S&P Global
Market Intelligence

IonQ, Inc. NYSE:IONQ

Company Conference Presentation

Tuesday, March 4, 2025 9:50 PM GMT

CALL PARTICIPANTS 2

PRESENTATION 3

QUESTION AND ANSWER 4

Call Participants

EXECUTIVES

Niccolo Mcleod de Masi
President, CEO & Director

ANALYSTS

Joseph Lawrence Moore
Morgan Stanley, Research Division

Unknown Analyst

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Presentation

Joseph Lawrence Moore
Morgan Stanley, Research Division

All right. Welcome back, everybody. I'm Joe Moore. Very happy to have with us today -- This is actually the fifth new CEO that I've hosted at our conference. I'm cheating with 2 but [indiscernible].

Niccolo Mcleod de Masi
President, CEO & Director
But crucially it's the best one.

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Question and Answer

Joseph Lawrence Moore
Morgan Stanley, Research Division

Yes, there you go. But Niccolo Masi, newly minted CEO of IonQ. So maybe you could just give us a little bit of a sense of your background and what led to the transition to CEO, and then we can...

Niccolo Mcleod de Masi
President, CEO & Director

Sure. Yes, so I'm a physicist originally. I was actually one of the original sponsors of the IonQ IPO in 2020. And Peter Chapman and I have been working together really closely since before IonQ was a public company. I've been following the quantum computing space for over 25 years.

I've actually been following IonQ's progress in foundational research since probably the mid to late 90s. And in fact, Chris Monroe, our founder, I would argue, kicked off the physical manifestation of Dr. Richard Feynman's work in theoretical space in the 70s. And so IonQ has been thinking about the commercialization of quantum computing a long time.

Peter and I have been talking for a while on how we can work together on a more full-time basis. And since we've expanded aggressively and successfully into quantum networking in the past 6 months, both organically and via a couple seminal acquisitions, the need for more bandwidth at the top of the company, so to speak, has increased, and we felt the full year results was a good time to make that evolution happen.

Peter is not going anywhere. We continue to work together every day, as we have in the past, and we've made all these strategic decisions together. And as a result of that, it's seamless. We're able to execute at pace and we're very optimistic about our ability to effectively double the TAM of the company via our networking expansion and continue on with the quantum computing core without missing a beat.

Joseph Lawrence Moore
Morgan Stanley, Research Division

Great. So I wonder, you touched on some of this, but talk about your priorities for kind of year 1 where you want to take this? And I -- we've -- I've been covering you guys for almost 2 years, and at that time you talked about being a couple years away from realizing kind of commercial results. So maybe give us some sense of that?

Niccolo Mcleod de Masi
President, CEO & Director

Yes. So IonQ has been the commercial leader in the space, I'd say more from the IPO because it's been a priority for us. We're a big believer that new platform transitions in the computing space tend to be won by the players that build the richest and deepest ecosystem, right? And so our ecosystem of customers via hardware sales, by effectively selling power by the hour and access to our machines via the cloud, has been one that's led us to have a global customer base, lot of commercial and private companies, a lot of, of course, sovereign nations as well.

That remains the top priority, along with growing our quantum networking business. And the 2 are complementary. In fact, not only were our customers asking us to do more in quantum networking in the last year or 2, but ultimately, our fundamental photonic interconnect IP that allows us to scale our rack, stack and mounted quantum computing architecture, allows us to have an edge and lead on that networking front.

So we are organically growing networking, we're inorganically growing networking, and we're already doing useful things for our customers today and we were last year. I think it's sort of a hallmark of IonQ is that we believe we can succeed not only when we have even more logical qubits, but we're succeeding

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

today with -- our Forte system has 36 qubits -- algorithmic qubits, and we were succeeding back at the IPO when we had maybe 18 logical qubits to also do useful things for customers.

So it's a -- we consider ourselves to be the 800-pound gorilla of the quantum computing business. We have 933 patents, 400 in networking, 500 in computing. And we continue to build that momentum and that moat with every customer on every geography we're in.

