

Intellicheck
Q1 2021 Earnings Call
May 4, 2021

Presenters

Gar Jackson - Investor Relations
Bryan Lewis - Chief Executive Officer
Bill White - Chief Financial Officer

Q&A Participants

Scott Buck, H.C. Wainwright
Mike Grondahl, Northland Securities
Roger Liddell, Clear Harbor Asset Management
Amar Anad (sp), Private Investor

Operator

Greetings and welcome to Intellicheck first quarter fiscal year earnings conference call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star zero on your telephone keypad. As a reminder, this conference is being recorded. I would now like to turn the conference over to your host, Gar Jackson. Thank you. You may begin.

Gar Jackson

Thank you, operator. Good afternoon and thank you for joining us today for the Intellicheck first quarter fiscal year 2021 earnings call. Before we get started, I will take a few minutes to read the forward-looking statement. Certain statements in this conference call constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 as amended. When used in this conference call, words such as will, believe, expect, anticipate, encourage, and similar expressions as they relate to the company or its management, as well as assumptions made by and information currently available to the company's management, identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's current expectations and beliefs about future events. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and the company undertakes no obligation to and expressly disclaims any obligation to update or alter its forward-looking statements, whether resulting from such changes, new information, subsequent events, or otherwise.

Additional information concerning forward-looking statements is contained under the headings of safe Harbor statement in risk factors listed from time to time in the company's filings with the Securities and Exchange Commission. Statements made on today's call are as of today, May

4, 2021. Management will use the financial term adjusted EBITDA in today's call. Please refer to the company's press release issued this afternoon for further definition, reconciliation, and context for the use of this term. We'll begin today's call with Bryan Lewis, Intellicheck's Chief Executive Officer, then Bill White, Intellicheck's Chief Financial Officer, who will discuss Q1 fiscal year 2021 financial results. Following their prepared remarks, we will take questions from our analysts and institutional investors. Today's call will be limited to one hour, and I will now turn the call over to Bryan.

Bryan Lewis

Thank you, Gar, and thank you to everyone who has joined us for our first quarter 2021 earnings call. I'm excited by what was accomplished this quarter, but even more so by the greater signs of openings we see, the additional use cases our existing clients have and are putting into place, as well as the deals in play and the increasing pipeline that we believe is on the horizon. When I factor in our three new sales hires, I believe that we are setting ourselves up for very well for the coming year.

Before I get into all of that, though, I'm going to highlight some of our financials. Q1 SaaS revenue grew 24% over Q1 2020, with total revenues down 8% due to fewer ancillary hardware sales versus the comparable prior year period. In Q1 2021, 97% of our revenue was SaaS revenue, and, as a result, our gross margin for the quarter was 92%. SaaS revenues in Q1 versus Q4, was also up by 8%, but I would point out that, in a normal world, we have consistently seen that there is an approximate 12% drop in transaction volume from Q4 to Q1. I think the smaller-than-expected dip points to some signs of reopening and higher store traffic, which I'll touch on in a moment. We had a net loss of just over \$1 million in the first quarter that included \$981,000 of non-cash stock-based compensation expenses, primarily related to attracting and retaining talent. Q1 2020 EBITDA was a negative 52,000 compared to a positive 144,000 in Q1 of 2020 and just over 634,000 in Q4 of 2020.

Now turning to signs of reopening and higher store traffic. We compared transaction volumes in Q1 to the previous year to estimate the impact of COVID. Similar to Q4, we continue to see in-store transaction volumes down in the same 20% range. Since Q2 of 2020 was almost a total lockdown, to see how we are trending through April, we compared same-store volumes for clients fully implemented in Q2, 2019. The good news is we're seeing a steady return to normal transaction volumes with the numbers, depending on the store, generally down in the 10% to 15% range, an improvement on the down 20% we saw in Q1. We believe this is in line with the widely reported trends in mall traffic declines. Logic would suggest that all the retail and bank locations we brought online during the pandemic would also be down in the same ranges.

