

Ocean Power Technologies
FY2022 Q1 Earnings Conference Call
September 14, 2021

Presenters

Philipp Stratmann, CEO

Matthew Shafer, SVP, CFO, Treasurer

Q&A Participants

Robert – R.E. Silvera & Associates

Peter Ruggiere – Dawson James Securities

Pablo Bucella – Private Investor

Tanner Smith – Private Investor

Jeffrey Campbell – Alliance Global Partners

Joe Dirge – Private Investor

Operator

Good morning and welcome to the Ocean Power Technologies first quarter fiscal year 2022 conference call. A webcast of this call is also available on the company's website at www.oceanpowertechnologies.com. As a reminder, this conference call is being recorded and will be available for replay after its completion. Today, Phil Stratmann, president and Chief Executive Officer and Matthew Schaffer, Senior Vice President, Chief Financial Officer, and Treasurer are on the call. Following prepared remarks we will open the call for questions.

On September 13, 2021, OPT issued its earnings press release and filed its quarterly report on form 10-Q for the quarter ended July 31, 2021 with the Securities and Exchange Commission. All OPT public filings are available on the SEC website at sec.gov or in the investor relations of the OPT website.

Please note that management's prepared remarks may contain forward looking statements that are within the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward looking statements are identified by certain words or phrases that are based on assumptions made by management regarding future circumstances over which a company may have little or no control and involve risks and uncertainties and other factors that may cause actual results to differ materially from any future results expressed or implied by such forward looking statements.

For a further discussion on these risks and uncertainties, please refer to our most recent form 10-K and subsequent filings with the SEC. We disclaim any obligation or intent to update the forward looking statements in order to reflect the events or circumstances discussed in this call. Now, I am pleased to introduce Dr. Philipp Stratmann. Please go ahead, sir.

Philipp Stratmann

Thank you and good morning. Today, I'll review OPT's business operations and provide an update on activities and developments during the first quarter of fiscal year 2022 and up to today, then Matt will review our financials before we open the line for questions. I'm proud to say OPT is making excellent progress as we continue to move toward our future as an ocean data and power services and solutions provider.

As central as our power buoy technologies are to our solutions, we're keenly aware that these products alone will not fully satisfy most customers. OPT must provide more than just the autonomous low to zero carbon power platforms on their own. We are working to provide meaningful solutions that help self the complex — solve the complex challenges operators are facing at sea from the needs of offshore energy developers and providers to defense and Security organizations and more.

To this end, we are working with experienced software and robotics developers at Fathom Five (PH) and Green Sea (PH) to create a leading edge proprietary cloud based maritime domain awareness platform that features both expandable sensor and analytic capabilities, as well as military grade cybersecurity. As part of the development process, we are readying the initial versions of the solution for an ad free trial of the coast of New Jersey. We've received the necessary permits for the locations where we expect to deploy PB3 and hybrid PowerBuoys with the equipment that makes up our maritime domain awareness solution packages. This will allow us to optimize the platform's performance and provide prospective customers with opportunity to see the system at work.

In addition to our focus on services, we will continue to develop PowerBuoy products. Through a Small Business Innovation Research Award, the U.S. Department of Energy's investment in our next generation of wave energy conversion devices drives the innovation necessary to tackle the challenges facing the operators in the marine environment. Moving our Mass On Spring Wave Energy Conversion, or MOSWEC, system forward is integral to our competitive strategy. We're seeing the benefits of last fiscal year acquisition of 3Dent Technologies as our strategic consulting services area is experiencing steady growth.

An expanding client base is providing a steady stream of diverse consulting projects for our Houston based team, and we're cultivating additional interest in these services. OPT has been at the forefront of Ocean Energy Development, and we are continuing to innovate as we anticipate the needs of the ever evolving markets we serve and seek to serve. We will best accomplish that goal by pairing our in house knowledge and expertise with the best available strategic parties and additional inorganic growth if and when it makes sense. With that, let me turn the call over to Matt to discuss the financials.