Joseph Lawrence Moore
Morgan Stanley, Research Division

And maybe you could talk a little bit about that core technology? I feel like when we think of quantum, think about low temperature superconductors, things like that, your methodology Ion Trap is significantly different. Can you talk about what's different about it and why you think it's commercializable before those superconductors?

Niccolo Mcleod de Masi
President, CEO & Director

Yes. I mean, look, I follow the space for a long time. There are multiple approaches to manifesting a theoretical quantum computer. I think it is pretty well agreed, and it has been for the last 5 plus years that because we can do this at room temperature, because we have high fidelity, kind of naturally perfect qubits in the form of individual ions that we trap, obviously, with lasers, we're able to get to double-digit logical qubits faster than everybody else. And we expect we'll get to a triple-digit number of logical qubits faster than everybody else.

But what we're focused on, honestly, are customer results. So there are different benchmarks. We have a lot of customers because our customers run algorithms on our machines, and they get better results with our machines than any other option they might come across. That's not to say that in 15 years it's possible that someone might come out of left field. But the reality is, who we run into with our customers, it's a very short list, right? We're not competing with everyone in the private space who has raised around. We're not even competing with trillion-dollar market cap companies that have announced prototypes in the quantum space.

Most of these, sort of, early stage efforts from people in the quantum ecosystem -- quantum hardware ecosystem. They're effectively announcing something akin to where IonQ was in 2005, 2010, 15 years ago, even before we were spun out of a lab and became a commercial company. So the technical prowess that we've exhibited the last 15 years is a mixture of having thought about it longer than other people, having been an early partner to commercial and government agencies, and it's frankly showcased by our customer ecosystem, right?

It's very difficult for most investors who are not advanced degree physicists to read all these white papers and decide who's ahead today, let alone who's going to win in 2035 or 2040. But it's pretty easy for everyone at this conference to understand gap revenue, understand customer traction, right?

And so, just like I don't think you have to be a better physicist than the technical team at Nvidia to buy Nvidia stock or Broadcom or whatever, you shouldn't have to be an expert on concrete to understand what's going on at IonQ versus all our other brethren who are only doing one piece of the quantum business, right?

We have an R&D road map. We have an engineering team. We're selling a manufacturing systems. We have an applications team. We're doing useful things for customers. We have a customer success team. We're effectively doing all aspects of a fully-fledged business. Most people who are in the private space or a startup, they're just doing the R&D pipeline. They're just doing the lab work.

Joseph Lawrence Moore
Morgan Stanley, Research Division

So I don't want to go too far down the rabbit hole because I agree with everything you just said about not trying to be a physicist and not trying to understand this at a PhD level. But there is quite a bit of debate about the proper benchmarks and kind of qubit benchmarking wars. You guys have historically talked

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

about algorithmic qubits, which you said is more relevant, and then sounds like from the call you're sort of refining that a little bit. So can you just talk about the benchmarking of this stuff?

Niccolo Mcleod de Masi
President, CEO & Director

Yes, I mean, so for those of you that are meeting with us at this conference, we'll walk you through. I think it's Slide 15 in our presentation. Come see us if you haven't seen it yet. I think kind of like benchmarks for investment banks and financial services firms, you can always find a different league table.

Joseph Lawrence Moore
Morgan Stanley, Research Division

[indiscernible] all the leaders, yes.

Niccolo Mcleod de Masi
President, CEO & Director

Yes. And so honestly, it's kind of like our move to gap revenue. It's like we can find benchmarks, but at the end of the day our customers need to speak for us, right? They do the best diligence because we're actually running things that solve useful problems they pay us for.

Everyone can give away stuff, right? But getting paid to do things is the sign that you're actually ahead and actually tackling problems in today's era of what we would call commercial advantage, right? There's big debates about quantum supremacy, right, in an era where you absolutely have no chance of doing anything near that problem set with a classical computer. But today we're taking pieces of problems and coming up with better solutions for customers, not always faster, but better solutions for customers and a whole array of applied science, right?

