

All right, everyone, uh, great  
that you can join us here today.  
I am looking forward to this chat.  
We're joined by Michael Ivan Chenko, the CEO of Kinetico.  
Uh, K-Y-K-Y-P rather, is the ticker here.  
Uh, this is a business that's all about regulation tech,  
or RegTech, as it's called.  
The company provides a platform that helps, uh,  
its customers simplify the complex world  
of workforce compliance.  
Basically, it helps customers ensure  
that they're meeting various laws, industry regulations, uh,  
internal policies, uh, pretty critical stuff if you want to,  
uh, mitigate financial and, uh, legal risks.  
The company, like all companies, in fact, this is a bit  
of a theme lately, has, has really evolved over the years.  
Uh, back in 2022, you may have, uh, known it  
as CV check more about the background screening  
of candidates, but now evolved into a far  
more broader offering.  
And that move has really coincided  
with a flip into profitability, while at the same time  
managing some really decent top line growth.  
In fact, in the year just ended, we saw, uh,  
the business lift at the top line by about 12%,  
and we saw a very big jump in net profit,  
and it remains debt free.  
So it's perhaps little wonder  
that the share price has doubled in the last 12 months.

And also little wonder that we've had so many  
of our investors reach out  
and say, Hey, Andrew, see if you can line up a chat  
with Michael, which I'm glad to say  
that we were able to do before.

I do welcome Michael to the screen.

Uh, please remember, as always, I have  
to say it for legal reasons.

Um, uh, none of this is advice as you well know.

And if you do have any questions,  
we've had some great ones come through, uh, come through,  
please use that Slido link  
and I'll put them to Michael when we get the opportunity.

So, uh, with that outta the way,

Michael, thanks for your time today.

Great to join you, Andrew.

So let's start off.

I'm gonna, um, I'm gonna ask some really dumb high level  
questions here just to really build things up.

Uh, I guess I've, probably the best place to start is  
how did I go with my introduction there?

Was that more or less?

That was very good. No, the, uh,  
because of, uh, a lot of  
what we do is quite amorphic concept in, in helping,  
uh, companies manage other processes, it's hard  
to actually describe it  
and define it down into a lovely little package.

But I thought you, you nailed it.

Oh, that's good. Well, thank you.

And the, the other, the other thing

that's a challenge too is that when we're dealing with sort  
of more consumer oriented companies, you know, we  
in retail investor land have a lot  
of direct experience with the end product.

We can make a bit of a judgment of it when it's more  
of a business to business type proposition.

It is a little bit more opaque.

None of us here have have compliance issues really,  
that we have to deal with too much.

So, um, maybe,  
maybe it's worth just framing out what's the problem  
that you are trying to solve here,  
and how has it traditionally been solved by your customers?

Yeah, let me, and in answering that, let me, uh,  
frame a little bit the definition  
of the problem space, if you will.

Yep. Because it's easy  
to say we help companies manage their compliance.

Uh, but that is the start of the journey.

Companies will know they have to do compliance.

They've got, the issue is  
that they have increasing compliance obligations  
that are actually taking more and more of their time.

Yeah. So, and that is across every industry,  
across every sector, across every business,  
the requirements may be different.

The, the overhead, the obligations, et cetera, are the same.

And so the problem space we're actually working in is  
how do you minimize the overhead, the time,  
and the distraction that it takes to manage compliance.

Yeah. You know, that one  
of the key phrases I've been using in describing it is,  
while others may focus on the actual compliance requirement,  
we focus on the people who have to do it.

And that, uh, the problem space we  
actually play in is how can we make sure  
that you have visibility of your compliance status, that,  
uh, all of your data and your management of that is secure  
and, and properly controlled.

And at the same time, make sure  
that it takes the least amount of effort, the least amount  
of brain space for your staff  
and your admin so they can actually concentrate on  
what they're being paid to do.

Yes. Yeah. Yeah. Makes a huge amount of sense too.

And I suppose it's also being able to signal to regulators,  
uh, and, and other sort of, you know, cops on the beat that,  
you know, we're doing the right thing.

We are taking this seriously, uh, of all of our obligations.

And so this isn't something  
that companies might think maybe we should do.

I mean, you have to keep an eye on this kind of stuff.

And to your point, the more efficient, easier  
and less painful that you can do that, the better.

So, I've also heard you mention elsewhere  
that this is really in a lot  
of ways replacing the good old fashioned spreadsheet, which  
funnily enough, in the year 2025, we speak to a lot  
of companies who that's really their main, that's  
who they're disrupting here, which,  
which seems wild in this day and age.

Yeah. Look, and it's again,  
focusing on the, the people angle.  
They've got, you know, it doesn't matter  
how big the company is, we still see Excel being in there.

And the, with the function that you're gonna have lots  
of very comprehensive, clever platforms  
that will do discrete components within your business.

Mm. When it comes time to reporting  
and providing evidence of overall, uh, you know,  
visibility across things, across the business,  
what invariably happens is people export all of that data,  
whack it into a number of, uh, spreadsheet tabs, et cetera,  
and then write some macros to generate out a report.

Yeah. Yeah. And so it's the, again, it, for me,  
it really does come back to that.

And I don't think this only applies to RegTech.  
I think pretty much every bit of business, uh,  
software equipment is highly understandably, a lot  
of it focuses on the output  
and the outcome that is trying to be achieved by the,  
uh, by the platform.

