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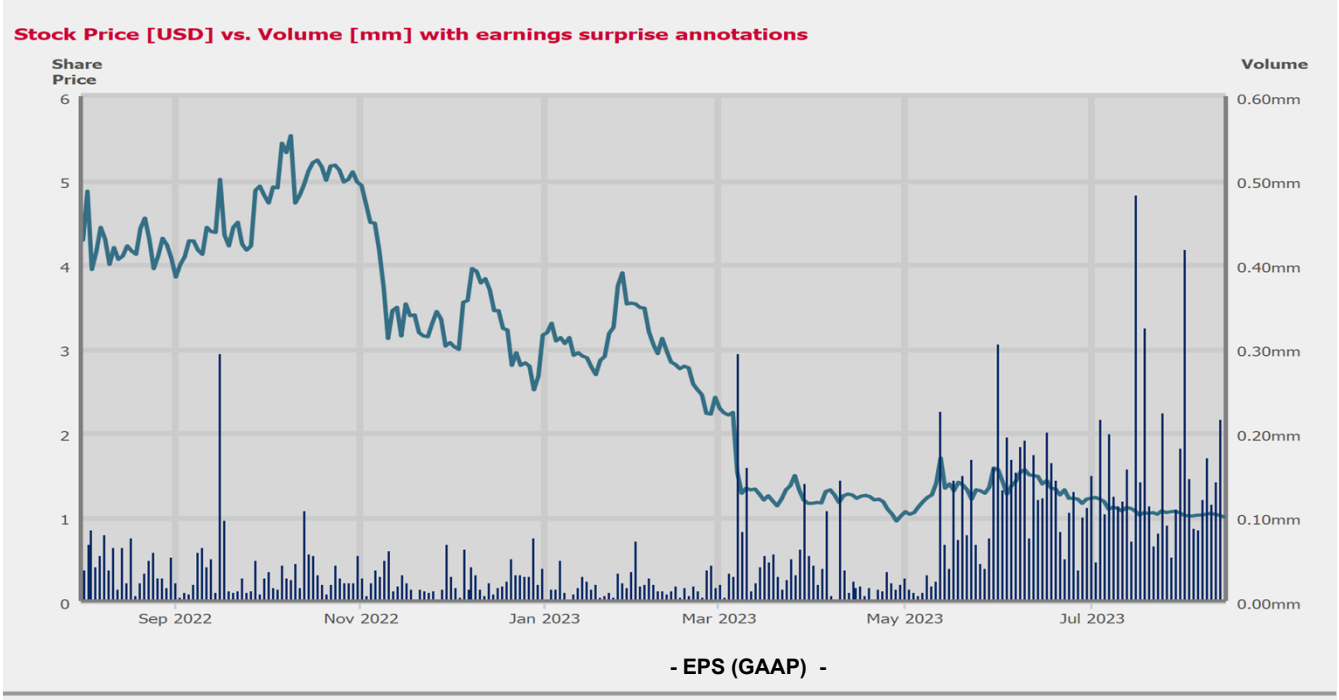
FQ2 2023 Earnings Call Transcripts

Monday, August 14, 2023 9:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ2 2023-			-FQ3 2023-	-FY 2023-	-FY 2024-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS (GAAP)	(0.13)	(0.15)	NM	(0.11)	(0.54)	NA
Revenue (mm)	1.71	1.47	(14.04 %)	2.39	7.95	NA

Currency: USD
Consensus as of Jun-02-2023 3:37 AM GMT



- EPS (GAAP) -

	CONSENSUS	ACTUAL	SURPRISE
FQ3 2022	(0.20)	(0.15)	NM
FQ4 2022	(0.20)	(0.25)	NM
FQ1 2023	(0.21)	(0.22)	NM
FQ2 2023	(0.13)	(0.15)	NM

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Josh Carroll

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Presentation

Operator

Welcome to Intrusion's Inc. Second Quarter 2023 Earnings Conference Call and Webcast. [Operator Instructions] Please note, this conference is being recorded. A replay of the conference call will be available to the company's website within a few hours after this call.

I would now like to turn the call over to Josh Carroll with Investor Relations. Please proceed.

Josh Carroll

Thank you, and welcome, everyone. Joining me today are Tony Scott, Chief Executive Officer; and Kimberly Pinson, Chief Financial Officer. This call is being webcast and will be archived on the Investor Relations section of our website.

