



**ShotSpotter, Inc.**

**Second Quarter 2020 Earnings Conference Call**

**August 6, 2020**

## CORPORATE PARTICIPANTS

**Ralph Clark**, *Chief Executive Officer*

**Alan Stewart**, *Chief Financial Officer*

## CONFERENCE CALL PARTICIPANTS

**Hilary Cauley**, *JMP Securities*

**Richard Baldry**, *ROTH Capital*

**Zack Cummins**, *B. Riley FBR*

**Matt Pfau**, *William Blair*

**Ryan Sigdahl**, *Craig-Hallum*

## PRESENTATION

### Operator

Good afternoon, and welcome to ShotSpotter's Second Quarter 2020 Earnings Conference Call. My name is Shamaly, and I will be your Operator for today's call.

Joining us are ShotSpotter's CEO, Ralph Clark, and CFO, Alan Stewart.

Please note that certain information discussed on the call today will include forward-looking statements about future events and ShotSpotter's business strategy and future financial and operating performance. These forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict and may cause the actual results to differ materially from those stated or implied by those statements. Certain of these risks and assumptions are discussed in ShotSpotter's SEC filings, including its Registration Statement on Form S-1.

These forward-looking statements reflect Management's beliefs, estimates and predictions as of the date of this live broadcast, August 6, 2020, and ShotSpotter undertakes no obligation to revise or update any forward-looking statements to reflect events or circumstances after the date of this call.

Finally, I would like to remind everyone that this call will be recorded and made available for replay via a link available in the Investor relations section of the Company's website at [ir.shotspotter.com](http://ir.shotspotter.com).

Now, I would like to turn the call over to ShotSpotter's CEO, Ralph Clark. Sir, please proceed.

**Ralph Clark**

Good afternoon, and thanks for joining us today. I hope everyone on the call is doing well. We are managing to stay safe at ShotSpotter and are following local healthcare department guidelines with respect to COVID-19.

As usual, I'm going to start with a quick overview of the quarter and our operational outlook before Alan details the quarterly results. We'll then take your questions after that.

We are pleased to report that some of our field customer facing teams have been a bit more mobile since late May. Their ability to get back into the field has had a positive impact on both customer engagement and moving our pipeline forward. The second quarter was a solid step toward reestablishing our previous momentum after the lockdown suspended most of our sales and renewal activities.

We reported quarterly revenues of \$11.3 million, up 10% from \$10.3 million a year ago, and net income of \$866,000, or \$0.07 per diluted share, versus \$387,000 or \$0.03 per diluted share in the second quarter of 2019. We went live with 26 new miles, including expansions in Cincinnati and New York City, as well as new deployments in Springfield, Illinois; Albuquerque; the U.S. Virgin Islands and Monmouth County in New Jersey.

During and subsequent to the end of the quarter, we also booked two new cities, Cleveland and Fort Lauderdale, and have been selected to provide gunshot detection services to a portion of Broward County, which is the largest sheriff's department in the State of Florida. We are also awaiting the final award decision for an RFP bid we submitted to a large tier one, mid-west city. These client engagements are in addition to a couple of Tier 4 cities that we booked since our last earnings call. These deals are fully staffed and active projects that we expect to bring live later this year.

We also saw very encouraging progress with our international pipeline. Since the end of the second quarter we were awarded an international tender with the City of Nelson Mandela Bay in South Africa. This was a competitive tender win accomplished in spite of multiple municipal leadership changes and the recent challenges presented by the pandemic. I believe this award evidences our international viability and we believe it will strengthen our position to win additional overseas contracts that are in our growing international pipeline.

Our deal cadence is picking up and we continue to benefit from both our direct marketing and sales team outreach as well as the referrals we get from existing clients. We constantly hear police chiefs describe ShotSpotter as indispensable and critical. They mean it. We see it in how they advocate for us with their peers that are our prospects, and especially in how they advocate for us when their ShotSpotter contracts come up for renewal. We are pleased that we did not experience any attrition this quarter and we're encouraged with our strong renewal activity to date. In Q2 alone, we renewed multi-year contracts with six clients representing nearly \$7 million in bookings. Bear in mind that these particular renewals were signed during a period of intense scrutiny of police departments and municipal budget contraction.

