Gwyn Lauber:

Hello, everyone, and thank you for joining us for Near Intelligence's inaugural Analyst Day. I'm Gwyn Lauber, Near's Vice President of Investor Relations. Today, we'll run through the presentation and then open it up for questions. Before we get started, I want to point out that these presentations contain forward-looking statements. The company is making these statements as of today and we do not undertake any obligation to update these forward-looking statements. Please note that the presentation contains non-GAAP financial measures. These non-GAAP financial measures should be considered in addition to, not as a substitute for, or in isolation from, GAAP results.

Now, I'd like to start with a brief video about Near.

Speaker 1:

Are consumers flying or driving on vacation? Are they staying in hotels, campgrounds, or a friend's home? Are they shopping online, in store, or both? Are they eating in or out? Are they resuming their behavior or have they adopted new behavior? Smart, strategic decisions are based on the ability to answer key questions around consumer behavior.

That's where Near comes in. For over 10 years, companies around the world have trusted us to provide insightful answers. We are the data storytellers bringing your data to life. Our platform unites the marketers and operational leaders by providing the most accurate, reliable source of data. Our transparent approach means you will never doubt our authenticity. We are determined to provide actionable insights as we work relentlessly to shape, build, and maintain the world's largest source of intelligence on people, places, and products in both the physical and digital space.

Ultimately, our vision is to inspire the world to make better decisions and to inspire ourselves to deliver the most trusted privacy-led source of intelligence on people, places, and products. We will not rest until we get there.

Gwyn Lauber:

Great. Before I turn the presentation over to our speakers, I'd like to highlight a few things. Near was founded in 2012. We're a global company with offices in LA, New York, Paris, Bangalore, Sydney, and Tokyo, and Singapore, and we have customers around the globe. To highlight some of our key metrics, the majority of our revenue is subscription based and our gross margins are high. We have very high customer satisfaction and we've been supported by some marquee investors like Sequoia Capital, Cisco, JP Morgan, and others.

Today, we have multiple presenters. First, I'd like to introduce KludeIn's chairman and CEO. Narayan has extensive investment experience across multiple industries. He served as the managing director and chairman of one of the largest private equity firms in Asia, in addition to heading up global emerging markets for Morgan Stanley.

Next, I'd like to introduce SRIRAM. He's a serial entrepreneur and a skilled technology investor. Sriram worked with Narayan in private equity before forming KludeIn.

From Near, I'd like to introduce you to our founder and CEO, Anil. Before founding Near 10 years ago, Anil served as CEO for two enterprise software companies that he founded, both of which resulted in successful exits.

Finally, with us today is our CFO. Rahul brings significant experience in operations and accounting for global technology companies. He joined Near eight years ago and has served as CFO since 2016.

Now, I'd like to turn the call over to Narayan.

Narayan Ramachandran:

Thank you, Gwyn, and good morning, everyone. KludeIn is excited to merge with Near as we believe it's an attractive asset in a very exciting space that should do very well in public markets. Near has an estimated $23 billion of Total Addressable Market, TAM, which is largely underpenetrated. Near uses a patented algorithm in stitching, enriching, and helping enterprise customers derive intelligence from their database.

Near is a company with rapid growth, efficient customer acquisition, and margin expansion opportunities still ahead. It is a trusted, independent provider of aggregated, anonymized data on people, places and products. Importantly, Near has marquee enterprise account wins across multiple industries and it has a global leadership team with demonstrated execution ability.

As you will see on the transaction summary page, Near has a financial partner in Blue Torch. Can you turn the page, Mark? Near has a financial partner in Blue Torch who is providing capital to help them fuel their growth. Could you turn? Yeah. Based on market conditions, our trust account ... trust amount in the SPAC is reduced to 6 million through the extensions. However, we are confident that most will remain during the business combination and we will have $53 million of cash after expenses.

KludeIn did extensive due diligence, including an independent fairness opinion, and worked with a company to confirm that it is a great company which should do well in public markets. Our confidence has only increased through difficult market conditions as they have delivered on their plans. Throughout this presentation, you will hear how the company is doing on a variety of fronts and how great a company that Anil and a stellar team has built. With that, I will turn it over to Anil.

Anil Matthews:

Thank you, Narayan, and thank you, everyone, for taking time today. Before I get started, let me give you some context so you can better understand what Near is all about.

Consumer behavior over the last few years, especially during the pandemic and followed by the economic uncertainty, has drastically changed. Enterprises and brands now completely need to relearn their understanding of their consumer's behavior, and they need to keep doing so in this ever-changing world. These enterprises, whether big or small, are sitting on huge amounts of data, but they're not able to derive any meaningful value out of this.

We think the top three reasons because they're not able to derive any value, are most enterprise data is in silos. It's disconnected, so it's either stored physically or digitally, stored in different formats, different platforms. Number two, this data is half-baked, so there's missing fields and missing understanding of the consumers. It's probably around 25% complete in best-case scenarios. Number three, which we all think is a trivial issue, but it isn't, most of these enterprises don't have the right data skills because they're not data companies themselves.

That's where Near comes into picture, where we are a global Full Stack SaaS provider, which uses patented technology to stitch this siloed enterprise data together, enriched, bringing the missing understanding of consumers, derive intelligence out of it which is then actionable and measurable, all on a hosted platform that we license to these enterprises on a SaaS basis.

Let me take two case studies so we can understand this a little bit more better. The first one is one of the largest media companies out there, which owns around 30-odd different digital properties. These are large websites you're talking about with millions of users, but when Near met them, these were all disconnected. They were not connected together. These were separate properties without any requirement of logging in, which means the consumer journey was disconnected. If you go to a website A, and then later go to website B and C, the customer would not know you're the same user.

They were also using digital-world behavior to understand consumers, which then they were packaging and selling it to their customers, which meant that they're not significantly different from the MABs. Since Near came into picture, one of the first things that we did is we use used our patented technology to stitch these 30-odd different properties together. Today, this customer is using a single, unique key to identify each user. Then as a next step, we were able to not only bring in deeper understanding from the digital world, which they already understood, but also from the physical world: where do people live, where do they work, how far do they travel to get groceries, and so on.

All this, we were able to provide them on a hosted platform. The result was there was a 30% increase in data yield, which meant that they were able to now make more money from the same data that they're sitting on without the need of increasing user base. As an example, they had this bucket of audiences, bucket of behavior, which is called auto-enthusiast. Now, before Near, they would use this bucket, which is predominantly derived from digital-world behavior, what you're liking online, what you're watching online, what you're reading online. So, you read something about a BMW, you're an auto enthusiast.

Since Near came into picture, because now we are giving them physical world attributes as well, now they were able to look at which of these users were actually seen in an auto dealership. That meant higher intent to purchase and that meant that they were able to go and now package this and present this to their customers and sell it at a 30% higher fee, and which resulted in higher data yield. They've grown significantly. We landed them with a few hundred thousand dollars first year. Today, they're a seven-figure deal that we are working with them. It's a three-year deal that we have. It's a very sticky relationship that we have with this customer.

Moving onto the next use case, if you look at the next one, it's slightly different, which is one of the largest global real estate companies. They had a slightly different problem. They needed to analyze their footfall traffic to not only their properties but their competitor's properties as well. What they were doing was they were using archaic methods like surveys and they were using cameras and sensors, but this gave them limited data and limited insights.

Since Near came into picture, one of the first things that we were able to do was we were able to provide them data from our data universe, which comprises of around 1.6 billion monthly unique users across 70 million places. They were able to use this data to look at real-time footfall traffic to not only their properties but their competitor's properties as well. This meant that they were able to address use cases that they were not able to address earlier, before Near came into picture, including trade analysis, cross-shopping behavioral analysis, revenue cannulization forecast, and site-development analysis, and so on.