And so, algorithmic qubits, I think start to lose meaning at a certain point in a certain scale. And so we talked about the earnings call last week, we're going to get -- we're going to announce our AQ 64 system, our [guidance is] by the end of the year. That machine is, I think, 270,000,000x more powerful than the AQ 36 system that we call Forte today. After AQ 64 we're focusing on customer results, so that's a mixture of tailoring the application with the machine.

Yes, it will have more of what people would call a logical qubit of some kind. And there's general agreement around you probably need triple-digit numbers of qubits to do certain types of problem solving or cracking RSA and these sorts of things. But we're demonstrating that we can do a lot of useful things with double-digit qubits.

And most importantly, I think, [indiscernible] to understand, and I've been a fan of this since the IPO, is the fact that our machines are improving, doubling in power every time we add a logical qubit effectively, right? So it's not Moore's Law every 18 months or 24 months. It's -- Sometimes it's Moore's law every month even, right?

And so, our pricing power, if you will, with our customers, clients and so on, is almost unprecedented. You don't want to be tendering in the airspace for the next, whatever, stealth bomber and then find out that your competitor has a machine that's 270,000,000x more powerful. Same in the drug discovery world, same in the logistics world. That is not a winning competitive [advantage]. Kind of thing for your company when you're the CEO and you say, "Well, the other guys beat us because they paid for the best machine we used last year's."

Joseph Lawrence Moore
Morgan Stanley, Research Division

Great. So maybe digging into some of the workloads and applications. Jensen made kind of offhand comments at CES pertaining to your stock. And I don't think it was intended to be, but now you're going to be at the NVIDIA GTC conference later this month with a quantum day. Can you just talk about,

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

generally, how you fit into an AI ecosystem? And maybe give us some sense of that whole kerfuffle from Jensen's comment?

Niccolo Mcleod de Masi
President, CEO & Director

Yes. I mean, look, we have a partnership with Nvidia around drug discovery using CUDA. Peter Chapman, our Executive Chairman and my colleague, I think, has had a spirited debate with Jensen since the IPO quite honestly, on and off, both privately and publicly. I think that everybody has a grain of and foundation of accuracy and off the cuff comments, right? So I think our gap revenue is not likely to be the size of Nvidia's next quarter, and we're not guiding towards that.

At the same time, we're patently proving that it is not true that you can't do useful things with quantum today on our machines. That doesn't mean you can do useful things on everyone's machines. There are a whole host of startups that are telling venture capitalists that they're going to come out and smash Nvidia and Broadcom any moment now, or certainly in 2035. I don't know how many of you would invest in that. I don't find it hugely credible, right?

People in the tech ecosystem have demonstrated for decades, but particularly the last decade that if you get all the customers and you have all the momentum and you build the ecosystem, right, you tend to be the winner, right? Facebook bought WhatsApp and Instagram, not the other way around. Look at Oracle, 40 years on for that relational database. And so I think the big get bigger.

We consider ourselves to be the 800-pound gorilla of the quantum computing space. We are the only quantum commercial business, and we continue to show that you can walk and chew gum. You can drive your tech roadmap. You can drive commercialization. We're well capitalized, and we're using those resources to make sure we win at both, because at the end of the day everyone's got to turn into a business that's [jugs] on the same metrics as any other business.

Joseph Lawrence Moore
Morgan Stanley, Research Division

Great. And sticking with compute -- I want to get to networking as well. But sticking with quantum compute, what other applications outside of AI are you finding commercial use cases? And where are you now with doing things that can't be classically simulated?

Niccolo Mcleod de Masi
President, CEO & Director

Yes. So look, half of probably what we are being paid for is classified, so I'm not going to talk about any of that. But we announced the delivery of one of our systems to the Air Force Research Lab this morning. That's a $94.5 million contract that involves a couple of systems networks together, right? So that is both a compute and a networking partnership.

We've also announced that we're doing drug discovery work with AstraZeneca. We've announced that we're doing anomaly detection and fraud detection with General Dynamics. We're doing computational engineering work with Ansys. We're doing logistics work with Airbus.