In some cities, such as Sacramento, where we signed a five-year extension, we prevailed against a strong disinformation campaign led by certain supporters of the defund the police movement. That's a testament as to how valued our gunfire detection and precision policing technology has become.

I want to quickly speak to the Defund the Police movement and how it might affect ShotSpotter. In a nutshell, we don't see it as a material threat and actually believe it may well represent a potential catalyst for our business. It's important to remember that Defund the Police doesn't necessarily mean Abolish the Police. What the core of the movement is calling for is a fundamental change in how policing happens in America. The kinds of changes being demanded are changes our technology supports and enables.

I've blogged a bit on this and I have also done some media interviews on this subject. In my mind it comes down to a simple choice between a posture of over policing while underserving versus precision policing combined with community-inspired engagement. Precision policing recognizes that violent crime is fundamentally a Pareto problem, in that relatively few actors cause most of the community harm. Measurable increases in community public safety happens when these few high-risk individuals receive focused policing interventions. In other words, offenders need to be policed and communities need to be served. Inspired community service happens when public safety outcomes are co-produced with law enforcement working with law-abiding citizens as a trusted partner.

It is difficult for a police department to credibly claim that it protects and serves a community if it does not respond to 80% to 90% of gunfire events that happen on a persistent basis, even if those gunfire events are not reported in the first place. This leads to normalized violence, which can produce all manner of negative outcomes, including pediatric trauma, and ultimately and sadly it builds the business case for community distrust of the police. That is exactly the problem that ShotSpotter solves. We provide that real time awareness of gunfire events that allows police to be smart on crime and protect and serve at the same time.

Our real-time alerts allow faster responses to gunfire incidents, increasing citizens' belief that in fact police do care and are engaged in improving the safety of their neighborhood. Our alerts provide immediate data on the number of rounds, whether there are multiple shooters, with an exact location, so officers go into each call with greater situational awareness and confidence. Our tools also help departments aggregate and map gunfire activity so they can allocate their precious limited resources in order to have the most impact.

One of our most visible customers, the New York Police Department, has continued to expand its ShotSpotter deployment. We now cover approximately 74 miles in the city. In one of his recent news conferences, NYPD Commissioner, Dermot Shea specifically cited ShotSpotter by name, as a critical component of his department's evolution toward using intelligence and data-driven tools that can "keep crime down even as you build trust in the community". The public outcry and demonstrations calling for policing reform due to the violent deaths of George Floyd and Breonna Taylor are pushing other police departments to follow NYPD's example.

The ability to help police achieve their mission is especially valuable because gun crime remains a chronic and growing problem in the U.S. For many of the reasons that I enumerated in last quarter's call, we believe the COVID crisis has exacerbated many of the underlying causes of gun crime. We recently reported that the number of ShotSpotter alerted gunfire incidents on a comparative basis had increased 34.6% year-to-date 2020 over 2019, and over 68% since the George Floyd incident. ShotSpotter is more useful and necessary than ever before. As police departments reduce and reallocate budgets and resources, a proven, automated, and highly effective solution like ours becomes, well, we think it's indispensable.

Going forward, we are working to ensure that we remain so. Our Incident Review Center personnel are active 24/7, 365 days a year and our customers have come to rely unconditionally on us. Even with the aggressive quarantine in California we have kept the IRC team fully staffed and operating seamlessly. Most of you know that we are in the process of building a satellite Incident Review Center in Washington, DC as a part of our new operations and sales presence in the capital. This effort has been delayed by the COVID crisis, but we are moving forward and hope to be up and running later this month. This will enhance our ability to advocate directly with Federal and DC-based influencers and policymakers. It will also add capacity and redundancy to our incident review center, and provide an East Coast presence for sales and marketing activities.

We believe that ShotSpotter can also increase its value to customers by providing complementary solutions to our core Flex gunshot detection technology. Our Missions platform is designed to do just that, with AI-driven analysis and forecasting of crime trends and activity. For many police departments, this kind of mission planning can maximize the impact of patrols and better utilize human resources, again, an increasingly important criterion for public safety decision-makers in a changing police environment.

The latest version of Missions has been available now for approximately 11 months and is now in place in eight police departments. We executed four renewals last quarter, which is evidence that these early-adopting customers are pleased with the results they are seeing and they are voting with their budgets.

