

BlackBerry Limited

Third Quarter Fiscal Year 2021 Results Conference Call

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PRESENTATION

Operator

Good afternoon and welcome to the BlackBerry's Third Quarter Fiscal Year 2021 Results Conference Call. My name is David and I will be your conference moderator for today's call. During the presentation all participants will be in listen-only mode. We will be facilitating a brief question-and-answer session towards the end of the conference. Should you need assistance during the call, please signal a conference specialist by pressing star zero. As a reminder this conference is being recorded for replay purposes.

I would like to turn today's call over to Tim Foote, BlackBerry Investor Relations. Please go ahead.

Tim Foote

Thank you, David. Good afternoon and welcome to BlackBerry's third quarter fiscal 2021 earnings conference call. With me on the call today are Executive Chair, and Chief Executive Officer, John Chen; and Chief Financial Officer, Steve Rai.

After I read our cautionary notes regarding forward-looking statements, John will provide a business update, and Steve will review the financial results. We will then open the call for a brief Q&A session. This call is available to the general public via call-in numbers and via webcast in the Investor Information section at blackberry.com. A replay will also be available on the blackberry.com website.

As noted in our press release earlier this afternoon, slides will be shown during today's live webcast. These slides relate to the recent BlackBerry IVY announcements. For those of you not on the webcast, but joining by the call-in numbers, the slides are available for you to access on the investor information section at BlackBerry.com.

Some of the statements we'll be making today constitute forward-looking statements and are made pursuant to the Safe Harbor provisions of applicable US, and Canadian securities laws. We'll indicate forward-looking statements by using words such as expect, will, should, model, intend, believe, and similar. Forward-looking statements are based on estimates, and assumptions made by the company in light of its experience, and its perception of historical trends, current conditions, and expected future developments, as well as other factors that the company believes are relevant. Many factors could cause the company's actual results, or performance to differ materially from those expressed, or implied by the forward-looking statements. These factors include the risk factors that are discussed in the company's annual filings, and MD&A including the COVID-19 pandemic. You should not place undue reliance on the company's forward-looking statements. The company has no intention, and undertakes no obligation to update, or revise any forward-looking statements except as required by law.

As is customary during the call, John and Steve will reference non-GAAP numbers in their summary of our quarterly results. For a reconciliation between our GAAP, and non-GAAP numbers, please see the earnings press release, and supplement published earlier today, which are available on the EDGAR, SEDAR, and blackberry.com websites.

And with that I will now turn the call over to John.

John Chen

Thank you, Tim. Good afternoon everybody. Today I would like to keep the financial and business updates relatively brief, because I would like to spend little bit more time discussing our recent BlackBerry IVY announcement. This third fiscal quarter, we continued to build on the momentum from our second quarter delivering results in line with our outlook we provided. We delivered sequential revenue growth both in the total Software and Services section, as well as BTS. We continued to deliver positive EPS and positive free cash flow this quarter.

BlackBerry reported total company revenue of \$224 million. Software and Services revenue came in at \$168 million. Licensing was \$56 million. Gross margin was 70%. Earnings per share was positive \$0.02. Cash generated from operations was \$29 million. Total ending cash and investments at November 30 was \$757 million.

I'll start my business commentary with the Software and Services Group. ARR was approximately \$475 million. Dollar based net retention rate was 90%. Net customer churn reduced to around 1%.

Spark, as a reminder, is a combination of UEM and UES, the Unified Endpoint Security offerings. This quarter we made good progress in both the government, and financial services verticals with customer wins including the U.S. Army, the U.S. Postal Service, the IRS, the Department of Energy, Department of Justice, as well as Raymond James Financial, Citibank, the German Bundesbank, the Bank of India, and the Government of Rwanda. In addition, we had customer wins in other verticals including healthcare and manufacturing.

We continued to see progress in upgrading BlackBerry UEM customers to the full Spark Suite, i.e. adding our UES suite. Examples in the quarter include Deutsche Bank, Deutsche Borse, ConvergeOne, and multiple ministries of the Dutch government.