Again, everything on a hosted platform. They started with one country and today they're working with us in around 14 countries. One of the biggest results or outcomes of their working with Near was they were able to increase their rental revenues on average for property owners by around 10%. Today, they're analyzing more than 800,000 places with Near.

Now, these two are different use cases, which if you look at it, the first one what I just highlighted is what we call the marketing-intelligence use case. The second one is operational-intelligence use case. Now, these two are the two different buckets. We have two different products coming out of our platform which addresses these two requirements. The marketing intelligence use cases are primarily sold to marketers and CMOs of organizations for customer engagement, segmentation, comparative assessment, and targeted marketing. The operation intelligence use case is sold to chief information officers, chief data officers, for site selection, where to open the next store, supply-chain optimization, and route-planning, and so on.

The key difference here is, one, in the marketing-intelligence use case, we are looking at things from the lens of people, around people's behavior and their insights, and in the operation intelligence we are looking at things from a lens of places, so attributes of places, which could be a store, which could be a branch, and so on, so that's the key difference here.

If you move on, one of the thing that I wanted to touch upon is our winning flywheel. Why we are able to do what we are doing and why no one can actually do this is primarily because it starts with the data itself. If you look at the kind of data that Near is sitting on, which we own and operate, like I touched upon earlier, is around 1.6 billion unique user IDs at any given month, across 70 million places and 44 countries.

Now, this data is primarily derived from customers itself that actually is working with us and connected to our systems. Now, a lot of this data is unique to us. There are data that is licensed as well, but majority is unique, which allows us to provide better business outcomes, provide full-stack offerings to our customers, which then further allows us to acquire new customers and retain them. This flywheel means that the more customer we get, the more data we get, and the more data we get, the better business outcomes are. That is our winning flywheel and that is why ... That is our mode. That's why we are able to do things unlike anyone else. It can't be penetrated into.

If you just move on to the next slide, Mark. The next slide, please. Here is an example that I wanted to show you which actually showcases our data's intelligence. What we have done here is taken Tokyo Central Station, the train station, and you can see how people are coming to the station and where they're going after. This allows multiple use cases. You could look at this and say how do you plan transport systems? Can they travel in bus instead of train? Where do you put out-of-home assets, out-of-home media assets? Where could you plan stores if you are opening restaurants or retail stores? This allows you to basically look at traffic patterns of people's movement for a defined period of time, which then you can use for insights based on the industry that you are in.

If you move to the next slide now, one of the thing that we have done is put customer testimonials that we want you to hear here. This is Yahoo that we have been working with since 2020. Dan Richardson, who is the director of data at Yahoo, would tell you why he's excited about working with Near, and how they're using Near to not only curate the right audience, but activate that and measure the efficacy of that all using our marketing intelligence platform.

Mark, you could play the video.

Speaker 2:

Would you please share just a bit about your role and what you do at Yahoo APAC?

Dan Richardson:

My role across APAC is really to strengthen and build our commercial strategy all around data. Data is all-encompassing these days. We have targeting insights, measurement, privacy, but ultimately it's about powering up omnichannel partnerships with other things like audience insights, segmentation, and testing strategies.

It's quite hands-on but also really strategic as well, and my larger mandate is to really lead our commercial proposition and help businesses identify new ways of reaching people, particularly in environments where there is no identifier, commonly referred to as the cookie-less or ID-less world. My team really focuses in on building solutions for our platforms to help publishers, to help brands, to be more relevant and be more accountable for their investment in environments both known and unknown.

Speaker 2:

How did you first hear about Near and our suite of marketing audience and measurement solutions?

Dan Richardson:

I'll try to summarize as best as I can. I think I'll go back to 2019, early 2019. We knew that we needed to tap into points-of-interest data and that footfall particularly was of interest, also location sites where people were going, human movement. I created an RFI across the APAC region. We reviewed many suppliers or providers, and I think the Allspark platform was the best demonstration and the most usable, very polished, so we were really impressed with that.

That led to a proof of concept which we ran with a major software and consumer electronics provider. That was really interesting because from day one we really pushed Near to do new things. I think the example was we wanted to recapture people who were attending a B2B conference and then retarget them very quickly, which was quite new for the time. That went well as a proof of concept and led into our RFI across the region. Now, I think we really settled in on Near due to coverage, the technology, and the willingness to collaborate and service us, so to be a true partner. That played out and then we entered our ANZ contract, and then scaled up to APAC earlier this year.

But throughout, it's just about collaboration and being up for the challenge. Particularly with emerging channels and tracking changes and everything coming in you, you've got to push the needle.

Speaker 2:

Why did you select Near as a partner?

Dan Richardson:

One of the reasons ultimately why we selected Near as a partner is because our proposition at the Yahoo market is to bring in emerging channels, particularly into the omnichannel toolkit. Whether that's augmented reality, which is now largely web-based, which makes it easy to collect information, digital out-of-home, connected TV, these things are no longer siloed channels. They're incorporated into one platform for easy targeting, measurement, retargeting, all that sort of stuff.

Not all those things were a capability immediately, but through persistence and testing, we're able to start really growing our business. If someone wants to invest in digital out-of-home, then they're going to have success if they can recapture that audience and retarget them with in-feed display or video or other types of things as well. We've really been working hard on that. We have created a pretty slick operations workflow and we are genuinely on the phone or Slack or working with Near on a day-to-day basis across ANZ and SEA, particularly in our scaling up to the region.

I think some of the success stories for us, and we can go back a few years, is how we built that test-and-learn mindset into our client relationships. A few big clients, particularly for ANZ, were Officeworks, BIG W, which is a big box store, and Tourism Tasmania. Now, all of these brands are incorporating either augmented reality, or digital out-of-home, or footfall into their campaigns. With Officeworks, we placed a virtual Santa Claus in people's living rooms so they could have a selfie with him, and this was great because no one wanted to go to the Westfield Shopping Centers doing COVID lockdowns, information for retargeting, and then measured footfall and even on-site as well with Near.

The same was for Big W. They produced some outdoor play equipment, which you can't even see the size of it in the store. It's in a box. You can't measure the sales. We used AR to place it in people's backyard and when they engaged with that, we captured that ourselves, but also with Near, and measured that through to site and footfall.

Where we're really seeing success now is in new verticals, automotive and tourism particularly. How can we measure visitation to that location or distribution spend? With Tourism Tasmania, we were able to track with Near over 50% uplift in traffic to Tasmania in the off-season following exposure to ads. It's that type of thing which is really a success story for us because it's bringing in new verticals into our advertisers, to the remit and investment.

Speaker 2:

Where do we go from here in terms of our partnership together?

Dan Richardson:

Our aim for the partnership with Near is to keep pace with the evolution of emerging channels and supply. Think about digital out-of-home coming through Southeast Asia, Hong Kong, other areas, to be able to keep pace with that, to measure and retarget.

But also as we grow the partnership, our aim would be to go from manual to automated. That means we keep a lot of the great custom insights where ...

PART 1 OF 4 ENDS [00:25:04]

Dan Richardson:

We keep a lot of the great custom insights work that's happening, but we also make things easier. In fact, our motto is, "Easy to buy for the Yahoo DSP." So that means in platform. So being able to queue up a digital out-of-home retargeting campaign or maybe footfall lift and figure out how do we do that in the platform to complement any sort of post-campaign measurement that's happening. That's where our head's at for the next year or so.

Anil Matthews:

Okay, so like I touched upon earlier, we have this two buckets of our offering. What you just heard from Dan is our marketing intelligence offering. And similarly, we have a operation intelligence offering. And there are two product suites across these two buckets. The current TAM for these two, like Narayan had mentioned, is around 23 billion. It's highly untapped and [inaudible 00:26:00].