Matt Schaffer

Thank you, Philipp, And good morning, everyone. Revenue for the first quarter of fiscal year 2022 was \$300,000 compared to \$200,000 in the first quarter of fiscal year 2021%, primarily as a result of the revenue from strategic consulting services from the 3Dent acquisition. The net loss for the first quarter of fiscal year 2022 was \$3.1 million compared to \$3.4 million for the first quarter of fiscal year 2021.

This decrease was mainly attributable to \$900,000 gain on the extinguishment of the company's PPP loan after the SBA granted its forgiveness during the quarter and an income tax benefit of \$1 million received during the quarter. These gains were partially offset by increases in the quarter for product development and administrative costs.

Turning now to the balance sheet, total cash, cash equivalents, and restricted cash was \$78.3 million as of July 31, 2021. Net cash used in operating activities was \$5.3 million for the first quarter of fiscal 2022, representing an increase of \$2.6 million over the first quarter of fiscal year 2021, mainly as a result of higher project and employee related costs and the settlement of litigation during the quarter. With that, I'll turn it back to Philipp.

Philipp Stratmann

Thanks, Matt. Operator, we're ready to open the call for questions.

Operator

Thank you. We'll now be conducting a question and answer session. To join the question queue, please press "*" "1" on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press "*" "2" if you'd like to move your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the "*" keys. One moment, please, while we poll for questions. Once again, that's "*" "1" to be placed in the question queue. Our first question today is coming from Ronald Silvera from R.E. Silvera & Associates. Your line is now live.

Robert

Hi, Steve (PH). Could you give me some clarification on the litigation payable? So the 1.2 million, can you clarify on that?

Matt Schaffer

Yeah. So this is Matt. Good to hear from you, again. Yeah, that's basically —

Robert

— It's Robert. It's Robert, by the way. Not Ronald.

Matt Schaffer

Yeah, I knew — I knew that —

Robert

— Ronald is the owner of the company.

Matt Schaffer

Okay. I was trying to figure out who that was. But I knew you're Robert. Robert, and it's good to hear from you, again. I know you call in each quarter for the past few quarters. Thank you.

Yeah, so that's from a prior Charles Dunleavy, who is a prior CEO of the company. There was a settlement that we — the company finally had with the former CEO. That was disclosed in — in all of our past 10Ks over the past several years.

Robert

Right. But now it's actually paid or it's still due to be payable?

Matt Schaffer

Nope, that — that was paid. And so now that's behind us.

Robert

Okay, because it reads as litigation payable sounds like it has to yet be paid instead of litigation paid or something like that. Okay, that's the thing. As long as it's done with. Now, could you give us some clarification on status of projects? For instance, the project off of the coast of Chile?

Philipp Stratmann

Sure. Yeah, I'd be — I'd be happy — happy to answer some — some of the questions around that. I mean, as — as we mentioned on — on our previous calls and disclosed in our filings, the — the buoy off the coast of Chile is installed and the buoy is — is operating, as — as designed for — for — for the — for the field where it's being deployed in. We are doing some maintenance work on some of the ancillary equipment that the buoy is powering. Obviously, given that it's — it's winter in the southern hemisphere, there are some weather delays on — on some of these issues. But every time where the windows open up, we're going out there to do fixes onto the seabed equipment.

Robert

Okay, so it — it is functioning as designed and the customer is happy?

Philipp Stratmann

From the conversations I have with the customer, I can't — I can't speak for them, you know, and I can't predict what they're going to do, but you know, you've seen that they've made public statements about the project and that they are highly supportive of — of the project and — and what may come next. And certainly, in conversations we're having, this is — this is part of our go forward strategy and demonstrating to the industry that the buoys can fuel and power a broad range of sensors. So it starts moving into this whole ocean as a — as a service market for us.

Robert

Good. How about other projects?

Philipp Stratmann

Well, as — as — you know, as we've announced, we obviously received the — the — the grant from the Department of Energy, which is supporting our future — future developments. You know, the efforts that we've got underway to shift our strategy to utilize our products as — as platforms to provide, you know, power as a service, which will then, ultimately, obviously, lead to — to ocean data as a service is leading to several advanced discussions that we have as customers around the globe. And encouragingly so, that is moving discussions outside of what traditionally would have been the oil and gas and offshore markets.

