Allscripts Healthcare Solutions Inc.(Investor Day)

September 28, 2022

Corporate Speakers:

- Richard Poulton; Allscripts Healthcare Solutions, Inc.; CEO & Director
- Thomas Langan; Allscripts Healthcare Solutions, Inc.; President & CCO
- Jonathan Malek; Veradigm; Senior Vice President and General Manager
- Jay Bhattacharyya; Veradigm; SVP & General Manager, Veradigm Payer
- Stuart Green; Veradigm; Senior Vice President & General Manager, Life Sciences
- Leah Jones; Allscripts Healthcare Solutions, Inc.; CFO
- Unidentified Speaker; Allscripts Healthcare Solutions, Inc.; Company Representative

Participants:

- Sean Dodge; RBC Capital Markets; Research Division, Analyst
- Michael Cherny; BofA Securities; Research Division, Director
- Cynthia Motz; Goldman Sachs Group, Inc.; Research Division, Research Analyst
- George Hill; Deutsche Bank AG; Research Division, MD & Equity Research Analyst
- Stephanie Davis; SVB Securities LLC; Research Division, Senior MD of Healthcare Technology and Distribution & Senior Research Analyst
- Unidentified Participant; Piper Sandler; Analyst
- Eric Percher; Nephron Research LLC; Research Analyst
- Unidentified Participant; Unknown Company; Analyst

PRESENTATION

Operator^ Good afternoon, everyone, and thank you for joining the Allscripts 2022 Investor Day. We will be making a number of forward-looking statements during the presentation and the Q&A session.

These statements are based on current expectations and involve a number of risks and uncertainties that could cause our actual results to vary materially. We undertake no obligation to revise these forward-looking statements in light of new information or future events. Please refer to our SEC filings for more information regarding the risk factors that may affect our results. And with that, I'm pleased to introduce Allscripts Chief Executive Officer, Mr. Rick Poulton.

Richard Poulton^ Okay. Thank you, operator. Good afternoon, everybody. Thank you for joining our Investor Day call today. I am Rick Poulton, the Chief Executive Officer for Allscripts and our Principal business segment, Veradigm, and I'll serve as our emcee today.

But my goal for today is for you to hear not just from me, but directly from other key members of our leadership team on what we are doing to create value and key priorities for us as we look ahead. So after some brief introductory comments, I'll pass the torch to Tom Langan, our President and Chief Commercial Officer, who will elaborate on market dynamics, our business scale, and how that contributes to competitive advantage for us.

Then we'll hear from each of our three general managers, Jonathan, Jay and Stu. Tom will introduce each of these guys further, so I'll avoid stealing his thunder. But collectively, these three oversee all of our Veradigm business operations. And then Leah Jones, our Chief Financial Officer, will come on to discuss recent financial trends and our financial position. After Leah, we'll open up the line for some questions from the audience.

And finally, after we conclude the call portion of the day, we will be hosting a meet and greet later this afternoon. So for those participants who are in New York City, we hope you will join us to informally continue the discussion. Details for the meet and greet were included with your invitation. But if you need a refresher, please do not hesitate to contact Jenny Gelinas, our VP of Investor Relations.

Our mission at Veradigm is to transform health and health outcomes insightfully. As Tom will elaborate on, the winds of change blowing across health care are growth drivers for Veradigm and our ability to maximize value from data pools and increased engagement from physicians and patients at the point of care. We accomplished that with a Veradigm provider network that expands well beyond the reach of the physicians that we serve directly with our own physician solutions.

In this regard, we play a unique role in the industry, and we connect this provider network to extensive relationships with both payers and life sciences clients. As Jonathan, Jay and Stu will elaborate on, this 3-sided network of providers, payers and life science companies is unique and it aims to drive better health outcomes for patients, while at the same time, generating significant efficiencies and value for our customers.

Thank you. Let me once again thank you for joining us today. And now I'll turn the microphone over to Todd.

Thomas Langan^ Thank you, Rick, for the introduction. Welcome to our Investor Day. We look forward to sharing with you our growth strategy, our formula for success and key growth initiatives for Veradigm. Before we discuss our differentiation and commercial strategy, I would be remiss if I didn't mention our leadership team.

We have assembled an impressive team of executives who are passionate about health care, -- their leadership and extensive market experience provides the foundation from which we will accelerate growth. You're about to meet the Veradigm Business Unit General Managers, Jonathan, Jay and Stu, who will provide detail and examples of how we win today and our plans to build a sustainable competitive advantage.

Our growth strategy is to leverage the convergence of health care to the ambulatory setting, along with the move to value-based care away from fee-for-service. Today's current market trends are aligned with our strategic initiatives. For example, the movement of patient care to the ambulatory outpatient settings aligns with our focus on supporting and empowering the independent physician practice market. There's an increase in demand for health outcomes research to be able to prove that the work being done is improving patient care at a lower cost.

This need is expanding the use of real world data, which aligns with our life science product and commercialization plans that Stu will review. Additionally, the changing in our operability standards and increasing overall health spending is another reason why our payer solutions are needed and in demand.

Our health care provider footprint forms the foundation of Veradigm. We partner with over 300,000 health care practitioners across the expanding Veradigm network to better support the transition to value-based care.

Leading the way our two distinct PHRs, targeted at different tiers of practice size and complexity. Complementing these two EHRs include our market-leading practice management and Clearinghouse solution, revenue cycle management solution and a robust patient engagement platform in FollowMyHealth.

Our business is unique in that we have scale, robust data and analytics assets and an expert team, which has facilitated provider workflow connectivity. These reasons and many more differentiate Veradigm. We provide insight to our providers at the point of care. In addition, we augment our core platforms with strategic partnerships with other health care IT partners and specialty-focused patient registries and provider networks. These reasons and many more differentiate Veradigm.

Let's discuss a few of the facts behind Veradigm's sustainable growth model. We have over 330,000 health care providers that reside in the Veradigm network. We have over 180 million distinct patients with clinical activity. We generate over 1 million lab and radiology results each month.

You can see some of the additional details on the slide. But the point being that Veradigm is positioned where the market is going and has the team and the assets to capitalize on the current and future opportunities that present themselves due to our network scale and unique portfolio.

We have purposely focused on investing in our core provider business and the payer and life science markets, which are high-growth end markets. Years of experience and investment has provided us with an advantage over our traditional health care IT competitors who have started to evaluate these markets. Market competition is fragmented, but we are differentiating.

Now I would like to close by talking about our competitive advantages. Veradigm has a number of competitive advantages in the market. We have built a large bidirectional clinical and financial data exchange between payers and over 200,000 providers. Our patented risk adjustment methodology with dynamic intervention planning empowers payers to identify actionable interventions.

In the provider market, we have intuitive clinical, financial, revenue cycle and patient engagement solutions designed for independent physician practices. In the life sciences market, our scalable access to real-world clinical data and ability to provide insights at the point of care differentiates Veradigm. Finally, we work with pharma brand managers to deliver highly targeted awareness messaging via our EHRs.

Thank you for your time today. I would like to introduce Jonathan Malek, our Senior Vice President and General Manager, provider business, who will expand on our solutions and growth strategy.

Jonathan Malek^ Hi. I'm Jonathan Malik. I lead to provide our business here at Veradigm. And as you've heard from Tom today, that's where the Veradigm journey starts. Our provider network of over 80,000 physicians and 24,000 practices is the Veradigm Foundation, a sturdy customer base that we are intensely focused on expanding.

