I B I GROUP

Moderator: Scott Stewart
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7:30 am CT

Operator: Ladies and gentlemen, thank you for standing by and welcome to the I B I Fourth Quarter Earnings conference call. During the presentation, all participants will be in a listen-only mode. Afterwards, we will conduct a question and answer session. At that time if you have a question please press the 1 followed by the 4 on your telephone. And if at any time during the conference you need to reach an operator please press star 0.

As a reminder, the conference is being recorded today, Thursday, March 9, 2017. I would now like to turn the conference over to Scott Stewart, Chief Executive Officer. Please go ahead.

Scott Stewart: Thank you. Good morning, everyone. And thank you for joining us for the Fourth Quarter 2016 Earnings call. Joining me on the call today is our Chief Financial Officer, Stephen Taylor. And prior to commencing the call I will ask Stephen to read the following disclaimer about forward-looking statement. Stephen.

Stephen Taylor: Thanks, Scott. On behalf of I B I Group, I am required to note at the outset that we may make some forward-looking statements. Statements made on this call, which are not historical facts, are forward-looking statements that involve risks, uncertainties and other factors that could cause the actual results to differ materially from those expressed or implied by such forward-looking statements.

This forward-looking information includes or maybe based upon estimates, forecasts, guidance and statements as to management's expectations. Although the company believes that the assumptions inherent in the forward-looking statements are reasonable, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements.

A number of factors could cause actual results to differ materially from those in forward-looking statements, including general economic, market or business conditions and the factors discussed in the company's Annual Information Form filed with the Canadian securities regulatory authorities. Undue reliance should not be placed on these statements, which only apply as of the date of this call. The company undertakes no obligation to update or revise any forward-looking statement whether as a result of the new information, future events or otherwise unless expressly required by applicable securities law.

I would now like to turn the call back to Scott.

Scott Stewart: Thanks, Stephen. Yesterday we announced the revenue for the fourth quarter of 2016, that increased to $86.86 million compared to $84.9 million for the same period in 2015. Revenue for 2016 was $354.1 million compared to $327.1 million for the same period - or four 2015. This represents an increase of 8.3% over last year.

The increase in revenue was due to growth across all segments of the firm. Revenue in the US increased by 15% in 2016. While there have been overall growth in the international segment, growth has slowed in the UK specifically due to the uncertainty around Brexit and the related decrease in the value of the British pound. The UK experienced a reduction in revenue of $6.3 million in 2016, and $2.6 million for the quarter.

In Canada we have solid performance in all sectors. Our mixed-use high-rise business, led out of Toronto and Vancouver continues with a strong backlog for 2017. We have significant continuing work on major infrastructure projects in Canada on such projects as Eglinton, Edmonton, vivaNext, in addition to our work in Ottawa.

There are a large number of potential transportation infrastructure opportunities on the horizon and I B I is pursuing all of them. Our intelligence practice in Canada had a strong performance not only in Canada but also supporting other major markets around the world.

In the US we have significant growth in 2016 as noted earlier. The US is a priority market for I B I Group. In our Buildings Group, we have a very strong backlog in education in a number of markets including Texas, Northern California, Oregon as well as in New York. Powered infrastructure work continues in Ohio and California with significant opportunities in California, the Midwest and Washington State.

Our intelligence sector has a number of ongoing projects. It is noteworthy that the Traveler Information Systems of I B I Group, among many systems we provide in the US, provides traveler information coverage and services to 1.4 - one of four Americans in such states as New York, Florida, California and

Wisconsin. We see a significant number of opportunities in the coming year that we are well placed for.

In our international markets, we had strong performance in the Middle East where we do a significant amount of urban planning. India was also strong where we are working on smart cities such as Bhubaneswar. And we've also had significant amount of work in technology not only in India but also some very significant opportunities that we are pursuing aggressively in Mexico for tolling and traffic management systems, building upon our past successes.