But the, uh, when you focus primarily first

and foremost on the usability  
and the people that have to use these platforms  
and then treat those other requirements as an input,  
as opposed to an output, you get a different view.  
Yes. So, um, give us a bit  
of an understanding of how, like,  
what the business model actually works when we are dealing  
with SaaS companies.  
Obviously there's, there's, uh, license,  
um, what's the word for it?  
Subscription fees that, that play a part in it.  
Is it as simple as that I sign up, I choose some modules,  
I pay my ongoing monthly yearly subscription fee?  
Or is there a transactional component?  
Just give us, flesh that out for us. Yeah,  
It's, it's a really interesting one.  
'cause again, we were faced with, as you mentioned, it used  
to be CV check, a highly transactional based company.  
The, the requirement around, uh, pre-employment screening  
and, and credential verification still exists.  
In fact, it is part of your onboarding  
of your compliance processes.  
And, but what, again, focusing on making the platforms  
as simple as possible, what we've done is, uh,  
distilled everything down into a per worker per month fee.  
That can include all of those verifications, et cetera. Yep.  
So the, the design philosophy we've got in the platform  
for all aspects is simplifying.

And so if

that extends in making sure the commercials are very simple.

So where we've now got it to, uh, is how you pay

for the number of workers

for which you are managing their compliance.

And that is a per monthly fee.

Uh, the admin seats,

the people actually have to use the platform.

They're unlimited and they're free.

Right. And how,

how, what's the process involved of, uh,

integrating your solution?

Which is, it's always an interesting question

because you, you do come across a lot of, um, uh,

commercial products.

They're great, they're fantastic,

but often the customer will be reluctant to do it, not

because they don't see the value in it or the worth in it,

but it's kind of like there is a,

if it ain't broke, don't fix it.

Mindset. And there's also the very real, particularly people

who have gone through any kind of enterprise sort of, uh,

tech upgrade where it's sort of like, it's a, it's often,

um, talked about like a spinal transplant.

It's like it introduces risk, things can go wrong.

So how do you think about that onboarding process and,

and how, how, how do you make it as seamless as possible?

It's, uh, I mean, you've absolutely nailed it,

but the, with all of the systems

that involve operational day-to-day issues, one of the key things in any platform, actually, I would argue the differentiator between success and failure most of the time is change management.

Yeah. And so, you know, I'll talk about what we've done from the technology viewpoint, but the big thing that we also encourage with our customers, particularly the larger customers, is actually really getting into the understanding of how we can support them with how they're gonna roll this out across staff.

Yeah. So it's not just, uh, the email goes out on Monday morning, guess what? We're now using this, uh, always successful that approach.

Yes. And the, um, but how do you incrementally do it?

How do you get buy in?

And so that, uh, our ultimate objective is to get people keen to start using it as opposed to treating it.

Yes. And so the way we've done that, and this is certainly learning the hard yards, right.

Back from inception of the company, our first move into the compliance SaaS product was the thing that everybody was after, was empowerment.

Mm. They wanted the ability to be able to do these things themselves.

Yep. Yes. They want support and to be able to call on us if need be or whatever else,

or, but first

and foremost, they want to know that they're in control,  
that they're not now behest of a vendor.

Yeah. And so everything we built in on that onboarding, on  
that establishment, and for that matter change.

So we've built the tools

that not only can companies configure it themselves,  
they can do their integrations themselves.

We've got 50 integrations out of the box  
that allow the majority of systems, uh,  
that we've done and had a look at there.

You literally connect with the, all  
of these platforms have an integration key, put that in.

It finds the fields that are compatible.

It lets you drag and drop lines between matching  
these fields, match to these fields, go, wow, that's it.

And at that point you've got a two-way sink. Yeah.

And the, then on the, the procedural things we've done, uh,  
various demos

and examples where an organization can create a policy  
entered in the system, include the check boxes,  
their acceptance criteria, quizzes, whatever it may be.

Uh, issue it out to all staff, select staff individuals,  
and have it back completed within five minutes,  
and all the processes tracked.

Mm-hmm. You know, and something as simple as that.

I mean, you know, we've all been there.

Um, you know, what I like to refer  
to is the 3:00 PM Friday panic when something is due

that week and the emails, the phone calls  
and everything starts.

'cause it's one thing issuing a policy.

How do you ensure that you've tracked the actual  
acceptance Yeah.

Across the things, but do it in a way,  
as I say, doesn't distract.

Yep. Yeah. So it's, they're the Yeah.

Some of the tool that we've put in.

Um, well, that leads to the, the, the sales question,  
which is the other challenges.

And there's so many challenges with business.

You've gotta build the damn thing first,  
and you've gotta get it to work, and you've gotta get people  
to like it, but then you've gotta convince people to use it.

And what sort of prompted this question you sort  
of said there is you, you know, you want people  
to want to use it.

And one of the phenomena  
that's always interesting is once you get a little bit  
of traction there, people within the same kind of  
vocational, same kind of occupation, you know, tend to talk.

They, there tends to be a bit of chatter out there.

As you are sort of evolving and growing.

Are you seeing more inbound inquiries  
and can you just sort of flesh that out more in terms  
of the general sort of sales philosophy and process? Yeah,  
Look, absolutely.

And, um, you know, internally, uh, a little bit,

uh, lightheartedly, we refer to it as the,

when Harry Met Sally Effect.

Okay. And 'cause we do find,

particularly whether it's aged care

or some of the other sectors we play in, where we will

win a contract in a particular suburb,

it doesn't take very long for phone calls

to start coming in from surrounding suburb. Interesting.

Et cetera. Yeah. And so our approach more generally

to the, the sales is we, uh,

are very disciplined and focused,

rather than just being scatter gun approach.

