NASDAQ:OSS Q1 2026 Earnings Call Transcript

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Julie | Conference Call Operator:

Good day and welcome to the One Stop Assistance Four Quarter 2025 Conference Call and Webcast. At this time, all participants are in a listen-only mode. Later, you will have the opportunity to ask questions during the question and answer session. As a reminder, this call is being recorded. As part of the discussion today, the representatives from OSS will be making certain forward-looking statements regarding the company's future financial and operating results, including those relating to revenue growth, as well as business plans, bookings, the company's notary year strategy, business objectives, and expectations. These statements are based on the company's current beliefs and expectations and should not be regarded as a representation by OSS that any of its plans or expectations will be achieved. Please be advised that these forelooking statements are covered under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and that OSS desires to avail itself of the protections of the harbor for these statements. Please also be advised that actual results could differ materially from those stated or implied by the forelooking statements due to certain risks and uncertainties, including those described in the company's most recent annual report on Form 10-K, subsequent quarterly reports on Form 10-Q, current reports on Form 8-K, and recent press releases. Please read these reports and other future filings that OSS will make with the SEC. OSS disclaims any duty to update or revise its forelooking statements. except as required by applicable law. It is now my pleasure to turn the conference over to OSS President and CEO, Mr. Mike Knowles. Please go ahead, sir.

Mike Knowles | President and CEO:

Thank you, Julie.

Mike Knowles | President and CEO:

