

All right, uh, everyone welcome.

I'm really pleased to welcome back Mohan Jaan, uh, the CEO of X two M Connect.

Just very quickly before we do commence, I'd just like to take a moment to acknowledge Remembrance Day, uh, and honor all of those who have served and sacrificed in wars and peacekeeping missions.

We remember them today and always, uh, look, we last spoke with Mohan in September of last year, so it's a really good time to check back in if you haven't come across the company before.

X two M develops tech that helps utilities digitize their network.

So think of things like smart meters, but it's, it's far more involved than this.

This is essentially, there's a platform that connects and manages a whole range of different infield devices.

So yes, smart meters, but also sensors and alarms, and that enables the real time monitoring, uh, remote control data aggregation, automated responses across the very large utility networks.

So, as you can imagine, it makes a hell of a lot more sense than sending someone around with a clipboard to, to sort of do all this stuff manually, which is how it all used to be done.

Um, the company operates across five key geographies.

It supports more than half a million connected devices at this point in time.

And that footprint has, uh, rapidly expanded as more and more utility sort of go, uh, towards this sort of digital future.

So, just a quick reminder

before I welcome Mohan back to the screen.

None of this is financial advice,

and if you do have any questions,

I can see a bunch have already come through,

but if you do have any more that, um, that occur

to you along the way, pop them in that, uh, Slido page and,

and I'll put them to Mohan when we get the opportunity.

Uh, okay. All of that's outta

the way. Mohan. Good to see you.

Good to see you too, Andrew.

A year has gone by, uh, very, very quickly.

It's, uh, it's how it tends to go. It's, it's amazing.

Uh, we, we set off air.

The older you get, the faster it seems to go,

which is a bit scary as well.

Um, I also know that, um, the, those that,

that may be watching this as a recording

or live on our website, we've had a few little glitches

in terms of connectivity.

It should be okay, but if anything happens, just bear

with us and we'll, we'll, we'll endeavor to get back online

as, as quickly as we can.

Now, Mohan, I said, uh, to you as well that, we'll,

we've got a bunch of new members since we last chatted,

so it might be worth just starting at the very beginning if we can.

I gave a very rough and ready sort of outline of the business, but I know I left out a lot of important sort of detail there.

Can you introduce X two M connect to those who are new to the, to the company and, and give us a rundown on what you do and how you do it?

Sure. Uh, thanks Andrew.

And, and, and good morning, evening, depending on what time you're looking at, at this podcast to your, to your viewers.

Uh, X 2:00 AM is a technology company.

Our specialty is a patented software platform that is a data aggregator.

We collect data and we remotely go and control those machines or sensors that we collect data from.

We're a, an enabler for smart cities, artificial intelligence, uh, and automation applications.

Hmm. Our sweet spot is in that smart city ecosystem.

So we roll out smart meters, not just the old staff smart meters, but smart meter meters that feed into, for example, AI applications.

Mm-hmm. Mm-hmm. We play a significant role in improving the productivity of renewable energy generating, uh, companies.

And, and our, our specialty is

that we can connect any device into the one platform
and have them c control each other
and communicate with each other.

We can communicate over any, uh, telecommunications back all
so we can move into new terrains, new geographies,
new regulatory environments really quickly.

And, and we keep us smart in the cloud.

We're at the edge, which means we are scalable,
we're cheaper, we are quicker,
and we can produce richer data.

So technology company Australian made an enabler
of AI applications, if you like, in in,
if you want in one sentence.

Excellent. I love that. Um, it, it's one of the things
that I always find interesting.

Um, you know, as someone who's, who likes to sort
of stay across technology, it feels like this is something
that should have been done and largely mature by now.

But of course, that's not always the way,
and we often notice this,
particularly in medical technology, which really seems
to lag are other industries.

But give us a sense of the opportunity that that is here.

So when we look at some of these big utility providers
or smart cities or cities that are looking to sort
of go smart, where are they at in their technology journey?

And, and, and what role do you think you can play in that?

That's, uh, a, a, a, a big, uh, question, uh, and,

and ru So look, our technology can go into any, uh, vertical, uh, vertical market mm-hmm.

Businesses that I've run, in part, I've been successful because we are laser-like focused in which markets that we're gonna be in, and we wanna go there and, and, and own those markets.

We want to be better than anyone else in those markets.

Mm-hmm. We pointed this business into digitization of utilities, water, electricity, gas, and the renewable energy, uh, sector.

And, you know, those verticals in the smart city, uh, space.

Hmm. The category itself, uh, if you would go, were to go back a decade, was, was slow to get going because the communication technology was bulky and cumbersome.

Mm-hmm. And the last six or seven years, all the telcos have rolled out, uh, technologies like Narrowband, iot, wan, et cetera, which has given real momentum, uh, to, to rolling out this technology.

So, so you, we are on a, on on a growth curve.

You utilities and governments everywhere have seen that, uh, rolling out this technology is a key lever either in driving enterprise productivity or driving GDP growth.

Hmm. So I'm seeing this technology being rolled out, you know, in highly advanced countries like Japan, Korea, us, uh, Europe, uh, and that won't surprise say any of your listeners, but I'm also seeing it being rolled out in Bangladesh

and Sri Lanka and Afghanistan and Iran.

Mm. And, and, and,

and so the, the application's global, the size of the opportunity goes from very, very, very large to very, very large.

And in most markets, there are government incentives or encouragement or mandates to introduce, uh, introduce this, uh, technology and, and, and, and you all know the AI journey and the data aggregation journey, and we play right to the middle of it.

Yep. I should also add to being in the utility sector, our customers are enterprises, governments, but they've got massive consumer bases.

A a and, and so the extension opportunities in this, in, in this vertical, uh, you know, is elegantly restricted by your imagination.

Yeah. Yeah. So when, when you, um, you know, present to a potential customer, um, you're not the only one doing it, how is it that you sort of present, um, X two M as, you know, what's the differentiation that you guys offer that other competitors might not be able to match?

So look, we, we do a couple of things.

There are a couple of things that are different about us.

One, the platform itself, so the ability to put any device, and this could be quite simple, Andrew.