As we look at recent developments with some of our current clients and some of the additional use cases they are putting in place, we believe that there is more good news ahead. By way of background, for those who are newer to the story, when I joined Intellicheck just over three years ago, I focused our efforts on in-store validations of people. This was an important initial step, because it proved our value proposition, demonstrating that our solutions provide the

most certainty when you needed to make sure the person on the other side of a transaction is who they say they are. And as our clients tell us, Intellicheck delivers far more certainty than any of the competition relying on OCR. Not only do (sp) that focus allow us to sign clients, we also signed major reference clients giving us a lot of credibility in the marketplace.

At the same time, we knew that we had to do more than just ID validation, especially in the digital channels. It was clear that we needed to become a platform that provided more to our clients, which we have steadily been doing over time. Our first step was to add facial biometrics to the platform so that, if you are not standing in front of me, not only can I be certain that the ID is real, but also that the legitimate owner is holding it. We have subsequently added the ability to read the words on the front of the ID to make sure they match what was encoded in the validated barcode. We have in production and we'll be releasing shortly even more key indicators to help detect fraud. We will provide our clients with fraud scores based upon the VPN, the mobile device, phone number, and address validation for any digital transaction to provide our clients even more certainty in any transaction.

I've said this before about certainty, but it's worth repeating because this speaks directly to our value proposition. Our clients start with us, because they understand that it doesn't matter what you do after the first step if your first step is only right two out of three times. Our certainty provides the greatest first step in any transaction. That is why our clients are expanding use cases for the Intellicheck platform for both physical and digital transactions. As we look at the updates on the expanded use cases of some of our existing clients, it really underscores my point about certainty and our value proposition. For those who asked, I will go back to discussing them by the numbers we have previously used to reference them.

Financial services company number two is in the process of rolling out two new retailers. One is a footwear retailer, with over 1,000 locations. The other is a pet products and services retailer with 1,500 locations. Both retailers will be using us for new account opening and loyalty account lookups. Financial services company number three has completed integration and has begun Phase I rollout for the largest home improvement retailer in the United States. This will be a phased rollout as the retailer has multiple point-of-sale systems, self-checkout, assisted checkout, customer service, and commercial checkout. Phase I is new account opening at self-checkout. Phase II is for the POS for the assisted checkout for new account openings. At the same time, the bank is also in discussion with the retailer to add account look up to all phases. Phase I rollout is expected to be completed by the end of this quarter. Financial services company number three is also finally going to begin rollout to the bank branches. While hardware is not our focus, as we've (sp) said in the past, we will purchase it for clients as an accommodation if it helps the client and we can mark the cost up. Number three, place an (sp) order worth up to \$2.7 million for scanners for the teller workstations in the branches. We expect all scanners to be delivered by early Q3 and roll out to the branches to begin as soon as July.

Financial services company number four is leaning heavily into the digital space. They are in development now to add new use cases including the digital channels for online credit applications for two existing clients. They are also in development to bring live for both in-store and digital use cases a mid-west chain of home improvement stores with over 300 locations. These use cases and new clients are expected to go live by the end of Q3. And the progress doesn't stop there because we have another milestone achievement with this client. Their in-branch pilot to incorporate our platform into their mobile application their employees use for VIP or non-teller transactions was a success and is being fully rolled out. Financial services company number eight, the Canadian provider of buy now, pay later financing, was acquired by a company that provides online, mobile, and branch-based loans and financial services to underbanked customers. Given the success number eight has had stopping fraud with Intellicheck, the new owner is doing the integration work to pilot our platform for all of their online credit applications.

Financial services company number nine, the Midwest Bank, has completed the work to integrate our platform into their mobile banking app. The release date had been scheduled for this month but is currently delayed as they are tweaking their user interface. I believe that the moves by these financial institutions to expand on the success they have had with Intellicheck platform in the physical use cases and into the digital use cases makes an important statement. It proves that our platform works equally well in both environments. I'm also pleased to share the good news about our robust pipeline. Keep in mind that we don't consider a company a prospect until they've entered into an NDA with them so we can discuss confidential details. So far this year, we've signed 25 NDAs with prospects ranging from the top banks we are targeting to potential resellers.