Significantly during the quarter, we released BlackBerry Cyber Suite. Our AI-powered Cyber Suite which combines our industry leading EPP, EDR, and MDR products, is further strengthened by our continuous authentication and mobile threat defense capabilities.

This Cyber Suite is highly competitive against both traditional and next-gen players in the cybersecurity market. This has been validated by 451 Research and other industry experts. Cyber Suite brings together the best of BlackBerry and Cylance technology.

Further, Cyber Suite we will be available in versions that integrate with all major UEM offerings including Microsoft Intune, VMware's Workspace ONE, MobileIron as well as IBM MaaS360. This integration will allow BlackBerry to provide additional security by using rival UEMs.

Cyber Suite has only been in the market for a month, but early interest is strong, both in new logo and our existing customer base, with significant pipeline growth this past quarter. Cyber Suite allows us to give our prospects and customers greater options for increasing their cybersecurity while protecting their UEM investment.

As a result of these technology enhancements, and positive customer receptivity we will, in turn, step up our investment in sales, and marketing to compete more aggressively.

Before I move to BTS I would like to highlight the security certifications we have achieved. This quarter BlackBerry UEM achieved the National Security Agency, NSA, commercial solution for classified program approval. This adds to the portfolio of US government certifications we have received for BlackBerry UEM including the NIAP-certification, the Department of Defense Information Network Approved Product List, which I think we talked about last quarter, DoDIN APL, FedRAMP and FIPS 140-2. No other software vendor in the cybersecurity space has been awarded more security certification by the US Government than BlackBerry.

BlackBerry achieving NSA certification comes at a time when most of our major competitors have been identified as having vulnerabilities that are being exploited by nation state hackers. This should give our customers and prospects a higher degree of comfort about the cybersecurity protection they receive from BlackBerry.

Now moving on to BTS. QNX the largest component of BTS reported sequential revenue growth. QNX remains on track to be back to its normal run rate by early next fiscal year.

In the quarter we had 17 new design wins, 6 in auto and 11 in the general embedded market. Our expansion in GEM continues with diverse wins including a controller system for power turbines, a next generation satellite receiver system, and a rail traffic management system for Seoul's Seongnam subway.

In auto, we had design wins in both connected cars and electric vehicles. The wins included an instrument cluster, a couple of domain controllers and a handful of them in ADAS designs, Advanced driver assist systems.

Speaking of the electric vehicles, we are very pleased to share with you our strong position in the EV market. QNX now has design wins with 19 of the top 25 electric vehicle OEMs, which together have 61% of the EV market in the first half of this calendar year. We're working hard to recruit the remaining 6.

Moving on to Secure Communications, which includes AtHoc and SecuSmart. Secure Communications had a strong quarter. This strength was primarily due to the ongoing transition to remote working, which has been obviously greatly accelerated by the pandemic.

AtHoc had some strategic wins this quarter including the California Department of Corrections and Rehabilitation, as well as the California Department of Justice. I believe that no one now can claim to power the entire state of California!

Other notable renewals and upsells for AtHoc in the quarter included the United States Army, Navy, as well as the Air Force, as well as the Federal Aviation Administration (FAA). We also had renewals within the US Defense Intelligence Agency, the US Department of Energy, Treasury, and Agricultural as well as FEMA, the Federal Emergency Management Agency.

Finally, I want to touch on licensing. Revenue for the quarter came in at \$56 million. As before, the majority of the license revenue comes from our IP licensing business.

As I mentioned at the beginning of the call, I would like to spend some time discussing BlackBerry IVY, which we are very excited about.

Modern cars continue to generate huge amount of data. I think you all know and agree. The auto industry is not prepared to capture and create value from the analytics, because this data is difficult to collect, and interact with, without very costly integration.

BlackBerry IVY's mission is to make it easy to gather, securely transport, and analyze these data in a standard, and a cost-efficient way across multiple brands, and models on a common platform. This will allow the developer ecosystem to use the data to provide intelligent insights and applications on the global scale.

We have entered into a multi-year exclusive co-development and co-marketing agreement with AWS. This type of agreement is rare. BlackBerry and AWS engineers have been working very closely to jointly build the platform.

