All right.

Welcome everyone. I hope you all had a nice weekend.

Uh, we're gonna hit the ground running today.

We've got a good one for you.

Uh, we're talking to Stack CEO and founder Mr. Andy Taylor.

Um, this is a FinTech business

that's providing modular API first embedded, uh,

uh, finance platform.

So essentially, we're looking at, um,

the underlying infrastructure that's important for a lot

of financial organizations.

I'll break that down a little bit more,

and I'll get Andy to dive into exactly what it means.

But think banks, credit unions, neobanks, fintechs, um,

they need tools like document processing, risk management,

transactional handing, uh, handling, uh,

and Stack provides all of this with a pre-built out

of the box SaaS platform.

Um, now the business has evolved over time,

as almost all businesses do,

originally very much having a consumer focus in

the last financial year.

Uh, it foc it's, it's pivoted entirely to B2B, uh, business

to business, uh,

and also saw a name change as a consequence.

So you may have come across it before as Dough Limited.

Uh, the, now the, the name changed earlier this

year formally to stack.

Um, it's currently at a really interesting phase as well,

the growth and commercialization phase efforts focused here
and in the US I think there's something like 210 partners
that are out there, and, uh, some really interesting, uh,
wins in recent times.
So the business, uh, looking to, uh,
hit $8 million in annualized recurring revenue
in the second quarter.
So it's a really good time to catch up with Andy,
find out what it's all about.
Before I do welcome him, just a quick reminder, none
of this is advice,
and again, if you do have any questions,
make sure you use that Slido link.
Uh, all of that said and
done, Andy, thank you for your time.
Thank you for having me. How did I go with my very
high level, uh, explanation?
Thank you. No, great. You did,
you did my job for me. Okay,
Great.
Um, so I mean, I guess your customers are these, you know,
banks for, for one of a, a, a, a broad term.
And so you're essentially just sort
of saying you guys focus on the front end, the innovation
and the customers, and we'll just do the,
the boring but essential plumbing.
Is that fair to say?
Yeah, that's right, Andrew.

I mean, you know, if we take a step back, you know,
starting off life as a direct to consumer business,
going straight into America,
I guess we underestimated a couple of things.
One was just how archaic the payment rails
and the banking industry is over there.
Um, and, and the amount of fraud that was rampant, uh,
and is increasing, not decreasing.
Yeah. Uh, and I think interestingly through Doge
and what Elon Musk has been doing,
you've heard a lot more about what that actually looks like.
Yeah. Um, and secondly was, um, distribution
and how important that actually is
to scaling your business in a big market.
Yeah. So, uh, you know, we, what we, what we were
so focused on initially was innovating
and building features that can allow us
to win against the likes of a Robin Hood,
which is actually originally our competitor.
Mm-hmm. Um, and we were neglecting
or overlooking, I guess, the importance of
the 1 0 1 solution that we needed at a program level
and operational level around customer onboarding, um,
fraud management detection, uh, you know,
because you, you're just so focused on winning
and creating a point of difference.
Yeah. I think that experience, you know,
we were suddenly going, geez, you know,
we're on the hook here for, whilst we had a sponsor bank,

you know, it was really our balance sheet, uh, inside
that sponsor bank that we were, you know,
um, responsible for.
So we learned a lot of lessons of going, you know,
there wasn't any vendors that we could lean on
where we could plug in once
and utilize all these critical, um, services.
Yeah. You know, we ended up plugging into, you know, 10,
15 different vendors.
And, you know, the, actually the strength of
the DO platform, which has now become, you know, sort
of staffed was this orchestration layer that we built,
and we spent a lot of money on building that out.
Mm-hmm. Naturally, when the macro economic environment
shifted quite dramatically,
and interest rates went up, we're suddenly faced with
a huge cash burn
and more capital needed to compete in the US market.
Mm. Businesses had no appetite in supporting loss making
businesses, especially consumer businesses.
So we, we made the decision to sweat the asset that we built
by going into a B2B approach to powering others
that had established customer bases.
And, um, you know, and, you know, whilst it's not as sexy
and, and you know, me being, you know,
from a consumer marketing background, you know,
I was saying, oh God, do we really want to power others?
But actually, when you look at it

and you go, hang on this,

this massively de-risks the business, we no longer have

to spend any money on marketing

to scale our own customer base.

We're plugging into existing ones

that we don't need as many people.

Um, you know, we need an account

manager support these people.

And really our core cost is hosting.

When, when you look at that underlying operating model

and, um, you know, distribution, if we can align ourselves

with bigger providers that, um,

can roll us into these programs,

and, you know, I get to what, you know,

the RDBX acquisition actually gave us superior distribution

with existing processes and core banking systems.

All of a sudden we were getting, it's all inbound.

It's, you know, we don't need

to build this massive sales team.

Mm-hmm. So, um, we've ended up going from

high risk consumer business that needed millions of millions

to, to scale the customer base, to, um, we're sweating

a single technology asset through partners

and getting volume through their customer bases.

And we're invisible. We, but,

but with critical infrastructure plugged in

and embedded that, it's very sticky.

It's very hard to dislodge us once we're in. Yeah.

The hardest thing is getting, getting into these businesses.

Yeah. Um, so, um, so I think we're in a really good place.
It's taken six months now to sort of bed down
that acquisition, understand what we had and,
and where to put the focus.
But I'm really happy how we've ended the year,
you know, massive growth.
We've converted this pipeline
and it's momentum now, you know,
and that's what we're, we needed once we,
the Robinhood announcement,
partnership announcement was a real catalyst for us to go in
and close, close out these other bigger providers.
So, yeah. You know,
There's so much to unpack, Andy.
I've got, I'll, um, confess that, um, payment rails
and systems and backend banking is sort of a, a,
something I've gone down the rabbit hole
in the last couple of years.
And one of the things that, um, uh, you realize is just
what a mess it is behind the scenes.
Hmm. And if from the consumer perspective, if you're used
to the cash apps, if you're in the US or the PayPals
or whatever, it's this fairly seamless experience, you know?
Um, but underneath that it is, there is, it,
it is very, very difficult.
There's all kinds of counterparty risk.
There's also regulatory re requirements
and licensing requirements as well.