I think that this is a tremendous number given our limited sales force, which is why I said on the last call that we would be hiring. And as you may have seen from the recent press releases, we have done just that. We have added senior talent to the team with Garrett Gafke, David Andrews, and Bruce Ackerman. Garrett brings a wealth of product strategy knowledge and is already providing value to the team that I knew he would. David's marketing acumen has significantly increased lead generation. And as a person with a strong track record in sales management, I can candidly say I wish I had been half as good as Bruce. I also said that we'd be hiring salespeople, and we've made good on that commitment. We've hired three additional salespeople since the last call, bringing our total to nine.

I also want to address a question that has been raised several times. I've been asked why we don't just hire 20 salespeople at a time. Again, coming from sales management, and Bruce agrees, if you bring on too many too fast, you will fail. The reality is productivity of the team will drop, the new sales hires will not be successful because you can't devote the time to properly train them, and, in the end, you will lose many of them. We plan on continuing to add to the sales team when we feel we have the bandwidth to effectively train them. That way we know we are properly investing in our talent to make sure we have a productive team. Given what we

have accomplished with the limited size of the team we've had, I can't wait to see what we achieve with a larger team under Bruce's direction.

I strongly believe Intellicheck has demonstrated its strength and resiliency underscoring what I shared with you earlier about our accomplishments. Despite the many challenges that we have had from this once in 100 years national health crisis, we have continued to implement our strategic plan, and I am anticipating more positive developments in 2021. We continue to expand within our existing client base, which demonstrates the certainty of our platform while at the same time we are signing new clients. We are rapidly expanding into the digital world and offering our clients additional fraud indicators to add to the certainty of person not present transactions. We rounded out the team to fill some of the gaps I saw in skill sets. I know that you are as excited as I am to see what we can do with more talented salespeople out there spreading our message. With that, I will turn it over to Bill to discuss the financials.

Bill White

Thank you, Bryan, and a good day to our shareholders, guests, and listeners. I'd like to discuss some of the financial information that was contained in our press release for the first quarter March 31, 2021. I'll begin with our first quarter results. Quarter-over-quarter SaaS revenue grew 24% to 2,776,000 versus 2,238,000 in the prior year. Total revenue for the first quarter ended March 31, 2021 decreased 8% to 2,863,000 compared to 3,115,000 in the prior year comparable period. Gross profit as a percentage of revenue was 92.3% for the quarter ended March 31, 2021 compared to 77.8% for the quarter ended March 31, 2020. The increase in gross margin was primarily due to sales mix in the prior period as we sold scanning equipment to a bank preparing to roll our software out to their bank branches, which are normally sold at lower margins.

Operating expenses that consist of selling, general, and administrative and research and development expenses increased by 55%, or 1,319,000, to 3,717,000 for the quarter ended March 31, 2021 versus 2,398,000 for the same quarter in 2020. That increase was primarily due to higher stock-based compensation cost and increased headcount and expanded research and development efforts. The company posted a net loss of 1,060,000 for the three months ended March 31, 2021 compared to a net income of 27,000 for the quarter ended March 31, 2020. The net loss per diluted share was \$0.06 versus—per diluted share versus zero in the prior period. Adjusted EBITDA for the quarter ended March 31, 2021 was a negative 52,000 compared to a positive EBITDA of 144,000 in the March 31, 2020 quarter. Interest and other income were negligible for the quarters ending March 31, 2021 and 2020.