The provider foundation is built on the following assets, two EHRs that target different tiers of practice complexity, the industry-leading practice management solution and the Black Book ranked #1 clearing house and expanding array of virtual care and patient engagement solutions and a complete revenue cycle management service. By combining these assets along with our value-based care partnerships, we're enabling the transition to value-based care, providing services and analytics.

And we're growing in two additional ways. First, by increasing our share of wallet, presenting customers with an expanding set of Veradigm solutions; and second, as the platform of choice for consolidation and aggregation especially given the strength of our practice management and financial solutions.

Let's take a deeper dive into the set of solutions that we deliver to our provider network. I mentioned the two EHRs to target a range of provider audiences. Practice Fusion, our cloud EHR with significant scale across primary care and behavioral health practices, and our professional EHR, the premier on-premise and hosted solution for larger, more complex practices and a broader range of specialties.

Our practice management, revenue cycle management and clearing house solutions are in use by over 850 health care services organizations, processing charges in excess of $100 billion annually, with a fiercely loyal customer base.

Our PM solution eliminates the challenges of disparate systems, enabling consolidation through powerful integration capabilities, grown over decades with practically any EHR in the market.

No one else has a PM that can connect Pro, Athena, Cerner and GE, you name it, nobody. This year, we're launching RCM for Practice Fusion, a solution we're uniquely positioned to deliver to the 21,000 small practices on that platform, which represents a significant growth opportunity for Veradigm and just one example of the network effect we can achieve.

We have over 100 million patients using our personal health record and patient portal, FollowMyHealth the PHR of choice well beyond our own EHRs with capabilities. Within FollowMyHealth, we're expanding the modalities of virtual care and patient engagement, offering services that are vital for practices to deliver patient care in the 21st century.

Finally, we have a large and growing set of commercial APIs and used by over 1,000 customers today, including competitors. Those customers are handing off the complexities of clinical and financial transactions to the time-tested and scaled platform that we've built over more than a decade.

We refer to this as the Veradigm platform. It's here today processing billions of transactions annually, not only for our EHRs, but also for other U.S. health tech companies. Our commercial strategy leverages our scale, our openness, our connectivity, our platform and our network to provide vendor-agnostic interoperability even to our competitors.

So these 4 components of provider, the EHR, practice management, patient engagement and the platform, bring data to the Veradigm Payer and Life Sciences businesses. That data is both clinical and financial and includes the necessary consent workflows. That data is accessible in real time and involved from thousands of practices and hundreds of large health care services organizations.

The power of the Veradigm network and what differentiates us is just as effectively realized in the flow of products and solutions from payer and life sciences back to the providers through media, payer integrations and other solutions at the point of care, from clinical research as a care option to innovations and safety surveillance. The connectivity between providers, patients, payers and life sciences companies converge at the point of care to change the health care experience.

I'd like to talk a little about where we're going. We're starting with the digital evolution of the business processes and operations for our on-premise and hosted products, some of which stretch back over three decades. To achieve that evolution most effectively, we're doing two things. First, we're moving all our products to the cloud.

That's beyond hosting, transforming them into cloud-native solutions that we can operate far more efficiently and that will scale with our customers on demand. And second, we're moving to a single unified online product experience that will facilitate rapid delivery of new capabilities instantly across our entire customer base.

We've already achieved some success in that digital evolution, which is propelling growth through an improved customer purchasing experience as we standardize and simplify these business processes, we're uncovering new growth opportunities through channel partners. Bringing digital efficiency and scale to world-class products with this pedigree means we're able to start offering enterprise solutions that were out of our reach previously.

And finally, on top of the careful transformation of our foundation and the safe growth of our core we in to disrupt in an area of health technology that should be much further along than it is. For years now, we've heard one announcement after another promising a platform for health care with no real substances.

And we think we have a right to win there for a couple of reasons. First, our foundation of product and technology experience. We have a senior high tenured and experienced technology team in one of the best cloud EHR platforms in the U.S.

We have an accumulation of decades of deep clinical and financial domain expertise. And through this unified team, we're bringing together a set of proven, rapid and resilient execution capabilities, a team that knows what to do and how to get it done. To the foundation of product and technology expertise, we had the foundation of scale.

In 2021, our platform delivered billions of clinical and financial transactions across 1,000 platform customers from start-ups to names on our list of competitors. We've been delivering these capabilities for years. The platform was created in part out of necessity to efficiently support and unify each of the Allscripts acquisitions, and so by definition, has become increasingly vendor agnostic over the years.

Finally, I'd like to talk through some case studies of the network in action. First, aggregators are looking to us more and more to provide capabilities beyond our core products. Let me walk you through a recent example, in fact, from just last year from 1 of our customers, a customer since 1998. Their goal was and remains to expand MSO services across their region, but they were stalling because every new acquisition brought new technical debt, new integration challenges, ultimately revenue challenges.

Last year, they turned to us as their trusted partner to help them solve these problems. We delivered an acquisition migration plan. And by moving them to the cloud, we shifted them from a CapEx model where growth produced lumpy and unexpected costs to an OpEx model where growth is a transparent and predictable part of their strategy and planning.

Then we brought in RCM to stabilize their revenue issues, freeing them up to focus on acquiring more locations and growing their business, and we connected them to follow my health to take them to the next level of patient engagement and virtual care.

All these solutions accelerated their ability to acquire new locations in a predictable, repeatable manner. And in turn, that produced a 4x increase in revenue from that customer for Veradigm. In short, our practice solutions enable our customers to focus on growth, organic or through acquisition and let the physicians focus on practicing medicine.

Second, I mentioned earlier that we're developing a solution to bring RCM to 21,000 practices in Practice Fusion. These are small practices that want solutions to just work, and this is a largely ignored market. scaling services to these smaller practices can be challenging, but we've built the foundation of technology that makes that scale possible.

Third, we're launching a value-based care solution with a partner, driving clinical and population health intelligence through deep integration into the workflow largely impossible with today's DHRs, where deployment cycles take years.

So finally, I'll walk through an example of the Veradigm platform. Our relentless focus on efficiency and scale has enabled us to develop a network of labs and imaging centers that any EHR company can connect to.

And while there are many integrators, our hub-and-spoke architecture means that instead of the typical 2- to 6-month project staffed by the integrator, we're able to deliver that connection in 24 hours completely automated. And that's just one example of a platform service with several third-party EHR customers, all competitors. Thank you for spending some time with us today on Veradigm provider. Now I'd like to hand it over to Jay.

Jay Bhattacharyya^ Hello. My name is Jay Bhattacharyya. I'm Senior Vice President and General Manager of our payer business at Veradigm. I'm excited to share with you today insights about how we are building value for our clients and ourselves while improving the health care ecosystem.

Veradigm Payer operates in a large and growing market. Drivers of that growth include the rising digitization of health care data and EHR adoption. The increasing focus on risk adjustment and quality analytics as health plan revenue drivers. Payers are motivated more today than ever to improve provider and member engagement to increase clinical quality and lower costs. The uptick of government and regulatory initiatives in the U.S. And finally, there is increasing payer and provider receptiveness to shared risk models.