Before Alan goes deeper into the quarter, I want to directly convey to our team, how proud I am of the excellent job everyone in the Company has been doing under tough circumstances. There are a lot of details, large and small, technological and logistical, that need to be addressed whenever we deploy or expand a ShotSpotter installation. Our teams have been handling those details with amazing professionalism and care, and often from thousands of miles away during quarantine. We've really stretched ourselves as an organization at every level from sales to service to incident response. I'm incredibly proud and doubly confident that we have created an organization that can maximize the growth opportunity ahead of us.

That opportunity remains large. As discussed, our solution fits the needs of modern police departments. We have a technology and service delivery solution that has no real competition even as we continue to erect wider and taller barriers to entry. Our unsurpassed brand strength and reputation continue to grow. All-in-all, I feel confident about our prospects and I look forward to your questions after Alan reviews our results. Over to you, Alan.

#### **Alan Stewart**

Thank you, Ralph. We are very pleased with our performance in the second quarter. We successfully deployed 26 new miles, with no attrition. We added four new cities, achieved record revenue, record gross profit and record Adjusted EBITDA. These were all accomplished despite the ongoing COVID-19 pandemic along with the social unrest that is affecting our police department customers. We believe our progress is a reflection of increasing need for our services and the resiliency of our business model.

As we discussed last quarter, in light of ongoing concerns around municipal budgets, our full year guidance includes approximately 5% attrition versus the 2% to 3% we normally expect. We continue to experience strong renewals, including receipt of the delayed \$300,000 we mentioned in our first quarter earnings call. With the continuing issues around municipal budgets we are certainly not ready to say the risk to renewals is behind us, but conversations with customers confirm our belief that, as Ralph mentioned, our technology, the solutions we provide, and how they assist in community policing, is more important than ever.

Let me provide more details on the quarter, and then I will share some thoughts around the balance of the year. Second quarter revenues were slightly ahead of expectations at \$11.3 million, a 10% increase over the \$10.3 million in the second quarter of 2019. The increased revenues reflect the significant increase in new miles, as well as the delayed renewals from last quarter. Gross profit for the second quarter of 2020 was \$6.9 million or 61% of revenue versus \$6 million or 58% of revenue for the prior year period.

We also saw significant improvement in Adjusted EBITDA for the second quarter, which was \$3.4 million, a 41% increase from \$2.4 million in the second quarter of 2019. As a reminder, Adjusted EBITDA is calculated by taking our GAAP net income and adding back interest, taxes, depreciation, amortization and stock-based compensation.

Now turning to our expenses, our operating expenses for the second quarter were \$6 million or 53% of revenue versus \$5.7 million or 55% of revenue in the second quarter of 2019. With our operations slowed, we did benefit somewhat from lower travel costs. We completed the implementation of the software we discussed last quarter to assist our finance and customer success teams and are just beginning to benefit from the increased efficiency.

Breaking down our expenses, sales and marketing expense for the second quarter was \$2.3 million or 21% of total revenue versus \$2.4 million or 24% of total revenue for the prior year period. Our sales and marketing teams continue to focus on building the sales pipeline and expanding our marketing programs. Our R&D expenses for the second quarter were \$1.4 million or 12% of total revenue compared to \$1.4 million or 13% of total revenue for the prior year period. We continue to invest in increasing the functionality of our Missions platform, along with expanding our analysis capabilities as we evaluate applications for our data in forensic support and litigation.

G&A expenses for the quarter were \$2.3 million or 21% of total revenue compared to \$1.9 million or 18% of total revenue for the prior year period. Our GAAP net income for the second quarter was \$866,000 or \$0.08 per share based on 11.4 million basic and \$0.07 per share based on 11.7 million diluted weighted average shares outstanding. This compares to a GAAP net income of \$387,000 or \$0.03 per share based on 11.4 million basic and 12.0 million diluted weighted average shares outstanding for the prior year period.

We went live in four new cities in Q2, along with a 4.6 mile expansion in New York City, where we now cover almost 74 miles in total. At the end of the second quarter, 761 miles were live with approximately 770 miles under contract. Deferred revenue at the end of the quarter was \$22.3 million versus \$24.6 million at the end of Q1 2020. We ended the quarter with \$25.8 million in cash and short-term investments versus \$28.7 million at the end of Q1.