Under the terms of our agreement, BlackBerry will own all the commercial relationships with customers and will share revenues with AWS. Each side contributes the key capabilities required. On the BlackBerry side, BlackBerry QNX brings over 20 years of auto industry experience, as well as relationships and a huge footprint of over 175 million cars. We are a trusted leader with a deep knowledge of automotive safety and security software systems.

AWS is the world's largest cloud provider with a vast developer community and outstanding expertise in consumer experience interfaces as well as IoT.

Combined we're able to provide a full end-to-end platform. We expect an ecosystem of apps and services developed on the BlackBerry IP platform over time. We will work with AWS, a proven builder of successful developer communities, to help drive the process.

With BlackBerry IVY we're creating a recurring revenue data business, targeting revenue based on usage as well as a subscription basis.

An important difference between BlackBerry IVY and competitors in this space is that we allow the OEM to own the data, and with that, the relationship with their customer. We are already in discussions with some automakers who were granted early access and we have received positive initial feedback. The target is to be in the 2023 year's auto model, with possibly potentially some professional services prior to it. While it is too early for us to provide a revenue outlook, we are confident that BlackBerry IVY addresses a very large market opportunity that will greatly increase our ASP.

With that let me turn the call over to Steve to provide more details about our financial performance.

Steve Rai

Thank you, John. My comments on our financial performance for the fiscal quarter will be in non-GAAP terms unless otherwise noted. Please refer to the supplemental table in the press release for the GAAP and non-GAAP details.

We delivered third quarter non-GAAP total company revenue of \$224 million and GAAP total company revenue of \$218 million.

Third quarter total company gross margin was 70%. Our non-GAAP gross margin includes software deferred revenue acquired but not recognized of \$6 million and excludes stock compensation expense of \$1 million.

Third quarter operating expenses were \$142 million. Our non-GAAP operating expenses exclude \$32 million in amortization of acquired intangibles, \$11 million in stock compensation expense, \$4 million for software deferred commissions expense acquired and \$95 million fair value adjustment on the convertible debentures, which is a non-cash accounting adjustment driven by market conditions.

Third quarter non-GAAP operating income was \$14 million, and third quarter non-GAAP net income was \$11 million. Non-GAAP earnings per share was \$0.02 in the quarter. Our adjusted EBITDA was \$31 million this quarter excluding the non-GAAP adjustments previously mentioned. I will now provide a breakdown of our revenue in the quarter.

Software and Services revenue was \$168 million. Software product revenue remained in the range of 80% to 85% of the total, with professional services comprising the balance. The proportion of software product revenue that is recurring was approximately 83% due to product mix. The decrease in ARR this quarter, similar to the prior quarter, is primarily due to BTS. We include QNX royalties in our ARR metric to give a total company view. We expect to see the impact of COVID on ARR normalize early next fiscal year as we return to our normal revenue run rate.

Licensing and other revenue was \$56 million.

Now moving to our balance sheet and cash flow performance. Total cash, cash equivalents and investments were \$757 million at November 30, 2020, a decrease of \$220 million during the quarter. This is mainly due to the early redemption of the \$605 million of convertible debentures and issuance of \$365 million of new convertible debentures on September 1st. This represented a \$240 million reduction in debt financing partially offset by cash generated in the period. Our net cash position increased to \$392 million at the end of the quarter.

Third quarter free cash flow was \$27 million, and cash generated from operations was \$29 million, with capital expenditures of \$2 million.

That concludes my comments. I'll now turn the call back to John.

John Chen

Thank you, Steve. Before I provide our outlook for the remaining of the current fiscal year. I would like to highlight some noteworthy partnerships, in addition to BlackBerry IVY, that we're very excited about. This quarter we partnered with Zoom to provide a BlackBerry-secure version of Zoom which is a highly secure way to hold virtual meetings in this new work-from-anywhere environment. It provides increased protection from corporate data leakage as well as cyber threats.

In the quarter Verizon launched their business internet secure offering, which includes our BlackBerry smart AV antivirus product and Cisco's Umbrella security service. This new product is aimed at Verizon's large number of small and medium sized business customers.