If you just move to the next slide, Mark? This slide shows you how the workflow is, and how we integrate and work with most of the enterprises. So if you look from left to right, there are two kinds of data that we actually onboard when we work with an enterprise. It could be data on people, which is primarily data on their consumers, or data on audience buckets, or data on places, which is primarily data on their stores or data on their showrooms or branches, if you're a bank. Or it could be ZIP codes if it's a catchment area.

And what we do is we bring in this data, and then first thing, like I mentioned, is we are then looking at stitching this using our patented technology, with our data. For example, let's say we go to a retailer, and the retailer would tell us, "Hey, we know ABC about our customers. Can you tell us DEF?"

So primarily, the challenge that they face is they know a lot about their customers when they're within their property, whether it's physical property or digital property. The moment they walk out of the door, they lose that connection. And that's when Near comes into picture.

So we as now, what we're doing is we are looking at consumers that they have, as a retailer, and we are looking at our data universe and stitching these two together first, so that we can provide deeper

insights on those consumers, especially when they walk out of the door, which includes brand affinity, which competitors they go to, and how often they go to, where do they live, where do they work, what are their social behavior and search behavior and so on.

All this data can then be pushed through our products to edges and platforms that we integrated with. So we integrated with most of the major platforms, whether it's Adobe, in terms of activation platforms, or Salesforce or Google or Trade Desk, or visualization platforms like CARTO] and Esri and Tableau and Alteryx. This allows our customers to basically keep leveraging their investment in these platforms whileas use newer kind of data for meaningful insights and learn that consumer behavior that has changed over the last few years.

If you move to the next slide, this ... From a product perspective, we are constantly investing. One of the use of our funds is to basically invest heavily on our product offerings. We have various kinds of datasets but it's an ongoing work. We continue to invest in diverse datasets, whether it is data on traffic patterns, whether it is data on weather patterns or transaction patterns and location patterns of consumers.

We also are investing heavily on verticalized solutions. One of the vertical tourism ... We are the gold standard when it comes to tourism. We work with some of the biggest names out there, whether it's New York and company or Hawaii and so on. And what we are doing is we are looking at how can we replicate the success of the tourism vertical in other verticals with retail and so on?

One thing that we always are constantly being proactively working on is privacy. Because we work with so much data, not only on our side but data from our customers, we are ... Everything that is designed in Near is privacy led. So the way we are bringing in data, we store it, and how we are storing it, how we are staying compliant in all the regions, whether it's GDPR or CCPA, a lot of it is product driven itself.

And of course, I mentioned about some of the integrations, whether it's integrating with Adobe or Meta or Alteryx, we continue to invest in that. And so if you look at our product roadmap, these are the investments that we're looking at.

Just to expand on the vertical offerings that I touched upon, let me take ... If you look at retail here, we are working with Procter & Gamble in Asia-Pacific. We started working with them in Singapore. Then we expanded to Australia and Japan. And this advantage of working Near for Procter & Gamble is because we are a global company, they can actually start in a small ... do a test pilot in a small region and then expand to other regions that they're present in because we can service them there.

So we have a retail dashboard that we work with them, a retail intelligence dashboard, which actually allows them to look at where do you place their products, and where do you open the right stor, and how do you optimize supply chain. So similarly, we are working in the financial service industry, the technology industry, the quick-service restaurant industry and the auto industry to verticalize our offerings. And these are some of the things that we are very excited about because these are Near's immediate opportunities ahead of us.

Can move to the next slide. So I touched upon how we go to market and how we land and expand. If you look at two examples here, the first one is one of the largest grocery chains in France where we started ... When we started with them in 2019, we were looking at around 200,000-odd in revenues from them. Today, just last year, we have almost touched $8.89 million. This is Euros.

So we have seen significant expansion from these customers because this few things that happens. One is in the entire full stack offering that we take to them, customers can enter at any stack and expand to other stack. So they could enter at a stack ... They could come and say, "I just want activation," or, "I just want enrich data enrichment," and they can expand to other. Second thing is they can start with operation intelligence and move to marketing intelligence or vice versa. So there is a upsell and cross-sell opportunity between these two.

Also the way we price our offering is it's very volume based. So you could start with just California and say that, "Okay, I want data for people that were seen in retail stores in California and expand of Florida, then New York and so on." So there's an expansion in geography within a country, but then there's also expansion then within other countries. Then the customer'll say, "Okay, I want now data for UK, for Spain, for Japan."

And this is the result that you see. The second customer here you see here is one of the largest media publishing houses. We started with them in 2019, again 300,000-odd sort of made that time. The CAGR is around 54% here, where we are already doing in seven figures with them.

So a lot of our land and expand strategy has been working across the globe for us. Some of them, that has worked really well, like the grocery chain in France. We are trying to replicate that in other regions and see how we can take it to even the US and UK now.

Can move to the next slide, Mark. So this gives you an idea of some of our customers across these eight verticals. The four verticals that's really working well for us is, like I mentioned, we are a gold standard when it comes to travel and tourism, but also retail, restaurant and real estate. The three Rs is really working well for us. And this is a testament of some of these verticals that need to be so much more reliant today than pre-pandemic on data because of the consumer behavior has gone to a toss. Their understanding of their consumers is completely changed.

And so if you look at travel and tourism, what New York and Company is doing is they're looking at, "Okay, how can we use data, Near's data, to look at who's coming to New York from there? How many are coming internationally, traveling to New York? How many are traveling domestically and coming to New York? Where do they stay when they're in New York? Where do they eat? How do they travel between the state and so on?"

Whileas, if you look at restaurants, Wendy's is using our data to look at where do we open the next store? Shall we open a store in this side of the freeway or this side based on traffic patterns, foot traffic patterns that Near is able to provide them? They're also looking at catchment areas and seeing how their competitors are performing there and where could be the gap that they could place a store in.

So if you look at these two use cases, the granularity level of these both are completely different. The same data. You could look at 30,000-foot, or you could look at 1,000-foot. So similarly, of course, we are working with some marquee names in other verticals as well.

We move to the next slide. One thing that I want to do before I hand it over to my colleague here is a customer testimonial on the operational intelligence side, which is our second offering. So you heard the marketing intelligence side. Now you're going to hear from John from Coldwell Banker who basically is going to talk about how they're using Near's offering, the Pinnacle offering, which is a operational intelligence offering. And how they're using this to not only look at foot traffic patterns towards their properties and the competitors' properties, but looking at a lot of geography context that they can actually ... the insights that they can use to package their proposals and their marketing offerings. If you could just play the video, please.

Speaker 3:

Tell us about your role at Coldwell Banker, the breadth of the team and how you make it all work.

Narayan Ramachandran:

Well, I manage research services for Coldwell Banker Commercial Premier. That involves helping our brokers and their clients understand the marketplace-specific assets, areas and submarkets. Data's the largest component of that, and also telling the story with that data. [inaudible 00:36:54] geographic

information systems and other public and private data sources ... story of a property, either for positioning it on the market or dealing with investors and trying to understand their goals and find that the data that provides them the answers to make them comfortable in making a decision.

Speaker 3:

What are some of the typical challenges or what are the use cases?

Narayan Ramachandran:

The real estate market is very disaggregated. It's heterogeneous. There's a lot of moving parts to it. And we work with a lot of the middle market, and also private investors could be sometimes smaller, occasionally institutional size. But mostly that middle market is kind of where we're at. And they don't have the capacity necessarily to be doing data analysis and research and writing at all times. And they may not be in the market at all times either. There's gaps where they're [inaudible 00:38:05] assets or a ton of moving parts.

