

Artificial Solutions® (SSME:ASAI)

## Q4 2022 Results | Presentation

# PRESENTERS

---



**Per Ottosson**

| CEO

*Has +25 years of experience from leading positions in the software and SaaS industry  
Most recently spent 10 years with IPSoft (Amelia) - US based vendor of enterprise AI solutions - as Chief Revenue Officer*

*M.Sc. Business & Administration, Stockholm School of Economics*



**Fredrik Törgren**

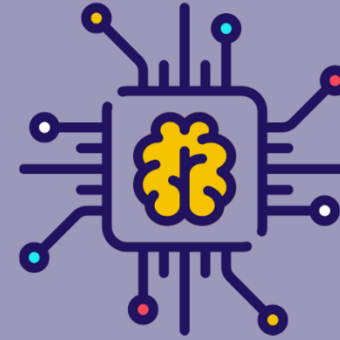
| CFO

*Various CFO & Finance roles in large corporates and in Private Equity-backed Technology and SaaS companies*

*Former Investment Banking experience with Handelsbanken Capital Markets and Pareto Securities  
M.Sc. Business & Administration, Stockholm School of Economics*



- Can you help me (service request)
- I have a question (information request)
- I need to get this done (action request)
- What should I do (decision request)
- Let me know when X occurs (notification request)

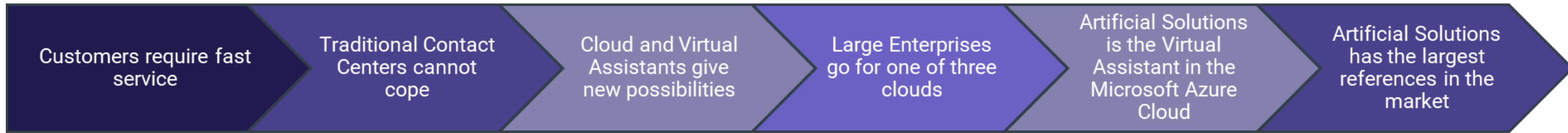


- What does the person want?
- What language are they using?
- Are people, places and details mentioned?
- What is the kind of request?
- Does the user seem happy or upset?
- Have we interacted before?

Conversational AI  
done right=  
Better NPS + Cost  
Savings

# ARTIFICIAL SOLUTIONS MARKET

**TRANSFORMATIONAL MARKET SHIFT IN LINE WITH ARTIFICIAL SOLUTIONS' OFFERING AND BUSINESS MODEL**



## Contact Center Software Market to reach USD 165 Billion in market size by 2030, growing swiftly at a CAGR of 21%

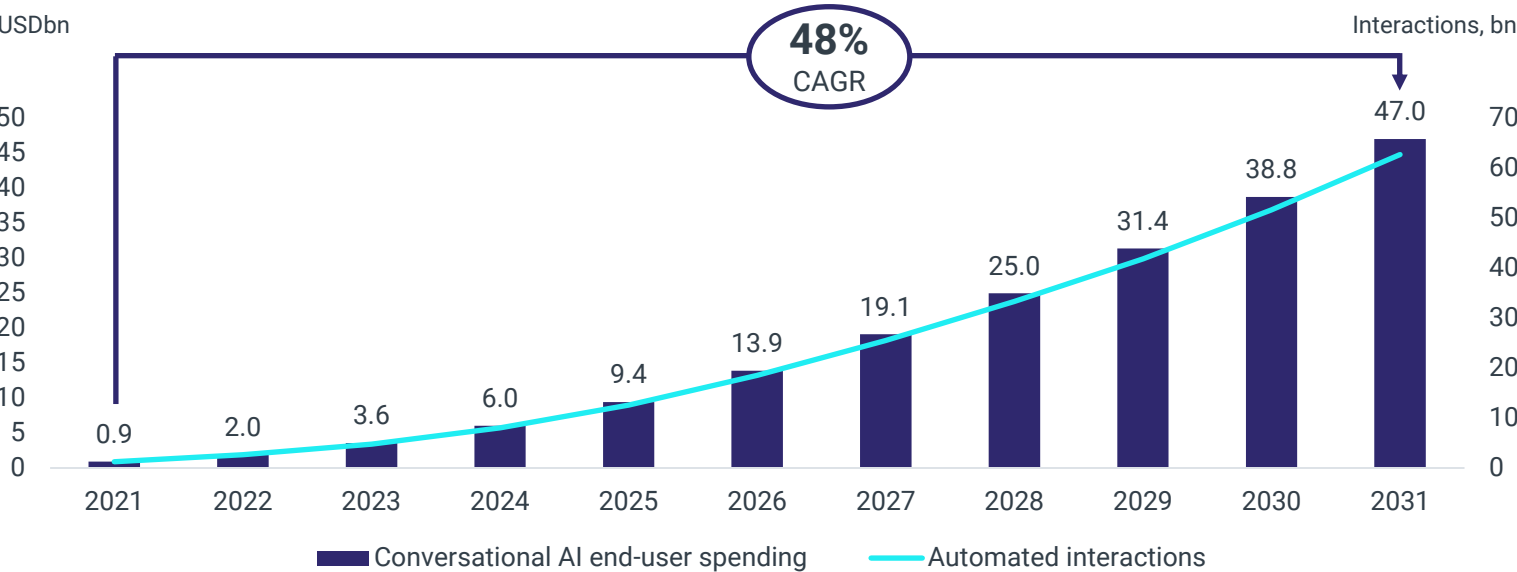
The global contact center software market size was worth USD 29.5 billion in 2021 and is predicted to reach USD 165 billion by 2030, registering a CAGR of 21% during the forecast period (2022-2030)