Our current addressable markets of payer analytics and health care information exchange represent about $3 billion of the $19 billion total market. Our long-term vision opens up additional market growth opportunities that leverage our core differentiated attribute as Veradigm, which is a large and growing provider network that brings us to the point of clinical care and the business office in workflow.

This enables us to extend and optimize additional ways we engage providers and members for the benefit of improving the health of individuals and bending the cost curve. Additional opportunities include using this positioning to also reduce provider and payer abrasion, particularly in administrative burdensome areas such as prior authorizations and payment.

Who are we? Veradigm Payer strives to be the best strategic partner of payers and providers as we transform the health of every person and reduce system-wide waste by deploying the most advanced health care analytics data exchange and point of practice workflows in the industry. These solutions result in better patient outcomes, increased revenue and lower cost for our clients. This is our value proposition in a nutshell.

Our customers consist of more than 100 health plan clients across analytics, clinical data exchange and submission solutions, spanning large national plans to Blues and smaller regional health plans. Our solutions currently serve more than 30 million members across the U.S.

And while we spend large to small, today, 9 of the top 20 health plans use at least one of our solutions. Our solutions connect to more than 270,000 providers across the U.S. And finally, we have breadth of solution. Our solutions primarily address Medicare Advantage, Medicaid and ACA commercial lines of business.

So what exactly do we do? Simply put, Veradigm Payer simplifies provider and payer collaboration through analytics and better point of practice workflows. We do this in four primary solutions segments, analytics, data exchange, submissions and clearinghouse and finally, our provider and member engagement.

Components of our health plan analytics platform includes a number of things, an industry-leading risk adjustment analytics platform with recently patented dynamic intervention planning, an NCQA certified quality analytics platform addressing both HEDIS and STARs. Both of these solutions, as I mentioned earlier, address Medicare Advantage, managed Medicaid and ACA commercial markets.

Our clinical data exchange is comprised of two solutions representing bidirectional communication. First, information coming from providers to payers; and second, information going from payers to providers.

For the first example, we have a platform that enables electronic retrieval and processing of chart requests from health plans and other requesters of information, such as life and disability insurers as well as clinical research vendors. As an example of the second bidirectional solution, we transport gaps in coding and gaps in quality insights to the point of care in clinical and business workflow. These insights can come either from our proprietary analytics or from the analytical output of our clients.

Next, our submissions and EDI clearing house segment. This includes health plan payment submission solutions for risk adjustment and HEDIS for MA, managed Medicaid and ACA. It includes a computer-assisted coding platform with supplemental coating operation. And finally, a provider to payer EDI claims clearinghouse with a library of more than 32,000 pre-adjudication rules in EDI connectivity to more than 3,100 payers.

Lastly, our provider and member engagement segment includes technology and service-based provider-facing solutions that drive actions based on our analytic insights in addition to provider training programs, portals and in workflow insight presentation and feedback mechanisms.

From a member engagement standpoint, we also offer encounter facilitation and patient payment solutions. I will now speak to how these point solutions integrate into an end-to-end solution that allows our payers and providers to more effectively collaborate.

Our solutions not only capture data and provide insights, they also bring those insights to the point of care, whether in the doctor's workflow or to the business office, resulting in provider and patient activation. And finally, we make sure that the encounters with appropriately documented conditions are submitted to CMS for proper payment.

On the right side, we show how we drive value to Veradigm for our services relative to each other and in total. Data sourcing and data submissions provides the bookends, but identification of the opportunities, and most importantly, the activation of the provider and member are the most valuable pieces in the system.

While there is variability in the value by business line, for example, ACA, Medicaid and MA plans, we provide all of this for less than 1% of the total monthly premium. Additionally, in a payer marketplace where health plans are spending significant dollars with a number of IT and services vendors 3 to 4x versus other industries we're confidently positioned to win with our end-to-end solutions because we can reduce the number of vendors a payer has to contract and operate with, thus, reducing their risk and the complexity. And we can do this across many of the most important initiatives they have and for all lines of business.

So why do clients choose us? What makes us different? It's all about scale and access to data and workflow. Simply put, our platform scale enables Veradigm to engage providers and patients in a way that can really move the needle for a health plan and virtually nationwide. Without scale, the initiatives that a health plan has won't have the desired impact. We offer that scale and we offer a vision and a strategy to grow it.

How do our analytics and provider engagement solutions result in improving health plan's performance? Three examples are noted here based on our observed aggregated client data. The first vignette illuminates our fundamental differentiation in the market, how our patented dynamic intervention planning maximizes the potential expected value for our health plan clients, measured by a handful of key performance indicators.

Our patented approach, when compared to others in the space, saves the health plan significant dollars and resources by reducing the number of costly gap closure interventions they would otherwise employ. Unlike other vendors in this space, our risk adjustment analytics solution identifies gaps that will likely close on their own accord and conversely, gaps that will likely not close even with an intervention.

By removing the two ends of the spectrum, a health plan is able to prioritize their valuable resources to populations where specific interventions are most likely to succeed, thus reducing administrative waste.

Our analytics provide actionable insights for the health plan to deploy interventions such as point-of-care alerts, provider coding education, in-home and telehealth assessments or retrospective medical record review all tailored to their specific data sets and organizational goals.

Through lowered costs and increased RAS scores, the health plan saw a 4:1 return on this part of our end-to-end solution. As there are several levers to pull when working on quality scores, it is imperative to be extremely coordinated in such efforts between the payer, provider and the patient. Veradigm is uniquely positioned to act in this capacity for our clients. It is also important to understand the magnitude of moving from a 3.5 stars MA plan to a 4.5 stars MA plan.

The second graphic depicts the snippet of quality measure rating opportunities pre and post implementation of our quality analytics solution. Positive traction in measures such as breast cancer screening, cancer screening and medication adherence for diabetes are just a few of the measures that contributed to the improvements in the health plans overall rating.

These results, combined with many other quality objectives from the health plan and their provider network increase the planned star rating from 3.5 to 4.5, which drove approximately $2.6 million in revenue.

Lastly, our provider engagement solution shows the market increase in completed charts where the practice is received and addressed our analytical insights. While our provider engagement solutions deploy gaps for both risk and quality, this particular client focused on risk adjustment.

By using confidence-based alerts presented at the point of care, combined with outreach and training, including continuing education units we were able to see improvements in every one of the past three years, driving a solid return of investment for the health plan. These are just three examples of our core differentiators. Veradigm payer solutions empower our clients to tailor their risk adjustment, quality and provider engagement programs to best serve their members while outperforming their competitors.

Finally, I would like to talk about how we can leverage our current solutions, our positioning and our vision to sustain and accelerate growth, spanning what I like to think about is tactical actions on the left to more strategic actions on the right. first and simply by increasing the number of net new health plan relationships and corresponding membership they represent.

The second refers to cross-selling into our current client white space. As mentioned earlier, we have a number of leading point solutions that when physicians together create an end-to-end solution.

However, today, only a few clients use all of them. We have a great opportunity to grow our revenue significantly just by increasing the number of solutions each of our clients use. We believe we can achieve these growth objectives because we have great solutions, and we have a solid and experienced commercial team that partners with our clients and prospects daily.

Our third growth platform is all about increasing the metric that provides our market differentiation, the provider network. We can increase this in at least two ways. First, through organic growth of our suite of Veradigm EHRs. And second, through our demonstrated ability to create mutually valuable partnerships with other EHR companies to leverage our payer and life sciences programs.