It could be a smoke sensor in a large shopping center

detecting smoke and shutting off the gas into that shopping center, opening the electric doors because they think there, there is an issue here.

Yeah. It could be here in Taiwan, which is where I'm speaking to you from now.

Six months ago, there was an earthquake.

We've got about eight and a half, 9,000 gas meters deployed here.

The meters start to shake, they talk to all the other meters around and go, my gee, you're all shaking.

There must be an earthquake and shutting it down.

That's a technology that's unique to us.

There's a whole bunch of patents, and what that means is more applications, richer data, uh, and, and at the end of the day, that means more revenue per device to us.

Yeah. You know, one of the, um, uh, other real, really important differentiators is that we can not only collect data from machines, we can go back and control them without human intervention.

And, and, and that's unique, uh, that's unique to us.

And, and from a management perspective, what we've done is taken our technology and wrapped it up into business use cases, because ultimately the CFO or the CEO or a board that's signing off on this, actually wants to know what the ROI is.

Yes. And in every, in every situation

where we rolled out this technology, you know,
there's the bottom right hand corner of the spreadsheet,
you know, which is the return that you're gonna get.

So it's, it's bringing together of good technology
and good business practices that's made us, uh,
made us different in this market.

And, and, you know, Korea, for example, our first market,
well, you know, we're, we're the clear market leader in
there, in the only foreign company that's recognized
by the government on and on the
government's procurement website.

Yep. So give us a, give us a, a better sense of, of, um,
how you sort of roll out this technology
because it feels like there's sort of, um,
some nice feedback loops, uh, at play and,
and the potential for some significant network effects as,
as things sort of scale up.

So the first step I, I assume,
involves actually installation of the iot, of the smart sort
of devices is step one,
because there's nothing to connect until you do all of that.

Now you don't Yeah. You don't produce these, I don't,
as I understand it, you don't manufacture the,
the devices themselves, but you do onsell install
and then go with the connection.

Just again, for someone who's sort of brand new to this,
can you just walk us sort of through that journey
and, and, uh, yeah.

How that all fits together?

Sure. Look, we have two business models.

We have a, what we call a managed service.

So this is where the end customers, so it might be the city of Seoul, uh, here in, uh, in, in South Korea contracts with us to provide them with an end-to-end solution of a piece of hardware and a platform that feeds data into, into the addition engines.

Uh, so we provide the full managed service.

We provide all the hardware, we provide all the software.

We don't have armies of people on the ground installing this stuff.

Uh, because the, uh, the instrument already does that.

They're changing meters every day. They've got installers.

Uh, you know, we are really a software company.

We don't, happiness for us is, you know, small is good.

And when it comes to headcount, uh, so the, the, uh, the, the customer has got all the installation, uh, teams that, that do that work.

And we have good tools that allow them to become efficient.

And next, uh, uh, the business model that we've got in parallel with that is a licensing model.

So this is just software focused, this is where all the growth is coming from.

Yeah. So Japan, UAE, we license our technology to third parties in Japan.

It's the, one of the country's largest meter manufacturers.

Uh, you know, we replace Hitachi,

uh, in the, in that mandate.

And u uh, UAE is a company called DI Code Smart Connect.

And we license the technology, they do all the sales and marketing, we install the platform, we charge them for that, and then we charge them a SaaS start revenue fee for in the UA for 10 years for every gas meter that comes onto our platform.

And, and that runs at about 90% margin.

I also imagine that churn's pretty low too.

Yes. Uh, look, once you start to install this, uh, technology, uh, two things about it, three things about it, it's very difficult to replace it because you've gotta pull out all your gear.

So we have a little chip that goes into dumb meters.

We can take smart meters and put it onto our platform like you would a mobile phone onto, onto a Telstra network, for example.

Mm-hmm. Or we can take dumb devices and retrofit it and bring it onto our network.

Well, if you replace us, you've gotta put somebody else's little chip in there that's a hundred dollars per meter.

So that, that's really expensive.

And the other thing is that once you start to deploy with, uh, someone like us, it's uneconomic and it doesn't make sense to have another vendor Yeah.

In there. So, so you have sort of really sticky, uh, customer relationships.

And then the third component is that the contracts by themselves are long dated.

You, you know, because a meter might be replaced every 10 years. Yes,

Yes. And a, a and, and,

and so you, you get that data feed for 10 years.

And I think the UA is a very, very good example.

You know, a gas meter that'll come onto our platform today, uh, in Dubai, will pay us \$4 a year for 10 years.

Mm. Uh, and, and that's 95% plus margin.

Yes. Nice. I don't even have any staff on the ground profitable from day one. Yeah.

I, I guess, I guess the, um, which is all lovely characteristics.

I, I guess the, the, the, the bigger challenge though, is winning the contract in the first place.

And I, I know from our last conversation you said that the sales contracts are, oh, the, the sales process is a fairly extended one because you know that there's a lot of due diligence that needs to be done, et cetera, et cetera.

Can you just sort of elaborate a little bit on that as well?

Because while the opportunity is, is large, and while it's really nice, once you've sort of secured things, there is a bit to sort of work to sort of, um, uh, you know, get into the, the prime position, uh, as it were.

So flesh that out a a little bit for us,

and tell us how you guys go about it,
and also how perhaps you've, what, what, uh,
learnings you've had along the way in terms of sort of like,
uh, making that more of an, uh, an expedited process.

Yeah. Uh, look, um, this is probably the hardest part
of a journey in a,
in a new vertical law for a new, new company.

Yeah. Enterprise sales, uh, you know,
have long, uh, lead times.

Uh, you know, I was with telecom New Zealand for a decade,
and, and it doesn't matter whether you are, uh,
in the telco world or, or, or, or, or this world.

And so, uh, when you were in a startup
or early stage company that we were over a decade ago, uh,
you know, uh, it might take you, you know, 12, 24 months
to get your first customer.

Yep. That if you're able to get through that period,
which we will and truly have,
then becomes a real strength to you as well.

Because what we've done now is we've built a base
of almost 90 government and utility customers.