So I suppose where the, the, the value prop is
for your customers is just like,
let us handle all of that kind of stuff there.
And it's more of an out of the box kind of, um, uh, product.
So, so it'd be great for you to elaborate on that.
And also when you're talking to these customers,
and as I said, there's over 200
sort of partners that are there.
Are these in the main new sort of neobank sort
of startup kind of comp companies
or organizations that, that are needing this infrastructure?
Or is it, uh, existing banks that are just like sick
of dealing with it and having to maintain and, and,
and, um, uh, stand up their own,
their own systems internally?
Or I, I assume a bit of a big a mix of both?
Uh, could you flesh all of that out for us a bit?
Yeah, you're right. It, it, it is a mix of both.
So we've actually now got sort
of two core customer groups who've kind
of got cutting edge fintechs.
Uh, and then you've got sort of tier two banks
that are running traditionally off legacy core banking
systems that have been quite monolithic
and, uh, 15, 20 years old.
Um, so all
of a sudden we built this modern FinTech infrastructure from
having our own disruptive, innovative consumer business
that, um, is, you know, AI first and where it's going.

Right? And, and I'll get into what,
well, what does that actually mean?
Mm-hmm. You know, um, you know, suddenly we've gone,
we've got this modular system that's multi-tenant
that we can actually, using the power of data and AI
and machine learning, we can actually help these programs
reduce fraud, um, streamline customer onboarding.
So automate the workflows, if you like,
around not only onboarding a customer,
but also financial documentation, capturing
that documentation, processing transactions.
And, and this is now using this, I guess,
underlying AI technology, we wanna move more
and more into embedded lending
as an opportunity in the next 12 months.
Because when you extrapolate that out to credit decisioning,
customer onboarding, all the work that we did
actually in Australia with open banking
and using, uh, income
and expense data in real time to better decision
and risk manage a loan book.
Mm-hmm. Um, we can, we can extrapolate
that capability out now to, to banks
and non-bank lenders, you know, um, that,
that they may wanna launch credit card programs,
or they have existing debit programs,
but they want to add lines of credit or,
and typically when you're looking at these sort

of providers, they're using Salesforce
and in some instances still using spreadsheets
to manage their lending.
Right. So, um, so first
and foremost, being a SaaS provider, it's about going,
here's an API that your developers
and engineering team can ingest.
You build out the proposition.
We just, we're like AWS in the sense
that we just wanna be the infrastructure
and you can consume our API services to build those products
and features and services.
Um, that's embedded financing, you know, it's a bit
of a buzzword, but that, that is embedded finance.
And where it's going is you, you're building the next level
of in infrastructure on top
of the existing infrastructure Mm.
To streamline. Yep.
Um, so these programs don't need to go
and plug into 15 different vendors.
They can just plug into one.
Uh, you know, that's, that's the vision.
And, you know, where we're gonna move to,
and you, hopefully you see this with T-Mobile,
is I think we're gonna start to onboard more customers
outside of the financial services space that, um,
marketplaces platforms, you know,
let's use a good example here.
Airtasker, great platform.

Could it utilize our services to reduce fraud?

You know, how can we unlock these new channels?

Um, so you, you, you're taking FinTech infrastructure

to non FinTech businesses and turning them into fintechs,

because that's the growth is customized, um,

FinTech offerings, you know,

in these platforms and marketplaces.

Yeah. Um, I warned you, I might ask some dumb questions.

I, I'll, I'll, I'll fine, I'll throw a couple at you just

so we can, we can unpack a little bit of that

and get, get more into the specifics.

But when you're talking about some of the features

and services that the, your customers will want

and want access to, can you, uh,

elaborate a little bit on that?

And also give us a, a, a sense of sort of where,

what this web of counterparty sort of looks like so

that you've got the, you know, the,

your direct customer at the front there,

but then also who are you collaborating with at the backend?

You know, does Visa and MasterCard plug into this somehow?

Where does, where does, where does it all, I mean, what,

what brings it all together?

Hmm. It, it really depends on the use case.

So through the RDBX, uh, acquisition we did

that gave us new capability around image

and document capturing.

Okay. Excuse me.

And if you look at the capture IQ module on New York IQ
module, that's driving a lot of the growth in the moment
that comes from that RDBX acquisition, which allows us
to go into these programs like a Robin Hood,
let's use Robin Hood as a great example.
They go, we are launching a brand new banking service
to our customer base.
They're starting with the Robin Hood Gold customer base.
We're sort of premium and offering. Mm-hmm.
So that means they're issuing a debit card bank accounts,
and they need all the services relating to that
around customer onboarding, um, check,
deposit capture in some instances, um,
pay stub capture, you know, you know,
'cause in America pay stubs are still, you know,
so we're feeding all that into, uh, to the solution.
We're capturing that data,
then we're processing it for them.
Mm-hmm. Um, now they,
they're using some will use their own
payment rails to process.
Um, we're not necessarily the payment rail. Mm-hmm.
Um, you know, we, we sort of build on top of
zeto here in Australia.
You know, you've got the likes of, um, or you've got dwells
and stuff like that in America.
We're not payment rails.
Um, but we're certainly processing the data, you know, so
It's more the account management side of things as well.

So who is the customer? What do they need?

What, uh, you know, what's their balance?

What's their history? What

documentation and proof do they need?

Is, is that a

Yeah, exactly. So, you

know, if we take, ID capture where we're,

we're winning a lot of business here is when you take a

photo of that idea, all the AI modeling that we've done

to assess that actual document

to make sure it's not fraudulent Mm.

Um, and process in real time.

Um, so, you know, that's a lot of data

that we build up over time, um, to better decision and, and,

and streamline that process.

Mm-hmm. Um, and that, you know, when I look at, um,

financial documents, let's, let's take invoices for example,

and we see this as a growth opportunity for us

as we move more into invoice factoring type platforms

and opportunities where that data, making sure

that's not fraudulent critical

because that goes straight through

to the bottom line in terms of defaults.

And a lending business, like anybody knows,

is it's really easy to lend money.

The hardest thing is collecting it. Yes. Yes.

So every lender is actually a collections business. Yeah.