In Q2, we spent \$1.6 million repurchasing our shares. We have now deployed a total of \$8.3 million of the \$15 million share repurchase authorized by our Board. We have no short or long-term debt. However, we expect to raise the borrowing limit on our revolving line of credit from \$10 million to approximately \$20 million in the near future to improve financial flexibility.

We are narrowing our full year revenue outlook to \$43.5 million to \$45.5 million, from the previous outlook of \$43 million to \$46 million. The midpoint remains the same. The timing of adding new miles throughout the remainder of the year will determine where we end in this range, along with our continued success in minimizing attrition. At the midpoint of our guidance, our revenue growth will be approximately 9% for the year. We now expect to remain profitable in both Q3 and Q4, as well as 2020 as a whole.

We expect revenue to be flat from Q2 to Q3 with an increase in Q4. Expenses will increase nominally in absolute dollars in each of our operating expense categories throughout the remainder of the year. I don't need to tell you that despite our strong quarter, the world is not back to normal. Yet we continue to be encouraged by the resiliency of our business, including our employees and customers, in addition to our operating model. Our optimism about ShotSpotter's long-term opportunity has only increased, and we are encouraged that even in the near term we can grow and increase profitability.

As always, thank you for your support and partnership in helping the ShotSpotter team do well by doing good. Now back over to you, Ralph.

**Ralph Clark**

Thank you very much, Alan.

I will close by reiterating a point I made last quarter, that while we don't believe ShotSpotter is recession-proof, we do feel the Company is somewhat recession resistant, because public safety is always top of mind with those that control and influence municipal budgets. Our service is a critical element in cost effectively addressing public safety in its most acute form, gun violence.

Our unit economics remain strong. Our scale and operational efficiency continue to expand, creating a solid profitable foundation on which to grow. Now, we have not only proven that we have the resiliency to survive but can even modestly thrive in a difficult operating environment.

Thanks very much for joining us today, and we're now prepared to take your questions.

### **Operator**

At this time, we will be conducting a question-and-answer session. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we poll for questions.

Our first question is from Joe Osha from JMP Securities. Please proceed with your question.

### **Hilary Cauley**

Hello. This is actually Hillary on for Joe. I just wanted to first kind of touch on your revised guidance range. I was just wondering if you could provide any clarity on what that might look like, broken across those different revenue buckets that you spoke about at the Analyst Day.

### **Alan Stewart**

Yes, so this is Alan, at this point. I mean, we just narrowed the guidance because we're getting more visibility into how the rest of the year looks. We raised it a half million at the bottom and just lowered a bit, a half million at the top as well. The midpoint remains the same.

We feel pretty optimistic right now about how our renewals are going. We had originally thought we might have as high as 5% of the renewals or attrition in the renewals. Now we expect it to be significant low, back into our normal range, somewhere around 2% to 3% in terms of actual attrition. But the range itself is predicated on the miles actually lighting up and going live. We just thought it was appropriate to keep the midpoint where it was, as we evaluated how fast the deployments are actually going. Travel has improved. Access to customers has improved and deployments have improved a bit but they certainly aren't back to normal. We continue to monitor that.

### **Hilary Cauley**

Okay, great, and then I was just wondering, when you look at New York City, obviously the deployment has been hugely successful. I was just wondering what's the potential there to see further expansion or the 74 miles cover the key target areas there? Thank you.

### **Ralph Clark**

Yes. This is Ralph, thank you for that question. I think New York is fairly well deployed at this point in time. We're across five boroughs. We're in over 70 square miles, and they're just doing an incredible job in responding to and following up on ShotSpotter activation. I don't think it would be appropriate for us to

really expect too much more out of New York City at this point in time, although, of course, anything is possible. I know we said that earlier yet, we were able to get a very small expansion here in this quarter. But I've got to feel like we're pretty close to being topped into in New York City, which is our second largest customer in terms of miles deployed at this point in time.

**Hilary Cauley**

Thanks for taking my question.

**Ralph Clark**

Thank you.

**Operator**

Our next question is from Richard Baldry with ROTH Capital. Please proceed with your question.

**Richard Baldry**

Thanks. I'm curious if you talk about how the selling cycle is changing in the work from home environment, either for core gunshot detection or Missions as well. How well that's working with your prospects?

**Ralph Clark**

Yes, so this is Ralph. I'll start and Alan jump in as appropriate. I think like a lot of other companies, I mean, we're finding very creative, inventive ways to do things digitally and remotely. We've made a little bit of an investment I would say, in perfecting the art of giving presentations to prospects over Zoom. We're still seeing some really good uptake, on our marketing outreach, our inside sales group outreach to prospects.