Now I'd like to focus on the company's liquidity and capital resources. As of March 31, 2021 the company had cash of 12.6 million, working capital defined as current assets minus current liabilities of 13.4 million, total assets of 24.2 million, and stockholders' equity of 22.1 million. During the quarter ended March 31, 2021, the company used net cash of 510,000 compared to net cash used of 341,000, during the three months ended 2020. Net cash used in operating activities was 471,000 for the three-month period ended March 31, 2021, compared to 461,000

for the same period in 2020. Net cash used in investing activities was 48,000 for the first three months of 2021 compared to net cash used of 115,000 for the first three months ended March 31, 2020, and we generated \$10,000 for financing activities for the first three months ended March 31, 2021, compared to 235,000 for the same period in 2020.

The company has a \$2 million revolving credit facility with Citibank that is secured by collateral accounts. There are no amounts outstanding under this facility. We currently anticipate that our available cash, as well as expected cash from operations, will be sufficient to meet our anticipated working capital and capital expenditure requirements for at least the next 12 months. As of December 31, 2020, we had net operating loss carryforwards of approximately 17 million. I'll now turn the call back over to the operator to take your questions. Operator?

Operator

Thank you. At this time, we'll be conducting a question-and-answer session. If you'd like to ask a question, please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star two if you'd like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we pull for questions. Our first question comes from Scott Buck with H.C. Wainwright. Please proceed with your question.

Scott Buck

Hi. Good afternoon, guys. I know you added some heads during the—I know you added some heads during the quarter. I'm curious if there's anything else or any other kind of investment in the business you feel like you need to make, Bryan, to have the right infrastructure in place to maintain the current top line growth?

Bryan Lewis

Yeah. We've put in some marketing tools that are not—I wouldn't say, they're overly expensive but just ways for the marketing team to interact with the sales team, run campaigns, those types of things. And as I've said, we will be spending some money on sort of proper targeted marketing. I don't want to do the blast everywhere (sp). To me, it doesn't make any sense. We know who our target audiences are and being smart about it. But one of the things that I really want to make sure that we do is increase the brand awareness of Intellicheck, right? We've got lots of good word-of-mouth from our clients talking to other clients. But I want to make sure that our position is very, very strong because I look at it as, I'm going to go back to that word certainty. We do something nobody else can, and we need to make sure people know that. So, I think there'll be a little bit more marketing spend.

Scott Buck

Alright. Great. That's helpful. Second one I'm curious. You've been at this for three years now. And then, given the amount of success that you guys have had, are you starting to see any change in the way your competitors approach either your current customers or potential customers? I mean, are you seeing changes in pricing or anything along those lines?

Bryan Lewis

Not from our end. If anything, I'd say, we're seeing the ability to increase our pricing. And I'll go back to sort of some of the competitive moat things that we have, particularly when we're talking in the physical world. The fact that we work with all the existing hardware that's in place—the only reason that we ended up doing this hardware purchase for number three is they wanted us to also authenticate for them passports, and that requires something different than the normal check capture machine that they have. So, that was the reason for that particular purchase. Otherwise, we work with everything. Nobody else doing OCR can do that. So, it is a significant outlay for anybody looking to do it across scale where you need to put in a lot of equipment.

Scott Buck

Great. That's helpful. Appreciate the time.

Bryan Lewis

Great. Have a good one, Scott.

Operator

Our next question comes from Mike Grondahl with Northland Securities. Please proceed with your question.

Mike Grondahl

Hey, guys. Just a first question. I don't know if you commented this quarter, but the number of implementations in 1Q. And what does that backlog look like?

Bryan Lewis

I don't know, Bill, if you—(inaudible) if you want to quick look it up. The backlog continues to expand is the way I'd look at it. Bill and I were looking over the list the other day of what's in queue and what's going on. And it is strong. It is robust. I look at between what is new, new coming in the door versus the existing growth that our clients—the growth of existing clients, I should say. One of the things that we're heavily focusing on is, again, with new hires and focus of the sales team is to make sure that we're grabbing new logos, and at the same time, we've got people who are talented in the land and expand really good account management. So, everything that I've seen is showing that the pipeline of implementations is only growing.

Mike Grondahl

Got it. And maybe while Bill is looking up that for 1Q, just the 25 NDAs signed in 1Q, are—I imagine those vary from small to large. But can you comment on the mix at all? Like are you excited about some larger ones, or—how do you think about them (sp)?