Good morning, everyone, and thank you for joining today's call. I'm pleased to report that 2025's positive momentum has carried into 2026, and we are off to a strong start with significant year-over-year growth in both revenue and profitability. These results reflect discipline execution by our team and suggest accelerating demand for our enterprise-class, ruggedized compute platforms across both defense and commercial markets. Importantly, we believe these trends further validates OSS's position as a critical enabler of next-generation AI, autonomy, and sensor-driven applications at the edge, markets that we expect to drive sustained long-term growth for years to come. Before we review the specifics of the first quarter, I want to remind everyone on today's call that our first quarter results reflect the opportunistic sale of our wholly owned subsidiary, Bresner, in December of 2025 for proceeds of $22.4 million, subject to final closing working capital balances. As a result, Bresner's historical financial results are now reported as discontinued operations, and the results we are discussing today reflect the performance of the remaining core OSS business. The sale of Bresner was a strategic transaction that we believe unlocked value for shareholders, simplified our operating structure, strengthened our balance sheet, and sharpened our focus on higher margin, higher growth opportunities within our core business. We believe our first quarter performance is already demonstrating the benefits of this transition and reinforcing the earning power of our go-forward strategy. Today, OSS is a pure play provider of ruggedized AI compute platforms for edge applications. As a result, we entered 2026 as a more focused and scalable company, fully aligned around delivering market leading enterprise class compute solutions to both defense and commercial markets. And I'm very pleased with our strong start to the year. Looking at our operational performance in the first quarter, we delivered strong results with revenue increasing 55% year over year to $8.1 million, reflecting growth across both our defense and commercial businesses. Highlights in the defense market include increased shipments to support the PA Poseidon aircraft, a long-range multi-mission maritime control aircraft used for anti-submarine warfare, surveillance, and reconnaissance operations. In addition, we benefited from increased activity related to the design, development, and delivery of prototype compute systems for next-generation enhanced vision systems for U.S. Army combat vehicles. These programs highlight our role supporting mission-critical applications and our ability to scale alongside large multi-year defense platforms. On the commercial side, we experienced increase in demand from a medical imaging OEM, including shipments of our liquid-cooled server platforms, reflecting the growing adoption of our solutions in high-performance, data-intensive environments. Taken together, these drivers demonstrate both production-level demand and early-stage program engagement, which we believe will position us well for continued growth. As our sales grow, we are seeing increased market awareness and stronger customer engagement with a growing number of organizations turning to OSS for enterprise-class deployable compute solutions. During the quarter, we generated nearly $15 million in new bookings that we expect to deliver in 2026 and 2027. I am pleased to report that this was one of the strongest quarters in our history and resulted in a book-to-bill ratio of 1.8, supporting our goal to maintain a trailing 12-month book-to-bill ratio above 1.2. Bookings during the quarter were driven by several key program wins across both defense and commercial markets. First, we announced aggregate new awards of $10.5 million from the U.S. Navy and a leading U.S.-based prime defense contractor in support of the PA Poseidon reconnaissance aircraft, $7.5 million of which was booked during the first quarter, with the remainder falling in last year's fourth quarter. With these latest wins, OSS has secured more than $65 million in total contracted revenue associated with this mission-critical aircraft to date, including over $23 million awarded since the beginning of 2025. Second, we received a new $1.1 million initial order from a top-tier commercial aerospace prime contractor to support next-generation in-flight entertainment systems, which is expected to be delivered by the fourth quarter of 2026. We believe this platform has the potential to generate more than $6.5 million in total revenue over the next five years. Third, we secured a new engagement with a commercial robotics customer manufacturing autonomous construction and mining equipment. We expect this program to generate approximately $2 million in orders in 2026 with a five-year opportunity in the range of an aggregate $10 million to $15 million. Importantly, we displaced an incumbent solution to win this business, we believe highlighting the strength of our technology. More recently, in April 2026, we announced a new relationship with a company building a network of autonomous energy nodes for emerging alternative energy-powered data centers. While the initial order was valued at over $500,000, we expect this customer to scale to an aggregate $10 million opportunity over the next five years. We believe this opportunity reflects how our solutions are increasingly being deployed in next generation data center architectures, where power efficiency, scalability, and enterprise class compute are critical to supporting AI and data intensive workloads. Recent program wins reflect both expansion within existing platforms and new customer additions, underscoring the breadth and durability of demand we are seeing across our markets. We are also seeing a clear shift in the size and composition of our bookings. Orders are becoming larger, more programmatic, and increasingly tied to multi-year deployments across a broader set of customers. In fact, our first quarter bookings of $15 million nearly equal the total bookings we generated for the full year of 2023. In addition, our average order size has increased nearly three times since 2023. And over the past 12 months, we have added a growing number of new programs and projects, further strengthening our long-term growth profile. Supporting the momentum we are seeing in both sales and bookings is the continued expansion of our pipeline of opportunities. Three years ago, we believed our pipeline lacked structure, consistency, and alignment with our long-term strategy. Since then, we have made a deliberate effort to build a more strategic and disciplined pipeline, one that is closely aligned with our commercial and defense go-to-market strategy, our technology roadmap, and applications that we can believe can scale across both markets. I am pleased with the progress we have made, And more companies across our core defense and commercial end markets are pursuing the company's rugged enterprise class compute solutions. As a result, we believe our pipeline has expanded significantly from roughly $1 billion previously. These opportunities are primarily concentrated in North America. However, we are starting to see more international opportunities emerge. This has the potential to further increase the size and diversity of our pipeline materially over time. We believe that underlying this growth are strong and durable market dynamics. Demand for enterprise-class compute is accelerating as AI, machine learning, and sensor fusion applications increasingly move from data center to the edge. This shift is driving a new generation of mission-critical applications across both defense and commercial market areas, where OSS is well-positioned given our expertise in ruggedized compute platforms. Alongside the growth in our pipeline, we are continuing to invest in advancing our technology platform to support the next generation of AI-enabled systems operating at the edge. R&D remains a critical component of our strategy, and we are increasingly working alongside customers on customer-funded development programs that allow us to design and deploy purpose-built compute architectures for emerging applications. These engagements are a key driver of our long-term growth. We believe they position OSS early in the lifecycle of next-generation platforms, deepen our relationship with key customers, and create a clear pathway to the future of production programs. as these technologies move from development to deployment. We are seeing growing traction within U.S. Army labs, defense research organizations, and large defense primes as they reassess current requirements and plan for future compute architectures. And OSS is becoming increasingly embedded as a trusted provider of enterprise class compute solutions supporting next generation warfighting capabilities. These efforts span a range of applications, including advanced vision systems, sensor and data processing, autonomy, and AI-enabled situational awareness. While these development programs typically take multiple years to mature, we are encouraged by our expanding role within the Department of War ecosystem and we believe these engagements position OSS to participate in a growing number of future production programs. Many of the programs we discussed earlier today began as development efforts where we worked alongside customers to design highly specialized compute solutions for demanding applications. As those systems mature and transition into production platforms, we believe they can create multi-year revenue opportunities for OSS. Customer-funded development increased 145% year-over-year in the first quarter, and we expect additional growth through 2026, supported by new defense and commercial development efforts. At the same time, we continue to advance our core technology roadmap. During the fourth quarter of 2025, we led the way in our market with the introduction of our next generation PCIe Gen 6 product portfolio that is designed to address the rapidly increasing bandwidth and data processing requirements associated with artificial intelligence, machine learning, and sensor-driven workloads. PCIe Gen 6 significantly expands data throughput capabilities and will play an important role in enabling the next generation of AI accelerators and GPUs, high-speed storage systems, and advanced compute architectures required for AI applications at the edge. We continue to believe these technology investments position OSS well to support the growing demand for high-performance compute infrastructure as AI-enabled systems continue to expand across both defense and commercial platforms. We believe that OSS is well positioned for long-term growth, and we are encouraged by the strong start to 2026. As we move through the year, we are focused on helping provide the compute and storage needs of our customers, supporting our customers' development efforts, and converting our pipeline to sales. We also continue to closely manage several operational factors, including supply chain dynamics. In particular, we are seeing longer lead times for certain components, including memory, which may impact the timing of certain shipments throughout the year. As a result, we are maintaining our guidance for 2026, and we expect revenue growth in the range of 20% to 25%, supported by our growing pipeline and platform opportunities, increasing customer engagement, higher customer-funded development activities, and the continued transition of development programs into production deployments. We expect gross margins of approximately 40%, reflecting product mix and an increasing contribution for customer-funded development programs, which is an important component of our strategy to advance new technologies alongside our customers. At the same time, we expect to generate positive EBITDA and adjusted EBITDA while continuing to invest in key areas of the business, including sales expansion and customer support resources that support our growing pipeline and deepen relationships with strategic customers. With a strong balance sheet, expanding customer relationships, and a growing pipeline of opportunities driven by the adoption of AI-enabled systems, We believe OSS is well positioned to continue building momentum and delivering long-term value for our shareholders. We also believe our strengthened balance sheet provides the flexibility to make strategic investments in our business and pursue selective strategic acquisitions that could complement our technology platform, expand our customer base, and enhance our capabilities over time. Finally, I want to thank our entire team for their dedication, innovation, and relentless focus on delivering results for our customers and shareholders. So with this overview, I'd like to now turn the call over to Dan.