Lastly, we have a number of opportunities to expand the ways in which we engage and activate providers and members. This would take the form of additional capabilities, technologies and services that would maximize closing the loop for health plans to realize value.

Thank you for your time today listening to what I believe is an exciting story of opportunity and growth with many more chapters to write. Now I'd like to pass it to Stu Green.

Stuart Green^ Hello, and thank you very much for spending time with me and my colleagues today. As you have heard from those before me, we are very excited about what we brought to market and what we have in store for the foreseeable future. The collective power of the Veradigm network gives us the opportunity to present solutions to patients sponsors and partners to help solve some of the most difficult problems we collectively face.

My name is Stuart Green, and I lead the Veradigm Life Science business. I've spent the last 25 years in this space spending most of my career with IQVIA and Symphony Health. This space is what I know and what I'm passionate about.

I'm grateful for the opportunity to share with you what we do, how we do it, and why we are quickly becoming a relevant leader in the space today. The marketplace has evolved. At one time providers were single threaded. The entire solution had to come from a single vendor for there to be any interoperability. Times have changed.

At Veradigm, we believe in an environment where we can contribute products and services as a leader in solving the problem, but we can also work in conjunction with our many partners that can provide elements that drive enhanced outcome for our mutual clients. Who are we? And what do we do? Our Life Science business focuses on 3 areas of the life science ecosystem, all very important, all critical to assist our clients moving forward and always with strong compliance controls.

Our three areas are data and registry information, real-world evidence consulting and digital health. All are exciting and growing spaces key to assisting and moving the market forward to faster and more innovative solutions to health care's most pressing needs. We are very fortunate.

Roughly 2 years ago, we signed an agreement with the American College of Cardiology to acquire and maintain their cardiovascular and diabetes registries. It has been a wonderful collaboration.

The ACC felt we were better suited to run the mechanics of such a broad registry, and we saw the value that we could bring to our existing mutual clients. The ACC does a wonderful job with their mission of transforming cardiovascular care and improving heart health. It's a very rewarding partnership as heart disease is the #1 cause of mortality worldwide. We've been able to contribute to many important advances in medicine and look forward to continuing this important work.

Our data assets are unique. We have the largest, most geographically dispersed EHR data set. We were the first to go to market, and that has given us a great head start on competitors with both sponsors and partners. I will share some details in the next few minutes. In the press, you often hear about different types of research studies that are done in the clinical space.

While we don't perform clinical trials, we do, however, analyze a tremendous amount of data, not only data that we provide, but information gathered from an array of partners. To date, we have delivered countless retrospective studies where we apply advanced analytic approaches to our data assets and take advantage of their timeliness.

In retrospective studies, individuals are sampled and information is collected about their past. We have also launched several prospective studies where individuals are followed over time, and their data is refreshed as their characteristics or circumstances change. As the real-world evidence consulting group grows, we are expanding the types of work we do. Most significantly, we have recently launched a number of safety and regulatory studies for large pharma.

These combine retrospective and prospective approaches and can offer direct benefits back to our provider networks. We believe these types of studies can lead to areas of meaningful growth. Digital health is certainly an exciting area. Compliance, reach and frequency and performance measurement are all key stakeholder elements. We provide ads, and I'll show you an example of that shortly.

Real-world data. By definition, real-world data in medicine is data derived from a number of sources that are associated with outcomes in a diverse patient population. This information is gathered in real-world settings. These include electronic health records, health insurance claims and patient surveys. At Veradigm, we have a very strong ambulatory EHR data set.

The term ambulatory refers to smaller out of institution practices. In a world where diversity and inclusion are important, our data set is rich with this much needed information. We bring together multiple EHR platforms, some of which are Veradigm branded others which are owned by other health care technology companies.

Another evolution in this space is the advent of key partners. They build data models that can stitch together any number of options for clients. These partners include Health Verity, Amazon and Snowflake. There are scenarios where clients want to only use our assets. However, our goal in order to grow is to give clients the utmost in optionality. Our business is focused and known as leaders in the cardiovascular and metabolic space.

As I mentioned earlier, we have the privilege of working with the ACC on managing and growing these registries. We have made and continue to make substantial investments. Our data between our EHRs and our registry information is very rich in this therapy area. When I talk about some of the study work we do, you will see some highlights on why we have been chosen. At one time, being a generalist in the space was okay. However, that is no more.

We have focused on a few therapy areas where we believe we can make a material difference. Our business is not limited to those areas, and there are other areas where we deliver quite a bit of value, but we believe in focus and execution. The more detail and knowledge you have in a therapy area, the more insight you can provide.

Other therapy areas we are focusing on are ophthalmology, neuroscience and infectious disease. How do we help our clients make sure their messaging gets to the providers in an appropriate and timely way. For clarity, we go to great lengths to make sure our messaging is informational and helps the provider help the patient. We go through a highly targeted process and only deliver the ads at the appropriate time.

There are significant compliance steps we need to take and have made the investments to support them, both our clients and our provider community do a great job in helping us meet these important requirements. For clarity, we do not place ads in the clinical or practice management workflow. We place them in a very specific i-frame window to make sure it is distinguishable from the rest of the EHR.

Within our digital health business, we support brands and the agencies that handle the media efforts of those brands. It's fast paced, exciting and constantly evolving. We are very active in adding capabilities to this product set. The returns for our client community are measured and have shown great results. This addressable market will only get larger as nonpersonal promotion continues to grow.

I want to show you some numbers. The number of campaigns and the number of impressions are very large. We expect them to continue to grow at a faster rate and pace as we add more tools and platforms to this business. Our client base is rich with household names, and our agency community is very strong.

Earlier, I discussed how the work we do is important. There has been no more import work in this space than the rapid response to COVID-19. We are proud to have and continue to support Moderna in their quest to get vaccines out to those that need them. Soon, you will see published works that have been written in collaboration with our colleagues at Moderna.

We were selected to support them for a few reasons. We have demonstrated competency to the decision-making team with prior work. We displayed a sense of urgency that was germane to completing this work on time. We focused on clear outcomes and we have the assets at our fingertips. The registry information I discussed earlier was a key data set. We have been fortunate to have been awarded much of the safety work going forward as they test for efficacy and safety in a diverse patient population.

In conclusion, I want to thank you for your time. The work we are doing is important and we do it well. Our goal at Veradigm has been to make the power of what we deliver relevant timely and accurate. Our data and services are used to manage and measure extraordinarily important outputs from the world's leading health care companies.

We take that role very seriously. We are growing. Our brand has become more recognizable industry-wide, and we are relevant. I look forward to speaking with you next time where I'm sure I'll be able to share more exciting news about our journey. It's now my pleasure to introduce you to our Chief Financial Officer, Leah Jones.

Leah Jones^ I would like to clarify that today, we are presenting our non-GAAP financials. Our GAAP to non-GAAP reconciliation tables can be found in our SEC filings as well as on our Investor Relations website. The financials are presented at a consolidated level as well as at the Veradigm level, which is our main operating focus for today. Today, I'll review three main topics. Overall, Veradigm financial performance, a few key trends for our consolidated Allscripts, and finally, our 2022 guidance.

The revenue trend for Veradigm for the last 6 quarters has been very positive. We will continue to experience some seasonality, which is typical for this business. The guidance we have provided for revenue within Veradigm represents a growth year-over-year to be between 6% to 7%.