Bryan Lewis

I'm exceptionally excited about the names that we have on that NDA list because—two things. One, I like the NDAs, especially for the very large clients because it proves real intent in my opinion because they're not just going to willy-nilly (sp) sign them. Most of the larger organizations have a little bit more checks and balances on just going out and doing an NDA. The other thing I like about it is, that frees us up to start talking about who our existing clients are, which gives us massive instinct credibility. And usually the reason that we're going into an NDA is we're beginning to talk about a proof of concept, some sort of trial and pricing. So, it's—to me, it's a significant step. We know that both parties now have skin in the game. And you're right to say it runs from sort of some of the large guys those banks that we've been targeting, the 10 that we've mentioned is the main providers of credit cards, down to some resellers who could be, I think, really good for us in getting in different spaces. Some of the fintech companies out there doing a lot of the buy now, pay later types of things. So, it's a mix of large and medium in both physical and digital use cases.

Mike Grondahl

Got it. And, Bill, could you help us? SG&A, R&D and the stock-based comp had pretty healthy step-ups in 1Q. Can you kind of help us think about the quarterly run rate for those three items the rest of the year?

Bill White

Yeah. We probably in this—right in the \$650,000 range, 650,000 to \$700,000 a quarter noncash expenses, and that would be our non-cash equity grants and whatnot that are amortized over the year.

Mike Grondahl

Got it. What about SG&A and R&D? What do those two categories look like?

Bill White

Yeah. I would guide in the—with the ramp-up here, in the 25% to 35% range of—excluding the non-cash expenses. So, 25% to 30%, 35% in the non-cash expense OpEx.

Mike Grondahl

That type of growth rate is that what you're describing?

Bill White

No, year-over-year. Look for about a 25% to 30% OpEx increase.

Mike Grondahl

Got it. Okay. Great. And did you ever find anything on implementations in 1Q?

Bill White

I'll have to—I'll get back to you on that. I was thinking it was another number, but let me get back to you on that, Mike.

Mike Grondahl

Sure. No, problem, Bill. Okay. Thanks, guys.

Operator

Our next question comes from Roger Liddell with Clear Harbor Asset Management. Please proceed with your question.

Roger Liddell

Yeah. Good afternoon, gentlemen. I'm interested in the 2.7 million hardware sale and just the—for the moment, the accounting for it, will it be a deferred revenues item and amortized or key to the rollout of software? Just walk us through anything that would help us on that.

Bill White

Yeah. Bryan, do you want me to take that one?

Bryan Lewis

Yes, please, Bill. Yes, please.

Bill White

You bet. Yeah, Roger, it will be recognized when it—it's being shipped FOB (sp) shipping point. So, the title will transfer when it leaves the dock and the manufacturer. So, we'll be recognizing that as it's shipped.

Roger Liddell

Okay. And give me some sense of the amount of—this could be just a suggestive not right down to dollars obviously. You have had some contracts that are meaningfully off-market now based on the value-added by utilizing the products. And is there a backlog of those old contracts or have some of the significant mispriced ones already rolled? And by extension, how do you rate the—how do you describe the situation right now in terms of trying to get something more per scan to reflect the value added for the customer?

Bryan Lewis

So, Roger, we haven't had anything significant roll (sp) or come up for renewal. However, this year we do have two contracts that will be coming up for renewal that we—that I would consider significant. And that's numbers three and four. So—and those—we'll, obviously, be looking to get more value out of it for the services that we're providing.

Roger Liddell

Okay. Let's see. Explosion in fraud, occasionally we hear from you or just in the press about the figures. I would have thought there would have been more translations for you and some of your competitors from that unwelcomed expansion in the fraud side. Is there a lagging effect

here that I am simply not focused on to explain the disconnect between the explosion figures and you have remedies for that? I would have thought it would be a steeper ramp.