Dan | Chief Financial Officer:

Thank you, Mike, and good morning to everyone on today's call. Financial performance in Q1 exceeded our expectations, reflecting both strong customer demand and disciplined operational execution. Q1 results reflect a number of key accomplishments. First, we achieved strong top-line growth of 55%. Second, we achieved robust bookings of nearly 15 million for the first quarter. Third, gross margin of 51.6% remained above our expectations, reflecting favorable mix in pricing, operational improvement, and showcasing the strong value that we provide to our customers. Third, higher sales, strong gross margin, and disciplined expense management produced positive adjusted EBITDA in the first quarter. And finally, strong collections and working capital management drove a record amount of free cash flow from continuing operations. We believe that the company has never been in a stronger position and with a strong cash position, a solid backlog and a robust pipeline, we believe we're on track to achieve our 2026 guidance and to execute on our growth and profitability objectives. Now for a quick overview of Q1, 2026 financial performance. For the first quarter, we reported total revenue of 8.1 million compared to 5.2 million last year. The 55% year over year increase in total revenue was primarily due to higher sales to a defense prime customer of data storage products to support the P-8 aircraft, higher sales to a medical imaging OEM of liquid-cooled server products, and sales to a defense prime customer related to the design, development, and delivery of prototype compute systems for an enhanced vision system for combat vehicles. Gross margin in the first quarter was a first quarter record of 51.6%, compared to 45.5% in the prior year quarter. The 6.1 percentage point increase from the prior year was primarily due to a more profitable mix of products shipped this year, engineering efficiencies in customer funded development programs, and improved manufacturing absorption due to higher production volume. We continue to expect some level of variability in gross margins quarter to quarter based on absorption, product mix, and program life cycle. On a sustaining basis, we continue to target margins in the mid-30s to mid-40s. We expect that second quarter gross margins will normalize into this range. Total first quarter operating expenses increased 2.5% to $4.8 million. This increase was predominantly attributable to higher general and administrative expenses, partially offset by lower marketing and selling and R&D expenses. For the first quarter, the company reported a GAAP net loss from continuing operations of $0.4 million or $0.01 per diluted share, compared to a net loss from continuing operations of $2.3 million or $0.11 per share in the prior year quarter. The company reported non-GAAP net income from continuing operations of $0.3 million or $0.01 per diluted share, compared to non-GAAP net loss from continuing operations of $1.7 million or $0.08 per share in the prior year quarter. Adjusted EBITDA from continuing operations, a non-GAAP metric, was $0.2 million compared to an adjusted EBITDA loss from continuing operations of $1.6 million in the prior year first quarter. Turning to the balance sheet, cash flow from continuing operating activities was a record for a three-month period as we saw a robust quarter of collections and prudently managed inventory levels. Net cash provided by continuing operations for the three months ended March 31, 2026 was $4 million, compared to net cash used in continuing operations of $1.5 million in the prior year period. As of March 31, 2026, OSS had total cash, cash equivalents, and short-term investments of $34.4 million, restricted cash of $2.2 million, and no debt outstanding. Working capital was $44.7 million as of March 31, 2026, compared to $45.3 million at December 31, 2025. As Mike mentioned, we're reaffirming our guidance for the full year, including revenue growth in the range of 20% to 25%, gross margin of approximately 40%, and positive EBITDA. We believe our strong performance in Q1 supports our planned ramp in the second half of the year. We're seeing strong demand, and our first quarter performance establishes strong operational momentum. At this time, we are maintaining our guidance as we continue to navigate a dynamic supply chain environment. As we enter the second quarter, we remain focused on disciplined execution, including managing our supply chain to convert customer demand into revenue, profit, and cash. We also remain focused on continuing to drive growth by investing in our technology pursuing M&A opportunities, and securing new platforms that may provide sustained multi-year revenue streams. As always, we look forward to updating you on our success. This completes our prepared remarks. Julie, please open the call for questions.