During the quarter we announced the integration of AtHoc with both Microsoft Teams and ServiceNow's Now platform. Teams, as most of you know, is the market leader in collaboration software with over 115 million daily active users. The Now platform has 51% of the IT service management market. These integrations will further enhance AtHoc's reach and the ability of enterprises to protect the assets.

I'll now move on to our outlook. We continue to expect total company revenue for the year to be around \$950 million, as we indicated last quarter. We expect licensing revenue will finish the fiscal year a little stronger than previously indicated. We expect revenue for BTS to continue to grow sequentially in the fourth quarter and as we talked about, to return to its normal run rate early next fiscal year.

This quarter we continued to make good progress. We delivered solid financials, as per our outlook. We have developed exciting new business models, especially the recurring revenue model for QNX, as well as the partnerships I outlined, and we delivered industry-leading products as per of our roadmap.

With that, I would like to turn the call to our operator to conduct our Q&A session please, David?

Operator

Yes, and we will now begin the question-and-answer session.

Our first question today will be from Daniel Chan with TD Securities, your line is open.

Daniel Chan – TD Securities

Hi thanks for taking my questions. I don't know if you guys mentioned it or if I missed it, but did you provide a metric on the billings growth?

John Chen

No, we did not. You didn't miss it. We haven't provided that.

Daniel Chan – TD Securities

Okay and then on the ARR declining. Steve, you talked about how it's declining because of BTS. Can you just remind us what you're including in there from BTS and why, what's causing it to drop?

John Chen

Go ahead, Steve.

Steve Rai

Sure, so our ARR is a total company metric for Software and Services. The QNX part of it that we include is basically a trailing four quarters that feeds into that metric so there is a lag affect in it. So, it's got the COVID impact that we have been discussing consistently that's got a lag effect making it back in into the metric as we move forward and recover.

Operator

Your next question comes from the line of Mike Walkley with Canaccord Genuity, your line is open.

Mike Walkley – Canaccord Genuity LLC

Hi John thanks for taking my questions and best wishes to everybody on the call for the holiday season and to stay healthy.

John Chen

Yes, you too.

Mike Walkley – Canaccord Genuity LLC

Thank you. Just a question from me - just building on IVY - lots of interest and excitement around it. I know you're not sizing it yet because it is early days John, but as you have shared longer-term getting to kind of ASPs into the high teens to \$20 per car, how does this help close the gap if things go really well? How do you see ASP for car developing over time?

John Chen

As I said we don't really have all our revenue laid out yet because the earliest we'll get the revenue I believe is the model year 2023. So, we do expect this to help increase ASP at a very big way. It has a lot to do with not only the base platform to collect sensor data and analyze it over the edge and on the cloud and OEM could then take advantage of all the sensor data and the combination of those sensor data to make certain decisions either real time or in a long term, but we are also depending a lot on how many applications could we spin up. So -and the OEM is going to build applications, the Tier one will build applications using our platform and so will other third parties. So, if there are more applications then obviously there are more instances that could increase our ASP per vehicle. So, we're very hopeful that this not only have a recurring part of it but it also brings us a good chunk of revenue going forward.

Mike Walkley – Canaccord Genuity LLC

Okay thanks John and then just my follow-up question kind of longer-term also with BlackBerry you guys have launched several new different software security modules. As you look at your sales force, what are they feeding back to you in terms of their ability to land and expand customers? What are they leading with and what are some of the upsell opportunities that they're excited about with the new modules that you have launched over the next several quarters?