Before I turn the call over to Tony, I would like to remind everyone that the statements made during this conference call relating to the company's expected future performance, future business prospects and future events or plans may include forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. Please refer to our SEC filings for more information on the specific risk factors that could cause our actual results to differ materially from the projections described in today's conference call.

Any forward-looking statements that we make on this call are based upon information that we believe as of today, and we undertake no obligation to update these statements and the results of the new information or future events. In addition to U.S. GAAP reporting, we report certain financial measures that do not conform to generally accepted accounting principles. During the call, we may use non-GAAP measures if we believe it is useful to investors or we believe it will help investors better understand our performance or business trends.

With that, I'll now turn the call over to Tony for a few opening remarks.

Anthony E. Scott
President, CEO & Director

Well, thank you, Josh. Good afternoon, and thank you all for joining us today. In today's call, I'll cover our high-level Q2 financial results and provide an update on our product offerings, our traction in the market, our pipeline. I'll talk about our recent test one filing, another highlight from Q2, as well as provide some early visibility into Q3 and beyond.

When I joined Intrusion in November of 2021, I knew that we were facing an uphill battle for some period of time, as we reoriented our products, dealt with several daunting legal battles, changed our sales and marketing approach and raised capital and took on debt in order to survive as a company.

I joined Intrusion because of my firm belief that Intrusion possesses unique intellectual property, has the right talent to continue to innovate and grow that valuable base and that there was a need in the marketplace for the kind of solutions that Intrusion could offer.

As I've said on previous calls, those fundamental beliefs remain true today. And have strengthened as we march down the path towards our future. Clearly, it's not been easy nor has everything gone as hoped or as planned. But I believe that this quarter should be viewed as an early indicator of the turnaround in Intrusions' business and a reflection of the hard work that we've been doing for more than a year.

As you will hear from Kim later and in more detail, total revenue for the second quarter was $1.5 million, an increase of $0.2 million sequentially. And as we announced in our preliminary results press release last month, field revenues for the second quarter were $0.4 million. We anticipate that we will see additional growth in Intrusion Shield revenue during the second half of the year as a result of our existing sales efforts and our robust pipeline, which gives us confidence that our Shield family of products is and will continue to gain traction in the highly competitive cybersecurity marketplace.

Having said that, I'd like to add a little more color and some context regarding sales, bookings and the current pipeline for Shield. As you've heard me describe on previous calls, we sensed a pretty significant and growing level of interest in our Shield offerings early in the year, which, by the way, continues. But we were not seeing that interest translate into signed contracts. Many potential customers told us that they were highly interested in our solutions, but we're cautiously watching their budgets and holding back, and much of their new cybersecurity and IT project spending in anticipation of potential business downturns and the threat of unplanned budget cuts.

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I know from my own experience as a CIO, that the IT and cybersecurity time [test] is not independent from the overall business environment. And I always wanted to have some padding in my budget if the CFO were to call and demand a 10% or 20% budget cut. And I sense that our customers were acting in a similar way. Mid to late Q2, we began to sense a moderation of this cautious approach, and we were able to finally close on opportunities that have been in the pipeline for more than 2 quarters.

Continuing into Q3, we've been informed that we won on several relatively long-standing quotes and RFP responses, which date back to Q4 2022 and Q1 of 2023. We've now finalized some of these and others are in the last stages of the formal contract process, which when complete will lead to increased Shield revenue in Q3 and beyond. I'm not going to provide specific guidance relative to revenue and the timing associated with these contracts because we do not have complete clarity in terms of the delivery schedules and operational timing of at least one large contract, and there are others that have closed or will close shortly that are planned to start small in Q3 and then are expected to grow in Q4 and beyond.

Our consulting business experienced a 5% increase in Q2 quarter-over-quarter and is showing steady continued growth thus far in Q3. Of note, in late Q2, we signed a well-known customer in the travel and leisure industry, and revenue from that contract will show up in Q3 and beyond. As you hear almost every day in the news, cyber threats on our nation and our critical infrastructure are continuing at an unprecedented pace.

