OTC Markets Group

Joining us today, we have Deven Soni, Chief Executive Officer of Vertical Data Inc., which trades on the OTCQB under the ticker VDTA. Welcome, Deven.

Deven Soni

Great. Thank you for having me.

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Absolutely. So as always, I'd like to start by having you just give our listeners a bit of background about yourself and what led to your role as CEO of Vertical Data.

Deven Soni

Absolutely. So, I grew up in San Francisco, right. Kind of at the end of the dot com bust and was coming out of college, I started my career as an M&A investment banker at a firm called Lazard, where I was really helping companies like Google and Amazon and Microsoft buy businesses that eventually kind of became their cloud business. Eventually left and joined Goldman Sachs as a private equity investor spent a lot of time, again, focused on technology infrastructure and just saw, I think, a lot of the writing on the wall that really reminded me of the scale up of infrastructure required to support AI. And, one of the things that we realized really early as we were thinking about starting Vertical Lead as a team, was that there is a really, really big gap between the resources, the capital, the hardware, the know-how available to... the four or five biggest companies in the world all sitting in kind of San Francisco or Washington State. In terms of how they access to AI and what they had access to and what the rest of the world did; We knew that 80 % of the world's data is generated outside of the US and those folks are going to want their own infrastructure. So, we wanted to build Vertical Data as a company that really served the kind of global demand for AI not just kind of San Francisco's demand for AI, does that make sense?

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It does make sense. Now, can you give us a bit of an overview on Vertical Data, the company's business model? and I guess the opportunities that you see in AI infrastructure and cloud computing.

Deven Soni

Absolutely. So, Vertical Data really built ourselves as a turnkey provider of AI. And when people see these large numbers being thrown around a billion dollars being spent on AI. What we really wanted to do was dissect that into the actual dollars how they're being spent and really focus on the areas that had the biggest pain points. And for us and for our business model, what that means is that we do everything that's required for a large company like OpenAI or Cloud or a large enterprise to run AI deployment. That means we develop and build data centers. We fund and sell the AI hardware that goes into those data centers. And thirdly, we manage the day-to-day of those servers on time. Uptime to make sure they're up 24 hours a day. Our business model really is that we earn revenue on each part of the stack. So, we own the data centers that our AI hardware goes into. So, we earn equity value, and recurring revenue from those data centers. Secondly, we're a seller of AI hardware. So, we sell the hardware that goes in those data centers to earn an economic margin there. Thirdly, we finance that hardware through a network of partners and then we are in recurring revenue as that AI hardware sort of stays online so we really fashion ourselves very uniquely as a full stack company that gets economic value from each part of the supply chain.

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And so how many data centers do you have?

Deven Soni

Which is kind of our first data center. From there, we have several others under various stages of development that we haven't sort of disclosed yet but over the next coming weeks, I'd say we'll be announcing a handful more.

OTC Markets Group

So, that's interesting. When I hear data centers nowadays, I always associate data centers with kind of in the middle of nowhere sort of America, but you just said downtown Chicago. Can you just touch on that for a second that perhaps that's not necessarily the case?

Deven Soni

Absolutely. When we think about where the real growth in AI is going to come over the next several years. We think it's going to be it's coming from AI usage or what's really considered inference. So, AI models use data centers in two ways. One is when you're actually training the models using lots of data to make decisions to make models better. Those are typically done in places with the lowest cost of power and really, really large clusters. So, when you think of Iceland or the Nordics or South Dakota or something like this, that's where those types of data centers are being built. But when you're actually using a model, meaning, "hey, I'm searching OpenAI for a response or I'm talking to my phone on Siri and waiting for something to happen." You really want those data centers to be really, really close to population centers. And that's even more true when you're an enterprise and, "hey, I'm running a high frequency trading application using AI" or something like this. So, for those, you actually want data centers that are really, really close to connectivity. Really close to fiber and really close to people. These data centers are often smaller. So, our data center in Chicago, for example, is in a skyscraper right in downtown Chicago. Some of the buildings next door to that building might have 10 or 15 megawatts of power, whereas our data center will have 20 which is sufficient for a lot of use cases for large enterprises. So, we're currently really trying to work with communities with power companies, not to say, "hey, we're going to extract a bunch of needed resources and power." but instead we're going to repurpose stranded power that a factory, an abandoned factory, may have or a large building that's underutilized because people are working from home now. So, we really focus on those types of facilities because we think A: that's where the future is, but B: it's a lot more of a sustainable long-term way to kind of build data center capacity.