John Chen

Yeah, so first of all, on the product side our Cyber Security Suite is a very timely offering to the market because of all the hacks and the vulnerabilities going on right now. We have been invited to more cases nowadays because of the environment and the attention switch to cyber protection and lot of hacking that's going on out there. So, for example, knock on wood we haven't been successfully, I guess, intruded yet. That's not to say this is not a challenge. This is just to say "state of the affair" at this point. So on a medium-term when we – our sales force are very focused on upgrading all our UEM base, which accounts for, depending on who you listen to in terms of analyst, industry analyst, is somewhere between 9% to 12% of the market share of UEM space. So, we're very busy upgrading that - to sell them the UES on top of the UEM. And then very soon, literally we're talking in months, we will release our UES platform onto the competitors' UEM which are Intune, Mobile Iron, AirWatch and IBM MaaS360. Not all at the same time by the way - sequentially - but we're probably going to start with Microsoft first. So that's another aspect of it. And the fact that we're - that's part of cyber security, right, so that should keep us busy for the next couple of years and gives us a lot of opportunities going after the market.

Mike Walkley – Canaccord Genuity LLC

Okay and just one last follow-up question then I'll pass the line. Just on the UES going to other UEM platforms. What is the feedback or interest level for that and who do you see even able to offer those similar capabilities for the mobile market?

John Chen

The interest levels are reasonably high. I don't have a specific quantitative answer to your question but when I speak to customers or groups of customers at the same time, they all think that make sense. To give them an ability to protect their current investment, whatever UEM that they already invested in. If you're happy and comfortable with it, you have pros and cons on each of the vendors, but then they could use BlackBerry security which we believe is the best of the bunch in terms of technology and I laid out all the certifications we got from governments. Obviously, we have the best technology in cyber protection. This gives them the best of both worlds, without having to rip out the investment which of course there is no big hurry to do, even if they want to do that in the long term. This helps add value to what they have and keep their investment, so everybody's happy about, at least at that choice to look at.

Mike Walkley – Canaccord Genuity LLC

Okay best wishes for the new year and thanks for taking the questions

Operator

The next question comes from the line of Trip Chowdhry with Global Equities Research, your line is open.

Trip Chowdhry – Global Equities Research LLC

Hello John, this quarter was phenomenal, both from execution point of view and from partnership point of view. Two strongest companies Amazon AWS and Zoom. My question is more on the IVY platform- when do you think the developers can get a hand of pre alpha version so that the excitement in the developers' community is very strong and I was hoping that they could start capitalizing the imagination on your platform sometime in 2021 - do you think that's reasonable to expect?

John Chen

Good question, thank you Trip. I know that we will have a beta version ready in the third quarter of next year, around September. We will have a developer version, we're hoping to have a developer version before that so, I would say it would be safe to say that about mid-year next year, the application provider will be able to lay their hands on that.

Trip Chowdhry – Global Equities Research LLC

Beautiful. Also, in terms of some OEMs, EV OEMs, you did not name them. If possible, can you name a few that you think, we can keep an eye on as we move forward and see what kind of applications and how they are embracing your platform?

John Chen

Well, I don't think they will appreciate me naming them. But I would say this, the initial group of companies that we have been in contact with and gotten positive feedback, is a group of about 20 different OEMs. Obviously not all 20 will sign up, but I will commit to the following: As we're getting customers signed up, we will try to make a public announcement. Obviously, the customer must agree to it though. Both Amazon and us are very excited and are very busy in making presentations and getting strong feedback today.

Trip Chowdhry – Global Equities Research LLC

Beautiful, congratulations and all the best.

John Chen

Thank you.

Operator

Your next question comes from the line of Paul Treiber from RBC Capital Markets. Your line is open.

Paul Treiber – RBC Capital Markets

A couple of follow-up questions on the Amazon relationship. I know you're not giving details on the revenue perspective, but can you speak to the details of the partnership itself in terms of the duration of the exclusivity period and then maybe the magnitude of Amazon's commitment for co-development and co-marketing. Also, related that, does the agreement allow you to open it up from Amazon's to other cloud providers at some point in the future?

