NASDAQ:PDFS Q4 2025 Earnings Call Transcript

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Operator | Conference Call Operator:

Good day, everyone, and welcome to the PDF Solutions, Inc. conference call to discuss its financial results for the fourth quarter and year-end 2025, ending Wednesday, December 31, 2025. At this time, all participants are in listen-only mode. After the speaker's presentation, there will be a question-and-answer session. To ask a question during the session, you will need to press star-1-1 on your telephone. As a reminder, this conference is being recorded. If you have not yet received a copy of the corresponding press release, it has been posted to PDF's website at www.pdf.com. Some of the statements that will be made in the course of this conference are forward-looking, including statements regarding PDF's future financial results and performance, growth rates, and demand for its solutions. PDF's actual results could differ materially. You should refer to the section entitled Risk Factors on page 16 through 30 for of PDF's annual report on Form 10-K for the fiscal year ended December 31, 2024, and similar disclosures in subsequent SEC filings. The forward-looking statements and risks stated in this conference call are based on the information available to PDF today. PDF assumes no obligation to update them. Now I'd like to introduce John Kabarian, PDF's President and Chief Executive Officer, and Adnan Raza, PDF's Chief Financial Officer. Mr. Kabarian, please go ahead.

John Kabarian | President and Chief Executive Officer:

Thank you for joining us on today's call. If you've not already seen our earnings press release and management report for the fourth quarter and full year, please go to the investor section of our website where each has been posted. 2025 was a transformative year for PDS. In my prepared remarks, I will summarize our current positioning, key achievements in the year, and our major goals. I will also comment on the near-term business climate and our expectations for 2026. After Adnan's remarks on our financial results, we will take your questions. As we discussed last December in our users conference, there are semiconductor industry trends that have established PDF's opportunity today and in the future. I see manufacturing processes both in the way for FAB and assembly are creating more complex 3D structures. IC companies have moved from providing components to systems. The complexity of system manufacturing, particularly of 3D components, is driving the customers to look for new ways to characterize, analyze, and control production. As the industry rapidly scales to over $1 trillion in revenue, it is building manufacturing operations around the world. To operate effectively, these facilities need the collaboration of engineers and systems from the entire ecosystem of suppliers, factory operators, and customers. In our industry, this means moving from a people-centric approach to an AI-driven collaboration. Finally, the chip industry is a critical driver for AI and increasingly needs to benefit from AI to keep up with the demand. These drivers, 3D manufacturing, supply chain complexity, and AI present a significant opportunity for PDF to reinvent itself again. In the first half of this decade, PDF solutions growth stemmed from our transition to an analytics platform provider. Since 2020, the company grew at approximately 20% compound annual growth rate and expanded its growth margins from the mid-60s to the mid-70s, and its operating margins from basically break-even to 20%. As we enter 2025, we believe the trends that enabled our growth as an analytics platform were accelerating greatly because of the impact AI is having on the IC industry. This acceleration meant that our customers needed us to evolve from providing an analytics platform primarily used by each of our customers independently to increasingly becoming a platform for AI driven collaboration, both across the enterprise and across the supply chain. Our actions in 2025 spoke to our conviction of this vision. For our customers to leverage AI to drive collaboration within their organization and across the industry, they needed orchestration systems to enable aligning operational processes, sharing data, and driving coordinated actions. In 2025, we signed multiple contracts with our customers to deploy our Sapiens Manufacturing Hub, including a contract in the fourth quarter. Sapiens Manufacturing Hub, initiated from our partnership with SAP, enables collaborations between engineering, manufacturing operations, and finance. As our customers drive AI collaboration to their suppliers and customers, they need a secure connectivity layer. And in 2025, we acquired SecureWise, the leading connectivity platform that connects equipment vendors to the fabs. Under our stewardship, we recommitted to the core SecureWise customers, for example, closing an eight-figure contract with one of the leading equipment suppliers. We also began expanding applications with foundry customers, closing an eight-figure contract with a multinational IC manufacturing company to enable collaboration across their enterprise. As we further integrate SecureWise with our DEX network at OSATS, we are expanding collaboration to include the Fabless. While orchestration enables larger data sets and the need to operate near real time, we realized it was important to also reinvent analytics. Our customer's challenge includes aligning, storing, and leveraging data to make decisions, often driven by AI. we undertook reinventing three critical components of Accentio. First, we are enhancing our data model to support new use cases where the Accentio database would be used for applications beyond the native analytics it provides. Second, we are integrating an AI operations platform for data science within Accentio so customers can use the PDF solutions platform to build and deploy their AI pipeline. Third, we are releasing Accenture Scalable Analytics, which is designed to enable engineers to interact with datasets that previously could only be processed in batch. Progress on all three of these initiatives was demonstrated in 2025. In the third quarter, we announced a large eight-figure contract for Accenture Enterprise that included advanced database AI operation capabilities and scalable analytics. Also in the third quarter, we announced that we licensed the source code for Tiber AI Studio, which was previously known as Converge.io from Intel, and began selling it as Accenture Studio AI. Accenture Studio AI is designed to enable AI scientists to use the data in Accenture as they develop and deploy pipelines at scale and across the SecureWise network to their suppliers. This is particularly valuable for our customers that have multiple test insertions, as is the case with advanced packaging. In Q4 at our users conference, we announced Xentio Scalable Analytics. We demonstrated the ability for engineers and algorithms to interact with datasets that were previously only possible to process in batch. Intel spoke about the advantages of Xentio Enterprise and Xentio Scalable Analytics at the same conference. Finally, to collaborate and populate an analytics system and AI models, our customers need data. In that regard, in 2025, we expanded our Symmetrix connectivity business, achieving record runtime license revenues. Also, in the second half of the year, we shipped two E-Probe inspection machines to a manufacturing site for one of our customers. In conjunction with our FHIR and Accentio software, This enables customers to ramp and control production of advanced 3D products through an application we call Direct Scan. This customer is now able to improve production control and yields by identifying new production issues in line using the Direct Scan system. So, while we started the decade as a provider of analytics platform that benefited from the unique data generated from our characterization vehicle test chips, we ended 2025 having greatly expanded our platform to include our orchestration layer in our manufacturing solutions while reinventing the core analytics platform. As a result, we achieved record total revenue in 2025, 22% growth over the previous year, and grew our growth in net margins as we benefited from scale. Our goals for the next phase of PDF Solutions growth are to establish orchestration analytics and the data component of our platform across the industry. As we discussed at our analyst day, we believe this will enable us to continue to grow at 20% CAGR while expanding our margins. As we begin 2026, we see a market whose need for AI-driven collaboration is accelerating. Activity with customers has been at an elevated level across our Fabless, Fab, and Equipment customers. We see opportunities in logic and advanced memory for our characterization vehicle and direct scan systems, including both in R&D and manufacturing. We expect to nearly double the number of E-Probe machines in the field this year. From an IDM and Fabless perspective, we anticipate increased customer activity, particularly in the second half of the year, as we release more capabilities building on and expanding Accenture Scalable Analytics and Studio AI. Given our strong portfolio of SecureWise and Symmetrix products for equipment control, connectivity, and remote access, we anticipate continued growth within our equipment customers. As a result, and even without the benefit from the inorganic growth that we experienced in 2025, We anticipate 2026 revenues to grow consistent with our 20% long-term growth target. I want to thank customers, employees, contractors, and stockholders that helped the company achieve its success in 2025. I look forward to working with all of you to make 2026 even better. Now we'll turn the call over to Adnan for more detailed comments on our results.

Adnan Raza | Chief Financial Officer:

