoc with with the lighting. It gets too annoying. I'll just. I'll turn it off.

109

00:24:19,470 --> 00:24:20,190

Will Lopes: Right around.

110

00:24:20,190 --> 00:24:38,549

Andrew Page: A question here from Mike Brizzy. This is a good one. You've indicated in another interview that you think management Ebitda margin of 30% might be achievable around the time revenue reaches around 200 million, which elements might see further margin expansion. That is, it gross margin, or the G and A. Or what.

111

00:24:39,200 --> 00:24:52,040

Will Lopes: Yeah, it's a it's a it's a good one, you know. I think probably 2 areas for us that I think we we pay attention. So in the in the variable cost area, we do think there's obviously some margin expansion today where, like, I said, we're a 50%,

112

00:24:52,160 --> 00:25:19,990

Will Lopes: a variable cost, and we anticipate that going down to 45, I think the drivers of that primarily will be

more efficiencies on our sales and marketing side. As we add more solutions. It makes it easier for our salespeople to go out and have, you know, 4 things to push to to a client rather than one or 2. But you know the the base of their salary, and you know, and and probably the the sort of the percentage of commission is still the same right? So with that, that continues to be

113

00:25:20,180 --> 00:25:35,010

Will Lopes: an area for for margin expansion. I I think there is some expansion long term on the gross margin, you know, today there's some hardware components to it, as as the more we become. You know, a software vendor, the more we add sort of in the software as a cost

114

00:25:35,060 --> 00:25:56,800

Will Lopes: or as a product. We should anticipate that improving. So, for example, our gross margin and video is typically like in the mid nineties, right on the wearables, typically in the eighties. And so you know, as we start to push more video products, we anticipate that you know, sort of that expansion to kick in, and then, and also on the delivery side, you know. I think

115

00:25:56,890 --> 00:25:59,889

Will Lopes: I'll give you a quick example. That old hardware

116

00:26:00,090 --> 00:26:21,479

Will Lopes: was not Internet aware. Right? So if, for example, if a device went down had bad firmware, you know a case wasn't working, we had to spend money to either ship, the product back and and and because it's a sports immediately, you just ship a new one, and then, you know, you wait for it for it to come back, or you send somebody to the ground. You know, both of those are costly.

117

00:26:21,480 --> 00:26:42,829

Will Lopes: So you know, with the new device. We could see that anywhere in the world we can make adjustments anywhere in the world. So we'll see some cost savings on that. You know, I think on the on the fixed cost side. We don't anticipate a ton of margins expansion from a gna perspective other than we anticipate revenue to grow, and the gna stuff to, you know, stay fairly flat.

118

00:26:42,830 --> 00:27:00,830

Will Lopes: And so from a percentage, it'll look like there's margin expansion. But in R and DI think the other aspect that you know there's a little bit of margin expansion happening in our company, as I'm sure everybody else is that you know AI is trying to play a role in in sort of making our engineers a bit more efficient. I'm not sure if it's going to be a.

119

00:27:00,830 --> 00:27:16,500

Will Lopes: you know, a step change, or is it going to be just? You know you all of a sudden you don't have more junior engineers, but you have more expensive senior engineers. I think that you know that that will still remain to be seen. But I anticipate that basically more, more expansion in our variable cost

120

00:27:16,550 --> 00:27:24,180

Will Lopes: a little bit in our gna. And then, you know, as revenue continues to grow, the percentage of what we're spending in fixed cost basis.

121

00:27:24,340 --> 00:27:28,130

Will Lopes: Just keep going down, because we're not adding more to it any longer.

122

00:27:28,130 --> 00:27:45,989

Andrew Page: Yeah, yeah, makes total sense. I got a question here, for you will in regards to competition, I think last year, when we chatted, we spoke a bit about Stat sports. There was a research report. I forget where it was from circulating recently, which is talking a bit about huddle. HUDL,

123

00:27:46,000 --> 00:28:00,459

Andrew Page: do you? How do you? How do you view that? Do you reckon that I know that they tend to focus more at the sort of high school level is my understanding. But yeah, what are your thoughts on huddle, and what threats or otherwise does it present for the business.