# ARTIFICIAL SOLUTIONS' CORE MARKET AT A GLANCE

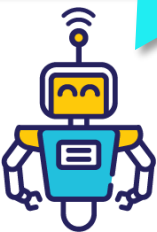


## Significant potential on the global market for CAI in contact centers



### Market automation

Main driver of market growth expected to be automation of existing contact center services, with around 30% of interactions being handled by AI in 2031



## In the news

Recently approved bill in Spain limits call center wait time to **3 minutes**

Failure to comply may result in **fin**es of:

EUR  
**150 – 100,000**

Call centers are incentivized to design and implement **more efficient processes**

## Important market characteristics



### Mega vendors and fragmented specialist landscape

- Large, heavily branded vendors, such as Microsoft and Google, offer powerful solutions that require large developer teams to implement
- Fragmented specialist CAI landscape – difficult to navigate for customers, though characterized by more user-friendly platforms, suitable for smaller customers



### High cost of deployment limits customer base

- Implementations will be led by large deployments with financial resources to fund the professional services and planning to fully benefit from automation
- Over time, cost of deployment is expected to decrease as the industry, the offerings and the technology matures

# BRIEF INTRODUCTION TO ARTIFICIAL SOLUTIONS

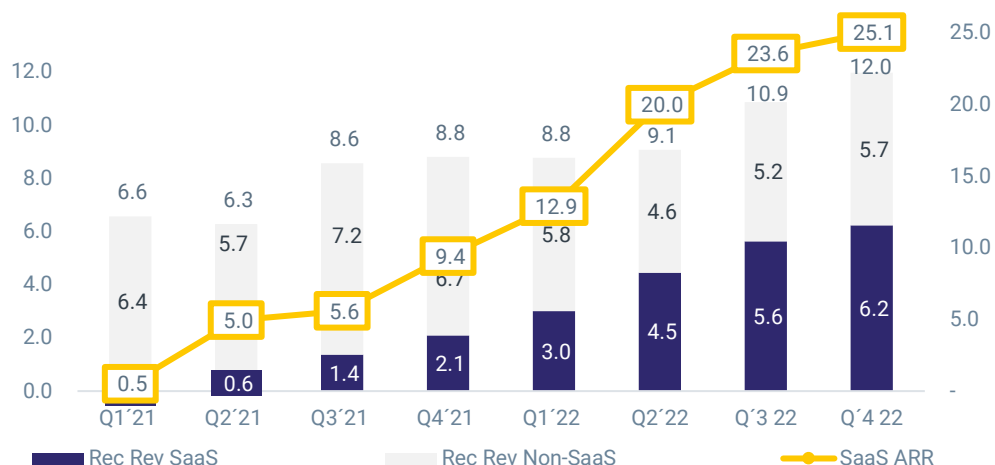
## Company overview

- Founded in 2001, Artificial Solutions offers a cloud-based software for Conversational AI (CAI), enhancing customer experience, capacity and resource-efficiency
- Its unique CAI platform named Teneo, allows businesses to create highly sophisticated and intelligent communication applications
  - Allows humans to communicate with applications through voice, speech and text
  - Supports +86 languages and is easy to implement in various applications such as virtual assistance, conversational bots and more
  - +70 live projects, handling over 200 million interactions annually, with the largest references in the 48% CAGR market
- Subscription based business model with considerable revenue upside as use increases with customer integration and applications – ongoing conversion from legacy to SaaS