3Dent, as you know, I alluded to, and as Matt mentioned, seeing a steady, steady growth. And essentially, what excites me about where three vendors heading is that many of that growth and its new contracts is coming from customers that weren't there traditional 3Dent base. And a lot of the other work that we've got going on is leading to follow on discussions after — now that we've concluded work, such as the ACAT (PH) and DeepStar studies.

Robert

Okay, any feeling whatsoever for future sales next quarter, next half?

Philipp Stratmann

I can't — I can't give you an exact due — number on — on where we — where — where sales or — or leases or services will shake out at. But I — I'm very encouraged by where I see discussions going and where the industry is heading writ large.

Robert

So you see growth?

Philipp Stratmann

Absolutely. Specifically, with the shift that we're performing towards looking at the PowerBuoys that we have as platforms to fuel solutions and services, which I think, you know, we're evidencing through the work we're doing with FathomFive and GreenSea. I'm — I'm very encouraged by the discussions that are occurring around that.

Robert

Okay, thank you. That's all for me, then.

Philipp Stratmann

No, thank you.

Operator

Thank — thank you. Our next question today is coming from Peter Ruggiere from Dawson James. Your line is now live.

Peter Ruggiere

Hi, how are you guys doing?

Matt Schaffer

Good. How are you doing, Peter?

Peter Ruggiere

I'm doing good. The questions I have been — you know, I've been involved in this company for a long, long time. I would like to — the status with, like, stuff in the Gulf of Mexico, decommission of oil wells, where does that stand at this point?

Philipp Stratmann

Yeah, thanks for —

Peter Ruggiere

— I actually have several questions —

Philipp Stratmann

— The question, Peter. Okay. Yeah, if you — if you (INAUDIBLE) —

Peter Ruggiere

— (INAUDIBLE) how do — if you guys do — when you decommission the oil, well, how long does it take to do a well? How many wells is out there? How do you cap them? What — how — what is your position to do this is what I would try to — trying to understand.

Philipp Stratmann

So we — we don't do decommissioning of wells. We — we are not an oilfield services company. Our efforts around decommissioning are either along the lines of what we did for what was then known as Premier Oil or now Harbor Energy in the North Sea, where we can — where we will monitor the exclusion zone around subsea assets that have been plugged and abandoned and pre-cutting. Or it can be, once a well as being plugged, it will be — we will — can provide monitoring services for — for said wells to ensure that there's no seepage that — that occurs. But the actual decommissioning work itself is — is entirely outside of our remit.

Peter Ruggiere

Okay. And I — I see your spending is increasing. The — is that hiring more employees? Is it — what is that consisting of?

Matt Schaffer

Yeah, so Peter, that's mainly, and especially in this quarter, is — relates to the settlement and payment of litigation matter. But that one time item aside, we do have some increased spending as it pertains to the maritime domain awareness, both the software solution itself and associated with GreenSea and FathomFive, as well as some additional personnel to support those efforts.

Peter Ruggiere

How close are you to — to getting a decent order because, you know, you still — you did the thing in Chile, you sold them a buoy. You — you did stuff with Misisouy (PH) Engineering, with ANEL (PH), you've done stuff with Premier Oil with Annie (PH), and you still don't have really any revenues from all this.

And I'm just trying to understand what's taking so long. You know, that's, you know, I'm just — how close are you to winning something? You know, you have the Navy. I mean, there's pretty much no, you know, I've been involved in this company in a long, long time. We have plenty of money on the bank right now, which is great. Question is, what are you going to do with it, that \$78 million?

Philipp Stratmann

No, I think — I think where — where we are, and as I mentioned before, is we are — we are really pivoting the company away from a pure product play and providing the buoys as standalone systems and moving into power as a service and ocean data as a service. To that extent, you know, we're expanding on the work we've done with ENI, with EGP, and with — with — with Harbor Energy and also with the Navy. And we're — we're building upon that in order to put together a solution that we can utilize and — and bring into the market.