So they may be working with their architects and engineers and their entitlement folks, the municipalities. They don't have time or the capacity to do what we do, which is what our value-add is. Because we're always in market doing something. They may be in and out of the market. And so that's where our resources come into play is we maintain the databases and the relationships with our software vendors and data purveyors. We're always looking at the market [inaudible 00:38:40]. So that's really where our role comes into play, is helping people evaluate deals and projects often from the land acquisition side all the way through stabilization and sale.

Speaker 3:

How did you first hear about Near?

Narayan Ramachandran:

Near was brought to us by our leadership on the brand side, and then they kind of disseminated that down to some of the franchise levels. And we were initially attracted to it in part because we didn't know a lot of those components of those packages even existing. In the industry, it's been common that you've got ... Say it's a retail site, and you look at the traffic counts for [inaudible 00:39:31]. And that's often a basis for step one of looking at a retail site. But that's kind of like the stick figure on a napkin kind of a start to it.

And so what the Near products did for us is to really paint the picture of what else is going on over there. So instead of just drawing a contrived radius around something, we're able to actually see, for example, what is a true submarket for that shopping center or that triple net retail building.

Speaker 3:

What are the benefits or improvements that your team is realizing in their workflow over the past three years?

Narayan Ramachandran:

Certainly, it's enhanced the efficiency, but it's more than that, because I don't think we even had the ability to look at some of these things before we found you. So for example, on the affinities or, as I mentioned, the trade area ... There's a specific example I was working on in northwest Las Vegas and on a triple net retail project or a site, and looking at some of the other stores around there, we could

develop out what their trade area is with the mobile data, see where the patterns were. And it's not something that you would necessarily know by instinct. You would think it would be one thing, but actually, in reality, it turns out to be something else. That's the key insight for us, is the difference between assumption and knowledge.

And so in this case, we were able to determine that a store could be built here of that similar flag without it cannibalizing upon the other stores in the area. And it wasn't necessarily obvious. So that was a key insight.

And then we've been power using the products lately because we've got a client that's looking for multiple single-tenant regional buildings across different markets and not necessarily markets or submarkets that we're always looking in. And so this is an easier, more efficient way to determine what the patterns look like at that site.

One of the reasons that's important is because it helps reduce the amount of risk in the deal. So for example, if you've got a similar capitalization rate or a similar tenant or maybe the same tenant, and the lease terms are similar, but in the mobile data you can see that the traffic at this site is so much better. The trade area is wider.

So you could say that ... When you're underwriting those deals, you're underwriting the tenant but you're also underwriting the site. And so that tells you that you're ... Regardless of turnover in the tenant, you know that you've got a solid site on your hands, and you're not really having to pay that much of a lower cap rate [inaudible 00:42:50]. And those specific tools, I don't think we would've recognized that without it.

Anil Matthews:

[inaudible 00:43:02]. I'd like to now hand it over to my colleague, Rahul Agarwal, our CFO, to walk you through the financials.

Rahul Agarwal:

Thanks, Anil. So you heard the story around how Near was built and what we have achieved over the last several years in terms of operations. Quick overview on the financial numbers. Mark, next slide. So we are expected to grow at around 35% year-on-year with a net revenue retention issue of 128%. We continue to have 70-plus-percent gross margin on our business, and, as it was previously highlighted, very high customer satisfaction rating of 9.4.

A deep dive into the numbers, so first up on the top line revenue itself, we have been growing and expect to grow at a CAGR of around 35% for the next several years. Expected 2022 revenue was $60 million. 2023, we are expecting to hit 81 and 108 in 2024. I want to reiterate, this is highly recurring SaaS revenue with a very high gross profit margin. We have improved our gross profit margin profile in 2021 and now continue to maintain 70-plus-percent. And we'll keep optimizing our profit margins over the next several years.

On the EBITDA front, after the initial investments that we made heavily in 2019, 2020 around data, we have started to see the results. For 2023, we expect the EBITDA to be around negative 14 million. And in 2024, we should be hitting close to break even.

The high gross profit margin profile obviously delivers very strong contribution economics. So for every dollar of revenue that we are generating, [inaudible 00:45:10] 30 cents goes towards cost of revenue. You still have 70 cents left of which around ... If I looked at 2022 numbers, around 29 cents to a dollar is essentially taken towards sales and marketing, which will continue to hover in and around that ratio, which means 41 cents to a dollar is still available towards the fixed cost of product technology and GNA.

So in the [inaudible 00:45:36] years as we generate higher revenues, every single dollar on the top line is going to contribute significantly towards the positive EBITDA.

Some key KPIs that we are tracking, you heard about the 23-billion-dollar TAM that we operate under. Our revenue split pretty much depicts the same ratio in terms of how the TAM is split. So two-thirds of our revenue is coming from the US, and that'll continue to be a market of significant growth for us. And Europe and Asia-Pacific equally distributed at the remaining 33%. So we'll continue on that ratio and expand accordingly.

On the net revenue retention, our actual net revenue retention number was high ... Sorry, Mark, previous slides. Yeah, our actual NRR number was pretty high in 2021 because of post-COVID tailwinds. But on a steady-state scenario, we expect around 20% NRR, and we'll continue to maintain that ratio. Now, because of this high NRR, the $60 million of 2022 revenue going to 2023 expected revenue of 81 million, we are very confident thanks to the NRR and the strong pipeline and the customers, [inaudible 00:47:02] the sales team that we have in place now.

Just finally wrapping up the key use of funds. So Anil spoke about the SaaS [inaudible 00:47:14] highlighted how we are thinking around continuing to invest in data, our product and so on. So that will be an important aspect of investment. We'll continue on that journey.

On the use cases front, we have been successfully delivering in the three Rs: retail, real estate and restaurants. Tourism is obviously gold standard as far as Near is concerned. So we'll continue to invest and penetrate deep into such opportunities.

On the product front, we have been continuing to come up with newer features, adjacent products to the core offerings of Allspark and Pinnacle. We'll continue on that journey as well.

And finally, we have been there, done that. We acquired a couple of companies, one in the US, one in France, in the past, successfully delivered value creation for our shareholders, and we'll continue on that journey. So opportunistically, we'll continue to look at any inorganic opportunity that comes in, which unlocks a long-term synergies for us. I'll just hand it over to Narayan to summarize and then we can take questions.

Narayan Ramachandran:

Thank you, everyone, for listening. We'll just turn to Q and A in a second, but I just wanted to quickly summarize. You heard from the company. You have heard that it's a, one, it's global, two, that the clients are, one, very real and very diverse, and three, that the platform is capable of many, many things, some of which the clients did not even anticipate that, one, they would need and, two, that they could even find in the market. So quite a remarkable company in our opinion in that way.

And that against the backdrop that the addressable market still remains largely unpenetrated of $23 billion. As you heard through the presentation, the Near has 1.6 billion user IDs, unique user IDs, in more than 44 countries covered. The algorithms are patented. And in particular, the ones that stitch and enrich data are quite remarkable.

You heard from several of the clients, but there are several others who are unnamed, who together make up an expected NRR north of 120% with a growth rate that has both demonstrated, and we expect on a continuing basis, of 35% while maintaining a gross margin of over 70%.

And last but certainly not least, and this is really the thing I would like to leave you with, is that they have a global leadership team with a demonstrated ability to execute not only this business plan, but navigate future folks in the road very well. With that, let me turn it over to Mark to facilitate Q and A.

Mark:

All right, folks-

PART 2 OF 4 ENDS [00:50:04]

Anil Matthews:

... the date Q&A.