Bryan Lewis

I think that there's a couple of things, because you look at the numbers, and they increase every single year in the amount that's lost to fraud. I mean, it goes up double digits every year, right? So, now I think total fraud losses in the U.S., I think are sailing (sp) between frauds and scams like 50-some \$56 billion, something tremendous. Part of it is, again, getting out education that it can be done, which is one of the reasons I want to start spending some money on brand awareness and thought leadership, because I think there's still a ton of people who don't think that there is something that can be done without making it super, super complicated. You talk about in a way (sp) you look at all of our competitors and one of the things that's really relying on is a much more complicated process with more friction that requires facial biometrics. And so, there's a reason they do that, and some of them have even written papers that, if you use facial biometrics, your fraud attempts go down. Well, so does your cost because, you got to pay for the biometrics. Because they're saying it goes down, because people don't want to have their face on camera.

So, you're making a much more complicated process. Whereas, with us, we can tell you that the license—they're using something it isn't real. So, do you really want to add the friction in for the boundary case where (sp) somebody maybe stole relative's license and is trying to do something. So, in my opinion and in our—most of our clients' opinions, the answer to that is no. So, it's a little bit of inertia, a little bit of people don't know that there's something out there, a little bit of technology. Some people, their systems—they're trying to get them up to speed to be able to handle and take in data like we can provide to them. So, I think, in a way—a couple of years ago after the Experian—I'm sorry the Equifax breach, there was a big uproar about it. And I think what we've seen happen in the past year is the criminals changed how they're going about doing it and perpetuating identity theft and really move to the digital channels. So, that's why we're seeing a lot of our clients begin to throw in—alright how do we get you in our digital channels, because stores are closed, but the crooks were still looking to make a living. They decided they were going to do it online. And that's what really expanded.

And I think that we'll continue to see uptick in growth. I think that some of the big players, the big banks we look to sign, they move a little bit more slowly on almost everything. And it's a big decision, because once they go with something, they don't want to have to rip it out right away. So, I think the more we can get our presence known, our brand awareness raised, it will make it easier for us to get into more and more of these clients. And, again, one of our big pushes is, get our clients together and our prospects and have our clients tell them why they should use us, because it's always a heck of a lot better when your competitor says, "No, go use Intellicheck" over one of my salespeople doing. It brings a lot more credibility.

Roger Liddell

Okay. Final question. In terms of the recovery, I can't really sort out the impact of this variant and that variant at one state opening up, other closing down. And then, you get the contribution to revenues of the in-store versus the digital channels. If recovery continues, let's call it the optimistic picture, that the vaccine is the real driver and the variants will fade away, not disappear, but where do you see the recovery coming? Is it going to be in-store cannibalizing digital or—well, you take it from there?

Bryan Lewis

Yeah. I think that I don't see it really cannibalizing it. I think people have been talking about the death of brick-and-mortar forever, and it just doesn't seem to happen. A ton of studies show millennials like going to stores. Retail mall traffic had been down but is around that 20% range, according to that Wall Street article (sp) that came out but is already coming back up. You've got New York, New Jersey, and Connecticut said that they're going to lift indoor restrictions, I think, on the 19th. The Governor of Pennsylvania just came out and said they're lifting everything on the 31st, and as soon as 70% of the population is vaccinated, the mask mandates go away. So, I think we're beginning to see it. And those are the states that make the real impact, right? Those are the population heavy, our clients heavy, a lot of our retailers are in those (sp) space. But I think that the more we begin to see people getting comfortable because they got the vaccine or they're comfortable because they don't want it and they're probably still going out anyway, those are the things that give me signs of encouragement is these very large states now putting dates and targets on what it takes to fully open. And I think once we get there, then we see volumes return to normal. And if these places are opening up in the middle of next month or the end of next month, I think that shows well for the rest of the year.

Roger Liddell

Thank you, Bryan.

Bryan Lewis

Thank you.

Operator

Our next question comes from Amar Anad (sp), a private investor. Please proceed with your question.