All of these companies are working with us because we can help them today, but most of all, they know we can help us a lot more -- help them a lot more next year and the year after. It's not -- to Jensen's point, it's not double-digit number of years away from helping them. It's double-digit of weeks away in some cases for us, and it's continual improvement. I mean, our market cap is about the same as Nvidia's 10 years ago. And I'm not saying that we're necessarily the same improvement curve, but we may well be because, as everyone in this room has seen, the network effects very much accrue to the leader.

Joseph Lawrence Moore
Morgan Stanley, Research Division

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Okay. Great. And outside of compute, you've made a push into networking. You've done a number of acquisitions. Can you talk about sort of those acquisitions and kind of what your networking roadmap looks like?

Niccolo Mcleod de Masi
President, CEO & Director

Yes. So it's a global portfolio. We are the only listed company in the U.S. that has a leadership position in networking. It's about 400 of our 900 patents. And it is a fairly broad portfolio. So we're not selling only 8-figure deals, or even 7-figure deals. We are ultimately able to sell a more diversified portfolio worldwide between organic networking investment, Qubitekk and our acquisition of IDQ.

We have a leadership position that is difficult for anyone to encroach upon. I think there's maybe one company in Asia that's part of a bigger conglomerate, that does a fair amount of networking as well. But otherwise, it's just startups, right?

So we're very excited about networking because it more or less doubles the TAM, if you believe McKinsey's research report of late on networking. And it's complementary for our technical roadmap and sales team. We are able to sell both -- it's actually the fundamental tenant of how we're scaling our quantum hardware is through photonic interconnects, that are exactly the same kind of thing we're going to use to secure the quantum internet, so to speak.

And we're finding that not only are the additional customers we brought in complementary, SingTel, SK Telecom, JP Morgan and so on that have come with the IDQ acquisition, but we're effectively demonstrating that we're moving where the market has most demand today from our customers in the quantum networking computing space.

Joseph Lawrence Moore
Morgan Stanley, Research Division

And is quantum networking and quantum compute on a similar time line or is one -- it seems like there's a general consensus that networking is commercializable earlier, but I'm not sure if that's true for you?

Niccolo Mcleod de Masi
President, CEO & Director

Yes. I mean we haven't broken out revenue in our guidance this year between the 2 halves. I will say that some of our biggest partners from the last year are combo contracts, if you will. We want to see both -- like [indiscernible] we want to still see compute and networking.

We think they go together, right? We're almost in the code making, code breaking, the safe cracking, safe building business here, if you will. I think for other companies besides us, they're far behind our networking business for their computing hardware commercialization. For us, they're broadly similar, if I were to sort of put a finger in the air for this year and next year.

Joseph Lawrence Moore
Morgan Stanley, Research Division

And talking about the M&A that you've done, I mean, you have the -- certainly the most financial resources of the other sort of dedicated quantum companies. Do you see other areas where you can do acquisitions to add to the portfolio? Is that still part of the strategy?

Niccolo Mcleod de Masi
President, CEO & Director

Well, it's part of the strategy of every public company, I think, on some level. We will always look, of course, to bolster the IP moat that we have. We'll look to accelerate our ability to bring customers what they're demanding. We have a quantum sensing piece in the IDQ acquisition. And so that's an area that we can invest further in accelerating, because like networking, that's at about the same pace and position on the commercialization front.

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

But I actually think applied -- look, applied quantum computing, networking and sensing is going to continue to effectively cascade out in every area of applied science, right? So I'm heartened tremendously by the fact that at our IPO 4 or 5 years ago, very few people in this room or in the Fortune 500 C-suite knew what quantum computing really was. And here we are 4 years on, nobody doubts that there's a quantum computing business. You can debate the size. We can debate the size by year or even by quarter, and we can debate the size of hardware versus software versus networking versus sensing.

Joseph Lawrence Moore
Morgan Stanley, Research Division

I think the time line is still a big debate.