Yep. So even though the, the software itself is

industry requirement agnostic, our targets of industrials,

mining, electricity, I mean healthcare with aged care,

disability care, primary care, higher education, uh,

and funny enough, government have been our sectors.

Yeah. And what the sales team have been

very effective at is embedding themselves, uh,

for lack of a better terms, a trusted advisor

with industry bodies within, uh, various sectors to openly

and willingly share information about what they're seeing,

the challenges, uh, things that are coming up without

lead or, uh, deliberately tying that to, uh,

and we have the solution.

Yeah. There is a genuine, uh, willingness

to just share info.

Yeah. That, uh, particularly I think in the SaaS space

where it is not a one-off purchase,  
you are building a partnership with an organization.  
You started that journey of showing that, uh, we are there  
to support, not just charge them a monthly fee.

Yeah, absolutely.

Um, uh, I mean,  
although I, I, I, look, I don't wanna assume anything,  
but I imagine, I mean, generally it's the case  
that when you have a, a product that again,  
solves a genuine problem,  
where the biggest advocates are those  
that are actually using it,  
and it's sort of a mission critical kind  
of, uh, application.

You tend to have very, uh, very sticky kind of product,  
which is exactly what you want when you're dealing with sas  
because it's easy, might be easy to start a subscription  
'cause it's also easy to cancel it as well.

Can you talk a little bit towards sort of the churn  
and any observations that you might,  
might be able to offer on that front?

So the, um, I'll get it outta the way early.

Uh, our churn is still zero, uh,  
since we've launched the SaaS product.

You know, I'm not, uh, expecting that to stay like that  
for forever, but so far it's been, uh, very sticky.

Yeah. But I think that is, it goes to your exact point about  
like a genuine SaaS product doesn't tie people

to long-term contracts.

Yeah. And the, you have

to demonstrate value month in, month out, whether that's incrementally new features, whether it's adjusting things that customer requests, uh, all of the, the things that make people not question that monthly fee every month.

Yeah. So we, we've actually taken the attitude of saying we have to, uh, drink our own champagne, so to speak.

Yep. So we've removed with a new product, there are no tying contracts.

They're genuinely month to month. Yep.

The, we are confident doing that because we believe we've gotta back our product and make that statement to do it.

Yep. It also makes it really easy to start. So I was gonna make that man, get rid of that barrier.

Right. 'cause you're not committing to some 10 year kind of deal. Yeah. Yeah.

What we found is once people start getting access to visibility of information, they start seeing the time saving.

They can happen, they're, they're happy.

But getting, you know, going up to a company and going, look, this is great, but you're committing to 12 months before you and et cetera, et cetera.

Uh, we wanna remove any of those friction barrier points that sign up.

Yeah. And to the point we've even included a, you know, you can use the entire platform for up to five users for free.

Right? Yeah. Uh, I want people trying, we want them on using it, and then, uh, we're backing ourselves.

Yes. But we will continue to, uh, do the things that they're after to, to keep them happy.

Yep. I mean, that's really, it's, it's so old fashioned and corny to say, but if you solve a genuine problem for people, they want to use it.

Right. It's a win-win kind of thing. Correct.

Whenever you have to trick someone into it and then, you know, lock 'em in.

I, uh, I mean, there's plenty of companies that do it, but it just, it doesn't feel as though it's built on a firm foundation. Um, It never lasts in the long term.

It never does. No.

Um, you're reminding me a bit of share site, who we've got a bit of a partnership as well.

Same kind of thing. Use it for free.

We'll give you 10 stock portfolio if you like it.

And, you know, once you go through a tax, uh, uh, tax you, you kind of realize, yeah, okay, this is, this is pretty good.

Um, uh, what I'm curious about, Michael, is, um, how easy would it be for me?

Let's say that I, these days are, are, are gone, thankfully,  
but let's say some silly VC gave me a \$10 million check  
and said, look, Michael  
and the team at Kinetico have got this.

They've tapped into a vein here.

We're not gonna let 'em have it all go  
and build some software.

Now, software is hard.

Uh, I don't think it's one of those things  
that I think looks easy from the outside until you do it  
and you realize how tricky it is.

But one of the, one of the really tricky aspects  
to it is not just the code itself and the platform,  
but it's all of the other counterparties  
that you need to deal with.

So when you are like compliance checking someone,  
you are speaking to another system somewhere,  
which may be speaking to another,  
and you build up this sort of, this web of sort  
of dependencies, which again, I'm sorry  
for the leading question, but it feels as though it,  
it at least hints at the possibility of a bit  
of a competitive moat that you might have there,  
because these things aren't always easy to access  
and then coordinate and stay on top of.

Um, or I might be barking up in the wrong tree entirely.

Can you flesh that one out for  
Us? No, I, I quite  
frankly think you're spot on.

Um, the couple of, you know, first responses I'll give you and then expand on them.

Uh, it's actually really hard to make software really easy.

Yeah. Right. And focusing on usability.

And so everybody goes, wow, that was easy. Yeah.

We should do that. Mm-hmm.

That secret source is where many people fall. Yeah.

The other one is, uh, when you are trying

to emulate a piece of code

or a function, you don't know what you don't know.

Yeah. And what you will end up doing is replicating, uh, the functionality as it was when you first saw it.

Right. And not building something that is, uh,

built on a solid foundation of iteration and evolution.

Yeah. Because those, those key, uh, design, uh,

thesis don't exist.

Mm-hmm. And so, and then Yes.

Uh, you, you get the other one that, uh, this product

and where Atco is at today, you know, is as a, a 17,

18-year-old overnight success.

I love, I love those. Say I use it all the time.

The overnight success, 10 years in the making. Yeah.