## Development of recurring revenues<sup>1</sup> and SaaS ARR<sup>2,3</sup>

Recurring revenues, MSEK

SaaS ARR, MSEK



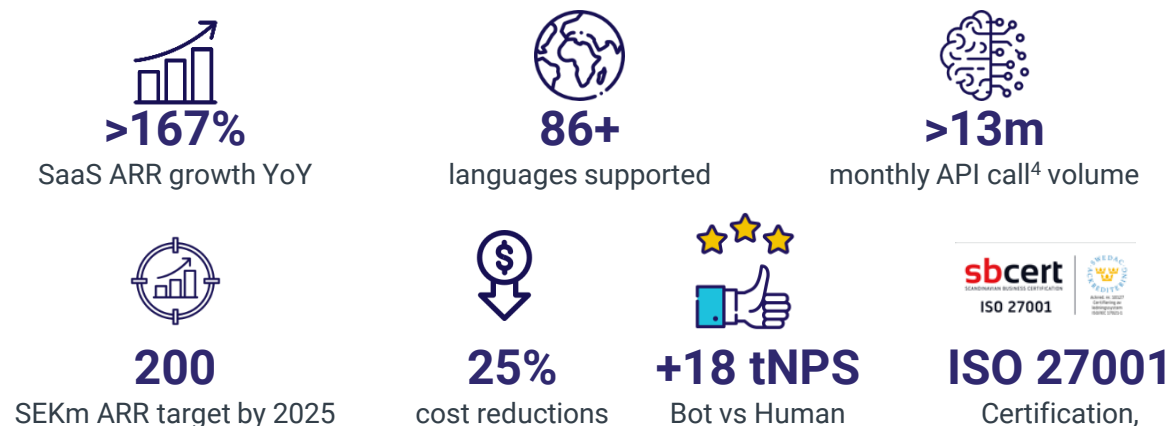
## Select blue chip customers



## Select partners



## Artificial solutions in numbers



teneo.ai

# OpenQuestion Teneo.ai

Launched in Q1. The first solution on top of the SaaS platform Teneo.ai.

OpenQuestion





teneo.ai

Welcome to  
Customer Care

Listen & choose  
carefully





# teneo.ai

## No longer. It's time for a change!

“

Our Customer enquiry hotline will be considerably more productive thanks to human spoken interaction with our systems. Our voice-controlled hotline system improves the customer experience by assigning enquiries quickly and accurately, maximizing the valuable resources of our hotline agents.

Christoph Aeschlimann – CEO



There is a new solution that starts outside in and works with your tech. The first implementations are done and are delivering millions of satisfied customer calls

90% of calls correctly routed in 90 days



<https://vimeo.com/artificialsolutions/openquestion-at-swisscom-full>

# Traditional IVRs

Please pay attention,  
or get lost



Yes, your customers  
are frustrated...

Proportion of self-service calls abandoned	
2013	13%
2014	18%
2015	21%
2016	17%
2017	14%
2018	17%
2019	23%
2020	24%
2021	27%

“Half of survey respondents felt to some extent that their existing irreplaceable systems were holding them back...”

(Source: ContactBabel - The 2022 US Contact Center Decision-Makers' Guide)



**35%** push anything to get to any human

**7%** abandon

**42%** are irritated before they even state their question

## The Problem



### Customers are frustrated

- Customer don't understand how to maneuver the choices
- Up to 25% of the calls routed to the wrong agent
- Customer smash the keys to be transferred to human operator
- IVR trees grow big
- Callers abandon their calls



### Routed calls cost at least 2x

- Understand the need, transfer to another agent, restate purpose
- Increased agent load