And rest assured, Intrusion is engaging with our government and critical infrastructure institutions to provide the needed tools to identify, deflect and eliminate these cyber threats. So we do expect to see increased revenue from these efforts as well. And Kim will cover all of our financial highlights in a lot more detail in a few minutes but I wanted to address a few more topics before we go to Kim.

On Friday, August 11, 2023, we filed an initial S-1 registration with the SEC to sell up to $8.5 million in stock in warrants. The intended use of the proceeds from this public offering will be for general corporate purposes, potential acquisitions, and may include the reduction of up to $1 million of our outstanding debt. Coupled with the recent restructuring of our outstanding debt, Intrusion will have the necessary financial resources to execute our business plans for the remainder of 2023 and the first half of 2024 at a minimum and longer as increases in revenue occur.

Our product development efforts have continued even in the face of reduced levels of engineering resources. In particular, this month, we will go to general availability on Version 9.1 of our Shield software, which has many improvements over prior versions, including enhancements to reporting, additional threat monitoring capabilities, improvements to our renderer software and significant changes to Shield's management interface. We are also nearing completion of our integration of Shield technology into the pfSense firewall to Netgate. And we will shortly introduce a cloud dashboard, which will allow customers to consolidate reporting across multiple Shield and pfSense instances.

Our previously announced partnerships with SDIC, Netgate and others remain strong and are leading to new opportunities to showcase our technology and generate new business. One of our newer partners, First Advisory Health Services has been including Intrusion in their RFP responses and consulting proposals, one of which we recently won. With multiple others in the queue for a decision.

As many of you know, the health care sector has been particularly hard yet. And we believe that partnerships with leading cybersecurity organizations like First Advisory Health Services will provide great growth opportunities for Intrusion.

Finally, with some growing evidence in hand of traction in the marketplace for Intrusion Shield technology, we will once again explore more strategic technology partner relationships. We've heard over and over again that Intrusion technology is unique. But the big technology players have routinely looked for evidence of customer adoption. We believe that in the next 2 quarters, we can begin to show those proof points that the larger technology players have been looking for.

With that said, I'd now like to turn the call over to Kim for a detailed review of our second quarter financials. Kim?

Kimberly Pinson
CFO, Principal Financial Officer & Principal Accounting Officer

Thanks, Tony. Financial results for our second quarter show marked improvement over Q1. To share a few highlights, revenues grew 12%. Gross margin increased 2.4%, we realized 30% savings or $1.5 million as a result of Q1 cost reductions, all of these resulting in improved earnings per share and reduced cash burn.

Now providing more color and detail surrounding the quarter performance. Revenues for the second quarter of 2023 were $1.5 million, an increase of $0.2 million or 12% sequentially, with both Shield and consulting revenues showing growth. Second quarter

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Shield revenue totaled $0.4 million, an increase of $0.1 million sequentially over prior quarter. The [increase] in Shield revenues is the result of both new customer growth and increased utilization by existing customers.

Consulting revenue in the second quarter totaled $1.1 million, representing a 5% increase sequentially. Revenues for the 6 months ended June 30, 2023, totaled $2.8 million, a decline of $1.1 million or 29% when compared to the 2022 period. The decline is a result of decreased consulting revenues of $1.3 million related to the loss of a contract in the fourth quarter in which Intrusion's prime sponsor chose not to renew the final option year of a contract. This loss was partially offset by increased Shield revenues of $0.2 million.

As disclosed in prior quarters, while the loss of the consulting contract significantly impacted Intrusion's top line revenue, the gross margin on this contract was 14%, and as a result, had marginal impact on profitability. Gross profit margin was 79% for the second quarter of 2023 compared to 56% in the second quarter of 2022. The increased margin in the current quarter is a result of our product mix with Shield revenues representing a higher percentage of revenues and the loss of the low-margin consulting contract, as previously mentioned. Shield revenues currently represent 29% of our revenues.

In late March, we implemented cost reduction measures we estimated would result in cash savings of approximately $1.5 million per quarter on a go-forward basis. These measures included the voluntary reduction in salaries of certain of our executive officers for a 6-month period, reduction of 16 full-time positions and reduction in the use of contractors. Many of these reductions were in research and development, which impact the number and frequency of product releases. I am pleased to report that we did indeed realize $1.5 million in savings during the second quarter.