Because all of those lessons, you know, you point out that

whether it was, uh, intentional or what doesn't matter,

but you build up these connections to database systems,

to government connections to, uh, industry knowledge scars

and, and all the rest of it.

Yeah. That goes into the DNA that allows you

to build something like that.

Yeah. I mean, you don't know  
what doesn't work until you try it.

Right. You don't know the challenges  
until you go through it.

This is, this is the process of,  
of business experimentation.

I actually feel, not to go too much on a tangent here,  
but I, I feel as though investors can be pretty unforgiving  
of this kind of stuff.

And then when companies make mistakes,  
they can be brutal in their reaction.

Not recognizing that mistakes are inevitable when you  
are experimenting.

And in fact, if a company's not making any mistakes,  
it's probably not trying hard enough.

II, I would argue,  
and the real mistakes are more like when you make these big  
grand existential errors rather than lots of little,  
small experiments to sort of see what, what kind of sticks.

And it feels as though, uh, I can't see the number of guests  
that we've had who have really sort of,  
stu almost accidentally stumbled into the, the real, um,  
value proposition starting out in a very logical,  
rational space, but for whatever million  
reasons didn't work.

And it, it's probably something to be said there  
with Kinetico in terms of the CV check sort of business  
where it sort of started off in this area.

You figured out what was really the problem  
and what was the better way of doing it.  
And, and, you know, that, that that's what gets you that,  
that overnight success, so to speak,  
Spot on. Uh, look,  
and it's, you know, have, you could, uh,  
wax lyrical for hours on this of the, you know, the traps  
of particularly of the public markets  
and the expectations of short term demonstration of success.

Right? Yeah. But the,  
the old mentoring innovation is fail fast.

Yes. Right.

And yes, being willing to try stuff  
but not be wedded to it.

So if you need to course correct, you can do it. Yeah.

And, but the, if you don't try stuff, if you don't, uh,  
test the boundaries, there is no way that you  
ultimately will achieve something special.

Yeah. Right. You're gonna be middle  
of the pack by definition.

Yep. And so look, you're absolutely right.

And I'll pinpoint it that in Connecticut's case,  
we knew there was an opportunity  
or absolutely a necessity in a commoditized  
pre-employment screening space to move up the value chain.

Yeah. And actually moving  
to the full lifecycle journey compliance thing.

Yeah. It was customer feedback who actually said to us,

don't tell us we need to be compliant.

We know that. Make it easy. Mm-hmm.

Yeah. Do, do you find you get a bit of pushback,

or what's the right word?

Yeah. Pushback or, you know, um,

resistance from the investment community, whether it be sort

of fund managers or, or, uh, brokers

or whatever who, who can

push you in certain directions that you don't want to go,

or, or, or what sort of overemphasize the quick,

easy low hanging fruit quick wins with, with,

with sometimes a less

of a focus on the longer term really

value creating kind of stuff.

I, there's no right or wrong answer with this,

but I, I do ask the question

because I I understand that very well

and that it's, it's this real, it's this paradox really

where we, we will speak to some guests

and all they're trying to do is make sure

that their shareholders are happy,

but in keeping sharehold shareholders

dunno what they want half the time.

They want the share price to go up. Mm-hmm.

But they don't think they recognize a lot of the time

what goes into

and when you sort of, so going from CV check to now,

was there a lot of, what are you doing?

Oh, it's all broken. And what you've, you've, I know I'm,

I'm just curious to what that journey is has been like and,  
and what it has taught you. You know,  
Look, it's a great, it's a great question.

And the CV

probably, um, overpromised  
and undelivered for a number of years.

So starting the transformation,  
there's probably a little bit of justified cynicism  
early on in the, the position about what was gonna happen.

And also, again, coming back to  
what we started at the beginning with the actual description  
and clarification of what we were trying to do  
isn't exactly something you can put in a nice little package  
and put a bow around it.

Yeah. So it's not until you start to see, uh,  
momentum and, uh, the results that you can switch that tide.

Yeah. The other one is,  
and this is, you know, my response  
to this next bit I'll say is if it is, this is what it is,  
and if you can't handle it, don't be in the public markets,  
is that, uh, you're dealing with a shareholder base  
with all very, very different measures, intents mandates.

Yep. And there is no way to satisfy everyone all the time.

No. Right.

And the attitude we've taken,  
and this is hand in hand with the board,  
they're very supportive, is that we have to build a,  
uh, with a long-term vision, a highly successful, scalable

business, the share price  
and all of those things will take care of themselves.  
So true. So true. Look, I'll, I'll, I'll make the comment.  
It's not a question, but I, I feel, I I it's from a bit  
of a mission for me to sort of say it as a representative  
of the other, you know, the,  
of the investment class in some ways is to, um, I, I,  
I find it very comforting when there is a board  
and executive team that are very comfortable  
to say bugger off to investors.

Uh, and I, and I feel as though it's up to us as individuals  
to choose whether it's right for us.

And Michael can set the north star, this is  
what we're doing, this is why we're doing it.

Some people are gonna love it,  
some people are gonna hate it.

But whenever you flip and flop and try  
and sort of be everything to everyone,  
it just always ends in disaster.

And, and in fact, in trying to sort of be that you,  
you attract, you attract the wrong kind of capital,  
you attract the fair weather friends who were there  
for a good time, not a long time.

And it's, it's a harder grind.

But I always think it's, it's more worthwhile.

And if I can speak on behalf of our group, I think  
what you have in general is pretty patient farsighted  
capital who understand the realities of business.

And, and I just, I just, I make that point

because it's not made enough.