So, um, you know, we see,

and especially in commercial credit, that is where it's
so antiquated right now.
And 'cause all the innovations happened in consumer Yeah.
There's the, you know, that,
so you're seeing this big rise in SME lending around
how you can adapt these tools
to better risk decision and collect. Gotcha.
Gotcha. Okay. Yeah. Okay. That's helpful. Thank you.
Um, and so give us a sense too,
of the commercial model here.
So as a, uh, effectively a SaaS, um, platform provider here,
is this just a subscription fees
or, you know, is there a volume component to that?
Or just Yeah. Help us understand that side of things.
Yeah, so we, we certainly have licensing platform fees,
um, but they, they make up a small portion
of the revenue, say 25%.
The bulk of the revenue, which is around 60, 65%,
comes from transactional fees that we charge as customers,
if you like, of our programs, consume the services
or hit the APIs.
Mm-hmm. So this is why we're obviously quite focused on tier
one customers with big customer bases,
because the faster we can penetrate those customers,
the bigger volumes, uh,
and it becomes an economies with scale game.
Yep. The downside of the model is that we are not in control
of how they market the products
and features that our customers.

Mm-hmm. You know, we're, we're, we're the infrastructure.

So, you know, it's very hard for us to forecast or predict,

unless we're winning existing business

from an existing vendor.

In the case of Chime

and SoFi, we, we can kind of actually predict what

that volume looks like off that one product.

Mm-hmm. But where we're going though is how can we upsell

to these other modules now that we're rolling out mm-hmm.

So you, we can get a greater share of wallet.

Um, and once you're, once you're into these businesses,

you've got a tick of approval from the, the securities team,

the commercial team, the legal team becomes a lot easier

for us to sell in new features, you know, as we progress

and account manage that customer over time.

Yep. Yep. So it, it's effectively land and expand.

So you've got sort of like, um, three,

three levers for growth.

You, you win the client, that's nice.

A bit of money comes in, uh, hopefully their volumes grow

that that's good for you guys.

And then extra modules and extra features as well.

So that all works together.

So it's sort of just so investors understand,

it's like obviously winning clients is, is, is what you want

to see, but it's also the growth of existing clients.

That's probably just as important.

Absolutely. Yeah. And that,

that's why I would underestimate how hard it is
to attract these tier ones.
Um, it takes a bit of time, but, you know, land
and expand, it's, it's a great term.
You, you know, it's about fostering that
because our agreements are three year agreements.
They typically have a role, uh, you know, a, a rolling
for a further one year, but they typically roll.
And they said, once you're in, it's very sticky.
Unless we do something drastically wrong
and our SLAs drop off a cliff
and we cause outages, um, it's all about account management
and relationships at that point.
So, yeah. Yeah.
Yep. Um, that's, that is super interesting.
Um, people will be sick of me making this point,
but it just feels very relevant now with what,
what you are saying I is that I imagine,
and I don't wanna lead make this as a leading question,
but when you have a, um, fairly high profile customer,
I'm sure that makes knocking on doors much easier.
In other words, you go and approach a new customer
and say, Hey, we happen to provide the backend
for Robin Hood, for example.
All of a sudden it just puts you in a, well, well listen to
what you've got to say, I suppose, as to
who are you never heard of you before, go away.
We're, we're striving for the, uh, for, for those of you
that are old enough to be the, the IBM analogy,

which is nobody gets fired for hiring. I IBM MI

Use that all the time.

CEO. Yeah. It's great. Yeah.

So if you can become that position, um, which I'd like

to think we're, we're, we're getting there and,

and again, we've seen it since the Robinhood announcement,

it's been a lot easier for us to close off the rest

of the pipeline 'cause it's safety in numbers.

Yep. It's social point to our solution. Yeah.

We've got some scale, we've got some data we can point to,

and we say, well, look, here's a reference client.

Go talk to them, uh, see how we've impacted their business.

Yeah. Um, so I, I think,

and that's a big focus moving into next year

as we broaden our capabilities, it's actually

raising the profile of the brand, um, at

that enterprise level.

Um, because I think that will become more, a more,

more apparent, you know.

Yeah. But it's funny though, a lot of these businesses

that we're winning don't like to talk about the fact

that they're outsourcing to a provider like us as well.

Sure. Yeah. Uh, you know, you, uh, they're very,

especially in America, very sensitive to to, um,

to that because, you know,

they obviously are positioning themselves

as innovative fintechs as well, so, mm.

Um, that's where the credit unions, and,

and I have, I've talked about the shiny ones,
but if you look at the credit unions, you know, we're,
we're 200 credit unions in a market of 9,500 credit unions.
Wow. You know, there's huge room for us to expand
into these tier tier two banks
that are completely outsource all their it
to typically a Fiserv or a, you know, um,
and again, our strategy would with those values,
because they're so typically focused on the big end of town
around core banking system processing transactions for Visa,
MasterCard, they've really overlooked this niche segment
of capability.
Um, and I, and I think, and,
and logically we become an acquisition target,
I think over time for these bigger providers
because they're going, well, it's the build versus
buy quadrant, right?
Mm-hmm. So if we can just really focus on
this core segment that we're getting good traction in,
and I think we've become far more valuable than spreading
across going, well, we're gonna start to issue cards
and bank account, you know, it's so competitive, uh,
that we, we wanna focus on the embedded finance
opportunities, you know?
Yeah. Uh, I think a lot
of people will be Ha, happy to hear that, Andy.
I mean, we've, um, we've got a lot of investors
and a lot of experience in sort of the smaller end
and, you know, it's just, it's, it's the company that tries

to take over the world and does everything that
that just gets over its skis a little bit too much.
And it sounds almost simplistic, you know,
and it almost sounds like you're turning away opportunity
to say, no, we're just gonna do this thing.
We're just gonna do it really, really well,
and that's gonna be our, our focus.
And, um, yeah.
More often than not, it tends, it, it, it tends to, it tends
to work out when you, when you can sort of stay within
that circle of competence.
Um, uh, you mentioned
before, just in terms of sort of fleshing out the,
the offering and, and providing more modules,
where do you sort of see the tech offering at the moment?
And I, I know you mentioned sort of, um,
hosting was probably one of your biggest costs.
The next biggest, I assume would be the
development team itself.
Uh, what's that? What's that development program look like?
I mean, I, obviously there's, there's plenty enough there
to be commercial and grow and all of that kind of stuff,
but what am I trying to ask here?
What's the roadmap look like in front of you?
Is it really a matter of,
at this point you've got the main sort of elements
and we're just trying to really polish them up
to be the best they can be?