Operating expense in Q2 2023 totaled $4.1 million, a decrease of $1.0 million sequentially from Q1 2023. When adjusted for increased noncash share-based compensation, net operating expense savings totaled $1.2 million.

Additionally, during the quarter, we spent $0.3 million less on capitalized internally developed software. As a reminder, as we grow our customer base and increase revenues, we may choose to accelerate our product development in future periods, which will result in increased spending. We will, and are continuing to evaluate each spend decision while also making prudent investments in our long-term profitable growth.

The net loss for the second quarter of 2023 was $3.1 million or $0.15 per share compared to a loss of $4.7 million or $0.22 per share for Q1 2023. When compared to the same periods in 2022, earnings per share improved $0.06 per share from a loss of $0.21 per share for the quarter and improved $0.05 per share for the 6 months.

Turning to the balance sheet. On June 30, we had cash and cash equivalents of $0.3 million, down from $3 million at year-end. On Friday, August 11, we filed a preliminary registration statement on Form S-1, to raise up to $8.5 million in gross proceeds from the sale of common stock and warrants.

Also in August, we entered into a forbearance and standstill agreement with Streeterville Capital, to extend the maturity date on each of the 2 notes by 12 months. Under this new agreement, the maturity dates are now September 10, 2024 and December 29, 2024. Both the S-1 filing and the amendment to the Streeterville notes, I believe, are positive steps towards providing the liquidity and runway needed to execute our plan to grow the business.

With that financial overview, I'd like to now turn the call back over to Tony for a few closing comments. Tony?

Anthony E. Scott
President, CEO & Director

Thanks, Kim. To conclude, we're continuing to make solid progress on overcoming our short-term liquidity issues to ensure that the company has the funds it needs to propel our growth. And as we look forward to the second half of the year, the growing interest in our Shield family of products gives us confidence that we are heading in the right direction as we continue to focus on satisfying our customers' needs with cost-effective cybersecurity solutions for their enterprise.
I look forward to sharing the next steps in our journey with all of you, and I want to personally thank our investors and financial partners for their continued patience and support as we execute our strategy. This concludes our prepared remarks, and I'll now turn the call over to the operator for a Q&A session. Thanks very much.

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Question and Answer

Operator

[Operator Instructions] The first question comes from the line of Aaron Warwick with Breakout Investors.

Aaron Warwick

Thanks for all of that commentary, Tony. It sounds like things are starting to change in the macro environment for you guys as well as at the company level, so that's good to hear. Wondering if we could get an update, what your expectation is for the SEC investigation to close and also a commentary if you feel that that's with a partner like SEI, if that's slowed down potentially some of the progress you can make there, since they're serving a lot of the investment world.

Anthony E. Scott
President, CEO & Director

Well, let me take each of those separately. On the SEC front, well, there's a few things that we know, and then there's a few things that we don't know. What we know or what we've been told is that the investigative part of the journey is largely over. There's no more witnesses that we know of that need to be called and we've answered all the questions, submitted all the materials, all of the things that the SEC has asked us to submit.

And so we've been told that we're kind of at the end of that process. We now need to wait for the final adjudication, I guess, or ruling from the SEC, we're expecting it to be largely favorable to the company. And what we're told is that it needs to undergo review, not only in the local office, but back in Washington, which should be going on kind of simultaneously now, and we're hoping to have a final judgment sometime in the September, October, early October kind of time frame.

So that's about all I can say at this point, but I think that, that long journey is now behind us, and we're looking forward to the day when we no longer even have to talk about it.

On the SCIC front, we continue to work with them. We continue to engage in customer conversations. Obviously, they're trying to build their business as we are, anecdotally, I think they've been subjected to some of the same kinds of challenges that we've had. But I think they also sense a bit of flying. And so we're really looking forward to continuing to work with them and our other partners as well as we mutually try to grow our businesses. So -- love those guys, love the work they're doing, and we'll see what business we can do together.

Aaron Warwick

Okay. It sounds good on the SEC front. I think, I don't know if it was right after the beginning of the year before the beginning of the year. And I don't think you named the customer, but there was a sizable customer. You were part of some sort of like a competition or a down selection or something that you guys were selected. And I don't know if that's been implemented that contract. I haven't heard you say anything about it, but it sounded like it was quite sizable to the extent that certainly doesn't appear to be in your Q2 numbers. And I'm wondering what the status of that contract is?