Yeah. Uh, and, and,
and so we are getting orders, uh, you know,
every week we are installing, uh, dozens
of households every day, or our customers, uh, uh, are,
and if you're a new player coming into the market,
it's now a really tough gig to play
to, you know, to play in.

So what was, uh, you, you know, quite a,
quite a challenging time for a young company
is now a strength because you've almost got a barrier to,
uh, uh, barrier to entry.

And, and, and, uh, you know,
your viewers will know this stuff.

You know, once you get that customer you love them to death,
uh, you know, you provide top great service.

Yeah. Reliable service, all the customer care stuff.

This is not about technology.

This is about running a good business and, and,
and they tend to reward you for it.

Yeah. Uh, yes, a hundred percent agree.

That is there, given, given everything that you said,
which makes a, a, a great deal of sense.

Um, it strikes me as there's a little bit
of a land grab sort of, um, play at, at the moment.

Now, when, when that is, when that is the case,
often companies will
not prosecute their pricing power as much
as they otherwise would.

Like. Perhaps you sort of, you make it as easy
and as seamless and as cheap as you possibly can, just
to get the foot in the door, knowing
that once you're in the door,
then you've got a bit more room to sort of, you know,
recognize the value that's being delivered.

Is that a fair summation, do you think?

And, and, and give us a, a sense of, if that is, if

that is true, how, how you think about flexing the,
the, the pricing power that sort of comes
with in incumbency,
or is it still just that at this point in time,
just get out there, grab as much land as you can,
'cause that's the stage that we're at.

Yeah. Uh, and, and really a good question.

This is where strategy really matters.

So when we, uh, uh, got this business, you know, underway,
uh, over a decade ago, we very deliberately set up, set out,
out on a three horizon model.

Horizon. One was to build a platform. Yep. Uh, validate it.

And commercialized said, that's
where really all your risks are, right?

Because you are spending money and you've got no customers.

Yeah. Horizon two, which is probably the next four
or five years, uh, was the land grab, uh, you know, secure
as many enterprise
and government customers, uh, our first customer in,
in Korea cost us money.

We knew that, uh, first customer in Taiwan cost us money.

We funded that. If we hadn't had done that,
we won't be in the position that we are in, in, in today.

Yep. And horizon three, which is what we're in now, is
what we call the transformational LA layer.

It's about scaling the business up.

It's about getting the business to be profitable.

It's about getting the business to be in cash flow positive.

And, and so when you're in that phase, you don't have to do those pricing, uh, make those pricing decisions that you did did before

because you've got incumbency, you've got an established position.

Uh, we've actually been putting our prices up, uh, uh, you know, our margins have gone from 20% to 47%, uh, over the, over the last three to, uh, three to four years.

We don't do free proof of concepts, uh, anymore.

Uh, you know, we, we, we charge for, uh, for all of that, whereas six, seven years ago, yeah.

You wanna prove a concept. How many will do one do that for you?

Yeah. Uh, so you, you know, having a really clear strategy and knowing where you are at in your journey, and then making decisions that reflect, uh,

where you are at, uh, you know,

I think goes to, goes to value.

And, and, and where in that position where, like I said, you know, uh, we don't have to play the price game.

We have been growing our margins.

We don't have to do free proof of concept, we don't have to buy business.

And that's a really good question to be

Yeah. I mean, I'm, I'm

really, I really wanted to put that to you

because it, it is, we, we had a,

a brief chat off air as well.

It's just sort of like, you know, the, the game

with investors is we try to predict the future
and we sort of use the past
to inform us, uh, of that future.

But there are certain nuances that come with a company
that is sort of the scrappy young, trying to sort
of prove itself business to one that's able to sort of,
you know, um, demand a little bit more of it,
of its customers, if that's the right, uh, phrase.

Along with what you've just described there, do you find
that having these reference sites helps you win new clients?

So in the early days, you had to just sort of say, listen,
trust us, like, we've got a really good platform,
but you just have to trust us.

Now you can sort of say, well, look at soul and look at you.

You can actually give references, uh, out there.

And, and, um, I know that when we've spoken to a lot
of other companies, that has been a really key strength
as they've continued to grow and and scale.

Are you finding it easier?

Have, have you gone from
that stage if it's just you can't get arrested
to now it's sort of like, well,
now p doors just open a little.

You might not win the contract,
but at least the doors open a little bit easier now.

Yeah. Yeah. They very, very much so.

Because, uh, you, you, you have a lot of, uh, uh,
a whole bunch of, um, utilities that are doing this

for the first time mm-hmm.

That want to learn from your experience
and want to learn from your customer's experience.

Mm-hmm. And that the,
and there's nothing more powerful than your customer telling
a prospective customer about their experience.

Yep. You, you know, that, that,
you know, there's no spin in that.

And, and, and, and, and, uh, so, so we don't, um, uh,
we we're not at all shy about putting prospective customers
in front of our existing, uh, existing customer base.

In fact, here in Taiwan, uh, which is where I'm now,
you know, Taipei Water looking to do a whole bunch
of stuff in, in, in the water,
in the, in the water category.

And, and we've introduced them to our customers in,
in South Korea, similar in Japan.

There's a lot of activity happening there in water.

And, and we use, uh, Korea as a reference point.

And, and particularly if you're in countries like Korea in
Japan, where everything works
and everything has to work really well.

Yeah. There, there are outstanding reference
points to, uh, to get.

The other thing is that you actually become better at, uh,
some of the tools you have around the business
that's doesn't necessarily impact your platform,
but it makes your customer's life a lot journey, uh, easier,
uh, uh, and tools like visualization tools

and data on connections and so on.

A and so then you end up, uh, moving up that net promoter score with your, with your customer, which then gives you repeat orders.

Yeah. And probably a very good example, you know, uh, we announced on, on Monday, we second five, you know, significant orders in, in Korea last week. Yeah, Sure. Yeah.

Yeah. And, and that was four repeat orders.

Yep. And one new customer, and, and the new customer actually has a large addressable market, and, and that new customers spend time with our other customers.

Yes. Interesting. Yeah. Yeah.