Moderator:

All right folks, please queue up and we'll read our first question from Matt, since he came in as the hands start getting raised. So Matt from BTIG, how proprietary are the original data sources to near, versus the company's ability to better analyze and rationalize these datasets as the value verse competition? And then how many data sets are lost due to privacy changes or inability to collect data? Anil, you're on mute.

Anil Matthews:

Sorry. Thank you, Matt, for the question. So just to address the first part of the question, when we go to an enterprise and ask them to stitch the data, one of the easiest ways to bring in their data is to put a nearest pixel in their properties. This allows us to get a ping every time a user visits the property as well. Which means, just to answer your question, a lot of this data that these customers typically wouldn't be selling it to anyone else, or making it accessible to anyone else, is accessible to near because it's very similar to a typical model where you have to give us the data so we can give you the insights, and analytics, and the intelligence back on that. Right?

Now in no way that means that you only use one customer's data and share it with other customer. But this allows us to basically derive more intelligence around people's behavior. And the intelligence part is something that we keep sharing.

Now, I will ask my colleagues to basically just add to that so it's a little bit more clear. But just before that, on the privacy angle here, you are right. I think if you look at when Near started, it was a new kind of data that we were working with. In 2012, mobile data was completely new. We were one of the pioneers in working with that. And eventually it became commoditized. There was a lot of this data available out there, over the last, I would say, decade.

Until strict privacy laws came in, especially with GDPR. And then that data started going down, the availability of that data. And today, a lot of this data that is sitting out there, that is accessible, is proprietary. And so that is a space that Near is working around, which is proprietary data that is accessible because we are working with these customers and exclusively, which actually makes it more valuable. So I'll ask my colleague, Shobhit, to basically add to that. And he can just sort of clarify that a little bit. Shobhit?

Shobhit Shukla:

Yeah, thanks Anil. So just to add to what Anil was saying, the proprietary data sources that we collect, the main value proposition is our ability to stitch them together, both the online and the offline real world behavior of consumers. And that is a pattern that we have. That is what allows us to securely collect and understand the behavior of consumers very deeply and on a sustainable persistent basis.

And this also gets enhanced by the flywheel that Anil mentioned during his presentation. The more customers that are using our platform, the better the data becomes, and the better the algorithms become because we get the feedback loop from our customers. And so that's the biggest factor.

And then on privacy, when GDPR came into effect five years ago, we did see an impact on our data sources. But a few years down the road, as you can see, Europe is a large and a growing market for us. And we believe the reason for that is that our core technology stack allows us to continue to retain the learnings because the identifiers are persistent.

And then the customers who continue using the platform, they continue contributing the data, and the feedback loop continues to help us enhance the understanding. And of course we can talk more about the privacy, the investment we've made with respect to GDPR and CPA, but at the core platform level, that's the main reason why we've been able to sustain and continue to grow even in markets like Europe.

Anil Matthews:

I hope that answers your question, Matt.

Moderator:

Great. All right, so we're going to open up the lines now to some live callers. We'll start with Arjun from William Blair. I'm going to open your line now. Please go ahead.

Arjun:

Perfect. Thank you guys. Can you hear me?

Anil Matthews:

Yes.

Arjun:

All right, perfect. Thanks for doing this. Super helpful. Just continuing on that last point about data. So I think you mentioned there's online and there's offline data. So the online data, it seems like you're capturing with the pixel that you have in the web properties. Where does the offline data come from? Is that also customer data? Or is that something that you're able to capture through other means?

Anil Matthews:

Yeah, I think that's a very good question, so thank you for asking this. So if you look at, to your point, online data comes from our relationship with websites, and apps, and other sources that is providing us this. The offline data is primarily coming from our data science models that allows us to look at patterns of where we have seen certain devices that users are carrying, whether it's mobile devices, or whether it is any other connected device. And then plotting that in a physical world.

So for example, let's say that user A, we have this journey that is mapped, that we can see that they're carrying a certain kind of device which is seen in a place. If you map it with, then we would know that that was a mall, and that was maybe a Nike store. And so then we are using those patterns to see, okay, these many people were seen in a Nike store. This is their common evening location, which is where they're seen the evening time, so it could be their residence,

This is their common daytime location, which could be their workplace. This is the beach that they go to, this is the golf place that they go to. So this allows us to basically garner this information from the real world. So then when we go to a retailer, we can tell them, "Yeah, okay, they visited you, your stores, four times in the last month, but they visited your competitor seven times." And these kind of insights then become very useful. And then of course we can, because we have a single identifier, we can connect the same user journey towards the digital footprints as well.

Arjun:

Interesting. Thanks for that, Anil. And then maybe just a follow-up for me, this obviously seems valuable to customers because it's giving them all sorts of new insights, but what were customers doing before Near? Is this something that was done manually, or unintelligently, and maybe there was management consultants that were doing this? What do you typically see as the replacement?

Anil Matthews:

You got it right. Actually, before, I think we were not trying to replace an existing setup. In many cases, this was the first time they were using something new. When we mentioned about the real estate customers that we have, some of them are using clickers. There's a two clickers, one for male, one for female entering certain places. So we were actually replacing archaic methods, which was completely... So it was not a certain step change, it was basically a drastic sort of change in terms of how they were able to now access real-time data at scale, with high accuracy, using the kind of data that we were able to provide. But Shobhit, you want to add something?

Shobhit Shukla:

No, I think you've nailed it. Nothing else to add that to that.

Anil Matthews:

I hope that answers your question, Arjun.

Arjun:

Yes, that's very helpful. Thank you. I'll jump back.

Anil Matthews:

I think we have some question from Avirek as well?

Moderator:

Yes, we'll go with Vaveki from Northland, your line is open.

Vaveki?

Vaveki:

Hi there.

Moderator:

There we go.

Vaveki:

Yeah, I have about three questions with me. And first of all, the presentation was too good. And I'll just go back to the question, yeah. So what would be the main technology areas you'd have interest in acquiring?

Anil Matthews:

Very, very good question. Right. So we are looking at acquiring basically specialty data technologies that actually can strengthen our mode. So our constant endeavor is to basically bring different diverse kind of datasets. So it could be data on products that consumers are using, data on, like I said, I can mentioned transaction information that we are constantly looking at. So we are looking at data sets that can really enhance the value of our understanding of these consumers. And those are the kind of companies that we're looking at.

Vaveki:

All right. And the next question is, do your activation and visualization platform partners help you sell your offerings?

Anil Matthews:

As of now, no. Though basically we are just integrated with them to... This integration was primarily to help our customers efficiently work with alongside, just simply to our offering. But it would be something that very interesting, in fact, partnership with some of these BAMAs that we have listed. And I think that might be an opportunity in the next 12 to 14 months that we'll aggressively look at.

Vaveki:

All right. And I have one last question with me, and that is about the AI models that you predominantly use. So what types of models do you use, like neural networks, and do you leverage third party tools such as from Amazon or Google?

Anil Matthews:

Good question. I'll ask my colleague, Madhu, who's our CTO to answer this.

Madhu Therani:

Yeah.

Anil Matthews:

Thank you.

Madhu Therani:

Just to clarify, primarily we run on the Amazon stack AWS. We are using all the standard of the shells tools to process the data and the pipelines. Our core value, we do use neural networks, we use the latest forest ensembles. Primarily, we build ensemble models.

Our core value prop is in taking our rich data sets and doing the model building. And that is where the real value, we sort of reduce the cost of exploration for our customers, to infer things like dwell time at

a location, the number of footfalls that fell in a place. Because data is never complete, so the whole estimation life cycle on these properties is one of the core offerings in our product.

And we hope to extend this to URL networks, the latest generative AI trends coming, that hopefully in the next 12 to 18 months we'll figure out how to incorporate it.