And as I mentioned earlier, that is leading to some very intriguing discussions that we're having with customers around the globe that are actually primarily outside of the oil and gas and traditional energy industry. And that's where we see the — the largest growth. I — I would also add that, you know, as we did with 3Dent, we will continue to look at inorganic growth opportunities, if and when they come along, make sense in terms of valuation, and further add to the execution of the strategy that — that we've built out.

Peter Ruggiere

So — so you're using the PowerBuoy as, like, illegal fishing and monitoring services with the data. What about the data centers underwater with like a Microsoft and stuff like that? Is that what you're talking about?

Philipp Stratmann

Well, I'm not talking about ocean data. It's really more, where we're looking at is we're — one thing we're building out is the edge computing capabilities on the buoy itself because, obviously, as we're operating far offshore without any other infrastructure, we're operating in a — in a low bandwidth, high latency environment. So part of the efforts that we've got

underway at the moment with GreenSea and FathomFive is building out the ability to reconfigure the buoys to act as gateway nodes for other means of communications to be integrated with a whole range of sensors.

To your question, specifically on submerged data centers at the edge, we have not looked at powering this because most of those are connected via cables straight back to — to onshore. However, similar to decommissioning wells, there's an opportunity for monitoring exclusion zones around those to prevent anybody accidentally putting dred — dredging, fishing nets, over — over said assets on the seabed.

Peter Ruggiere

Okay. So you're — you're basically an entirely different strategy right now.

Philipp Stratmann

Well, I guess, as — as we — as we put it as we had it in the 10K, our strategy is really built upon three main sites. We, you know, the ultimate aim that we're pushing into is ocean data as a service and providing the solutions around that. And what — because we have the PowerBuoys, that enables us to do ocean data as a service hosted on our buoy platforms, which also enables us, as a secondary leg of the strategy, to provide power as a service still, as we've done in the past, using our platforms and — and also other platforms integrated into arrays were required. And that's what we did in the — in the DeepStar study.

And then all of that is underpinned by consulting services, which enables us as a company to help our customers at a much earlier stage of the lifecycle, before they even know that they may or may not need buoys. And we firmly believe that this strategy enables us to provide services to customers that may not see a need for the buoys as a primary power source. But it still enables us to put out substantial numbers of our platforms in order to solve the other needs that they have and provide the hyperlocal data collection that they require to — in aggregation with other systems.

Peter Ruggiere

Okay, are you still doing stuff with the underwater submersibles like SOP CI (PH) and that — that side of the market or —

Philipp Stratmann

Absolutely, I think the — you know, if you're looking at the work we've done for the Naval Postgraduate School, it is exactly that. That falls into the ability to do, actually, both. It is power as a service to provide recharging for subsea assets, and it's also — it moves — it just move into the ocean data as a service market because now you can combine the collection of subsea data with computing capabilities on the buoy itself then transmit said data back to the shore basis. So yeah, absolutely. Conversations with AUV companies and USV companies are advancing at a fairly rapid pace for us.

Peter Ruggiere

Okay, great. Thank you.

Philipp Stratmann

Thank you.

Operator

Thank you. Next question is coming from Pablo Bucella (PH) from a private investor. Your line is now live.

Pablo Bucella

Hi. How are you guys? How are you doing?

Matthew Schaffer

Hey.

Pablo Bucella

So you just mentioned that you're — you guys are pivoting as a company, right? My question is, how has the total addressable market changed over the last few months, I would say maybe even year with this move towards ocean data as a service and power as a service? Can you touch base on — on how that's changed over the last six — six to a year?

Philipp Stratmann

Sure, I think — I think the general shift in the industry has been towards one of, you know, as of — of data as a service and as power as a service in general. In addition to that, I think the fact that we are in the UN (PH) decade of — of ocean science and the changes in the administration politically here in the United States of America is really enabling a major growth spurt for the kind of the ocean data industry writ large. So we're — we're very encouraged by that. We're very encouraged by what we're seeing in terms of companies coming into the market with very interesting sensor products.