I, I know we've spoken to another company before, and one of the things they were dealing with US based utilities, and one of the things that was interesting there, I'm, I'm keen to get your perspective on this, is that the comment made was there, is it, there's not a competitive mindset between the utilities course.

They don't directly compete, in other words, in partic certain industries, a player a would be rather guarded in the lessons and experiences it's had with, with its com with this competitors, because, you know, it, it doesn't wanna sort of help out,

help out the, the enemy, so to speak, with utilities.

Like there is only generally they,
they're very naturally monopolistic
in the way that they work.

So if a, if a particular water utility has a good
experience, they're not afraid to share in their lessons.

Now, I, I don't know if that's true,
but I presume it is true in, in, in your experience,
Uh, you, you, you, you're dead, right?

So if you, and, and it varies from market to market, but,
but by and large, in South Korea, uh, our, I've got 55,
uh, government, uh, municipalities on our platform,
they represent 60% of the water market here in, uh, in,
in, in, in South Korea.

They don't compete with each other.

The only time they compete is election time,
because these are all headed by Mez, you know,
getting up there and saying, but,
but even there, you know,
one city doesn't compete with the others.

So they're very, very open to sharing information,
sharing data, and they feel quite proud
to be able to do that.

Taiwan's the same, I think there's 25
or 26 gas companies, they're all regional.

Uh, uh, they're all regional monopolies.

Uh, and so the, the sharing of information data,
uh, you know, is common.

Uh, what's also common is they are forever looking

for productivity improvement.

They're looking for data. Yeah.

You, you know, it's, you, it's, it's, it's difficult
to explain the sheer quantum jump in the demand
for data just over the last,
uh, three to four years, Andrew.

It's just huge. And of course, what
that does is it creates opportunities
for, uh, for companies like this.

Yes. Well, actually, I was gonna ask you now, look, AI is,
it's almost a cliché already at this point, right?

And so, you know, I am, I am always a little bit sort of,
oh, I talk about it

because there's like a lot of sort of new technologies.

Mohan you, you'd know this yourself.

There's a lot of sort of hype around it,
and people, people love to just sort
of jump on the bandwagon.

The reason I think it's worth discussing with you guys,
or in fact any company that has
unique access to data, it strikes me as that's more
of a relevance and more of a competitive advantage.

I can spin up chat GPT as easily as you can spin up.

So we, you, we we're both using it. Neither of us is ahead.

If you've got a network of sensors
and meters of just continually,
continuously collecting data, well,
you're not building an AI engine,

but you can point it towards the, that data and,
and that data will then make the, you get better inferences
and you get better, uh, results from that.

And when these things tend to sort
of have a positive feedback quality to it.

So, talk to us a little bit about the machine learning slash
AI component, uh, and how you are applying it,
and perhaps how it might give you some advantage,
uh, uh, over others.

Yeah. So, uh, if I could start off by saying, you know,
that there's value in this AI data aggregation field comes
in, in, in different areas.

Mm. Uh, one area, uh, is the, are are the platform players
that are collecting the data to, to a large part, I'd say
that's an undiscovered layer.

Yeah. Right. Okay.

So they're the ones who can actually suck up data from
machines or sensors or whatever, driverless cars.

Right. And then feed it to an AI
or an automation application.

Mm. A a and,
and there'll be a cross section of the platform players
that will emerge as also
as big winners in the value creation space.

Okay. So it's a part that as, as a thought,
the whole AI area is just, uh, as you just said, Andrews,
it's just so, so varied.

Yeah. We, we, we play in, we've taken our business,
we collect data and feed it into various engines

as we described, but we've also put a whole bunch of product alongside it.

So in Japan, 50% of households, 24 million households are on bottle gas.

So if you run out of gas, uh, you'll make a phone call and the truck will be there this afternoon with a, with a, with a bottle, new bottle.

And if your neighbor, uh, likely in the same block of apartments runs out tomorrow, the truck's back there, we collect data, we know your usage patterns, we know that you might be a household of four, and your neighbor might be a household of two.

We know who's gonna run out when. Mm-hmm.

And we will provide the data for better logistics management of gas.

Hmm. Models. So kilometers travel have dropped 29%.

Dispatch, those days have gone from six to five fleets have gone down 10%.

Overall, opex down 19, uh, percent.

So that's, you, you, you know, in, in South Korea, we've, uh, the just want a mandate with the city of Solar is the bigger city for a public safety product called help me.

So this is a little gizmo that's about the size of a 20 cent coin, about three times a width.

And you are out late at, uh, at night, probably not in the Blue Mountains, but, but in the, in the, in the city of Sydney or,

or somewhere in Melbourne.

And it's one o'clock in the morning

and you're not feeling safe.

Mm-hmm. And you put pressure on that button

that sends an alert to the police

and five people that you've nominated

that you are feeling unsafe and you're in trouble.

It then, uh, triangulates the GPS systems,

the mobile systems, the public CCTV systems

to give the police an exact location to where you are at,

and then tracks you till police comes in and, and,

and, and rescues you.

Uh, and so we start rolling that out on the first of,

uh, 1st of December.

And so that's where we, how we've taken data

and dli smart applications, the city of Solar,

rolling out a million of these.

We won the first, uh, first mandate for,

for a hundred thousand of them.

And, you know, beautiful piece of, uh,

business is \$3 million.

You get paid half of it upfront.

Uh, a and, uh, you know, and,

and so that's another example of how we use data for a range

of smart applications.

That's fascinating.

Um, well actually maybe talk

to us about product development,

because it, it is one of those things

that it, it never ends.

And I know you, you talked about the various horizons,
and obviously the big CapEx is upfront,
you gotta build the thing,
but then you, you, you, it, it, as soon as you build it,
it starts aging.

Right? Um, so, you know, there's always new features, uh,
better interfaces, you know, et cetera, et cetera.

How do you, how do you think about sort of, um, uh,
it spend and making sure you try balancing, sort
of making sure you have the best product, uh,
in market without overspending and,
and becoming, you know, two feature rich?

I know there's no really one right answer for it,
but it's always an interesting question to ask
and sort of how you think about that sort of conundrum.