Vaveki:

That's it from my side, and all the best, guys. Thank you.

Anil Matthews:

Thank you,

Vaveki:

Thank you.

Moderator:

Great. Thank you very much. Our next call will come from Mark Z at Benchmark, please? Your line is open.

Mark Z:

Hi, it's Mark Zatovich. Thank you, Mark. And thank you, gentlemen. It was a great presentation, very helpful. Just maybe some basic questions from me. Just wanted to understand what your go-to-market is by geography, the main buckets that you have? And what's your direct sales capacity? How much is driven through a resale channel? That's the first question.

Anil Matthews:

Thank you, Mark. Thank you for the question. So when we started, we have taken two approaches to go to market. One is through channel partners, and one is through direct sales. And predominantly the channel partner approach has been that the partners have the relationship in the market, they have the foot in the street. We are going to empower them with our technology and platform.

And this does two things for them. One is, it helps them be highly competitive in the market, because of the new kind of offerings that they're taking. But also it helps them cut down on a lot of vendors that they're working with, because we are providing a full stack offering. In most cases, they're able to cut down around 10 to 12 different vendors that they're already working with. And this allows them to improve on their gross margins as well.

So that relationship has worked really well for us. But markets that where we see there's a significant time, and we believe that we don't want to be just reliant on a partner, we have our direct presence as well. So there's three regions, US, France, and Australia where we have direct team as well.

We are heavily investing in creating what we call, is the sales machinery, the quarterly machinery, in terms of new reps, and SDRs, and dimension teams and so on, so that we can actually take more pie directly than through our channels. So that's where we are. And Shobhit, do you want to add anything to that?

Shobhit Shukla:

No, nothing more to add. You covered it.

Mark Z:

Maybe just to follow on that, so just roughly speaking, how many direct salespeople do you have today? And how much do you anticipate growing that over the next couple years?

Anil Matthews:

Yeah, I think the amount of... So basically if you look at different regions, the biggest investment is happening in the US, where we have enough capacity to basically meet our pipeline numbers, and this year's goals. So at any given point of time, we are maintaining around 3.5X pipeline to our revenue that is required for each quarters. And so we have enough capacity already to meet this year's numbers.

Now there is constant investment basically going on for next year, and so on. Raul, if you want to add anything to that?

Rahul Agarwal:

Yeah, Mark. So in terms of pure numbers itself, the sales organization is divided into direct sellers. And that number in the organization today would look like around 25 folks who are directly in the market going and selling. They are supported by a bunch of SDRs, they're supported by a much larger customer success team whose job is to make sure that the farming and the land and expanse strategy's working. So the organization itself is large, but if you are just looking at the direct seller number, that number is close to 25 right now.

Mark Z:

Got it. That's helpful. Thank you. And then maybe, Rahul, just to follow on your presentation on the '23 to '24 revenue expectations, I just wanted to get an understanding of what your assumptions are that it's built into those expectations in terms of revenue from existing, versus net new business, and if there's any customer concentration that might be driving those results?

Rahul Agarwal:

Sure, Mark. Yeah, so assuming the $60 million 2022 estimated baseline growing to $81, we are talking about 35% odd expansion. So we already have an estimated 120% baked in revenue retention. This is obviously net a fall turn and any downside that might happen.

So purely from that point of view, the existing $60 going up to $72 seems realistic. We are obviously working with the large clienteles, making sure either they are on multiyear contracts, or some of these relationships have been expanding for the last several years, and have been continuing. Or these contracts are on auto renewal basis, so a lot of those give us a huge amount of confidence in terms of getting to that 120% plus NRR.

And in the remaining gap, mathematically it just ends up being around another $9 million, which sitting today at the beginning of the year, obviously gives us a lot of confidence given the sales team that we have. We will be able to... And there's no reason why we should not reach our numbers today.

Mark Z:

Okay. And is there any pricing that's baked into your growth? And maybe you can just talk about what your anticipations are if you expect pricing over the next couple years? Or if you're still in a mode where you're just trying to get penetration right now and pricing is sort of down the road?

Rahul Agarwal:

Yeah, so the focus is a lot more on penetration expansion, really not trying to be extremely cutthroat on pricing, generally. But otherwise, we have a standard pricing model which is tier based, based on the customer's requirement, based on how many geographies and what kind of data insights are they looking for. We haven't really done any major revamp on the pricing front over the last few years. So that remains constant as far as the platform is concerned.

Mark Z:

Okay. And if I could ask one last one, this is super helpful. On the privacy front, you're obviously in compliance with GDPR, and you talked a bit about that. I'm just curious if there's anything that you anticipate, or anticipating, in terms of additional privacy regulations, whether that's, usually it starts in Europe? I'm curious if you can provide any color in terms of what you may be anticipating and how that's in place for future data privacy protections.

Anil Matthews:

Sure, I think so. So it's an ever-changing landscape, right, privacy. Even though we are compliant in all the regions, we are constantly looking at what privacy regulations are coming up in Near regions. There's Near regulations coming up in Australia, in Japan, some of the states in the US. So I think one of the things, because our systems are designed to be GDPR compliant, which we have seen the most stringent till now, it is easy for us to be compliant in other places. But having said that, Jay, you want to add something to that in terms of where we are?

Jay:

Sure. Thanks, Anil. It's a good question and there's been a lot of attention on data privacy. But we've been in a relatively stable environment for the last few years. Anil and Shobhit both mentioned GDPR. I don't anticipate that changing significantly, though it was a big step change five years ago.

And you've seen some states in the US adopting more privacy regulations, but generally what they're doing is mimicking what's already in place for California. So we continue to watch for changes in the laws, but I think we've been in a relatively stable environment for the last five years.

Mark Z:

Okay. Thanks, Jay. Thanks, Anil. Appreciate it.

Anil Matthews:

Welcome.

Moderator:

All right, great. We're going to move to, our next question is from Matt from BTIG. Your line is open, please?

Matt:

All right. Yeah, thanks guys. Oops. Okay. All right, sorry about that. Thanks for doing this, guys. Appreciate it.

I guess first question on the net expansion rate that you've been seeing, curious if you could help break that down a little bit, in terms of anything that's already contracted with customers as they ramp up, that that's contributing to that? How much is expanding the existing use cases, meaning just consuming more data, trying to be more intelligent around what they're already doing? And then the third bucket being, all right, this great, this works great for this region or line of business, and then moving it into something that's truly kind of a net new deployment at the company in expansion there?

Anil Matthews:

Sure. Rahul, you want to take that?

Rahul Agarwal:

Yeah, sure. So in the customer journey, obviously the customer might land with a point solution that they're looking for, and then depending on... And you heard the Coldwell Banker example, they were not really sure what they should be looking for, and then finally realized that there is so much more that the data can offer.

So once you start using the platform, you look at the capabilities, the different opportunities that this data and insights can open for you, you start to then come up and say, "In my next renewal I might go for more regions, more data sets, and whatnot." So that's obviously one way in which expansion happens.

The idea, at least in our customer base, typically the expansion for most customers have been renewals, which are annual. So there were very few and far contracts, which were multi-year. But over the last couple of years we have started focusing a lot more on entering into multi-year contracts. And these contracts definitely have additional expansion baked in year on year. So typically, you can start with X in year one, it'll go up to maybe 1.2X year two and 1.5X year three. So that's generally how the expansion is baked in multi-year contracts.

In terms of the usage itself, on what results in those expansions, like I mentioned, while initially the expansion came in from them using one point solution to then more expanding across the horizon in terms of what the platform has to offer, typically clients will also ask for either additional product lines, between marketing and operational intelligence, but more importantly, within a segment, for example, within marketing intelligence, they might expand across geography, or want to overuse or over consume the data in terms of the number of queries that they want on the platform, the number of audiences that they want to query on, or the places that they want to visualize.