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Interesting. You learn something new every day. I do know that you announced some significant developments recently, including a... 29.5 million dollars AI cloud capacity agreement. And your partnership with, is it Ascenty?

Deven Soni

Yes, absolutely.

OTC Markets Group

To deploy AI infrastructure across Latin America. Can you walk us through these developments and kind of what they mean for the company's overall growth strategy?

Deven Soni

Absolutely. So, when we think about our cloud capacity agreement, what that really means is that we sell AI hardware on a subscription basis over a multi-year period. So, it's almost like selling software as a service or something like this where we get a recurring payment for us to basically, sell AI hardware fund that hardware. And then provide a services layer on top. So, it's kind of like saying instead of I'm going to go buy a computer or a server, I'm going to rent it by the hour. And we did that with a sort of a NASDAQ listed company in the technology space. And we expect to do a lot more agreements with that company and companies like that over time. So, when we think about our revenue profile, a lot of that will be sort of recurring revenue through these cloud contracts. When we think about the partnership with Ascenty, it really goes back to the first statement I made, which is AI is really global. And I think over the last couple of years, the companies that have had the capital and the access to hardware, the access to data centers, have been... the large hyperscalers Google, Amazon, Microsoft oracle companies like that which have had the easiest ability to go buy AI hardware and put it in data centers. And places like South Dakota, North Dakota, like large markets with large access to power. Our point of view is that the rest of the world is growing quite rapidly in the demand for AI. And the data centers in those regions, like Ascenty, runs a network of data centers in markets like Brazil and Chile and Mexico and Colombia, which are really large population centers, the really large growth centers for the broader globe. And as those markets provide more data, as those large banks and telecom companies and technology companies in those regions start building tools and applications for their own populations, we expect that market to grow much more rapidly than the rest of AI. So, that partnership is for us to say. We're going to work with Ascenty to help their own end customers put GPUs in their data centers, bring them customers that are kind of global that want to tap that market. So, for us, it's the biggest and fastest growing part of AI that's really, in our point of view, quite immune from some of the risk of kind of what's called AI bubbles, because you're saying, well, look at these companies that are spending hundreds of billions of dollars in AI infrastructure.

We're actually working with companies that are spending zero dollars on AI infrastructure, but they're multibillion dollar companies that need to go from zero to something. And that's what we're helping them do in markets like Brazil.

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Got it. I do want to touch on your trading on OTCQB. Can you talk about how that fits into your, I guess, investor relations strategy and capital market strategy?

Deven Soni

Absolutely. So, we're a pretty new company in the grand scheme of things like a lot of AI companies are. And we also work with really, really large global companies. Us being public and having audited financials, having a listed trading place, having filings with the SEC are really, really important for us to establish credibility and a track record, not only with shareholders as we aim to access capital, but also with our end customers who really want to see a company that's listed, a company that they can trust, a company that's not fly by night. So, the level of work and scrutiny we did in terms of getting our audits in order, filing appropriately, making sure we maintain that corporate discipline has been something that's been really important for our own customers and secondly, AI infrastructure, as everyone knows, is a pretty capital-to a-field. We try to do it in the least capital-intensive way possible. We use a lot of other people's money, so to speak. But at the same time, again, having those audits, having a listing, having a stock price allows us to access capital kind of just in time as our business grows and scales. And, I think from that perspective, the OTCQB has been a fantastic sort of landing spot for us as we aim to build our business.

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Well, we're looking forward to seeing you build your business on OTCQB and OTC Markets. Deven, finally, I did want to ask, I guess a two-part question. One: What should investors be watching out for in the coming year, the coming months? And ultimately, if they do want to learn more, how to best get in contact with you.

Deven Soni

Absolutely. So, our website is usually the best place. We have all of our news, updates, and press releases. It's verticaldata.io. You can certainly also follow us on the OTCQB under ticker VDTA.

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All right. Again, we have Deven Soni, Chief Executive Officer of Vertical Data Inc., which trades on the OTCQB Venture Market under the ticker VDTA. Thank you, Devin.

Deven Soni

Thank you. Appreciate it.