Or is there a whole sort of a long tail of things
that you can sort of add, um, for the purposes
of fleshing out the offering and, and,
and providing more opportunity for upsell?
Yeah, I, so I think we have actually talked about this in,
in a, a recent, in an announcement.
So it's, it's, I can talk about it,
but we, we sort of see a two-pronged strategy here,
is we wanna continue to optimize
and improve what we have in terms
of core capability with our own people.
And then we want to be opportunistic
and accretive of value through m
and a to bring in new capability
that we can plug into this solution.
So the beautiful thing about embedded finances,
it's quite a broad umbrella platform offering.
Mm-hmm. And I think I'd look at Salesforce as a great
example of how they've scaled through acquisitions
and organic growth over the years mm-hmm.
By bolting in new capability
and propositions into the Salesforce solution to,
to broaden your share of wallet.
And, and I see us doing the same thing.
So we're, you know, we are looking at when we are sizing up,
and again, Beau beauty of being listed is it gives us the,
the currency and the ability to be more opportunistic on m
and a is when we look at a business is,
is this gonna bring us new customers, new technology

that's secretive to what we have
and can be easily plugged into what we have?
Mm-hmm. And if the answer is yes,
and obviously it can help us increase the overall a RR,
which we're, we're clearly being judged on, um,
then it's a strategic acquisition that, that allows us to,
to turbocharge the growth of that product offering
and also open up new markets as well.
Right. Yeah. Um,
but that being said, we're very focused on the US
because there's so much room to expand
with the distribution we have.
Yeah. Um, so I think, as I mentioned at the beginning
of the call, the growth area we see is getting more into the
embedded lending programs where we're starting to work
with lenders, non-bank lenders that need
to upgrade their solutions to compete in this new world.
Um, and that's to help them reduce fraud, reduce defaults,
um, and maximize profit increase margins.
You know, that's what we're here to do.
Yeah. Um, let, let's talk a bit about distribution
and sort of the approach to sort of, um, get out there
and win new customers.
Can you talk to us how, how you go about doing that?
Mar marketing is one of those things you can always spend
more money on, but it's always mm-hmm.
In fact, probably impossible to know exactly where the
diminishing returns sort of start to kick in.

So yeah. How do you go about it?

How do you think about all of that kind of stuff?

And, um, yeah. What can you offer us?

Yeah, Andrew, um, you know,

what's interesting going from a B2C to B2B is

you realize getting it to B2B, it's all about relationships.

Mm-hmm. It's all about time and market.

It's all about reputation. Mm-hmm.

Um, and it's all about partnerships.

And to be honest, the bulk

of our sales activity happens at the money 2020 conferences

where everybody in the whole industry is together

for four days in Las Vegas.

Mm. And you're having meeting after meeting, after meeting.

Um, and we're finding, especially in America as

we just finished money 2020, everybody's

sizing up their budgets for next year.

Everybody's planning for next year, uh,

they're closing off their book for this year.

So, um, it's the best time to to,

to really work your pipeline, build on it, close it,

convert, um, and,

and make sure that you are,

you are in the budgets for next year.

So I, I think, you know, I've been in the industry now for,

you know, probably quite few 15 years, um, uh,

been fortunate enough to build

a really, really good network.

And through the acquisition of RDBX, for the people behind that, we've been able to leverage them.

They've been in the US market for equally as long mm-hmm.

Um, and managed to forge great partnerships

with these vendors that, um, introduced business to us.

As I said, we, we, we don't need to go and knock on doors.

If you look at our solution, it's quite a hard solution

to go in directly.

You really need to align yourselves with bigger vendors

that are doing broader scope stuff.

Yeah. With these providers,

especially when you're looking at core banking systems

that typically touch lending, you,

you, you know, uh, counter issuing legis ledger, you know,

um, we're far better to, to become a favored provider

of these bigger vendors, and then they just introduce

us to their customers.

So, um, that's where we see it working.

That's where we wanna see it continue.

I don't see the need for us

to hire a massive sales team right now.

Um, that being said, I I, I'm sure a time will come

where we need to be more proactive

and start to, you know, be more outbound in our approach,

but, you know, not at this stage.

Uh, can you give us a sense of the onboarding process?

So, uh, I mean, every customer is gonna be unique,

different sizes, different requirements,

so it's a hard question to answer,

but the, for whatever the average customer sort
of looks like, they say, yes, we want to go ahead, Andy.
How quick do they sort of get stood up and, and, and then
after they sort of, uh, established what's,
what's the relationship look like from there?
Are they, I imagine it's pretty low
touch once they're up and running.
Yeah, it is. So typically, uh,
an onboarding takes about 30 days depending on the provider.
Oh. That's all. Um, yeah.
Um, you know, in, in the case of SoFi, for example,
we actually sit to 'em, give us a sample of customers
and we'll run it through, uh, the solution just to sort
of give you the, the false negative scores
and actually give you an understanding of
what it looks like and how it works.
Mm-hmm. You know, so we're quite proactive with that.
But it depends if, if they're integrating
to our API versus they're taking the SDK,
obviously if they're drop dropping in the SDK,
that's a great solution for us
because that gives us a lot more control around
how we can turn things on.
And, um, but if it's API integration, we're kind of beholden
to them integrating to the API doing all their testing
and, um, you, you know, all their QA and things like that.
So, so yeah. Um, it's pretty quick from contract signing.
I guess getting to that point though is, you know,
cis admins and things, you know, we, we, we've gotta go

through a bit of a process, but, um, you know, you know,
we'd like to build towards more self service.
I think over time, uh, where
actually give you a developer portal, you're in there,
you can configure in that developer portal.
Um, there's a lot more handholding at the moment.
Um, but I think more self-service in much the same way.
Stripe, I like to use Stripe as a good example.
You know, Stripe started with a very self-service solution
for you to incorporate a, um, your ability to,
to process car payments through a simple SDK
and then broaden from there.
You know, I sort of see Stripe as a competitor
and to a certain extent, but how they manage customers
and onboard them, you know, um, makes a lot more sense
Just just for the sake of completeness.
And Andy, uh, for those that aren't in the know, uh,
SDK software development kits, what,
what are they and why do they matter?
Oh, so, um, they matter for, for companies like a,
a credit union, for example, that's typically white labeling
and a mobile application off a vendor.
Um, and you see that locally here in Australia as well,
where, um, integrating the SDK means we're controlling
the, the UI to a certain degree.
Like we can customize it, um,
because it goes into our hosted pages.
So they're actually in, in our hosted pages going through,

um, the customer onboarding journey.