I would say we have a number of customers I think just because of the recent social unrest, and the uptick in gun violence that we're seeing a little bit more of a frothy, I would say, inbound activity and what we've seen, this is very similar, I think, in many ways, to what we saw several years ago, after the Ferguson event, the Michael Brown Ferguson event, where the nature of the conversations around policing and how policing gets done changes and that generates a lot of interest with potential prospects.

I would say for our existing customers that we're always in dialogue with, some of which we're having dialogues with them around expansions, it's kind of two buckets, I would say. There are some that we've been talking with them about expansions and those conversations have been accelerated, I would say. I think there's other conversations that we're having that maybe have been pushed back a little bit. They're still very interested but their attention has really been taken away by dealing with the pandemic response and now the social unrest response and maybe their budget thing is a little bit less clear at this point in time. But they're still interested.

I think there's some puts and takes there. But overall, we're feeling really, really good about the relevancy of our solution and the market's understanding about how we can make a difference and how they police in this modern era.

**Richard Baldry**



As a follow-up, I think last quarter you said Missions was operational in two cities, with four more booked waiting to go live. If we could get an update on that and how you feel about it pipeline going into the second half? Thanks.

**Ralph Clark**

Sure, yes. You want me to go, Alan?

**Alan Stewart**

Yes, go ahead.

**Ralph Clark**

Yes, I'll go ahead. We've gone live on two more of the Missions customers and expect the balance of those to go live fairly soon. Missions is something that requires a lot of in-person activity for data ties and things like that. It is something that we do expect to be a little slower, at least for the next couple months, but it is actually picking up, the interest is there. It is something we're still very optimistic about over the longer term.

**Richard Baldry**

Then not sure if you're willing to comment on this, but curious about the disinformation campaign you alluded to, so we can understand the types of things that we might see in the media and your response to those, how you overcome those types of objections? Thanks a lot, and congrats on the big adds in the quarter.

**Ralph Clark**

Great, thank you. I think in general, I would say the—there's a lot of energy around Defund the Police, and there's certain segments, I would call extreme segments of Defund the Police, where they are actually being quite literal. Fortunately, that's a bit of a minority. It's a significant minority actually, that's been our observation. I think the core of the movement, as I mentioned earlier, is really more around how we reimagine and reprioritize how policing gets done, so that they continue to over police less and underserve more.

I mean, they want—we want to move policing where they're appropriately serving at-risk communities, particularly around gun violence. One of the interesting things that I've observed around what's different post-pandemic in terms of how city council meetings happen is before you'd have to be really motivated to drive down to City Hall and participate in a discussion around a—around the funding issue and the like. In this world now where things are being done digitally, all of a sudden people can show up from their living rooms, through Zoom or whatever and proffer any amount of opinions that they have on things.

That was a little bit of what we saw in a few of our renewals where this was very active, mobilized front where people are saying things like Defund Police, but in a very not constructive way, I guess I would say, because it's just not practical to abolish the police or cut their budgets by 50% and expect that you can have public safety outcomes. But what we've tried to do in that environment, I think we've talked earlier about our renewal taskforce. We're always pretty intentional around how we communicate and discuss our value proposition with customers so that they can feel good about it and then take that forward.

We're not actually doing the presentations in many of these city council meetings. It really has to be the police department and the local elected officials that have a really good understanding about how the technology is being used, applied in the different states making and achieving public safety outcomes. We kind of give them the tools and data to be able to do that and be able to articulate it, but they're the ones really carrying the water.

I think in this particular environment, we've just been hyper, I guess, aggressive about making sure we're getting in front of folks and reminding them of the great work that we do together as a team that's been very, very successful. We've seen I think, at this point in time, again, it's—we're only halfway through the year but I mean, we're basically battling a thousand on renewals, notwithstanding the lost customer we talked about in the last quarters earnings call, the Atlanta Smart City initiative. But everywhere else, we're running a really good track record, and it's really quite affirming to hear the terms indispensable and critical have really come about, when we've had conversations with our customers around the value proposition.