And, uh, I don't, I don't think, I don't think any of us here are gonna be too concerned as to what the next quarter will bring.

Obviously very interested. Um, yeah.

But, but it's more about what it says of, of whether or not you are on the correct longer term path. So, um, Yeah. Yeah. Uh,

let me, let me, um,

let me, I've gotta ask you this.

Right? And I'm, and,

and there's gonna be a bit of an eye roll here.

'cause I'm, I'm the first to roll my eyes when I hear it, but it is the new black and, and I have to talk about ai.

Um, it's one of these things that like a lot of, like a lot of new technologies is full of hype and hyperbole and frankly just outright graft and affinity scam, but also something that is fundamentally transformational and super, super important.

And, and it's hard for us as investors to sort

of tease apart where is, where, what,

what are the kind of companies

that can legitimately use this

and not just use it in a way

that, well, everyone can use it.

'cause if Kinetica's using it in the same way

that everyone else is using, it's like, well, a website.

So what, you know, good, good for you.

You're on the internet. So, so is, so is my grandma.

Um, but I suspect,

and again, I'm, I'm doing the leading question thing,

but I suspect the more customers you have,

the more data you have, you've actually got, sure,

you've got AI that you can throw at it,

but you've also got a proprietary data set there

that can actually, uh,

create a few positive feedback loops potentially.

Uh, look, yes. That's one of the many use cases.

Um, you know, to come back to, to where you started, uh,

I'm gonna say the majority of, uh,

presentations from particularly smaller businesses on AI

today are you aptly described them.

Um, you know, and the, I think it's one of those things,

the more you are talking about it,

the less you actually have of it.

Yeah. And there's no question it is

genuinely transformational.

Yeah. And the, we've actually taken,

uh, a new, uh, strategic philosophy in the company,

but we've titled AI First.

So everything now gets looked through the lens of

how does AI apply to this?

How can we use it?

Doesn't mean we will, because the next stage is, should we

Yes. And,

but it has to be part of the equation. Yeah.

Uh, we've embedded it, uh, in terms of the daily tool set

for everyone in the company and trained them  
and looking, so not to replace what they do,  
but to enhance what they do  
and give them another tool set to use things.

And then when you start applying that in the products,  
in that same mantra, you know, we will get  
to the point in the not too distant future  
where we'll be releasing the product  
that will allow a customer  
to actually query their compliance platform via an AI  
standard language prompt, and they will get the full  
reporting and the compliance status back.

Yep. And it,  
that is not an AI built component.

It is using AI to enhance what we have done.

Yes. And so the, uh, I look, I, um,  
will share, I probably, uh, do 30  
or 40% of my day, uh, using AI tool sets.

Now. It's been, for me personally,  
it's been transformational. Yeah.

Yeah. Yeah. Same here.

Um, I mean, I, I, I, I,  
I think there's a really good analog, um, I'm old enough,  
I started in this game in sort of the late nineties,  
and the internet was, was very, um, potent back then.

But it was also, I think I, I,  
I think every single a SX company put.com  
after their name because it Yeah.

I remember. And, and most of them didn't do very well.

But, but from that, obviously the world changed.

And all of the biggest,

best companies in the world are all at, you know,

internet or internet adjacent.

And there's, I I feel as there's a lot

of potentially a lot of parallels there.

So, um, you know what, I should probably go

to some viewer questions here,

otherwise I'm gonna run out of time.

Um, and just a reminder to everyone,

I'm gonna go top to bottom here.

So vote accordingly if you want me to switch out the order.

First one. Um, what's the growth strategy from here on in

over the next three to five years?

Okay. Um, so the,

the key one in the short term focus is to really

increase our penetration across Australia and New Zealand.

We, uh, have internal metrics for the exec team on

what we wanna see in the run rate

and start reporting how many seats we've,

we are managing across all companies.

Uh, increase our penetration across small

to medium business, you know, 'cause that is the target.

Yep. Incremental target.

With the new platform, uh, we've set ourselves a target

to have international revenue

by the end of next calendar year.

Okay. Uh, that's outside New Zealand. Yep.

So the, the, the answer to that of, you know, what our, the management team's target is, uh, is to get into that 50 70

and then 75 90 mil of, of total rev with 80% of it being SaaS based within that three to five years.

Yep. Um, you touched on the scalability there as well.

This is where, uh, I mean, you don't need me to tell you this, but the, the, the real sweet spot of, of a great SaaS company is that ability to, you know, double, quadruple, uh, quintuple the user base without really having to change your costs too much.

Now, cost will always scale with revenue.

That's unavoidable to some extent, but it's, I'm curious to know as to where, how you look at the cost base as it is at present, how much load that can kind of handle, and just how you kind of see things sort of evolving in that sort of three to five year timeframe.

It's, and again, to answer that, it's, it's important with the context.

So the first, you know, when we're moving into the SaaS space, that was one of the key things that the, you couldn't do that with the operating model.

That CV check had, you know, I started, there was 134 odd staff. We're down to 70. Now at the same time we've doubled Rev.

Yeah. We we're now at a position with what we've done.

We believe we could double the rev again  
and hold the headcount steady.

Interesting. Yeah. Yeah. Um, yeah. Fantastic.

Hey, what would you say in terms of your expenditure, your,  
your capital expenditure?

What, what sort of is the mix between sort of  
what you might term growth, CapEx versus just sort  
of your maintenance day-to-day kind of exp expenditures?

Yeah. So we don't, we operationalize all our day to day.

Yep. We don't capitalize any of that. Great.

Um, and again, the more we get into the staff space,  
the more efficient that gets.