Julie | Conference Call Operator:

Thank you, ladies and gentlemen. If you'd like to ask a question, please press star one on your telephone keypad. If you'd like to withdraw a question, press star two. One moment, please, for your first question. Your first question comes from Scott Searle from Roth Capital. Please go ahead.

Scott Searle | Analyst, Roth Capital Partners:

Hey, good morning. Thanks for taking the questions. Congrats on the quarter and the outlook. Hey, maybe just for starters, hey, Mike, Dan, could you give us a little bit of an idea of the mix of business in the quarter between defense and commercial, and then maybe to dig in a little bit on the supply chain front. It sounds like there are some headwinds. I'm wondering if you could dig in a little bit more in details, give us some color in terms of You know, where does memory fit in the bomb? Is it a cost issue from a bomb standpoint in gross margins or just general availability as you look out into the second half of this year? And is that the primary constraint? And Mike, as well, ongoing military activities, I think there have been some concerns that potentially it's a distraction in terms of the ability to, you know, progress existing opportunities. Based on your comments, it doesn't sound like that's been the case as you started to move forward on a couple of different fronts and expand that pipeline. I'm wondering if you could just expand on that a little bit, and then I had a follow-up.

Mike Knowles | President and CEO:

Great. I'll let Dan start with the mix, and then I'll jump in with the supply chain and the ongoing defense activities.

Dan | Chief Financial Officer:

Yeah, thanks, Mike. So starting on the mix, so in Q1, we saw growth across multiple areas. So customer-funded development was up. Production was also up. In production, we did see a higher mix of some of our more mature production programs, and those tend to carry higher margins. So that's part of what you're seeing. But on the bookings front, we also announced some new wins, including on the commercial side, that are expected to scale over time as we go through the year and into future years. I'll comment briefly on supply chain before I turn it over to Mike. So what we're seeing there, primarily memory, extended lead times for other components, including CPU, but certainly the critical path for many of our deliveries runs through that memory supply chain. You know, lead times are longer than what we saw last year. Pricing has certainly moved up. I think there's still some volatility, but relative to three months ago, I think that volatility has moderated, you know, sort of plateaued at a higher level. From a pricing perspective, in general, we don't aim to absorb those price increases. We pass them along to our customers. And this is certainly a market-wide dynamic, not unique to OSS. So generally, we've been successful in doing that. But every bid has its own customer and competitive dynamics. And so we evaluate those bids individually. Turn it over to Mike.