124

00:28:01,470 --> 00:28:23,789

Will Lopes: Yeah, I would say that, you know, probably today. You know, if there is a competitor to to to us huddles, probably the the main competitor. You know, from a the wearable side, you know. Everybody's such a distant second. That we stop. Really, you know, like you never stop paying attention because you want to stay humble about. You know what what others are doing in the industry.

125

00:28:23,880 --> 00:28:35,150

Will Lopes: but you know it. It certainly given. It's given us the opportunity now to just stay focused. I would say at this stage on the features that we're building for our customers and not worrying too much about what's in the rear view mirror.

126

00:28:35,578 --> 00:28:43,121

Will Lopes: But on huddle. Yeah, I think they're they're, you know. They're they're they're a private equity owned company. They're owned by Bain.

127

00:28:43,750 --> 00:28:59,740

Will Lopes: you know, they're they're a company that primarily has created video analysis product for American football high school market. And they've done really well and and doing that, and I think they've been able to take some of their their earnings there and then. Obviously, some of the PE money that comes in

128

00:28:59,820 --> 00:29:12,109

Will Lopes: and basically buy their way into the professional side. Right? So they've bought a few companies along the way. They've bought a scouting solution called Y scout. They've added a few other products into that

scouting solution. They bought a

129

00:29:12,170 --> 00:29:27,620

Will Lopes: a review analysis system like ours called sports code and they've and they've really found their way into European football, European soccer, primarily and I think they're a formidable competitor in that world. And and you know.

130

00:29:28,044 --> 00:29:45,249

Will Lopes: and almost every time we win a video sales, particularly our new video sales, we're we're basically removing them out of the team right? So so they are the incumbent in that side. Having said that, you know, we're still we are the primary

131

00:29:45,300 --> 00:30:07,419

Will Lopes: video product in American football ice hockey. You know, we do incredibly well in, in, in basketball, incredibly. Well, in in Rugby. So you know, it's really a it's they are really a competitor in the in the soccer space. Having said that, you know, we've been able to grow our new video solution primarily selling it in European soccer

132

00:30:07,440 --> 00:30:19,420

Will Lopes: this past year by 42% on acv, right? So so you know, while they are a good competitor, they're they're not preventing us from growing, and I think the other aspect that we think about them is

133

00:30:20,010 --> 00:30:32,499

Will Lopes: well, you know, they've been able to kind of find their way into the professional market by acquisition. They're not really innovating, right? And I and I. So I think, you know, again staying humble because I you know, I know that you know

134

00:30:33,140 --> 00:30:34,919

Will Lopes: competitors or competitors.

135

00:30:34,920 --> 00:30:35,410

Andrew Page: Sure.

136

00:30:35,410 --> 00:30:49,870

Will Lopes: The reality is, I much rather compete with somebody who can't innovate and require as necessary, that needs to buy companies to to be successful. Because it's, you know, in the in this game of technology, innovation in the long term always wins.

137

00:30:49,870 --> 00:30:50,270

Andrew Page: Yes.



138

00:30:50,509 --> 00:30:56,500

Will Lopes: And so I think, you know, we're that's where our focus is. But yeah, we pay attention to them. They're, you know. I think they're

139

00:30:56,790 --> 00:31:21,289

Will Lopes: they're slightly larger than us. You know. I think they're you know. They're they're smart people, and you know, I think that you know, whenever and our customers are using them. So you know, we we have to kind of see, what can we do to improve our products in a way that just makes it so obvious that he should be with us. And I think we you know, I think the the releases we've done in the last 3 years.

140

00:31:21,440 --> 00:31:25,460

Will Lopes: I think it's starting to make that case incredibly obvious.

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00:31:25,460 --> 00:31:26,120

Andrew Page: Yep.