And the pivot that we are carrying out enables us to work with the sensor companies and with other partners that are out there and sell through them and with them to the customer base, even if that customer base would have never considered a buoy in the first place. So I think that makes for a very interesting addressable market, which is not constrained by the notion of, you know, metal or steel that sits on the seabed.

Pablo Bucella

Right, so — so basically, you're saying the total addressable market has — has basically increased considerably because of those — because of those platforms, right? Like that — those weren't things — that wasn't something that you can foresee a year ago now with this — with the shift in — in governments and — and new — new policies in place, you're saying that this is — this is where the growth is going to come from?

Philipp Stratmann

Yeah, I think this is exactly where the growth is going to come from. I think the — I think the — the — kind of the, you know, ocean data as a service, actionable intelligence, and predictive analytics based on data that is collected offshore, combined with other data that already exists, I think that — that is where we see the growth coming from. And to that extent, that's one of the reasons why we're working with Fathom Five, and Green Sea, not just to build out the computing capabilities on the buoy itself, but to do to develop a cyber secure cloud platform that enable the combination of hyperlocal ocean data with third party data that comes from other sources in order to provide, you know, predictive analytics that other people can act upon.

Pablo Bucella

And then one more last question, guys. So when it comes to R&D, right, what would — what would you say would be your top three applications in the R&D budget as of now? Are we, like, what would be what — what's the budget for R&D the next, you know, year or two? What would you say top three aspects of the business are we allocating that to?

Philipp Stratmann

Yeah, so I mean, there's obviously one — one is — one is front and center of everything we're doing is building out and testing and demoing version 1.1 of our maritime domain awareness solution, and then pushing out the software update for version 2.0 onto those buoys. And that does include the live testing of the MDA solutions off the coast of New Jersey at three sites that we've got permitted already. And those deployments are starting to occur in the next two or three weeks and — and — from — from what from what I understand.

The other bit is, as you mentioned, the development of our next generation power conversion system, which is the Mass On Spring Wave Energy Conversion, or MOSWEC, which will become an additional platform product that we can use in order to harness wave power in a — in a different format than what the PB3 does by removing any external moving parts from — from the system. So those are — those are certainly two of the major items that we've got going on. And then the third item is developing the interfaces so that we can integrate other sensors and payloads that exist in the industry.

So we don't have to reinvent the wheel. But to the point I made, in order to grow in the ocean data as a service market, we need to be a host platform that can enable plug and play of new sensors as they're being developed and put them in there.

Pablo Bucella

Right. Yeah, that — that would — that makes sense. Yep. That's pretty much it. And thank you so much. You know, I'm hoping that you guys can pull through with some more sales. And — oh, actually, one last question. How — how are you dealing with — how do we doing with the

hire for — I know we were looking to hire somebody to start working government side of the business — of the business. How are we doing with that?

Philipp Stratmann

Yeah. So what — what we have done, we've — we've engaged an — an external advisory firm that is helping us navigate the — the DC ocean policy specific landscape. This — this isn't a think tank or a partisan body, but — but rather a kind of a strict policy and sales advisory firm. And we are in advanced discussions and stages of reconfiguring our sales and business development team to capitalize on the government and defense market.

Pablo Bucella

All right, that — that was it. Thank you so much. And you know, hopefully, we can start seeing some — some shareholder value here. Thank you.

Philipp Stratmann

Thank you, Pablo.

Operator

Thank you. Next question today coming from Tanner Smith (PH), a private investor. Your line is now live.

Tanner Smith

Hi, guys. Question; what's the typical sales cycle time for both the PowerBuoy and the data services?

Philipp Stratmann

There's — there is no typical sale cycle time, as such, because it depends — it is somewhat industry dependent. You know, we — we have — we have discussions. If you're ignoring — ignoring the consulting services side, which tends to be primarily a call on a Friday afternoon for somebody that needs something by Tuesday lunchtime in order to move a rig on location, a lot of the conversations on — on oil and gas that we're having are around, hey, I've got this project I need to do. It's on a brownfield site in the North Sea. Can you make something available in the next 12 to 16 weeks, and we'll work through that.