It's, it's such a really important area to get, right.

Because if you don't get it right,
you've gotta chew up a lot of, uh, a lot of, a lot of CapEx.

Yeah. This is what, uh, we do.

There's always a base level of, uh, enhancements, I call it,
at the edges that you would make to your platform.

You tweak stuff fine to stuff, and, and,
and that plays out in better speeds, uh,
collecting data quicker, collecting data more cheaply to
maintain your competitive advantage.

Yep. Most of our, uh, uh,
our big spend would come in building

new features onto the platform.

I want two factor authentication,

uh, says one, one customer.

Yep. Typically we would, uh,

that would be backed into a customer request

and we would charge the customer for it.

Mm-hmm. And, and, and, and, and we,

and we do that at, at a margin of 70 or 80%.

And, and so a customer in Japan, you know, my, my my one,

you know, X, y, Z feature, we would do that for them.

We would charge them for that.

We'd make a profit on that,

and then we would deploy that to all our other, uh, uh,

uh, other customers.

Uh, uh, and, and that was a luxury that we did not have,

uh, five or six years ago.

That now when you've got, uh, you know, almost 90 enterprise

and government customers, almost 500,000 connected devices,

you can actually, uh, do that.

And then there's, um, uh, one-off, uh,

CapEx if you're moving to a whole new market like

that safety product, and that you, you do that to,

to a very traditional business case.

You know, if I, I, this what I want to do, this is

how the market is, this is how much I need to spend,

and this is the return I can get, uh, get from it.

We are highly disciplined.

Uh, and if you look at our history, you know,

whenever we've built new applications, they've been few

and far between and, and, and they've been successful.

Yep.

Let, let's pivot to the financials here,

because I think it's important that we, we sort of add a bit of context around things.

So you've sort of spoke to the, the growth potential, the growth opportunity, but there's a lot of moving parts under the surface here.

And, and people will look at FY 25

and they'll go, well, hang on, this is not a growth company.

Revenue is, is down 40 odd, odd sort of percent here.

Now I know there's, I know there's,

there's devil in the detail here,

but can you, can you, uh, square that circle

for us if you would, and just sort of say,

I know you've exited certain lower margin things with a strategic shift into, into other areas.

Flesh that out for us so we can get a better sense of, of what's happened, why you did it,

and why that's going to be a good thing going forward.

So in, in, in 2020, so let, going back in history, when the software part of this business

and the demand for data was, was in its infancy.

Mm-hmm. Uh, we were creating a new market effectively, and we had to rely on hardware sales

to establish our first customers and to feed our channels.

Yeah. Hardware is not where we want to be.

We are happy to be involved in hardware,

and you'll see a hardware component as long as it provides software revenues.

Yes. Right?

And, and so, uh, in, in, uh, 2025, we, uh, we made the decision to exit non-core hardware.

And in parallel with that, we were doing, uh, uh, quite a bit of business in China.

Uh, and, and, and China was again, you know, largely hardware and it was actually, it, it was too difficult to market.

Yeah. So you, you know, so we exited both of those.

That allowed me to get a better software business in place, better focus, take a whole bit chunk of costs outta the business, uh, and, uh, and improve our margins and set us on the path that we had intended to, uh, beyond but better focus on building and a data aggregation software play.

Yeah. And, uh, and so we, we did that in 2025.

And, and you know what, going to a market and, and explaining that your revenues are down, and this is why it's, it's, it's not an easy story.

Yeah. Yeah. You, you, you know, and, and, but that is what we did deliberate.

It was planned. Of course, you're seeing the benefits of that now.

So Q1, uh, you saw 25% growth in revenues and 4% growth in costs.

Yes. You, you saw EBITDA losses coming down. Yes. Right.

Uh, we have said that momentum will continue going, going forwards, perhaps accelerate, and we've also said we have now, uh, four months into the financial year secured more contracts with revenues already than last year's full year revenue number.

Right. So if I stopped everything now, I'll get growth on last year's, uh, last year's number.

So expect to see the benefits of that restructuring playing out in, in, in 20 26, 27, 28.

Mm-hmm. And you should expect to see that coming in really strong revenue growth, outstripping cost growth, uh, whilst maintaining healthy margins and, and, and our EBITDA loss is progressively coming down.

And, and, you know, we are laser-like focused and getting to profitability and being cashflow positive.

I, I, I know it's a, um, a difficult question to answer.

I don't, I don't want to be speci expect you to be specific on it, but like, roughly what's your rough estimate for hitting that, that break even, uh, uh, level where, where the, the business can that become self-funding?

So, um, uh, Andrew, we haven't been putting forecasts out to, to the market.

Sure. Uh, but we have said, uh, that we are on a path to profitability.

Yep. Uh, and we have told the market that expect

that the reduction in EBITDA losses that you've had, uh,
that, that you'll get over the next few quarters will
continue, uh, on that path to, on
that path to profitability.

And we're getting a lot closer
to being a sustainable business.

And, and, uh, yeah.

You know, what's, what I,
I find particularly interesting about X two M at this point.

In fact, any business, I think as an investor,
you're always looking for that variant perception.

You're looking for something
that the market might be missing.

And briefly, off air, you sort of said valuation was one
of the things you want to touch on.

So, you know, the company's had a, a, a, a step back in,
in revenues for the reasons that you've just outlined.

We've had a very strong quarter.

There's expectations that that will continue.

And we're not, we're not the kind
that folk reads too much into what the market is doing,
but the market is at a low, at this point in time.

So it feels like there's a, there's a disconnect there.

So I wanted to sort of throw it to you as, as, as, um,
you know, how would you explain that?

What is the market missing, do you think, at this point?

It's just sort of like, well, it's a good story Mohan,
but we need to see evidence of it.

Or is it, why, why is the market not,

why is the penny not dropped?

I, I suppose for, for, for the participants out there.

Yeah. So, um, look, I, I, I, I think, uh, you,
you wrapped it up before when you said you,
so, so it's a good story.

Uh, but, but perhaps let's wait and see.

So, uh, I, I think there are a couple of things.