Niccolo Mcleod de Masi
President, CEO & Director

Well, it's size against time line, size against time line, right? So there is -- I mean, IBM and IonQ, the 2 Is are the ones generating the revenue today, right? We bump into each other, I think, in customer engagements and contracts and so on. Pretty much everybody else is in the R&D business, right? And so let's see how that race plays out. But historically, who spends the most on R&D? It's the customers that commercialize the first because they have the money. I mean Apple, Google, Amazon, Microsoft, Nvidia, Broadcom, like you wouldn't bet against their R&D operations. They can afford a lot there, right?

So I think the TAM is growing as customers get acclimated by people like ourselves on the other I. We're working with customers to translate their problems into -- effectively recast them as a problem that can be run on a quantum computer, ours in our case. We're working with their application teams and ours to make sure that we can solve that problem, give them useful results and iterate, right? And I think that ecosystem will keep building and keep deepening and keep getting broader.

When I met IonQ, it was a 35, 40-person business. Today, it's 500. And yes, we're resource constrained. That's a high-class problem for companies growing nicely, but I'm really excited by the fact that there is just so much more talent coming into the space now in every layer.

Joseph Lawrence Moore
Morgan Stanley, Research Division

Great. So I wonder if we could look at some of the near-term investment opportunities within this space that you guys could be beneficiaries of. Maybe starting with the Department of Energy Quantum Leadership Act and the $2.5 billion. Can you talk about that and how it affects you guys?

Niccolo Mcleod de Masi
President, CEO & Director

Yes. I mean, I think it's safe to say that we're in the mix on everything. It is a nonpartisan issue, right? That's the most important thing I'm going to say. We've been through -- we're on the third administration that agrees that this is a national security priority and just a national priority in general. True for AI, true for defense, true for drug discovery, it's true for logistics, it's true for energy.

One of the things that I think is maybe not appreciated sufficiently is the physical space and energy advantages that our quantum computing solution bring. So if you look at our AQ 36 Forte enterprise system we're selling, it's the size of 2 refrigerators, okay? And it plugs into a wall socket. There is no nuclear power plant that has to be connected to it. We don't need a football field, right?

Joseph Lawrence Moore
Morgan Stanley, Research Division

That is even when we were at your Analyst Day, you just stand next to it and we're talking and it's just right there, it's not [indiscernible].

Niccolo Mcleod de Masi
President, CEO & Director

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Yes. And so, will we need a bit more space as we stack more of them together? Yes, but we're also miniaturizing. And so there's a miniaturization effort. That's why you can imagine people like the Air Force care about that because they care about can you be local on something that might be in the air someday. We think we can save approximately an order of magnitude of the energy that's being used in certain problem sets in classical analogs, paradigms.

And so energy will not constrain us, space will not constrain us, right? We're also room temperature. There's no freezing required for IonQ. That's really remarkable if you think about it, right? Almost everybody else that is trying to have a quantum computing hardware solution has something that's not particularly robust about it, either needs a lot of space, needs to be really cold or parts of the memory compute solution haven't been figured out, and they are requiring fundamental leaps in science.

We are a engineering-centric company because the fundamental leaps have been made and our architecture is freely available. Like we're really connecting our multi-core systems together with our photonic interconnect. That is our quantum networking. That is how we're going to scale. And I think we're going to get there before everybody in terms of having more logical qubits. I think we'll carry our customer ecosystem with us. And I think our customers like the fact that we can not only sell them networking, but compute together and sensing as it fits into their road map and ours.

Joseph Lawrence Moore
Morgan Stanley, Research Division

And you've also had a number of business relationships with the AFRL, with Air Force. Can you talk about the importance of that relationship and why it seems like they've selected you as a key partner in a lot of these applications?

Niccolo Mcleod de Masi
President, CEO & Director

Yes. I mean we've had 3 -- I think we have 3 bites of the apple with them. We announced this morning that we delivered the first major system of 2. They want those 2 systems networks together. I think it's safe to say that we've had aerospace interest in IonQ right the way back to the IPO. And that room temperature, that miniaturization, that modularization are all part of those reasons. I can't tell you exactly what we're doing with them, obviously. But it's almost a 9-figure contract in total. And it's not the only thing that we're doing with branches of the military and their research labs.