Um, so it just gives us greater control of the, the, the ux.

Um, and it's just plug and play for the customer.

They don't have to spend money on integrating,

it's just drop it in, away we go. Yeah.

Yeah. Does that also mean that there's less issues

with compatibility if they have like different software

stacks or coding languages or anything like that?

Yeah, in some instances, yeah. Yeah.

Okay. It just means we say,

you know, here's our branding.

We want it to be this color, and this is our font. Yeah.

And we say, great, we can do all that, uh, looks

and feels like your brand customer

wouldn't really know the difference.

Yeah. You know, we're hosting the page, you are not having

to host it, you know, a lot easier.

But, uh, uh, well, in actual fact, some

of the tier ones are doing a lot of that now as well.

You know, it, it really comes down to the product.

Yeah. You know, and, and how much control they want.

Um, let, lemme go to some fewer questions here just so I,

I don't run out of time here.

Um mm-hmm. Um, okay. Let's see here.

Uh, what happened to the BDC uh, products developed

and rolled out under d Uh,

have they just been discontinued altogether?

Yeah, look, we, we quietly rolled,

uh, shut down that program.

Um, so it's, it's dormant now

because, um, you know, we just have

to focus on the BDC opportunity.

We're, we're, dough got

to was ultimately it was becoming a lender.

And, um, you know,

the board's appetite when we made this transition was we,

we need to focus on our, on our core business.

So right now it's effectively dormant, um, right now.

So there are customers still

on some of those dough products?

No, we have onboarded off boarded customers as well.

Okay, gotcha. Yeah. Gotcha. Yeah. Um, next question

That's purely just to, uh, sorry, that was purely just

to further reduce our overheads.

You know, we're burning, we're burning money unnecessarily.

So, you know, we we're very focused on getting

to profitability next quarter, which I'm sure we'll get to.

Um, so we've had

to streamline the cost base as much as possible.

I'm trying to think of the relevant buffet quote,

but something like, when you find yourself in a hole,

the first step is to stop digging.

Right. And there's a lot, there's a lot to be said for that.

Yeah. Yeah. For, yeah. Especially

in software.

'cause all these costs keep going.

You aw, WS still bill you, you know? Yep,

Yep. So

you've just gotta, you just gotta cut everything.

Yeah. Yep. And look, I, I'll, I'll, I,

for one will congratulate you for that kind of stuff.

It, it's hard and I think a lot

of entrepreneurs too struggle with it

because, you know, you put everything, your heart

and soul into this and, you know, you have a vision

and it's just, it's hard to watch your baby.

It's really, really hard to walk away from.

But then, I mean, some

of the biggest success stories out there are really

companies that just have made that hard pivot.

You mentioned, uh, Amazon

as a bookseller is probably a really great example of

that in fact as well.

So, um, yes. Uh, let me, let me go to the next one here.

Um, I know you, you touched on this,

but maybe worth fleshing it out a bit more.

What new software capability did RDBX add to, uh,

the B2B solution

and, uh, that was already in place prior

to the RD BX acquisition?

Yeah, so it was all around this capture, capture ID

and ide, uh, orff id, uh, component

around helping us onboard a customer using, uh, uh,

validating IDs, um,

and uploading pay stubs to the platform

so we could do automatic deposits into their bank account.

Um, one of the key features in America, if anyone remembers,
was just get paid two days early.
Mm-hmm. And, and this was, this, it sounds
so crazy saying it out loud,
but you know, the, the traditional A CH rails take typically
take three days to clear funds.
So the Fed will post to you overnight
that the payment's been made,
but the funds weren't clear for a few days.
So what we typically were doing was, once we knew
that the pay had been authorized by the Fed,
we'd actually released those funds early
before we got settlement of those funds.
Mm-hmm. Now, obviously
that was a high fraud vector, right.
Um, so using that technology to make sure that yes,
the money is actually legitimate and this person is real,
and they really are employed by this company
and getting paid this amount of money.
Yeah. Uh,
because we took all that exposure risk as a program.
Yeah. So, so that technology, um, I'd say
very US centric on pay stubs and processing of payments.
Obviously now in Australia we have pay, ID pay two,
so it is all real time.
Um, but certainly on the, the ID capturing technology, um,
that is universal and how that is used
because we are validating real ident,

not just driver's licenses, passports, you know,
any, any financial document
or ID is getting is getting validated.
Yeah. Nice one. Uh, I, I think you've, you've,
you've just actually answered the next question, uh,
that's in the list here, so I'll skip that.
Uh, everyone, um, of the revenue forecast given, is
that based on fixed revenue plus anticipated amounts
of per transaction revenue?
Or is the forecast mm-hmm.
Only factoring in the fixed component?
Yeah, so I touched on it before.
So of the programs
that we've won business from existing vendors in,
in this case Chime and SoFi,
we've got a pretty good view on
what those billables are gonna look like mm-hmm.
Um, outside of organic customer growth
of these programs themselves.
Um, so the guidance I guess we've given is, is on what
that transactional volume as well as the,
the licensing fees look like.
The ones that we haven't been able
to get a good gauge on is obviously T-Mobile
and Robin Hood, brand new programs, um, brand new products
that have launched very hard for us
to give guidance on what that's gonna look like.
Robin Hood are taking their time rolling it out
to customer segments before they go wider.