John Chen

Yes, we have agreed for a multiple number of years that we will be exclusive with using the Amazon cloud and developing that product. They will be exclusive with us - they will not market or develop with any other party in the auto sector and in the same area of data platform and analytical platforms. So, it's a very broad agreement. It does allow us to open it up for other cloud providers, but we probably won't do that until this particular one is done. Not meaning the exclusive period is done. At least have the product out and present it to the customers. It's a co-development and co-marketing agreement exclusive in both dimension and as I pointed out, BlackBerry will hold the commercial relationship, meaning that we will transact the deal with OEM, or the Tier-1 or the application provider. We'll lean on the help of AWS to get the ecosystem up and going with us. They have a lot of engineers assigned to this. If you will, I will refer you to a number of keynote speakers at the AWS Reinvent Conference. It's public information, starting with Andy Jassy, the CEO, and how he describes our relationship with AWS, as well as the head of the IoT where he made his keynote, he specifically spent quite a bit of time on this relationship. So, you can see that they're very serious, the seriousness that not only come from the cloud side, but it comes from the IoT side also at Amazon.

Paul Treiber – RBC Capital Markets

All right, thank you for the details and is very interesting. Secondly, I'm just looking at the transition of work from home globally and all the uptick as various cyber security and other applications. How you think BlackBerry benefitting from that? And also how has the BlackBerry benefited from that trend and could you dovetail that against that and net revenue retention in the quarter, what's been driving the net revenue retention I think a little bit in the quarter versus its transition to working from home?

John Chen

Yes, so I could only tell you that the UEM license - we're doing well initially in the COVID-19 shutdown because a lot of our customers wanted to expand their number of licenses to cover everybody to work-from-home and work remotely. As you know most of our customers are large institutions, in the banking industry as well as in the government. So, the volumes are quite high at that time. Now, gradually it shifted to two other areas. One, in the secure voice technology area as they work remote from home, both government and all the regulated industry sectors are seriously looking at the secure voice. And then the

emergency alert systems now, I think, is used to be that we reasonably focused our user, focused in the government space but it's now expanded to medium-to-larger enterprise where they want to be able to reach their employees and all the constituents. So, we see very good pickup in those areas that clearly benefitted from the, unfortunately, the pandemic situation but the pandemic situation drove the realization of secure communication so it's very important. So, there we see a lot. And then of course there is an indirect effect on Cyber Suite. Although we just released the Cyber Suite and as you know, we've been behind in EDR but we believe we're all caught up and we ran enough tests to show that. So, you should see some revenue to start coming from those areas. So, those are the kinds of the areas related to the work-from-remote.

Paul Treiber – RBC Capital Markets

And I just reading between the line, the one you didn't mention was the legacy Cylance business the – so should we...

John Chen

So, that's part of Cyber Suite, sorry.

Paul Treiber – RBC Capital Markets

The net retention - the slight drop there. Is that driven from the older cyber – the older Cylance products, maybe some churn there?

John Chen

That number is the total company number, so it's not just the so-called the older side Cylance product. It's a combination of all enterprise product.

Paul Treiber – RBC Capital Markets

Okay, thank you for taking my question.

John Chen

Sure

Operator

Your next question comes from the line of Todd Coupland with CIBC. Your line is open.

John Chen

Hi Todd

Todd Coupland - CIBC World Markets, Inc.

Hey there, John, good evening. I just wanted to ask you about the Q4 outlook. 950 so million for the year, so I don't know it's 20 million or so higher than where street is for the year according to Factset. And then you called out IP being higher. So, I am wondering within that mix, will Software and Services be up sequentially?

John Chen

Yes

Todd Coupland - CIBC World Markets, Inc.

Okay and can you sort of clarify that?

John Chen

Wait, I always get in trouble with the lawyers. My answer is, it is my expectation, in the current model, that it is up sequentially.

Todd Coupland - CIBC World Markets, Inc.

Okay and can you characterize sort of the puts and takes within that. I know there is a few big pieces in the bucket there - just close the loop on that for us on that.

John Chen

Yeah, we believe secure communications will continue to do well. It's a combination of AtHoc and SecuSmart. And we believe that UEM will be relatively flat. BTS will have a sequential up quarter. Those are the major pieces.

Todd Coupland - CIBC World Markets, Inc.

Yeah, okay. You talked in the past about sort of COVID slowing new customers deciding and I guess enterprise decision just broadly. I know there was some other question about this earlier but as you're thinking about the next fiscal year, is there enough loosening now, sort of post the vaccine et cetera were you can start to see some of those enterprise decisions loosen up? Can you just talk about your thinking on that for the next year or so?