142

00:31:26,460 --> 00:31:31,540

Andrew Page: yeah. It's I think it's 1 of those things. Competition is always something to keep an eye on. But it's it's

143

00:31:31,750 --> 00:31:51,520

Andrew Page: perhaps less of a factor when the industry itself is growing very rapidly. There's often room for multiple players for me. That's not the concern for me. The concern is particularly when you have private equity involved, and maybe things have evolved a little bit from some of the insanity we saw a few years ago. But

144

00:31:51,520 --> 00:32:02,979

Andrew Page: the threat of what you might call will the irrational competitor that is, we've got more money than God, and we're happy to run it in an irrational, uneconomic kind of way, because

145

00:32:03,030 --> 00:32:27,620

Andrew Page: dot dot, you know, step one sell like crazy step 2 dot dot step. 3 profit like something will happen, and then the profit will kind of come, and we've seen that play out. It's it's that kind of silliness has died down a little bit. But what's your read on that? Do you? Do you feel as though that they are not necessarily one particular company? But the competitive set at large is being somewhat rational in how they're approaching the market.

146

00:32:28,060 --> 00:32:51,389

Will Lopes: Yeah, look, I, I think the the reality is that we're not a consumer business, right? And so that you can't exuberantly spend your way into acquiring customers. Because it's not, it's not an advertising game, right? This is not a brand game. This is really around technology, right? And so if you're, you know, if you don't have good enough products that helps your your very professional

147

00:32:51,500 --> 00:32:53,130

Will Lopes: teams win.

148

00:32:53,825 --> 00:33:18,050

Will Lopes: It doesn't matter how much money you throw in. Throw in there. You know, somebody's gonna ultimately win because they are changing the competition. So I you know, I would say they haven't. They haven't been aggressive in that sort of design. Mainly because the con, you know, sort of the industry we're in just doesn't allow it. And and that's why I said. You know, I think at the end of the day, because we are the company that's innovating the most.

149

00:33:18,748 --> 00:33:22,930

Will Lopes: I'm really not that concerned. Because it. You know.

150

00:33:23,820 --> 00:33:29,839

Will Lopes: the the ultimately, the value proposition we offer our customers is really.

151

00:33:29,970 --> 00:33:34,710

Will Lopes: you know, we're gonna help. You make better decisions. So you could be more successful

152

00:33:35,104 --> 00:33:53,950

Will Lopes: and and in order for us to do that, it requires that we come in every day and think about what are the new data sets they need. How do we measure better improvements? How do we help them? Think of tactics differently? And it requires innovation every every day. And so, you know, I don't think you could buy your way in. I think you really have to innovate along the way.

153

00:33:53,950 --> 00:34:05,720

Andrew Page: Yeah, it's I'm so so great to hear you say that it's a very, almost old fashioned, but you know, if you deliver value, your customers will like you, you know. It's sort of it's very obvious when you say it out loud. But.

154

00:34:05,720 --> 00:34:25,579

Will Lopes: But but it's it's, you know, it's it's it's these obvious things. I always find it interesting that you say these obvious things that people don't do them anymore. Because it's like, you know, when I have a business that's, you know, it's customer obsessed, that's focused on innovation. And it's designed to scale in a profitable way, because otherwise, you know, why would you have it right.

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00:34:25,580 --> 00:34:26,290

Andrew Page: Yeah, and.

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00:34:26,290 --> 00:34:28,919

Will Lopes: And look, and and sometimes we may not be the

157

00:34:29,170 --> 00:34:50,850

Will Lopes: the. You know the the bell of the ball right? Because, you know, that's not always the the attractive thing, but I think over the long haul. Those are the companies that win, and and if you don't pay attention too much on the sort of daily up and down, and just attention to the long term growth it it kind of gives a success. And I think we're doing a really good job of that.

158

00:34:50,850 --> 00:34:58,019

Andrew Page: Yeah, strong. Agree? Strong. Agree? Okay, jeez, time is going fast. We've got 10??min left, and I do want to respect your time here.