They're kind of coming back to us and saying, hey, I cannot do without ShotSpotter. Now that I have it deployed, I see what it does. I can't go deaf, dumb and blind to incidents of gunfire, that we now know—we now know, 80% to 90% of the time that a gun's fired people don't call 911 because it's become so normalized. That's a pretty scary proposition to a police department that has that real experience with our solution to know now that they're in a much better place to be aware of it and respond. We've been very successful as a result of that.

**Richard Baldry**

Right, thanks.

**Operator**

Our next question is from Zack Cummins with B. Riley FBR. Please proceed with your question.

**Zack Cummins**

Hi, good afternoon, and thanks for taking my questions, and congrats on the solid results. Ralph, I know you were talking about, you've done a really great job in terms of deals so far this year, especially in Q2 with no attrition. But can you give us a sense of, I guess how you're feeling as we go into some of these budgetary meetings for these other municipalities in the back half of the year. It sounds like there's a little more clarity there. But just to get some of your perspective on that would be very helpful.

**Ralph Clark**

Yes, so I think we're feeling pretty good. Our first line of defense really as I mentioned earlier is really around fortifying our value proposition. That's the first line of defense. If you do a good job at it, if the solution works and we know it works very well, we're very intentional around establishing, re-establishing, reaffirming our value proposition. That's the very first line of the most important line of defense around a renewal.

Then after that, as Alan and I talk about, we have some other tools in our toolkit that, if there is truly a budgetary issue, the second line of defense is to go help them find funding to go support their ShotSpotter service offering. We're ready and have resources to be able to lean in with an agency if there truly is a budget issue, where that second line of defense is, hey, I understand the value, but I still don't have the money. Let's go work together to figure out how to go get the money from other sources.

Fortunately, we've seen a lot of stimulus dollars that have been provided by the federal government. In fact, I was recently reading an email from the U.S. Conference of Mayors where the White House and Republicans were really arguing that a lot of the money that they've given a number of cities, 38 cities, in fact, have not been spent. The numbers are pretty big numbers. I think in the case of New York City, there's \$1.5 billion of stimulus that's there that's still unspent, Sacramento, \$90 million, Denver, \$127 million. In as much as these municipal budgets are challenged, they're a little bit offset from some of the federal stimulus money. I think we're feeling quite constructive. We're not out of the woods yet, as Allan said. It's not going to be 5%; it's clearly not going to be zero. We think we're going to do better than that, I think, at this point in time.

Allan, correct me if I'm wrong, I think we're feeling that if we end the year with our normal attrition cadence of 2% to 3%, I think we would count that as a very big win in this really interesting year. Does that answer your question?

**Zack Cummins**

Yes, that does. Thank you for that. In terms of the ever changing restrictions across each state and municipality, the COVID-19 restrictions? It sounds like your deployment teams have some more mobility in this quarter. But are you still seeing some challenges in certain pockets of the country where you're unable to get your feet on the ground to do these deployments?

**Ralph Clark**

Absolutely. Yes. It's not back to normal yet.

**Zack Cummins**

Got it, and just one final question, in terms of opportunities in the pipeline, sounds like you are in the final stages with the Tier 1 city. I was just wondering if you could provide some extra context around any of the other opportunities that you're seeing in the pipeline at this point.

**Alan Stewart**

This is Allan, I would say—yes, I don't know that we want to comment too much on that other than to say that our pipeline is strong, probably as strong as it's ever been. We are seeing some opportunities that are even maybe more short fuse and have a shorter sales cycle. We'll be talking about those in the future. But I don't think we really want to comment too much more beyond that.

**Zack Cummins**

Understood. Well, thanks for taking my questions and best of luck in Q3.

**Ralph Clark**

Thank you.

**Operator**

Our next question is from Matt Pfau with William Blair. Please proceed with your question.

**Matt Pfau**

Hey, guys, nice quarter and thanks for taking my questions. Wanted to ask on some of the wins that you mentioned both at the end of the second quarter and subsequently, obviously some big cities that are in that mix. Were these opportunities that were in the pipeline pre-COVID, and then perhaps got delayed a bit and then finally closed? Or were they put in during COVID? Then I guess what—each one's probably different, but what was maybe the tipping point that made these cities feel comfortable with executing the contract with you?