So there's a lot of interest, a lot of budgets. People are solving for different things and different orders. We're a solution-led, customer-led business here, but we're very proud of the fact that we are supporting our country's national security needs. And at the same time we're finding the ability to prioritize nondefense-related partners as well.

Joseph Lawrence Moore
Morgan Stanley, Research Division

Yes. I guess on those lines, the state of Maryland also announced $1 billion investment. Can you -- And obviously, you're the partner there. Can you talk about that relationship as well?

Niccolo Mcleod de Masi
President, CEO & Director

Yes. No, we've had a great partnership with University of Maryland and Maryland as a state. Obviously, we're headquartered in College Park. The original research was done there. I think University of Maryland has been a leader in quantum research really through our founders' labs and the original IP that we generated and licensed from the university.

They continue to want to be, if you will, the Silicon Valley of the quantum ecosystem, and we're at the forefront of that $1 billion initiative that they are effectively getting state funding for. It will be an increase most likely in the size of our footprint there. So it will be more space for research, more space potentially for manufacturing, certainly more space for applications, our headquarters and our employees.

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

And it will also have a continued quantum center and connectivity with the state as well as the university for every piece of the stack that we need between R&D to engineering to applications to customer success. And of course, we love the connection to the national security apparatus that comes with a state that's very much in the center of that, the heart of that.

Joseph Lawrence Moore
Morgan Stanley, Research Division

Great. So just one quick financial question that we've been getting. You went away from bookings as a metric. Can you talk about why bookings aren't relevant really going forward?

Niccolo Mcleod de Masi
President, CEO & Director

Sure, sure. Yes. I mean, Peter Chapman has been raising this with our Board and myself for at least a couple of years. And to quote him on the earnings call last week, he said it's -- we're going to be doing 9 figures of GAAP revenue certainly next year. This year's guidance is $75 million to $95 million. And he sort of keeps asking when we're going to take the training wheels off. So at the end of the day, AQ 64 makes sense.

Beyond that it's difficult to measure and define exactly how an AQ looks relative to other benchmarking metrics, like the problem set size and fidelity. We think that it's part of becoming a real company and continue to demonstrate that we're the leader in commercialization. We're the leader in doing things for customers today. And we're the leader in applying quantum. At the end of the day, it's like the proverbial sound of the woods that no one hears. It doesn't really matter if you have the best sound of the woods, no one hears.

We think quantum is about being the best commercial business, being the only quantum business that actually is regulated by the SEC, [indiscernible], et cetera. We put one foot in front of each other every quarter, every year. We keep doing what we say we're going to do. And I think focusing people on a metric that can be understood by everyone in the room, everyone in the conference is important. We don't expect you to be experts on R&D decisions, engineering decisions any more than you are on other things, other businesses in the technology ecosystem.

And we want to measure ourselves by customer success and customers paying us for the work we're doing. Because at the end of the day, they're speaking for us, and they're doing that due diligence for the investing community.

Joseph Lawrence Moore
Morgan Stanley, Research Division

Okay. Great. So I just have one more question, and then we'll open it up to the audience for questions. But kind of just an overarching question that I've asked you guys like after every earnings call. I feel like when you talk to some of the cloud decision makers, they sort of talk about quantum as being a -- ways away, 5 years away from being 5 years away. And I've sort of asked you about that, and you've said, well, that's because their technology is. Our technology is commercializable much sooner.

Like when is the point of realization around that? When is it -- because I feel like if everybody thought that way, there would be a lot more acquisitions in the quantum space, there would be a lot more -- the incumbents who would be worried about your encroachment would be starting to, well, we haven't really seen that yet. So what do you think is the tipping point that maybe makes this clear to everybody that you are closer to commercialization than people think?

Niccolo Mcleod de Masi
President, CEO & Director

The funny thing is I think that point has shifted simply because what were $100 billion market cap companies are now multitrillion dollar market cap companies, right? And so when you're at the -- I think Arm is in this room in a session or 2, they were a $30 billion, $40 billion acquisition for SoftBank. Now they're maybe $130 billion market cap business. When you're that size and that size business, you're

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

going to look at us in a different way than you will when it's $3 trillion. And we're currently $75 million to $95 million of GAAP revenue is a rounding error, right?