159

00:34:58,620 --> 00:35:27,340

Andrew Page: here's a good one. How much effort does it take to train customers in using the platform? To what extent can you monitor the effectiveness of use, and how proactive are the customer support teams in advising customers on getting the best out of the platform. It's a great question, isn't it? And I know that particularly tech software engineers struggle with this. You know, the software does this, which is kind of mute if if no one knows how to use it. So is that an issue you find? Or, if so, how do you overcome that.

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00:35:27,840 --> 00:35:43,159

Will Lopes: Yeah, no, it's a fantastic question. Actually, because I you know, you're you're asking. You're asking the CEO. And I could tell you that I think it's never as easy as it should be right. Always say every software should have the grandma test right if your grandma can use it no one else can.

161

00:35:43,160 --> 00:35:44,309

Andrew Page: Love that. Yeah.

162

00:35:44,460 --> 00:36:06,119

Will Lopes: But you know the reality is that you know, for you to get from here to there. That requires a lot of work right? And so, you know, I we put a lot of effort in trying to improve that onboarding process. You know, it used to be as a good example, you know it would. We would send an engineer with the products when it got there so that it could basically get you going day. One tell you what the basic reports look like.

163

00:36:06,120 --> 00:36:22,849

Will Lopes: All of that now is done. Automatic. You know, we don't need that any longer. We do. Typically depending on the clients. We do a preseason sort of check in a mid season, check in, and we do a poll season check in. In some cases that is included with the service. In some cases they pay for that.

164

00:36:23,910 --> 00:36:29,790

Will Lopes: we also will do, you know, sort of depending again and depending on, you know sort of how much

they're paying in the Acv front.

165

00:36:30,078 --> 00:36:54,639

Will Lopes: We'll send somebody to basically do a customized, you know. Let's let's talk about what you want to do, and and some customization on it. So I would say it. It depends on where we are with the with the League. So if you look at the pyramid of sports. They're sort of like, you know, very top tier teams, mid tier and sort of the entry level, you know. It's probably very easy for the top tiers, because they're sophisticated. They have the staff.

166

00:36:54,640 --> 00:36:56,999

Will Lopes: they understand, you know, sort of the the metric.

167

00:36:57,000 --> 00:37:10,349

Will Lopes: probably less so in the Mid tier. I think we've done a really good job in improving that over the past year, and I think we have some ways to go on the sort of the entry level. But you know, it's it's an area that we're very focused. And it's a great question, because it is.

168

00:37:10,440 --> 00:37:16,600

Will Lopes: It is an area that I think technology companies forget how how great user experience

169

00:37:16,720 --> 00:37:22,550

Will Lopes: could lead to. You know, return customers, and ultimately, you know, have satisfied customers.

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00:37:22,800 --> 00:37:45,800

Andrew Page: Yeah. Nice one. Another question here on churn, noting that it's sort of always been super low. Right? 3 and a half to 3.8% is being quoted here over the last 18 to 24 months. In the most recent half it ticked up a little bit. The question is, was this driven primarily by the Russian exit, and therefore a 1 off or other factors are involved.

171

00:37:46,250 --> 00:37:50,410

Will Lopes: No, it was primarily driven by the the exit, you know. I think I think

172

00:37:50,670 --> 00:38:14,120

Will Lopes: if we normalize for that, I think our churn would have been like 3.6, I think 3.7. So we're we're churn for us has been, you know, historically very low. And you know, and I think just just you know, folks who are are new to the store. You know we were. We had exited Russia from a new sales perspective, you know, sort of when the when the when the conflict war began.

173

00:38:14,460 --> 00:38:33,989

Will Lopes: But we kept supporting existing customers, and it just became really difficult to kind of keep doing

that. And so, you know, it's last year we decided to exit. And so it I think we lost probably about almost close to a million dollars of basically. So it wasn't a huge amount. But it definitely it was, you know, it came out all at once. And so it sort of looked like that one blip

174

00:38:34,240 --> 00:38:54,209

Andrew Page: Yep, that makes sense. How do you go about identifying innovation opportunities in terms of developing new product? You've hit on just previously how important. That is, for example, to what extent do you embed development staff with key customers to help identify new ideas? And what's the balance between customer pull and technology? Push.