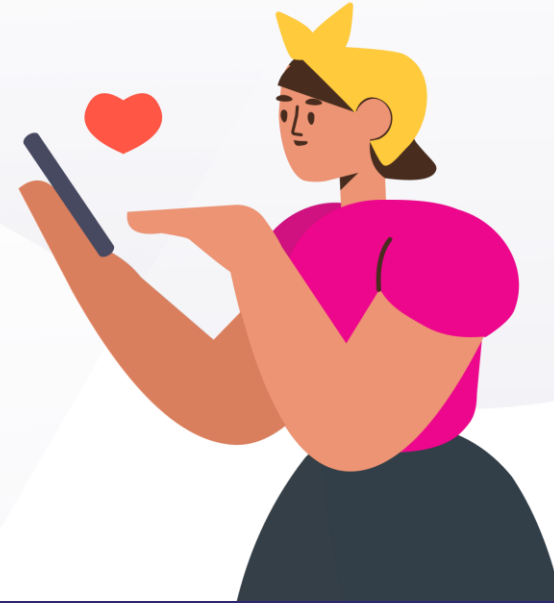


and... Customer Experience is **NOT** great.

- Large DTMF trees are frustrating – e.g.: “Nothing matches my problem”
- Increased wait time due to the extra amount of calls
- Multiple IVRs between multiple contact centers and business units mean users get transferred back and forth without proper resolutions

**Enterprises has experienced 8% call workload reduction**





## The Solution

### Listen to your customers

OpenQuestion is a secure and high-performing SaaS product that integrates with your voice contact center to achieve first-time-right routing based on open questions.

#### Improve Customer Experience



- A single voice of the company to match your voice of the customer
- Re-imagine how you greet your clients



#### Improve Total Cost of Ownership

- Produces a predictable business value in 4 months
- Re-imagine how you greet your clients

# Q4 operations and Numbers



# Q4 2022 OPERATIONAL HIGHLIGHTS

---

- ISO 27001 certification
- OpenQuestion, a new Voice and Conversational IVR Solution
- o2 Telefónica's Virtual Assistant handles + 1 million interactions per month
- Renegotiated 250 MSEK credit facility interest of 4% p.a.
- Successful closure of 96 MSEK rights issue in Q1 2023
- Growth in SaaS API Call volumes
  - +373% December 2022 vs. December 2021
- SaaS ARR experiencing high growth
  - +167% December 2022 vs. December 2021