John Chen

Yeah, our assumption is they will loosen up and we're in the process of building our annual operating plan, our AOP for next year. So, our assumption is that it will loosen up and get back to normal. From the auto sector point of view, we already started seeing that. So, we will start seeing it also on the commercial side. I am reasonably sure cybersecurity is, like I said earlier, is a topic that everybody wants to talk about. And so we have to kind of double down on that ourselves in terms of reaching the marketplace, and we have a number of products and channel programs, which I didn't in the interest of time, didn't put in my script, but we have a very robust channel program that combines the Cylance and the BlackBerry channel program together. So, there are a few things that we're doing we believe will both feed the growth and be able to execute for the goal for next year.

Todd Coupland - CIBC World Markets, Inc.

Okay, and last question it's, I guess it's not really not stock-specific to certainly my thesis but just curious, you've seen a few major tech companies come out and say back to the office by September, work three days in the office and you can still work from home. Have you decided how you're thinking about BlackBerry from that perspective once that opportunity is there?

John Chen

No, we have not decided. September of next year seems to be a little far away and well let me put it this way, we would have been talking – we're going to be speaking at least another three times before that. So, but we're open, we're open minded. I'm an advocator, I'm an old-fashioned guy, I'm an advocator that

we should be together to build the business together, to build the team in person - that's just me. But I also recognize the fact that there is some reality and there are people who like the flexibility. So, as long as it doesn't lose productivity. I'm willing to try a couple of things.

Todd Coupland - CIBC World Markets, Inc.

Yeah, okay. I appreciate your comments, thanks very much.

John Chen

Absolutely, thank you.

Operator

Your next question comes from the line of Steven Li with Raymond James. Your line is open.

John Chen

Hi, Steve.

Steven Li - Raymond James Ltd.

Thank you. Hey, John, just a clarification first, the \$950 million outlook, that's your non-GAAP revenue number, correct?

John Chen

Yeah. That's the non-GAAP revenue number, yes correct.

Steven Li – Raymond James Ltd.

Okay. And you'd expect BTS to grow sequentially and you said enterprise software as well to grow a little bit sequentially in Q4.

John Chen

Yes. That's what I said.

Steven Li – Raymond James Ltd.

Okay. All right. And John, on IVY, do you see IVY as a bit higher ARPU compared to some of the other modules or would you expect it to be in the same range?

John Chen

Oh, no. In terms of the ASP?

Steven Li – Raymond James Ltd.

Yes.

John Chen

Oh. I'm hoping. I'm hoping it's higher than – okay. To be fair, let me maybe reset here for the following. So, you know that our current module, whether it's hypervisor, ADAS, clusters, cockpit, IVI, ranges anywhere from the low-single digit dollars to literally high-single digit or low-double digit dollars per module.

Steven Li – Raymond James Ltd.

Yeah.

John Chen

So, that's the range. I would expect this to be more towards the higher end of that spectrum. So, when I said oh no earlier, I was thinking about IVI. So, compared to IVI, this will be a lot more.

Steven Li – Raymond James Ltd.

Right. Okay. And then – and – but you will split that with AWS?

John Chen

Yes. That will have the revenue split with AWS, correct.

Steven Li – Raymond James Ltd.

Okay. Got it. Okay. Thanks a lot.

John Chen

Sure.

Operator:

I would like to turn the call back over to John Chen, Executive Chair and CEO of BlackBerry, for closing remarks.

John Chen

Oh, thank you. Thank you, David. So, thank you very much, everybody, for attending today's call. And I know - we have to say now on your early evening, or most of your early evening, if you're on the East Coast. I apologize for that, because, A, I'm sheltering in West Coast, and B, we have our board meeting today. So, this is one of the reasons why we're doing it at this hour. I hope this is not overly inconvenient to you all.

Before I sign off, I'd like to wish you and your family a very safe and happy holidays, and I hope to see each one of you in person next year. So, with that, have a good day. Thank you.

Operator

This concludes today's call. Thank you for your participation. You may now disconnect.