Mm-hmm. We've got a, uh,  
last year I think we did about 4.1 million cap, uh, spend.

I, we think our normalized run rate, uh, having got  
through launch is probably gonna end up  
between three and three and a half.

Yep. And that's enough for us to continue that, uh,  
cadence of surprise and delight for ongoing customers and,  
and, and, uh, respond  
to market things that we're gonna say. Yes.

Yeah. I mean, the job is never done with software. No.

It's, it, it really isn't.

Uh, that's one of my, um, uh, more, more ignorant, uh,  
lessons that I had, uh, in, in, in part, but

Delightful. Is it  
finished? Yeah.

So when's it done now then I can get on with it.

No, it, it's never done. Um, uh, which is good. Right.

And it, and it's also something that compounds on itself, which makes, just from that competitive dynamic, it makes it harder and harder and harder to catch because the, the, the, the, yeah.

The, the, um, the legacy investment becomes just more and more meaningful.

Um, I, I already skewed off my, my desire to, to, uh, throw some of the viewer questions here.

Let's try this one. Uh,

how do you see the criminal history checks and the compliance SaaS product coexisting strategically?

Well, a criminal history, uh,

check is a pa is a compliance requirement.

Yeah. So the, I think to rephrase the question, what do I see as the standalone business of that component within pre-employment?

It's gonna decline. Yep.

And, but when you've got somebody who is part of the SAS product and, uh, you know, that the access to, whether it's criminal history check, whether it's a license verification, medical, uh, quals working with children, they're all components that are part of an a, a worker journey.

Yeah. And they are factored into the SaaS platform.

What it allows us to do in doing that is you reduce your sa your cost of sales acquisition because it's then already built in.

And we don't have to pursue it as we were  
with CV check every month, every quarter  
to win back the same customer.

Yeah. Nice. Um, I think I'll just put it to you.

I think there's nothing extra to say.

There's nothing extra to say, because I think we touched on  
it, but just for the make sure that we're complete here, um,  
what's kinetic's moat and how strong is that moat?

Is the moat the RegTech domain knowledge,  
or is it the SaaS solution itself?

And if the moat is the domain knowledge,  
and how is this moat maintained?

Anything extra to say other than what we already said? Look,  
I think both of those are, uh,  
stronger moats than people realize.

Mm-hmm. Um,  
but the other one, what we've done strategically  
is we've put together an exec team  
and a senior leadership team that quite frankly,  
is very overqualified for the size of company we today.

And it was that it was a conscious decision to do that so  
that we're not constantly, you know, as a lot  
of businesses have, where you get those full starts  
of incremental growth, but you don't have the systems  
or the knowledge in place to take it to that next level.

Yep. So, you know, the, one of the reasons we've been able  
to do what we do is  
because of the quality of, you know, a lot  
of the people in the exec team

and the senior leadership team.

Mm. And that is not something you easily replace.

Yeah. Yeah. Um, I'm gonna do it again.

I'm gonna throw in my own own question here.

So, so I noticed the balance sheet's in pretty good shape  
and, uh, some good cash flow.

Uh, that's, there is what,  
what is your, I guess to start  
with your general philosophy towards capital management?

Because what's what's always interesting,  
and there's a natural tension here when you've got, um,  
to a point where you've got the solution, you're happy  
with it, you see the opportunity,  
do you throw everything at it to capture  
for the land grab, right?

Yeah. Because it's, it's too big an opportunity  
to pass up the risk being you get over your skis  
and the market turns and capital dries up and all that.

The other side of the spectrum is you go so slowly  
and so cautiously that someone comes outta left field.

And, and, and again, there's no right answer to it.

I don't know how you find that sweet spot,  
but how do you, how do you think about all of that?

Yeah. It's, it's, uh, a question that,  
uh, takes up a good amount of thinking time all the time.

Yeah. Because you're absolutely right. It's the trade off.  
I mean, first of all, I'll say it's nice  
to be in a position where you've got options.

Yes. So, you know, if I wanna deploy capital, we got it.

Yes. Um, but the, we have

a very strong belief that the faster we get 55 mil plus  
top line rev, the better.

Yep. Um, you know, one of the concerns  
we have less so, it was a real concern  
that we were gonna get picked off by VC too cheaply.

Yep. Um, and the best defense of that is getting bigger  
and getting the share price up and doing all of that.

Yep. The, so the, we have absolutely no hesitation  
to deploying capital to grow faster.

Yep. What we don't do is do it and hope. Yes.

So we're a very data driven business,  
and we analyze all of the,  
the metrics across every aspect,  
and then we are, uh, slow to,  
uh, do that analysis and consider  
and very fast to make a decision.

Yeah. Nice. So once we've,  
the trend is there, it will go hard.

That's not a question, but it, it, you know, particularly  
with the new platform having just launched,  
I will say the early signs are very encouraging.

Yeah. But once we've got concrete data, we won't hesitate  
to, you know, to increase marketing, uh,  
biz dev people and all the rest of it.

Yep. But the other one is we've been constantly analyzing  
and looking for opportunities for inorganic growth.

Yep. Um,

That's my next question. Yep.

The, with the criteria, you know, again, trying  
to be really disciplined about how we approach it.

Mm-hmm. There's a gate that says it can't be a basket case,  
it has to be accretive, uh, can't be a distraction  
for the existing management team to, to large degree Yeah.

To take focus away from what we're doing,  
but then it either has to give us customer reach,  
so a segment we are not currently in Yep.

Or product acceleration Yep.

For a feature that would fit in with the suite. Yep.