Um, and T-Mobile is where they've now done a big, uh,
consolidation under this new super app that they built.
So it's quite hard to know how it's gonna go. Yeah.
Um, but I think once we get a couple of quarters, uh,
under our belt, they're both doing big marketing pushes
right now, we'll have a better view on, on
how we can forecast that moving forward.
Yep. Fantastic.
Uh, I know you get a lot of, I mean, it, it's all
of our guests too, so I'm very aware of the pressure
that investors put you guys under
for tell us what's gonna happen in the future, uh, which is,
which is an obvious question,
but an almost impossible one to answer.
And I'll just more of a comment than a question, just sort
of say, not all of us expect that exactitude
and recognize that, you know, so sometimes, you know, you,
you, you can't give exact guidance, not, not be for any,
you know, not trying to avoid transparency, but
because it's sort of an impossible ask.
So, you know, while you do get a lot of pressure,
I'll just put it, put the case to you that not all
of us are, are, are so myopic
and short term in our focus in asking
for eight decimal places in, in guidance, uh, generally.
Right. As opposed to specifically wrong is, is I,
I think a good, a good philosophy for investors.
I'll just, I'll just make that comment.

Um, uh,

and it's okay to say no, especially I, I say that

as a former analyst, Andy, I, I know, you know, just, I, I

tell him to bugger off when, when,

when it's appropriate is all I'll say. Um, it's

Hard. I mean, all, all, all

I would say is we're,

we're very ambitious

and we've got a very flat structure, which allows us

to move quickly on opportunities.

And I've touched on m and a m and A is Yeah.

We, we are gonna be aggressive in how we roll out.

Um, so yeah, I mean,

I spent the last nine years in this business, uh,

trying to get where we are today.

I mean, there's been lots of trials and tribulations,

but we've now got the foundation

to scale up very aggressively.

Um, so I don't wanna spend another nine years,

but the last nine years I think we are here now to really go

very aggressive in, in how we grow.

And we've got the right model to do

that now in the public sphere, I think, you know.

Yeah. A rrr sticky long-term contracts, you know. Yeah.

Greater share of wallet.

Makes sense. Um, well give, given the m

and a, uh, uh, component there,

and just at the stage of the business, uh, where you're at,

you're still at cash burning sort of phase.

How do you, how do you think about capital management?
And this is one of these questions
where there really is no right answer.
There's different philosophies, um,
and there's different approaches and the different pros
and cons, whether it be debt or whether it be equity based
or whether it's, you know, do you, do you, um, uh,
avoid, uh, potential high return growth opportunities for a,
uh, bias towards getting to cash flow positivity sooner?
Or do you play the longer game
and be prepared to burn cash to, to,
to get the bigger pie at the end?
This, it is a, it is a huge topic of con of conversation,
so I'll, I'll put it to you in a very open way and just,
and just, and as I say, there's no right
or wrong answer here, but how do you think
about all of that?
And I know it's probably particularly challenging when you
do feel like, yes, we've got
something now this is really good.
I see the opportunity. Like, you know,
how do you balance all of that?
It really depends on the opportunity we're looking at.
Um, is it more weighted towards
tech technology
and distribution, new distribution channels mm-hmm.
Or is it weighted towards, uh, existing,
uh, competing technology, I suppose with

a massive customer base and top line revenue

and, and, and earnings?

Mm. Um, and I can tell you we're looking at a mixture right

now that are, you know, transformational deals that can

turbocharge the a RR give us new distribution

and other deals that are smaller deals with great technology

that we know we can take from here to here.

Mm. With the distribution that we already have. Yeah.

In the US And specifically

what I'm excited about is there's some great Aussie fintechs

that have really struggled to scale

'cause Australia's too small

and they're basically plateaued too scared

to go into overseas markets.

'cause investors are probably saying, well, you've not,

no experience in those markets,

or it's gonna cost a fortune, um, that we could acquire

and then shove into our distribution in the us

and we can, we, you know, we can,

we can give it a whole new, uh, profile, uh,

and take it to a whole nother level.

So I think we've got an advantage there

because there is some great Aussie fintechs,

there's some great tech here.

Um, and I think this market is ripe

for consolidation has been for a while.

Yeah. Especially in the FinTech space.

Um, because typically what I find

with Australian businesses, it's more a psychology,

call it more the tool pop syndrome compared
to the Americans, which are very much
more growth at all costs.
Hmm. But I think a lot of these businesses,
especially in the listed space, get quite comfortable.
You are obviously supporting boards with fee director fees,
and everybody just gets comfortable and mm-hmm.
Risk, more risk on more conservative in terms
of taking, taking risks.
Mm-hmm. And, um, they become,
they're, yeah.
Um, I, I can point to tens, tens
and tens of, of these businesses private and, and public.
Yeah. So I think at some point somebody has
to take the lead on consolidation.
Mm. You know, and I think for us it was getting the right
position in the right story that could allow us to do that
in a methodical way.
But it's not just the rollout for the sake of rollup.
It, it has to be strategic. So
Yeah.
And it's one of those things too where your,
your options set and your, the, uh, flex
that you have will change this.
This is one of those, uh, really sort
of unavoidable annoyances of being a public company.
On one hand, um, the share price shouldn't matter,
but then it can matter a lot in terms

of not only your ability to raise money from investors,
but also to pay for acquisitions in
shares and the rest of it.
Um, uh, of course. Yeah. It's, it's, look, I, yeah.
So I, I guess to some extent, the,
the pace in which you can go will be driven by the mood
of the market, as frustrating as that might be.
So I'm, I'm, um,
'cause there is a world out there, Andy, as you, you know,
you've been in the game for ages, you know,
like share price quadruples from here.
It's like, okay, that changes things, right? Mm-hmm.
Great, great situation to find yourself in.
Um, and none of us can know which way the, the mood is going
to, you know, turn and which way the,
the mob is going to run.
But let's, let's take the negative just for the sake of it.
'cause it can be illustrative.
Let's say that we all get into a bit of a funk
and the market, you know, dips down a little bit.
I'm not talking about stack specifically,
but just like the mood in general, right?
Yeah. H how, how does that, does, does that hamstring you
to a, to to, to some extent,
or do you still feel as though there's, there's opportunity
to sort of press the, press the, the case, um,
even under those difficult conditions?
I think when we saw the,
the violence shift a few years ago,

when you're a growth at all costs,

and I had bankers calling me every day to go grow harder,

spend more, don't worry about profitability

to within in the space of two weeks, the absolute opposite.

I remember, I remember it well. Yeah.

Uh, it was a brutal awakening for me

because we said we've gotta get to cashflow break even

and be in control of our destiny

and not at the mercy of markets from the extent

because when this happens, you have to ride it out.

You have to survive. And the key thing for us was survive.