Adnan. Thank you, John. Good afternoon, everyone. Good to speak with you again today. We are pleased to review the financial results of the full year and the fourth quarter of 2025. As John said, we posted our earnings release and a management report in the investor relations section of our website. We expect to file our annual report on Form 10-K with the SEC by the end of February, after our 2025 audit is complete. As a result, all financial results described in this call should be considered preliminary and are subject to change to reflect any necessary adjustments or changes and accounting estimates that are identified prior to the time we file our 10-K. Please note that all the financial results we discuss in today's call will be on a non-GAAP basis, and a reconciliation to GAAP financials is provided in the materials on our website. We are pleased to again report record quarterly and annual total revenues. We finished the year strong with Q4 total revenues of $62.4 million versus $50.1 million in the same quarter a year prior. We are pleased that our total revenues for the quarter grew 25% year-over-year, ahead of our long-term growth rate target model. For the full year 2025, we generated record total revenues of $219.0 million versus $179.5 million in 2024, a 22% year-over-year increase and consistent with our guidance for the full year. As you will recall at our analyst day in December, 2025, we previewed plans for a new presentation of revenues, breaking the total into platform and volume based. For a different insight, we also disaggregate total revenue into two different categories of recurring and upfront. Further description of these categories is provided in our 8K file today. Platform revenue for the fourth quarter was 52.5 million. and up 20% versus platform revenue a year prior, driven primarily by contributions from booking the new contract that John spoke about. Volume-based revenue for the quarter was $9.9 million, up 58% versus volume-based revenue a year prior, driven primarily by gain share and secure wise. On an annual basis, our platform revenue was $181.0 million, up 15% on a year-over-year basis, while volume-based revenue of $38 million was up 70% year-over-year, driven by patterns similar to what we saw during the last quarter of the year. Recurring revenue for the fourth quarter was $61.1 million, up 62% versus the same period prior year, and for the year was $205.1 million, up 41% year-over-year. driven primarily by CV systems for the leading edge and SecureWise. Our upfront revenue was down annually for the comparable quarter and full year basis, driven primarily by the fact that in the fourth quarter of 2024, we had completed a CapEx direct scan system sale. 2025 was an important year for PDS Solutions on many fronts. We completed our largest acquisition ever of SecureWise, finalized the licensing of Tibber AI Studio to combine with our recently announced product, Accenture Studio AI, and shared our product progress and roadmap during users group and analyst day conference. We're thankful to the many customers who spoke about PDF's breadth of product lines and the strategic relevance to their organizations. On the booking side, we also are pleased that during the year, we were able to book new deals for Sapiens Manufacturing Hub, a large deal for Accenture Analytics, and a SecureVise deal with a new customer. We also shipped four direct scan systems during the year to our customers, expanding their use of these tools into manufacturing. We are pleased that we ended the year with $254 million of backlog while delivering on strong revenue growth of 22% for the full year. For the fourth quarter, our gross margin came in at 77%, operating margin was 24%, and we reported EPS of 30 cents per share. On a full year basis, our gross margin came in at 76%, operating margin was 21%, and we reported EPS of 94 cents. It is worth noting that we exceeded our prior long-term target model of 75% gross margin and 20% operating margin for 2025 on a full year basis with the reported 76% gross margin and 21% operating margin. As you will recall, we recently revised upwards both of our target margin targets to 77% for gross margin and 27% for operating margin at our analyst day in December 2025. Turning to operating expenses. we managed to grow our operating expenses at a slower pace than our revenue growth for both the last quarter and full year basis, which allowed us to expand our operating leverage. On a full year basis, we grew our R&D expenses by 23%, primarily from direct hires and subcontractor spend, while managing SG&A spend growth to 14%, with better focus on pre-sale spending. We continue to believe we can grow the needed R&D investments and manage SG&A spend such that with revenue scale, we continue to expand our operating margins towards our target model. For the full year 2025, we reported EPS of 94 cents a share and EPS growth of 12% versus prior year EPS of 84 cents per share. During the year, we generated positive operating cash flow of approximately 24 million and spent approximately 33 million on CapEx. primarily related to our direct scan systems, and 0.2 million on share buybacks. We also spent approximately 130 million on the acquisition of SecureWise, funded with a combination of 70 million debt and balance sheet cash. We expect to spend an approximately similar amount on CapEx during 2026 compared to 2025, and expect to generate increased levels of operating cash flows during 2026 compared to 2025 as we grow our revenues and expand our margins. Turning to the balance sheet, we ended 2025 with cash and equivalents and short-term investments of approximately $42 million. Our ending debt balance is approximately $68 million, reflecting the amortization payments during the year. We are pleased with another year of positive operating cash flow generation consistent with our history. paying down our debt and funding the capex while growing our quarter over quarter cash balance. In summary, we are proud of our performance in 2025 and over the long term remain committed to our target long term model we set at our analyst day in December of 20% year over year total company revenue growth rate, 77% gross margin and 27% operating margin. Now turning to our financial outlook, For 2026, we look forward to another year of growth. To reiterate John's comments in our press release, for the full year, 2026, we expect the annual growth rate of our total revenue to be consistent with our 20% target model. With that, I'll turn the call over to the operator to commence the question and answer session. Operator?

Operator | Conference Call Operator:

Thank you, Mr. Raza. Ladies and gentlemen, if you have a question at this time, please press star 11 on your telephone. If you're using a speakerphone, please lift the handset before asking a question. Please wait one moment for our first question. Our first question comes from Blair Abernathy with Rosenblatt Securities. Your line is open.