When it comes to government it is more longer term planning along the lines of here is what we're trying to do in terms of a large government procurement. Here are the studies that need to be done in advance, and this then qualifies you to participate into providing the equipment at a later stage. So the cycles can vary from a, you know, a — you know, a — a — a — I'd say two — two handfuls of weeks, to you know, two handfuls of months. That's — that's really what we're seeing.

We — we were somewhat discouraged by the resurgence of the Delta variant over the course of the summer, which pushed back a lot of face to face meetings that we had planned during —

during July and August. And a lot of that trouble got curtailed again. But in generally speaking, as I said, it's — it's between weeks and months, depending on who the end customer is. Foreign governments tend to work on slightly different cycles. And — and we — again, we're working with advisory firms that we're making sure that — that we appropriately address — address those cycles.

Tanner Smith

With — with about over \$230 million invested of shareholder dollars and virtually no sales, when are you guys going to execute on sales and profits with the — with the losses on a run rate of minus 20? When are you going produce just \$20 million in profit, just to break even?

Philipp Stratmann

Well, I mentioned to you I mean, that's one of the — one of the reasons why we're executing this strategic shift. We — because — because the — the notion that just putting buoy after buoy after buoy out there is — is one that for the customer is not that appealing. So we are — we are working feverishly on — on the pivot and moving into lower overhead markets, for starters, you know, such as ocean data as a service, and adding in other services and solutions into the portfolio to accelerate the growth, that — that — that we're — that we're looking to see.

Matthew Schaffer

You know, also further Tanner, you know, it's — it's also about the company culture and moving, you know, transforming our company from, you know, a research and development product based company, to the data and power service provider. So we're looking at capitalizing on those areas as we're making these shifts and doing it very rapidly. Whereas in the past, if you may or may not recall, in 2015, we went through a strategic pivot where we moved away from large scale grid connected power to the autonomous power. And we see the need to shift the company the way that total addressable market is shifting to the data in power as a service. So we're moving quickly with the markets.

Tanner Smith

Okay, thanks.

Operator

Thank you. Our next — our next question today is coming from Jeffrey Campbell from Alliance Global Partners. Your line is now live.

Jeffrey Campbell

Hi, good morning. Two questions. One in response to something you just said a minute ago. You mentioned lower overhead markets. I wonder, does this imply that you might fund the capital costs to place buoys into strategic locations as a platform to then sell data as a service after that investment?

Philipp Stratmann

Hey — hey, Jeff. Good to hear from you. It is not something that is firmly in our plans right now. As I mentioned in response to one of the earlier questions, we are working with other larger partners in the industry that certainly have an interest in, call it, pre-deploying data collection devices in the ocean to them monetize — monetize the data that's being collected and putting that out to their customer base. So even if we are not looking at financing that directly ourselves, we're certainly in discussions to — with — with partners in order to carry out such — such measures.

Jeffrey Campbell

Okay. And then my other question was, I was just wondering, you know, we've had a lot of prismatic theoretical discussions about stuff. So I'm just wondering if maybe you could pull it together by giving us an example of a primary use case for your vision data as a service once your capabilities are fleshed out?

Philipp Stratmann

Yeah, absolutely. Take — take, for example, the issue of illegal fishing, right? We can work with, you know, partners in the system. You can put out an array of our platforms that host the MDA solution, you pre-deploy them near no take zones in the ocean, and you start actively monitoring around those areas. You then utilize other data that you can pull in from, you know, satellite providers and so on, so forth, and — and weather data and, you know, fishing ground movements to start alerting the platform as to, you know, the array that you've got forward deployed to look in certain quadrants where it is more likely than not that illegal fishery activities are going to start taking place. And you sell that advanced data to the customer.