Anthony E. Scott
President, CEO & Director

Yes. This one, in particular, has been unlike any other business transaction, I've ever experienced in my, now long career. This opportunity, as you correctly said, kind of we thought was going to be late Q4 or maybe early Q1. There was a series of delays. And I'll -- I wouldn't call it go fetch another rock exercise, but a series of presentations and decisions, more presentations and so on. Without any real end in sight other than we really like your stuff, and we've put it in our budget and it's going to get approved and all those kinds of things.

In the July kind of time frame, we began to see more direct signs that this particular organization was serious. And that has now continued and we have some confidence that, that one is actually going to close. But at the same time, given our history, I can't tell you exactly when, but we are seeing very positive signs that it's moving towards a close, and we're we were actually the sole source supplier on this particular contract. So if it happens, it's going to be us.

Aaron Warwick

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Good. Glad to hear. I think I heard you mention something about the capital raise. You said for general corporate purposes and you mentioned something about potential acquisitions. What kind of acquisitions are you looking at? What might we expect to see on that front?

Anthony E. Scott
President, CEO & Director

Well, we're always looking for combinations of our technology and others that are accretive and would add value in the marketplace. So similar to some of the partnership deals that we've done. We're always looking at the market, eyes wide open. We get approached from time to time with novel and interesting technology. And if it's the right match and the right fit and so on, we certainly consider acquisitions. It's not our primary thing that we're trying to do. We're trying to just grow Shield and make that successful.

And along with all the other initiatives that we've already talked about. But if the right thing comes along, we certainly move quickly to try to capture innovative technology that would work well for us.

Aaron Warwick

Okay. Final one for me, and I may hop back in the queue. But anyway, I wanted to ask, you said something about you're close to the full integration with Netgate, pfSense. What's sort of the -- thought or plan there when that happens? I know that was an opportunity, you guys were pretty excited about when you first announced it.

Anthony E. Scott
President, CEO & Director

Yes. So just by way of background for those that haven't followed, this story in its entirety. Because of the nature of what we do, a lot of customers actually confuse us with firewall technology. And we say very clearly, when we're in a customer conversation, we're not a firewall. We're a companion piece of software that can help make your firewall better, no matter whether it's Palo Alto firewall or Cisco firewall or anybody else's firewall.

But we also -- once customers understand our technology often say, "What firewall would you recommend?" They're thinking about switching a firewall. And we also discovered that many of our customers actually use pfSense from Netgate as their firewall. So we made the determination several months ago to try to more fully integrate our capability as a plug-in to the pfSense firewall.

And so that work has been going on in the engineering organization for about 3 months since we first announced the partnership with Netgate and that work is now nearing completion. Of the various manifestations of that, I'm most excited about the integration in the cloud so that we can serve an emerging and growing number of customers who are looking for better protection for their workloads in the cloud. So that's where our most of our efforts have been to make that a really good experience.

And I mentioned on the call, as a part of that work, we also have developed a cloud dashboard which will allow consolidated reporting across multiple shield instances. So if you have on-prem Shield or Shield in cloud, or Shield on the endpoint, you'll be able to get consolidated threat reporting across all of our products and the pfSense firewall as well. So pretty exciting development, and we think that's going to have a nice impact with both existing customers as well as open some new opportunities for us.

Operator

The next question comes from the line of Zach Cummins with B. Riley Securities.

Zachary Cummins
B. Riley Securities, Inc., Research Division

Tony and Kim. Tony, in terms of incremental traction with Shield, I mean, can you just talk about which product lines that you're really seeing the most interest from customers and which you believe will be kind of the key driver for near-term growth for Shield in the next couple of quarters?

Anthony E. Scott
President, CEO & Director

Yes. It's really kind of a bifurcated thing at the moment. Our most mature product is obviously the Shield on-prem, the hardware-based version of Shield. And that's among existing customers than the biggest selling product that we have for Shield. But increasingly, what we're getting from an inbound perspective is interest in cloud. And I'll also say, and this is something we've been working on, the hybrid model.

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So I've got some workloads in the data center. We've got some workloads in the cloud. I want to protect both, but I want a single dashboard to be able to do reporting across whatever I have in my environment. So that's where we're positioned for the future. I think that over time, a lot of that will more than likely shift to cloud, but I don't think the data center or on-prem workflows are ever going to completely go away. So we need to be in both.