Blair Abernathy | Analyst, Rosenblatt Securities:

Hi, gentlemen. Nice quarter.

John Kabarian | President and Chief Executive Officer:

Thank you, Blair.

Blair Abernathy | Analyst, Rosenblatt Securities:

I just wanted to, maybe we could just start with the DFI. So just to level set, Adnan, you said four direct scan systems were shipped in the year 2025. Was that correct?

Adnan Raza | Chief Financial Officer:

Yeah, correct. Consistent with what we had spoken throughout the year. You're absolutely right. Four were shipped during 2025.

Blair Abernathy | Analyst, Rosenblatt Securities:

Okay. And so what – and then John's comments about –

Adnan Raza | Chief Financial Officer:

to you know have two times as many in the field this coming year is that so is that eight or is or what is the total field count today I guess is the question yeah remember we had also done a capex sale so total in the field today is six so when we think about next year you should you know contextualize John's comment with that and you know John said nearly that many so that's the way I would think about it got it got it okay

Blair Abernathy | Analyst, Rosenblatt Securities:

And then on the CapEx spend, so it looks like in your supplemental, it's around 32.8, just under $33 million in 2025. So how has that come in over 26? Is it front-end loaded? Just kind of some sense of, and what are you using it for?

Adnan Raza | Chief Financial Officer:

yeah we'll try to manage it evenly during the year this year as you saw there was a little bit of an uplift towards the end of the year but next year we think it's probably even in between a quarter is there a little bit of variation maybe towards the middle of the year that's possible as we look to place some orders in advance but even but give us some room towards the middle of the year okay and is um does that i mean is that positioning you for 27 is that is that what what this is doing and i guess

Blair Abernathy | Analyst, Rosenblatt Securities:

I know you don't want to give guidance for 27 at all, but should we think of it as this is going to be the level for a while, or just give us some sense of how much is going to be required?

John Kabarian | President and Chief Executive Officer:

I'll take that one, Blair. Obviously, a lot of the capital that we spent in the second half of last year was for machines we expect to ship in the first half of this year. The machines are disproportionately now on subscriptions, and we hope to maintain that again this year. So, you know, as we modeled out our, you know, long-term targets that we provided in December, we thought, okay, even if we stay at this level but keep machines on subscriptions, you get this install base of machines over time that all contribute. So we kind of built out, assuming we stayed at this capital level and could sustain our growth. We obviously will look to increase our penetration in the market. But, you know, because of the subscription model, it becomes a workable model over time with this approach.

Blair Abernathy | Analyst, Rosenblatt Securities:

Got it. Got it. Great. Okay. And then just if I could just over on the SAP relationship, I think you mentioned there's another deal.

John Kabarian | President and Chief Executive Officer:

there just just how is that going and and sort of what what are your expectations for next year from from that partnership yeah so you know we continue when we meet with customers we see increased needs for orchestration as I said in my prepared remarks for folks to be able to you know truly apply more automation more AI to their to their operations You really need those connections between the major systems. No one's going to build the perfect database that has all information from their financial systems, their operations systems, their engineering. And then that whole purpose of sapience is the world, you want a consistent way when you, let's say, do costing from a finance perspective, how you look at machine time on the equipment. So you need to be able to define these orchestrations and the way you take very complex data in the operations side and summarize it for finance and vice versa. So, you know, we continue to work with SAP and increasingly we're talking with the system integrators as well. And you probably saw, you know, some of them present at our user conference around ways we can jointly market that solution. But why we like it is it, you know, it gives another reason why folks want to keep engaged with us on the Accentio side You know, if you listen to one of the speakers at our user conference, they talked about, well, if, you know, one part of the organization is using Accentio, then it makes sense to use Sapiens because one-third of the data, you know, if you say the engineering data is in Accentio, the operations data in their MES system and the finance data in ERP, then you kind of have a kind of one-third of it already kind of taken care of for free, quote-unquote. So, you know, through our partnership with SAP and the SIs, we expect to kind of build on our install base and engineering to get to the other parts of our customer organization. If you look at the contracts for Sapiens, they typically are part of the finance team's spend and the contracts for Accenture are typically the engineering team or operations team spend. So it allows us to kind of touch and tap into another part of the organization. And we do expect selling throughout this year, just to summarize.