Our first half performance has been very much in line with this guidance. I'll provide more clarity around the business segment revenue momentarily. But the general appropriation for Veradigm revenue is 80% from the provider business and the remaining 20% from the payer and life sciences businesses. As we look ahead beyond this year, we would expect to see our revenue breakdown to become a higher weighting towards the payer and life sciences businesses due to its expected higher growth rate.

(Technical Difficulty) trailing positive momentum. When you compare gross margin provider versus the payer and life sciences, you will see that they are quite similar. I think it's important to mention that the payer and life sciences business has a greater leverage opportunity, which should help fuel future margin performance as we continue to grow the top line of this business.

Veradigm's trailing 12-month adjusted EBITDA performance is also trending nicely. As we move ahead, we see two opportunities for further margin improvement. First, we will continue the growth of our Payer and Life Sciences business with a higher leverage opportunity. Second, we continuously look for ways to improve our operating cost structure.

Tom and Jonathan previously explained how the provider business serves as the beginning of the Veradigm journey and the foundation from which we build the rest of the business from and around. You can see this also from a financial perspective. Again, the provider business represents about 80% of the total Veradigm revenue results, and the mix averages about 80% recurring in nature and 20% nonrecurring.

In terms of guidance, we expect this business to grow between 3% to 4% year-over-year, and the mix to stay relatively stable. As Jonathan discussed earlier, the top four growth levers are winning with clients, expanding client wallet share, driving value-based care partnerships, and lastly, capitalizing on market consolidation.

While the payer and life sciences business represents a smaller portion of overall Veradigm revenue at 20%, it has the larger expected growth at 20% to 25% year-over-year. Jay and Stu highlighted in their presentations the anticipated top revenue growth levers. These are expanding further our data sources, broadening the existing partnerships, increasing our media footprint and growing our health plan participants.

The next two slides will demonstrate how we have simultaneously reduced our share count, while at the same time, strengthening our balance sheet. Repositioning our portfolio and focusing on free cash flow generation has allowed us to accomplish both of these goals. Generating positive free cash flow has been a high priority and will continue to be as we move forward.

The graph demonstrates how we have transformed the business, and as a result, our free cash flow as a percentage of revenue is moving in the right direction. Our guidance for 2022 is to generate $110 million to $120 million in free cash flow.

As we've mentioned, we have two main priorities when it comes to our capital allocation, share repurchase -- In terms of share repurchase, we retain that our shares are not trading in line with others in our industry and continue to be undervalued. We've been very vocal about this, and therefore, we'll continue to prioritize share repurchases within our capital allocation strategy as the graph entitled share count demonstrates.

As you look at the slide entitled Net Leverage, you will also see that we have lowered our leverage ratio, and we are now in a net positive cash position. The combined cash and debt position allows flexibility in executing on M&A opportunities, fueling our second priority. We will remain cautious and opportunistic as we continue to evaluate M&A opportunities.

As they present themselves, we will be aggressive yet careful to protect our financial position that we spent so much time and effort to achieve. We will only pursue those that close gaps within our current portfolio and align with our objectives. The last topic is our 2022 guidance, and we are affirming our previously shared current guidance. As we bring this Investor Day to a close, I would like to hand it over to Rick for his closing remarks.

Richard Poulton^ Okay. Thank you, Leah. Now that was a lot of information coming from us. So now it's time to make this a little more interactive, and we're going to open the line for some questions. So operator, can you please help us with the questions?

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) First question coming from the line of Sean Dodge with RBC.

Sean Dodge^ Yes. Thanks for the information and I guess maybe starting with Tom, you mentioned the three ways you're targeting the provider market. So you said EHR, practice management, patient engagement. If you think about the growth opportunity there going forward, what proportion of your current base is using all three of those? And how should we sort of think about the opportunity of cross-selling versus adding net new clients?

Thomas Langan^ Thanks, Sean, for the question. So there's a significant white space opportunity within our core platforms for us to upsell other solutions. As Jonathan alluded in his presentation, for example, in the small segment of the market with Practice Fusion, we're going to be launching a revenue cycle solution with our and there's over 21,000 practices within that footprint.

So we significant our PM solution is agnostic, so we can work with our own platforms as well as other EHRs. But more and more, we're seeing opportunities to sell our end-to-end practice solutions that include our EHR, our PM, our revenue cycle and our patient engagement solutions. So we see significant white space opportunity in the market. I'll turn it over to Jonathan who can also provide some additional perspective from this standpoint.

Jonathan Malek^ Thanks, Tom. The only thing I'd add to that is the opportunity to unify on our platforms with patient engagement and our patient portals, so the patient engagement side on our FollowMyHealth product and exposure to the entirety of the Practice Fusion platform.

Sean Dodge^ Okay. And we stand on the provider market. You've said before, you've had some success expanding market share through provider consolidation. I guess have you seen any signs of a replacement market beginning to open up outside of a consolidation or M&A scenario? Are there many instances yet where providers are deciding to replace EHRs just because they want something better? Or we -- does that take a regulatory push or something else to begin to break the ice there?

Jonathan Malek^ The real strength and opportunity that we have there is in supporting private equity and other initiatives in acquiring large sections of the -- or portions rather of providers using and starting with our practice management solution to sort out the financials for those practices that they're acquiring first. And then either supporting or not transition to our EHR, so significant opportunity there. But we're not the ones doing the acquisition. That comes out or cross clearly.

Richard Poulton^ Sean, I would just -- I would add to what they said. As the guys have said is, look, the industry is still relatively fragmented as the regulatory environment continues to get tougher and requires more investment we think that will create some natural industry evolution amongst the providers, and that will create some of that replacement market you're referring to.

Operator^ Next question coming from the line of Michael Cherny, Bank of America.

Michael Cherny^ Maybe just a technical question. I want to make sure I heard everything correctly for probably Leah. I know in the slide deck itself, you didn't address anything around the long-term plan, but you talked a lot about the similarities you'd expect in terms of the evolution of the payer and life sciences is a mix basis. Is there any way just to make sure we are honed in on what is incorporated as part of what you think the multiyear growth plan is for the business.?

Richard Poulton^ Well, Mike, let me start by answering that. So when you talk about mix, right, I mean we've signaled what is generically about an 80-20 mix today between provider-driven revenue and payer life science driven revenue, need very different growth rates in those 2 subs submarkets, right? We have growth that we signaled at 3% to 4% on the provider side. and much higher on the payer life science side. So all else equal, that mix is going to kind of evolve based on those growth rates.

We've stopped short of giving guidance for next year yet or beyond because we think given the macro environment and given that the fourth quarter is a big part of the selling activity in any year, we think it's prudent to let a little more of the fourth quarter mature before we come out with guidance for next year. But the trends we have referred to, the trends we see are not going away, and we expect to be back on our normal time line with guidance for next year.

Michael Cherny^ Got it. Okay. Well, let me just jump to another question as well, in particular, thinking about the Life Sciences business, probably a question for so as much as anyone else, but I like the real-world data sets you gave around Moderna's and a specific example. With regards to that and the broader business set. When you're going in for head-to-head RFPs and some of these real-world evidence data validation projects, who do you feel like you're selling against the most? Who do you find to be your biggest competition?