175

00:38:54,750 --> 00:39:23,710

Will Lopes: Yeah, so you know, we we spend probably an effort of 3 areas from an innovation perspective. So the the 1st is that we work actually with, you know, probably 3, 4. Now, of the largest universities across the globe that are really focused on sports science and trying to understand, you know what are the things that are going to change real decisions around athlete or human performance? And so we're always looking at that as a as a source of innovation and and sort of you know, how can we help them?

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00:39:24,069 --> 00:39:32,750

Will Lopes: Cause? Ultimately, that will help. You know our customers. 2, we have a product. We have sort of like a program in different leagues where we will.

177

00:39:32,960 --> 00:39:57,870

Will Lopes: Basically you know, customers will pay us to have to be sort of in the sort of you know what we call our our customer council and it allows us to have some real conversations of. Here's what. Here's what we're thinking about, a product. Tell us, the, you know sort of the areas that you guys are struggling with, how can we help, you know, improve maybe your time in decision making and we use that council as a way to understand

178

00:39:57,870 --> 00:40:20,170

Will Lopes: the problems. And then we'll have our product. Guys, really, you know, think about the solution. And and customers are great about telling you the problems they have. They're never great about telling the solutions for it. Right? So they'll they'll say, Oh, I've done this, and then, if you pay attention to go, you know that takes like 4??h, and they go. Oh, yeah, that does take 4??h. And and you realize, like, I could probably save you 4??h time if I could do technology right.

179

00:40:20,170 --> 00:40:20,550

Andrew Page: Right.

180

00:40:20,550 --> 00:40:32,350

Will Lopes: So we we do embed our our team with this sort of customer council and our and our, you know, our developers will sit very closely to those councils to pay attention. And then the 3rd bit

181

00:40:32,390 --> 00:40:55,260

Will Lopes: is that, you know, wasn't I? I would say today we're probably the largest employer of sports scientists, you know, across the the planet. And we will bring them together all the time to say, Okay, let's you know, let's blue sky. Some thinking right? Where? Where? What do you think we're missing? Where are the areas that you know you're hearing from your clients?

182

00:40:55,521 --> 00:41:19,090

Will Lopes: That you know, they're they're trying to do, and that allows us to have much of, you know, a bigger view that's outside of that council. Those are the 3 areas. I don't know if that could tell you. What's the difference between the push and the pull. You know your your clients are your biggest source of information, and I think you know, as long as you keep listening you will find a lot of creative ways of innovation. I could tell you as a tech company

183

00:41:19,200 --> 00:41:22,469

Will Lopes: and and as somebody who's been in the industry for a very long time.

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00:41:22,918 --> 00:41:28,879

Will Lopes: If you're ever in a tech company that doesn't have a list of a hundred things they want to do tomorrow. If they had.

185

00:41:28,880 --> 00:41:32,043

Andrew Page: Yes, versus then you're in the wrong tech company.

186

00:41:32,390 --> 00:41:42,570

Andrew Page: No, I totally get that. Well, actually, we talked a bit about churn. This is sort of a different way of of

187

00:41:42,670 --> 00:42:05,399

Andrew Page: of thinking about sort of customer acquisition, which is what are the main reasons that you come up against, or the sales team come up against for not adopting catapult in the 1st place. So when when the pushback comes, is it we don't have the budget, or you don't have the the analytics that we're after, or we're already embedded with this or, yeah, what's the what's the main source of pushback.

188

00:42:05,750 --> 00:42:29,019

Will Lopes: Yeah, so on the on the performance side. So on the wearable side cause, I assume that's kind of where where you're going, because that's typically how we land. It's really 2 reasons. Right? So I think the 1st one and primary reason is that you know, we're going into a team that doesn't have the yet the level of sophistication to understand the data and make something with it. Right? So you might go into a team where they have, you know, a staff of

189

00:42:29,180 --> 00:42:39,269

Will Lopes: 20 coaches, some analysts, but they haven't actually yet invested in a sports scientist. And and you know a lot of the times sports science is a fairly new

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00:42:39,420 --> 00:42:45,340

Will Lopes: yes, you know, science, right? It's a fairly new industry. It's starting to kind of grow into it.