Blair Abernathy | Analyst, Rosenblatt Securities:

Okay. Okay, great. Maybe just one quick one for you, Adnan. How should we be thinking about your balance sheet, your debt levels over the next couple of years? you know, comfortable with the debt where it is? Are you looking at sort of paying it down again? What should we be modeling there for capital allocation?

Adnan Raza | Chief Financial Officer:

Good question. Yeah. So, look, I mean, the debt is structured at good rates. B, with the interest rate cuts, that's helping. C, we are a cash generating history entity on the operating cash flow side. And we've been careful about where we needed to make the investments. I mean, Q3 to Q4, you saw us build the cash. So naturally, we will pay off the required amortization levels of the debt. But beyond that, I think we're going to carefully balance, of course, the spend on the CapEx and also try to build back the cash balance and the balance sheet before we start to think about any massive payback on the debt. But of course, our goal remains that we get out of the debt situation. We've had a history of not having the debt, and we'd like to get back there. So prioritizing with the other priorities and getting back to a a healthy gas level, and then beyond that, start paying debt, I think, with the expanding margins positions as well to start heading in that direction.

Blair Abernathy | Analyst, Rosenblatt Securities:

Okay, great. Thanks for the call. Thanks, guys.

Operator | Conference Call Operator:

Thank you. Our next question comes from Clark Wright with DA Davidson. Your line is open.

Clark Wright | Analyst, DA Davidson:

Thank you. First off, great quarter. We'd love to understand a little bit more about the new methodology around describing revenue. partially around your expectations for growth on the volume based revenue going forward? And how should we think about the cross selling opportunity of secure wise as we think about normalized levels going forward in 2026?

Adnan Raza | Chief Financial Officer:

Sure, maybe I'll take the beginning part and, you know, have john jump in on the second pieces. So look, many of you have been talking to us about trying to understand the business a little bit more. So that was partly the motivation for breaking it out into versus the upfront. And then secondly, on the platform versus volume-based, if you think back to over the last five years, the business has evolved. Prior to when we did the Symmetrix acquisition, the business was probably more platform-based. So as we acquired Symmetrix and as we now have acquired SecureVise, and over the years, we've also enjoyed and continue to enjoy the Gainshare, it made sense. to count those three pieces of Symmetrix, largely the three pieces of obviously full definitions in the 8K, but largely the three pieces of Symmetrix, SecureWise, and Gainshare in our volume-based revenue, which is another way to think about it is it's revenue in order to our benefit based on customers' own changes in their business, and we're happy to get that. So that's the recurring versus upfront, and then the platform versus the volume. Yeah.

John Kabarian | President and Chief Executive Officer:

So I think just, you know, also it kind of helps you think a little bit, you know, uh, the volume revenue is typically not in our backlog. We don't have a backlog for gain share or runtime licenses or the data usage on, um, uh, on, uh, secure wise. So, you know, we thought it would give some visibility on the part of the business that's really tied to our customer success with our products. Or if you think about those three elements, uh, and, uh, The other one gives you kind of an understanding about the part of the business that kind of is related to the backlog. We used to break out IYR and analytics, but then IYR became such a small percentage of the business, we felt it wasn't very instructive for the shareholders, I guess stockholders. So that kind of gives you the first answer clock, if that's adequate. I can go on to your question about the cross-sell on SecureWise, if you like.

Clark Wright | Analyst, DA Davidson:

Yeah, I mean, that's helpful. I would love to understand just going forward, just given the fact that it grew largely because of the Shakirwise piece, how much of that should we be thinking about the Shakirwise versus what the organic growth rate is of that business?

Adnan Raza | Chief Financial Officer:

Yeah, we're not breaking out within those pieces. Look, I mean, if you go back and do the calculations, you'll see platform revenue for us over the last many quarters, even that we are sharing in the supplementals. has been north of 80%. The recurring revenue is north of 90%. So it's definitely above those levels. Overall, we'll continue to make sure that the business performs on an aggregate basis.