Stuart Green^ SP-3 Well, I think there's a couple of different ways to look at that. A lot of the real-world evidence study work we do. So if you take the data, push it to one side and you focus on the study work, a lot of it is the traditional players in the space. A lot of it is internal, right? So they go down a path of can they do this themselves.

But much of this work -- this is probably more than any of the consulting work I've done in the past. This is more of a comfort business. So a lot of the business we get is referral business where, candidly, these are pretty technical studies. And it's not as simple as, hey, here's an RFP, fill it out and it back and here's the answer, right? The market -- I expressed a little bit about our differentiation in cardiovascular and metabolic diseases. That's really where we shine and really where we've had seem to differ ourselves and in that.

Michael Cherny^ It does. I just think there's so many entities that are touching the broad-based theme of manufacturer services that, at times, differentiating who does what and who's in a competitive process is something I think that we all are starting to learn more about.

Stuart Green^ So you're going to talk about, I guess, specific company names, which is, I guess, what you're really kind of asking, there's a lot of boutique consultancies out there that do it. There's a lot of the IQVIAs of the world. Some of the CROs out there have strong practices in these areas as well. IBM or at least what was the old IBM, the Watson Life Sciences group is pretty strong in that area.

I hope that gives you kind of a flavor who we see on somewhat of a daily basis. But I think it's important also not to look at these studies as a transactional RFP work over. It's a lot deeper than that for this type of work because kind of when they marry it, they marry it for several years, right, because we're following patients. And that's what the agreements are.

Operator^ Our next question coming from the line of Cindy Motz with Goldman Sachs.

Cynthia Motz^ So just on the provider side first, with the guidance of revenue growth about 3% to 4%. Just curious if you're seeing any macro headwinds out there? Any sort of issues there? And would it be higher, I guess, if you weren't. So any color there is good. And then, Leah, I'm just sort of following up a little bit, I think, on what Michael was trying to get at as well.

So it's not real specific, but I guess you do maybe you'll see some seasonality third quarter. There'll be a pickup fourth quarter this year in terms of revenues. But in terms of longer-term guidance and maybe where we are with EBITDA, I would assume as you see that mix shift to payers and life sciences the EBITDA improvement should also step up. So any color on those two would be great.

Thomas Langan^ Cindy, it's Tom Langan, I can comment on the headwinds. We don't see significant headwinds. We actually see opportunities as Jonathan kind of outlined the provider business. We're seeing an opportunity around value-based care where we can help our independent physician practices by leveraging the assets that we have and the scale we have. So I would say that while we're guiding 3% to 4% growth, we are seeing opportunities in the market. It is a fragmented market, as Rick said, and there's changes, but no significant headwinds, more opportunity.

Leah Jones^ Cindy, thanks for the question. we do anticipate seeing a little bit of improvement as we grow this business in the payer and life science market. It does have a little bit higher yield. And so as that mix shift we definitely should see that uptick, but it's much smaller. It will take some time, but that is definitely the direction in which we're going.

Cynthia Motz^ Great. If I could jump in with one more just on the payer side. I was just curious if you're working on any opportunities with payers with the no surprises act, anything like that, trying to help them out there? That will be my last one.

Jay Bhattacharyya^ This is Jay. We are not doing anything with no surprises. Right now, there's a couple of growth areas that we're more focused on that are closer to our core. So as I mentioned the video want to expand our provider and member engagement capabilities in a tech forward way. We feel that's closer to our core right now and haven't -- we don't see near-term opportunity with no surprise of that.

Operator^ Our next question is coming from (inaudible).

George Hill^ I have two questions. The first one is for Jay. So Jay, in the payer end market, can you talk a little bit more about how Veradigm is enabling more accurate RAS scores? I assume that you guys are helping payers out in the MAN market. But I guess are you guys mostly doing this through office footprint work.

And I guess I would have thought a lot of the plans were getting this information from claims data anyway. So I'd love to hear more about kind of the enablement and the value add that you guys are providing there? And if there's anything going on outside of MAN, I'd love to hear about that, too.

Jay Bhattacharyya^ Sure. So we do M&A, we do ACA. We actually started in the ACM market a number of years ago, and there's more Medicaid plans than our using risk adjustment. So when we contract with the payer, we are getting all of their data, their claims data, financial data.

Unidentified Speaker^ George, you got a lot of background noise on your line. I think you could go on answer. Go ahead and keep going, Jay.

Jay Bhattacharyya^ So when we contract with the payer, we're getting all their data, claims data, SDOH data, lab data, whatever we can get our hands on the -- we put them in our analytical model and we come out with our suspecting and persisting kind of insights that identify where there are opportunities for conditions to be documented that aren't currently documented.

So we do that with their data, but we also -- and what I think one of our differentiators that we used real time -- that may need an intervention. So we're using a combination of payer data, our own clinical source data from our provider network, and it's had good results, as I mentioned, with RAS scores increasing and revenue increasing, but we do it for MA, Medicaid and ACA.

George Hill^ Okay. That's super helpful and sorry about the background noise. And then a follow-up for Stuart. In Life Sciences, I was wondering if you could talk a little bit about your end market exposure.

And what I mean is kind of the more mature space versus the development stage space. You guys provided the Moderna example. And I asked because I would imagine the more mature space is probably pretty stable. I just saw a lot of investors have concerns about the development stage space because of the general market conditions and the fundraising environment for development stage pharma companies.

Stuart Green^ Okay. George, I just want to confirm to make sure I understand exactly what you're asking. When you're talking about end stage in the more mature space, you're talking about some of the more mature products, so products heading towards loss of exclusivity, things of that nature?

George Hill^ Yes. Well, so like if we think about things like real evidence, like I'm assuming that you guys are doing work sort of like late-stage products in the clinic or products that are already commercial as opposed to early-stage products in the clinic where subsequent funding for some of the sponsors could be a risk. And just kind of like how much of your revenue comes from like revenue-generating commercial biopharma companies versus pre-commercial biopharma companies?

Stuart Green^ Okay, sure. So I would say the vast majority of work that we do are for our clients that you would recognize. So typically, those start-ups and companies that are running their Phase I or even early Phase II clinical trials, that's not really a group we're that involved in. We typically get involved Phase III, Phase IV and then after launch new indications, things of that nature. The vast majority of our client community that we're supporting are the household names that you would know. We don't have a lot of exposure (inaudible)

George Hill^ Yes, I figured as much. I was just wondering how much -- if there was much of a virtual -- a trial virtualization component that you guys are participating in which would take you into the earlier stage, but it sounds like a thought. I appreciate your color that I understand where you guys are coming from.

Operator^ (Operator Instructions) Our next question coming from the line of Stephanie Davis with SVB Securities.

Stephanie Davis^ Rick, I know this is an event in order to showcase all the division leaders, but I have to ask this one. We've talked about valuation before. The cash keeps building up on the balance sheet. The valuation then implied feels more of an aggressive disconnect. So how are you approaching shareholder value with that in mind? And what, if anything, prevents you from taking that cash and effectively recapping the business?

Richard Poulton^ Well, thanks for the question, Stephanie. And it's a sore subject for us, one that we continue to you

Stephanie Davis^ Bring up a bad topic right?

Richard Poulton^ Yes. Yes. I don't know if we're cheap data, I guess, Yes. We -- look, we're working on them it's in part why we're having this meeting we are today. I think it starts with us. We have an obligation to continue to educate the market on the opportunity to educate folks on how we have a unique business, and that unique business is driving unique financial results.