The other thing that's happened, and we do see a pattern here is, there's a lot of companies that are pretty distributed in terms of having lots of branch offices or remote locations or things like that. And they can't afford really expensive firewalls and really expensive cyber protection technology if they're a distributed sort of organization like that. And so they come to us looking for more low cost but effective solutions.

And that's where we think the pfSense and Intrusion together can not only offer better protection than you would get from classic firewalls, but probably do it at a much better cost than exists anywhere else today. So we're pretty excited about that space. The cloud workloads will, as I said earlier, continue to grow. Everybody is moving whatever they can to the cloud. And so over time, I expect that to be probably the more dominant space just because of the amount of workloads that go there.

Zachary Cummins
B. Riley Securities, Inc., Research Division

Understood. That's helpful. And my follow-up question is really just geared towards expenses. Great to see the sequential reduction here in Q2 versus Q1. But with the pending offering outstanding, I mean, can you give us a sense of where you would be looking to put incremental investment dollars, really to drive accelerated traction across your Shield product line?

Anthony E. Scott
President, CEO & Director

It's a combination of marketing. We've got to do a better job of getting word out and supporting our partner ecosystem. And then we've got -- obviously, if we have the ability to, I would invest more in our engineering to accelerate product development. As I've mentioned, previous calls. We've got a multiyear road map of things we can do. We're certainly getting great input from customers on things they would like to see us do. And all of that is a function of just how much engineering resource you can put into it or as we've talked earlier, that you could buy commercially on the outside.

So we're always trying to keep a good balance between how we spend money and the value it delivers to customers and enhancing our marketability. So it's, I don't know that there's a magic formula there, but that's what we're trying to manage.

Operator

The next question goes to the line of Ed Woo with Ascendiant Capital.

Edward Moon Woo
Ascendiant Capital Markets LLC, Research Division

My question is just on the general state of businesses and government spending on IT. Has it changed significantly in the past quarter? And also, it seems as regardless of the economy, it seems like cyberattacks and stuff just keeps rising. Does it insulate you guys from the fluctuations in budget spending?

Anthony E. Scott
President, CEO & Director

Yes. I think there's an interesting set of things that I alluded to a little bit. During the first quarter of this year, it seems like there were, I would say, fewer headline attention grabbing things about cyber. And then in Q2, it accelerated again. And we've seen it now again in Q3.

And as a practical matter, cybersecurity spending is a function of what the Board of Directors of public companies and legislators and what have you -- for the public sector believe they should be spending their money on. And when it's a relatively quiet period, there's less noise and energy towards spending on cybersecurity and then when there's a bunch of very public sorts of attacks, then the noise level goes up and people pay a lot more attention and it seems like the budgets get lifted to go address those kinds of things.

So in the last 2 or 3 months, you've seen health care get attacked really heavily. You've seen state and local governments, our local community here in Dallas had a big breach, and that gets attention and then that starts the budget dollars flowing. So we definitely saw a lot more interest as I said in the earlier remarks, late Q2 and Q3, seems like the attention level and the nervousness, frankly, about cybersecurities that status got elevated. And we think that will translate into good revenue for Intrusion over time.

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Operator

The next question comes from the line of Scott Buck with H.C. Wainwright.

Scott Christian Buck
H.C. Wainwright & Co, LLC, Research Division

Apologies if some of these have been covered. I got on the call a little bit late. Tony, could you talk a little bit about where the gains in consulting are coming from and beginning in the second half of the year? Is that completely new business? Or is that business you're coming back to or business you're re-upping at a higher price point? Just kind of curious what the dynamics are there.

Anthony E. Scott
President, CEO & Director

Yes. In terms of reported revenue for Q2, it largely was increases in existing customer relationships where they're sending more work our way. As we mentioned on the call, we did sign a large provider of leisure services that we'll see revenue in Q3 and beyond Q4. But -- so that was a new logo, a brand-new customer. But the rest of it right now is from existing customers.

And frankly, and we expect that to continue to grow -- of course, the only caveat with government spending is we started a new fiscal year, October 1. So if there's a CR or any perturbation in that process, it could have the usual impact on us. But right now, for existing contracts, we see moderate growth continuing to occur.