John Kabarian | President and Chief Executive Officer:

But I think a little bit of the growth on the volume-based Clark was gain share was up quite substantially in 2025 over 2024. And yes, you had the contribution from SecureWise. And actually, as I said in my prepared remarks, We had record runtime revenue, licensed revenues for some metrics as well. So fundamentally, because the industry is, you know, at a relatively elevated level, all three of those things were contributing pretty meaningfully to that growth number. It wasn't just SecureWise. Got it. You know, I think SecureWise is part of it, but not all of it at all, nowhere near. So then I think to get to your second question on cross-sell, There's quite a few things we're doing. If you look at our runtime licenses and SDKs for Symmetrix business, we give the equipment company a development kit so they can use our libraries and software embedded in their equipment to control the screens, the operacy, the communication with the factory execution systems, and the communication with the factory analytics systems, often things like Accentio. SecureWise also provides an agent that runs on the equipment that allows for remote communication and full control of what data is shared between the equipment through the factory to the equipment vendor that the factory controls. The factory decides which engineer is able to see what data, which knobs are allowed to change on the tool, what data goes to the factory at what cadence, the equipment vendor at what cadence. So the first obvious thing that we're doing is including the SecureWise agent in the Symmetrix software development kit. Just to put it in perspective, in 2024, I don't remember the numbers, 2025, over 8,000 tools shipped with SecureWise Symmetrix connectivity. And that's more tools than any single equipment vendor shipped. And it grew in 2025 over 2024. So this means that the Securilize agent will be available on a lot of equipment. That's a big value to our FAB customers who want to be able to use this stuff, and they're hoping the equipment comes preconfigured. So if you look at the contract we signed in the second or third quarter with the eight-figure contract with the FAB, one of the things they saw was, hey, you're already working with all these equipment vendors. You can make sure the equipment comes into our factory, at least the new equipment, and pre-installed, that will then save us time and effort. So that's the first place. The second piece that we're seeing is Securwise is in virtually every 300-millimeter factory in the world with a couple of exceptions in China. So I would say 99.9 something or 99.5 or whatever it is of fabs in the world, 300-millimeter fabs in the world. But a lot of equipment vendors don't have access to it, and a lot of the fab engineers can't use it. And now... because a lot of our customers are building FABs around the world, they also need to have remote connectivity and the audit capabilities that SecureWise provides. So we're going back and making it available to the FABs themselves. And these are these contracts that we're signing that help the FABs also take advantage of the system. It's another cross-sell opportunity. And then thirdly, as I said in my prepared remarks, a lot of our equipment customers are now starting to sell into the assembly facilities and the OSATs as the advanced packaging becomes more sophisticated. The fabulous companies also want to be able to get more data than just their tester logs from the OSATs themselves. And the OSATs are running now operations around the world, too, as they're being asked to stand up factories in Arizona and Japan and other places. So now we're starting to connect. We're going through and integrating DEX onto SecureWise, which was our network for the OSATs. Because SecureWise has a lot of advanced capabilities that DEX did not have and making it available to that community as well. And that's the third and the longer pole in the tent because that's involving deploying at OSATs and integrating of our two products. So that kind of gives you just what we're doing with the product so far.

Clark Wright | Analyst, DA Davidson:

No, that's super helpful. And the only follow-up I have is just to write, you made a comment during the prepared remarks around logic and memory. and the role that PDF can continue to play where we're seeing significant bottlenecks that look like there's no end to. We'd love to understand how PDF is continuing to build its value proposition for specifically that client base.

John Kabarian | President and Chief Executive Officer:

Yeah, so I think, you know, we've for a long time been involved in the advanced logic fabs, and we continue on that. We do see a number of activities this year, and even some you know, for test vehicles and direct scan E-probe, even in some more mature nodes that you would consider slightly more mature on the logic side as people are trying to expand capacity. On the memory side, we've been engaged in a couple of pilots with customers on DRAM, and we expect that to ramp up this year with at least, you know, one or two of those companies as we see very positive results. And I think as the DRAM is also becoming more and more 3D, they're also doing both DRAM and flash bonding of wafers, wafer-to-wafer bonding, the need to be able to do an electrical inspection is increasing. So we do see a number of opportunities there as well. Overall, we believe manufacturing in semiconductors is increasingly strategic for countries. So it creates the need to put factories in many countries and around the world, and the demand for semiconductors is quite substantial. The characterization capability, the direct scan, the secure-wise networking capability, and the analytics will increasingly become important to our customer base. I think we've had a lot of really exciting conversations with customers in this first month and a week or whatever this year around new opportunities for our systems.

Blair Abernathy | Analyst, Rosenblatt Securities:

Awesome. Thank you.

Operator | Conference Call Operator:

Thank you. As a reminder, to ask a question, please press star 11.

Operator | Conference Call Operator:

And that's star 11 to ask a question. At this time, there are no more questions. Ladies and gentlemen, this concludes the program.

Operator | Conference Call Operator:

Thank you for joining us on today's call.