Mike Knowles | President and CEO:

Yeah, no, great, Dan, summary on the supply chain. Scott, I would just add that it really, the biggest long-term impact has really been on the memory. And it's a moderate portion of the BOM. We've been able to manage the rest of the building material in our products, whether standard or purpose-built with supply chain quite well. So it's really just in those components. And we've got a number of risk mitigation actions we've been working to help mitigate the risk of those delivering timeframes. So we will assess and continue to work that as it goes through. And as Dan mentioned, we've been able to pass the price on, so financially we've been able to manage that impact. And now we'll just continue to work the timing impact across our systems. And it really is just one component. Unfortunately, it's a fairly standard component in server memory. On the change in the defense environment with the ongoing operations in the Middle East and around Iran, given that the budget for 2026 on the defense side was already passed and people are executing against obligations, We really haven't seen an impact on bookings or planned orders for the year. We built into the plan and anticipated there may be some slight delays in award timing, and that is just based on the fact that there is an increased overall movement to move standard logistics and material that's needed in support of the forces over in the Middle East. That has to get contracted and put out, so there is a time factor. But to date so far, we have not seen a big impact on timing or elements of programs or plans that were already budgeted or planned for 2026. In these kinds of experiences, we've also seen that as These protract, there generally starts to be indications back from the conflict on what are the technology benefits applications that could be used to better facilitate execution of the battle plans in the area and to become more efficient in the very specific battle or environment that's being fought. And we generally, being in the lab in some of the places we're positioned, we are looking for that to hopefully turn to opportunity for us into this year and next year as we have the opportunity to leverage high-performance computing, commercial-based solutions to readily support any of those applications. Generally, we'll come in and around software or sensors capabilities. And to go with that, you'll need the right level of compute and low latency, which is where we sit. So we monitor those into the labs, and we'll keep an eye out for them. But oftentimes, this starts to create opportunity for specific solutions that would enable the current conflicts operation and execution.

Scott Searle | Analyst, Roth Capital Partners:

Very helpful. And if I could, you know, to just follow up on the opportunity, the unfactored opportunity pipeline, I think you indicated that it's up significantly from the prior number you guys had talked about it being 1 billion. And it sounds like there are growing size opportunities within that. I'm wondering if you could expand on that a little bit. And as it relates to some of the near-term opportunities, particularly the advanced vision systems for military vehicles, kind of a timeline for that to convert maybe into production. And then as we look to 27, I think the long-term targets you guys have talked about for growth of 20 to 30%, given all the activity that's going on in the pipeline, given how you're starting to convert some of that into orders, do we see an inflection in 27 towards the higher end of that long-term target range? Thanks.

Mike Knowles | President and CEO:

Yeah, thanks, Scott. So talking about the pipeline, yes, we continue to monitor that. That's our source of identification of opportunities. As we have spoken before, we rate those on probabilities of go, that they'll be funded, awarded, and happen, and probability of win, probability that we win. And that helps identify our orders of priority in terms of where we'll be addressing opportunities. So we continue to see elements moving into the pipeline. I'm probably most encouraged that, you know, we're seeing, you know, a diversity across that pipeline that would include, you know, a multitude of new customers, new opportunities, all at moderate values comparative to when we started the pipeline three years ago, as I noted in my comments, just the growing number of booking size and multi-year programs. The other thing I would say that's starting to appear in that pipeline is we're seeing probably an increased number of potential transitional or transformational opportunities that we have factored down appropriately, but creating more opportunities for us to find potential transformational organic growth out of things that we're doing. And that's leading us to have that, as we move through the factored elements of that, is what's continuing to strengthen our positive feeling about the ability to grow at that 20% to 30%. 30% range. But as I mentioned, there are those transformational opportunities and some long programs of record that were we to see those come to fruition would represent substantially greater growth than what we're seeing in the probability weighting factors today. Some of those, as we had mentioned in the past, are in and around Army programs. The current elements we had talked about in the past with the 360-degree situation awareness system, that architecture solution still remains under testing evaluation by the U.S. Army. They will make decisions as appropriate in timing and priority for them. This is the... The joy of working in the Defense Department, sometimes these things can happen fast, sometimes they can be protracted, sometimes they can come in multiple phases. The benefit we stand is that we have a solution that is present under test, available, and is the only solution that can provide the capabilities that were written to the requirements that we delivered against. That architecture is now expanded into multiple additional sensor-based processing applications where the demand for the high-performance compute and sensor processing and the demand for low latency to move that data has become a requirement across a couple other areas. capabilities. We mentioned one in our press release about the enhanced vision system, and we continue to work some additional opportunities where that compute infrastructure is starting to form the basis for sensor distribution at extremely low latency. So we continue to prosecute those. We're seeing them across opportunities across the other services where we could find these potential larger transformational programs of record, but no distinct timing on any of those quite yet.

Scott Searle | Analyst, Roth Capital Partners:

Great. Thanks so much. Congrats on the quarter and outlook again. I'll get back in the queue.