Uh, and that product, that  
customer acceleration would get an extra bonus point if  
that was an international opportunity. Yes.

Yep. So that's, we've got this very clear model  
and this lens that we, we have a look through,  
and, um, we've put lots of things through that model.

Unfortunately, nothing has got to the end of it yet. Uh, but

That's a good sign. I  
mean, I mean, I mean, frustrating,  
I'm sure from your perspective,  
but you know, it, it's not something you can force. Right?

No. And, and that's, I'm  
also very conscious of that, right.

I mean, we could derail a lot of momentum  
with being distracted with trying to clean something up  
that we subsequently found.

Yeah. Yeah. The stats aren't good on that front.

I remember really, it's probably a little dated now,  
but it was something like, of all the acquisitions  
that are made in the public markets, a third create value,  
a third's kind of a wash and a third destroy value.

So the odds are against you, right?

Yeah. Yeah.

Um, let's go back with the, uh,  
the view of questions here.

Um, okay. We talked about competitors before.

In terms of sort of the established, uh, uh,  
spreadsheet kind of solution.

Are there others out there that are,  
that are more sort of SaaS oriented?

And who would you sort of highlight as your,  
as your main competitors? Look,

There's, it's a really interesting one and say again,  
because of, our focus is unique on the usability as opposed  
to the compliance requirement.

So there's plenty of really good  
compliance platforms out there.

Yep. Right. And, you know, the larger players in town,  
you know, without specifically mentioning them, we all know  
who they are and we'll all tell you they can do compliance.

Mm-hmm. Right.

So the, it is RegTech everybody knows is a,  
a multi-billion dollar marketplace.

So there's, there's plenty of players across the spectrum,  
but the greenfield

that we found ourselves in is this focus on the user.

Mm-hmm. And while I have no doubt in a short space of time,  
a lot of others will be claiming  
that they're doing the same thing.

The proof's in the pudding,  
it's not something you can add on.

Uh, so it's been, you know,  
I suppose it's reflected in our SaaS growth that we haven't  
come across, uh, too many directly,  
but I, I'm not naive enough  
or stupid enough to think that  
that won't happen in, in due cause.

Yeah. Yeah. Uh, not, not to over egg the competitive, uh,  
issue because I mean, all,  
unless you're very fortunate to be in a monopoly position,  
every company has competition and,  
and most companies will, I, I think it's,  
it probably keeps the pencils pretty sharp,  
but I'll put, I'll just jump down a few here  
because it's relevant to what we're talking about here.

The question being, with the increasing presence  
of Vanta in Australia, how are you differentiating yourself?

So that, Vanta is a great example.  
I mean, a predominant basis within  
financial and, and things like that.  
They're not, you know, if you want  
to bring up others who've got safety culture,  
who's massively successful, massive valuation, et cetera,  
they're not competitors to us today

because they play in different sectors in different spaces.

Yeah. Not to say that we won't evolve, uh,  
head to head, but our attitude to those type  
of things is also, I believe in  
building the collective ecosystem rather than going head  
to head and trying to kill each other.

Yeah. You know, we have a philosophy  
that will open up our APIs so that if somebody wants  
to build compliance modules  
that utilize our infrastructure, very happy to do that.

Yeah. Right.

So, and that's where I would see, you know,  
though they've been brought up,  
Vanta could be a fascinating partnership.

Yeah. Interesting. Yeah.

Often, often the comparisons, um, don't hold  
as much water when you scratch below the surface.  
They sort of exist under a certain banner, but,  
but in, in a lot of ways can be extremely different, uh,  
different differentiated.

Um, this, the next question's a, an interesting one too.

Uh, speaking of overseas aspirations, I mean,  
it's very natural that you think  
of the us It's just very big similarish culture,  
English speaking, and the rest.

This question from Nix is going to the question  
of does the business model translate easily to other, um,  
non-English speaking countries?

Yeah, it's, so the, the US is not in our top radar, by the way. Oh, I shouldn't have assumed that. Okay. Yeah, because when you're going to the US, particularly in RegTech, you're not going into the US you're going into every individual state.

Yeah. And so that's a, uh, a pit, uh, many have fallen into, I think. Yes. Our, our initial priority targets is Southeast Asia for international expansion.

The products we've built are foreign language, foreign currency already capable from day one.

Yeah. That's not to say that, uh, you know, there is of course some localization required and some work to do it, but our attitude to how we're gonna do that is not think we're gonna open up an office in these places and start building, we will partner, acquire JV with a local player that we then extend their offering and their to their customer base.

Yeah. Makes sense. So, you know, there's a, the big play for us, I think in Southeast Asia is you've got a lot of HRIS platforms, et cetera, who are doing one thing, but the ability to extend beyond that is difficult.

Mm-hmm. We could add that on quite easily. Interesting. Um, the, the next part of the question here is, uh, does the business model depend on, or does it work better if, uh, there is some kind of digital identity and I'm being more and more talked, particularly Europe and other places?

Is any any insight on

That? Yeah,

it is absolutely inevitable

that we will get, uh, commonly accepted

ubiquitous digital identity and I can't wait for it.

Mm-hmm. So we have a process

that when a customer comes on, a worker comes on,

the first thing we do is biometrically ID them.

Okay. And the, uh, in excess of

what you would call a bank check,

because a lot of the government authorities won't accept our

connection for that worker without an extra level.

Yeah. So we do all of that.

Now, we are doing it to a government standard.

The sooner the government provides the solution is one cost

base and one headache I take out of our

Platform. Okay.

Well, I suppose also there's a, there's a cyber

security headache potential that you would prefer not

to have in in-house as well.