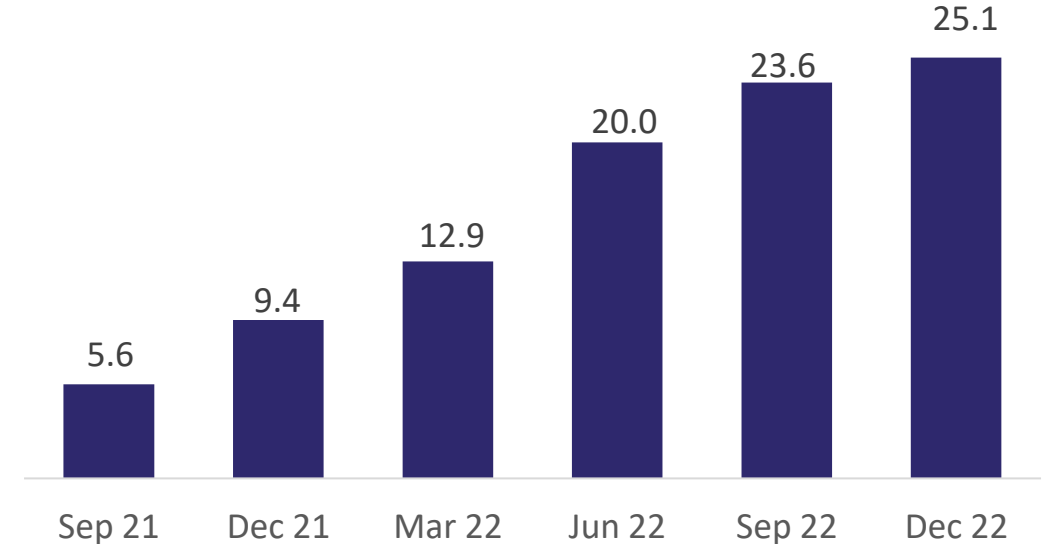
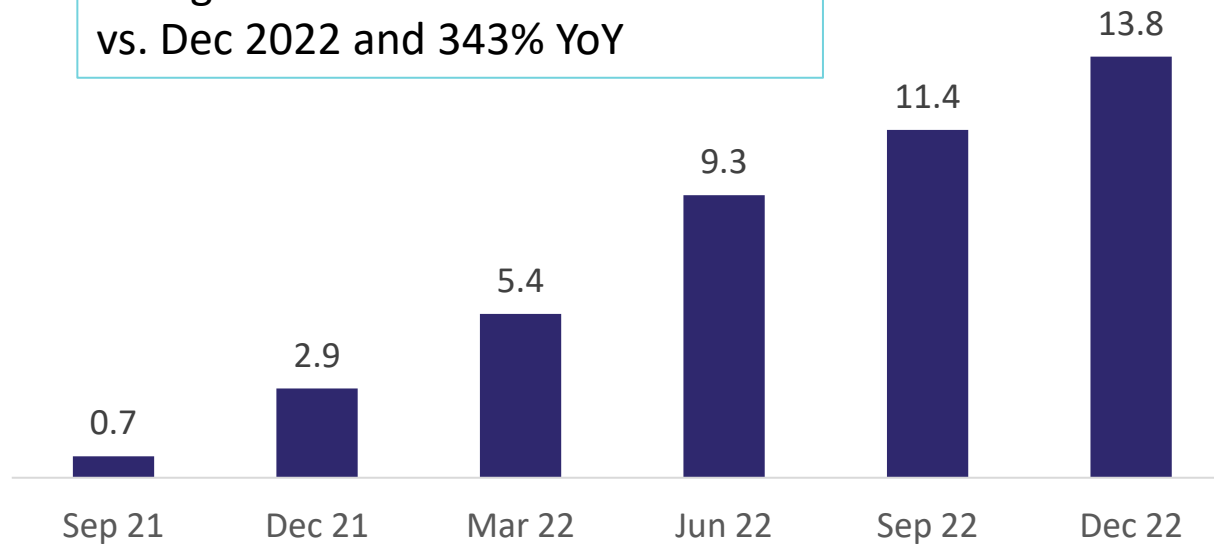
# SAAS BUSINESS MODEL RAMPING UP

| API CALL VOLUMES AND SAAS ARR INCREASING

## SaaS API Calls\* (million) + 373% YoY

## SaaS ARR (MSEK) + 167% YoY

14% growth of API calls in Jan 2023  
vs. Dec 2022 and 343% YoY



\*API Calls Active Customers

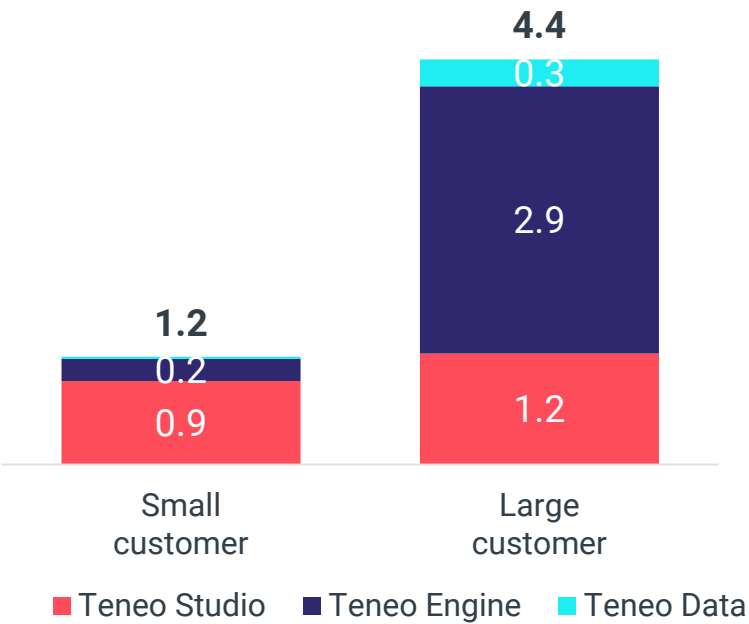
\*\* ARR measured as SaaS recurring revenues generated from the SaaS revenue model last month in quarter multiplied by 12.