Mike Knowles | President and CEO:

All right. Thanks, Scott. Thanks, Scott.

Julie | Conference Call Operator:

Your next question comes from Eric Martinuzzi from Lake Streets. Please go ahead.

Eric Martinuzzi | Analyst, Lake Street Capital:

Yeah, I wanted to ask sort of a guidance philosophy question. It sounds like if there were not the supply chain issues, there's a chance you could have actually bumped up your outlook for 2026. Am I reading that the right way?

Dan | Chief Financial Officer:

Yeah, I think that's right, Eric. We're definitely seeing strength on the demand side. You can see that in our bookings. As we look towards guidance, we're remaining cautious as we navigate this dynamic supply chain environment. The other thing I'd add, you know, our guidance was back half-weighted for the year. I think the strong performance in Q1 helps to moderate that ramp, certainly increases our confidence in the guidance. But we have seen and we're continuing to see extended and variable lead times for components, including memory. So the timing of revenue conversion remains our biggest risk for the year. It's a risk that our guidance takes into account. We'll continue to drive that supply chain, and I think we'll have increasing visibility into that as we move through Q2.

Eric Martinuzzi | Analyst, Lake Street Capital:

And is there, with the booking success you had in Q1, was any of that kind of I don't know, Q2 or Q3 over a pull forward, or was it just normal course?

Dan | Chief Financial Officer:

Yeah, I think it was a combination. I think there was probably some pull forward that we saw, and I think there were also some new wins that we had factored, and maybe the initial awards weren't huge, but those will grow over the time. So overall, I think Q1 bookings were a very positive story for us.

Mike Knowles | President and CEO:

Yeah, I'd agree exactly what Dan said. Across the board, it was a good bookings quarter for us.

Eric Martinuzzi | Analyst, Lake Street Capital:

Got it. Thanks for taking my questions.

Mike Knowles | President and CEO:

Thank you, Eric.

Julie | Conference Call Operator:

Your next question comes from Brian Kinslinger from Alliance Global Partners. Please go ahead.

Kevin | Analyst, Alliance Global Partners:

This is Kevin for Brian. Thanks for taking our questions. First, can you provide updates On both the autonomous robotics for construction and mining, as well as the aerospace programs for passenger cabin systems, when do you expect each might move into production from LRIP?

Mike Knowles | President and CEO:

Yeah, thanks, Brian.

Mike Knowles | President and CEO:

So on the robotics front, we've successfully completed prototype and early prototype build and delivery test and validation in the environment, and we'll be transitioning – that program to production here in 2026. So we'll start to see news on that coming in the coming months and quarters as that program starts to transition into production. The commercial aerospace now has actually transitioned into production. Deliveries have started this year, 2026, and will continue through this year.

Mike Knowles | President and CEO:

And then we'll look to 2027.

Brian Kinslinger | Analyst, Alliance Global Partners:

Thanks.

Kevin | Analyst, Alliance Global Partners:

And then are there any, can you provide any updates on the liquid cooling system for medical imaging where a tech refresh is pending? How will a tech refresh impact this production program?

Mike Knowles | President and CEO:

Yeah, well set on production forecast for the year with the medical imaging company on the liquid cold server. So we have that laid in. We saw a ramp in production demand from last year. So we're positive about the momentum of that program. It's where it's going. And we do continue to explore the opportunity where we can in our systems. In our configurations, while they're based on a lot of commercial open system architectures, the ability for tech refresh and upgrades, being able to put in even additionally more compute or lower latency can help with the overall performance of systems. So we always continue, much like with this customer, with all our customers, to engage in the opportunity where and if needed to be able to provide quick updates in compute and latency to further enhance the performance of those systems.

Brian Kinslinger | Analyst, Alliance Global Partners:

Great, thanks.

Kevin | Analyst, Alliance Global Partners:

And then lastly, could you provide an update on the Autonomous Maritime application? Has testing been completed, and do you still expect production orders this year?

Mike Knowles | President and CEO:

Yeah, on the Autonomous Maritime systems delivered under test and evaluation in discussions with the customer, we would expect to see production orders this year. Given that the production orders are received early enough, we should be able to generate revenue on that this year.

Brian Kinslinger | Analyst, Alliance Global Partners:

Great, thanks. That's all from us.

Mike Knowles | President and CEO:

All right. Thanks, Brian.

Julie | Conference Call Operator:

And there are no further questions at this time. Ladies and gentlemen, this concludes today's conference call. You may now disconnect. Thank you.