In the UK, as noted earlier, we had a decline in revenue for our building sector. Although others have - in our industry have experienced growth in transportation infrastructure, our sector which focuses more on education and healthcare, has seen a decline in spending. We are looking to diversify the UK practice into private sector within the UK but also export our UK healthcare expertise to support initiatives in Canada, the US and the Middle East. Our intelligence practice in the UK has been stable with a number of long-term contracts.

We announced that for 2017 we see revenue of $363 million and continued increase in the committed work to be delivered in 2017. We have a backlog of approximately 10 months. The company currently has $331 million of committed and under contract work for the next three years.

We expect adjusted EBITDA margins in the 8% to 12% range, which is in line with industry norms. Throughout the year we took significant steps to strengthen our underlying business leading to material improvements in our balance sheet and capital structure. We redeemed $88.7 million of outstanding debentures this year. We also issued $46 million of new debentures with lower interest rates and we issued 31.2 million of common shares.

As a result, total debt decreased to 3.4 times EBITDA. In January, I B I was named the largest architectural firm in Canada and the sixth largest in the world why the UK-based architectural newspaper, Building Design. We see that the combination of infrastructure, building and intelligence provides I B I with the unique opportunity to grow and benefit from the continued urbanization that is taking place around the world. That's we are confident that 2017 will be a success. We continue to work hard to increase committed work, improve performance, identify synergies and implement cost saving measures.

I will now turn it back to Stephen to discuss the operational highlights.

Stephen Taylor: Thank you, Scott. Adjusted EBITDA this quarter was $7.5 million compared to $8.3 million for the same period of 2015, which reflects a decrease of 9.7%. The decrease was due to uncertainty in the UK regarding Brexit and the related decrease in the value of the British pound. For the year ended December 31, 2016, adjusted EBITDA as a percentage of revenue increased by 11.1% to $39.2 million compared to $34.4 million for 2015, an increase of 14.1%.

Adjusted EBITDA for the year end increased because of stronger operational performance from all geographic segments with the exception of the UK. Revenue for the quarter increased to $86.8 million compared to $84.9 million for the same period in 2015. This reflects an increase of 2.3%.

As Scott mentioned, revenue for the year end was $354.1 million compared to $327.1 million for the same period in 2015, this is an increase of 8.3%. Net income from continuing operations this quarter was $7.6 million compared to $1 million for the same period in 2015.

The growth is attributable to an increase in revenue, a decrease in interest expense and the positive impact of the gain on fair value of a derivative liability. Net income for continuing operations for the year ended December 31, 2016 was $3.5 million compared to $11.3 million for the same period in 2015. The decrease in net income from continuing operations for the year is inclusive of a foreign exchange loss of $7.4 million compared to a foreign exchange gain of $8.7 million which was included in net income for the same period in 2015.

Company recorded a foreign exchange gain of $8.7 million in 2015 as the Canadian dollar weekend against the US dollar and the British pound. A foreign exchange loss this year reflects the reversal of these trends in the global currency markets.

Basic and diluted earnings per share from continuing operations this quarter was 24 cents per share compared to earnings per share of 4 cents per share in the same period of 2015. Basic and diluted earnings per share from continuing operations this year was 11 cents per share compared to 49% in 2015.

This quarter cash flow from operating activities was $17.2 million, an increase of $3 million compared to the $14.2 million for the same period last year. The increase is primarily the result of an increase in adjusted EBITDA, a reduction of interest paid, an increase in non-cash operating working capital and an increase in income taxes paid.

Cash flows from operating activities in 2016 were $30.8 million, a nominal increase compared to 2015. The change is primarily the result of a decrease in non-cash operating working capital, a nominal decrease in income taxes paid off set by a decrease in interest paid and an increase in adjusted EBITDA.

Day sales outstanding decreased by five days during 2016. The company continues to carry out regular comprehensive reviews of its WIP and accounts receivable. As a result it's achieved significant improvements in billings and our collection processes.