All of that. I, we, we, um,

the amount of data, et cetera,

and PI that we, uh, process,

et cetera in the platform every day is immense.

Uh, it is, uh, our largest focus, et cetera,

ends up being on security and cybersecurity

and data protection and all the rest of it.

Yeah. And the, we actually also then have a policy

that we don't store anything. We don't have to

Yeah. And

I don't want it. Yeah. And yeah.

Uh, so if we've, once we've validated something  
and we, the, the originals get destroyed  
and the, but again, so yeah.

When you start getting, uh, actually, I'll take a step back  
because this was a original design philosophy,  
which was part of the prompting of getting out  
of the just exclusive pre-employment space.

If we are going to have an efficient digital economy,  
that digital transfer

with confirmed identity becomes an absolute necessity  
as a foundational piece.

Mm-hmm. So the,

it is a reasonable thing to say that will happen.

The thing that is up in the air is time  
and when you're gonna do it,  
but it is fair enough to actually say  
that within everything we do within the company, we have  
to design and build knowing that that is coming.

Yeah. And then you work backwards  
and go, okay, we, what's our confidence level of when  
and what do we need to do in the meantime?

Yeah. Interesting. I love that.

Um, uh, I think we've kind  
of co answered these other ones, or maybe this one.

What, what's driving the current growth in compliance X  
enterprise sales or self-serve signups?

The, at the moment it's self-serve signups,  
because enterprise sales always take longer, uh,  
have a much longer lead time.

So the, at the moment,  
pretty much exclusively the signups are in our  
target SMB space.

Uh, having said that, we have been very surprised  
with the strength of the enterprise pipeline day one.

Yeah. Great. Mm-hmm.

Um, I've run through my questions,  
but I'm always a good ending question.

Michael is always, you know, what are the,  
I'm sure you know in your role, you, you have  
to speak to a lot of stakeholders.

What's the question? That, that no one,  
well, I'll put it two ways.

What's the question that no one asks that you find odd,  
that no one asks?

And what's the one that everyone asks that you find also,  
like, why are you interested in that?

It, it often reveals a, a deep misunderstanding.

And we love, we love misunderstandings  
because that's where opportunity lies.

Uh, look, that's a,  
I'm gonna have to think about that one.

It's a, the, the second one is, is easier,  
but it's happening less and less.  
Mm-hmm. Was, uh, particularly if people were familiar

with the old business, the lens of the questions was always that, and I'm sort of going, it doesn't matter.

Right. It's not relevant anymore. Yep.

And so that, that's the easy one.

The one they, um, don't ask, uh,

I'm surprised sort of probably

because we live it every day Mm.

Is, uh, a greater interest in, in getting behind the scenes

of where else it could go.

Yeah. Because, you know, the, as

current an issue compliance is,

and people, people compliance, uh, we believe

that effectively,

or the way we treat compliance, quite frankly, is

that is our current currency.

Mm. What we are doing is digital workflow systems

that can apply to anything.

Yeah. And that's the future aspiration.

So I'm surprised, which you, I'm surprised from respective,

because it's in my head space doesn't mean it's in everybody

else's, uh, uh, that there isn't a

more questions about the,

the future direction of where does it go after.

Yeah. Well, I, I, it's probably a consequence of, of, um,

uh, without being too negative on the,

on the wider investment industry.

'cause most people can't look beyond a 12 month timeframe

and you'll, and which I find very incredibly heartening

that, that you are thinking beyond a 12 month timeframe.

So that's a, that's a wonderful thing.

Um, uh, I, I guess my final question would just be, Michael,

um, what is the thing that you would direct

investor attention to for someone as a shareholder

or potential shareholder following along with the story?

I mean, obviously we're gonna read all the announcements

and the financials and that kind of stuff,

but there's, there's so much information that's out there.

What do you, what do you consider to be the more important,

uh, or metrics

or signposts that, that you, you feel are going to be more

relevant to gauging success for Connecticut?

The, I'll, I'll answer it this way in sharing

what we look at, um, you know, the, what we refer

to internally as the alligator jaws is, you know,

is the cost base, is the backend, uh,

getting more efficient dollar spend a percentage

of dollars spent on operations going down

while you are getting the trend line of the top line effect.

Yeah. And we look at that, uh, in six month windows

with a, but we measure it on a two year expectation.

So the, while, you know,

I totally always understand why people wanna see

and measure the short-term performance.

We are still in the very,

very beginning of our growth phase.

If we had to pursue quarter

after quarter of stunning short-term performance,

at some point that stops.

Yeah. Right.

And so the looking at,

and we try and put enough as we can in the, um, in all  
of our releases that there's the indications  
of why we think these stats are  
important and where they're going.

Yeah. And it, so I would encourage hope,

uh, to try

and get investors to actually look at what the,  
the underlying story of that means and what we're setting up

Yeah. Here, here. And,

and frankly, that's, that, that is  
where the real edge lies.

I, I, I would, I would say I think we've done  
as a group root particularly well by having a,  
a slightly longer time horizon  
and trying to get more at the, uh,  
fundamental value creation and opportunity.

It's, it's old fashioned, it's corny,

but tends to work pretty well.

And conversations like this actually go a huge way to,  
to help, uh, clarify, um, uh, the story.

And, and it's been really enlightening.

I'm really glad we did it. And I thank you so much  
for your time and, and, uh, if you're up for it, we'd love  
to do it again in another 12 months or so and, and,  
and keep on top of things.

Happy to do it. Awesome. I'll, I

Appreciate the time, Andrew.

I'll let you get back to it. Thank you so much.

Cheers. Take care. Cheers.