One is the market is, uh, missing the value
of platform players in this space.

Mm Mm AI applications, machine learning,
automation, analytics are all only going
to be built on the back of good quality software platforms
that can collect data more efficiently, uh,
collect better data, react quickly, have fast response time,
and do that very, very cheaply
because you're talking about millions of tiny bits of data
that, that give you a minuscule amount of revenue.

So you've gotta be, you know,
get all of those things lined up.

And, and I, and I believe that that layer has not
been acknowledged as, as yet.

And it's, it's, it's a job for myself
and all of my other colleagues in the, in this sector
to actually articulate that, uh, articulate that story.

So I think, I think that's, that, that's point number one.

Yep. I think the market has said, okay, we, uh, get, and,
and I, I spend a lot of time with, with my investors,
we get the restructuring, we support the restructuring,

we want to see the numbers.

Mm-hmm. And Q1, we showed them the numbers, and we have said, expect that momentum to continue so, uh, investors can join the dots.

I don't want get into, into giving investment advice. Absolutely. Once you've done That, that's, that's our job. Yep. For sure.

Yeah. You know, once you've said, actually that platform layer has got value, once you say, actually this company is now starting to, uh, on a trajectory of growth, and then you say, where is it playing?

It's playing in a very, very large geography.

It's playing in a space of very limited, like for like competition, and it's locked in a large enterprise and government customer base with a very large addressable market.

Okay. So just last week, I say announcement, you know, what, four out of the five contracts for repeat orders, uh, then perhaps you might look at, uh, the valuation of the company and the revenue multiples and come to a different conclusion to where it's sitting, uh, sitting today.

And, and as I said, you know, we are, we've already exceeded four months in last year's full year numbers, right?

Yeah. So, you know, in terms of signed contracts that those revenues will be recognized, uh, you know, over the next few months.

So, uh, it, it's, it's, uh, uh, Andrews

for people like yourselves to

join, join the dots for others. So rather, uh,

Absolutely. I I always

say that of our guests.

I mean, no, none of us have any idea of

what the intention is

behind various participants in the market.

All all we can do is choose to act or not.

And, you know, um, uh, yeah, as you say, it's,

it's, it's up to us to decide.

So I, I I do, I do wanna ask you that though as well,

because it's just good to get the perspective and,

and to sort of, um, uh, I, I guess point people in,

in the right direction at least what to, what to look for,

um, what I looked

At some, uh, so if you looked at some hard numbers and,

and, and benchmarked us, then you'd say as, as in terms

of a revenue multiple to market cap,

we are at the very low end.

Yeah. Yeah. Yeah.

Interesting. And then you, if you then that then says, as,

as I said before, you, you know,

how big is this opportunity?

And we, uh, you know, where is it positioned and,

and you know, we've, we've, uh, breaked into some

of the most advanced markets

in the world when about Japan and Korea.

Uh, you know, that, that's, um, a pretty big tick, I think for a Australian company, uh, yeah.

And a state Australian company to get into.

Yep. Absolutely.

I often, I often say this during, you know, with, with a lot of our guests, it's, it's these, um, at least in potential, it's the overnight success that's 10 years in the making, you know?

Yeah. It's, it's one, it's one of those things that you, sometimes things come onto the radar and they start getting attention, and that not, not in recognition of like the 20 years of the blood, sweat and tears that happened just to sort of get to the starting line.

So, um, it's always, thus, you know what I need, I need to get to some questions here because we're gonna run out of time, otherwise, um, I've got one from Alex.

He says, in the March, 2025 Hive AI presentation, you indicated upcoming sales by FY 26 in India, the UAE, the USA and Australia.

What are sales in each of these markets contingent on, and who is running business management and sales in each market?

Yeah, so what, what we, uh, when we launched it, we said we, we were, uh, we had entered the UAE, uh, we have entered the UAE.

We, uh, have, uh, uh, licensed our technology

to die code smart connect electronics in their country.

Uh, they have got any, uh, uh,

they've built in a short time, a very deep pipeline.

Uh, they have got a bunch of proof of concept running,
and they've got real customers that they've got, uh,
got now, which I think is a fabulous achievement in, in, in,
in, in a very short period of time.

And the outlook for us, uh, in the UAE is, uh, is strong.

Hmm. What we said about, uh, India was that
that was a market of, uh, deep interest to us.

It's a very large market. We know it well.

We've got good, good partners, the government, uh,
who has been encouraging digitization of, uh,
electricity meters, uh, in, in, in, in that country.

And we are watching that, uh, watching that closely, uh,
that will, uh, not be clearly a 2025 opportunity, uh,
but it'll be a 26 or 27 opportunity.

There are a whole bunch of things we
like about that marketing.

That one, it's its size and scale, but, but I
but don't underestimate the value of a legal system
that's built on the Westminster structure Yes.

In a country Yes.

And a country where English is
an equal first language, right?

Yes. And, and so we've, we've got
a really strong washing brief there.

We, uh, meet with our partners on,

on progress in their country, uh, you know, every few weeks,
uh, and, uh, and, and, uh, um,
but it's too early to give you a timeframe for that.

Yeah. Uh, USA is, uh, is another market
that's of, uh, of interest.

We have a partner, uh, over there, uh,
that we've been working with.

Uh, we've actually now amended all our technology
to fit with us standards.

You know, they, they, they, they don't do meters and liters.

Uh, you know, they do feet and yards and,
and gallons, uh, for example,
we'll expect some fuel trials, uh, next year.

Uh, and, uh, uh, but, uh,
but, uh, you, you know, I wouldn't suggest anyone
to bank on those, uh, those markets.

You, you, you've gotta be moving into new market
can chew up a lot of capital.

So we are, we are very cautious.

We do a lot of good dd, we get ourselves well set up.

We license our technology to other parties,
and they utilize the capital to, uh,
and their resource in those markets.

And, and, and both those markets we're in,
in, in good dialogue. But it's still early days.

I mean, I should have, I
should have emphasized that before.

'cause you did touch on that. The, the licensing model is a,
um, a wonderful way to, to scale quickly.

Of course, you give away some of the margin,
but you also give away a lot of, of,
of, of the headache there.