Improving the days outstanding is a significant area of focus for the company. There are ongoing programs and initiatives to accelerate billings and reduce days outstanding.

Now if I could turn the call back to Scott.

Scott Stewart: Thanks, Stephen. Operator, we’re now ready to take questions and we’ll respond as appropriate.

Operator: Thank you very much. Ladies and gentlemen, if you would like to register a question please press the 1 followed by the 4 on your telephone. You will hear a three tone prompt to acknowledge a request. If your question has dirty been answered and it like to withdraw your registration please press the 1 followed by the 3. If you are using a speakerphone, please list your handset before entering your request. Once again, ladies and gentlemen, for any questions please press the 1 followed by the 4 on your telephone. One moment please for the first question.

And our first question comes from the line of Mona Nazir with Laurentian Bank. Please go ahead.

Mona Nazir: Good morning and thank you for taking my questions.

Scott Stewart: Hi, Mona.

Stephen Taylor: Hi, Mona.

Mona Nazir: Hi. So first I just wanted to touch on the decline in UK revenue. From what I understand, the UK represents about 10% of your overall revenue. And is there any change to the mix of work there? I think it was about 90% public when we last spoke and, you know, what's kind of driving that weakness on the top line and also the margin side? Were staffing levels, you know, elevated despite a work slowdown or if you just comment a little bit more on that, that it be great.

Scott Stewart: Most of the work, as is noted, is public-sector. It is in the order of 90%. About one third of our work in the UK is in the intelligence sector and we are delivering systems in Scotland and in England. And that's quite stable with long-term contracts.

The challenge that we've seen has been the competitive pressure in the healthcare and education sector where the spending has decreased and the commitments from government are down. And as a result, there is ever more competition in that area and it's having a downward pressure on the market to continue the work.

Now, so that's the situation in the UK. But what we are doing to respond with that is we have the UK now supporting some of our other infrastructure work, for example the LRT project in Israel, we are having them do some architectural work. And then we're also, as mentioned earlier, we are drawing on the expertise that we have in healthcare to support our initiatives in Canada like the St. Paul’s Hospital which is relatively recent engagement of that staff in that hospital helping us then to build on the healthcare practice in the

United States and also continuing to pursue and undertake work in the Middle East.

Mona Nazir: Okay. And just secondly, looking at kind of the guidance for 2017, you exhibited very strong topline growth in 2016, over 8% revenue increased despite FX headwinds. Is the guidance which factors in about a 2.6% increase conservativism on your part? Just listening to your prepared remarks, it seems as if, you know, the positive trends that you have been seeing are continuing. So I'm just wondering if you could comment on that.

Scott Stewart: Yes, go ahead.

Stephen Taylor: So, Mona, I think one of the things that accelerated growth to such a level in 2016 was the P3 projects that Scott - particularly in transportation that Scott had made reference to before. Obviously work continues on in those projects. And as he referenced in his remarks, we are in the bidding process for a number of other projects.

But that was a big jump in terms of our workload. And we are anticipating, you know, as others have said in our industry, the P3 market is lumpy. There is a lot of work out there at the moment, but we feel that the revenue guidance that we've given is appropriate given where the bidding process is on a number of those other projects.

Mona Nazir: Perfect. And just lastly for me before I step back in queue, you've had a significant reduction in leverage over the last few years, and congratulations on that front. Where do you think that leverage could be exiting 2017? And I know that it's, you know, you've been kind of working through this turnaround plan. But are there any initial thoughts going forward as to capital allocation?

Would you like to keep it on hand to potentially reinstate a dividend or maybe look to do some smaller acquisitions going forward?

Stephen Taylor: I think we have said before, to everyone that we talked to in the market, that debt reduction continues to be the primary focus for I B I. And in answer to your question, we would hope to be down just below the three times EBITDA level by the time we exited 2017, compared to what we were talking about even 18 months ago, that's a significant acceleration of where we thought we would be.