Amar Anad (sp)

Hi. Thanks for taking the call. I've noticed in a lot of your communication to shareholders, you have really focused on banks and security and anti-fraud within banks. I'm curious how you think about the opportunity in e-commerce, in cryptocurrency, in cannabis sales, in anything to do with the sharing economy where people have money online, whether it's an Airbnb account or an Uber account or a Patreon, and they can get attacked by ATOs, as well. Curious how you think about that opportunity, how you think about that sales emotion (sp), et cetera?

Bryan Lewis

Yeah. We're going after all of that. We've already got a pretty good presence in cannabis. And a lot of that comes from our law enforcement. Many of the states where they sell cannabis, the state level age enforcement bodies like the Washington State alcohol, tobacco, and cannabis . They're our clients. So, then, of course, the people that are selling it want to use the same product that they're going to be measured by. Sharing economy, all those types of things, we're targeting. And it's one of the reasons that, as I said, I want to hire salespeople. I look at my top sales guys, and I'm like you're working yourself to death, and thankfully they're highly motivated. We went after what we did because volumes are so much higher in terms of the validations and the transactions that need to take place in some of this retail stuff. It was a really good spot for us now to say, well, if this huge bank trusts me, you probably should, too right? It provides a lot of credibility when we can talk about who (sp) our clients are using us for identity validation. So, started there, as I said, because it was a good first step. Obviously now, I look at—I see tons of places where you're going to have to prove that you are who you say you are. I want to make sure we're staffed up to get to all those, because I do think that they'd be important revenue sources.

Amar Anad

Thank you. And slight change in direction. From channel checks with Jumio and Mitek for some of their lower-volume clients they're getting as much—they're charging as much as \$1 a scan. And for some of their bigger clients, they're charging \$0.25 a scan. So, do you see your pricing getting in line with pricing that's as high as Jumio or Mitek? And how quickly do you think you can get there?

Bryan Lewis

Well, we haven't given out any of our pricing, but I also say that there are certain things that you have—when you're doing the channel check, you should make sure is that—for ID validation only, or is that also including facial recognition? Because, again, they usually have to go hand-in-hand, because, from what our clients tell us, a 60% to 65% accuracy range on checking—on proving that the license is real or not when you're using OCR. So, I don't know if that's a fully baked in price. But certainly, we've got clients who are telling us the amounts of money that we are saving them or the reputational risk that we're providing them on two fronts. One, because we're making sure that somebody's identity didn't get stolen. And second, because we're so accurate. We're also not telling a good client that your license is bad, I mean, because it's—that happens almost as much as they don't do the right license. When you're judging a license or an ID on its validity based on how it looks, law enforcement tells us they can't do it, and they're trained. So, I don't know how somebody in a call center offshore is going to be able to do that. So, you get a lot of false negatives in addition to the false positives. So, our clients simple, easy, quick, and we're certainly showing at every renewal that we have that we have pricing power and can—and have in the past, and we'll continue to (inaudible) significantly raise pricing.

Amar Anad

Got it. Yeah. And just to clarify, my comment about their pricing was just on the authentication of the ID not with the selfie match or the live video match.

Bryan Lewis

Got you. Yeah, that's different than what I heard. But, yeah. Okay. Thank you.

Operator

We have reached the end of the question-and-answer session. At this time, I'd like to turn the call back over to Bryan Lewis, Intellicheck's CEO, for closing comments.

Bryan Lewis

Well, thank you, everybody, for joining the call. I'm seeing signs of recovery in the economy and people's health and all those things, which I think is going to bode well for us. I'm very excited about the hiring that we're doing, the caliber the people that we brought in at every level. Our messaging is improving. Our lead generation is improving. So, I think we've got a lot of stuff in the factory that you will that we are really optimizing, which I believe is going to help us to continue to grow and hopefully continue to grow at even faster rates. So, thank you, everyone, and I look forward to speaking to you on next quarter.

Operator

This concludes today's conference. You may disconnect your lines at this time, and we thank you for your participation.