# REVENUE MODEL WITH HIGH OPERATING LEVERAGE




## | SMALL & LARGE CUSTOMER CASES

Subscription revenues from accessing Teneo Studio provides basis in the new model coupled with volume linked user revenues (#API calls)

ARR – Small & Large Customer MSEK



Revenue model to leverage scalability of Teneo

Revenue stream	Subscription (Studio)	API calls (Engine)	Data	Training & expert services
Source				
Price	EUR 9,200 /mo for 5 seats	0.008 USD per API Call <sup>1</sup>	Per MB	5-15 days
Type	Recurring	Recurring	Recurring	Non-recurring



**Studio**  
Powerful graphical interface for to develop the conversational AI solution



**Engine**  
“AI brains” bringing the solutions to life

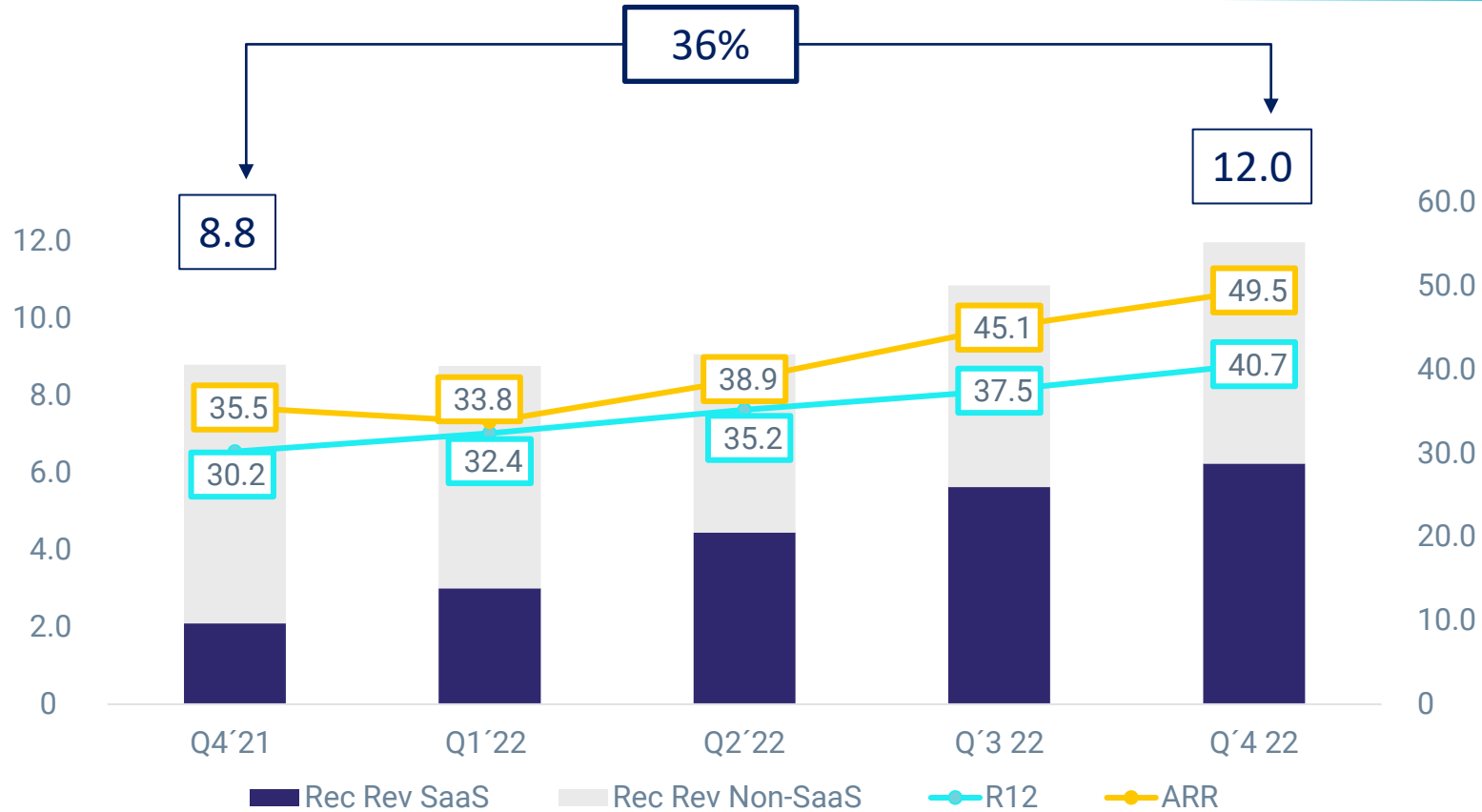


**Data**  
Learning from customers’ conversations to enhance solutions

# GROWTH IN RECURRING REVENUES

| Y-o-Y GROWTH OF 36% IN Q4 2022 Y-o-Y GROWTH SAAS 167%

Quarterly Recurring Revenues (SaaS & Legacy), ARR EoM and LTM Recurring Revenues (MSEK)