The funny thing about the commercialization comment with the cloud players is we were the only quantum computer at our IPO that operates on Google, Amazon, Microsoft's Cloud, and you can access our Forte system through that. Today, 4 years later, we're still the only system on that. Those companies' own R&D efforts are not on their own cloud. And no one else in our space is on all 3 of them, right?

So on one hand, I'd say Quantum is very much here today. On the other hand, as you [sort of] our GAAP revenue, like I said, I'm not pretending that I've got Jensen's GAAP revenue next quarter, right? So companies with $1 trillion market caps can afford to wait until they acquire something that shows up on their P&L, I think, is a big piece of it. At the same time, obviously, we're enjoying building this ecosystem out and showing that we will continue to be the 800-pound gorilla of the quantum space.

And I think that we have a path to being a disruptor as well as successful independent business. I think every public company can be bought and sold. That's the reality. But we're a young team. We're excited about the progress we have to date. We're excited about how far we've gotten since the IPO. And we think it's very much early in capturing all the value on the upside that we can be. And there's no reason why we're not an Arm-sized business in the public markets in the next few years. And that can happen, by the way, on the networking side alone or the computing side alone. Either one can be 10x the size of our business today, 100x the size of our business today.

Joseph Lawrence Moore
Morgan Stanley, Research Division

All right. Very helpful. Let me see if we have questions from the audience.

Unknown Analyst

Yes. You mentioned quantum networking. So can you give us a sense of what part of the value chain you want to be positioned in quantum networking? And maybe if you can enlight us on the endgame of quantum networking? Is that some sort of Internet 2.0? And then what will be your role in the long-term? And what are you targeting in that space?

Niccolo Mcleod de Masi
President, CEO & Director

So we have partnerships with 3 letter agencies on the one hand, who are thinking about the backbone of Internet 2.0, the quantum Internet. Obviously, in a world where RSA is crackable, and that is no longer fantasy. We're debating again the time line on that. The basis of e-commerce, the basis of banking, the basis of battlefield communication is all something that is at the forefront of people's concerns. I mean right now on the battlefield you're seeing drones getting hacked and down and people are tethering them. And so, the ability to communicate safely and securely, I think, is incredibly valuable to pretty much everyone in every industry.

IDQ is [indiscernible] business. It's about 20 years old. It was a piece of SK Telecom. SK Telecom is becoming a roughly 1.5%, 2% shareholder as a result of our stock-based partnership and operating partnership with them. And they're embedding the quantum random number generator chip that IDQ makes in the Samsung Galaxy Quantum 5 also. So there's a pretty -- if you look at IDQ's website, there's 4 or 5 families of solutions. And we're involved in actually a fairly broad range of, let's just say, quantum data transmission as well as random number generation.

We'd like to play a role not only, of course, in scaling our own quantum computers faster than everybody else, but providing that backbone around networking for 3 other agencies and governments and companies that want to have their own air gaps network and computing solution. Ultimately, we think that we're going to need a big presence and in some cases partnerships to expand that presence for financial infrastructure, financial, banking systems, payment systems, e-commerce. It's really hard to think about how the world is going to function if we can't rely upon the ability to transmit information securely, right?

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

So we will continue investing in our networking portfolio and our networking business because it's simply not just a foundational item for national security, it's a foundational item for the economy overall.

Joseph Lawrence Moore
Morgan Stanley, Research Division

Great. Any other questions from the audience? All right. If not, well, congratulations on the new role and very much looking forward to working with you.

Niccolo Mcleod de Masi
President, CEO & Director

Thanks so much.

Joseph Lawrence Moore
Morgan Stanley, Research Division
Thank you.

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Copyright © 2025 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global Market Intelligence does not act as a fiduciary or an investment advisor except where registered as such. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.
© 2025 S&P Global Market Intelligence.

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.