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00:42:45,550 --> 00:42:56,660

Will Lopes: And so our, our, you know, one of our things we're we're doing right now is as their new hardware launched. All of our data now lives in the cloud. And so it does allow us to accelerate

192

00:42:56,930 --> 00:42:58,610

Will Lopes: with the use of AI.

193

00:42:58,630 --> 00:43:12,839

Will Lopes: You know, how can I help you take what sometimes is very sophisticated data and make simplistic decisions on it. Right? So go do training put the device in. And then at the end of the day, just say, what should I do tomorrow? Based on what happened today?

194

00:43:13,128 --> 00:43:33,589

Will Lopes: So we're we're we're introducing some of that. That's the primary reason why people don't take it. And then I would say, on the on the second reason, it might be a budget. Budgetary reason, right? You might have a team who's still not yet at the level of of budget, of what we we offer. But that's changing dramatically. I think that's the one thing that you know. I think

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00:43:33,830 --> 00:44:01,300

Will Lopes: I think people are starting to get this. You know, the sport industry is getting so quickly professionalized. There's so much money coming into it because you can't find anywhere else to get live entertainment right and live entertainment is important for advertisers. And so that's where all the money comes in. Right. So what used to go, and on the TV, and it now comes to sport. And so I'll give you an example. The Wnba team, 10 years ago could not afford us.

196

00:44:01,300 --> 00:44:18,580

Will Lopes: I would say, a Wnba team. This is the Women's sort of Basketball League here 5 years ago. We're probably paying half of what they're paying in the men's side today. They pay exactly what they pay in the men's side. You know, a division team division, 2 team in Latin America didn't have the budget

197

00:44:18,620 --> 00:44:35,749

Will Lopes: to buy us 5 years ago. Today they're buying us. So I I think the you know, the the industry is growing so rapidly that budget will not be a problem over time. Our concern is more of the sophistication. And I think we're we're spending a lot of time and and helping solve that problem

198

00:44:35,930 --> 00:44:37,669

Will Lopes: ideally through technology.

199

00:44:38,020 --> 00:45:07,099

Andrew Page: Yeah, it makes sense. And, as I said before, it goes from that nice to have, and it's very seemingly from the outside. At least it's going to a must have. And just for the competitive push, like, if you might not think it's worthwhile. But if all of the teams you're competing against do, and they're getting results. You'll quickly change your tune on that. I imagine we've run out of time, Will, so I'll and I know it's getting late there in Boston. What's the one message you'd like to leave our investors with.

200

00:45:08,130 --> 00:45:11,899

Will Lopes: Look. I you know, I think probably I want to say is, you know.

201

00:45:12,080 --> 00:45:37,119

Will Lopes: we've been incredibly consistent in what we say. We're going to deliver, and I think, keep watching this space right? I think it's been about 3 years where I say, this is what we're doing, and we're doing it? You know, I think we're we're we're we're continuing to be, you know, in the same fashion. You know my job. I tell so of all, all of our potential investors, my job is to get the company to, you know, be boring in a sense that you know what's coming and we do it.

202

00:45:37,356 --> 00:45:46,339

Will Lopes: And I feel like, you know, we're really proud of doing that. So pay attention. Because I think you know, it's it's kind of what it. It seems that we're getting pretty close to delivering on that promise.

203

00:45:46,340 --> 00:46:03,729

Andrew Page: It's funny, you say that just the other day I was making the point to a friend, that boring is beautiful when it comes to investing. And so that's music to my ears. Thank you. You've been very generous with your time. We've long been supporters here at Strawman, so keep up the great work, and we'll touch base again next year.

204

00:46:04,130 --> 00:46:06,489

Will Lopes: You got it, Andrew. Thanks for your time as well. I appreciate it.

205

00:46:06,490 --> 00:46:07,860

Andrew Page: Okay? Cheers.