Certainly as we have also said to the marketplace, that our sweet spot, where we'd ideally like to be in terms of EBITDA - debt to EBITDA multiple would be somewhere between 2 and 2.5. And so as we get closer to that 2.5 number, then we will be looking with greater interest at different ways of allocating capital as we move forward.

And we think we're making good progress along that road. And so, you know, we'll advise the market as things unfold throughout the year.

Mona Nazir: Okay thank you.

Operator: And in our next question is from the line of Yuri Lynk with Canaccord Genuity. Please go ahead.

Yuri Lynk: Hey, good morning, guys.

Stephen Taylor: Hi, Yuri.

Yuri Lynk: Hi. I think on the last call you held, you talked about 3% to 3.5% organic growth for '17, is that what's baked into your guide or would it be…

Stephen Taylor: In the - just as per the previous question, we're coming in in terms of growth for accounts for next year at more in the order of 2.5%, 2.6% for the reasons that Stephen had mentioned, that this past year we had very significant growth but the P3 market is lumpy and although there is a lot of pending work, we haven't built any of that into our forecast in terms of the new expectations - or the revenue for 2017. So it's a little lower than our traditional guidance.

Yuri Lynk: Yes, I understand the P3 - P3s can be lumpy. But it looks like, you know, just looking at the way your backlog has trended, you know, it peaked out in the second quarter, $471 million, and now it's $331 million. And I've calculated, you know, $285 million in kind of bookings into your backlog in the first half of the year, and that's dropped down to about $35 million.

So outside of P3s, is market activity that sluggish or does this reflect some of the UK challenges? Just any comments on that marked slowdown in order intake.

Stephen Taylor: I think it's more a reflection, those numbers that you're making reference to, are more a reflection to the way that we have recorded that - it's not - the numbers you made reference to were not backlog, they were committed work. And we will likely be changing the way that we report those committed work numbers at the quarters 1 through 3, because what we haven't been doing is backing out the work that we have already delivered in the course of that particular calendar year.

So if you look at our committed work at the end of 2015, it was reported in the vicinity of about $360 million, and we are at $331 million at the end of this particular year. And so yes, there have been somewhat of a decline but the numbers are not nearly as large as they might appear. And that's largely because the way that we've reported those numbers is probably not the best, and will be changed going forward.

Yuri Lynk: Okay, yes that would be helpful.

Stephen Taylor: It's important to focus on what our backlog is, which is, I think, at the end of 2015 we were talking about an 11 month backlog, and we are talking about a 10 month backlog now. So that's really the most appropriate measure of looking at what - how healthy the backlog is.

Yuri Lynk: Okay. Scott, just with the - you guys did pretty well the last two years increasing your margins. You're kind of right up against the top end of the 8% to 12% industry averages that you've outlined. Given the, you know, the drop off in the UK, and, you know, the lower backlog, and what have you, I mean, is it fair to expect you to be more towards the middle of that range in ’17, or do you think you can stay, you know, up near that 11% plus range?

Scott Stewart: Well we’re certainly targeting to stay in that range but one of the things we are looking to do and have under way this year is to make some strategic investments, and not by acquiring firms but making strategic investments in terms of diversifying the practice either geographically or functionally.

And so I could see that we will be going back a bit on the margin because we want to make sure that we are getting ourselves set up then for subsequent performance in 2018 and beyond. And that kind of investment will be, as I said, probably more in some technology areas, technology initiatives, and delivering new services and opening up new market areas for technology practice, complementing our building and infrastructure practice.

Yuri Lynk: Did we see any of that in the fourth quarter, because the margins were off quite a bit. Was that all UK? I mean, how did the rest of the business perform?