Yeah. I won't lie, is survive because it will.

Correct. Course. Correct.

Um, but we've, we've gotta sweat this asset that we've built

because we've been saying to investors, we spent a lot

of money in this thing, how do we sweat it?

Yeah. Um, so our razor focus right

now is get to cashflow break even.

So we take the pressure off in the sense

that we are in control of our own destiny in that point.

Yeah. Um, and, um,

focus on earnings, um,

and keep the cost base as low as we possibly can.

Um, uh, because that's where the stress came from.

That's where my stress came from. Yep.

It was, it was, it was becoming quite overwhelming.

Um, and I think once we're at that point,

we'll actually start to, um, be attractive to,

to bigger institutions that will come into the stock
and it will change the profile of the, the register.
Yeah. Um, because they, they want,
they can only invest if there's earnings there.
Right? Yeah. You know, and, and you've seen this time
and time and again, so I think we're on the cusp
of this really awesome transition now
to becoming a bigger business
and a more mature business that, that that is stable.
Um, but high growth. Yeah.
And I think if that can't come to the detriment of growth,
and I think all too many times you've seen that in Yeah.
In this market where, well, okay, well we're profitable now,
but we're not growing well.
Yes.
Yeah. What do you want?
Well, you, you, you still get marked down, right? Yeah.
And you go, well, yeah, but you're not growing well,
but you want us to be profitable.
We've done that now. Yeah. So it's a really,
it's a fine balance.
And it's, you know, what I've introduced,
and it's been a hard lesson,
is this just in time recruitment, it's just, you know,
which is at the beginning of this, let's build it.
They will come, we've moved to, well,
we'll we'll bring on this cost when,
right at the last point when we need it,
because it, it means this, you know,

and I think that's a good discipline.

But that's come, that's come the hard way, that,

Oh, look, you're not, you're not Robinson Crusade there.

And these, these are, these are hard, hard lessons

and I, we've all had them.

Um, the first one is don't listen to bankers.

There's probably the, the, the, I I won't,

I won't get you to comment on that.

You get caught up that for you,

You get caught up. Yeah,

Yeah. You do.

You do. Right.

I mean, but I, I, and that there is, there is, I mean,

it is a different world, the public markets, you know,

you go to running a private enterprise, it just,

and then you go public and things just change

and the incentive structures change.

And I mean, IIII really do get it. I do get it.

Um, and I do think that, you know, being master

of your own domain from a cashflow perspective really is an

incredible strength.

Even if it does mean that you may not be growing

or doing as much as you, you think, um, you would,

you would like to do that discipline is,

is super, um, important.

Also, I think, Andy, you'll probably notice this too, is

that whenever the worm does turn for the worse

and things get into a bit of a slump,

and again, we've sort of been through cycles
before, um, um, if you to use your words,
if you can survive, well that is,
that is such a wonderful thing
because it clears the forest, so to speak, of,
of, of competition.
But particularly so for a company like Stack who's got its
eye on potential acquisitions, it just means
that those acquisitions become a hell of a lot cheaper
and you're much more in the driver's
seat. Exactly. You know?
Exactly right. Yeah. Uh,
Hundred percent.
Yeah. So, uh, yeah, I, there's music to my ears.
Um, and I, I do, I do remember those, those, those years.
Well, uh, um, uh, here's another question from a viewer.
Uh, is the relationship with Stride Bank different
to other customer contracts?
I know the wording is more around a partnership
with no mention of the estimated a RR.
Mm-hmm. Yeah, good question. Yeah. So the answer is yes.
So Stride Bank, uh, uh, what, what we call a,
a major sponsor bank in the US
where themselves are a commercial bank,
they have their own core business,
but they've, they've launched this for local banking
as a service model, similar to what we have
with Choice Financial when we were operating,
where they lend their balance sheet out

and their banking license to fintechs.

So they're pairing some

of the biggest fintechs in the country.

Um, China, who's obviously one of our customers, uses them

for deposits, the customer deposits, um, affirm,

uh, another big buy now pay later provider

and sash, which is a, a wealth management provider.

So what's strategic about this is yes,

we are providing technology to their core banking customers,

as in which are typically commercial businesses,

but we're also, we have a line in now to hopefully, um, work

with them with their, some of their programs like Affirm

and others, uh, that have huge customer bases

where we can go in through that partnership

to offer us solution to those clients.

Yeah. So that's why we sort of said it's strategic in nature

because we're partners,

but we're also providing them a solution.

Um, there, there's some questions here.

Uh, everyone that I, I, I think Andy's touched on,

so if I'm skipping over

anything, it's, it's because of that.

But just for the, for, um, an abundance of caution,

I just wanna make sure we get this, this one answered.

Andy, uh, does stack take on the risks

to facilitate customer transactions slash deposits?

Who owns the liability?

As, as I understand it from

what you said, it's, it's your customer.

Yeah. This is the beautiful thing about our model.

We, we don't take any liability.

It, it's all with the programs.

Yep. Yep. We previously were with doe.

Yes. Yes. Yeah. Um, regarding This's, an interesting one

regarding cybersecurity, especially with documents held for,

for validation, who's ultimately responsible for that?

If, uh, I, I guess it's probably coming, um,

from a legal perspective, if one

of your customers had an issue

and that issue is traced back to a, a, a failure of,

of Stack Systems, are you on the hook

for that or how does that work?

Good question. So we have exhaustive SLAs

and Legals around data sharing.

Mm-hmm. Yeah. 'cause,

'cause obviously we, we are getting exposed to, um,

and I call it an NOMINALIZED data, so we don't store any

of our program's data, but we are getting past it.

Uh, so yeah, it is ultimately the,

the program themselves are on a hook

for their customer data.

Um, but under the insurances obviously sharing

to third parties or it's third party vendors that touch

that, it's very nuanced.

So, um, we obviously have

to have pretty strict insurance policies

around all this stuff ourselves, um,

and strict SLAs, uh, around how that can be handled.

Gotcha. Okay.

Um, there's a question here on what was the outcome

of the winding up order, um, in regard to, uh,

an application for the winding up of Stack Limited, uh,

commenced by the plaintiff bid fin capital?

Um,

Yes. Knowing that,

yeah.

Yeah, so it's, it is interesting.

I had a, a, a shareholder reach out on that the other day.