So we're taking that side on. At the same time, listen, as you saw in our second quarter, we were very aggressive with buying back what we feel is cheap stock. We haven't, of course, disclosed our third quarter activity yet, but I think there should be pattern recognition there for everybody. We'll continue to do it. Leah spoke to it as well in her comments.

We'll continue to buy back undervalued shares, particularly with the cash position that we are sitting on. We'll look for other things to help boost the growth rate of the company as well. That's really the commentary and the thinking behind some of the M&A commentary that Leah made, no different than the commentary I made on our last earnings call.

We're not going to race into that, but it's evolving into a buyer's market. what it was. And so we think we're going to have lots of choices going forward. And I guess all I would say is I wouldn't expect us to just sit on a pile of cash forever. I mean there's certainly uncertainty in the world right now. We're not going to look to create a lot of risk for the company, but we're not going to sit on dead cash forever either.

Stephanie Davis^ Understood. I'm pretty okay with pattern recognition, so hopefully, we start taking some of that in. Now I know you're not giving longer-term guidance, but are there any broad growth algorithm you have as you walk through these different business segments? Or -- and this might be a good question for Tom. Like how are they thinking about goalposts for each of these division leads?

Richard Poulton^ Yes. Well, I'll start and then I'll throw it to Tom. He can talk about how he manages the team and expectations he sets with the team. But, Yes, I mean, Stef, we definitely are resisting years to put out long-term guidance numbers. My experience with that in the industry watching competitors is there's almost house batting average on failing those numbers.

So I don't see the value of that, and I don't think that's what we should do. I mean we want to be known as a company who says what they're going to do, and then we do what we say we're going to do. That's the -- the pattern we're trying to build. We've had a pretty good run of that. I think in more recent times, and that's what we want to continue to kind of continue to build up our credibility with the market.

So we thought about trying to introduce 2023 on this call, but it's just -- we're early in September, and we've got very active Federal Reserve as we know. And so it just seems prudent to me to watch another couple of months of activity and then come out on more of our normal cycle time with 2023.

So that's where our plan is going to be for that. And listen, if we ever get to a point where we think it makes sense to put multiyear guidance out there, we'll do it. But I'd prefer to stay again in a world where we say what we're going to do and then we do it. So -- let me -- with that said, Tom, do you want to talk about any of the goalposts that Stephanie alluded?

Thomas Langan^ Yes. I mean thanks, Stephanie. I mean, I'd just say, from my perspective, listen, we have a disciplined approach in each of the market segments, both Jonathan and James, too. We have a very detailed view of the market, both the opportunities and where we want to invest from an R&D perspective as well as from a commercialization standpoint.

Obviously, we have a higher goal post for the team to shoot and grow. And I see good opportunity in the provider space, as we've said. And as Leah mentioned in her opening comments, obviously, in the Payer and Life Science segments, we see higher growth potential -- and we feel we're uniquely positioned in those markets.

Operator^ And our next question coming from the line of Jessica Tan with Piper Sandler.

Unidentified Participant^ I was hoping you could just help us understand what products are driving the fourth quarter Veradigm revenue seasonality. And then just as the revenue mix shift in favor of the payer and life sciences businesses, should that revenue seasonality become more or less pronounced?

Richard Poulton^ Thanks for the question, Jessica. I'll start and then maybe Tom and/or Lea want to jump on. But the fourth quarter has traditionally always been a little bit seasonal with -- on the provider side of the business. I mean that goes back for years of experience. I guess it's really about year-end budgets, people spend money before they lose it at the end of the year. So we've seen some seasonal seasonality even on the provider side.

That really becomes a little more pronounced with the Life Sciences side of the business, and to some degree, but probably a little lesser degree, on the payer side as well. So at the end of the year, the digital health piece of our payer -- excuse me, of our life science exposure that Stu spoke to, that's very seasonal, and you see a lot of -- you see a blip in the fourth quarter.

The same in Jay's world, you see some of the payers emphasizing some clinical data exchange and chart polls and things like that in the fourth quarter. So those are the types of activities that lead to the lumpiness. And I guess, as we grow on the payer life science side, that certainly won't dissipate. I don't know how much it will get exaggerated, but it certainly won't dissipate.

Jay Bhattacharyya^ Yes. I would just I'd just echo what Rick said, especially in the life science space, the fourth quarter tends to be where they will release funds, and they'll do a number of initiatives within the fourth quarter. So that's always been a traditional fourth quarter spike. Very consistent with what Rick said.

Leah Jones^ One last comment that I would add is that we have historically seen that in the provider space, especially that they have been trained in behaviors of seasonality on our financial calendars as well as they're on. So I don't see that changing anytime soon. It's just a kind of a learned behavior on their part to buy as the year comes to a close.

Unidentified Participant^ That's really helpful. I just had 1 quick follow-up for you, Leah. I think you mentioned that within the 80% of revenue coming from the provider space, there was a split between maybe subscription or steadier revenue and then transactional type or variable revenue. Can you just reiterate what exactly that split was and verify that those percents were correct.

Leah Jones^ What is a recurring versus what is a periodic go get, is that true?

Unidentified Participant^ Exactly.

Leah Jones^ Okay. So oddly, it ranges at about 80-20 as well inside of that 80% of the revenue. So you will see some spikes here and there. But on average, it's still -- the mix is about 80% in recurring and 20% in kind of a onetime nature.

Operator^ And our next question coming from the line of Eric Percher with Nephron Research.

Eric Percher^ And I think this is under -- trying to better understand the biopharma business. You spoke to the focus on cardio and metabolic and 1 or 2 other areas. Do those areas of focus reflect the provider and patient base? Do they reflect where pharma is today? How much do you build pipeline into the areas of focus I'd be interested to hear on how we got to where we are today and maybe where that goes forward.

Stuart Green^ Thanks, Eric. So a couple of different things. The way that our provider community and where we attain a lot of our data has led us to believe that we needed to focus in certain therapy areas. Conversely, there are certain therapy areas that, candidly, we're not strong in.

So we've tried to avoid spending the cycles and are competing in places where it would be very difficult that way. We -- I talked a little bit about the American College of Cardiology Registry that does give us some clear differentiation in the space, along with the data assets that we have. So we have been quite successful in cardiovascular and metabolic.

I brought up, I believe, a couple of other therapy areas like ophthalmology, infectious disease and the anti family or neuroscience family. Those are areas when we look at the assets that we have, and we try to reflect on patient population, counts, numbers, access. And we believe those 3 areas are growing extremely quickly. I mean if we take infectious disease, right, COVID is certainly no secret. And that is an area that we've made major investment and that major investment has paid off.

We're part of a number of important government-backed programs, the COVID-19 database. But what it's also done is led to some expertise in this particular space as well. So that's really why I say we focus on those areas. We do play in other areas as well. But we're trying to be focused on what we believe, and I think the sponsor community believes our assets are strongest. Does that answer your question?

Eric Percher^ Yes, that's very helpful. And a follow-up would be you spoke to the need to add -- I think you've mentioned point-of-care messaging, but there was a broader comment on tools and platforms. Maybe help me understand what the tool, what's the platform? And what are the highest return investments you'll make here.

Stuart Green^ Are you talking about with the digital health platforms? Or are you talking about some of the other the provider or payer platforms?