**December SaaS  
ARR 25.1 MSEK  
and Total ARR  
49.5 MSEK**

# KEY FINANCIAL HIGHLIGHTS IN Q4 2022

## | STRONG GROWTH TRAJECTORY ON ALL SALES METRICS

- Recurring revenues amounted to 12.0 MSEK (8.8), + 36%
- SaaS ARR amounted to 25.1 (9.4) MSEK, + 167%
- SaaS API Calls volumes 13.8 million (2.9), + 373%
- Net sales amounted to 13.0 MSEK (9.8), + 32%
- Growth in all relevant SaaS metrics Q3'22 vs. Q4'22
- EBITDA adjusted amounted to -18.8 MSEK (-15.6)
- Cash position : 18.2 MSEK (2022-12-31) + 95.9 MSEK in gross proceeds from rights issue received in Feb 2023 + 5 MSEK tax credit on R&D

### SaaS Recurring Revenues as % of Total Recurring Revenues Q4 2022



52%

### Recurring Revenues as % of Total Net Sales Q4 2022

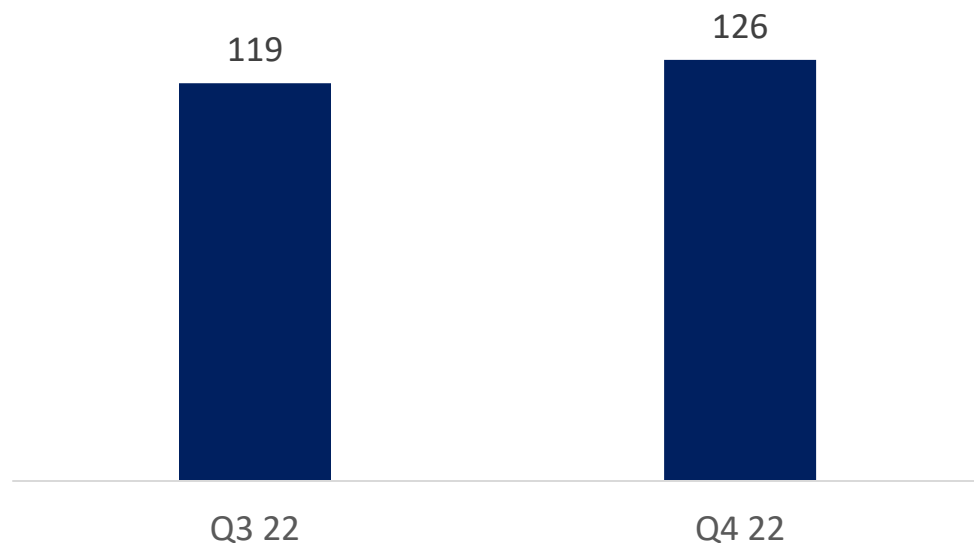


92%

# GRADUAL COST INCREASE AS GUIDED FOR

## | COST INCREASES FLATTENING OUT GOING FORWARD

### Annual OPEX Run Rate\* MSEK



- OPEX(\*) run rate of 126 MSEK in Q4 2022
- Monthly OPEX(\*) in Q4 2022 of 10.5 MSEK
- OPEX increase in Q4 2022 in accordance to previous guidance
- Company does not see any cost increases going forward

\* Reported OPEX adjusted for non-recurring items and cost of sales.

# KEY INVESTMENT HIGHLIGHTS



20+ years of experience and investments have created a prominent player in a market expected to grow at a 48% CAGR in the coming decade



Gross margins on fully onboarded customers approach 95%



Technology tailored for enterprise solutions with blue chip customers in key industries



Quality of offering paired with material switching costs support revenue retention



Main Enterprise virtual assistant software within the Azure ecosystem, providing a massive reach within the enterprise segment

Q&A