Stephen Taylor: Small amounts, but not appreciable. I think the bigger factor was that we had made some investments in some of the other larger projects that we have ongoing where we have made an investment by putting effort into jobs that we will see the benefit of in the future, but we didn't see the revenue benefit of during this particular quarter.

Scott Stewart: Okay and just to expand on that, there are a number of projects underway right now. We do have a lot - sorry - in the bid phase and we have a lot of resources involved in just that work and putting together the prequalification documentation in the bid documents and so there have been a redirection of certain resources to those areas to set ourselves up again for late 2017 and beyond.

Stephen Taylor: I think that's one of the things that, you know, as we talk about the P3 market being lumpy, that's also, and some of our competitors have commented on this as well that there is a fairly significant investment involved in the pursuit of all of these opportunities out there. Obviously you're very well rewarded if you win them. But you need to spend the money upfront in order to get there. And we have been doing so.

Yuri Lynk: Okay. That's it for me, guys. Thanks for a much.

Scott Stewart: Thanks, Yuri.

Operator: And our next question is from Maxim Sytchev of National Bank. Please go ahead.

Maxim Sytchev: Hi, good morning, gentlemen.

((Crosstalk))

Maxim Sytchev: So I guess the 160 basis point increase in the salaries versus revenue run rate is that predominantly a function of bid costs or it's also a combination of the UK weakness? Just I'm trying to see, you know, how to allocate the buckets of difference.

Stephen Taylor: I think the answer is that it's a little bit of both, Max.

Maxim Sytchev: Okay. And then in terms of the UK, is there scope to I guess right size the operations for the revenue opportunity or do you think you're going to be able just to redistribute the headcount to support other geographies? Just what is the plan there?

Stephen Taylor: Well I think first and foremost we have this healthcare capability that we have in the UK is a, you know, it's a great group of professionals with very deep knowledge base that is very saleable around the world. And as Scott alluded to, we have now this group getting involved in projects to a greater extent outside of the UK.

So our first, you know, we work as one I B I, the firm works across the world as one pool of talent. And so our first point of reference would be that we would be looking to deploy some of those great skills that we have in the UK elsewhere in the world. There will obviously of course, where you've got businesses under margin pressure, we have an ongoing effort to ensure that the staff complement that we have there is the right size to meet the total body of work that we've got available for them. So, we're all over that.

Maxim Sytchev: Right. And I guess correct me if I'm wrong, but maybe you can also provide some comments in relation to the US, but healthcare and education market seems to be rebounding, so is there scope to redeploy some of that intellectual capital into the US as well from the UK?

((Crosstalk))

Stephen Taylor: In fact that's already happening, Max. We are already making - certainly we have a robust business and education in the UK, or in the US at the moment. And our healthcare expertise out of the UK is being migrated into the US so we are making an investment in doing that as well.

Maxim Sytchev: Right, okay. And then going back to the question around investment in terms of looking at strategic opportunities and so forth, is this - just from an accounting perspective, is it part OpEx, CapEx, how should we think about the split, and maybe if you can provide, you know, the potential quantum of how much capital you can deploy there?

Stephen Taylor: Well I think, I won't be providing a quantum at this point in time but it is operating expenditures. We're not putting things on the balance sheet. We are spending the money and it is hitting our P&L.

Maxim Sytchev: Right. Okay, and then in terms of - is it possible to provide an update on the ERP system implementation of stuff going?

Stephen Taylor: Absolutely. We are now 80%, as I think we've mentioned before, we split the project into five different phases in order to take the risk out of the implementation. We now have about 2000 employees out of art 2500 employees on the ERP system, an additional 300 will be going on the system at the end of this month.

And then the remaining 200 employees will be converting over at the end of Phase 5, which right now is scheduled to happen first of July. So we anticipate by the time the summer of rides to be fully up and running in the new system, and it is significantly enhancing our project management capability. We're getting lots and lots of good information of the system that we didn't have the benefit of before.

Maxim Sytchev: And do you think that improved information flow, is this potentially margin accretive or risk diminishing? I mean, how should we think about this?