So in, in reference to Alex's second part
of the question there, who's running business
management and sales in each market?

It's the licensees that are doing this.

It's, it's, it's the licensees. Yeah.

So, so DI code's got a, got a team of people on, on,
on the ground in the UAE.

We've done the training and development.

We do the backup, uh, backup support.

I've got no people on the ground there.

It's profitable from day one, uh, for us.

Uh, we don't give up much margin, Andrew,
we give up the hardware revenues.

Ah. So yes,

the DI code is a bit like an Intelli hub or a vector.

They're metering as a service.

So they are rolling out hardware,
and we are the technology provider.

Our margin, uh, in the UAE, uh, for each gas meter
that comes on on stream is over 90%.

Wow. And, and, and we charge for everything.

So we will install the platform for you.

Uh, it's 150,000 us.

Uh, so in those countries, we only talk US dollars.

Uh, then they pay us the license for your 50,000 a year, us,

and then each gas meter that comes onto the platform,
we charge \$4 a year for 10 years.

Yeah. And say, if one comes in, today's 10 years
and one comes in this time next year,
the 10 year starts all over again.

Yeah. Uh, and,
and if we want any customization, then we charge, uh, uh,
you know, we equate and charge for that.

So, yeah. So the, the licensee runs it.

Um, and, uh, and,
and we're fortunate in that those people
that we've licensed, we've, uh, we've known, uh, you know,
the, the UAE I've known our partners there
for about two decades now.

Uh, and, and high quality, uh, individuals and,
and robust organizations.

Excellent. Yeah. I'm glad we touched on,
I think that, I think that's really important. That's a
Good question. Yeah.

Yeah. Um, there's one from Nick who's asking just simply
who are your competitors
or who do you see as, I guess there's a lot,
but who, who would you see as your main competitors?

Look, uh, it's, it's a long answer.

So, uh, uh,
short answer is we see very little in like, for like competition.

You know, I spoke to you about some
of the differentiating features, our, our, our platform.

Mm-hmm. Uh, there are, uh, increasingly me, water,

electricity, gas meters, all come
with a communication capability
and a scale down data aggregation platform that goes, uh,
that, that goes with it.

Uh, and, and, uh, so you could call them our competitors.

Typically, that doesn't work for the customer.

Uh, because if you use, uh, a meter of vendor software,
you are stuck using that meter of
for a very, very long time.

Yeah. And you as a utility or,
or a municipality, you want to have, have contestability
of hardware of, of, of, of hardware supplies.

So, uh, you know, so there are lots of players
like meter manufacturers that will have their software.

There's a really credible meter manufacturers like the
electronics of the world that,
that have software that come with us.

We find in our space, our customer wants to have
a greater flexibility in the
software and the software space.

And, and so, uh, uh, you know, typically if we go up
for a tender, there are three
or four that will come up against not too many household
brands, uh, in there.

And, uh, and we don't have too
much difficulty in this space.

Um, the next question from Alex is have the subsidies
come through for India, yet?

Not as yet. So, so the government has announced, uh, a metering as a service model.

Uh, there has been some, uh, rollouts at small scale that started, uh, but, uh, but, but we're still waiting for more announcements to come out of that market.

Yeah, no worries. We're talking to a few partners, as I said before there.

Another one from Alex here is interesting is, is asking, how is business in India and the UAE different to Australia?

Um, who are your potential end customers there, and what visibility do you have on their interactions with your agents and the likely timing and magnitude of buying decisions?

So, um, uh, in, in, in, in the UAE and, uh, in India, it's, it's a straight out licensing model.

We license that technology, as we said before, to third parties.

Uh, and, and, and typically those, uh, licensees would have deep relationships, uh, into, uh, and, and, and that's part of the criteria that you use in evaluation criteria when you pick a licensee, we, we wouldn't license our technology to anyone. Yeah, okay.

And, and so they would have those deep relationships into governments and other instrument, uh, uh, instrumentalities.

Uh, in Australia, it's likely to be a, uh, uh, much more likely to be a full service model.

So we are, uh, we are unlikely to license our technology to a third party in, in Australia.

Australia's been a slower market we will provide in this market and end-to-end solution.

So we have, uh, uh, you know, we previously announced, uh, uh, Swiss Smart Community in Echuca, uh, in a thousand households.

It's got solar, it's got a little home hub that optimizes the use of your solar in, in, in your home.

And, and then it takes all the excess energy, puts it into a community battery.

Uh, and, and, and we, we manage, uh, all of that.

We bring all the part partners together for that.

Um, uh, we we're just in the price of recruiting, uh, some additional capability into the Australian market in the BD space.

Uh, and, uh, so expect to see more activity there.

But the big difference is the business model.

Australia's a managed service.

We will own the end customer, uh, in the UAE, we license, uh, uh, and India we'll license our technology.

Okay. Excellent. Do, uh, one from me.

Uh, you, you mentioned that, um, China proved to be a very difficult market and, and gosh, you know, that's, that is not a unique experience here.

And I think it's one of those things that's, it's, it's a very natural market to go to just

because of its sheer scale and size.

It, why wouldn't you give it, give it a crack,
but obviously benefit of hindsight.

Um, there, there were, there were issues there.

Are there lessons from that when it comes to India?

Because India, again, I mean, it is a giant economy
and it's growing much faster, um, than, than,
or, well, maybe I should correct myself there.

I dunno if it's faster or slower,
but it's growing, it's growing extremely well,
and it's got a lot of scope to go there.

Were there any lessons from the Chinese experience
that you think are relevant to, to pushing into India?

Uh, uh, look, there always is, you know,
whatever market you go, you, you, you,
you learn something no matter how long you've been in, uh,
in business, the markets are very, very different
between India and, and, and China.

Mm-hmm. Uh, the, one of the big issues for us, uh, in,
we had some good partners in which partners in China,
in fact, they're shareholders in, uh,
in, in, in the company.

But the ability to get funds in
and out of China, as long
as you're putting money into China, you're fine.

Yes, we we're. But if you wanna get
it out, it's a lot, a lot harder.