And that then results in expansive usage, which then helps us increase the net retention when the renewal comes into picture.

Matt:

Okay, that was very helpful. And then I guess switching gears a little bit, when you're looking at the various offerings around CDPs out there, and I know there are a lot of, pretty much in their infancy adoption at large enterprises, but I guess, how do you play alongside? Where's the overlap? How much competition is from, at least in the minds of customers saying, "Look, we already have this central repository for all our customer data. We keep dumping more into there." So how do you play around that ecosystem as it gains in maturity?

Anil Matthews:

Yeah, Matt, I think that's a very good question. So the biggest difference between a traditional CDP versus what Near offers is that we not only take the platform, but take the data-

PART 3 OF 4 ENDS [01:15:04]

Anil Matthews:

We not only take the platform, but take data along with the platform. So in CDP, you would look at, it is primarily to host customers' data and manage that. While the biggest difference would be, because Near has its own data universe that goes along with the platform, now you are looking at stitching these two data types, and then understanding, getting a deeper understanding of consumers.

So think of it as a large, matching Excel sheet, right? So we have around 1.6 billion sort of unique users. So you have 1.6 billion rows, and then each of the rows, it has a unique ID to start with, but it might have attributes, some might have hundreds of attributes, some might have couple of dozen attributes. So when we go to a retailer, the retailer might say, okay, I have this 10 million users. We are looking at where those 10 million users fit on those sheet, and then what attributes we know about them. Once this insights is available, that's the first stitching part. This is all done obviously automatically, it's not as simple as an excel sheet. And then they can then use those insights to push this data to all the platforms that I mentioned that we integrated with. So that's a key difference between the CDP and Near's offering. Shobhit, you want to add something to that?

Shobhit Shukla:

Yeah, so I think that's a great question. The value really is in our, at least from our customer's perspective, is in our ability to stitch multiple entities or data sets together, give a unified view of the end customer, and then subsequently being able to provide a lot more insights, and to be able to act on those insights.

A lot of the point solutions in this value chain, and there are companies that just focus on identity match, there are CDPs, there are companies that are purely focusing on activation. And our past few years, customers who have leveraged Near, we've consistently seen that when they're working with multiple point solutions, the challenge that they face is when data flows from ingress to egress, the match rate tend to fall off a cliff. So by the time you get to the last point where you want to act on the data, the scale of the data is not quite there, and neither is the quality.

And then the other point, I'll just quickly add to the previous question that you asked, the customer expansion, is... And this is more of the intangible, which doesn't get captured often, is that the more our customers use our platform, the more tightly linked it becomes. Because there's so much of insights and data that is flowing back and forth, that for them to just cut this off and move on, it just becomes harder as time goes by.

Matt:

And then maybe one last question on the AI topic, obviously big in terms of garnering headlines today, whether it's the GPT ecosystem or others. But, is there a, I don't know, fear, or just a concern that you're working against that it might slow down sales cycles or cause people to drag their feet as they maybe think they can do more of this internally or they can spin up different APIs there to cobble together a smarter version of what they're doing today? I guess, how do you think about that from a competitive standpoint?

Anil Matthews:

Yeah I think, so first of all the way we look at Near is, first, we are a tech company. So we have, I think one of the things that we are really proud of is having great tech talent that that's working on cutting edge technologies, always looking at what could be the next two, three years looking like, and what we need to build to secure our motor on that. So I'm not, as we speak, I'm not worried about what someone else could do and what we couldn't do. Having said that, of course things have changed a lot quicker over the last six months, so we are aggressively looking at what we should include in our offering that would actually help us stay ahead of the game in the next sort of three to five years.

Matt:

Okay, very helpful. Thank you.

Anil Matthews:

You're welcome.

Moderator:

Great, thanks Matt. We'll go back to June from William Blair, your line is open.

Arjun:

Hey, thanks Mark. Just one thing I wanted to clarify, and then a couple other questions. But on the identity matching front, if, let's say we're talking about Allspark, if customers want to use your data and then execute a campaign using it targeted to specific individuals, is that something that you do in terms of identity matching your data with what's in the CRM, or what's in Salesforce, what's in Adobe?

Anil Matthews:

Absolutely. Absolutely. So that's what we do. So the way it works is you could onboard your data, whether it is hashed email IDs, whether it is MAIDs, which is mobile IDs, or anything... So it could be on the CRM, it could be on your POS data, it could be on your app data that you could bring in. So you could bring in multiple kinds of data that you could onboard. That's the stitching part. So the stitching allows you to bring in different flavors of data. And then you bring it in, you onboard it, and then you are able to then curate the right bucket of audience that you need, and push it to the platforms that we have integrated with. Like I mentioned, you can push it to Meta, so which means you can actually run campaigns on Instagram and Facebook. You can push it to Google, and you can push it to other trade desks and so on. So we integrated with all the major platforms that allows you to basically work with them.

Arjun:

Okay, perfect. That's what I thought. I just wanted to make sure. And then just when we're thinking of the customer journey, can you just walk through a little bit about where do customers typically land? What's the landing size, what's your average customer, what's your largest customer? Just so we get a sense of the size of investments that your customers are making.

Anil Matthews:

Typically they land at around 50 to $60,000 a year kind of license. So it's a very easy decision for them to basically try us out. The largest customer is an eight figure, they have eight figures that they're sort of spending on us, but [inaudible 01:22:02] you want to just add to that little bit, yeah.

Rahul Agarwal:

As Anil mentioned, I think the landing number on average would be around 50 to $60,000 annually. Obviously we make the customers, so the customers do sign up for an annual deal generally. There are customers... But if we have to look at the sweet spot, ideally that would be close to the $100,000 mark, which is where we want most of the customers to be in. There are obviously large wheels, and they have grown. So just the grocery example that Anil showed in his slide, if you remember it came from a million dollar... So actually a few hundred thousand dollars all the way through to almost $10 million. So that has been an expansion story and there are such examples, but generally otherwise, you know, will land at that number.

Arjun:

Okay, understood. And then Rahul actually, the last one was for you. Just on the cost of revenue front, it's nice to see your gross margins have been improving over the past few years. What's in that cost of revenue line? And as you look ahead, what should we think of as the main points of leverage in gross margins?

Rahul Agarwal:

Sure, yeah. So there is obviously the cost of servicing the revenue, which includes your hosting charges and whatnot. And that is going to continue to pretty much, I would say be a hundred percent variable number at all times. So with every dollar of additional revenue which has to be serviced, there will be a cost there.

We don't really have any large services delivery people as such, so there isn't really a lot of people out there on that cost of revenue number. The other major elements of cost include the cost of data that we acquire and source across people and places. And on that there is technically a lot of room for, I would say improvement in the cross profit margin profile, because a lot of those costs are fixed, and we are essentially monetizing the same information again and again. So as our revenues grow, typically you would start to see more ROI coming in.

But what we are consciously trying to do also is to make sure that we reinvest back some of those dollars into newer data sets, newer offerings, rather than just trying to play the game of improving the gross profit margin profile for the company. So at this stage we are comfortable with maintaining a 70 to 71% gross profit margin profile. And any additional optimization that we will do on the data cost front, we will try to give it back to customers, which can then help us with further expansion of revenues.

Arjun:

Perfect. That's very helpful. Thank you guys.

Anil Matthews:

Welcome.

Moderator:

Great, thanks. All right, we're going to open up the next line from Mike Latimore at Northland now. Please go ahead.

MIke Latimore:

All right, great. Yeah, thanks for doing this. Very helpful. So what percent of your customers use both the market and operational intelligence side of the solution?