Um, so, um, we, we actually settled that.

Um, so it actually didn't end up going to court.

Um, unfortunately it's still showing on the asset website.

Uh, and we've actually asked our lawyers what we can do

to get that updated because it was purely a dispute

around an invoice that we settled

and, um, uh, everything sort of fell away.

So I just wanna give obviously your shareholders confidence

that there's, that's, there's nothing there.

It's all fine. It's just unfortunately it hasn't been

updated on the asset website.

Yep. Uh, I'm gonna ask you about this one too,

because I know that there's the thing

with the Genius Act in the US

and, uh, I know that there's, um,

been a push more towards Bitcoin

lending and this kind of stuff.

Does that involve you
or is that on the radar of any of your customers in any way
In terms of moving into crypto? Well, not
Necessarily moving into, it's in, I mean, I, I,
I bristle a little bit at the term crypto
'cause almost all of it is crap, but,
but within there, there is some interesting kind of stuff
and there's, I know Block, for instance, recently
with their square terminals are using it as a,
a backbone settlement layer, not so much to deal
specifically with, uh, Bitcoin, although they can.
Mm-hmm. But also for those
that just want instant low fee settlement, this, uh, uh,
and, and transactions, and I know it's a, it's a fast moving
and evolving kind of space,
but I'm just kind of curious as to if that's something that
is, is in discussion or it's just not even out there.
I'm kind of asking for my own sort of interest here in the,
in the area, but yeah,
I'd be keen to hear what you have to say. Yeah. Well, in
Interesting, I don't know if anyone follows so far,
but they just announced
that they're relaunching their crypto solution,
um, for crypto trading.
So actually our technology is being used in the
crypto space.
Again, mainly for customer onboarding
and uh, identity verification.
So yeah, I mean, it kind of goes back to,

I think obviously crypto has a real problem in terms
of validation of uh, real people.
Um mm-hmm.
But I sort of put that in a bucket of like,
marketplaces is identity
and there's a lot more scrutiny
around know your customer across the board.
Yeah. Outside of financial.
And, and this is where we are really leaning into going.
It's no longer good enough now just get a name and email
because you're not validating who your customer is.
You've gotta validate and verify your customer base. Yeah.
So yes, that is the use case we're thriving off.
Um, because with AI now getting so sophisticated,
I think this is gonna become a bigger problem
because these scammers just get more
and more sophisticated by the day.
Yeah. You know, and the rings that we busted in the US
working with regulatory authorities was insane.
And it was actually mainly all coming through the cash apps
and vendors of this world
because those were the only channels
where you could actually move money in real time.
Right. Yeah. Um,
and it was patterns of behaviors that we had to pick up on.
It was incredible. Mm-hmm. So, um, yeah.
Uh, a huge use case.
We've got a few more questions here,

but we, we are gonna run out of time.

So what I might What I might do, Andy, is, is put it to you

to sort of say, well, what, what didn't I ask you

that I probably should have asked you or, you know,

or maybe rephrase differently?

What do you often get asked that,

that I haven't asked? Yeah,

Yeah. Look, I'd like to

let everyone know we had our a GM like

last week and we had some really good questions.

So we, we we're actually gonna push out quite a detailed

sort of overview to answer a lot

of those questions early this week.

Um, look, the obvious one is, um, uh,

I sold down some shares, uh, recently

and I, again, the key thing I, I want

to let shareholders know is that I've been in this business

for nine years and I finally got an opportunity to,

to take up to 10% of my holdings off the table for,

for purely personal reasons and tax reasons.

So I just wanna reiterate my commitment to the company

and, um, uh, you know, that that was,

that was purely a personal decision

I needed to do for my family.

But by no way am I, um, not excited about the prospects

of this company and committed to the company. Yeah.

Um, has that just quickly, has that, has

that been a bit more of a pointed thing in the wake of

what DroneShield did?

I, because I know that that sort of spotlighted it all

Potentially. I mean,

I mean, you know, that chat,

I think it offloaded his entire shareholding, um,

you know, in this instance.

Yeah. I mean it's sensitive for me

'cause I'm obviously, he would like

to think at some point I can actually, um, provide

for my family and de-risk

because this is, this is really a,

I really do have all my eggs in one basket.

Yeah. But it's, it's a sensitive issue for shareholders

and I understand it.

It's never a good look when you know, the CEO selling share.

So I, you know, I just wanted,

and look, we should have put an explanation out

and we we're gonna do that just to give everyone comfort

that it's 10% of my holdings and I'm committed.

Um, yeah. You know, it was just, you know, it,

You don't have to over explain like, I honestly

A hundred percent ah, look, I mean, look what

I think everyone loves alignment, right?

There's no question about that.

But I think there's also a very serious component

of our group who are business, a lot

of business experience themselves.

You, you, we get it, right?

Like at a, at a point in time, you've, you've got,

you've got to, um, uh, you, you can't,
you can't spend your shares, right?
And you can't have everything locked up 100% there.
And there's also tax thing. So I I I won't, I won't,
I don't need you to overexplain anything there.
I think that's, that's perfectly fine.
Other than just saying that from our perspective,
it's like we'll have to see a bit of alignment.
There is a, and there is a world of difference
between taking a little bit of money off the table
and dumping the lot the second
that you've got the opportunity to.
So, you know, it's, it's a different thing. It really is.
And I think, I think our group gets it. So, um, yeah.
No, you won't get any grief from us.
Um, yeah, we're out of time, so yeah.
Any, any final thoughts or, or we call it a day?
No, thanks mate. I, I think we've covered everything.
I appreciate your time and, um, love to keep in touch
and keep you posted, you know?
Yep. Well that's, look, we really do appreciate it and,
and thanks for answering a lot of my dumb questions,
but I, I think it's helpful because a lot of the time too,
and particularly for someone in your situation,
it's just been there from the beginning, you know, you're,
it's, you're close to it
and then you have people like us who come in green
and you know that it's a big, it's a big, um, there's a lot
to understand when it comes with fintechs

and all of this kind of stuff.

So I think you did a great job of unpacking it all for us

and yeah, we'd love to stay in touch

and, um, yeah, really, really appreciate your time.

No, thank you. Thank you everyone. Appreciate it.

Okay. Thank you. See you soon.