Eric Percher^ So I think this was relative to the perspective on biopharma investment. So maybe if it doesn't resonate, then let's just talk about where you're investing to improve the value of biopharma.

Thomas Langan^ I mean, one area of investment around the biopharma -- this is Tom. One of our investment on the biopharma business has been building our data infrastructure so that we can extract and curate and link that data. So we've spent a significant amount of investment over the last couple of years building that data infrastructure so that we can deliver for our clients and be nimble and responsive to the pharma clients' needs.

That continues to be a focus. As Stu mentioned, we continue to invest in monetization around our registries. And we continue to look for ways to continue to differentiate our digital health business and media business and extend those solutions to life sciences companies. So those are just a few examples of where we're investing in the Life Sciences segment.

Stuart Green^ Yes, Eric, maybe if we talk about some of the things that I mentioned around platforms and delivery of data, kind of bleed the line between digital health and our RWE and data businesses. So what we did, and it's launched recently is what we did is we have now replatformed all the data assets to give sponsors, partners, et cetera, the ability to get that information directly from us in a timely way.

To be clear, this does not eliminate any need for partners who have it's almost more like a value-added reseller kind of relationship where they are adding in potential assets that we don't have or don't procure or what have you. That platform was a significant investment from both a capital, technical mind share and a time perspective. But it's working great, and we're aggressively demonstrating that to those sponsors and partners.

From a digital health perspective, we're looking at a number of different platforms where we partner with more programmatic buyers and other types of media buyers that are out there, and we should have some more news on that the next time we talk.

Eric Percher^ I think it was -- yes. The digital health media piece, I think, was the key there. And so there's nothing you need to expand dramatically relative to new platforms, it's executing on what you now have in place. Is that fair?

Stuart Green^ For the digital health space, yes. We believe that is -- this is a business that the company has long had in place, and we are evolving in this space. And we're making some real investments to start to branch out from other than the more traditional ad-based businesses that we have. So there's a lot to see in this space. And we'll be talking about that shortly.

Operator^ And we have a follow-up question from Michael Cherny from Bank of America.

Michael Cherny^ So I just want to ask a follow-up to the question on the recurring, nonrecurring breakdown. It was helpful to get a sense on where it sits within provider. Can you give us a sense of where it fits within payer and life sciences? And as you pursue some of these new opportunities, should that recurring nonrecurring mix change at all?

Leah Jones^ Sure. Thanks, Michael. That mix is about 50-50 on the recurring versus the onetime in nature. And we feel like that right now is fairly stable. So there's a mix of recurring kind of software subscriptions.

And then there's also in this comfort area that Stu referred to the comfort that we have with our current partners, we have onetime type activities, but we are seeing volumes at those onetime increase. So they feel a little more light recurring, but they truly are onetime in nature. So that 50-50 versus occurring feel is stable and continue (inaudible)

Operator^ (Operator Instructions) Our next question coming from the line of (inaudible).

Unidentified Participant^ To follow-up, Leah, on your comments about gross margins between the payer and life sciences and providers, seeing somewhat a parity now and expanding. What's really driving that expansion for...

Leah Jones^ I'm sorry, I'm not sure -- you finished the question. Did you get cut off? It sounds like Scott's line dropped. In terms of margin, we believe that the margins will continue to improve them as the mix changes because the margin on the payer and life sciences business tends to be a little greater than that on the provider space. So as we see that mix begin to shift and grow, we should see the margin -- follow along, if that was your question, Scott, but I'm happy to have you rejoin the queue and ask clarity.

Richard Poulton^ Okay. Scott, you may or may not be to hear us. So operator, do we have another question after Scott?

Operator^ I'm showing no further questions in queue.

Unidentified Participant^ Okay Sorry, guys. I think I dropped off there. I apologize. Leah, my question was a follow-up to the gross margin. You were saying that there are parity between the payer and life sciences now but you expect the payer and life sciences versus provider to expand. I was wondering what's driving that. And then also on the operating expense line, I think you mentioned some further cost synergies or low-hanging fruit that you guys can to drive adjusted EBITDA margin expansion. I was wondering if you could talk more on that as well.

Leah Jones^ Okay. Thanks, Scott. Sorry for those that have heard the explanation twice. As I have stated, there's more leverage in the payer and life sciences side of the market. So we anticipate as that business grows, that we will see a little margin lift there as well. It's still a small percentage of the business.

It's going to take a little while for that to begin to come through. But that's how we anticipate margin growth as that side of the business does become a larger percentage over time. And I'm not sure that we talked about synergies on the cost side, we will always keep watching our expenses and making sure that we align them with the growth of the company.

So we have no large expenditures that are planned nor do we have any large retractions of spend. We are in a pretty good place right now post divestiture. And we feel pretty good where we are in terms of our operating spend, but we'll always be very conscious of what's going on with the business and how we are managing it internally in expense line.

Richard Poulton^ Operator, I'll ask again, is there any other questions in the queue?

Operator^ Yes. I'm showing one more just queue up one moment coming from the line of Cindy Motz with Goldman Sachs.

Cynthia Motz^ Question. So just in terms of acquisitions, again, Rick, you said you'd be disciplined and everything. Just wanted to be clarify again. So we probably wouldn't see a large acquisition? Or I guess -- and then it would be more in the Life Sciences payers area most likely. And then also just I guess you've said it would it more likely be like a cash flow positive company already? Or just any color there, just as a reminder, would be great.

Richard Poulton^ Yes. Thanks for the question, Cindy. What I'd say is this, our strategic objectives will are to continue to bring our revenue mix a little more in balance. So we would look to create a lift on our payer life science end market relative to a provider. So that would be objective one. And objective two would be to find businesses that will help accelerate our overall top line growth.

So as we think about strategically, those are the things that we would look to problem solve for. As for the rest, I would -- I'd be careful about presuming too much. What I have said in the past, and I'll say again, is we worked very hard to create a strong margin profile for the company and a strong free cash flow profile for the company. Those are not outcomes that we're going to be willing to give away or get rid of in their entirety.

We certainly work too hard to get there. But I'm not going to put unnecessary constraints around opportunities. I mean if we see something that helps us achieve our strategic objectives, not necessarily accretive to margin in the short run, but we think will be so in the long run. Or not necessarily accretive to free cash flow in the short run, but we think so in the long run, then I would very much consider those in solution set.

Cynthia Motz^ Right. So something you could work with maybe with your scale and your own business to turn or maybe even turn around or improve pretty fast might work then?

Richard Poulton^ Help scale. I think it's a better way to say. I mean that turnaround sounds like it's a fixer upper You've got enough to test, but I would say something that we can help scale.

Operator^ And I'm showing no further questions at this time. I would like to turn the call back over to Mr. Rick Poulton for any closing remarks.

Richard Poulton^ Okay. Thank you, operator. So listen, I'll wrap this conference up by repeating what I said at the onset. Thank you for taking the time to learn more about our Veradigm business and the opportunities we see ahead.

We hope that you found it to be informative and hope that it increased your understanding of our company. For those of you that are in New York, we hope to see you a little later this afternoon to continue this dialogue. And for those that are not able to join us later, we look forward to our next opportunity to speak with you. Thanks very much, and have a great day.

Operator^ Ladies and gentlemen, thank you for joining us today. This concludes today's Investor Day. You may now disconnect. Good day.