Stephen Taylor: I think the answer to that is that in the short term, you won't see much of the benefit but it really points us in the right direction of sort of what's working and what's not working in the various projects in the geographies around the world. And so yes, over time it will definitely be margin accretive.

Maxim Sytchev: Okay excellent. And then maybe just last question for Scott, I mean, talking about the pipeline of opportunity and I think you mentioned start of the back half of ’17, can you may be mention some of the bigger elephants that you're hunting right now may be in the transportation site in North America, if you can share those data points in terms of like maybe where you have been retained as one of the potential proponents.

Scott Stewart: Well, I could pull out the list of all the transportation opportunities in Canada may include (Suri) at the moment, we’re - that's one of the ones we are tracking, and we are teamed here Ontario and Hamilton and (Finch) West in Ontario. We’re also teamed for the major projects in Montréal. And we are working on that project.

We are tracking still all of the other ones that are out there, I mean, including Ottawa, we are teamed on the - one of the projects to be released soon in Ottawa. And we are negotiating with another team for the big (Trillion) project - Millennium Project. So we’re going after everything in Ontario and Canada I should say. So there is an immense backlog of opportunity.

And there hasn't been since we won the Edmonton, to my knowledge, there hasn't been anything that's been awarded to anybody else. So it's not as if we are - we've missed out on any of the opportunities in Canada.

In the US, various funding that is in place on infrastructure in California and in particular LA in the metro area of Los Angeles. We are pursuing opportunities in Raleigh, there is a budget that's been set aside for major transit infrastructure in Raleigh North Carolina, where we already have an office. And also there is state funding that's been set aside in Washington State.

So these are all funds that have been identified and committed and aren't dependent upon anything from the federal government of the United States. Also in Canada we haven't seen yet the full benefit of the federal government funding, although we anticipate that that will get cleared up sooner as various other initiatives get underway and go to the next step in Ontario and across the country.

But we don't anticipate anything that will really hit the market in the United States. So that's one effect I don't anticipate until 2018 just given the whole process of bidding process in such.

Maxim Sytchev: Okay, no that’s very helpful. And maybe just last question in terms of any updates on the residential market in Canada, what are you guys seeing on the ground?

Stephen Taylor: What we’re seeing is that we're still - the major business operations that we have here primarily in Toronto and Vancouver that those offices are both working at full capacity, and the phone has not stopped ringing in terms of continuing work.

Scott Stewart: And I should say that we are starting to do more analytics on the market that we're involved in and pursuing. And because - I think everybody is concerned about the housing market. Clearly the market that we are in with the high-rise housing is different than the single-family home which colors the market in a different way. We do continue to see a major backlog, as created by the immigration that's taking place in the low cost of money.

Then we also are looking at the outstanding units that are available for sale, that which is approved in coming on the market. But we're also tracking things like average adult composition in the high-rise units. And so we're seeing that poor example even if there was a slowdown in Toronto there is a pent-up unsatisfied or unfulfilled backlog of need for that kind of housing in the Toronto area.

We're also using this analytics and the market analysis to assist us and guide us as we look to the United States and where we can then redeployed this kind of capability and increase our footprint into the US in high-rise housing.

Maxim Sytchev: Okay excellent. That's very helpful. Thank you very much.

Operator: And our next question is from Frederic Bastien, Raymond James. Please go ahead.

Frederic Bastien: Good morning. Scott, I'd like to get back on capital allocation. What's your long-term view on strategic growth and acquisitions at this point? Is it something you consider again down the road or have you lost appetite for those?

Scott Stewart: I think Stephen had provided a context to that. We don't see that we are really in the market place, until we get down into the 2 to 2.5 times EBITDA.

((Crosstalk))

Frederic Bastien: …my question about long-term.

Scott Stewart: Pardon me?

Frederic Bastien: Hence my comment about long term view.