**Ralph Clark**

Yes, so maybe—this is Ralph, I'll try to take that. I think—I don't think we want to comment specifically on any individual deal. I would say it's a category of deals. Most of those deals were deals that we had been working on prior to COVID. I think you know the Company to know that we typically talk about our sales cycles being 12 to 18 months. I would say that there was a sum greater than zero of things that kind of happened post-COVID. I think Alan alluded to the fact that we're seeing some things that are happening on really, really short pieces because of this really significant uptick in gun violence that we're seeing. But hopefully we're going to be able to say a lot more about that in the next earnings calls, about things that we're seeing in terms of our sales cycles and how they might be differing for certain types of customers. But I think I would say it's a mix at this point in time and leave it at that.

**Matt Pfau**

Okay, got it, and then in terms of your Latin American opportunities, how are those progressing?

**Alan Stewart**

This is Alan. We think the pipeline is as strong as it's ever been. We still do expect to have at least one Latin American booking before the end of the year and more to follow on that.

**Matt Pfau**

Got it. Great, guys. That's it for me. Thanks a lot, appreciate it.

**Ralph Clark**

Thank you.

**Operator**

Again, as a reminder, if you have any questions, you may press star, one on your telephone keypad. Those will enter you into the question queue.

Our next question is from Jeremy Hamblin with Craig Hallum. Please proceed with your question.

**Ryan Sigdahl**

Hey, guys, this is Ryan on for Jeremy. You guys talked a little bit about inbound interest being a little frothy, I think you said. Can you talk about the level of interest you've seen? I know the environment is wildly different, but if you could maybe put it in the context, compared to last year at this time?

**Alan Stewart,**

This is Alan. Yes, it's a hard comparison to make in terms of in the middle of COVID, and in the social unrest right now versus last year when neither of those were there. But I will say that if we were to take a snapshot and just take a look at the pipeline, it's stronger now than it was then. I think, gunfire, as Ralph mentioned in his earlier comments, is increasing at a rapid rate. I think that's also one of the reasons that some of the opportunities are coming in. We say frothy or whatever, but they're coming in faster than some of us would have expected, but I don't know, Ralph, other thoughts there?

**Ralph Clark**

Yes, I would use this opportunity just to remind folks the difficulty of doing point and point comparisons is, and I say this every earnings call, our business is lumpy. I guess I would be a little bit reticent to try to make too much of a comparison from any one quarter this year versus a quarter last year, just understanding that things happened lumpy, and this was a fantastic quarter. We're really pleased with it. But you don't want to draw too much of a parallel or comparison to other quarters just because of the lumpiness of our business.

**Ryan Sigdahl**

Okay, thanks, guys. It's helpful. Then I guess housekeeping a little bit, you mentioned travel getting back to normal. I'm curious, with cases rising again, have you had to restrict travel or any sales efforts in particular places that have been hit hard by the second wave that we've seen? I guess going into the back half of the year, how are you guys thinking about that, and dealing with things on that front?

**Alan Stewart**

Sure. This is Alan, Ralph could augment. Travel is not back to normal. I think when we say getting closer to normal, it means that, as opposed to the latter part of March and April where we had a travel ban, in May we did allow our team to go out and do business necessary travel, which includes some sales calls, implementation and things like that. But some of the areas are still locked down, not accessible, certainly not like they were last year even into January.

But we are working around that. Our customers are working around that. Notwithstanding things getting even worse than they are, we are able to conduct a significant amount of our meetings and do what we need to do and working around that.

But there's things like we talked about Houston, maybe this is the time to talk about it, we haven't yet been able to make substantial progress in Houston because they still have a lot of problems down there that they're dealing with. Our ability to work on that pilot program has been delayed. It's not going away, but it's been delayed. But that's just an example of some of the limitations in travel.

**Ryan Sigdahl**

All right, great. Thanks, guys, and congrats on the quarter.

**Ralph Clark**

Thank you.

**Operator**

At this time, this concludes our question-and-answer session. If your question was not taken, you may contact ShotSpotter's Investor Relations Team by emailing [sssti@gatewayir.com](mailto:sssti@gatewayir.com).

I'd now like to turn the call back over to Mr. Clark for his closing remarks.

**Ralph Clark**

Great, yes, thank you very much. I really hope that everyone is doing well and keeping safe and really appreciate your support over the quarters, and looking forward to chatting with you in the next 90 days or so, when we're reporting on Q3. Everyone, take care. Thank you.

**Operator**

Thank you for joining us today for today's call. You may now disconnect.