You, you know, uh, we have an expectation of the couriers
and the uas and Taiwans, uh, Japan's of the world that, uh,

you know, that, that they pay dividends back to HQ and, and,
and, uh, you know, courier in Japan are,
early markets in particular would fall into that category.

That was more problematic with, with, with, uh, in, uh, in,
in China, regulations can change very quickly in,
in China without a lot of legislative debate.

Mm-hmm. Uh, uh, if you like, payment cycles can be slowed,
uh, if you're dealing with government in
instrumentalities unilaterally.

Yeah. So, so there were a whole bunch of things that,
that we said actually increased, uh, post COVID
as governments was, were, were, were, you know,
cutting back on some of their budget
expenditures in those markets.

The, uh, we felt that the risks to us went up and, and,
and, uh, and in addition to not wanting to be in
that hardware only sale, there are other reasons
why we wanted to exit.

Uh, India is a different market.

We think the ing risk profile is different.

Uh, a and, uh, and we know the, the, the legal structure.

We are very familiar with the language, we're very familiar
with, uh, with, uh,

but the level of DD that you do, uh, you, you know, is,
is still very high before you go into,
before you go into a market, right?

Yep. Yep. I often think too, it's one of those things that
we as, um, investors,

but also any business person must accept, is that at the end of the day, um, you can have all of the theory, you can have all of the expectation in the world, but you have to run the experiment to find out.

There is only one way to find out, and that is to do it.

And, and my perspective on it is, I think it's, I will never, I will never fault a management team for trying something that's, that, that is reasonable and, and plausible.

I think the mistakes are more made in when, when ego gets in the way and people double down on, on clearly bad ideas.

But, but, uh, but dipping a toe into the water, seeing how it goes, i, I, I feel as though is, is a, even if it fails, I will, I will still applaud that as a move because it, at the end of the day is the only way to find out if, if there is something to be had there.

It's more of a comment than a question, but I'll, I'll put it out there Anyway. You Are, you're right. The experience for China has improved the quality of our platform, right.

And the features that we've added, because guess what? As we all know, they make very, very good technology. Yeah. Yep. Okay. So, and, and, and, and you, you, you're dead, right?

Andrew? You, you go into a market and, and, uh, you know, what, if you, if you, you, you have your KPIs,

and if you find that you're not meeting them,
then make the hard decisions quickly.

Yep. Yep. And just, uh, I mean the, the amount of money
that has been wasted on the a SX by just hubris and ego,
and that we are gonna make it work
and we're just gonna keep throwing money at it, which,
which not always, but most often doesn't work out.

So it's, uh, I, I, I, uh, anyway, I, I, I agree with you.

Um, we're running out of time here.

I've got Alex, just in regard
to your management ownership sake, I'll just point you
to the, uh, uh, annual report.

All of that stuff will be in there.

But I do know that with you, Mohan,
that you've probably got about three, 4% of the company.

Is that about right? In terms of shares? Yeah,
I've got a couple of percent, uh, of the company,
and I've got, uh, a, uh, a, a large bunch
of options on a fully diluted basis.

It'll be, uh, considerably,
it'll be higher than, uh, than that.

And, and, uh, uh, yes, I'm, you know,
very much invested in this, uh, in this company
as is my management team.

So, uh, you, you know, and,
and now equity in the company's, uh, part a function
of our remuneration arrangements,
but equally a function of hard cash. Yep,

Yep. Which is a

difference, right? It's, it's,

Yeah. Which, which a different, yeah.

So, and,

and, uh, uh, look, the,

I think this is a, a tremendous space.

Uh, you know, and commerce is never a walk in the park.

Uh, but, uh, the opportunity is ahead of us.

Uh, you know, are I, I think significant and, uh, and, and,

and, and the whole team is sort of, you know, well, well,

well invested in this company.

Excellent. Excellent. I got one, uh,

one more viewer question, which is,

could there be an opportunity to partner

with meter manufacturers

to give customers the flexibility that they seek?

Yes. Uh, is a short answer.

We are doing that with a number of them, uh,

meter manufacturers in, in, in Korea.

Mm-hmm. Uh, in fact, we've, uh, uh, just in the process

of releasing, in collaboration with Courier Water,

which is the Principle Water Authority,

a really unique integrated, uh, integrated meter

where the technology floats, uh, which matters in Korea,

you know, that that's a whole area in its own, own right.

So, uh, yes, absolutely. There is

Very interesting. Okay.

Well, well, that, that's all the view question.

My, my final question would just be more

of an open-ended one.

What is it that, um, you know, how,

how would you wrap this up?

What is the one thing that you'd like, uh, investors to sort of take away from this discussion?

Uh, look, it'll be more than one data point.

You know, let me start with this, the category that there, there is a significant value capture opportunity in platform players.

Mm-hmm. All which you're seeing about ai, et cetera, et cetera, et cetera, is not possible without the ability to collect data efficiently, cheaply, and quickly.

Data 0.1, the second one is that we are not a startup.

We are fully commercialized, and we are doing it, and we've been doing it now for a decade.

We've got, uh, you know, about 90 enterprise and governments just shy of 90 enterprise and government customers, governments don't get rewarded for taking risks.

Yeah. Okay.

So you've got a, a proven technology and a proven platform.

Yep. The third bit is that our customer base has a very large addressable market. Over half a billion dollars of upfront revenues, over \$40 million per animal of recurring revenues.

And then the markets that they're in Yeah. Is even bigger.

Yeah. So, uh, you know, join those dots and, and then, uh, make, make your own call with good advice.

I love it. That's a perfect place to end it.

Um, other than just to say, really do appreciate your time
and, and thanks for, uh, helping to illuminate, you know,
some of the, the more, uh, nuanced, uh,
components of this business.

'cause there's, there's a few moving parts,
but I, I certainly feel
as though I understand it a lot better having had the chat.

So, uh, thanks for your time,
and we, we won't leave it a year next time
before we catch up again.

Great. Uh, thank you Andrew,
and thank you for all, all of those who've, uh, tuned in.

Excellent. Thanks Mahan. Cheers. Bye now.