Scott Stewart: Well, we anticipate being under 3 at the end of this year but I would expect that we will be in that area sometime, if everything continues, sometime in 2019. And when we do get to that point though I would think that the strategic acquisition side will be different. I don't think we would look to try and compete in the traditional market areas so much as try to focus more on how we can create value building off of our client base when designing assets and buildings and infrastructure and look to create more of a service that extends into the continuing lifecycle of those assets.

So getting into more asset management and providing technology and services that creates a continuing income stream for us. And we are starting to build on that now, so there will be a new direction involved - evolve from I B I into these areas as opposed to going out and acquiring more of what I would call just the A&E capabilities.

Frederic Bastien: Okay thanks for that. And there's obviously been a lot of talk about your technological expertise in such. Any thoughts there on potentially surfacing some of that value resides in your IP?

Scott Stewart: Not at the moment. I think we still have a good deal to do to further clarify the actual value that we are creating in that area and certainly the new ERP will help us to distinguish that. We are looking to, and we started in the US, to restructure the firm in terms of the factors that we operate in of infrastructure buildings and intelligence. And we, as I said, are looking to then take intelligence into provide more services and infrastructure and in the buildings areas.

I don't see that we would break away or establish a new entity that would deal distinctly with IP at the moment, but who knows what the future might look like?

Stephen Taylor: Frederic, I think it's fair to say that our efforts are more focused in the technology area on creating value at the moment then unlocking it.

Frederic Bastien: Yes, good answer. Okay thank you.

Operator: And we have a follow-up from Mona Nazir, Laurentian Bank. Please go ahead.

Mona Nazir: Hi, I just wanted to touch on the intelligence unit again. You just mentioned a continuous income stream and growing that, where is your vision of, you know, is the biggest growth opportunities in the intelligence unit? And going from, you know, 15%, 16% of revenue, where do you envision that growing to? And over what kind of timeframe? And then also could you just comment on the Traveler Information Systems that you spoke about in the prepared remarks? You know, 1 in 4 Americans getting information, talk about how that would develop, how long you've been doing that in the growth of that itself. Thank you.

Scott Stewart: Let me deal with the latter first because it's an example of where we want to go in the other areas. We've been involved in the management of transportation metrics going back to the late 80s, early 90s and have deployed systems around the world from South Africa to Hong Kong to I think we have some 30 systems deployed across North America; we cover Scotland, Greece, and Israel and also then various parts of the UK including Ireland and Scotland.

That business, once we deploy those systems we are there typically then for the life of that system and we've never lost a client. And then it ends up as a service fee and a support and maintenance arrangement for those services.

We expanded into the traveler information system areas, really end-user services by way of apps or websites and traveler information, voice services in such, starting about 10 years ago in LA, and we've now expanded that across, into San Francisco, across California, and then as I mentioned earlier really providing coverage to some 1 in 4 Americans.

The advantage of those kinds of services is that it's in an annuity, it's a continuing service, typically long-term contracts. And also as I said, we have never lost a client once we have started, and it goes beyond as we renew those contracts.

The objective that we have in mind as we go forward is to take that same kind of concept and send it into their physical assets that we design, the buildings that we design, the road metrics or the subway metrics that we design. And so we are working on a whole design continuum so that we can set up, among other things, and asset management service for our clients out of the design products that we create for them as they build it so we can then offer software as a service to manage the assets, operate the assets, deal with lighting, energy, security, access control and such. And those are all areas that we have experience in from our transportation management systems world.

So that, in a simple way, where we see ourselves going, making sure that we have the excellent set and design, but then also providing technology throughout then the lifecycle of the asset that we design.

Operator: And there are no further questions.

Scott Stewart: Thank you very much, everybody, and have a very good weekend.

Operator: And, ladies and gentlemen, that does conclude our conference call for today. We thank you for your participation everyone. Have a good rest of the day. You may disconnect your line.

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