Scott Christian Buck
H.C. Wainwright & Co, LLC, Research Division

Okay. That's helpful. And then following up a little bit on your Q&A with Zach. On the cost cutting, one, I guess, is there any additional room where you think you may have a little -- have the ability to cut a little bit more? And two, where you cut to, does that give you -- do you still have the cost infrastructure in place to be able to support a real ramp in growth if we should see one, over the next few quarters?

Anthony E. Scott
President, CEO & Director

I do think there's a little room. Remember, we're burning off some things. Like any company, we signed some contracts that are difficult to negate, your contracts committed to spend money on things, whether you're actually using the services or not. So there's a few areas where as those contracts expire we won't renew and we'll be able to take savings that will show up in the quarter-over-quarter announcements or reports that we issued.

But largely, I think we're probably as low as we feel comfortable and with some additional revenue coming in, we need to really focus on those areas we need to invest in to propel growth even faster.

Scott Christian Buck
H.C. Wainwright & Co, LLC, Research Division

Great. That's helpful. And last one, did you guys say what Shield revenue was in the quarter?

Anthony E. Scott
President, CEO & Director

I think we did. Kim, do you want to?

Kimberly Pinson
CFO, Principal Financial Officer & Principal Accounting Officer

Yes. it was $400,000 or $0.4 million.

Operator

The next question comes from the line of Ross Taylor with ARS Investment Partners.

Porter Ross Taylor
ARS Investment Partners, LLC

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Just a couple of quick questions, Tony. First, in the past, the company has at times benefited from end of the year budget allocation, the idea that in the federal government, if you have money left over at the end of the year, you sure don't want to return it to the pool. One is, would we expect to see that benefit us this year? And if so, would that be in the consulting side?

And then the second question, which you can address in perhaps the same flow of consciousness is, one of the areas I've been probably most frustrated with is the fact that we have not seen any kind of meaningful uptake from the government. The DoD, the intelligence services and the like, it's quite clear from things we're seeing, that we're being hacked aggressively, that they're penetrating things. And I would think that given your relationship with some of these agencies and some of the 3-letter agencies and the like that, this would be a product that we would be seeing.

Anthony E. Scott
President, CEO & Director

Yes. Great questions, Ross. We are talking about -- to our government customers about year-end money. I can never count on it, but I'm quite hopeful that we're going to be able to mine that to some degree. And we also have submitted proposals for the new budget year that begins October 1, to address exactly some of these problems that you're seeing in the headlines and what have you. And we have gotten pretty positive response on those. So as with anything government, stay tuned, we'll see what happens.

But from my perspective, it's a more positive conversation than at any other time that I've been here at least. So I'm keeping my fingers crossed that we can -- both help, but also generate some greater revenue from that. And whether it comes at year-end or becomes part of a regular ongoing program remains to be seen. But stay tuned. We'll see what happens.

I think the second part of your question was adoption of Shield by public agencies. And we haven't done, I would say, as good a job as I would like us to do in terms of marketing Shield to the public sector. We've got a few resellers in that space, and they're starting to make some noise that we'll benefit from. But it is an area where we could probably, with a little more marketing dollars and leveraging some of the relationships we have, do a little bit better. So again, stay tuned on that. It's an area that I would expect will make some progress in.

Operator

Thank you. I will now hand back the call over to Tony for closing remarks.

Anthony E. Scott
President, CEO & Director

All right. Well, thanks for the questions. We really appreciate everyone's tuning in today. As I said in the beginning, this has been a very interesting journey. I'm 1.5 years or so into it. And we knew it was going to be a bit of an uphill battle. I'm proud to be here, and I'm very happy with the team that I work with. I think that we're going to have a really exciting second half of this year, and I look forward to speaking with you, if not before, as we report our Q3 earnings.

And as I said in the beginning, I think this now marks a turnaround point for Intrusion and I see a great future in front of us. So, look forward to sharing that with you on future calls and appreciate all the patience and also valuable input that we've gotten from our long-term shareholders it really is helpful, and I appreciate the time you spend with us and the interest you've put in us. So thanks very much, and we'll talk to you all soon.

Operator
That concludes today's conference call. Thank you. You may now disconnect your lines.

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