Anil Matthews:

Yeah, currently it's a small percentage. It's just sort of less than 10% of our customers. I think there is a significant opportunity for us to cross-sell this. So that percentage would change over the next 12 to 24 months. But as of now, it's less than 10%.

MIke Latimore:

And then in terms of the data services you have, sounds like it's extensive, comprehensive. Are there a couple categories of the data that are particularly important here to winning business?

Anil Matthews:

Yeah, I think it's currently some mix of various kinds of data. When we started, we were predominantly relying on mobile location data, we moved out that to other kinds of data today. So there's no one particular kind of data, but I think the app... In effect, we are understanding people's behavior in both the physical, the digital world. So it's a mix of multiple kinds of data.

MIke Latimore:

Got it. And how standard is the offering here? Meaning how much customization has to occur by customer, particularly the bigger ones you sell to?

Anil Matthews:

Yeah, I think the product is very standard. So you can use it self-serve, and it's very standard to use. With larger customers, the only way to get that seven, eight figure dollar deals is to work and integrate very closely with the workflow. So what we have done in many of these cases is we have worked very closely with customers over the past few years, and integrated entirely with the workflow where, for example, one of the sort of case study that I had about the one of the largest media companies out there; what they're doing is they're using our data to create dashboards for themselves that their sales team takes to the market.

So there's a lot of stickiness, which is good, but it also required a lot of work from our side to get to that. So the standard $100,000, $200,000 sell is a standard out of the box sell, but as you grow to larger deals, there is an integration required with the workflow.

MIke Latimore:

Okay. Got it. Interesting that Cisco's an investor, is the thought here maybe that they can enhance their IOT activities with your service?

Anil Matthews:

Yeah.

MIke Latimore:

Okay. And just for our last one, can you elaborate a little bit more on the network effect you discussed? Seems like you get data from your customers and they're in different verticals and so forth, but so just help me understand a little bit about the network effect, how that builds over time.

Anil Matthews:

Yeah. So basically the way it works is when we get customer A, they might say, "Okay, I have 10 million users on website A or my app that I work with." And so typically we have, they're sharing this data with us on a constant basis. Then it basically goes through our platform, it gets sort of becomes part of the larger data universe that we own, and then we are able to obviously service not just that customer, but every other customer as a result of learning.

Similarly, so another customer could come which could be a retailer, which might actually bring in CRM data. So every customer that comes in, we are able to learn more about this consumer behavior. So we don't need to touch upon customer specific data, but consumers, people's behavior and their understanding, that is something that we can reuse. So that's how it's a network effect, with every customer coming in is adding to our data universe understanding of the consumer behavior, which then we further use to service other customers.

MIke Latimore:

Yeah, makes sense. And then I guess just on the data itself, you talked about 1.6 billion I think unique IDs or something like that. What is the growth rate of that data? What has it been?

Anil Matthews:

We haven't invested heavily on growing that. So because we believe that the access to the 1.6 billion unique users that we have is sort of good enough for us to achieve our objectives, revenue objectives and product objectives for the next two, three years. Where we are investing further is the depth of it rather than the breadth of it. So we are not expanding that drastically.

MIke Latimore:

Makes sense, makes sense. And then maybe can you give just a concrete example of, when you go in to a new customer and you're replacing a point solution, what does that look like? How many point solutions would the customer have, or what's the immediate ROI benefit from using yours versus the point solution?

Anil Matthews:

That depends largely on the maturity of the customer as well. So some customers have everything set up. They have the data science team, they have invested heavily on analytics and insights, while as some actually is not that mature. So whether we are replacing one point solution with a full stack solution or two, depends on the maturity of the customer as well.

MIke Latimore:

Great. Thanks very much. Best of luck.

Anil Matthews:

You're welcome.

Moderator:

Great, thanks. We'll circle back around and take another question from Mark Z, please.

Mark Z:

Thank you. Thank you. Just a quick follow up on your data set. So I assume that you're pretty heavily levered to the Google ID, and correct me if I'm wrong. And I'm curious if you think about... I mean there's no indications in Privacy Sandbox that of yet that there's going to be any change in terms of the fluidity of that ID, certainly relative to IDFA, but I'm curious sort of how you see Google managing its restrictions on, or potentially bringing on new restrictions to the Google ID, and if you've contemplated how that might impact your data scale, if you will.

Anil Matthews:

Sure, sure. Thank you for the question. Shobhit you want to take that?

Shobhit Shukla:

Yeah, so Mark just to clarify, we are not really dependent on Google's identifier or any particular kind of identifier, and that's one of the foundational patterns that Near has. So our core identifier technology is proprietary. We have our own Near ID. And that ID in turn then connects to multiple set of identifiers including the smartphone device identifiers, first party cookies, hashed email addresses and so on. So our dependence on any particular type of identifier is fairly low, and that was the driver as to why we wanted to file this pattern and develop our own identity technology in the first place.

Mark Z:

Okay, that's interesting. If you were to sort of overlay, I guess call it data graph, with other IDs that are out there today like a RampID or UID two or Criteo, how might you compare/contrast? And I'm just trying to get, just a direct question is sort of, where are there opportunities for you to bring more scale to your platform? Is it transaction data? Where are you strong versus maybe your weak points?

Anil Matthews:

Yeah, yeah, I think that's a very good question. So definitely I touched upon we would love to bring in more transaction data, which is weaker in our system now. Shobhit do you just want to touch upon that?

Shobhit Shukla:

Yeah. So as an industry standard mark, most of our customers tell us that they expect an initial onboarding or identity match rate of around 25%. In our case, we exceed that significantly and consistently. So our match rates tend to be, at least so far what we've seen, it's been significantly higher than that.

And the other interesting point of highlight, this is going back to the earlier point around point solutions versus a full stack, is that a lot of customers who use the traditional incumbents, which by the way were built 10, 15, 20 years ago, and they were built predominantly either on a third party cookie foundation, or on deterministic data sets like home addresses or email addresses or phone numbers. Whereas our stack is built foundationally for mobile. It was built post the mobile computing era.

And what that means is that we have, and then being able to layer that on our ID pattern means that we have far higher refresh rate, and it's much fresher in terms of how fast it gets upgraded. So when we approach customers who are already using incumbents, our entry point often tends to be one where we are able to do a quick match test where we perform better. But from there on, we also, because of the full stack capability, we can provide them a lot of downstream enrichment activation and measurement opportunity, which typically a lot of point solutions don't, by themselves.

Mark Z:

Got it. That's very helpful. Thank you both.

Anil Matthews:

You're welcome.

Moderator:

All great. I'm not seeing any more questions at this time. I think I'll turn it back over to Anil to wrap up for the day.

Anil Matthews:

Yeah, thank you everyone for taking time. So this has been very helpful, I think. Hopefully we were able to answer all your questions. Narayan, you want to just sort of conclude anything?

Narayan Ramachandran:

Thank you again for your time. I would just say for those of you who are in interested, we would like to offer a demo, but perhaps after the go live on the 23rd. So we would encourage you to take a look at it. Because more than all the talk about the complexity of data and how you massage it, the platform is designed very simply, and you can use natural language queries as if you're writing in English. And I think that's its beauty; One, that it integrates everything, but on the other side, that the average user using pretty much natural language can query the system quite effectively. So we'd love for you to take a look at that after the 23rd. And last but not least, we'd love for it if you considered worthy of being covered by each of you. So thank you very much.

Anil Matthews:

Thank you everyone. Thank you so much.

Mark Z:

Thank you.

Anil Matthews:

Thank you.

MIke Latimore:

Thank you everyone.

Anil Matthews:

Thank you.

PART 4 OF 4 ENDS [01:36:51]