At the same time, you know, we reserve — we would reserve the right to also monetize any other data we collect from those buoys whilst they're out there. Which is why I mentioned earlier on the kind of — in a kind of an approach to sort of almost plug and play with sensors. Because if we got buoys out there that are doing initial fishery — illegal fishery monitoring, we can also measure data that is relevant for — for climate science, and start monetizing that by selling it to research institutions and governments. So it's — it's the ability to use one platform on one device in a — in a given location and monetize the data that it collects multiple times over with — with a range of customers.

Jeffrey Campbell

Okay. And just as a follow up to that, should we assume that the primary customer for the illegal fishing data that you use as an example would be a government?

Philipp Stratmann

It would be government or, you know, kind of government sanctioned security organizations that are — that are contracted by governments to carry out enforcement activities. In — to a lesser degree, just because of, you know, financial constraints on their side, it could also be

NGOs that have been tasked to protect certain marine protected areas in the remote parts of the world.

Jeffrey Campbell

Okay, great. Thank you. And we look forward to seeing you at the conference next week.

Philipp Stratmann

Thank you, Jeff.

Operator

Thank you. Our next question today is Joe Dirge (PH), a private investor. Your line is now live.

Joe Dirge

Hello. Question: do we have an update on the DeepStar project, one? And number two, was the buoy off the coast of New Jersey — I see you had the permits and every — was that launched?

That's all.

Philipp Stratmann

So yeah, on — okay. Yeah. DeepStar, the DeepStar study was completed during — during this fiscal quarter. And we're now having conversations with the various operators that were involved on what could possible next steps be. Obviously, you know, this is part of, you know, what I mentioned earlier. This is, to some extent, dependent on the speed of adoption of — of, you know, kind of all electric trees and all electric tie backs occurring in the Gulf of Mexico. But there — there are other use cases arising from the DeepStar study about well, monitoring, et cetera, that we're looking at.

In terms of the project off the coast of New Jersey, is that the — the — we've got the permits in hand. I think the first test buoy had a — had a — had an in water dump test completed end of last week. I want to say Wednesday. That could have been Thursday. In about two or three weeks' time, weather window dependent, the first one will go off the coast of New Jersey, the second one will follow shortly after that, and then a third — third one shortly after that.

And what that demo deployment is going to do is going — we're going — we're going to deploying the maritime domain awareness version 1.0 and 1.1 on those three buoys, and then swap in and out improvements to said system in order to further productize the approach. And we're also going to be doing live — live water demonstrations and tests with various assets going past it as we push out additional software updates to those assets, and then also, ultimately, start swapping in additional power generating buoys out there. So that — that's — that's kind of what I mentioned earlier with the MOSWEC device. That — that is also going to be something that's going to be wet tested. We — we think it is absolutely imperative as — as a — as a provider of offshore services that all of our equipment — all of our equipment is robustly demoed out — out — out in the environment it is intended for.

Joe Dirge

So it's — it's safe — so you would — it's safe to say that in the next two months, there'll be three buoys off the — off the coast of New Jersey?

Philipp Stratmann

I think — I think that is a — that is a fair statement to make.

Joe Dirge

And how far are they launched off the coast?

Philipp Stratmann

The — I think the — the three sites are five nautical miles apart from each other, and I believe the buoys are about five-ish nautical miles each from the shoreline.

Joe Dirge

Okay, good. Thank you.

Operator

Thank you. We reached the end of our question answer session. I'd like to turn the floor back over for any further closing comments.

Philipp Stratmann

Thank you. After just a few months as CEO, I do want to restate how proud I am to have been asked to lead this next chapter of OPT's development and how excited I am to be in a position to execute the company's ambitious plans.

OPT has a strong team in place from our executive leadership to every department that makes up the company. As a result, we are aggressive in our pursuit of growth whilst remaining agile and responsive to the needs of the marketplace. To serve our diverse set of clients, we are aligning our knowledge with other parties to bring the best possible outcomes to our customers and believe we're setting up for a long future of delivering customer and shareholder value.

Operator

Thank you for your participation today. This concludes today's teleconference and webcast. You may now disconnect your line at this time.